

EXPLANATORY STATEMENT

Australian Society for Operations Research

Annual General Meeting 11 January 2021

This explanatory statement is an important document and should be read carefully. It forms part of and should be read in conjunction with the Notice of Annual General Meeting of the Members of Australian Society for Operations Research (ASOR) to be held on 11 January 2021 AEST.

If you have any questions regarding the matters set out in this explanatory statement or any other matters relating to this Notice please contact us at treasurer@asor.org.au or telephone 0402 135 493.

Financial Statements – Treasurers Report

The Australian Society for Operations Research treasurer will present the society's national accounts for 2020 and 2021. No resolution is required for this item of business. Members will be given the opportunity at the AGM to ask questions on the financial statements and reports and to ask questions on the management of the Society.

Constitution

Member approval will be sought to repeal the Society's current Constitution and replace it with a new Constitution this Annual General Meeting. If the resolution to adopt the new Constitution is passed, the new Constitution will be effective from the close of the Annual General Meeting on 11 January 2021.

The proposed Constitution was made available to Members on the [ASOR website](#) at 19 October 2020 and Council sought feedback from members by 30 November 2020. No feedback was received by Council.

A copy of the current and proposed Constitution are still available on the [ASOR website](#). Members unable to access these documents should contact us at treasurer@asor.org.au or telephone 0402 135 493.

The Constitution is the principal document governing the structure of the Company and its A summary of the key elements of the proposed Constitution is set out below, all references being to the rules contained in the proposed new Constitution:

A summary of the reasons why Council is recommending the adoption of a new Constitution and as summary of the new Constitution is given below.

ASOR = AUSTRALIAN SOCIETY FOR OPERATIONS RESEARCH INC
Act = Associations Incorporation Act 1991 (Australian Capital Territory)

A. Reasons for the new constitution

ASOR was incorporated in 1972. Since then, while there have been some amendments to the constitution, there has not been a major review of the document. As part of the ongoing evolution of the association, the Council has identified the need to review the association's governance arrangements to ensure they efficiently use volunteer time, reflect modern day practice and meet all legislative requirements.

The Council has engaged Associations Forum, a consultancy specialising in association governance and operations, to review and rewrite the Constitution. An initial review of the Constitution was conducted by Associations Forum in October 2019. This review identified several issues including:

- lack of clarity regarding the governance and membership structure of the association;
- inconsistencies with the Act; and
- failure to address 18 out of the 29 matters to be provided for in the constitution as required by the Act.

Due to the number of changes, the Council felt it was a simpler process to replace the entire document rather than work through the document with a vast number of amendments. A summary of the elements in the proposed new constitution are outlined below.

B. Summary of the new constitution

1. Clarifying the governance structure of ASOR

- The new constitution has been written to align with the following contemporary governance principles:
 - The membership of an association has the right to appoint the governing body (i.e. Council) and to change the constitution.
 - The Council are elected by the membership to govern the association.
 - The Council may delegate some of its powers to chapter committees or working groups or staff based on the needs of the association at the time.
- Therefore, the new constitution clarifies that the Council (to be renamed National Committee) has ultimate authority and responsibility for ASOR.
- As Chapters and Branches are not independent legal entities, they should not have authority over the Council and are subject to decisions of the Council.
- The law imposes certain duties on Council members as the governing body of ASOR. These duties include proper financial oversight and management of funds. Therefore ultimate control of all ASOR property and funds should rest with the Council.

2. Branches and Chapters

- Branches and Chapters play an important role in delivering local activities and being the grassroots connection to members.
- Branches and Chapters are important operational sub-sets of the association. They are not separate legal entities. Therefore, the clauses in the current constitution dealing extensively with Branches and Chapters have been removed from the new constitution.
- Details regarding the role, delegated authority and activities of the Branches and Chapters will be placed in the by-laws. This allows flexibility in how the Branches and Chapters operate and will in most cases relieve Branch and Chapter leaders from governance overhead such as managing accounts, collecting fees, facilitating audits, and convening general meetings.

3. Objects

- No change.

4. Membership rights, categories & criteria

- The new constitution:
 - clarifies that members join ASOR and become members of ASOR the association as a whole and not a member of only a Chapter or Branch;
 - provides for two classes of membership – Voting Members and Non-voting Members;

- iii. clarifies the rights of members.
- b. As required by the Act the new constitution:
 - i. includes membership criteria (clause 5.2);
 - ii. members' liabilities which is limited to the amount equal to any unpaid membership fees (clause 7.1).
- c. Corporate Members and Honorary Members will continue as Voting Members. Non-Corporate Members will continue as Non-Voting Members.
- d. The Council will have the power to create categories of membership within each class of membership without the categories having to be specified in the constitution. This provides flexibility allowing the composition of membership to change as circumstances change. Categories of membership might include Full, Retired, Student and Honorary.
- e. The Associated Institution category will cease under the new constitution.

5. Membership applications

- a. The new constitution gives the Council ultimate power to consider and determine membership applications. The Council may delegate this power or it may consult the relevant Chapter when determining membership applications.
- b. The current system of members applying to and joining a Chapter means that there may be different criteria for membership around Australia. Further, it would be difficult to maintain a register of members as required by the Act if there are various membership lists being managed by the Chapters.

6. Ceasing to be a member

- a. The new constitution outlines the situations where a member automatically stops being a member.

7. Membership fees

- a. The new constitution gives the Council authority to set the membership fees.
- b. The Council should have the power to set the membership fees as it has overall responsibility for governance, budget preparation and ensuring financial viability of the organisation.
- c. Financial oversight of the association is the responsibility of the Council. Funds should be centrally managed and be allocated according to a set budget and expected program of activities in the Chapters.

8. Disciplinary procedures

- a. The new constitution outlines the procedure for taking disciplinary action against a member. This includes suspension or expulsion of a member.
- b. A member that is subject to disciplinary action may appeal by requesting the matter go to mediation.

9. Dispute resolution

- a. As required by the Act, a dispute resolution procedure is included in the new constitution.
- b. The dispute resolution procedure applies to disputes (disagreements) relating to the Constitution between a Member and another Member, or between a Member and the Society.
- c. It does not apply to personal or professional disputes between members.

10. General meetings

- a. As required by the Act and omitted from the current constitution, the new constitution addresses the following matters regarding general meetings of the association.
- b. An annual general meeting must be held at least once in each year and within 5 months after the end of the financial year.
- c. The usual notice period for a general meeting is 14 days, unless a special resolution is proposed then 21 days' notice must be given.
- d. The quorum for a general meeting will be the number of Financial Voting Members entitled to vote and present that is equal to the number of National Committee members in office at the time plus two.
- e. Members who are unable to attend a meeting in person may appoint a proxy to attend and vote on their behalf.
- f. 5% of the Voting Members may requisition the calling of a general meeting.
- g. Provision is made for the use of technology (e.g. video conferencing) to help conduct general meetings.

11. The National Committee

- a. The Council will be renamed the National Committee.
- b. The National Committee will comprise a minimum of 5 members and a maximum of 12 members, all of whom must be Voting Members and will be elected by the Voting Membership.
- c. This is a change from the current model where Council consists of delegates appointed by Branch Executive Committees.
- d. Moving from a representational model to a generally elected National Committee is in line with good governance principles. National Committee members have a legal duty to act in the interests of the organisation as a whole and not act as delegates of a branch. Therefore, National Committee members must not solely consider the interests of the state or geographical region from which they come when making decisions.
- e. A generally elected National Committee allows appropriately skilled individuals to be elected regardless of which state they come from. It also introduces a democratic process of election whereby members will have a direct say in who will be on the National Committee.

12. National Committee terms and elections

- a. National Committee members will be elected for 2-year terms.
- b. There will be staggered rotational elections so that each year half of the National Committee will retire, but may be eligible for re-election. This will facilitate refreshing of the National Committee while assisting with continuity of corporate knowledge.
- c. Elections will be conducted prior to the AGM with results announced at the AGM. This will enable greater member participation in elections.
- d. If there is a casual vacancy, the National Committee may fill the vacancy by appointing an eligible Voting Member to fill the vacancy.
- e. The new constitution outlines the situations when a National Committee member automatically ceases to be a National Committee member, for example, if they cease to be a member.

13. National Committee meetings

- a. The quorum for a National Committee meeting will be a majority of National Committee members. The quorum is not specified in the current constitution.
- b. There will be no casting vote for the chair of the meeting.
- c. National Committee members should be given at least 7 days' notice of a National Committee meeting. In cases of urgency, a meeting can be held without notice being given provided that as much notice as practicable is given to each National Committee member by the quickest means practicable.
- d. The new constitution will provide for use of technology to hold National Committee meetings.
- e. National Committee members may not appoint a proxy if they are unable to attend a National Committee member. Proxy voting should be available for general meetings only and should not be used at board meetings. Councillors need to be present at meetings in order to be informed and make appropriate judgments on the matters being considered. Part time or occasional National Committee members hamper good governance.

14. National Committee powers

- a. The new constitution clarifies that the National Committee is responsible for the control, ultimate management and conduct of ASOR. The National Committee as the ultimate governing body of the ASOR may consult, but will not be directed by Branch or Chapter Committees.
- b. The National Committee will have the power to create and amend by-laws. Matters that the law does not require to be in constitution and the mechanics of the organisation that change and evolve over time may be placed in the by-laws.

15. Office bearers

- a. There will be only two office bearer positions under the new constitution – President and Vice President.
- b. The six office bearer positions under the current constitution constitutes a high number relative to the number of councillors. This creates a risk of a mini-board within an outer board.
- c. Generally associations would have a President and Vice President.
- d. Other responsibilities may be allocated to National Committee members without these positions being mandated in the constitution.

16. Amendment of the constitution

- a. The new constitution may only be amended in accordance with the Act. The Act requires a special resolution of the association. A special resolution must be passed at a general meeting of the association, not by postal ballot. At the meeting the special resolution must be passed by a 75% majority of the votes cast, not by a simple majority.
- b. Clause 12 in the current constitution regarding amendment to the constitution is inconsistent with the Act, and unnecessarily complicated.

17. Other matters as required to be addressed by the Act

The current constitution does not address several matters as required by the Act. These matters are listed below and are now addressed in the new constitution.

- a. The financial year of the association
- b. The source from which the funds of the association are to be or may be derived
- c. How the funds of the association are to be managed and, in particular, the mode of drawing and signing cheques on behalf of the association
- d. The custody and use of the common seal of the association
- e. The custody of and inspection by members of any books, documents or securities of the association.

18. Transitional rules

These clauses deal with the transition from the current constitution to the new constitution.

- a. The current Council members will continue as the new National Committee.
- b. The new National Committee will call for nominations for an election no later than 3 months after the date of adoption of the new constitution to fill all 12 positions on the National Committee.