

Background Paper on the consideration of the incorporation Z-NET Uralla

Introduction

The Minister for the Environment, Hon Mark Speakman, launched the Zeronet Energy Town Uralla Case Study (The Blueprint) on Tuesday 20 October 2015. Z-NET Uralla adopted the "The Blueprint" as its foundation document for direction and scope of projects to be undertaken. A governance group of Z-NET Uralla members worked on the establishment of a formal structure for the group, which was adopted by a public meeting of members and interested community members held on Saturday 5 March 2015. This journey can be reviewed on our website at <http://zneturalla.org.au/index.php/z-net-community/z-net-journey>

The interim formal structure

The formal structure that was adopted by the meeting of Z-NET Uralla on Saturday 5 March 2015 was a sub-association of the Uralla Neighbourhood Centre Inc (UNC) governed by our Principles and Rules adopted at that meeting. UNC as the umbrella organisation provided the protection of incorporation for our Executive, Committee and volunteers.

This sub-association of UNC structure has served Z-NET Uralla very well over the past year. In our formative period, UNC provided guidance and administrative support as well as providing the vehicle through which grant applications, contracts and BAS returns could be made. This guidance and assistance has been greatly appreciated.

The Executive Committee of Z-NET Uralla have met regularly and provided the strategic direction and governance of the organisation as it grew and there are regular planning meetings of the Executive Officers, Committee members, Project Leaders and contracted staff. The scope and projects of Z-Net Uralla has matured and grown.

The growth of Z-NET Uralla has placed pressure on the classification as a Tier 2 incorporated association and the public liability, association liability and volunteer personal accident insurance policies of the UNC.

Incorporation - How difficult is it?

The NSW Office of Fair Trading governs the formation and operation of incorporated associations. There are two tiers of incorporation. Tier One not for profit associations have a turnover of more than \$250,000 per annum or assets of \$500,000; Tier Two not for profit associations have less than \$250,000 income or \$500,000 assets. The new regulations and procedures for Tier Two incorporated Associations (which will apply to Z-NET Uralla) have streamlined the formation, annual reporting and fees of those associations. Therefore, moving to an incorporated Association will not be difficult.

Will there be additional costs?

There will be costs above those that Z-NET Uralla currently faces. The cost of registering an association, if the name has not been reserved is \$164. The major cost is for insurance and we have received quotes in the order of \$2000 for Public and Product liability, Association liability and volunteer personal accident insurance.

Are the Insurance costs of \$2,000 necessary?

No organisation, such as ours, can countenance operating without insurance. It is the expanding nature of Z-NET Uralla that is putting pressure on UNC in continuing to provide the umbrella

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insurance cover for us. The cost of public liability and other insurance is a major consideration when deciding whether or not to incorporate. Quotes were sought from Business Insurance Brokers and Brokers specialising in not for profit organisations. Business insurance for public liability insurance alone is many times that of insurance packages for not for profits. The not for profit sector is now well served by brokers specialising in catering for that sector. Insurance of our Public and Product liability, Association liability and volunteer personal accident risks currently available at less than \$2,000 per annum.

What advantages are there in being incorporated?

There are many advantages in being an incorporated association. These have accrued to Z-NET Uralla over the past year through being a sub-association of the UNC. However, the combined income of UNC and Z-NET Uralla runs the risk of exceeding the \$250,000 income threshold of Tier Two incorporated associations.

Being an incorporated association in our own right will mean that Z-NET Uralla will be able to:

- apply for Federal and State Grants in its own name
- undertake contracts in its own name
- register for and lodge its own BAS returns and account for GST received and paid
- unambiguously seek funding and donations without compromising the aims and objectives of the UNC.

The recommendation of the Z-NET Uralla Executive Committee

The Executive Committee believed at the formation of Z-NET Uralla in March 2016 that the organisation should advance slowly and take the relevant steps as the organisation matured and grew. The sub-association was the appropriate mechanism and structure for Z-NET Uralla in our formative period as we developed our Mission. The Executive Committee believes that now is the appropriate time to become a free standing incorporated Association in its own right.

The Executive Committee recommends incorporation of Z-NET Uralla as a Tier 2 incorporated Association.