

CASE FOR CHANGE

This document sets out new governance, legal and operational delivery structures for Special Olympics New Zealand (SONZ) and its Clubs which is envisioned to be more sustainable and enable more flexibility to better meet the needs of individual Clubs.

A. CONSULTATION PROCESS

In 2019 SONZ undertook a consultation process with Club representatives across New Zealand considering the roles of Clubs and SONZ, the key requirements for a mutually positive working relationship between the SONZ and the Clubs and the governance and operating challenges faced by Clubs.

The process identified that to create a positive working relationship between SONZ and the Clubs we needed open communication, transparency, clear lines of responsibilities and structure. Solutions to achieve this included better communication, a need for simpler, clearer rules that have a degree of flexibility and some provision of resources and assistance by SONZ to Clubs.

The Consultation also identified a desire from some Clubs to have more independence and flexibility to undertake activities, fundraising and pursue opportunities, which the following changes seek to achieve.

Also in 2019 following a review by our major funder SportNZ, they strongly recommended that the SONZ Board commit to undertake the Governance Mark programme. This programme provides the framework for ensure best practice governance principles are adopted. To commence SONZ journey with this programme an independent review was undertaken by John Page and BoardWorks. This review identified a number of areas that needed addressing:

1. Best practise around Board composition
2. SONZ response to changes in legislation
3. Legal identity of clubs and relationship to SONZ, including conflicting documentation and clauses

The club consultation in 2019 identified that the clubs wanted to change, but SONZ needed to change. We received strong messaging that we couldn't just sit and do nothing.

Following advice from legal and accounting advisers, the following changes are being recommended to the governance, legal and operational delivery structures of SONZ and its Clubs.

B. GOVERNANCE OF CLUBS AND THEIR LEGAL STATUS

Club are currently unincorporated groups of individuals. This unduly exposes those individuals to risks of personal liability that can arise through the day to day operation of the Club.

SONZ does not have sufficient resources or control over Clubs' operations to be able to accept responsibility for the financial, health and safety, employment and compliance risks that Clubs face. This, coupled with Clubs' desire for more independence and flexibility, means the SONZ board is recommending that:

All Clubs be established as separate charitable trusts.

Clubs would be registered as a Trust under the Charitable Trusts Act 1957 and be individually registered as charities under the Charities Act 2005. Trustees of these Trusts will still have legal responsibilities but the Trust will enter into legal obligations as a separate legal entity. This recommendation aligns with a desire from charity sector funders to deal with legal entities. SONZ and the Clubs have experienced a growing trend in funders requiring greater accountability and responsibility of funding applicants to manage their risks in grants.

Benefit of establishing a charitable trust:

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| <ul style="list-style-type: none"> + Clear legal status (separate from SONZ) + Ease of decision making as control rests with clubsclub's board of trustees + Apply for or retain charity registration and charitable status + Easier to apply for funding specifically for Clubs + Clubs have more independence and autonomy, some ability to make their own policies/rules | <ul style="list-style-type: none"> + Not affected by turnover in its members + No minimum number of members required like an incorporated society + Less complicated to administer than an incorporated society + Audit only required if certain financial thresholds are met |
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C. FUTURE ROLE AND FUNCTION OF REGIONAL COUNCILS

Regional Councils currently operate as sub-committees/unincorporated groups. They currently perform a representative function for each region at a national level and facilitate collaboration between clubs in their respective regions. In light of their function, there is no intention to accredit them, or to grant them legal status. There will be no requirement from SONZ for them to exist and it will be for the Clubs in each region to decide their future role. While the Regional Councils may be beneficial, their existence, number role and operation can best be left to Clubs to decide what is best for them.

D. CHANGES TO THE CONSTITUTION

Adopting a revised governance model naturally leads to changes to the SONZ constitution. A summary of these changes is set out below:

- Diversity and Inclusion: An additional objective of SONZ shall be to lead, promote and enable diversity and inclusion across the whole organisation including governance of SONZ and participation in Special Olympics activities.
- Governing Board composition: There will be a seven to eight person Governing Board. It is proposed that this will comprise of two members elected by Clubs, four or five people appointed by the SONZ Governing Board Appointments Panel (**GBAP**) and one Athlete representative elected by the Athletes.
- GBAP: The GBAP will be a three person panel appointed by the Governing Board. Its role will be to make appointments of the Appointed Members and recommendations of other members to the Board as required. The panel members will include an independent governance professional, an independent person who has an understanding of sport and governance and the Chairperson of the Board [or nominee](#).
- Athlete Input Council: Athlete Leaders with geographical representation across New Zealand, advise SONZ and the SONZ board around ideas and issues that are important to athletes.

- Board voting: All Governing Board members are entitled to vote at General Meetings. In relation to Club matters properly submitted, the Chair of the Board may ask Clubs to vote. Each Club shall appoint a delegate and each Club delegate shall have one vote.
- Regional Councils: Regional Councils are no longer accredited organisations to SONZ. Their existence, number, role and operation is left to be determined by the Clubs.
- Annual General Meeting: The AGM of the Governing Body will also serve as the AGM for members. It may be held by a combination of people physically present and those joining by audio and/or audio-visual means.
- Right to speak at General Meetings: In lieu of Regional Council delegates speaking at General Meetings, Club delegates can speak on items properly submitted by Clubs for discussion at the General Meeting.

E. OPERATIONAL RESOURCES AND SERVICES TO CLUBS

SONZ recognises that not all Clubs are the same. Clubs vary greatly in terms of funding and resources, size of area serviced, number of members, volunteer base, facilities and capability.

In consideration for payment of the annual levy, SONZ will continue to provide the following base level of resources and services to Clubs:

- Access to online resources and guidelines
- Coverage under group insurance policy
- Assistance with event management and processing event entries through the Games Management System
- Organisation of the National Summer Games
- Accreditation to Special Olympics International
- Use of the name and logo of SONZ and other intellectual property
- Represent SONZ nationally and internationally

SONZ recognises that some Clubs may want additional support to operate their Club e.g. accounting services and filing annual accounts with the Charities Commission. SONZ can work with Clubs individually around their requirements and how best to support them such as introducing Clubs to shared service support options through Aktive or Sport Wellington who will be able to provide additional services for a fee.

Additionally some Clubs may develop their capabilities to provide resources and/or services to other Clubs.

F. NEW GOVERNANCE STRUCTURES AND RULES

To reflect the above changes to the legal status of Clubs and what SONZ is providing Clubs, it is necessary to make some changes to the agreements and rules governing the relationship between SONZ and each individual Club.

The SONZ board is recommending that the current rules and documents be replaced by:

- a Relationship and Accreditation Agreement between SONZ and each Club (**Relationship Agreement**);
- a Charitable Trust Deed for each Club; and
- the Club Handbook.

The first two of these documents are set out in the Appendices and they are all explained in more detail below. SONZ may support Clubs with the process to enter into the Relationship Agreement and establish a trust.

The Relationship Agreement sets out the conditions of accreditation to SONZ and the reasonable expectations that each party has of the other in order to promote a supportive and positive relationship.

The Charitable Trust Deed establishes the Club as a charitable trust, sets out its charitable purpose and regulates how the trust is governed. Each Club will form a Board of Trustees to will administer the Trust.

The Club Handbook gathers together all SONZ's existing policies, protocols and guidance and compiles them into one central resource. The Club Handbook is being drafted and will be a resource that is available on the SONZ website.

Questions

Please direct any questions to a SONZ board member or Carolyn Young, the Chief Executive of SONZ.

Appendix 1

Form of Relationship and Accreditation Agreement

Appendix 2

Form of Charitable Trust Deed