



COMPANY LIMITED BY GUARANTEE UPDATE

PLEASE READ

The Committee is very pleased to announce Kosciusko Thredbo and National Parks and Wildlife Service have given their consent for the Club to change to a not for profit Company Limited by Guarantee.

The purpose of this email is to provide some information about the Company Limited by Guarantee (CLBG) model as well as a copy of the new Hi Noon Ski Club Constitution. The Committee strongly recommend Members read this information, and to take time to research and gain a better understanding of the CLBG model over the next 2 weeks.

Any questions and feedback for the Committee, are required by Tuesday 15th June 2021 via hinoonsecretary@gmail.com. A Special General Meeting will be organised for mid-July to vote on the restructure of the Club.

As the Club requires 75% of the Members to vote in favour of the restructure, it is important Members are informed when casting their vote. More information will be sent closer to the time.

Company Limited by Guarantee– what is it?

A Company Limited by Guarantee (CLBG) is a common company structure used for not-for-profit and charitable organisations in Australia that reinvest any surplus (profit) towards the organisation's purposes. Recreational (sports clubs), cultural and charitable organisations commonly use this type of corporate structure.

They are formed on the principle that the liability of Members is limited to the amount they agree to contribute if the company is wound up. This amount (the Guarantee) is typically nominal and set out in the company's constitution. Companies Limited by Guarantee cannot pay dividends to its Members and Members do not have a share in the assets if the company is wound up.

The Committee believes that CLBG provides the best solution for the Club moving forward with several key benefits:

1. That exiting Members will be able to freely trade their membership/s at a price that is agreed between the buyer and seller. By remaining an Incorporated Association would require a change to the current operating practices in that Members would no longer be allowed to sell their memberships.
2. Is relatively similar to our present structure in respect of auditing and administration requirements. Members will see minimal changes in the way the Club operates. The changes will be mainly administrative which will include a new Constitution as well as a change in some terminology such as the Committee will be referred to as Directors of the Company.
3. Incorporating as a Company Limited by Guaranteed means there is no restriction on the jurisdictions in which the Club is permitted to operate in Australia. As an Incorporated Association registered in the ACT, the Club is by rights only permitted to operate in the ACT.



4. Whilst it will cost the Club around \$6000 as a one off cost to change the structure, which includes money already spent on legal advice to a new Constitution, the annual costs charged by ASIC to be a CLBG are similar to what we pay under our existing association structure.

Extra information on CLBG can be found through Access Canberra and ASIC web sites:

https://nfplaw.org.au/sites/default/files/media/Incorporated_association_or_CLG_ACT.pdf

<https://asic.gov.au/regulatory-resources/financial-reporting-and-audit/preparers-of-financial-reports/companies-limited-by-guarantee/Handout-Institute-Governance-article-Assocn-to-Co-Ltd-Gtee.pdf>

Background and steps already taken.

1. At the 2020 AGM general consensus by the Members was the most appropriate way forward was to incorporate as a CLBG and to cease operating as an Incorporated Association pursuant to section 82 of the Association Act.
2. The Committee engaged Meyer Vandenburg Lawyers (Canberra) to prepare a new Constitution based on the CLBG model (ASIC).
3. Once completed the Committee sought approval from Kosciusko Thredbo and NSW National Parks and Wildlife Service to change the Constitution and to move to the CLBG model which has now been granted.

Moving forward.

In order to transfer from an Association to the Company Limited by Guarantee model the following steps are now being undertaken.

1. The new Constitution provided to the Members; giving an opportunity for questions to be asked of the Committee.
2. The Committee will then organise a Zoom Special General Meeting (SGM) following review of the Members' feedback. In order for special resolutions to be valid at a SGM, the Club must comply with certain requirements including at least 21 days' notice of the SGM.
3. At the SGM, Members will be asked to pass a number of special resolutions.
The special resolutions will only be passed if at least 75% of Members eligible to vote actually vote on the resolution, and vote in favour.

The special resolutions to be passed:

- a) to approve the proposed transfer and adopt the new Constitution which is appropriate for the new CLBG structure;
 - b) resolve that the new constitution will be effective from the date of the transfer to the CLG structure;
 - c) approve the new name Hi Noon Ski Club Ltd;
 - d) that any reference to the old name is a reference to the new name.
4. If the resolutions are passed, the Club will make an application to Access Canberra to incorporate as a Company Limited by Guarantee, including evidence of the resolutions.



5. Once the Club has cleared this process the new Board will make changes to the structure as soon as possible so normal business can resume including the trading of memberships.

What is required now...

The Committee would like all Members to take the time to gain a better understanding of the Company Limited by Guarantee model and to review the new Constitution during the next 2 weeks. This important decision regarding the future of the Club, and your invested interest should not be taken lightly.

As the Club requires 75% of the Members to vote in favour of the restructure, it is important Members are informed when casting their vote.

The Committee believes this is the best way forward for the Club's future. This is a crucial time please take an interest, read the information being provided and be involved. This move to CLBG should the Members vote in favour, can only make the Club more resilient in the future.

Any questions and feedback to be sent to the Committee by the 15th June 2021 via hinoonsecretary@gmail.com.

Kind regards

Sandra

President
Hi Noon Ski Club Inc

31/05/2021