



ARTHRITIS NEW ZEALAND

KAIPONAPONA AOTEAROA

*Our Vision: Improving the life of
every person affected by arthritis*

*Ko tō mātou aronga: Kia whakapiki
i te oranga o te hunga kua pāngia
e te mate kaiponapona*

REVIEW OF GOVERNANCE OPTIONS Discussion Document

May 2017

Contents

1. Message from the President	3
2. Executive Summary	4
3. Introduction.....	5
4. Structural Options	9
5. Membership	3
6. Regional Liaison Groups	13
7. Next Steps.....	20

1. Message from the President

During our Jubilee year in 2016 we spent a great deal of effort as an organisation considering how we were set up to meet the challenges of the next 50 years. During the year a number of questions were raised about our governance structure. These questions were raised again at the AGM in November 2016.

At the time of the AGM I gave a commitment that during 2017 we would consult with members about how we were set up to meet our mission. This paper is part of this consultation and asks you the questions we at the Governing Body have been considering about membership, Regional Liaison Groups and our constitutional arrangements.

In our vision we openly state that our organisation is working on “*improving the lives of every person affect by arthritis*”. Our vision is not limited to members of our organisation but to serving the needs of all people in New Zealand affected by any of the 140 forms of arthritis. It is now more than twenty years since Arthritis New Zealand limited its services to those who identified as members.

Like a number of other incorporated societies our membership numbers are decreasing. Many of our 3,638 members have been long term supporters and see membership as one way of demonstrating their ongoing commitment. However members now represent only a small segment of the people with whom we engage.

We have more people who commit to supporting Arthritis New Zealand as donors, volunteers and supporters than we have members. For a variety of reasons many people see this as a more relevant way to support us. These donors and supporters are important stakeholders. Many of the people who access our information and services have fleeting contact with us. We want that fleeting contact to be positive – and build into long term support.

Thank you for your participation in the process that will help ensure we have an organisation that meets the needs of people today and into the future.

Kind regards

A handwritten signature in black ink, appearing to read 'P. Larmer', written in a cursive style.

Peter Larmer
President

2. Executive Summary

The Governing Body of Arthritis New Zealand has called for a review of governance options, membership and the role of Regional Liaison Groups based on:

- 1) A commitment to review the role and function of the Regional Liaison Groups;
- 2) The small number of people indicating an interest in elected positions;
- 3) The ongoing, significant decline in membership numbers;
- 4) A recommendation from KPMG, in the 2015 review of our service delivery and funding, that the membership model be reviewed; and
- 5) The agreed mission for Arthritis New Zealand that we seek to represent **every person affected by arthritis**, not just members.

Arthritis New Zealand was established as an Incorporated Society in 1966. It was set up as a branch structure with divisions and a coordinating national body. By 1999 the federated model of governance was showing signs of strain and in 2002 a single new organisation was created. Arthritis New Zealand has retained its status as an Incorporated Society, with membership being central. The constitution has been reviewed several times since 2002, with the current version dated June 2014 and available from www.arthritis.org.nz.

The options for governance structure are:

1. To retain the status quo as an Incorporated Society; or
2. To become a Charitable Trust – society based; or
3. To become a Charitable Trust; or
4. To become a Charitable Company.

Membership is the central issue for an Incorporated Society. Under current legislation an Incorporated Society requires a minimum of 15 members. Due to the pressures on a number of societies nationally this number may be reduced to 10. Arthritis New Zealand currently has 3,638 members but membership levels have been falling for more than ten years. Our membership profile is significantly different from both the profile of the people who use our Arthritis Educator service and the profile of people living with arthritis in New Zealand. Our current clients, volunteers and donors are offered membership but very few take up this offer preferring to support through other means.

The Regional Liaison Groups were established in 2002 when the single national organisation was formed. These were designed to maintain a link between local members and the national body and form a training ground for potential Governing Body members. In their 15 year history they have not been able to meet the goal of regional representation. Membership of these groups has consisted largely of a small group of committed individuals.

This background document provides detailed information on each of the three areas – governance options, membership trends, and the role of the Regional Liaison Groups. There are a range of questions posed at each section. Responses from this consultation, including the meetings to be held in Auckland and Christchurch, will be collated and reported back to the Governing Body. Recommendations on future structure and membership options will be provided to the AGM to be held in Christchurch in November 2017.

3. Introduction

3.1 Current structure

Arthritis New Zealand was established as an Incorporated Society in 1966. It was set up as a branch structure with divisions and a coordinating national body. Membership was at the heart of the organisation. In the early stages members were directly responsible for running their divisions. Each of the 23 divisions had a volunteer committee that took local responsibility for fundraising and delivery of services for the area.

When services, such as the original Field Officers, were established they were designed to help members. Since 1990 services have been offered regardless of membership status.

By 1999 the federated model of governance was showing signs of strain and the move to create a single national organisation was commenced. This was completed by 2002 when the divisions were disestablished and a single new organisation was created.

Changes to legislation in 2007 with the creation of the Charities Service meant that organisations required registration to be considered charities. The Charities Commission accepted Arthritis New Zealand as a registered charity in 2008. The Arthritis Foundation of New Zealand, trading as Arthritis New Zealand, is registered as an Incorporated Society and also as a charity.

The current Constitution was adopted in 2002 with amendments in 2005, 2007, 2009, and 2012. The most recent version of the Constitution is dated June 2014 and available from www.arthritis.org.nz.

The Governing Body of Arthritis New Zealand, under Rule 15, is responsible for setting the Strategic Plan for the organisation and the appointment and management of the Chief Executive. The Chief Executive is responsible for delivering the services that are agreed to meet the strategic objectives. Members of the Governing Body volunteer their time and skills. The operations are run through a mixture of paid and volunteer staff.

3.2 Purpose of the current review:

A review of the governance options for Arthritis New Zealand has been requested by the Governing Body following several linked concerns:

1. The commitment made at the 2016 AGM to review the role and function of the Regional Liaison Groups (RLG) and options brought to the 2017 AGM;
2. The small number of people indicating an interest in representation on RLGs and the Governing Body;
3. The ongoing, significant decline in membership numbers;
4. A recommendation from KPMG, in the 2015 review of our service delivery and funding, that the membership model be reviewed; and

5. The agreed mission for Arthritis New Zealand that the organisation is working with and seeking to represent **every person affected by arthritis**, not just members.

3.3 Review process

At the February meeting of the Governing Body it was agreed to co-opt a taskforce to investigate the proposed structural changes for the organisation. The taskforce comprises member representatives from around the country.

The taskforce members are:

- Alan Henwood (Chair) Immediate Past President (Wellington)
- Martin Lenart – Governing Body Member; Chair of Committee of the Board (Wellington)
- Digna Toresen – National Representative Governing Body (Auckland)
- Erin Reeves McMillan – Co-opted member Northern RLG (Auckland)
- Laurie Breadmore – Governing Body Regional Representative; member MidlandCentral RLG (Rotorua)
- Lynne McMillan – Member Southern RLG (Blenheim)
- Peter Larmer – President (Auckland)

The taskforce agreed that the process for the review would be to develop a consultation document to be circulated to members and interested people. This will be available online through www.arthritis.org.nz and will be sent to all current RLG members and to all who attended the 2016 AGM. Information will also be included in the June issue of Joint Support.

Meetings in Christchurch and Auckland will be held in June 2017 to enable people to discuss the issues raised with the taskforce members.

Feedback from the consultation process will be included in the recommendations the taskforce will make to the September meeting of the Governing Body.

The recommendations from this review and any resulting constitutional changes will be presented to the 2017 AGM to be held in Christchurch in November 2017.

To help us identify various stakeholder positions we pose questions for you to consider.

Note:

1. These questions can be completed online at <https://www.surveymonkey.com/r/TB9SDQY>.
2. If you have completed the questions from a printed document please send your responses to:
Arthritis New Zealand, P O Box 10020, Wellington, 6011
Attention: Governance Review

3.4 Connection with Arthritis New Zealand Questions

1. Which of the following best describes your PRIMARY connection with Arthritis New Zealand?

NB We know many people link with us in more than one way – which of these do you consider the most important?

- Member of Arthritis New Zealand
- A volunteer for Arthritis New Zealand
- Governing Body/Committee or Regional Liaison Group Member
- A donor
- Use the Arthritis Educator services
- A health professional interested in the work of Arthritis New Zealand
- A visitor to the website or Facebook
- Interested in the work of Arthritis New Zealand in my professional capacity
- Supporting Arthritis New Zealand through company sponsorship
- A staff member
- Other: please specify

2. We have set out the mission for Arthritis New Zealand:

Our vision: *Improving the life of every person affected by arthritis*

Ko to matau aronga: *Kia whakapiki i te oranga o te hunga kua pāngia e te mate kaiponapona*

Do you agree that Arthritis New Zealand should represent every person affected by arthritis?

- Yes
- No

Comment:

3. There are a number of ways people can connect with Arthritis New Zealand. Which of these do you think are the most important?

	Not Important	Quite important	Essential
Membership			
Newsletters like Joint Support and e-news			
The 0800 service			
The website www.arthritis.org.nz			
Access to Arthritis Educators in clinics, seminars or on the phone			
Support groups or peer support meetings			
Facebook, Twitter and other social media			
The Annual General Meeting (AGM)			

4. Is connecting with Arthritis New Zealand an issue for you?

Yes

No

Comment:

4. Structural Options

The obvious question if Arthritis New Zealand is to change its structure is: “What are the choices?” In reviewing the options available for a health charity to meet our vision, the possibilities for Arthritis New Zealand are: Incorporated Society (our current structure); Registered Charitable Trust (society-based); Registered Charitable Trust (trust-based); and Charitable Company.

Charitable status is governed by the Charities Act 2005. Organisations under all of these options can apply for registration as a charity. Arthritis New Zealand is currently registered as a charity and we would expect to maintain charitable status regardless of organisational structure.

4.1 Comparisons with other organisations in New Zealand

The not for profit sector in New Zealand is very large. In 2013, there were 114,110 organisations; an 18 percent increase since last recorded in 2004. More than half of these organisations are unincorporated societies – meaning they have few members and limited income and do not require a formal structure.

There is no one structure that is used universally across the not-for-profit sector for the organisations large enough to require one.

- The Heart Foundation, Cure Kids, World Vision, the New Zealand Breast Cancer Foundation and the Auckland City Mission are charitable trusts.
- The Meningitis Foundation is a charitable company.
- The Cancer Societies; Breast Cancer Aotearoa Coalition, Prostate Cancer Foundation, Diabetes New Zealand and Parkinson’s New Zealand are all incorporated societies.

Of the groups that are large enough to require a structure there are almost equal numbers of incorporated societies and charitable trusts¹.

Register	New registrations in 2013-2014	New registrations in 2014-2015	New registrations in 2015-2016	Total registered as at 30 June 2016
Incorporated Societies	734	705	716	23,677
Charitable Trusts	788	866	806	23,731

There are organisations that have changed their structure in recent years including The Stroke Foundation of New Zealand which was a federation of incorporated societies until 2013 when they re-established as a charitable trust. A number of organisations are, like Arthritis New Zealand, currently reviewing their structure.

¹ Taken from Corporate Entity Register Statistics MBIE
<https://www.companiesoffice.govt.nz/companies/about-us/statistics>

4.2 Characteristics of different organisational legal structures:

The following Table sets out the similarities and differences for possible governance options².

	Incorporated society	Registered charitable trust (society-based)	Registered charitable trust (trust-based)	Charitable Company
Legislation	Incorporated Societies Act 1908	Charitable Trusts Act 1957	Charitable Trusts Act 1957	Companies Act 1993
Minimum number of people required	15 individuals, five corporate bodies, or a mix of both	5 individuals or existing society	Two or more trustees	One or more shareholders
Decision-making	By members at general meeting/by committee	By members at general meeting/by committee	By trustees/trust board	By directors/ shareholders at AGM
Liability of members/ trustees	In general, limited personal liability, provided decision makers act prudently and within the group's purpose and, if charitable, not for personal gain (specific provisions apply to company directors)			
Best suited for	Not-for-profit groups and clubs – particularly small volunteer-run groups – smaller serving a particular community e.g. Tennis Club	Not-for-profit groups with a charitable purpose where membership is critical	Not-for-profit organisations with a charitable purpose where membership is not critical	Good for groups with a commercial operation (such as a community business). Company structure but distributions (e.g dividends) can only be applied to charitable purposes.

² Adapted from Community Net Aotearoa online resources : <http://www.community.net.nz/resources/community-resource-kit/characteristics-of-different-organisational-legal-structures/>

	Incorporated society	Registered charitable trust (society-based)	Registered charitable trust (trust-based)	Charitable Company
Advantages	Democratic, membership-based organisation structure	Democratic, membership-based organisation structure	Controlled by a Board of Trustees	Decision making by directors. Ultimate control of directors rests with shareholder(s).
	Easy, efficient structure for non-profit organisations (particularly smaller ones)	Only available to charitable societies; not all “not-for-profit” organisations meet the definition of “charitable”.	Allows greater flexibility in governance and structure.	Suited to organisations where income is derived from commercial activities (e.g. Sanitarium)
	Membership based	Membership-based	Flexibility to provide for classes of membership (with rights such as to attend AGM)	Requires a minimum one shareholder (which is usually a charitable organisation) but number is unlimited
	Usually, members elect board/committee. But, as in the case of Arthritis NZ, some board members can be appointed	Usually, members elect board/committee. But, as in the case of Arthritis NZ, some committee members can be appointed	Board usually appointed by existing board members (in accordance with criteria set out in the Trust deed)	Directors usually appointed or elected by shareholder(s)

	Incorporated society	Registered charitable trust (society-based)	Registered charitable trust (trust-based)	Charitable Company
	Annual General Meeting of members required, to which the board/ committee reports	Annual General Meeting of members required, to which the board/ committee reports	No Annual General Meeting required but Trust deeds commonly provide for one	Annual General Meeting of shareholders required, to which directors report
	Committee can include designated regional representatives			
Limitations disadvantages	Finding (and maintaining) members may be a problem	Finding (and maintaining) members may be a problem	No requirement to have a membership (but membership can be provided for)	Requires at least one shareholder
	Risk of committees being overturned at AGM which may lead to short-term decision-making	Risk of committees being overturned at AGM which may lead to short-term decision-making	Risk of Trustees not being accountable (but trustee duties are heavily proscribed and the Courts have an overview role).	Risk of directors being removed at AGM which may lead to short-term decision-making
	Limited scope for succession planning	Limited scope for succession planning	Trustees can better control succession	Shareholders control appointment of directors
	Limitations on structure and appointment of Committee	Limitations on structure and appointment of Committee	More flexibility in structure and appointment of trustees	Directorship regulated by Companies Act

	Incorporated society	Registered charitable trust (society-based)	Registered charitable trust (trust-based)	Charitable Company
	Not suitable for groups with a commercial purpose	Groups need to have a charitable purpose	Trust Boards need to have a charitable purpose	A charitable company can have only charitable purposes
		The distinctions between the different types of charitable trusts can be confusing		Reporting requirements are more complex than other structures
Used by	Cancer Society Diabetes New Zealand	Rotorua Energy Trust	Heart Foundation of New Zealand The Auckland City Mission The Stroke Foundation of New Zealand	The Meningitis Foundation Aotearoa New Zealand
Reporting requirements	Registrar of Incorporated Societies requires: changes of rules and office	Registrar of Charitable Trusts requires: changes of rules and office	Registrar of Charitable Trusts requires: changes of rules and office	Companies Office requires: annual return and changes of name, office, rules and directors
	All registered charities need to file an annual return, including financial statements, with Charities Services and notify changes to the name, address, balance date, rules, purposes, or officers of the charity to Charities Services			

4.3 Options for Arthritis New Zealand

a) Remain as an Incorporated Society – status quo

The current structure can be retained. We have sufficient members to meet the legal requirements.

The challenges of engaging members will remain.

The likely changes to the Incorporated Societies Act will necessitate a constitutional review when these are passed.

b) Become a Society-Based Charitable Trust

Changing to a society-based charitable trust would require the winding up of the current Incorporated Society and the creation of a new entity, which can be similar to the existing society structure.

c) Become a Charitable Trust

Changing to a charitable trust would require the winding up of the current Incorporated Society and the creation of a new structure in which the entity is controlled by a Board of Trustees.

d) Become a Charitable Company

Changing to a charitable company would require the winding up of the current Incorporated Society and the creation of a new entity with a minimum of one shareholder and one director.

4.4 Structural Options Questions

5. The Governing Body is considering the governance structure that would best meet the organisation's needs now and into the future. Under any of these forms of governance Arthritis New Zealand would maintain its charitable status, the vision and current Strategic Plan. Which of these forms of governance would you favour?

- Incorporated Society
- Society based Charitable Trust
- Trust based Charitable Trust
- Charitable Company
- Another kind of structure (please specific):

6. Into the future how do you think the Governing Body/Board should be formed?

- Appointed to ensure the right skills are at the table
- Elected to ensure people with arthritis are represented
- The current method - a mixture of elected and appointed members
- I don't have a preference
- Something else we should consider?

Why did you choose this structure?

5. Membership

5.1 The role and function of members

Membership is a fundamental requirement of being an Incorporated Society. Membership requirements are set out in Rule 8 of the Constitution attached at Appendix 1.

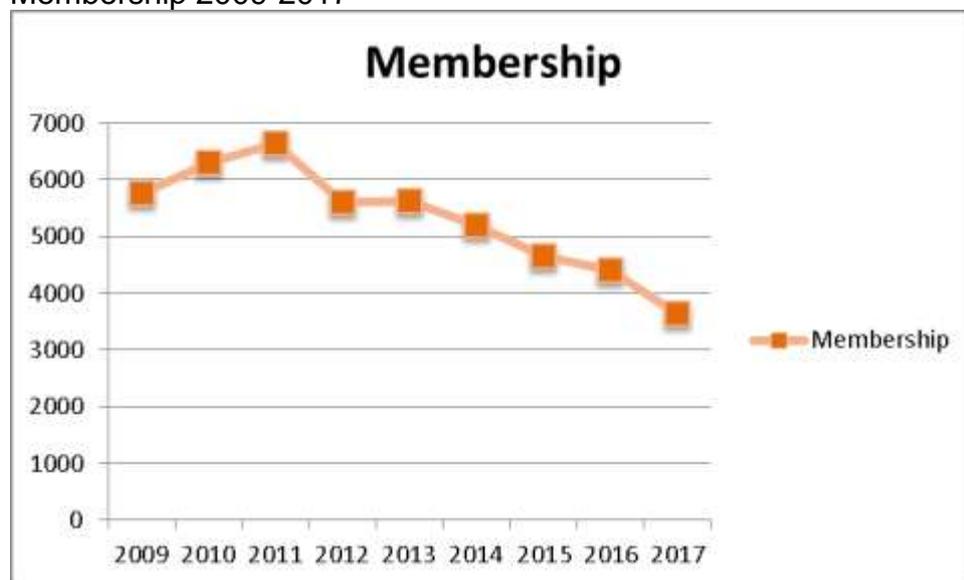
We currently have three main classes of membership.

- i. Individual members
- ii. Household membership (two or more people at the same address)
- iii. Honorary Life Members

Members pay an annual subscription, set at the AGM, to cover the Arthritis New Zealand financial year – 1 July to 30 June. Membership at present is \$20 per annum for individual members and \$30 for a household. Fees were reduced from \$35/\$50 in 2009 in response to calls from members that the fees were prohibitive. The reduction in fees did create a temporary increase in membership but this was not sustained nor has it assisted the recruitment of new members.

Honorary life members, Rule 8.2, are members who have been recognised for their outstanding contribution to the organisation. They do not pay an annual fee but have all the voting rights of members. We currently have 57 honorary life members.

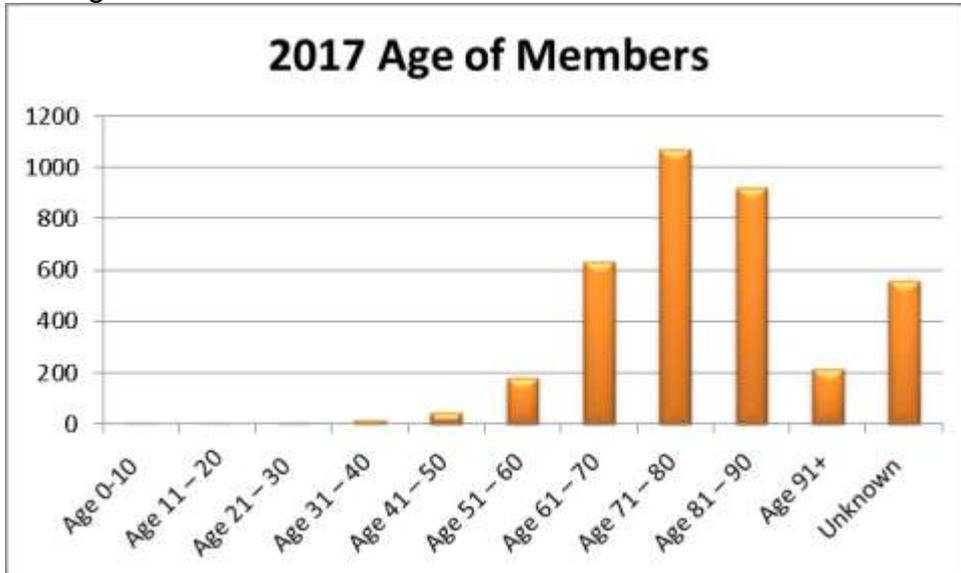
Membership 2009-2017



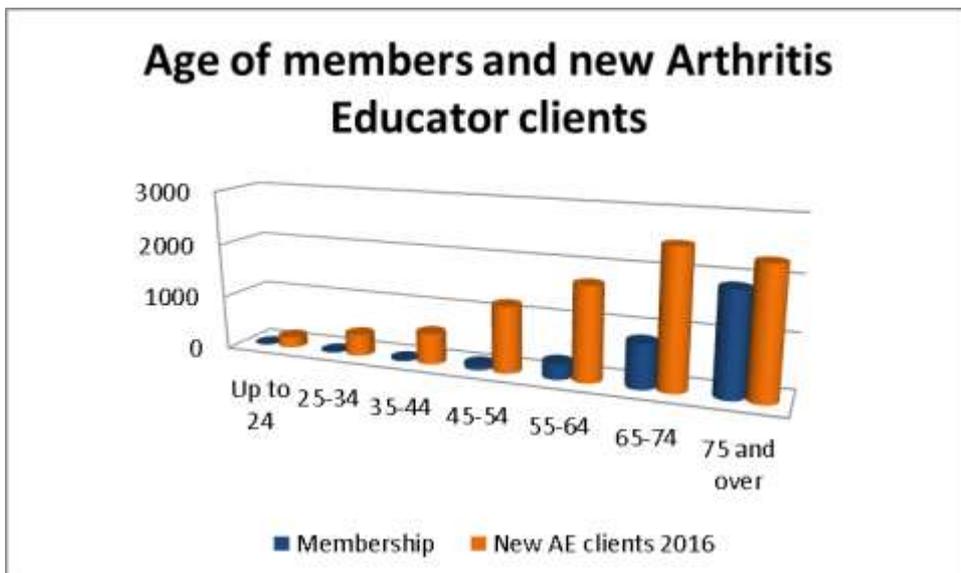
At its peak we are told there were over 14,000 members, although we cannot verify this number. Membership data since 2009 shows an overall 40 percent decline. Current membership is 3,638. Membership attrition, usually as a result of death or declining cognitive ability, is higher than the rate of new member acquisition.

In common with many other incorporated societies our membership is declining. Even at the current rate of decline we will continue to be able to meet the minimum requirements of the Incorporated Societies Act but it will create even more challenges regarding Regional Liaison Group (RLG) and AGM requirements.

The age of our members



By contrast the age of people who access our Arthritis Educator services is more widespread. The following graph shows the age of new clients to the Arthritis Educator service compared with the age of members in 2016.



5.2 Current issues regarding membership

5.2.1 Membership is not related to use of services

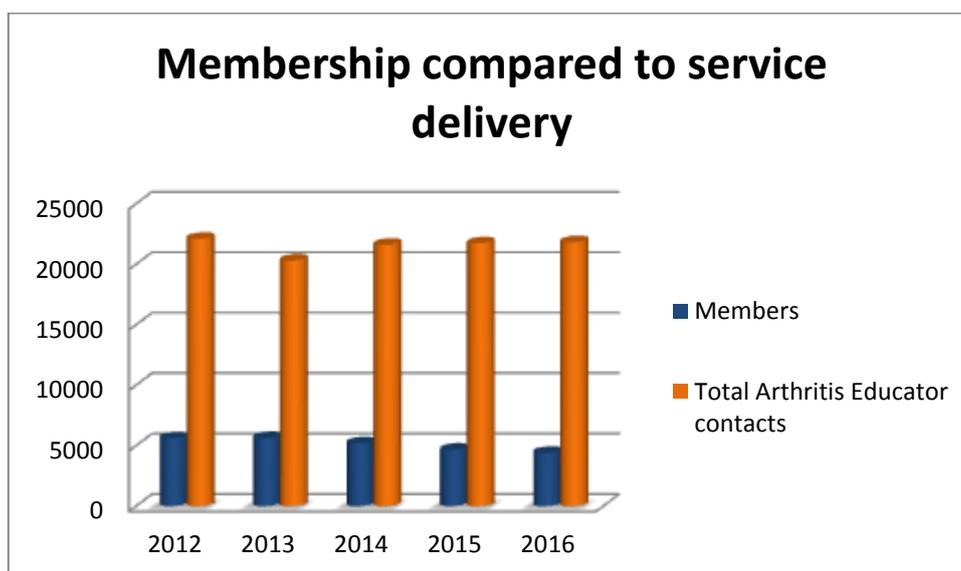
Initially the services for Arthritis New Zealand were designed for and around the needs of members.

From the early 1990s service delivery was separated from membership. For the purposes of philanthropic grants and contracts it was considered essential for service delivery to be able to deliver services regardless of membership. As the organisation evolved successive Strategic Plans since 2001 have seen the mission for the organisation expand from the needs of members to improving the lives of all people affected by arthritis in New Zealand.

Membership is required for a small number of support programmes. This includes access to Total Mobility Programmes³ in some areas and some of the Arthritis New Zealand exercise programmes. These programmes are increasingly delivered by other service providers in communities. In addition, we can no longer meet the health and safety requirements now required to deliver such programmes. These factors, coupled with the age of our members, make it highly likely our membership numbers will decrease further.

People have many reasons for becoming and remaining members. For some, it is a way of demonstrating their commitment to our mission. Many other people are demonstrating their support for the mission and work of Arthritis New Zealand through ways other than membership.

No Arthritis Educator services require membership as a pre-requisite.



³ Initiated in the early 1980s, the Total Mobility Scheme is jointly funded by local and central government and provides subsidised licensed taxi services to people who have an impairment that prevents them using public transport. The scheme is managed by regional councils. In some areas the regional council requires membership of an appropriate organisation to qualify for mobility vouchers.

Every new client is asked about membership at the time of service and in a follow up within the quarter. Less than 3 percent of people who have accessed our services take up membership.

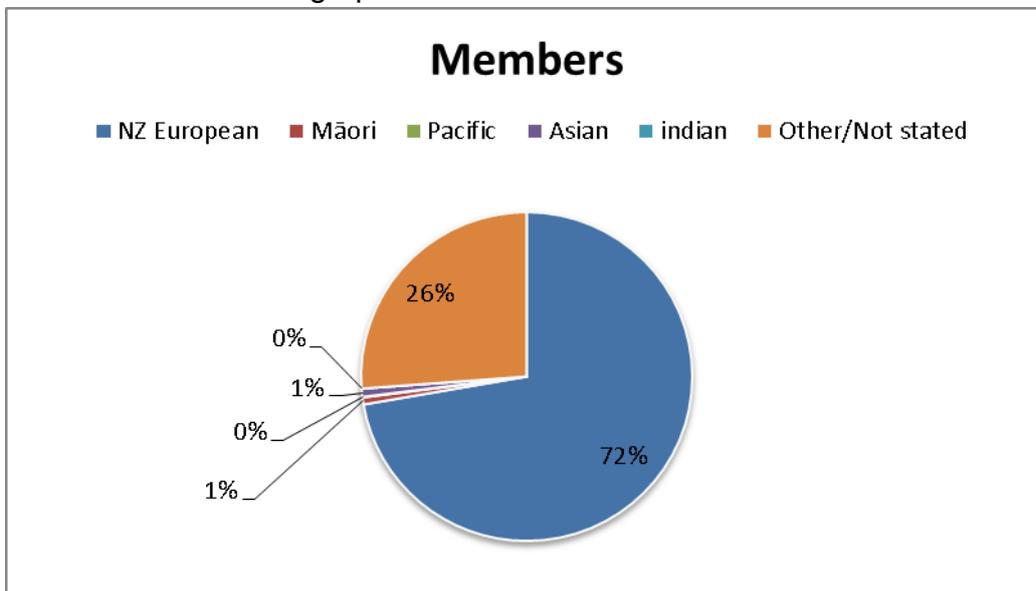
5.2.2 Membership does not reflect the range of stakeholders for Arthritis New Zealand

As part of the strategic planning process we spent some time identifying our key stakeholders. Our range of stakeholders is now very broad and includes:

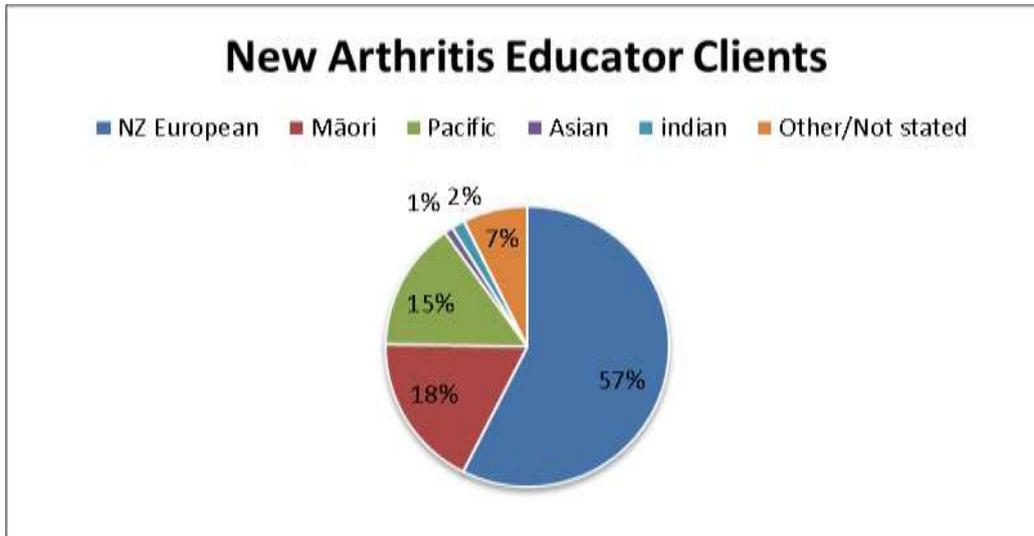
- Members
- Donors
- Clients
- People with arthritis who do not use our services
- Volunteers
- Sponsors
- Funders
- MPs and Government officials
- Health care professionals

The charts below demonstrate the demographic profiles of members, new Arthritis Educator clients and people diagnosed with arthritis in New Zealand.

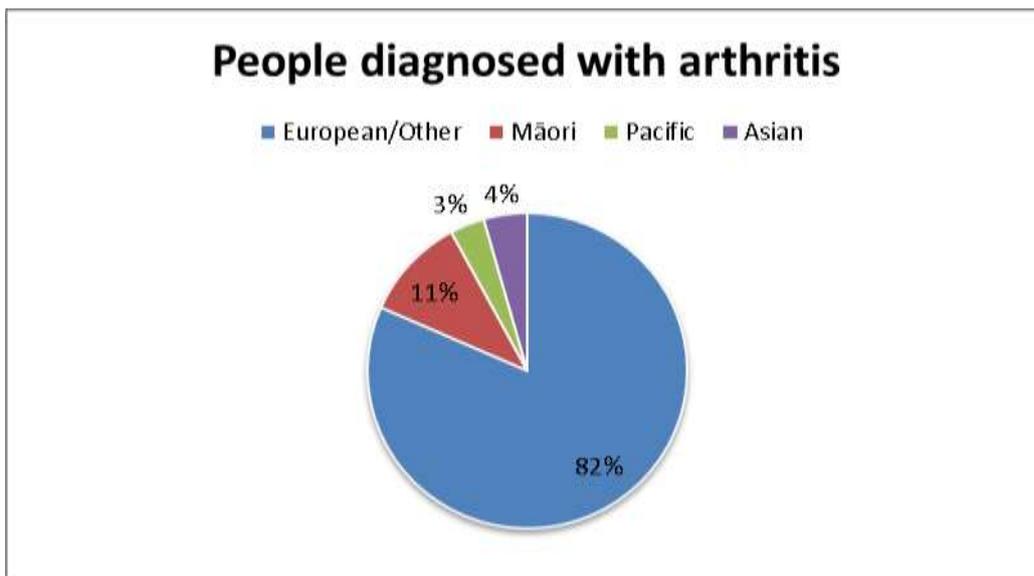
Member demographics



New Arthritis Educator client demographics



Demographics of adults diagnosed with arthritis⁴



Arthritis New Zealand’s vision is to “**improving the life of every person affected by arthritis**” but current membership represents 0.58 percent of the 624,000 adult New Zealanders living with a current diagnosis of arthritis. Arthritis New Zealand also supports the estimated 1,000 children diagnosed with arthritis⁵.

⁴ Taken from Annual Update of Key Results 2015/16: New Zealand Health Survey <https://minhealthnz.shinyapps.io/nz-health-survey-2015-16-annual-update/>

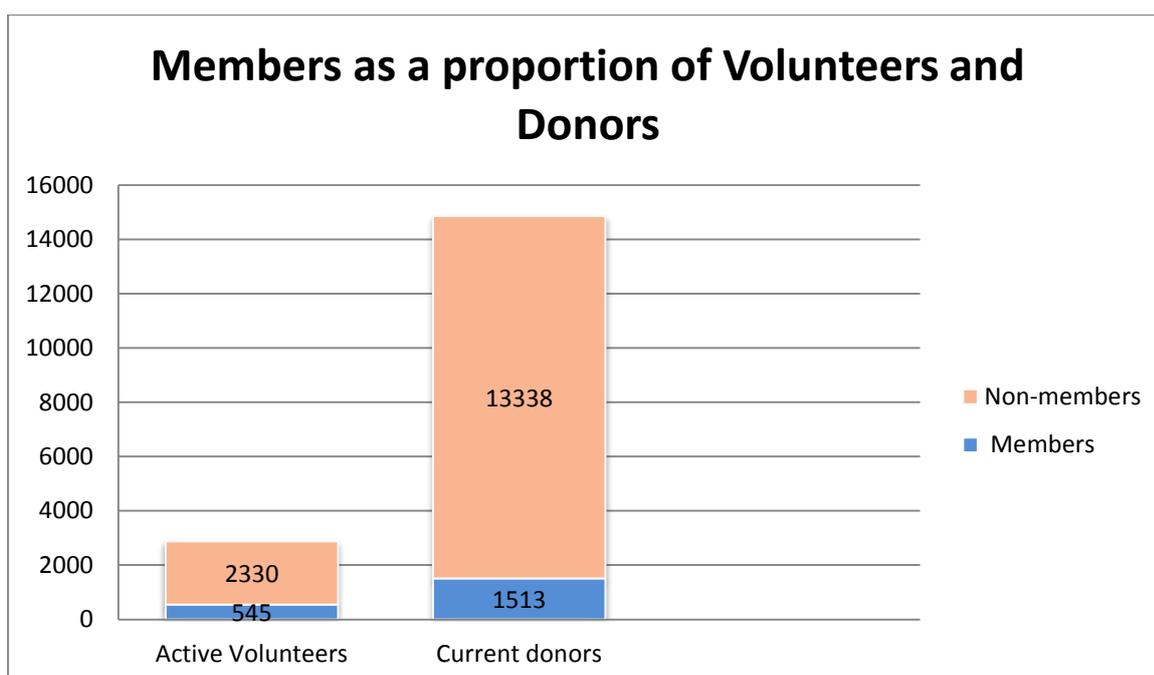
⁵ There is no New Zealand data on the numbers of people under 15 years diagnosed with arthritis. Adult data sourced from Annual Update of Key Results 2015/16: New Zealand Health Survey

Age	Membership	Nos of people diagnosed	Proportion represented
0-14		1000(est)	
15 to 24	4	8000	0.05%
25-34	15	21000	0.07%
35-44	22	37000	0.06%
45-54	89	104000	0.09%
55-64	288	141000	0.20%
65-74	817	166000	0.49%
75 and over	1872	147000	1.20%

Note: Not all members of Arthritis New Zealand will have a diagnosis of arthritis – for some, membership is in support of a family member or for another reason.

5.2.3 Engagement with the organisation is wider than members

Arthritis New Zealand engages people affected by arthritis in a number of ways: through our service provision; awareness activities; advocating for the needs of people with arthritis; and promoting opportunities for volunteer activities; and supporting the work of the organisation. Many of our members are volunteers and/or donors. We have large numbers of both donors and volunteers, which means most of our volunteers and donors in any year are not members of Arthritis New Zealand. Volunteers and donors are offered membership but many do not take this up.

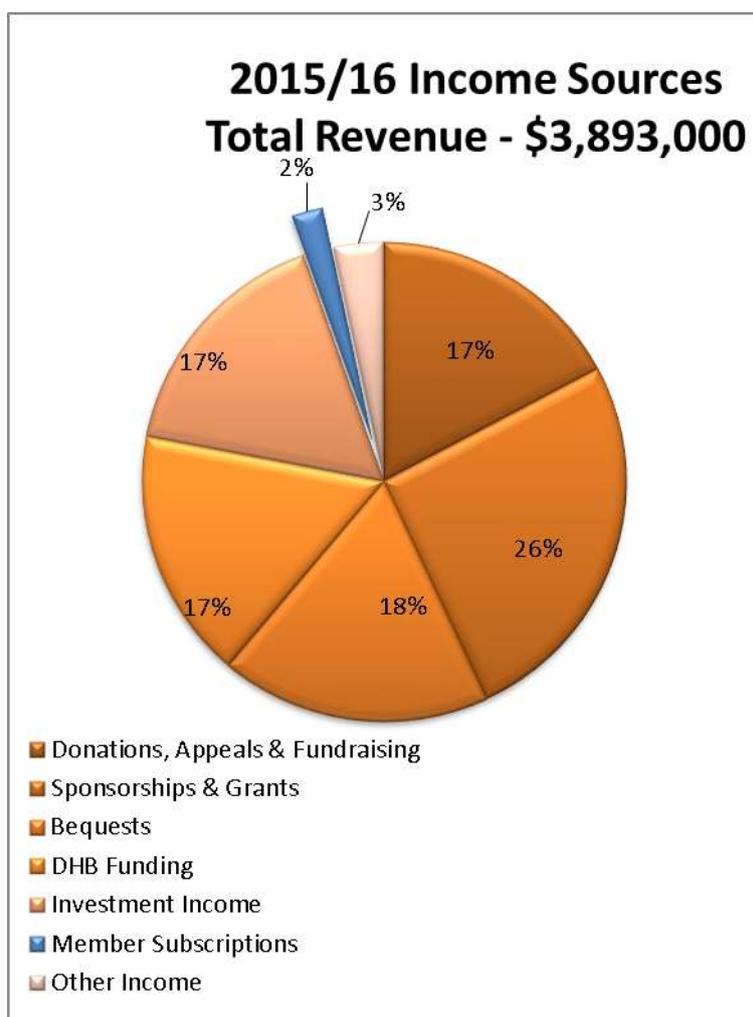


5.2.4 Membership income is a small percentage of total income

Membership is included as part of our fundraising income but represents a very small proportion of total income. A low membership fee recognises that this is not being viewed as a major contribution to the services we provide.

In the 2015/16 Financial Year the \$82,000 received in membership fees represented 2 percent of the total income for Arthritis New Zealand. This proportion has been relatively consistent for more than five years.

For membership fees to contribute to the services such as awareness and advocacy they would need to increase significantly.



The costs of membership include processing membership donations; the quarterly newsletter; membership cards, the AGM, etc. The costs associated with governance (\$48,083 in 2015/16), although related to membership, are not included in the membership costs.

In most years the direct cost of managing membership, excluding any staff time involved, is almost equal to the income membership generates. In 2015/16 membership expenses of \$73,810 represented 1.7 percent of the

total expenditure of \$4,408,000. Hence the net membership contribution was \$8,190 to the wider organisation, including the costs of governance and staff time associated with managing membership and RLGs.

The costs of managing membership are fixed and with declining membership, the net contribution to the organisation is likely to diminish accordingly.

5.2.5 Participation in the Annual General Meeting (AGM)

In its 2013 review of the Incorporated Society Act 1908 the Law Commission noted that an essential characteristic of an incorporated society is a membership model of organisation, in which the members determine the fate of the organisation through the AGM. They went on to say, “We acknowledge that the mission of some incorporated societies has become less about members, as such, and more about providing services to the general public, or to those with a particular need. However, members have a key role in terms of the final governance of the incorporated society, through the annual general meeting, and most often through the election of officers.”⁶

This doesn’t appear to be a key role for our members. Attendance at the AGM is limited despite our commitment to move the AGM around different centres.

All members are invited to attend the AGM, although only a very small proportion of members take up this opportunity.

	Total attendance	%of total membership
2010	30	0.47
2011	31	0.47
2012	30	0.53
2013	37	0.66
2014	24	0.46
2015	30	0.64
2016	30	0.68

All members have voting rights for the Governing Body and are eligible for nomination for RLG and Governing Body. Because we have limited need for voting with a limited number of nominations for any office, members have little opportunity to engage in this part of the Incorporated Society process.

All members are notified of the AGM and invited to request the papers for this meeting. Usually only those people indicating an intention to attend (less than 30) request this information.

⁶ A New Act For Incorporated Societies New Zealand Law Commission Report 129, Wellington, New Zealand June 2013 p48.

In common with many other incorporated societies, our membership numbers are declining. Under the current legislation, an incorporated society requires at least 15 members. Because a number of incorporated societies are struggling to maintain this number, the revised legislation proposes a minimum number of 10 members. On this basis Arthritis New Zealand has sufficient members to retain its Incorporated Society status for the foreseeable future.

In their 2015 review KPMG noted that while the membership model has served Arthritis New Zealand well in the past, “the organisation’s reach is significantly greater than its membership”. They recommended the organisation review the ongoing viability of the model saying, “If the membership model were to be stopped, the ongoing constitution and governance structure of Arthritis NZ would need to be considered.”⁷

⁷ KPMG Service Delivery Model, Value for Money and Funding Review March 2016

5.3 Membership Questions

7. Do you support retaining membership?

Yes

No

Comment:

8. Have you attended an AGM?

Yes in the last 5 years

Yes but more than 5 years ago

No

9. If membership is discontinued which, of the following member benefits should be retained?

Ability to attend an Annual General Meeting

Voting for Governing Body members

The Joint Support newsletter

Something else?

Comment:

6. Regional Liaison Groups

6.1 The role and function of the Regional Liaison Groups

At the time of the 2002 constitutional change, one of the concerns raised by some members of Division Committees was their loss of connection in a new national system. Regional Liaison Groups (RLGs) were proposed to address this concern.

The current constitution sets their purpose as:

A Regional Liaison Group shall:

- (a) provide strategic advice to the Governing Body, through its Regional Representative on the Governing Body;
- (b) provide strategic advice to its Regional Manager;
- (c) be consulted with respect to priorities for plans and budgets for its Region;
- (d) monitor the implementation of plans and budgets for its Region;
- (e) represent the views of Members, stakeholder groups and other special interest or activity groups in its Region; and
- (f) authorise any dealings with Regional Assets, including sale or other disposition or expenditure, in consultation with the Governing Body.

RLG meetings were initially held as face-to-face meetings at least three times per year. The resourcing of these meetings in both time and travel made these uneconomic and from 2010 teleconference meetings were held with an annual face to face meeting held for each RLG at the time of the AGM.

During consultations, such as at the time of Strategic Planning, we are committed to ensuring the RLGs are involved in discussions. As services have become more nationally consistent, the call for regional plans and budgets has decreased. Whenever regional assets have been sold, the relevant RLG has been consulted. The last major regional asset to be sold was the Hutt Road property in 2011. The only remaining significant regional asset is the property at 383 Khyber Pass Rd in Auckland.

In 2017 the organisation reorganised to deliver a national service and Regional Managers are no longer part of the organisation. The Community Development Manager is the single point of contact for the three RLGs.

The current RLG members do actively represent their views and those of any support or exercise group to which they belong. All members have indicated they have little contact with a wider group of members or other stakeholders. One of the challenges noted by some RLG members is that they do not know enough members to complete a nomination form.

The role for the RLG has been debated at most AGMs.

Nominations for RLG members are called every second year and are due for the 2017 election process.

6.2 Regional representation

The original concept was that each former Division would have a member represented on the RLG to ensure that the regional links remained in the new single entity. This has never been realised in practice.

There are areas of the country that have had no RLG representation in the past ten years or more. These include: Tairāwhiti, Taranaki, Wellington, Western Bay of Plenty, and South Canterbury.

There has not been a need for an election for these roles since they were established.

The RLG elected members do not reflect the diversity of the population living with arthritis. Almost all RLG members identify as Pakeha/European and are retired. There are no Māori or Pacific people on any of the RLGs.

The Table shows the nominations for RLG positions by former Division⁸

RLG Election	2007	2009	2011	2013	2015
Divisional Area					
Northern					
Northland	2	1	3	3	3
Auckland	3	1	1		
Waikato	1	1	1	1	
MidlandCentral					
Western Bay of Plenty					
Rotorua/Bay of Plenty	1	1	1	1	1
Gisborne/East Coast	1				
Hawkes Bay	1	1	1	1	1

⁸ Note: Canterbury/Westland was a single Division but for purposes of Regional Representation a West Coast representative was seen as desirable.

RLG Election	2007	2009	2011	2013	2015
Taranaki					
Wanganui	1	1	2	1	2
Manawatu	1	2			
Wairarapa		1	1		
Wellington					
Southern					
Marlborough	1	1	1	1	1
Nelson	1			1	
West Coast				1	
Canterbury	2	2	2		1
South Canterbury					
Otago	2	1	2	1	
Southland	1	1	1		

Arthritis New Zealand currently has three RLGs in accordance with Rule 17 of the constitution. There were initially four RLGs; by 2008 the Midland and Central Regional Liaison Groups were meeting as one group, partly to align with shared regional operations but also because neither Midland nor Central RLG had sufficient members for a single quorum. This was formalised in constitutional changes adopted at the 2012 AGM.

Nomination & Election Results										
RLG nominations held every 2 years - 9 vacancies on each RLG										
Nominations received/required	2007		2009		2011		2013		2015	
Northern	6	9	3	9	5	9	4	9	3	9
Midland	2	9	1	9	1	9	1	9		
Central	3	9	5	9	4	9	2	9		
MidlandCentral									4	9
Southern	7	9	5	9	6	9	4	9	2	9

It was also envisaged that the RLG structure would become a training ground for new Governing Body members. From 2002 to 2012 nominees for the regional representatives of the Governing Body were members of the RLG. The current Northern and Southern Regional Representatives have not been members of the RLG prior to becoming a Governing Body member. The MidlandCentral representative elected in 2016 was not a member of the RLG⁹. Since 2008 no elected national representative has come through the RLG system.

⁹ Note: The elected representative for MidlandCentral resigned from the Governing Body after the election for personal reasons. A member of the RLG has since been co-opted to fill the vacancy.

In 2012 the Constitution was changed to reflect the need for Governing Body members to have the skills required to meet the governance tasks. Now half of the Governing Body members are appointed and half are elected.

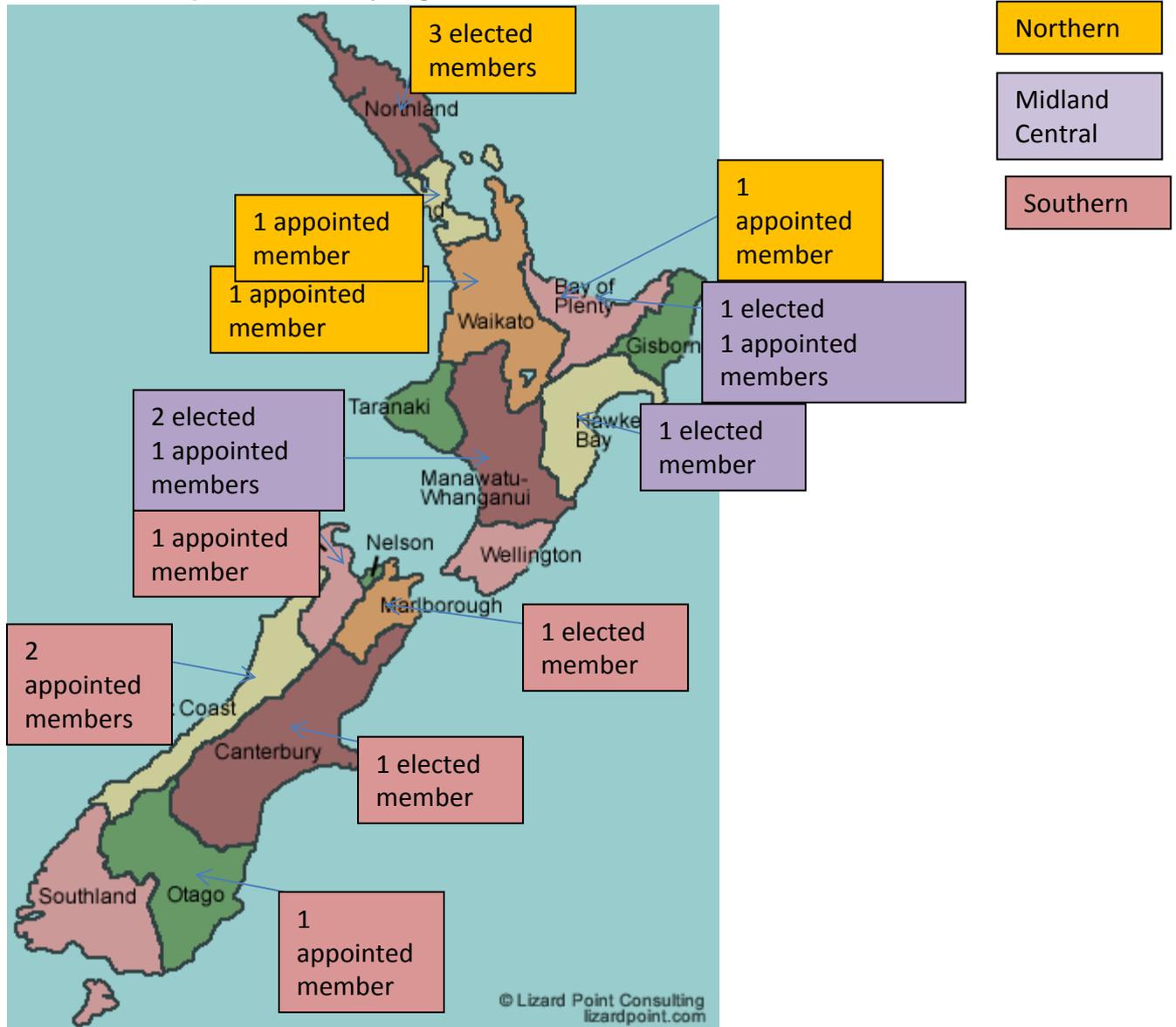
In 2015 there was a total of nine completed nominations across the three RLGs for 27 vacancies.

While all the RLGs have co-opted other members since then, the underlying challenge remains of having enough engaged members with an interest in the current strategic direction of Arthritis New Zealand and who are connected to other current members for the purposes of completing a valid election nomination. Far from representing the whole of the country the nine elected representatives come from only six centres.

The constitution allows for up to 10 members for each RLG, including the Regional Governing Body member, i.e. a total of 30 member representatives. These groups have never been full. There are currently 17 elected and co-opted RLG members representing 12 of the former Division areas.

- The Northern RLG has 6 members (one of whom now lives outside the region)
- The MidlandCentral RLG has 5 members
- The Southern RLG has 6 members

Current RLG representation by region



6.3 RLG attendance at the AGM

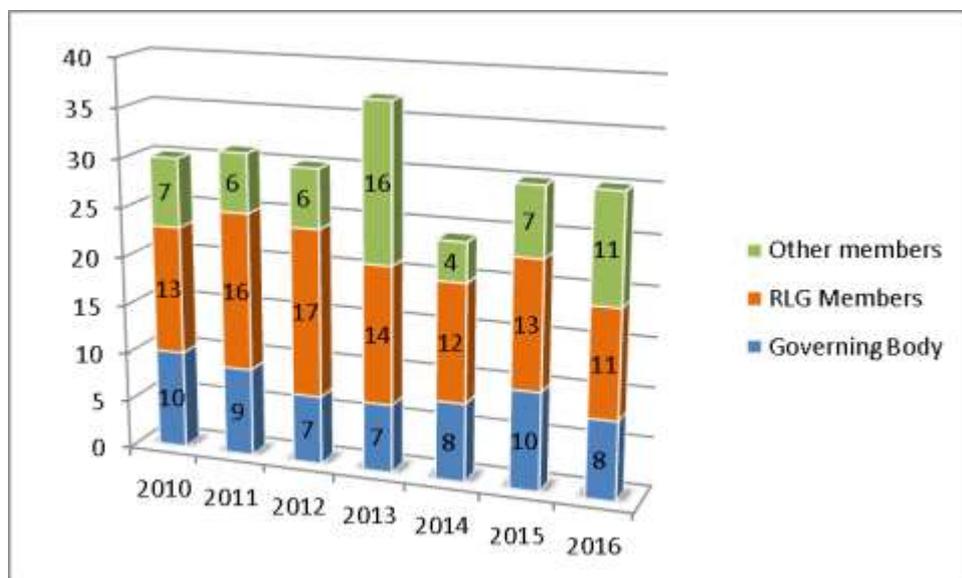
All current RLG members are invited to the AGM and the annual face-to-face meeting of each RLG is held preceding the AGM. Travel and, where necessary, accommodation costs for all RLG members are covered to facilitate attendance at the AGM.

Our Rules state that the quorum for the AGM is 20 members, not including the Governing Body members or any staff person who is a member. Apart from the AGM held as part of the 2013 conference, RLG members form the majority of AGM attendees. The small number of RLG members means this group is not sufficient to ensure a quorum.

Some of our current RLG members have commented that the challenges of travelling as a person living with arthritis and/or the cost and logistics of travel from

areas such as the West Coast of the South Island are challenging for both the person and the organisation.

Attendance at AGM



6.4 Costs of RLG

Most of the RLG costs are recorded together with Governing Body and membership costs so it is difficult to exactly pinpoint the true full costs of RLGs. The following table gives some guidance:

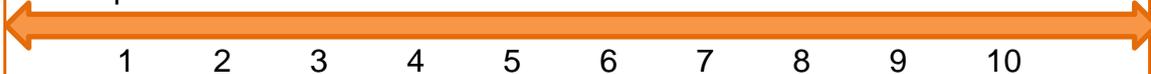
	2014	2015	2016
Specific RLG costs	\$579	\$443	\$244
AGM flights (RLG members)	\$3,463	\$5,142	\$1,600
Other AGM costs	\$2,153	\$2,432	\$2,283

6.5 Regional Liaison Group Questions

10. How important is regional representation to you?

Not important

Essential



1 2 3 4 5 6 7 8 9 10

Your score:

11. Regional Liaison Groups were established to provide a link between members at a local level and the governance of Arthritis New Zealand. There is space for 30 representatives across the three groups but these have never been full.

Do you support retaining Regional Liaison Groups?

Yes

No

Why?

12. If we discontinue Regional Liaison Groups which of these functions should be continued?

Regional representation

Local input into the Strategic Plan

Local input into Governing Body representation

Consultation on matters such as changes to the Constitution

Something else?

Comment:

7. Next Steps

7.1 Why should we consider change?

For several years the Governing Body has been reviewing the issues that relate to our current structure. The Incorporated Society structure that has served Arthritis New Zealand well in its early years is struggling to meet the current range of stakeholders. The vision for the organisation is to be the voice for all people affected by arthritis, not just members. Long term support from a wide range of people is, and will continue to be, important but our experience, like many organisations, is that membership is no longer the main way people demonstrate their support for an organisation. Our governance structure needs to be fit for purpose for 2017 and beyond.

Our stakeholders are many and varied. We need to ensure we set up structures that recognise and value all stakeholders.

We have difficulties recruiting members for our current regional groups. These groups were envisaged as a vehicle for ensuring a connection between members at a local level and the national organisation. In their 15 year history they have not been able to meet the goal of regional representation. Membership of these groups has largely consisted of a small group of committed individuals.

Change is not for the change's sake but to ensure that we have a governance model that gives Arthritis New Zealand the capacity, flexibility and structure that can meet the legal and governance needs of the current and foreseeable future.

7.2 Process of change

The information gathered in this consultation will be considered by the taskforce alongside other information, including advice from legal experts. Recommendations on the future structure will be taken to the Governing Body later this year.

The Governing Body will set out their recommendations for discussion and voting at the 2017 Annual General Meeting, scheduled to be held in Christchurch on Saturday 25 November.

Should the recommendation include changing the governance structure, the process will involve winding up the current Incorporated Society, establishing a new organisation, and settling the assets and any liabilities on the new entity.

7.3 Frequently Asked Questions

	Question	Response
1	How can I be sure that any new structure will have the best interests of people with arthritis in mind?	The Mission, Vision and Strategic Plan would be unchanged. Reviews of the Mission and Strategic Plan would involve consultation with stakeholders. Awareness and advocacy will remain priorities for the organisation.
2	If another structure is chosen that does away with membership, how will I find out what is going on?	Information about services and programmes will be provided in the same ways as we do currently including but not limited to: <ul style="list-style-type: none"> • the website • e-news letters • brochures sent to people who have expressed interest • advertising in local papers/radio/Facebook • by phoning 0800 663 463 • Joint Support newsletter
3	What controls are there on Governing Body members if we change?	The legal framework for Boards sets out a number of controls. The Constitution will also set out the controls on Governing Body members.
4	Will the Governing Body be representative of my community if we change?	A Constitution can be written to ensure appropriate groups are represented.
5	How would the Governing Body be appointed?	The process for appointment to the Board would be written into the Constitution.
6	Why does the form of the organisation matter?	The form is the legal structure of the organisation. It is essential for the organisation to function.
7	What will happen to the money that came from the former Divisions?	Money that came from former Divisions has been tagged and used only in those areas. Where funds remain these can remain tagged in any asset transfer.
8	Will I still receive "Joint Support"	Joint Support could be sent to all stakeholders, not just members.

	Question	Response
9	What benefits do I get for my membership?	All members: <ul style="list-style-type: none"> • receive a quarterly copy of the Joint Support magazine • are entitled to vote for the Governing Body and RLG • receive discounted fees for some services, e.g. exercise resources, conference attendance.
10	Will I still be able to volunteer and support the organisation if I am no longer a member?	Yes, most of our current volunteers are not members. We will continue to welcome volunteer assistance for a range of roles.
11	Any donation to Arthritis New Zealand is tax deductible but my membership fee is not. Would a different model change this?	The law does not allow membership fees to be counted as a donation for tax purposes. If membership was no longer required all donations to Arthritis New Zealand would be tax deductible.
12	How will my Support Group link to Arthritis New Zealand	Support groups will continue to link through the Community Development team – Tui Tararo is the current manager of this team.
13	Will money raised in my area still be used in the area?	Yes – we will still be running services across the country and it is important that funds raised in programmes such as the Annual Appeal are used in the community from which they were sourced.
14	What impact will the transition have on me?	If membership is discontinued membership renewal letters will no longer be sent out. There are likely to be no other changes for most people.

7.4 Final Questions:

13. Where do you live?

- Northland
- Auckland
- Waikato
- Bay of Plenty
- Tairāwhiti
- Lakes District
- Taranaki
- Whanganui
- Hawkes Bay
- Manawatu
- Wellington
- Nelson/Marlborough
- Canterbury
- South Canterbury
- West Coast
- Otago/Southland

14. Which age group are you?

Under 20 years

20-29 years

30-39 years

40-49 years

50-59 years

60-69 years

70 -79 years

Over 80 years

15. Are you:

Male

Female

16. Which ethnic groups do you identify with?

New Zealand European

Māori

Pacific

Asian

Indian

Other: (please specify)

17. Do you have any final comments on the governance options for Arthritis New Zealand?

Thank you for your time and contribution.