



Central Coast
Conservatorium
Of Music

FAQs on the proposed transition from Incorporated Association (IA) to Company Limited by Guarantee (CLG)

- Special General meeting 1 November 2023 -

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Introduction

The Conservatorium Board, as part of its strategic planning, is unanimously proposing that at a Special General Meeting (SGM) on 1 November 2023, CCCM members vote in favour of the Conservatorium changing from being an Incorporated Association (or an IA under NSW State regulation) to a Company Limited by Guarantee (or a CLG under Commonwealth regulation).

It means CCCM will be governed by the Corporations Act 2001 and the Australian Securities and Investments Commission (ASIC). This legislation is universally understood across Australia, compared to state-based Association law, and has more comprehensive and useful legal requirements in terms of the roles of the directors and members from the perspective of students, business partners and donors.

Three other NSW regional conservatoriums have already changed to the proposed CCCM company status in recognition of the benefits of CLG status. A company limited by guarantee is specifically intended by government for organisations such as CCCM and is very common in the not for profit and charity sector across Australia.

Why is the transition to CLG being proposed?

The CCCM Board is determined to grow and secure a sustainable future for the Conservatorium. To do this it will be necessary for the Con to change its governing structure. Benefits of the CLG structure will include:

Financial security

It will allow us to look at more commercial services to enhance and support our teaching faculty and education programs. Our plans will involve collaborations and partnerships such as, for example, with financial institutions, government bodies, corporate sponsors, and philanthropic donors. These organisations often require or prefer dealing with a not-for-profit company legal structure.

Broader range and more students and teaching faculty

By expanding our asset base, we plan to increase our student reach and impact.

Open our membership to be more inclusive.

The change to a new legal structure will allow us to simplify our restrictive membership structure and allow the many parents, grandparent, sponsors, former students, and community members to join and support the Con.

Better manage CCCM's approaching size issues

The NSW Department of Fair Trading's preferred size limit for a NSW IA is that income and/or total assets cannot exceed \$5 million or current assets exceed \$2 million. This restriction will eventually require CCCM to change to CLG.

Improve our governance continuity and stability.

CLG status boosts confidence that the organisation is well-run and reliable because national corporations law requires better governance and accountability to members.

Modernise our board governance and structure.

Adopting contemporary Australian governance practices is important at a time when there is increasing scrutiny on the charity sector, in particular organisations that work with children.

It also helps us recruit skills and experience-based directors on three-year terms instead of our current yearly appointments for all directors. This deepens board understanding of the organisation's activities and complexities and supports more effective director performance.

How do we change the legal structure?

This requires Members of CCCM to formally approve the four steps necessary to amend and replace the existing 2020 constitution to transition to the new legal CLG structure at a Special General Meeting on 1 November 2023.

What are members being asked to vote on?

Members will be asked to resolve by special resolution, under section 39 of the *Associations Incorporation Act 2009* (NSW) (**Act**) and clause 36 of the constitution of the Association that:

The resolutions are:

1. To transfer from its current legal status an incorporated association regulated by NSW Fair Trading, to incorporation as a company limited by guarantee, to be regulated by the Australian Securities and Investments Commission (ASIC) and continue to be regulated by the Australian Charities and Not for Profit Commission (ACNC). Members of the Association will become members of the company upon transition.
2. Approve the new company's Constitution, which sets out the governance framework of the Conservatorium, Members' rights and obligations, the role of the Board, selection of directors and other provisions.
3. To change the name of the Association to "Central Coast Conservatorium of Music Ltd" upon transfer and registration as a company by guarantee. This effectively transfers the Conservatorium's assets and activities to the new Company.
4. The old Association name will henceforth be replaced by the new company name. The Conservatorium's assets and activities are effectively transferred to the new Company.

Full details of the resolutions and the proposed Constitution are included in the Notice of Special General Meeting that has been sent to all members and are also available on the Conservatorium's website at <https://centralcoastconservatorium.com.au/about-us/constitution-sgm/>

The Board of CCCM unanimously recommends Members approve four resolutions at the Special General Meeting for the organisation to start the formal transition to a new updated legal structure, a company limited by guarantee.

Who can vote on the transition proposal resolutions?

Only current members of CCCM are eligible to vote on the proposal to transition to a company limited by guarantee legal structure.

Current members have been contacted by email. If you are unsure if you are an eligible member, please email CCCM at secretary@cccmusic.nsw.edu.au or Tel 02-4324 7477 between 9.00 am-4 pm business days.

What do Members have to do to vote?

Members should read the Notice of Special General meeting carefully.

The Board encourages you to vote in favour of the resolutions by attending the SGM on Wednesday 1 November 2023 or by appointing a Proxy and directing your Proxy to vote in favour of the resolutions.

Proxy details and forms are included in the Notice of SGM Meeting sent to all members.

They can also be found on the website at

<https://centralcoastconservatorium.com.au/about-us/constitution-sgm/>

What will be the effect of the transition?

Members, students, and staff should notice very little change in CCCM's activities and programs. It will be "business as usual".

Getting an up-to-date appropriate legal structure for CCCM will be an important foundation for our future growth in our education programs in the Central Coast and beyond.

Will CCCM teaching faculty and other staff be affected?

Apart from their employer legally becoming the new CCCM company in due course, employment and other staffing matters will continue under current arrangements. It will be "business as usual" and faculty and staff should not notice anything different.

Who will be the directors of the CLG?

The initial directors of the new CCCM will be the existing CCCM board members.

When will the transition to CLG to be completed?

The transfer of assets and activities to the new CCCM company will occur in an orderly planned manner over future months and should be finished before mid-2024.

What happens if Members do not approve the CLG transition?

The CCCM's activities will continue to be provided under current plans and arrangements which, as mentioned previously, constrain our aspirations to improve and provide the best education we can.

The Board of CCCM unanimously recommends Members vote for the resolutions.