

**PROPOSED CHANGES TO THE RULES OF THE
FENCING CONTRACTORS ASSOCIATION OF NEW ZEALAND**

The Executive Board has proposed the constitutional amendments as marked up with a black line in the attached draft Rules, for consideration by Members at the 2020 Annual General Meeting to be held at 2pm on 18 September 2020 at The Oaks Hotel, 89 Courtenay Place, Wellington.

In summary, the amendments to the Rules are to:

1. Increase the number of classes of Membership from five to six, with the addition of a Student Membership (article 4).
2. Amend the required notice of General Meetings from 28 working days, to 28 days (article 9).
3. Allow the Association not to appoint an auditor for the financial year (article 10).
4. Increase the tenure of the appointment of a directorship from one (1) year to two (2) years (article 10, 17).
5. Clarify that only General Members, Certified Members, Employee Members and Lifetime members can be appointed to office, and that representatives of the Association's commercial partners may not be elected to the Board, regardless of their Membership status (article 13).
6. Remove the Strategic Partner representative requirement from the Board (article 17)
7. Allow the Executive Board to meet by videoconference (article 17).
8. Adopt a policy of retirement by one-third of the Directors every year, with re-election permitted (article 18).

A number of small amendments have also been made to articles in the Rules to reflect the above changes.

Student Membership

The Association wishes to be inclusive to all individuals who are interested in the industry, including secondary and tertiary students. Student Members are not entitled to vote at General Meetings.

Notice period

Amending the Notice period for General Meetings (article 9) to 28 days brings the Rules in line with current best practice. It also makes the Rules consistent, between article 9 and article 22 (Alteration of Rules).

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Appointment of Auditor

The current Rules require the Association to appoint an auditor every year. In practice, this does not occur. The proposed changes remove this requirement, unless it is deemed necessary by the Board or Members.

Auditing, if adopted, should be an annual occurrence, with the audit process potentially costing upwards of \$5000 per year. The Executive Board are satisfied that sufficient checks and balances are in place to maintain financial scrutiny and oversight, and therefore recommends that the requirement to appoint an Auditor (and undertake an audit) is removed and made optional.

Extended tenure from one to two years

The Board feels that directorships with a tenure of two years will provide stability and continuity on the Board, allowing Board members time to gain a deeper understanding of the Association's business and purpose and how they can best contribute to the Board's strategic plans. Maintaining knowledge and experience is a critical factor for the Association's success. A tenure of 2-3 years is common practice for not-for-profit organisations, together with the annual retirement by rotation of one-third of the directors.

Election to office

The Board wishes to clarify that only members of the Association who are entitled to vote at General Meetings (ie: General, Certified, Employee and Lifetime members) are eligible to stand for office.

Further, to avoid any doubt, the Board wishes to clarify that representatives of the Association's commercial partners may not be elected to the Board, regardless of their Membership status. The reputation of the Association relies on an open and transparent governance process at Board level, with the Executive Board held accountable by its members. Partner involvement in the Board could be perceived negatively by both members and the remaining partners and therefore the rules have been drafted to clarify this position.

Retirement by rotation of one-third of elected directors

Retirement by rotation ensures that even with a longer tenure directorship, there is still an opportunity for new directors to join the Board through an annual election process without the prospect of having the whole board replaced every year.

Removal of Strategic Partner representative from the Board

With the conclusion of the Strategic Founding Partnership with Wiremark in 2020, the Executive Board feel it is no longer appropriate for the Rules to specify a Strategic Partner Representative at Board level.

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How will the Rule amendments regarding tenure and retirement by rotation work in practice?

2020 AGM

At the 2020 AGM Board elections will occur as per usual. The 7 nominees with the highest number of votes will be appointed as Directors, initially for a period of one year. If the Rules amendments are approved by the Members at the 2020 AGM, the 7 elected directors will have their tenure extended to two years, with effect from the date the amended Rules has been filed and approved at the Companies Office.

2021 AGM onwards

Retirement by rotation will then be incorporated into the 2021 AGM process, with the 2 or 3 elected directors who have served on the Board for the longest period retiring by rotation at the 2021 AGM.

The Board will call for nominations from members (in the usual manner), noting the number of directorships to be filled by the retiring directors. Retiring directors will be eligible to put themselves forward for re-election for another two-year tenure.

This process will be repeated at each AGM until the one-third element has been fully implemented.

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