

# HONORARIA

It has been the practice of some BIDs to give committee chairs or members of their committee an honorarium in recognition of their service on the committee. We are aware of some of these because they include an “honorarium” line item in their budget, but there are some BIDs that don’t provide that kind of visibility. Very few constitutions include a provision allowing honoraria.

We want to emphasise that council’s Business Improvement District Policy (2016) Section 2.3 (j) requires honoraria to be provided for in your constitution. While there may be language in your constitution that permits some forms of compensation for committee members, that language is perhaps too general to satisfy the specific requirement of the BID policy.

As you are preparing for your AGM, take this opportunity to propose an amendment to your constitution if:

- your current practice is to provide honoraria of any kind, or
- if you would like the ability to do so in the future.

Discuss this at your next committee meeting.

**If your constitution does not specifically allow for honoraria, they may not be included in your 2019-2020 indicative budget or paid in future years without an appropriate amendment.**

If your constitution already specifically provides for honoraria, or you don’t currently offer honoraria or don’t intend to in the future, you need not do anything.

An amendment to a constitution requires a Special Resolution at your AGM. That requires 21 days minimum notice of the meeting with the proposed amendment language in the meeting announcement and agenda, as with other resolutions. (Refer to the AGM Guidelines recently circulated for more information.) <https://bid.aucklandcouncil.govt.nz/annual-general-meetings>

Depending on your constitution, there are several sections that will need to be amended.

The policy does not provide specific wording for constitutions, but here is some **sample** wording illustrating the concepts to be included. Note that we are not lawyers, and council may not give legal advice, so you would do well to consult with your own solicitor before you propose specific amendments. Certainly don’t adopt this language wholesale without expert feedback.

1. In the **“DEFINED TERMS AND RULES OF INTERPRETATION”** (definitions) section, or equivalent section:

*“Honorarium(a)” means a payment in money, merchandise or other consideration, paid at the discretion of the committee, to a committee member to recognise his or her time spent in service to the organisation. Awarding an honorarium requires action by the committee as set in Rule 12.x ...* (Note: there are many definitions of “honorarium” available with an internet search.)

2. In “**POWERS AND AUTHORITY OF THE EXECUTIVE COMMITTEE**”, or “**ROLES AND POWERS OF THE EXECUTIVE COMMITTEE**”, or equivalent:

(Sample section numbers for illustration. Follow your constitution’s outline.)

12. “*Roles and Powers of the Executive Committee*”

**12.x The committee may agree from time to time to provide an honorarium to one or more voting members of the committee in recognition of his or her service, or for any other reason that is not in conflict with any other provision of this constitution, while avoiding the appearance or fact of conflict of interest.**

**12.x.1 An individual or individuals for whom it is proposed to award an honorarium must be recused from voting on the proposal. Committee meetings shall conform to quorum rules provided for in this constitution even after a member or members is/are recused.**

**12.x.2 Honoraria shall not be provided to representatives of local boards or other government officer or elected official.**

**12.x.3 The honorarium and its specific dollar value(s) shall be included as a line item in any budget or audit document that is presented to the membership for approval at an AGM, SGM, or other meeting of the membership in which budgets are reviewed or approved.**

3. Your constitution will include one of the two following Sections depending on the template that you are using:

“**MEMBER DEALINGS WITH AND INTERESTS IN THE ASSOCIATION**” from the old template,

or, “**NO PRIVATE PECUNIARY PROFIT AND MANAGING CONFLICTS**” if you have adopted the new constitution template that council prepared in conjunction with the 2016 BID policy. These sections lay out exceptions to the rules pertaining to personal interest. (If you are using a different template, refer to the equivalent section.)

Amend the relevant Rule by adding:

**31.x.x payment of honoraria as provided for in Rule 12.x** (or whatever the Rule numbers dictated by your outline)

Before the AGM:

Please send the wording of your Special Resolution to your governance advisor on the BID team before sending the meeting notice to members. We will also need to see that the action taken – adopted or rejected - has been recorded in your AGM minutes.

After the AGM:

Once approved by the members, you will need to register your amended constitution by uploading it to the Incorporated Societies website. The constitution takes effect only after it has been registered, so it will apply to actions taken at SGMs, your 2019 AGM and beyond. If your current 2018-2019 budget approved at your 2017 AGM includes an honorarium, that may remain.

This is of critical importance. Please get back to us as soon as possible with any questions.

Thank you for your co-operation.

The BID Programme Team