

# **Committee Duties and Responsibilities**

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## **Common Law**

Australian courts interpret laws and ensure that people responsible for incorporated associations and companies limited by guarantee comply with the law and adhere to acceptable standards.

Common law relating to the duties and responsibilities of management committee members has developed on the basis that these people are in a 'fiduciary' relationship to the organisation.

This means that there is a close relationship between a management committee member and the club because they are in a position of trust.

## **Duties and Responsibilities**

You have a legal responsibility if you take part in, or are concerned with, the direction or management of an association.

This includes any person who has the ability to enter into binding commitments on behalf of the club or to exercise control over the disposition of its resources such as executive officers, administrators, and people employed in artistic, technical, financial, marketing, development and production roles.

## **Honesty and Good Faith**

You are required to act honestly at all times in the exercise of your powers and the discharge of your duties. You must act with the utmost good faith and for the benefit of the club as a whole, without reference to your personal interests, the interests of your family, or any other party.

## **Care and Diligence**

You are under a duty to exercise the degree of care and diligence that a reasonable person in a similar position would make.

A court will consider your background, qualifications, and management responsibilities to determine whether you have met the required level of care and diligence.

## **Skill**

You must exhibit an acceptable level of skill. If you do not have a requisite level of skill then you must take steps to attain it.

You must have an understanding of the club's business and you are under a continuing obligation to keep informed of the club's activities.

You must maintain a familiarity with the financial status of the club by a regular review of the financial statements and inquire as to what is disclosed (or not disclosed) in those statements.

## **Improper Use of Information or Position**

You must not cause detriment to the club or make improper use of information gained by virtue of your position so as to gain an advantage, either directly or indirectly, for yourself or any other person.

## **Disclosure of Interests**

You must avoid actual or potential conflicts between your interests and those of the club and not exploit business opportunities for yourself at the expense of the club. It is not up to you to determine whether you do or do not have a conflict of interest.

If you have a material personal interest in a matter that is being considered at a meeting of the board you must not vote on the matter or be present when the matter is being considered.

## **Prevention of Insolvent Trading**

You have a duty to prevent the club from incurring debts if it is unable to pay them as and when they become due and payable.

You can be personally liable for the debts if you do.

## **In Plain English**

- Be committed to the club
- Be honest and act in good faith
- Don't rip the club off in any way
- Don't let any gain for yourself, your friends or family affect decisions you make for the club
- Don't let the club get into debt it cannot manage, or go broke
  - Be able to read and understand the financial reports
  - Be aware of all contracts that are signed
- Make sure that the club and its staff obey all applicable laws and honour contracts that the club signs
  - Know what laws affect the club
- Do what the constitution says to do (or change the constitution)
  - Know and understand the constitution of the club
- Have ways of making sure the other committee members are behaving honestly
  - Learn about other committee member roles and responsibilities

## **Seek Advice**

This information is intended as a general overview and is not intended to substitute for professional legal or accounting advice. We recommend that you seek specific independent advice from a solicitor before accepting a position as a member of the committee.