

Minutes of the 69th Annual General Meeting 2020

2pm Sunday 18th October 2020

Cerebral Palsy Society Office, 8 Railway Street, Newmarket, Auckland

Attendees:

Harvey Brunt, Christine Cartwright, Daniel Clay, Frieda Crawford, Laurie Dando, Meish Farmer, Melanie Green, Michelle Hamilton, Gabrielle Heaslip, Kate Hedges, Amy Hogan, Sue Lewis-O'Halleron, Emma Lovett, Steven Lovett, Stephanie Maitland, Paul Munckhof, Marcia Nelson, Melissa Neville, Mke Nince, Michael Northcott, Gemma Overton, Mark Patterson, Natalie Pearson, William Sangster, Karl Sangster, Sara Sheehan, Gilli Sinclair, Mick Sinclair, Anthony Smith, Meg Smith, Merryn Straker, Grant Straker, Dave Thomas, Murray Waring, Clare Williams, Shirley Wilson, Reuben Woods, Timothy George.

1. Welcome

President Anthony Smith welcomed everyone to the meeting and called the meeting to order at 2.01pm. He thanked all the members for attending. All in attendance were notified that the meeting is being live-streamed for members unable to attend.

2. Apologies

Margaret Thomson, Nessie Thomson, Leonie Brunt, Leo Grey, Sandra Grey

3. Minutes of the 2019 AGM

It was moved that the tabled minutes be accepted as a true and accurate record of the Annual General Meeting held on 13th October 2019.

Moved by Laurie Dando and seconded by Dave Thomas - carried.

4. Matters arising

There were no matters arising.

5. President's Report

Anthony Smith took the report as read. The President's report as follows:

I would like to acknowledge the past year has been difficult for the staff of the Society. Whilst dealing with the effects of Covid-19 they have managed to support our members throughout this time. The team has also had to deal with change within the Society itself and I would like to thank the current team for their ongoing and focused support of the Society's members.

I would also like to welcome Clare Williams into her new role as General Manager.

During the past year the Board had to consider a number of issues. These included the projected operational income and spend and the benefits to our members. With all these facts at hand, the Board made the difficult decision to restructure which

resulted in a number of positions changing or being disestablished.

The Society is now well positioned to move forward in these current uncertain times. The overall asset position has been resilient over the past year, however cash flow/income is expected to be significantly impacted over the coming months. The Board has needed to make some very hard decisions in light of these external factors.

We are still reviewing the current level of member voucher/benefits to ensure they are in line with income and growth expectations. The Board make these decisions with the wellbeing of the members and the Society at the center of our thinking and knowing that the members want their Society to be delivering benefits to current members and those who will be born in the future.

Over these past months the Board has been exposed to ongoing criticism and an inaccurate social media commentary. A group called 'Concerned Parents Group' have shared information out of context and in a manner that is misleading and untruthful. This has proven to make what has been a challenging time more difficult for the Board and staff alike.

The Board has on many occasions attempted to engage with this group with limited success. They as a group have shared openly within their own community their dissatisfaction. After agreeing with the current Board on a pathway to share their vision with the whole membership so all members have transparency heading into the AGM, we have now been requested to identify them as individuals rather than a group. This request has now been accommodated.

The current Board have maintained and supported the direction set by past Boards which sees a responsible and considered pathway forward. This, in light of the campaign instigated by the 'Concerned Parents Group' has taken its toll on the current Board with two of our members standing down amidst this turmoil. I would like to thank the whole Board at this time for carrying the burden of the past months and for their strength and resolve over this time. As a group they have shown respect and dignity in all that they have done.

As we move forward into 2021 with a newly elected Board, I trust that that the Board gains a clear direction from the membership.

Addendum to the President's Report. *Since writing the President's report a number of issues have arisen which require noting. The board became aware of a small number of people distributing untruths and misleading information about the running of the Cerebral Palsy Society to our members. We wish to inform you that these matters have now largely been resolved. Within the last 48 hours, Reuben Woods, a nominee standing at the 2020 AGM agreed to have circulated an apology in respect to his biographical statement. The board accepts Reuben's apology, however, the manner in which we actioned this, did cause concern for Reuben. I can assure you that the board never intended to further complicate the situation and a correction was made as soon as possible. These matters now need to be put behind us. However, I would like to draw a focus to the final part of Reuben's apology. It goes: "I regret and apologise for the distress that my statements caused to the president and to the other board members. Sitting on volunteer boards of charities can be a difficult and thankless task and I am sure that the current board have all operated with the best interest of the society in mind."*

I want to talk a little about that stress and the responsibility of not only the board but

also the responsibility of us all as members. The stress for the board over the last nine months has been significantly elevated and the board and staff have been subjected to a level and type of behaviour from membership that has been both unfair and unreasonable. To clarify, these stresses has come from a very small group, no more than a handful, but their actions impacted and hurt people who are working in the best interest of the society. I would ask that moving forward our members consider how we communicate with staff and the Cerebral Palsy Society in general. This must be respectful at all times. Our board is a volunteer board. Again, a small number of our members seem to be of the view that the board must respond or carry out directions from an individual immediately or without regard to the whole membership. It must be remembered that the board have a range of legal responsibilities and even more importantly, we're elected to consider the needs of the whole membership. We are the Cerebral Palsy Society, let none of us forget that the group of people that are at the centre of why we are here, the Society is here for people with Cerebral Palsy.

In finishing, I want to again recognise the 2019/2020 board:

Niki Simpkin-Hill, Red Nicholson, Dave Thomas, Michelle Hamilton, Harvey Brunt, Sally Thomas and Frieda Crawford.

This board have given me a full commitment to consider the many and very complex issues presented to them over the past year. Every board member has taken on this burden and done so selflessly. As the president I could not imagine travelling the past months with a better group of people.

Upon request from a member, Anthony provided a summary if mentioned as follows: *As a board we are required to act within various segments of law depending on what the issue might be and at different times through the past months the board have had to manage affairs in accordance with regulations and requirements on us as board members. That has been compromised and challenged at different times by release of information or commentary that is unhelpful for the board to maintain its obligations. So we've had to be quite resilient and committed to not be drawn into conversations externally that would not be appropriate for a board.*

Acceptance of the President's report – moved by Anthony Smith and seconded by Harvey Brunt - carried

6. Financial Report

The consolidated financial statements which was signed off by RSM Hayes Auditors was presented by Dave Thomas, a board member and current treasurer for the CP Society. Dave commended the management and staff of the society for their achievements and acknowledged that it had been a difficult year for the society. For the purpose of clarification for members who may find the consolidated accounts difficult to read, he focused on the financial results of the CP Society

The financial results for the CP Society for the year ending 30 June 2020 the society made a deficit of -\$970,114, a significant deficit compared to the year ending 30 June 2019 which showed a deficit of -\$550,000. In response to recent comments that the society finds itself in a difficult position because of the Covid crisis, Dave clarified that the society's financial result as at the end of June 2020 was not as a result of the Covid crisis but the board's response to the financial situation that the society finds itself in, through no fault of any individual or business associated with the society, has certainly been affected by the uncertain economic times being experienced worldwide. The

society has experienced a number of years of disappointing fundraising results, with the major fundraising activity identified being Steptember. The Steptember programme is run under license to the Society's Australian counterparts which have certain royalties' payable due to our Australian counterparts. The Steptember fundraising activity has been a good programme for many years but was a rather expensive programme to run and great effort was required to actually make a surplus from that activity for the benefit of our members. The programme has been successful but appears to have run its life-cycle. The 2018/2019 year a disappointing result based on previous years in itself helped lead toward the deficit of that year. A lot of thought and effort by both board and management was put into the programme and the viability of continuing with the programme in the following year was discussed at length. Substantial agreements were made with our Australian counterparts with regard to giving the society more control to run the programme better to provide the society with a better result for the 2019/2020 financial year. Dave commended Gilli and Sue and all involved for leading and running an excellent programme that year but unfortunately the programme failed to provide the expected results. Over \$700,000 was raised and the publicity for the society was well worthwhile but after expenses the society was left with only about \$150,000 for the benefit of the members. As a result of that a decision was made by both board and management to not continue with Steptember and to look for other avenues for fundraising.

In February 2020 the board recognized that in addition to Steptember not meeting the expected fundraising target, other fundraising targets budgeted at \$500,000 were also not delivered successfully. In late February the society was faced with the prospect of an ever-widening cash flow deficit for the current financial year of approximately \$770,000. The unfolding crisis of the Covid crisis made the prospect of future fundraising as was envisaged no longer being viable in the short or medium term until New Zealand or the world returning to some form of normality. This meant that the society had to survive on our own funds which comes from one of its main investment subsidiaries, Essential Assets Limited (EAL). EAL has substantial investments which at that time was valued in excess of \$32,000,000. During the weeks of the level 4 lockdown as the world markets reacted to the Covid crisis, the value of the portfolio dropped to around \$26,000,000. This came as a shock to the board of EAL as this was a much greater drop to indicators from the substantial stress tests previously undertaken by EAL where the expectation was a loss of around 10% of capital value if another event such as the previous world global crisis. The cash flow from the assets of EAL which comes from interests and dividends funds the society. Over the years EAL has produced on average in the region of \$1,050,000 to \$1,200,000 in dividends and interests for the funding of the core activities of the society. Questions were asked of the fund managers as to how the society's income might be impacted and because it is all about forecasts they couldn't tell us. But having looked through the portfolio and the initial effect on the New Zealand and Australian share markets where we are focused, it was clear there would definitely be an impact on dividends and reducing interests and ongoing difficulty with fixed interest rate terms. Their feeling was that we would be down to around \$800,000 to \$900,000 of income and therefore EAL would have to sell substantial assets to continue funding operations.

In summary the situation the society is faced with include substantial deficits running over two years, uncertain economic times and uncertainty around the performance of the portfolio and the cashflows required to run and meet the expenses of the organization. The Board had to make some very tough decisions which they were vilified for but they had a responsibility to future members to not use our funds solely for the benefit of current members.

In response to a question raised by a member, Dave reported that the value of the EAL portfolio has since recovered back to about \$32,000,000 since however it is important to note that the cashflow has not. While the value of the shares may actually have increased in this time, the underlying value of cashflows have not and also the interest rates are now at a historic low and we have significant maturities coming out of that portfolio which will be due for re-investment in a very low interest environment which makes the outlook for cashflow very difficult. The independent directors of EAL, Daniel Aldersley and Robyn Stent and the fund managers, Jarden Ltd have done sterling work around the last few months managing the rebalancing investments to better paying investments to create better cashflow over the next year or two. This is an ongoing piece of work.

In response to a member's question regarding the performance of the concrete, landscaping, air conditioning and property development businesses the president responded that even though this is not part of the agenda for this meeting and that the detailed information being requested is not available for presentation at this meeting he confirmed that all entities in trade have been trading profitably. The treasurer further clarified that without detailed information available at this time for this meeting, the consolidated financial reports included in members' packs reflects a deficit in the region of -\$500,000 and the society a deficit in the region of \$970,000 for the year and the difference is probably the subsidiaries.

It was moved that the tabled financial reports be accepted.

Moved by Michelle Hamilton and seconded by Harvey Brunt – carried

7. CPS Interests Register

The interest register as tabled to the members had no significant changes throughout the year. There were no queries.

8. Appointment of Auditor

It was proposed that RSM Hayes be retained as the auditors for the 2020/21 financial year.

Moved by Anthony Smith and seconded by Dave Thomas – carried

9. Membership Fees

It was announced that the Membership fees would remain unchanged for the 2020/21 year at \$10 p.a. for Individual Membership, \$15 p.a. for Family Membership and \$10 p.a. for Associate Members (Friends of the Society).

Moved by the Board, seconded by Sue Lewis-O'Halleron – carried.

10. Remits for consideration

The following proposed Remit by Anthony Towler was tabled:

"The remit proposes that the Cerebral Palsy Society adjust its constitution as follows:

- *The CPS Board will always be made up of at least 50% of people with cerebral palsy. To be clear, for a Board made up of nine individuals, no fewer than five will be people*

with cerebral palsy.

- *A Board quorum is not established without at least 50% of Board members present being people with cerebral palsy.*
- *If a Board election does not organically result in at least 50% of elected members being people with cerebral palsy then the Society's General Manager will approach financial members with cerebral palsy, who have suitable skills and experiences, to be co-opted onto the Board for one year, with full voting rights. Those members co-opted onto the Board can then choose to stand for the Board at the following AGM."*

Voting took place via email and post. The General Manager and her team along with independent third parties managed the collection and counting of the votes. The sealed results were provided to the president at the meeting. The results of the vote were 76 votes in favour and 87 against, therefore the remit has not been moved.

11. Election of officers

There were 16 nominees available for the 6 positions available on the board, which is recognized to be a record number of nominees. The president thanked all those who made themselves available to serve on the board. The sealed results were provided to the president at the meeting.

The elected members were declared as:

Reuben Woods, Meg Smith, Merryn Straker, Edward Collett, Renata Kotua and Emma Lovett.

The election results of all the successful candidates were posted up at the CP Society Office for viewing and also shared to members via the livestream broadcast on the day. Anthony congratulated the successful candidates – and formally welcomed them to the CPS Board. Current members moving forward on the board included Anthony Smith, Frieda Crawford and Dave Thomas.

Anthony expressed his thanks to the current board members who were not re-elected, and thanked them for their effort and support to the board, as well as the focus and improvements they had contributed to as board members.

Anthony thanked all other members that stood for the board.

The meeting was closed at 2.42pm and the members then stayed to enjoy an afternoon tea.