



Discussion paper to 2018 AGM

From: NZSA Council

Date: October 2018

Subject: Potential Rule changes relating to the make-up and tenure of Council

Background

In August 2018 Council discussed the current Council structure and process for electing Council members, notably the President and Vice-President, and whether there were any changes that would produce a better outcome, from the perspective of both the relevant officers and the broader Society. Based on this discussion, there was a consensus agreement that the following changes should be considered:

- An election should take place for the Vice-President, rather than President, with the Vice-President then automatically becoming President at the end of the President's term.
- The President's and Vice-President's term should be for two years, rather than one year.
- The immediate Past President should remain on the Council for one year following their term, rather than for the length of time their successor is President.

Related to these proposed changes, we noted:

- There is value in the Vice-President continuing to be from a different geographic centre to the President (current practice, but not in the Rules).
- Consideration should be given to updating the Rules to reflect that only voting members can stand for Council.

This paper discusses the pros and cons of each of these changes and outlines the changes that would be required to implement the change, should there be broad support of these changes from our members.

Recommendations

An election should take place for Vice-President, rather than President

Currently NZSA Voting Members 'vote' to elect a President every year, with a President being able to stand for two consecutive years before being required to stand down (for at least two years).



There have commonly been two distinct situations in relation to the Presidency in recent years.

- At the end of the President's term, the Vice-President has stood for President and been elected unopposed. This has been the situation for the last few Presidents.
- At the end of the President's term, the Vice-President has not wished to stand for President, and another person has been shoulder-tapped to stand and been elected unopposed.

We are proposing that the recent practice is formalised in the rules. This would mean that rather than having an election for President, there would instead be an election for Vice-President, with the Vice-President automatically succeeding the President at the end of their term.

Reasons for making this change

This change provides certainty to the Vice-President. They would be able to prepare for the role and would work closely with the President so that they are ready for the transition at the end of the term.

The change will provide an enhanced continuity of development within the NZSA and would also provide continuity of relationships for the NZSA with its stakeholders.

It allows for better long-term planning, as the President is known for a few years ahead. Currently, the President is only known for sure four weeks before the AGM (if elected unopposed) or at the AGM if there is an election, at which point they are now in charge.

Possibly it was the case that previously the Immediate Past President fulfilled a number of the roles that the Vice-President now fills. However, the Council believes it is more appropriate for the Vice-President to be stepping in and up, than for the actions and responsibilities to be resting on someone who is stepping down.

Currently it is Council who decides who the Vice-President is, and this person is usually elected unopposed to President, meaning the members of the Society have little say over who becomes President. It is thought that having an election for Vice-President may create more candidates and ensure Members feel they have a say in selecting the best candidate for the role.

This approach is also consistent with other actuarial bodies, including Australia, the UK, and South Africa.

Reasons against making this change

Whilst the change provides certainty to the Vice-President, and enhanced continuity with the handover from one President to the next, it could be argued that it also means that the path to President will now be longer for future potential candidates. They will have to act as Vice-President first, and there may be an expectation that Vice-Presidents are elected from existing Council members (although there is no formal requirement for this in the rules).

Formalising the transition from Vice-President to President does not lend itself to our current rules, whereby the President is elected for just one year and towards the end of the year may



decide if it is right for them to stand for a second term. It would seem preferable to create a fixed term for presidency to remove this doubt.

Council usually elects the Vice-President purposely from a different geographic centre than the President, and it is seen as valuable to have one of the senior officers in each of Auckland and Wellington. This may no longer be the case when the Vice President is elected by members.

Changes to the rules required to implement this change

Rules 6a covers the election of President and appointment of a Vice-President. This would be changed so that the election would be for Vice-President who would then succeed the President at the end of the term.

Rule 6e which covers nominations for elections, would also require some minor changes.

It may also be appropriate to make a change to the duration for which the President is elected, as discussed in the next point.

The term of the President should be for two years

The rules currently allow for the President to stand for two consecutive years, with an election each year. In practice most Presidents have stood for two years. We are proposing that the current practice is formalised in the rules, with the President's term being increased to a two-year period.

Reasons for making this change

This change provides certainty to the President and to the Society. It allows time for the President to instigate matters and get them embedded before their term expires.

The two-year term is aligned to the current NZSA events cycle where our conference is held every two years.

This approach is also consistent with some other actuarial bodies, such as the Actuarial Society of South Africa, while others use one year, but have three people in the frame, for example Actuaries Institute (Australia): President, Senior Vice President, Vice President, IFoA: Past President, President and President Elect.

It is felt that given NZSA's small size and the difficulty in attracting multiple candidates, two years is more suited to our resource pool than one year.

Reasons against making this change

Whilst the change provides certainty, it could be argued that it also cements a fairly long commitment to being President, as a typical Presidential candidate will need to be willing to commit:

- Possibly, some time on Council prior to standing for Vice-President
- Two years as Vice-President
- Two years as President
- Some time, see below, as Immediate Past President.



However, this is not a significant change from current practice, with most Presidents leaving Council with at least eight years having been committed to their involvement with Council.

Changes to the rules required to implement this change

Rules 6b covers the term of the President. This would be changed to make the term of the President 2 years.

The term of the Immediate Past President should be one year

Currently the Immediate Past President has a term equal to the length of time their successor stays as President, which is aligned to the maximum term that the President can serve. We are proposing that this term be reduced to one year.

Reasons for making this change

The Immediate Past President has often served a number of years on Council, as recent practice has meant that they first serve two years as Vice-President and then two years as President. The main reason for the current two-year period is to allow continuity, however with the proposed changes above there is less need for this continuity. A shorter term will also create more rotation of Council roles, providing more opportunities for members who want to be involved in the Society.

It also allows the Immediate Past President to reduce their involvement sooner, following the very heavy time commitment of being the President. This may be particularly desirable when they see their successor ably 'running the ship'.

Reasons against making this change

This would create an inconsistency in that some years Council would have an Immediate Past President and other years there wouldn't be one. This could potentially result in an excess of members on Council.

Changes to the rules required to implement this change

There are no rules specifying the term for the Immediate Past President. Rule 6g allows for a voting member to be co-opted to Council if the Immediate Past President is unable to attend Council, which may need amending to reflect that.

Rule 6(a) states that the Immediate Past President is a member of the Council. This would need to be amended to reflect that is only for one year.

The Vice-President should be from a different geographic centre to the President

There are no rules around diversity requirements for Council, including the geographic centre for Council members including the President and Vice President. However recent practice has been for the President to alternate between Auckland and Wellington based members. This has also meant the Vice-President has also alternated between Auckland and Wellington based members. We consider this an important diversity benefit which could be lost if there was a move to elect a Vice-President by members.



One way to achieve this could be to create a new Rule giving preference in any election to a candidate not from the same city as the President.

Reasons for making this change

Having the Vice-President and President from different geographic centres ensures that the NZSA continues to have a national focus rather than being too concentrated on one location.

Reasons against making this change

Whilst there is currently a reasonable geographic spread of members between the two main centres, potentially this spread may reduce over time. As such requiring to have members from different locations may make it harder to recruit members, particularly from outside the main centre.

It is possible that over the course of their appointment, either the President or the Vice-President could move anyway from their current location.

Changes to the rules required to implement this change

We do not propose a new rule relating to this item.

However, a guideline could be developed outlining NZSA's diversity principles, and how these principles would be reflected by Council's make-up with regard to members gender, employment, age and geographic diversity.

Only Voting Members should be eligible to be nominated for Council

Whilst all past Council members have been Voting Members, there is no requirement in the rules that Council members, or the President, need to be Voting Members. We believe that this is an oversight in the rules, which we propose that we remediate. [Note we may need to seek legal advice over removing this right from some members.]

Reasons for making this change

This would correct what appears to be an oversight

It formalises actual practice.

Reasons against making this change

Currently Associates are not voting members, and so are unable to vote for Council. However, we note that other actuarial associations are looking at including Associates as Voting Members and would expect that the NZSA will look to consider this change soon.

Changes to the rules required to implement this change

Rule 6e outlines the nomination process for Council Members. We would amend this rule so that only Voting Members can be nominated, which is consistent with other clauses (e.g. 6f & 6g).



Timing

Council suggests the following timeline as regards the above proposals:

AGM	Action
2018	Discussion and high level agreement on direction of travel
2019	Formal vote on Rules changes (if broadly agreed by members)
2020	New system becomes effective (if passed)

If the proposals are accepted, there may need to be some transitional provisions put in place, such as the election of both a President and a Vice-president in one year. These can be considered once there is a broader understanding of Members' appetite for the changes.

NZSA Council

October 2018