



The Geraldine Licensing Trust (GLT) is a community-owned business which is governed by members elected every three years as part of the local body election process. The Trust owns three Geraldine properties: - the Village Inn/Super Liquor complex, the Westpac Bank building and the building occupied by Gresson Dorman Solicitors. The Trust also has significant other investments.

For the purposes of electing members for the GLT the Geraldine district is defined by boundary lines drawn on historic parliamentary electorate boundaries. In broad terms it covers the area between the Rangitata and Temuka rivers, excluding the Temuka and Winchester townships.

Board members are not involved in the day to day operation of the businesses conducted within the buildings owned by the Trust. They are responsible for managing the GLT property and investment portfolio for the benefit of the Geraldine community. The Trust can if it chooses own and operate in businesses outside its geographical boundaries at the discretion of the elected members.

If elected as a member of the Geraldine Licensing Trust Board, you are entitled to a meeting fee (currently \$280 less withholding tax) for every official meeting you attend. An official meeting is deemed to be a meeting where Minutes are kept. The President, who is elected by the members of the Board, receives an honorarium which is currently \$8,000 per annum less withholding tax. The fees are prescribed by the Licensing Trust Act and are generally reviewed by the Board in line with this legislation at the commencement of each new term.

Meetings are usually held every two months - normally on the fourth Monday. There may be a need from time to time to address issues outside this time frame and an additional meeting would be held. Meetings are usually held in the evenings, with a starting time of 7.00pm. It is felt that by meeting in the evenings it may assist more members of the community to stand for election.

As a public entity the Trust is subject to public audit requirements. The Auditor General or agent must annually provide an audit certificate. This ensures robust policies and financial and management systems are in place, ensuring accountability of Board members and maintaining transparency for the community beneficiaries.

The Trust, as a community-owned business, rewards its owners (the Geraldine district community residing in the geographical area outlined above) by way of sponsorships/donations to community projects or causes. The GLT Board can review the policy at any time but the policy generally has the Trust donating 5-10 per cent of its net annual profit, after tax, to the community.

If elected to the GLT Board you also will become involved with the Aotearoa Gaming Trust. It is the Aotearoa Gaming Trust which disperses all profits derived from the proceeds of gaming machines operated by the Aotearoa Gaming Trust within the Geraldine district (covered by the geographical area outlined above) to qualifying projects, groups and organisations within the Geraldine area. GLT Board members, being residents of the area and having knowledge of the local community consider the applications which are made by these groups to Aotearoa Gaming Trust and act in an advisory role. The Aotearoa Gaming Trust then distributes the available funds in accordance with the Aotearoa Gaming Trust deed and Aotearoa Gaming Trust policy which is subject to Government legislation as specified in the Gambling Act 2003 and any amendments. No fees are paid to GLT Board Members for their contribution to Aotearoa Gaming Trust activities.



Guidance for Elected Members

The GLT elected members are in essence the Board of Directors of the Trust's business operation. If elected, it may possibly be your first role as a "Company Director". A set of guidelines is outlined below to assist you.

- In addition to the Licensing Trust Act, there are many other duties and responsibilities placed on Members (Directors) as a result of important legislation. The legislation includes, but is not limited to: The Income Tax Assessment Act, the Trade Practices Act and the Resource Management Act. This is in addition to Employment Acts and associated OSH and ACC requirements. It is highly recommended that Directors should consider seeking specialist advice when responding to legislative obligations. - --

- Members must act honestly, in good faith and in the best interests of the Trust. In this context, the Trust means the shareholders or members as a whole (the Geraldine district community as defined by the boundaries outlined above) and the Trustees means the elected members. No special consideration should be given to any particular interest group of the Trustees or other stakeholders unless there is general agreement amongst the Trustees to that effect. This is both a common law duty as well as a statutory duty. (The Courts have repeatedly confirmed that Directors/Trustees owe their duty to the company/trust as a whole and not to any particular interests or group of shareholders).

Note: This contrasts with an earlier belief when elected Trust Board Members believed that they had a responsibility to a particular constituency within the electors. No such sectional interests or influences can be allowed in today's environment.

- Members must use the powers vested in them properly and for the best interests of the Trust.
- They cannot allow a conflict of duty and interest to arise. Conflicts can arise when Members choose to further their own interests at the expense of the Trust, or if they favour outside interests at the expense of the interests of the Trust. Where there is potential conflict in legitimate business dealings between the Trust and a Member in a personal capacity, the Member must withdraw from the decision-making process. Conflicts of interest are a particularly sensitive issue and one which attracts a great deal of focus during the audit process. To assist with managing any conflicts, or perception of conflicts, a Register of Interests of elected Members is maintained by the Board Secretary and reviewed regularly by the Board.

- Members must not use their position for their own, or a third party's possible advantage (or to the possible detriment of the Trust) unless this course of action is consented to by the Trust. This consent can be given only after *full* disclosure of *all* the relevant facts has been made to the Trust and the affected Member(s) have withdrawn from the decision-making process. Members can be held to account in law for any gain made from the relevant authority.
- Members must not use confidential information obtained by them in their capacity as Members, unless consent in the same terms as the previous rule is provided by the Trust. This rule prohibits Members from disseminating such information to outsiders unless they are given permission by the Trust to do so. This obligation to confidentiality overrides any perceived sectional obligation individual Members may believe they have to individuals or groups.
- Members must exercise their powers with appropriate care and diligence that is reasonable in all of the circumstances. Some organisations have introduced an important safe harbour for Members known commonly as the 'business judgment rule' which can excuse Members from liability in relation to a transaction/action if members can demonstrate their decisions were made
 - a. in good faith and
 - b. they have no personal interest in the subject matter of the relevant decision, they appropriately informed themselves about the relevant subject matter and
 - c. they rationally believed that the decision was taken in the best interests of the Trust.
 Then this can be referred to as a *business judgment*.
- In all of their activities the Members may rely on the expertise of professional advisors to the Trust. Members are entitled to seek information in relation to the Trust's activities and business decisions. These requests should be made at Board meetings and care needs to be exercised when seeking information that the governance/management roles are not compromised. Any information provided to Members is confidential and should not be used for personal gain or be made available either verbally or through the printed or electronic media, without the agreement of the Board.
- Any dispute or difference of opinion between Members should be raised with the Board and debated by the Board in a full meeting.

As noted earlier, there are many other duties imposed on Members. There are a range of statutory obligations that are imposed on Members, for example:

- a. A duty to ensure that proper accounts and other records are kept;
- b. A duty not to allow the Trust to engage in insolvent trading

Members should bear in mind not only these duties but all of the above when undertaking their important tasks as Trust Members. Legislation has created civil and, at times, criminal penalties if Members breach such duties.

While the above may appear daunting it can be learned quickly and the Board is able to take professional advice when required.