

Audience

This newsletter is a backgrounder for District and Club executives and is the 5th version since first published to the DG train in April 2018. Much of the material is also produced in the Chair reports to the AGM however this document includes a broader briefing than the Chair's report.

Background

ROZops continues to provide support for the promotion and development of the 6 Districts and Clubs Oceania in Zone 8.

Our sister company, Rotary New Zealand World Community Service Limited (RNZWCS) was formed to deliver directly to pacific projects and provides programmes such as the Emergency Response Kits (ERKs) which are provided through and, only are possible with, the effort of New Zealand Clubs and Districts.

The company's operations can be traced back **23** years to the 1995/96 year.

This tradition of working together had started in 1993 when District 992 worked with the then new Districts of 9910, 9920, 9930, 9940, 9970 and 9980 and Guardian Trust to convert District 992's charitable trust into a multi-District charitable trust.

That trust today has been continuously operating since February 1986 - **over 33 years** - is known as the NZRCCT - the New Zealand Rotary Clubs Charitable Trust. Its primary purpose is to enable the Districts to co-operate on sending money to the Rotary Foundation. Its operations are currently being reviewed and Rozops has been assisting in that review.

The then, Rotary NZ & Pacific Islands Governors, created a Multi-District Public Relations Committee (MDPRC). The purpose of the Committee was to conduct annual Public Relations (PR) Campaigns and each Governor appointed a representative to the Committee that was funded annually by equal contributions of \$2000.00 from each District.

In 1996 through to 1999, a corporate discount/sponsorship group became associated with Rotary Districts in Australia as a means of raising funds for Rotary purposes. That company was the "Australian Corporate Alliance Program Limited (ANZCAP)" It gained impetus in Australia and then commenced activity in New Zealand during the latter part of that period.

However, New Zealand Rotarians were not enthusiastic participants & the Australasian

venture was not very successful in NZ.

In the period from 1998 through to 2000 the then NZ Governors approved the creation of the New Zealand Corporate Alliance Program Limited (NZCAP) as a separate NZ based company. NZCAP (now ROZops) was incorporated **18** years ago on **18th July 2001** and registered with both IRD and NZ Charity Services that year.

Zone 7b co-operation was expanded with:

- RINZ Limited (formed to operate the multi-district technology) on the **15th of January 2002**. That company continued operations with separate District levies up until 2016 when its operations were merged into ROZops on the successful launch of the ClubRunner programme

and then 2 years later

- RNWCS Limited was formed on the **11th of December 2003**.

Returning to ROZops the original “Objects of the Company” were to broadly support Rotary Districts and their Clubs, Rotary Programs and organisations. The company was charged with many tasks including arranging alliances and sponsorships with businesses and organisations to attract support and funding for projects and activities of Rotary.

Funds were generated by ROZops (then named NZCAP) sharing discounts or dividends from funds generated with loyalty schemes and on 22nd October 2003, The New Zealand Rotarians Prime Ministers Cup Limited, (NZRPMCL) a wholly owned subsidiary of NZCAP was registered.

During the following years NZRPMCL was active in promoting District and Regional Golf tournaments that culminated with the annual Prime Ministers Cup Tournament and raised more than \$270,000 that was distributed to nominated charities.

Post 2005; due to lack of participants generating income for NZCAP and a severe drop off in participants in the NZRPMCL, both companies were placed in abeyance and the residual funds held by each company were directed by the then Boards to be held in pending future developments. NZRPMCL was wound up.

A couple of years later, Rotary International began encouraging the development of Rotary Image and Public Awareness/Relations programmes throughout all Districts.

This was accomplished by RI retrospectively reimbursing Zones for RI “Approved & Audited” PI/PR spending within the respective Zones, in our case, Zone 7b.

The reserved funds enabled the company to participate without having to call on the Districts for capital.

Originally, not all NZ Districts agreed to participate in the Grant scheme. However, following encouragement from RI, in the 2007/2008 Rotary year, the 6 NZ Governors agreed that “The power of the collective” would benefit all NZ & Pacific Island Districts.

Accordingly, in 2008 the original 1995/96 MDPRC Committee (never connected with NZCAP) was renamed as the Multi District Task Force Committee (MDTF) to manage and co-ordinate the “National” PA/PI/PR activities.

In 2009, to be more reflective of its role, the MDTF name was changed to Rotary NZ Communications Committee (ROZCOM).

However, RI required that each Zone participating in the reimbursement programme must have a properly constituted legal entity and banking system to which any retrospectively reimbursed RI monies would be remitted.

At the 2010 Zone 7b Institute in Tauranga NZCAP Ltd was renamed Rotary New Zealand Project Support Limited (RNZPSL) with the Directors of :

- RNZPSL providing the operating platform for future ROZCOM activities,
- RNZPSL receiving and disbursing any RI Grant and District Funds via ROZCOM.
- RNZPSL to when considered appropriate by the Directors, rejuvenate and extend separate “Funding Activities” such as “Prime Ministers Golf Cup Ltd”
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At that point ROZops and RINZ were each levying the District annually for:

1. **a ROZCOM Administration Fund levy**
2. **a District PA/PI/PR Contribution**
3. when required a **District PA/PI/PR Loan** and finally a
4. RINZ levy.

On 5 August 2011, the Company completed its change of name to RNZ Project Support Limited and in November 2011 adopted a new constitution with new more extensive objects.

During the 4 Rotary years ending 30 June 2014, due to the GFC, RI investment income was diminished and subsequently RI ended the Annual PA/PI grant process.

At the December 2014 Wellington Institute, at the RNZPSL AGM, the Governors and Governors Elect supported the Board’s recommendation to maintain the ROZCOM Administration Fund and District PI/PR/PA Contribution funding process for the 2014/15

and 2015/16 Rotary years.

At the December 2015 Nelson Institute, at the RNZPSL AGM, the Governors and Governors Elect supported the Board's recommendation to maintain the ROZCOM Administration Fund and District PI/PR/PA Contribution funding process as outlined in items 1 & 2 above, for the 2015/16 and 2016/17 Rotary years. The RINZ Board's proposal to implement ClubRunner was also considered and the Governor's signed of a separate memorandum for that project.

The next years RNZPSL's AGM was held in Penrith. By that time the Clubrunner service was up and running and the proposal to move of the IT operations into ROZops was canvassed.

It had become clear at the RNZPSL's Board's vacant District Director positions needed to be fully filled.

During the first half of 2017 while ROZcom and ROZtech activities continued the proposed new District Directors nominations were sought.

This required assembly of the historical compliance records which was a project carried out by PDG Fergus Cumming and now Chair Craig Horrocks.

Once the compliance records were assembled the District Director nominees were able to compete due diligence and on 19 August 2017 a first full new Board meeting with all Directors present was held in Auckland at Perpetual Guardian's (the shareholder) Remuera office.

The Board's first task was to reviewing the existing initiatives, formulating a strategy, publishing that as a strategic plan to the District leadership and restructure the operational capacity according to the plan.

That plan was completed in November 2017 and circulated to the DG train.

In essence the plan was based on the Board:

- considering how the company could best support the charitable activities and
- in answering that, recognising that Rotary in New Zealand needed to provide better operational capacity to develop the activities.

Sometime in late 2017 or early 2018 PDG Janice Hughes circulated a letter to the other DG's recommending the ROZops be wound up. That recommendation was based on

conclusions that the company had been operating outside its charitable purposes.

When this advice was finally sent to the Board, there then followed some 16 months of work to consider that recommendation.

Legal and accounting advice in summary said:

- the company had been operating correctly
- its filings were completely up to date with Companies, Charities and IRD
- and that winding up would result in a tax bill which would wipe out the reserves.

The issues raised by PDG Janice Hughes however did result in the Board considering its position, and while as new Directors there was no issue of their liability (and that was accepted by the DG train) the Directors sought comfort by commissioning a full audit going back for the 2 years ending 30 June 2017 and 2018..

That has been completed and is being repeated for the recently completed year.

Operations from April 2018

This is reproduced from the April 2018 newsletter.

The Board has been engaged in building operational capacity focused on 6 functional areas:

1. Governance
2. Finance
3. Communications and marketing - Public Image
4. Supporters - both through sponsorship and volunteering
5. Technology and finally
6. National Projects.

In supporting the Districts and Clubs while we have a structure setup and managed by successive leaders in Zone 7b we noted:

- Districts and Clubs are to a large extent, by the very structure of Rotary, autonomous and balkanised
- Rotary has not been able to capitalise on its near 100 years of service to the community, in particular, there is very low awareness of our role in developing institutions, delivering on our charitable objectives and the work done everyday at every level by our 'army' of volunteers

- taking our delivery for granted, presents a very real danger to our sustaining our efforts. We compete for both volunteers and resources with many organisations including those we have founded and continue to sustain. We have seen the decline in other community organisations and yet, the many charitable needs Rotary uniquely addresses, remain.
- Our communities have changed. We have to adapt to globalised enterprises, social media and work patterns that are driven by the never ending change in what being productive means.
- Our Board subcommittees are established by drawing together the relevant officers from each District. ROZcom has long been an example of this with each of the 6 District Public Image Chairs being on ROZcom. The same set-up is implemented with ROZtech with the 6 District ICT Chairs and is now being implemented in the new ROZjoinus supporter and membership Board Committee.

In this context, and taking each capacity issue in turn, and briefly:

Governance

The landscape for compliance and good governance has changed and requires more effort. This letter and the effort put into due diligence by the Directors, are examples of that required effort.

With the increased financial activity the Board has resolved to re-introduce audits.

The Directors are not remunerated.

All work requiring capacity has been volunteered or donated services.

The large national projects are being progressively professionally resourced

Communications to the District Governor trains and progressively the Clubs was increased with the email server providing the key point of capacity.

Finance

ROZops is a non-profit, for good, enterprise.

While ROZops is supported by Rotary resources, the Board's obligations under the Companies Act require the company to have a finance strategy.

ROZops cannot use debt. Obviously, it is not appropriate for ROZops to have any debt facilities

Nor should ROZops, other than prudent reserving, need anything other than nominal share capital.

The shareholders are, through the Perpetual Guardian, Rotary and Rotarians in the 6 Districts.

ROZops can only operate, and does only operate, to meet the charitable objects.

Accordingly, the Board has taken the approach that ROZops needs to have, at all times, reserves that ensure that it can deliver its programme commitments.

Without the operational capacity provided at the national level, the drawing together the 6 Districts and their Clubs, Zone 7b would not have national capability.

That is what ROZops supports, develops and promotes.

Communications and marketing – Public Image

This is an area managed by a Board Committee, ROZcom.

The Board has restructured the operations of ROZcom to more closely align its works with the deliverables required to support the objects.

Examples of that are:

- ROZcom is providing direct support to the national projects, which emanate from Districts or Clubs and adopted by ROZops to be supported at a national level
- ROZcom is focusing on ensuring there are measurable objectives on awareness of the work done by our Districts and Clubs

Supporters – both through sponsorship and volunteering

As ROZcom is the marketing arm, so we needed a ‘sales’ arm to deal with the un-met need of having national supporters – object 14 in Article 2.1 (e) of the Constitution

To this end ROZops formed a Board Committee in late 2018 titled **ROZjoinus**.

That initiative has already started to generate results with a national supporter

agreement with Perpetual Guardian.

As noted in April 2018 it was planned that RFP go to the banking and insurance industry.

These were simply requests for proposals on the basis if a national supporter could be found then the agreement could be circulated for consideration by the DG train on an opt-in basis.

The Board strategy is that the proceeds of the supporter agreements will be used to support payments to activities within the objects.

The Supporter Agreement template was been provided to the DG train and is part of the background documentation on the Dropbox.

It has taken some time to deliver on these initiatives.

With banking we are in final discussions with a major bank.

With insurance we have provided information to 4 brokers. The next step is for those brokers to indicate an interest. Disappointly a broker that has a number of Districts been told not to participate. The lead broker for the new Zone 8 Insurance Board, AON however is willing to participate.

Technology

ROZtech is our 3rd Board Committee. In its brief to capacity build, ROZtech has:

- managed the transition from the old, unsupportable southpacific website system to ClubRunner
- established an email server
- is supporting Districts and Clubs by co-ordinating domain name registration,
- is providing security for our data and
- is improving and simplifying our communications through tools like Zoom and moving our 0800 number to a telephony server so the public can more easily reach our programmes and associated charities
- And more

For example, ROZtech is providing capacity to our Mana-Tangata Project.

Mana-Tangata is a project is directed at providing fund-raising through production of a

number of deliverables, including a book on our 100 years of service to New Zealand.

ROZtech is providing the data storage, crowd funding and collection of historical content services to the Mana-Tangata Project Steering Group.

This project is designed to have measurable deliverables for support of development and promotion of Districts and Clubs including creating a WIKI to tell our stories in projects within communities, organisations formed and our many, many ongoing programmes such as Rotary Youth Exchange or National Science scholarships.

ROZtech is also providing, through the Zone 7b ClubRunner website, a method of recording and actioning Club fundraising for the “Give Every Child A Future” pacifica vaccine project.

Funds for that project from Clubs if needed to be sent overseas be channelled through RNZWCS to ensure the correct channelling of the funds through RNWCS’s Schedule 32 status

National Projects

As mentioned above, ROZops is providing support for District or Club national projects.

The first 2 national projects, Mana-Tangata and GECAF (Give Every Child A Future) are underway.

These are both joint projects of the Rotary Clubs of Wellington and Auckland. The projects however need to be able to connect and be resourced at a national level.

Both projects are being supported by both activities at Board level and through our Board subcommittees.

Capacity Build

Rotary stands today competing with charities that have deep functional capacity.

Organisations that Rotary has founded such as CureKids (which ROZops is working on specific plans to provide further support) have their own functional capacity.

Rotary’s work and value to our communities has never been simply as a group of Clubs and Districts that provide membership fellowship while supporting non-Rotary charitable activities.

Rotary’s own activities are in many ways unique and not replaceable by the work of

other organisations.

We need to have the capability to operate to compete for funds and volunteers.

Membership is key. We know that people join Rotary to *'change their own lives but only stay if their lives have changed'*.

Member gives us the gift of **their** time and resources.

ROZjoinus will as PART OF creating sponsor supporters, be asking for our supporters to promote membership as one of the many ways of contributing to Rotary Districts and Clubs as evidenced by the supporter agreement.

Rotary's ability to provide the capability to do things at a national level is the thread behind each of the objects and ROZops strategic objectives.

It needs to be noted that even if those initiatives arise from the efforts of an individual Rotarian, by working through our organisation of Club's, Districts, and in the case of ROZops, Zones we have a demonstrated history of charitable achievements.

Polio Plus started with the effort of a single Rotarian in the Philippines. The programme has achieved the global presence and results through Rotary as an international organisation. The benefit of such programmes is not confined to the geographical areas of the current vaccination campaign. Herd immunity in today's world of air travel is the world.

In New Zealand Rotary alone tackled the scourge of polio with the formation of the Crippled Childrens Society in the early 1930's. That initiative still exists and is active today as CSS Disability Action.

ROMAC is another example of a local programme, that while it has international benefits, also provides local benefits in the form of unique surgical capacity (paediatric neuro-surgery) that might not exist in New Zealand if we did not bring patients in from 3rd world countries.

Similarly, ERKs enable local pacifica communities to recover from primarily weather events. Helping those communities re-establish in situ, has direct flow on benefits to New Zealand.

The Board has the confidence, in its capacity build, to start making grants to New Zealand based Rotary programmes.

As we expand the sponsor programme, we expect to be a source of more funding for

those grants.

I have advised the Board that I intend to resign on 31 December.

We have some great nominations for District Directors and accordingly the Board will have exceeded its Constitutional rotation requirements.

District Directors hold their position at the direction of the District Governor.

Two new Directors have been nominated by the DGEs of 9910 and 9930 and will be completing their due diligence and will be advised of the detailed reporting requirements as set out in the Constitution.

It has been a pleasure, if somewhat tasking, to serve Rotary and our Districts and Clubs in the role.

We have a unique capability admired by in particular the Australians.

Rozops is now positioned to do some great things for us all and I hope will get the support that the visionary leadership of our 6 Districts established for us.

On behalf of the Board

Craig Horrocks

Chair

ROZops Limited