

Incorporated Societies Bill Exposure Draft

Quick Fact Sheet

Why make changes?

In New Zealand, incorporated societies are governed by the [Incorporated Societies Act 1908](#). This Act has been in place for over a century and the Law Commission and the Ministry of Business, Innovation and Employment (MBIE) no longer believe it is fit for purpose.

The Law Commission commenced a review of the existing Act in 2010 and published an issues paper in June 2011. After receiving around 200 submissions, the Law Commission [published a report](#) recommending that a new Incorporated Societies Act replace the existing one.

The [1908] Act does not set out the obligations of those who are involved in the running of incorporated societies. It fails to give sufficient guidance to the many New Zealanders who volunteer to run societies. Moreover, the statute says little about how disputes, which inevitably occur, should be dealt with. Much of what is legally necessary for the running of incorporated societies is also not expressly set out in the statute – Law Commission

The government mostly agreed with the Law Commission and asked MBIE to draft a bill to replace the existing Act. MBIE has [released this exposure draft](#) to the public for further consultation.

Creative New Zealand supports the purpose and intent of this exposure draft.

What changes are being suggested?

The proposed changes reinforce the following overriding messages that were received during the initial consultation meetings:

- **Societies** are **private bodies** that are operated by their own members.
- **Societies** should **not distribute profits** or financial benefits to members.
- **Societies** should be **free from inappropriate government interference**.

Changes in the proposed bill include:

- reinforcing that an incorporated society is a separate legal entity that operates for purposes other than the financial gain of its members
- clarifying how a society should undertake dispute resolution, conflicts of interest, complaints and grievances
- addressing the lack of clarity about officers' obligations
- requiring all societies to have an up-to-date constitution that outlines rules, roles, and functions
- reducing the number of members a society requires to register from 15 to 10.

Where to from here?

Submissions on the exposure draft will close on 30 June 2016. If you wish to learn more, read the exposure draft in full, or make a submission, visit:

[Have Your Say: Incorporated Societies Bill – Exposure Draft \(MBIE\)](#)

MBIE will consider the submissions and amend the draft accordingly. The Bill will then go to the Minister of Commerce and Consumer Affairs who will put it into Parliament's schedule. It will likely have its first reading in Parliament in 2017.

Following a successful first reading, the Bill will be referred to Select Committee for further public consultation. It will then continue its passage through the House before receiving the Royal Assent and becoming law. This is expected to be no earlier than 2018.

The Bill has a four-year, multi-stage transition period. As such, **incorporated societies will have to ensure they are in compliance with the new Act no earlier than 2020.**

The requirements to comply with the new Act will not be particularly onerous, will have a long transition and grace period and will be extensively supported by MBIE, the Societies Registrar and other relevant government organisations.

Where can I find out more?

[MBIE's website](#) has further information. Your legal counsel will be able to advise on any specific matters relating to your society.