

Incorporated Societies Bill - Timeline? And do we have to act now?

“As we've highlighted previously the Incorporated Societies Act 1908 is up for an overhaul. The Ministry of Business, Innovation & Employment (MBIE) released their Exposure Draft of the Incorporated Societies Bill in November 2015. So what is the timeline from here? And what do incorporated societies have to do and when?”

Timeline for change

2010	Law Commission commences review into 1908 act
Jun 2011	Law Commission releases issues paper for comment
2013	Law Commission published their report “A New Act for Incorporated Societies” recommending replacement of the 1908 act
Dec 2013	Government agrees to 101 of the 102 Law Commission recommendations and MBIE commences drafting new Bill
Nov 2015	Government releases Incorporated Societies Bill for public comment
30 Jun 2016	Due date for public submissions of the Bill
2016/2017	MBIE consider submissions and make any amendments
2017	MBIE present revised Bill to Parliament for reading and select committee process and further public submission due process
2018?	Incorporated Societies Bill enacted

Enactment date + 2 years - New Act starts to take effect in existing societies

Enactment + 4 years - New Act fully in effect

What societies have to do and when?

Looking at the timeline above one can see that it may well be the year 2022 or even later before the new Act is in place and full in effect. Add 6 or more years to your current age and think about that. It sounds like a long time.

However we do not suggest inaction. Similar to other commentators on the Bill we foresee limited changes to the proposals to the likely new Act. This is because in our view they represent well thought through and sensible change to improve the governance and operation of societies, and they are not politically controversial. Hence there is nothing to stop societies commencing action now.

We are also well aware from assisting various societies that effecting change can involve significant time. This is usually due to the need to comply with existing constitutional due process obligations to give notice of meetings, the requirement for special meetings, voting provisions etc.

Any review of a fundamental document such as a constitution can also lead to fundamental strategic considerations which in any membership organisation always take time.

Such fundamental considerations can include:

- Is there still a need for our organisation?
- Is a membership organisation the most appropriate structure?
- Should we merge or join another organisation(s)?
- Should we be structured as we currently are? E.g. should we have branches etc.

Our Suggestions:

- If you are looking to establish a new incorporated society then adopt a constitution in line with the provisions of the new Bill. Note that depending upon your timing there will be some provisions of the 1908 Act that may still need to be complied with. For example, in relation to the minimum number of members - this is 15 under the 1908 Act and only 10 under the proposed Bill. However given the lesser number of detail obligations in the 1908 Act such issues are not likely to be considered any significant impediment.
- If you are an existing incorporated society and already thinking about making changes to your Constitution then you should seek to incorporate the changes proposed in the Bill.
- All existing incorporated societies that haven't yet taken any action should now commence the process of reviewing their constitutions.

Summary

The process of overhauling the Incorporated Societies Act 1908 will take some time. However we suggest action needs to be taken now. **Your future starts now.**



About the Author

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