



28 May 2021

**Committee Secretariat  
Economic Development, Science and Innovation Committee  
Parliament Buildings  
Wellington**

**Incorporated Societies Bill**  
By Email: [eds@parliament.govt.nz](mailto:eds@parliament.govt.nz)

Thank you for the opportunity to offer our views on the Incorporated Societies Bill. We acknowledge the shortcomings of the current 1908 Act and support the recommendations of the Law Commission in its 2013 Report *A New Act for Incorporated Societies*.

#### **Who we are:**

ComVoices is a network of 23 national community and voluntary organisations. We amplify the voices of Aotearoa's community sector to influence decision-makers. Our vision is confident, connected communities served by a valued and collaborative community sector. We promote the value that community and voluntary sector organisations add to New Zealand's economic and social wellbeing. We provide a collaborative platform so that members of ComVoices can promote the development of a policy and regulatory environment that is supportive of sector organisations and their communities and can provide effective responses to Government on emerging issues.

This submission was developed with support and input from our members and reflects the views from a broad section of the community and voluntary sector. A list of members and affiliates endorsing this submission can be found at the end of this document.

#### **Comments on the Bill**

1. Clause 3. We support the **principles** that—
  - members of a society have the primary responsibility for holding the society to account; and
  - a society should promote the trust and confidence of its members; and
  - a society should be self-governing; and
  - a society should not distribute profits to its members.

2. Clause 8. We support the reduction in the number of members a society must have to register and the requirement to maintain at least that number. We do not agree that the proposed 10 or more persons is the correct number and recommend that the minimum number should be 5. This number aligns with the Charitable Trusts Act and is sufficient to demonstrate the proposed society represents a community interest.
  
3. Clause 24. Our members are predominantly umbrella bodies and registered charities. We believe that subclause 24(b) may potentially limit our members' ability to support their charitable purposes. The addition of clause 24(1)(g) allows an incorporated society to distribute its surplus assets to not-for-profit members on winding up, which recognises that many incorporated societies are umbrella organisations comprised fully of members that are themselves not-for-profit entities. However, such umbrella bodies should also be able to make distributions to their not-for-profit members during the life of the organisation. For example, they may raise funds on behalf of the organisation and share the proceeds with their not-for-profit members around New Zealand. Such a practice is carried out in order to further the charitable purposes, rather than being incidental to them. We recommend that clause 24(b) is deleted and substituted with the following:

(b) pay a member for matters that are incidental to or in furtherance of the purpose of the society, and the member is a not-for-profit entity.”
  
4. Clause 28. We support provision for tikanga and culture to be recognised in an organisation's constitution.
  
5. Clause 42. We note the language in subclause (1) regarding officers being “appointed” to their roles. We believe that officers in many societies are also elected and request that the wording be updated to read “appointed or elected”. In subclause (2) we support the reduction of the minimum age from 18 to 16 years for officers of a society, enabling rangatahi to gain experience in supporting their community and making governance decisions. We believe this will provide long-term benefits for the community and society.

We note the proposed factors that would disqualify a person from being an officer of a society in subclause (2)(e) and (f) do not align with the factors in the Charities Act. We urge that these requirements be aligned through either this Bill or the review of the Charities Act.
  
6. Clause 43. We support the proposals around disqualification of officers, including the opportunity to seek a waiver and also the grounds on which a Court may make orders against an officer or former officer, including enforcing a duty and compensating the society. We also strongly support the ability for the Registrar to waive disqualifying factors.
  
7. Clause 47. We request that consideration be given to streamlining reporting for societies that are also registered charities. While not necessary to address within this

Bill, it would be helpful if the Registrar of Incorporated Societies and Charities Services developed a mechanism to provide a single notice of these changes.

8. Clause 49. We support the clear statement that officers' duties are to be conducted in the best interests of the society.
9. Part 3, Subpart 7. We support and appreciate the general exclusion for registered charities from many of the clauses where charities legislation already imposes requirements. We request that, where societies are not registered charities, consideration be given to reporting requirements being proportional to the size and scope of those societies and that they do not impose onerous financial reporting standards, especially on small societies.
10. Clause 96. We do not support the definition of a small society in subclause(2)(b). The threshold of \$10,000 for total operating payments in (2)(b)(i) is not realistic. We recommend that small societies' financial reporting be aligned to the External Reporting Board's Tier 4 amount of \$125,000 annual operating payments. The asset threshold in (2)(b)(ii) is also too low. The XRB's Tier 4 does not set an asset threshold for registered charities and we do not believe one is necessary for societies either.
11. Clause 240. We note the provisions for appeals to be taken to the District Court, which is much better than the Charities Act's requirements to go directly to the High Court. The 28 days proposed to lodge an appeal is an improvement from the 15 days in the Exposure Draft. However, we recommend allowing 90 days, to allow ample time for societies, many of which are volunteer-run, to gather relevant material and lodge an appeal.  
Rather than going through the District Court, we believe that a Specialist Tribunal similar to the Taxation Review Authority is a better approach. We support the submission from Sue Barker Charities Law on this issue which provides the technical and legal rationale for this alternative approach.
12. Clause 245. We support the use of regulations to detail how many provisions within the Bill will be carried out. This is a sensible approach to ensuring the ability to adjust processes as needs change over time without needing to amend the Act. As these processes have a direct impact on societies, we support subclause (3)(c) requirements that draft regulations are also exposed for consultation and comment.

In summary, we support the intent of the Bill to modernise the legislation governing Incorporated Societies. We encourage the Committee to consider our comments and focus on aligning requirements across this Bill and the Charities Act to reduce confusion and administrative burdens on societies which are also registered charities.

We request to speak at the hearing to discuss and clarify points made in this submission.

Kind regards

A handwritten signature in black ink that reads "Ronja Ievers". The signature is written in a cursive style and is positioned above a light grey rectangular background.

Ronja Ievers  
ComVoices Activator

This submission is endorsed by:

Age Concern New Zealand

Ara Taiohi

Birthright New Zealand, including affiliates Birthright Inc Wellington, Birthright Inc  
Christchurch, Birthright Inc Otaki and Birthright Palmerston North

Community Housing Aotearoa

Community Networks Aotearoa

Council for International Development Aotearoa New Zealand

Hui E! Community Aotearoa

New Zealand Council of Christian Social Services

Neighbourhood Support New Zealand

Platform Charitable Trust

Te Wana Trust

Vitae

Volunteering New Zealand