

Societies Act about to get an overhaul

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Legal matters

After more than 100 years, a new draft Incorporated Societies Act has been released for public comment and submissions.

Public submissions close on June 30. The legislation is expected to be introduced to Parliament in 2017 and perhaps enacted in 2018.

There will be a long transition period for incorporated societies to change to the new act by 2020.

The good news is that existing societies will be deemed to be registered under the new act and will not have to re-register, but will be required to meet some new requirements in their constitutions (and file those with the registrar) and to ensure their officers comply with the requirements.

The registrar may declare that the standard constitutional clauses apply if a society has not lodged a complying constitution. The registrar can also liquidate non-compliant societies and refuse registration if the society's

purposes or constitution do not comply with the act.

DISPUTE RESOLUTION

The current act provides no process for disputes resolution. The new rules provide for dispute resolution processes between members and also between members and the society.

WINDING UP

All societies must nominate in their constitution a not for profit entity or class of entities for distribution of assets on the liquidation of the society. This can be amended later if required, but cannot be left until the society is about to wind up.

STANDARD PROVISIONS

Standard provisions for a society's constitution will be provided once they have been approved by the minister on the recommendation of the registrar. Societies can adopt some or all of these as parts of their constitution or adopt their own provisions (which must still comply with the act).

There is no model constitution provided owing to the vast variety of societies that exist.

OFFICERS OF SOCIETIES

Officers must be at least 16 and one of the officers has to be nominated as the contact officer who has no extra duties and is not



Public submissions are being sought over changes to the Societies Act.

subject to any offence provisions, but is a contact person for the ministry.

NUMBER OF MEMBERS

Under the current act the society needs only to have the minimum number of members to register and can then drop below that. However, under the proposed act a society must continue to have at least 10 members. If the society drops below 10 members it can continue to operate while seeking

new members and has six months to get back to at least 10 members.

ANNUAL MEETINGS

Annual meetings can be held using modern technology and must be held within set time frames. The act provides what business must be conducted at the meeting.

Annual and special general meetings require a quorum of 10 per cent of members attending in person or by audio visual means.

Other points of interest are that the chair has a casting vote and that amendments to the constitution will only require a majority vote.

Column courtesy of Raimey Collins Lawyers, phone 0800 733 484 or raimeycollins.co.nz. If you have an inquiry you would like discussed email sknowsley@raimeycollins.co.nz. Their next free public seminar on dealing with employment discipline and performance will be on March 2, 12.5pm-1.30pm.