



# Welcome to DCA

**Our seminar will begin shortly**

- Please mute your microphone during the webinar. There will be time for questions at the end.
- Captions are available by clicking **Show Captions** at the bottom of your screen
- NZSL Interpretation will be available this can be added by clicking **Interpretation** at the bottom of your screen and selecting American Sign Language. (sorry zoom only lets us call it American Sign Language)

# **The Incorporated Societies Act 2022**

## **The questions to ask.**

# Agenda:

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- Sarah: Brief overview of changes
- Josh: Should we exist as a society?
- Daniel: Constitution (rule) changes
- Jorgia: Reporting standard changes

# Who do these changes affect?

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- These changes affect Incorporated Societies.
- All Incorporated Societies need to re-register under the new Act.
- Incorporated Societies that are also registered as charities will still need to go through the re-registration process, but they will continue to report under the registered charities standards.



# Timeline for changes:

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**Now**

- Development of regulations to support the new Act
- Start conversations and plan for change



**5 October 2023**

- New Act now applies
- Societies can now reregister under the new Act, given they meet the new requirements
- Those that do not reregister will continue to exist under the 1908 Act



**5 April 2026**

- Any society that has not reregistered will cease to exist
- Can no longer hold anything in its name, including assets and all debt obligations

# Key changes:

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## Membership:

- Minimum number of members required is reduced from 15 to 10
- All new members must consent to being members
- Consent of each member of the society will need to be collected (e.g. by ticking a box when renewing their annual membership)
- Each society must appoint at least 1 contact person to be contactable by the Registrar

## Committee:

- Societies must now have a governing body/committee that manages the operations and affairs of the society
- Minimum of 3 people on the committee

# Key changes:

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## Officers:

- Each committee member is an officer, as well as positions like the Treasurer and CEO
- Officers have new duties similar to company directors, such as acting in good faith, complying with the 2022 Act, exercising reasonable care and diligence
- Majority of officers on the society's board or committee must be members of the society

## Constitution:

- Your society will need to provide a constitution
- This needs to be compliant with the new 2022 Act
- Section 26 of the new Act sets out matters that must be included in the constitution
- Constitution Builder tool provided by NZ Companies Office website can assist in drafting

# Key changes:

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## Complaints:

- Dispute resolution processes must be included in the society's constitution
- The process must be consistent with the rules of natural justice
- New rules define when an officer has a conflict of interest and a duty to disclose conflicts

## Other key changes:

- Financial reporting is now simplified for small societies
- An annual general meeting must be held within 6 months of the society's balance date
- Societies can provide insurance and indemnify officers and employees



# Should we exist?

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This is a chance for you to reflect on your:

- Purpose
- Membership age and engagement
- Similar organisations doing what you do
- Can you maintain a membership of 10 or more?

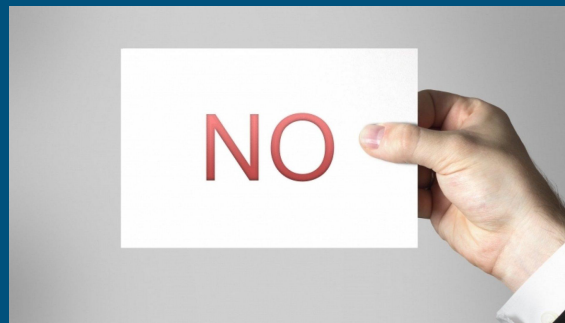


# No is a legitimate answer!

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Investigate:

- The possibility of winding up
- Joining/merging with another similar Society or Charity



There are a number of legitimate reasons to not exist, and that is OK.

# If yes, there are options

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- Become an informal group
  - How would this could impact your banking and assets?
  - Can you do what you do without being legally registered?
- Become a Charitable Trust instead of a Society
  - Different regulations involved in doing so
  - But does remove the minimum membership requirements

# Options

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- Continue on and meet the new standards
  - Transitional period
  - When does this have to be done?
- Merge or join with another organisation
  - Is there another similar-minded organisation or organisations that you could do the same thing under if you merged?
  - Create a new organisation to deliver for you and other organisations?

# Expert Advice

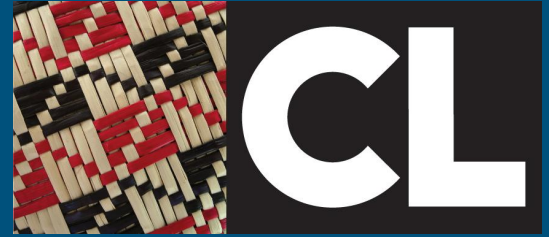
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There are pros and cons to all of these options and each of your Societies will have different circumstances. Expert advice is recommended and would include:

- Department of Internal Affairs
- Accountants and Lawyers (not all are experts on this area)
- NZ Companies Office
- Community Law Otago



Te Tari Taiwhenua  
Internal Affairs



# Constitution Changes

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We all need to take the time to understand the changes fully

**Do the Thinking Now, but Wait for the Tools which will aid you in the process**

# Facilitating the Updating Process

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## **Online constitution builder is planned (NZ Companies Office)**

When we have a clear vision of what we want our organisation's constitution to look like, the process of creating it will be much smoother. The online constitution builder will help in this process.

# Seeking Advice

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Highly recommended by the Companies Office that we seek legal advice when making changes to our constitution.

- Community Law (TBC)
- Some Lawyers
- DCA is also here to help



# Assessing current constitution

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What works and what doesn't work in our current set of rules?

- Are they still relevant?
- What cultural and legal changes have happened?
- Do we still need the audit requirements?
- Is the committee size right?
- Has our purpose changed?
- If there are restrictions on activities, are they still helpful?
- Are they clear?

# Involvement in Change Process

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Who needs to be involved?

- Some members? All members?
- Committee members? A sub-committee?

How can you make changes?

- Likely defined by your current constitution. Could include:
  - Special General Meetings (SGMs)
  - Special votes
  - Quorums
  - and relevant legislation

# Preparing for the new format

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**Minimum of ten members required under the new Act.**

- Who are they?
- Do we have enough people?
- Are they still interested?

What skills and diversity do you need for your committee, board, and membership?

# Reflecting on our organisation's purpose

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This is a great opportunity to redefine and realign our goals and objectives.

Our new constitution will reflect this purpose and guide our actions moving forward.

# Reporting Standards

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- Final of reporting standards will be released in September 2023
- Annual filing format will be similar to the Charities standards
  - [charities.govt.nz/reporting-standards](https://charities.govt.nz/reporting-standards)
- Format will be dependent on annual operating payments...

Are you familiar with this reporting?

Do you need to collect new information?

# Reporting Standards

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- Small Society:
  - Less than \$50,000 annual operating payments
  - Less than \$50,000 current assets
- Tier 4 Standards:
  - Operating payments > \$50,000, < \$140,000
- Tier 3:
  - Operating payments \$140,000 - \$2 million

Which size your society?

# Preparing for the Changes

- Keep good financial records
  - Receipts and Payments - money you spend and receive
  - Assets and Liabilities - what you own and owe
- If there are any concerns seek help from DCA to ensure a smooth transition

How do you track your money?

What do you own - is it recorded, and how much is it worth?

# Key Messages

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- Plan and think about your society's future, no need to panic
- Seek professional advice early if concerned
- More information about reporting standards to be released in September 2023



# Where to get help

- [NZ Companies Office](#)
- [Charities Services](#)
- National Bodies (if affiliated)
- [Dunedin Community Accounting](#)
- [Te Tari Taiwhenua Department of Internal Affairs](#)
- [Hāpai Hapori Community Operations](#)
- [Community Law Otago](#)



Te Tari Taiwhenua  
Internal Affairs



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# Thank you to our Funders





# Questions