

Submission on *Consultation on regulations for the Incorporated Societies Act 2022*

Your name and organisation

Name	Craig Horrocks
Organisation (if applicable)	Rotary International through its New Zealand national operations company ROZops Limited
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Responses to questions

Part 2 of the discussion document: section 254

	Matter	Question
1	<i>Prescribing information that must be included or provided</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(a)?
	No comment	
2	<i>Prescribing the manner in which things must be done</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(b)?
	113 (3) – 20 workings days is tight for voluntary organisations who are governed by volunteers and who often do not meet, due the activities undertaken, until needed. The request is that the number of days (i) be absolute rather than working and (ii) 90 days	
3	<i>Authorising the Registrar to determine the manner in which things must be done</i>	Do you agree with MBIE's proposal that no regulations should be made at this stage under section 254(1)(c)?
	No comment	
4	<i>Declaring persons to be, or not to be, officers</i>	Do you agree with MBIE's proposal that no regulations should be made at this stage under section 254(1)(d)?
	No comment	
5	<i>Prescribing circumstances related to independent committee members</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(e)?
	No comment	
6	<i>Prescribing jurisdictions whose officer disqualifications we will recognise</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(f)?

	No comment	
7	<i>Prescribing the types of changes in officer information that must be notified</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(g)?
	No comment	
8	<i>Regulating constitutional provisions on conflicts of interest</i>	Do you agree with MBIE's proposal that no regulations should be made at this stage under section 254(1)(h)?
	No comment	
9	<i>Prescribing societies that can restrict general meeting attendance to delegates</i>	Do you have any suggestions regarding regulations that should be made under section 254(1)(i)?
	No comment	
10	<i>Defining the term 'total current assets'</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(j)?
	No comment	
11	<i>Prescribing additional requirements for the financial statements of small societies</i>	Do you agree with MBIE's proposal that no regulations should be made at this stage under section 254(1)(k)?
	No comment	
12	<i>Determining the class of society that must have its financial statements audited</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(l)? For example, do you agree that focusing on the proportion of societies that should be captured is appropriate?
	No comment	
13	<i>Setting infringement fees</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(m)?

		<p>The concern is that often the reason for failure to report is related to:</p> <p>(a) the health of one of more officers. In such cases the infringements will likely be multiple across multiple years</p> <p>(b) the actions of past officers.</p> <p>While the Act provides that a hearing may be requested and the Registrar may revoke infringement notices that does not provide any incentive, particular for a Society to appoint new officers that can act to rectify as there is no 'safe harbour' or 'immunity' in the Act that would allow a Society that is attempting to rectify past failures. An opportunity to rectify will encourage new officers to accept appoint and fix any issues. This could be achieved by</p> <p>(a) providing that the Infringement could be issued on a basis that recognises a first notice opportunity to rectify at a nominal fine , say \$10 which could be paid without triggering unnecessary hearings and/or</p> <p>(b) the grounds on which a revocation can be considered by the Registrar</p>
	<p><i>Prescribing the information to be included in infringement and reminder notices</i></p>	<p>Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(n)?</p>
14		<p>The infringement notice appears to provide a path to safe harbour or immunise a defaulting Society in the Further Action 4a) section. We do not see how this accords with the Revocation power under Section 163. If the intention is to permit an opportunity for rectification then the following suggestions are made:</p> <p>(a) that the section in the Notice in 4 a) be removed and that before Payments an appropriate call to action provide explicit advice on obtaining a safe harbour agreement and revocation</p> <p>(b) that that section recognise the burden on officers due to the often sporadic nature of the societies activities and/or the reliance on volunteer officers that may have through health or absence failed.</p> <p>In short more carrot/less stick to promote rectification.</p>
15	<p><i>Removal and restoration of societies from the register</i></p>	<p>Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(o)?</p> <p>No comment</p>
16	<p><i>Prescribing certain matters relating to surplus assets</i></p>	<p>Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(p)?</p> <p>No comment</p>

17	<i>Prescribing procedural requirements for surplus asset 'resolutions'</i>	Do you agree with MBIE's proposal that no regulations should be made at this stage under section 254(1)(q)?
	No comment	
18	<i>Prescribing how documents must be served on a society</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(r)?
	No comment	
19	<i>Prescribing how documents must be served on a person</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(s)?
	No comment	
20	<i>Prescribing matters relating to the incorporated societies register</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(t)?
	No comment	
21	<i>Specifying matters concerning conversion into an incorporated society</i>	Do you have any comments on MBIE's proposals regarding regulations under section 254(1)(u), (v) or (w)?
	No comment	

Part 3 of the discussion document: section 254

	Matter	Question
22	<i>Setting fees for the performance of functions or the exercise of powers</i>	Do you have any suggestions on regulations that should be made under section 255(1)(a)?
	AR fees are the key ongoing cost that will be of concern to our Rotary Clubs. Our Clubs exist to provide and have provided community services for over 100 years in New Zealand. There should be a free tier for such Clubs.	

	<i>Setting late fees</i>	Do you have any comments on MBIE's proposals regarding regulations under section 255(1)(b)?
23	Late fees for Rotary Clubs are simply a tax on volunteering and should be minimal for community service Clubs. Every \$ has to be raised and members expectations are that those funds will be available to the Club to support the work done by the Clubs.	
	<i>Setting other fees</i>	Do you agree with MBIE's proposal that no regulations should be made at this stage under section 255(1)(c)?
24	Agreed	

Part 4 of the discussion document: section 254

	Matter	Question
	<i>Providing that certain rules apply</i>	Do you agree with MBIE's proposal that no regulations should be made at this stage under section 256(1)(a)?
25	Agreed	
	<i>Providing that certain legislative rules do not apply</i>	Do you agree with MBIE's proposal that no regulations should be made at this stage under section 256(1)(b)?
26	Agreed	
	<i>Prescribing matters for the purposes of Part 1 of Schedule 1</i>	Do you have any comments on MBIE's proposals regarding regulations under section 256(1)(c)?
27	<p>As this is a transitional regime it will be expected that existing societies will:</p> <p>(a) retain their current filings</p> <p>(b) only have to provide the further information as set out above which mirror the Companies Act process.</p> <p>Treating all societies as effectively de-registered seems to be counter productive.</p> <p>The regulations in our view should recognise and provide for grandfathering and simply implement during the first AR cycle.</p>	

Other comments

	The Consultation document is very helpful. What is going to be key is how this process can be communicated as a positive transition to a regime that integrates with other know processes with Registries such as the Companies Office. The infringement and re-registration regimes have a risk of
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being deemed as regulatory over-reach. More attention needs to be given to making those 2 areas more reflective of the role that societies play every day in New Zealand through principally volunteering to support so many community services.