

## Clubs New Zealand Submission – Incorporated Societies Bill

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Questions to be forwarded to CE Clubs New Zealand;

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### Clubs New Zealand

Clubs New Zealand is the leading association for Clubs in New Zealand. We are a not-for-profit organisation and represent more than 300 clubs around the country including chartered clubs, community clubs, cosmopolitan clubs, workingmen's clubs, sports clubs and RSAs of which 95% are 'incorporated Societies'. Approximately 300,000 people belong to our member clubs.

### Our Mission

The Mission of Clubs New Zealand is to promote and safeguard the interests, rights and privileges of member clubs.

Clubs New Zealand has a rich heritage of providing hospitality to members for over 100 years. We achieve this through our network of clubs from Kaitia to Bluff.

### Our Focus

Clubs New Zealand aims to be the point of call for member support through expert advice, benefits and services that help to create long term sustainability for our industry. We aim to have clubs recognised as viable and supportive places to work and build careers. As well, we seek to represent member's interests at National and Local Government level, creating a united voice for our 300 member clubs.

### Incorporated Societies Act 1908

The Incorporated Societies Act has been the backbone of many of our member clubs for over 100 years. The Act provides the means for clubs to establish a constitution of rules (regulations) and by-laws for which the club and its members should abide and operate by.

However, mainly due to the age of the Act, it lacks the necessary guidance required in many areas of operating a modern membership based club. It is now time to remove the uncertainty and improve the leadership needed by our club's governance.

The club's constitution is its members 'bible' that no club committees and their members would act contrary to or break any rules. However, the current Act doesn't provide the necessary guidance or power for members to make individuals or committees accountable.



Hopefully the Incorporated Societies Bill will fill in the gaps so desperately needed to ensure members can have the peace of mind that their committees are acting with the fiduciary trust that they have been elected for and in the best interest of its members for which they represent.

## **Incorporated Societies Bill**

### ***Clauses 48 – 55 Officer's Duties***

The current Act is very light on information in regards to committees, officers, duties and arrangements for running societies. This includes a lack of committee composition, role and function provisions. A provision for model constitutions should go some way to assist clubs in reviewing their often outdated rules and by-laws with the aim of updating their object or purpose.

In New Zealand most committees are made up of volunteer members who have put their hands up to help their club. Many have little if any experience working in the hospitality industry and limited time to give to the club. There needs to be a balance in the qualifications required to become a committee member and the difficulty clubs face in filling their committees with suitable persons.

For officers to act in good faith they need adequate knowledge, training and professional advice. They also need to work as a team and use the various skills that they each possess from their own work life experience.

Clauses 48 – 55 of the Incorporated Societies Bill go some way to defining the Officer's duties. However, the more important issue is what are the consequences when an officer(s) doesn't carry out their duties or breaks the fiduciary liability for which they have been entrusted with.

The Incorporated Societies Act 1908 does little to protect the members should officers or individuals not abide by the club's constitution. Apart from a special general meeting, which are often quashed by the committee or club president, or a judicial review that few members could afford to pursue, there is little room for the members to hold their officers and individual members to account.

It is now time for clubs to have the ability to refer matters, where necessary, to higher judicial authorities in regards to enforcing the rights or obligations of a society, or any member under the society's constitution or by-law.

The inclusion of 'Part 4 Enforcement' moves to provide the tools and guidance lacking in the current Act to deal with enforcing a society's constitution and by-laws. It opens the door for a society or its members or officers and the Registrar to apply for a court order to resolve any issues arising. This should lead to society members being more responsible for their actions.

### **Clauses 56 – 65 Conflict of Interest**

Conflict of Interest is a real possibility in a society where the members themselves can make up the club executive and management staff. In some circumstances, more than one family member can be employed or elected onto the committee.

Clubs often contract members for their expertise such as plumbers or electricians etc. A transparent process is required to ensure the members that all agreements are entered into in good faith and are reasonable and necessary.

The introduction of an Interests Register and the Avoidance of Transactions, along with robust procedures for voting, quotes, agreements and contracts should assist clubs to handle any conflicts of interests.

**Clauses 31 – 32 Disputes Resolution**

The Club Constitution has often been referred to as the club's 'Bible'. When people sign up to be members of a club, they sign to say that they will abide by the club rules. These rules should be based on the rules of natural justice. However, rules are broken and procedures need to be put in place to cover these circumstances.

Currently, few if any club constitutions would provide for complaints or grievances to be taken to arbitration under the Arbitration Act 1996. This would provide the club with another tool to use in the resolution of disputes or grievances, along with new enforcement procedures.

Thank you for the opportunity to make this submission.

Withheld

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