
From: Renaissance Aotearoa Foundation Withheld
Sent: Tuesday, 9 February 2016 6:24 p.m.
To: Societies
Subject: Submission on exposure draft of the Incorporated Societies Bill

Submission on **exposure draft of the Incorporated Societies Bill**

In particular referencing: **Clause 85 – Annual returns**

Short Recommendation: **Provide a procedure whereby societies can be placed in dormancy without requirement for general meetings or annual reports other than a simple "not defunct" annual report by a caretaker board.**

Establishing a new incorporated society can be a difficult exercise for ordinary volunteers in typical NZ communities. Once one is established, it is desirable that the volunteers focus their energy on the subject matter, not the legal and administrative requirements.

However, there are times when the need for volunteer activity goes into dormancy, yet the proposed (and existing) Acts do not align the proposed Bill with the reality found in NZ communities that may seek to establish and maintain such societies.

There needs to be provisions for dormancy in the new Incorporated Societies Bill.

Dormancy means that the members vote to elect a caretaker board whose sole function is:

- to report to the authorities that the incorporated society is being placed in dormancy, so the reporting status can be changed in the public register
- to replace caretaker board members in the event of death, disability, resignation or loss of qualifications (such as a board member moving overseas, being declared bankrupt, convicted of a serious crime, found to be mentally ill or lacking legal competence, or not attending meetings where attendance is necessary for a quorum, etc)
- to pay necessary bills and receive income to keep the incorporated society intact (such as paying annual fees for a web site and domain name)
- to wake the incorporated society up, taking it out of dormancy when a need arises for the incorporated society by calling a general meeting with an action agenda approved by the caretaker board.

When in dormancy, without requiring a meeting of the caretaker board, the Chair, Treasurer or Secretary would be required annually to file a simple, on-line form confirming the society is in fact in dormancy not defunct. Any society that fails to make such a report for three years would be struck from the record, and would be required to give good cause for reinstatement (but there should be a reinstatement protocol in the law since lapses sometimes are caused by oversight of a responsible person).

The dormancy status should:

- permit the board to receive income and pay ordinary bills (such as a registered domain name or web site) up to an amount authorised by the General Meeting when they put the Incorporated Society into dormancy.
- require the board to keep records of such income and expense, but not be required to report on it until the incorporated society is either taken out of dormancy or unless the transactions exceeded, say \$10,000 per annum.
- prohibit any activity by the caretaker board other than those actions necessary to keep it in or take it out of dormancy.

Example:

An incorporated society is established to advocate for the environmental, social, cultural or economic wellbeing of the people and communities of a particular area because an issue arose. When it arose, the community became

energised and engaged fundraising efforts, with lots of meetings, events and high levels of activity focused on a particular subject that is of concern to the community. When that issue passed, the energy dropped commensurately. It became hard to get a quorum of members to turn out for an AGM. But those people and their communities saw the need for the role played by their incorporated society. They would rather not have to go through the effort of constituting a new incorporated society the next time a new issue arose.

By having the legal option for dormancy status, the members final General Meeting could resolve an orderly de-energising of the Society and would be likely to find volunteers prepared to serve as caretaker directors. Those caretakers would be instructed to remain vigilant, and when the need arises that fits within the constitution and purpose of the incorporated society, to draft a set of proposed resolutions, the first one of which is to take the incorporated society out of dormancy and elect a new set of directors who immediately take over and run the rest of the 'wake up' general meeting. The retiring directors may remain on the board for the duration of the General Meeting so they may report on the financial status of the society as well as explain any resolutions they placed on the General Meeting agenda, but perhaps lose their voting rights except as ordinary society members.

Why?:

This submission is being made based on a very real experience in which a community was highly energised between 2003 and 2006. At the onset, it cost money and time to incorporate and it was distracting, especially as it required pro-bono legal work to write the constitution. When the issue was successfully addressed, the energy dropped, but those founders who helped organise the community developed work-around resolutions to keep the society in good standing with the state. However, those work-arounds were and continue to be a pain and they are the result of legislation that did not anticipate the needs of the people.

The need is there. It may not seem important to those drafting the bill, since it appears the drafting was thinking about the legal aspects of active societies, rather than the real-life energy flow of incorporated societies in ordinary New Zealand communities. One of the great values of New Zealand is its can-do volunteerism that can harness citizen energy, but this volunteerism is rarely professionalised. Professionalism is the domain of lawyers, accountants and bureaucracies. It works in larger, complex organisations, but in small, grass-roots, home-town New Zealand it inhibits successful volunteerism. The law should provide simple ways that non-professional and non professionalised communities can use the instrument of incorporated societies that remain standing during slow as well as active periods.

Respectfully submitted by

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