

Via Email: societies@mbie.govt.nz

Incorporated Societies Bill – Exposure Draft

The draft Bill represents a significant improvement on the 1908 Act and in particular I am pleased to note the Bill clarifies officer's responsibilities, provides clear, standard clauses for constitutions rather than a model constitution and clarity around "financial gain".

I am particularly pleased to see that the Bill at clause 83 clarifies the accounting requirements that a society must adhere to. It is important that members of a society obtain financial information about the financial affairs of their organisation in a clear, consistent and understandable manner.

Financial Statements

The requirement to file financial statements in a timely manner is a positive which I fully support as it is important that there is transparency around the financial affairs of Incorporated Societies. I also support the move to require that the financial reporting obligations comply with the XRB accounting standards. This will ensure that there is consistency in financial reporting across the Not for Profit sector.

It is also pleasing to see that there is no requirement for audit of an organisations financial statements in the Bill. It will be a decision of members and funders of the organisation to determine this matter.

Conflicts of Interest

Conflicts of Interest is an area that I have seen several issues arising over my many years of involvement with the Not for Profit sector. It is an area that is little understood by many in the sector. As such it is pleasing to see that clarity is proposed around this area in the Bill.

I agree with the provisions of clause 57 in the Bill, however, clause 58 (c) should be re-worded to provide that an officer who has a conflict of interest may **NOT** take part in the discussion, unless the committee decides otherwise. This approach would be consistent with the tenor of clauses (a) and (b).

This approach would clearly indicate support the position that conflicted parties should not take part in discussions unless there are exceptional circumstances. This approach would also help those committees who have to deal with this issue when the conflicted party has a dominating personality.



Appeals from Registrar's decisions

Clause 187 (1) provides a time frame of 15 working days to appeal a decision of the Registrar, I would recommend that time frame be extended to 25 working days (approximately one month). My reasoning for this is that due to the voluntary nature of the organisations it could be unlikely that the committee could meet, seek advice and respond within the time frame proposed.

Stuart Burns is a Chartered Accountant and was previously the Chief Executive of the Rotorua Energy Charitable Trust and a Board member of Philanthropy New Zealand. He is currently a member of the CAANZ Not for Profit and Charities committee. He has been a committee member of several not for profit organisations.

