

Presented to the House of Representatives in accordance with Standing Order 272 J.17

Legislative Statement - Incorporated Societies Bill: First Reading

The purpose of the Incorporated Societies Bill is to replace the Incorporated Societies Act 1908 (the 1908 Act) with a modern, fit-for-purpose statute. In 2010, the Minister of Justice asked the Law Commission to undertake a review of the 1908 Act and the Commission made a number of recommendations in its final report of 2013. Cabinet subsequently agreed to replace the 1908 Act. By doing this, we make societies more robust, help them govern themselves and provide constructive options when things go wrong.

The Bill retains the best of the 1908 Act, codifies case law to make it more accessible, and fills in gaps where the 1908 Act and case law are underdeveloped. The regime it creates will differ from the current rules in the following key ways:

- the Bill reduces the minimum number of society members from 15 to 10,
- the inclusion of six officers' duties that are modelled on directors' duties in the Companies Act 1993,
- societies must include procedures in their constitutions for resolving disputes,
- with some limited exceptions for smaller organisations, societies must prepare their financial statements in accordance with accounting standards issued by the External Reporting Board.

The 24,000 or so societies registered under the current regime will, once the Bill is adopted, need to actively request re-registration under the new regime. They will have four years from the enactment of the Bill to do so.

The Bill has been an ongoing project since 2015, however due to ongoing government priorities, the process for introduction of the Bill has been prolonged. While this delay has been necessary, it has placed societies in the position of needing to decide whether to spend modernising their rules now, knowing that the legislative requirements they will need to comply with will change. The Bill has received a positive reaction from stakeholders who are eagerly awaiting the introduction of the Bill to understand their long-term legal obligations.