



Takapuna Hockey Constitution Update

**Changes to constitution and processes required due to
Incorporated Societies Act 2022**

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Executive Summary

The purpose of this document is to provide an overview to the committee of the changes to the Incorporated Societies Act and how this might impact Takapuna Hockey Club's Constitution, and to identify the next steps for the committee.

The new Incorporated Societies Act 2022 ("the New Act") was passed into law on 5 April 2022 and significantly changes the way incorporated societies are regulated in New Zealand.

New Zealand has an estimated 24,000 Incorporated Societies and the Companies Office believe the New Act will reduce this by half. The New Act replaces the Incorporated Societies Act 1908, modernising its legal, governance and enforcement settings.

The re-registration period began in October 2023 this has given organisations 3 ½ years to update their constitutions and processes with a final transition to be before April 2026. Existing incorporated societies will remain subject to the 1908 Act until they re-register and are encouraged to do this asap.

The current constitution of Takapuna Hockey Club was initially drafted in 1982 and subsequently amended in 2008 to incorporate a winding-up clause. However, this existing constitution fails to meet the stipulations outlined in the new 2022 Act. Consequently, Takapuna Hockey Club cannot be re-registered until the constitution is amended or re-drafted to align with the new requirements.



Plan

Steps

1. This report shared with committee
2. Timeline and next steps agreed by committee
3. New constitution drafted and presented to committee and key stakeholders
4. New constitution finalised
5. Ensure all club processes are aligned with 2022 Act
6. New constitution voted in at *Annual General Meeting* or *Special General Meeting*
7. Submit application to re-register

Key Dates

Recommended deadline to re-register society	12/2025
Any society that has not re-register will no longer exist as an incorporated society.	04/2026



Purpose of new Act

Part 1 Preliminary provisions

3 Purposes

The purposes of this Act are to—

- (a) provide for the incorporation of societies that are carried on for lawful purposes other than for the financial gain of any of their members; and
- (b) provide a legislative framework that promotes high-quality governance of societies; and
- (c) make the law of societies more accessible; and
- (d) recognise the principles that—
 - (i) societies are organisations with members who have the primary responsibility for holding the society to account; and
 - (ii) societies should operate in a manner that promotes the trust and confidence of their members; and
 - (iii) societies are private bodies that should be self-governing in accordance with their constitutions, any bylaws, and their own tikanga, kawa, culture, and practice, and should be free from inappropriate Government interference; and
 - (iv) societies should not distribute profits or similar financial benefits to their members.

2022 Act Key Changes

Key Changes

Existing societies will need to review their constitution to assess whether it needs to be updated to comply with the New Act ensuring they meet re-registration requirements. These include:

1. having a compliant constitution/rules
2. establishing a committee
3. developing and recording a dispute resolution process
4. complying with new financial reporting standards

1. Constitution

- There are a number of requirements which include:
- the name and purpose of the society
- the process for becoming a member and how membership ends
- amendment procedures, noting the different requirements
- information about committee members, the number of members on a committee, the functions and powers, the procedures for committee meetings (e.g. voting and quorums)
- details of 'officer' positions, appointment process, terms, and grounds for removal
- processes for managing and controlling the Society's finances
- appointment and replacement of the Society's contact person

2. Committee

Societies will be required to have a committee as its formal governing body. The committee must comprise at least three members with a designated point of contact. Those who serve on the committee must give consent to do so and this must be recorded. A member has the same stipulations as a director e.g. for example they can't be under 16 years of age, an undischarged bankrupt or convicted of a dishonesty offence.

The majority of committee members must be members of the society.

3. Dispute Resolution

The dispute resolution process in a society's constitution must address both disputes between the members of the Society and those between a member and the Society itself. A society can determine its own dispute resolution process so long as the process follows the rules of natural justice. The constitution must detail the formal process for filing complaints in relation

to any dispute and the process for dealing with complaints. It is mandatory for a society's constitution to have an explicit dispute resolution procedure to re-register under the New Act.

4. Financial Reporting

Societies must keep formal accounting records, file annual returns and prepare and file financial statements that comply with generally accepted accounting practices (also known as GAAP). The applicable accounting standards will depend on the size of the society. Annual returns and other information must be made available to members to improve accountability of officers (unless certain grounds for refusal apply).

Other changes

Membership - This has been reduced from 15 to 10 and members must provide consent with their details maintained, holding the minimum number of members required under the New Act

Conflicts of Interest – This is a new inclusion with the requirement that any member's interests must be disclosed, recorded and appropriately managed in the Society's interests register. Members with such a conflict cannot vote on a matter relating to the conflict without permission from the Committee.

Consent - Societies should develop clear processes to request and must have a record of a member's consent, the date on which they became a member and their contact details.

Officers' Duties – The New Act sets out six broadly expressed Officers' duties modelled on directors' duties in the Companies Act 1993 which are to:

- Act in good faith and in the best interests of the society
- Exercise powers for proper purposes only
- Comply with the Act and the constitution
- Exercise reasonable care and diligence
- Not create a substantial risk of serious loss to creditors
- Not incur an obligation the officer doesn't reasonably believe the society can perform

Current Constitution

Checklist of matters required to be in the constitution under section 26(1) of the Incorporated Societies Act 2022

Section 26(1)	Clause in Constitution
(a) the name of the society	Yes -
(b) the purposes of the society	Yes -
(c) how a person becomes a member of the society, including a requirement that a person must consent to be a member	Partially/ Outdated -
(d) how a person ceases to be a member of the society	Yes -
(e) arrangements for keeping the society's register of members up to date	No -
(f) the composition, roles, functions, powers, and procedures of the committee of the society	Yes -
(i) the number of members that must or may be on the committee (minimum of three; at least 51% of committee must be members or representatives of bodies corporate that are members, unless exemption in Incorporated Societies Regulations applies)	No -
(ii) the election or appointment of officers	Yes -
(iii) the terms of office of the officers	Yes -
(iv) the functions and powers of the committee	Yes -
(v) grounds for removal from office of officers	No -
(vi) how the chairperson (if any) will be elected or appointed and whether that person will have a casting vote if there is an equality of votes	Yes -
(vii) the quorum and procedure for committee meetings, including voting procedures	Partially/ Outdated -
(g) how the contact person or persons will be elected or appointed (minimum of one contact person, maximum of three)	No -
(h) how the society will control and manage its finances	Partially/ Outdated -
(i) the method by which the constitution may be amended	Yes -
(j) procedures for resolving disputes, including providing for how a complaint may be made (procedures must be consistent with rules of natural justice)	No -
(k) arrangements and requirements for general meetings (including for both AGMs and SGMs)	Yes -
(i) the intervals between annual general meetings (must be called not later than 6 months after the balance date and not later than 15 months after the previous AGM)	Partially/ Outdated -

Section 26(1)	Clause in Constitution
(ii) the information that must be presented at general meetings (annual report on operations and affairs of the organisation, financial statements, notice of the disclosures of any conflicts of interests made by officers)	Partially/ Outdated - except conflicts of interests register
(iii) when minutes are required to be kept	No -
(iv) the manner of calling general meetings	Yes -
(v) whether and, if so, how written resolutions may be passed in lieu of a general meeting for the purposes of section 89 of the Act	No -
(vi) the time within which, and manner in which, notices of general meetings and notices of motion must be notified	Yes -
(vii) the quorum and procedure for general meetings, including voting procedures (for example, whether votes may be cast by post or by electronic means), procedures for proxies (if any), and whether the quorum takes into account members present by proxy or casting postal votes or votes by electronic means	Partially/ Outdated -
(viii) the arrangements and requirements for special general meetings under section 64(3) of the Act (relating to if 50% or more committee members are prevented from voting on a matter in which they are interested in, a special general meeting must be called to consider and determine the matter) (unless that provision has been negated under section 67 of the Act)	No -
(l) the nomination of a not-for-profit entity, or a class or description of not-for-profit entities, to which any surplus assets of the society should be distributed on a liquidation of the society or on, or to enable, the removal of the society from the register	Yes -

Takapuna's Financial Requirements

All societies must, within 12 months, prepare and file with the Registrar annual financial statements. Financial statements must be prepared in accordance with standards issued by the External Reporting Board (XRB), unless the society is “small”. “Small” societies are those with total operating payments less than \$50,000 in each two preceding accounting periods; **and** total current assets less than \$50,000 at balance date for each of the two preceding periods; **and** are not a donee organisation as at the balance date.

Takapuna Hockey Club does not meet the definition of a “small” society as operating payments for the 2023 and 2022 accounting periods have been greater than \$50,000 (\$152k in 2023 and \$129k in 2022 per the annual financial statements). Therefore, once the club "re-registers" it will be required to follow the XRB standards.

XRB Not-for-Profit Reporting Standard requirements are set under four tiers, as follows:

XRB Not-for-Profit Reporting Standards



Tier	Criteria	Standards
1	"Public Accountability" or Total expenses greater than \$30 million	PBE Standards – Based on IPSAS
2	Total expenses less than \$30 million	PBE Standards with reduced disclosure requirements (RDR)
3	Total expenses less than \$2 million	Simple Format Reporting – Accrual
4	Total operating payments less than \$140,000	Simple Format Reporting – Cash

Under those standards the club would sit at Tier 3 as total expenses for 2023 were \$152k, i.e. >\$140k but less than \$2m.

Tier 3 allows for a simplified reporting format from tiers 1 and 2, with less technical language and a focus on common transactions. Additionally, accrual based accounting is required at tier 3, as is the preparation of the following reports:

- Statement of service performance - reports non-financial information about activities and objectives.
- Statement of financial performance - reports revenue and expenses, i.e. a profit and loss statement.

- Statement of financial position - reports assets, liabilities and accumulated funds, i.e. a balance sheet.
- Statement of cash flows - reports cash received and cash paid.
- Statement of accounting policies - details how the entity has done its accounting.
- Notes to the financial statements - provides more detailed information about key items.

The club currently follows a mostly cash-based accounting process throughout the year. However, the annual financial statements appear to be prepared on an accrual basis. The annual financial statements also include most of the above reports, with the exception of the Statement of service performance and a Statement of cash flows, so there would not need to be too much change to the layout or format of the annual financial statements other than including a Statement of cash flows. However, there is a need to tidy up monthly financial processes and accounting to ensure accrual accounting is being applied consistently and accurately throughout the year.

The biggest change would be the requirement to prepare a Statement of service performance, as this is a completely new report and will require wider input from the club officers and committee beyond the Treasurer role. Template performance reports and guidance are available to support in the preparation of this report, but the club will need to consider the timeline required to pull together the information necessary for this report and should begin the process to understand the purpose and content of this report sooner rather than later.

In addition to the reporting requirements, all societies with expenditure of \$3m or greater will be required to undergo an audit of their financial statements each year. The good news is that the club is well under this expenditure threshold and unlikely to exceed it in the near future, meaning there is little chance of the requirement for an annual financial audit becoming mandatory, as that would represent a reasonable cost to the club to have that done each year. An audit could still be commissioned voluntarily if the need was to arise though.



Committee Discussion and Decision Points

1. Timelines and Next Steps

- Determine a clear timeline for the implementation of changes.
- Establish specific next steps

2. Purpose and Objects of the Club

- Review the current purpose and objects of the club.
- Decide if these need to be updated to reflect the club's current goals and activities.

3. Roles of Officers

- **Role Descriptions**

- Define the responsibilities and duties of each position (Chairperson, Secretary, Treasurer, Club Captains, Committee Members).

- **Role Appointment and Term Lengths**

- Review and decide how these roles will be filled and the length of their terms (e.g., annually, biennially).
- Consider if the Treasurer should be appointed by the committee to align with the financial year.

- **Club Captains**

- Determine if Club Captains need to be elected to and sit on the committee.

- **Additional Roles**

- Evaluate if there are any new roles that need to be created or if existing roles need to be modified or formalised (e.g., a training coordinator or a dedicated grants officer).