

CONSTITUTIONS

THE RULES

The Incorporated Societies Act 1908 and Charitable Trust Act 1957, lays down a minimum number of points that must be covered on a society's rules. This is a minimum and you may want to expand the rules to cover all foreseeable circumstances.

The minimum requirements are printed below along with explanatory comments to help you make up a set of rules:

Rules of incorporated societies - (1)

The rules of a society shall state or provide for the following matters:

- **“The name of society, with addition of the word “Incorporated” as the last word in that name:”**
It is normal practice for the first rule to read “Rule 1: The name of this society is The Wellington Hot Air Society Incorporated.” Note that the word Incorporated must be in full.
- **“The objects for which the society is established:”**
This is a statement of the purpose and aims of the society. The objects should be as broad as possible to ensure that all the activities you may want to pursue now or in the future are covered. The objects are different from the power of a society. The powers allow a society to fulfill and carry out its objects)
- **“The modes in which persons become members of the society:”**
You must describe the way in which prospective members apply to join and who decides whether the application should be accepted.
- **“The modes in which persons cease to be members of the society:”**
Set down the ways in which members can resign or how they can have their membership terminated for such things as non-payment of subscriptions.
- **“The mode in which the rules of the society may be altered, added to, or rescinded:”**
As time passes and the membership changes some rules may become outdated or circumstances may arise which are not covered by the rules. To overcome such problems you must include a rule which describes when and how the rules can be altered etc.

- **“The mode of summoning and holding general meeting of the society, and of voting thereat:”**

There are three types of general meetings a society can hold. Annual general meetings, the regular (eg monthly) general meetings for the normal conduct of the society’s business and the special general meetings that are called as required to deal with special matters or topics. You must make rules to cover when the meetings will be held, how members are to be advised of the time and place of the meeting and how the meeting will be conducted ie chairperson, quorum, notices of motion, the type of voting to be used and how special general meetings may be called.

- **“The appointment of officers of the society:”**

You will need rules that specify what officers the society will have, e.g. president or chairperson, secretary, treasurer, how many committee members, and how they are to be elected.

- **“The control and use of the common seal of the society:”**

The common seal is a rubber stamp used on documents issued in the name of the society to show they are valid. As the seal is a very valuable item, it must be kept in the custody of a responsible person at all times (e.g. the secretary) and used only as authorised. There must be a rule which says who will have control of the seal and details the circumstances in which it can be used.

- **“The control and investment of the funds of the society:”**

Rules are required that specify how money is to be handled, i.e. who will receive it, write receipts, open and operate bank accounts, write cheques and make payments. If you wish to invest surplus funds, rules will be required to make investments and to specify what types of investments are permitted.

- **“The powers (if any) of the society to borrow money:”**

If you envisage ever having to borrow money, you must have a rule outlining the procedure for authorising the loan, eg by resolution passed at an annual general meeting. (*A word of warning - check to see if the purpose for which you want the money is permitted in your constitution or Trust Deed.*)

- **“The disposition of the property of the society in the event of the winding up of the society:”**

When a society comes to the end of its existence it is wound up and any surplus assets are available for disposal. A rule that states who or what is to receive the surplus, or makes provision for this decision to be made at a later date, e.g. at the time of winding up is required.

It is possible for the surplus to be given to one or more societies, possibly with similar objectives or activities, a parent body or even divided up amongst those members remaining at the time of winding up.

- **“Such other matters as the Registrar may require to be provided for in any particular instance:”**

If the Registrar feels that rules as presented are not adequate, even if all the above points are included, he or she can require additions or alterations to be made before the society can be incorporated.

CHARITABLE STATUS

“Tax legislation encourages charitable purpose in the following ways:

- by allowing a tax rebate or deduction for donations to approved donating organisations,
- by granting income tax and stamp duty exemptions to approved charities, and
- by exempting certain gifts to approved charities from stamp, gift and estate duties.

DEFINITION OF ‘CHARITABLE PURPOSE’

Under the 1957 Act

- Supplying the physical wants of sick, destitute, poor or helpless persons and general relief of poverty.
- The advancement of education.
- Reformation of offenders, prostitutes, drunkards or drug addicts.
- Employment and care of discharged offenders.
- Provision of religious instruction.
- Support of libraries, reading rooms, lectures and classes of instruction.
- Promotion of sport and recreation.
- Contribution towards losses by fire and other inevitable accidents.
- Encouragement of skill, industry and thrift.
- Rewards of courage.
- Repair and maintenance of buildings owned or used for charitable purpose.

COMMON SEAL

Once you have prepared your constitution, you will need a “common Seal” which is a stamp, which must accompany nominated signatures on official documents. This stamp will be needed when the Constitution is signed and should then be kept at the registered office of the organisation.

FURTHER READING

A useful publication for charitable organisations is IR255.

If you would like a list of our other community resources, or to be put on our mailing list, contact us at:



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