

## EXPLANATORY NOTES TO PROPOSED NEW CONSTITUTION 2025

Incorporated Societies Act 2022 introduces new requirements for societies to have a minimum number of members, have a governing body, define an officer and their duties maintain an interests register, hold an AGM in a designated time period, file financial statements and an annual return with the Registrar, provide an annual report to members, have a membership application process including consent and keeping a register of members, have a conflict-of-interest process, appoint a contact person, have a disputes procedure, have a distribution of surplus assets after winding up clause, and details criminalised offences for egregious conduct.

For key changes to the legislation, please see <https://is-register.companiesoffice.govt.nz/law-changes-for-societies/key-changes/>

Section of proposed HKNZ Constitution	Section number in current HKNZ Constitution	Section of Incorporated Societies Act 2022	Content in proposed new section of the HKNZ Constitution
1 Definitions and Interpretation	2	Various	Defines terms used elsewhere in the Constitution for clarity and consistency.
2 Name of the Society	1	26	Sets out the registered, legal name of the Society, Heart Kids New Zealand Incorporated.
3 Purposes and Powers	3,4,9,10	26	Details the purpose of the Society. The purpose of Heart Kids remains the same, with no changes to the organisational purpose proposed. The section on powers provides for the widest possible powers to further the organisational purpose. This section is largely unchanged from the current Constitution.

4 Members	5	74-79	<p>This section details how a person can become a Member of the Society and sets out the categories of membership and the requirements pertaining to the register of members.</p> <p>Key changes under the legislation:</p> <ul style="list-style-type: none"> <li>• A person must apply and consent in writing to becoming a Member.</li> <li>• There must be at least 10 members of the Society.</li> </ul>
5 Subscription Fees and Levies	5	38-44	<p>An annual Subscription Fee may be fixed from time to time by the Board – no change from the current Constitution.</p>
6 Termination of Membership	5	26	<p>By Special Resolution, the Board may suspend or impose conditions on any member under this section. This section has been broadened to include failure to comply with the Constitution or any associated regulations, death, bankruptcy, an adverse finding after a dispute resolution process, and convictions for Category 3 or 4 offence under the Criminal Procedure Act 2011, or a member is imprisoned.</p> <p>This section also sets out the investigative process that must occur.</p>
7 Branches	6		<p>The Branches are groups of Members approved by the Board to undertake fundraising and support activities for Heart Kids within their specified locations. Branches must hold a certificate of affiliation i.e. they are not a separate entity.</p>
8 The Board	7	47-61	<p>The Board is responsible for overseeing and managing the Society and its operations. The composition of the Board remains unchanged from i.e. there must be six Category 1 members (Heart Children / Parents of Heart Children) and between one and four other persons co-opted to the Board.</p> <p>This section sets out the process for the appointment of Officers, Vacancies, Term of appointment, and the duties owed by Officers.</p>

9 Board Meetings	7	45-46	This section sets out the procedure for how a Board meeting is called, the quorum requirements, voting, decisions made, minutes, and other procedural matters.
10 General Meetings	14	86, 64(3)	General meetings are held annually. This sections outlines the procedures and business that will be conducted at each annual meeting, including how and when a notice of meeting will be provided. It specifies the procedures for calling and holding a general meeting, covering aspects such as timing, required information, quorum, minutes, quorum and other procedural matters. Additionally, this section details the procedure for calling and holding a Special Meeting.
11 Conflicts of Interest	7	62	The Board must maintain an Interests Register. Officers must disclose any interests to the Heart Kid's Board and cannot participate in decisions or sign documents related to any matter they have an interest in.
12 Finances	13	26(1) (h), 99-109	The Finance section sets out how Heart Kids will control and manage its finances. This includes the control and management of bank accounts, funds received, preparation and presentation of the financial statements and the appointment of an auditor.
13 Indemnity and Insurance	7	94-98	Heart Kids indemnifies it's Board members, Members and employees for liability arising in connection with their role as an Officer, Member or employee. Indemnity does not apply to criminal liability of liability incurred as a result of a lack of good faith and not in the best interests of the society. Heart Kids may take out indemnity insurance for this purpose.
14 Rules and Regulations	15	9,28, Charities Act	This section allows for the creation of regulations, bylaws and policies, provided that these are not inconsistent with the Constitution. This section also details how the Constitution may be amended – an 80% majority of Category 1 and Category 2 members is required at a General Meeting.

			The Board will review its governance procedures at least every 3 years to ensure they are fit for purpose and assist the Society to achieve its charitable purpose and comply with the law.
15 Use of Name and Trade Marks	8		Branches are permitted to use the name Heart Kids and the trademarks/branding in accordance with the Society's policies.
16 Method of Contracting	12	123-124	This section sets out how the Society may enter into contracts.
17 Contact Person	-	112-116	The new law requires Heart Kids to have a nominated contact person. The contact persons are the Board Chair and CE
18 Registered Office	11	110-111	The Society must have a registered office, to be determined by the Board.
19 Notices	-	26(1) (k)	This section sets out the requirements for all Notice to be in writing. Notices may be served by email to Members or to Heart Kids via the Board Secretary.
20 Dispute Resolution	-	26(1)(j), 38-44	The new legislation requires the Constitution to contain procedures for how to make a complaint, investigating a complaint, making a determination, and resolving dispute.
21 Winding up	16	216	Heart Kids may be wound up in accordance with the procedures set out in this section. If Heart Kids is liquidated, any surplus assets will be transferred to a not for profit entity or entities that have a similar purpose to those of Heart Kids, as chosen by the Members. Surplus assets cannot be distributed to members.