



# COMMUNITY SPORTS CLUBS ARE NOT COMPANIES



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**And community sport volunteers are not company directors. Yet the Incorporated Societies Act 2022 and the Incorporated Society Regulations 2023 place new obligations on volunteers equivalent to those placed on directors of public companies.**

**For example, under section 47 of the new Act, those who volunteer to undertake statutory governance roles with a local incorporated sports club are required to make a similar declaration concerning their qualification to act in their role, as would be made by the director of a public company.**

Today, the Minister for Commerce and Consumer Affairs has announced moves to encourage more New Zealanders to step forward to undertake governance roles for publicly listed companies by proposing to lift some of the regulatory burden associated with being a company director, noting that “company directors are a crucial part of the puzzle when it comes to growing the economy and creating wealth for New Zealanders.”

Meanwhile, for community sport volunteers, the opposite is happening, with the new Incorporated Societies legislation and regulations acting as a disincentive to many who would otherwise support the governance of their local sport club. The Association notes that “club volunteers are crucial for growing our national physical and social well-being.”

Based on preliminary data from the 2024 National Sport Club Survey, it is estimated that thousands of incorporated community sport organisations will not re-register under the new Act, with less than half of survey respondents agreeing with the statement that “overall, the legal and compliance framework for incorporated community sport organisations is “fit for purpose”, (i.e., straightforward and easy to comply with)”. Of those who are considering re-registering, only 4% say they know what to do.

While the Minister is seeking to support the future state of capital markets, the Association’s fear of an extinction event for incorporated community sport organisations grows by the day. We encourage the Minister to support the Association’s call for a review of the regulatory obligations impacting our community sport volunteers.

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