

Introduction

Clubs that have reregistered under the new Incorporated Societies Act 2022 (the Act) must keep an Interests Register, which records actual, potential, or perceived conflicts of interest. Officers (committee/board members and others with significant influence) have a duty to disclose conflicts of interest to the committee*.

Identifying and managing conflicts of interest can prevent larger issues from arising and ensure that decisions are fair and impartial and made in the best interest of the club. Conflicts of interest are a common cause of disputes and governance issues for clubs. Being clear about any conflicts from the outset is good practice.

The [SLSNZ Club Constitution template](#) includes requirements for maintaining an Interests Register and managing conflicts of interest as required under the Act.

We recommend that clubs that have yet to reregister under the Act with a new constitution also start and maintain an Interest Register in preparation for reregistering.

*committee refers to your governing body, which may also be called a board.

What is a Conflict of Interest?

If a person has an interest in the outcome of a decision and has some influence or ability to affect the decision, a conflict of interest may exist. Their interest could be financial or personal.

A conflict of interest may be an actual conflict, a potential conflict or a perceived conflict:

1. **Actual:** the conflict already exists
2. **Potential:** the conflict will, or could, happen in the future
3. **Perceived:** a neutral person outside of the situation could interpret the circumstances as a conflict of interest.

How do we know there is a conflict?

New Zealand is a small country, and it is not unusual for people to have wide relationships, including social, business, and family, within their club and wider community. These relationships do not automatically mean there is a conflict of interest and should not stop a person from taking on a role in their club or making decisions in their role.

Disclosing a conflict of interest simply flags a situation that may need steps to manage any risks.

The question to be asked is, “Did or could that person use their position to gain an unfair benefit or advantage, or could other people call their ability to be impartial and fair into question”? If so, the situation needs to be managed to avoid that risk.

A conflict might arise from:

- family, professional or personal relationships
- interest in businesses that provide paid services to the club
- interests in trusts
- interests in other groups or organisations
- acceptance of gifts or other benefits

Club Examples

Below are examples of common situations in a surf life saving club where there may be a conflict of interest.

1. A committee member's family member is being considered for selection of an award or is a paid or contracted employee of the club.
2. A committee member's business wants to provide paid services to the club, such as building or accounting.
3. A committee member's business sponsors the club.
4. A committee member is the Principal of a school where the club uses the school's swimming pool for training.
5. A committee member has access to confidential information that could impact a club's decision, e.g. is an employee or contractor to SLSNZ or is on a community funding trust.
6. A member has lodged a complaint with the committee, and their partner is a committee member.
7. A coach is selecting teams that their children are eligible for.
8. A coach has a financial or family relationship with a company that produces surf equipment, which they recommend that the club purchase.

Duty to Disclose

Under the new Act, officers have a duty to disclose any conflicts of interest to your club's committee. They must make this disclosure as soon as they become aware they have an actual, perceived, or potential conflict of interest in any matter being considered by the committee.

Officers have a legal duty to act in the best interests of their club and should be especially mindful of their conflicts and how to identify and manage them.

How to manage Conflicts of Interest

The best practice for handling conflicts is to identify, declare, and manage conflicts of interest.



Identify



Declare



Manage

Step 1: Identify

Use a “What would a reasonable person think?” test to identify any actual, potential or perceived conflicts of interest.

Conflicts of Interest can be ongoing, e.g., a committee member is also a paid club coach, or they relate to an agenda item that is being discussed at a meeting, e.g., who to award a lifeguard training scholarship to.

Best practice is for the Interests Register to be the first agenda item at every committee meeting where the chair asks committee members to declare:

- any new or updated interests; and
- any conflicts relevant to that meeting's agenda

Include a copy of the updated Interests Register with the agenda papers.

Step 2: Declare

If in doubt, declare it.

When a person is appointed to the committee or a role, they complete an Interests Disclosure Form (see Appendix 2), noting any actual or potential conflicts of interest relevant to their role. Relevant conflicts are recorded in an Interests Register (see Appendix 3) and are updated at each meeting.

Any conflicts relevant to a meeting's agenda item are declared at the start of that meeting and recorded in the Interests Register.

Step 3: Manage

The committee must consider whether any of the conflicts identified affect the decision being made and, if so, decide how to manage the conflict in the best interests of the club.

The rules in the club constitution template provide for when an Interested Member (person with the conflict) can vote or take part in a discussion about a matter. The interested Member:

- Is counted for the purpose of determining a quorum.
- may take part in any discussion relating to the matter and be present at the time of the decision unless the Committee decides otherwise; but
- must not vote or take part in the decision or sign any document relating to the matter unless all members of the Committee who are not interested in the matter consent;

If 50% or more of the officers are prevented from voting on a matter because they have a conflict of interest, the committee must call an SGM (Special General Meeting) to consider and vote on the matter.

Where a conflict of interest is serious, it may be managed by:

- not proceeding with the action;
- proceeding in a different way so the conflict does not arise;
- using independent decision-makers; or
- the person resigning from the committee/role.

Decisions about managing conflicts of interest must be recorded in the meeting minutes and Interests Register.

Family Relationships

Section 62 of the Act (and the Club Constitution) lists the following family members that may cause a conflict for a member as:

- spouse, civil union partner, de facto partner, child, parent, grandparent, grandchild, sibling, nephew, niece, uncle, aunt, or first cousin

Interests Register

The Act requires clubs to maintain an Interests Register where the committee keeps a record of an officer's interests and ensures those involved in running a society are aware of them.

Your committee must present to members at the AGM any disclosures of interests made by its officers during that period.

Outside of an AGM, your committee may also be required to notify your members if:

- an officer did not disclose an interest; or
- an officer with an undisclosed interest voted or took part in a decision or signed documents despite having no interest.

Disclosing Related Party Transactions in Annual Report

Charities Services and the External Reporting Board Standards require that Tier 3 and 4 charities (which apply to most clubs) disclose related party transactions in their annual performance report.

A related party transaction is a transfer of money, goods, or services between a charity and those who are closely associated with and have the ability to influence the charity. This includes normal business transactions as well as transactions below market price (including the provision of free goods or services).

Examples of related party transactions may include (depending on the significance):

- the Treasurer's accounting firm prepares their annual accounts at market price;
- a committee member's firm provides free or discounted plumbing services; or
- the Chair's spouse is paid as the club administrator.

The [Charities Services](#) and [XRB](#) have more information about reporting related party transactions, and templates for inclusion for Tier 3 and 4 charities.

Check with your club's accountant or auditor on how to handle the disclosure of related party transactions in your annual report.

Club Conflicts of Interest Policy Template

The Club Conflicts of Interest Policy template in Appendix 1 provides clubs with a policy to:

- ensure that decisions made are in the best interest of the Club;
- support people to identify actual, potential or perceived conflicts of interest;
- give guidance for identifying, recording and managing conflicts;
- make sure the approach taken to manage conflicts is fair, transparent, consistent; and complies with the Club's Constitution and the Incorporated Societies Act 2022.

Where the policy refers to 'Committee' it is referring to the club's governing body and this can be replaced with Board where relevant.

Summary Club Actions

- Ensure all committee members, and other significant roles, are aware of the Conflicts of Interest toolkit including this guidance document.
- Ask all committee members and members in other relevant roles to complete an Interests Disclosure Form (Appendix 2) after being elected/appointed
- Create an Interests Register (Appendix 3) listing all the interests disclosed and record the action agreed
- The committee discusses each disclosure and determines whether a conflict exists and, if so, how to manage it.
- Include the Interest Register as the first item on each meeting agenda and an updated register with the agenda papers.
- At the start of each meeting, ask if there are any new or updated interests or conflicts relevant to that meeting's agenda.
- Present a summary of interests disclosed to members at the AGM.

Further Information

This paper has been developed with information from the following resources:

[Incorporated Societies Register](#)

[Charities Service](#)

[Sport NZ](#)

Appendices

- Appendix 1: Club Template – Conflicts of Interest Policy
- Appendix 2: Club Template – Interests Disclosure Form
- Appendix 3: Club Template – Interests Register