

New Zealand Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of New Zealand's national cooperative legal framework, based on the work of national legal expert and ICA member input.

New Zealand doesn't have a single constitutional document but a collection of legal documents coming together to make an uncodified constitution, which carries no special recognition or protection to cooperatives. This legal framework analysis of New Zealand specifically covers the Co-operative Companies Act 1996 and the Industrial Provident Societies Act 1908.

Main Regulations:

Co-operative Companies Act, 1996
Industrial and Provident Societies Act, 1908
Building Societies Act, 1965
Incorporated Societies Act, 1908
Friendly Societies and Credit Unions Act 1982

Except for financial cooperatives which have their own legislation (Friendly Societies and Credit Unions Act 1982), New Zealand's cooperative legal framework does not make specific provision for different types of cooperatives. However, laws mentioned above provide ample flexibility to accommodate types of cooperatives.

The New Zealand's cooperative legal framework includes general and specific application of some of the cooperative principles.

Cooperative Friendliness: The Co-operative Companies Act, 1996 is more cooperative friendly than not because it has been tailored to meet the specific requirements of the dairy industry which is the largest industry in the cooperative sector, and the law doesn't itself encourages compliance with the cooperative principles but rather leaves it to the by-laws of cooperatives registered under the act. The Industrial and Provident Societies Act, 1908 is also more cooperative friendly than not because it requires the registrar to determine if the organisation seeking to register is a bone fide cooperative. It is an archaic law, which is otherwise flexible but leaves it to the bylaws of a cooperative to set out its adherence to cooperative principles.

Key recommendations for improvement: National expert has recommended the replacement of the Industrial and Provident Societies Act, 1908 with a new legislation for cooperative and community benefit associations. To also include a provision in Co-operative Companies Act, 1996 and Industrial and Provident Societies Act, 1908 which allows cooperative companies to adopt accounting standards that are tailored for cooperatives. Co-operative Companies Act, 1996 to also adopt a mandatory cooperative governance code.

Conclusions: The history and development of cooperative law in New Zealand is unique, however recently due to global competition, volatile markets, etc. signs of cracks have emerged in New Zealand's flexible approach to the cooperative business model.

