

Creating a Formal Structure for your Organisation

The structure of your organisation can make a difference to your credibility and accountability and may give you access to a wider range of grants, donations, contracts and loans. There are many advantages to having a formal organisational structure, including:

- having a formal document such as a constitution, setting out what the group does and how it will do it
- access to a wider range of grants, donations, contracts and loans
- better credibility and accountability
- the possibility of applying for charitable status, and so benefiting from exemptions from income tax, resident withholding tax and gift duty
- prevention of people being personally liable for the group's debts.

If you decide to create a formal structure you will then need to consider whether you are required to have a constitution or rules setting out what the organisation does and how it will do it.

Writing your constitution or rules can seem like a daunting prospect. However, there is a lot of help on the internet as to what needs to be included and how the document needs to be worded. Whether you have a constitution, or a set of rules, will depend on how you are structuring your organisation.

Below are some sites that provide advice and guidance about establishing formal organisational structures. There are other examples available on the internet that you can use to compose your own set of rules or constitution.

- [Charities Services – Charitable purpose and your rules](#)
- [Incorporated Societies – Rules of incorporated societies](#)

Most organisations register as either a charity with the Charities Services or as an Incorporated Society.

Charities Services

Before registering with the Charities Services, you will need to define many aspects of your organisation.

The [Charities Services](#) has a helpful website which lists what you need to know before you start the process of registration. One excellent resource is the Community Resource Kit. The [Community Resource Kit](#) is an in-depth resource from Community

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Net Aotearoa. It is a guide to setting up and running community groups in New Zealand. It is for community, voluntary and iwi/Māori organisations, from small or emerging groups to more established organisations, and for all the workers, volunteers and advisors working with these groups.

Incorporated Societies

The [Incorporated Societies](#) is the second most popular organisational structure for New Zealand not-for-profit organisations, and their website gives details on the procedures you need to follow. An incorporated society:

- has a set of rules that governs the way the organisation operates
- has a minimum of 15 individuals or five corporate bodies such as other societies, charitable trusts or companies (each corporate body counts as three individuals), or a mix of both
- can make profits and employ people, but may not distribute profits to members
- has its income taxed although it may be eligible for a range of tax exemptions.