

Haemata Haepapa | Directors' duties and liabilities

TERMS OF REFERENCE

Scope of the review

Te Aka Matua o te Ture | Law Commission will review the law concerning company directors' duties and liabilities. The review will address two areas.

1. *The directors' duty provisions under the Companies Act 1993*

The Companies Act 1993 sets out general duties that apply to company directors. These provisions have never been comprehensively reviewed. Recently, the courts have highlighted issues with them. The Law Commission will review these duties, with a particular focus on the duties under sections 131 to 145. The Commission will also consider the associated liabilities and issues of enforcement.

2. *The principles that should govern company directors' duties and liabilities in other legislation.*

A broad range of legislation imposes duties on company directors and exposes them to potential liability. The development of this legislation has occurred piecemeal. The duties are framed in a variety of ways and the nature of the liabilities differs. The Law Commission will consider whether, and if so how, directors' statutory duties and liabilities might be approached in a more consistent and principled manner in future legislative reform.

Process and timing

The Law Commission intends to consult publicly in 2026.

The Law Commission intends to submit its report to the Minister responsible for the Law Commission in 2027.