



Sector Group Report

On Wednesday 18 June 2025, members of Charities Sector Group (the Group) met with Charities Services and other agencies to discuss points of interest to the charitable sector and Charities Services. The meeting was held online and in person. Below is a summary of the meeting:

Charities Services update

The Director of Charities Services provided an update on Charities Services and the wider Department, including:

- Amendments to the Charities Act 2005 have been implemented, including expanding the Charities Registration Board from 3 to 5 members, introducing objections meetings, broadening the definition of "officer," and updating charity forms. The larger Board has enabled more robust discussions, and the first objections meeting has taken place.
- Phase one of the Fiscal Sustainability Programme is complete. Charities Services has joined the Regulatory Services Group in the newly formed Regulatory and Identity Services Branch, creating better access to enabling services and communities of practice in regulation. Rachel Leota has been appointed Deputy Secretary of the Regulatory and Identity Services Branch.
- Phase two of the Fiscal Sustainability Programme is underway, with decisions being announced Tuesday 24 June 2025. Charities Services anticipates impacts, including a likely reduction in staffing levels.
- The combined tier four reporting form (launched in April 2024) is currently unavailable. The form needed some amendments and Charities Services decided to withdraw and improve it. A new, streamlined form will be available from September 2025.
- Registration delays have been increasing. We have had a sharp increase in overall application numbers along with increasing complexity of applications, putting pressure on our capacity. We have been exploring the use of automation to streamline registration application process where feasible.
- We have had high engagement in our online events. Over the last 6 months 5,000 people have attended our webinars and over 14,000 have viewed these online.
- Charities Services is refreshing its internal strategic direction as part of Regulatory Services. The focus is on increasing public trust and confidence in the sector, including protecting the integrity of the register, improving compliance, and promoting effective use of charitable resources.

- In the coming two quarters we are looking at finalising our stakeholder engagement plan, finalising our fundholding strategy, finalising phase two of the FSP, recruiting a Manager Regulatory and a delivering data project.

Concerns were raised by the group about Charities Services resourcing through the upcoming changes, highlighting the need to educate and inform the wider public as well as the charitable sector. Members reminded Charities Services that many of their groups have resources that can be helpful to charities and Charities Services.

Introduction to the Charities Registration Board

Members of the Charities Registration Board (the Board) joined the meeting. The Chair provided an update on the Board membership, acknowledging the work of Bev Gatenby and Loretta Lovell whose terms of appointment have recently ended, and the four new members who have joined the Board since November. The terms for the Chair and one other member are set to conclude later this year.

The focus of the Board has been the new objections meetings process. This process allows charities to object to intended decisions made by the Board or the Department. These decisions may be related to registration, removal from the register or the disqualification of an officer. The Board has been working with Charities Services around policies and procedures and the operation of these meetings. The first objections meeting was held in May.

The Board has been engaging with the Minister for the Community and Voluntary sector. The discussion with the Minister included the recent Inland Revenue (IR) consultation regarding proposed taxation changes, resourcing and constraints of the Board and the Department and the current delegations arrangements.

Sector Group members welcomed the Board's engagement with the Minister and raised concerns about potential disruption from the IR consultation, as well as sector-wide concerns about resourcing for Charities Services and the public sector.

Themes within the charitable sector were discussed, particularly sector concerns that the current regulatory framework is no longer fit for purpose, specifically the definition of "charitable purpose" as outlined in existing legislation. This is largely based on UK law and does not adequately reflect the contemporary New Zealand context.

Tax policy

Inland Revenue provided an update on the *Taxation and the not-for-profit sector* consultation which took place in March 2025. 900 submissions were received and are yet to be published. The broad themes have been provided to the Minister of Finance Nicola Willis and Minister of Revenue Simon Watts. Final reports to be provided later in the year. The reports will cover the following:

- Donor controlled charities and donor advised funds

- Charitable business income
- Broader not-for-profits that are taxable
- Old exemptions that are not fit for purpose
- Simplification proposals

There will potentially be further public consultation on the design of the policy. The group noted the consultation fatigue felt in the sector and noted targeted consultation with peak groups may be more productive reaching smaller groups.

Policy team update - Department of Internal Affairs

Representatives from the Department's Policy Team gave an update on their work relating to charities. The team is preparing advice for the Minister for the Community and Voluntary Sector, Louise Upston, on ways to grow and sustain philanthropic giving.

This work is driven by New Zealand's changing demographics, particularly the significant intergenerational transfer of wealth expected over the next 25 years. Estimates suggest that between \$1.1 trillion and \$1.6 trillion in assets will be passed to the next generation. There is growing interest in increasing charitable bequests through wills, following trends seen in Ireland, Australia, and the UK.

The project is still in its early stages.

Scoping investment advice for charities- Financial Markets Authority

Staff from the Financial Markets Authority (FMA) joined the meeting to gather insights in as part of a proposed project focused on the charitable sector. The aim is to assess whether charities are receiving appropriate financial advice and have access to suitable investment products.

Other business

The group discussed operational matters including changes to the Co-Chair's terms and conditions and the meeting agenda format.

The Charities Services co-chair noted the evolving context in which Charities Services operates as the regulator of the charitable sector. Members of the Group suggested that changes to the operating context may require a review of the purpose and style of the Group.