



Sector Group Report

On 18 November 2025, members of Charities Services' Charities Sector Group met with Charities Services and other agencies to discuss points of interest to the charitable sector. The meeting was held online. Below is a summary of the meeting.

Sector Group only discussion

Charities Sector Group meetings often begin with a sector-only discussion. The Sector Co-Chair then summarises and presents key points to the full meeting. Sector members held a pre-meeting, and part of the sector only time was used to update those who could not attend the pre-meeting. The group's concerns were around IRD and their use of targeted consultation. There is concern that the tax issues affect providers to charities like Housing NZ. Concern about public trust and confidence in the charitable sector is being affected by high profile charities that have a high presence in the media. The group noted that Charities Services has not run a 'Public trust and Confidence' survey in a long time.

Follow up from previous meeting

The group charter has been updated and signed by both the sector co-chair and the Charities Services co-chair.

Charities Services update.

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

- Charities Services' key priority until 2028 is to build public trust and confidence in the charitable sector. To do this, we are focusing on three things: keeping the charities register accurate and reliable, helping charities use their resources effectively, and making sure rules are followed through strong oversight.
- There is increased scrutiny on the sector.
- Charities Services is positioning itself to be a more responsive regulator. The team is currently focused on several key projects to strengthen processes and engagement. These include a comprehensive review of the registration process to address challenges with high volumes and poor-quality applications, and the development and launch of a new audit program scheduled for 2026. Efforts are also underway to enhance monitoring of annual reporting to ensure compliance and transparency.

- Completion of the sector engagement plan is a priority to improve collaboration and communication. A significant focus is being placed on engagement with Māori and kaupapa Māori charities, anchored in Te Tiriti and fostering meaningful relationships.
- The Minister for Community and Voluntary Sector continues to have a high interest in our sector and the potential for support through increased philanthropic giving.
- Charities Services has reminded the Sector Group about that advocacy of political parties is not allowed under the Act. This will be particularly important to remember in 2026, an election year.
- In the future Charities Services is going to be a more visible regulator, proactively sharing decisions with the media and on our website.
- Charities Services has had a challenging year of change and has carried vacancies for many roles. We have had to prioritise carefully to ensure our core functions continue.

Registrations update

There has been a significant increase in registration applications, and many of these submissions are of low quality. The average processing time is currently around 20 weeks, and it takes even longer for incomplete applications.

Several issues have been identified, including entities submitting applications without having a proper legal structure and the rise of AI-generated generic applications.

To address these challenges, planned improvements include providing clearer guidance for applicants and introducing a triage system to reject incomplete applications earlier.

An update from Inland Revenue

The Government has confirmed that it will not proceed with taxing charitable businesses. Targeted consultation is currently under way on several areas, including donor-controlled charities, taxable not-for-profits (such as raising the threshold from \$1,000 to \$10,000), and donation tax credit simplifications (for example, allowing refunds during the year).

The repeal of an income tax exemption for local and regional promotion bodies has been confirmed. Treaty considerations are being included in the consultation process. An Omnibus Bill is expected in August 2026.

Growing philanthropic giving

The Department's Policy group has spoken with more than 50 individuals and groups focussing on philanthropic giving. Key themes from conversations with stakeholders include an understanding that giving is broader than simply financial contributions but encompasses the giving of time, knowledge, and care, data on giving is currently fragmented and could be improved, and there is a lack of professional development opportunities in the sector.

Stakeholders also talked about the future of giving including current generational shifts, with younger donors showing a preference for casual volunteering and advocacy through social media. Equity in the distribution of resources and cultural considerations, particularly from Māori and Pacific perspectives, were highlighted as important factors.

The next steps for growing philanthropic giving include developing concrete actions with ministerial decisions likely in early 2026.

Incorporated Societies – progress to meet new requirements

The deadline for reregistration under the new Incorporated Societies Act is 5 April 2026.

Charities Services surveyed over 3,000 charities that had not taken action by 1 November 2026 to understand their intentions. The survey received a 10% response rate. Key findings were:

- 86% of respondents intend to re-register.
- 19% have not yet started the process.
- 6% plan to change their legal structure.
- 3% intend to deregister and wind up.
- 5% either have no plan or do not intend to take any action.

As 90% of charities did not respond, it is likely that non-respondents are less inclined to take action.

There is a significant risk that societies may fail to comply, which could lead to legal and operational issues. Charities Services is working to process a large number of notices of change as charities respond to the new Incorporated Societies Act (2022), with approximately 3,000 already processed.

Members' feedback

Sector Group members highlighted the importance of the independence of charities as a key driver of public trust. They flagged concerns about foreign interference risks within the sector. There was also an emphasis on the need for better sector data, and a stronger evidence base to inform decision-making. In addition, advocacy boundaries during the election year were clarified to ensure compliance and transparency.