

Update

INTERNAL AFFAIRS



Te Tari Taiwhenua

Charities Services
Ngā Ratonga Kaupapa Atawhai

July - August 2013

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Earthquake postpones Greenpeace hearing



Hello everyone

Well, the month of July has ended up rather unexpectedly for us Wellingtonians ... with the swarm of quakes keeping us on-edge. Our hearts have gone out, once again, to the Cantabrians that endured so much in the 2010 earthquake and aftermath. One member of our staff lived through the aftershocks for a year in Christchurch, only to be working up here now, and is providing us tips!

Damaged fittings in the Supreme Court led to the Greenpeace case being postponed to this month, 1 August. As many of you know, Greenpeace is appealing the decision declining its charitable status. (The organisation's education arm, the [Greenpeace Educational Trust](#), is registered as a charity.) The outcome of the Supreme Court case is not expected for some months, but it is a decision we await with interest.

Here at the Department of Internal Affairs we have created a series of videos to help communities understand services that are available to them. I've been 'captured' talking about what Charities Services does. To see for yourself go to: www.charities.govt.nz/news/supporting-communities/

There are a number of reviews underway that will affect parts of the charitable sector. Please take the time to read about possible tax changes for deregistered charities being considered by Inland Revenue, and the call for submissions from the Financial Markets Authority and the Reserve Bank.

I would also like to encourage you to consider taking part in Money Week in September. This is a great opportunity for everybody to give their organisation and their own affairs a financial 'tune-up'.

All the best



Brendon Ward
General Manager, Charities Services



Money Week is a great community initiative that I encourage everybody to get behind.

Held in the first week of September, Money Week is the perfect opportunity to give your organisation, and yourselves, a financial health check.

Money Week was launched last year, and is now an annual opportunity through which the Commission for Financial Literacy and Retirement Income (CFLRI) actively encourages New Zealanders to become more financially literate, active managers of their money.

Why not use Money Week as a time to 'tune-up' or 'spring clean' your organisation's money situation? How are your accounts looking? Is your organisation earning the most interest it could be? Have you reconciled your accounts for the last quarter?

If you are an organisation that employs unpaid or paid staff, why not consider running some workplace activities that will inspire and motivate your employees to take action to get financially sorted.

There are a myriad of ways in which you can inspire your team to 'make a date with their money' in Money Week:

Why not run a Money Week event or hold a public Sorted seminar? The Commission has a list of Sorted seminar facilitators that run seminars throughout the country. Money Week posters and Sorted resources are also available to order and are a great way to raise awareness in your organisation.

If you have a Facebook page, website or intranet, the Money Week team has put together a fun and interactive online money quiz that will run throughout Money Week. Email events@moneyweek.org.nz to find out more about the quiz.

Feedback is sought on proposals to clarify the tax rules that apply when a charity is removed from the Charities Register.

Inland Revenue has released an issues paper, *Clarifying the tax consequences for deregistered charities*, that is available at its tax policy website: <http://www.taxpolicy.ird.govt.nz>.

We are supporting Inland Revenue in spreading the message, so charities and other interested parties have an opportunity to be involved in the consultation.

When a charity is deregistered it can face significant and complex tax consequences, depending on the reason for its deregistration.

Possible tax changes for deregistered charities

Revenue Minister Todd McClay says “for the overwhelming majority of former charities who have genuinely tried to meet their registration requirements in good faith, the changes proposed will provide greater certainty about their new tax obligations”.

Submissions close August 23, 2013.

National Volunteer Conference coming up

Volunteering New Zealand (VNZ) has opened registration - and is calling for questions - for their biennial national conference on November 19-20 at the Museum of New Zealand, Te Papa Tongarewa, in Wellington.

This year's theme is Collaborative Korero – Partnership and Impact in Volunteering. The focus will be on tackling tough conversations in these two areas, and creating an environment where we can learn from each other through a series of sector-proposed questions.

To register go to: <http://collaborativekorero.org.nz/>

Social enterprises report out now

A new report from the Department of Internal Affairs provides useful insight into social enterprises and their needs.

Currently, social enterprises are most commonly set up as charitable trust boards or incorporated societies, and as their trading activity grows they may establish separate company structures. Increasingly, social enterprises are being structured as limited liability companies with “social good” objectives.

Legal Structures for Social Enterprise identifies key challenges around capability building, investment readiness and accessing early-stage capital.

Social enterprises can potentially have a significant role in social innovation and economic development. Collaborative discussion between government agencies and social enterprise networks will identify ways that this sector can grow in strength.

The report aims to encourage useful dialogue in this area.

Department of Internal Affairs policy director Raj Krishnan says he is aware that social enterprise networks are looking to build in strength, and that some countries have adopted specific legal structures tailored for social enterprises.

“The report concludes that current legal structures in New Zealand are providing sufficient flexibility to meet social enterprise needs, and that a new structure is not the priority concern for social enterprises at this time,” he says.

Institute of Directors offers governance courses

New directors and managers who work with not-for-profit boards may be interested in a Governance Essentials course run by the Institute of Directors. This year's courses are still available in Wellington (August 22) and Hamilton (October 22).

The courses are designed for managers wishing to further develop their understanding of governance in the Not-for-Profit sector, and the role of boards in this environment. For information about costs and registering go online to: www.iod.org.nz.

Stepping through Transitions Workshops

Organisational development workshops are on offer in Christchurch and Auckland next month, for senior managers and board members of larger not-for-profit service providers.

For more information go to: <http://www.cgotransitions.co.nz/>.

FMA calls for submissions

The Financial Markets Authority (FMA) is calling for submissions by 20 August of a review of a Notice within the Securities Act.

The FMA regulates the offer of financial products in New Zealand.

Some charities take repayable deposits, or loans of money, from members of the public, which are debt securities. These charities are deemed to be offering financial products and must comply with the securities law requirements relating to debt securities. Additionally, charities that take money from members of the public in order for them to have the right to use their property/facilities may be offering participatory securities. These charities must comply with securities law requirements relating to participatory securities.

The FMA has previously granted exemptions to charities, in certain circumstances, from some of the usual securities law requirements. These exemptions and conditions are contained in the Securities Act (Charitable and Religious Purposes) Exemption Notice 2012.

This Notice is due to expire on 30 November 2013. The FMA is currently undertaking a review of the Notice and has published a consultation paper. If you would like more information, or to make a submission, go to: <http://www.fma.govt.nz/help-me-comply/issuers/exemptions/>.

Reserve Bank reviews exemptions

The Reserve Bank of New Zealand is reviewing the treatment of charitable and religious organisations under the Non-bank Deposit Takers regime. The Reserve Bank regulates banks and other deposit taking institutions in New Zealand.

Some charities that take repayable deposits, or loans of money from members of the public, also carry out the business of lending. These charities are acting as Non-bank Deposit Takers, and are subject to the prudential requirements that apply under the Reserve Bank of New Zealand Act 1989.

The Reserve Bank has previously granted exemptions to charities from all of these requirements, except the obligation to prepare and maintain a risk management programme. These exemptions are contained in the Deposit Takers (Charitable and Religious Organisations) Exemption Notice 2010. This Notice is due to expire on 30 November 2013.

A consultation document seeks feedback on a proposal to declare small charitable and religious organisations out of the Non-bank Deposit Takers regime, and require larger charitable and religious organisations, which meet the definition of Non-bank Deposit Takers, to shift to compliance with the full regime over a transitional period.

Further information is available on the Reserve Bank website at: http://www.rbnz.govt.nz/regulation_and_supervision/non-bank_deposit_takers/4448840.html

The deadline for submissions is 20 August.

Communication is key

Communication, communication and then more communication to your key players and stakeholders was a recurring theme at the recent Third Sector New Zealand Not for Profit Summit held in Wellington.

Speakers gave insights into the importance of maintaining relationships with key stakeholders, particularly in the current landscape where revenue is decreasing and every dollar counts.

Working with others in collaborative partnerships, and letting go of the past, were key ways to innovation which often assisted those in the sector to better manage resources. People setting up a charity need to ask the question more often – ‘is someone else already doing this?’ – before setting up another charity in a crowded market.

Inspirational speakers presented on the work their charities are doing both in New Zealand and overseas; and papers gave insight into the Charities Act 2005, how to manage fraud, corporate and community partnerships, social enterprise, philanthropic funding trends and what’s coming up on the financial and reporting side for charities.

The impact of social media and its value to those in the not-for-profit sector – to raise an organisation’s profile and for interacting directly with the community via an online conversation - was considered valuable.

Look out for fraud and risk questionnaire

A questionnaire for a risk and fraud survey of charities is likely to be sent to you this month. BDO Chartered Accountants undertakes the survey biennially, within New Zealand and Australia, with results to be published in February next year.

Please look out for the invitation and link to this survey. This information is key to fraud prevention in charities in New Zealand.

Last year Charities Services and BDO held a successful roadshow, highlighting the problems of fraud in charities.

The results of this survey will help to assess any improvements in fraud detection and prevention.



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Update is a regular newsletter of the Department of Internal Affairs.

If you prefer, you can read it on our website: <http://www.charities.govt.nz/news/newsletter/>

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