



NGĀ RATONGA KAUPAPA ATAWHAI AROTAKE Ā-TAU CHARITIES SERVICES ANNUAL REVIEW 2021/2022

CHARITIES
SERVICES

Ngā Ratonga Kaupapa Atawhai



Te Kāwanatanga
o Aotearoa

New Zealand Government



Ngā mihi nui ki a koutou!

Charities Services would like to thank all charities that contributed photos to this Annual Review.

Cover photo: New Zealand Riding for the Disabled.

Photos left to right: Pare Kore, Charities Services annual meeting, Governors Bay Jetty Restoration Trust, Bellyful, Ākau, Manawatu Multicultural Council, Porirua Arts Council, Manawatu Multicultural Council, Uptoscratch Charity.

Contents

Message from Natasha	1-2
About us	3
Meet the team	4
Meet Te Rātā Atawhai	5
Appeals of registration decisions	6
Update on the project to modernise the Charities Act 2005	7
Te Aka Taiwhenua and supporting charities with a kaupapa Māori focus	8
Our vision and focus areas	9
Our regulatory approach	10
Our year in numbers	11
Our performance	12-14
Review of registration decisions	15
Internal disputes: the role of Charities Services	18
The sector's year in numbers	19-20
The sector's performance	21
Update on the reporting standards	22
The year ahead	23

He kōrero mai a Natasha

Message from Natasha

E ngā ringa raupā o te motu, no te kaupapa i te atawhaitanga, nei rā he mihi nui ki a koutou katoa.

To all the hard working charities throughout the country, greetings to you all.

Welcome to the 2021/2022 annual review of Ngā Ratonga Kaupapa Atawhai, Charities Services.

It's an absolute pleasure to present this annual review outlining our mahi (work) from the past financial year and the mahi we are planning to do to contribute to our vision. Our vision is that our work contributes to a well-governed, transparent and thriving charitable sector that has strong public support. Equally as important, this review is also about acknowledging the registered charities in Aotearoa and their extraordinary contribution to communities across the motu (country).

The last few years have been challenging for the charitable sector as it grappled with the effects of a global pandemic. However, through these difficult times charities forged forward with ingenuity and resilience, continuing to help those in need.

Ngā mihi nui ki a koutou (thank you) to the charitable sector for the mahi that you do, your kindness and your collective efforts in strengthening our resilience in Aotearoa during times of hardship and adversity.

As our annual review explains, to achieve our vision we focus on being risk-based and responsive. This year we've stepped closer to that vision by reaching some milestones that we are proud of.



Natasha Weight
Kaiwhakahaere Matua, General Manager

One of our achievements is the completion of Piki Kōtuku, a project to upgrade the underlying system that hosts the public Charities Register and to deliver some new improvements. The name Piki Kōtuku (treasure) was chosen as the Register holds information of over 28,000 registered charities. Making this publicly available enhances transparency, and helps build and maintain public trust and confidence in the charitable sector. Piki Kōtuku also improved the ability for the public to access our data, so more people can use the Register to deepen their understanding of the charitable sector in Aotearoa.

Making our resources accessible and inclusive to people from diverse backgrounds is important to us, so we are delighted to have completed a project to translate some key resources for charities into nine different languages ranging from Samoan to Arabic. These resources include information for new officers, guidance on completing annual returns, as well as a template and guide to help smaller charities report more easily. You can find them on our website.

We also updated Te Puna Atawhaitanga, the Te Ao Māori section of our website, with a step-by-

step guide on how to report on koha in charities' performance reports. Te Puna Atawhaitanga translates to 'Source of Kindness' and it is dedicated to supporting charities with a Kaupapa Māori focus.

We are always looking at new ways to listen and connect with charities and we acknowledge that many of you are not always able to attend our events during typical business hours. In May 2022, we started He Rourou Atawhai (Basket of Generosity), a monthly evening Zoom series designed for sharing information at a time of day that works better for some of you. We have also continued to hold our one-on-one online and phone clinics to support registered charities across the country. Through He Rourou Atawhai and the clinics, we have met with over 470 representatives of charities.

Working with relevant people across government is key in helping us achieve regulatory excellence every day. In the new year, we will be looking to harness the learnings and experiences of other experts in the regulatory space to inform our own regulatory strategy. We will be refining our Mātairitanga o ā Mua (Future of Investigations) work plan that aims to bring efficiencies to our investigations processes and ensure we continue to deliver quality results that enhance trust in the sector. We will also be ensuring that the sector continues to get access to the resources, support and guidance they need, in the ways that work best for them.

As always, we look forward to having more opportunities to engage with you in the coming year and to support you in your important mahi.

On behalf of all of the team at Charities Services, thank you for your manaakitanga (hospitality, kindness and generosity) that helps communities, hapū and iwi in Aotearoa to thrive.

Before I sign off, it is with a heavy heart that I acknowledge the passing of Dave Sayers, our Investigations Manager here at Ngā Ratonga Kaupapa Atawhai, following a long illness.



Dave Sayers
Kaiwhakahaere Hōpara, Investigations
Manager

Dave joined Charities Services in 2013 after spending a number of years working for the Department's Gambling Compliance Group. Before that, he had a long and successful career in the New Zealand Police. Dave's sense of humour, passion and endless supply of aroha (love) for his friends and colleagues will be missed every day. His contribution to our work, and throughout his career as a public servant, cannot be overstated. My thoughts, and the thoughts of our team, go out to his whānau (family).

I would like to acknowledge Dave with a whakataukī (proverb) that speaks to the impact that he has had on all of us here at Ngā Ratonga Kaupapa Atawhai.

"Ka hinga te tōtara o te wao nui a Tāne – the falling of the tōtara tree in the great forest of Tāne."

Nāku iti noa,

Nā Natasha Weight

Kaiwhakahaere Matua, General Manager
Ngā Ratonga Kaupapa Atawhai, Charities Services

Mō mātou

About us

Ngā Ratonga Kaupapa Atawhai, Charities Services, is part of Te Tari Taiwhenua, the Department of Internal Affairs and administers the Charities Act 2005 (the Act).

We are focused on promoting public trust and confidence in the charitable sector, and encouraging the effective use of charitable resources. We do this by registering and monitoring charities and processing annual returns. We also encourage good governance and management practices by providing educational support, advice and materials.

We also maintain the Charities Register which contains information on over 28,000 registered charities. The Charities Register is the public record of registered charities that operate under the Act.



"Our vision is that our work contributes to a well-governed, transparent and thriving charitable sector that has strong public support"

Tūtaki ki te rōpū

Meet the team

Charities Services is made up of about 38 staff members who work across two main business groups: the Regulatory Group and the Engagement and Business Improvement Group. We also have a specialist team of senior advisors and analysts who support the whole of Charities Services. We are supported by other teams across the Department, including Hāpai Hapori Community Operations, Legal, Information Technology, Finance, Human Resources, the Operations Group, Pou Ārahi, Communications and the Contact Centre.

Regulatory Group

The Regulatory Group has a number of functions, including supporting charities to register, and monitoring and inquiring into charities or their officers where there is evidence of serious wrongdoing or breaches of the Act.

REGISTRATION TEAM

This team of analysts assists charities with their applications, and assesses the purposes, activities and governing documents of entities applying for registration to determine whether they meet, or continue to meet, the requirements of the Act.

INVESTIGATIONS TEAM

This team manages complaints and carries out investigations into charities and their officers that may have been involved in serious wrongdoing and other significant breaches of the Act.

Engagement and Business Improvement Group

This group supports Charities Services' programme of stakeholder engagement, the development of resources, capability initiatives and system enhancements.

CAPABILITY TEAM

This is our education team that ensures our information for the charitable sector is comprehensive, fit-for-purpose and accessible. The team delivers sector engagement events, communications and creates practical resources to assist charities to meet their obligations. This includes running webinars and providing printed and online guidance materials.

CHARITIES SUPPORT TEAM

This team provides administrative support and answers thousands of queries from charities. The team is also responsible for processing annual returns and removing charities from the Register when they fail to meet their reporting obligations.

38
kaimahi (staff)
supporting
over 28,000
registered
charities



Tūtaki mai ki a Te Rātā Atawhai

Meet Te Rātā Atawhai

We support the work of Te Rātā Atawhai, the independent Charities Registration Board (the Board). The Board meets regularly and is responsible for making decisions about the charitable status of organisations. In practice, most decisions are made by Charities Services acting under formal delegation and guidance from the Board. However, the Board always deals with more complex or novel cases and those where organisations disagree with Charities Services' decisions.



Gwendoline Keel
Board Chair

Gwen is an experienced commercial lawyer and not-for-profit governance and management specialist. She was appointed to the Board in December 2019 for a three-year period and appointed to chair the Board in September 2021. After a long career in private practice, she is presently General Manager Governance and Legal for Te Whakakitenga o Waikato Inc, the post-settlement governance entity for the Waikato iwi, commonly known as Waikato-Tainui. The Waikato iwi comprises more than 89,000 registered members connected to 33 hapuu and represented by 68 marae.

Throughout her career Gwen has acquired significant experience in the charitable and not-for-profit sector, acting for many "household name" charities and national sporting codes. She has also been consistently involved in the charitable sector as a director, committee member and volunteer. Gwen has a particular interest in the economic development of kaupapa Maaori charities, information governance and charitable law reform. Gwen is a member of the Institute of Directors.



Dr Bev Gatenby

Bev currently works as a consultant, a facilitator and a coach, largely in the community and government sectors. She has worked with many charities, often assisting with their governance, strategy and service development. She also coaches managers and chairs in the philanthropic and community sectors and local government. Bev was the Chief Executive of Trust Waikato between 2006 and 2016 and has held a range of local, regional and national governance roles. Bev was originally appointed to the Board in July 2018 and was re-appointed for a further three-year term in September 2021.



Loretta Lovell

Loretta is a lawyer, independent environmental commissioner and professional director. For over 20 years she has specialised in commercial, energy and resource management law. She has advised and also sat on the boards of several Iwi Māori and community organisations, helping them meet their social and economic aspirations. She holds governance positions on Crown entities and is a member of a number of advisory panels to public sector agencies. Loretta was appointed to the Board in September 2021 for a three-year period.



Photo: Outward Bound

Ngā pira ki ngā whakataurā rēhita

Appeals of registration decisions

When making decisions to register or deregister charities, the Board applies the law based on the Act and many years of court judgments. If an entity disagrees with a Board decision, it can appeal that decision to the High Court. If an entity appeals, the Board does not get involved with the Court proceedings.

Court decisions are very important because they shape the meaning of 'charitable purpose.' In the last year, there has been one significant court decision by New Zealand's highest court, the Supreme Court of New Zealand, about the deregistration of a charity.

The Supreme Court ruled that Family First New Zealand does not qualify as a charity. In this case, the Attorney-General took on the traditional role of 'protector of charities'.

This decision, and previous court decisions, are available to read on Charities Services' website under 'legal decisions'.

He kōrero hou mō te kaupapa ki te whakahou i te Ture Kaupapa Atawahi 2005

Update on the project to modernise the Charities Act 2005

In 2018, the Government commissioned a review of the Act to be led by the Department of Internal Affairs. The review focused on ensuring that the Act is fit-for-purpose and meets the needs of New Zealand's diverse charitable sector. The work commenced in 2018, with the public consultation phase being completed in 2019. Following a pause in the work due to the COVID-19 response, the Policy Group in the Department resumed work on this project under the direction of Hon Priyanca Radhakrishnan, Minister for the Community and Voluntary Sector.

On 2 June 2022, following a comprehensive review, the Minister announced changes to the Act. On 21 September 2022, the Minister introduced the Charities Amendment Bill to the House. The Bill proposes changes including reduced reporting requirements for very small charities, improved transparency in reporting of funds for larger charities, and a new appeals process that will improve access to justice for more charities.

The Minister's full statement can be read by visiting [Beehive.govt.nz](https://www.beehive.govt.nz).



Photo: Pare Kore

Te Aka Taiwhenua

Māori strategic framework

Te Aka Taiwhenua is our take (plan) to ensure our services are fit for purpose and are appropriately responsive to whānau, hapū, iwi and Māori charities. Its focus is on improving services for Māori through building āheitanga (capability), whakaaritanga (visibility), whanaungatanga (relationships), whakatika ratonga (service improvement) and hautūtanga (leadership) at Charities Services.

Our aspiration is that our staff are confident and knowledgeable of tikanga (Māori principles), their obligations under Te Tiriti o Waitangi (the Treaty of Waitangi) and using Te Reo Māori in everyday conversations. We use karakia (prayer) to open and close all of our hui (meetings) and we support larger hui with mihi whakatau (welcome speech) and waiata (song). Kāhui Rautaki (management team) meetings are also immersive in that we are challenging ourselves to only speak Te Reo Māori at the start of each meeting in order to build our confidence and capability.

To ensure that we are continuously growing our āheitanga, staff participate in group wide learning opportunities and new staff are inducted with an overview of Te Aka Taiwhenua.

Te tautoko i ngā kaupapa atawhai e aro ana ki te kaupapa Māori

Supporting charities with a kaupapa Māori focus

Ensuring that we are responsive to Māori is essential to our work. This year, we updated Te Puna Atawhaitanga, the Te Ao Māori section of our website, with guidance on reporting koha in charities' performance reports. We also translated some key resources for charities into Te Reo Māori, including information for new officers and guidance to help with annual reporting.

When supporting Māori, we work closely with Pou Ārahi, a unit within the Department that leads the implementation of Te Aka Taiwhenua and Te Atamira Taiwhenua, the Department's kaumātua advisory group.

Tō mātou whakakitenga me te kaupapa

Our vision and focus areas



Our vision is that our work contributes to a well-governed, transparent and thriving charitable sector that has strong public support.

Charities Services' primary purposes are to:



Promote public trust and confidence in the charitable sector



Encourage and promote the effective use of charitable resources

To achieve our goals, we will focus on ensuring:

- ▶ New Zealanders have trust and confidence in the charitable sector
- ▶ Good governance in the charitable sector is encouraged and supported
- ▶ Iwi, hapū and communities across New Zealand are safe, resilient and thriving

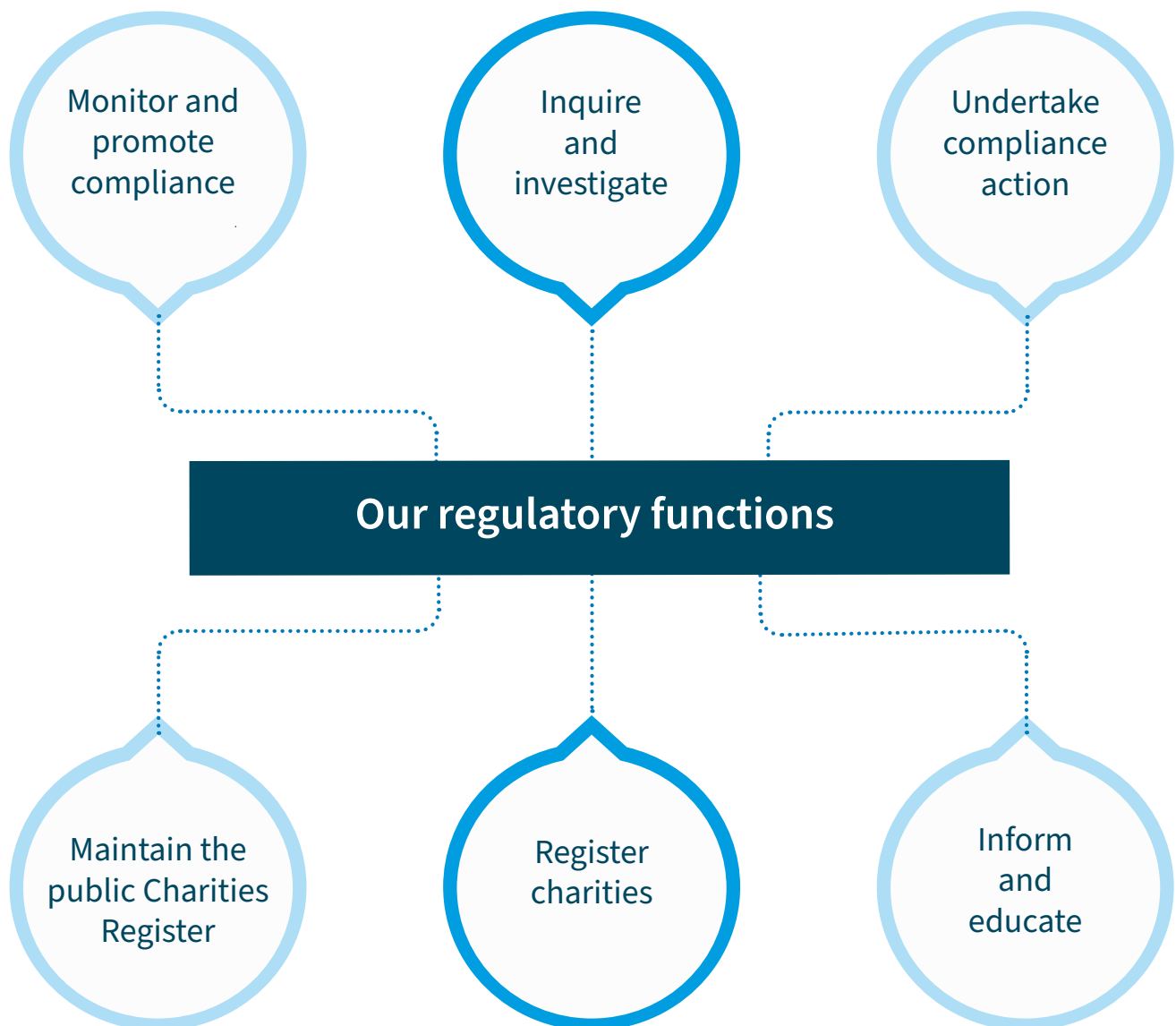
We are led by our branch priorities to:

- ▶ Improve equity of access to our services
- ▶ Ensure statutory, regulatory and service excellence every day
- ▶ Support iwi, hapū and communities to lead their own development
- ▶ Build on our strength to create a nimble, resilient and engaged workforce
- ▶ Create standout cultural capability in honouring the Māori crown relationship

Tō mātou whāinga waeture me ngā whakaarotau

Our regulatory approach

Our regulatory approach is led by our legislative mandate, guided by the directions of the independent Charities Registration Board, case law, best regulatory practice and engagement with the charitable sector.



Ngā tatauranga o tō mātou tau

Our year in numbers

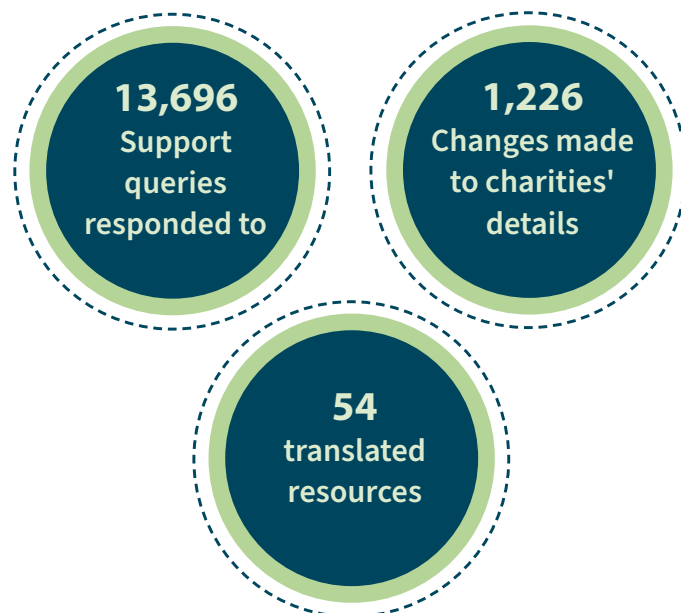
Protecting the sector

220	Concerns addressed
14	Open inquiries
35	Completed inquiries

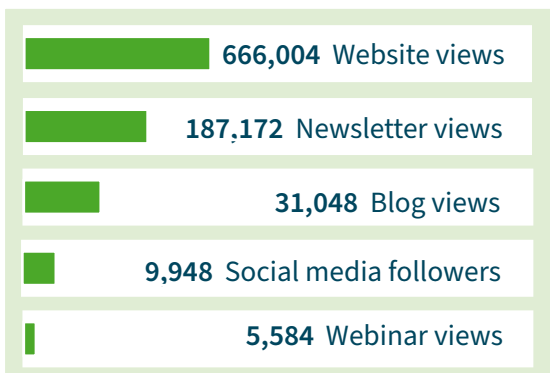
Outcomes of completed inquiries include:

9	Referrals to other agencies
0	Officer disqualification
1	Voluntary deregistration
0	Deregistered for serious wrongdoing

Supporting charities



Online presence



48 OIA requests responded to

Our funding

\$819,525 Annual Return filing fees
\$6,811,000 Crown funding

FY 20/21 \$6,440,685 < Our spend > FY 21/22 \$6,775,599

Operating costs	Overhead costs	Legal costs	Systems costs	Board costs	Staff costs	Events costs
Financial year 2021/2022						
\$91,131	\$3,340,438	\$7,454	\$329,222	\$21,324	\$2,968,487	\$17,545
Financial year 2020/2021						
\$180,950	\$2,396,416	\$235,677	\$352,090	\$39,442	\$3,220,077	\$16,032

Ā mātou whakatutukinga

Our performance

Registration

Before registering as a charity, groups must decide if being registered is right for them. To help groups make informed decisions, we provide information, resources and advice on the benefits and obligations of being registered charities.

When we receive an application, we assess its eligibility against the requirements of the Act. If an application is missing essential information, or we have questions, we work with the organisation to help get their application approved where possible.

Once an organisation is registered, we support the organisation to remain registered through education focused on annual reporting and good governance.

In 2021–22, we received 1,409 applications from organisations applying to become registered charities and we approved 1,192 applications. In this period, registration decisions on average were made within 23.9 business days. This is a significant increase in our timeliness from the year before when decisions on average were made within 32 business days.

The team continues to implement our risk-based triage system, that allows us to focus our resources on high risk or complex applications and process lower risk applications more efficiently.

Deregistration

In Aotearoa, charitable status is voluntary. A charity may ask to be deregistered at any time and for any reason. For example, a charity may request deregistration if it is winding-up and will cease to exist. Other times, registered charities are at risk of deregistration for not meeting their legal obligations, such as failing to file annual returns. Before a charity is deregistered, we will always attempt to contact the charity to help them become compliant.

In 2020–21, we deregistered 839 charities. Of those, 536 voluntarily deregistered and 303 were deregistered due to failing to file their annual returns.



REGISTRATION

1,409	Applications received
1,354	Registration decisions
1,192	Applications approved



DEREGISTRATION

839	Charities deregistered
303	Charities did not file annual returns
536	Voluntary deregistration

Education and communication

Our Capability team is dedicated to educating charities to help them understand and meet their obligations to report annually with Charities Services and their broader governance duties. We do this through providing educational web content such as videos and online guides, printed resources, webinars and events. The team also manages the Charities Services' social media and a bi-monthly newsletter with a mailing list of over 60,000.

We run weekly one-on-one online and phone clinics to help charities with their questions on financial reporting, funding, registration and other queries. When we can, we also head into the community to give presentations.

This year, we started He Rourou Atawhai, a series of monthly evening Zoom sessions aimed at

sharing information with charities unable to attend our workshops or events during typical business hours. We presented new webinars including collaborative presentations with the Ministry of Business Innovation and Employment, the Office of the Privacy Commission and the External Reporting Board.

We also translated key resources for charities into a range of different languages, producing a total of 54 translations in Te Reo Māori, Cook Islands Māori, Tongan, Samoan, Fijian, Hindi, Simplified Chinese, Traditional Chinese and Arabic.

In the new year, we will continue to publish more blogs, videos and articles explaining subjects of interest to the sector, as well as sector showcase stories that promote the good mahi of charities.

Photo: EcoMatters Environment Trust



Protecting the sector

As the regulator, one of our functions is managing complaints and investigating serious wrongdoing and breaches of the Act connected with charities.

We focus on the most severe risks to public trust and confidence in the charitable sector. When we receive a concern, we will assess it for its level of risk. Where there is indication of issues under our mandate, we will carry out an initial inquiry to determine whether there is evidence of serious wrongdoing under the Act.

In cases where there is evidence of serious wrongdoing that threatens public trust and confidence, a full investigation will be opened. A full investigation involves collecting evidence to determine whether there has been activity that threatens public trust and confidence. In serious cases of non-compliance, we may present information to the Board and recommend deregistration and disqualification of officers.

Following an investigation where we consider that a charity of concern is still qualified to be registered under the Act, we inform the charity of the issues identified and provide guidance on how to address the issues to support ongoing compliance. In cases where concerns are about minor issues, or they sit with another regulator, we provide education to the charities about best practice governance or refer the issues to more appropriate agencies.

Over the past year, we responded to 48 Official Information Requests, addressed 220 concerns raised about charities and opened 14 case inquiries. 2 of the case inquiries progressed to full investigations.

The team continues its focus on the Mātaītanga o ā Mua project. This work aims to improve our investigations processes, including broadening our relationships with other government agencies and refining how we focus on the most risky and impactful matters.

Photo: Burn Support Charitable Trust



Te arotake o ngā whakataunga rēhitatanga

Review of registration decisions

Every year a random sample of the registration decisions made by Charities Services are independently reviewed. As the Board delegates decisions (in most cases) about whether to register charities to Charities Services, the independent review checks that decisions remain consistent with the common law and provide a timely service to customers.

Past reviews have been positive and highlighted the registration team's robust application of the law and helpful approach to customers. This year's review was carried out by Dr Juliet Chevalier-Watts, former Associate Dean of Research and current Co-Director of Waikato Public Law and Policy Unit, and Senior Lecturer in Law at the University of Waikato.

Dr Chevalier-Watts reviewed the analysis and correspondence relating to 27 decisions. The review considered the consistency and accuracy of decisions from a charities law perspective and whether decisions were made in a timely manner.

Dr Chevalier-Watts agreed with the outcome of all our decisions.

Photo: Belong Aotearoa



Photo: Community Waikato



MINER PHARMACY



Photo: Student Volunteer Army

Ngā Tohenga ā-Roto: te mahi ake a Ngā Ratonga Kaupapa Atawhai

Internal disputes: the role Charities Services plays

Internal disputes can occur in charities of all types and sizes. Often they impact on the charity's day-to-day operations. It's important that issues are resolved quickly and effectively, as failure to do so can be considered serious wrongdoing and risks the loss of charitable status.

Our role is to promote public trust and confidence in the charitable sector and to encourage the effective use of charitable resources. We won't get involved in a dispute if the concern is about a decision made that is within the law or within the rules of the charity. We cannot overrule a decision made by officers that is within their powers to make, including deciding policy.

While a dispute may begin over something minor, they can spiral into larger or longer term issues, and compromise the officers' ability to maintain ongoing compliance with the Act. If this affects the charity's ability to operate effectively or meet its obligations under the Act, it may constitute gross mismanagement.

Gross mismanagement is a form of serious wrongdoing under the Act. Whether the conduct of a charity or its officers amounts to gross mismanagement is considered on a case-by-case basis. There is no specific test for gross mismanagement under the Act, but an internal dispute which prevents a charity from operating and/or meeting its obligations under the Act could meet this threshold.

Charities Services will not get involved in the dispute if the actions are not considered serious wrongdoing, but we do provide advice on how charities can resolve their issues.

What you can do:

Check if your charity has set procedures or rules for resolving disputes within the charity. If there are no set procedures for resolving disputes or the process breaks down, officers involved in the dispute should look for help from outside the charity.

You should consider:

- ▶ approaching your charity's regional or national body, if there is one.
- ▶ approaching a neutral and respected person from your community – e.g. a kaumātua or community elder.
- ▶ getting independent legal advice from a Community Law Centre or a lawyer.
- ▶ approaching an agency that deals with dispute resolution in the area of concern – for example, the Ministry of Business, Innovation & Employment, the Disputes Tribunal or Tenancy Tribunal, or the Health and Disability Commissioner.
- ▶ seeking help from a relevant government department or agency – for example, the Registrar of Incorporated Societies, Ministry of Education, Ministry of Health, Human Rights Commission or Te Puni Kokiri.
- ▶ employing a professional mediator or arbitrator.

Ngā tatauranga o te tau o te rāngai

The sector's year in numbers



28,560
Registered
charities



109,278
Charity
officers



224
Groups

Registered charities that are affiliated or closely related, and have similar charitable purposes, can apply to register as a group under the Charities Act 2005.



*"More than **208,000** volunteers contribute approximately **1.7 million** hours every week"*

*"More than **98,000** people work full time in the charitable sector. This is equal to approximately **5%** of the New Zealand workforce"*

1,354 REGISTRATION DECISIONS

1,409	Applications received
1,192	Applications approved
159	Applications withdrawn
3	Applications declined

839 CHARITIES DEREGISTERED

303	Failed to file annual returns
536	Voluntarily deregistered
0	Deregistered for serious wrongdoing



Total assets **\$73.45 billion**

\$30.71 b
TIER 1

\$24.12 b
TIER 2

\$15.95 b
TIER 3

\$2.67 b
TIER 4



Total expenditure **\$20.40 billion**

\$10.96 b
TIER 1

\$6.29 b
TIER 2

\$2.80 b
TIER 3

\$350 m
TIER 4



Total income **\$23.45 billion**

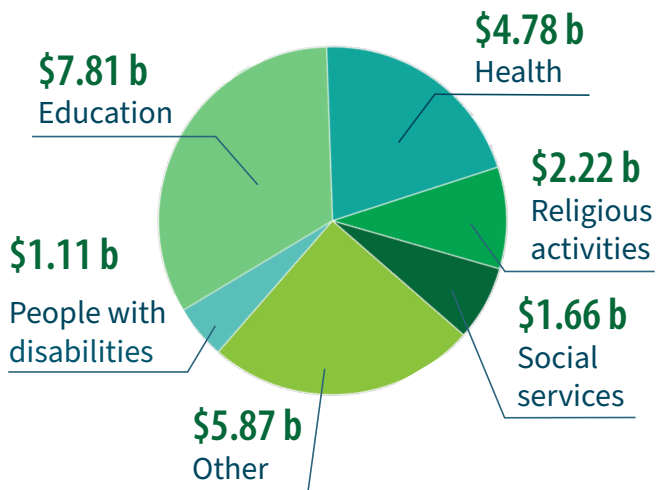
\$12.04 b
TIER 1

\$7.26 b
TIER 2

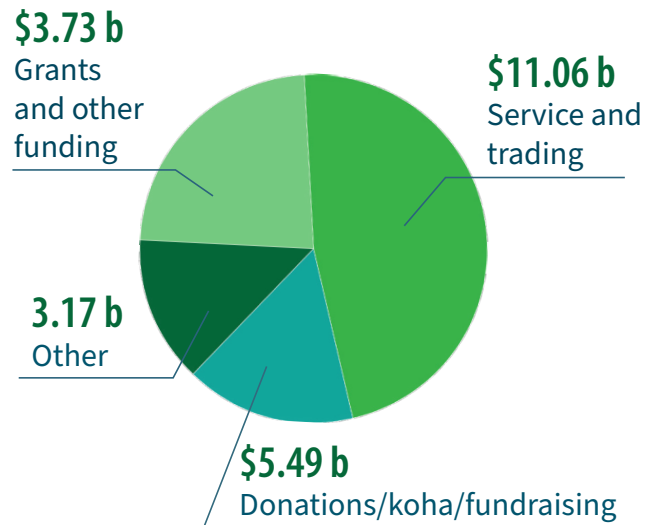
\$3.63 b
TIER 3

\$520 m
TIER 4

INCOME BY SECTOR



INCOME BY SOURCE

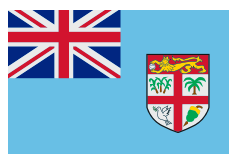


Of the 3,466 registered charities that reported overseas activities, the top five areas of operation are:



14%

Australia



12%

Fiji



10%

India



10%

Samoa



9%

Tonga

Ngā whakatutukinga o te rāngai

The sector's performance

The charitable sector is large and diverse. Its mahi touches on every aspect of our society including education, conservation, health services, the arts, faith-based services, whānau, hapū, and iwi bodies and much more.

Every year we collect information on volunteering as part of the annual return process for registered charities. This information helps to tell the story of volunteering and its impact on our nation.

Our latest numbers tell us that every week more than 208,000 people volunteer around 1.7 million hours of their energy, time and talents to causes that benefit our communities.

More than 98,000 people also work full time in the charitable sector and this contributes to around 5% of the workforce in Aotearoa.

In the last financial year, there were 28,560 registered charities, 109,278 individual officers and 224 groups in Aotearoa.

Under the Act, registered charities that are affiliated and have similar charitable purposes can apply to register as a group.

Registered charities also reported holding \$73.45 billion in assets and \$23.45 billion in income.

Photo: One Mother to Another



He whakahoutanga o ngā paerewa tuku pūrongo

Update on the reporting standards

Understanding the challenges that charities face with their annual reporting is part of being a responsive regulator. To help us identify the areas where charities need more guidance when reporting, we undertake a yearly assessment of randomly selected financial statements from charities' annual returns. This assessment involves reviewing charities' compliance rates with the reporting standards and identifying what supporting guidance charities need to help them meet the requirements.

Our latest findings shows that a good proportion of statements we assessed were compliant, with charities calculating their accounts correctly, reporting on the required categories and describing their service performance well.

There has been an increase in compliance for Tier 4 charities but a slight drop in compliance for Tier 2 charities, while Tier 1 and Tier 3 remain unchanged compared to last year.

We discovered that two Tier 2 charities provided summary financial statements instead of full statements as required for their tier. Since our assessment, we have worked with the charities to file the correct statements.



Compliance rates

	Tier 1 (over \$30 million annual operating expenses)	Tier 2 (under \$30 million annual expenses)	Tier 3 (under \$2 million annual expenses)	Tier 4 (under \$140,000 annual operating payments)
2021/2022	96%	98%	97%	62%
2020/2021	96%	100%	97%	61%

As with previous years, we are seeing that a significant number of Tier 4 charities are not applying the reporting standards. The key issues identified are charities providing incorrect statements, a lack of information in charities' performance reports and output descriptions not representing the goods or services that the charities delivered in the year.

We continue to take an educative approach to support these charities to understand their obligations under the Act.

Te tau kei mua

The year ahead

One of our key priorities in the coming year is developing a regulatory strategy to guide our path forward towards regulatory excellence and our vision that our work contributes to a well-governed, transparent and thriving charitable sector with strong public support.

In the new year, we will be looking to harness the learnings and experiences of other experts in the regulatory space to inform our own regulatory strategy.

Ensuring that the sector gets access to the resources, support and guidance they need, in the ways that work best for them will be another key focus. This will include working with relevant government agencies to expand our support with charities, as well as developing practical resources to support the financial literacy of registered charities.

Continuous improvement of our approach to processing charities' applications, the quality of the support we provide charities, and our on-going commitment to Te Aka Taiwhenua will continue to be important to our daily mahi.

2023

- ▶ Developing a regulatory strategy to guide our path forward towards regulatory excellence
- ▶ Ensuring that the sector gets access to the resources, support and guidance they need, in the ways that work best for them.
- ▶ Continuous improvements to how we work with charities and our commitment to Te Aka Taiwhenua.



Photo: New Zealand Riding for the Disabled



Photos left to right: One Mother to Another, Lazy Sneakers, EcoMatters Environment Trust, Citizens Advice Bureau, Youth Search and Rescue New Zealand, Community Waikato, The Raukauri Music Therapy Trust, Voice of Aotearoa Wellington, Uptoscratch charity, One Percent Collective, Sweet Adelines, Volunteer Central and The Salvation Army.

Charities Services

Department of Internal Affairs
45 Pipitea Street
Wellington Central 6011

Postal Address

Charities Services
PO Box 12138
Thorndon
Wellington Central
6011

Freephone (within New Zealand)

0508 CHARITIES (0508 242 748)

Calling from outside New Zealand

+64 9 339 0848

Email

info@charities.govt.nz

Facebook

[@CharitiesServices](https://www.facebook.com/CharitiesServices)

**CHARITIES
SERVICES**

Ngā Ratonga Kaupapa Atawhai