

# CHARITIES SERVICES

Ngā Ratonga Kaupapa Atawhai



## Charities Services

Annual Review

2023/2024



**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:

Cultural Conversations

Wai Kōkopu

Taskforce Kiwi

Big Brothers Big Sisters of North Canterbury Trust Board

Hato Hone St John

New Zealand Opera School

One Mother to Another

TARANAKI R.A.T.S (Riders Against Teenage Suicide)







# Contents

Message from Charlotte	4-5
About Charities Services	6-7
Our vision, purpose and focus areas	8
Our regulatory approach	9
The Charities Registration Board	10-11
Overview of the sector	12-14
Amendments to the Charities Act 2005	15
New forms to make things easier for charities	16
Te Aka Taiwhenua and Te Ara Vaka	18
Overview of our work	19-22
Our year in numbers	23-24
Independent review of our decisions	25
Update on the reporting standards	26
Good governance: managing conflicts of interest	27
Looking ahead: our focus for the coming year	28

*Photo: Wai Kōkopu - AWOL (Another Way of Learning)*



## Message from Charlotte



*Charlotte Stanley  
Kaiwhakahaere Matua General Manager*

Kia ora koutou,

I am delighted to present Charities Services' 2023/2024 Annual Review.

Looking back on the past year, it is inspiring to see the impact charities have made across New Zealand. With over 29,000 registered charities and countless volunteers giving over 1.7 million hours each week to their communities, your contributions continue to make a valuable difference. Thank you for all your hard mahi (work) and the passion you bring to your causes every day.

At Charities Services, our aim is to support compliance with charities legislation and maintain integrity of the Charities Register. We do this through assessing registrations, promoting good governance and monitoring compliance. This helps to ensure a strong, transparent and accountable charitable sector.

A notable milestone for us this year was implementing the changes to the Charities Act 2005 (the Act). These changes are designed to enhance transparency and accountability, ensuring the Act continues to support registered charities effectively.

For charities, the key changes include a clearer role definition for charity officers and improved governance practices. For the Department and for the Charities Registration Board, the changes include giving charities more time if we need additional information to consider their applications, as well as increasing transparency in our decision-making processes.

To help charities understand the changes, we launched the Charities Act Hub on our website and delivered a series of webinars. We will continue to provide support to guide charities through these changes in the new year.

We have been listening to you and we are revising our reporting guides for Tier 3 and Tier 4 charities to be shorter and more user-friendly. We recognise that many charities are volunteer run with limited time and resources, so our goal is to reduce the administrative burden and simplify the reporting process. We hope you find these updated guides helpful.

Engaging with charities remains a top priority. This year, we connected with over 150 charities through our online clinics and we hosted five community sessions nationwide, presenting on governance and financial reporting. For those who could not attend in person, we offered webinars on the same topics.

We have received positive feedback from the sector on our engagement events,



highlighting the value we provide in servicing and supporting charities to continue the important work they do across communities. Since the start of the 2023/24 financial year, we have met over 2100 charities through our clinics, community sessions and webinars.

Looking ahead, we will focus on providing the information and support charities need to meet their responsibilities. This will include offering more opportunities to connect, providing guidance and resources, and seeking your feedback to enhance our services. Our aim is to ensure you have what you need for effective reporting, and to meet your obligations under the Charities Act.

I extend my sincere thanks for the valuable contributions you make to your communities and throughout New Zealand every day.  
Ngā mihi nui,

Ngā mihi nui,

A handwritten signature in black ink, appearing to read 'Charlotte Stanley', written in a cursive style.

Charlotte Stanley  
Ngā Ratonga Kaupapa Atawhai  
Charities Services





## About us

Ngā Ratonga Kaupapa Atawhai (Charities Services) is part of the Department of Internal Affairs (Te Tari Taiwhenua).

We strive to be a modern, responsive, and risk-based regulator focused on promoting public trust and confidence in the charitable sector.

We administer the Charities Act 2005 (the Act) which includes registering and monitoring charities, and assessing annual returns. We also provide educational resources, advice, and support to promote good governance and management practices. Additionally, we maintain the Charities Register, a public register containing information on approximately 29,000 registered charities.

We are currently made up of 36 staff members who work across two main business groups: the Regulatory Group and the Engagement and Business Improvement Group. We also have specialist advisors who support the whole of Charities Services.

We are further supported by other teams across the Department, including Hāpai Hapori (Community Operations), Legal Services, Information Technology, Te Waka Aukaha (Planning, Design and Assurance), Services and Access, Finance, Human Resources, Pou Ārahi, Operations Group and Communications.

*Photo: Taskforce Kiwi*



# Our teams

## Regulatory Group

This group is responsible for reviewing charities' eligibility for registration, as well as monitoring and investigating charities, or their officers, when there is evidence of serious wrongdoing or there may be breaches of the Act. It consists of two teams: the Registration Team and the Investigations Team.

## Registration Team

This team of analysts reviews charities' applications for registration. They evaluate the charity's purposes, activities and governing documents to ensure they meet, and continue to meet, the requirements of the Act.

## Investigations Team

This team investigates charities, or their officers, who may be involved in serious wrongdoing or significant breaches of the Act.

## Engagement and Business Improvement Group

This group supports Charities Services' stakeholder engagement programme, as well as the development of resources, capability initiatives and system enhancements. It consists of two teams: the Capability Team and the Charities Support Team.

## 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 webinars, clinics, presentations and providing guidance materials.

## Charities Support Team

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





## Our vision, purpose and focus areas

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

### Ā Mātou Mahi

We are led by our Department's strategy, Ā Mātou Mahi, which aims to serve and connect people, communities and government to build a safe, prosperous and respected nation.

### Kāwai ki te Iwi

We are further guided by our branch priorities.. Our branch name, Kāwai ki te Iwi translates to "Links to the People". This reflects the customer-facing nature of the work we do and the people-centric approach we take to provide effective and efficient services.

### Our primary purposes at Charities Services are to:

- promote public trust and confidence in the charitable sector
- encourage and promote the effective use of charitable resources.

*Photo: Big Brothers Big Sisters of North Canterbury Trust Board*

# Our regulatory approach

Our regulatory approach addresses the most critical risks to public trust and confidence in the charitable sector and ensures charities use their resources efficiently. We are committed to fairness, consistency and transparency in all our decisions.

## Using data to understand and address challenges

We use information and data to improve our work, aiming to understand the challenges charities face and the environment they operate in. Our decisions are made with care, considering both the broader context and the unique circumstances and characteristics of each charity.

## Focusing compliance efforts on critical issues

We target our resources and compliance efforts on issues that affect the public's trust and confidence in the sector, tailoring our approach according to the level and type of risk involved.

## New regulatory strategy

We continue our work towards developing a new regulatory strategy focused on stewardship. This strategy will more clearly define our role as a regulator, and establish a strong framework for discharging our statutory responsibilities.

## The principles that guide our approach

### *Targeted*

We target our resources at the highest risks to public trust and confidence in the charitable sector, and the effective use of charitable resources.

### *Principled*

We operate within our legislative mandate, guided by case law, best regulatory practice and engagement with the charitable sector.

### *Proportionate*

Our actions are proportionate to the risk and potential harm being managed.

### *Fair*

We exercise our functions, powers and duties in a way that is consistent, reasonable and impartial.

### *Transparent*

We are clear about our actions, intentions, expectations and the reasons for our decisions.



# Te Rātā Atawhai Charities Registration Board

Te Rātā Atawhai, the independent Charities Registration Board (the Board) is supported by Charities Services. The Board's role is to maintain the integrity of the Charities Register by ensuring that charities on the Charities Register qualify for registration.

Under the Act, the Board is responsible for registering and deregistering charities under New Zealand charities law. In practice, most decisions are made by Charities Services acting under formal delegation and guidance from the Board. However, the Board always deals with complex or novel cases.

As part of the recent amendments to the Charities Act 2005, work is underway to increase the Board's membership from three to five members. This expansion aims to bring a diverse range of skills to better meet future demands and changing dynamics of the sector.



**Gwendoline Keel**  
**Board Chair**

Gwen is a commercial lawyer and not-for-profit governance and management specialist. She was appointed to the Board in December 2019 and appointed to chair the Board in September 2021.

After a long career in private legal 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.

Throughout her career Gwen has been consistently involved in the charitable sector as a legal advisor, director, committee member and volunteer.

Gwen has a particular interest in information governance and charitable law reform. Gwen is also a member of the Institute of Directors.



**Dr Bev Gatenby**  
**Board member**

Bev works as a consultant, a facilitator and a coach, largely in the community and government sectors. She has extensive experience working with charities, particularly in governance, strategy and service development.

In addition to her work with charities, Bev coaches managers and chairs in the philanthropic, community and local government sectors.

From 2006 to 2016, Bev served as the Chief Executive of Trust Waikato. She has also held various local, regional, and national governance roles.

Bev was first appointed to the Board in July 2018 and was re-appointed in September 2021.



**Loretta Lovell**  
**Board member**

Loretta is a lawyer, independent environmental commissioner and professional director. She has over 20 years of experience specialising in commercial, energy and resource management law.

Throughout her career, Loretta has advised and served on the boards of several Iwi Māori and community organisations, supporting them in achieving their social and economic goals. She also holds governance positions on Crown entities and serves on multiple advisory panels to public sector agencies.

Loretta was appointed to the Board in September 2021.



# Overview of the sector

The charitable sector in New Zealand is large and diverse and plays a crucial role in enriching our everyday lives. It includes local and regional community groups, hapū and iwi organisations, as well as large national charities. These groups contribute to all aspects of society, including emergency and social services, education, religion, conservation, recreation, health, arts and more.

While the largest charities in the sector make up only 1% of all registered charities, they account for over half of the sector's annual expenditure (approximately \$25.3 billion). Most charities are small and rely heavily on volunteers, with around one-third of charities with annual income under \$10,000.

## Sector statistics

In the last financial year, there were around 29,000 registered charities, 121,000 individual officers and 227 groups in New Zealand.

Registered charities also reported approximately \$86.98 billion in assets and \$27.34 billion in income, an increase from the previous year. This growth indicates that the sector is effectively using its resources and continuing to provide impactful services and support to those in need.

## Volunteering

Each year, we collect data on volunteering, including the number of volunteers, their hours contributed, and the regions and organisations with the highest participation. By sharing this information publicly, we emphasise the crucial role volunteers play across the country.

Recent data shows that over 170,000 people volunteer approximately 1.4 million hours each week. Additionally, more than 100,000 people work full-time in the charitable sector, making up around 4% of the workforce in New Zealand.

These figures demonstrate the significant contributions of volunteers and their vital role in driving positive change within our communities.

- **More than 170,000 people volunteer 1.4 million hours weekly.**
- **More than 100,000 people work full-time in the charitable sector, which makes up about 4% of the workforce in New Zealand.**

# Sector overview



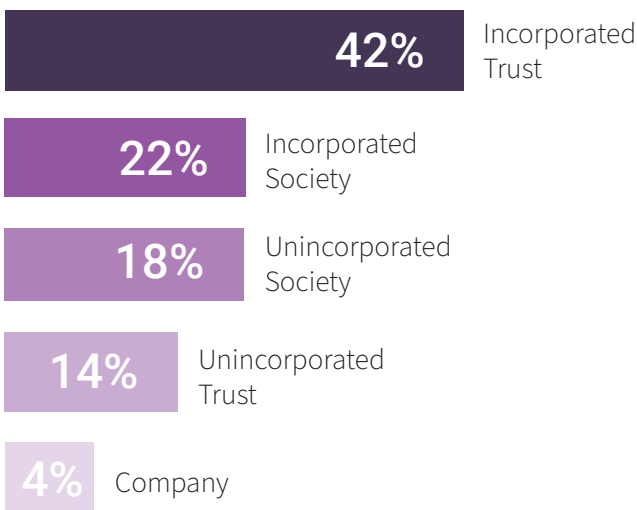
**29,119**  
Registered charities

**257**  
Registered groups

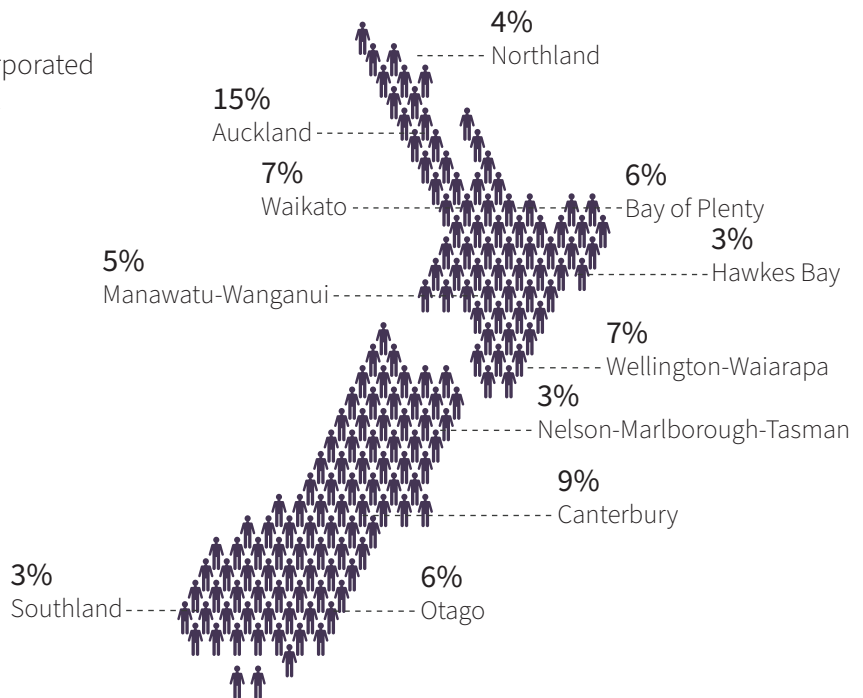
**121,074**  
Officers

\* Under the Charities Act 2005, registered charities that are affiliated can apply to be registered as groups.

## Registered entity type

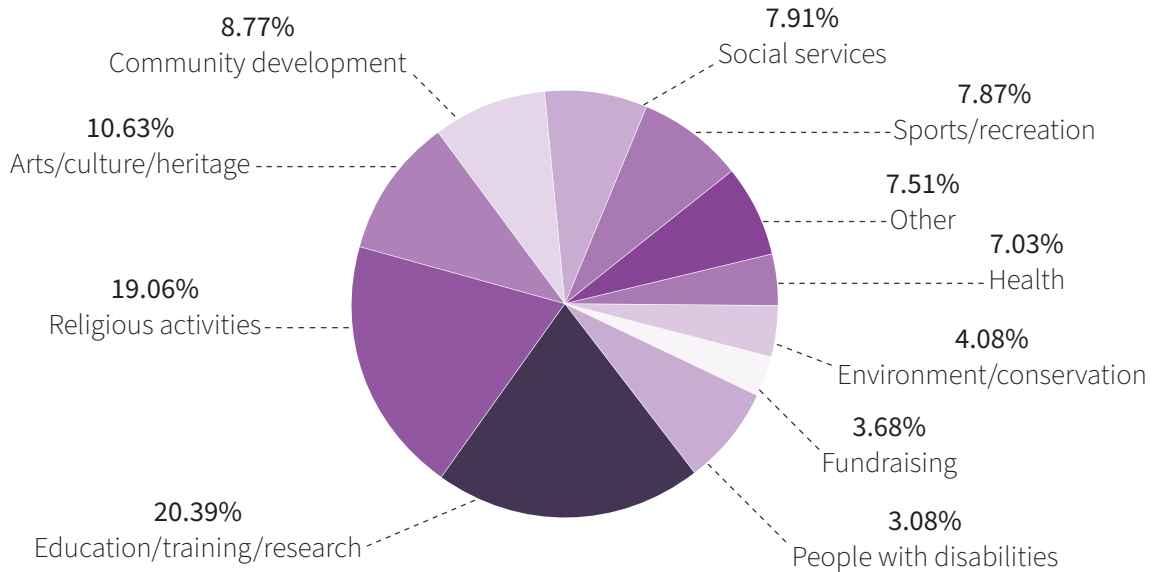


## Areas of operation in NZ





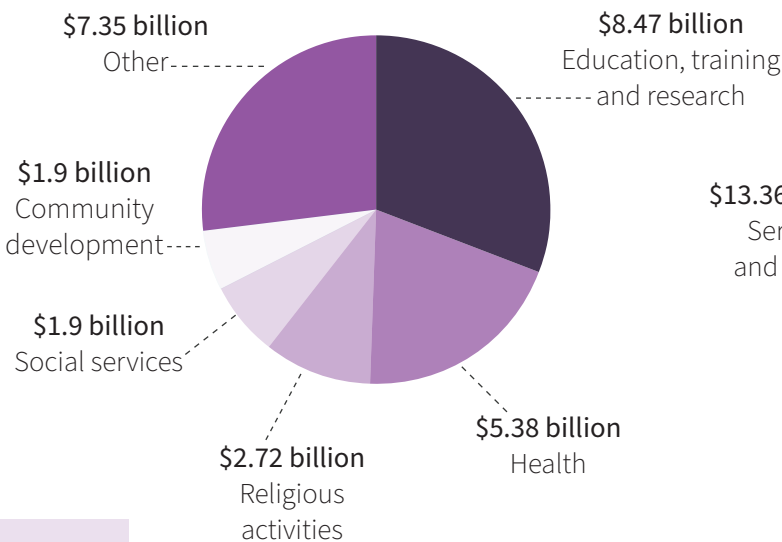
## Main sectors



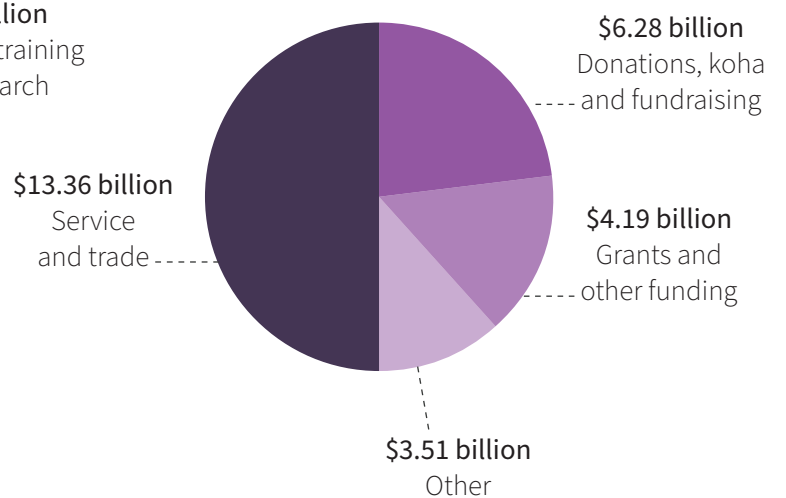
## Financial overview

	Tier 1	Tier 2	Tier 3	Tier 4
Total assets \$86.98 billion	\$37.23 billion	\$28.87 billion	\$18.04 billion	\$2.84 billion
Total expenditure \$25.28 billion	\$13.64 billion	\$7.84 billion	\$3.4 billion	\$400 million
Total income \$27.34 billion	\$14.14 billion	\$8.44 billion	\$4.17 billion	\$590 million

## Income by sector



## Income by source



# Amendments to the Charities Act 2005

Charities Services administers the Charities Act 2005 (the Act), which involves making various decisions that impact charities and their people. Recent changes to the Act, through the Charities Amendment Bill 2023, aim to enhance fairness and transparency in these decisions, as well as those made by the Charities Registration Board (the Board).

Other amendments to improve governance for charities also came into effect in July of this year.

## **New Board power**

The Board now has the authority to disqualify officers for serious wrongdoing, or failing to meet their obligations under the Act, without deregistering the charity. This power allows the Board to target accountability more precisely, ensuring that individuals responsible for misconduct are held accountable without impacting the charity as a whole. Previously, officers could only be disqualified if their charity was also deregistered, which could have unintended consequences for beneficiaries who rely on its services.

This change helps maintain the integrity of the Charities Register while allowing charities to continue their important mahi, benefiting the public and maintaining its trust in the charitable sector.

## **Updated objections and appeals processes**

When Charities Services or the Board intends to make a decision regarding a charity, the charity now has the opportunity to make an objection and be heard before a decision is made.

After the decision is made, Charities can appeal decisions to the Taxation and Charities Review Authority, an independent judicial body, before appealing to the High Court. This provides an amended avenue for appeals that is more accessible for charities.

## **Change to officer definition and governance review**

The definition of who qualifies as an officer has been adjusted to create greater consistency, enable charities to better represent themselves and manage the delegation of powers and responsibilities within their organisation.

Charities are also required to review their governance procedures at least once every three years to ensure that their rules and processes comply with the Act.

To view all the key Act changes, please visit the Charities Act Hub on our website.



# New forms to make things easier for charities

In April 2024, Charities Services introduced new forms following a sector consultation in 2023 that focused on improving the forms that charities use for registration, annual reporting and updating details. The goal is to simplify the annual return process for small charities, speed up registration, and enhance the quality of information on the Charities Register.

These updates align with changes to the Charities Act 2005, the External Reporting Board's Reporting Standards, and our ongoing efforts to make our forms more user-friendly.

## **New question on fund accumulation**

The new forms now ask large charities to explain why they are accumulating funds. By specifying their reasons, charities can show they are using their funds wisely, not just storing money without a clear plan. Previously, charities only reported the amount saved. This change helps reassure donors and the public that funds are managed responsibly and support the charity's mission.

## **Self-identification for Māori, Pacific peoples and ethnic community charities**

New questions enable Māori, Pacific peoples, and ethnic community charities to identify themselves, which helps to create a clearer picture of their unique contributions. This also enables Charities Services to offer more tailored support, ensuring that all communities receive specific resources and assistance they need to thrive.

## **Simplified reporting for smaller charities**

Smaller charities can now use a combined annual return and performance report form, submitting one document instead of two, which speeds up the filing process. Charities that prefer to keep a separate performance report can still do so by filling out an annual return form and attaching their performance report separately.







*Photo: Big Brothers Big Sisters of North Canterbury Trust Board*



## Te Aka Taiwhenua

Te Aka Taiwhenua is our rautaki (strategy) 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 key aspiration is to grow our internal capabilities, ensuring our kaimahi (staff) are knowledgeable about tikanga (Māori values) and their responsibilities under te Tiriti o Waitangi (Treaty of Waitangi) to enable us to engage more effectively with tangata whenua. (people of the land).

New team members are introduced to Te Aka Taiwhenua during their induction, and all staff are supported at various stages of their learning journey to deepen their understanding of Te Reo (the language) and Te Ao Māori (Māori world view).

We begin and end all our meetings with karakia. For larger meetings, we also sing waiata (song) and incorporate mihi whakatau (welcome) in welcoming new staff.

## Te Ara Vaka

Te Ara Vaka is the Department's Pacific strategy. Its aim is to enhance services for Pacific peoples and equip staff with cultural knowledge and skills.

Alongside this strategy, Charities Services is also involved in Pacific Caucus, which provides advisory services for initiatives supporting Pacific peoples and their communities.

We recently hosted a Pacific charities community workshop for Pacific charities in collaboration with the Ministry for Pacific Peoples, ACE New Zealand, Inland Revenue, Auckland North Community and Development, Foundation North, and Hāpai Hapori (Community Operations).

This event was an important step towards building stronger connections and providing targeted support to Pacific charities.

# Overview of our work

## Charities Support

The Charities Support Team handles thousands of inquiries from charities annually. The team processes annual returns, provides assistance and information, and guides charities through the filing process. In the past financial year, the team responded to over 17,200 queries.

## Resources

The Capability Team supports charities in understanding their obligations by offering educational materials like online guides, webinars and events. We also provide useful information on our website, work with other agencies, and promote sector resources.

Over the past year, the team has been deeply involved in projects to implement changes to the Charities Act 2005 (the Act) and to introduce new forms for charities.

Additionally, the team manages Charities Services' social media and a newsletter that reaches over 60,000 subscribers.

## Community engagement

Since the start of the 2023/2024 financial year, the team has hosted five community sessions nationwide and a workshop specifically for Pacific charities, focusing on financial reporting and good governance.

We also delivered a series of webinars on the changes to the Act, with 3,141 people

registering and many more watching the recordings.

Additionally, we provided one-on-one support to 192 charities through our weekly clinics.

## Education before registration

We also educate charities preparing to register. Our support is delivered through website resources and guidance materials to help groups prepare for their application.

## Assessing applications for registration

When we receive an application, we assess its eligibility based on the requirements of the Act. Once registered, we support the organisation by providing education on annual reporting and good governance to help charities maintain their registration.

## Withdrawals of applications

Being a registered charity is voluntary and applicants have to consider whether they are ready for registration, meet the legal charitable purpose requirements and if the benefits outweigh the obligations of registration.

Applicants sometimes withdraw their applications, often after receiving a request for information or a notice that may lead to a decline. Additionally, we may withdraw

applications if the applicants do not respond to our request for additional information within the two-month response period. This process ensures that all applicants have a full opportunity to explain their purposes and activities. It gives the public confidence that charities on the register have met all requirements and provide a public benefit.

### **Application outcomes**

In the last financial year, we made 1,364 application decisions. 1,155 applications were approved, 209 applications were withdrawn by either the applicants or by Charities Services, and no applications were declined.

### **Protecting the sector as a regulator**

Charities Services has a crucial role in monitoring charities and investigating serious wrongdoing or potential breaches of the Charities Act 2005 (the Act). This function is essential for upholding the integrity of the Charities Register and maintaining trust and confidence in the charitable sector.

While most registered charities are set up for charitable purposes and run by dedicated individuals who make significant contributions to their communities, non-compliant charities can undermine the effective use of charitable resources, which can greatly affect public trust and confidence.

### **Education and support for compliance**

A significant portion of our work involves educating and supporting charities to ensure they meet their obligations. This is reflected in the regulatory triangle, which starts with



*Photo: New Zealand Opera School (courtesy of Whanganui Chronicle)*



a strong base of guidance to charities and lets us focus our investigative efforts on more high-risk issues.

### **Inquiries and regulatory responses**

When concerns arise, we evaluate the level of risk involved. If we suspect a charity, or its officers, aren't meeting their obligations, we may look into the charity to determine if there is evidence of more serious issues. If there is, our team carries out in-depth investigations to decide on the appropriate regulatory response.

In severe cases, the outcome may include recommending deregistration and disqualification of officers to the Board. Other regulatory outcomes can include issuing warning letters and letters of expectations. For less serious issues, we provide guidance on best practices to ensure ongoing compliance.

### **Changes in complaints handling**

This year, we have made a change to how we handle complaints. While we'll consider the concerns shared with us, we will only follow up if we need more details. This allows us to increase our focus on investigating the most serious risks to public trust and confidence.

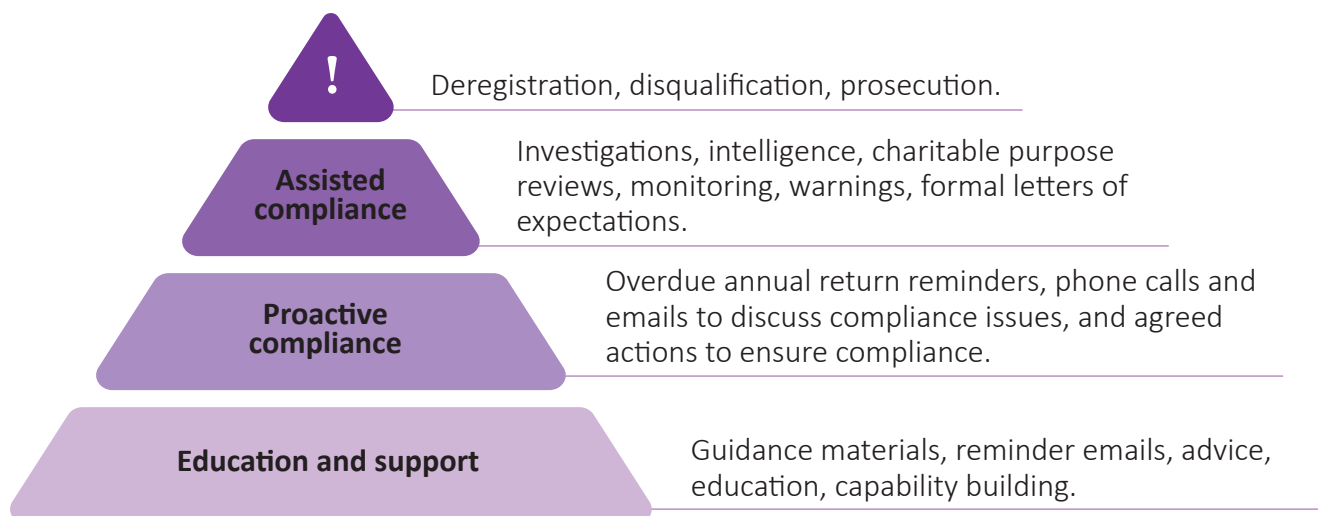
### **Investigations outcomes**

In the last financial year, the team completed 13 investigations/inquiries resulting in a range of outcomes including letters of expectations sent, warning notices issued, education and no action needed.

### **Deregistration**

Registered charities may choose to deregister at any time and for any reason. For example, a charity may wish to deregister if they are winding up their operations or if they feel the obligations outweigh the benefits of being registered.

#### **Regulatory Triangle**



Additionally, charities risk deregistration for serious wrongdoing or for failing to meet legal requirements, with the most common reason being the failure to file annual returns.

It is essential for charities to keep their contact information current, as we will send notifications prior to any deregistration. By keeping accurate details, charities can receive our support to help them comply and retain their registered status if they wish to remain registered.

### Reasons for deregistration

In the past financial year, 572 charities were deregistered. The majority (571) chose to deregister voluntarily, while only one charity was deregistered by the Charities Registration Board for failure to respond to duty to assist (section 32(1)(b) Charities Act 2005).



# Our year in numbers

1 July 2023 - 30 June 2024

## Charities support

Support queries responded to	17,246
Changes made to charities' details	1,329
Official Information Act requests responded to	33

## Education and engagement

Website views	798,428
Newsletter views	222,445
Blog views	45,978
Webinar recording views	7,853
Social media followers	3,429
Clinics	166
He Rourou Atawhai Zoom sessions	4
Community Sessions	2
Webinars	1

## Registration applications

Applications approved	1,155
Applications withdrawn	209
Applications declined	0
<b>Applications total</b>	<b>1,364</b>

## Deregistrations outcomes

Deregistered by the Charities Registration Board	1
Voluntarily deregistered	571
<b>Deregistrations total</b>	<b>572</b>

## Investigations outcomes

Closed investigations/ inquiries resulting in a range of actions that include: <ul style="list-style-type: none"> <li>• Letters of expectation</li> <li>• Warning notices</li> <li>• Education</li> <li>• No further action</li> </ul>	13
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# Financial overview

## Our funding sources and spending

Funding		
Source	2023/2024	2022/2023
Annual return fees	\$892,413	\$819,548
Crown funding	\$6,552,000	\$6,149,000
<b>Total</b>	<b>\$7,444,413</b>	<b>\$6,968,548</b>

Expenditure		
Cost	2023/2024	2022/2023
Operating	\$24,202	\$16,806
Overhead	\$2,984,614	\$2,500,038
Legal	\$49,168	\$85,750
Systems	\$845,738	\$717,104
Board	\$23,332	\$27,057
Staff	\$3,271,949	\$3,155,991
Events	\$20,714	\$30,410
<b>Total</b>	<b>\$7,219,718</b>	<b>\$6,533,156</b>



Photo: Wai Kōkopu - Pongakawa School



# Independent review of our decisions

Each year, we have an independent third party review our regulatory decisions. This helps us improve our processes and decisions and assures the Charities Registration Board that our registration decisions made under its delegation are correct.

Dr. Juliet Chevalier-Watts, an Associate Professor in Law at the University of Waikato, reviewed 27 randomly chosen registration decisions. She assessed their consistency and accuracy from a charity law perspective and agreed with all 27 decisions.

The Crown Solicitor at Luke Cunningham Clere reviewed three randomly chosen investigations. They evaluated how well we planned, conducted interviews, gathered evidence, wrote reports and met deadlines. The review found that our investigations met the expected standards across the board. However, it also found there were opportunities for us to improve timeliness in two of the investigations reviewed.

*Photo: TARANAKI R.A.T.S (Riders Against Teenage Suicide)*



# Update on the reporting standards

The reporting standards (the Standards) are set by the External Reporting Board (XRB), an independent Crown Entity responsible for developing and issuing accounting standards in New Zealand. The Standards guide registered charities on how to report their financial activities accurately and transparently in accordance with their obligations under the Act.

## Simpler standards for Tier 3 and Tier 4 charities

In 2023, the XRB introduced new Standards for Tier 3 and Tier 4 charities to simplify reporting and better support smaller charities. These feature clearer language and reduced reporting requirements, making compliance easier.

Although these new Standards will be mandatory in 2025, charities can start using them now for reporting periods ending after June 15, 2023. This is especially helpful for newly registered charities, allowing them to align with the new requirements from the outset.

## Guidance and support for charities

To help charities with the change, we have added guidance on our website and are updating our Tier 3 and Tier 4 reporting guides. We will provide ongoing support to charities to ensure they have the help they need to meet the new requirements.

## Compliance rates

Each year we review a random sample of annual reports and financial statements from the previous financial year. We also look into any cases of non-compliance that come to our attention.

This year, we reviewed 487 reports and found that most charities complied with the Standards. Tier 1 and Tier 2 experienced a slight drop in compliance due to one charity in each tier not meeting the Standards, resulting in just below 100% compliance. The rate for Tier 3 remained steady, while Tier 4 saw significant improvement, achieving the highest compliance rate since the Standards were first introduced in 2015.

	Tier 1	Tier 2	Tier 3	Tier 4
2024	95%	99%	97%	66%
2023	100%	100%	97%	61%

## Common issues with Tier 4 reporting

Addressing common issues and misunderstandings in reporting is a crucial part of our support for charities. When we identify issues, we share our insights to help charities report correctly.

Tier 4 charities often find the Standards challenging. Common mistakes include submitting unnecessary materials, such as pictures of receipts or Excel spreadsheets of monthly expenses, instead of the required information. Charities that use the provided templates and resources generally find compliance easier.



# Good governance: managing conflicts of interest

Good governance is essential for running any organisation well, including charities. As the regulator, we share learnings and best practices to help charities govern themselves effectively. We do this by highlighting and using data to describe common issues and explaining how to avoid them.

## Impact of poorly managed conflicts of interest

We have observed that charities often struggle to manage conflicts of interest properly. In a small country like ours, conflicts of interest are common, especially in business relationships and among individuals who are related by blood, marriage or partnership.

Problems arise when individuals prioritise personal gain over their charity's mission. For example, if board members direct contracts or donations to their own businesses, they can significantly harm the charity's mission and public trust. Additionally, favouritism in hiring or fundraising for personal benefit raises serious concerns about ethics and transparency.

Although conflicts aren't always serious, if not managed well, they can lead to poor decisions, disputes, damage to the charity's reputation, and possible deregistration and referral to other agencies such as the Police

or Serious Fraud Office. Even perceived conflicts can harm a charity's standing.

## How we addressed the issues

Last year, our investigators encountered several cases where charities lacked a Conflicts of Interest policy or register. In other cases, the number of trustees was insufficient increasing governance risks. We worked closely with these charities to address these issues, and monitoring the steps they took to resolve and prevent the conflicts.

## Recommendations for preventing issues

To avoid these problems, charities should implement clear policies for identifying, disclosing and managing potential conflicts. This includes keeping a conflicts register, providing regular training on conflict risks, and addressing conflicts promptly when they arise. These measures help ensure decisions are made in the charity's best interest and uphold public trust.

# Looking ahead: our focus for the coming year

In the coming year, we will focus on several key areas to deliver quality regulatory services and assure public trust and confidence in registered charities.

## Enabling compliance

We will continue to support charities by offering resources and guidance in ways that works for them. This includes updating our information by reviewing web content to ensure it remains current and accessible. Additionally, we are developing new resources to help charities understand the changes to the Charities Act 2005, making it easier for them to fulfill their obligations.

While our focus is on education and enabling compliance, where there are cases of serious non-compliance, we will act to maintain public trust and confidence in the charitable sector.

## Using data and insights to maintain public trust

We are streamlining our registration and compliance processes. By leveraging data insights, we can better identify and address key risks to public trust in the sector. This approach helps us make informed decisions and strengthen our regulatory function.

## Increasing engagement and strengthening partnerships

We are expanding engagement opportunities for charities, both online and in-person. Throughout the year, we will host webinars on a range of topics and focus on communities where the need is greatest. Our commitment to Te Tiriti o Waitangi guides our support for Kaupapa Māori charities. We also plan to increase collaboration with government partners, sector leaders, and other stakeholders to effectively fulfil our regulatory role.

## Improving our systems and processes

We are focusing on simplifying our systems and processes to help charities meet their legal requirements. We have reopened our contact centre to assist charities over the phone and are making improvements to our online services. Our goal is to make things easier for charities, so they can continue their vital mahi.





Photo: One Mother to Another

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