

Update

INTERNAL AFFAIRS

Te Tari Taiwhenua

CHARITIES

January - February 2013

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2013 – here we come!



Hello,

I'm writing this while looking out the window at one of the most fantastic summers we've seen in Wellington for a long time, so I hope it's a sign of good things to come during 2013.

We have a pretty full programme lined up for the year, including making some changes to our online forms (which we think will make a huge, positive improvement for charities), and running a series of workshops with the External Reporting Board, Ministry of Business Innovation

and Employment (Mbie), and Angoa, to help charities understand the financial reporting changes that are on the horizon.

We often talk with charities about how you "make a difference", and that's what our own Charities team want to focus on in 2013. Since we became part of Internal Affairs last year, we've been working with our colleagues in Community Operations, and across the wider Department to share knowledge and understanding about our regulation, compliance and education work, and how we assist the charitable sector and serve the public's need for assurance that charities are "doing the right thing".

So, how do we plan to "make a difference"? We want to better coordinate our work with colleagues across the Department (and in other government agencies) who are also working with charities – and ensure we are making the most of our people, knowledge, and resources for the benefit of the sector. We want to help charities to easily adapt to the financial reporting changes that have been proposed, and which will be introduced in 2015. We want to more widely promote the fantastic information from the Charities Register and our Open Da-

ta, to assist government, the public and funders to better understand the contribution made by the charitable sector, and charities' needs. We want to encourage discussion amongst the public about the value of the charitable sector, and amongst charities about your needs and aims. (What are the "burning issues" for you, and how can we help find solutions to them?) We want to make it easier for charities to do business with us – to apply for registration, and to file Annual Returns and other information. We also want to work with other government agencies to help charities to comply with all your other obligations – such as, for example, being a good employer. We want to ensure that charities who *aren't* "doing the right thing" are identified and held to account, levelling the playing field for other charities, and providing assurance to the public and funders who support charities.

And above all, we want the public to feel that New Zealand's charitable sector is well-regulated and supported, that registered charities can be trusted to be doing what they say they will, that they are using their funds wisely, and that all their work is truly charitable, helping out where it's most needed. After all, isn't that the basis for people to feel trust and confidence in our charities, and happy to donate, volunteer, and advocate for them?

On a personal level, I'm looking forward to getting out and about a little more, to meet with more people working within and for the sector, explain our work, and learn more about how we can better help you to work effectively and efficiently, to fulfil your charitable aims. So, if you pick up the phone or open an email one day, and I'm on the other end asking to catch up with you, I hope you'll have time for a cuppa, and to listen to a few of our ideas, and share your own.

Brendon

Nāku noa, na, cheers

Brendon Ward

General manager, Charities

Great news for registration applicants!



Great news for organisations applying for registration as a charity!

In keeping with government's aim of making it easier for people to do business with government, and improving public services, the Charities team has now cleared its backlog of registration applications.

This means that new applicants for registration as a charity should generally receive either a first response from the Charities registration team *or* notice of their successful registration within thirty working days of filing a correctly-completed application that includes all the required information. (We may contact you earlier, if we see that your application is missing something – for example, no-one has signed the application form – or it appears to have the wrong number of Officer Certification forms).

Occasionally, if we have a large number of applications that come in at once, or are processing a very large number of complex applications, it may take a little longer for a registration analyst to get back to you.

For more about how to file an application for registration that can be processed as quickly and efficiently as possible, see our information sheet [Application checklist and helpful tips](#)

Pass the word – free seminars for

There are some changes ahead for charities - new financial reporting standards are being proposed, and are likely to take effect in the 2015 fi-

charities during
March-May.

Register now!

financial year.

Once the proposals are finalised, registered charities will have a new “template” for filing Annual Returns (required to keep your charitable status), which will include some “non-financial” reporting on progress with fulfilling your charitable aims.



Charities aren't the only organisations that will be affected – new financial reporting standards are also being proposed for companies and other organisations, partly to help harmonise New Zealand's financial reporting with international stand-

ards, but also to make all organisations' financial reporting more consistent and transparent.

Help is at hand for charities though, with understanding what's been proposed, and finding out how to have your say about the proposals.

The [Department of Internal Affairs' Charities team](#), the [External Reporting Board \(XRB\)](#), [Ministry of Business Innovation and Employment \(Mbie\)](#) and [Angoa](#) have teamed up to run free workshops to explain the proposals, and how they might affect your charity. You can also ask questions, and talk with colleagues in the sector, to get their views. The workshops run right across the country, from 1 March to the end of May, and are for three hours (morning or afternoon).

If you are the person who prepares your charity's accounts, we encourage you to [register](#) now to attend a workshop in your area. We also encourage you to pass the word along to colleagues in the charitable and wider non-profit sector, and persuade them to attend a workshop as well.

We have tried to find reasonably-sized venues, but can't guarantee a place for everyone, so it's best to register early. We'll give priority to people from registered charities.

Want to know
more? Useful
links:



Bill to set new fi-
nancial reporting
standards has first
reading

About the proposed new financial reporting standards

http://xrb.govt.nz/Site/Accounting_Standards/Current_Standards/New_Framework/default.aspx

<http://www.charities.govt.nz/news/information-sheets/proposed-new-financial-reporting-standards/>

About the workshops

<http://www.charities.govt.nz/news/events/free-seminars-for-charities-how-to-make-a-submission-on-the-proposed-new-accounting-standards/>

The *Financial Reporting Bill 2012*, which will set financial reporting standards for companies, partnerships, trusts and charities, had its first reading in Parliament in January this year. When passed, it will replace the *Financial Reporting Act 1993*, and mean that many of the more than 700,000 organisations that prepared financial accounts last year, will need to make some changes to their reporting.

The Bill will also mean better alignment with business reporting requirements in Australia, recognise the unique financial reporting needs of people in the public and not-for-profit sectors, and set standards for large partnerships (which aren't covered by the current legislation).

For many businesses, particularly small and medium sized companies with annual revenues of less than \$30 million or total assets of less than \$60 million, the Bill – when passed – will enable them to substantially reduce their accounting compliance costs and in many cases, they may also no longer have to complete an annual audit.

The new Bill should also result in clearer rules that will improve charity reporting, and allow for more consistent, accurate and efficient information, that will help donors and supports of charities to more easily see what their chosen charity is doing with its funds, and feel confident they are being used for the intended charitable purpose.

Resolving disputes within charities



Sometimes, disputes can occur between a charity's members, within its governing and management bodies or between the charity and a third party such as a landlord or supplier.

It is important that the officers or management of a charity resolve disputes quickly and effectively, because they can have a serious impact on how the charity operates, and lead

to a breakdown in relationships, the charity's governance, and even its day-to-day management – not to mention its ability to deliver on its charitable work.

Sometimes, people locked in a dispute lay a complaint with Charities, mistakenly thinking that we are able to “lay down the law” to the colleague or organisation they are in disagreement with.

In general, Charities doesn't have the mandate to become involved in an internal dispute within a charity, or a contractual relationship the charity may have entered into, unless there is a serious risk to public trust and confidence. The Charities Act provides only limited powers to intervene in disputes involving charities, but there are other resources – and mediation routes, some at low cost – available to help you.

As a starting point, you may like to take a look at these publications:

[Resolving disputes affecting your charity](#)

[Internal disputes - why do they happen and what can you do to prevent them?](#)

Does registration as a charity also qualify your members as marriage celebrants?

(No, it doesn't!)



We are sometimes asked if registration as a charity also qualifies the charity's members to act as marriage celebrants. However, registration as a charity *doesn't* automatically mean the charity's members can be marriage celebrants.

If the charity's main objective is – for example – to uphold or promote religious beliefs or philosophical or humanitarian convictions, it can apply to Births, Deaths and Marriages for approval to nominate its adult members as marriage celebrants.

It's important to note, though, that *each* nominated member requires *individual* approval from the Registrar-General to become a marriage celebrant.

Contact Births, Deaths and Marriages, www.bdm.govt.nz, for more information about how to apply for registration as a marriage celebrant.

United Nations Development Programme contribution to poverty reduction



The United Nations Development Programme has published an extensive report evaluating its contribution to the reduction of poverty.

You may like to read a copy – available [here](#).

50 scholarships for Māori development

A scholarships programme to support the development of Māori business capability and the growth of Māori industry is offering 50 scholarships for Māori tertiary students in 2013.

Applications are now open for the scholarships, worth \$10,000 each, which form part of an expanding programme created by registered charity [Te Pūtea Whakatupu Trust](#), an independent charitable trust set up as part of the Māori fisheries settlement.

For more information about applying for the scholarships, please visit www.tpwt.maori.nz

Electronic authentication service now available



New Zealanders who need officially-verified documents for use in most countries can now get them issued electronically through the e-Apostille service run by the Department of Internal Affairs' Authentication Unit.

An e-Apostille is an electronic version of an Apostille certificate, which the Authentication Unit applies to many types of New Zealand-issued documents to verify them for use in the

[more than 100 countries](#) that have signed the Hague Apostille Convention, including the UK, Australia and USA.

Previously, Apostilles had to be transmitted by mail or courier.

Anyone with any type of public document can now apply for an e-Apostille. A wide range of people and organisations already use the service: exporters, law firms, trade mark attorneys, accountants and travel and employment agencies, as well private individuals who work, marry, study, adopt a child, or sell property overseas.

An e-Apostille has many advantages: it can be emailed overseas, saving time and money, and allows people to meet tight deadlines. It has more security features than a paper Apostille so is helping to ensure New Zealand issued documents are not used fraudulently overseas.

New Zealand is one of only four countries in the world that issues e-Apostilles. The Department prioritised its implementation of the service, as it offers New Zealanders a fast, cheap and secure way of submitting documents overseas.

Details of the e-Apostille service can be found at: <http://www.dia.govt.nz/apostille>

Payroll giving making regular donations easier for employees

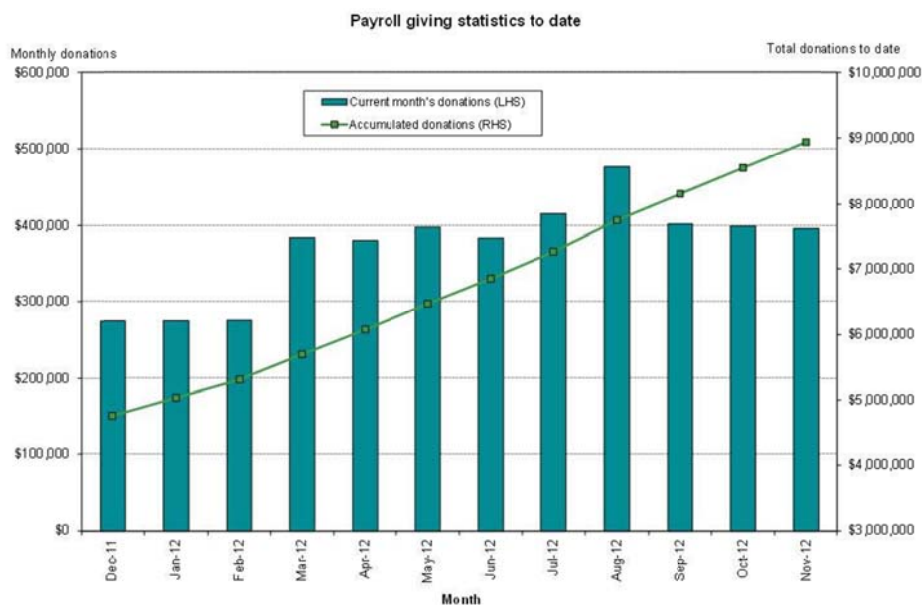
Since payroll giving was introduced in 2010, more than \$8.9 million has been donated directly from a growing number of peoples' pay to their favourite charity or [donee organisation](#).

In November 2012 alone, 3,539 employees donated just under \$396,000. Because the donations were made through payroll giving, these employees received immediate tax credits totalling just under \$132,000. They didn't need to wait until the end of the year to make a claim for tax credits.

Payroll giving is a voluntary scheme that enables employees of employers that

are signed up to the scheme to make donations directly from their pay to a chosen donee organisation. People who donate through payroll giving receive *immediate* tax credits relating to the donations they make each payday.

In November 2012 the payroll giving scheme had 3,539 employees, working for 767 employers, who donated \$395,844 for the month. The average donation per employee was \$111.85.



For more about payroll giving, see our information sheet [Payroll giving and your charity](#) and www.ird.govt.nz

Survey shows diverse, mature and active social enterprise sector in New Zealand

A survey run by the Department of Internal Affairs has revealed that charitable trusts make up just over 50 per cent of organisations in the sector.

“Social enterprises in this country are operating in a wide range of industries, have a range of approaches to supporting their many and varied missions, and serve many different types of beneficiaries,” says Senior Policy Adviser Diana Suggate.

“While many survey participants have been operating for more than ten years, we are aware that there is a growing interest in the potential to grow the social enterprise movement,” she says.

For the purposes of the survey, “social enterprise” was defined as an organisation which has a social, cultural, or environmental mission, that derives a substantial portion of its income from trade, and that reinvests the majority of its profit/surplus in the fulfilment of its mission.

Diana said the survey showed most social enterprises trade in their local area and focus on benefiting families, young people and other social groupings, although around 15 per cent focus on environmental causes.

Highlights from the survey:

- Most social enterprises work in education and training (43 per cent), social assistance services (22 per cent), recreation and sport (17 per cent) and arts and heritage (15 per cent).
- Charitable trusts make up 53 per cent of organisations in the sector; 37 per cent are incorporated societies, and 7 per cent are limited liability

companies.

- Around five per cent of the organisations that responded to the survey are affiliated with Māori authorities. This can be through a marae, an iwi organisation, having a Māori organisation as a shareholder; or having an informal association with a hāpu or iwi.
- In addition to income from sales, government contracts provide significant income for 40 per cent of the organisations. Grants and donations are also important.

“Challenges faced by the sector include a more difficult trading environment caused by the economic downturn, and the need for funding to support development and growth,” Diana says.

Other issues social enterprises contend with include changing market conditions; increased competition; demographic change; availability and capability of workers; compliance costs; governance and management issues; and lack of capacity for growth.

“Particularly interesting for us was the finding that said around 65 per cent of the organisations felt they could benefit from external advice, particularly with developing marketing strategies and training in management skills,” Diana says.

Diana said government interest in social enterprises hinged on the potential for these organisations to both boost a local economy and tackle social, cultural and environmental issues.

“The report provides a basis for ongoing investigation into social enterprises and will inform policy development about this important sector,” Diana says.

A copy of the report summarising the survey findings will be made available on the [Community Matters](#) website.



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CHARITIES

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/>

If you wish to subscribe or unsubscribe, please add or remove your email address from the Newsletter Group on www.charities.govt.nz