

Hon Bill English
Minister of Finance

Hon Peter Dunne
Minister for Revenue

Hon Jonathan Coleman
Minister of State Services

Hon Tariana Turia
Associate Minister of Social Development

via email

11 March 2012

Crown Entities Reform Bill 332-1 (2011) Part 3: Charities Act 2005

A wide range of submissions were made prior to the first reading of the Bill and the deliberations of the Government and Administration Select Committee from organisations representing the breadth of the voluntary and community sector. These included organisations that Volunteering New Zealand work closely with - ANGOA, Social Development Partners and Philanthropy New Zealand. They have sent a joint letter to Minister Goodhew and Minister Tremain on 1 May outlining concerns we share.

The letter sent offered a brief summary of the most pertinent points below and urge the government to consider them before it makes a final decision about Part 3 of the Crown Entities Reform Bill. We support those points.

The merger of the Charities Commission under DIA will likely lead to a loss of independence and transparency – both of which were fundamental to the establishment of the Commission in 2005. Independence from government will be critical in ensuring that a review of the Charities Act 2005 meets the future needs of the sector.

Any decisions about the future of the Charities Commission should be put on hold until after that review is complete.

At a recent major conference on charities in Wellington, four respected world experts on charity law agreed that the legislation puts New Zealand at risk of making a backward step.

The proposal is based on major errors of understanding in Government and especially in Cabinet:

- Lack of understanding that charities are set up by ordinary New Zealanders, **and often volunteers**, to address an issue they see in their community. And that such goodwill and initiatives do not require the involvement of a government department
- Most charities receive no direct funding from government, so their responsibility is to their members and their community – not government

- DIAs involvement is likely to dampen initiatives in the community rather than encourage them
- The proposed change is out of step with government's own policy push around Better Public Services – it will instead lead to more bureaucracy and lower innovation.

We understand cost savings need to be made, but the merger is unlikely to achieve the efficiency and savings that would make it worthwhile – at least not without severely reducing the ability to carry out what were the Commission's core functions.

There are alternative ways to reduce costs and improve efficiency without compromising the independence of the Commission.

Volunteering New Zealand are concerned that the autonomy and independence of the Charities Commission is being compromised by its integration into the administration of a central government agency before the first-principles review has been completed.

The planned review would enable proper examination of the issues and opportunities that might eventuate from a re-structure of the way we define and regulate charitable purpose.

We thank you for considering this letter and look forward to the outcome of your deliberations.

Yours sincerely



Vanisa Dhuru
Chief Executive