

Civil Society Forum

Vol.15



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ボランティア活動国際研究会

JAPAN INTERNATIONAL INSTITUTE FOR VOLUNTEERING RESEARCH

2024年度事業計画

● 基本方針

市民社会分野における研究交流を2つの地域的領域(東アジア地域およびグローバル)でそれぞれ異なる以下の事業を展開し、市民社会の発展を模索する機会創出に引き続き取り組む。

- (1) 第15回東アジア市民社会フォーラム開催への協力と参加
- (2) 機関誌「Civil Society Forum」の発刊と各国市民社会の紹介

● 事業計画

(1) 第15回東アジア市民社会フォーラム開催への協力と参加

- ・第15回東アジア市民社会フォーラム開催に向け実行委員会による準備に参加し、当日は同フォーラムを共催する。同フォーラムの開催要領は以下のとおり。

テーマ: Promote CSOs' engagement in Sustainable Development Goals

開催日程: 2024年10月17日-18日

開催場所: 中国・西安市

(2) 機関誌「Civil Society Forum」の発刊と各国市民社会の紹介

- ・機関誌「Civil Society Forum」を年に2回発刊する。
- ・海外における市民社会セクターの状況について原稿執筆の依頼を行う。
- ・寄稿記事は、機関誌に掲載し、ホームページを通じて国内外に発信する。

(3) その他

- ・広報活動の一環としてJIVRIホームページの充実を図る。

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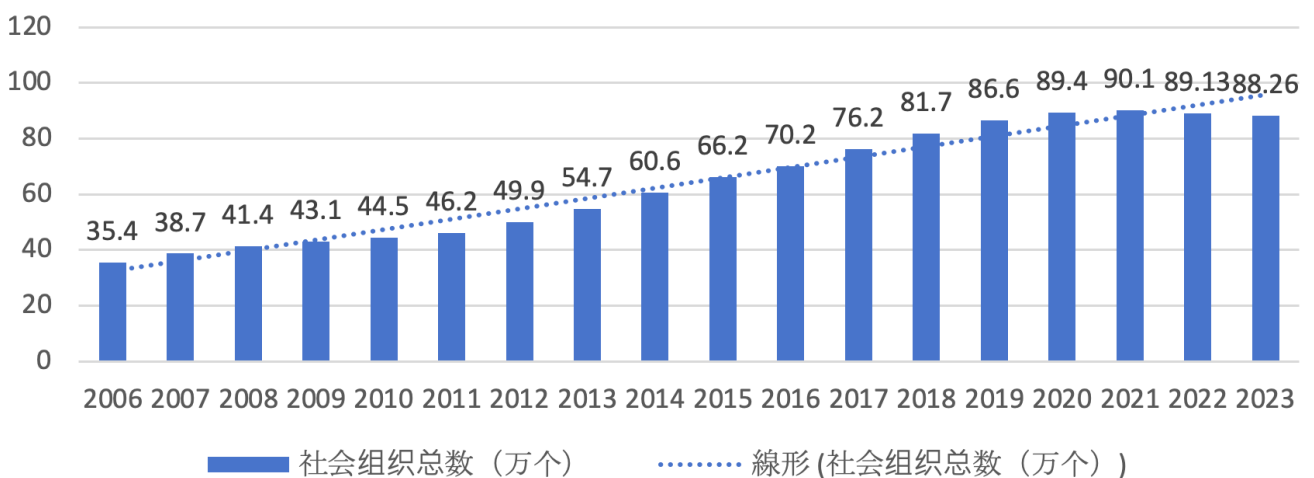
■ Philanthropy in China: New Era, New Challenge and New Strategy

Prof. Dr. Haoming Huang
Dean of Asia Academy of Philanthropy in Hainan

After three years of testing through the pandemic, China’s philanthropic sector has entered a new era of development, beginning to exert its political, economical and social function within the Chinese context.

In 2023, certain indicators of China’s philanthropic sector experienced a decline, returning to pre-pandemic levels. However, overall, the sector continued to exhibit a stable development trend. Between the year 2006–2021, China non-profit organizations (NPOs) has been increased with sustainable growth, until the year 2022, it was getting decreased (see picture). The total number of social organizations experienced negative growth during last two years. Affected by a combination of various policies and frequent domestic public emergencies. Despite the total amount of charitable resources continued to maintain a relatively high growth rate, the total amount of charitable trusts achieved rapid growth, and voluntary services moved towards deepening development amid controversies.

year 2006--2023 total NPOs in China, 10 thousand)



According to report from Ministry of Civil Affairs (MoCA) of the People's Republic of China, as of the end of December of 2023, the total number of social organizations nationwide was 882600, representing a decrease of 1% over 2022. Among them, there were 373,000 for social organizations, 499,000 for social service organizations, and 9,617 for foundations, representing an increase of 0.81%, -2.54% and 3.18%, respectively.

According to the report from Ministry of Public Security (MoPS) of the People's Republic of China, as of the end of December of 2022, a total of 678 overseas non-government organizations' representative offices were legally registered in accordance with the law The Law of the People's Republic of China on the Administration of Activities of Overseas Nongovernmental Organizations in the Mainland of China, representing an increase of 7.45% over 2021.

The blue book of Philanthropy: annual report in China's philanthropy development has always calculated the total value of social charity by adding the total amount of social donations, imputed value of hours of voluntary services contributed nationwide, and welfare lottery fund. Relevant calculation data shows that the total value of social charity in 2022 are estimated to be CNY 450.5 billion, representing an increase of 0.81% over 2021, of which the total social donations are CNY 140 billion, donations form welfare lottery fund are CNY 119 billion, and the imputed value of voluntary services contributed nationwide reached CNY 191.5 billion, representing an increase of -4.63%, 13.66% and -2.00% respectively over 2021.

Since September 1st 2016, China had been implement the Charity law, Civil affairs departments at all levels have identified and registered over 15,010 charitable organizations, account for total NPOs (882,600) is 1.7%, for the charitable organization of qualifications for public fundraising is 3183, of which the total charitable organization (15, 010) 21.2%, Red Cross system is 1458, according to Red Cross Law, until the end of June 20. 2024, according the report of MoCA. A total of 1089 charitable trust have been established nationwide, with at trust property value of CNY 7.22 billion until the 20 June 2024.

General speaking, the philanthropic organization has play an importance role among the economic and social development in China. It is particularly evident in the implementation of national strategies such as promoting common prosperity, rural revitalization, expanding domestic demand, grassroots governance, and achieving carbon peak as well as neutrality. There are five new feature during 2023, it is as following;

The Firstly, the individual donations is increasing. For example, during the “99 Giving Day” in 2023, the total donations is CNY 3.8 billion, representing a increase of 15.15% over 2022, more than 120 million people participated in the donation during 2023, representing a increase of 76.5% over 2022. Chinese Charitable Organization build the new model of “Internet+Charity” to put in taking root for “Charity Terminals”, in order to support the rapid transformation of local development of “Internet + Charity”, 800,000 charity terminal outlets nationwide are to be installed. This is to carry out the construction of charity terminal outlets in real industries such as restaurants, hotels, supermarket chains, medical and health care as carriers. By giving the functions of publicity of Charity activities, relief of the needy, volunteer services and other functions on the basis of the original physical stores, it can form a high-speed channel to connect the local charity collection nationwide, so that the relief of the needy and the weak can realize the root effect of online and offline linkage and point-to-point interaction.

The secondly, the social services became more professional. According to the report from China Disabled Persons’ Federation, China is home to approximately 12 million individuals with intellectual disabilities, a group beset by developmental challenges that limit their employment rate to a mere 10 percent. Conditions such as autism, Down syndrome and cerebral palsy set them apart, yet the Xihaner (喜憨儿) Car Wash Center defies these daunting odds. “While our workers do face certain challenges, they are able to match the cleanliness and prices of any other car wash,” said Cao Jun, founder of the center. In August 2015, Cao, along with nine other parents facing similar challenges, pooled their resources to crowdfund the opening of the car wash. In May 2022, the China

Disabled Persons' Federation issued a document supporting the promotion of the Xihaner(喜憨儿) car wash project nationwide. By the end of last year, the number of Xihaner(喜憨儿) car wash centers had reached 42 across China, with more than 400 mentally disabled people employed in many cities including Nanjing, Hefei, Altay and Chifeng.

The thirdly, NPOs pay attention to elderly population. Current society is a all-round development society. Many NPOs are trying to meet people's needs but omit old groups peoples. China's elderly population aged 60 and above reached 130 million in the year 2000, ushering in an aging society. It is a large number of people. The number of elderly people will double from 264 million in 2020 to 520 million by the middle of this century, ranking the largest in the world, while at the same time creating the world's largest elderly consumer market. The impact of this aging population on China's economic and social development is profound, long-term, and comprehensive. Chinese modernization is one of a huge population, covering people of all ages including the elderly population. The growing demands of this population group have laid an important foundation for the development of the silver economy. NPOs services including caring, epidemic prevention promotion, inquiry of needs and psychological consulting are offered to aged residents who live alone and have difficulty moving around. The aim is to know the elders' conditions at home, health conditions and needs for an elderly person of no family, NPOs can provide specific professional services for them.

The fourthly, the NPOs emphasis focus on the rural revitalization. According to the annual report on China's Philanthropy Development (2023), in 2022, NPOs involved in rural revitalization showed a year-on-year growth trends, increasing from 204,000 in 2021 to 215,000, with an annual growth rate of 5.39%, account for 23.83% of all NPOs. Among them, there were 93,000 social groups, a growth rate of 6.8%; 118,000 social service organizations, a growth rate of 3.56%; and 3508 foundations, with a growth rate of 3.44%. In 2021, a total of 2788 foundations nationwide dedicated in rural revitalization, with a total expenditure of CNY 16.963 billion. Rural revitalization has become a powerful force in China

that promotes the synergy between the government and society, creating an unprecedented opportunity for government–society cooperation. NPOs need to undergo transformation and upgrade, which adhering to the leadership of the Party and market orientation, actively playing the role of a social bond that connects the government, market as well as rural areas.

The fifthly, the Chinese NPOs going global. For example, by the end of 2023, China Foundation for Rural Development (CFRD) have carried out international humanitarian aid and development assistance projects in 31 countries and regions, with a total investment of more than 420 million CNY, benefiting about 2.24 million people. On November 6th, Ethiopian President Sahle–Work Zewde presented the award to China Foundation for Rural Development (CFRD) for its far–reaching engagements in Ethiopia’s school feeding endeavor. Highly recognized and appreciated by local governments, communities and beneficiaries, including the Nepal, Cambodia, Myanmar and Mongolia in Asia. Mr. Abebayehu is one of the beneficiary of water cellar program, he told us: “Before my wife and I got up early in the morning during dry season to fetch the water from the pool 15 kilometers away. It used to taking us half a day and left no enough time for farming. We planted few crops since there was no water for irrigation. “After the water cellar was built by my house, we have more time to stay at home for farming. We plant a lot of cash crops such as papaya, orange, and pepper. The crops help to generate income which increase our annual income by 50,000 birr.”

On the path to promoting Chinese–style modernization, the philanthropic sector still faces significant challenges in achieving high–quality development. It is imperative to optimize the development environment and boost confidence to advance towards a resilient philanthropic community. New strategies shall be to serve as an exploratory direction for the construction of domestic ecosystem of philanthropy, particularly for transparency in governance, social accountability, the norms of operation as well as shared responsibility.

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Charitable and Non-profit Organization System in New Zealand

Yoshiharu Shiraishi

President and CEO, International Institute for Volunteering Research

● Introduction

There are approximately 2,8000¹ charities in New Zealand, which is infinitely fewer than the 170,000 and 1.5 million charities covered by the UK and US donation tax regimes, respectively. However, New Zealand has a population of around 5.12 million, which translates into 54.7 charities per 10,000 people. This figure is higher than the UK's 30.1 charities and the US's 46.5 charities (Shiraishi 2024), meaning that civil society is prevalent in the country.

An interesting note on the number of legal entities in New Zealand is that there are 9,050 Charitable Trusts, accounting for 32.3% of the total. New Zealand does not have a foundation system, and charitable trusts are often chosen for foundation activities. In addition, the majority of charities in the UK are in company form, whereas in New Zealand there are only 834 charities, or 3% of the total. Many social enterprises appear to be opting for this legal entity.

This paper introduces the charitable system in New Zealand and its development as well as the introduction of the principle of proportionality, which has not been adopted in Japan yet.

● The legal environment for charities in New Zealand

In New Zealand, a charity can operate as a registered charity if it meets the legal requirements and registers with the Ministry of Home Affairs' Charities Services. The types of legal entities that can be registered are Incorporated Societies, Charitable Trusts, Companies Limited by Guarantee and Unincorporated Societies (Table 1).

The governing law for incorporation differs depending on the form of legal entity, but registration is based on the Charities Act 2005 and the operation of the organization after so-called registration is subject to dual regulation, similar to charity companies in the UK². However, For example, charitable trusts are required to comply with the Charitable Trusts Act 1957, but are not guided or supervised by The Registrar of Charitable Trusts at the New Zealand Companies Office, where they apply to be incorporated. This means that the main regulator is Charities Services, and this is also the case for other legal entity.

Charities Services is the regulatory body that oversees charities in New Zealand, registering charities, monitoring compliance with legal requirements, providing guidance and support to charities and maintaining the Charity Register.

When a charity registers with Charities Services, it is required to submit a charity registration application form, articles of association, a list of officers and a description of its objectives and activities, but the contents of the charity registration form are quite simple, as indicated in the notes to Table 1.

There are no restrictions on unrestricted reserves or minimum spending requirements, and this has led to a stable supply of social services in times of emergency and to the realization of greater development of the charitable sector.

In terms of taxation, the tax system is extremely generous to charities, as is the case in Canada. As in Canada, a tax credit system is also applied in the donation taxation system, whereby charities are required to provide donors with a donation receipt (donor's full name, stamped name of the organization, amount of donation, date of donation, and the name of the donor) for donations of \$5 or more, which is tax deductible by the Inland Revenue Department (IRD), date the donation was received, signature of the donation recipient, IRD number and Charities Services registration number) can be issued.

● Introduction of the Proportionality Principle in Regular Reporting

As mentioned, once incorporated societies, charitable trusts, companies limited by guarantee, and unincorporated societies register with Charities Services, they can operate as registered charities. They must comply with financial reporting requirements, which vary depending on the size of the organization (Table 2).

Reporting requirements are categorized into four tiers. Organizations with annual expenditures exceeding NZ\$30 million or international organizations fall under Tier 1, requiring the most detailed and complex reporting. Organizations with annual expenditures below NZ\$30 million fall under Tier 2, with some relaxed reporting requirements but still requiring detailed financial reporting. Organizations with annual expenditures below NZ\$2 million fall under Tier 3, adopting cash-based reporting with simplified reporting requirements. Organizations with annual expenditures below NZ\$140,000 fall under Tier 4, with the simplest reporting requirements, manageable even with limited resources.

Table 1: Registered Charities in New Zealand

Legal Form	Incorporated Societies	Charitable Trusts	Companies Limited Guarantee	by	Unincorporated Societies
Establishment Law	Incorporated Societies Act 1908	Charitable Trusts Act 1957	Companies Act 1993	Act	n/a
Registration Law	Charities Act 2005				
Regulatory Body	Registrar of Incorporated Societies	Registrar of Charitable Trusts	Companies Office		n/a
Activity Requirements	Activities for education, religion, social welfare, or other public benefits				
Characteristics	Membership-based (at least 15 members)	Trusts established for specific charitable purposes, often engaging in educational, religious, or social welfare activities	Companies with guarantors instead of shareholders, established for non-profit purposes, with no profit distribution		Voluntary associations, often small-scale activities
Number of Entities	6,253	9,050	834		11,900
Establishment Documents	Charity registration application, articles of incorporation, list of officers, description of objectives and activities, and other documents as required by Charities Services				
Income-Generating Activities	Allowed as long as the primary motive is not profit generation				
Spending Requirements	No restrictions (all expenditures must be used to achieve public benefit purposes)				
Internal Reserves	No restrictions (generally accepted if funds are explained as preparation for future projects or unexpected circumstances)				
Minimum Spending Requirement	None				
Political Activities	Allowed if not the primary purpose and are ancillary to achieving the organization's public benefit objectives				

Legal Form	Incorporated Societies	Charitable Trusts	Companies Limited Guarantee	by	Unincorporated Societies
Income Tax	Exempt (Charities Act 2005 and IRD)				
Donation Tax System	Tax credit system applied (up to 33.33% of taxable income), including corporate donations				
Gift Tax	Exempt (general gift tax system abolished in 2009)				
GST (Goods and Services Tax)	Partially exempt (standard GST registration required, but some supplies related to public benefit activities are exempt, and GST refunds can be claimed on purchases)				
Property Tax	Exempt or reduced (many local governments provide exemptions or reductions for properties owned by charities)				

- Organization name
- Organization contact details (postal code, address, etc.)
- Company registration number (if incorporated, charitable trust, or company)
- IRD number (if available)
- Area of public benefit activity
- List of officers (position, appointment date, home address, date of birth, etc.)
- Details about officers (position, appointment date, home address, date of birth, etc.)
- Organizational structure (governance, relationships with other entities, etc.)
- Description of activities (description of each activity, implementers and beneficiaries, activity locations)
- Receipt of donations
- Percentage of funds for overseas public benefit activities
- Attachments: Articles of incorporation, trust deeds, financial statements, and other management documents (if available)

The proportionality principle aims to ensure that charities achieve an appropriate level of financial transparency and accountability in line with their size and capacity. Large organizations are required to report in detail and complexity, while smaller organizations are allowed simplified reporting, so that each organization bears a burden commensurate with its own resources and the scale of its activities.

Accounting and reporting requirements also differ by Tire, with large entities (Tire 1) required to follow NZ International Financial Reporting Standards, while medium-sized entities (Tire 2) are required to follow the NZ International Financial Reporting Standards RDR, which is considered a simplified version of the NZ International Financial Reporting Standards. The differences between these two standards are shown in Table 3, and specific simplified examples of the RDR version are that Tier 1 requires detailed disclosure of financial instruments, while Tier 2 can omit some disclosures depending on materiality.

For revenues, Tier 1 requires detailed reporting of revenues, while Tier 2 applies a more simplified standard.

Lease reporting also requires detailed lease reporting under Tier 1, whereas simplified lease reporting is permitted under Tier 2. This allows Tier 2 organisations to ensure sufficient financial transparency while reducing their burden.

Failure to meet reporting requirements, e.g. resubmission obligations or persistent failure to submit annual reports, can result in the withdrawal of authorisation as a registered charity, in which case tax benefits are lost and the need to re-register arises.

Table 2: Reporting Requirements for Registered Charities

	Tier 1	Tier 2	Tier 3	Tier 4
Target Organizations	Annual expenditure over NZ\$30 million or international charities	Annual expenditure below NZ\$30 million	Annual expenditure below NZ\$2 million	Annual expenditure below NZ\$140,000
Accounting Standards	NZ IFRS	NZ IFRS RDR	Cash basis financial statements (income statement, financial report)	Simplified cash basis financial statements
Annual Report Content	Detailed financial statements, including comprehensive income statement, statement of financial position, cash flow statement, statement of changes in equity, notes and supplementary explanations, mandatory audit report	Simplified financial statements, notes and supplementary explanations, audit or review report	Income statement, statement of financial position, audit or review report, simplified notes	Simplified income statement and statement of financial position, minimal notes, optional audit or review report
Other Submissions	Annual Return: basic organization information, activity report, income summary			
Submission to	Charities Services			
Submission Method	Online			
Submission Deadline	Within six months of the fiscal year-end			

If reporting requirements are not met, such as mandatory re-submission or continuous non-submission of annual reports, the organization’s registration as a charity may be revoked. In such cases, the organization would lose its tax benefits and would need to undergo re-registration.

Table 3: Differences between NZ IFRS and NZ IFRS RDR

NZ IFRS (Tier 1)	NZ IFRS RDR (Tier 2)
Full set of financial statements: comprehensive income statement, statement of financial position, cash flow statement, statement of changes in equity	Simplified financial statements: simplified comprehensive income statement, statement of financial position, cash flow statement, statement of changes in equity
Detailed disclosure of financial instruments, including recognition, measurement, presentation, and disclosure	Partial omission of disclosures based on materiality
Detailed revenue recognition standards	Simplified revenue recognition standards
Detailed lease accounting standards	Simplified lease accounting standards

Conclusion

From the above, we have looked at the enabling environment of charities in New Zealand and examples of the introduction of the proportionality principle. The introduction of the principle of proportionality, which allows charities to achieve an appropriate level of financial transparency and accountability according to their size, and is designed to enable charities to operate with appropriate financial transparency and at a cost proportionate to their resources, is a point of great interest to Japan. We look forward to further research into the New Zealand system, which is packed with elements essential for the development and expansion of the charitable sector.

Notes

1 There are also many voluntary organizations that are not registered with the Charity Service, and these are often organizations that have no property and are simply a group of people.

2 However, Charitable Incorporated Organizations (Charitable Incorporated Organizations) are a system in which double regulation has been eliminated.

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