Item 4: Third Party Funding

SESSION TYPE: Briefing

PURPOSE/DESIRED OUTCOME:

The purpose is to provide a briefing to Community & Environment Committee members on Third Party Funding. This includes informing a common understanding for how QLDC could explore community investment and partnership pathways.

DATE/START TIME:

Tuesday, 8 September 2026 at 11:30AM

TIME BREAKDOWN:

Presentation: 10mins
Questions: 20mins

PRESENTERS:

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Prepared by:

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31 August 2026

Reviewed and Authorised by:

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31 August 2026

ATTACHMENTS:

A	Presentation slides – Third party funding
B	Discussion paper – Exploring community investment and partnership opportunities (July 2026) – by Councillor Matt Wong
C	Fiscal Cost or Catalyst for Impact? Revisiting the Role of Donation Tax Credits (August 2026) – by Shamubeel Eaqub, Simplicity Research Hub and Steven Moe, Parry Field Lawyers & Seeds Podcast

Attachment A: Presentation slides – Third party funding

Community and Environment Committee Workshop

Thursday 8 September 2026

Third Party Funding:

Getting started with Community Investment and Partnership Pathways

QUEENSTOWN LAKES DISTRICT COUNCIL

Introduction

Inform a **common understanding** for how QLDC could explore community investment and partnership pathways.

Discussion, ideas and proposals have started taking shape taking shape, and now is the optimal time, to **bring everyone to the start line** and build consensus of where to from here.

Before we start it is important to recognise, that philanthropic giving and social investment are two different approaches, on the continuum of funding options.

Philanthropic or Community Giving

Funding or support provided to create community benefit, without an expectation of financial return.

This may include donations, grants, sponsorship, gifted assets, expertise or other in-kind contributions.

Social Investment

Investment intended to deliver both a positive social outcome and a financial return to the investor.

The return may be lower or structured differently from a conventional commercial investment because social impact is part of the value sought.

To get started, the question is...

> "Can the QEC fit out project provide an immediate opportunity to attract philanthropic and community investment, while also helping QLDC test the foundations of a wider Community Investment and Partnership Framework?"

If this framing is right, it suggests two connected tracks of activity......

Two Track options	Immediate purpose
1. QEC opportunity	Explore philanthropic, sponsorship, community and partnership contributions against confirmed, feasible project scope
2. Wider framework discovery	Use the QEC experience to identify the governance, relationship, assessment and capability foundations QLDC may need across future projects

Why now? Two opportunities have converged...

QEC presents an immediate funding opportunity, and a practical catalyst for exploring a more intentional approach to community investment and partnership.

- QLDC is considering how it can better enable businesses, philanthropy, iwi and community organisations to contribute to community outcomes. A Councillor-led discussion paper has proposed exploring how QLDC could better enable community investment and partnership.
- QEC has attracted early interest from potential community and philanthropic contributors.
- Some currently unfunded scope in the QEC project could enhance the outcomes delivered through the project.
- QEC therefore provides a live opportunity to explore external contributions while testing what a clearer Council pathway might require.

☑ **The opportunity is bigger than a single fundraising exercise, however we must note the wider model should not be predetermined through the QEC project. QEC provides an opportunity to establish foundations and learn.**

Two outcomes with different questions

Separate the immediate QEC questions from the longer-term strategic questions

Answers needed now — Immediate QEC questions	Questions to explore — Wider QLDC questions
1. What confirmed and feasible QEC outcomes could attract external contributions?	1. Would a more consistent Community Investment and Partnership Framework add value across QLDC?
2. Which funding mechanisms are realistic for this project?	2. Which partnership and funding mechanisms should the framework accommodate, from simple giving out as far as complex social investment.
3. What decisions are required within the project timetable?	3. What governance, capability and organisational ownership would be required?
4. How will potential contributions interact with scope, design, operating costs and project approvals?	4. How would QLDC ensure transparent and equitable access across community priorities?

☑ **These workstreams should inform one another, but they do not need to reach decisions at the same time.**

Pilot project to test the pathway without needing to test every funding model

QEC can test a repeatable partnership pathway, even if it is not the right vehicle for fully testing impact investment.

QEC Could test

1. a clear "front door" for potential partners;
2. ownership and stewardship of external relationships;
3. assessment of funding and partnership proposals;
4. governance, probity and decision rights;
5. alignment with Council Revenue & Finance Policy
6. alignment between external contributions and approved project scope;
7. funder communications and the QEC value story;
8. equitable and transparent engagement;
9. how successful elements are captured for reuse.

Still to be validated

1. that six courts is not scoping up as a feasible proposition – Discuss at Council mtg 29 Sept;
2. which below-the-line scope is appropriate for external funding;
3. that early interest equates to a committed funding opportunity;
4. that an investor return can be generated without consequences elsewhere;
5. that learnings from QEC can contribute to QLDC's complete future operating model.

Where to from here?... Align then Pilot

A short alignment step will provide enough clarity to mobilise the QEC pilot.

RCP's proposed activities (below) already provide a strong basis for the pilot. Organising them into **Confirm**, **Define** and **Mobilise** creates a clear starting point without adding another layer of work.

CONFIRM **The opportunity**	DEFINE **The Pilot**	MOBILISE **The Pilot**
Confirmation activities partially started:	Pilot activities identified to date:	Mobilisation activities identified to date:
❑ Confirm the immediate QEC funding opportunity	❑ Design the Community Investment and Funding Pathway	❑ Prepare the QEC narrative and supporting collateral
❑ Map potential funding and giving pathways	❑ Design the "front door" process	❑ Prepare funder and partner engagement materials
❑ Identify the external investment opportunity	❑ Define ownership, governance and probity	❑ Support funder and partner engagement
❑ Package the QEC story and proposition	❑ Identify what can be reused for future projects	❑ Align the pathway with Council decision gates
❑ Align the funding opportunity with the QEC business case	❑ Identify the capability needed to manage relationships	❑ Support the September Council update
	❑ Recommend an interim support model, if required	❑ Support business-case integration
	❑ Develop the governance pathway	❑ Support the November Council decision
	❑ Clarify relationship-management requirements	❑ Develop the activation and delivery plan
	❑ Build a practical roadmap into Council	❑ Support implementation planning through December
	❑ Identify industry experts we want to learn from	❑ Provide relationship and stakeholder alignment

Questions and discussion

Attachment B: Discussion paper – Exploring community investment and partnership opportunities (July 2026) – by Councillor Matt Wong

Exploring Community Investment and Partnership Opportunities

A Strategic Discussion Paper
Queenstown Lakes District Council
Prepared by Councillor Matt Wong
Draft for Discussion | July 2026

Foreword

During my time on Council, I have observed two trends emerging simultaneously. Delivering community infrastructure is becoming more challenging as growth, costs and statutory obligations increase. At the same time, businesses, charitable trusts, community organisations and residents increasingly want to contribute more to the future of our district but often struggle to identify where and how they can add value.

I have often asked myself a simple question: ***how are we making a meaningful difference to the long-term challenges facing our district?*** This paper is not intended to advocate for a particular solution. Rather, it asks whether there is value in exploring new ways for Council to enable, connect and partner with others to help deliver community outcomes.

My hope is that this paper starts a constructive conversation, builds support for exploring how Council can better enable, connect and partner with others to deliver shared community outcomes, and provides the catalyst for a structured discovery exercise into how Queenstown Lakes can better unlock community capability to meet future social infrastructure needs.

Executive Summary

We are aware Queenstown Lakes is one of New Zealand's fastest-growing districts. As growth continues to accelerate, demand for community infrastructure and services is increasingly outpacing the capacity of traditional funding mechanisms. The result is a growing gap between community aspirations and the resources available to deliver them.

This discussion paper asks a key strategic question:

As Queenstown Lakes grows, should Council investigate whether stronger partnerships with community organisations, iwi, businesses, philanthropy and government could help deliver the social infrastructure that underpins a thriving district and social cohesion?

No preferred model is proposed at this stage. The recommendation is to undertake a discovery exercise to assess the opportunity, identify constraints and test whether a Community Investment and Partnership Framework could add value before any models or decisions are brought back to Council.

Why Queenstown Lakes District?

Few districts combine rapid growth, a significant visitor economy, high community expectations, a strong entrepreneurial culture, a highly skilled and engaged resident population, and an active community sector to the extent that Queenstown Lakes District does. While these characteristics create increasing demand for community infrastructure, they also represent one of the district's greatest assets: a community with the expertise, leadership, innovation and resources to help shape and deliver the outcomes it wants to see.

One of the district's greatest untapped assets is not simply funding - it is the capability, expertise and leadership of its people and organisations.

Council is increasingly approached by community groups, businesses, charitable trusts and other organisations seeking to partner on projects that deliver public benefit. While there is a strong willingness to collaborate, navigating local government can be challenging. This is not a reflection of poor intent on either side, but rather the reality that councils operate within statutory planning, governance, procurement and public accountability frameworks designed to ensure transparency, fairness and robust decision-making. For organisations unfamiliar with these processes, the pathway into Council can appear complex, creating the perception that there is no clear or consistent 'front door' for exploring partnership opportunities.

Despite these challenges, QLDC's Community Services teams have already demonstrated that successful third-party partnerships are possible. Many have emerged through individual relationships, circumstance or necessity rather than through a deliberate and consistent approach. This suggests there may be an opportunity to learn from what has already worked and consider whether a more intentional and transparent framework could create clearer pathways for collaboration while preserving the governance, transparency and public trust that underpin local government decision-making.

The opportunity is not to make local government less accountable. It is to make collaboration more intentional, accessible and transparent while preserving the governance, equity and public trust expected of Council.

The Social Infrastructure Funding Gap

Core infrastructure keeps a district functioning. Social infrastructure helps communities thrive by strengthening social cohesion, wellbeing, resilience and sense of place. Both are fundamental to the long-term success of Queenstown Lakes, yet finite resources and statutory obligations often force difficult funding trade-offs, with investment in social infrastructure more likely to be deferred.

Roads, water, wastewater and regulatory services are essential statutory responsibilities and will always remain Council priorities. Community hubs, recreation facilities, arts and culture, heritage, biodiversity, trails, youth spaces and public places are equally important to creating vibrant, connected communities, but are often more vulnerable when budgets come under pressure.

This is not a criticism of Council's decision-making. It is the inevitable consequence of finite resources, rising costs and increasing demand. The question is not whether traditional funding remains essential—it does. The question is whether partnership approaches could complement existing funding and delivery models to help narrow the gap between community aspirations and what can realistically be delivered.

A Different Way of Thinking

Traditionally, local government has focused on planning, funding and delivering public infrastructure and services. That role will remain fundamental.

However, as growth continues to outpace the capacity of traditional funding mechanisms, there may also be an opportunity for Council to strengthen a complementary role—as a convener, connector and enabler of community capability.

The question is no longer whether Council can deliver every community aspiration on its own. The question is how Council can better unlock the capability that already exists across our district.

Risks, Limitations and Conditions for Success

Any future framework would require robust governance, clear accountability, equitable access, organisational capability and transparent decision-making. It must strengthen democratic processes rather than dilute them. Experience from other jurisdictions suggests that success depends less on the availability of funding than on strong relationships, organisational capability, clear governance and a shared commitment to collaboration. Testing these conditions is a key objective of the proposed discovery process.

This discussion paper deliberately takes an open-eyed approach to both the opportunities and limitations of community investment and partnership.

If these models consistently delivered significant benefits with minimal effort, they would already be commonplace across local government. The reality is more complex. Successful partnerships require sustained leadership, trusted relationships, dedicated capability and ongoing investment of time and resources. For many councils, competing priorities, limited capacity or concerns around governance and equity have outweighed the perceived benefits.

It is also important to recognise that there is no large, untapped pool of funding waiting to be accessed. Businesses, philanthropic organisations, charitable trusts and government agencies already receive requests from many worthy causes. Community investment is highly competitive, and there is no guarantee that a more structured framework would result in significant additional funding.

For these reasons, this opportunity should not be viewed primarily as a mechanism for raising money. Rather, it is about creating a more intentional way for Council to connect community capability with community need. This includes establishing a clear, transparent and consistent pathway—or 'front door'—through which organisations can engage with Council, explore partnership opportunities and contribute towards agreed community priorities.

Importantly, this paper does not assume that a Community Investment and Partnership Framework is the right solution for Queenstown Lakes. A legitimate outcome of the proposed discovery process may be that the current approach remains the most appropriate. That would still represent a successful outcome by providing confidence that existing arrangements are fit for purpose.

However, Queenstown Lakes also possesses characteristics that distinguish it from many other districts, including sustained growth, a highly engaged community, significant private sector capability, a strong culture of volunteerism and philanthropy, and an established history of successful collaboration. Combined with Council's enduring stewardship role and long-term commitment to the district, these characteristics may create conditions that justify exploring whether a more intentional partnership framework could deliver additional value.

Ultimately, the recommendation is not to adopt a new model. It is simply to determine, through evidence, engagement and objective analysis, whether the conditions exist for a different approach to succeed.

Good strategy is not about assuming success; it is about investigating opportunities rigorously enough to determine whether they are worth pursuing.

Potential Benefits

If a framework were shown to add value, potential benefits could include:

- A clearer and more accessible pathway for organisations to engage with Council.
- Stronger collaboration across the public, private and community sectors.
- Better coordination of community capability, expertise and investment.
- Earlier delivery of selected community projects.
- Reduced pressure on traditional funding sources where appropriate.
- Stronger community ownership, stewardship and participation.

A Suggested Pathway

Stage One – Discover

- Research national and international models.
- Engage with community organisations, iwi, businesses and philanthropic organisations.
- Identify opportunities, constraints and resource requirements.
- Assess whether a framework could add value in Queenstown Lakes.
- Report findings and recommendations back to Council.

Stage Two – Design (if supported)

- Develop framework options.
- Establish governance principles.
- Define the "front door" for engagement.
- Identify evaluation criteria.
- Confirm resource requirements.

Stage Three – Pilot (if supported)

- Trial one or two partnership projects.
- Evaluate outcomes.
- Refine the framework.
- Consider wider implementation only if the pilot demonstrates value.

What Success Looks Like

Success should not be measured simply by the amount of external funding secured.

A successful outcome would be one where:

- Community organisations have a clear pathway to engage with Council.
- Partnership opportunities are transparent and equitable.

- Community capability is better connected with community need.
- More organisations contribute expertise, assets, funding or delivery capability.
- Council continues to retain democratic oversight and accountability.
- Selected community outcomes are delivered earlier or more effectively than would otherwise have been possible.

Questions for Discussion

This paper is intended to start a conversation rather than propose a predetermined solution. The following questions are offered to guide that discussion:

- Have we correctly identified the strategic challenge and opportunity facing Queenstown Lakes?
- Is there sufficient merit to warrant a formal discovery exercise into a Community Investment and Partnership Framework?
- What opportunities, risks or unintended consequences require further investigation?
- What role should Council play as a convener, connector and enabler alongside its traditional role as a planner, funder and service provider?
- If a discovery exercise proceeds, what questions should it seek to answer before Council considers any future framework or implementation?

Recommendation

It is recommended that elected members:

1. Receive this discussion paper.

2. Agree there is sufficient strategic merit to undertake a discovery exercise into community investment and partnership opportunities for Queenstown Lakes District.

3. Request a scoping report that assesses whether a Community Investment and Partnership Framework could add value in the Queenstown Lakes context. The scoping exercise should identify opportunities, constraints, governance considerations, resource implications, lessons from other jurisdictions and provide a recommendation on whether Council should proceed or retain the current approach.

4. Consider the findings of the scoping report before making any decisions on future policy, investment or implementation.

Closing Thoughts

This paper is not asking Council to adopt a new funding model or establish a new programme.

It asks a simpler question:

As Queenstown Lakes continues to grow, are there better ways for Council to enable, connect and partner with others to deliver the community outcomes our district has already identified?

One possible outcome of the proposed discovery exercise is that the current approach remains the most appropriate. That would still represent a successful outcome, providing confidence that existing arrangements are fit for purpose.

However, if the investigation identifies opportunities to better connect community capability with community need, the district stands to benefit from more than additional investment. It could strengthen partnerships, encourage greater community ownership, unlock expertise and innovation, and improve the way social infrastructure is planned, funded and delivered.

Ultimately, the objective is not simply to deliver more projects. It is to explore whether Queenstown Lakes can build a more collaborative, resilient and sustainable approach to delivering the social infrastructure that supports social cohesion, community wellbeing and quality of life for current and future generations.

The question is not whether Council can do more alone. It is whether Queenstown Lakes District can achieve more by working together.

Attachment C: Fiscal Cost or Catalyst for Impact? Revisiting the Role of Donation Tax Credits (August 2026) – by Shamubeel Eaqub, Simplicity Research Hub and Steven Moe, Parry Field Lawyers & Seeds Podcast

FISCAL COST OR CATALYST FOR IMPACT?

REVISITING THE ROLE OF DONATION TAX CREDITS

Shamubeel Eaqub, *Simplicity Research Hub*

Steven Moe, *Parry Field Lawyers & Seeds Podcast*

August 2026

Abstract

New Zealand's donation tax credit appears to be seen as a cost to be managed rather than a catalyst to allow charities to have greater impact. Based on that view and a desire to address a perceived integrity problem around how the wealthy donate, New Zealand's Budget 2026 capped donation tax credits for gifts over $100,000 in aggregate; a permanent change to the tax treatment of the country's largest donors. This was legislated without knowing how their giving will respond.

This paper reviews the policy's rationale, evidence base, and process and asks if it needs to be revisited rather than rushed. The cap does not achieve its stated integrity purpose, because the company deduction remains and trusts can continue to allocate income to charities. The value-for-money analysis it rests on was narrow and not fit for a policy decision.

Our research shows that a mapping of the accounts of 2,702 charities receiving government funding indicates that donations complement rather than compete with public services: for example, each $1 of government funding is matched by $1.96 of other resources.

There is no direct New Zealand evidence on whether the tax credit creates giving or merely records it: the only local study covers the wrong population, and Inland Revenue has not tested the question on records it holds. Overseas estimates suggest a dollar of credit buys about a dollar of giving at higher incomes, or more. On those numbers the saving from the cap is simply a transfer from charities and associated activities, not found money that can go towards other Government needs in health, law and education.

Inland Revenue holds the data to test these questions; it should do so before the change takes effect, or better yet the government should pause this policy and design a better one in collaboration with the sector.

Charities do amazing work and deserve to have policy settings that will allow them to thrive and catalyse their impact. We suggest four practical changes at the end of this that would let the question be answered and hope this paper encourages a revisit of the decision.

Keywords: charitable giving; donation tax credits; tax policy; regulatory impact analysis; New Zealand; philanthropy

I. WHAT THE CREDIT DOES

New Zealand has a good system in place to encourage charitable giving. It does this by allowing a refund of a third of what an individual gives to an approved charity. Give $100, get $33.33 back. In the year to March 2024 that was $332 million and 345,600 people received this which reduced their cost of giving, and often they on gift what they receive back.[1]

The total amount we are talking about is small against the overall charitable sector. Registered charities took in an estimated $31.3 billion in FY2025 from contracts and other sources that are not donations, and employ 6.6% of the paid workforce; the wider non-profit sector contributes around 3.1% of GDP.[2]

We all know people who work in a charity and most likely we ourselves are each directly impacted by the good work charities do as members of clubs and community groups.

The value created by giving is not quantified in the analysis that supported the policy decision to cap the rebate. The potential benefit-side of the ledger matters too. That is why the decision needs to be revisited. Let's look at the numbers.

II. FEWER CLAIMANTS, MORE MONEY

Fewer people claim the credit each year. In 2019, 378,900 did; the 2024 count stands at 345,600 so far. Claims per 1,000 people peaked near 96 back in 2008 and have drifted down ever since.[3] Some of the recent decline is just late filings, as donors have four years to claim.

But the credit paid increased from $289 million in 2019 to $332 million in 2024, and donations claimed rose from $866 million to $997 million. So, there are fewer claimants and each claims more. But that has not kept up with inflation or population: real donations claimed fell about 6% while the population grew 6%.

At the top the concentration is extreme. The 0.1% of donors who will be affected by the cap give an average of $288,000, the other 99.9% average $2,598.[4]

The individuals who would be affected by the changed donation setting are few: around 350 people. However, IRD noted in their regulatory impact statement that those individuals made around 10% of the donations claimed for the credit, which is why this matters. If there is a fall in giving then it is not just 0.1% of claimants it impacts, it could affect 10% of claimed donations, around $100 million a year, and that will have a major impact on a sector which is struggling and relies on encouraging generosity rather than creating a disincentive to giving.

The concerns about the integrity of the tax system seem to relate to a desire to stop situations where a wealthy donor starts a charity, then the charity loans money back to the business of the donor and does not actually do much to advance its charitable purposes. However, that could be dealt with by enforcing the rules around fiduciary duties and requiring such charities to comply with the existing law. Trying to deal with what is probably a very small number of situations by changes that will have a chilling effect for all 29,000 charities is like using a sledgehammer to crack a nut and a more focussed approach with a nutcracker would be better.

III. DOES IT CREATE GIVING?

We don't know for sure if the tax incentive encourages more giving, because no work has been done on that in New Zealand.

The IRD's own regulatory impact statement includes this statement: "The extent to which the increased cost of donations above that amount results in a reduction in overall charitable giving is not known. The wider (and indirect) impact on the charitable and voluntary sector from the preferred option is also not known."[5]

The only local study is on bunching around the old $1,890 cap.[6] Those are not the people giving $100,000.

That paper's most useful finding is that when the old cap came off in 2009, reported donations jumped about 25%, but receipts at major charities kept trending as before. It

[1] Inland Revenue, donation tax credit statistics, September 2025 release, March years 2004–2024. Claims, credits paid and donations claimed.

[2] Charities Register, Simplicity Research Hub analysis. FY2025 is provisional: about 94% of returns had been filed at the time of analysis, and dollar figures are same-store scaled estimates for the returns still to come; income reported to date is $29.1 billion. The GDP share is the wider non-profit sector's value added, anchored to Stats NZ's Non-Profit Institutions Satellite Account, with GDP and employment denominators from Stats NZ. Figures cover individual charities plus group returns, the single combined return a registered charitable group files for members that do not file separately. Volunteer time is imputed at the average hourly wage and is illustrative.

[3] Inland Revenue donation tax credit statistics, note 1 above. Donors have four years to claim, so recent-year counts are first estimates that Inland Revenue revises up with each release; 2019 is final. Payroll giving, credited at source without a claim, does not explain the fall; employees using it also fell, from 14,880 (2019) to 11,970 (2024).

[4] Inland Revenue, "Taxation and the not-for-profit sector: Changing donation tax credit policy settings", Regulatory Impact Statement, May 2026: about 350 donors (0.1% of claimants) account for roughly 10% of donations claimed. Averages derived from those shares and the totals at note 1.

[5] Inland Revenue, "Taxation and the not-for-profit sector: Changing donation tax credit policy settings", Regulatory Impact Statement, May 2026

[6] Cruickshank, A. (2022), "Elasticity of reported donations: Bunching evidence from New Zealand", Working Papers in Public Finance WP21/2022, Victoria University of Wellington Chair in Public Finance. https://www.wgtn.ac.nz/business/research/centres-institutes/previous-chairs/chair-in-public-finance/publications/working-papers/2022-working-papers/WP21-2022-Elasticity-of-reported-donations-Bunching-evidence-from-New-Zealand.pdf. Refreshed in 2025: https://www.wgtn.ac.nz/news/2025/05/charity-donation-tax-incentives-not-as-generous-as-we-think.

suggested each dollar of credit bought less than a dollar of extra reported giving.

Overseas there has been work done and the estimates are firmer. The main United States panel study, built largely on high-income donors, puts the price elasticity above one, and finds no strong sign it differs by income. Canadian work finds responsiveness closer to one-for-one at higher incomes.[7] That is, their giving falls by more relative to the incentive reduction.

Consider a stylised case. A donor gives $300,000 and the credit refunds $100,000. If the credit changes nothing, scrapping it saves the Crown $100,000 and the charity still gets $300,000. The credit was a windfall to the donor. If instead the donor holds their own sacrifice constant, the gift falls to $200,000. The Crown saves the same $100,000 and the charity loses $100,000. The saving is a transfer from the charity, not newly found money that can go towards other Government expenses. Anecdotally we hear that the donation tax credit is seen as a way to partner with the government as there is an acknowledgment of the value of such giving, provided through the donation tax credit.

The above are all reference points, not limits. The American evidence suggests giving behaviour may change and that giving could fall by more.

The number Inland Revenue itself relies on implies charities lose 40 to 70 cents of every dollar the Crown saves, although we do not think it can be relied on for this group, because it uses small-donation behaviour and applies it to someone giving around 150 times the old cap.

Bizarrely, this has not been quantified on New Zealand data. Inland Revenue should look at the claims it holds rather than basing decisions on an unsuitable assumption.

IV. UNINTENDED CONSEQUENCES

It is worth noting that the change may have other impacts than those intended, such as:

- This change affects the aggregate giving (not just one off donations of $100,000+ amounts) so some charities will be impacted who do not expect it where a wealthy person gives say $10,000 each to 25 different charities and next year reconsiders that giving and reduces what they donate.
- Larger initiatives such as building projects that require capital often are kick started by a large “cornerstone” gift above $100,000 and then smaller gifts flow in after that initial generosity. This means the ability to raise large amounts and the dynamic of how campaigns run could be adversely impacted.
- New charities which have yet to be set up often begin with generosity from a wealthy donor. We have spoken with people who were planning to create charities that would do good and now are reconsidering that (and have none of the integrity issues that are seen as problems such as charities loaning money back to the business of the founder).
- The new policy doesn’t match another recent policy shift announced the same month, which allows “Active Investor Plus” migrants to give $1 million to charity and have it count towards getting their visa.[8] That encourages generosity, but those migrants are getting a surprise when they arrive and find that they are encouraged to be generous, but not too generous. The cap is likely to have the same dampening impact on them, especially if arriving from a place with donation tax benefits that do not have a cap.

V. THE POLICY CHANGE PROCESS

Rushed policy making creates bad policy. A permanent change to the tax treatment of the country’s largest donors was legislated without knowing who it affects, what they fund, or what happens if their giving changes. They did not use data the government holds, against standards the government publishes, because they made a political decision that needed to be justified on a timetable set by a Budget.

Other Budget 2026 provisions were positive: increasing the NFP tax-free threshold from $1,000 to $10,000, in-year credit refunds, and the ability to transfer the credit straight to the charity.

The policy does not achieve its primary purpose: stopping aggressive planning through donor-controlled charities. This is still possible and will continue uninterrupted, because the company deduction remains and trusts can keep allocating income to charities. So in our view it’s not even a solution to the problem posed.

The Regulatory Impact Statement (RIS)[9] generously says the cap is “not a complete integrity solution”. In fact, the work to establish that it is any solution at all has not

[7] Bakija, J. and Heim, B.T. (2011), “How Does Charitable Giving Respond to Incentives and Income? New Estimates from Panel Data”, National Tax Journal 64(2.2), 615–650. https://doi.org/10.17310/ntj.2011.2s.08. Their preferred estimates, identified from cross-state differences in tax incentives, put the persistent price elasticity in excess of one in absolute value, with no strong evidence it differs by income; the panel substantially oversamples high incomes. Hickey, R., Payne, A.A. and Smith, J. (2024), “Policy Forum: Understanding the Efficacy of Tax Credits for Charitable Donations in Canada”, Canadian Tax Journal 72(2), 317–327; the underlying estimates are in Hickey, Minaker, Payne, Roberts and Smith (2023), National Tax Journal 76(2).

[8] Beehive, AIP Visa Growth Category expands to philanthropy, May 2026. https://www.beehive.govt.nz/release/aip-visa-growth-category-expands-philanthropy

[9] Inland Revenue, “Taxation and the not-for-profit sector: Changing donation tax credit policy settings”, finalised 12 May 2026. https://www.taxpolicy.ird.govt.nz/-/media/project/ir/tp/publications/2026/ris-changing-donation-tax-credit.pdf. Quotations in this piece are from that document: the cap as “not a complete integrity solution” (p.79); the “absence of New Zealand specific literature”; conclusions “at best indicative”; and overseas findings “indicative, and far from conclusive”. Inland Revenue’s own quality assurance panel rated the statement “partially meets” the quality assurance criteria (p.5).

been done, nor presented for scrutiny. If anything, the carveouts for business and trusts means that the most egregious tax integrity issues of well known abusers of the system aren't solved.

A 2023-24 review had already looked at this issue of aggressive planning through donor-controlled charities and the rules already exist; the issue is with enforcement. Officials looked at rules to deal with that directly, found them complex, and this has been implemented instead.

The issue with this runs much wider. It could be a warning sign of political capture, bad (rushed) policy making, and flawed processes that may do more harm than good. This is all in spite of having really good policy making processes on paper.

The impact of the proposed change has also been analysed by Dr Juliet Chevalier-Watts from the School of Law at the University of Waikato and Steven Moe in the context of recent legal decisions and they argue that there is a missing policy analysis from that legal perspective as well.[10]

Unanswered questions in the evidence base, and who could close them

Question	Status	Who could close it
1. How much do $100k+ gifts fall when their price rises ~50%?	No NZ estimates for this population	IR, from its claim records
2. Which charities receive the affected gifts?	Need to consult with IR to check if their data covers this, or could	IR, the sector could feedback on input as well
3. What would those charities stop doing?	Unknown. No consultation (Budget convention) [RIS]	The sector, if asked
4. What are those services worth to users?	Unknown. The core valuation question [TSY]	Sector + Treasury methods
5. Would government or another funder backfill?	Unknown. Never examined	IR / Treasury

VI. MOTIVATIONS OF DONORS

There is genuine uncertainty on how large donors behave around tax incentives. As noted above, the Cruickshank data that formed the basis of the analysis simply cannot be used for this group: it says the credit is poor value at $1,890. But the top 0.1% give an average of $288,000.

It is hard to believe these people would have the same preferences or give to the same causes.[11] What if the big gifts fund things the state doesn't fund at all (or supplements the funding there is): hospices and hospitals, University buildings and facilities, medical research, the arts and environmental work? We have no way of knowing, because the analysis never asked.

The international evidence reviewed above puts the elasticity at about one or above. That is, giving would fall, on those numbers, by more than the cap recovers.

The analysis was not designed to carry the policy decision here: it did not stratify by donation amount and cannot answer how sensitive large donors are to tax incentives.

None of this tells us how New Zealand's largest donors would respond. Only IRD's own records can. Or if that cannot, at the very least consultation with the charitable sector and talking with the 350 interested donors would.

The numbers involved are also worth considering in the context of running a country. The savings of $19 million (before costs to administer) which is the key statistic given means a recovery of under 6% of a $332 million scheme, and amounts to just half a percent of the $4.2 billion the Crown already pays charities to deliver services.

VII. WHY IT MATTERS

Charities are not an optional extra beside the state. They are how a lot of public service actually gets delivered, as well as wider services to community that the state does not have to deliver, but are important for community and democracy.

We (to be clear, Shamubeel) mapped the accounts of the 2,702 charities reporting identified government funding in FY2025. For every $1 of government money, they bring in $1.96 of other resources, including volunteer time. Wages are 43% of what goes out the other side.[12]

We are not claiming causation of the policy, but that giving is an essential part of delivery of government services. Donations and public contracts pay for the same organisations, often the same services.

[10] See Chevalier-Watts and Moe, "Charities, Donation Caps and the Missing Policy Analysis", New Zealand Law Journal, June 2026. Also available as a pdf here: https://www.parryfield.com/wp-content/uploads/2026/06/Charities-Donation-Caps-and-the-missing-analysis-Juliet-Chevalier-Watts-Steven-Moe.pdf

[11] For more research on gifting and claiming of donation tax credits in Aotearoa from Community Foundations of New Zealand see this report which indicates that claiming of donation tax credits appears to rise and be higher among those earning more. https://communityfoundations.org.nz/latest-news/new-zealands-tax-credit-problem

[12] Charities Register analysis, note 2 above. The $1.96 counts $1.2 billion of service contracts the reporting form does not split between government and private payers as non-government money; treating them as government instead gives $1.30. Philanthropic income specifically is $0.25 of the $1.96.

VIII. FOUR THINGS THAT WOULD HELP

New Zealanders are generous and the machinery for giving is mostly sound. There are four things that would help us make it better.

First, do the homework and publish the evidence. Inland Revenue should do the work or share the data to analyse this, as well as consulting charities who will be affected. Consultation with the sector should happen and be robust, as a good public service should discuss proposed changes with affected parties.

Second, fix charitable tax credit claiming, which is falling, by increasing education and awareness of the system. Budget 2026's in-year refunds and the option to send the credit straight to the charity are good ideas, especially for ordinary donors who make up nearly all claimants. Another paper will be released soon (from Steven) on the proposed ability for donors to specify that their donation tax credits go direct to the charity they support and how that system could be improved.

Third, if you must cap, then index the thresholds. The $100,000 cap is fixed in nominal dollars, the same sin as the old cap set at $1,890 in 2003, which didn't increase until abolition in 2009. Nominal thresholds are non-sensical and should not be used.

Fourth, report what the money does. Charities file detailed returns. Donors already name the recipient organisation when they claim. Inland Revenue should be able to link the two to show what those donations fund. If the credit turns out to buy little, cut it and explain why but with evidence.

IX. CONCLUSION

Our message is simple: the cap on donation tax credits should be revisited before it takes effect.

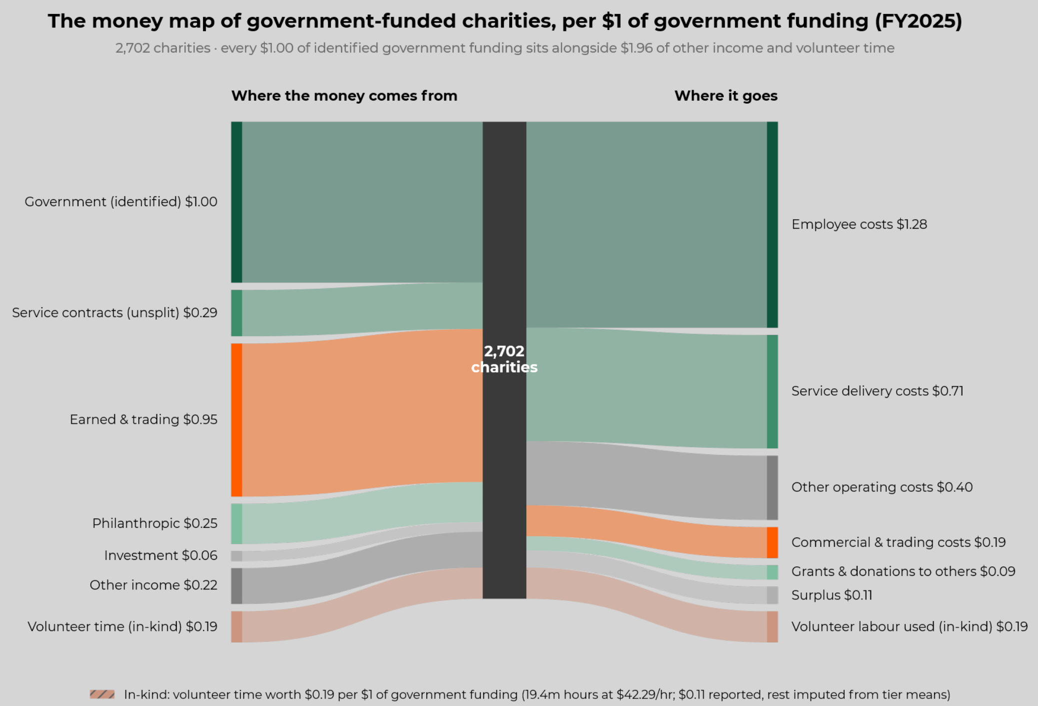
The research can be done now, and consultation with the sector could inform a proactive policy framework that encourages more giving to charities and addresses any integrity concerns.

Inland Revenue should estimate the response of large donors from its own records, publish it as scenarios, and say which charities the affected gifts go to.

New Zealand is about to run a live experiment on the small group of people still giving at scale, to a sector reporting intense need and funding constraints, and we haven't looked at the data first.

Charities do amazing work in our communities and often fill needs where Government does not go. The policy settings should treat giving not as a fiscal cost to be managed, but as a catalyst for impact.

Figure 1: Organisations that government procures from, amplify their spending with other income sources and volunteers



Source: Charities register, Simplicity Research Hub analysis

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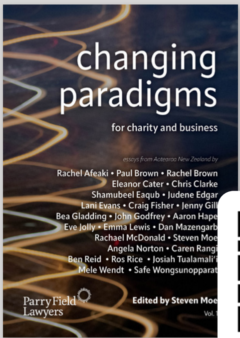

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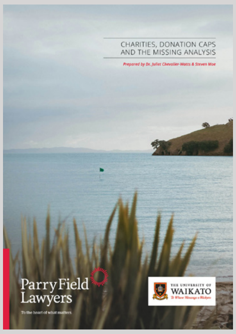

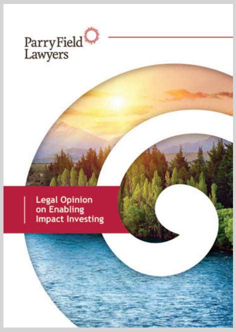

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