

Philanthropy New Zealand

Tōpūtanga Tuku Aroha o Aotearoa

Giving New Zealand

Philanthropic Funding 2011

Prepared by



economics

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Giving New Zealand Philanthropic Funding 2011

Prepared for: Philanthropy New Zealand

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Is financial giving growing? Are New Zealanders generous by international standards? What causes stir our hearts?

The answer to these questions and many more can be found in this comprehensive study commissioned by Philanthropy NZ and undertaken by BERL, a leading research company. Yes - despite difficult financial times, giving has increased substantially (see page ii), and yes - Kiwis are very generous by global standards (see page iii). The most popular purpose for our giving is culture and recreation, followed by education and research (see page iv).

Philanthropy NZ's vision is "a thoughtfully generous Aotearoa New Zealand" and we are pleased with and proud of the significant increase in financial generosity revealed in this study. As a country we are making clear progress towards this vision, and together we will continue the journey.

Kate Frykberg
Chair
Philanthropy NZ

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- Philanthropy New Zealand members
- New Zealand charitable organisations that participated in the GNZII survey
- The Charities Commission
- The Funding Information Service
- The Inland Revenue Department
- The Office of the Community and Voluntary Sector
- Statistics New Zealand



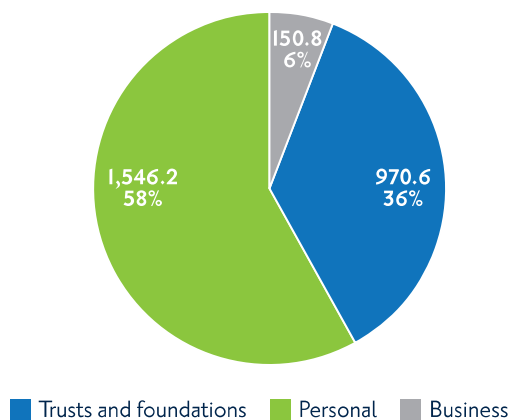
EXECUTIVE SUMMARY

Philanthropy is the act of giving financial resources to a cause that is intended to improve general human well-being, and where the giver expects no direct reciprocation or financial gain in return.

This report measures philanthropy in New Zealand during 2011; that is, how much money New Zealanders and their organisations gave to charitable and other community purposes. While a small nation, New Zealanders have big hearts: just over one million people gave to charitable causes in New Zealand in 2011. Taking into account giving by trusts and businesses, New Zealand's generosity compares very favourably in international terms.

New Zealanders are estimated to have given \$2.67 billion to charitable and community causes in 2011. This is double the level estimated in the Giving New Zealand 2006 study. This increase reflects a number of influences, including efforts to improve the quality and comprehensiveness of information on the community and voluntary sector and a substantial change in personal giving. The increase in personal giving follows the removal of the tax rebate cap, for which Philanthropy New Zealand successfully advocated. It also reflects the giving spirit and sympathy of people across New Zealand (and the globe) for the residents of Christchurch following two devastating earthquakes in September 2010 and February 2011.

The Giving New Zealand 2011 (GNZ11) study examines giving from three sources: trusts and foundations, individuals, and businesses. The chart below shows the distribution of funding by source (in millions of dollars and as a percentage of total philanthropic giving).

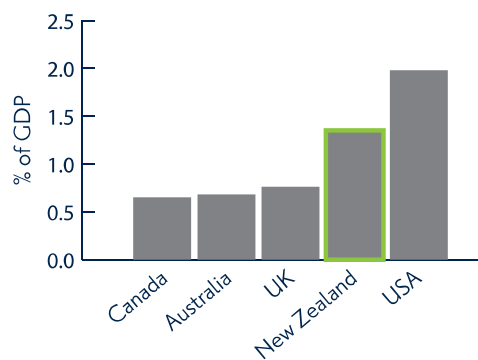


The GNZ11 study updates BERL's earlier report on philanthropic funding in 2006. The increase in measured giving reflects the efforts of the sector to generate better information as well as greater giving by New Zealanders.

Some key findings on the contributions of the three sources examined to the philanthropic sector in 2011 are:

- trusts and foundations funded just over one third (36 percent) of total estimated giving. Statutory trusts provided over two thirds of this funding
- personal donations and bequests were the single largest source of philanthropy in 2011, contributing three fifths (58 percent) of total estimated giving
- businesses accounted for approximately just under 6 percent of total estimated giving. Business giving excludes sponsorship. If sponsorship to charitable organisations were included, businesses' contribution would be almost twice this amount again, lifting their share to just over 8 percent (one twelfth)

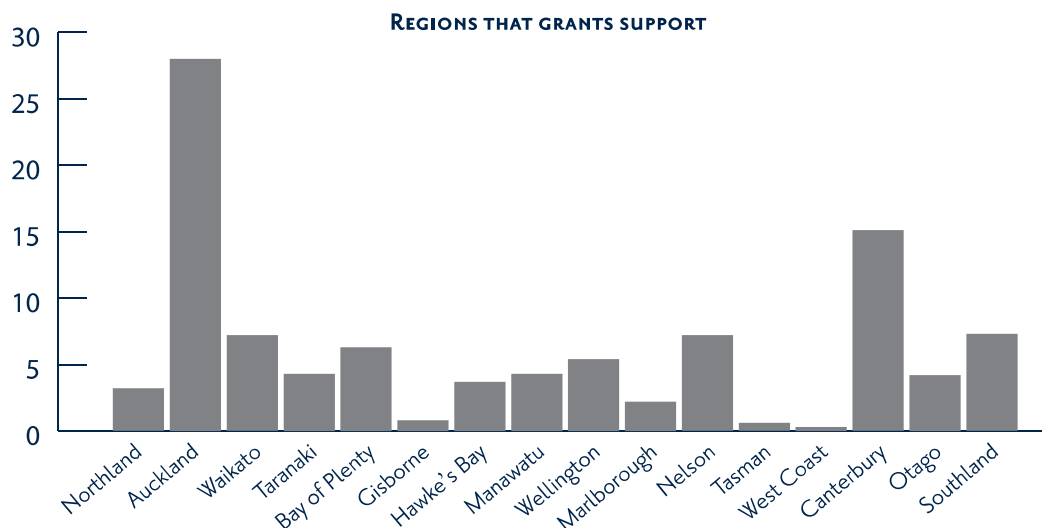
Total estimated giving equates to New Zealanders giving 1.35 percent of New Zealand GDP to charitable and community causes. New Zealand's giving compares favourably with those of Canada, Australia and the United Kingdom for 2010/2011 (as a percentage of GDP).



Source: BERL

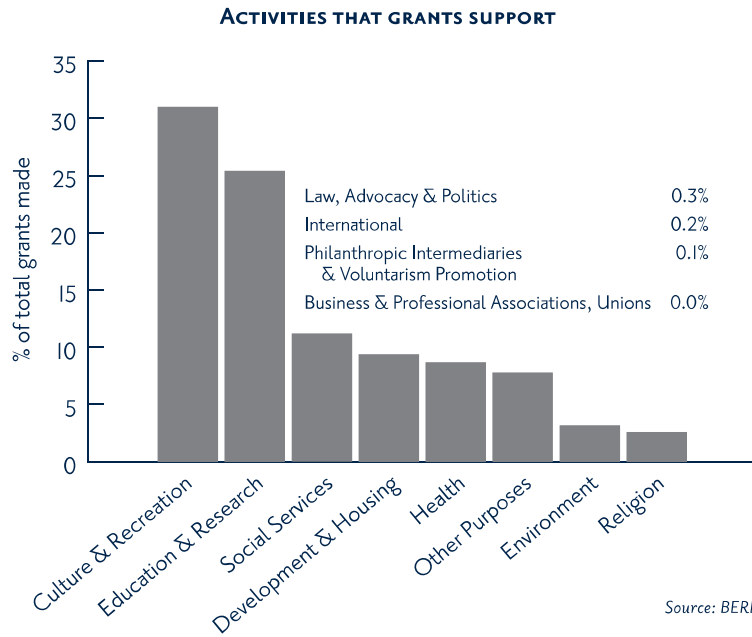
The GNZII survey also provided indicative information about the recipients of philanthropic funding in New Zealand.

- almost all (approximately 99 percent) of grants go to New Zealand recipients, although New Zealand-based charities may then give to overseas charities
- most grants went to recipients in specific regions rather than national organisations
- almost one quarter of grants (28 percent) went to Auckland recipients, around one sixth (15 percent) to Canterbury recipients, while the remainder was spread widely across the rest of the country. The high proportion going to Canterbury is likely to reflect the surge of support following the major earthquakes Christchurch suffered in 2010 and 2011



Source: BERL

The GNZII survey found that the top three activities by funding received accounted for just over two thirds of funding. These activities were culture and recreation (31 percent), education and research (25 percent), and social services (11 percent).



In addition to the survey results, BERL estimates that gaming machine societies and clubs allocated around \$132 million to sports activities (48 percent of their distributions), around \$76 million (28 percent) to community activities, and around \$63 million to health and education (23 percent). Adding these to the survey results would lift the culture and recreation category (which includes sport) to just over 50 percent of total funding.

Report to:
Philanthropy New Zealand

Giving New Zealand 2011

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1. INTRODUCTION

Giving New Zealand (GNZ) 2006 was the first comprehensive and robust research on the scale and sources of philanthropic grants in New Zealand. The GNZ06 report has been an important resource to help lift the sector's profile and ensure that its work is recognised and developed. It showed that everyday New Zealanders gave generously to their communities, and that New Zealanders' giving compares favourably with a number of countries. It also uncovered that the way we give is quite different, such as the major role of our statutory trusts.

Much has changed in New Zealand and its philanthropic sector since 2006. Philanthropy New Zealand (PNZ) engaged Business and Economic Research Limited (BERL) to update the original study to look at philanthropic giving in New Zealand in 2011.

Giving New Zealand 2011 identifies the level, sources and recipients of philanthropy in New Zealand during 2011. The study involved:

- a comprehensive update using the robust methodology developed in GNZ06
- a wide survey of active grantmakers and recipients in the philanthropic sector
- a triangulated analysis using new data sources that have become available since GNZ06, such as information from the Charities Commission's Charities Register.

The information gathered from these sources provides a snapshot of giving by a wide range of participants in the philanthropic sector. This snapshot was used to estimate overall giving.

1.1 Defining philanthropy

In a broad sense, giving can include donations of money, goods or in-kind resources such as a person's time or knowledge. This study focuses on measuring philanthropic funding; that is, financial giving by trusts and foundations, individuals and businesses.

An initial step in the GNZ06 study was to develop a sensible, practical definition of philanthropic funding. The definition reflected several objectives, including:

- comparability with other work measuring philanthropic and non-profit sector funding
- acknowledging important, and sometimes unique, features in a New Zealand context
- providing a practical and rigorous definition that would be suitable for measuring philanthropic funding using available data.

Based on these objectives, BERL developed the following definition for this study:

Philanthropy is the act of giving financial resources to a cause that is intended to improve general human well-being, and where the giver expects no direct reciprocation or financial gain in return.

To facilitate comparison with other domestic and international work, the report divides philanthropic giving into voluntary and statutory giving. This approach recognises the important philanthropic role of independent organisations in New Zealand that have a statutory mandate to give. Statutory givers include organisations such as the community trusts set up in 1988 from regional trust banks, energy trusts, and the Lottery Grants Board.

1.2 Measuring philanthropy

The definition is central to what, and how, BERL measured giving in New Zealand. Recognising New Zealand's context and the information available, the study concentrated on non-government sources of philanthropic funding.

We measure giving from three sources: trusts and foundations, individuals and businesses. By concentrating on the source of philanthropic funding, the study captures giving to a wider range of recipients than non-profit sector organisations. This focus also aims to separate philanthropy from transactions with non-profit goods and service providers.

1.3 Report structure

The report is organised as follows: Section 2 reviews recent research on philanthropic giving in New Zealand and internationally. This section provides background and context to giving behaviour.

Section 3 defines philanthropy in the context of measuring the dollar value of philanthropic funding. The definition outlines the criteria that shaped what the study aimed to measure.

Section 4 sets out the methods and sources used to measure the flows of funding that met our study's definition of philanthropy. The methods are set out according to the source of giving the study aimed to measure: trusts and foundations, individuals, and businesses.

Section 5 presents the key figures on recorded and estimated giving in New Zealand. Sections 6 to 8 provide breakdowns of giving by the three sources: trusts and foundations, individuals, and businesses.

Section 9 examines the activities and regions supported by philanthropy.



2. BACKGROUND

This section briefly reviews significant international research on philanthropy and patterns of giving, and New Zealand studies of philanthropy and the non-profit sector. The GNZII study can be compared to BERL's earlier Giving New Zealand 2006 (GNZ06) study, but the scope and focus on giving patterns in New Zealand complicates comparisons with international studies.

A major recent development in New Zealand has been the completion of a Johns Hopkins University report on the non-profit sector in New Zealand. Whilst not dealing directly with philanthropy, as defined in this report, the Johns Hopkins work offers several interesting insights into where New Zealanders donate their time and money, and possible reasons behind this. The new Open Data initiative of the Charities Commission is another major advance for understanding the New Zealand philanthropic and wider non-profit sector.

Australia, Canada, the United Kingdom (UK) and the United States of America (USA) have done major studies on giving, some more recent than others. Due to the impacts of the Global Financial Crisis of 2008, some studies may not be as relevant for comparison as others. A direct comparison of giving as a percentage of Gross Domestic Product (GDP) between countries is also complicated. The classification of government payments to non-profit organisations varies widely across the countries studied. A second factor is that government and state intervention affects the role and extent of private philanthropic giving.

Other reports and articles on philanthropy and patterns of giving, covering issues such as volunteerism and giving among younger people, fall beyond the scope of this study.

2.1 New Zealand

2.1.1 *Giving New Zealand 2006*

In 2007, BERL completed the first report in the Giving New Zealand series. Giving New Zealand 2006 was the first comprehensive and robust research on the scale and sources of philanthropic grants in New Zealand. We found that New Zealanders gave between \$1.24 billion and \$1.46 billion during 2006, with a best estimate of \$1.27 billion. This equated to New Zealanders giving 0.81 percent of New Zealand GDP to philanthropic causes in 2006.

Examining the total estimate by source, we found:

- trusts and foundations funded just under three fifths (58 percent) of total estimated giving. Statutory trusts provided approximately five sixths of this funding, and voluntary trusts and foundations contributed one sixth
- personal donations and bequests contributed just over a third (35 percent) of giving
- businesses accounted for approximately one fourteenth (7 percent) of giving.

2.1.2 *The New Zealand Non-profit Sector in Comparative Perspective*

Johns Hopkins University completed an in-depth study on The New Zealand Non-profit Sector in Comparative Perspective (2008) as part of their international comparative non-profit research programme. That study looked at the non-profit sector in New Zealand, where it developed from, its relatively unique structure, and used studies conducted in other countries as

part of their research programme to give comparative rankings in each area. Although this study takes a broad focus on the entire non-profit sector, it contains valuable insights about the structure of the non-profit sector, and the areas in which New Zealanders concentrate their philanthropic donations and volunteer hours.

The study identifies the unique structure of New Zealand's non-profit sector and the role of philanthropy. It notes three main drivers within the country's history and recent development that have affected New Zealand's non-profit sector. The role of Māori social structures – whānau, hapū and iwi, and the sense of social obligation developed and encouraged within the structures – has had a large impact on the notion of volunteerism and social obligation. A second influence was British colonialism in the 19th century, along with the signing of the Treaty of Waitangi, which introduced many of the British social structures that were encapsulated and entrenched within society – charities, clubs and unions, among others. The third driving force behind non-profit sector development within New Zealand has been the emergence of the welfare state, created in 1938, where the non-profit sector began working more closely with government and was given more accountability.

These factors have had an impact on where and how New Zealanders are likely to give their money or time. The Johns Hopkins study finds New Zealand is unique among the English speaking nations in that most of the money and volunteer hours are donated to expressive activities – culture, recreation, civic activism, and advocacy activities.

Overall, the study concluded that the non-profit sector in New Zealand is a significant economic force. It represents a \$NZ 9.8 billion dollar industry, which had operating expenditure of \$NZ 6.5 billion. It also mobilised volunteer work that represented an additional \$NZ 3.3 billion of labour. The total value added to GDP of \$NZ 7.0 billion, or 4.9% of GDP. The Johns Hopkins study concluded that philanthropic support amounts to 20 percent of revenue for non-profit organisations (\$NZ 1.6 billion) in 2004. Over half of this came from donations and bequests from individuals.

2.1.3 Charities Commission – Open Data and the Charities Register

The support from the Charities Commission throughout this project has been invaluable. The Charities Commission aims to promote public trust and confidence in the charitable sector. The Charities Commission launched a new “Open Data” application in mid-2011. This makes raw data (excluding confidential information) available to all users in an open format, meaning it can be used in multiple applications and formatted to find information easily. Previously, an individual had to go through each individual charity and collate the data for a region themselves, whereas now with Open Data, users have the ability to look at statistics on a regional or national level, so they can more effectively use the information held by the Charities Commission.

2.2 Australia

The Giving Australia (2005) report focused on giving by individuals and businesses to non-profit organisations. It estimated giving of money and goods and services at around A\$11 billion per year, made up of A\$7.7 billion given by individuals (including A\$2 billion through “charity gambling”) and A\$3.3 billion by businesses. Of this A\$3.3 billion business giving, A\$2.2 billion was money, rather than goods or services. Giving through trusts and foundations was not reported as it was found to be negligible.

As for business giving, the Giving Australia report estimated that 58 percent was given as donations, 25 percent as sponsorship, and 17 percent as community business projects.

The study put Australia's giving rate as a percentage of GDP at 0.68 percent. The report also noted that Canadian donations were equivalent to 0.46 percent, but both the Australian and Canadian rates were well below the USA rate, at 1.6 percent.

2.3 Canada

In 2009, Imagine Canada released *Caring Canadians, Involved Canadians: Highlights from the 2007 Canada Survey of Giving, Volunteering and Participating*. The report identified that Canadian giving behaviour was “broad and pervasive” with 84% of the population aged 15 and older making donations in the 12 months prior to the survey. As in both the UK and the US, it was identified that individuals in younger demographics donate less than those in older demographics, and more could be done to encourage them to donate. In addition to monetary donations, the report also surveyed volunteering behaviour, which showed that 46 percent of the population aged 15 and older volunteered in the 12 months prior to the survey. Overall, volunteers donated so much time that, if employed, they would generate over 1 million full-time-equivalent jobs a year.

The 2007 Canada Survey of Giving, Volunteering and Participating by Statistics Canada (2009) estimated individual giving to charitable or other non-profit organisations at C\$10 billion in 2007 (around C\$437 per person). This is approximately 0.65 percent of GDP (in 2007). A large proportion of this figure was provided to religious organisations (46 percent), followed by health organisations (15 percent) and social services groups (10 percent). The survey highlighted the fact that the top 10 percent of individual givers accounted for 62 percent of total individual giving.

2.4 United Kingdom

The National Council for Voluntary Organisations/Charities Aid Foundation (2010) UK Giving 2009/10 report looked at individual charitable giving. It suggested annual donations per UK adult to be in the range of £144 (median) and £372 (mean). Donations totalled £10.6 billion for the year under study, which equated to 0.76 percent of GDP. The UK report also mentioned a recovery in giving in the post-Global Financial Crisis world, whilst noting that there was little change to the proportion donating to charities. Medical research received 17 percent of total donations, while overseas causes obtained 16 percent and religious organisations received 13 percent. In the previous year, religious organisations had been the second highest recipient, with 16 percent, and overseas causes third with 13 percent.

2.5 United States of America

The Giving USA Foundation (2011) Giving USA 2010 report estimated total giving to charities to be around US\$290.9 billion, or just under 2 percent of GDP in 2010. Income sources for charities included individuals at US\$211.8 billion (73 percent), foundations at US\$41.0 billion (14 percent), bequests at US\$22.8 billion (8 percent) and corporations at US\$15.3 billion (5 percent).

The Giving USA 2011 report acknowledged the challenging environment that fundraising has faced over the past few years. Whilst total giving rose by 2 percent for the 2010 year, there is still an 11 percent drop from the giving highs of 2007.

2.6 Conclusion

Although much information is available about charitable giving worldwide, due the range of definitions of philanthropy, cross-country comparisons are difficult. The Johns Hopkins international comparison has gone some way to solving this. But none of the information gathered in that study aligned with the specific definition of philanthropy used in this study. As a benchmark, we have used percentages of GDP as an overall indicator, but it is beyond the scope of this study to delve any further.



3. DEFINING PHILANTHROPY

To measure philanthropic funding in New Zealand, we need a sensible set of criteria to determine what the study should include as philanthropy. Below we outline key elements of philanthropy and the definition we use in this study to set the scope.

3.1 Key elements in defining philanthropy

Three elements are central to the concept of philanthropy we use in this study. These are:

1. the source or nature of the resources
2. the purpose of providing the resources
3. the type of recipient.

The first element relates to the source or nature of the resources. Sources include individuals, businesses, and other incorporated organisations. The nature of philanthropy reflects the type of resources given, which may include donations of money, goods, or in-kind resources such as a person's labour or knowledge. This study focuses on financial giving by trusts and foundations, individuals, and businesses. The value of in-kind donations and volunteerism is beyond the scope of our assessment of philanthropic funding.

The second element is the purpose for which the resources were raised, and relates to the expectation of reciprocity. In practice, it is difficult to establish an individual or organisation's motivation for giving. A simple criterion could be that grants are given voluntarily. However, this would exclude statutory organisations whose grants are not necessarily raised voluntarily even though the organisation is set up expressly for the purpose of giving.

This study focuses on the act of giving – the transfer of resources – free of the expectation of reciprocity. Where necessary, the study uses a pragmatic approach to identify the purpose of giving. For example, philanthropic giving should include both voluntary donations and mandated grants, where it is clear that the grants have been collected for the purpose of giving. This approach includes statutory organisations, but excludes tax-based transfers or grants by central or local government as the grants were not raised for the purposes of giving.

The third element relates to the recipient of a philanthropic act, for example, an individual, a charity or a community. Consistent with the focus on giving, the study excluded money received as a payment for services (referred to as fees-for-service) and transfers between family members (due to the difficulty in establishing whether the money was given without an expectation of reciprocity). The study included giving to individuals such as scholarship recipients (where the giver is not expected to derive direct financial benefit from any scholarly outputs), organisations such as cultural or sports clubs, and community, regional and national organisations established for charitable purposes.¹

3.1.1 *Philanthropy and payments to the non-profit sector*

Given the focus on philanthropic funding, it is important to distinguish philanthropy from exchange-based payments to non-profit sector providers. Our definition distinguishes philanthropic funding from revenue for not-for-profit organisations. By clearly defining what constitutes philanthropic funding, we aim to tease apart the contribution of the philanthropic sector from the wider non-profit sector. In particular, payments to non-profit organisations for services represent an exchange and are not included as philanthropic funding.

3.1.2 Government transfer payments

Various government agencies make transfer payments to individuals and community groups. These are grants provided without the expectation of a service being provided to the funder, for example, via the Community Organisation Grants Scheme (COGS) administered by the Department of Internal Affairs. This study does not consider such transfers as forms of philanthropic giving.

Government funding flowing into the non-profit sector is primarily raised coercively, for example via taxation, or as fees for providing services. In addition, government contributions are often payments to an organisation (such as religious organisations) that provides both charity and services for fees. Therefore, it is difficult to determine what grants are given to non-profit organisations, what proportion of these grants is granted and what proportion is to purchase services. While government funding is part of the wider non-profit sector's income, it is not considered as philanthropic and is therefore outside the scope of this study.

3.2 The study's definition of philanthropy

This study uses the following definition, which is based on the study's objectives and the key elements and issues above:

Philanthropy is the act of giving financial resources to a cause that is intended to improve general human well-being, and where the giver expects no direct reciprocation or financial gain in return.

This definition reflects the source, nature and the purpose of a philanthropic act; the range of philanthropists in New Zealand; and the comparability and consistency of the measures. This definition recognises the significant role of mandated giving in New Zealand, for example, through statutory trusts.

The general nature of the giving in this definition rules out giving resources to a close relation, such as a family member, where norms (rather than legal obligations) coerce such giving and where reciprocity – although indeterminate in timing and nature – might be expected. The definition allows for giving to communities of interest, but does not focus directly on describing the recipients. It allows for giving to human endeavours, but also activities that improve human well-being such as protecting the environment.

The nature of the act of giving allows for grants to come from mandated sources, such as levies, but requires that the grants are raised for charitable purposes. Therefore, central and local government funding is excluded from this definition of philanthropy, as it is typically raised coercively and pays for services.

3.3 Scope of measurement

This study aims to measure financial philanthropic giving; it excludes in-kind giving and volunteering.²

Our primary objective is to identify the magnitude and source of non-government philanthropy. We categorise giving by three sources:

1. trusts, foundations and (perpetual) estates
2. individuals, including donations and bequests
3. businesses, including grants but excluding sponsorship.

The following table outlines the categories and subcategories of giving included in this study.

TABLE 1 - CLASSIFICATION OF SOURCES OF PHILANTHROPY
1. Trust- and foundation-based giving
<i>Voluntary</i>
Family and individual trusts
Universities and other tertiary education institutions
<i>Statutory</i>
Community trusts
Energy trusts
Licensing trusts
Gaming machine societies
Lottery Grants Board
2. Personal giving
Donations
Bequests
3. Business and corporate giving

3.3.1 *Giving by New Zealanders*

The study focused on giving by New Zealanders regardless of whether they give to New Zealand or overseas recipients. Therefore, we aimed to exclude flows into New Zealand from foreign givers.

3.3.2 *Voluntary giving and mandated giving*

The study covered both voluntary giving and mandated giving. The New Zealand government has significant influence over funding to the non-profit sector, through direct funding as well as the creation of funders and legal requirements. Statutory institutions include organisations such as The Canterbury Community Trust, the Rotorua Energy Charitable Trust and the Lottery Grants Board. There are also private organisations that have legal obligations to distribute grants to the community, including gaming societies and licensing trusts such as Trust House Limited or the Invercargill Licensing Trust. This report separates voluntary philanthropy from philanthropy by institutions with an explicit statutory or legal imperative to give.³

3.3.3 *Reciprocity*

One challenge for this research was to choose a suitable criterion to determine whether funding was philanthropic or given in expectation of reciprocation. This report draws on an Inland Revenue Department (IRD) concept of a ‘circle of membership’ as a criterion to determine a person or an organisation’s aims (IRD 2000).⁴ This concept defines a member as someone “who can influence or affect the activities of the organisation. Persons may have to pay a fee or subscription, undergo an initiation ceremony, or have certain qualifications to become a member.” One implication of this criterion is that money given by an organisation member as a membership fee, or in expectation of receiving goods or services, is excluded from the study. A second implication is that, where money is given to another member within the same circle, this money should be excluded. An exception is where money is clearly transferred to another member for philanthropic purposes. For example, giving by community trusts to a community member is included as philanthropic funding in this study.



A related issue that has particular significance for New Zealand is the treatment of koha, which is a form of cultural giving by Māori. The Office for the Community and Voluntary Sector (OCVS) found that there was varying opinion about the obligations associated with koha.⁵ However, it found that the general opinion is that koha is a duty and that there is an obligation of reciprocity. This would exclude koha from the definition of philanthropic giving in this analysis.

Koha is often provided by the community, to be used within the community. This can be likened to membership- and subscription-based giving, which is generally excluded from this study. Although koha is likely to be a significant amount and, in many cases, may be considered a valid form of giving, it is considered beyond the scope of this study.

3.4 Recipients of philanthropy

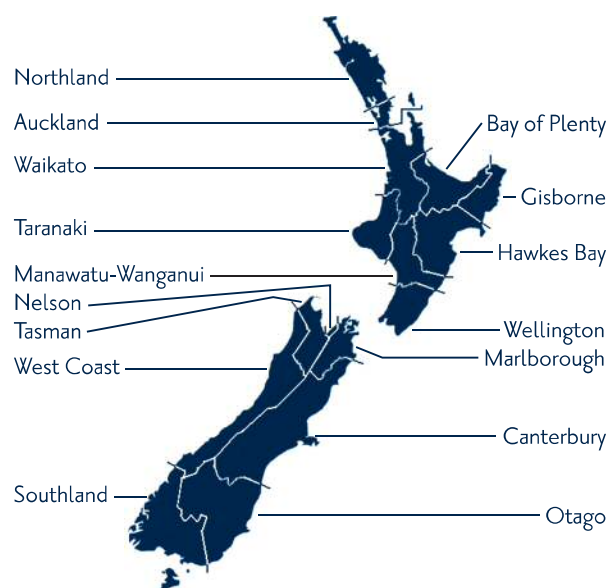
A secondary objective of the study is to determine the recipients of philanthropy. In order to facilitate comparison with future work planned for New Zealand, the following table lists 12 activity categories that philanthropy may support.⁶ These categories correspond to the top level categories planned for the Study of the New Zealand Non-profit Sector.⁷

TABLE 2 - ACTIVITY CATEGORIES FOR RECIPIENTS OF PHILANTHROPY

Recipient Categories

- | | |
|---------------------------|-------------------------------------|
| • Culture and recreation | • Civic and advocacy |
| • Education and research | • Philanthropic intermediaries |
| • Health | • International |
| • Social services | • Religious congregations |
| • Environment | • Business and professional, unions |
| • Development and housing | • Other |

The study also examined the distribution of giving by region. We report this in terms of the sixteen Regional Councils, as shown below. Some philanthropic organisations distribute to beneficiaries only to sub-areas within a given council area while others may have a catchment that crosses council boundaries. For example, energy trusts typically distribute according to the old electricity board areas. We aimed to allocate such giving to the council area in which the majority of the giving occurs.





4. METHOD: MEASURING PHILANTHROPY

The following section outlines the approach BERL used to collate information for this study and to generate the 2011 estimate of philanthropic funding.

In general, this study uses the same approach as the Giving New Zealand 2006 research. By collecting data in a consistent fashion, we can make sensible comparisons of New Zealanders' giving behaviour in 2006 and 2011. In particular, we apply the same definition of philanthropy and categorise the sources of funding and recipients as in the 2006 study.

The current report updates the measures in the GNZ06 report using:

- identified sources with publicly available or administrative information
- identified sources with private information gathered through direct contact
- new sources that have become available since 2006, with better information.

The study aimed to collect and collate data:

- for the most recent financial year available for each source
- categorised by the source of the philanthropic giving and the types of recipient
- in constant dollar terms (using 2010/11 dollars).

The majority of data collected from the sources outlined below related to financial years ending 31 March 2011 or 30 June 2011. Where necessary, data were converted to 2011 dollar terms to ensure measurement in consistent dollar terms.⁸ In rare instances, data were available for particular organisations only up to 2009.

In some cases, we have more comprehensive and better quality information. As such, some of the change between 2006 and 2011 reflects better information as well as changes in giving behaviour. Where possible, we try to isolate the changes due to behaviour and the changes due to better data capture. Personal giving, for example, is one area where the estimated level of giving has changed substantially due to both better information and an underlying change in behaviour.

Direct contact included an online and postal survey of grantmakers and grant recipients. This was complemented by engaging directly with organisations including:

- the Community Trust of Southland, which surveys the twelve statutory Community Trusts
- telephone interviews with a number of licensing trusts
- tailored surveys and face-to-face interviews, for example, with trustee administration company staff.

New sources of information since the 2006 study include:

- the Statistics New Zealand's Non-Profit Institution Satellite Account (NPISA)
- the Charities Commission's Register
- the Nielsen Panorama Survey information commissioned by the OCVS.⁹

BERL worked with these three agencies to triangulate information on all three sources of giving (trusts, individuals and businesses). We met with staff from OCVS and the Charities Commission to ensure we understood their data, its limits and to ensure that we did not get double counting.¹⁰ For example, charitable trusts giving to educational purposes might appear in both the Charities Register and data from the Funding Information Service (FIS), while casino charitable trusts recorded in the Charities Register for distribution receive money from casinos, which would be captured in our estimate of corporate giving. In such cases, a single source was used.

Sections 6 to 8 detail the recorded and estimated levels of giving by source. Below we outline the method used to assemble the data and calculate the estimates.

4.1 Trust- and foundation-based giving

4.1.1 Voluntary trusts

Data were collected from several sources: voluntary trusts through the GNZII survey conducted by BERL¹¹, aggregated information provided from trustee administration companies, and the Charities Register for foundations, family trusts and estates (that were not included elsewhere).

Both the survey and the Charities Register had individual information for specific organisations.¹² This allowed us to identify if an organisation appeared in both sources. To avoid double counting, where any potential duplicates were identified, the survey data were used in preference to the FIS data.

This category includes organisations such as the T G Macarthy Trust, The Sir Henry Kelliher Charitable Trust and The Jasmine Charitable Trust.

4.1.2 Universities and other tertiary education institutions

The FIS provides a record of giving to universities and other tertiary education institutions. The database had information from 25 institutions, such as Victoria University of Wellington, Tai Poutini Polytechnic, Te Whare Wananga o Awanuiarangi and Te Wananga o Raukawa.

The database did not always distinguish between corporate scholarships and scholarships funded from the institutions' own trust grants. Grants that were clearly from a corporate source are excluded from this section, as corporate giving is analysed separately.

Some of these institutions also receive grants and donations from individuals, businesses and other trusts. We used information in the Charities Commission Register to cross-check donations/grants received and given in order to reduce the risk of any double counting. For example, we estimated that tertiary institutions granted a total of around \$22.2 million, but received approximately \$10.6 million from other philanthropists in 2011. We exclude the later portion, as it is likely to be included in the figures for other sources.





4.1.3 Trustee administration companies

Trustee administration companies (TACs) play an important role in managing estates, charitable trusts, family/personal trusts and individual bequests that are for philanthropic purposes. We contacted the three major TACs as part of this study: the Public Trust, New Zealand Guardian Trust and Perpetual Trust. One company was able – within the timeframe of this study – to provide information on the level of distributions from perpetual estates.¹³ To respect the confidentiality of this information, these figures are not reported separately, but are aggregated with other estimates.

This information was complemented with data from the Charities Commission. Over 600 registered charities administered by the three TACs above made grants in 2011.

The estimated total distributions from TACs do not capture all philanthropic funding from these sources. Some trusts do not explicitly distribute grants to individuals and other organisations; rather their revenue is used to subsidise their own activities, which are for the benefit of others. This represents a form of in-kind philanthropy as their services may be provided at a below market, or zero, price. For example, some educational trusts do not distribute their revenue, but use it to offset their costs or to subsidise student fees.

Distributions to individual members of a family trust are excluded. In such cases, it is not clear that the distribution is made for philanthropic purposes and is free of an expectation of reciprocity. Distributions from charitable trusts to people that are not members are included.



4.1.4 Community trusts



Information on community trusts was taken from two sources: a comparative analysis of financial performance prepared by one of the community trusts and responses to BERL's survey of grantmakers and recipients.¹⁴ The first source provided comprehensive information on the level of giving, while the survey responses were used for the recipient analysis.

This category covers all twelve community trusts, including the Community Trust of Southland (Invercargill), TSB Community Trust (New Plymouth) and the ASB Community Trust (Auckland).

4.1.5 Energy trusts

This study updated, and where possible extended or added to the depth of, the list of Trusts compiled in the GNZ06 report. Annual reports for all the trusts or, when reports for the trusts were unavailable, for the energy companies to which they were linked, were collected. In addition, some energy trusts completed BERL's survey of grantmakers. These figures were compared with those from the annual reports to produce the results used in this report.

Energy trusts have distribution mandates stemming from the legislation restructuring the electricity supply authorities. The different approaches reflect the discretion granted by legislation to the supply authorities in determining their ownership and governance arrangements (McKinlay 2001). As such, not all energy trusts explicitly make charitable donations. For example, trusts such as the Central Lakes Trust and the Tauranga Energy Community Trust and Charitable Trust explicitly grant to their communities. The Tauranga Energy Community Trust + Charitable Trust distributed \$4,465,931 in 2010 as grants and donations and a further \$25,875,000 was distributed to its consumers.



Some “energy trusts distribute all or most of their profits to local customers in cash dividends” (Statistics New Zealand, 2007, p 33). The customers of the associated energy (“lines”) company represent the Trust’s beneficiaries. While the distribution mechanism differs, for consistency we include these dividends, as they are mandated to return this to their community. For example, in 2010, the Counties Power Consumer Trust in Auckland gave customer discounts amounting to \$7,998,000. The Auckland Energy Consumer Trust, which has a 75.4% stake in lines company Vector, distributed \$992,000 to its beneficiaries.

4.1.6 Licensing trusts

Licensing trusts are non-profit organisations that have the exclusive right to sell liquor in a defined geographic district under the Sale of Liquor Act 1989. Licensing trusts are permitted, under the Act, to distribute its profits to its community for philanthropic purposes. This category includes organisations such as the Portage Licensing Trust, the Maitāwhiri Licensing Trust and the Invercargill Licensing Trust.

Data were collected directly from some trusts by telephone and from annual reports. Information was also gathered from The Trusts Community Foundation Limited and the Trust House Community Enterprise on the operations of licensing trusts (including information on gaming machine operations on licensing trust premises).

An issue for this study was that licensing trust operations tend to have gaming machines from which distributions may be made to the community. To avoid double counting, as gaming machine information is estimated from a different source, trusts were asked to separately identify what they had returned to their communities from their non-gaming machine operating surpluses and from gaming machine revenues.

4.1.7 Gaming machine societies

Organisations operating class 4 gaming machines outside of a casino are licensed under the Gambling Act 2003, and must be incorporated as societies.¹⁵ Gaming machine societies are required to distribute a minimum of 37.12% of their (net) profits from the gaming machines to authorised purposes.¹⁶

There are two main types of organisations that distribute gaming machine profits: clubs and societies. A club forms its own community group and may apply gaming machine proceeds to its own activities as an authorised purpose, that is, its own internal activities. This category also includes licensed sports and private clubs, such as working men’s clubs, cosmopolitan clubs and RSAs. These clubs have licenses to operate gaming machines on their own premises to raise grants for the club and its members to use.

The distributions from club venues tend to be used directly by the club for administration or activities related to the club.¹⁷ In 2005, clubs accounted for around 10 percent of gaming machine expenditure, and clubs allocated 97 percent of their gaming machine profits to their own purposes.¹⁸ Club distributions are not included in this study as funding to recipients within a circle of membership does not fit within the study definition of philanthropy.

A society is a business entity that distributes net proceeds to the authorised purposes of other groups; that is, it grants to external individuals or organisations for authorised purposes. These societies include organisations such as New Zealand Community Trust, The Lion Foundation, Pub Charity, and The Trusts Charitable Foundation.¹⁹ The societies receive proceeds from machines operated on their behalf in venues such as bars, pubs and some TAB outlets.

Profits from gaming revenue in non-club societies are generally redistributed to the community.²⁰ It is this portion that is consistent with the study definition and is included as philanthropic giving.

Grants to community organisations for authorised purposes from gaming societies are a significant source of giving in New Zealand. The Department of Internal Affairs (DIA) collects gaming expenditure figures, but there is no official source that records the proportion of gaming revenue redistributed to the community and the last survey of the sector was conducted in 2005.

This report's estimate is triangulated from three sources:

1. the most recent annual reports for New Zealand Community Trust, The Lion Foundation, The Southern Trust, the Pub Charity and The Trusts Charitable Foundation Incorporated²¹
2. gaming machine expenditure statistics for 2010 from DIA
3. statistics from DIA's 2005 survey of gaming machine societies on the proportion of gaming machine expenditure allocated to authorised purposes by public societies.

4.1.8 Lottery grants

The Lottery Grants Board (LGB) was established in 1987, and it receives 20 percent of sales from games such as Lotto, Keno and Instant Kiwi that are administered by the New Zealand Lotteries Commission. Established under “a community-benefit model”, the grants transferred to it from the Commission “should be used primarily for community and charitable purposes”.²² The LGB distributes community funding through a range of national, regional and activity based committees. It also transfers funding to three statutory bodies (Creative New Zealand, Sport and Recreation New Zealand, and Film New Zealand) which then redistribute grants within their sphere of activity/interest.²³

Figures were taken from the annual reports and records of grants from the New Zealand Lotteries Commission and Lottery Grants Board.

4.2 Personal giving

4.2.1 Donations

Information on donations by individuals was drawn from two sources. The first was from questions commissioned by the OCVS in the Nielsen Panorama Survey. The second was from IRD on donation rebate claims, which is used to validate the estimate from the Panorama Survey.

Nielsen surveys around 12,000 individuals per quarter. It asks people to identify the types of charities and other community organisations they have supported in the previous 12 months.²⁴ The survey asks about various forms of support, and for this study we focus on the value of direct donations (“committed donations”) and donation of money or goods to an appeal (“ad hoc donations”).²⁵ We use the estimated value of donations, scaled up to a population level, to estimate total donations in 2011.

The estimated value of donations was cross-checked against information from IRD. A tax rebate on any documented donations to charitable organisations over \$5 can be claimed from IRD. The rebate is calculated as one-third of actual donations made. There is no maximum rebate that can be claimed, with the removal of the rebate cap in April 2008.

4.2.2 Bequests

We estimate the value of bequests by focusing on what charities received in 2011.²⁶ This involved examining the average value of bequests received by a sample of charities and the number of active charities in the population. Information was drawn from two sources:

- the GNZII survey responses about bequests received
- the number of active charities in New Zealand, estimated from the Charities Commission's Charities Register.

The GNZII survey asked organisations about the number and value of bequests they had received from individual's estates for immediate distribution or to establish perpetual trusts. These responses were used to calculate the average value of bequests per organisation that received bequests.

The Charities Register had records for just over 22,300 charities that submitted the required documentation in the last year, which we use as an estimate of the active population of charities in 2011. The survey was used to calculate a proportion of charities that received a bequest. This was applied to the estimated population of active charities to indicate the number of charities receiving bequests.

4.3 Business and corporate giving

The estimate of business giving was based on the following sources of information:

- the Non-Profit Institution Satellite Account 2007 (NPISA)
- Statistics New Zealand national accounts information on production by industry in New Zealand in 2011
- information for the FIS Corporate Citizens and BreakOut databases
- information from the Charities Register.

As corporate and business giving might be recorded in more than one of these data sources, care was taken to cross-match organisations in order to eliminate potential double-counting.

The NPISA was developed as a measure of production by Non-profit Institutions (NPIs) using Statistics New Zealand's system of national accounts (SNA) framework. The Satellite Account reports the GDP by industry of NPIs in 2004. The NPISA report also records how much income NPIs received from businesses as transfers.

While dated, this is the most comprehensive and rigorous source of information on business transfers to the non-profit sector. We assume that the pattern of NPIs GDP by industry is similar in 2011 to that in 2004. We then use national GDP by industry in 2011 to estimate the GDP of NPIs in 2011. Next we calculate business transfer income to NPIs, based on the 2004 NPISA proportion of business transfers relative to the NPI's GDP. This gives an estimated level of business transfer income to NPIs in 2011.

Measuring philanthropic business giving is complicated by the use of sponsorship and cause-related marketing. As in the GNZ06 report, this study distinguishes between donations and sponsorship, and only includes the former as business giving, although we acknowledge that the latter represents a substantial contribution by business to non-profit and philanthropic causes.²⁷ The GNZ06 report found that almost two thirds (64.9 percent) of total corporate funding was in the form of sponsorship. The GNZ11 survey found that the proportion was now closer to one third, and this portion of business transfers to the non-profit sector in 2011 is excluded to estimate philanthropic giving by businesses.

4.4 Caveats

A number of issues affect how this report should be interpreted. These issues relate to the study's definition of philanthropic funding, the focus of the study, and how to collect and analyse data from multiple sources in order to accurately measure philanthropic funding.

The definition of philanthropy used in this study was developed to meet specific aims, in particular to measure money given to support causes for the betterment of humankind. Therefore, the study aimed to measure philanthropy, such as scholarships and environmental protection efforts, but it excluded a number of aspects of philanthropy such as volunteering and in-kind donations.

A second aim of the study was to take a snapshot of giving for a single year ending in 2010 or 2011. As data were collected from a range of organisations it was not possible to ensure that the data corresponded to an exact calendar year. Rather, the information relates to the latest financial year that ended in 2010 or 2011. To ensure that money values could be meaningfully combined, data for years ending before 30 June 2010 were inflated to 2011 dollars.

Another issue relating to using a snapshot measure is that this work only provides one part of a broader picture of typical giving behaviour across time. For example, there were a number of specific appeals and donations relating to the Christchurch earthquakes. However, in a similar fashion, the GNZ06 report may have been affected by specific appeals following the tsunami on Boxing Day 2004.

While such events raise the need for, and profile of, philanthropic giving, a snapshot measure cannot independently identify whether this event led to a change in the level of giving, the mix of giving or both. However, giving related to the Christchurch earthquakes, means the 2011 snapshot includes both 'typical' giving as well as New Zealanders' response to a major, atypical event.

In addition to the definitional issues above, how the study has collected and analysed the data affects how the study results should be interpreted. As there is no single, comprehensive source of information on philanthropic funding in New Zealand, the study collected data from a wide range of sources. The results should be read in light of the steps taken to draw these sources together to produce an accurate measure of giving.

The study endeavoured to avoid double counting first by determining whether information from different sources related to different givers. Where it was clear that two sources related different givers the two sources could be combined. In cases where there were possible overlaps only a single source was used. However, this approach is conservative, as not all giving in the disregarded source may have been captured in the source that was used.

A second step was to collect data from a range of sources to capture the range of ways New Zealanders make philanthropic contributions. BERL believes it has identified the majority of information sources by working with PNZ, OCVS, the Charities Commission and Statistics New Zealand. The new sources of information available since the GNZ06 study have given us access to better, more comprehensive information, as well as allowing us to triangulate or validate our estimates from more than one source of information.

The study took a number of steps in designing, implementing and analysing a survey of grantmakers and grant recipients. The availability of a 'live' register of information through the Open Data Charities Register assisted us to deploy a comprehensive survey that achieved a suitably high response rate.

The study also aimed to collect information on personal giving. BERL was able to draw on both an extensive, well designed survey and IRD information to develop separate, but similar, estimates of personal giving. Nonetheless, neither source accurately captures all individual giving. Therefore, we have aimed to provide a conservative estimate, as well as a sense of the range the actual individual giving figure is likely to fall within.

Section 5 provides an overview picture of total philanthropic funding in New Zealand during 2011. The following three sections of this report deal with giving by the various types of trusts and foundations, individuals, and businesses. Each section outlines an estimate of giving from each source, a range for estimated figures that the true value is likely to lie within, and background information from secondary data sources.

5. TOTAL PHILANTHROPIC FUNDING

Total giving to charitable and other community purposes in New Zealand during 2011 is estimated to have been \$2.67 billion. The total giving figure of \$2.67 billion is equivalent to approximately 1.35 percent of New Zealand's GDP. Although this is an estimated figure, New Zealander's giving is likely to lie between \$2.43 billion and \$3.34 billion.²⁸

Figure 1 shows the relative shares of total giving by source.

FIGURE 1 - TOTAL GIVING BY SOURCE (\$m, %)

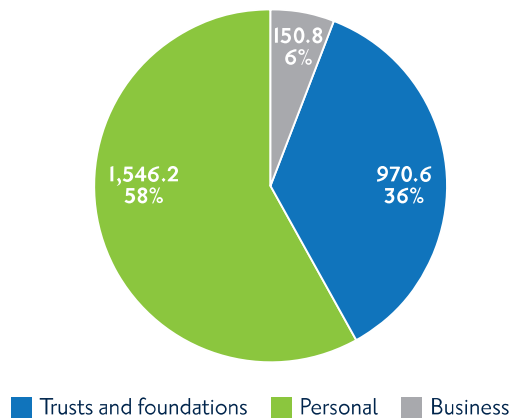


Table 3 shows the corresponding estimates as a percent of total estimated giving and of GDP, as presented in Figure 1.²⁹

TABLE 3 - TOTAL GIVING BY SOURCE, 2011			
Source of Giving	Estimated Giving		
	\$millions	%	%GDP
Trusts and foundations - voluntary	282.7	10.6%	0.14%
- statutory	687.9	25.8%	0.35%
Personal giving	1,546.2	58.0%	0.78%
Business and corporate giving	150.8	5.7%	0.08%
Total	2,667.6	100.0%	1.35%

source: BERL

Trusts and foundations contributed approximately \$970.6 million (36 percent) to total estimated giving. Statutory trusts, such as the Community Trust of Southland, provided just over one quarter of total estimated giving. Voluntary trusts and foundations, such as the J R McKenzie Trust and T G Macarthy Trust, contributed approximately one ninth.

Personal donations and bequests provided just over 1,546.2 million (58 percent) of total estimated giving. Donations were estimated to be \$1,424.2 million. This figure is based on a large, routinely conducted survey. We validated the estimate using IRD rebate information. As only about two in five people claim rebates for their donations, the IRD-based figure is scaled up to allow for this. Bequests and legacies for philanthropic purposes amounted to an estimated \$122.0 million, but may range between \$109 million and \$210 million.

Businesses accounted for approximately \$150.8 million (6 percent) of total estimated giving. This estimate excludes sponsorship as this does not fit within the study definition of philanthropy. Sponsorship is about half the estimated level of giving again. The GNZ06 study found that most philanthropic funding comes from large businesses, while small and medium enterprises are more likely to make sponsorships or in-kind donations.

5.1 Philanthropic funding from voluntary sources

Figure 2 focuses on voluntary giving by New Zealanders; that is, giving by individuals and non-statutory organisations such as voluntary trusts and businesses.

FIGURE 2 - TOTAL VOLUNTARY GIVING BY SOURCE

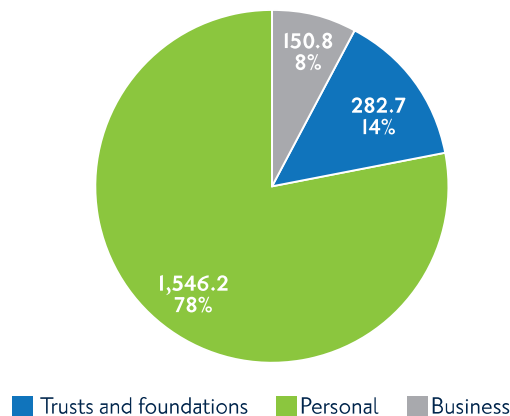
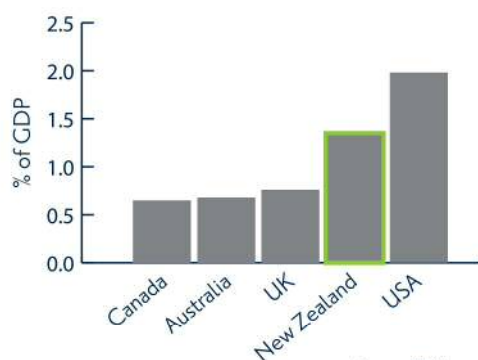


Figure 2 draws out the significance of the role played by individual New Zealanders in terms of voluntary giving, accounting for just under three quarters of estimated total voluntary giving.

5.2 New Zealanders' giving in an international context

Figure 3 draws the information on total giving together to show New Zealand's estimated total giving as a percentage of GDP and how this compares to rates in different countries.

FIGURE 3 - COMPARISON OF INTERNATIONAL GIVING AS A PERCENTAGE OF GDP

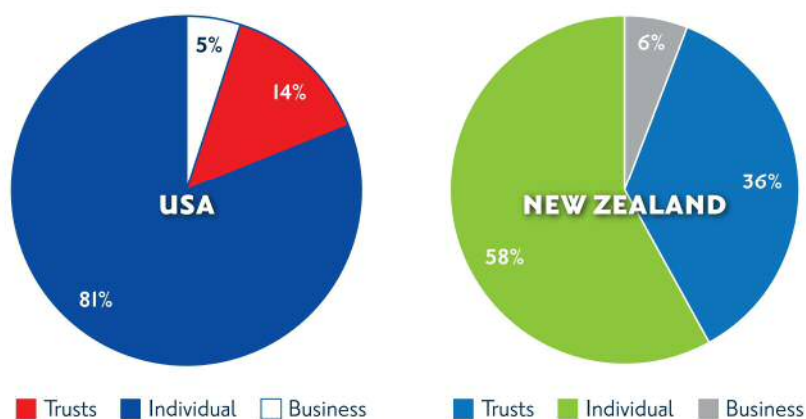


Source: BERL

New Zealanders' giving equated to 1.35 percent of GDP. This proportion compares favourably with those of Canada, Australia and the United Kingdom. The percentage of private giving in the US is substantially higher than in Australia, Canada, New Zealand or the United Kingdom. This difference is strongly linked to the fact that charitable organisations in the US are funded more by private giving, whereas in Australia, Canada, New Zealand and the United Kingdom, government funding (through taxes) of charitable organisations has displaced a significant portion of private giving.

Figure 4 compares total giving by source in the US (left) and New Zealand (right). Figure 4 highlights the importance of trusts in New Zealand, and more particularly, statutory trusts. Individuals in the USA account for over four fifths of philanthropic funding while in New Zealand the proportion is three fifths.

FIGURE 4 - SOURCES OF GIVING

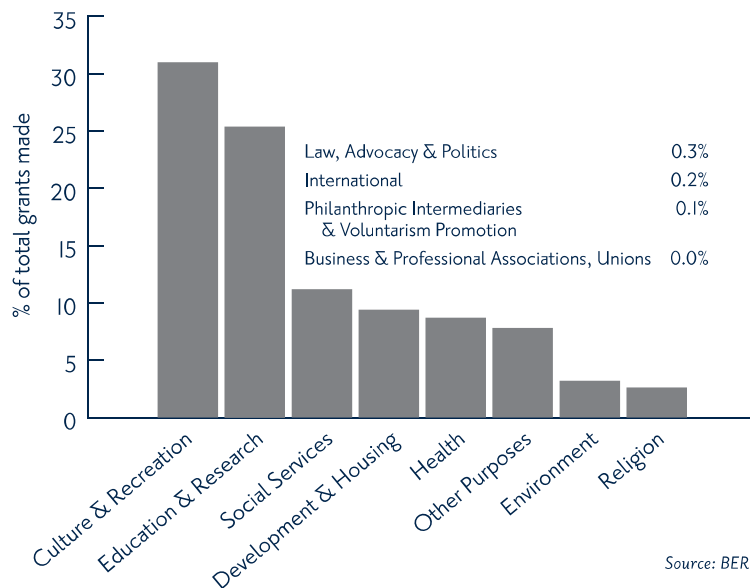


5.3 Recipients of philanthropy

A second goal of the study was to examine the recipients of philanthropic funding. A survey of grantmakers conducted for this study provided indicative information about the recipients of philanthropic funding in New Zealand.

The top three activities (by the amount of funding received) accounted for just over two thirds of funding. These activities were: culture, sport and recreation (31 percent); education and research (25 percent); and social services (11 percent).

FIGURE 5 - ACTIVITIES SUPPORTED BY PHILANTHROPY



The recipient analysis also found the following patterns:

- almost all (approximately 99 percent) of grants go to New Zealand recipients, although New Zealand-based charities may then give to overseas charities
- grantmakers gave 99.6 percent of philanthropic funding to recipients in specific regions, while 0.4 percent supported national organisations
- almost one quarter of grants (28 percent) went to Auckland recipients, around one sixth (15 percent) to Canterbury recipients, while the remainder was spread widely across the rest of the country. The high proportion going to Canterbury is likely to reflect the surge of support following the devastating earthquakes Christchurch suffered in 2010 and 2011.

6. TRUST- AND FOUNDATION-BASED GIVING

This section considers giving by voluntary trusts and foundations, and independent, statutory organisations, which have an explicit statutory or legal imperative to give. Voluntary trusts include philanthropic giving by family or individual trusts and charitable distributions from private trusts administered by trustee companies and from university trust grants.

The main statutory organisations covered in the study are community trusts³⁰, energy trusts³¹, licensing trusts³², gaming machine operators and trusts³³, and the Lottery Grants Board³⁴.

Table 4 provides a breakdown of estimated giving by trusts and foundations.

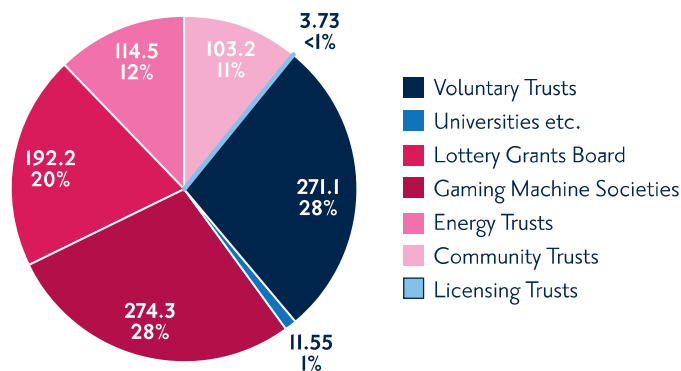
Trust/foundation giving	\$millions	%
Voluntary		
Family or individual trusts	271.1	28%
Universities	11.5	1.0%
Statutory		
Community trusts	103.2	11%
Energy trusts	114.5	12%
Licensing trusts	3.7	0.4%
Gaming machine societies	274.3	28%
Lottery Grants Board	192.2	20%
TOTAL	970.6	100%

source: BERL

Total estimated giving by trusts and foundations was \$970.6 million. Voluntary trusts and foundations, including universities, are estimated to have given just under \$282.7 million to philanthropic causes, while statutory organisations gave over \$687.9 million. These figures are based on information from specific organisations recorded in the Charities Register, advised by TACs, information from PNZ members, and the GNZII survey.

Figure 6 presents estimated total giving for particular types of trusts and foundations where information was available from only a subset of those organisation types. The estimates are based on observed giving and are discussed in more detail below.

FIGURE 6 - GIVING BY TRUST TYPES (\$m, %)



6.1 Voluntary trusts and foundations

Voluntary trusts include family/iwi and individual trusts or foundations, such as the Ngāi Tahu Fund and the Tindall Foundation.³⁵

Estimated giving by all voluntary trusts, excluding universities which are analysed separately below, is approximately \$271.1 million. Estimated giving by voluntary trusts is between \$269.5 million and \$272.8 million, at a 95 percent confidence level.

The estimate of total giving by voluntary trusts was based on recorded giving plus an estimate of giving by non-PNZ voluntary trusts based on the GNZII survey. This included:

- survey responses from 24 PNZ member voluntary trusts that gave a total of \$78.6 million, and information from the Charities Register on a further 33 trusts that gave \$6.97 million in 2011
- the random sample survey included responses from 292 voluntary grantmakers. These grantmakers gave a total of \$50.9 million
- information from TACs and the Charities Register on voluntary trusts, family trusts and estates (not elsewhere included). These sources showed 695 organisations gave grants of approximately \$74.4 million.³⁶ Most of these organisations (just over 90 percent) were administered by TACs, which distributed \$56.8 million of those grants.

The study's survey identified that fifteen voluntary trusts granted over \$1 million each in 2011. Ten of these were PNZ member voluntary trusts, and they accounted for just over 87 percent of distributions by PNZ member voluntary trusts. The five non-PNZ voluntary trusts with grants totalling over \$1 million each accounted for just over two thirds (69 percent) of distributions by non-PNZ member voluntary trusts.

Total estimated giving comprises \$85.5 million of grants from PNZ member voluntary trusts, plus estimated giving of \$185.6 million by non-PNZ voluntary trusts, foundations and perpetual estates.

6.2 Universities and other tertiary education institutions

Giving through universities, polytechnics and other tertiary education institutions totalled \$11.5 million as recorded by the FIS and the Charities Commission Register. This figure covered scholarships, bursaries and grants for study and research. This equates to an average of approximately \$11,700 per grant, although the grants range in value.

The FIS database figure includes a number of company scholarships administered by universities. Where possible, corporate scholarships have been identified and excluded from this section. Some corporate funded scholarships channelled through universities may be misclassified as university funded scholarships. However, we do not believe this is common so double counting is unlikely to be a significant issue.

6.3 Community trusts

Community trusts reported granting around \$103.2 million in their latest financial year. This is a decrease of 8% from the 2006 figure of \$112 million (in 2005/06 dollar terms). Community trusts are some of the biggest individual funders of the community in New Zealand. For example, the ASB Community Trust granted approximately \$40.9 million in the last year. The Community Trust of Southland donated \$99 for every person in its region.

Capital assets were \$3.0 billion for the 12 community trusts. These trusts granted 3.4 percent of the capital assets over the study period. This proportion is lower than the 2006 figure, which reported a 4.0 percent grant over the capital assets. This is partly a reaction by some trusts to the impact of the recent global financial crisis (GFC). The GFC has had a significantly negative impact on the capital asset base and returns of these trusts. As a result, there have been changes to some community trusts' reserving policies. In general, there has been a move to increase the size of reserves to smooth out fluctuations in income and distributions. However, this has involved a trade-off of lower giving by some community trusts, to achieve longer term stability.

6.4 Energy trusts

Energy trusts are statutory bodies responsible for distributing dividends to its owners or, typically, to community projects. Information was collected on 24 energy trusts and on 6 energy companies associated with energy trusts for which trust figures could not be sourced. We use the distributions of dividends, donation, discounts or rebates to customers reported by these companies.

BERL combined information available directly from energy trusts with distribution information from energy companies for which trust information was not directly available. This yielded a total of almost \$114.5 million, with \$85.9 million coming from the 24 trusts and \$16.5 million from the 6 energy companies.

Both distribution and revenue information was available for 17 of the 24 trusts. These 17 trusts had revenue of \$1.89 billion in 2011, and they distributed \$85.9 million (4.5 percent of their revenue). The six energy companies distributed \$16.5 million from their revenue of just under \$200.1 million, or 8.3 percent of their revenue. These rates suggest that using energy company information where trust information was unavailable is likely to be conservative. Energy trusts may also distribute from returns on trust grants as well as dividends from the energy companies.

6.5 Licensing trusts

Schedule 3 of the Sale of Liquor Act (1989) lists 23 existing licensing trusts, although there have been up to 28 trusts. We established in 2006 that nine of the 28 trusts were no longer trading, leaving 19 trading trusts. Information was gathered for 17 of the 19 operating licensing trusts. Of these 17, 4 made distributions to the community from their operating surplus, while the others reinvested their surplus in their operations or made operating losses (this excludes allocations from gaming machine profits, which are considered separately in section 6.6 to avoid double counting).

These four licensing trusts distributed just over \$3.7 million to their communities. The Invercargill Licensing Trust was the largest distributor, granting \$3.4 million from its trust's operating profit. The other three trusts that made distributions granted an average of \$109,000 per annum per trust. Given the large number of licensing trusts that did not make a distribution from their operating surplus, we do not extrapolate distributions from the remaining two trusts for which no information was available.

The 17 licensing trusts also provided information on how much they distributed to their communities from their gaming machine operations. The trusts distributed a total of \$24.9 million from their gaming machine profits, of which \$7 million came from the Invercargill Licensing Trust (which is in addition to the grants from its operating surplus noted above). This indicates that licensing trust operations provide around one seventh (13.5 percent) of a trust's community distributions, on average.

6.6 Gaming machine societies

In 2011, around 370 licence holders in 1,440 venues operated 18,680 gaming machines. Tighter licensing conditions and regulation, as well as some consolidation in the sector, has resulted in a declines in the number of license holders (-25 percent), venues (-15 percent) and machines (-10 percent) since 2006. Gaming revenue peaked at just over \$1 billion in 2004, and has declined since to around \$906 million in 2005 and \$851.6 million in 2011 (a -6.0 percent reduction since 2005, in nominal terms).

We estimate distributions from gaming machine trusts based on the gaming machine profits reported to DIA, and estimated to be allocated to authorised purposes by public societies. In the year to June 2011, DIA reports that non-casino gaming machine spending was \$851.6 million, of which \$738.9 million was through public societies. DIA's survey of the sector in 2005 found that public societies' distributions to authorised purposes were equivalent to one third of total gaming machine revenue (which includes revenue at clubs). As a proportion of their own gaming machine revenue, this is broadly equivalent to the minimum distribution requirement of 37.12 percent. Applying this proportion to the 2011 level of expenditure indicates allocations of \$274.3 million.

We triangulate this estimate by examining the (inflation adjusted) 2006 level of distributions by non-club gaming machine societies and scaling it according to the change in distributions by the five largest national trusts and foundations between 2006 and 2011. In 2006, the five largest national trusts and foundations distributing grants from gaming machine profits allocated over \$181.4 million (in 2010/11 dollar terms) to community purposes.³⁸ In 2011, these organisations allocated grants of just over \$156.6 million. The 2011 level is around 14 percent lower than the 2006 level (after adjusting for inflation).

Adjusting the estimated 2006 figure down by the 14 percent fall recorded by national trusts, total gaming machine society distributions in 2011 would be approximately \$270.2 million. This is close to the estimate above, and may be considered a lower limit on our estimate.

6.7 Lottery grants

The New Zealand Lotteries Commission transferred profits of \$183.3 million to the LGB for the 2011 year. This includes \$9.5 million for the NZ 2011 Festival Lottery Fund, which was set up specially to fund for community events and activities related to the 2011 Rugby World Cup.

The LGB allocated \$199.7 million of grants to its committees and the statutory bodies it grants, and approved total grants of a total of \$192.2 million in 2011.

The funding allocated to the various committees was: sector and activity based (\$60.6 million); national (\$15.0 million) and regional (\$29.8 million) committees; and the Minister's Fund (\$338,000). A further \$93.4 million was distributed to three statutory bodies: Creative New Zealand received \$33.3 million, the New Zealand Film Commission received \$14.4 million, and Sport and Recreation New Zealand received \$44.6 million.



CREATIVE NEW ZEALAND

Creative New Zealand was established under the Arts Council of New Zealand Toi Aotearoa Act 1994 to develop the arts in New Zealand. Creative New Zealand received funding from a range of sources. In the year to June 2010, the LGB provided \$32.3 million (73 percent), central government provided \$10.2 million (23 percent), and the remaining \$1.9 million came from smaller bequests and private trusts/organisations and its own activities.

In 2009/10, Creative New Zealand provided grants totalling \$21.1 million. This funding was distributed to five main areas: Recurrently Funded Organisations (\$17.6 million); Arts Board Grants (\$4.1 million), Te Waka Toi (\$1.2 million), Pacific Arts Committee (\$0.4 million) and Screen Innovation Production Fund (\$0.5 million).

SPORT AND RECREATION NEW ZEALAND

Sport and Recreation New Zealand (SPARC) is a Crown entity charged under the Sport and Recreation New Zealand Act 2002 with promoting, encouraging, and supporting physical recreation and sport in New Zealand. The majority (56 percent) of SPARC's funding comes from central government, while the LGB contributes a further 41 percent. The remainder comes from contract revenue (3 percent) and other sources.

In 2009/10, SPARC gave out grants totalling \$89.9 million. Grants were given to a number of sporting organisations. Grants were also provided to national governing bodies, regional academies of sport, iwi-based organisations, regional sports trusts, local authorities, and schools. The majority of grant funding went to sport governing bodies (\$37.9m, 52 percent), with regional sports trusts being the other major recipients (\$21.2 million, 29 percent).

NEW ZEALAND FILM COMMISSION

The New Zealand Film Commission (NZFC) was established in 1978 by an Act of Parliament. It has the statutory responsibility "to encourage and participate and assist in the making, promotion, distribution and exhibition of films" made in New Zealand by New Zealanders on New Zealand subjects, but does not produce films itself. The NZFC provides loans and equity financing to New Zealand filmmakers to assist in the development and production of feature films and short films being made in New Zealand. The NZFC is also active in the sales and marketing of New Zealand films, and it assists with training and professional development within the industry.

In 2009/10, the NZFC received income of \$23.5 million. Of this, \$14 million was from the LGB and a further \$5.6 million was from central government. Grants of \$18.3 million accounted for 80 percent of its expenditure.



7. PERSONAL GIVING

This section examines personal giving through donations, including street and mail appeals, and bequests or legacies.

TABLE 5 - TOTAL PERSONAL GIVING

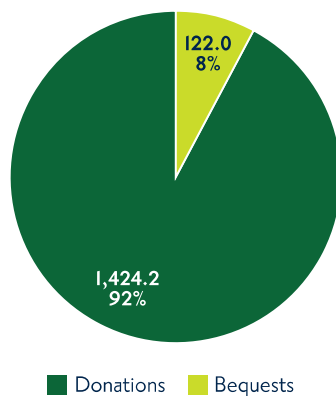
Personal giving	\$m
Donations	1,424.2
Bequests	122.0
Total Personal Giving	1,546.2

source: BERL

Table 5 shows estimated total giving by individuals of \$1,546.2 million. Almost \$1,424.2 million (92 percent) is estimated to have come through donations, while a further \$122 million (8 percent) was given through philanthropic bequests and legacies.

Figure 7 is based on Table 5 and shows the share of estimated personal giving by method.

FIGURE 7 - PERSONAL GIVING (\$m, % OF PERSONAL GIVING)



7.1 Donations

Around 3,450 people responded in the Nielsen Panorama Survey during the 12 months to March 2011 that they had made a donation. Around 97 percent of these donations were for less than \$500 in a given month, with an average of around \$80 per month. However, 3 percent of the respondents donated more than \$500 per month, and throughout 2010, the average for this group ranged between \$300 and \$2,400 per month. This indicates that some individuals made large, but sporadic, donations. This poses an issue for estimating total annual donations, as such donations can skew the estimate.

While conservative, we focus on donations of less than \$500 per month in order to generate a more robust estimate of annual individual donations. On this basis, we estimate that just over 1.03 million individual New Zealanders donated approximately \$1,424 million in 2011 through committed or ad hoc donations.

7.1.1 IRD rebate data

As a cross-check to this estimate, we examined donation rebate claims made to IRD. IRD received claims for \$566.6 million of donations in the year to 31 March 2010 by just under 365,000 people.^{39,40} This is equivalent to a donation of approximately \$1,550 per claimant or \$133 per New Zealander. A further 248 people donated just under \$54,900 through the Payroll Giving scheme in the three months since it was instituted in January 2010, whereby donors are immediately credited a tax rebate rather than having to claim it annually.⁴¹

The IRD rebate claims are likely to be a substantial underestimate of individuals' donations for two reasons. First, it is likely to exclude small or repetitive giving. Claims may only be made on donations over a certain size (\$5), and for which receipts have been issued. Second, many people who make donations do not lodge claims, even if they are eligible.⁴²

Research completed since the GNZ06 study has shown that only around two fifths of people who donate claim a refund (UMR Research, 2010). We use this estimate to gross up the reported level of donations to take account of unclaimed donations. That is, the actual number of people who made donations is likely to be around two and a half times as high as the IRD figures. Although the Panorama estimate is for calendar 2010, the number of people claiming rebates to March 2010 was just over 35 percent of the estimated total.

On this basis, the IRD data would indicate that just over 900,000 people may have donated around \$1,399 million in the year to March 2010. Inflated to 2011 dollar terms, this would be approximately \$1,448 million, which is very close to the estimate based on the Panorama survey. However, as noted above, both estimates are likely to be conservative.

7.2 Bequests

The Ministry of Justice received applications for the administration of 15,443 estates in 2010. Just over 1,000 estates are likely to have made bequests to charitable purposes, based on the parameters identified in the GNZ06 study. This would be just over 8 percent more bequests than estimated in 2006.

For this study, we estimate bequests to charitable purposes using responses to the GNZ11 survey of charities and information on the population of active charities from the Charities Register. In the estimation process, we exclude the few respondents that received more than \$1 million of bequests in 2011. For those organisations receiving less than \$1 million in bequests, the GNZ11 survey indicated that the average value of a charitable bequest per organisation was just over \$100,000.

The survey also suggests that just over one in twenty (5.2 percent) registered charitable organisations received a charitable bequest (of less than \$1 million in total). Based on this figure, we estimate that around 1,170 organisations received a charitable bequest in 2011.

Based on the figures above, we estimate that approximately 1,170 charitable organisations received bequests of just under \$116.7 million. To this we add the \$5.3 million reported in the survey by the small number of organisations that received more than \$1 million each from bequests. In total, this amounts to bequests of just under \$122 million.

TABLE 6 - BEQUESTS TO CHARITABLE PURPOSES IN 2011

Number of organisations receiving bequests*	52
Average bequest received per organisation (\$)*	\$100,100
Percent of total charities estimated to receive bequests	5.2%
Estimated number of charities receiving bequests	1,170
Estimated value of bequests of <\$1 million (\$ million)	116.7
Value of bequests of > \$1 million (\$ million)	5.3
Total estimated bequest value (\$ million)	122.0

*This excludes respondents that received over \$1 million of bequests. The value of such bequests is added to the final estimate, but we do not estimate the value to large recipients of bequests.

An individual may give to more than one charitable organisation, so the average bequest per estate is likely to be greater than the average given to any single organisation. The average bequest estimated in the GNZ06 study was approximately \$93,000 (in 2011 dollar terms). This suggests that individual New Zealanders are bequeathing larger amounts than in 2006. This may be because the value of estates has grown, or that individuals are giving a greater proportion of their estate to charitable purposes.

If we were to apply individual giver parameters from the GNZ06 study to the total number of estates in 2010, then estimated bequests would be in the order of \$92.7 million. This is lower than the level of bequests recorded in the Charities Register of \$109.1 million, which may be considered a lower limit to the estimate in Table 6 above.

7.3 Effects of removing the donation tax credit thresholds

New Zealand tax payers are able to claim a tax credit (formerly known as a rebate) on donations to charitable organisations for values over \$5. The rebate for individuals is calculated as one-third (33.3 percent) of a qualifying donation, up to a maximum of the person's taxable income (annual net income).⁴³

Prior to the 2009 tax year (beginning 1 April 2008), the maximum rebate that could be claimed was capped by a donation threshold. A maximum qualifying donations cap of \$1,500 applied in 2001 and 2002, and of \$1890 from 2003 until 2008. These thresholds are summarised in Table 7.

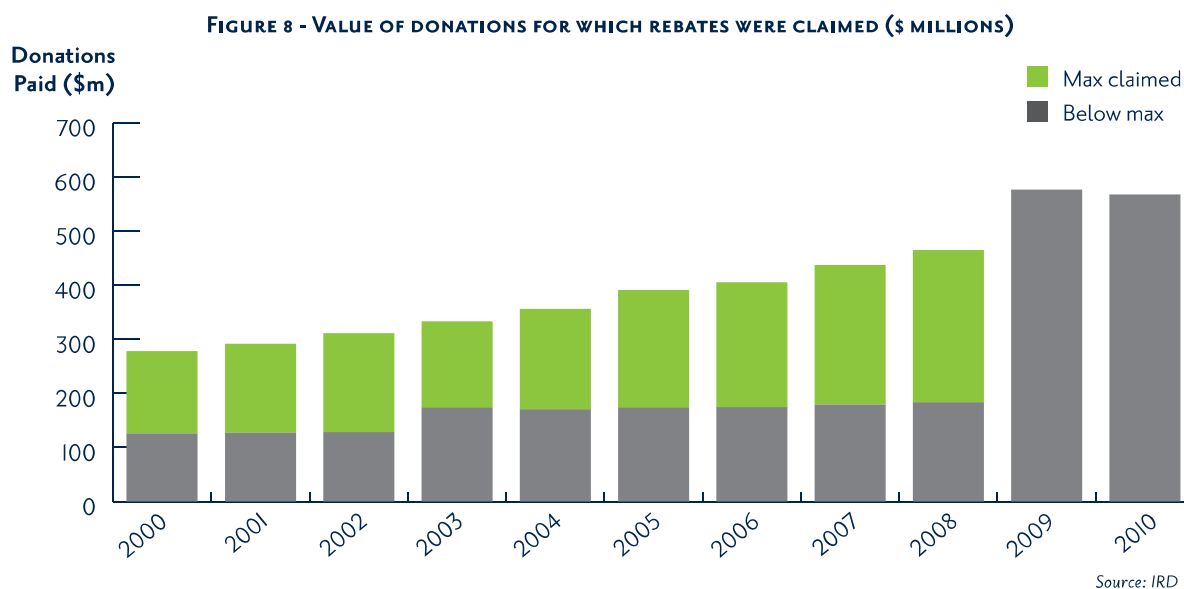
TABLE 7 - DONATION REBATE CAPS AND REBATE RATES

Year*	Max rebate (\$)	Rebate rate
2000-2002	500	33.3%
2003-2008	630	33.3%
2009-	No maximum	33.3%

*Year ended 31 March.

source: IRD

International evidence indicates that large givers are strategic givers and are sensitive to the tax implications of donations (Saints Information, 2006). Philanthropy New Zealand advocated strongly for the removal of the cap on donation rebates, and this was successfully removed in 2009. Consistent with the international findings, removing the rebate cap in April 2008 (the start of the 2009 tax year), had a stark and immediately positive impact on giver behaviour, as shown in Figure 8.



In the year ending March 2009, the value of donations jumped by 25 percent to \$576 million from \$464 million in the 2008 tax year (+\$112 million). Matching this change, the rebates claimed from IRD increased by \$75 million. Arguably, this change might be considered to be a net positive injection to the economy.

Figure 8 shows a positive background trend in donations (rebates claimed). We isolated this trend so we could estimate the independent effect of removing the rebate cap on donations. We estimate that removing the cap boosted donations by \$79 million (17 percent) from 2008 to 2009 alone. This increase is even more impressive, recognising that it came during the onset of the global financial crisis in mid- to late- 2008. The GFC may also help to explain the small decline in donations between the years ended March 2009 and March 2010.⁴³

Removing the rebate cap does not appear to have substantially affected the number of people giving – that is, people claiming rebates. This is also consistent with the international findings that large givers – those most likely to be confounded by the rebate cap – are the most sensitive to tax incentives. Although removing the cap may not have had a substantial effect on the number of givers, it gave a substantial positive boost to the amount given. Although information on who is giving is not available, if New Zealand’s experience is similar to tax precincts elsewhere in the world, then most of the response to the tax incentive would have been by large givers.

Figure 9 shows the number of people claiming rebates, and up to 2009, the number that claimed the maximum amount. Although there is a slight drop-off in the number of givers in 2009, the impact of removing the rebate cap is likely to be confounded by the negative impact of the global financial crisis that began in mid to late 2008.

FIGURE 9 - NUMBER OF PEOPLE CLAIMING REBATE (CAP REMOVED IN 2009)

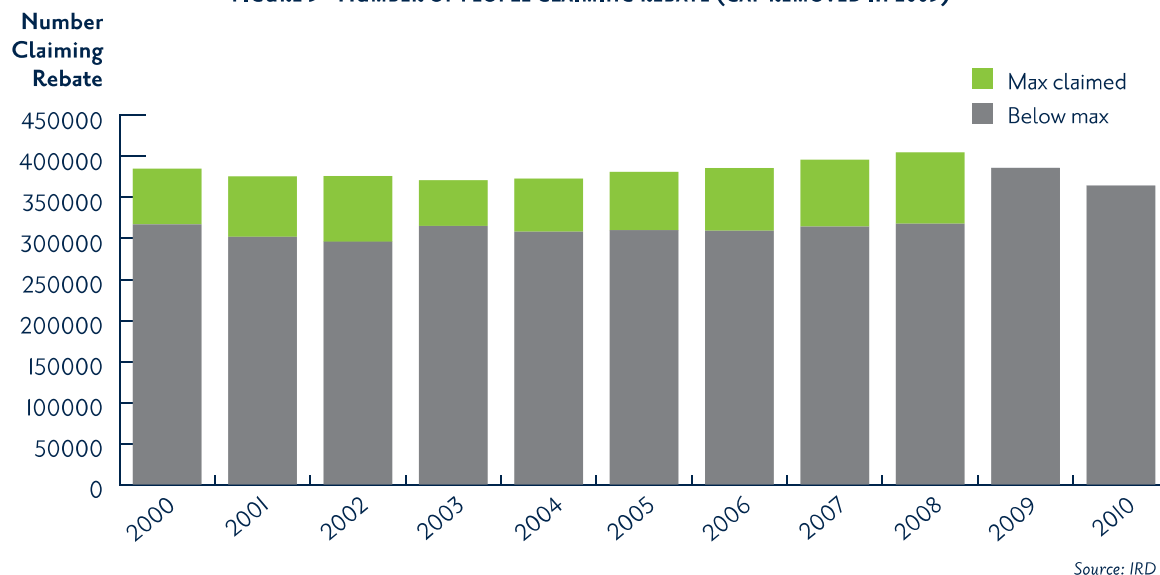


Table 8 shows how the average rebate claimed and donation have changed over time. Following the removal of the rebate cap, the average rebate claimed jumped from \$286 dollars in 2008 to \$494 in 2009 (a 73 percent increase). This implies an increase in the average donation from \$1,146 to \$1,492 (a 30 percent increase).

TABLE 8 - AVERAGE REBATE CLAIMED AND IMPLIED DONATION PER PERSON

Year*	AVERAGE REBATE		AVERAGE DONATION	
	\$	% change	\$	% change
2000	197		722	
2001	210	7%	774	7%
2002	220	5%	828	7%
2003	250	13%	896	8%
2004	261	5%	953	6%
2005	269	3%	1,027	8%
2006	275	2%	1,050	2%
2007	280	2%	1,102	5%
2008	286	2%	1,146	4%
2009	494	73%	1,492	30%
2010	515	4%	1,554	4%

*Year ended 31 March.

Source: IRD, BERL

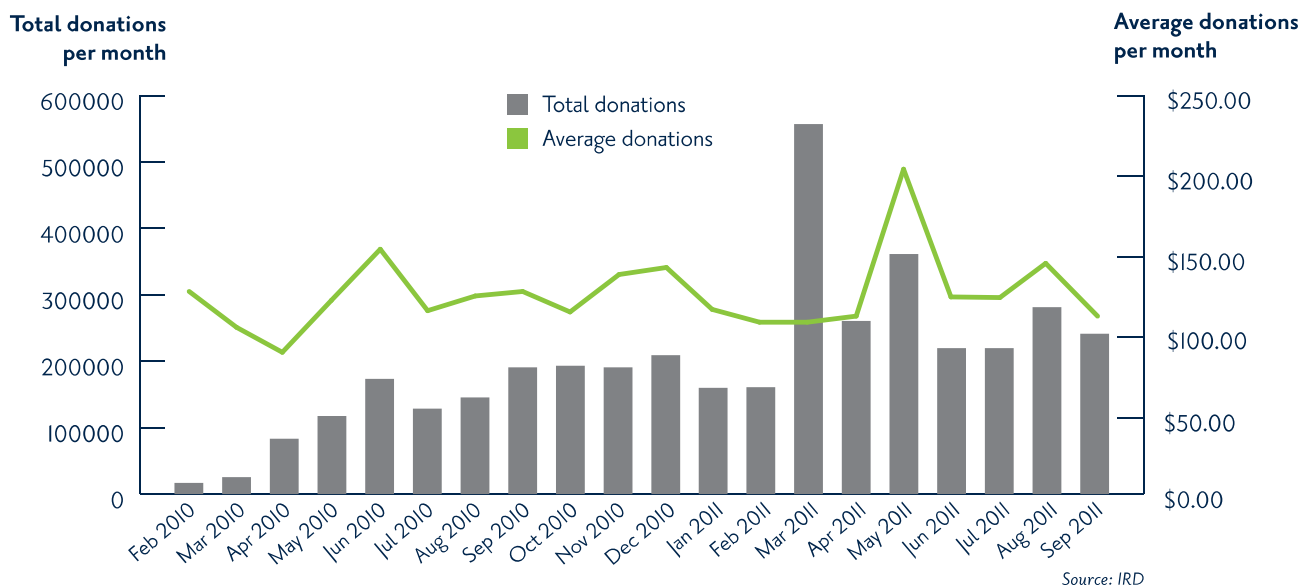
As noted above it is likely that most of the increase in giving came from those people who were previously claiming the maximum rebate. The increase in donations due to removing the cap was estimated above as \$79 million. If this were spread over the 87,000 people in 2008 that claimed the maximum rebate, then the average for these givers would have increased from \$3,235 per person in 2008 by approximately \$910 to just under \$4,145 per person after the cap was removed. This is an increase of between one quarter and one third in the average donation by these givers.

7.4 Payroll Giving scheme

Payroll Giving was introduced 7 January 2010. Under Payroll Giving, donors to registered charities are immediately credited the 33.3 percent tax rebate rather than having to claim it annually. The value of these rebates and the associated donations are not included in the rebate statistics above (based on the IR526 claim system).

Figure 10 shows the total and average value of donations per month made via the Payroll Giving scheme since its inception.

FIGURE 10 - TOTAL AND AVERAGE DONATIONS PER MONTH VIA PAYROLL GIVING



In total, New Zealand workers gave \$3.05 million via Payroll Giving. The average donation has plateaued somewhat since May 2011, at around \$125 per person each month over the four months to September 2011.

There is a noticeable spike in the total given in March 2011, the month after the devastating Christchurch earthquake. Around 3,730 people started giving via Payroll Giving in that month. In the three months prior, around 110 people in total joined (approximately 3 percent per month). Taking this trend into account, this suggests that around 3,690 people joined Payroll Giving to make donations to support Christchurch.

While the average donation in March may have fallen slightly from the longer-term average, we estimate that the people who joined Payroll Giving following this event each gave around \$100, on average. This equates to almost \$360,000 of donations by individual New Zealanders, reflecting a giving spirit and sense of sympathy for the residents of Christchurch.

8. BUSINESS AND CORPORATE GIVING

This section presents giving by businesses in New Zealand. We use information from Statistics New Zealand on the size, structure and revenue of non-profit institutions (NPIs), and the transfer income received by NPIs from (for profit) businesses, excluding sponsorship.

We use the NPISA report and figures on national production by industry in 2011 to estimate the GDP of non-profit institutions at just over \$3.8 billion. The NPISA indicated that in 2004, transfer income from businesses was equivalent to around 5.9 percent of NPIs' GDP. Applying this figure to the estimated 2011 NPI GDP suggests NPIs received income of \$226.6 million from businesses.

The GNZII survey specifically asked respondents what they received from businesses as grants and as sponsorship or other income. The latest survey results indicate that just between one quarter (25 percent) and two fifths (40 percent) of corporate funding (excluding service income) was sponsorship. The average level, of 33.4 percent, was half the level found in the GNZ06 report.⁴⁴ This would indicate that a larger proportion of corporate funding in 2011 is giving rather than sponsorship. Excluding the portion estimated from the survey (33.4 percent) of business transfers to the non-profit sector, we estimate a total philanthropic giving by businesses amount of \$150.8 million.

Table 9 summarises the figures used to calculate total giving by businesses, which is the final figure in the table.

TABLE 9 - TOTAL BUSINESS GIVING

2010/11	\$m
NPI GDP	3,818.9
Transfer income from business enterprises	226.6
Estimated sponsorship to charities	75.8
Grants excluding sponsorship	150.8

The FIS Corporate Citizens database recorded grants and donations of \$56.6 million in 2010, which is a lower limit to the estimate above. The FIS database includes major donors such as ANZ New Zealand, the Vodafone New Zealand Foundation, and PwC Scholarship Programme. It also includes transfers from corporations to corporate trusts, such as casinos and their associated charitable trusts, which we examine in section 8.2 below. The GNZ06 estimate of business giving was \$99.8 million (in 2010/11 dollar terms). While this is lower than our estimate above, it is useful to note two points. First, the GNZII estimate was calculated using a different method. Second, despite using a different method, the two figures are of a similar magnitude. Therefore, this provides some degree of confidence that the business giving estimate is the right order of magnitude, and is likely to lie between approximately \$57 million and \$169 million (which would reflect a lower proportion of 25 percent of corporate funding to charities being sponsorship).

8.1 Business' response to the Canterbury Earthquakes

New Zealand's businesses and corporations have made generous donations of money and goods following the Christchurch earthquakes in September 2010 and February 2011. So far, New Zealand businesses are estimated to have collectively contributed around \$20 million.

The level of giving by businesses to support the people, businesses and recovery effort in Christchurch has been massive. The support – as at May 2011 – ranged from over \$6 million by Fonterra, several donations of \$1 million or more by Vodafone, Fletcher Building, The Todd Corporation and several banking corporations to donations by local businesses (or as part of a national chain), such as \$12,000 from Noodle Canteen and over \$16,000 by Visique Optometrists.

The response by businesses also includes, for example, around 40 of the country's largest companies joining to set up The Canterbury Business Recovery Trust. This trust aims to help Christchurch businesses and the wider community to recover from the earthquakes better and quicker than if that support was not available.

The contribution of businesses to the Christchurch recovery may not be fully included in our estimate of business giving. However, within the scope of this research, it was not possible to tease out the normal pattern of giving and what has been diverted from, or added to, usual donation programmes to assist Christchurch.

8.2 Casinos

Casinos, as with other forms of gambling, are regulated by the Gambling Act 2003. Casinos are required to provide grants to their community as part of their licence conditions. These conditions allow for distributions to an independent charitable trust in the order of 1.5 percent of the casino's annual revenue or 1 to 2.5 percent of the casino's annual net profit.

The following information was drawn from the Charities Register on five of the six casinos that operate in New Zealand, and which transfer money to their associated charitable trusts to distribute to their communities.

TABLE 10 - GRANTS FROM CASINO CHARITABLE TRUSTS

Name	Grants (\$m)
Christchurch Casinos Charitable Trust	0.14
Dunedin Casinos Charitable Trust	0.15
Skycity Queenstown Casino Community Trust	0.07
Skycity Hamilton Community Trust	0.54
Skycity Auckland Community Trust	2.29
Total	3.19

We do not add the figure for casino charitable trusts to the corporate giving estimate above, as it is likely to already include such transfers.

9. RECIPIENTS OF PHILANTHROPY

The study survey asked grantmakers questions about the geographic location of the recipients to whom they gave and what activities those grants supported.

9.1 Geographic dimensions of giving

The location questions of the survey were broken down into three parts: inside New Zealand and outside New Zealand; grants to national-versus regional-level organisations; and geographic regions that the grant was made to for regional organisations.

Grantmakers were asked to identify the dollar value of money grants in the latest year given to recipients outside New Zealand and recipients inside New Zealand. While over one quarter of grantmakers reported giving to recipients overseas, in value terms almost all grants went to New Zealand recipients, with only approximately 1 percent of grants going to recipients located outside of New Zealand.

The survey also asked grantmakers whether the grant recipient was a national organisation or supported a specific region in New Zealand. The survey found that only one in four grantmakers gave national organisations, with the majority making grants to recipients based in specific regions. Grantmakers were also asked to indicate where grants had been made to within New Zealand (exclusive of grants made to national organisations).

Table II shows the regional location of the grant recipients, the number of grantmakers who said they made grants in a region, the value of the grants made to each region and the percentage of total grants made.

TABLE II - REGIONAL LOCATION OF GRANT RECIPIENTS

Region	Grants Made (\$m)	% of Grants
Northland	15.2	3.2
Auckland	132.6	28.0
Waikato	34.3	7.2
Taranaki	20.6	4.3
Bay of Plenty	29.8	6.3
Gisborne	3.9	0.8
Hawke's Bay	17.7	3.7
Manawatu-Wanganui	20.2	4.3
Wellington	25.4	5.4
Marlborough	10.4	2.2
Nelson	34.0	7.2
Tasman	2.7	0.6
West Coast	1.6	0.3
Canterbury	71.8	15.1
Otago	19.8	4.2
Southland	34.4	7.3
Total	474.4	100.0

Source: BERL

The reported figures in Table II are influenced by giving by New Zealand's statutory trusts, such as community and energy trusts, which inject millions of dollars into their various regions of operation. Isolating out the statutory organisations, respondents to the GNZII survey directed \$109.8 million to specific regions. This is similar to the \$103.2 million injected by the Community Trusts alone. Therefore, the regional giving patterns are strongly influenced by the large statutory givers.

The table shows that around one quarter (28.0 percent) of the reported philanthropic funding in New Zealand during 2011 went to the Auckland region. This compares to the Auckland region population which represented 32 percent of New Zealand's population at the 2006 census. This reflects the substantial impact of the ASB Community Trust, which has a mandate to grant to recipients in the Auckland and Northland region. The ASB Community Trust injected almost one third of the Auckland region's reported funding. Gaming machine societies provided just under one quarter of the Auckland region's recorded grants.

The Waikato region accounted for 7.2 percent of grants, despite it only being the fourth largest region by population behind Canterbury and Wellington. This captures the contribution of the Waikato region's community trust, Trust Waikato, and allocations from gaming machine societies.

The Southland region received 7.3 percent of grants, with over one quarter coming from the Community Trust of Southland. The Power Company Ltd (Southland) provided a further \$4.9 million of consumer discounts and the Invercargill Licensing Trust granted \$10.4 million (of which \$3.4 million came from its licensing trust operations and \$7 million from its gaming machine operations). Based on the figures available for the various sources, Southland has one of the highest level of granting per capita in the country, giving approximately \$360 for every Southlander.

9.2 Activities supported

Grantmakers were asked to identify what activities their grants supported. This question used the categories developed by Statistics New Zealand (SNZ) for the Study of the New Zealand Non-Profit Sector. Although information on activity subcategories was not collected, these categories were specified in the survey questionnaire to assist respondents. The culture and recreation category, for example, has three subcategories: culture and arts, sports, and other recreation and social clubs. Survey respondents were also provided examples to assist with appropriately classifying examples.⁴⁹

TABLE 12 - ACTIVITIES THAT GRANTS SUPPORT

Activity	Grants Made (\$m)	% of Grants
Culture and recreation	77.9	31.0%
Education and research	64.0	25.4%
Social services	28.3	11.2%
Development and housing	23.7	9.4%
Health	22.0	8.7%
Other (not elsewhere specified)	19.6	7.8%
Environment	8.1	3.2%
Religion	6.5	2.6%
Law, advocacy and politics	0.7	0.3%
International	0.5	0.2%
Philanthropic intermediaries and volunteerism promotion	0.3	0.1%
Business and professional associations, unions	0.0	0.0%

Source: BERL

The largest proportion of grants made, in terms of value, were to culture and recreation activities, which accounted for 31.0 percent of total grants. This category includes funding to sports and sports clubs, but also includes organisations such as the Otago Theatre Trust. This category was followed by education and research activities on 25.4 percent, which includes support to the Youthline Auckland Charitable Trust, Summer Reading Programmes in libraries across the central North Island, and Energy Education in schools. Together the two activity categories of culture & recreation and education & research accounted for over half the value of all grants reported in this question.

Social services (11.2 percent), development and housing (9.4 percent), and health (8.7 percent) were the only other activities which accounted for more than 5 percent of grants made for specific purposes. The social services category includes recipients such as Thrive Teen Parenting and Big Buddy.

The development and housing category has increased its prominence since the GNZ06 research, rising to the fourth largest recipient category. This partly reflects support flowing to Christchurch following the earthquakes in September 2010 and February 2011, and includes recipients such as Christchurch Resettlement Services. Funding in the health category goes to organisations such as Nursing, Education & Health Promotion Services, the Malaghan Institute and the Ray Avery Brain Research Centre.

Environment and religion were the only other activities to record greater than 1.0 percent of grants made. Recipients reported in the environment category include organisations such as the Northland All Weather Track Trust and NZ Plant Protection Society, and the religion category includes recipients such as religious centres, missions and fellowships.

9.2.1 Activities gaming machine societies support

Gaming machine societies do not report their grant allocations using the twelve categories used in this study. Therefore, we report separately on the recipients of gaming machine society grants here. These estimates by activity type are shown in Table 13.

Recipient Category	Estimated Giving (\$m)	Estimated % of Giving
Sport	131.7	48.0
Community	75.9	27.7
Education	33.7	12.3
Health	29.1	10.6
Arts	3.8	1.4
Total	274.3	100.0

Source: BERL

Sport beneficiaries are estimated to have received \$131.7 million in the last year. Community recipients received approximately \$75.9 million, while education and health beneficiaries received \$33.7 million and \$29.1 million respectively.

10. COMPARISON WITH GNZ06

In general, this study uses the same approach as the Giving New Zealand 2006 research. However, in some cases we have more comprehensive and better quality information. As such, some of the change between 2006 and 2011 reflects better information as well as changes in giving behaviour. In this section, we compare the results between the two studies, and endeavour to isolate the changes due to behaviour and due to better data.

Table 14 presents the GNZ06 and GNZ11 figures by source. The GNZ06 figures are converted to 2011 dollar terms to remove changes that are due to inflation. Overall, we find that giving in New Zealand in 2011 is substantially higher than that estimated in 2006, with an overall increase of 81 percent (in real terms, and more than double in dollar terms). As we note below, while some of this is due to behaviour change, a substantial amount is due to improved data.

TABLE 14 - COMPARISON OF GNZ06 AND GNZ11 (\$m, 2011 dollars)			
Source of Giving	2006	2011	% change
Voluntary trusts			
Family or individual trusts	132.9	271.1	104%
Universities	10.6	11.5	9%
Statutory trusts			
Community trusts	128.7	103.2	-20%
Energy trusts	133.8	114.5	-14%
Gaming machine societies	313.0	274.3	-12%
Licensing trusts	11.0	3.7	-66%
Lottery Grants Board	127.7	192.2	51%
Personal			
Donations	423.3	1,424.2	236%
Bequests	86.2	122.0	42%
Business			
Donations and grants (excl sponsorship)	102.6	150.8	47%
TOTAL	1,469.9	2,667.6	81%

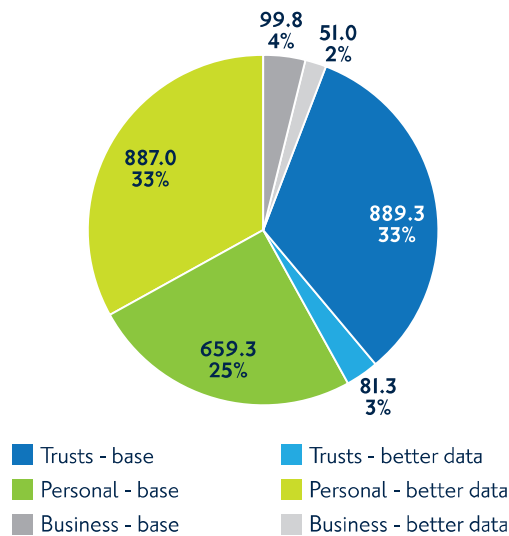
Source: BERL

A number of improved sources of information have become available since the original GNZ06 study. Table 15 and Figure 11 below indicate the breakdown of the total giving by source derived from the base GNZ06 source and the addition due to the use of new sources.

TABLE 15 - BREAKDOWN OF GNZ11 FIGURES SOURCE OF INFORMATION (\$m, 2011 dollars)			
Source of Giving	Base source	New/better	Total (\$m)
Trusts and foundations	889.3	81.3	970.6
Personal	659.3	887.0	1,546.2
Business	99.8	51.0	150.8
Total Giving	1,648.3	1,019.3	2,667.6

Source: BERL

FIGURE II - BREAKDOWN OF GNZII FIGURES SOURCE OF INFORMATION (\$m, 2011 DOLLARS)



Using the base sources, giving in 2011 of \$1.65 billion is approximately 12 percent higher (\$178 million) than the 2006 figure of \$1.47 billion (in 2011 dollar terms), or around 2.4 percent per annum (in real terms). The new or improved sources indicate that giving in 2011 is substantially higher than this, adding about \$1.02 billion to the base. This contributes much of the 81 percent increase (in real terms) between 2006 and 2011.

The greatest source of change – in both the base and total – is from personal giving. The base rose by 29 percent from \$509.6 million to \$659.3 million. However, total personal giving in 2011 is estimated at \$1.55 billion, which is an increase of more than 200 percent from the estimated 2006 level. This explains the majority (just over five sixths) of the increase in total giving captured in the GNZ06 and GNZII studies. Growth in giving through trusts contributed around one twelfth (8 percent) of the increase and business giving one twentieth (5 percent).

The voluntary philanthropic trusts amongst Philanthropy New Zealand's membership gave around 25 percent more per trust in real terms in 2011 than in 2006. With better quality information available, we were also able to better estimate giving by non-PNZ voluntary trusts. We estimate that around 3,000 of these trusts and foundations gave \$111.3 million in 2011. On average, this equates to just over 20 percent more per non-PNZ voluntary trust than that the figure estimated in the 2006 study (in real terms).

Through the detailed information in the Charities Commission Register, and our deeper understanding of the sector, we were better able to ensure that figures could be included without risking double counting. This meant that we could include giving from around 700 voluntary family and individual trusts or foundations. This included a wider range of trusts and estates administered by trustee companies, other estates, and voluntary trusts (PNZ and non-PNZ) that we were confident were not counted elsewhere in our estimates. This meant that around \$81 million was accurately included in this study, whilst such giving was conservatively excluded from the 2006 study. This is around a 60 percent increase (in real terms) on the 2006 figure for giving from voluntary family and individual trusts or foundations.



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APPENDIX 1 – SURVEY METHOD AND ANALYSIS

A.1 Survey design

The Giving New Zealand 2011 survey was adapted from the survey designed for the GNZ06 study. The design process is described in an appendix to the GNZ06 report. In brief, the survey was designed in four steps:

1. A review of relevant survey tools used in New Zealand and international studies. This step aimed to identify formats and questions used in previous studies
2. Initial question selection and survey format. Where possible, questions were adapted from the tested surveys above
3. A pilot of the survey with a test group of PNZ grantmakers and grant recipients. The survey questions and format were amended based on the pilot process
4. The final step was a review of the draft survey questionnaire by Statistics New Zealand.

The GNZ11 survey was a shortened version of the GNZ06 survey, with the addition of one set of questions on business giving behaviour.

A.2 Sampling and collection

Survey participants were drawn from two sources. The first was around 80 PNZ members. PNZ provided BERL with contact details and notified members of the upcoming survey.

The second source was a random sample of organisations from the Charities Commission's Charities Register. The Register has just over 25,000 organisations, of which just over 22,300 submitted the required documentation in the last year; we use this latter figure as our estimate of the active population of charities.⁴⁹

The Register covers grantmakers, funding intermediaries and grant recipients. To avoid double counting, the survey asked respondents to state whether they purely made grants, received grants or administered grants (that is, granted from its own grants but might also administer grants on behalf of another grant making organisation). This data was used to split the data into grantmakers, intermediaries and recipients.

To allow analyses according to organisation type, we aimed to collect a sufficient number of responses from each type. This required an estimate of the likely proportions of these different types of organisations. These were based on the results from the GNZ06 survey, which indicated around one quarter of all organisations were grantmakers, and three quarters grant recipients (or intermediaries).

The Register was used as a guide to the population size. This fed in to the sample size calculations, along with the proportions of grantmakers and recipients. We subset the Register into those organisations that recorded only making grants (which were provisionally classed grantmakers) and those that both granted and received donations, or just received donations. Random samples were then drawn from these two subsets. Below we tabulate the required number of responses and corresponding sample size to achieve a satisfactory level of representativeness (in particular a 95 percent confidence level with a 5 percent margin of error, and assumed a response rate of 25 percent).⁵⁰

TABLE 16 - SAMPLE SIZE AND REQUIRED RESPONSES				
	Population	Required responses	Min sample (RR=20%)	Expected (RR=25%)
Grantmaker	5,575	359	1,795	1,436
Grant recipient	16,725	376	1,880	1,504
Total	22,300	735	3,675	2,940
*RR = response rate		Source: BERL		

To allow for the possibility of some invalid addresses, the survey size was scaled up by 5 percent (to 3,100 organisations plus the 84 PNZ members).

The survey was administered in two parts. A first tranche of invites was emailed to the random sample of 1,600 organisations selected from the Register plus PNZ members. The invitation gave the recipient the opportunity to complete the survey online via a survey tool that BERL used for the GNZ06 research, or to request a hard copy of the survey (with a freepost return envelope). For organisations without a valid email address, a hard copy of the survey, plus log-on details for the online survey, was sent to their listed postal address.

The initial tranche provided a sense of the likely response rate – 30 percent responded, of which 23 percent provided valid responses (that is, using a valid survey ID and completion of key questions). The initial tranche had lower than expected responses from grant recipients.

In the second tranche of invites, the random sample size was increased to ensure more responses from both types of organisation. This sample was limited to organisations that had a valid email address. Tranche two participants completed the survey online (only). To allow for a lower response (via the online survey), around 3,800 invites were sent. Just over 12 percent of contacts responded; 8 percent were valid responses. A supplementary tranche of invites was sent to increase the total number of responses.

The overall response rate was 14 percent, with valid responses from 10 percent of contacts. This provided 976 valid responses, which exceeded our required number of responses. After checking and re-coding, where appropriate, 334 responses were received from grantmakers, 587 from grant recipients, 40 from other organisations (that were both grantmakers and recipients), and 88 respondents did not specify their organisation type. The table below provides a breakdown of the responses by organisation type.

TABLE 17 - ORGANISATION TYPE

Organisation Type	Grantmakers	Grant recipients	Others	No response
Family trust or individual trust/foundation/society or community foundation	46	10	0	1
Māori trust/incorporation or hapū/iwi charitable organisation	6	9	0	2
Community trust (established from the sale of trustee savings banks)	7	0	0	0
Licensing trust	0	0	0	0
Energy trust	2	0	0	0
Gaming machine trust	5	2	0	0
Casino	1	1	0	0
Business/corporation	2	4	0	0
Corporate trust	0	0	0	1
Registered trust or incorporated society	236	517	36	68
Other charitable trust or unincorporated society	20	20	3	6
Other	8	23	1	9
No response	1	1	0	1

Source: BERL

This sample was sufficient to provide robust results. The sub-samples by type had margins of error for grantmakers was 5.2% and for grant recipients it was 3.9%. These were close to or better than the target margin of error.

APPENDIX 2 – ACTIVITY SUBCATEGORIES

TABLE 18 - CLASSIFICATION OF ACTIVITIES SUPPORTED BY PHILANTHROPY

Activity category and sub-categories

1. Culture and recreation
 - Culture and arts
 - Sports
 - Other recreation and social clubs
2. Education and research
 - Primary and secondary education
 - Higher education
 - Other education
 - Research
3. Health
 - Hospitals and rehabilitation
 - Nursing homes
 - Mental health and crisis intervention
 - Other health services
4. Social services
 - Social services
 - Emergency and relief
 - Income support and maintenance
5. Environment
 - Environment
 - Animal protection
6. Development and housing
 - Economic, social and community development
 - Housing
 - Employment and training
7. Law, advocacy and politics
 - Civic and advocacy organisations
 - Law and legal services
 - Political organisations
8. Philanthropic intermediaries and volunteerism promotion
 - Grant-making foundations
 - Other philanthropic intermediaries and volunteerism promotion
9. International
 - International activities
10. Religion
 - Religious congregations and associations
11. Business and professional associations, unions
 - Business associations
 - Professional associations
 - Labour unions
12. Other (not elsewhere classified)
 - Not elsewhere classified

- 1 Clubs may provide for a particular community so that a member benefits indirectly from their giving by the operation of the club. These grants should be included as giving as the member does not expect a direct benefit. Where a member pays for particular services giving them direct benefits, the grants should be excluded.
- 2 A report commissioned by the New Zealand Federation of Voluntary Welfare Organisations Value Added provides estimates of non-monetary giving for ten nationwide voluntary organisations. PricewaterhouseCoopers (2004) Value Added By Voluntary Agencies: The VAVA Project.
- 3 Although the study aims to separate private philanthropy from statutory philanthropy, the state also has an indirect influence on the context for private philanthropy. For example, public policy, regulation and provision alter the incentives for private philanthropy.
- 4 Inland Revenue Department (2000) IR278: Payments and gifts in the Māori community.
- 5 OCVS expects to publish results of this research in May 2007 in a publication titled Mahi Aroha – Perspectives on Volunteering and Cultural Obligations.
- 6 Appendix 2 – Activity subcategories splits out the secondary activity classifications, although only primary level classifications were used for this study. The culture and recreation category, for example, has three subcategories: culture and arts, sports, and other recreation and social clubs.
- 7 At the time of this report, Statistics New Zealand was considering how to modify the standard ICNPO categories so that they are appropriate for use in New Zealand. For example, the international classification system does not allow for Māori governance organisations in the non-profit sector. As part of the satellite account work, Statistics New Zealand plans to publish a series of discussion papers on the modifications to the standard categories.
- 8 Nominal dollar figures were inflated using March-year GDP deflators.
- 9 Nielsen Media Research's Panorama is an omnibus survey collecting a wide range of information from 12,000 respondents annually (see <http://www.nielsenmedia.co.nz>, keyword 'Panorama').
- 10 Statistics New Zealand's NPISA was first published in 2007, and although it has not been updated since that time, it is well documented.
- 11 See Appendix I – Survey method and analysis.
- 12 The GNZII survey specifically excluded organisations administered by the three major trustee administration companies, from whom information was gathered directly or identified in the Charities Register.
- 13 Identifiable information on these organisations is withheld due to confidentiality requirements.
- 14 See Appendix I – Survey method and analysis.
- 15 A Class 4 gaming machine society is a non-profit organisation, and may be a charitable trust.
- 16 Authorised purposes are defined in the Gambling Act 2003 to mean a charitable purpose, a non-commercial purpose that is beneficial to the whole, or a section of, the community or certain other organisational purposes.
- 17 Small amounts (estimated to be about 1.0 percent of revenue) may be distributed to authorised purposes outside the direct interests of the club.
- 18 Department of Internal Affairs (2007). Where do Gaming Machine Profits Go? A Survey of the Allocation for Authorised Purposes of Non-Casino Gaming Machine Profits in 2005. This is a sequel of an earlier study in 2000. There has been no update to the 2005 survey. DIA advises that information from an Integrated Gambling Platform currently under development should provide more detailed and up-to-date information.
- 19 The sector has seen some consolidation since 2006. The Castle Trust was taken over by Scottwood Trust. The Century and Scottwood Trusts were taken over by Perry Foundation, which has subsequently merged with the Lion Foundation.

- 20 The DIA (2007) survey found that public societies allocated only 2 percent of their gaming machine profits to their own purposes.
- 21 We examine grants distributed from TTCF's licensing trust operations and gaming machine profits separately.
- 22 Lottery grants are used only for community purposes (section 277, Gambling Act 2003). Accessed 14 Nov 2011 <http://www.nzlotteries.co.nz/wps/wcm/myconnect/lotteries2/nzlotteries/Primary/Winners/Lotterygrants/>
- 23 Lottery grants only make up a portion of the grants given out by these statutory bodies, with central government the other main source of funding. As we are not including central government funding we only include the lottery grant component in the final analysis. However, we discuss total giving by each statutory body to provide a complete picture of giving.
- 24 For more detail on the survey, see King (2009).
- 25 The survey asks about four types of giving, where the other two types are volunteering and other support such as purchasing products that support the charity/worthy cause.
- 26 In the GNZ06 report, two trustee administration companies were able to provide detailed information on the number and average value of bequests to charitable purposes, which allowed us to estimate bequesting from a giver's perspective. This information was not available within the timeframe of the GNZ11 report.
- 27 Sponsorship and cause-related marketing involves an expectation of return. As such, they are inconsistent with the definition of philanthropy and are excluded from the estimate of business and corporate giving. These forms of funding, however, are likely to be substantial. For example, the GNZ06 report found that Coca-Cola Amatil (NZ) Ltd provided \$1.5 million (excluding sports sponsorship) for sponsorship and cause-related marketing partnerships but had no budget for cash donations.
- 28 This range is based on the lower and upper 95 percent confidence interval limits for the individual components.
- 29 The sum of the percentages of individual giving components may not equal 100 percent due to rounding.
- 30 Community trusts were established from regional trust banks in 1988 under the Trustee Banks Restructuring Act. Community trusts, such as the ASB Community Trust or BayTrust, hold grants in trust on behalf of defined regional communities and distribute from these trust grants to purposes that serve their communities.
- 31 Energy trusts were created as (part) owners of corporatised electricity supply authorities under the Energy Companies Act 1992.
- 32 The Sale of Liquor Act 1989 allows licensing trusts to sell liquor through premises in a defined geographic district. As a licensing trust does not have beneficial owners, the Act allows the trust to distribute profits to philanthropic purposes. This study interprets the distribution clause as a statutory mandate for philanthropic giving. In particular, Section 189 Distribution of Profits states that a "licensing trust may expend or distribute the net profits arising from its operations to (a) the promotion, advancement, or encouragement of education, science, literature, art, physical welfare, and other cultural and recreational purposes; (b) the erection, laying out, maintenance, or repair of any buildings or places intended to further any of the purposes described; (c) any other philanthropic purposes.
- 33 Venues (typically hotels) that operate machines on behalf of a society and societies operating gaming machines require a license under the Gambling Act 2003. The license stipulates that the society must distribute a proportion of the proceeds from the machines to authorised purposes. Gaming machine trusts are collective organisations that distribute proceeds generated by the gaming machine operators.
- 34 The Lottery Grants Board is currently empowered under the Gambling Act 2003, and distributes profits from NZ Lotteries for community purposes.
- 35 This category excludes corporate trusts and universities which are separately analysed below.

- 36 These data include grants channelled through a number of lawyer administered trusts. While the Charities Register is likely to record information for some of these trusts, no single data source on lawyer administered trusts was available. As such, this estimate is likely to be conservative.
- 37 Distributions from gaming machine societies, including licensing trusts, are analysed separately in section 6.6.
- 38 In nominal terms (i.e. in 2005/06 dollar terms) these trusts distributed \$157.6 million.
- 39 The figure for the 2010/11 tax year (to 31 March 2011) was not available when this report went to press.
- 40 This figure does not include tax credits claimed through Payroll Giving, which was introduced in January 2010.
- 41 As at 31 March 2011, 553 employers had staff members make at least one donation through the Payroll Giving scheme. Around 5,240 employees made at least one donation through the Payroll Giving scheme in the year to March 2011, with the amount donated totalling \$556,707. The number of people involved and average donation in this later period is substantially higher than in the scheme's initial three months to 31 March 2010.
- 42 This issue will be ameliorated for those donate through Payroll Giving, which provides an immediate tax credit.
- 43 A qualifying donation is one paid by an individual or business to an approved charitable organisation, that is, a registered charitable entity or organisation with donee status. Organisations in New Zealand carrying out charitable purposes and activities may apply to be registered with the Government's Charities Commission. Only charities registered with the Commission may represent themselves as such, and they are then entitled to apply for an income tax exemption from IRD.
- 44 We note that there may be a minor effect in the 2010 tax year from the introduction of Payroll Giving in January 2010. That is, some people may have switched from claiming rebates annually via an IR526 form to the new scheme. This would reduce both the number of people and value of rebates claimed as recorded in the IR526 statistics. However, based on the Payroll Giving records, we do not believe that this had a major impact on the 2010 IR526 data: by March 2010, 248 people had joined the scheme claiming rebates totalling just over \$18,000.
- 45 The GNZ06 report estimated that almost two thirds (64.9 percent) of total corporate funding was in the form of sponsorship.
- 46 The licence conditions for the six licensed casinos in New Zealand, see:
http://www.gamblingcommission.govt.nz/gcwebsite.nsf/wpg_URL/Casino-Licence-Conditions-Index!OpenDocument.
- 47 Appendix 2 – Activity subcategories splits out the secondary activity classifications, although only primary level classifications were used for this study.
- 48 This study uses a method developed by the Institute for Policy Studies at Johns Hopkins University in the United States, and which has been adapted by Statistics New Zealand for application within a New Zealand context.
- 49 An issue with using the Statistics New Zealand activity system is that organisations may feel their activities fall into multiple categories. Given how grantmakers and respondents may understand and report their activities, and this may differ from the SNZ system, the responses should be interpreted as indicative.
- 50 We adjust this figure for statutory organisations that are not required to register with the Charities Commission.
- 51 A lower 20 percent (one in five) response rate was used to indicate a more conservative survey size.

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