

Giving New Zealand

Philanthropic Funding 2014

Generously sponsored by:



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New Zealand**

Tōpūtanga Tuku Aroha o Aotearoa

Acknowledgements

Giving New Zealand 2014 was supported by generous funding from Perpetual Guardian and the following Philanthropy New Zealand members:

- BayTrust
- Community Trust of Southland
- D.V. Bryant Trust
- Eastern & Central Community Trust
- Foundation North
- J R McKenzie Trust
- Rātā Foundation
- Rotorua Energy Charitable Trust
- Wayne Francis Charitable Trust
- Wellington Community Trust

We also received generous assistance, information and feedback from many individuals and organisations:

- Philanthropy New Zealand members
- New Zealand charitable organisations that participated in the GNZ 2014 survey
- Generosity New Zealand.



Prepared for Philanthropy New Zealand by BERL
(Business and Economic Research Limited)

Authors: Mark Cox, Fiona Stokes and Hugh Dixon
BERL Reference No: #5486

Publication date: December 2015
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ISBN 978-0-473-34168-8

Foreword

New Zealanders are a generous lot – recent international figures from the Charities Aid Foundation show that we rank third in the world index of giving.

Our capacity for generosity was demonstrated in our response to the Christchurch earthquakes in 2010 and 2011 – we opened up our hearts, our homes and our wallets to help those whose lives were devastated by the quakes.

This report, which measures giving in New Zealand during 2014, shows that we have maintained that level of generosity in the years since the earthquakes. Commissioned by Philanthropy New Zealand and undertaken by BERL, this comprehensive study has found that total giving in 2014 was almost identical to total giving in 2011.

What is interesting about this finding is that there was no natural disaster to prompt our generosity during 2014. Having stepped up our efforts in 2011, New Zealanders obviously saw no reason not to keep on giving at the same level.

We would like to acknowledge the generosity of Perpetual Guardian in supporting this project, both financially and through the data they provided. We are extremely grateful – we couldn't have done it without you. Thank you, too, to the Philanthropy New Zealand members who provided financial support, and to the many organisations who shared their information with us.

Philanthropy New Zealand's vision is a "thoughtfully generous Aotearoa New Zealand". The findings of this report show that we are already a generous nation, and they quantify just how generous we are. There is, of course, room to grow this generosity further, and we all have a role to play in achieving this.

Kate Frykberg, Chair & Liz Gibbs, CEO
Philanthropy New Zealand

Executive Summary

Philanthropy helps to make New Zealand a better place to live. It is important, therefore, to keep track of the amount and pattern of philanthropy over time to better understand the different approaches to improving well-being.

This report measures philanthropy in New Zealand during 2014 – that is, how much money New Zealanders and their organisations gave to charitable and other community purposes. It updates Giving New Zealand 2011, which measured philanthropy in New Zealand in 2011.

The report uses the definition that: *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.*

However, it also looks briefly at other forms of giving, including volunteering by individuals, and sponsorship and giving in-kind by businesses.

New Zealanders are estimated to have given a total of \$2.788 billion to charitable and community causes in 2014. This is almost exactly the same as the revised estimate for 2011 (\$2.789 billion).

The economic climate in 2014 was more favourable to giving than it was in 2011, which might have been expected to lead to an increase in total giving. However it is difficult to compare the two years because of the impact of the Christchurch earthquakes. This is believed to have significantly boosted giving in 2011. For example, Giving New Zealand 2011 estimated that New Zealand businesses gave at least \$20 million immediately following the earthquakes in September 2010 and February 2011 – almost 20% of total estimated business giving for the year ended June 2011.

International figures show giving in New Zealand compares well with giving in other countries; data from the Charities Aid Foundation, for example, indicates that New Zealand ranks highly in terms of various types of giving.

Breakdown of giving in 2014

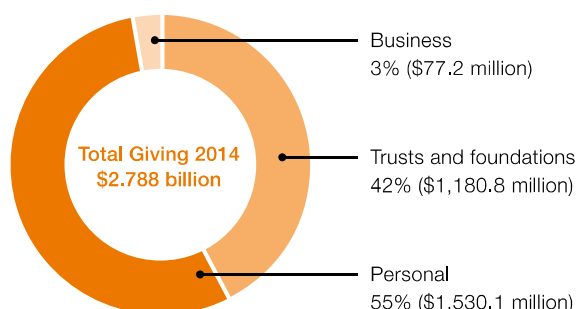
Giving New Zealand 2014 examines giving from three sources:

- individuals
- trusts and foundations
- business.

As in Giving New Zealand 2011, the largest component of giving is personal giving, which accounted for more than half of the total in 2014. Giving by trusts and foundations is the second largest component, with business giving accounting for the remainder.

Figure 1.1 Breakdown of giving in 2014

Source: BERL



Personal giving

Between 2011 and 2014 total estimated personal giving decreased by 1%, from \$1,546.2 million to \$1,530.1 million.

The majority of personal giving (90%) is in the form of donations. The amount given under this category fell from \$1,424 million in 2011, to \$1,373 million in 2014 – a decrease of 4%. This change provides some indication of the public response to the 2010/11 earthquakes.

On the other hand, personal giving in the form of individual bequests increased from \$122 million in 2011, to \$157.1 million in 2014 – an increase of 29%.

Giving by trusts and foundations

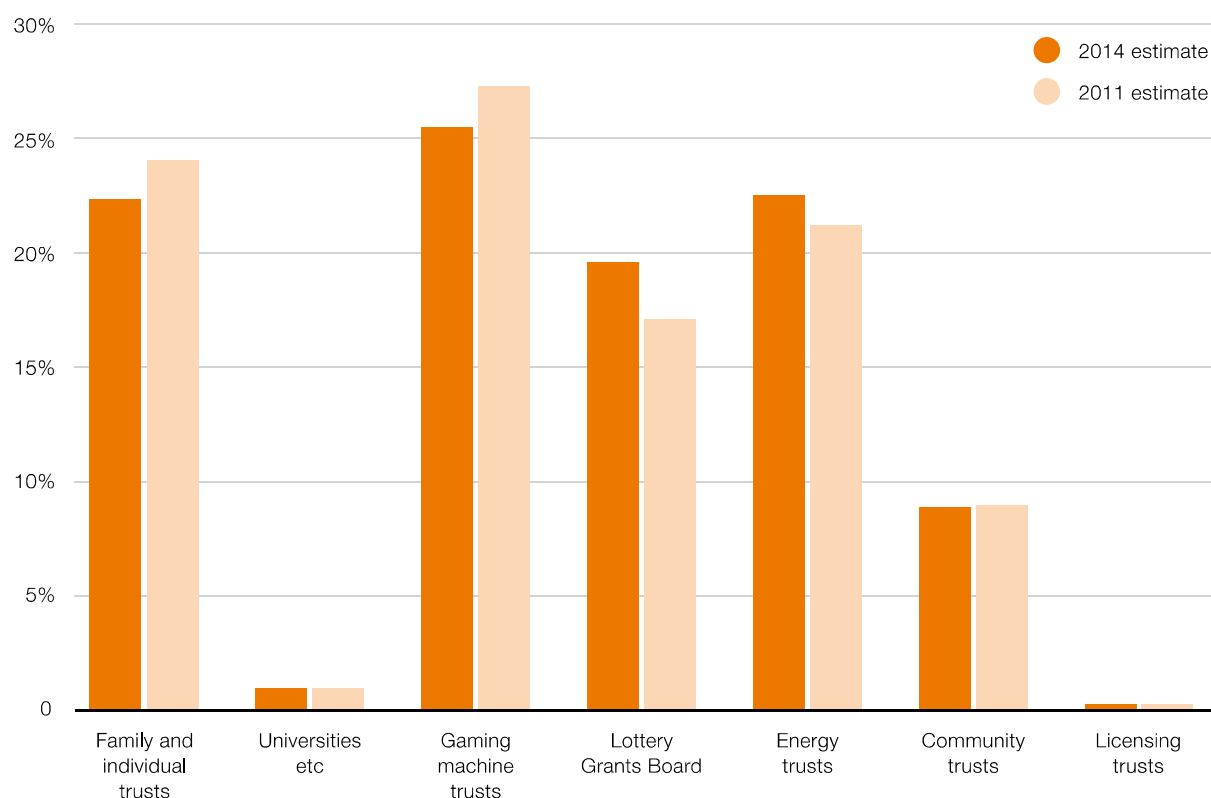
The second largest broad component of giving is giving by trusts and foundations. This includes both voluntary and statutory trusts and foundations.

Voluntary trusts and foundations include charitable family and individual trusts and universities and other tertiary institutions that give from their own funds. Statutory trusts and foundations have an explicit statutory or legal imperative to give. They include community trusts, energy trusts, licencing trusts, gaming machine operators and trusts, and the Lottery Grants Board.

Between 2011 and 2014, giving by trusts and foundations increased by 3% from \$1,144.6 million to \$1,180.8 million. However, within that total, giving by voluntary trusts and foundations decreased by 4% while giving by statutory trusts and foundations increased by 6%.

Figure 1.2 Breakdown of trust- and foundation-based giving in 2014 and 2011

Source: BERL



Giving by voluntary trusts and foundations is dominated by charitable family and individual trusts. Smaller amounts are given by universities and other tertiary institutes from their own funds.

Giving by the statutory trusts, on the other hand, is less dominated by a single source. The largest source within the statutory trusts is giving by the gaming machine trusts. These particular trusts gave less in 2014 than in 2011, but the Lottery Grants Board and the energy trusts gave more.

Business giving

Business and corporate giving decreased by 22% between 2011 and 2014 (from an estimated \$98.6 million in 2011 to an estimated \$77.2 million in 2014). However, as noted previously, according to Giving New Zealand 2011 at least \$20 million of the 2011 total is thought to be related to giving following the Christchurch earthquakes.

It should also be noted that the amount of philanthropic giving by businesses is small compared to other types of donors but for every \$1 they give in cash, it is estimated that they give \$1.43 worth of sponsorship and \$3.27 worth of in-kind goods and services.

Activities that giving supports

The top three activities supported by giving during 2014 were:

- culture and recreation
- education
- social services

Culture and recreation includes giving to culture and arts activities, sports, and other recreation and sports clubs.

Education includes giving to primary, secondary, higher and other education activities, and to education research.

Social services includes giving to social services and community development activities such as employment and training, housing, economic, social and community development, support services, income support and maintenance services, and emergency relief activities.

The amount given to these categories by each group of givers varied. Just 19.3% of individual donations supported culture and recreation in 2014, compared with 43.2% of grants made by community trusts.

There are also differences within the groups – 41.2% of grants distributed by community trusts in 2014 supported social services, compared with 20.1% of grants distributed by family or individual trusts.

For more detailed information about the activities supported by individuals in 2014 see Table 4-3 (page 11). For more detailed information about the activities supported by charitable family and individual trusts see Figure 5.2 (page 15) and for more detailed information about the activities supported by community trusts see Figure 5.4 (page 17).

A note on the data

All data used in this report is for the year ended June 2014, where such data was available, otherwise the data for the year ended June 2013 was used.

Measuring philanthropy is not a simple or exact science. The research for this report rested on aggregating primary and secondary data from a diverse range of sources. The primary sources include 424 responses from a survey sent to 3,500 grantmakers and funding managers and another 847 responses from a survey sent to 6,500 grant-recipient organisations. Secondary sources include publicly available sources such as annual reports and financial statements, and returns to the Inland Revenue Department.

This data was then used to derive a set of estimates for personal, trust and foundation, and business giving. Together, these estimates were then summed to a single dollar value for Giving New Zealand 2014.

As far as possible, the research followed the same methodology as was employed in producing the Giving New Zealand 2011 report. However, some of the data sources that were used to produce the 2011 report are no longer available, and some alternative sources were required. The availability of new and updated data also necessitated revising some of the previously published 2011 estimates. Trust- and foundation-based giving was revised upwards, while business giving was revised downwards. These revisions changed the previously published estimate for total giving for 2011 from \$2.67 billion to \$2.789 billion.

Lastly, it should be noted that some of the most important data on giving that was used in the current research is no longer being collected. This may necessitate a fresh look at the methodology for any future studies to measure philanthropic giving.

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Introduction

This report was commissioned by Philanthropy New Zealand, with support from Perpetual Guardian, and it updates similar reports by BERL on giving in New Zealand in 2006 (GNZ 2006) and 2011 (GNZ 2011).

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 individuals, trusts and foundations, and businesses. The definition we have used in this study of philanthropy is as follows:

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.

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

In this report we have followed the same definition as was used in GNZ 2011 and we have also followed, as closely as possible, the same research approach as was used in GNZ 2011. However, replicating the approach exactly was not possible because some of the data sources used previously were no longer available. In particular, it was necessary to follow a different approach towards estimating giving by businesses. Departures from the previous method of measuring giving in any category are discussed in the relevant sections of the report.

The availability of better and alternative data since the GNZ 2006 and GNZ 2011 studies also makes it difficult to compare the findings across each of these snapshot years. Where possible we have made comparisons with the findings from this study and GNZ 2011, and where it is not possible we have attempted to explain the differences.

1.3 Scope of measurement

This study aims to measure financial philanthropic giving; therefore it excludes the volunteering of people's time. Our primary objective is to identify the magnitude and source of non-government philanthropy. We categorise giving by three sources:

- trusts and foundations
- individuals, including donations and bequests
- businesses.

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

Table 1-1 Classification of sources of philanthropy

1. Personal giving
Donations
Bequests
2. Trust and foundation-based giving
<i>Voluntary</i>
Family and individual trusts
Universities and other TEIs
<i>Statutory</i>
Community trusts
Energy trusts
Licensing trusts
Gaming machine societies
Lottery Grants Board
3. Business and corporate giving

1.3.1 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.

1.3.2 Voluntary giving and mandated giving

The study covered both voluntary giving and mandated giving. We have attempted to capture voluntary giving through donations and bequests, and the activities of voluntary trusts and of businesses.

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 Rātā Foundation (formerly 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 funds to the community. These include gaming machine 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.¹

1.3.3 Reciprocity

Money given by an organisation member as a membership fee, or in expectation of receiving goods or services, is excluded from the study. Koha is a form of cultural giving by Māori. Koha is often provided by the community, to be used within the community. Although koha is likely to be a significant amount and, in many cases, may be considered a valid form of giving, because there may be obligations associated with koha it is excluded from the study.

1.4 Recipients of philanthropy

A secondary objective of the study is to determine the recipients of philanthropy.

Table 1-2 Activity categories for recipients of philanthropy

Recipient Categories
Culture and recreation
Education
Health and medical research
Social services and community development
Environment
Religious activities
International aid
Business and professional associations
Other

The study also attempted to examine the distribution of giving by region through our survey. The survey asked grantmakers what percentage of their grant money was allocated nationally and by region. The results of this are shown in a later stage of this report.

1.5 Estimates of giving in previous years

GNZ 2006 estimated total giving in New Zealand as being in the range \$1.24 billion to \$1.46 billion, with a best estimate of \$1.27 billion. However this now looks like an under-estimate – especially in relation to personal giving – where alternative and better data became available at the time of the 2011 report.

GNZ 2011 estimated total giving in New Zealand as being \$2.668 billion. However, this estimate has been revised slightly in this report to take account of new and/or better data that has become available since that time. As shown in Section 3 of this report, the revised estimate of giving in New Zealand in 2011 is now \$2.789 billion. This revision conceals upward revisions in the estimates for some types of giving and downward revisions in the estimates for other types of giving.

Revisions to the previous estimates, broken down by broad source (personal, trusts and foundations, and businesses) are discussed in more detail in later stages of this report. These revisions are largely due to changes and/or improvements in the data collection.

It should also be noted that some of the most important data that was used in the current research is no longer being collected. This means further thought and a fresh look at the methodology we have employed here will need to be considered in our future studies to measure philanthropic giving.

1.6 Data sources

Much of the data used to derive estimates of giving in the different categories was secondary: that is to say, it was obtained from other publically available sources such as annual reports and financial statements and returns to the Inland Revenue Department. These sources are described in the relevant sections of the report.

However, we also generated some primary (i.e. original) data by means of a survey of grantmakers, grant recipients and fund-managers (i.e. both grantmakers and grant recipients). This data was used to develop,

or corroborate, estimates of giving by means of bequests, charitable family and individual trusts, and businesses.

We surveyed these grantmakers, grant recipients and fund-managers using contact details from the Charities Register, which is operated by the Charities Services.

1.6.1 The Charities Register

The Charities Register is a database of charities registered under the Charities Act 2005.

All registered charities in New Zealand appear on the Charities Register, and this register includes summarised information about the purpose and activities of the charity and what sector they operate in.

Some financial information is available about a charity through their annual return. However, the annual return data varies in quality and not all charities have the same financial year-end.

1.6.2 Survey of registered charities

There are approximately 27,000 registered charities currently in New Zealand. Of these, 24,900 were determined to be active and 2,100 were determined to be inactive. To determine the amount these active charities give, and the types of activities their giving supports, we broke the charities down into three different types: grantmaker, funding manager and grant recipient.

- Grantmaker and funding-manager charities provide funds to other charities. The giving by these charities, and the activities that this giving supports, is represented in this report as giving by trusts and foundations.
- Grant-recipient charities only receive funds. These charities receive funds from individuals, trusts and foundations, and businesses.

The survey used a probability sampling method. This means that each individual registered charity on the Charities Register had a chance of being selected in the survey. Unless it is possible to achieve a complete census of a particular population, in this case registered charities, the best way of obtaining representative data is to undertake a probability sample. At its simplest using this approach would mean assigning each member of the population a random number between 0 and 100. To obtain the sample, one would simply start at either 0 or 100, and add members to the sample until the sample size needed to provide a 5% error rate was reached, with

95% confidence that if a census had been undertaken the final result would be within 5% of the survey results.

By using a probability sampling method we were able to obtain information that was representative of the entire charity population, without having to ask each charity to provide information. In total 6,000 grant recipients and 3,500 grantmaker/funding manager charities were surveyed, out of a total population of approximately 24,900 active charities. The large number of charities surveyed was to compensate for the expected low response rate of 15%.

To determine which charities would be surveyed, the full list of all registered charities was obtained from the Charities Register, along with information on the amount given (donations) in their latest financial year, and the total income of the charity in their latest financial year. The information on donations was used to split the charities initially into grantmakers and fund managers, and grant-recipient charities. The information on total income was then used to create four tiers within these two charity groupings, to ensure an even selection of very large, large, medium, and small charities was included in the survey.

Once the survey sample was selected, the following three rules were run across them:

- That the charity had a contact email address. This was needed as the survey was being run electronically.
- That the contact email address could only be valid for one charity. This was undertaken to stop the survey being a burden on anyone who looked after multiple charities.
- That the charity was not a community trust, gaming machine society, licensing trust or an energy trust. Information on these trusts was being collected separately.

Any charities that were excluded based on these rules were replaced using the same probability sampling approach, and the replacement charities also had to pass these three rules.

In total 847 responses were received from grant recipients and 424 responses from grantmakers and funding managers. This gave us a response rate of 14% for grant recipients and 12% for grantmakers and funding managers. Despite the low response rate, this was an improvement on a 2013 survey which resulted in 563 responses from grant recipients and 154 responses from grantmakers. It should also be noted

that many registered charities are very small and have no staff to deal with requests for information.

Once the data was checked and invalid responses removed, the final survey results for grantmakers and funding managers had a margin of error of 6%, and 4% for grant recipients.

We also obtained primary data from two out of the three main trust administration companies in New Zealand. The data from the trust administration companies was for a total of 1,089 trusts they collectively administer.

1.7 Structure of the report

Section 2 of this report outlines the approach used to collate the data and information in this study and generate the 2014 estimate of giving. Section 3 of this report presents a high-level summary of estimated giving in New Zealand in 2014, broken down by main category. A revised estimate for 2011 is also presented.

Sections 4, 5 and 6 provide detail about the estimates of giving by individuals, trusts and foundations, and businesses. Section 7 compares giving in New Zealand with giving in other countries. The appendix section provides further detail on our survey method, the classification we used to categorise activities supported by philanthropy, and a breakdown of the original and changed estimates for giving in 2011.

Method: measuring philanthropy

The following section outlines the approach BERL used to collate information for this study and to generate the 2014 estimate of philanthropic funding.

In general, this study uses the same approach as the GNZ 2011 and 2006 research. By collecting data in a consistent fashion, we can make sensible comparisons of New Zealanders' giving behaviour in 2006, 2011 and 2014. In particular, we apply the same definition of philanthropy and categorise the sources of funding and recipients as in the 2011 study.

The current report updates the measures in the GNZ 2011 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 2011, 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 2013/14 dollars).

The majority of data collected from the sources outlined below related to the financial years ending 31 March 2014 or 30 June 2014. In rare instances, data were available for particular organisations only up to 2013.

In some cases, we have more comprehensive and better quality information. As such, some of the change between 2011 and 2014 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 an underlying change in behaviour in response to the Christchurch earthquakes in 2010/11.

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

- telephone interviews with a number of licensing trusts on the amount of money they had distributed and to what types of activities
- tailored surveys with two trustee administration companies (Perpetual Guardian and Public Trust) on the number and value of bequests they received from individual estates for immediate distribution or to establish perpetual trusts.

Sections 4 to 6 detail the recorded and estimated levels of giving by source. Below we outline the method used to assemble the data and calculate the estimates.

2.1 Measuring trust- and foundation-based giving

2.1.1 Voluntary trusts

Voluntary trusts and foundations include charitable family and individual trusts and universities and other tertiary institutions that give from their own funds. Charitable family and individual trusts are the largest category in this group.

Data was collected from several sources: voluntary trusts through the GNZ 2014 survey conducted by BERL,² aggregated information provided by 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.³ This allowed us to identify if an organisation appeared in both sources.

2.1.2 Universities and other tertiary education institutions

Generosity New Zealand (previously The Funding Information Service) provided a record of giving to universities and other tertiary education institutions. The database holds information from 27 institutions.

The database did not always distinguish between corporate scholarships and scholarships funded from the institutions' own trust funds. Funds that were clearly from a business or corporate source were excluded from this section of giving, as business giving is analysed separately. In addition, some of the institutions also receive grants and donations from individuals or other trusts. We used information from the Charities Register to cross-check donations/grants received to reduce the risk of any double counting.

2.1.3 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, Perpetual Guardian and the Trustees Executors Ltd. Two companies were able – within the timeframe of this study – to provide information on the level of distributions from perpetual estates.⁴ To respect the confidentiality of this information, these figures are not reported separately in this report, but rather they are aggregated with other estimates.

This information was complemented with data from the Charities Register. Over 600 registered charities administered by the TACs above made grants in 2014.

The estimated total distributions from TACs do not capture all philanthropic funding from these sources. Some trusts do not explicitly distribute funds 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 who are not members are included.

2.1.4 Community trusts

The community trusts were created in 1988, when the Government restructured the Trustee Savings Banks, following the passing of the Trustee Banks Restructuring Act 1988. There are 12 community trusts with the two largest being Foundation North (formerly the ASB Community Trust) and the Rātā Foundation (previously The Canterbury Community Trust).

Information on community trusts was taken from their 2014 annual reports.

2.1.5 Energy trusts

Energy trusts have distribution mandates stemming from the legislation restructuring the electricity supply authorities. There are a total of 25 energy trusts.

Not all of them make charitable donations, while others distribute all or most of their profits to local customers in cash dividends. For example, the Tauranga Energy Consumer Trust explicitly grants to its community. This energy trust distributed \$6,836,729 in 2014 as grants and donations, and a further \$26,680,000 was distributed to its consumers.

The different approaches reflect the discretion granted

by legislation to the supply authorities in determining their ownership and governance arrangements. While the distribution mechanism differs, for consistency we include cash dividends, as the energy trusts are mandated to return this to their community.

This study updated, and where possible extended or added depth to, the list of trusts compiled in the GNZ 2011 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. These figures were compared with those from the 2011 annual reports to produce the results used in this report.

2.1.6 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.

There are 19 licensing trusts. Examples include organisations such as the Portage Licensing Trust, the Mātara Licensing Trust and the Invercargill Licensing Trust. Information on licensing trusts was obtained by means of a survey.

2.1.7 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.⁵ Gaming machine societies are required to distribute a minimum of 37.12% of their (net) profits from the gaming machines to authorised purposes.⁶

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.⁷

The clubs 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 funds for the club and its members to use. 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. 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. 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.

2.1.8 Lottery Grants Board

The Lottery Grants Board (LGB) was established in 1987, and it receives 20% 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 funds transferred to the LGB from the Commission “should be used primarily for community and charitable purposes”.⁸

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 funds within their sphere of activity/interest.⁹

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

2.2 Measuring personal giving

2.2.1 Donations

Information on donations by individuals was drawn from two sources. The first was from questions originally commissioned by the former Office for Community and Voluntary Services (OCVS) as part of the Nielsen Consumer & Media Insights Survey (previously the Panorama Survey). The second was from IRD on donation rebate claims, which is used to validate the estimate from the Consumer & Media Insights Survey.

The survey involves interviewing approximately 12,000 respondents aged 10 and over annually throughout both city and country areas of New Zealand. The

questions commissioned by the former OCVS asked people to identify the types of charities and other community organisations they had supported in the previous 12 months. We use the estimated value of donations, scaled up to a population level, to estimate total donations in 2014.

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.

2.2.2 Bequests

We estimated the value of bequests by focusing on what charities received in 2014. 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 the following sources:

- the GNZ 2014 survey responses about bequests received
- responses from trustee administration companies about bequests received
- the number of active charities in New Zealand, estimated from the Charities Register.

The GNZ 2014 survey asked organisations about the number and value of bequests they had received from individuals' 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 24,900 active charities that submitted the required documentation in the last year, which we used as an estimate of the active population of charities in 2014. 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.

2.3 Measuring business and corporate giving

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

- IRD data on donations by businesses (Based on IR4 Company Income Tax returns).

The IRD data sums together information on all donations given by businesses in the year to March

2014. As donations are tax deductible for businesses, it is in their best interest to ensure all donations given by the business are included in their tax returns. This should ensure that this information from IRD is accurate.

2.4 Giving in Te Ao Māori

Giving to and by Māori is an integral part of the New Zealand philanthropic landscape. We attempted to gather information on Māori philanthropy in our GNZ 2014 survey, but the lack of definitive data made the task difficult. We have included information from the IRD on donations by Māori authorities in the total giving figure for 2014. However, giving to and by Māori is an area we intend to explore more deeply in the future, including ensuring that the definitions of philanthropy we use are culturally appropriate.

2.5 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 2014. As data was 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, which ended in either 2013 or 2014.

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, included in the GNZ 2011 report was a number of specific appeals and donations relating to the Christchurch earthquakes. In a similar fashion the GNZ 2006 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. Giving related to the Christchurch earthquakes, however, 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 the two sources related to different givers the two sources were combined. In cases where there were possible overlaps, only a single source was used. This approach is conservative, however, 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 Philanthropy New Zealand, the Charities Commission, the IRD, and Statistics New Zealand. The new sources of information available since the GNZ 2006 and GNZ 2011 studies 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 consistent, 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 3 provides an overview picture of total philanthropic funding in New Zealand during 2014.

Total giving in 2014

It is estimated that total giving in New Zealand in 2014 was \$2.788 billion. This is almost exactly the same as the revised estimate for 2011 of \$2.789 billion.

Figure 3.1 indicates that more than half of giving in 2014 (55%) was personal, and most of the rest was from trusts and foundations (both statutory and voluntary). Giving by businesses accounted for only a small proportion of the total. The shares shown in the chart are similar to the shares based on the revised estimates for 2011. In 2011, 55% of giving in 2011 was personal, 41% was from trusts and foundations, and 4% was from businesses.

It is important to note, however, that these shares refer only to financial giving and that, both for individuals and businesses, other types of giving are also significant. We touch on the issue of non-financial giving in later sections of this report.

Figure 3.1 Breakdown of giving in 2014

Source: BERL

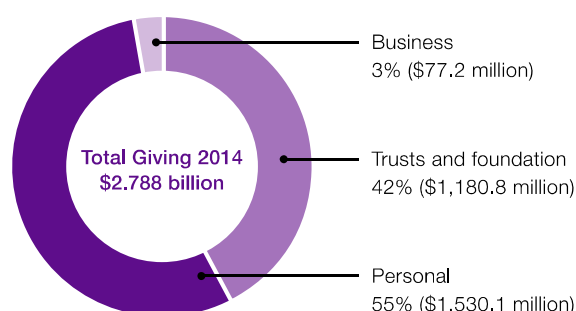


Table 3-1 (right) shows that personal giving was dominated by donations; however, it also shows that donations were lower in 2014 than in 2011 but giving via bequests was higher. It is suspected that the amount given in donations was lower in 2014 than in 2011 because of additional one-off giving by individuals in response to the 2010/11 Canterbury earthquakes. Overall, the amount of personal giving was 1% lower in 2014 than in 2011.

The table suggests that total giving via trusts and foundations was 3.1% higher in 2014 than in 2011. However, giving from voluntary trusts and foundations decreased between the two snapshot years, while giving from statutory trusts and foundations increased.

Giving by businesses in 2014 is estimated to have been somewhat lower in 2014 than in 2011. However, as will be seen later, there is some evidence that the Canterbury earthquakes also triggered a temporary increase in business donations.

To put the overall amount into context, it is estimated that total giving in New Zealand in 2014 was equivalent to 1.17% of GDP, where GDP in New Zealand in 2014 was \$238 billion. This was down from an estimated 1.34% of GDP in 2011, when GDP in New Zealand was \$209 billion.

Table 3-1 Total giving in New Zealand, 2014 and 2011 snapshots

Source: BERL

	2014 estimate \$million	2011 estimate \$million
Personal giving		
Donations	1,373.0	1,424.2
Bequests	157.1	122.0
Sub-total	1,530.1	1,546.2
Trust- and foundation- based giving		
<i>Voluntary</i>		
Family and individual trusts	263.8	275.1
Universities and other TEIs	11.8	11.5
<i>Statutory</i>		
Community trusts	105.4	103.4
Energy trusts	265.3	242.5
Licensing trusts	3.0	3.7
Gaming machine societies	300.7	312.3
Lottery Grants Board	230.9	196.1
Sub-total	1,180.8	1,144.6
Business and corporate Giving		
Business and corporate Giving	77.2	98.6
Sub-total	77.2	98.6
Total: All classes	2,788.1	2,789.4

Personal giving

This section examines all giving by individuals. A distinction is made between donations and bequests. Donations include planned and ad-hoc giving, regardless of whether or not it is associated with a tax rebate. Bequests include both bequests and legacies.

Figure 4.1 confirms the dominant role of donations in personal giving in 2014. However, the table below it (Table 4-1) suggests that the value of donations decreased by nearly 4% between 2011 and 2014, while the value of bequests increased by 29%. Overall, the amount of personal giving decreased by 1% between the two snapshot years.

Figure 4.1 Breakdown of personal giving in 2014
Source: BERL and Nielsen

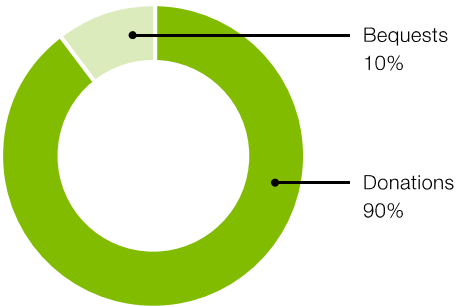


Table 4-1 Personal giving in New Zealand in 2014 and 2011
Source: BERL and Nielson

Personal giving	2014 estimate \$million	2011 estimate \$million
Donations	1,373.0	1,424.2
Bequests	157.1	122.0
Total personal giving	1,530.1	1,546.2

4.1 Donations

To enable us to estimate the value of personal donations we referred to two sources of information. The first was IRD data on donations that attract tax credits which are applied for using the IR526 claim form, and on the amount of payroll giving. The second was data from the Nielsen Consumer & Media Insights Survey (previously the Panorama Survey), which included questions about respondents' donations of money and time to charities and worthy causes. However, for the reasons set out below, our preferred estimate is based on the Nielsen survey data.

4.1.1 IRD data on tax rebates

Table 4-2 shows data from the IRD on donations by taxpayers that attracted a tax credit and donations through payroll giving. It should be noted that the figure for donations attracting a tax credit in 2014 is likely to be a slight under-estimate because taxpayers claiming a credit can do so at any time up to four years following the year in which a donation is made. Nonetheless, most taxpayers do not unduly delay a claim and the IRD regards the 2014 figure as near-complete.

Table 4-2 IRD data on personal donations
Source: IRD. Note: The 2014 values are provisional – see text.

	Personal donations, \$million			
	2011	2012	2013	2014
Donations related to IR526 tax credits	633.5	661.7	666.7	672.4
Donations through payroll giving	2.3	3.3	4.8	5.8
Total personal donations	635.8	665.0	671.5	678.2

However, it is highly likely that the figures in the table understate the total amount of donations by New Zealanders by a considerable margin. IRD data shows that there are approximately 3.2 million taxpayers in New Zealand, but only approximately 370,000 of them (i.e. 11.6%) claimed tax credits for donations.

It is most unlikely that the other 2.8 million or so taxpayers (i.e. the other 88.5%) made no donations at all. It is also likely that the 370,000 taxpayers who claimed a credit did not claim for all of their donations.¹⁰ It is believed, therefore, that the 2014 figure of \$678.2 million in donations is a very conservative estimate, and that the true figure is likely to be much higher.

It is also interesting to note that the amount of donations attracting a tax rebate did not fall away in 2012, after the Christchurch earthquakes. This leads us to conclude that much of the increase in donations in response to the earthquakes was in the form of spontaneous donations (e.g. via street collections), for which donors did not seek a tax rebate.

4.1.2 The Nielsen Consumer & Media Insights Survey

Until the end of 2014, the market research company Nielsen's Consumer & Media Insights Survey included questions on the amount of money and time respondents gave to charities or worthy causes.¹¹ The survey has a representative sample of 12,000 New Zealanders aged 10 years and above each quarter, which suggests that it might have included some donors who were not taxpayers.

Donations of money

Because the sample from the Nielsen survey was large and representative, it was possible to gross-up the survey averages to produce estimates for all New Zealanders. The results are shown, broken down by charity or worthy cause, in Table 4-3.

The table reveals an estimate of personal donations of \$1.373 billion in 2014. This compares with a figure of \$1.424 billion in 2011, when the total was likely to have been boosted by the response to the 2010/11 Canterbury earthquakes. The estimate excludes any donations to political organisations.

The table also highlights the large share of total donations accounted for by religious activities. This category of donations was almost one-third of the total. Culture and recreation accounted for almost a further one-fifth of the total.

Table 4-3 Amount of money donated in 2014

Source: BERL and Nielsen

Charity or cause	\$million	Percentage of total
Religious activities	447.9	32.6%
Culture & recreation	265.4	19.3%
Health/Medical	232.2	16.9%
Education	136.0	9.9%
International aid	119.4	8.7%
Social services & community development	116.2	8.5%
Environment	51.4	3.7%
Business & professional associations	4.5	0.3%
Total donations	1,373.0	100.0%

Volunteering

As an aside, the data from the Nielsen Consumer & Media Insights Survey also makes it possible to estimate the amount of time that New Zealanders devote to volunteering for charities and worthy causes. Applying the value of the minimum wage and average hourly earnings enables the derivation of alternative estimates of the total value of volunteered time.

Table 4-4 shows that a total of 70.4 million hours of time was volunteered to support the charities and causes shown. If this time is multiplied by the minimum wage, the total value was \$968 million. However, if it is multiplied by average hourly earnings, the total value was \$1.973 billion.

It is also interesting to note from the table that causes or charities related to culture and recreation command a considerably larger share of the time volunteered than their share of money donated. On the other hand, religious activities account for a much smaller share of time volunteered than their share of money donated.

Table 4-4 Amount and value of time volunteered in 2014

Source: BERL and Nielsen

Charity or cause	Hours volunteered (million)	Percentage of total
Culture & recreation	27.4	38.9%
Education	12.3	17.5%
Social services & community development	11.0	15.6%
Religious activities	8.7	12.4%
Health/medical	5.5	7.8%
Environment	4.0	5.7%
International aid	1.0	1.4%
Business & professional associations	0.5	0.7%
Total time	70.4	100.0%
Value of time, based on minimum wage (\$13.75)	\$968.0m	
Value of time based on average hourly earnings (\$28.03)	\$1,973.3m	

4.2 Bequests

We estimated the value of bequests by focusing on what charities received in 2014. This involved examining the average value of bequests received by a sample of charities, the number of active charities in the population, along with the total value of bequests received by trusts under trustee administration.

Information was drawn from three sources:

- The GNZ 2014 survey responses about bequests received.
- Trustee administration companies (Public Trust and Perpetual Guardian).
- The number of active charities in New Zealand determined from the Charities Register.

The GNZ 2014 survey asked charities about the number and value of bequests they had received from individual estates for immediate distribution or to establish perpetual trusts. These responses were used to calculate the average value of bequests per charity that actually received bequests. The average value of bequests received in 2014 was \$42,000.

The Charities Register had records for approximately 24,900 active registered charities, of which we estimated that 6.5% received a bequest in 2014. This was applied to the estimated population of active charities to indicate the number of charities receiving bequests. This estimated population of active charities was then combined with data from the trustee administration companies, to provide an overall estimate of the number of charities receiving a bequest in 2014.

In 2011, it was estimated that \$122m was bequeathed to charities. The estimated amount being made as bequests to charities in 2014 has risen to \$157.1m. The increase in the total amount being bequeathed is from a likely combination of an increase in the average value of bequests and a slightly larger proportion of charities receiving bequests. For example, 5.2% of charities received bequests in 2011, compared to 6.5% in 2014.

More charities may be receiving bequests due to these charities actively marketing this form of charitable giving to the general public. New Zealand now has an organisation and campaign to actively encourage people to leave a bequest or legacy in their will – Include A Charity Trust. This trust explains how people can leave a gift in their will, it answers frequently asked questions, and illustrates some of the charities that people can support.

Since 2013 Perpetual Guardian has also encouraged legacy giving as a social norm through its programme Giving@PerpetualGuardian which encourages people to leave a bequest or legacy in their will while also providing discounted services, and specialist advice and support in regards to will writing.

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 trusts, energy trusts, licensing trusts, gaming machine trusts and the Lottery Grants Board.

Figure 5.1 (below) shows the breakdown of giving by trusts and foundations in 2014 compared to 2011. The largest single category was giving by gaming machine societies, although the Lottery Grants Board, charitable family and individual trusts, and energy trusts were also significant sources of philanthropic funding.

Just over three-quarters (77%) of trust and foundation giving was from statutory sources in 2014. This proportion increased from 75% in 2011. And, as noted earlier, giving by voluntary trusts and foundations decreased slightly between the two snapshot years, but giving from statutory trusts and foundations increased to a greater extent.

Table 5-1 Giving by trusts and foundations in 2014 and 2011

Source: BERL.

	2014 estimate \$million	2011 estimate \$million
Voluntary trusts and foundations		
Family or individual trusts	263.8	275.1
Universities and other TEIs	11.8	11.5
Statutory trusts and foundations		
Community trusts	105.4	103.4
Energy trusts	265.3	242.5
Licensing trusts	3.0	3.7
Gaming machine societies	300.7	312.3
Lottery Grants Board	230.9	196.1
Total	1,180.8	1,144.6

Figure 5.1 Breakdown of trust- and foundation-based giving in 2014 and 2011

Source: BERL

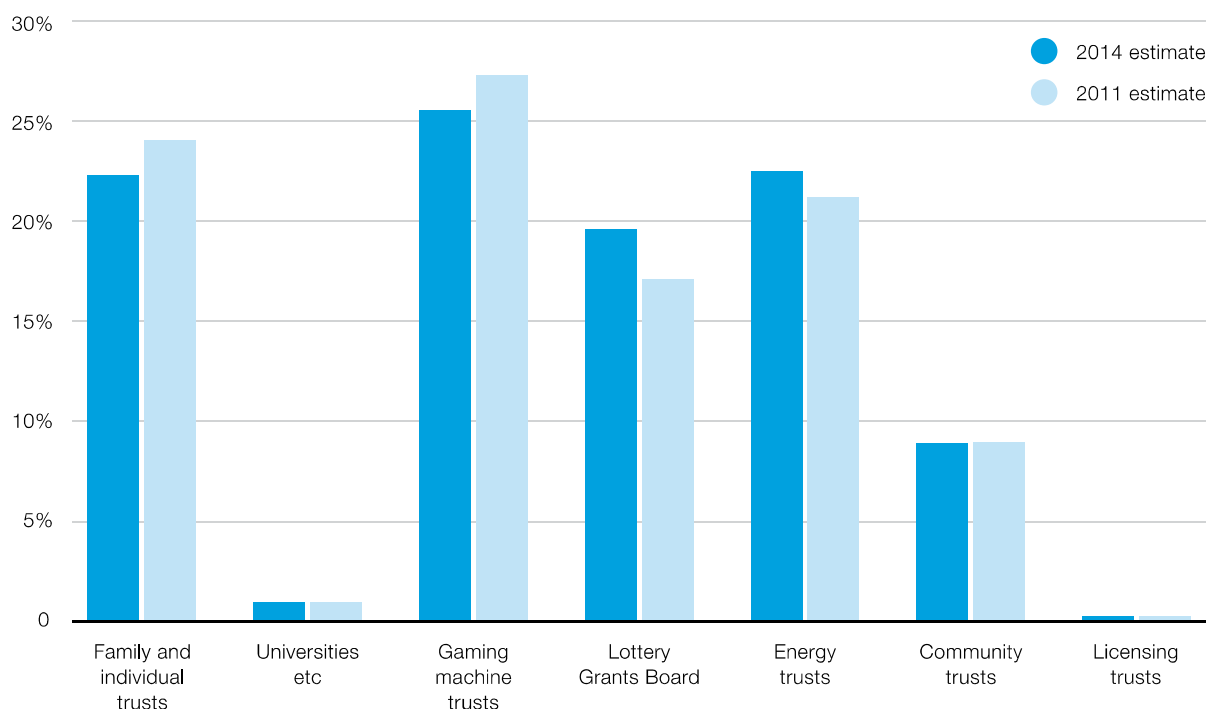


Table 5-2 Giving by voluntary trusts and foundations in 2014 and 2011

Source: BERL.

	2014 estimate \$million	2011 estimate \$million
Voluntary trusts and foundations		
Family or individual trusts	263.8	275.1
Universities and other TELs	11.8	11.5
Total	1,180.8	1,144.6

5.1 Voluntary trusts and foundations

The following discussion focuses on giving by voluntary trusts and foundations. In terms of the number of voluntary trusts, charitable family and individual trusts are the largest category within this group.

Table 5-2 (above) shows the amount given by voluntary trusts and foundations in 2014, and compares this to the 2011 estimate. It should be noted here that large grants from a small number of trusts does have the potential to change the estimate substantially. This can be seen in the difference between the 2011 and 2014 estimate for giving by family or individual trusts, as discussed in more detail below.

5.1.1 Charitable family and individual trusts

Charitable family and individual trusts gave an estimated \$263.8 million in 2014. This was based on data from several sources. These were:

- data on voluntary trusts from the GNZ 2014 survey conducted by BERL
- aggregated information provided by two of the major trust administration companies (Public Trust and Perpetual Guardian)
- data from the Charities Register for foundations, charitable family trusts and estates that were not included elsewhere.

Both the GNZ 2014 survey and the Charities Register had individual information for specific organisations. 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 was used in preference to the administrative data.

As at the start of May 2015, there were approximately 24,900 active registered charities, family estates, and family and individual trusts. Of these, approximately 6,500 provided grants in 2014, and of these 6,500, approximately 900 are family trusts administered by Public Trust and Perpetual Guardian.

In 2011, it was estimated that these registered charities, family estates, and family and individual trusts, gave a total of \$275.1 million in grants, compared with an estimated \$263.8 million in 2014.

In comparing these two figures, the impact of one-off very large donations should be highlighted. In 2014, two of the survey respondents noted grants of greater than \$10 million, but neither of these exceeded \$25 million. In 2011, three trusts granted amounts exceeding \$10 million, of which two exceeded \$25 million. Information from the GNZ 2014 survey and the Charities Register shows that the three trusts in question granted much smaller amounts in 2014 than in 2011.

In addition, large grants from a small number of trusts have the potential to exaggerate the average donation and, accordingly, they were treated separately in the estimation process. Excluding the large donors, the average trust gave around \$25,000.

Activities supported by grants from charitable family and individual trusts

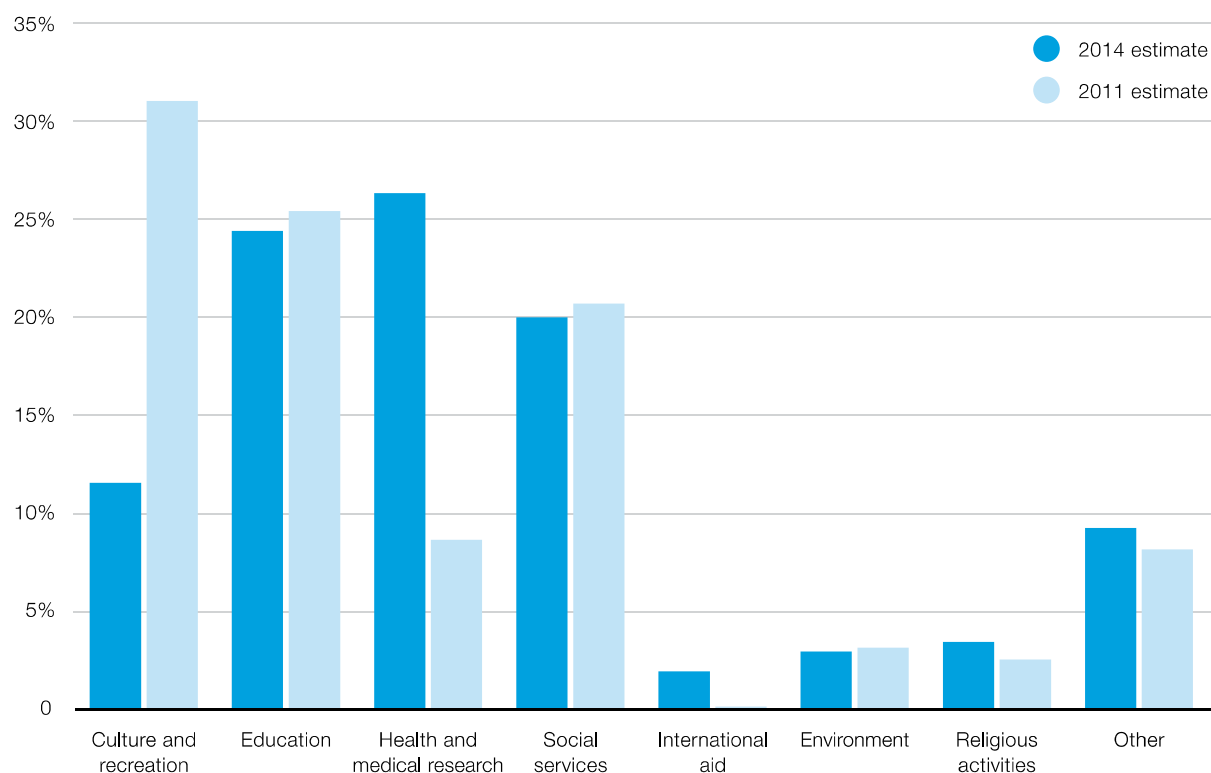
Figure 5.2 (page 15) provides a breakdown, by value, of grants to different activities and causes supported by charitable family and individual trusts. It shows that just over half of the grants were paid to activities related to health and medical research or education, while 70% of the total was paid to these two activities and social services and community development.

This is a somewhat different pattern of giving from the pattern of donations made by individuals, as described in Table 4-3 on page 11. The latter table showed that almost one-third of donations by individuals were to religious activities, but Figure 5.2 indicates that only 3% of giving by charitable family and individual trusts were for religious activities.

In 2014, BERL worked with Te Kāwai Toro (the Māori Development sub-committee of the Board of the J R McKenzie Trust) to investigate philanthropic funding

Figure 5.2 Activities supported by grants from family and individual trusts in 2014 and 2011

Source: BERL



to Māori. This project investigated what activities were funded and what channels were used to provide philanthropic funding to Māori.

This research, *Philanthropic Funding to Māori*, which was published in December 2014, found that the largest source of philanthropic funding to Māori was from personal giving, followed by funding from trusts and foundations.

In our GNZ 2014 survey, we attempted to gather further information on philanthropic funding to Māori. However, we received a low response to these questions and were therefore unable to include this information in our discussion regarding the distribution of grants by family or individual trusts.

Figure 5.3 (page 16) shows the areas in New Zealand to which the grants from charitable family and individual trusts were paid. It indicates that more than one-third of grants, by value, were paid to recipients operating nationally. Of the grants that were paid to a particular region, half were paid to recipients in Auckland. This indicates how population size can impact on the amount of giving that an area receives.

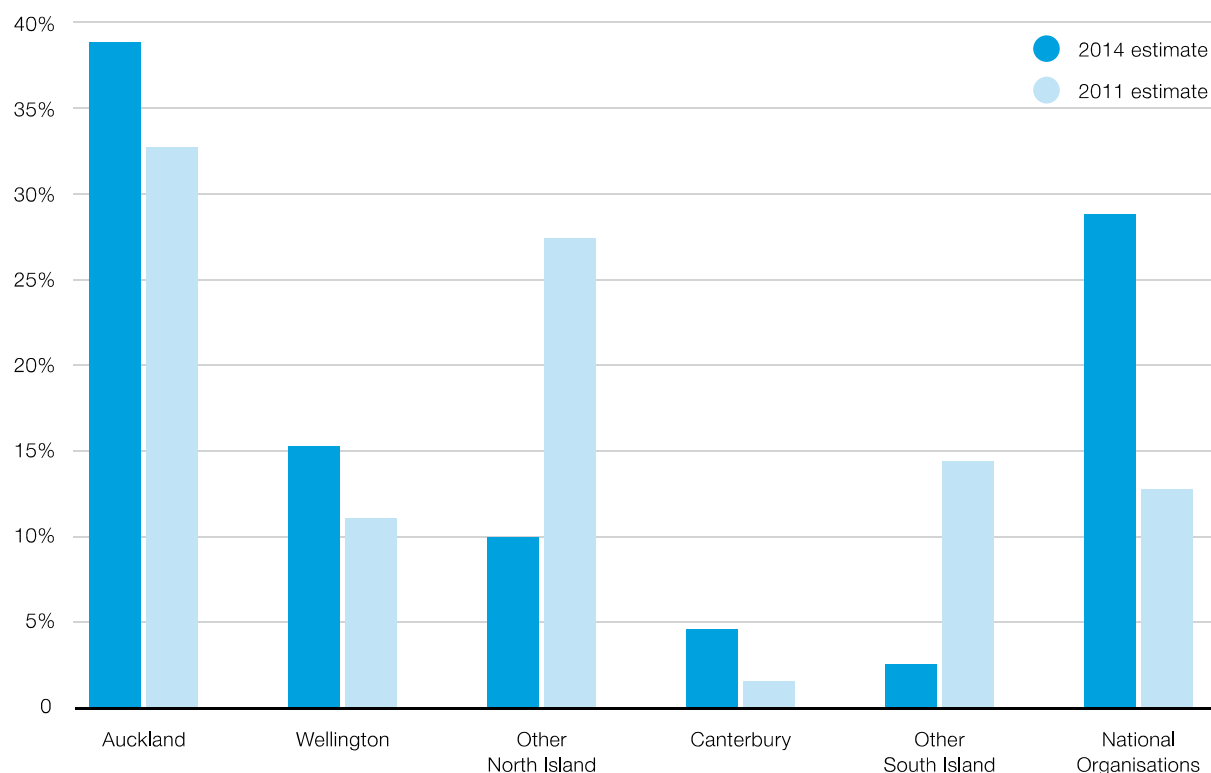
5.1.2 Universities and other tertiary education institutes

Universities and other tertiary education institutes gave an estimated \$11.8 million in 2014. This is slightly higher than the estimate for 2011 (\$11.5 million). The giving in question is the value of grants and scholarships given by tertiary education institutions in New Zealand from their own funds (as opposed to grants and scholarships funded by third parties but administered by the institutions).

The 2014 and 2011 data was obtained from the former Funding Information Service (FIS), which is now known as Generosity New Zealand.

Figure 5.3 Geographical distribution of grants given by family and individual trusts in 2014 and 2011

Source: BERL



5.2 Statutory trusts

Total estimated giving by statutory trusts increased from \$858 million in 2011 to \$905 million in 2014. Most of this increase came from increased giving by energy trusts and the Lottery Grants Board. On the other hand, giving by the gaming machine societies decreased.

5.2.1 Community trusts

Community trusts gave an estimated \$105.4 million in 2014, up from \$103.4 million in 2011. This figure was obtained by summing the amounts shown in the annual reports and financial statements of all 12 community trusts.

Community trusts were created in 1988, when the Government restructured the Trustee Savings Banks, following the passing of the Trustee Banks Restructuring Act 1988. The two largest trusts are Foundation North (formerly the ASB Community Trust) and the Rātā Foundation (formerly The Canterbury Community Trust). Between them these two trusts account for 68% of all donations by community trusts.

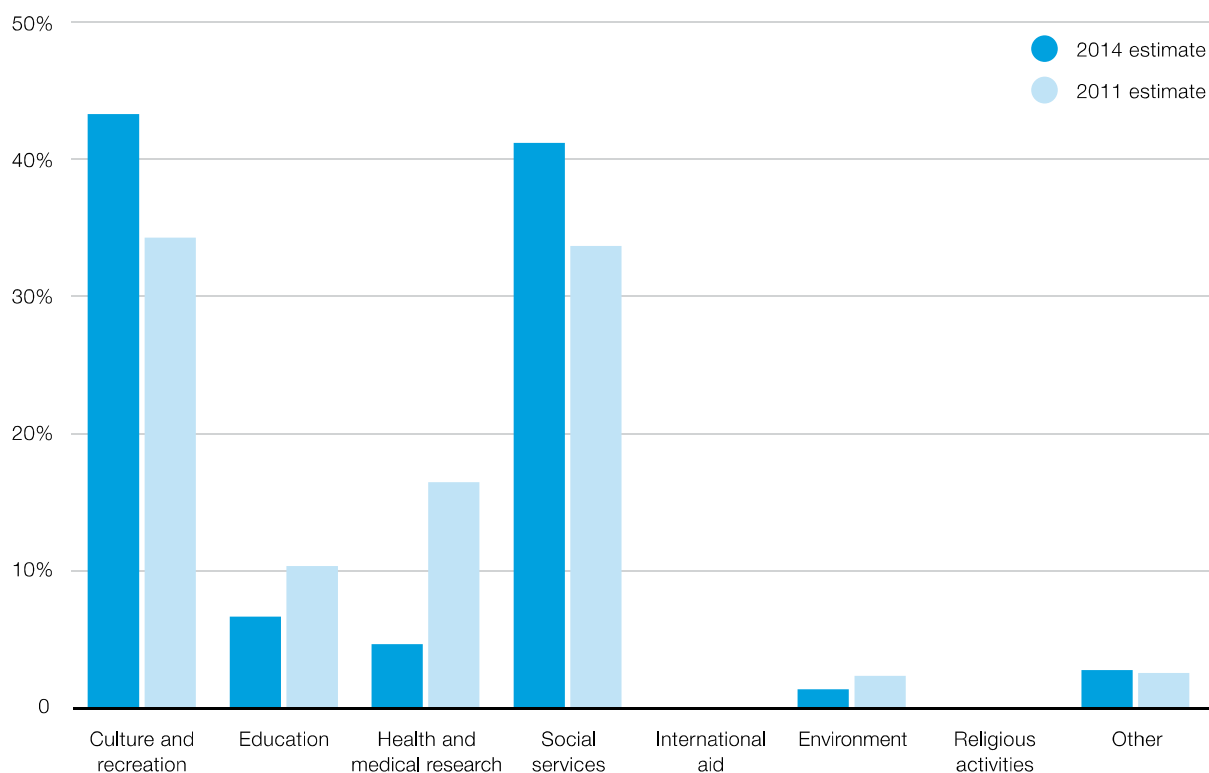
Table 5-3 Giving by statutory trusts and foundations in 2014 and 2011

Source: BERL

	2014 estimate \$million	2011 estimate \$million
Statutory trusts and foundations		
Community trusts	105.4	103.4
Energy trusts	265.3	242.5
Licensing trusts	3.0	3.7
Gaming machine societies	300.7	312.3
Lottery Grants Board	230.9	196.1
Total	905.3	858.0

Figure 5.4 Activities supported by grants from community trusts in 2014 and 2011

Source: BERL



Activities supported by grants from community trusts

Figure 5.4 (above) indicates that community trusts donate a large proportion of their funds to culture and recreation activities. The activities included within culture and recreation are local recreational and sporting clubs, music and cultural groups, and local museums. The social services activities that the community trusts support are focused on community development and well-being, and include community centres and community support groups such as Citizens Advice Bureau and SeniorNet, as well as community groups such as the Scouts.

Most giving by community trusts is very local. For example, in 2014 the Wellington Community Trust provided a large portion of its grants to support regional dance, music and cultural groups, while the Otago Community Trust and the Community Trust of Mid & South Canterbury gave substantial grants to assist with the construction of local walking tracks.

Foundation North groups the distribution of its grants into three areas: participation, people and places.

The participation funding area focuses on community organisations involved in sport and recreation including sport, recreation, and cultural clubs. Grants from this area have supported sports such as tennis, bowls and basketball. The people-funding area focuses on supporting children, young people and their families. Grants from this area have supported play centres, kōhanga reo and kindergartens. The places-funding area includes projects to conserve preserve and protect the environment such as Little Barrier Island, as well as marae development and building projects.

Between the GNZ 2011 and GNZ 2014 studies, the funding decisions of community trusts such as Foundation North and the Rātā Foundation have evolved. These trusts now fund larger, multi-year projects and consider applications based on the strategic visions, strategies and the outcomes these trusts want to achieve through their funding. They are also funding capability and capacity building among their stakeholders, including leadership and management training, and professional development.

Table 5-4 Giving by energy trusts in 2014 and 2011

Source: BERL

	2014 estimate \$million	2011 estimate \$million
Auckland Energy Consumer Trust	106.0	99.6
Tauranga Energy Consumer Trust	40.6	30.3
WEL Energy Trust	22.0	23.0
Network Tasman	13.4	12.8
Northpower Electric Power Trust	10.2	8.6
Other energy trusts	73.1	68.1
Total	265.3	242.5

5.2.2 Energy trusts

Estimated giving by energy trusts in 2014 was \$265 million. Of this \$73 million came from the 20 smaller trusts, and the remainder (\$192 million) came from the five largest energy trusts (see Table 5-4). All the data was obtained from the trusts' annual reports. The donations come mainly in the form of discounts and dividends to the customers of the energy companies associated with the trusts. However, some of the trusts also give grants to community organisations within their areas.

It is notable that the amount of giving by the energy trusts increased by 9.4% or \$22.8 million between 2011 and 2014. More than 40% of the amount donated in 2014 was from the Auckland Energy Consumer Trust, which owns around 75% of the networks company, Vector. The large population and customer base of Vector in Auckland (approximately 316,000 households) is the reason for the large amount of funds distributed in 2014, compared to the giving by other energy trusts.

It is open to debate whether giving by energy trusts to their customers in the form of discounts and dividends is actually philanthropic. In many respects this giving is similar to companies paying out dividends to shareholders. However, this giving is consistent with the definition of philanthropy shown in our Introduction – to the extent that it involves the giving of financial resources with no expectation of direct reciprocation. Despite this it might be queried whether this giving is specifically intended to improve general human well-being.

5.2.3 Licensing trusts

The 19 licensing trusts gave an estimated \$3 million in 2014, down from an estimated \$3.7 million in 2011.

Some of the trusts are small and do not have their own websites. Moreover, even in those cases where there was a website that provided access to an annual report, no distinction was made between statutory giving funded from the proceeds of gaming machines (see section 5.2.4 on page 19) and other giving funded from the proceeds of other activities, such as bar profits. Although the Licensing Trusts are statutory bodies, their giving from the proceeds of non-gaming machine activities is discretionary.

The estimate for donations by licensing trusts in Table 5-3 (page 16) is intended to show the giving funded from the proceeds of non-gaming machine activities. It is tentative because it is based on responses to requests for information from just four out of 19 trusts. However, it is evident from a report by the Office of the Auditor General that the four respondents were larger than average, accounting for around 40% of the total revenues of all licensing trusts in New Zealand in the year to March 2013.¹²

No further information about the trusts' giving funded from non-gaming machine activities is currently available, but it should also be noted that donations by licensing trusts represent by far the smallest category of giving covered by this research. An uncertain estimate for this category will not therefore greatly affect the overall estimate of giving.

Table 5-5 Giving by the Lottery Grants Board in 2014 and 2011

Source: BERL

	2014 estimate \$million	2011 estimate \$million
Regional Community Committees	32.7	27.2
National Community Committees	16.8	13.9
Lottery Specialist Committees		
Community Facilities	15.6	13.0
Community Sector Research	0.0	1.8
WWI Commemorations, Environment and Heritage	11.0	9.1
Health Research	3.8	3.2
Individuals with Disabilities	5.3	4.4
Marae Heritage and Facilities	8.3	6.9
Minister's Discretionary Fund	0.4	14.6
NZ 2011 Festival Lottery Fund	0.0	9.5
Outdoor Safety	10.0	9.0
Significant Projects Fund	30.0	0.0
Statutory Bodies		
Creative New Zealand	34.7	29.8
New Zealand Film Commission (including the NZ Film Archive)	16.2	13.9
Sport New Zealand	46.2	37.8
Total	230.9	196.1

5.2.4 Gaming machine societies

Gaming machine societies gave an estimated \$300.7 million in 2014. This figure was derived by multiplying the 2013/14 Gaming Machine Profits reported by the Department of Internal Affairs by 37.12%, which is the minimum amount gaming machine societies must, by law, allocate for authorised purposes.¹³ Because 37.12% is the minimum amount that gaming machine societies must allocate from their profits, the estimate itself is likely to be a minimum.

The 2011 figure of \$312.3 million shown in Table 5-3 is a revised estimate, derived in the same way as the 2014 estimate. The previous 2011 estimate was \$274.3 million, but a research report describes an allocation of \$252 million from non-club gaming societies and \$50.6 million from club-based gaming machine societies in that year, i.e. a total of \$302.6 million.¹⁴

5.2.5 Lottery Grants Board

The 2014 Annual Report of the Lottery Grants Board showed that it allocated grants totalling \$230.9 million in that year. This was an increase of 17.7% from the \$196.1 million allocated for grants in 2011.¹⁵

The main difference between the two snapshot years of 2011 and 2014 is that the 2014 allocation of giving includes \$30 million for the Significant Projects Fund, which was reinstated in July 2013. This Fund provides funding for any capital expenditure project as long as it meets one of the following community outcomes:

- Increased community self-reliance, capacity building and stability.
- Providing opportunities for social, recreational, civil or cultural participation.
- Reducing or overcoming barriers communities face to such participation.

The types of projects that may be funded include:

- construction of a new community building
- redevelopment or an extension to an existing community building that increases capacity, accessibility or broadens the range of uses of a building
- refurbishment of an existing community building
- environmental projects which promote, protect and preserve New Zealand's native flora and fauna
- improving existing outdoor spaces or creating new outdoor spaces.

Twelve projects from around the country were supported by the Significant Projects Fund in 2014, as shown in Table 5-6 (below). These included environmental projects, arts and cultural projects, heritage projects and sport facility projects.

Table 5-6 Recipients of the Significant Projects Fund, 2014

Source: Lottery Grants Board

Grant Recipient	Allocated amount \$million
Waitangi National Trust Board	5.8
Marlborough Civic Theatre Trust Board	0.5
Canterbury Cricket Trust	1.1
Theatre Royal Charitable Foundation	6.0
Onuku Runanga Incorporated Society	1.7
New Plymouth District Council	2.7
Whangarei Art Museum Trust	2.0
Brook Waimarama Sanctuary Trust	1.3
AUT Millennium Ownership Trust	4.4
Waterfront Theatre Trust	1.5
Southland District Council	1.0
Lopdell House Redevelopment Trust	0.5
Total	28.4

Business and corporate giving

This section looks at donations made directly through a business.

It does not include donations made through trusts or foundations which some businesses and business owners use as a vehicle for their giving. Giving by businesses from this source is captured in the estimates shown in Section 3 of this report.

Businesses gave an estimated \$77.2 million in 2014, compared to a revised estimate of \$98.6 million in 2011. The reduction between the two study periods was 22%.

In the GNZ 2011 report, the amount of giving by businesses was estimated using four different sources of information. However, one of the sources is no longer available and another has not been updated.

Since the last report, data has become available from the IRD showing the amount of donations businesses have claimed as part of their IR4 income tax returns. We have used this information as all businesses are required to make IR4 returns.

We have also used the IRD data to revise the previous 2011 estimate from \$150.8 million to \$98.6 million. The reason for this revision is that it is highly unlikely the IRD statistics understate business donations because businesses would, in all probability, not refrain from declaring them in their tax returns, as doing so would increase their tax liability. For a breakdown of the revised estimates for 2011 see Appendix C.

The estimate for 2014 is provisional because businesses can delay submitting their tax returns, with the result that the IRD data for 2014 is incomplete. Instead, the 2013 IRD figure was extrapolated to 2014, using Statistics New Zealand data on the growth in business profits.¹⁶

As can be seen from Table 6-1, which uses IRD data to estimate business giving for each year from 2010 to 2014, it seems likely businesses made a significant one-off response to the Christchurch earthquakes in 2011. The table shows that business giving for that year is significantly higher than in the other years.

It is also interesting to note that, although the amount of cash giving by businesses is relatively modest, there is evidence they give more substantially in other ways. Data from grant recipients in the GNZ 2014 survey suggests that, for every \$1 they received in cash from businesses, they received \$1.43 in sponsorship and \$3.27 in-kind (in the form of goods and services donated).

Table 6-1 Giving by businesses 2010-2014

Source: IRD, BERL

Year to 31 March	Donations made \$million
2010	58.6
2011	98.6
2012	77.5
2013	70.3
2014	77.2

Figure 6.1 Different types of business giving

Source: BERL

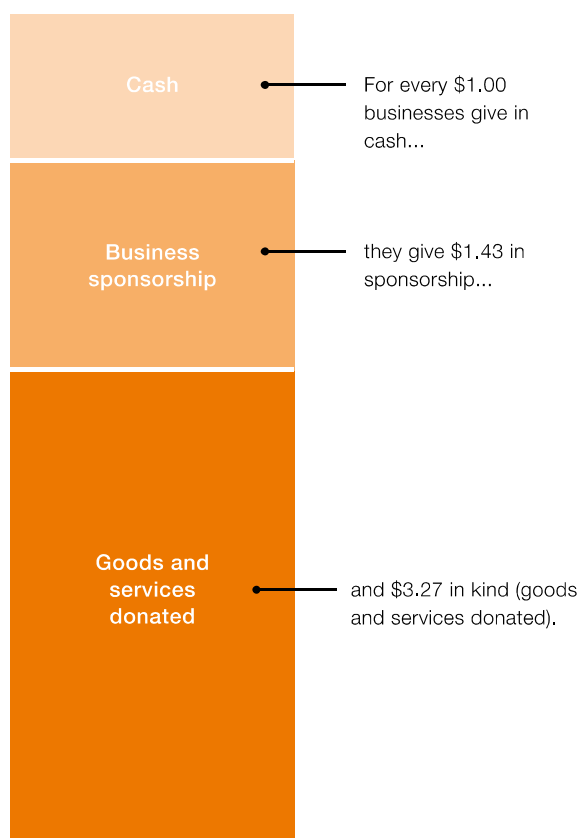


Table 6-2 Grants from casino charitable trusts in 2014 and 2011

Source: Charities Commission

Name	Grants 2014 estimate \$million	Grants 2011 estimate \$million
Christchurch Casinos Charitable Trust	0.13	0.14
Dunedin Casinos Charitable Trust	0.15	0.15
Skycity Queenstown Casino Community Trust	0.09	0.07
Skycity Hamilton Community Trust	0.59	0.54
Skycity Auckland Community Trust	1.63	2.29
Total	2.60	3.19

The pattern of giving by businesses has not previously been examined in this work, but it is suspected that sponsorship and in-kind giving is increasingly preferred to cash giving.

6.1 Casinos

Casinos, as with other forms of gambling, are regulated by the Gambling Act 2003. Casinos are required to provide funds 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% of the casino's annual revenue or 1 to 2.5% of the casino's annual net profit.

The following information was drawn from the Charities Register on five of the six casinos operating in New Zealand. These casinos transfer money to their associated charitable trusts to distribute to their communities.

We did not add the figure for casino charitable trusts to the business and corporate giving estimate as it is likely to already include such transfers.

Comparisons with other countries

Table 7-1 Charities Aid Foundation: World Giving Index rankings, 2014

Source: Charities Aid Foundation. Note: Only includes countries surveyed in 2013.

Country	World Giving Index ranking	World Giving Index score (%)	Helping a stranger score (%)	Donating money score (%)	Volunteering time score (%)
Myanmar	1	64	49	91	51
United States of America	1	64	79	68	44
Canada	3	60	66	71	44
Ireland	4	60	64	74	41
New Zealand	5	58	69	62	44
Australia	6	56	65	66	37
Malaysia	7	55	63	60	41
United Kingdom	7	55	61	74	29
Sri Lanka	9	54	56	56	50
Trinidad and Tobago	10	54	75	49	37
Bhutan	11	53	64	63	43
Netherlands	12	53	54	70	34
Indonesia	13	51	48	66	40
Iceland	14	50	52	70	29
Kenya	15	49	67	43	37
Malta	16	49	43	78	25
Austria	17	48	57	57	29
Denmark	18	47	55	62	23
Iran	19	46	62	52	24
Jamaica	20	45	73	26	35

GNZ 2011 indicated that giving in New Zealand was equivalent to 1.35% of GDP. It also quoted equivalent estimates of 0.65% in Canada, 0.68% in Australia, 0.76% in the UK and 2.0% in the USA. These ratios were not necessarily for the same point in time, but they indicated the broad magnitude of giving across parts of the developed world.

The Charities Aid Foundation (CAF), from the UK, undertakes survey-based research across a range of countries, ranging from the most highly developed, to some that would be generally regarded as significantly under-developed. The CAF research also captures different aspects of giving, including two types of non-monetary giving.

The results of the 2014 CAF survey are summarised in Table 7-1, and they show that New Zealand was ranked fifth overall among the 20 countries surveyed. The table also indicates that New Zealand was ranked fourth in terms of helping a stranger, 11th equal in terms of donating money, and third equal in terms of volunteering time.

Table 7-2 on page 24 shows the CAF's survey results aggregated over five years, and it shows New Zealand ranked third overall. It also shows New Zealand ranked third in terms of helping a stranger, ninth in terms of donating money, and fifth in terms of volunteering time.

Table 7-2 Charities Aid Foundation: Top 20 countries in the five year World Giving Index

Source: Charities Aid Foundation

Country	World Giving Index 5 year ranking	World Giving Index 5 year score (%)	Helping a stranger 5 year average (%)	Donating money 5 year average (%)	Volunteering time 5 year average (%)	World Giving Index 1 year score (%)	Difference between 1 year and 5 year score (%)
United States of America	1	59	73	62	43	64	4
Ireland	2	58	64	74	37	60	1
New Zealand	3	58	68	65	40	58	1
Australia	4	57	66	70	36	56	-1
Canada	5	57	66	66	39	60	3
United Kingdom	6	55	61	75	28	55	0
Netherlands	7	54	53	72	36	53	1
Sri Lanka	8	51	54	51	47	54	3
Qatar	9	47	67	58	17	n/a	n/a
Hong Kong	10	47	57	68	15	n/a	n/a
Malta	11	46	44	70	24	49	3
Denmark	12	46	52	63	22	47	1
Thailand	13	45	43	77	16	44	-1
Turkmenistan	14	45	57	21	57	43	-2
Liberia	15	44	78	10	45	38	-6
Indonesia	16	44	38	63	30	51	7
Austria	17	44	51	54	26	48	4
Finland	18	43	55	45	29	43	0
Germany	19	42	55	46	26	42	-1
Cyprus	20	42	53	47	25	43	2

An interesting feature of the table is that it reveals extreme variations in the pattern of giving within and across countries. For example, whereas New Zealand has a similar rank in terms of each type of giving shown, Liberia is ranked first in terms of helping a

stranger, but 20th in terms of donating money. Thailand is ranked first in terms of donating money, but 19th in terms of volunteering time. These results indicate that cultural factors probably play as much of a role as economic factors in determining the pattern of giving.

Appendix A: Survey method and analysis

We generated some primary (i.e. original) data by means of a survey of grantmakers, grant recipients and fund-managers (i.e. both grantmakers and grant recipients). This data was used to develop, or corroborate, estimates of giving by means of bequests, charitable family and individual trusts, and businesses.

There are an estimated 24,900 active registered charities currently in New Zealand. To determine the amount these charities give, and the types of activities their giving supports, we broke the charities down into three different types: grantmaker, funding manager and grant recipient.

- Grantmaker and funding-manager charities provide funds to other charities. The giving by these charities, and the activities that this giving supports, is represented in this report as giving by trusts and foundations.
- Grant-recipient charities only receive funds. These charities receive funds from individuals, trusts and foundations, and businesses.

The survey used a probability sampling method. This means that each individual registered charity on the Charities Register had a chance of being selected in the survey. Unless it is possible to achieve a complete census of a particular population grouping, in this case registered charities, the best way of obtaining representative data is to undertake a probability sample. At its simplest using this approach would mean assigning each member of the population a random number between 0 and 100. To obtain the sample, one would simply start at either 0 or 100,

and add members to the sample until the sample size needed to provide a 3% error rate was reached, with 95% confidence that if a census had been undertaken the final result would be within 3% of the survey results.

By using a probability sampling method we were able to obtain information that was representative of the entire charity population, without having to ask each charity to provide information. In total 6,000 grant recipients and 3,500 grantmaker / funding manager charities were surveyed, out of a total population of approximately 27,000 registered charities (24,900 of which were determined to be active and 2,100 were deemed to be inactive). The large number of charities surveyed was to compensate for the expected low response rate of 15%.

To determine which charities would be surveyed, the Register was used as a guide to the population size. The full list of all registered charities was obtained from the Charities Register, along with information on the amount given (donations) in their latest financial year, and the total income of the charity in their latest financial year. The information on donations was used to split the charities initially into grantmakers and fund managers, and grant-recipient charities. The information on total income was then used to create four tiers within these two charity groupings, to ensure an even selection of very large, large, medium, and small charities was included in the survey.

This fed in to the sample-size calculations, along with the proportions of grantmakers and recipients. We broke the Register into subsets – 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

Sample size and required responses

Source: BERL. Note: RR = response rate.

	Population	Required responses	Min sample (RR = 10%)	Expected (RR = 15%)
Grantmaker	7,088	364	3,640	2,427
Grant recipient	17,822	376	3,760	2,507
Total	24,910	740	7,400	4,933

these two subsets. The table on the previous page tabulates the required number of responses and corresponding sample size to achieve a satisfactory level of representativeness (in particular a 95% confidence level with a 5% margin of error, and assumed a response rate of 15%).¹⁷

To allow for the possibility of some invalid addresses, the survey size was scaled up to 9,500 organisations, from the 7,400 considered needed as a minimum to get the required response rate.

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 GNZ 2011 survey, which indicated around one quarter of all organisations were grantmakers, and three quarters grant recipients (or intermediaries).

Once the survey sample was selected, the following three rules were run across them:

- That the charity had a contact email address. This was needed as the survey was being run electronically.
- That the contact email address could only be valid for one charity. This was undertaken to stop the survey being a burden on anyone who looked after multiple charities.
- That the charity was not a community trust, gaming machine society, licensing trust or an energy trust. Information on these trusts was being collected separately.

Any charities that were excluded based on these rules were replaced using the same probability sampling approach, and the replacement charities also had to pass these three rules.

The survey was administered in two parts. A first tranche of invites was emailed to the random sample of 3,500 grantmaker organisations selected from the Register. The invitation gave the recipient the opportunity to complete the survey on-line via a survey tool that BERL used for the GNZ 2011 research, or to request a hard copy of the survey (with a freepost return envelope).

The second tranche of invites was emailed to the random sample of 6,500 grant-recipient organisations selected from the Register.

The overall response rate was 13%, with valid responses from 1,271 of contacts. In total 847 responses were received from grant recipients and 424 responses from grantmakers and funding managers. This gave us a response rate of 14% for grant recipients and 12% for grantmakers and funding managers.

This sample was sufficient to provide robust results. The sub-samples by type had margins of error for grant makers was 6% and for grant recipients it was 4%. These were close to or better than the target margin of error.

Appendix B: Activity subcategories

Classification of activities supported by philanthropy

1. Culture and recreation

Culture and arts
Sports
Other recreation and social clubs

2. Education

Primary and secondary education
Higher education
Other education
Research

3. Health and medical research

Hospitals and rehabilitation
Nursing homes
Mental health and crisis intervention
Other health services

4. Social services and community development

Social services
Emergency and relief
Income support and maintenance
Economic, social and community development
Housing
Employment and training

5. Environment

Environment
Animal protection

6. International aid

International aid activities

7. Religious activities

Religious congregations and associations

8. Business and professional associations

Business associations
Professional associations
Labour unions

9. Other

Civic and advocacy organisations
Law and legal services
Political organisations
Grant-making foundations
Other philanthropic intermediaries and voluntarism promotion
Not elsewhere classified

Appendix C: 2011 estimates

Total giving by source 2011

	Revised estimate \$million	GNZ 2011 estimate \$million
Personal giving	1,546.2	1,546.2
Trusts and foundations – voluntary	286.6	282.7
Trusts and foundations – statutory	857.8	687.9
Trusts and foundations combined	1,144.6	970.6
Business and corporate giving	98.6	150.8
Total giving	2,789.4	2,667.6

The availability of new and updated data necessitated the revising of our previously published 2011 estimates. As noted in the table above, the revised estimates are broken down by broad source. This table illustrates that the estimates for some types of giving have been revised up and downwards. These revisions are largely due to changes and/or improvements in the data collection.

1. 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.
2. For further information about the GNZ 2014 survey see Appendix A Survey method and analysis.
3. The GNZ 2014 survey specifically excluded organisations administered by the three major trustee administration companies, from whom information was gathered directly or identified in the Charities Register.
4. Identifiable information on these organisations is withheld due to confidentiality requirements.
5. A Class 4 gaming machine society is a non-profit organisation, and may be a charitable trust.
6. 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.
7. Small amounts (estimated to be about 1.0% of revenue) may be distributed to authorised purposes outside the direct interests of the club.
8. Lottery grants are used only for community purposes (section 277, Gambling Act 2003). Accessed 14 September 2015 <https://mylotto.co.nz/about-us/lottery-grants/>.
9. 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.
10. Claims for tax credits associated with donations have to be accompanied by tax receipts. It is not possible to claim for any donation of less than \$5, for informal cash donations (e.g. to a street collection), and for donations through overseas websites. Some claimants are also likely to forget some donations or to mislay tax receipts.
11. It is understood this part of the survey is no longer running.
12. <http://www.oag.govt.nz/2014/licensing-trusts/docs/licensing-trusts.pdf>.
13. [http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gaming-Machine-Profits-\(GMP\)-Data](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gaming-Machine-Profits-(GMP)-Data).
14. <http://www.gamblinglaw.co.nz/download/Research/Research-GamingMachineProfitsSurvey2012.pdf>.
15. The 2011 estimate has been slightly revised from the \$192.2 million shown in the previous report.
16. http://www.stats.govt.nz/browse_for_stats/economic_indicators/NationalAccounts/NationalAccountsIncomeExpenditure_HOTPYeMar14corrected.aspx.
17. A lower 10% (one in 10) response rate was used to indicate a more conservative survey size.

Afterword

Perpetual Guardian is a proud sponsor of Giving New Zealand: Philanthropic Funding 2014, which has also been supported by a number of our fellow members of Philanthropy New Zealand.

Historically, comprehensive data about how and why New Zealanders give has been thin on the ground, and for an organisation such as Perpetual Guardian, which is entrusted with protecting the legacies of generous Kiwis and distributing millions of dollars annually to charitable causes, the information provided in Giving New Zealand 2014 (and the earlier Giving New Zealand reports) is invaluable.

Those of us fortunate enough to live in New Zealand have won the lottery of life, and I believe we have a collective responsibility to give back. As Giving New Zealand 2014 confirms, we are a generous people, with more than half of philanthropic donations coming from personal giving, and the remainder from trusts, foundations and business.

The onus is on those of us in the philanthropic sector to make giving easier, and to this end we have established the Perpetual Guardian Foundation, Giving@Perpetual Guardian and Payroll Giving, the latter of which gives salaried workers a quick and effective means of donating to charity. Perpetual Guardian is matching each of its employee's donations dollar for dollar, and I would encourage other companies to do the same. This enables staff to decide how funds are used, making them the keepers and protectors of their own legacy.

The mission of the Perpetual Guardian Foundation is to create everyday philanthropists through what is essentially crowdfunding for charities. All philanthropic endeavours, in our view, should allow donors to maintain their own financial and personal goals, and the Perpetual Guardian Foundation and Payroll Giving are structured to support this.

On behalf of my colleagues in philanthropy and personal client services at Perpetual Guardian, thank you to all who contributed to Giving New Zealand 2014. Here's to an ever brighter and more generous future.

Andrew Barnes
Philanthropist & Managing Director
Perpetual Guardian



Many thanks to the following Philanthropy New Zealand members for their generous support for this report:



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ISBN 978-0-473-34168-8