

## Focus on Generosity

- a discussion paper series -

### What do we know about generosity in New Zealand?

#### **Discussion Paper 3**

*This paper builds a picture of what we know about how people currently give in New Zealand, identifies gaps in information and the challenges for the future of generosity.*

*This paper is the third of a series to stimulate discussion between the Generosity Hub members, advisors and others in order to guide the work of the Hub. For information on the series and Promoting Generosity initiative see <http://www.ocvs.govt.nz/work-programme/promoting-generosity.html>*

#### **How generous are the people of New Zealand?**

There are many ways in which New Zealanders describe how they give. Philanthropy refers to giving of money, but the word “charity” is also used to refer to monetary, in-kind and acts of kindness. The terms “community and voluntary sector” and “non-profit sector” sector are also used to refer to community organisations, including charitable trusts. This is perhaps a reflection of the many ways that people and organisations give and receive.

In this discussion series Generosity is defined as acts of giving, whether of money, time, in-kind or acts of kindness. Givers are broadly categorised as: personal (individuals), community/philanthropic, statutory grantmakers, and business. Government also has a role in supporting, funding and regulating giving.

This paper is not intended to be a comprehensive review of information, but rather to build a picture of what we know about giving and provoke discussion. Differences in collection and sourcing of data make it difficult to assess the full quantum of giving in New Zealand. A number of research projects in recent years have shed light on the amount of giving in New Zealand but do not give a full picture and much information is anecdotal.

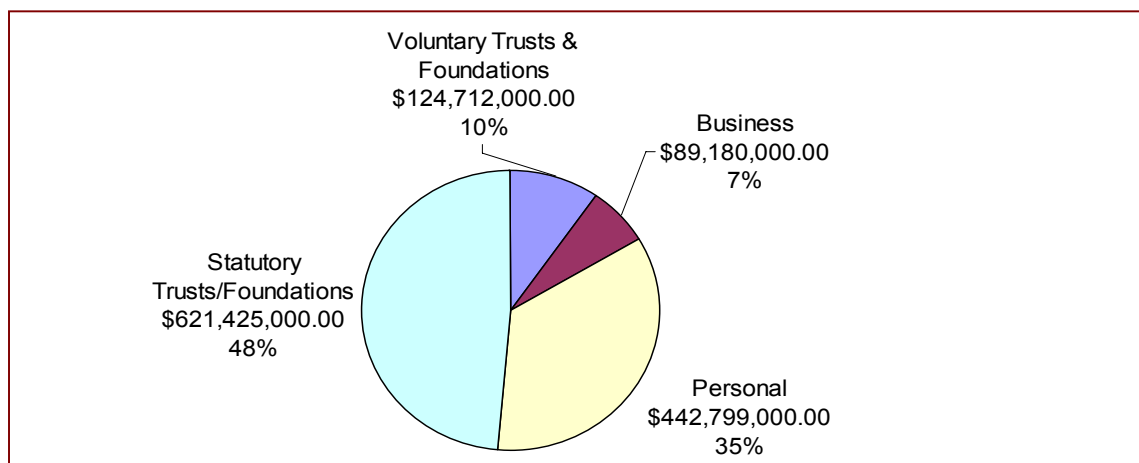
#### **Overall generosity in New Zealand**

Business and Economic Research Ltd (BERL) estimated in 2006 that total philanthropic (monetary) giving in New Zealand was \$1.27 billion, of which: 7% was contributed by business, 34.8% personal and 58% trusts and foundations (Philanthropy New Zealand 2007). Of the trusts and foundations, around one sixth are voluntary trusts and foundations and the remainder statutory grantmakers (Philanthropy New Zealand 2007).

*Promoting Generosity* growing the level of giving in all its forms in our communities

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Figure 1: Philanthropic Giving in New Zealand 2006



Source Philanthropy New Zealand (2007) *Giving New Zealand: Philanthropic Funding 2006*

Around 5.9% of total giving (\$74.9 million) was personal bequests, representing an increase in the average bequest of 9.6% per annum since 1996 (Philanthropy New Zealand 2007). Research on the New Zealand non-profit sector, using slightly different definitions and data, has estimated total philanthropic giving at \$1.6 billion, of which \$850 million was personal giving (Sanders et al 2008).

In 2004 Statistics New Zealand (SNZ) estimated that **1.2 million** volunteers worked in the non-profit sector, contributing around 2.3% of GDP (\$3.31 billion) in volunteer labour contribution (SNZ 2004). These figures only include those individuals who identified giving their time as volunteering to an organisation.

### How do we compare with other countries?

The giving of money (philanthropy) in New Zealand is distinctive in that it includes giving from statutory grantmakers. These are organisations with an explicit statutory or legal imperative to give, such as gaming machine trusts, energy trusts and community trusts. Research on the New Zealand non-profit sector in 2004 estimated revenue from private philanthropy at around 1.1% of GDP (Sanders et al 2008). If revenue from the statutory trusts is omitted, giving reduces to around 0.9% of GDP (Sanders et al 2008).

This level of giving of money compares favourably with Commonwealth countries such as Canada, Australia and the United Kingdom. Saints Information reported in 2006 that the level of giving in New Zealand is substantially less than giving in the United States of America, the site of the earliest and most continuous efforts to encourage generosity (Philanthropy New Zealand 2006).

Saints Information also noted that “tax provisions not only provide incentives but are also a powerful signal of the importance our society places on giving” (Philanthropy New Zealand 2006). In 2008, in line with practice in the United States and other countries, New Zealand removed the thresholds limiting tax benefits claimable for donations.

In line with international practice, New Zealand is starting to develop initiatives to encourage giving, such as payroll giving, E-philanthropy and tax incentives for volunteers. Saints Information report there is interest in developing initiatives that help

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young people understand and participate in giving, such as the UK Youth Bank, or that promote giving as part of civic education (Philanthropy New Zealand 2006).

In 2004 SNZ reported that around 31% of the New Zealand population volunteered for non-profit organisations (SNZ 2004). This figure compares favourably with the United States and countries such as Canada and Australia, but is less than the United Kingdom, although the number of hours worked by New Zealand volunteers is much higher.

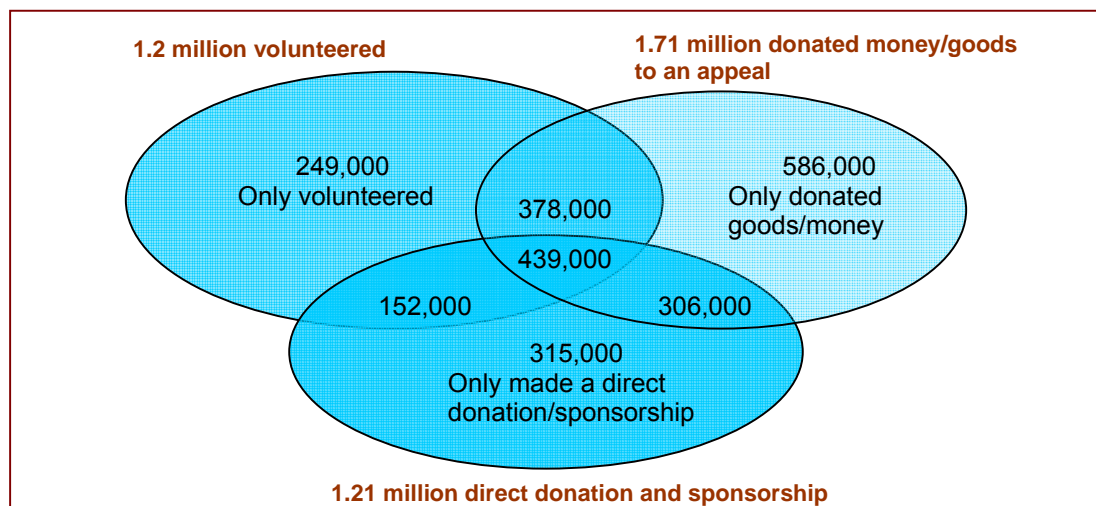
Differences in giving between cultures may mean that statistics do not capture all giving or do not present directly comparable information. In *Mahi Aroha* in 2007, researchers commented that Māori and Pacific peoples regard giving as a central part of their cultures, wherein people are collectively contributing to the common good (OCVS 2007). For instance, they would not generally regard their unpaid work as volunteering, but as work performed out of love, duty or caring.

### Personal giving in New Zealand

New Zealanders aged 10 and over were surveyed by Nielsen Company over 12 months in 2007 about their support of the community sector during the previous 12 months (Jones 2008). Of those surveyed:

- an estimated **75.4% (2,717,00 people)** personally supported the community and voluntary sector by giving time, money or goods
- an estimated 47.4% of the population made ad hoc donations of goods or money to an appeal and just over one third made a direct donation or sponsorship
- in total 60.3% (around 2.1 million people), gave donations
- around 33.8% (1,217,000 people) are estimated to have volunteered and 80% of these also donate in other ways
- another 23% purchased products or provided support in other ways (Jones 2008).

**Figure 2: Levels and types of support for the sector in the previous 12 months, shown as a breakdown of the people aged 10+ who supported the community**



Source: Jones, N (2008) *How Do New Zealanders Give? Towards an understanding of generosity in Aotearoa New Zealand*

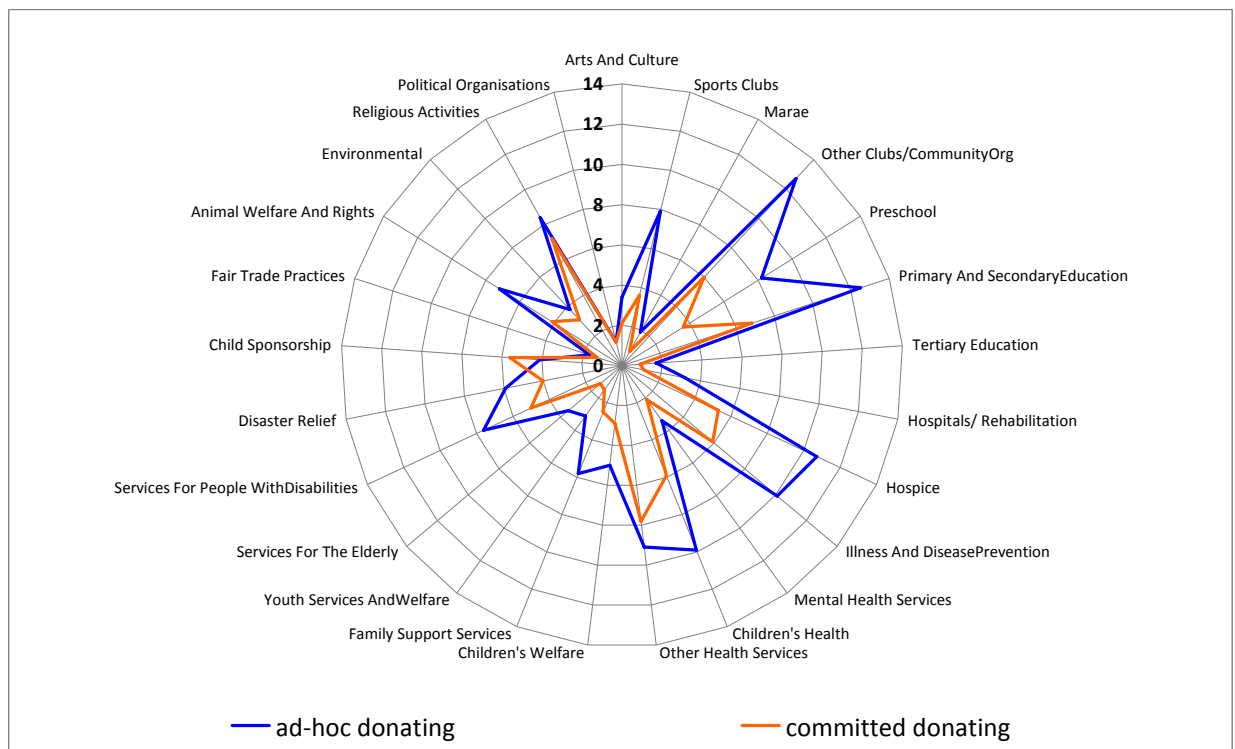
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Figure 2 summarises the three main types of support: volunteering, donated goods/money and direct donation/sponsorship. Many people provide support in more than one area. In the figure the overlapping areas show the numbers of people who are involved in more than one activity, eg 439,000 people volunteer, and donate goods/money, and make a direct donation/sponsorship. The sum of all the numbers in each oval represents the total number involved in that area of support.

If we were to draw a picture of the typical giver she would be a middle aged female, preferring to give ad hoc donations than sponsorship, and predominantly supporting her local school, sports teams, clubs and community organisations through volunteering!

The most common form of support was by ad hoc donation of money or goods to an appeal, with the highest level of support for *other clubs/community organisations* and *primary/secondary education*<sup>1</sup>. The highest level of support for direct donations is *other health services, religious activities* and *primary/secondary education*. Overall just over 1 million people supported the primary and secondary education sub-sectors and the majority of people supported more than one subsector. The highest levels of volunteering are in sports clubs, pre-school and other clubs and communities (Jones 2008). This may reflect a link between giving and the different life stages and interests of individuals.

**Figure 3: Ad hoc & committed donating by subsector - percentage of total population 10+**



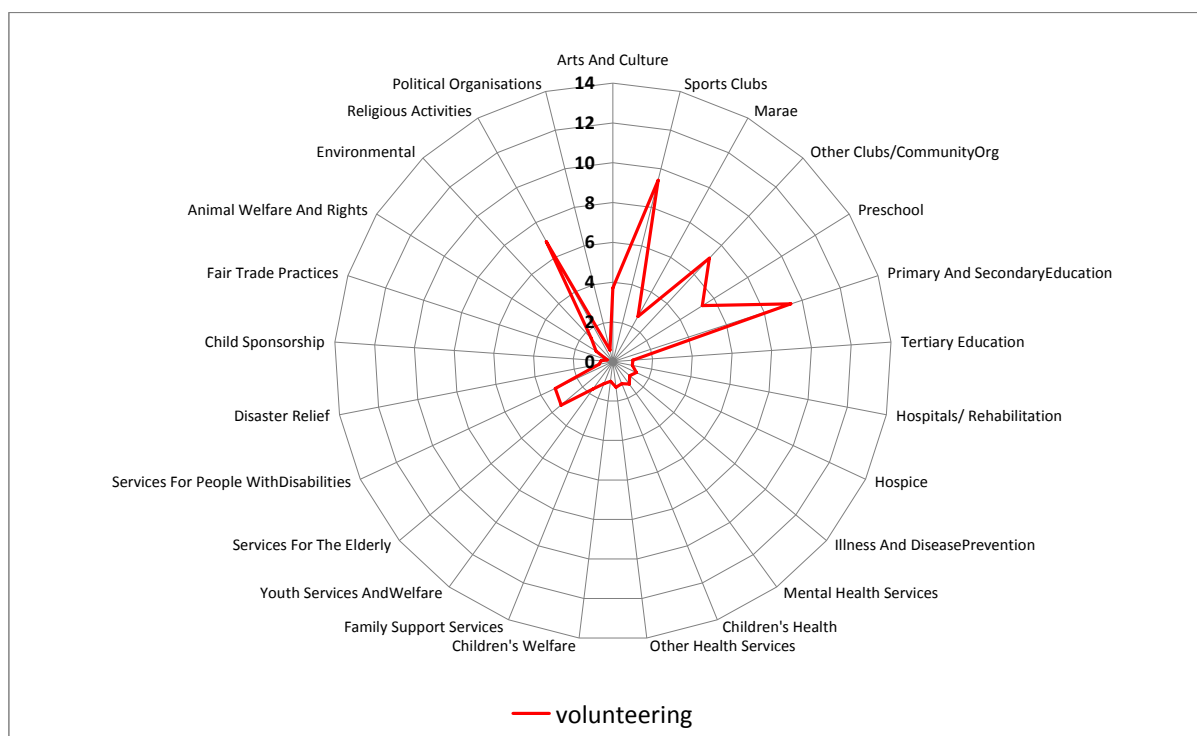
Source: Jones, N (2008) *How Do New Zealanders Give? Towards an understanding of generosity in Aotearoa New Zealand*

<sup>1</sup> Data was collected for 25 sub-sectors, adapted from the Johns Hopkins University International Classification of Non-profit Organisations. These are illustrated in figure 3.

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More women than men made ad hoc donations, direct donations and sponsorship and females between the ages of 30–59 years tend to donate most. More women than men volunteered and the strongest base of volunteering is in the 30-49 age group. There is no significant skew by region or urban status for the level of donating, although volunteering has a skew towards the rural areas and the South Island (Jones 2008).

**Figure 4: Volunteering by subsector - percentage of total population 10+**



Source: Jones, N (2008) *How Do New Zealanders Give? Towards an understanding of generosity in Aotearoa New Zealand*

### Community/charitable giving and statutory trusts

Community/charitable giving comprises a broad range of philanthropic trusts and foundations, such as voluntary trusts, universities and other tertiary education institutions and trustee administration companies that give money. Statutory trusts include community trusts, energy trusts, licensing trusts, gaming machine trusts and the Lottery Grants Board.

Lee Stevens and his father established a charitable trust in memory of their mother and wife nearly 40 years ago. The trust had modest beginnings, as this was by no means a wealthy family. After the death of his father, Lee carried on the legacy contributing financially to the trust on the anniversaries and birthdays of his late parents. The trust's total grants since inception are now in excess of \$900,000.

In 2006 BERL reported that philanthropic trusts and foundations gave around \$742 million. Of this, 16% was by voluntary trusts and foundations, 15% from community trusts, 16% from energy trusts, 36% from gaming machine trusts, 15% from the Lottery Grants Board and 2% others (Philanthropy New Zealand 2007).

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BERL refers in 2007 to information from the Funding Information Service (FIS) and trustee administration companies that around 620 voluntary trusts, such as family, iwi and individual trusts were giving \$23.9 million (Philanthropy New Zealand 2007). Anecdotal information suggests that many voluntary trusts are not registered on the FIS and that a figure of around 1,300 voluntary trusts would be more accurate. BERL research in 2006 indicated an annual granting figure of between \$114million and \$117million (Philanthropy New Zealand 2007).

There are also informal charitable entities, such as some faith-based organisations and family/whanau structures that give to their own and other communities, and that may not show up in these figures.

### **Business giving**

Larger businesses tend to give in different ways from small businesses. In 2007 Collins noted that larger New Zealand businesses are increasingly interested in giving at a corporate level (Collins 2007). Most look to add value and use their skills to aid charities whilst getting some corporate benefit (Collins 2007). Corporate giving includes: Corporate Social Responsibility (CSR), corporate volunteering, and donations of money and expertise.

AMP spent a day with the Northern Affiliate of NZ Federation of Family Budgeting Services (NZFFBS) advisers delivering a workshop around the processes and complexities of mortgagee sales. This came about in response to the spike in mortgagee sales across the Auckland Region. The NZFFBS advisers shared scenarios for many families in crisis and the AMP team advised them on how best to support their clients. The AMP team gained a real understanding of the level of hardship families are currently experiencing. Workshops now take place around the country.

In 2006 BERL estimated that large businesses (with revenue of more than \$5million) gave around \$254million a year, of which around two thirds was in the form of sponsorship (Philanthropy New Zealand 2007).

However the majority of New Zealand businesses employ less than five people (SNZ business demography statistics 2008). These businesses frequently operate in or are connected to local communities, where their giving forms an investment in community life and cohesion. Most schools and sports groups rely on in-kind support and donations from local businesses, whether for the sausage sizzle or sports uniforms.

### **How do New Zealanders give?**

#### **What encourages New Zealanders to give?**

Research has shown a connection between giving and involvement in the community, and that “volunteering reflects direct engagement in community life and active-community-based society” (Putnam 2000), (Jones 2006). New Zealanders frequently connect with one another to give, whether time, money, in-kind; whether at the church, the school or the sports ground.

Personal and cultural values and life-changing events such as birth of children, serious illness, retirement or external catastrophes can influence what and when people give. Research by K. H Erskine identified seven motivators for giving: altruism, appreciation, competition, devotion, guilt, self interest and tradition (Philanthropy New Zealand 2006).

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In the sport and recreation sector core values for volunteers were found to be: generosity, love of sport, social connection and appreciation (SPARC 2006).

For Māori and Pacific peoples giving is more about supporting and assisting one another, from a sense of obligation and duty, within a collective tradition and concern for the whole community. For Māori it's about *mahi aroha*, the unpaid activity performed out of sympathy and caring for others in accordance with the principles of tikānga to maintain mana and rangatiratanga, rather than for financial or personal reward (OCVS 2007).

How do young Māori and Pacific people view traditional concepts of giving?

Wealth and employment also affect individual giving. Wealthy people with high levels of disposable income tend to give in different ways from the less well off (Philanthropy New Zealand 2006). They tend to use formal structures such as private philanthropic trusts, to manage their giving and have very clear ideas about how the money should be used.

There are many activities such as International Volunteer Day, the website [www.helpothers.org](http://www.helpothers.org) and local government community awards that publicise and acknowledge generous acts in New Zealand. However, overt encouragement of giving per se is limited. Many schools promote the value of giving in activities such as the 40 hour famine, values-based programmes, volunteering or acknowledgement at prize giving ceremonies, but giving is not part of formal civic education.

Should central government have a role in providing an enabling environment to grow the level of giving?

### Methods of giving

There is little New Zealand research on methods of giving, but anecdote and observation suggest that new ways of giving are emerging. Personal approaches are still the most powerful way of encouraging giving. In 2008 Tony Pilalis & Associates surveyed direct mail fundraising by a small number of non-profit organisations. A key finding was that the more personalised the communication and the more developed the relationship with the donor, the more likely the organisation will be to get a response and the bigger the donation is likely to be (Fundraising NZ 2008).

Dutch research in 2004 suggests that where the giver and the beneficiary are less distant and where the giving is a more effective contribution to the well-being of the beneficiary, the more people are likely to give (Bekkers 2004). However, advances in information technology are enabling people to give at a distance, in some cases with no personal involvement in the recipient. For example, Kiva provides a website for “everyday people to provide interest-free *micro* loans to entrepreneurs in developing countries” ([www.kiva.org](http://www.kiva.org)). A more consumer-led approach to giving is also perhaps emerging, where giving provides a benefit to and fits with the giver's lifestyle, for example exotic holidays that include volunteering, or the Oxfam Unwrapped scheme<sup>2</sup>.

Is giving becoming more impersonal?

As noted above for Māori and Pacific people the term “volunteering” does not express their approach to giving. In the Pakeha community many people who give their time and expertise also do not regard themselves as volunteers; for example, the parent who coaches the

Is greater clarity needed around how givers are described?

<sup>2</sup> Instead of purchasing a gift for someone, the gifter donates money to Oxfam, which is used to provide help to someone in need, eg a goat, seeds, clean water. [www.oxfamunwrapped.org.nz](http://www.oxfamunwrapped.org.nz)

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sports team may see the role simply as supporting his/her children. It may be that traditional terms such as volunteer, charitable giving or philanthropy do not reflect ways in which people give.

The growth of social entrepreneurship is symbolic of the innovative ways in which giving in its widest sense has been changing. Sometimes altruism and business acumen connect for their mutual benefit in initiatives set up to make money in order to support charitable objectives. Other initiatives are driven as much by sharing resources as donating them; for example, the freecycle website is based on people freely giving or requesting unwanted goods.

DineAid is a charitable initiative of the NZ restaurant and hospitality industry. It raises money at Christmas time by a voluntary addition to the diners' bills in participating restaurants. All donations are distributed to selected charitable organisations.

### **Gaps and challenges**

There are gaps in our knowledge and understanding of how we can support and promote giving in New Zealand. Recent research is building up a picture of who gives and how they give. As research continues more detail on trends in giving will be established. Better understanding is needed of how people can be encouraged to give, taking into account different cultures and generations, and new ways of giving. Changes in family structures and employment patterns; an ageing population; decreases in traditional church congregations and the current economic downturn will all have an impact on how New Zealanders give. The impact of these challenges is examined in more detail in *Paper 4: What can we do to promote generosity?*

How can we use modern technology and innovations to address these challenges and to grow generosity in New Zealand?



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*Plus discussions with Promoting Generosity Hub advisors and communities-of-interest.*

If you would like to give feedback, or if you have any research, information or experience you think would be useful for the paper series we would appreciate hearing from you.  
You can contact us at [promotinggenerosity@msd.govt.nz](mailto:promotinggenerosity@msd.govt.nz).