



How Rich Listers' wealth is helping New Zealanders



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PHILANTHROPY PLAYS A CRUCIAL part in improving New Zealand society, with private funds stepping in to ease the country's shortfalls. But what entices people to give away large chunks of their money, and how is the sector evolving?

There are various estimates of how big New Zealand's philanthropic sector is, as giving is hard to measure.

Kiwis give about \$2.8 billion annually – but exactly how many people make donations each year is not known and it's hard to identify the sources of some of the largest gifts and donations because so many are given anonymously.

Philanthropy NZ estimates about 55% of giving is personal, 42% is from trusts and donations and 3% is from

BABY BOOMERS ARE THE WEALTHIEST GENERATION NEW ZEALAND HAS SEEN AND MAY WELL BE THE WEALTHIEST WE SEE FOR SOME TIME – GIVEN THE WAY WEALTH IS HEADING – AND THEY'RE THINKING ABOUT LEGACY

PHILANTHROPY NZ CHIEF EXECUTIVE TONY PAINE



Former charity chairman John Peebles thinks the sector needs to consolidate

businesses.

There are some 27,000 registered charities in New Zealand with assets of about \$40b, with annual income of about \$15b. There are also about 110,000 not-for-profit organisations.

In terms of philanthropy giving relative to GDP, New Zealanders are the second-highest donors behind North Americans, slightly ahead of Canadians and well ahead of Australians.

"Because a lot of philanthropy flies under the radar, it's pretty hard to measure accurately. We don't really know how big the generosity engine is, if you like," Philanthropy NZ chief executive Tony Paine says.

"You don't have to be rich to be a philanthropist – New Zealanders across the board give generously to charities and community causes. A lot of it is uncounted as some people like to remain anonymous and humble in the good old Kiwi fashion.

"Another reason people choose to remain anonymous is if they become higher profile, they'll have more worthy causes beating a path to their door, which would be harder to deal with."



Sir Stephen Tindall takes a business approach to his charitable foundation

A JB Were report into the charities sector published in March last year puts philanthropy at about 15% of the charity sector income, with about half these donations coming from individuals and another 15% through family trusts and bequests.

Possibly the biggest single donation

in the last year was Wellington property developer Mark Dunajtschik's \$50 million toward a new children's hospital.

Mr Dunajtschik, who has supported causes for decades without recognition, is building the new hospital with property partner Grant Corleison as they believe they can do it faster and more cheaply than government departments can.

"I want to build the hospital, not just write out the cheque," he says.

PHILANTHROPY EVOLVES

Mr Dunajtschik's attitude reflects the changing nature of philanthropy. Many philanthropists traditionally left a lump sum in their will to a cause close to their hearts and, while bequests still make up an important part of the sector, donors increasingly want to see their money do good while they're still alive.

Baby boomers play a large part in this. "They're the wealthiest generation New Zealand has seen and may well be the wealthiest we see for some time – given the way wealth is heading – and they're thinking about legacy," Mr Paine says.

"Globally, there is \$9 trillion of intergenerational wealth transfer that's going on and a good chunk of that will go into philanthropic giving."

People are becoming more strategic about how they give – trying to be the fence at the top of the cliff rather than the ambulance at the bottom, Mr Paine says.

"We're seeing philanthropic money going a little deeper, rather than trying to spread itself too thinly. They're really trying to change the dialogue for crises such as poverty or homelessness.

"We face some pretty significant challenges in our world at the moment. Philanthropists internationally and in New Zealand are asking: What part do we play in responding to these problems?"

"If you look at the giving of people like the Tindalls, the Todds and the McKenzies, philanthropy is becoming a more relational, by walking alongside organisations rather than just sending a cheque."

BURRRING THE LINE

There is also a lot more entrepreneurial interest in philanthropy. While social enterprises aren't strictly philanthropists, more companies –

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such as KiwiSaver manager Simplicity – are actively donating and there's a sense of urgency that business needs to step in to address the country's problems.

"The traditional path to philanthropy where a person or family builds a business and then cashes up and turns to philanthropy is changing – people are building giving in to their business's DNA right from the get-go," Mr Paine says.

"There's a desire to not hang around and wait until you're well set up before being generous. Plus, millennials want to work for organisations where they can see purpose as well as profit, and so we're seeing more of a blurring between philanthropy and business."

Family foundations and trusts – many of them set up by NBR Rich List families – remain the core of the philanthropic sector. They often employ fund managers to build the capital and direct dividends into causes they support, and expect certain outcomes from their capital.

The Charities Commission shows the Todd Foundation has total assets of \$31.9m and paid out \$5.6m in 2017

to create sustainable social change for children and families. Its founders, the notoriously private Todd family, declined to comment for this article.

Another family-giving vehicle, the JR McKenzie Trust, distributed \$3.8m in 2017 from revenue of \$6.5m, much of it from dividends from its 51% stake in Rangitira Investments. The trust, which was founded in 1949 and has become multi-generational, focuses on disadvantaged children and their families, Maori development and social justice issues.

One that uses a spend-down model, giving away the capital rather than the income, is the Next Foundation. This was set up by Neal and Annette Plowman in 2014 with \$100 million to be spent over 10 years in environment and education.

It has made 13 grants over four years, working toward a predator-free New Zealand, and education in the first 1000 days of life.

SO WHY GIVE AWAY MONEY?

In the Plowmans' case, it's a burning desire to contribute to a better New Zealand, the foundation's chief



Auckland Foundation chairman Geoff Clews says joining a community foundation is an efficient way to give

executive Bill Kermod says.

"They see an obligation for people like them, who have been fortunate enough to end up in the position they have, to use that wealth to make things better for others.

"There has been enormous wealth generated over the past 30 or 40 years and more people have wealth at an earlier stage of their life. Philanthropy is a great vehicle for making a difference."

One of the most well-known foundations is the Tindall family's one, which helped introduce the idea of community trusts to New Zealand.

"We've been in it for 22 years now and it's been a slow build," The Warehouse founder Stephen Tindall says.

"If you've been successful it's a great way to give back. We recognise our

retail businesses have done well over the last 36 years and, as they've grown, it's also good to share some of the dividends with New Zealand."

Sir Stephen remains humble about the impact his foundation has had on New Zealand's society. But the foundation has donated \$163m since it was set up in 1994 (it gave away \$10.3m in the year to March).

Causes include Christchurch earthquake recovery, supporting families and social services, and the environment.

The Tindalls work closely with other Rich List family foundations – such as the Todds, McKenzies, Hugh Green Foundation and the Fletcher Trust – to make sure they have maximum impact.

"We all keep in touch with each other so, if there's something that really needs





TO READ THE FULL RICH LIST:
WWW.NBR.CO.NZ/RICHLIST



Neal & Annette Plowman want to contribute to a better New Zealand

IF YOU LOOK AT THE GIVING OF PEOPLE LIKE THE TINDALLS, THE TODDS AND THE MCKENZIES, PHILANTHROPY IS BECOMING A LOT MORE RELATIONAL, BY WALKING ALONGSIDE ORGANISATIONS RATHER THAN JUST SENDING A CHEQUE

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» a good push, we'll jointly fund things. We know where people's strategies and priorities lie," Sir Stephen says.

"Co-ordination and dialogue with the government are also important, as long as each party knows where their strengths lie, so we can complement rather than oppose each other."

The foundation "takes a business approach" to philanthropy, looking at KPIs and financials, continuously trying to do things better and sometimes pivoting, he says.

"A little like what we do with our venture capital business K1W1, if something isn't cutting it, then we might use that money for something else."

Sir Stephen sees New Zealand's biggest issues as poverty, homelessness, inequality and housing. "If you could help solve housing deficits you'd solve a

few of the other problems."

He is "absolutely" hopeful these problems will be solved, although "it won't happen in my lifetime."

"You've got to be optimistic that people will continue to work together to solve these things. It's not going to happen overnight but, provided everyone mucks in, we can certainly make an improvement."

MAKING PHILANTHROPY ACCESSIBLE

He emphasises the importance of community foundations, which take care of compliance and administrative matters, investment and governance, to get the flow of philanthropic money to worthy causes.

"A lot of your readers might think they'd quite like to give money but don't know how. The good thing about community foundations is they're

run by professionals who have great ideas of where money needs to go – or you can decide. It's the easy way to be a philanthropist."

Auckland Foundation outgoing chairman Geoff Clews echoed this sentiment.

"For the first time in the economic situation of this country, the opportunity exists for substantial transfer of wealth as the baby boom generation comes into retirement.

"That has to go somewhere – you can't take it with you – and there are people who, having had a very successful career, are looking around for what they need to do to give back. Often, they know simply passing it to the kids will ruin them.

"While in the past, New Zealand had a few high-profile philanthropists – the Watties, the Elliots and so forth – there's now a part of our society which is not high profile but is substantially wealthier than generations before and is looking for the opportunity to give back. That, more than anything, is leading to a new importance for philanthropy."

The Auckland Foundation has attracted \$27m in bequests over the past four years and has paid grants of more than \$1m a year for the past three years.

Philanthropy is for every New Zealander, not just those on the Rich List, Mr Clews says.

"The idea the Auckland Foundation 'isn't for me because my money isn't big enough' is something we'd greatly like to get rid of. Some giving circles will meet monthly for a dinner and drop \$50 into a tin. The reality is people can begin to make a difference for a small amount of money, as long as they bring to that a level of discipline or management.

"There is a growing awareness that we

Sources of New Zealand philanthropy



Source: Giving New Zealand Philanthropic Funding 2014, Statistics New Zealand

all have a responsibility to do what we can meet the needs of our society. The reality is the governments – national and local – can't do it all."

SECTOR INEFFICIENCIES

Philanthropy is hard to quantify and those in the charities sector acknowledge its inefficiencies.

"We have a huge number of charitable organisations, all which are struggling for a limited resource base, and to consolidate those in some way would have to be a good outcome and would do away with inefficiencies. To be in a country of five million people with 26,000 charities is a clear signal there are a lot that are unfocused and inefficient," Mr Clews says.

The Auckland Foundation has been making approaches to organisations that appear to be struggling, and offers a solution to consolidate. "Every cent of social capital is exceptionally important. You can only spend it once."

John Peebles, who has directed many charitable organisations, argues the New Zealand charitable sector has a significant problem – it's splintered and messy, with too many supporting similar causes.

What this means is for all Kiwis giving, too much money is being spent on day-to-day costs of running a charity, and not enough on the collective cause these charities intend to support.

Dr Peebles points to the service dog sector. There is the Mobility Assistance Dogs Trust (of which he is a former chairman), which provides trained assistance dogs for people living with physical disability. The Blind Foundation trains dogs to support those with vision impairment, and Hearing Dogs NZ does the same for the hearing impaired. Then there are Assistance Dogs New Zealand Trust, Perfect Partners Assistance Dogs Trust and more.

"Each of these organisations operates as a charitable trust, with all the benefits and obligations that entails, and each is providing crucial services but their separate operations come at a considerable cost, and no charity ever has enough money to help all who need it."

He suggests the government should put more parameters around the sector and mandate charities must merge to share administration costs and facilities, although the charities could keep their names and separate images.

"It would need to be regulated ... as people get very grumpy and jealous about losing their turf."



Philanthropy NZ chief executive Tony Palne says a lot of philanthropy flies under the radar