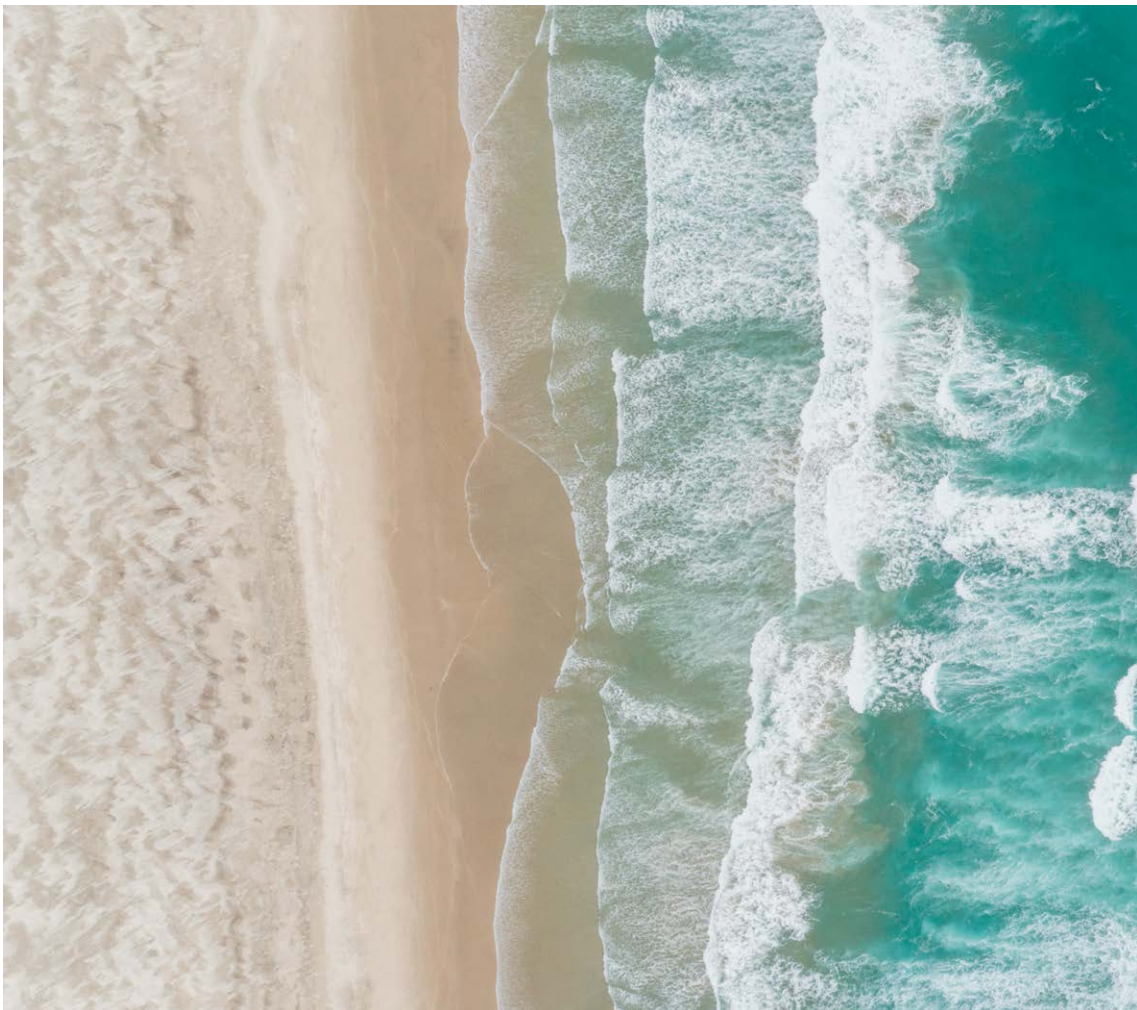


JBWere



2021 New Zealand Cause Report

September 2021

PUTTING WEALTH TO WORK FOR GENERATIONS

2021 New Zealand Cause Report

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About JBWere Philanthropic Services


The mission of the JBWere Philanthropic Services team is 'inspire and support our clients to create lasting positive impact.' JBWere is the leading provider of investment and philanthropic services to the for-purpose sector in New Zealand and Australia, currently entrusted with funds under management of over \$12b by purpose-led clients. We partner with a broad range of purpose-driven organisations including charities, membership organisations, educational institutions, religious entities, iwi / Māori organisations, health and medical research institutes, community service organisations, corporate and family foundations.

JBWere Philanthropic Services partner with our for-purpose clients to understand and evolve their vision, mission, strategy and capability through:

- Best practice for-purpose governance;
- Research, education and insight;
- Tailored strategic advice; and
- Convening and facilitating connections.

To discuss how we might be able to work with you, please contact John Morrow on +64 21 441-087 or John.Morrow@jbwere.co.nz.

Please visit www.jbwere.co.nz to download a copy of this report.



E ngā mana, e ngā reo, e ngā kārangaranga
maha – tēnā koutou katoa. Kei te mihi ki a
koutou e pānui ana i tēnei rīpoata.

He nui ngā mahi a ngā iwi i runga i te
whenua mō te aroha ki tētahi ki tētahi me
te manaakitanga o te Taiao.

E te iwi, ka mihi rā,
ka mihi rā – tēnā koutou katoa.

Forewords



Four years have passed since we released the 2017 New Zealand Cause Report, recognised now as a leading reference resource for Aotearoa New Zealand multidimensional charitable and broader for-purpose sector.

We recognised it met a need, and we were determined to publish an updated report, augmented with more analysis and insights. That the financial reporting year ending 31 March 2020 was the year we chose to utilise coincided with New Zealand's first uncompromising Alert Level 4 lockdown response to the Covid pandemic, was initially a natural coincidence but has created the opportunity to use this report as a 'before Covid' picture. The impacts of Covid are still unfolding and we speak to the situation in an enclosed section. We anticipate that when more time has passed, our next Cause Report edition will provide a deeper picture of the effects of Covid on the sector.

JBWere has studied the impact of past economic challenges and their influence on the charitable and broader for-purpose sector. Whilst extrapolating historic trends into these extraordinary times is not free from challenges, we share our observations and trend analysis as one possible reference for the sector. We have reason to be optimistic – we are heartened by the innate resilience and we honour the role our charities and other for-purpose organisations are playing in reframing New Zealand's future.

It takes many months to compile the data and to undertake the research to produce a report of this scale. As a leading provider of investment, governance and strategic advice to the sector, we undertook this mahi to be better able to advise our charity and other for-purpose clients, to be a catalyst for discussion and to position the for-purpose sector appropriately as a vital part of the fabric of our society. We are committed to investing our resources to provide insight and advice to our clients and are most satisfied when we can assist them to better steward and deliver on their missions.

I would like to acknowledge our Philanthropic Services team and extend my thanks to our clients and colleagues who have collaborated with us on this report.

We hope you find this account of Aotearoa New Zealand's charity sector helpful and that it successfully provides you with a deeper understanding of the breadth and strength of the sector, as well as highlights potential future challenges and opportunities for you individually or as an organisation. We know from our 2017 Cause Report that sector readers will dive quickly into the detailed analysis of their own subsector – our aim has been to help you benchmark your organisation and further develop your strategy. I am proud of the role JBWere plays in supporting the charitable and broader for-purpose sector and I encourage you to engage with us and challenge our thinking by contacting the JBWere team.

Craig Patrick,
Head of JBWere New Zealand

This timely report was researched and written in the context of Covid-19, and our first nationwide lockdown and published in the midst of yet another community outbreak, making its contents and findings all the more significant.

It is a privilege to contribute to the New Zealand Cause Report 2021 on behalf of Te Pūtahitanga o Te Waipounamu, the Whānau Ora commissioning agency for the South Island.

When Covid-19 arrived in Aotearoa in early 2020 and plunged the country into lockdown, the for-purpose sector rose to the challenge, adapting rapidly to meet the increased hardship and exacerbated needs of our most vulnerable whānau.

The immense value of our networks and sophisticated knowledge of the communities we serve was demonstrated, as organisations across the sector mobilised in action, often in face of reduced resources.

In a time where the focus is more than ever on the efforts of the collective and the team of five million, it is invaluable to have this report as a reflection on where we have come from and a roadmap into the future. He waka eke noa.

That simple phrase has been said many, many times over the past eighteen months and it remains absolutely true – we are all in this together.

Helen Leahy
Pouārahi / Chief Executive
Te Pūtahitanga o Te Waipounamu

As leaders of peak bodies for the non-profit sector, we have a unique perspective. We get to see the big picture and the trends that affect most community organisations.

And what we know is that it's getting tougher every day. The needs are growing and are more urgent; the goodwill and well-being of staff and volunteers is being stretched to its limits.

As this report notes, Covid-19 amplified existing inequities and challenges for communities and the organisations supporting them. While Aotearoa appears to be heading into the home stretch of the pandemic, our country's housing crisis and family poverty show no sign of abating; and the threats of climate change and biodiversity loss grow more real and critical by the day.

Looking ahead to a post-pandemic Aotearoa, many organisations will struggle to support the communities and causes they rally around unless there are big changes.

We need a fresh approach to the way government, philanthropic organisations and non-profits work together.

It's now more important than ever to hear from Māori, Pacific and Ethnic communities, particularly tamariki and rangatahi, and to enable them to bring forward their own solutions without putting the burden on them. We need to see greater tangata whenua involvement in decision-making, and decision-making that is genuinely grounded in Te Tiriti o Waitangi and tikanga Māori.

We want to see funding for existing needs as well as new, creative and innovative approaches that will challenge and disrupt the status quo. Funding is needed for the organisations addressing the system drivers of environmental and social harm. Investment is needed in projects that address intergenerational issues and provide long-term solutions.

Community organisations need funding to keep their doors open and their staff paid – they need funding for operational costs built into every funding contract and project grant. They need to be given breathing space to do the mahi by having simpler and less onerous application and reporting processes. It's essential that funders trust non-profits to spend the money wisely and acknowledge they know where it will have the greatest impact.

Covid-19 has highlighted how vital community organisations are to the wellbeing of New Zealanders and demonstrated that the government cannot do it alone. Those working in the sector have made a huge contribution and shown strength and resilience – but they need the right support to keep at it as we tackle the next decade's social, economic and environmental challenges.

Cath Wallace

Environment and Conservation Organisations of Aotearoa/NZ

Claire Achmad

Social Service Providers Aotearoa

Nikki Hurst

New Zealand Council of Christian Social Services

Rochelle Stewart-Allen

Hui E! Community Aotearoa

It is a privilege to contribute to the New Zealand Cause Report 2021 on behalf of Volunteering New Zealand, the peak body for volunteers and volunteering in Aotearoa New Zealand.

Covid-19 highlights how vital community organisations are to the wellbeing of New Zealanders. Volunteers are a key enabler of our for purpose sector, with almost 90 percent of them relying solely on a volunteer workforce.

This report shows that the Community development, Social services, and Accommodation and housing sectors have seen the largest increases in volunteer support since 2017, reflecting the growing need for these services.

The pandemic is creating challenges across the sector and impacting how we volunteer. Some volunteers stopped volunteering last year, and volunteer programmes changed and adapted. We also saw new and younger people start volunteering.

Volunteers will continue to be pivotal to the shape of the community sector, and how Aotearoa New Zealand recovers and builds back better.

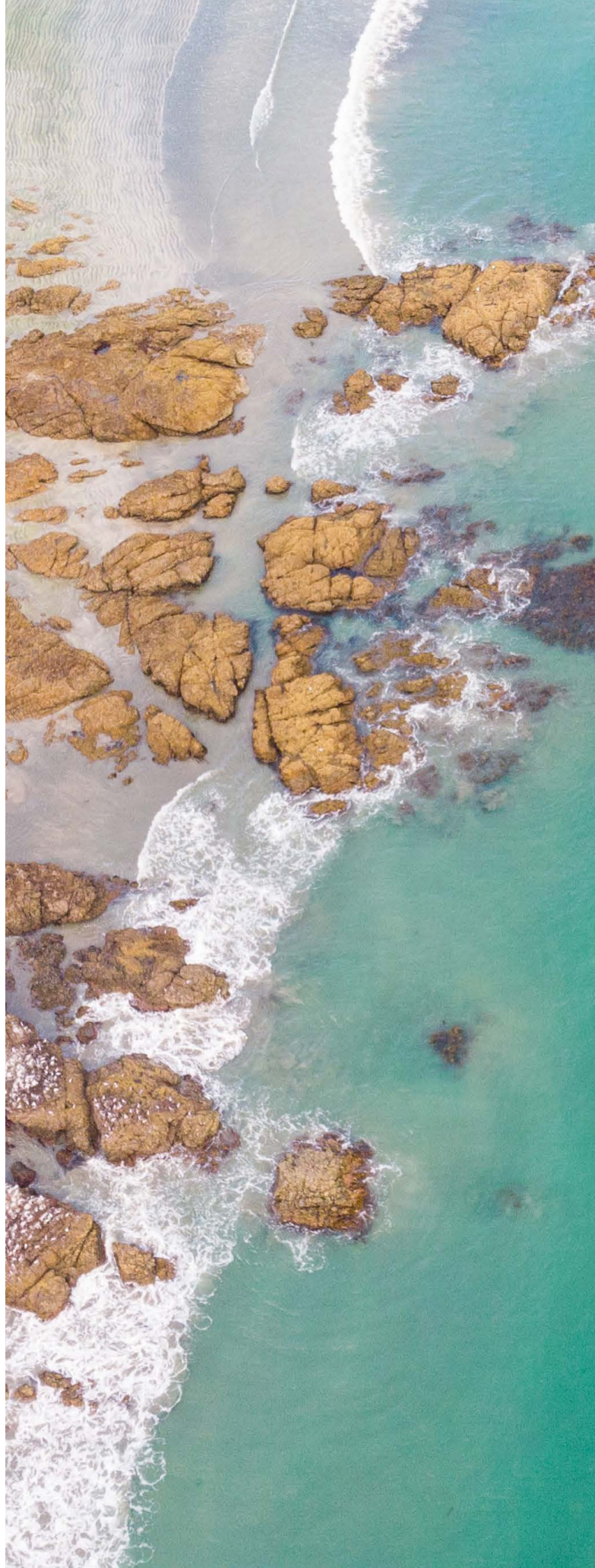
It is essential for our sector to have more, and better, data, insights and analysis as we make sense of both longer term trends, and the impacts of Covid-19. I commend JBWere is driving and delivering this report, and growing the shared understanding as we move forward together.

Michelle Kitney

Kaihautū Chief Executive
Volunteering New Zealand

As the Chair of the MAS Foundation, one of Aotearoa New Zealand's newest philanthropic foundations, I am delighted to contribute to the 2021 Cause Report. Our for-purpose and philanthropic sectors have rarely been quantified or analysed and it continues to be challenging to identify a comprehensive data set. This report builds not only on the 2017 NZ Cause Report, but on research led by Johns Hopkins University in 2005 and it complements research commissioned by Philanthropy New Zealand over the past two decades. The report demonstrates the complexity of the contemporary for-purpose sector and its interrelations with other sectors. What emerges is a picture of a society with a high level of charitable organisations – many of which have been established, funded, deliver on behalf of and one could argue are largely controlled by government, and complemented by a proliferation of smaller locally focussed clubs and charities delivering at a community level. Over time, the sector has provided innovative, culturally appropriate local responses to community needs. The report highlights the continued strength and importance of the sector. Historically New Zealanders have prided themselves on their internationally recognised levels of generosity and volunteerism. This report provides a timely insight into a sector that does not stand alone but that is integrated into almost all aspects of contemporary society and that, as our national response to Covid-19 has demonstrated, will assist us to respond as a nation to the challenging times that we all face.

Jennifer Gill ONZM
Chair MAS Foundation





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Executive Summary

This report is presented in two sections. The first part looks at the big picture of the for-purpose sector, where it fits in Aotearoa New Zealand, trends and changes over the last decade with specific reference to the 2017 New Zealand Cause Report, the relativities between sub sectors and the impacts of Covid-19.

The second part is a deeper look at 19 individual subsectors, made possible by the data collected and published by Charities Services Ngā Ratonga Kaupapa Atawhai and Stats New Zealand Tatauranga Aotearoa. We have also taken this opportunity to broaden the discussion through the inclusions of three sector-relevant insights JBWere considers timely: a charity procurement group approach from State of Flux, a Social Dividend Model derived by former charity chair Justin Stevenson, and a call from the BNZ's chief economist, Paul Conway, to for-purpose organisations and their supporters to give priority to investment in the digital infrastructure of an organisation.

One of the most important aims of the report is to demonstrate how important the for-purpose sector is to New Zealand society. Not only is its scale significant in relation to government, business and households, but its interaction to those sectors is often underestimated. The activities of the for-purpose sector are the fabric of our society and those abroad; it plays a vital role in building healthy communities. This sector provides critical services and support that contributes to socio-economic stability and mobility, and in turn supports a more inclusive Aotearoa New Zealand. Possibly at no greater time have we seen its need than during the current Covid pandemic. Due to the combination of strong local relationships and intimate knowledge of the populations they serve, the for-purpose sector has understood their communities' needs and been well positioned to advocate for the best ways to meet them. For-purpose organisations continue to strengthen our communities in these times, amidst, for many, increased demand and strain on their already limited resources. The sector is also a willing partner – solving social and economic problems by using their resources and local insight to strengthen organisational capacities.

The additional information available on the for-purpose sector since our 2017 report offers a greater level of transparency and an increase in the opportunity for broader learning, innovation and gains in optimising operating models and programme effectiveness.

This sector provides critical services and support that contributes to socio-economic stability and mobility, and in turn supports a more inclusive Aotearoa New Zealand

We make the following observations based on the analysis of the data¹ in this report:

- Since the 2017 report, the key growth indicators for most cause areas continued to rise – whether by income, expenditure or the number of charities. Two areas that have not grown are the annual surplus of the charity sector as a whole, highlighting the continued tight operating conditions, and the number of paid part-time staff, arising from the increased professionalisation in the large sectors like Health requiring more permanent full-time staff.
- While the last full year detailed for the sector only had a month of Covid effect, some trends were already beginning to be seen. The growth rate in charity numbers had already slowed and the level of sector assets plateaued.
- Whilst the number of charities has continued to grow since last reported, it has been at a slower rate. Additionally, in recent years there has been a consistently high number of charities deregistered muting total net growth. A decade ago there were approximately 10% new charities established each year. This number has dwindled to 3% in more recent years.
- The mix of income is harder to determine due to changes in Charity Services definitions of 'donations/koha'. The current broader definition makes comparisons difficult with pre-2016 levels, but totals have remained steady in recent years. Earned income is an important source of revenue. Six of the 19 cause areas are earning over half of their income through trading and only four earn a quarter or less.

¹ It needs to be highlighted that all annual data used from Charities Services in this Report, for year end 31 March 2020, has been through an active cleansing process and so comparisons of charity numbers with either the 2017 Cause Report, or any data on the Charities Services website (including Charities Services' annual review figures) will show different numbers, as those figures are based on different periods of time and with outliers and non-financial reporting ones removed. This report provides an estimate of the difference.

- While not categorised in Charity Services data, the JBWere Support Report 2020² highlighted the global rise of importance and influence of larger donors and the fall in mass market philanthropy and volunteering. Covid has accelerated this trend with the wealth gap continuing to widen in most parts of the world and in philanthropy. This balancing out in totals is consistent with overall steady levels of philanthropy in recent years.
- Since 2016, non-current assets have risen 11% and average non-current assets now make up 52% of charities total assets. In some of the larger charities, land and buildings, as a proportion of assets, have nearly doubled between the 2017 and current report, putting into question if these assets are creating a burden of maintenance and are being optimised for achieving the organisations' missions.
- The importance of volunteerism is still evident yet was on a downward trend in New Zealand pre-Covid and the changing trends of different age and geographic demographics became bolder in the last year.
- Within individual sectors, a number of observations are made including the importance of philanthropy funding for Arts, culture and heritage, which is around double the proportion seen across the charity sector.
- International activities relies even more heavily on philanthropy (including New Zealand government grants) for around 75% of its income. It is the lowest earned income subsector and has one of the lower levels of operational surplus, plus a relatively low asset base compared to total income. With few opportunities to generate trading income it is the sector most vulnerable to a decline in donations. The challenges of middle-market fundraising further accentuate this subsector's marginal sustainability, and supports the case for major donor contributions.
- Religious activities are the largest recipients of philanthropic funds and second largest for volunteering (behind sport), however, following the trend in both the USA and Australia, their share of the philanthropic pie is falling, and the sector faces the same decisions of other asset-rich but income-challenged groups.
- The 2020 Covid lockdowns had the most impact on revenue in Arts, culture and heritage, Health, Social services, and Sports and recreation. These subsectors had the most organisations that experienced more than a 50% decline in revenue.

This report highlights that the non-profit operating model is being placed under additional strain with demand and costs rising whilst already constrained by limited resources. To remain viable and effective, it will need support for investing in core infrastructure, in exploring new ways of telling its impact to supporters and investors, in working collaboratively in the community, and in developing its leaders for a new era. JBWere believes that a robust for-purpose sector is essential for strong communities and for enabling Aotearoa New Zealand to flourish. It will also guide the emerging movement towards a more inclusive and sustainable market economy. We are committed to using our research expertise and connections to help strengthen the sector.

JBWere believes that a robust
for-purpose sector is essential
for strong communities and
for enabling Aotearoa
New Zealand to flourish

² John McLeod, 2020, JBWere 2020 New Zealand Support Report

Introduction

At JBWere, we see the role that the charity and wider for-purpose sector plays in our society. It is active in health, sport and recreation, social services, education, arts and culture, emergency response, and conservation. The services performed to care for, support, rescue, protect, nurture, entertain, educate, enrich and inspire us are critical for the quality of our society, our environment, and for individuals to live healthy, safe and fulfilling lives.

This sector has the potential to build bridges and unite people providing social cohesion and civic engagement. We also acknowledge that the for-purpose sector is intimately interconnected and provides critical services that contribute to economic stability and mobility. Its organisations, in addition to providing a very significant paid and volunteer work force, are also major funders of it, the purchasers of its products, and clients of its services – noting non-profits contributed \$12.1 billion to GDP for the year ended March 2018, equating to 4.2% of New Zealand's total GDP, inclusive of \$4.0 billion in volunteer labour.¹

Frequently, charity and other for-purpose leaders are the advocates of the people they serve. Due to their strong community relationships and local knowledge, these leaders and their organisations often understand better than anyone else their communities' needs and the best ways to meet them. Strong, well-resourced charities and other for-purpose organisations are critical to maintaining the fabric of our society, allowing it to function and prosper and, when closely connected to their communities, can catalyse growth and opportunity.

In an era of growing needs and increasing demand on government services and resources, charities and other for-purpose organisations are being asked to do even more with less, placing additional strain on their operating models, as well as further reliance on donors, and the goodwill of employees and volunteers. The challenges of Covid-19 have, for many, accentuated these constraints and at the same time initiated new collaborations. There are learnings to be gleaned and examples to be followed throughout this broad and diverse sector.

Our volunteer contributions have begun to be measured and valued, but there is still more work to capture the scale and breadth of the sector in its activity and impact. The new financial reporting standard coming into force from 1 January 2022 for the larger and medium sized charities (PBE FRS 48, for Tier 1 and 2 Level charities – over \$2m annual expenses) will provide non-financial information to deepen our understanding of what key charities have been able to achieve in line with their purpose; in time this will assist the provision of in-depth aggregated profiles of the

impact of each charity subsector. There are also some early discussions in New Zealand around the development of a 'social dividend model' that attempts to align a charities' profit and loss statements to what they actually do and measures the scale of their impact². This shares an intent with overseas initiatives to support funding models that better assess the full cost for organisations to deliver on their missions and to be sustainable over time.³ The Government's Living Standards Framework⁴ is informing procurement and emphasising the need to those in the sector engaging with government to better demonstrate impact and contributions to well-being. For now, however, the sector is still largely reimbursed for the expenditure of its projects, activities and programmes, not rewarded for its vital impact.

This 2021 New Zealand Cause Report aims to provide an analysis of the health of New Zealand's for-purpose sector over the past decade, tracking the trends and changes evident from the 2017 New Zealand Cause Report and highlighting the early impact of Covid-19 – the full outcome of which is yet to be seen. The main sources we have examined to develop a comprehensive assessment of the sector are:

- Charities Services Ngā Ratonga Kaupapa Atawhai annual returns information has been used to provide a categorisation of causes and upon which data has been drawn to build a comprehensive picture of New Zealand's for-purpose financial performance. The data set is self-selecting in that it only includes those organisations judging it worthwhile to register as charities and who qualify as having charitable purposes that are for public benefit.
- Stats New Zealand Tatauranga Aotearoa's Non-profit Institutions Satellite Accounts 2018 provides the information about the contribution non-profit institutions make to the New Zealand economy and measures volunteering and unpaid work. Its categorisation of the not-for-profit sector includes and compares financial and non-financial information for the years 2013 and 2018. The 2018 data was compiled from a variety of sources including their own business register, registers held by the Companies Office of incorporated societies and charitable trusts, the charities register from Charities Services, and membership registers of umbrella sporting organisations and other sources.

It is important the reader understands the data available is not exhaustive. Charities Services Ngā Ratonga Kaupapa Atawhai collects data only on New Zealand registered charities which is roughly one-fifth of known not-for-profit organisations. These include certain organisations (such as community trusts and universities) that, by acts of legislation, have charitable status.

¹ Non-profit Institutions Satellite Account 2018, Stats NZ Tatauranga Aotearoa

² J. Stevenson 2021, An introduction to the Social Dividend Model for charitable accounting

³ Refer for example to 'Full Cost Project' initiated by Philanthropy California and Non-profit Finance Fund, and 'The Third Sector Performance Dashboard' developed by Social Firms UK. A helpful UK taxonomy of more than 20 tools for proving and improving impact has been developed by NEF Consulting (UK) and can be found here - <https://www.nefconsulting.com/training-capacity-building/resources-and-tools/tools-introduction/>

⁴ Living Standards Framework - <https://www.treasury.govt.nz/information-and-services/nz-economy/higher-living-standards/our-living-standards-framework>. For example, refer to how it is being applied within play, active recreation and sport <https://sportnz.org.nz/resources/outcomes-framework/>

Charities Services' data is refreshed daily, so taking a data draw on a particular day could look much different on the following day. Stats New Zealand collects data on the broader not-for-profit sector on a periodic, not annual basis, so there are inevitable non-linear movements of data. Because non-profit organisations provide their own information by way of an annual return or similar (and not always by the deadline), this self-reporting creates discrepancies and omissions of information, such as in volunteer numbers or the subsector classification category that they consider best aligns.

It needs to be highlighted that all annual data used from Charities Services in this Report is for all charities with balance dates from 1 April 2019 to 31 March 2020.

The data has been through an active cleaning process by Charities Services based on its understanding of the information provided by charities. For example, there has been removal of data input errors in annual returns that are material, like a charity that has mistakenly inputted an extra zero to report a ten-fold increase in expenditure from the previous year.

Charities Services note there may still be residual outliers in the Register dataset such as some entities counted twice due to charities reporting both parent consolidation, and member returns. The parent consolidation is typically removed but there may be still some duplicates in the dataset, albeit Charities Services do not consider this would result in material differences in the overall count.

There are however other count considerations. Data on the Charities Services website changes as charities report over the year, information run on different days may have different results. Comparisons of data with either the 2017 Cause Report, or any data on the Charities Services website (including Charities Services' annual review figures) will show different numbers, as those figures are based on different periods of time and with outliers removed.

To further clarify, the charity count number in the 2021 Cause Report will be less than the total registered number of charities that did not have an annual return due between 1 April 2019 to 31 March 2020 (due to first year exemptions, or balance date changes), or are in the process of being removed from the Register.

We estimate the number of registered charities that are not financially reporting for these reasons, as at 31 March 2020, and are thus not in the 2021 Cause Report count to be around 3,500 (13%)."

Whilst we recognise the impossibility of providing a 100% true picture of the sector's data, this report examines the trends in the sector including growth, the significant changes over the decade – focussing around the changes in funding mix, expenditure patterns, balance sheet values and staffing.

The first half contains our observations and analysis of the areas where opportunities and challenges for the sector may emerge including a section that addresses the early impacts of Covid-19 on the annual returns of charities with a financial year end date of 30 September 2020 (based on the information filed with the Charities Services Register as of February 2021). Finally, each charity subsector is examined individually deploying a consistent articulation across sectors for easy comparison.

For each subsector (cause area) we provide:

- a description of the sector;
- commentary on significant observations;
- a sector-wide profit and loss profile;
- a sector-wide balance sheet profile;
- a list of the top 10 reporting registered charity organisations ranked in order of gross income;
- charts showing the sector organisations' profit and assets plotted against their income.

Expanding upon our 2017 Cause Report, this updated analysis is augmented to include:

- the cumulative number of charities over the last decade and the number of new charities established per year;
- mean and median values of the sector's total income, expenses and assets;
- a breakdown of the sector's main beneficiaries;
- the various income and asset categorised by decile;⁵
- the changes in income, expenses, assets, liabilities, volunteer, full-time and part-time staff over the past decade and;
- summary details for organisations and groups within the sector, noting the recent demarcation of charity sector category, 'Marae on reservation land'.⁶

The subsector analysis should be considered summaries and we invite the reader to contact JBWere should deeper analysis and insights be of use. We would be pleased to expand on any aspects of the report, spotlight specific deeper analysis, and discuss the opportunities available for your organisation.

⁵ To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organises them from highest to lowest naming the highest (top 10%) as 'decile 1' (D1), second 10% as 'decile 2' (D2).

⁶ 'Marae on Reservation Land' refers to section 5(2)(b) of the Charities Act: a marae has a charitable purpose if (1) the physical structure of the marae is situated on land that is a Māori reservation referred to in Te Ture Whenua Māori Act 1993 (Māori Land Act 1993), and the funds of the marae are not used for a purpose other than (a) the administration and maintenance of the land and of the physical structure of the marae; (b) a purpose that is a charitable purpose other than is regulated here.

What is the for-purpose sector and where does it fit into New Zealand society?

Agreeing on a definition of the not-for-profit (NFP) sector is necessary to conduct a proper analysis. The taxonomy is often is often interchanged including 'charity', 'non-profit-organisations (NPOs)', 'non-governmental organisations (NGOs)', 'non-statutory', 'voluntary', 'non-profit institution' (NPI), 'third sector', and more recently the term 'for-purpose.' In his seminal book, *Charity Law in New Zealand* (2013), Donald Poirier defines not-for-profit as "an organisation that is not a household, government or for-profit business... it does not distribute its surplus funds to owners or shareholders, but instead uses them to help pursue its goals."⁷ Stats New Zealand Tauranga Aotearoa provides five criteria essential to identify a not-for-profit organisation:

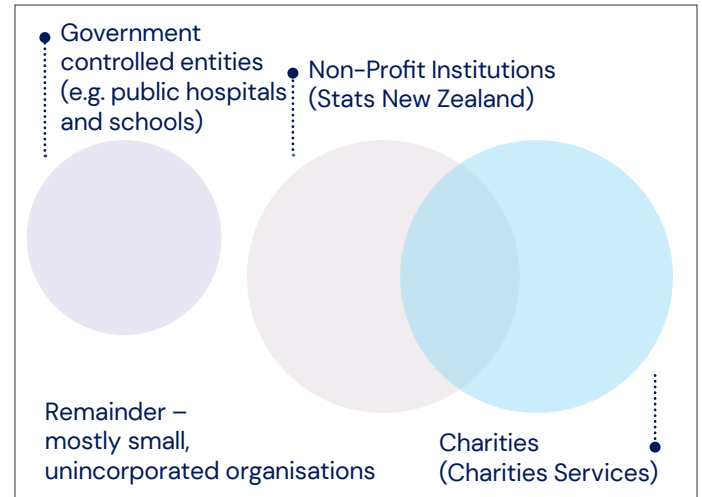
- be organised to the extent that they can be separately identified;
- be not-for-profit and not distribute any surplus they may generate to those who own or control them;
- be institutionally separate from government;
- be in control of their own destiny;
- be non-compulsory in both terms of membership and members' input.

The growing practice of the usage of the term 'third sector' labels the first sector as government, the second as business, and the third as not-for-profit – which appropriately assures its importance to society in terms of economic and social perspectives. Too frequently, the overall sector is naively considered homogenous whilst there is actually myriad diversity and sophistication in the way individual organisations operate. JBWere typically uses the term 'for-purpose' connoting the positive influence the sector has on the well-being of Aotearoa New Zealand, but recognises that 'not-for-profit' is still the most common term to define the sector.

Categorisation of individual organisations can be outwardly confusing (For example, is Plunket a health or education activity? Is Presbyterian Support a religious or social services activity? Is Ronald McDonald House a health or fundraising activity?). There are logical methods to categorise organisations and, fortunately, Stats New Zealand and Charities Services both consistently use the International Classification of Non-Profit Organisations (ICNPO) to categorise their respective organisation groups into subsectors. The New Zealand Standard Classification of Non-Profit Organisations (NZSCNPO) is the actual term used, but for consistency with other international and particularly Australian wording, we have used the term ICNPO. The adaption of the ICNPO into the NZSCNPO only makes minor adjustments around early education, governing tangata whenua institutions and support and ancillary services. This breakdown of causes used by the ICNPO is also the one we have used in the latter part of our report with detailed descriptions included for each subsector.

The image below describes the scale and overlap of the not-for-profit sector.

Not-for-profit sector organisations



Source: JBWere Philanthropic Services

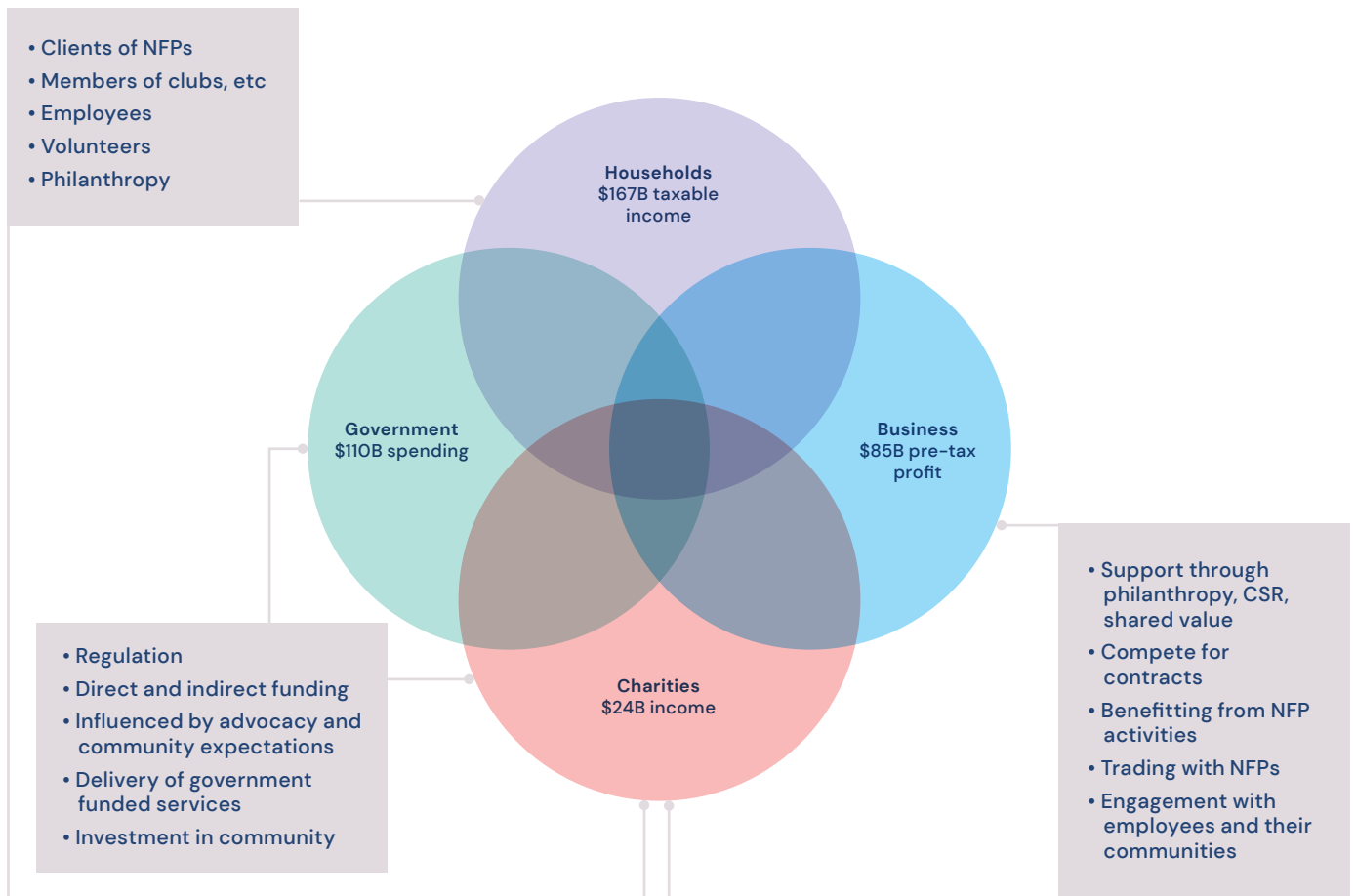
7 D. Poirier 2013, *Charity Law in New Zealand*

The total not-for-profit sector in 2018 comprised around 115,770 organisations, the majority (61% quoted by one academic)⁸ of which were often small, unincorporated associations and often volunteer based. The legal status of the remainder varies, but around 20% are incorporated under the Incorporated Societies Act 1908 and 15% under the Charitable Trusts Act 1957. Just focussing on registered charities, around two-thirds were bodies corporate with 40% of those under the Charitable Trusts Act and 25% under the Incorporated Societies Act. Depending on the activity of the organisation, they may be entitled to tax concessions, including income tax exemption. Those that were registered as charities will have activities that have a particular charitable purpose as defined under the Charities Act 2005 (that relies on long-standing common law charity definitions). Further, these organisations may have 'donee status' allowing their donors to claim a 33% tax credit from donation receipts that were issued. Comparing the Stats New Zealand and Charities Services sets of data, not surprisingly, shows a large overlap, and the totals for gross income is within 10% of one another (after adjusting for universities which are not included in the former). However, within sectors, there are some larger differences mainly due to many more sporting

organisations being 'non-profit' but not qualifying nor choosing not to register as charities. Stats NZ reports that organisations belonging to the 'Culture, Sport, and Recreation category' account for 44.8% of all non-profit organisations.⁹

There is also a significant group of non-profit organisations (mostly government schools or public hospitals) that do not qualify under either of the definitions due to their level of government control. The scale of these organisations, not included in the data upon which our analysis is based, can result in an inconclusive portrayal.

We can also compare the for-purpose sector with annual income around \$24 billion (\$20b in 2017) to the other sectors of society: the business sector has annual corporate pre-tax profits around \$85 billion (\$60b in 2017), government has annual spending of around \$110 billion and individuals' have annual taxable income of around \$167 billion. Whilst these values highlight the significance of each sector, they do not highlight the inter-relationship between the sectors. The relationship between each of these sectors in New Zealand is summarised below and highlights the heavy reliance of society on a well-functioning and funded third sector.



Source: JBWere Philanthropic Services

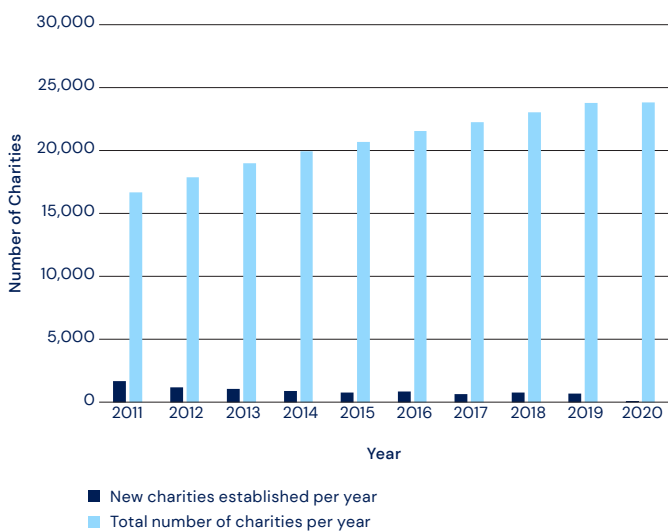
8 D. Poirier 2013, Charity Law in New Zealand

9 Stats NZ, Non-Profit Institutions Satellite Account 2018

How has New Zealand's for-purpose sector changed in the last decade?

We track sector movements and trends over the years – both in scale and make-up. In this section we examine financial information recorded by Charities Services from 2010 through to 2020, and non-financial information observed from 2013 (and in some cases earlier) from Stats New Zealand 2018 Non-profit Institutions Satellite Account.

Number of charities established and cumulative per year



Number of charities

In the 2017 NZ Cause Report, we noted the large absolute number of charities in New Zealand compared to the general population. At the time, there were 21,519 registered charities for a population of 4.79 million which we roughly calculated to one in every 40 New Zealanders serving on a charity board (based on boards of four members each and allowing some people serving on more than one board). There were more charities per capita in New Zealand than any other country. We challenged the sensibility of this in light of the increasing compliance requirement of boards, the likely duplication of energies, incomes and assets and the potential public confusion and commensurate donor fatigue.

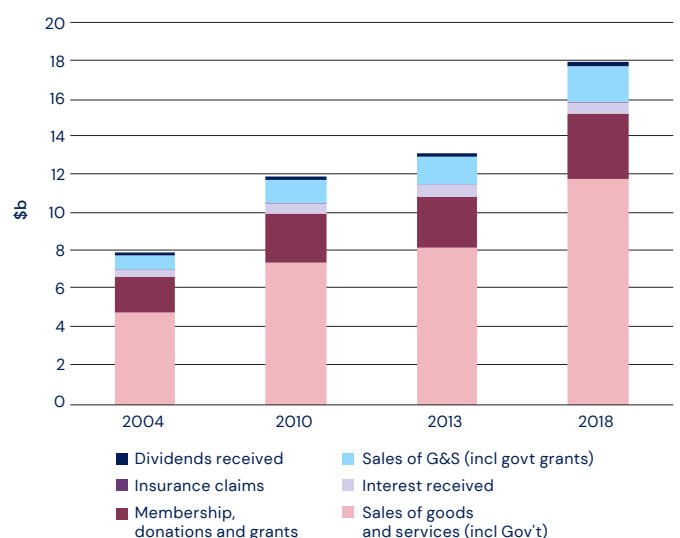
Based on more recent figures collected by Charities Service from 2010–2020 and the 2018 Stats New Zealand's Non-Profit Satellite Account, we observe a deceleration of the number of new charities established per year and therefore the total number of charities in New Zealand. A decade ago, there were approximately 10% of new charities established each year, and this number has dwindled as low as 3% in recent years. At the same time, 279 charities were deregistered, leaving 23,848 financially reporting charities for a New Zealand population of 5.1 million.¹⁰

In the last year both the Institute of Directors New Zealand and Centre for Social Impact (New Zealand) have launched programmes for not-for-profit boards to help raise the governance capabilities of individual officers, which is timely with the new Trusts Act 2019 coming into effect from 30 January 2021, as they will support the improved governance of trusts including charitable trusts and address the pending changes to Incorporated Societies legislation.

Anecdotally, there does not yet appear to be a rise in the merger and consolidations of similar or adjacent charities that are serving similar communities. However, for some existing charities, the challenges of Covid-19 have resulted in further collaboration at an operations level to efficiently support continuity of service delivery.

Whilst the issue with growing charity registrations is the potential duplication of services and competition and competition for funding and governors, we acknowledge that many small to medium charities do not have the time or resources to invest in ongoing collaboration, however motivated they may be. Any discussion needs to hold in tension the ongoing call to consolidate with the need to ensure communities remain empowered and to ensure there is flexibility in registrations that encourage innovative new ways of service in response to changing needs in what is an increasingly dynamic environment. The question is whether the current charity registration process should challenge new applicants to substantiate they are not replicating services and to provide more guidance and engagement of new governors in training and resources. This may assist that the new registrations are fully considered in the context of those organisations already providing services and support, and otherwise be informed by a well-considered strategy.

Income sources for non-profit institutions (\$b)



¹⁰ Comparisons of data with either the 2017 Cause Report, or any data on the Charities Services website (including Charities Services' annual review figures) will show different numbers, as those figures are based on different periods of time and with outliers and non-financial reporting ones removed.

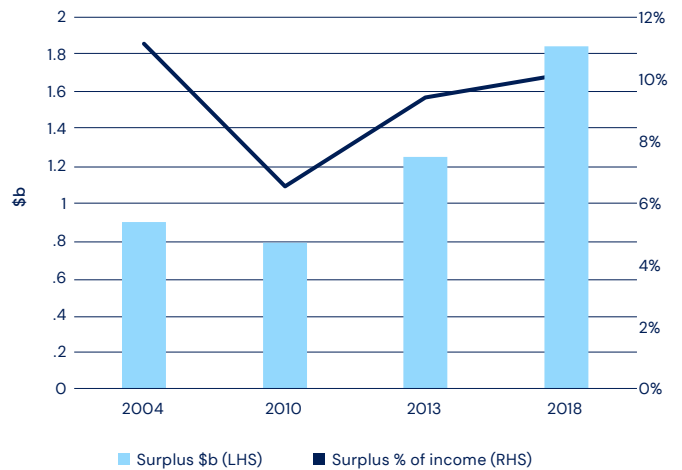
With the addition of the 2018 data, income growth has remained strong at 6% annually over the last 14 years. Sales of goods and services (including government grants) still dominate the income mix with an increase in the annual growth rate at 7.5% from 2013 to 2018 compared to 6.1% from the decade prior. Insurance claims have been the faster growing share of income since 2013 due to Christchurch (2011) and possibly Kaikoura (2016) earthquakes with annual growth rates 14.3% higher than those observed for the 2004 to 2013 period. Expectedly, interest on investments has reduced the most with annual growth rates dropping 10.2% from 2013 onwards, which mirrors an overall decrease in the official cash rate (OCR) from 2013. Overall, the 2018 data shows more organisations were receiving income from sales of goods and services, membership, donations and grants, dividends received and insurance claims, while income sources from interest received and government grants (pre-Covid) were decreasing.

Expenditure for non-profit institutions (\$b)



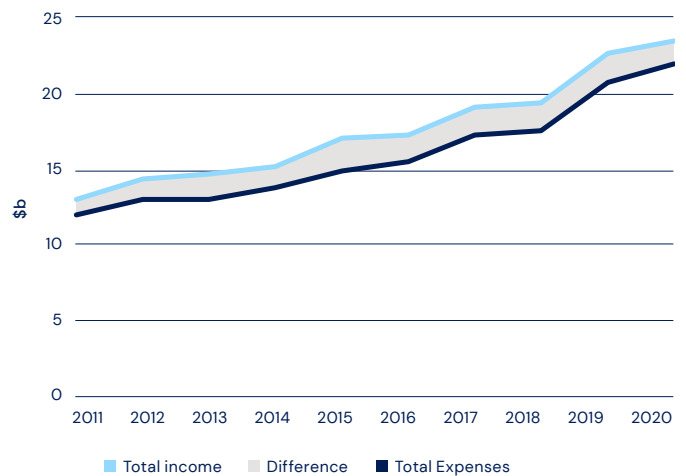
Expenditure growth has averaged 6.2% annually since 2013 and 6.1% since 2004. The proportion of employee costs have hovered consistently around 40% since 2004, which may be surprising given the increased use of technology, a reduction in duplication between organisations and the more structured approach being taken in utilising volunteers. From 2013 to 2018 the number of donations paid by the philanthropic charities decreased proportionally from 8.2% in 2013 to 6.6% of total income and since 2013 interest expenses have been decreasing at an annual rate of 3%. Similar to the income trends above, this reflects an overall decrease in the base interest rate (OCR) from 2013.

Surplus for non-profit institutions (\$b and %)

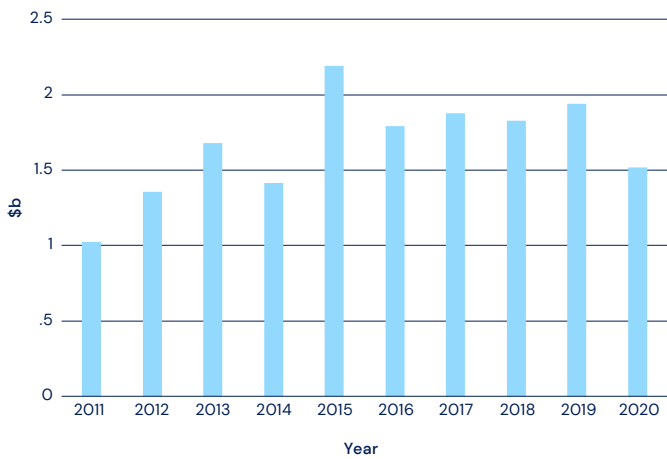


The graph below shows the increase in income and expenses over the past decade for the charities sector. The sector income has risen at an average rate of 7% since 2011 with a particularly strong growth of 17% in 2018 and 2019. Expenses have increased proportionally with income – growing at an average rate of 7% since 2011. We observe a large annual increase in expenses for the years 2017 and 2019 respectively.

Income and Expenses of New Zealand charities (\$b)

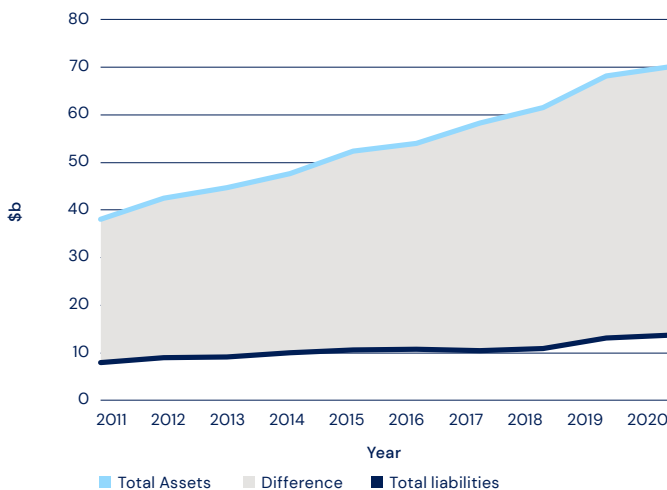


Surplus of New Zealand charities (\$b)



Annual surplus growth has increased to 8.1% since 2013 compared to 3.8% observed from 2004-2013. This increase in operating surplus of the sector corresponds with a larger growth in income compared to expenses for the 2013 to 2018 time period when annual income grew 0.2% faster than expenses. Over the past 14 years, the operating surplus has on average risen by 5.3% each year with income and expenses rising at similar rates. Surplus, as a percentage of income, has shown a small increase from 9% in 2013 to 10% in 2018. As expressed in our 2017 report, the consequences of having to operate on tight margins provides little room for innovation and adverse conditions. Optimising procurement costs through joining a charity buying group may be one such opportunity to increase operating margins and improve the financial resilience of an organisation. (Refer to insert on new initiative by State of Flux that has begun a trial of its New Zealand charity service with hospices).

Assets and liabilities of New Zealand charities (\$b)



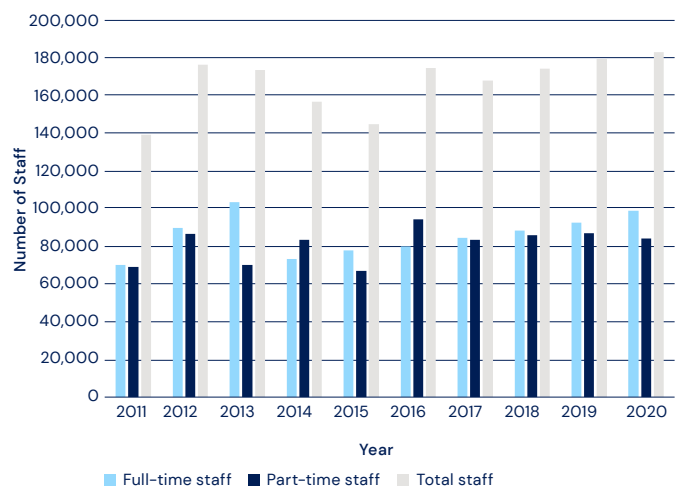
Cumulative assets for the sector have increased by 84% over the past decade from \$38 billion in 2011 to \$70 billion in 2020, driven by increasing property values. The largest growth in assets occurred between 2011 to 2012 and 2018 to 2019 (11%).

Total liabilities have also increased but at a slower rate than assets – increasing only 74% since 2011.

Charity sector workforce

The overall number of full and part-time staff working at registered charities has fluctuated between 75,000 and 110,000 in the last decade. We note the trend for a more flexible workforce playing out in the below table with increased professionalisation requiring more permanent full-time staff, decreases in full-time staff aligned with the spill from the GFC, supplanted by the increase in part-time permanent staff, and the more recent movement from permanent part-time staff to contractors in the gig economy.

New Zealand charity sector workforce



Changes since 2011

Sectors	Per annum income	Per annum expenses	Per annum staff	Per annum count	Average surplus
Total charity sector	117%	119%	18%	59%	90%
Accommodation and housing	131%	109%	48%	37%	300%
Arts, culture and heritage	71%	69%	34%	54%	92%
Care / protection of Animals	239%	231%	185%	121%	313%
Community development	387%	460%	134%	76%	170%
Economic development	32%	74%	92%	45%	-22%
Education	92%	93%	53%	43%	89%
Emergency / disaster Relief	77%	65%	72%	38%	168%
Employment	141%	138%	11%	86%	57%
Environment / conservation	285%	307%	132%	97%	139%
Fundraising	241%	280%	128%	66%	128%
Health	122%	128%	32%	49%	6%
International activities	46%	49%	8%	138%	-16%
Marae on reservation land	392%	236%	102%	132%	2814%
Other	86%	93%	7%	31%	8%
People with disabilities	264%	266%	16%	37%	191%
Promotion of volunteering	58%	63%	85%	57%	6%
Religious activities	94%	91%	-61%	79%	122%
Social services	129%	131%	30%	51%	106%
Sport / recreation	123%	122%	177%	99%	127%

Source: JBWere Philanthropic Services

This table shows the changes in annual income, expenses, staff, number of organisations and average surplus for the individual sectors over the last decade. The Marae on reservation land, Community development, Environment and conservation and People with disabilities sectors have seen the largest growths in income in contrast with the Arts, culture and heritage, Promotion of volunteering, International activities, and Economic development sectors. Similar to income, the Community development, Environment and conservation, Fundraising and people with disabilities sectors have experienced the largest growth in expenses.

In terms of the fast-growing charity sectors in New Zealand, (measured by the head count of registered charities), the standouts are: International activities, Marae on reservation land, and the Care and protection of animals sectors. The Care and protection of animals and Sport and recreation saw their staff increase by just under 200% in the last decade. Looking at the whole charity sector since 2010, the largest increase in operating surpluses were experienced in Marae on reservation land,¹¹ the Care and protection of animals and Accommodation and housing.

¹¹ Large proportion of this increase may be due to Te-Poho-o-Rawiri Marae reporting income in 2020, where in 2010 they did not report under this sector category.

Comparing different for-purpose sectors

With the wide range of causes serving New Zealand's population, it is of interest to understand the relativities between each activity such as how they are funded, the size of their paid and unpaid workforce and their financial performance and assets. Because government, private funders and donors can choose how they intend to support various causes, (and the organisations within those causes), it is helpful to quantify and compare across the full sector. A more detailed analysis of charitable organisations by subsector, is offered in the second half of this report that will assist charities to understand their subsector position in relation to others.

The relativity between sectors is of interest not only to the various causes analysed and reported, but also to the potential donors to help them look for areas that are overlooked or underfunded. We stress that we are not ranking the subsectors, nor are we ranking their impact. Suffice it to say, we note that the expertise and case studies now available to New Zealand organisations for quantifying social impact and tracking environmental improvements has grown significantly since our last report in 2017.

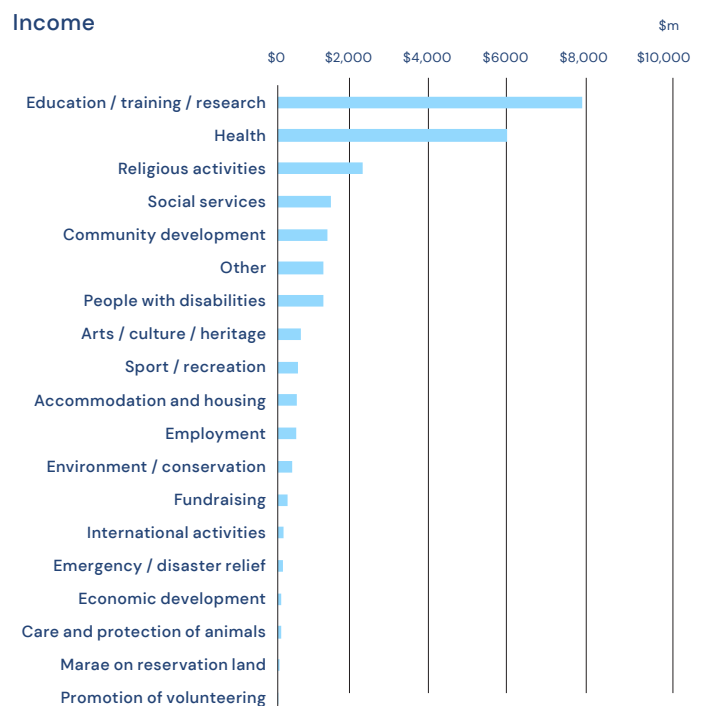
This section of the report compares annual returns lodged with Charities Services in 2020 with those analysed in the 2017 NZ Cause Report. As was the case in 2017, the following charts and comments based on the data received from Charities Services do not include organisations such as Government controlled public hospitals, schools, and larger sporting organisations. Universities are considered charities and included in the Charities Services data however they are not present in the Stats New Zealand data due to their relationship to the Government.

For our reporting in this section it is noted that based on the financial reporting standards set by the External Reporting Board the definition of donations and bequests for annual returns to Charities Services includes government grants. Our profiles here cannot therefore distinguish the private philanthropic contributions from total grants received.

With the wide range of causes serving New Zealand's population, it is of interest to understand the relativities between each activity

Income

As with the 2017 report, the largest organisations within the sector comprise a sizeable proportion of the sector income. Overall, we see 66% of sector income was earned by the top 11% of organisations in 2020 (the percentage based on the number of charities without the non-financial ones), which is a drop from 89% of sector income earned by the top 11% of organisations in 2017. Education and health (excluding schools and hospitals) still dominate the overall income. The Sport and recreation sector currently sits midrange but would increase significantly with the inclusion of their not-for-profit organisations that are not registered charities. The place rankings of causes between 2017 and 2020 is relatively consistent, and the five lowest causes based on income remain the same: Emergency and disaster relief, Economic development, Care and protection of animals, and Promotion of volunteering sectors – with Marae on reservation land¹² being a new addition subsector. The People with disabilities sector has moved the furthest of all sectors, moving three places since 2017, which may be due to the rise of the intermediary services in the sector to support the self-directed funding model.



¹² 'Marae on Reservation Land' refers to section 5(2)(b) of the Charities Act and referred to as such in Te Ture Whenu Māori Act 1993.

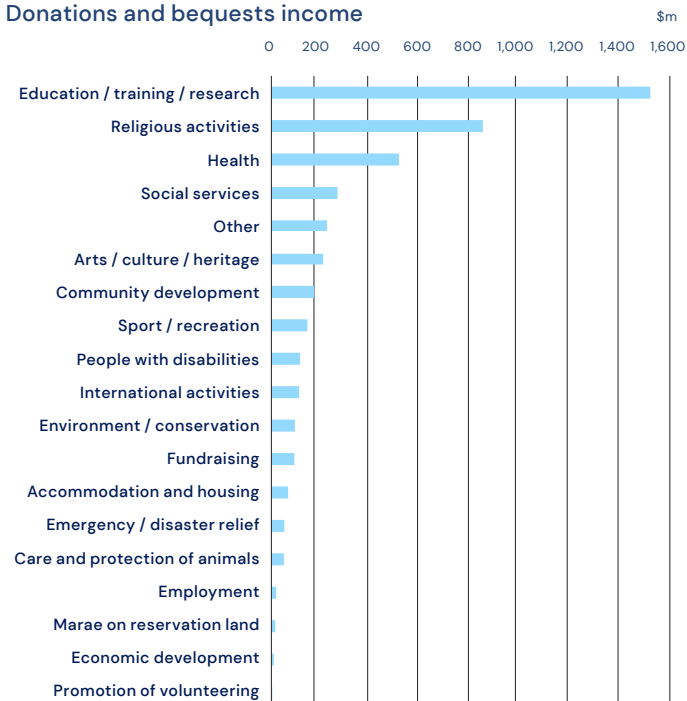
Donations and bequests income

The Education, training and research sector received the largest value of donations, ahead of Religious activities that represented the largest single cause area for donations in 2017. As with the previous charts, Education, Religion, and Health remain the predominant three sectors for philanthropy in New Zealand, followed by Social services, Arts, culture and heritage and Community development. The 'Other' sector sits high on the chart ranking due to many of the larger well-known charity groups such as Trust Horizon and New Zealand Red Cross filing under this cause category. Since 2017, People with disabilities has increased, now sitting above International activities. Sport and recreation has also increased by two places; however, the current position is only reflective of the smaller proportion of sporting organisations that qualify as charities. Many of the underfunded and overlooked sectors have remained the same with Marae on reservation land, Economic development and Promotion of volunteering remaining amongst the bottom three.

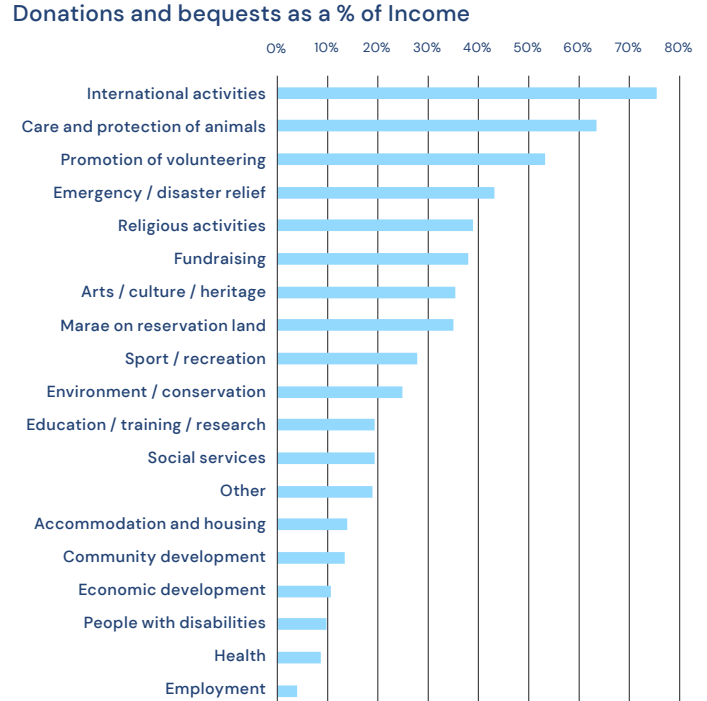
Donations and bequests as a share of total income

A significant proportion of non-profit organisations' income (29%) come from grants and donations, which still is a higher proportion than for the charity organisations alone¹³. Compared to 2017 where the overall charity sector average for grants and donations was around 15% of income, philanthropy now makes up around 19% of income. Whilst International activities and Care and protection of animals retains their places as the top and second recipient of donations and bequests, it is interesting to see the rise of Promotion of volunteering to third place, which may be due to greater support being provided to reimburse volunteers for out-of-pocket expenses (although only a third of organisations that use volunteers are doing this consistently)¹⁴. As with four years ago, Emergency and disaster relief, Fundraising, Religious activities and Arts, culture and heritage are top performers in this area. Notably since 2017, the Emergency and disaster relief sector has risen from seventh to fourth position, in part from increased grants to New Zealand Coastguard and bequests to some of the helicopter trusts, together with a large grant to Wellington Free Ambulance. The lower ranked causes in both 2017 and 2020 such as Accommodation and housing, Economic development, Employment, and Health are cause areas heavily dependent on government contracts and direct-line funding, hence may not be of the same appeal to donors. Philanthropic support for People with disabilities remains the same as in 2017 at around 10% of income, but relative to other causes has decreased in ranking since 2017 from sixth to the third lowest in support.

Donations and bequests income



Donations and bequests as a % of Income



¹³ Stats NZ 2018, Non-Profit Institutions Satellite Account

¹⁴ Volunteering New Zealand 2020, State of Volunteering Report

Earned income as a share of total income

Most of the non-profit organisations' income (66%) comes from the sale of goods or services.¹⁵ Self-earned income is the largest source of funding (supporting current trading activities and developing new revenue opportunities from generating goods and services that both extend the outreach of the mission and bring financial sustainability), and remains a top priority for not-for-profit organisations. Above other causes, Employment still has the greatest reliance on earned income, with close to 100% of its income derived from trading operations. The proportion of earned income as a share of total income has increased for the Health and People with disabilities sectors.

International activities remains the lowest earned income sector. It is heavily dependent on pledge donations and other mass market fundraising that, given the reduction of middle-market giving, is becoming more difficult to achieve. At the same time the opportunity to operate a profitable business activity amongst many of the vulnerable populations they serve in the field is a challenge (characterised by limited commercial advantage and market access, which is being accentuated by the devastation Covid-19 is having in eroding years of community development investment). There are few clear options for this sector to earn income in serving its local partners – the notable exceptions being Trade Aid retail type channels, the government and multilateral contracts offered by NZ MFAT and UN World Food Programme, and for the very few, partnerships with large businesses or international philanthropists who have shared interests in the field, like Fonterra Co-operative and Gates Foundation.

Many non-profits earn income through their core activities and, in so doing, deliver services to their clients and beneficiaries (e.g. an orchestra selling tickets to their concerts or an environmental charity selling trees for planting) for which they may be ascribed the taxonomy term 'social enterprise' given their deployment of entrepreneurial, market-based strategies to earn income in support of their missions. Other self-earned income activities might include membership dues, school fees, professional service fees, leasing income on property or interest and dividends on investments.

Six of the 19 cause areas below are earning over half of their income through trading and only four earn a quarter or less.

Earned income as a share of total income



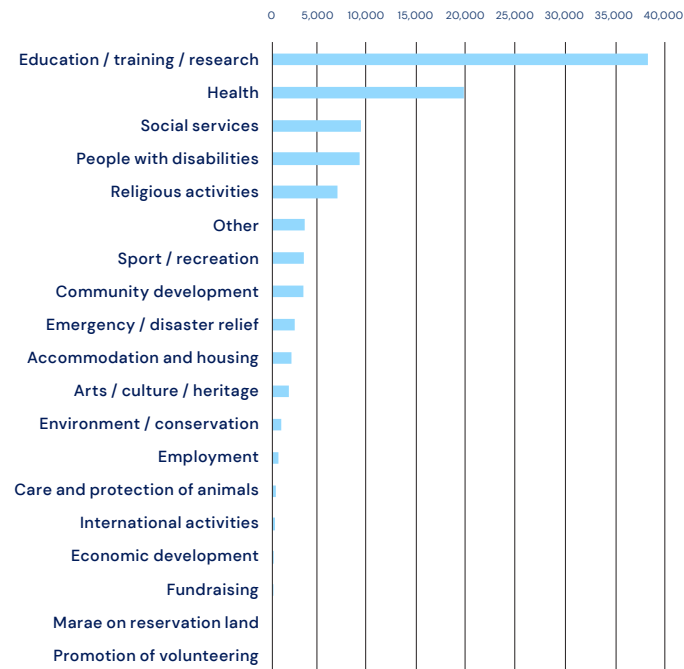
Self-earned income is the largest source of funding... and remains a top priority for not-for-profit organisations.

Employees

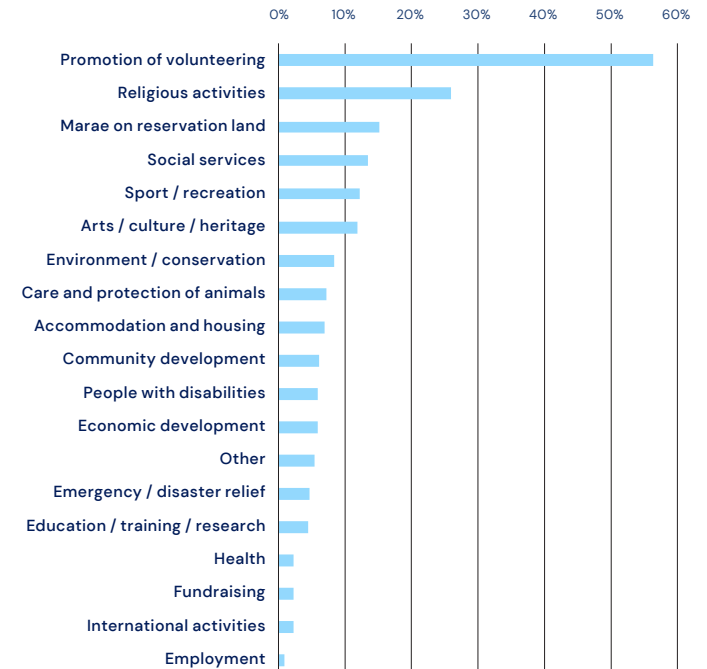
The following chart illustrates that the Education and Health sectors show the greatest paid staffing numbers in the not-for-profit sector (noting much of their significant workforce is funded by government). Consistent with the findings in the 2017 Report, across all sectors there is a wide range of employment arrangements with a relatively equal mix of full-time and part-time positions. Most sectors have remained in similar positions to the 2017 Report with the majority moving no more than one or two positions in their ranking. This position is just prior to the Alert level 4 lockdown in March 2020 and since then staffing has gone through significant challenges, with some organisations having to let staff go or cut back hours due to reduction in their income, particularly after the wage subsidy support ended. This was most pronounced amongst organisations that had annual income under \$30m (under the Tiers 2, 3 and 4 charities).¹⁶

Employee costs, as a percentage of total costs, is derived by the Charities Services dataset with reference to 'salaries and wages' and 'total expenses.' The 'salaries and wages' is the only employee cost category. The reason for the employee costs being a low proportion of total costs requires further investigation. It is likely that a large proportion of wages are included under programme costs and the values shown in the chart are more reflective of non-programme and administration costs.

Employees



Employee costs as a percentage of total costs



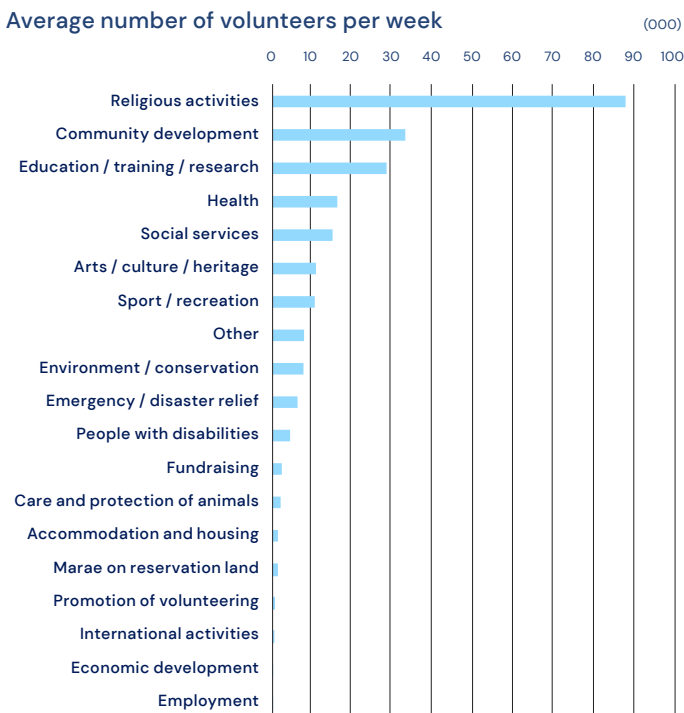
¹⁶ Hui E! and Volunteering New Zealand, May 2021, Time to shine

Volunteers

If the numbers of volunteers of non-registered charities were included, the Sport and recreation sector would eclipse all others. The Religious activities sector also dominates in its reliance on volunteers. As with the 2017 Cause Report, the number of volunteers in the Education and Health sector remain high, however they are still much smaller than the paid workforce, presuming the significant financial support directly from the government in these areas and increasing professionalism of the workforce. The Community development, Social services and Accommodation and housing sector have seen the largest increases in volunteer support since 2017. Overall, the New Zealand charity sector experiences an average number of 234,618 volunteers per week, and their work provides a significant cost saving to organisations. Indeed, most community organisations (89.2%) do not have any paid employees.¹⁷

A significant proportion of volunteers are over 65 and were most vulnerable to Covid last year. Many organisations lost a significant proportion of their volunteer workforce as advice was given to stay at home, but it was observed that later in the year it was many of the senior volunteers who came back first – from a strong sense of duty and connection to the work they were doing in the community. On the other hand, the Covid interruptions of last year prompted some volunteers to re-evaluate their commitments and some organisations are only now seeing their regular volunteer workforce back to 2019 levels.

It is noted that prior to Covid-19, the long-term trend was that volunteerism was falling due to time pressures among the population (refer to JBWere Support Report 2020).



¹⁷ Stats NZ 2018, Non-Profit Institutions Satellite Account, and Volunteering NZ

¹⁸ Stats NZ 2018, Non-Profit Institutions Satellite Account

¹⁹ 'Marae on Reservation Land' refers to section 5(2)(b) of the Charities Act and referred to as such in Te Ture Whenua Māori Act 1993.

Since Covid, newer trends in volunteering behaviours are becoming evident.¹⁸ Volunteering New Zealand reports fewer older volunteers amidst the Covid environment, but sees a wave of first-time volunteers from different age groups – often with a preference for more episodic, project-based commitments. The pandemic has highlighted regional differences and some sectors are experiencing more demand on the volunteer workforce, whilst others have more volunteers than can be easily managed within existing management structures.

Operational surplus

The overall surplus income over expenditure for non-profit organisations covered by Stats New Zealand was 10% in 2018. Five years earlier it was 9%.¹⁸ When looking at the individual sector margins in the charity returns to Charities Services, we see a decrease in the overall surplus from 10% in 2017 to now 6%.

We note, in 2017, the Marae of reservation land¹⁹ sector was reported under Community development. As the sector has grown significantly since then it is now considered its own sector with the highest surplus value recorded for the current annual returns, albeit from a very low income base relative to most other subsectors. Surprisingly, the second highest performing sector in 2017, Employment, has decreased to the lowest performing sector to report a deficit for the year ending 2020. This sector is heavily dominated by the Ngai Tahu Charitable Trust that has reported an operational deficit for the YE2020 year; excluding them, the sector reported a surplus of 4% putting it above the People with disabilities, Health, and International activities sectors, but still well below the average.

We acknowledge our surplus analysis of charities here is a snapshot, by reference to a single year measure. Surpluses are subject to the timing of grants or fundraising versus the expenditure.

Operational Surplus % of Revenue



Assets

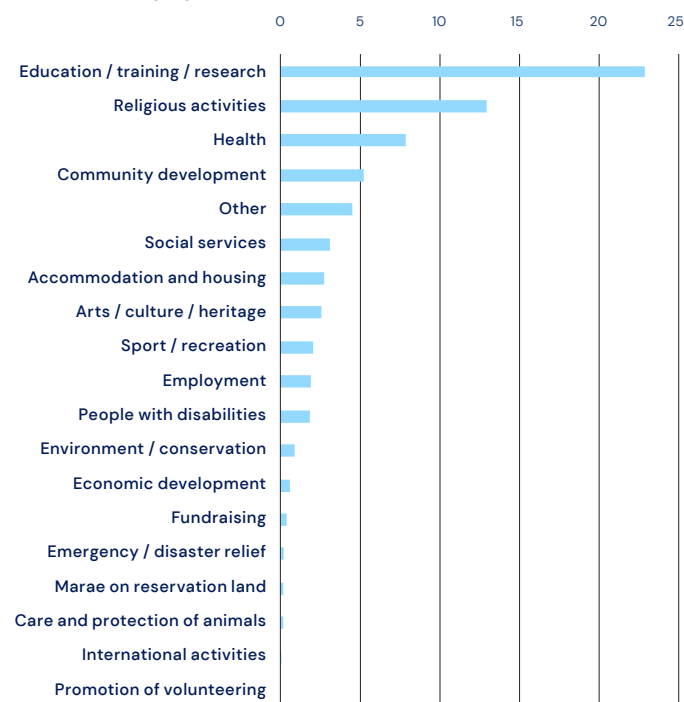
Similar to income and the 2017 report, assets remain dominated by the Education and Religion sectors. Sport and recreation remain underrepresented in this profile due to the significant number of organisations that are not registered charities as discussed above. The total assets for the Health and Community development sector have increased since 2017 sitting just below Education and Religious activities.

In 2017, 45% of the overall sector assets was represented by land and buildings. As of 2020, this number has increased significantly to 83% querying whether these assets are being optimised for achieving mission and highlighting the ongoing maintenance burden and depreciation costs to be met for preserving these assets.

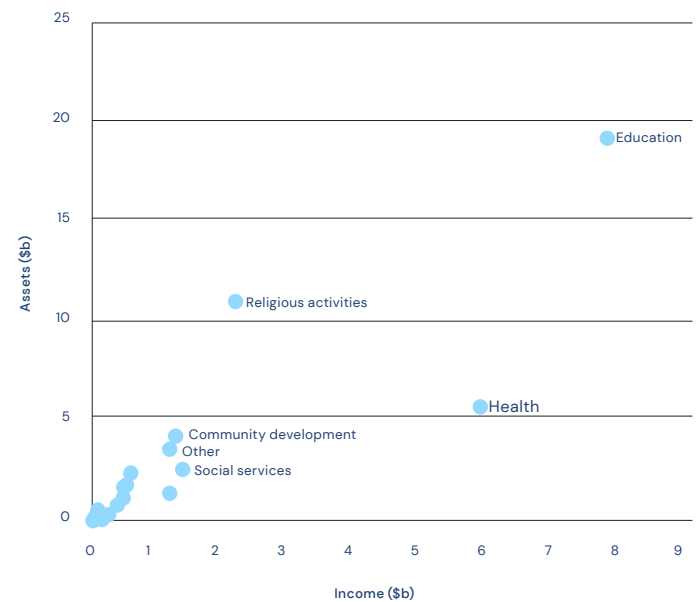
Income compared to net asset

The individual subsector relationship between income and net assets is shown in later sections of the report. Here we see the Education, Health, Religious activities positioned outside the majority of sectors which tend to be under the \$5b assets and \$1.5b income marks.

Total Assets (\$b)



Income compared to net assets (\$b)



The impact of Covid-19 on New Zealand's for-purpose sector

Our analysis of the not-for-profit sector in this 2021 New Zealand Cause Report's publication relies significantly on data submitted to the Charities Register for the year ending 31 March 2020 (as filed on 11 December 2020). This data does not capture the impact of Covid-19 on the sector, as New Zealand went into its first alert Level 4 lockdown on 25 March 2020 – only one week prior to the end of that financial year.

This report sets an important benchmark for our future understanding of the significance of the pandemic. Pending deeper analysis, we offer here an initial reflection on the impact of Covid-19.

Overview of Covid-19 impact so far

Throughout history, pandemics have proven to be as much about social and economic challenges as they were about health. Covid-19 is no exception. It is a health, economic and social event that continues to present significant uncertainty and unique challenges. At the time of this 2021 New Zealand Cause Report's publication (18 months on from the first outbreak), our vaccine roll out has reached three quarters of New Zealand's eligible population, our international borders remain iron-clad and we and our neighbours in Australia have been battling a virulent outbreak of the Delta strain and are back into varying lock down restrictions.

As an overview, very few Kiwis have contracted the virus and our low mortality rate is nearly unparalleled across the planet. New Zealand's strict lockdowns in 2020 led to the sharpest recession in our history, but it was fortunately short-lived and the economy in 2020 was less severely hit than first anticipated.

The government entered the pandemic in a strong fiscal position enabling it to be aggressive in providing discretionary fiscal stimulus that was unprecedented – the wage subsidy scheme softened the blow, and the government's other short-term rescue and other packages supported firms, workers, and households, that mitigated significant damage to the economic and social infrastructure of the country.

Having largely managed the domestic spread of Covid-19 at its borders, the government has been able to keep the domestic economy open through most of the pandemic. However, international tourism-related industries, like transport, accommodation and food services, as well as education and sectors dependent on migrants or seasonal workers have suffered with border restrictions and closures. More recently, local hospitality and small retail have been in jeopardy of survival – particularly those in Auckland that is in its fifth lockdown. Still, international exports and spending behaviours by our 'Team of 5 million' towards domestic experiences and household items have allowed our economy to outperform to expectations.

²⁰ <https://www.salvationarmy.org.nz/research-policy/social-policy-parliamentary-unit/latest-report>

²¹ www.comvoices.org.nz

²² 'State of the Sector' 2021 survey www.comvoices.org.nz

²³ MartinJenkins 2019, Social Services Providers Aotearoa research

Covid disruptions to the non-profit sector

As with the business sector, the impact and disruption of Covid-19 was, and continues to be, felt harder in some charity sectors than others. It accelerated trends, and as the impacts were unequally shared, it exacerbated and exposed existing inequalities. It is difficult to capture the complexity and ramifications of the social impact of Covid-19. The scale of the disruption, according to the Salvation Army State of the Nation 2021,²⁰ outweighed any positives and negatively affected all the mental health and social wellbeing areas it monitors.

At the same time, charity organisations were unable to fully respond. During the initial round of Level 3 and Level 4 restrictions, (between March and May 2020), the op shops, other retail enterprises, fundraising gatherings, ticketed events, and gaming proceeds were shuttered – and volunteer participation was restricted. Organisations had varying ability and capacity to move their activities online and provide remote service delivery.

Many organisations were innovative to meet these challenges. There was a rapid uptake of new technologies, new ways of working and connecting emerged, and others were able to adapt towards more impactful models of operating and to capture new opportunities ('State of the Sector' 2021 survey).²¹

In the disruptions, the charities that provide essential services to the most vulnerable and most financially insecure face incredible pressure to deliver social and other community services in a fundamentally different way, amidst their own health fears and with funding uncertainty – which extended to the sector workforce's stress levels on their personal situations. Many are reporting team morale at an all-time low.

Whilst government support, particularly in the form of the wage subsidy and additional essential services package in the social sector helped charities through the initial few months of the pandemic, to support charities in their public fundraising efforts, numerous organisations saw ongoing and increased demands in their workloads without corresponding funding. Many with government contracts are forced to over-deliver on the services and programmes they are funded to provide, and this compounds their already-strained position.²² Prior to the pandemic, the Social sector was independently assessed to be annually underfunded by \$630m.²³

Many organisations hibernated and small to medium-sized charities faced new organisational capability and financial challenges – particularly those serving Māori, Pasifika, and specific migrant populations (e.g. Middle Eastern, Latin American, and African) that had to step up to support the disproportionate economic and social impacts of Covid-19 on their communities.²⁴

Ongoing challenges

Whilst the New Zealand economy was, in early August 2021, running at near-peak capacity and struggling to keep up with demand, the Delta strain impact has taken another hit on the country's economy and the challenges for charities are far from over. As people stay at home and look to government to lead in supporting charities, fundraising has gone down. Morale amongst many staff is lower than last year as they navigate serving from crisis to another crisis – with cumulative impacts – and particularly amongst those who are experiencing heightened demand for their social support services amidst weak programme capacities.

There were already growing threats to the sector's sustainability and the 'State of the Sector' 2021 survey^[1], released by the peak national network ComVoices prior to the latest lockdowns, reported 80% of the sector battling increasing demand without corresponding resources and active volunteer numbers steadily decreasing; 54% reported reduced income and 46% reported their costs had increased.

Notably, many charities have thin operating margins and have to draw on reserves to keep operating, most of which do not carry significant reserves. Without the ability to access additional capital and debt easily, they are now more financially vulnerable, yet continue to support and strengthen their communities. Charities are accustomed to doing more with less and working efficiently, but many do not have the resources to completely rethink their strategy, funding models, impact models, nor do they have the resilience support to adapt to an uncertain operating environment that they are facing.

A key source of charities' unrestricted revenue is donations. We estimated that total giving in 2020 of \$3.8b was the same as 2019 where there would normally be a 4.5% growth rate but total giving will fall in 2021. This is a concern considering the charity sector relies on philanthropy for close to 20% of total income, with some causes areas much more reliant (e.g. International aid at over 70%).

Expectations from some philanthropic and other funders that their funding should be deployed to the frontlines of service delivery, with less to cover overhead and administrative costs, means that charities are often unable to invest in the core functions of the organisations that are needed for a resilient response in times of crisis (capacity building, compliance, training, IT infrastructure, utility bills, leadership, and governance, etc).

Given the long-lived nature of the pandemic recovery, as the virus is mutating, many organisations will need funding support for core development, alongside greater funding flexibility in the grant conditions and contracted outcomes, to react adaptively to uncertainty and to take advantage of new opportunities.

2020 also exposed areas of strength and resilience, innovation and creativity

The charities that are expected to face particular challenges in the medium term are those serving the following areas: Elderly in care, Disability, Children and young people, Education, Children in care, Refugees, Housing and homelessness, Addictions, Prison and rehabilitation, and Arts and culture.

Some of these areas are likely to be hardest hit in the regions that have ongoing effects of the Covid-19 pandemic. Refer to the Treasury's advised economic outlook of the regions to 2022.²⁶

At the same time however, we note the recovery is uneven at the individual level nationwide: "However, despite the economy bouncing back, some New Zealanders were still struggling financially. When compared to the June 2020 quarter, the March 2021 quarter showed an increase in the proportion of people who said they did not have enough money to meet daily needs, from 6.4 percent to 7.3 percent, an increase of almost 40,000 people aged 18 years and older – Stats NZ".²⁷

Positives coming from the crisis

2020 also exposed areas of strength and resilience, innovation and creativity. There were significant improvements in relationships with government and other funders.²⁸ Digital tools helped isolation, created efficiencies and presented immediate automations to otherwise manual and repetitive tasks. The Arts developed and extended their audiences digitally and business travel patterns changed. Sudden shifts to remote service delivery models were catalysts for business-not-as-usual and initiated some enduring behaviours.

On the income side, relatively steady levels of grants from Lottery Grants Board and Community Trusts helped to cushion the donation / granting income fall from individuals and community gaming trusts of 30% in 2020.

24 Time to shine, 2020

25 <https://comvoices.org.nz/state-of-the-sector-report-2020/>

26 <https://www.treasury.govt.nz/sites/default/files/2021-02/effects-covid-19-regional-economies-nz-infometrics.pdf>

27 <https://www.stats.govt.nz/reports/wellbeing-statistics-a-year-in-review-june-2020-to-march-2021-quarter>

28 'State of the Sector' 2021 survey www.comvoices.org.nz

In May–June 2020, regular donation volumes dropped. Digital donation acquisition proved successful but did not replace lost fact-to-face methods. Major donor income was stable – givers responded positively to authentic communications. Organisations that were sophisticated and well-resourced were better placed than small ones to steward donors and attract philanthropic income.

Deeper data derived insight

The data to date, however, tells a very limited story about the effects of the Covid-19 pandemic on the charity sector, from the lockdowns as well as from the provision of government support.

Whilst the landscape for charities in 2020 in the midst of Covid was surveyed at least ten times by those in the sector, the surveys were limited in number of respondents, subsector and/or region²⁹ and do not provide a comprehensive analysis. The full effect of Covid-19 on charity and non-profit organisations is still to be understood.

Nevertheless, the following models demonstrate the effects of Covid-19 on a sample of the population, based upon organisations recorded in the Time to shine survey and the Charities Services Register with a financial year end data of 30 September 2020 (as filed by March 2021). Together they provide a snapshot of the initial impact of the pandemic on the sector.

Time to shine, time to take stock, time to shape our future – A survey of Aotearoa New Zealand’s community sector on the impacts of Covid-19.³⁰

The Centre for Social Impact, in partnership with Hui E! Community Aotearoa, Philanthropy New Zealand and Volunteering New Zealand, conducted a survey on the impacts of Covid-19 on Aotearoa New Zealand’s tangata whenua, community, and voluntary sector. The Time to shine

report details the findings of the survey taken from May–June 2020 as recorded in Levels 1 and 2 of lockdown. The survey consisted of 961 organisations.

In addition to the Time to shine 2020 survey, the following charts highlight the impacts of Covid-19 on the individual charity sectors based upon the anonymised dataset of the Time to shine report released by Hui-E.³¹

To remain consistent with the categories in our 2021 Cause Report, the ‘service type’ recorded by organisations in the Time to shine data have been categorised into the corresponding sectors according to the Charities Services taxonomy:

- Community development sector: Refugee and migrant communities and Pacific communities.
- Social services sector: Community and social services, youth development, alcohol and other drugs, family services, sexual violence response or prevention.
- Health sector: Mental health, services for older people
- Other sector: Justice
- Fundraising sector: Grant making, fundraising, and voluntarism promotion
- Accommodation and housing sector: Development and housing, housing support
- Marae on reservation land sector: Iwi, marae, and Māori development

The models below show the reported impact of Covid-19 on the organisation’s revenue in the first six months of the pandemic and categorised organisations into the following groups based on the decline in their income. The Social services sector consisted of the ‘community and social services’ service type was the most reported organisational activity from all organisations, making it the largest sector amongst all revenue changes.

Percentage of organisations within each sector per decline in revenue					
Sectors	No change in revenue	0–9% change in revenue	10–19% change in revenue	20–49% change in revenue	50+% change in revenue
Accommodation and housing	27%	27%	18%	18%	9%
Arts, culture and heritage	6%	8%	15%	33%	38%
Community development	30%	10%	20%	20%	20%
Education, training and research	19%	11%	19%	42%	8%
Employment	17%	0%	0%	50%	33%
Environment and conservation	16%	10%	23%	32%	19%
Fundraising	13%	21%	17%	38%	13%
Health	17%	21%	13%	33%	17%
Marae on reservation land	13%	13%	50%	13%	13%
Other	21%	13%	23%	29%	13%
People with disabilities	20%	7%	22%	38%	13%
Religious activities	6%	13%	44%	25%	13%
Social services	18%	18%	16%	32%	16%
Sports and recreation	8%	8%	27%	31%	27%

29 For a list of these surveys refer to Table 4 – COVID-19 Surveys, Funding Overview COVID-19 (Centre for Social Impact – NZ), March 2021. For the overview of NZ’s international NGOs, refer to Health of the New Zealand International NGO Sector post COVID-19, Craig Fisher (Consultant – RSM) and Darren Ward (Managing Partner – Direct Impact Group), 8 Sept 2020.

30 <https://www.huie.org.nz/survey-2020/>

31 <https://www.huie.org.nz/our-projects/survey-2020/download-the-time-to-shine-survey-dataset/>

Charities Services Register:

In addition to the Time to shine data, we have analysed the data from 400 charities with financial years ending 30 September 2020, and that had filed their annual return with Charities Services by March 2021. This data was compared to the corresponding 2019 financial returns and captures the impacts of Covid-19 over the first six-months of New Zealand’s pandemic experience with the first lockdown in New Zealand occurring from 25 March 2020. Whilst 400 is not an insignificant number when spread across the various subsectors, some data might only reflect a handful of organisations and not provide the representational sector-wide picture.

To understand how Covid-19 impacted organisations both large and small, each charity has been categorised into large-medium and small groups based upon the tier assigned by Charities Services:

- Tier 1 are charities that have annual expenses over \$30m;
- Tier 2 are charities with annual expenses between \$2m to \$30m;
- Tier 3 are charities with annual expenses between \$125,000 to \$2m; and
- Tier 4 for charities with annual operating payments less than \$125,000.

In relation to our analysis, Tier 1, 2 and 3 were considered ‘large’-to-‘medium’ organisations, comprising 30% of the organisations in the dataset, and Tier 4 charities represented ‘small’ organisations, comprising the remaining 70%.

Initial impact of Covid-19 on large-to-medium organisations Tiers 1, 2 & 3:

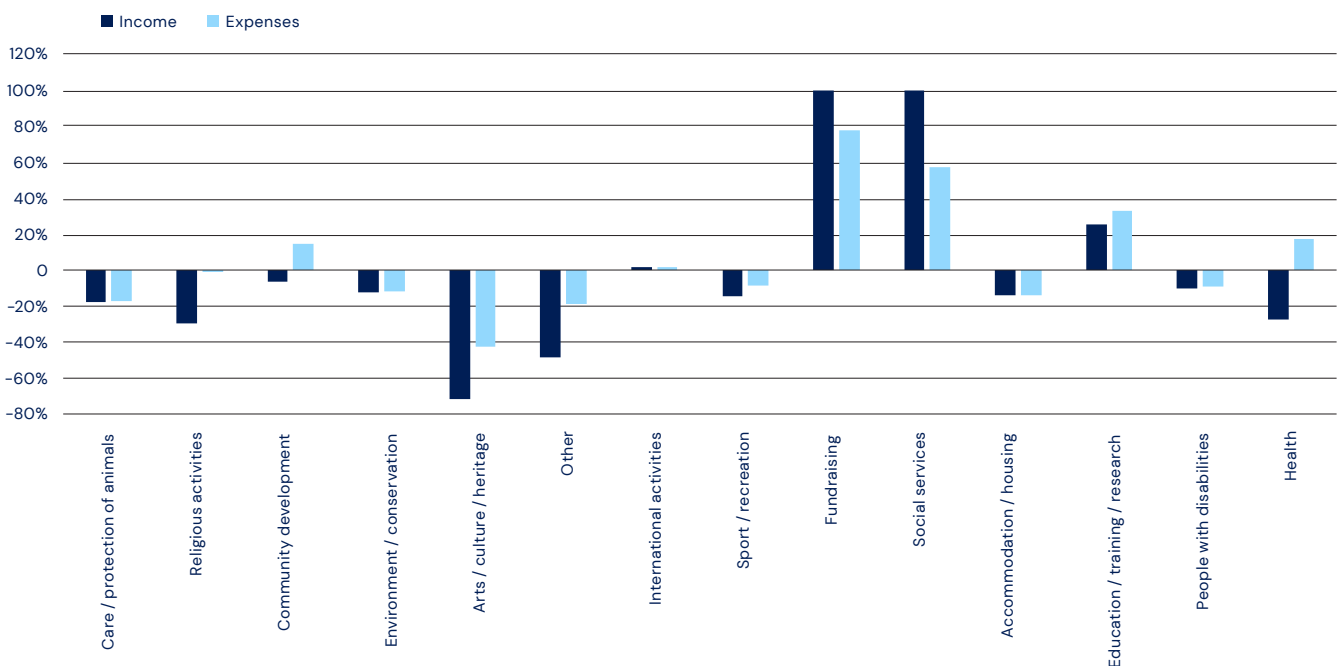
Income:

The ‘Marae on reservation’ land sector experienced the largest decrease in income from 2019 to 2020, albeit the number of marae charities captured here was relatively small. Comparisons of 2020 with 2019 results provided very small and insufficient figures. The Arts, culture and heritage sector also experienced a large decrease in income reducing 71% from 2019 to 2020. Unexpectedly, the Social services sectors had an increase in income unlike those seen in the Time to shine data. This difference may be due to the social services sector in the Time to shine dataset consisting of more charities than those recorded in the Charities Services dataset. Overall, most of the sectors reported a decrease in income for the 2020 financial year.

Expenses:

Most sectors experienced a decrease in their expenses during the lockdown period of 2020. However, the Fundraising and Social services sectors show a large increase in expenses up 78% and 68% respectively from 2019, indicating strong profit margins with income for both sectors increasing by 100%. In addition to the largest decreases in income, the Marae on reservation land and the Arts, culture and heritage sectors also experienced the largest decrease in their expenses. When compared against the impacts of Covid-19 on income, most organisations maintained healthy profit margins in 2020, and most decreases in income proportionally matched decreases in expenses.

% change between 2019–2020 (FYE 30.9) Large to medium charities – income and expenses



Initial impact of Covid-19 on small organisations (Tier 4):

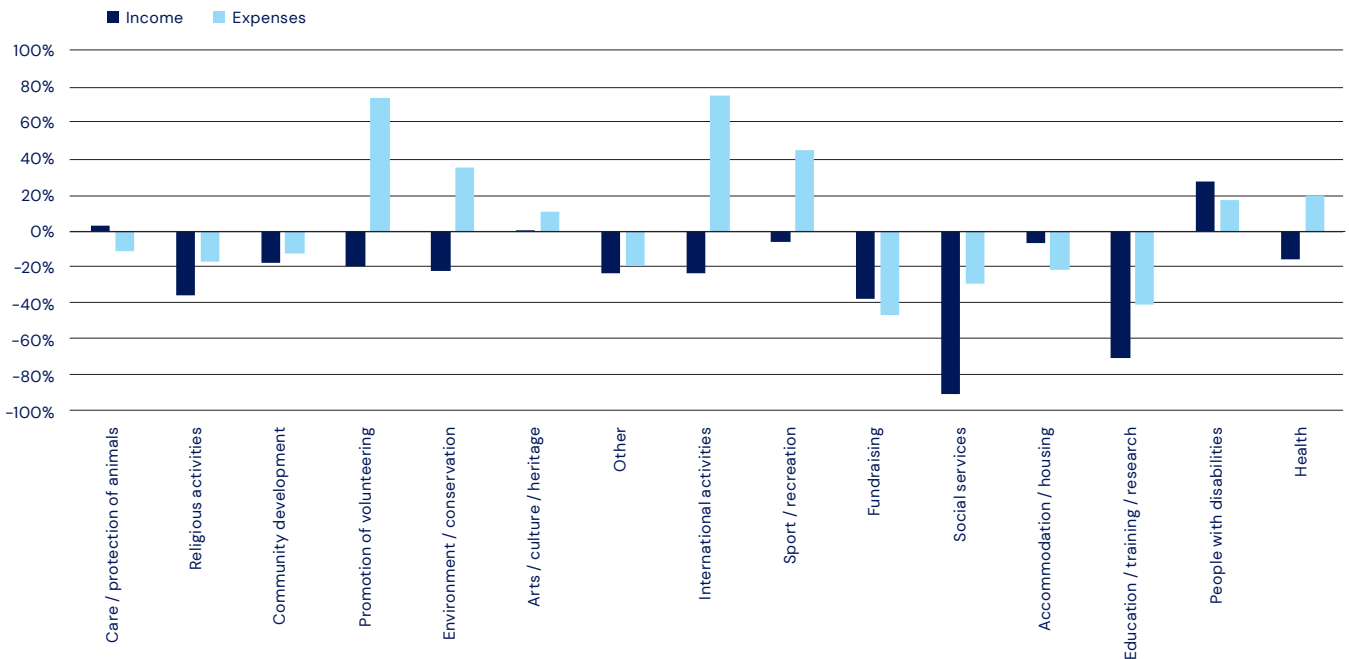
Income:

In comparison to the larger charities, the impacts of Covid-19 have had a greater negative impact on the smaller organisations. Amongst the smaller organisations, the Social services and Education, training, research sectors experienced the largest decrease in income followed closely by Religious activities and Fundraising. Consistent with the larger organisations, most charities experienced a decrease in their income, but the People with disabilities sector experienced the largest increase in income up 27% from 2019.

Expenses:

The Fundraising sector experienced the largest decrease in its expenses, dropping 46% in 2020. This was closely followed by the Education and Social services sectors, decreasing 41% and 29% respectively. The Promotion of volunteering sector had not only a 20% decrease in income but a 73% increase in expenses. The Environment and conservations sector also experienced a large increase in expenses despite income decreasing by 22%, showing a poor profit margin for 2020. Due to the relatively small sample size, some of the smaller sectors such as Environment and conservation and Promotion of volunteering consist of a small number of organisations, which may not represent the impact on all charities within the sector.

% change between 2019–2020 (FYE 30.9) Small charities – income and expenses



Collaboration leads to savings

An innovative corporate-charities alliance is combining a relationship focus with world-class procurement management tools, techniques, and technologies, to grow collective purchasing power; enabling the charitable dollar to stretch further.

It was January 2020, just before the impact of Covid-19 was really upon us. The Tōtara Hospice Board and CEO were exploring how they could continue to build on recent successes taking an 'outside the box approach' to revenue growth and cost savings.

"Our Board and Senior Leadership team come from diverse working backgrounds spanning Corporates to major Hospitals. All of us had experienced the positive impact that good procurement can have on triple bottom line performance when implemented correctly. We knew that's where we wanted to go next" says Tina McCafferty, CEO Tōtara Hospice.

As luck would have it, Alan Day, CEO of State of Flux had recently returned to New Zealand. State of Flux is a global software and services organisation focused on helping organisations manage and get more value from their procurement and supplier relationships. Since inception over 17 years ago, State of Flux works with many of the world's largest and well known private and public organisations from their offices in the UK, Europe, USA, Australia and NZ.

One of Tōtara's board members had been involved in working with State of Flux establishing a joint buying group in Australia, so had experienced first-hand the complexities of set-up and the huge benefits that this had delivered. Tina and her team reached out to Alan and his team to explore collaborating and creating a similar group for charities. From this exploration the Charities Buying Group was formed. It was initially for Hospices but has grown across a range of charities.

Tina McCafferty says, "This was an exciting collaboration from the word go. Tōtara Hospice had the energy, sector knowledge and relationships, and State of Flux had the expertise and scale to lead the group to get from concept to operations in the way we were looking for; a three-way lens of quality, ethical supply chain and cost savings".

To help implementation and programme management, State of Flux recruited Ashok Sudhakaran, former head of indirect procurement from The Warehouse Group.

Ashok explains the process, "first we need to have a common language for what the charities spend their money on, so we undertake a 'spend analytic' which consolidates the charities spend into common categories, for example IT equipment, stationary, maintenance and so on".

While it sounds like hard work, this is where State of Flux and the Charity Buying Group have an advantage, with access to software that will complete the analysis, so all the charity needs to do is provide a data download from their finance system.

Next, Ashok says, is to take the consolidated spend and understand "the size of the prize". From our market knowledge we can determine how much savings are likely to be achieved and the complexity to implement those savings. "Then it's simple - we put deals in place for the biggest areas of savings that are easy for the charities to implement".

Key to supporting the charities and to remove any risk of joining the Charity Buying Group, there are no joining nor subscription fees. Since the Charity Buying Group has been operating, State of Flux has **successfully achieved >10% savings in all spend categories on which they have worked.**

One of the challenges for the Charity Buying Group is that the New Zealand charity market is highly fragmented. There are twice as many charities per capita than Australia and one of the highest rates of Charities per capita in the world. New Zealand charities are highly competitive as they all look for their share of philanthropy, fundraising and sponsorship dollars. This unfortunately can lead to a behaviour where they are focused on competition with each other rather than collaboration.

However, as Andrew Procter, CFO of IHC says "It makes sense for us to collaborate as a charity sector so we can deliver more to New Zealanders in need". And there is sense in this collaboration - very simply: the more charities involved, the more spend that can be consolidated and the better the buying power. As Alan Day says, "it really is a case of 'the more the merrier'. In fact, we looked at the nature of the charities spend and most of it is focused around buying items for buildings, people, or vehicles, so we also looked at other like organisations to see if they could join". This has led to health organisations and PHO's also joining their spend in with the charities.

But it doesn't stop there. State of Flux knows that grouping spend and leveraging the larger buying power is only one way the group can achieve savings for the charities.

As Alan Day says, "Over time, it is crucial that we manage these suppliers correctly to ensure that the charities continue to get value from their supplier relationships". This is where State of Flux's expertise as the global leader in Supplier Management really helps as they are able to not only help the charities achieve savings but also help getting broader outcomes from the supplier relationships: sustainability, supporting local businesses, sponsorship, improving human rights and support for the environment.

As Wayne Howett, CEO of Ronald McDonald House says "we are a crowded sector, and it is vital that we work together for the good of New Zealand. Procurement is a great place to start as we can all enjoy the benefits while learning how to be good at collaborating together".

You can find out more about the State of Flux and contact Ashok to discuss the Charity Buying Group via their website www.stateofflux.co.nz

STATE OF FLUX

The for-purpose sector is, in its ongoing development, looking for relevant tools to aid good performance – in both governance and management. One such tool demonstrates the linkages and interdependence between the financial performance and social impacts, is the ‘Social Dividend Model’, derived by Justin Stevenson, former chair of Stepping Stones Trust.

We offer here a brief on his ‘Social Dividend Model’ as a complementary reporting framework. This work is set in the context of the broader discussion on re-envisioning non-profit overhead, as well as the international work underway to demonstrate and report on the value of non-financial activities in commercial enterprises as perhaps most prominently seen in the value accounting reporting work of the Global Reporting Initiative, and the International Integrated Reporting Council / Sustainability Accounting Standards Board, and more recently the Impact-Weighted Accounts Initiative (IWA) incubated at Harvard Business School. This work is also adjacent to the emerging ‘Shared Value Hybrid Metrics’ concept by Mark Kramer and others at FSG.

The Social Dividend Model

Making financial reporting strategically useful when profits are not your purpose

“Don’t tell me your values, show me your budget and I will tell you your values”(Joe Biden Sr).

Given the nature of the Not-For-Profit (NFP) sector, it would be rare for those involved not to express at least some commitment to this quote. Despite this, the financial accounts of NFP’s often receive limited use as a strategic tool, especially compared to those in business settings. This may be due to the inclinations and experience of those in the sector, but even those that are financially skilled will find little strategic value from NFP accounts.

It turns out there are practical reasons why financial tools designed for business fail to tell a useful ‘story’ for NFP’s.

Consider a typical business Profit and Loss (P&L) statement: Income is received for products and services, expenses are incurred providing these, and hopefully a surplus remains. This surplus will either be reinvested in the business or paid out as a dividend. This is a fairly universal ‘story’ allowing businesses to be compared and improved.

NFPs are different because the ‘dividend’ they provide society is classified as an expense. Businesses try to keep expenses to a minimum, but for NFP’s, expenses reflect their mission and purpose, and the aim is to maximise them. This seemingly simple (but frequently missed!) distinction means that the purpose of a NFP is not clearly reflected by standard accounting formats.

Other problems include:

- **Lack of performance targets:** Key performance measurements that allow businesses to be compared and improved no longer make sense when the dividend is an expense. Consequently, it is difficult to assess the performance of a NFP and compare it to others.
- **Over emphasis on surpluses:** For businesses, generating a surplus is the key target and standard accounting formats help achieve this. If NFPs use the same tools they will adopt the same goal. However, NFPs only require a consistent surplus if scale is required to meet their mission and purpose.

- **Low awareness of opportunity cost:** Without a way to determine a Return on Equity (ROE), it is difficult to determine if assets are being used effectively by charities.

These issues are not mere quirks. If they occurred in a business setting the accounting methodology would be changed. However, NFPs persist in using a format that is inadequate to promote good performance.

The Social Dividend Model (SDM) was developed to address this problem by allowing NFP’s to align their accounts with what they actually do, thereby providing far more strategic information.

The model revolves around the application of the following four building blocks to a NFP's Profit & Loss statement.

1. Building Block 1 - Allow definitions to match the purpose

The simplest change the SDM makes is to re-label 'expenses' as 'Social Dividend' (fig 1.b vs 1a). This is not complicated, but it is significant. Language affects how we think. This shifts 'expenses' from something to be avoided, to something actively applied to achieve desired objectives.

Further categories (Fig 1c) add extra strategic value. It is worth distinguishing between 'desirable' and 'undesirable' income (i.e. some NFPs find money from gambling trusts problematic, while others do not). Also, it is helpful to acknowledge that 'undesirable' expenses are likely as a perfect performance is hard for any organisation.

These changes give a clearer alignment between an NFP's P&L and its activities and highlights immediate strategic priorities. Fig1b is obviously superior to 1c. What actions will be required to get there?

While there is subjectivity here, the SDM stays grounded in reality by keeping the final surplus (or deficit) constant. The bottom line is not subjective, there is just flexibility in how to get there.

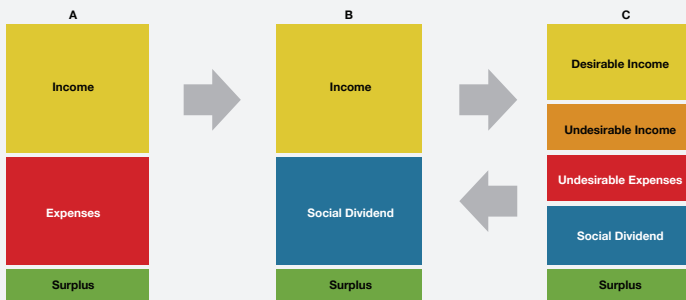


Figure 1: How charities can change the definitions used in standard accounting

2. Building Block 2 - Show hidden things

Standard P&L formats often poorly represent a NFP's scale and impact as key contributions do not appear. The SDM allows this to be addressed.

Consider the hidden contributions of volunteers. The SDM asks, what would an employee be paid for the equivalent work? This figure can be added to the P&L as both a source of 'income' and, to keep the surplus constant, an increased Social Dividend (fig 2).

Why is this strategically important? First, it reveals the true scale of a NFP's contribution to society. Secondly, it highlights the risks involved in being dependent on volunteers. Thirdly, the true cost of a NFP's services is revealed.

Not all hidden contributions are 'desirable' (i.e. some NFPs are sustained through underpaying staff). This can be a willing contribution, but at other times it is borderline, or actual abuse. The SDM provides a framework for NFP governance to decide proactively how it should be funded.

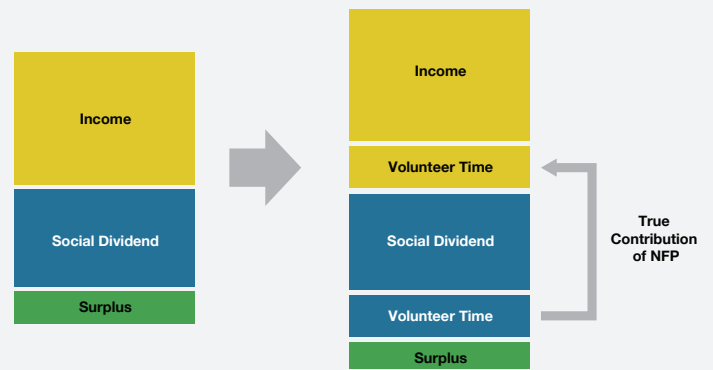


Figure 2: How hidden contributions such as volunteer time can be included in a charity's financial accounts.

3. Building Block 3 - Make opportunity costs clear

While an asset base provides significant security for a NFP's operation, without a mechanism to consider the cost of capital, it is difficult to determine if these assets (typically property) are being used optimally.

Consider a NFP that owns its own building. The SDM asks what an equivalent rent would be. In the P&L this 'rent' is then shown as increased Social Dividend and, to keep things balanced, a source of 'income' (fig 3b vs 3a).

To fully account for assets, the SDM recommends a further step of establishing an 'asset trust' (fig 3c). This trust returns the net income to the NFP once the income and expenses of managing assets are taken into account. This arrangement provides an indication of the NFP's ROE while also revealing the true contribution of assets to the NFP's Social Dividend.

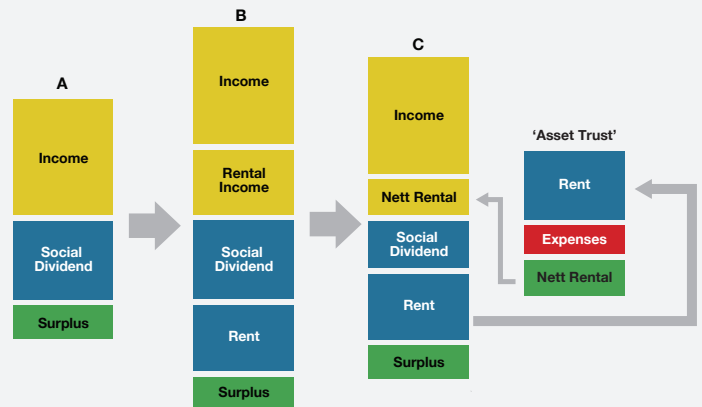


Figure 3: How the opportunity cost of assets can be shown in financial accounts

4. Building Block 4 - Distinguish between commercial and charitable activities

NFPs are often involved in commercial activities, generally in areas aligned with their purpose. However, if a self-sustaining business could do the same work, should it also count as charitable?

NFPs often claim to provide more than a profit-focused organisation. This is probably true, and the SDM provides tools to highlight this extra contribution.

The SDM uses a concept called the Minimum, Efficient, Ethical Budget (MEEB). The MEEB is essentially the expenses of a quality, profit focused, private provider.

As shown in fig 4b, the difference between the MEEB and the NFP's expenses is the social dividend the NFP provides. Generally, this means the 'charitable' contribution of a NFP is smaller than shown in the standard P&L (fig 4c).

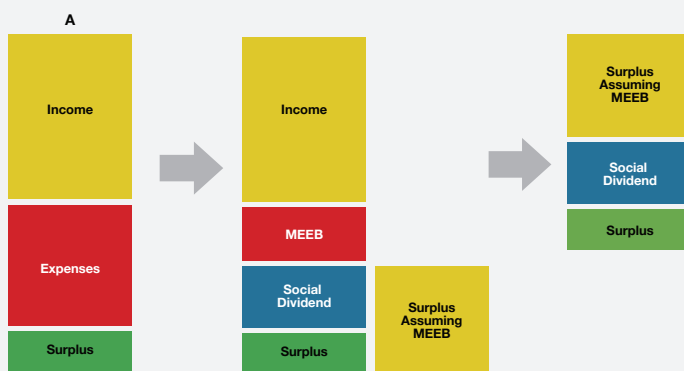


Figure 4: How the use of a MEEB can distinguish between commercial and charitable activities.

Why use these building blocks?

While every organisation is different, these four building blocks can be applied and manipulated to meet the specific circumstances of most NFPs. The final result may significantly alter the representation of the NFP including its size and purpose.

Some of the strategic benefits of the SDM include:

- **Better reflection of the NFP's story:** The SDM provides a close match between a NFP's activities and how these are represented financially. This encourages discussion about how to improve that 'story' to meet its mission and purpose.
- **Reveals the true scale:** The SDM reveals the true scale of what a NFP is spending delivering its services, a figure that can be significantly different from standard accounts.
- **Incentives to operate efficiently:** The MEEB is a useful tool to encourage efficiency. By delivering the commercial side well, the NFP will have more resources to spend as a social dividend and expand its impact.

Does your budget match your values?

Ultimately, the main benefit of the SDM is showing the scale and details of the NFP's social dividend. Hopefully, there is already a close alignment between this and the NFP's values. However, it is not uncommon for this process to reveal an unexpected picture of what the NFP does, who primarily benefits, and to what scale. This may lead to significant changes in strategy and how the NFP operates.

Justin Stevenson is a business owner with a degree in economics. He has served on several not-for-profit boards including chairing the Stepping Stones Trust.

To find out more, contact Justin at justin.c.stevenson@gmail.com

A digital boost for our not-for-profits

Digital technologies have transformed the way people interact, live, work and learn. The experience of recent decades makes it very clear that these technologies have strong potential to improve personal wellbeing and business performance.

The Covid has seen the use of digital tools in work and home life grow at an unprecedented rate – because of lockdowns, digital adoption surged ahead by the equivalent of five years in just a few short months.

Digital technologies improve wellbeing and lift productivity for people and businesses that know how to use them effectively and safely. It follows that widespread digital adoption is critical in building a resilient and future-proofed New Zealand economy that is adaptive to change.

Digital transformation doesn't benefit everyone. As digital technologies become more widespread, people and firms that lack the motivation, trust or appropriate skills face a heightened risk of missing out. As such, the digital transformation carries with it the threat of greater inequality if people lack digital skills and capability.

As a case in point, the Citizens Advice Bureau has called on Government to take urgent action to ensure public services are accessible to all, recognising that a “digital first” approach does not work for everyone. They highlighted that this is about making sure vulnerable people in society are not left behind in the rush to digitally transform public services.¹

While lockdowns have encouraged digital adoption and the benefits it brings, they have also increased inequality in Aotearoa New Zealand. The financial pain of the pandemic has fallen disproportionately on low-income New Zealanders who are least equipped to deal with it.

To reap the full benefits of digital adoption, we need to lessen the economic and social vulnerabilities it creates. Rising to this challenge is not just an issue for Government. Ensuring all New Zealanders have equal opportunity to participate in 21st century digital life is an issue that NGOs and the private sector must also address.

Promoting safe digital adoption is just one example of the critical work NGOs play in our economy and society. Given the fundamental roles of these organisations, it is essential that they are well resourced and up for the task.

A recent audit of NGOs working to improve digital inclusion found that these organisations often lack scale and resources.² Many providers are very small, employing one or two people at most. Almost none evaluated the effectiveness of their programmes, at least in part due to limited resources. In fact, because of funding constraints, many of these initiatives reported being on the cusp of ceasing to operate. The Covid-19 pandemic may have significantly worsened the situation.

If NGOs in the digital inclusion space are any indication, there is scope to lift the massively important contribution of the NGO sector. In the same way that the greater use of digital tools could lift New Zealand's economic performance, digital adoption by NGOs could also be critical in maximising their value add. Are our NGOs part of the digital revolution? Are they poised to reap the benefits of the social and economic gains that digital can unlock?

Unfortunately, we currently lack the data needed to accurately answer these questions. It is likely, however, that many of our NGOs are yet to use new technologies to their full potential. This is the case in the United Kingdom, where work by Lloyds Banking Group shows that people working for NGOs often have relatively low levels of digital capability.³

While we lack detailed information on the digital savvy of NGOs in New Zealand, the age profile of volunteers' hints at their level of digital skills. Half of New Zealanders volunteer at NGOs and nine out of ten NGOs do not employ any staff. This means that the digital savvy of volunteers is a reasonable proxy for the digital capabilities available within NGOs.

People aged 45 years and older are more likely to volunteer at NGOs compared to younger people.⁵ As might be expected, older people who are more likely to have some free time make up most of the NGO workforce. It follows that looking at the digital skills of older New Zealanders gives some very rough insight into the digital capabilities of NGOs.⁴

BNZ's report on *Digital Skills for life in Aotearoa 2021* describes digital skills across different groups of New Zealanders.⁶ It finds that “digital skills are heavily skewed by age”.

Overall, 80% of New Zealanders have the digital skills deemed to be essential for modern-day life. For people in the 60-to-69-year-old age bracket, this figure falls to 67%. Among people aged 70-to-79 years old, around half have essential digital skills. For people older than 79 years old, only one fifth have essential digital skills.

While only indicative, this suggests that some New Zealand NGOs could benefit from greater digital adoption to further enhance the incredible work they do. New Zealand is well placed to benefit from digital technologies. In many ways, our uniqueness as a country makes us uniquely suited to a digital future. Lifting digital adoption by NGOs is a key aspect of realising this potential.

Paul Conway is Chief Economist at Bank of New Zealand. He was previously Director of Economics & Research at the New Zealand Productivity Commission. Paul has also worked internationally at the OECD and with the World Bank.



1 <https://www.cab.org.nz/news/citizens-advice-bureau-delivers-its-digital-exclusion-petition-to-parliament/?stage=Live>

2 <https://www.digital.govt.nz/dmsdocument/152-digital-inclusion-stocktake-what-digital-inclusion-looks-like-in-nz-communities/html#4.-informal-takeaways-from-stocktake-engagement>

3 <https://www.lloydsbank.com/business/resource-centre/businessdigitalindex.html>

4 <https://www.stats.govt.nz/assets/Uploads/Reports/Non-profit-institutions-satellite-account-2018/non-profit-institution-satellite-account-2018.pdf#page=20>

5 <https://www.stats.govt.nz/reports/volunteering-and-donations-by-new-zealanders-in-2016>

6 <https://www.stats.govt.nz/tereo/reports/volunteering-and-donations-by-new-zealanders-in-2016>

7 https://blog.bnz.co.nz/wp-content/uploads/2021/04/BNZ_Digital-Skills-Report-2021.pdf

| An analysis of individual charity sectors

The remainder of this report profiles each charity subsector based on the data collected from the New Zealand Charities Register as of 11 December 2020. The obtained data set consists of the annual financial returns reported by registered charities for the period from 1 April 2019 to 31 March 2020. The charities that filed their annual returns late (past 11 December 2020) were not included in the data and therefore do not appear in the analysis of each sector, creating some omissions and inconsistencies and resulting in a profile that, for some subsectors, appears slightly smaller compared to other years.

Charitable organisations self-select their 'main sector' category into which their annual financial results are reported.

The International Classification of Non-Profit Organisations (ICNPO) system has been used to define in which group and subsector each organisation is categorised, and the New Zealand Charities Services data adheres to these categories. This is fundamentally an activity classification system, although some purpose criteria have been included where activities are similar. The complete ICNPO for each category is described before each of the subsectors. The New Zealand examples quoted for each category are from the Statistics New Zealand's Classifying Non-Profit Institutions (June 2006) and may not always be consistent with self-categorised 'main sectors' in the Charities Service.³²

Each subsector provides the following insights:

- types of activities undertaken by the charitable organisations and Stats New Zealand examples
- a broad commentary on the subsector, including comparisons to the New Zealand Cause Report 2017
- the cumulative number of sector charities over the last decade and the number of new charities established per year
- an analysis of the main beneficiaries within each subsector
- a profile on the volunteer, full-time and part-time staff per year, and
- a list of the top ten reporting charity organisations ranked in order of gross income
- means and medians of the total assets, income and expenses
- a profit and loss subsector profile
- a balance sheet subsector profile
- a profile on the assets and liabilities per year
- a profile on income and expenses per year
- an analysis of income versus surplus
- an analysis of sector income versus assets
- the leading income and assets scaled by decile³³
- summary details for organisations and groups within the subsector;

If you want to discuss the detail of the analysis in support of the profiles, please contact us.

³² In the 2017 NZ Cause Report, the People with disabilities sector was included within the Social services sector, however the sector has grown significantly since 2017 and now represents its own sector as reported by Charities Services and, therefore, presented in this report.

³³ To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' (D1), second 10% as 'decile 2' (D2), etc.

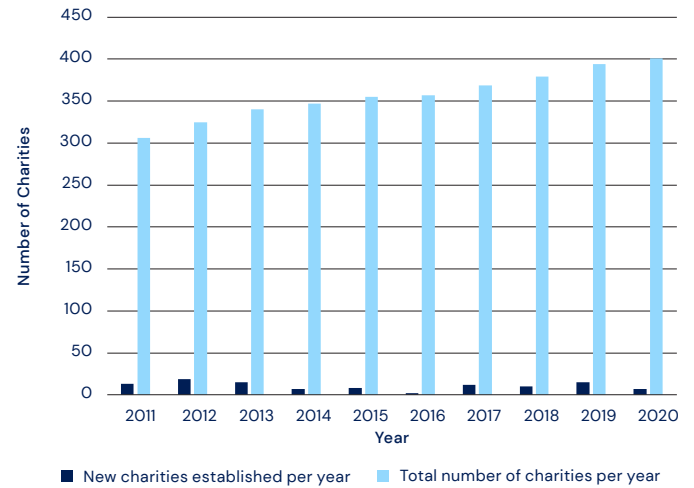
Accommodation and housing

ICNPO 6 200 – Housing

- **Housing associations** – Development, construction, management, leasing, financing, and rehabilitation of housing.
- **Housing assistance** – Organisations providing housing search, legal services, and related assistance.

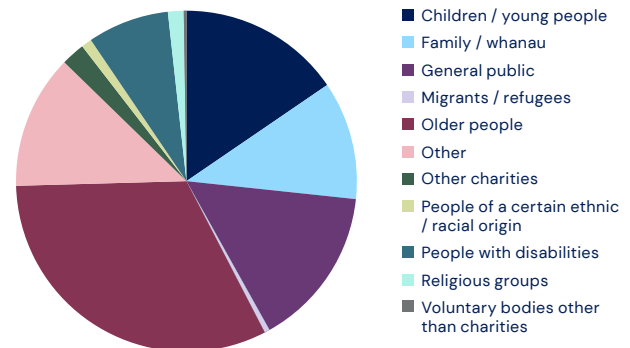
New Zealand examples (ICNPO) – NZ Housing Foundation, housing for women trusts, Habitat for Humanity.

Number of Accommodation and housing
– Number of charities established and cumulative per year

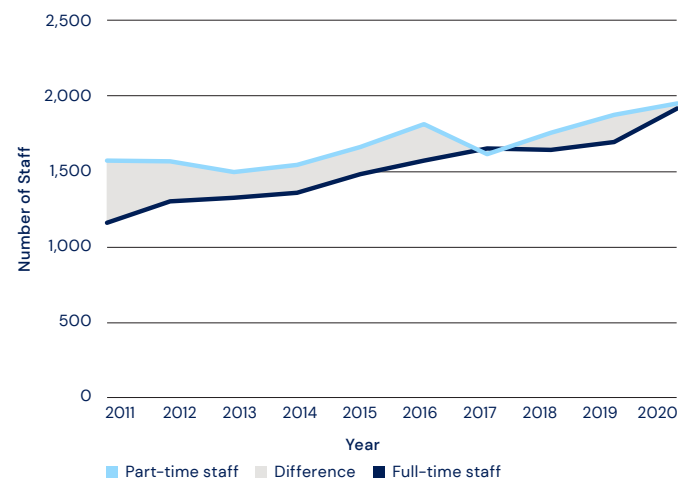


Main beneficiaries

Accommodation and housing models



Full-time and Part-time staff per year



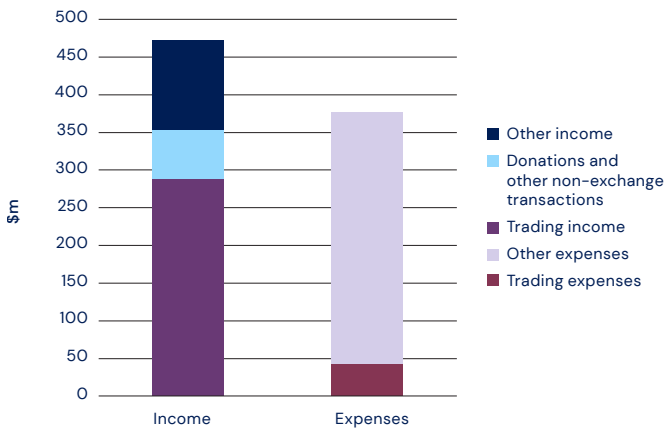
The sector enjoyed a healthy annual surplus of 20% for the YE2020 financial year putting it amongst the top three sectors for surplus of revenue. Non-current assets made up 90% of the sector's total assets, which had grown by 15% since 2017. Liabilities remained low and provided the sector with a conservative balance sheet structure. Accommodation and housing saw one of the largest growths in assets since 2011.

In comparison to the 2017 NZ Cause Report, philanthropy remained a small part of the sector's income mix, however total income grew by 27% along with expenses increasing by 20% – together they provided strong profit margins over the last four years. Despite having the largest number of volunteers across all sectors, the Accommodation and housing sector expressed a total staff increase by 26% from 3,275 employees in 2017 to 3,881 employees in 2020.

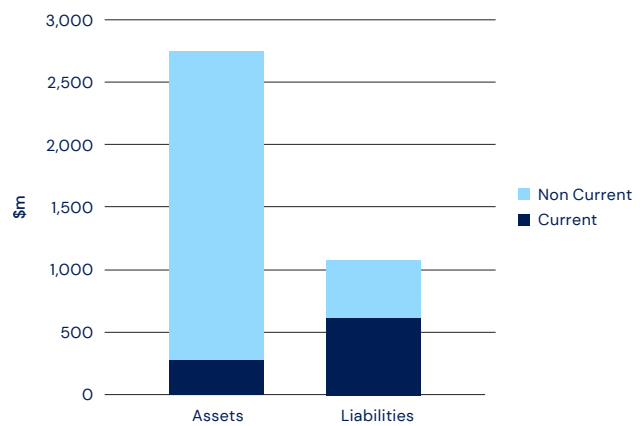
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Ōtautahi Community Housing Trust	\$39	53%	0%	47%	\$36	32
Kerikeri Retirement Village Limited	\$31	23%	77%	0%	\$56	138
MASH Trust	\$29	88%	0%	12%	\$12	480
New Zealand Housing Foundation	\$20	94%	3%	3%	\$74	19
Youth Hostels Association Of New Zealand Incorporated	\$14	98%	0%	2%	\$59	170
Northbridge Lifecare Trust	\$12	97%	0%	3%	\$158	230
ConneXu	\$10	100%	0%	0%	\$3	147
Ronald McDonald House Charities New Zealand Trust	\$10	0%	92%	8%	\$54	78
The Napier District Masonic Trust	\$9	99%	0%	0%	\$62	161
Parkwood Trust Incorporated	\$9	100%	0%	0%	\$123	134

Accommodation and housing	Total income	Total expenses	Total assets
Mean	1,179,659	940,338	9,713,771
Median	160,830	101,873	2,365,617

Accommodation and housing – profit and loss

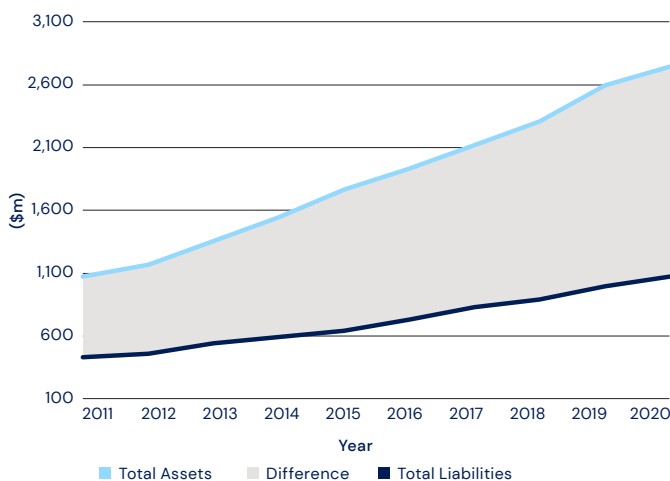


Accommodation and housing – balance sheet

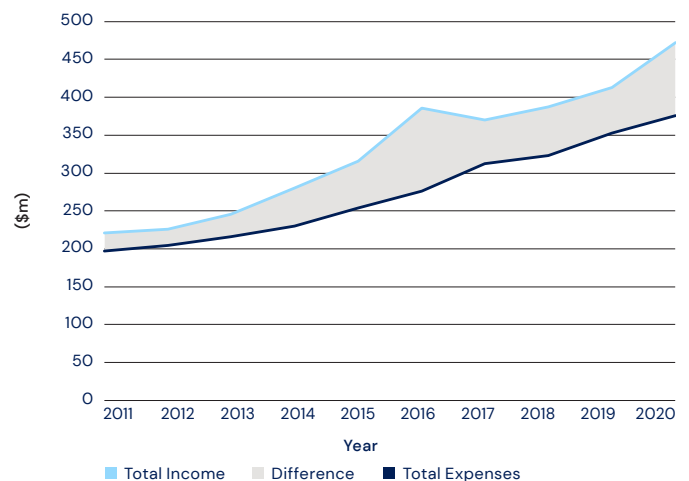


Profile of Accommodation and housing since 2011

Asset and liabilities per year (\$m)



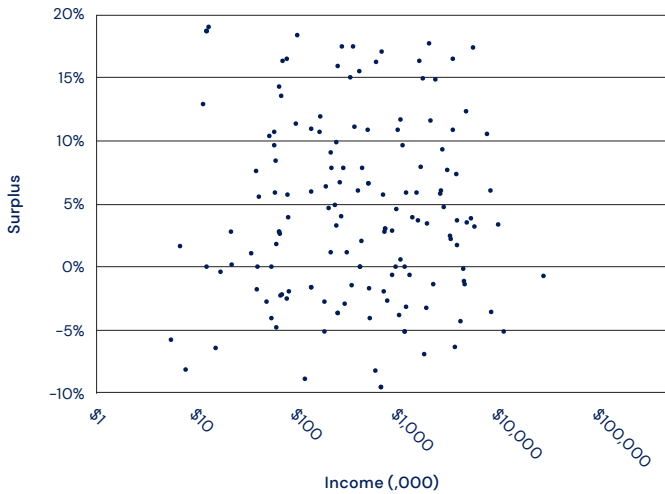
Income and expenses per year (\$m)



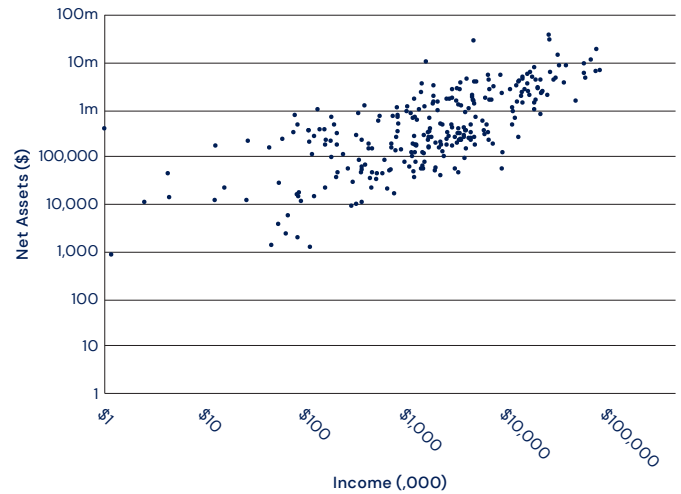
Half of the 2017 top 10 (by income) organisations appear again in the current top 10, however we note some have moved to lower positions, likely from a delay in filing their annual returns, or previously filed under a different sector category. 'Older people' were reported as the main beneficiary group for the Accommodation and housing sector making up 32% of the total, reflecting that a large proportion of organisations were retirement villages and aged care homes. 42% of the sector's income was derived from organisations from the upper North Island.

Positioning of individual sector organisations

Income vs Surplus



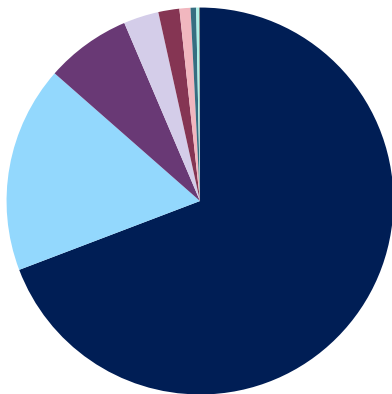
Income vs Net Assets



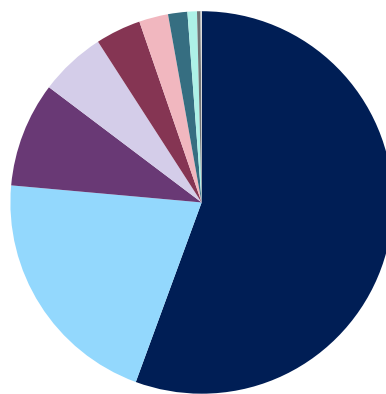
The sector showed no relationship between income and surplus suggesting healthy surplus margins occurred for both small and large organisations, but a strong positive relationship between income and net assets can be observed. In comparison to other sectors, 56% of the total net assets were contributed by the top the top 10% ('decile 1' or 'D1') of earners while the next 10% ('decile 2' or 'D2') contributed 21% of the total net assets; these combined decile 1 and 2 groupings accounted for 77% of total net assets making Accommodation and housing one of the cause areas with the largest top 1 and 2 decile contributions.

Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of the Accommodation and housing sector

- There were 401 registered charities in the sector (2% of the total charity sector).
- The sector had an annual income of \$472m (2% of the total charity sector income).
- Reserves totaled \$373m (3% of the total charity sector reserves).
- 211 (53%) of the charities relied solely on the work of volunteers.
- Around 77% of charities had an income less than \$1m and 13% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Arts, culture and heritage

ICNPO 1100 – Culture and arts

- **Media and communications** – Production and dissemination of information and communication; includes radio and TV stations; publishing of books, journals, newspapers and newsletters; film production; and libraries.
- **Visual arts, architecture and ceramic art** – Production, dissemination and display of visual arts and architecture; includes sculpture, photographic societies, painting, drawing, design centers and architectural associations.
- **Performing arts** – Performing arts centers, companies and associations; includes theatre, dance, ballet, opera, orchestras, choirs and music ensembles.
- **Historical, literary, heritage and humanistic societies** – Promotion and appreciation of the humanities, preservation of historical and cultural artifacts and commemoration of historical events; includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials and commemorative funds and associations.
- **Museums** – General and specialised museums covering art, history, sciences, technology and culture.
- **Zoos and aquariums.**

New Zealand examples (ICNPO) – Toy libraries, orchestras, historical societies, performing arts centers, poetry and literary societies, museums.

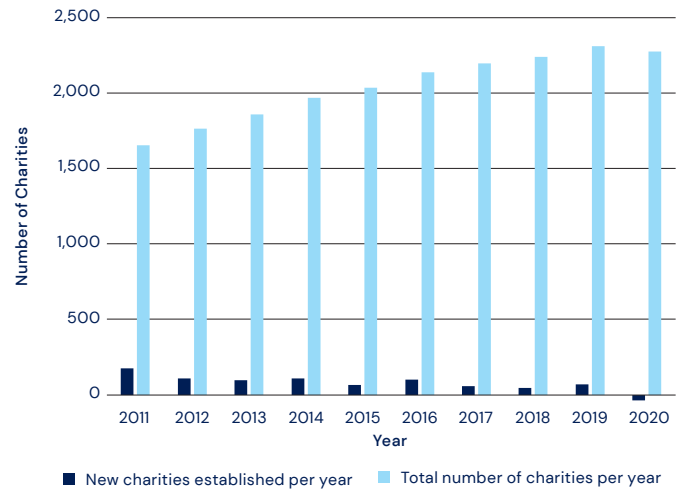
Whilst there has been a steady increase in the number of registered charities with an average of 80 new charities a year since 2012, there is a deceleration of new registered charities and a sharp decrease in 2020 possibly due to organisations filing annual returns past 11 December 2020 and therefore not included in the dataset.

Surplus margins were midrange for the Arts, culture, and heritage sector, seeing a healthy annual surplus of 10%. Between 2017–2020, the sector experienced a strong annual surplus with philanthropy comprising of 35% of the income mix, up 5% from 2017 and 16% higher than the overall charity sector. Because of its organisations’ collections, this sector is asset rich and displays a very strong balance sheet.

Arts, culture and heritage showed a steady increase in the number of full-time and part-time staff over the last decade yet still enjoyed a heavy contribution of volunteer support; for every paid staff member, the sector relied on three volunteers.

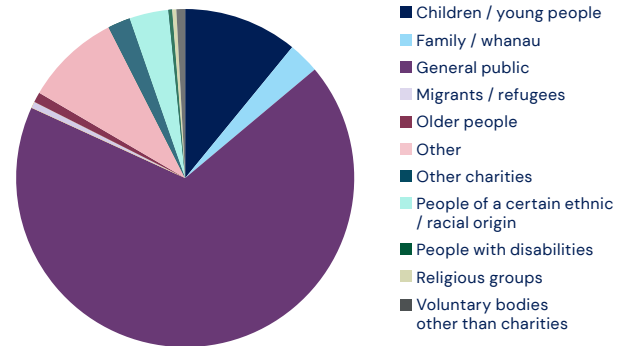
Arts, culture and heritage

– Number of charities established and cumulative per year

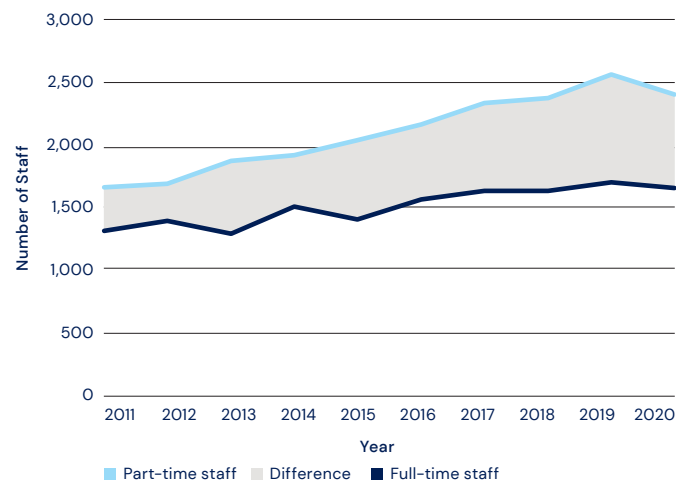


Main beneficiaries

Arts, culture and heritage



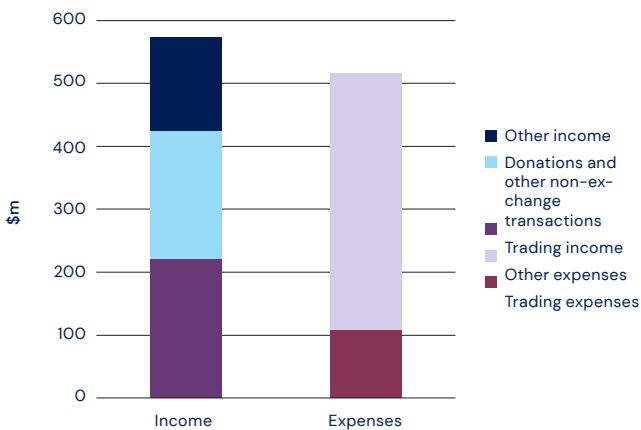
Full-time and Part-time staff per year



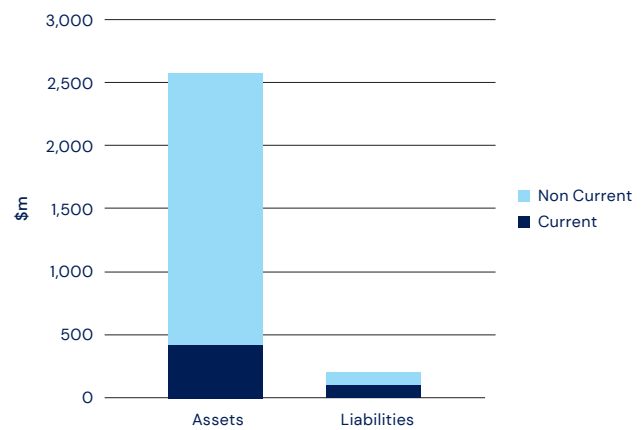
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Auckland Museum Trust Board	\$45	15%	10%	75%	\$206	297
The New Zealand Māori Arts and Crafts Institute	\$26	98%	1%	1%	\$57	171
Museum of Transport and Technology	\$18	15%	2%	82%	\$69	117
Waitangi National Trust Group	\$15	42%	58%	1%	\$36	78
Canterbury Museum Trust Board	\$15	9%	73%	18%	\$123	75
Wellington Museums Trust Incorporated	\$14	21%	11%	69%	\$7	145
Auckland Philharmonia Trust	\$13	24%	63%	13%	\$12	37
New Zealand National Fieldays Society Incorporated	\$12	100%	0%	0%	\$34	38
The Royal New Zealand Ballet	\$12	24%	72%	4%	\$2	69
Otago Museum Trust Board	\$9	35%	60%	5%	\$26	143

Arts, culture and heritage	Total income	Total expenses	Total assets
Mean	253,075	227,828	3,402,119
Median	25,977	22,763	283,780

Arts, culture and heritage – profit and loss

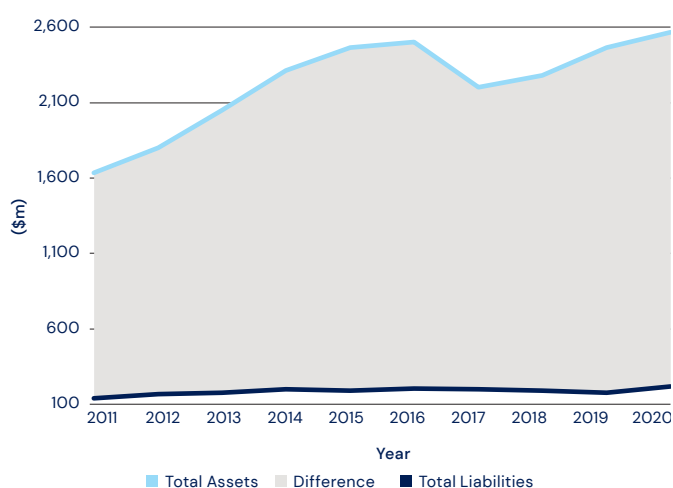


Arts, culture and heritage – balance sheet

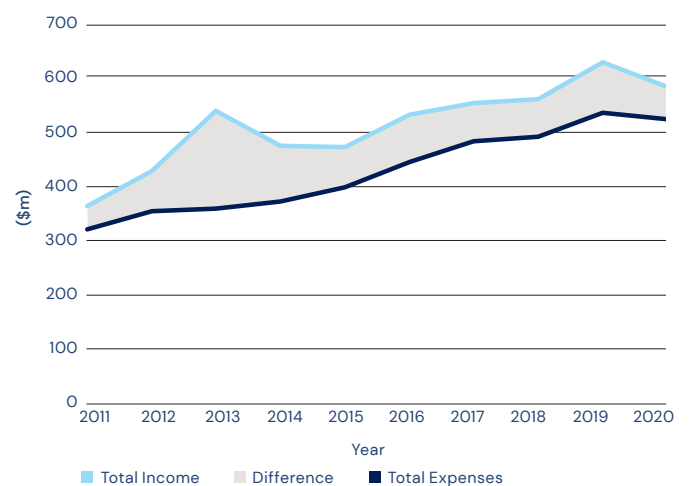


Profile of Arts, culture and heritage since 2011

Asset and liabilities per year (\$m)



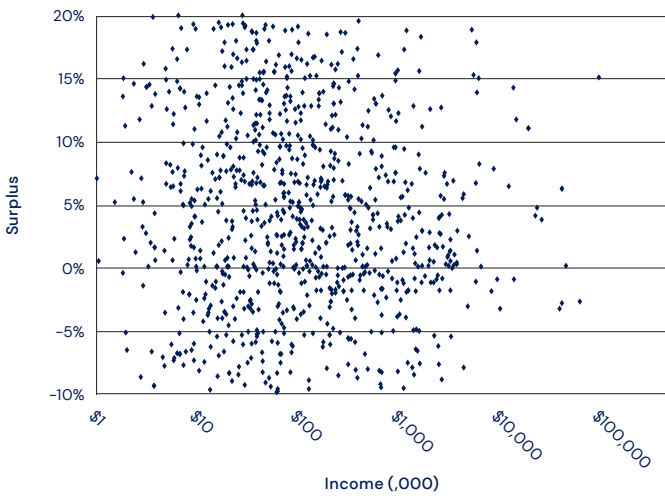
Income and expenses per year (\$m)



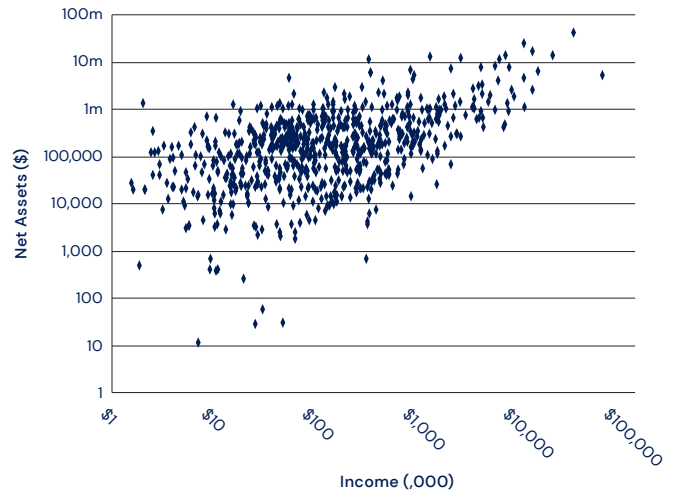
Compared to 2017, three charities no longer appear in the current top ten organisations by income: The Arts Centre of Christchurch Trust, the NZ International Arts Festival and the Waterfront Theatre, but we note the biennial presentation and programming of some of our largest organisations (such as the NZ International Arts Festival) and the opening of the Waterfront Theatre result in uneven data depending on when the events fell in terms of reporting and our dataset. Similar to other sectors, we see a large skew in the average income, expenses, and assets with the mean total income being nine times the median total income. Around 68% of the charities within the sector reported the general public as their main beneficiary without further demarcation.

Positioning of individual sector organisations

Income vs Surplus



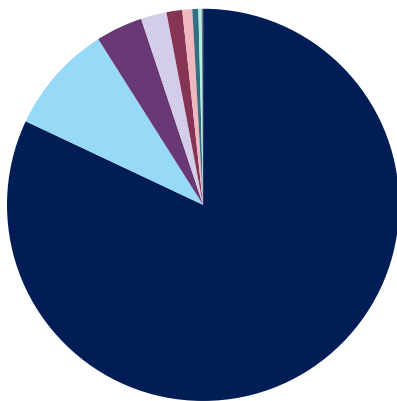
Income vs Net Assets



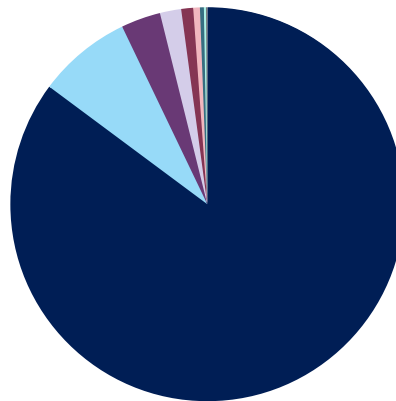
The income and asset splits by decile show the top 10% of Arts, culture and heritage charities were responsible for more than 80% of total income and assets. The sector's surplus versus income shows no direct relationship, therefore smaller organisations still had the potential for healthy surplus margins, although it is noted in this profile a third of the organisations did not generate a surplus. The net assets versus income tracked as expected within the sector with the value of net assets increasing slightly with the increase of income, albeit the relationship between them is weak.

Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of Arts, culture and heritage sector

- There were 2,274 registered charities in the sector (10% of the total charity sector in NZ).
- The sector had an annual income of \$574m (2% of the total charity sector income).
- Reserves totaled \$625m (4% of the total charity sector reserves).
- 1,658 (73%) of the charities relied solely on the work of volunteers.
- Around 95% of charities had an income less than \$1m and 31% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

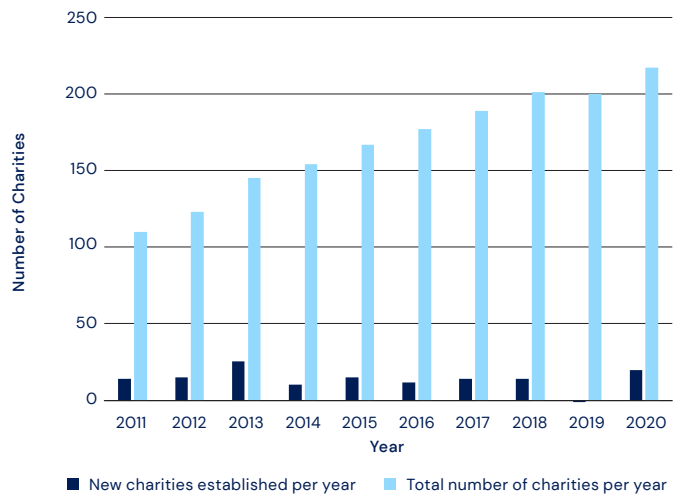
Care and protection of animals

ICNPO 5 200 – Animal protection

- **Animal protection and welfare** – Animal protection and welfare services; includes animal shelters and humane societies.
- **Wildlife preservation and protection** – Wildlife preservation and protection; includes sanctuaries and refuges.
- **Veterinary services** – Animal hospitals and services providing care to farm and household animals and pets.

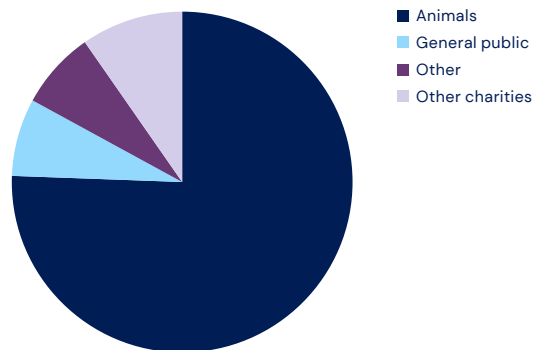
New Zealand examples (ICNPO) – Society for the Prevention of Cruelty to Animals, Cats Protection League, Yellow Eyed Penguin Trust.

Care and protection of animals
– Number of charities established and cumulative per year



Main beneficiaries

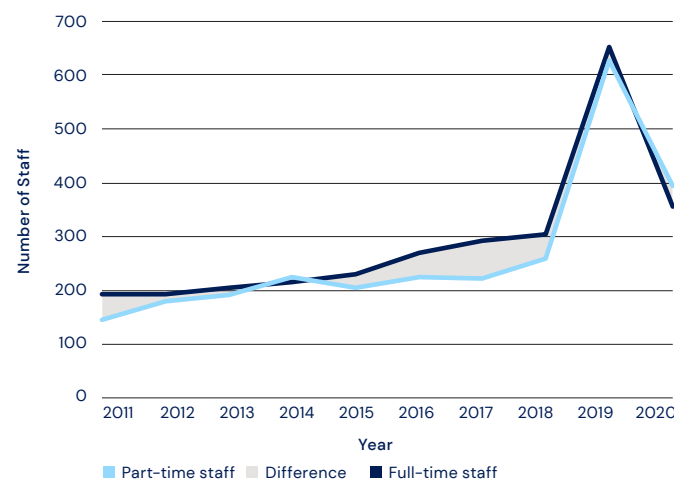
Care and protection of animals



The Care and protection of animals sector sits midrange for growth in assets and income over the past decade, however total staff in the sector increased by 94% since 2011 making it one of the fastest growing sectors for employment. The sector had strong surplus margins and recorded a surplus of 12% for the YE2020 financial year. It had a strong reliance on philanthropy and was successful with donations and other non-exchange transactions making up 63% of its income. Organisations in this sector successfully attracted a high quantity of volunteers reporting the largest volunteers to paid staff ratios, or the equivalent of 12 volunteers for every paid staff member.

Like the 2017 report, Care and protection of animals had a strong balance sheet with very low liabilities. The sector grew by 19% in the last decade, however it does show a slight decrease in 2019 because many organisations related to the Society for the Prevention of Cruelty to Animals Incorporated previously filed as individual charities based upon their region of operation, but in 2019 were categorised together as one group reporting in 2020 as 'SPCA New Zealand'.

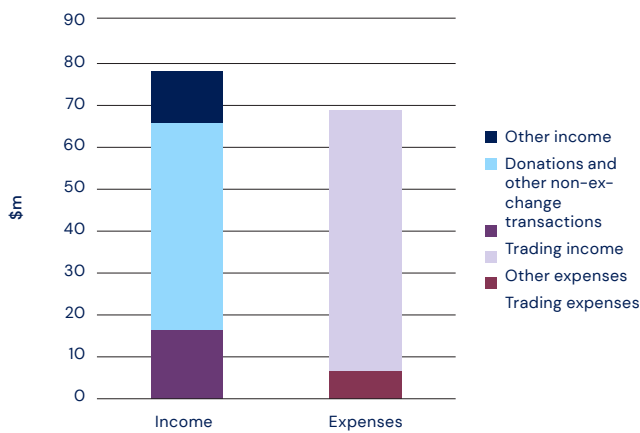
Full-time and Part-time staff per year



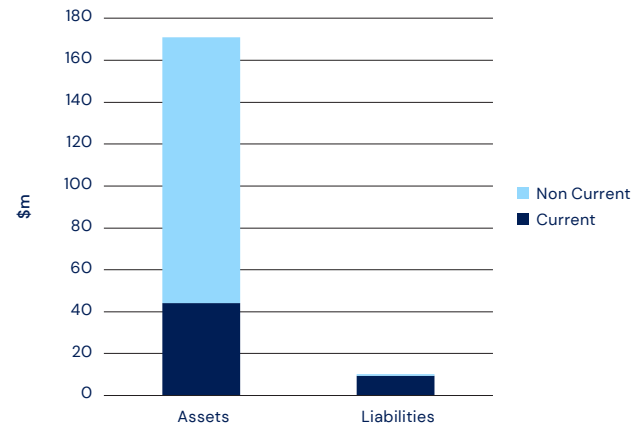
Top 10 organisations by income	Total Gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
SPCA New Zealand	\$46	27%	64%	9%	\$80	600
World Animal Protection Limited	\$4	0%	100%	0%	\$1	3
The Polaris Charitable Trust	\$3	0%	100%	0%	\$0	0
Save Animals from Exploitation Incorporated	\$3	0%	93%	7%	\$7	21
The SPCA Trust	\$2	0%	25%	75%	\$31	0
Veterinary Council of New Zealand	\$2	0%	0%	100%	\$3	8
The Cats Protection League Wellington Incorporated	\$2	1%	94%	5%	\$4	2
Cats Protection League Canterbury Incorporated	\$1	19%	52%	28%	\$7	5
Natureland Wildlife Trust	\$1	83%	17%	0%	\$0	12
Greyhound Adoption Programme Trust	\$1	9%	76%	15%	\$0	6

Care and protection of animals	Total income	Total expenses	Total assets
Mean	361,679	318,272	2,590,080
Median	22,907	21,674	269,689

Care and protection of animals – profit and loss

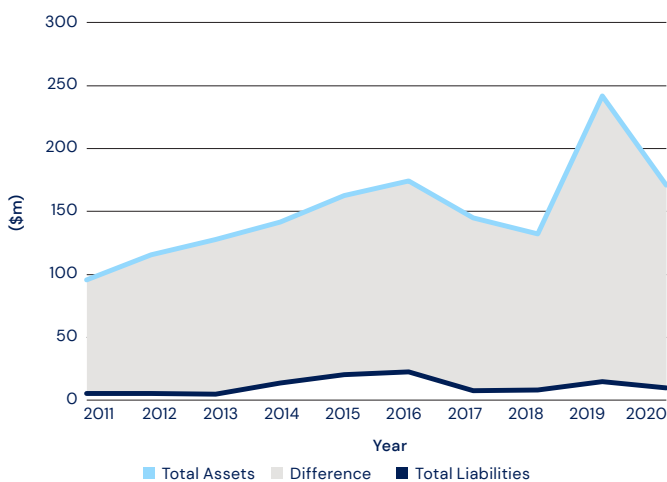


Care and protection of animals – balance sheet

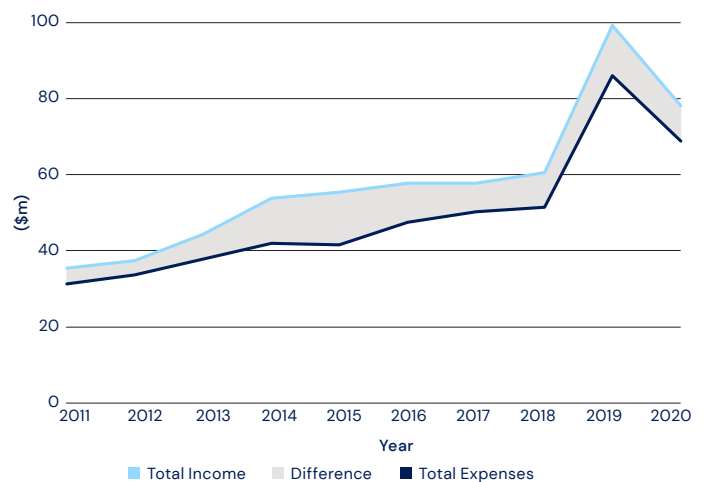


Profile of Care and protection of animals since 2011

Asset and liabilities per year (\$m)



Income and expenses per year (\$m)

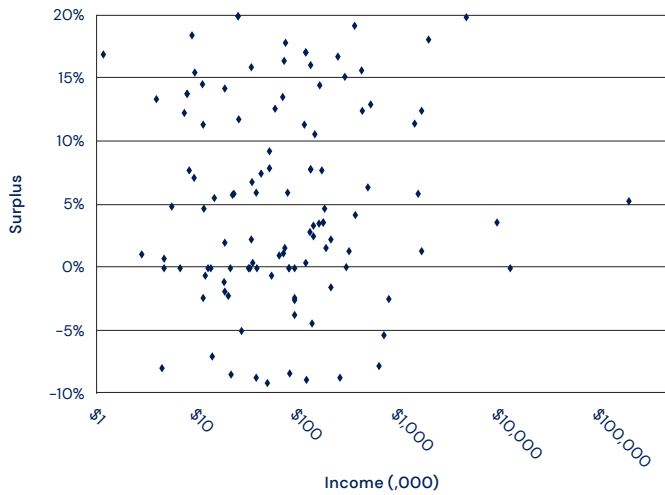


The large spike in 2019 was because The Royal New Zealand Society for the Prevention of Cruelty to Animals Incorporated filed as an umbrella group including other charities

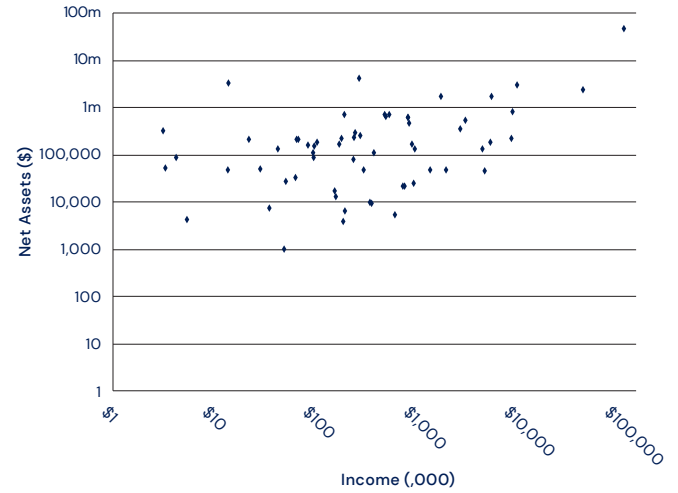
Many of the organisations previously reported now fall within the SPCA New Zealand group explaining the impact of this organisation's dominance on sector income, assets and employment numbers. Understandably, animals comprised 76% of the sector's main beneficiaries. 88% of the sector's income came from those organisations operating at a national and/or international level, making it one of the largest dominances of nationwide/international operations across all New Zealand cause sectors.

Positioning of individual sector organisations

Income vs Surplus



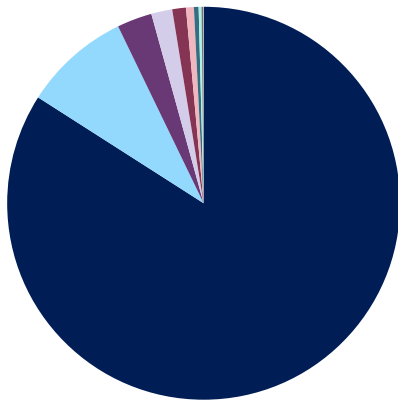
Income vs Net Assets



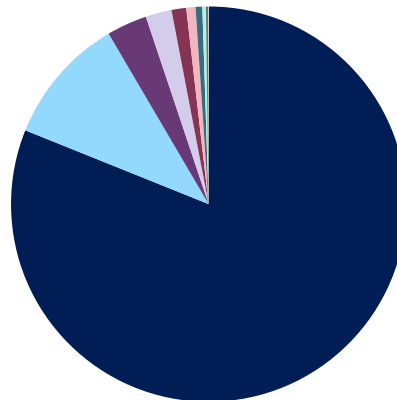
The sector shows an average of 35% of organisations reported a deficit for the YE2020 financial year. Approximately 80% or more of the sector's income and net assets are generated by the top 10% of charities. Similar to other sectors, Care and protection of animals illustrates a slight positive relationship between its income and net assets and no relationship between income and surplus suggesting that smaller organisations can also share healthy surplus margins.

Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of Care and protection of animals sector

- There were 217 registered charities in the (1% of the total charity sector).
- The sector had an annual income of \$78m (0.3% of the total charity sector income).
- Reserves totaled \$8.4m (0.1% of the total charity sector reserves).
- 174 (80%) of the charities relied solely on the work of volunteers.
- Around 96% charities had an income less than \$1m and 31% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Community development

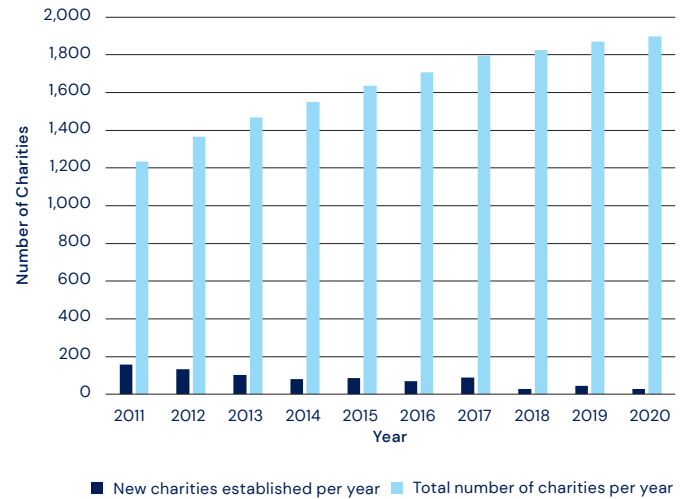
ICNPO 6 110 – Community and neighbourhood organisations

- **Organisations working towards improving the quality of life within communities or neighbourhoods** – e.g. squatters’ associations, local development organisations and poor people’s cooperatives.
- **Social development** – Organisations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public wellbeing.

New Zealand examples (ICNPO) – Community centres, community development trusts, neighbourhood support groups.

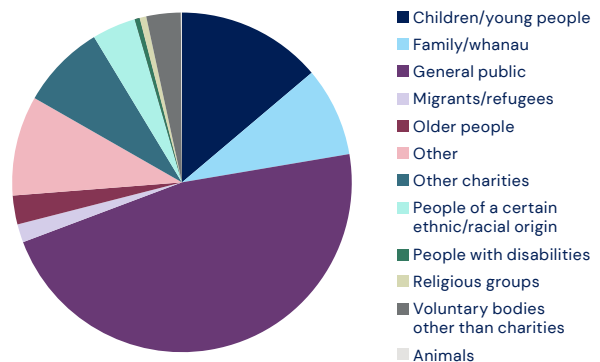
Community development

– Number of charities established and cumulative per year

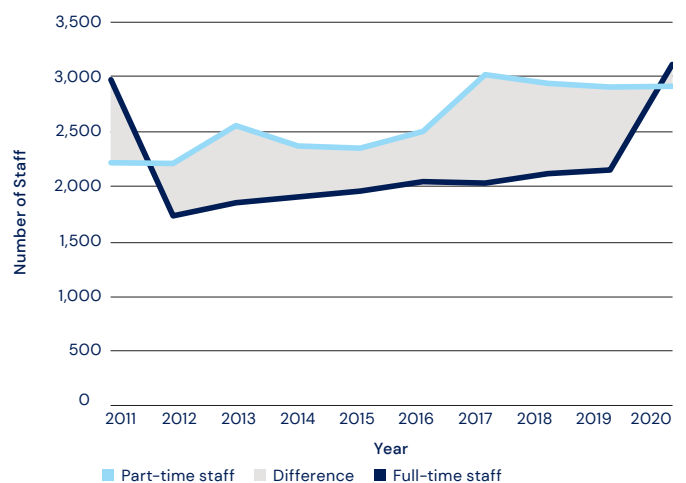


Main beneficiaries

Community development



Full-time and Part-time staff per year



The spike in 2020 full-time staff reflects the establishment of the Trust Horizon Charities Group

The Community development sector represents one of the largest for income and asset growth since 2011 having grown 193% and 159% respectively over that time. In comparison to 2017, annual income increased by 46% along with annual expenses increases by 51%, maintaining a good surplus margin including a 14% surplus of revenue in 2020. Its overall balance sheet was strong with high assets and low liabilities consistent with the 2017 results. Trading income made up over half of income and a high proportion of philanthropic income continued to support this diverse sector.

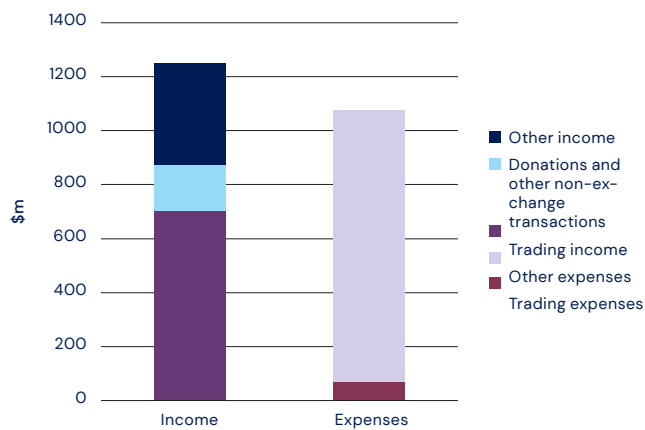
The annual growth of the sector’s charities was consistent from 2017, increasing at the lower average rate of 48 charities per year.

Reliance on volunteer work is important in the Community development sector. With an average of 32,825 volunteers per week, it was the second largest sector for volunteers in 2020 after Religious activities. Its paid staff ratio of seven volunteers to every paid staff member ranked it third highest among all charities. The sector experienced the largest change in weekly volunteer numbers compared to any other sector, having grown 65% since 2011.

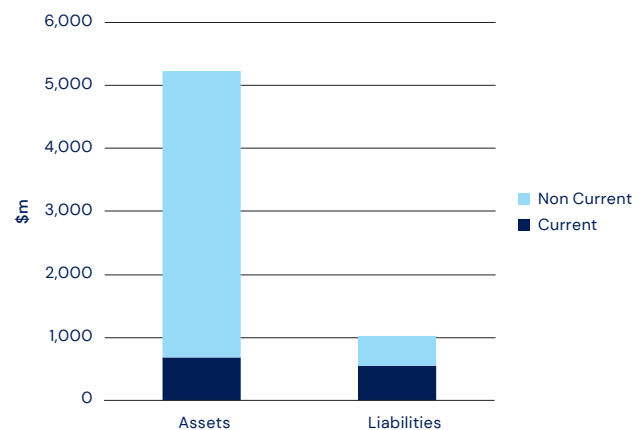
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Trust Horizon Charities Group	\$253	100%	0%	0%	\$272	964
Regional Facilities Auckland	\$184	15%	2%	83%	\$1,540	1,140
Central Lakes Trust Group	\$106	96%	0%	4%	\$471	69
Te Whānau o Waipareira Group	\$53	95%	0%	5%	\$59	190
Hutton Wilson Charitable Trust	\$52	0%	0%	100%	\$159	0
National Urban Māori Authority	\$48	99%	0%	1%	\$9	0
Trust House Limited	\$28	76%	0%	24%	\$97	154
TECT Charitable Trust	\$17	0%	4%	96%	\$227	0
Te Rūnanga O Ngāti Awa	\$16	80%	0%	20%	\$150	40
The Evangelical Alliance Relief Fund	\$15	2%	98%	0%	\$4	47

Community development	Total income	Total expenses	Total assets
Mean	659,393	566,701	7,483,413
Median	34,529	29,883	330,891

Community development – profit and loss

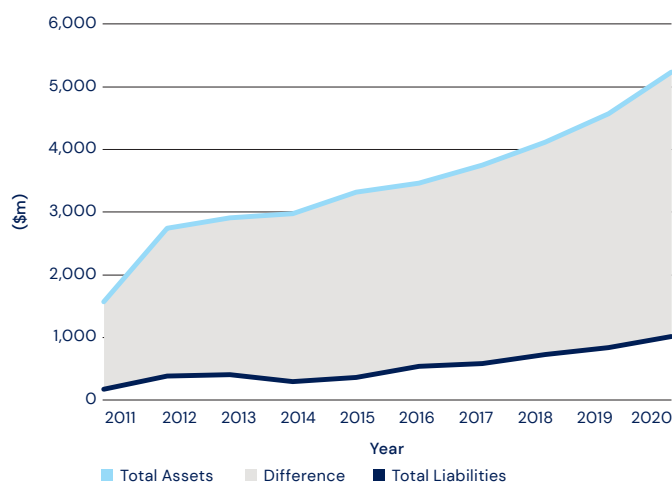


Community development – balance sheet

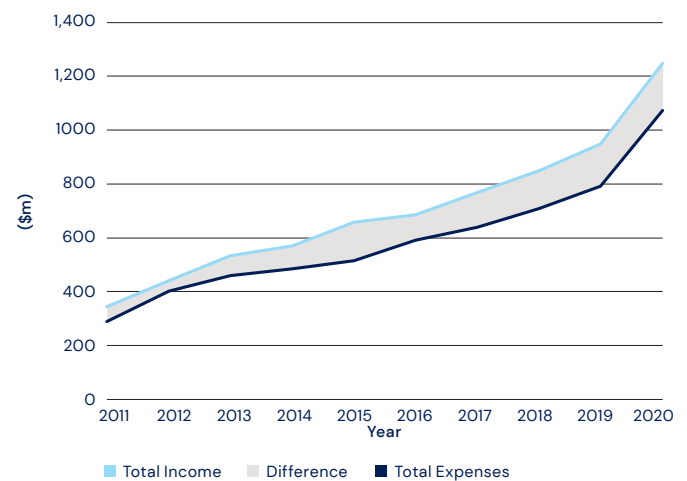


Profile of Community development since 2011

Asset and liabilities per year (\$m)



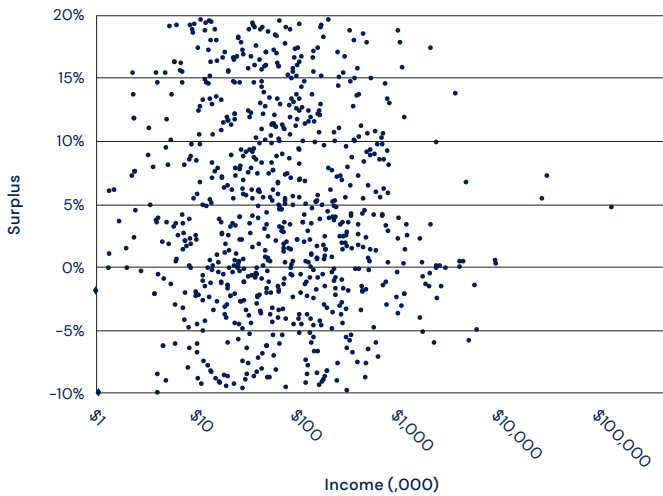
Income and expenses per year (\$m)



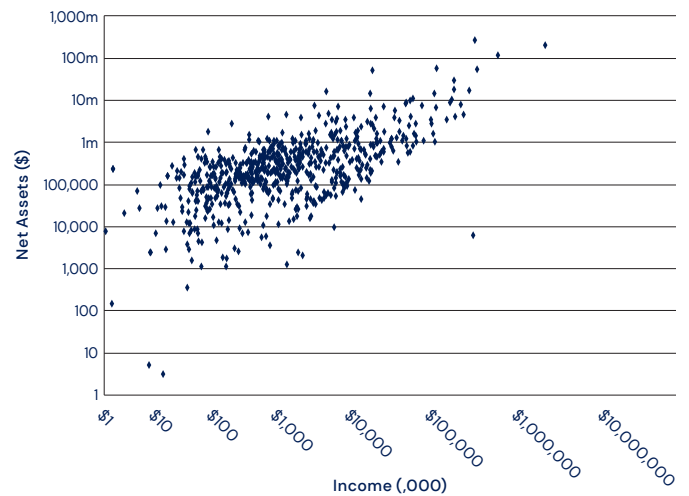
The top 10 organisations by income appear similar to those observed in 2017, however this current report shows the arrival of larger organisations, such as Trust Horizon Charities Group, in the top tier. The general public was, at 50%, the largest beneficiary group within the Community development sector, and the other 50% illustrates the provision of services to multiple groups, specifically family and whānau, children and young people and other charities. The upper North Island is home to 34% of the sector's charities and contributed 41% of its income.

Positioning of individual sector organisations

Income vs Surplus



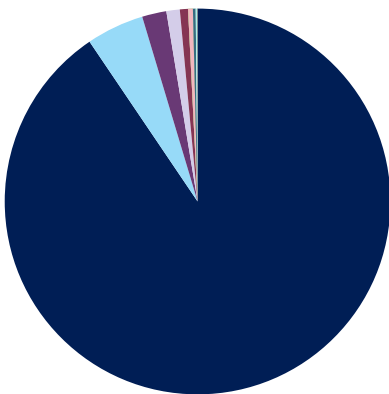
Income vs Net Assets



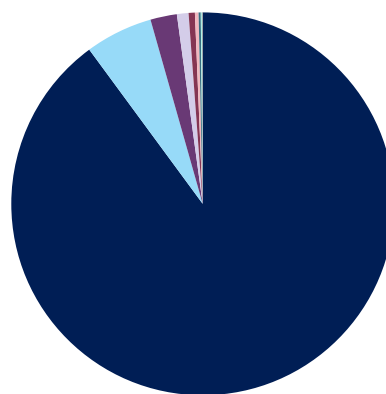
Sector trading and other income was dominated by the top 10% ('decile 1') of charities, however of note, is that the next 10%, contributed one of the highest proportions by a decile 2 group across all sectors. The total income saw a sharp increase in recent years, matched by total expenses. There was a large number of organisations reporting a negative year-end surplus, but sector-wide assets compared to income were healthy and this sector experienced a strong relationship between income and net assets.

Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of the Community development sector

- There were 1,897 registered charities in the sector (8% of the total charity sector).
- The sector had an annual income of \$1.2b (5% of the total charity sector income).
- Reserves totaled \$1.3b (9% of the total charity sector reserves).
- 1263 (67%) of the charities relied solely on the work of volunteers.
- Around 94% charities had an income less than \$1m and 29% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

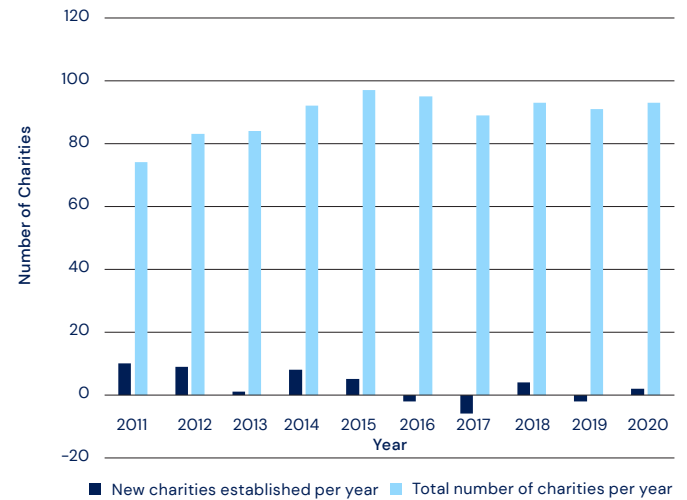
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Economic development

ICNPO combines the Economic and Community development sectors in ICNPO 6 100. Charity Services 'main sector' choices provide a breakdown of these two subsectors.

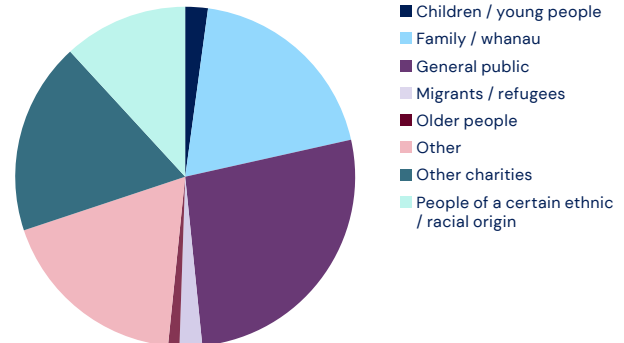
- **Economic development** – Programmes and services to improve economic infrastructure and capacity; includes building of infrastructure, such as roads; financial services, such as credit and savings associations; entrepreneurial programmes, technical and managerial consulting, and rural development assistances.

Number of Economic development – Number of charities established and cumulative per year

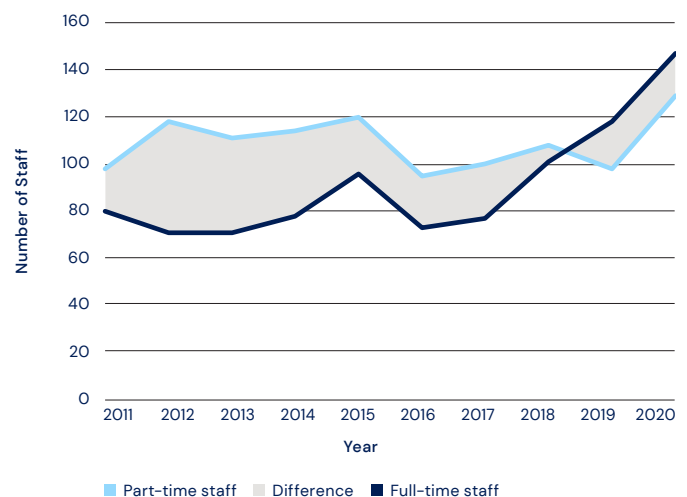


Main beneficiaries

Economic development



Full-time and Part-time staff per year



This is one of the smallest sectors with fewer than 100 registered charities in 2020 with a modest growth of 22% in the last decade (notwithstanding some years' negative growth by organisation count which may suggest, in part, greater collaboration and cooperation). We see large fluctuations of income and assets over time but the surplus margins for the sector were very strong with an annual surplus of 26% for the YE2020 financial year making it one of the top performing sectors.

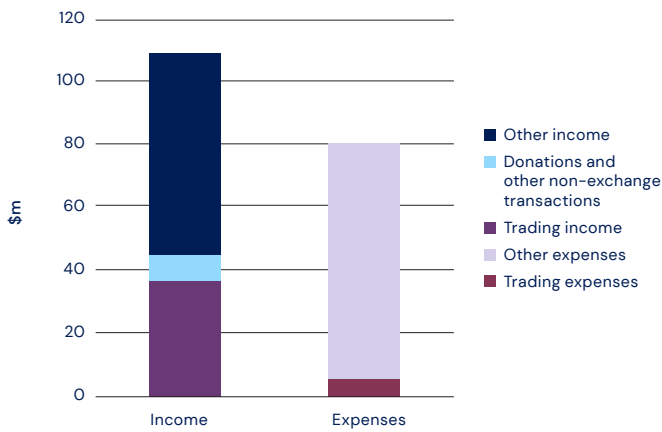
As with the 2017 Cause Report, a large proportion of the sector's income came from other or self-earned income with donations and other non-exchange transactions contributing only 11%. The sector balance sheet was strong with high assets and low liabilities, however absolute values of the total assets and liabilities decreased since 2017, which may be due to larger influential organisations recategorising to a different sector in 2020. Economic development was the only sector to show a decrease in income and assets over the past decade.

With little reliance on volunteer support, the sector showed a 55% increase in the total number of staff since 2011 with total staff increasing by 56% since 2017. Part-time overtook full-time staff numbers in 2018.

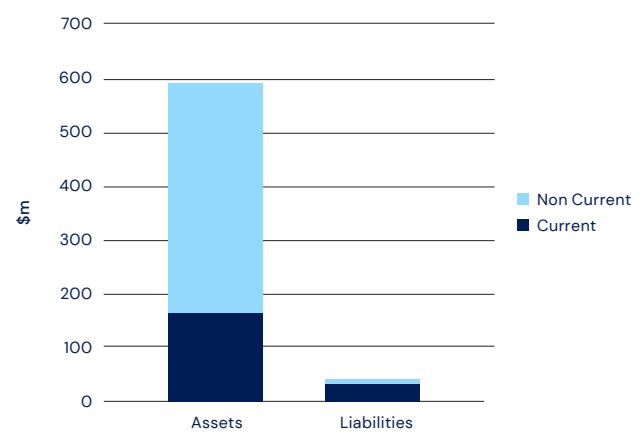
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
The Chatham Islands Enterprise Trust Group	\$13	94%	0%	6%	\$29	36
Development West Coast	\$10	4%	0%	96%	\$137	18
Fairtrade Australia and New Zealand Ltd	\$6	59%	38%	3%	\$3	26
Taupo Waters Trust	\$5	44%	1%	55%	\$24	0
Ngāpuhi Asset Holding Company Limited	\$4	51%	0%	49%	\$61	3
Motu Economic and Public Policy Research Trust	\$4	96%	1%	3%	\$3	23
Te Pataka O Rauru Limited	\$3	0%	0%	100%	\$39	0
Māori Women's Development Incorporated	\$3	75%	2%	24%	\$18	6
The Agricultural and Marketing Research and Development Trust Board	\$3	0%	0%	100%	\$92	3
Poutama Trust	\$3	12%	0%	88%	\$34	5

Economic development	Total income	Total expenses	Total assets
Mean	845,242	624,837	10,202,599
Median	111,106	58,028	2,002,906

Economic development – profit and loss

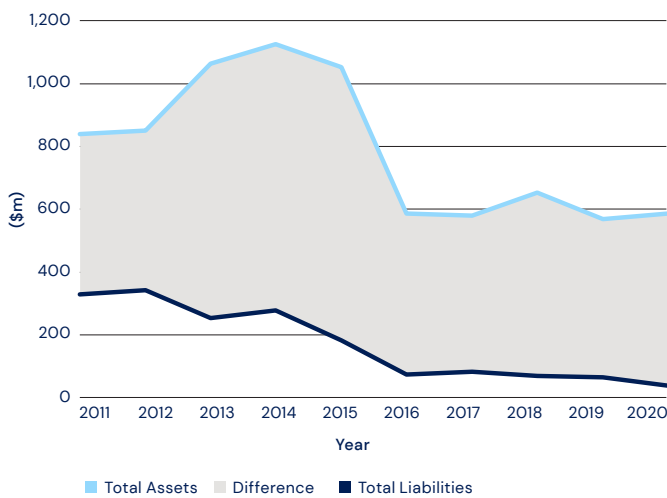


Economic development – balance sheet

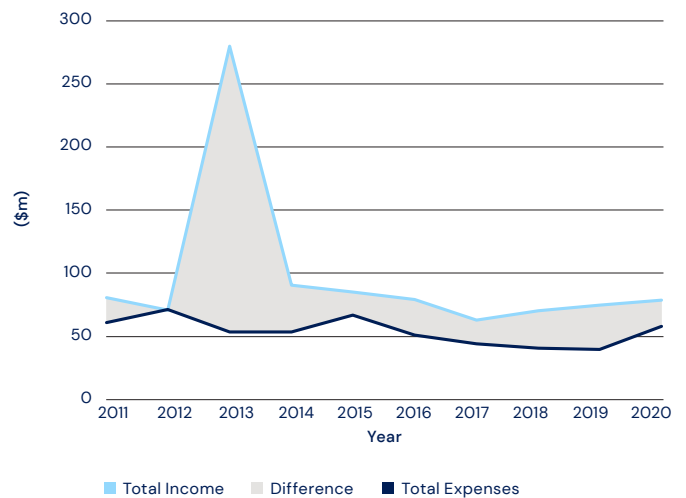


Profile of Economic development since 2011

Asset and liabilities per year (\$m)



Income and expenses per year (\$m)

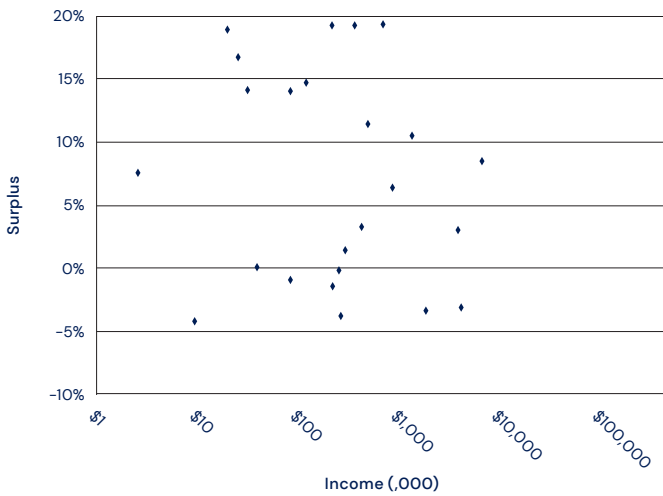


The 2013 spike relates to Tainui Group Holding Limited's large increase in income.

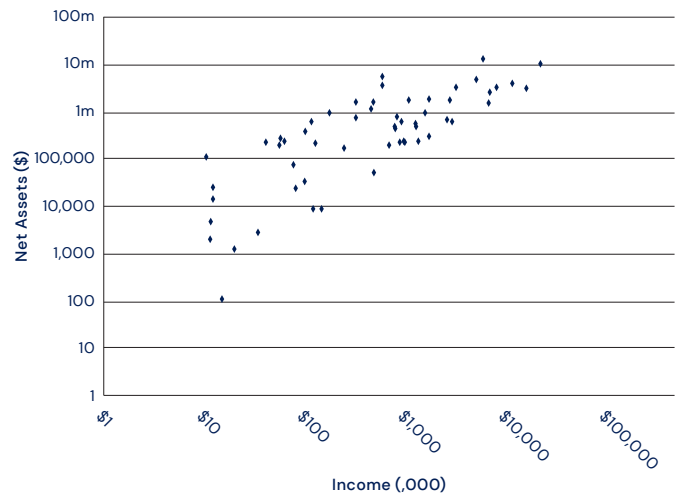
With fewer than 100 organisations and some larger organisations recategorising to different sectors, it is understandable that the ranking of the top 10 organisations by income changed since 2017. Compared to all the other sectors, Economic development delivered its services more widely across a diverse range of beneficiary groups. The majority of organisations operated nationally or internationally and contributed 72% of the total income.

Positioning of individual sector organisations

Income vs Surplus



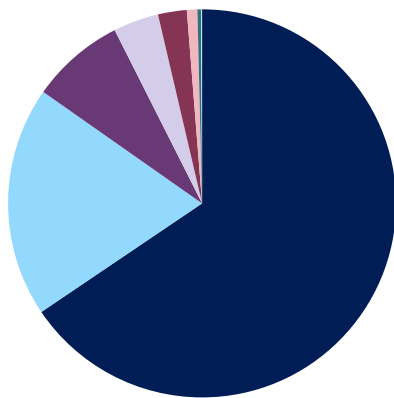
Income vs Net Assets



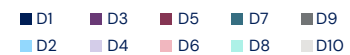
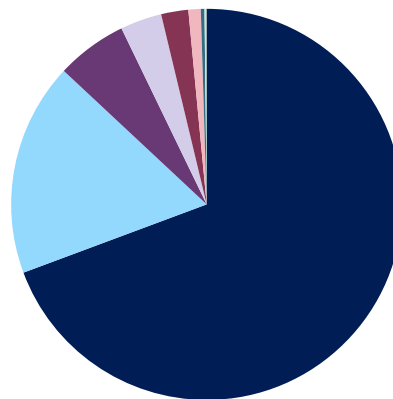
The sector showed a healthy surplus for many organisations and there was a positive relationship between its income and net assets. Fewer charities (27%) reported an annual deficit for YE2020 than the rest of the overall charity sector. There were greater earning contributions from the breadth of the sector than is commonplace in other sectors, and its net assets were more distributed than is typical in the domain of the top 10% of organisations.

Income and assets split by decile

Total income



Net assets



Summary of the Economic development sector

- There were 93 registered charities in the sector (0.4% of the total charity sector).
- The sector had an annual income of \$79m (0.3% of the total charity sector income).
- Reserves totaled \$123m (1% of the total charity sector reserves).
- 57 (61%) of the charities relied solely on the work of volunteers.
- Around 82% charities had an income less than \$1m and 30% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Education, training and research

ICNPO 2 110 – Early childhood education

- **Organisations with a focus on providing early childhood education** (excludes child-minding services).

New Zealand examples (ICNPO) – Playcentre associations, kindergarten associations, community preschools, kohanga reo.

ICNPO 2 120 – Primary and secondary education

- **School education at primary and secondary levels.**

New Zealand examples (ICNPO) – Christian school associations, Montessori education trusts, other private primary and secondary schools.

ICNPO 2 200 – Tertiary education

- **Higher education** – Higher learning, providing academic degrees. Includes, business management schools, law and medical schools. Universities, while included in the ICNPO, are Crown reporting entities and specific examination confirms that in New Zealand they are not actually sufficiently separate from government control to be in-scope for the NPI satellite account. However, they are registered charities and do report to Charities Services and are included in the data below.

New Zealand examples (ICNPO) – NZ College of Physiotherapy Inc., Royal Australian and NZ College of Radiologists.

ICNPO 2 300 – Other education

- **Vocational and technical schools** – Technical and vocational training specifically geared towards gaining employment; includes trade schools, paralegal training and secretarial schools.
- **Adult/continuing education** – Institutions engaged in providing education and training in addition to the formal education system; includes schools in continuing studies, correspondence schools, night schools and sponsored literacy and reading programmes.

New Zealand examples (ICNPO) – English for Speakers of Other Languages, Hearing Association, Specific Learning Disabilities Federation, Rural Education Activities Programme, industry training organisations.

ICNPO 2 400 – Research

- **Medical research** – Research in the medical field; includes research on specific diseases, disorders or medical disciplines.
- **Science and technology** – Research in the physical and life sciences and engineering and technology.
- **Social sciences, policy studies** – Research and analysis in the social sciences and policy area.

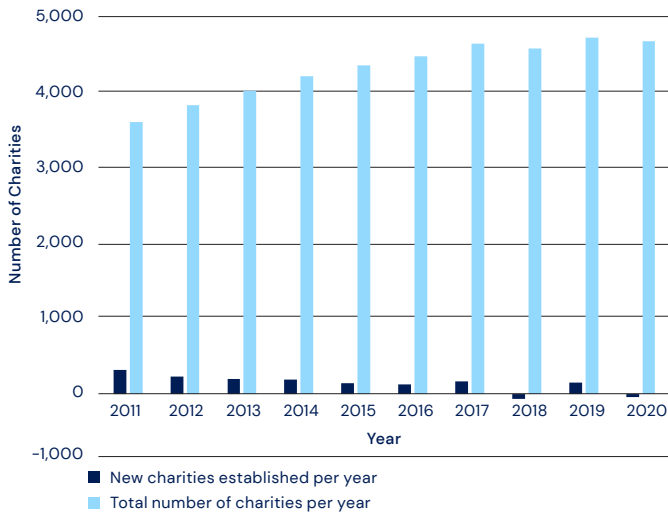
New Zealand examples (ICNPO) – Medical research foundations, cancer research trusts, farming research trusts, NZ Leather and Shoe Research Association, NZ Institute of Economic Research.

As in the 2017 New Zealand Cause Report, the Education, training and research sector is New Zealand's largest sector compared to others in the areas of income, assets, staff, and philanthropy. Unlike many other sectors, the number of charities since 2011 increased by 30%, but we see it deaccelerating in more recent years which is in contrast to the number of full-time and part-time staff that increased by 32% and 64% respectively since 2011. Given the relationship between Education and government, the larger organisations in the sector did not rely heavily on volunteers – reducing the average staff to volunteer ratio for the sector to three paid staff to each volunteer.

The surplus margins for the sector were within midrange with a surplus of 6% of charity income. Donations and bequests contributed 19% to the sector's income and this sector received the largest value of donations annually and was responsible for 34% of donations received across all sectors. Low liabilities, along with high assets, presented a strong balance sheet. Not surprisingly, children and young people are the main beneficiaries, comprising over half of the sector's beneficiary mix.

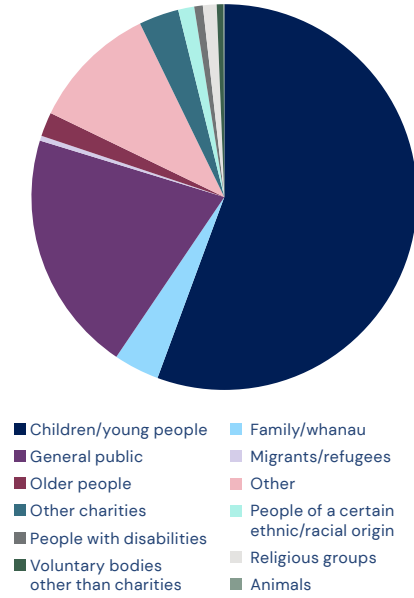
Education, training and research

Education, training and research
– Number of charities established and cumulative per year

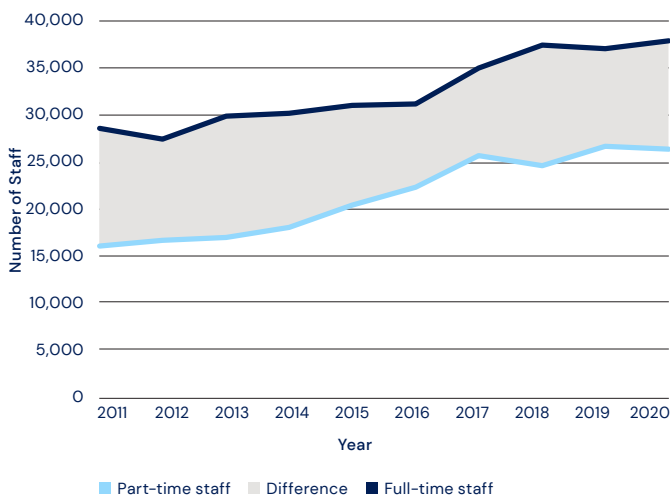


Main beneficiaries

Education, training and research



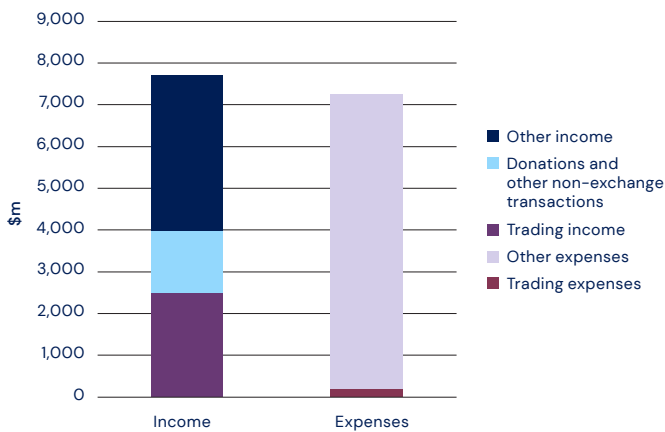
Full-time and Part-time staff per year



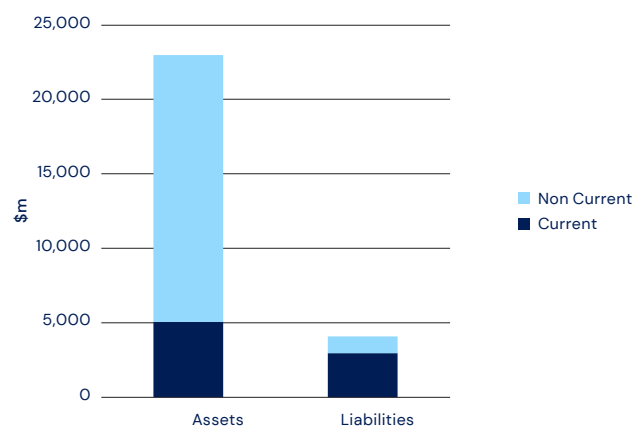
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
The University of Auckland	\$1,187	25%	1%	73%	\$3,858	6808
University of Otago	\$736	4%	44%	51%	\$2,174	6497
Massey University	\$539	29%	37%	34%	\$1,518	4098
Victoria University of Wellington	\$519	12%	38%	50%	\$1,158	6607
University of Canterbury and Trust Funds Group	\$403	0%	0%	100%	\$1,929	2207
Wright Family Charity Group	\$280	100%	0%	0%	\$349	4600
University of Waikato	\$280	30%	41%	29%	\$630	2316
Lincoln University	\$127	62%	0%	38%	\$343	715
St. Kentigern Trust	\$98	1%	1%	98%	\$153	394
Manukau Institute of Technology	\$96	30%	0%	70%	\$256	721

Education, training and research	Total income	Total expenses	Total assets
Mean	1,678,553	1,579,210	10,954,856
Median	39,208	32,463	491,651

Education, training and research - profit and loss

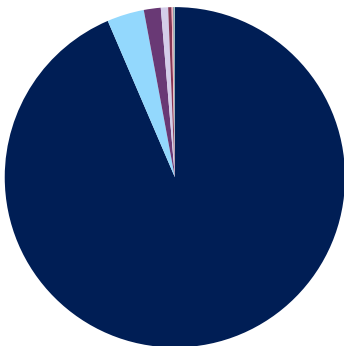


Education, training and research - balance sheet

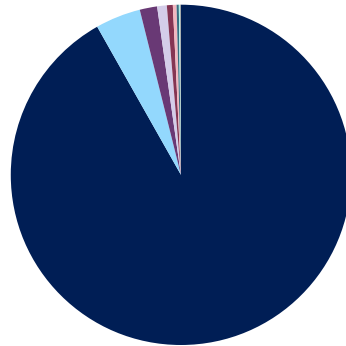


Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Government-controlled primary and secondary schools are not included due to the high degree of government controls. The top 10 list of organisations by income was almost identical to the 2017 report with universities contributing 60%.

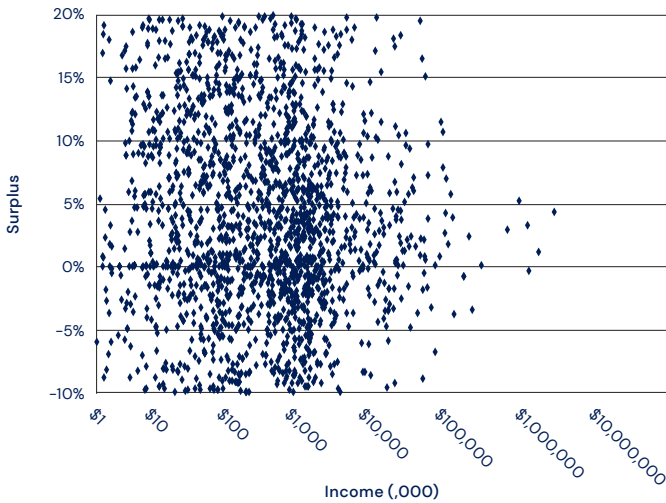
Due to its strong current assets and relatively modest current liabilities, the sector benefited from a strong working capital in its business operating model.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

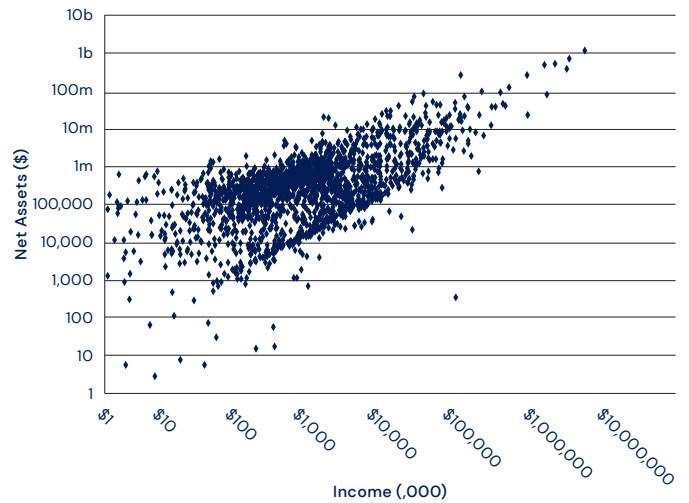
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Positioning of individual sector organisations

Income vs Surplus



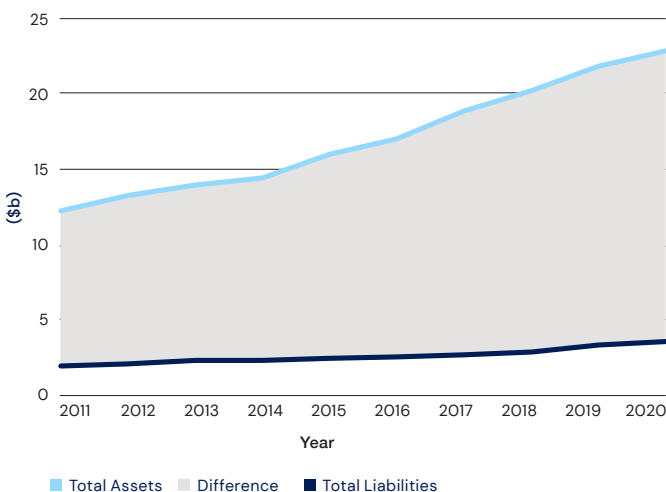
Income vs Net Assets



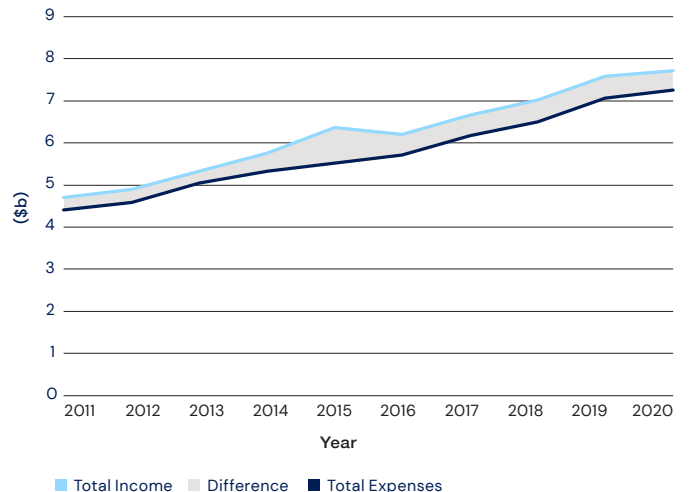
Tuition and research grants form the basis of income for the dominant university organisations in this sector. These universities sat within the top 10% of charities based on income and assets classes and contributed to more than 90% of the sector's total income and assets. 35% of charities within the sector reported an annual deficit for the YE2020 financial year, which is on par with the overall annual deficit recorded across all sectors. The vast majority of reporting organisations had an annual turnover of less than \$1 million - from which their surplus was evenly distributed between a loss of 10% and a profit of 20%, suggesting organisations of various sizes operating within the sector were able to achieve a healthy surplus. As the sector organisations' income increased, so did its net assets which, in this sector are predominantly property assets. The net asset profile was robust with the difference between assets and liabilities strengthening each year but we expect to see a different picture with the impact of Covid-19 on international student numbers.

Profile of Education, training and research since 2011

Asset and liabilities per year (\$b)



Income and expenses per year (\$b)



Summary of the Education, training and research sector

- There were 4,599 registered charities in the sector (19% of the total charity sector).
- The sector had an annual income of \$7.7b (33% of total charity sector income).
- Reserves totaled \$5.9b (40% of total charity sector reserves).
- 2,882 (63%) of the charities sector relied solely on the work of volunteers.
- Around 91% charities had an income less than \$1m and 30% of charities had an income less than \$10,000.

Emergency and disaster relief

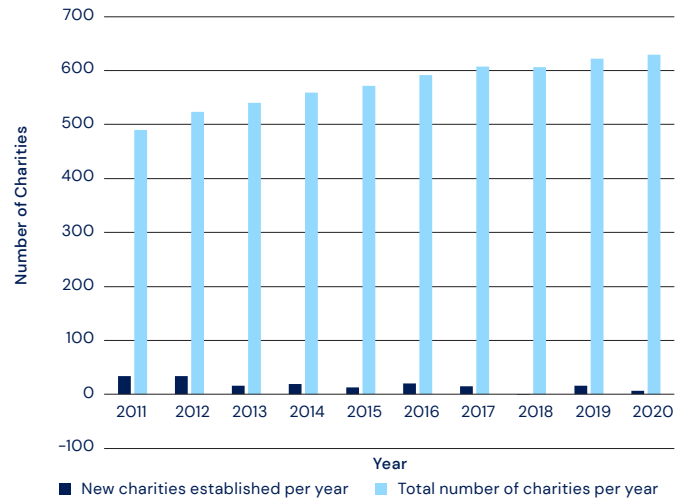
ICNPO 4 200 – Emergency and relief

- **Disaster/emergency prevention and control** – Organisations that work to prevent, predict, control and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or to provide relief to disaster victims; includes volunteer fire departments, lifeboat services, etc.
- **Temporary shelters** – Organisations providing temporary shelters to the homeless; includes travelers’ aid and temporary housing.
- **Refugee assistance** – Organisations providing food, clothing, shelter and services to refugees and immigrants.

New Zealand examples (ICNPO) – Volunteer fire brigades, coastguards, refugee resettlement associations, Search and Rescue.

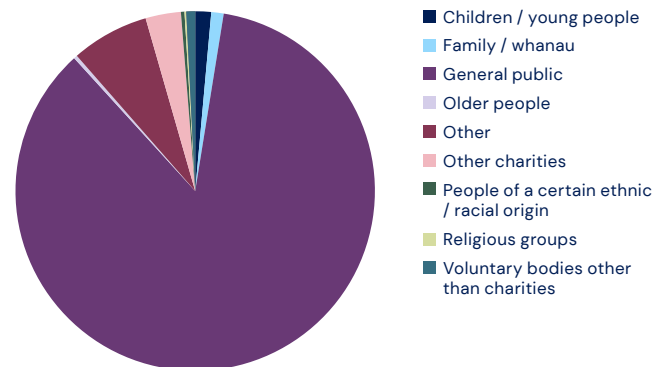
Emergency and disaster relief

– Number of charities established and cumulative per year



Main beneficiaries

Emergency and disaster relief



This sector shared strong surplus margins with an annual surplus of 17%. Donations and other non-exchange transactions made up a large proportion of the sector’s income compared to other sectors, however when compared to the overall charity sector, they only accounted for 1% of total donations. Although assets and liabilities fluctuated over time, Emergency and disaster relief reported a conservatively strong balance sheet for the YE2020 financial year.

The number of organisations within the sector remained steady, modestly increasing from 607 charities to 629 from 2017. Full-time staff increased significantly in 2020 by an average of 308 staff per year to 2,256 recorded in 2020, the increase possibly a result from over-reporting anomalies. The Christchurch earthquake and this sector’s response has significantly impacted the profile of this sector over the past decade.

Surplus margins seemed to have improved since 2017, however the total income for the sector has remained relatively static noting a substantial decrease in expenses in 2020. The sector showed a strong balance sheet with sector assets remaining reasonably high compared to income.

Full-time and Part-time staff per year



The large spike in 2020 staff numbers relates to a reporting anomaly from a volunteer fire brigade.

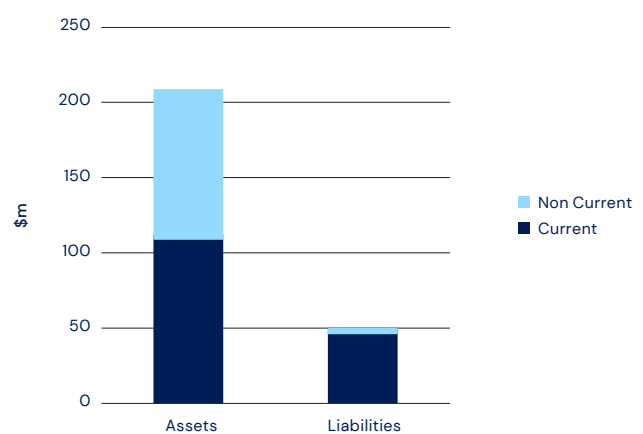
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Royal New Zealand Coastguard Incorporated	\$33	17%	65%	17%	\$57	84
The Life Flight Trust	\$12	49%	0%	51%	\$12	24
Search and Rescue Services Limited	\$10	79%	21%	0%	\$8	61
The United Fire Brigades' Association of New Zealand (Incorporated)	\$6	8%	2%	90%	\$7	27
Surf Life Saving Northern Region Incorporated	\$6	13%	78%	9%	\$2	11
Christchurch Earthquake Appeal Trust	\$5	0%	5%	95%	\$1	14
Mount Lifeguard Development Foundation	\$4	6%	40%	54%	\$2	177
Mines Rescue Trust	\$4	0%	0%	100%	\$24	0
The Taranaki Rescue Helicopter Trust Board	\$4	6%	89%	5%	\$4	17
Lakes District Rescue Helicopter Limited	\$3	56%	0%	44%	\$6	9

Emergency and disaster relief	Total income	Total expenses	Total assets
Mean	190,028	157,054	1,477,643
Median	20,453	16,461	200,299

Emergency and disaster relief – profit and loss

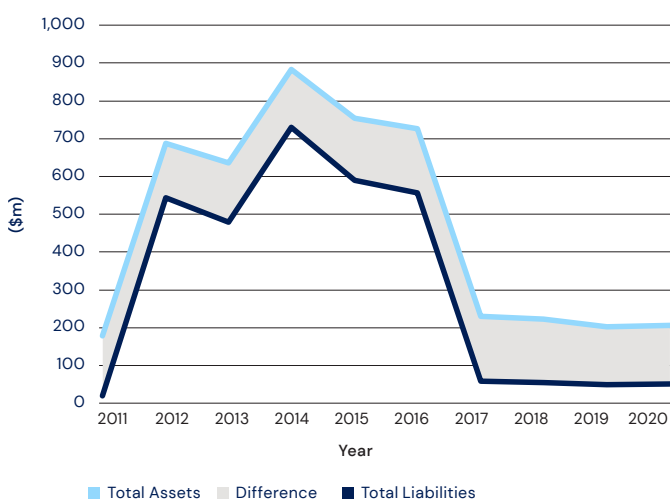


Emergency and disaster relief – balance sheet

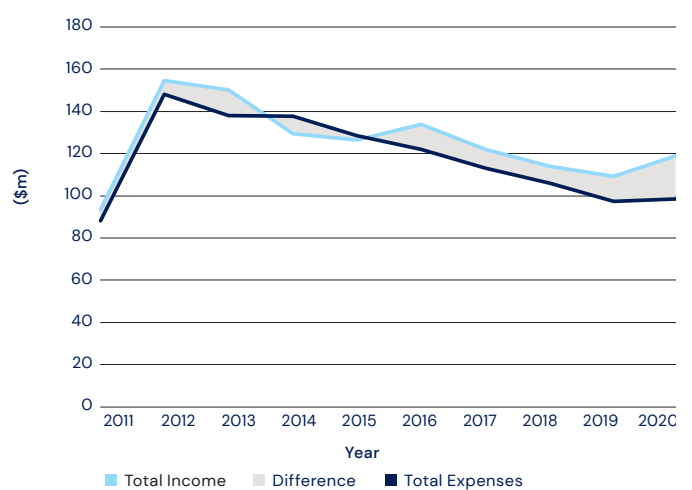


Profile of the Emergency and disaster relief since 2011

Asset and liabilities per year (\$m)



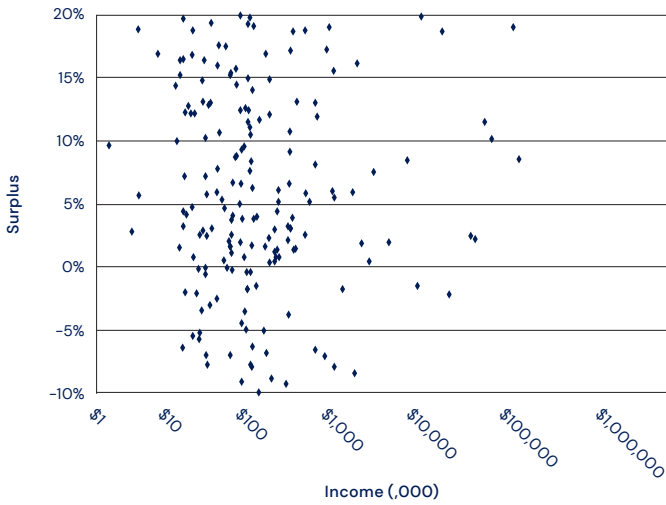
Income and expenses per year (\$m)



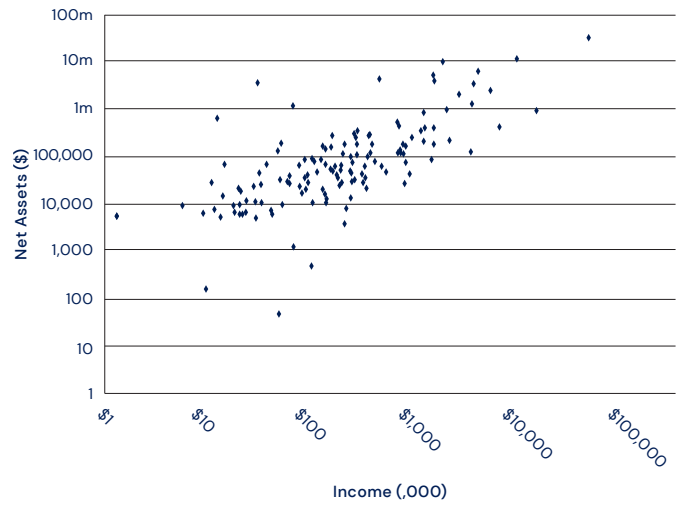
Ranking of the top 10 organisations by income sees this sector's top performing charities changing rankings from year to year because of their similar levels of annual income. The upper North Island reflected more services than elsewhere in the country through the work of Royal New Zealand Coastguard Incorporated, The Life Flight Trust and Search and Rescue Services Limited – whose services are statistically used more in the upper North Island due to its larger population, and prevalence for boating and surfing activities. 86% of organisations reported the general public as their main beneficiary.

Positioning of individual sector organisations

Income vs Surplus



Income vs Net Assets

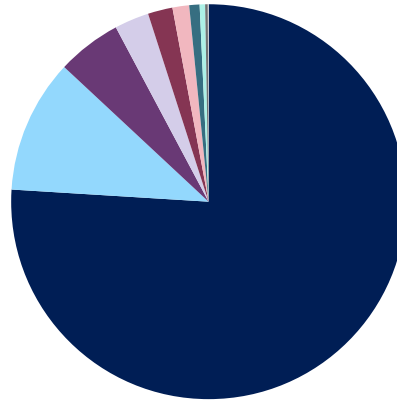
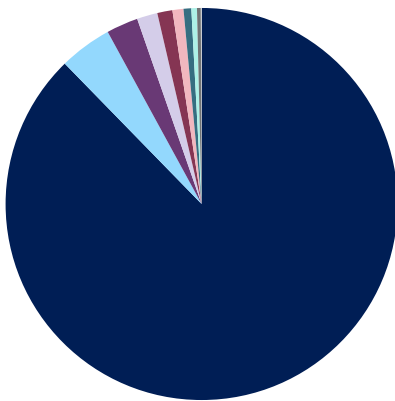


The top 10% of charities based on income earned more than 80% of the sectors income and owned 76% of its net assets. For the YE2020 financial year, 32% of organisations within the sector reported a deficit just below the overall charity sector result of 34%. Three-quarters of the sector's organisations (particularly the smaller ones) reported healthy surpluses in relation to their income and there was a healthy relationship between sector-wide income and net assets. Understandably, the Christchurch earthquakes had a large impact on the sector's overall activity as seen in the spikes in the profit and loss and balance sheet reporting.

Income and assets split by decile

Total income

Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of the Emergency and disaster relief sector

- There were 629 registered charities in the sector (3% of the total charity sector).
- The sector had an annual income of \$119m (1% of the total charity sector income).
- Reserves totaled \$18m (0.1% of the total charity sector reserves).
- 573 (91%) of the charities relied solely on the work of volunteers.
- Around 98% charities had an income less than \$1m and 29% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Employment

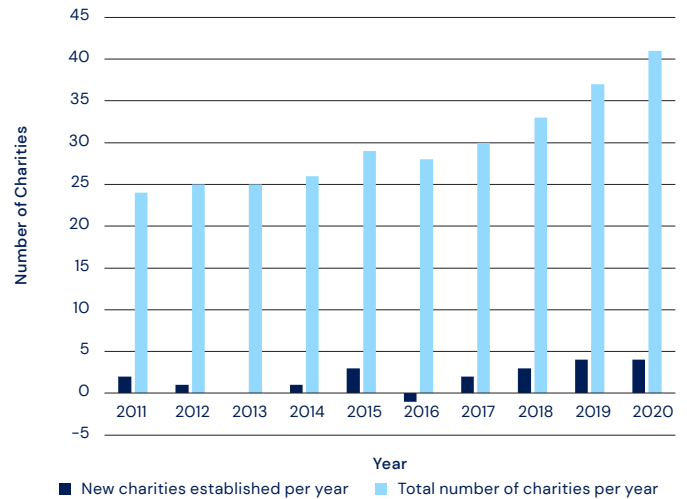
ICNPO 6 300 – Employment and training

- **Job training programmes** – Organisations providing and supporting apprenticeship programmes, internships, on-the-job training and other training programmes.
- **Vocational counselling and guidance** – Vocational training and guidance, career counselling, testing and related services.
- **Vocational rehabilitation and sheltered workshops** – Organisations that promote self-sufficiency and income generation through job training and employment.

New Zealand examples (ICNPO) – Student Job Search, employment services trusts, skill centres.

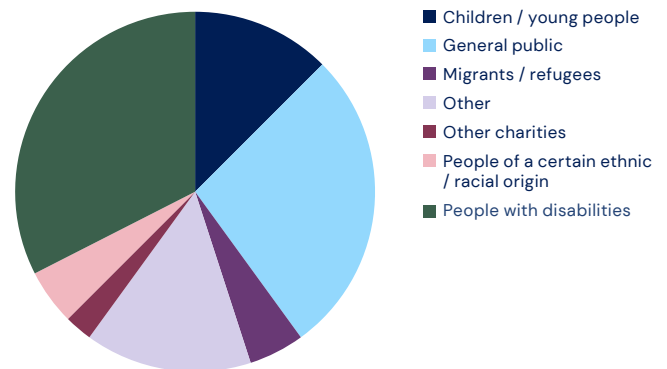
Employment

– Number of charities established and cumulative per year



Main beneficiaries

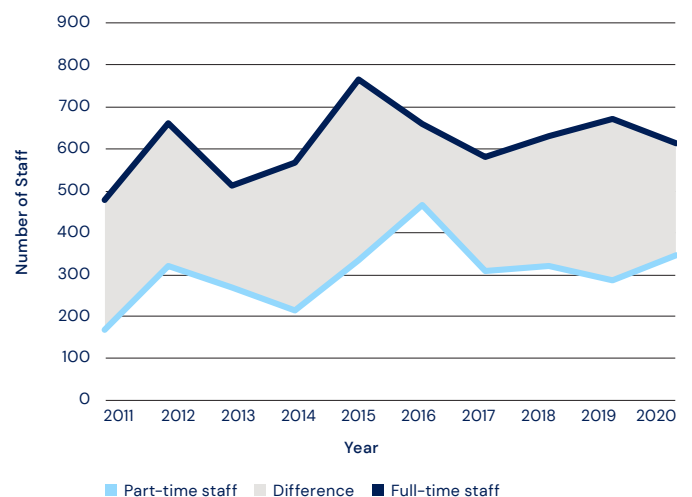
Employment



Similar to the 2017 Cause Report, this sector is predominantly dominated by the Ngāi Tahu Charitable Group which comprised over 90% of the sector’s income and assets and whose impact resulted in the sector experiencing the largest asset growth since 2011. Despite Ngāi Tahu Charitable Group’s positive influence, the Employment sector experienced the only deficit for the YE2020 financial year of -2% — a result of nearly half of the organisations reporting a deficit which created lower surplus margins. The balance sheet for the sector was strong and, with the exclusion of the Ngāi Tahu Charitable group, assets remained high and liabilities low.

The sector saw a consistent growth in the numbers of charities every year since 2016 and workforce ratios were nine employees to each volunteer making it the lowest sector for volunteer to paid staff ratio.

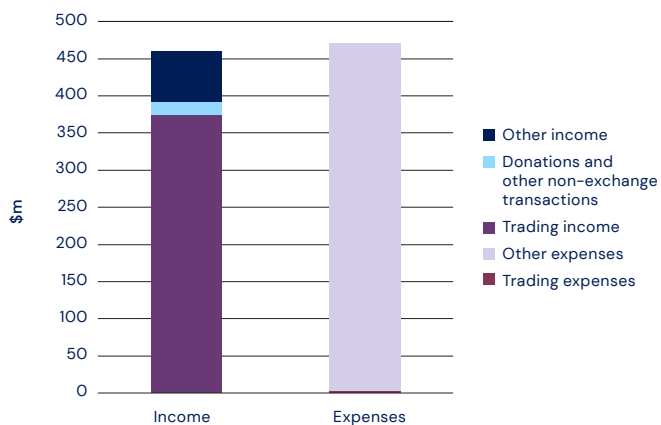
Full-time and Part-time staff per year



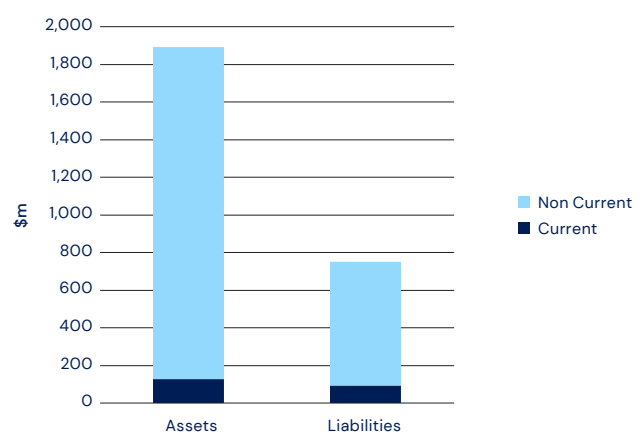
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Ngāi Tahu Charitable Group	\$431	82%	3%	15%	\$1,869	598
Workbridge Incorporated	\$12	98%	0%	2%	\$7	111
Wai-Ora Group	\$4	97%	0%	2%	\$4	48
Student Job Search Aotearoa Incorporated	\$4	0%	93%	7%	\$2	38
Kaipara Refuse Limited	\$2	100%	0%	0%	\$1	32
All Heart NZ Charitable Trust	\$1	91%	9%	0%	\$0	9
Whaioro Trust Board	\$1	91%	0%	9%	\$1	13
Inter-Church Trade and Industry Mission (Southern) Incorporated	\$1	84%	2%	14%	\$0	17
Whakatipuranga Rima Rau Charitable Trust	\$1	41%	58%	1%	\$0	4
Freeset International Limited	\$1	0%	100%	0%	\$3	0

Employment	Total income	Total expenses	Total assets
Mean	82,207,915	470,327,579	459,763,692
Median	372,795	145,934	161917

Employment – profit and loss

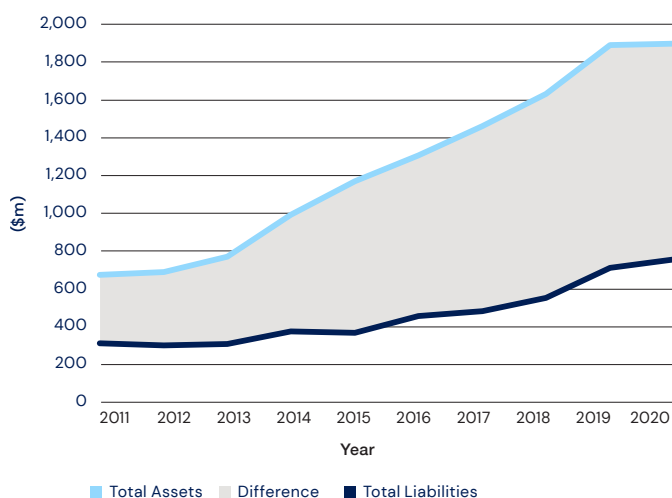


Employment – balance sheet

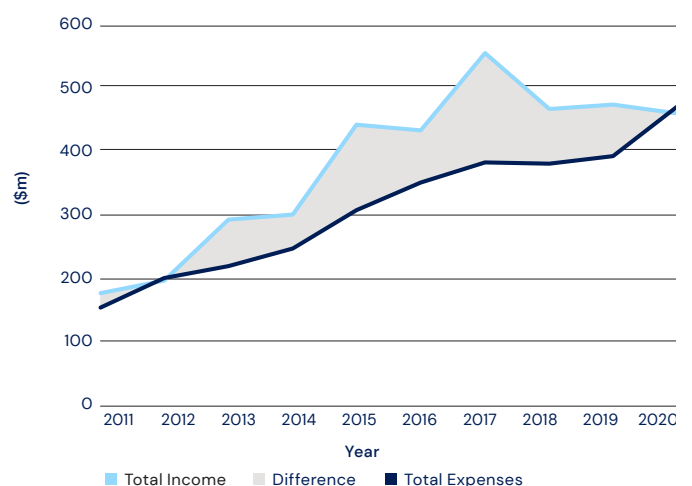


Profile of Employment since 2011

Asset and liabilities per year (\$m)



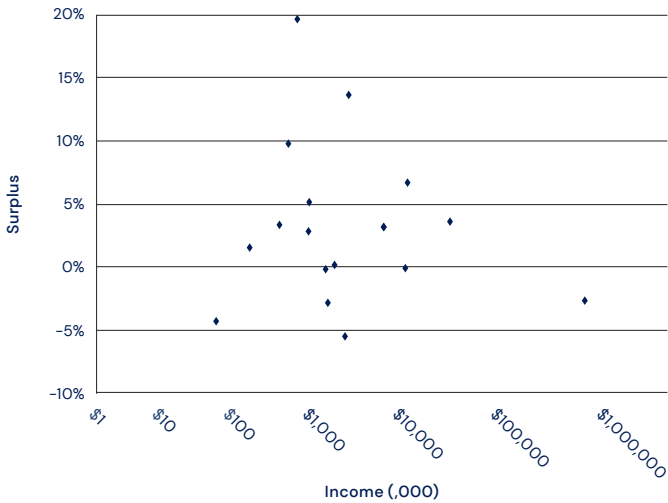
Income and expenses per year (\$m)



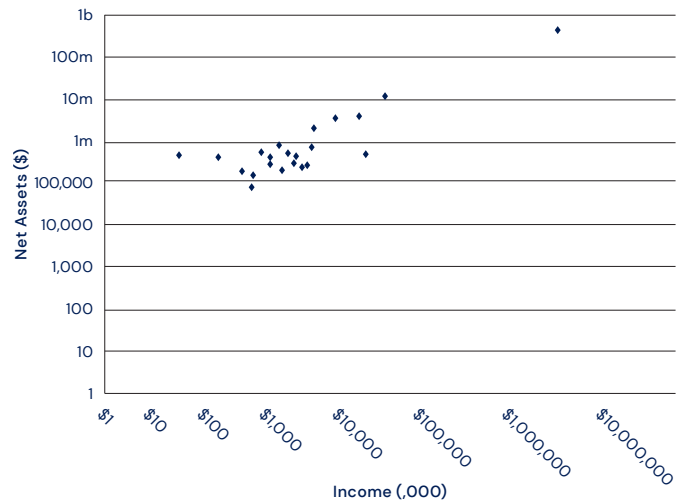
The top four ranked charities by income remained in the same position as in the 2017 Cause Report with the remaining smaller charities' placements changing year to year. 99% of the sector's income came from the 37% of the organisations operating nationally or internationally including the Ngāi Tahu Charitable Group's significant trading income and net assets.

Positioning of individual sector organisations

Income vs Surplus



Income vs Net Assets

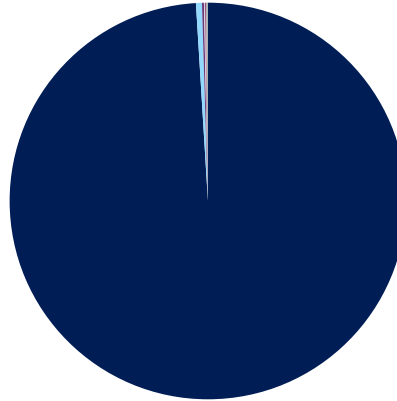
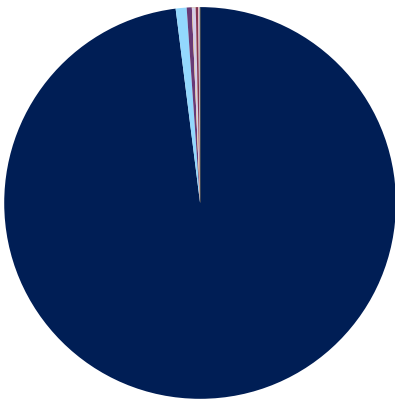


Around 46% of Employment charities reported a deficit for the YE2020 financial year – a noticeably higher level than the 34% average reported by the full charity sector. This, and the sector’s potential for higher surplus margins, may be a result of the small number of Employment organisations reporting. The surplus versus income analysis shows an even distribution of the scale of organisations’ surplus, and the relationship between its net assets and income was weakly positive. Recent surplus margins decreased as a whole, but the results were buffeted by the significant income from the Ngāi Tahu Charitable Group.

Income and assets split by decile

Total income

Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of the Employment sector

- There were 41 registered charities in the sector (0.2% of the total charity sector).
- The sector had an annual income of \$460m (2% of the total charity sector income).
- Reserves totaled \$20m (0.1% of the total charity sector reserves).
- 15 (37%) of the charities relied solely on the work of volunteers.
- Around 89% charities had an income less than \$1m and 27% of charities had an income less than \$10,000.

To better report our findings, we have devised a ‘decile’ system that consolidates organisations’ incomes and assets, organising them from highest to lowest naming the highest (top 10%) as ‘decile 1’ D1, second 10% as ‘decile 2’ D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Environment and conservation

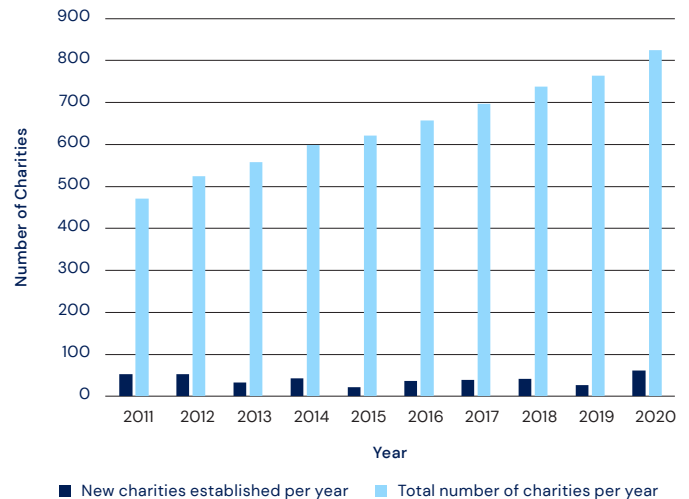
ICNPO 5 100 – Environment

- **Pollution abatement and control** – Organisations that promote clean air, clean water, reducing and preventing noise pollution, radiation control, treatment of hazardous wastes and toxic substances, solid waste management and recycling programmes.
- **Natural resources conservation and protection** – Conservation and preservation of natural resources, including land, water, energy and plant resources for the general use and enjoyment of the public.
- **Environmental beautification and open spaces** – Botanical gardens, arboreta, horticultural programmes and landscape services; organisations promoting anti-litter campaigns; programmes to preserve the parks, green spaces and open spaces in urban or rural areas; and city and highway beautification programmes.

New Zealand examples (ICNPO) – Forest and Bird Protection Societies, Maruia Society, Keep New Zealand Beautiful, Botanical Gardens.

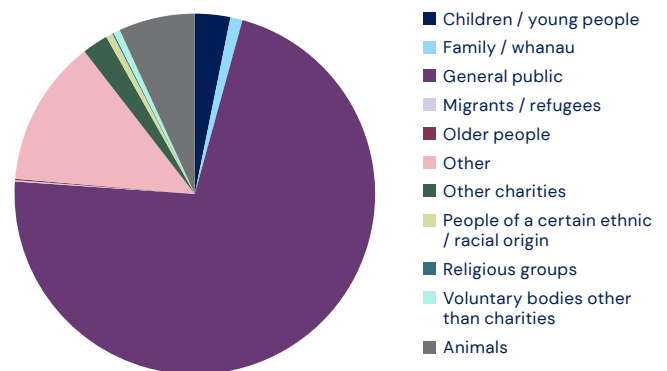
Environment and conservation

– Number of charities established and cumulative per year

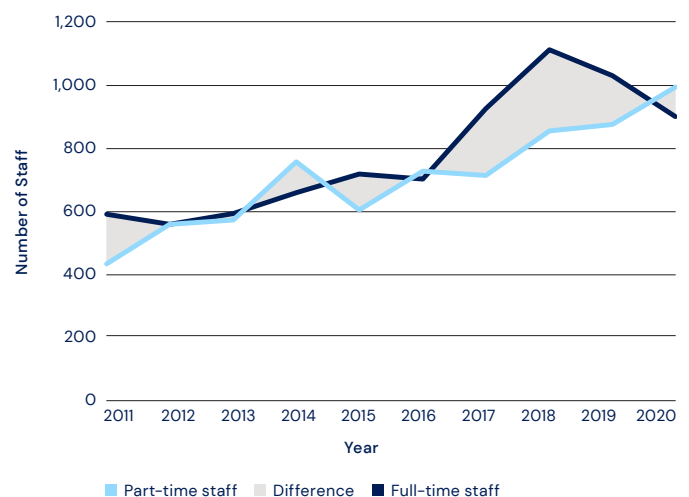


Main beneficiaries

Environment and conservation



Full-time and Part-time staff per year



The Environment and conservation sector grew 18% since 2017 and now covers over 800 charities. Volunteer support was relatively high with the sector relying on four volunteers for each member of paid staff.

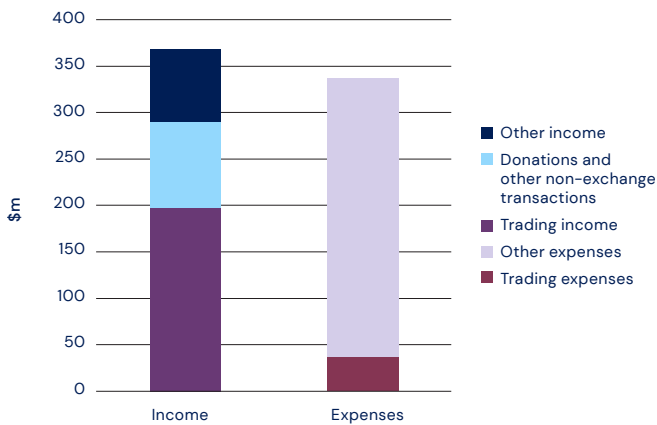
Income, assets and staff numbers were midrange when compared to other sectors and produced a healthy annual surplus of 8% for the YE2020 financial year. The sector saw a healthy growth in income of 44% since 2011 along with a 133% increase in assets, which made it one of the highest-performing sectors regarding asset growth. 54% of the sector's total income was earned through trading, with about a quarter of the sector's income derived from donations and other non-exchange transactions.

The sector had a strong balance sheet profile, however the YE2020 financial year revealed a stronger relationship between income and net assets from the 2017 report, suggesting a smaller variation amongst sector participants.

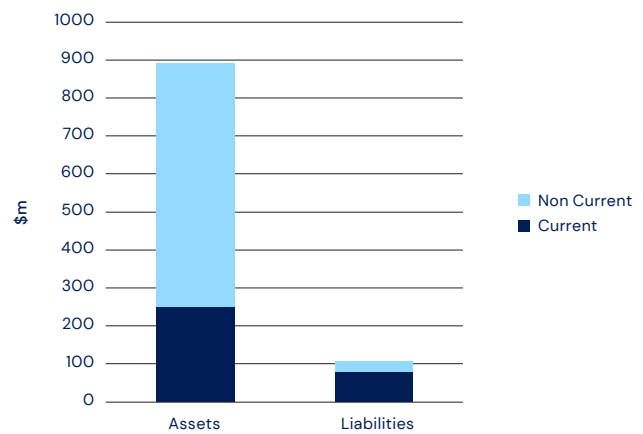
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
The Isaac Conservation and Wildlife Trust	\$68	100%	0%	0%	\$104	18
The Horticulture Group	\$55	100%	0%	0%	\$23	67
The Astrolabe Community Trust	\$11	0%	98%	2%	\$8	0
Te Arawa Lakes Trust Group	\$10	26%	0%	74%	\$72	6
Royal Forest and Bird Protection Society Of New Zealand Inc	\$10	0%	59%	41%	\$20	49
Wellington Zoo Trust	\$9	5%	12%	83%	\$4	72
National Animal Identification and Tracing (NAIT) Limited	\$8	0%	0%	100%	\$19	0
Queen Elizabeth the Second National Trust	\$8	0%	60%	39%	\$24	20
Waikato River Clean-up Trust	\$8	0%	0%	100%	\$154	0
Zero Invasive Predators Limited	\$7	0%	0%	100%	\$3	28

Environment and conservation	Total income	Total expenses	Total assets
Mean	448,600	410,671	2,822,175
Median	26,295	20,803	290,429

Environment and conservation – profit and loss

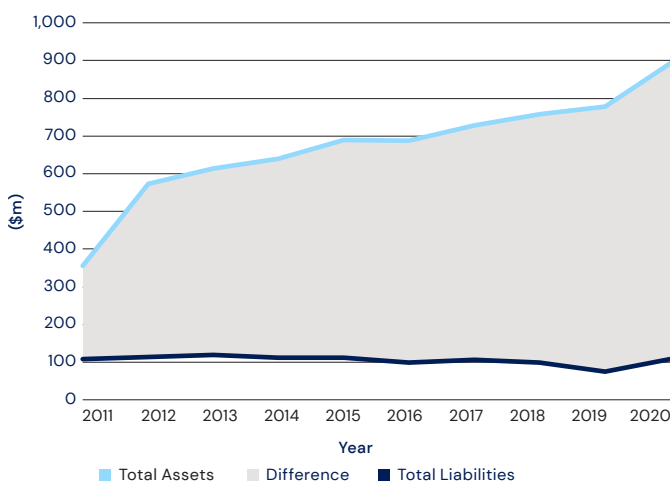


Environment and conservation – balance sheet

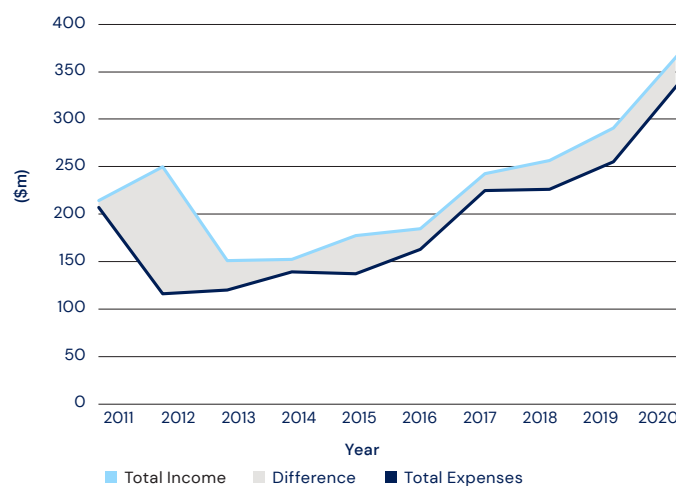


Profile of Environment and conservation since 2011

Asset and liabilities per year (\$m)



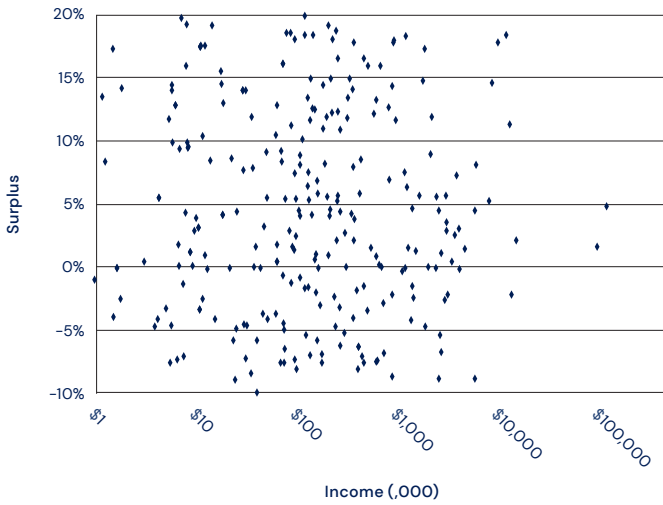
Income and expenses per year (\$m)



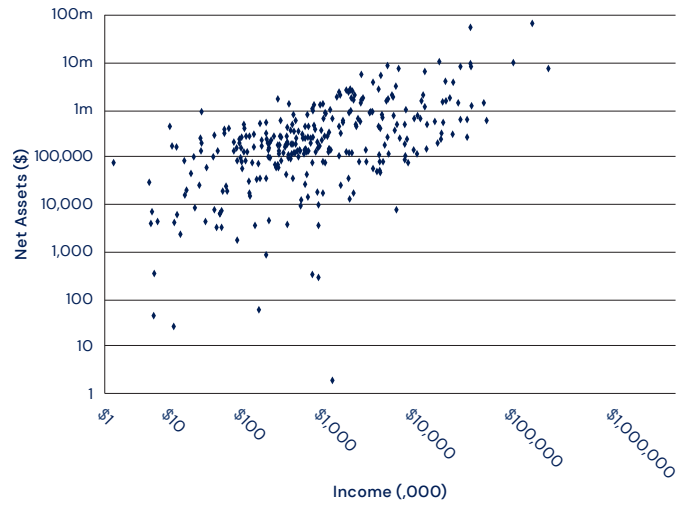
The top-ranking four organisations, based on income, have changed since 2017 with the introduction of some larger environmental trusts, iwi and other groups. Notably, the top four charities in the 2017 report are still present in the top 10 organisations by income but have dropped in position behind these larger organisations. The sector's organisations were dispersed across the country with the South Island contributing the largest proportion at 35% of the sector's income. The general public was, by far, the most common beneficiary for the sector, though 7% report animals or others as their beneficiaries. The top 10% of charities dominated the sector and were responsible for 95% of the sector's total trading income.

Positioning of individual sector organisations

Income vs Surplus



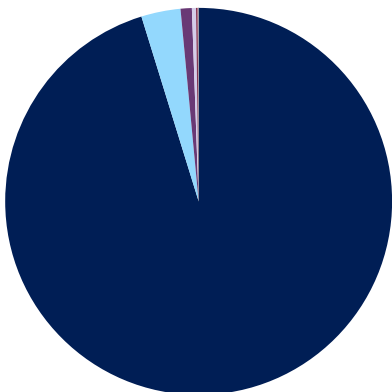
Income vs Net Assets



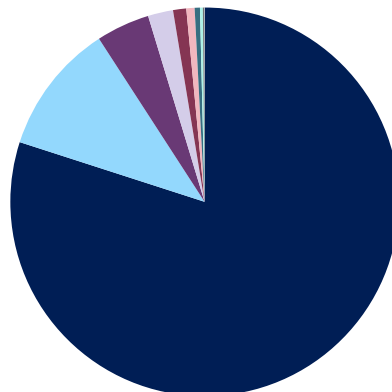
Surplus margins remained consistently tight for both small and large organisations, as the sector's overall income and expenses both increased year on year. The relationship between the sector's income and net assets was positive. Liabilities remained low and most assets were still non-current, however depreciation was low, due to the prevalence of ownership of bare land amongst organisations.

Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of the Environment and conservation sector

- There were 823 registered charities in the sector (3% of the total charity sector).
- The sector had an annual income of **\$368m** (2% of the total charity sector income).
- Reserves totaled **\$78m** (1% of the total charity sector reserves).
- **558 (68%)** of the charities relied solely on the work of volunteers.
- Around **93%** charities had an income less than **\$1m** and **38%** of charities had an income less than **\$10,000**.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Fundraising

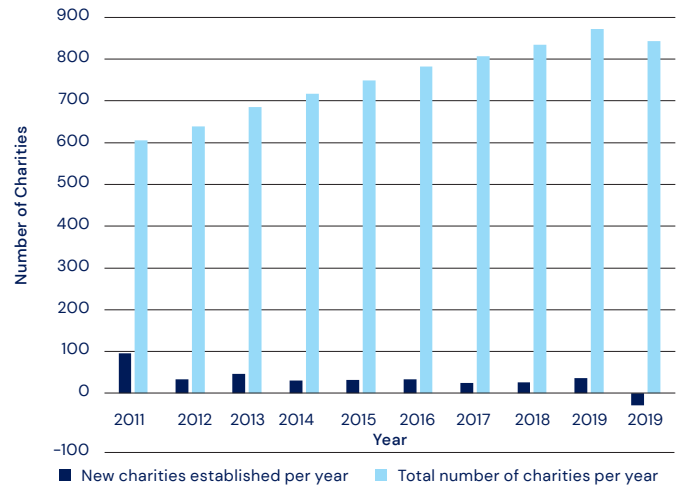
The ICNPO category of 8 100 Grant-making foundations is not a direct match in New Zealand's Charity Services 'main sector' options. Instead, a choice is provided by Charity Services within 'main activity' and organisations then choose which sector they serve (e.g. Social services, for their 'main sector'). Organisations choosing fundraising as their main sector tend to be the public fundraising arms of other 'doing' charities that are delivering programmes in the community. Private grant-making foundations, community trusts, gaming trusts and various other philanthropic trusts that provide grants generally list their 'main sector' as the cause area they serve.

At present, the Charity Service's reporting does not delineate the grants made by fundraising organisations to other sector organisations creating a degree of repetition in the data.

Community Trusts are deemed charities under a separate act (Community Trust Act 1999) and are not required to register with Charity Services. They are thus not included in this profile.

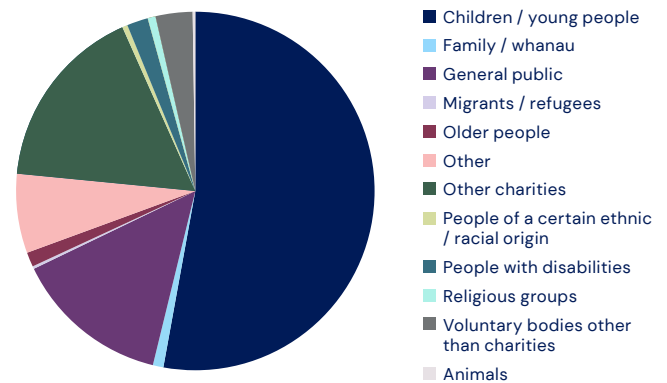
Fundraising

– Number of charities established and cumulative per year



Main beneficiaries

Fundraising



Full-time and Part-time staff per year



The Fundraising sector was one of the top performing sectors for income growth having increased by 107% since 2011 and achieving a strong annual surplus of 17% for YE2020. Similar to the 2017 report, the majority of sector income was derived directly or indirectly from donations and bequests and there existed a weak positive relationship between income and assets. Due to an increase in assets of 67% over the last four years, the sector enjoyed a healthy balance sheet profile.

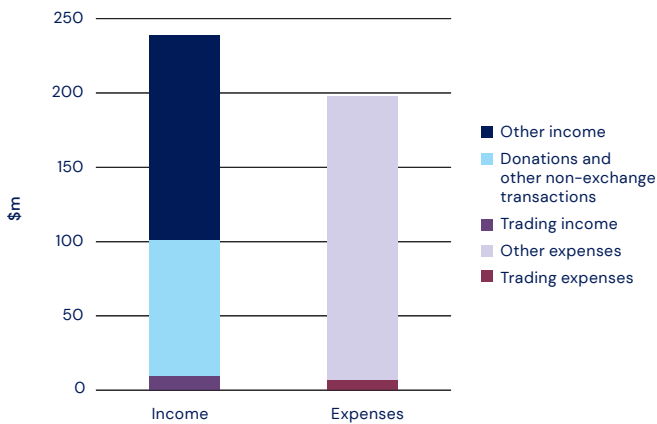
The Fundraising sector did not rely as heavily on volunteer support as others with an average number of 2,316 volunteers per week compared to 2,461 paid staff members, or a ratio of just under one to one. As with other sectors, the face of the workforce changed with with part-time overtaking full-time employment.

The noticeable drop in the number of charities in 2020 may have been a result of organisations filing after December 2020 or reassigning their annual return data to another sector.

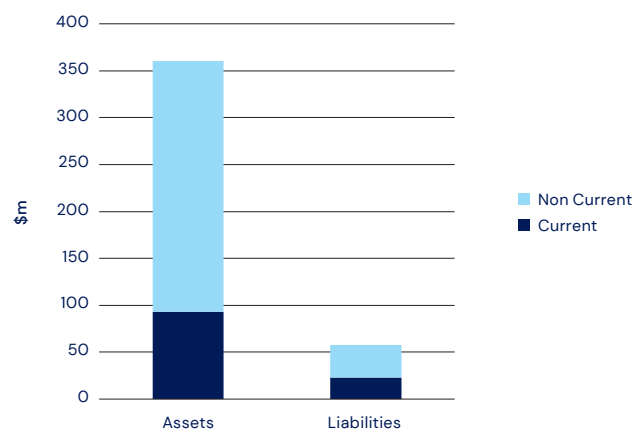
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
New Zealand Community Trust	\$110	0%	0%	100%	\$25	40
Nikau Foundation	\$9	3%	78%	19%	\$16	6
The Christchurch Foundation	\$8	0%	100%	0%	\$10	4
Acorn Foundation	\$8	0%	62%	38%	\$30	3
Nelson Tasman Region Hospice Investment Trust	\$7	1%	95%	4%	\$19	0
A & M Parbhu Foundation	\$4	0%	100%	0%	\$4	0
Southern Stars Charitable Trust Limited	\$3	0%	100%	0%	\$1	5
Southern Stars Charitable Trust	\$4	0%	100%	0%	\$1	5
Wellington Hospitals Foundation	\$3	19%	80%	2%	\$2	14
RNZWCS Limited	\$3	0%	98%	2%	\$2	0

Fundraising	Total income	Total expenses	Total assets
Mean	285,269	236,366	2,521,906
Median	26,991	24,468	198,178

Fundraising – profit and loss

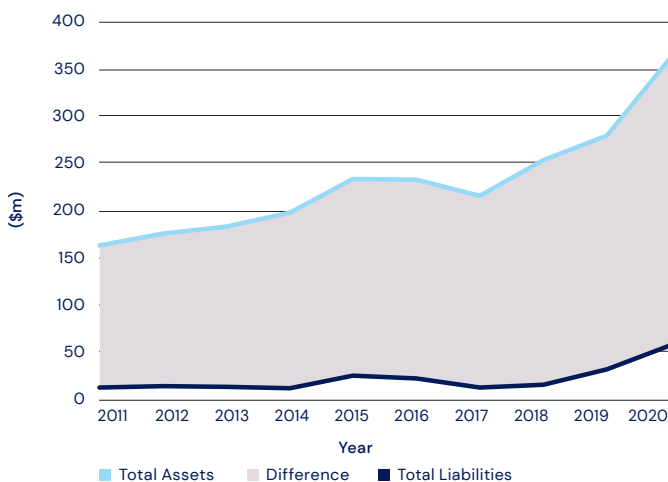


Fundraising – balance sheet

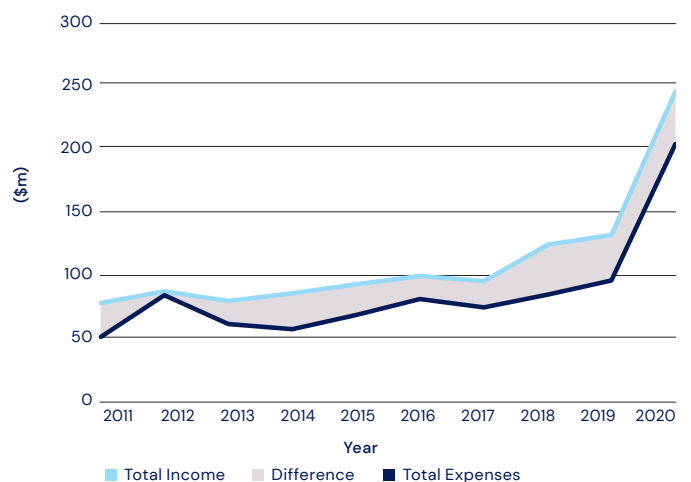


Profile of Fundraising since 2011

Asset and liabilities per year (\$m)



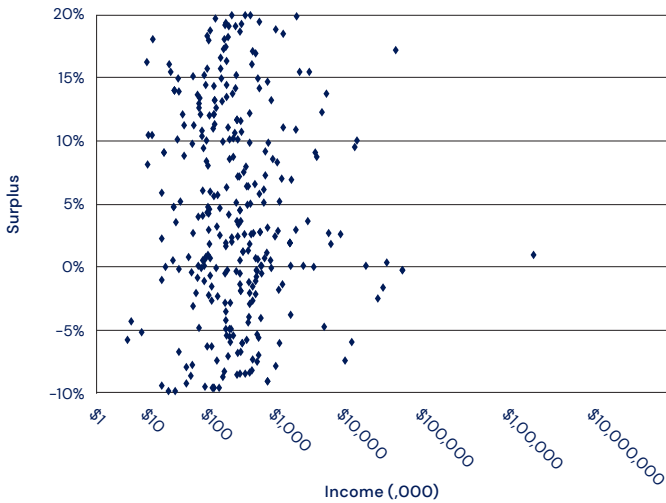
Income and expenses per year (\$m)



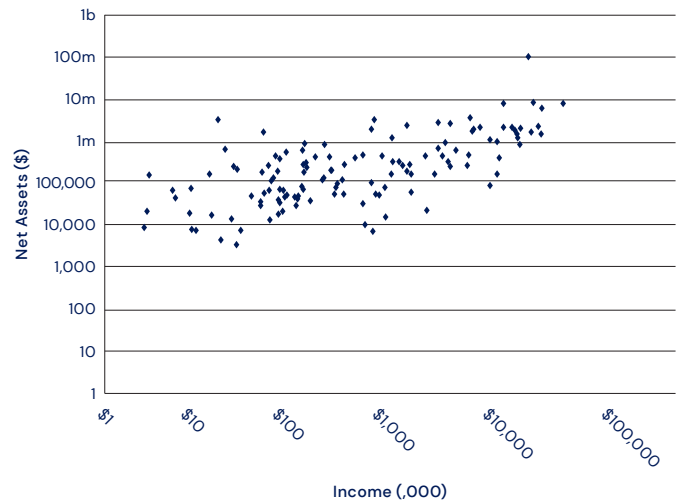
The Ronald McDonald House Charities New Zealand Trust reclassified to the Accommodation and housing sector so no longer ranked amongst the Fundraising top ten by income charities' list. A number of organisations reported children and young people as their main beneficiaries with over half the sector providing services to this group. Most charities deliver services in the Upper North Island and South Island of New Zealand, however 66% of the sector income was from the larger charities that operated nationally or internationally.

Positioning of individual sector organisations

Income vs Surplus



Income vs Net Assets

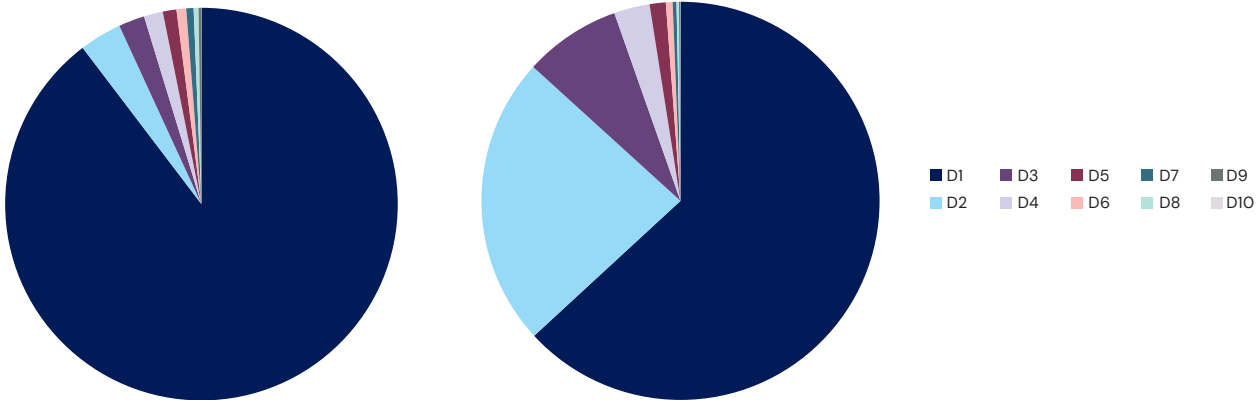


Based on net assets, the top 20% of organisations contributed 87% of the sector's total net assets, which contrasts to most other sectors' top 10% contributing more than 90% of the sector's income or assets. The Fundraising sector displayed a healthy positive relationship between income and net assets and showed less variation in its income with most organisations earning around \$10,000 to \$100,000 annually, however, healthy surplus margins appeared to occur across this range regardless of the organisation scale. It is noted that three community regional foundations grew and now appear within the top four in the sector: Acorn Foundation, Nikau Foundation, and The Christchurch Foundation.

Income and assets split by decile

Total income

Net assets



Summary of the Fundraising sector

- There were 840 registered charities in the sector (4% of total charity sector).
- The sector had an annual income of \$239m (1% of total charity sector income).
- Reserves totaled \$87m (1% of total charity sector reserves).
- 773 (92%) of the charities relied solely on the work of volunteers.
- Around 96% charities had an income less than \$1m and 23% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

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Health

ICNPO 3 100 – Hospitals and rehabilitation

- **Hospitals** – Primarily inpatient medical care and treatment.
- **Rehabilitation** – Inpatient healthcare including physiotherapy and other rehabilitative therapy for those suffering from injury, genetic defect or disease and requiring extensive physiotherapy or similar forms of care.

New Zealand examples (ICNPO) – Chelsea private hospital, other private hospital trusts.

ICNPO 3 200 – Nursing homes

- **Nursing homes** – In-patient convalescent care and residential care, as well as primary health care services; includes homes for the frail elderly, nursing homes for the severely disabled and hospice services.

New Zealand examples (ICNPO) – Hospice trusts, Palliative Care Society.

ICNPO 3 300 – Mental health and crisis intervention

- **Psychiatric hospitals** – Inpatient care and treatment for the mentally ill.
- **Mental health treatment** – Outpatient treatment for mentally ill patients; includes community mental health centers and halfway homes.
- **Crisis intervention** – Outpatient services and counsel in acute mental health situations; includes suicide prevention and support to victims of assault and abuse.

New Zealand examples (ICNPO) – Ashburn Clinic, mental health support trusts, Mental Health Foundation, Like Minds.

ICNPO 3 400 – Other health services

- **Public health and wellness education** – Public health promotion and health education; includes sanitation screening for potential health hazards, first aid training and services and family planning services.
- **Health treatment, primarily outpatient** – Organisations that provide primarily outpatient health services, e.g., health clinics and vaccination centres.
- **Rehabilitative medical services** – Outpatient therapeutic care; includes nature cure centres, yoga clinics and physical therapy centres.
- **Emergency medical services** – Services to persons in need of immediate care; includes ambulatory services and paramedical emergency care, shock/trauma programmes, lifeline programmes and ambulance services.

New Zealand examples (ICNPO) – Medical trusts, marae health centres, The Order of Saint John Ambulance services, air rescue trusts, Royal NZ Plunket Society, National Heart Foundation.

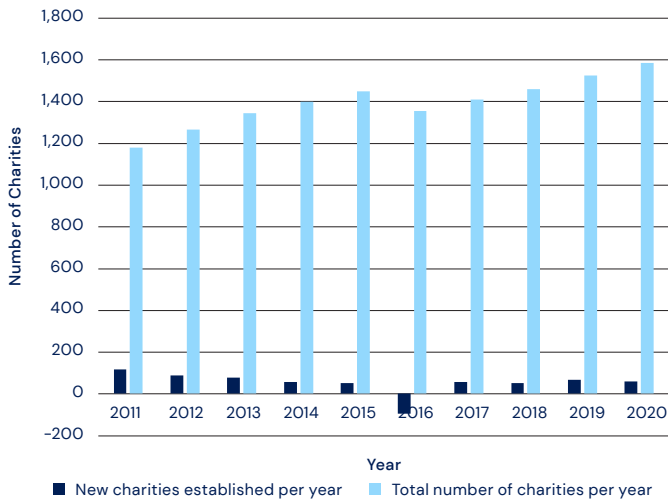
Despite the degree of Government control meaning most hospitals are not included in the data, Health was the second largest sector for income and staff, and the third largest for assets and donations. With its tight surplus margins, Health had the third lowest surplus of all charities. A large proportion of its income, (36%), was earned through trading, against which expenses were very low suggesting relatively low average wages in the sector and concessional terms on rental and leaseholds of property. Volunteer-to paid-staff ratios evidence very little reliance on volunteer support, which highlights the increased professionalism of the sector.

The sector grew by 25% in the last decade and, in comparison to the 2017 NZ Cause Report, full and part-time staff grew 20% and 35% respectively.

The balance sheet profile remained healthy with almost double the number of assets since 2017. Additionally, liabilities doubled in the same period with non-current liabilities comprising a larger proportion of the total liabilities in YE2020.

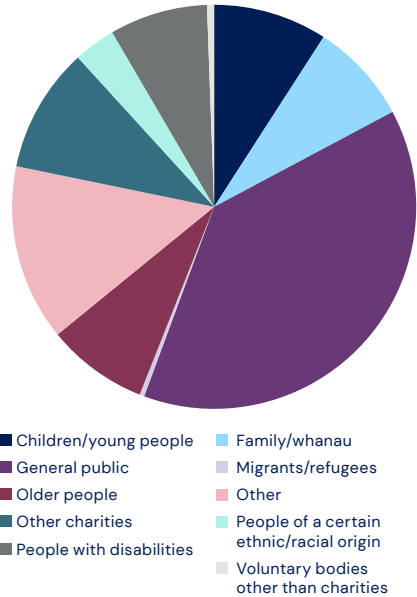
Health

Health
– Number of charities established and cumulative per year

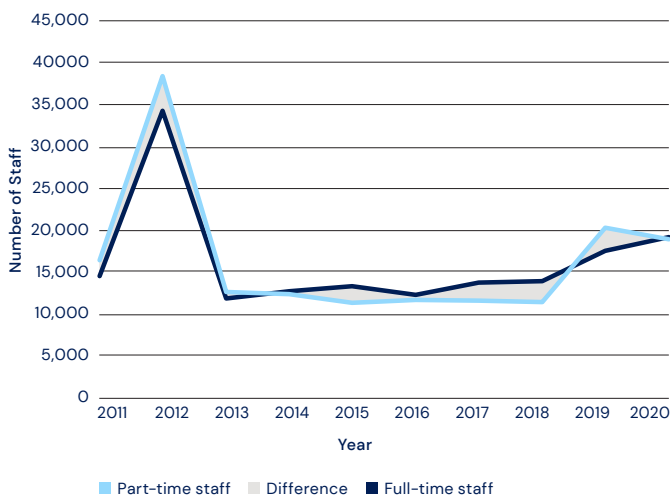


Main beneficiaries

Health



Full-time and Part-time staff per year



In 2012, a large spike in full and part-time staff occurred as charities belonging to the St John's Incorporated Group in previous annual returns filed individually and reported significantly different staffing numbers. In 2016, many of these organisations were reclassified under St John Group, showing a major reduction of 184 charities in 2016.

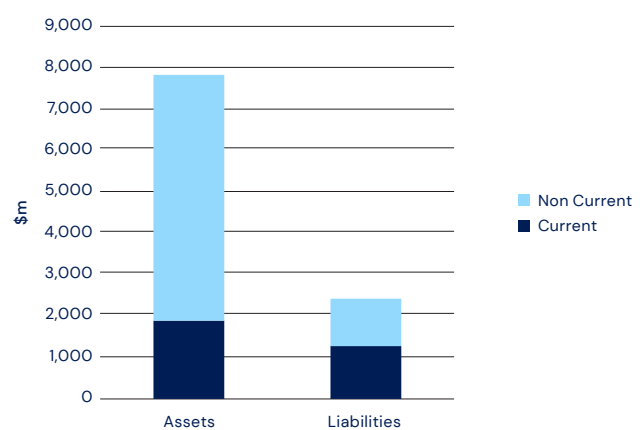
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
St John of God Health Care Incorporated	\$1,803	94%	1%	5%	\$1,450	7,080
Southern Cross Health Trust Group	\$418	95%	0%	5%	\$496	1,686
St John	\$314	87%	12%	1%	\$296	3,204
Health Research Council of New Zealand	\$110	0%	0%	100%	\$32	33
Emerge Aotearoa Trust Group	\$92	95%	0%	5%	\$103	932
Wise Group	\$91	96%	0%	4%	\$51	1,100
Tū Ora Compass Health	\$90	3%	0%	97%	\$13	156
WellSouth Primary Health Network	\$84	0%	0%	100%	\$8	103
Royal New Zealand Plunket Trust	\$84	86%	11%	3%	\$55	1,247
Nurse Maude Association	\$69	94%	3%	3%	\$45	1,445

Health	Total income	Total expenses	Total assets
Mean	3,665,385	3,571,232	9,050,055
Median	75,713	61,664	900,124

Health – profit and loss

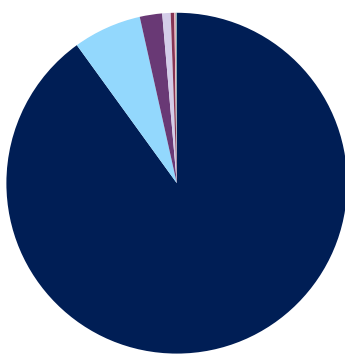


Health – balance sheet

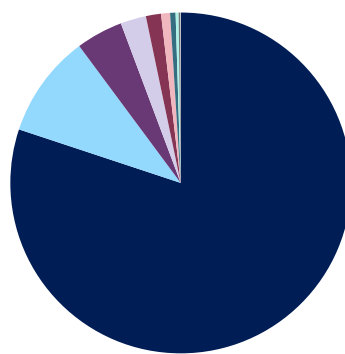


Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

The Health sector's reach is broad and very diverse, providing health-related services to all groups of New Zealand society with a balanced share between the main reported beneficiaries' groups (assuming general public proportionally represents the same diverse representation). 38% of the organisations operate nationally/internationally and were responsible for 60% of the sector's total income. Similar to other sectors, the upper North Island made up the second largest region for the number of charities and income contribution. Significant changes in the reported results were the result of some large reclassifications in the Health sector since the 2017 report.³⁷ It is also noted that one of the largest charities by income in this sector, Health Research Council of New Zealand, is also a crown entity.

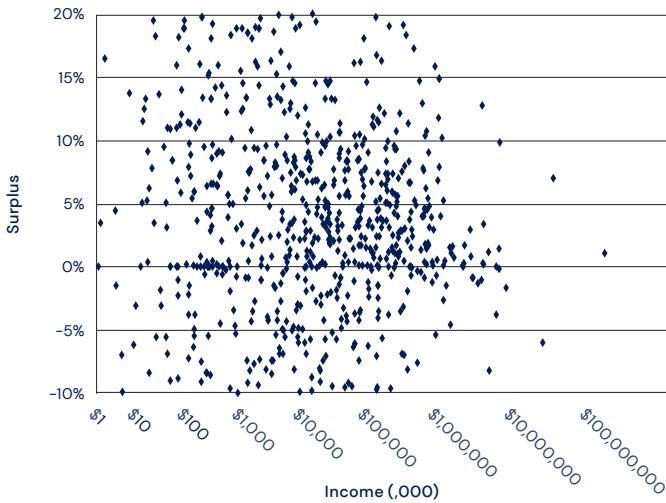
³⁷ The Order of St John South Island, Central Region, Northern Region Trust Boards and The Priory In New Zealand of the Most Venerable Order of the Hospital of St John of Jerusalem reported as separate charities and appeared in the 2017 top 10 organisations for income – in 2020 they were all filed under the St John Group; between 2012 and 2018, patient services were discontinued and not included in the St John of God Healthcare Incorporated total revenue but from 2019 onwards they were included again and therefore included in the YE2020 data; and the very large Southern Cross Health Trust Group reclassified in 2018 from the Education, training, and research to Health sector.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

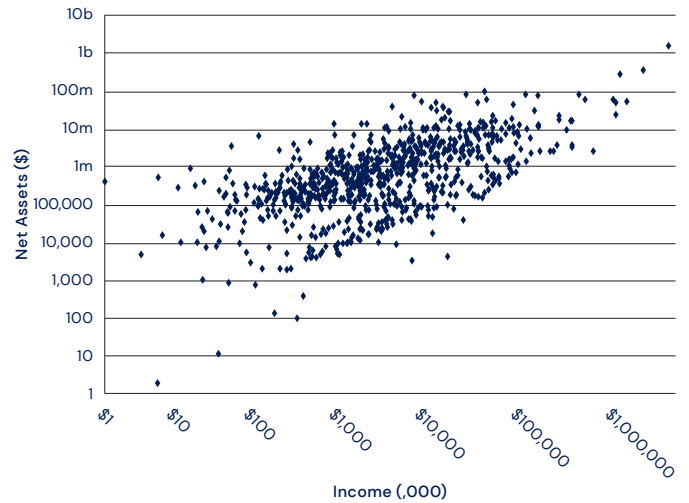
We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Positioning of individual sector organisations

Income vs Surplus



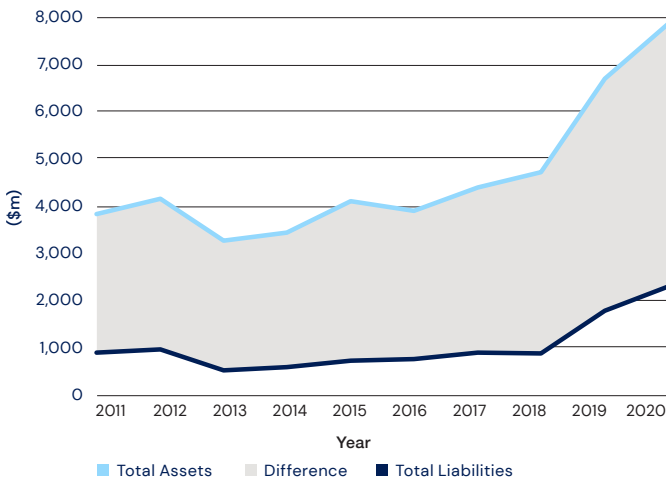
Income vs Net Assets



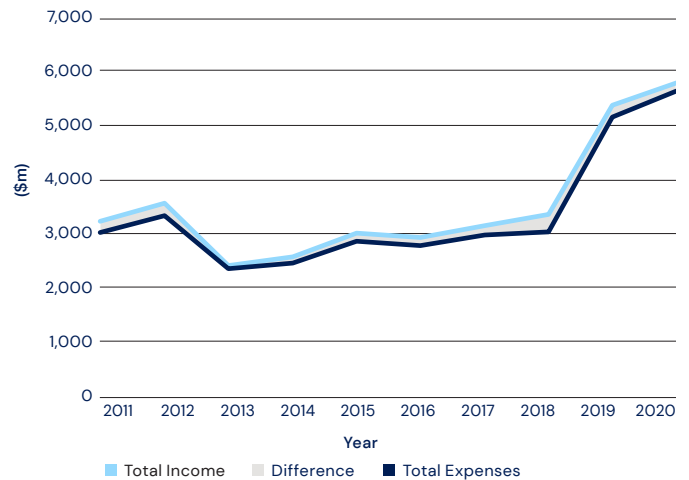
Similar to the Education sector, the top 10% of Health charities by income contributed more than 90% of the income for the sector, however unlike Education, only 80% of the sector's total assets were owned by this top 10%. There was a low asset base compared to income, surplus margins were tight, and a major source of income was Government grants. Since 2018, there has been an increased professionalism of the health sector and an increase in the value of sector properties revalued which is the likely explanation for the sharp rise in income and assets. There was a positive relationship between net assets and income. The increase in sector assets since 2018 has been partially offset by an increase in debt.

Profile of Health since 2011

Asset and liabilities per year (\$m)



Income and expenses per year (\$m)



Summary of the Health sector

- There were 1,585 registered charities in the sector (7% of the total charity sector).
- The sector had an annual income of **\$5.8b** (25% of the total charity sector income).
- Reserves totaled **\$865m** (6% of the total charity sector reserves).
- **878 (55%)** of the charities relied solely on the work of volunteers.
- Around 78% charities had an income less than **\$1m** and 25% of charities had an income less than **\$10,000**.

International activities

ICNPO 9 100 – International activities

- **Exchange/friendship/cultural programmes** – Programmes and services designed to encourage mutual respect and friendship internationally.
- **Development assistance associations** – Programmes and projects that promote social and economic development abroad.
- **International disaster and relief organisations** – Organisations that collect, channel, and provide aid to other countries during times of disaster or emergency.
- **International human rights and peace organisations** – Organisations which promote and monitor human rights and peace internationally.

New Zealand examples (ICNPO) – World Vision, Amnesty International, Oxfam, AFS Intercultural Programmes.

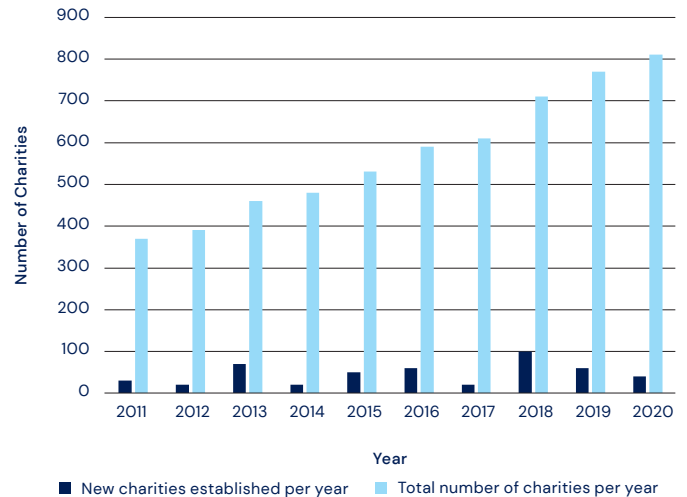
Donations and non-exchange transactions comprised the very large 75% of International activities' income. Although the sector sat midrange for the value of donations received, it had the largest donations-to-charity ratio across all sectors, and one of its leading organisations, (World Vision New Zealand), consistently raised the most of any charity organisation in pledges and appeals from the public. This international cause area converted income into grants to the field, and with its focus on vulnerable populations overseas, the sector had little opportunity to generate trading income to diversify its income mix. Some were supported by investment income, but the sector was the most exposed to a fall in donations, and highly sensitive to any shift in public sentiment to give locally.

The sector was one of the smallest charity sectors within New Zealand by organisation count, yet while its growth was steady but modest – averaging four charities per year since 2011 – from its small base, it experienced the largest increase in growth of 119% since 2011 and 33% since 2017. The sector sat midrange for volunteer support with an even number of volunteers to paid staff reported in YE2020. There is some opportunity for in-kind offshore assistance, as facilitated by organisations like Volunteer Service Abroad – Te Tūao Tāwāhi.

The 2017 Cause Report expressed caution that a significant reliance on mass market fundraising by this sector is challenging operating margins could potentially hinder its ability to help internationally in the future. This dependency is becoming more exacerbated with the noticeable decline in the middle market givers who traditionally have provided cornerstone support for this sector through monthly pledge giving.

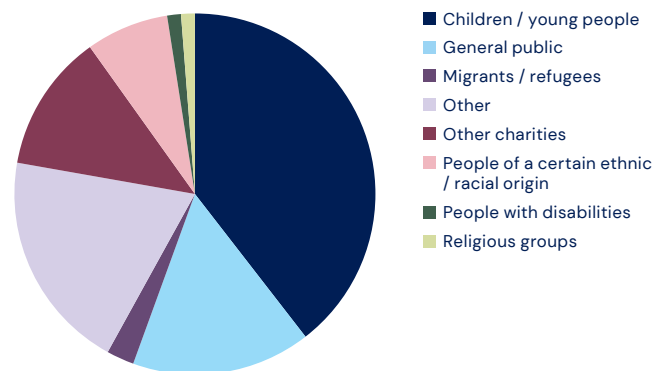
International activities

– Number of charities established and cumulative per year

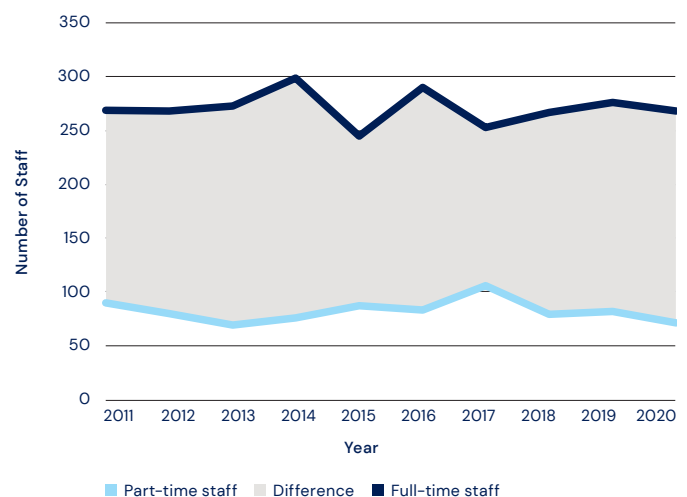


Main beneficiaries

International activities



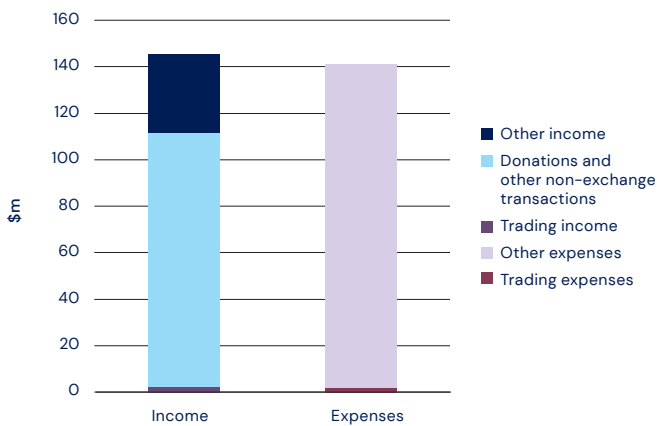
Full-time and Part-time staff per year



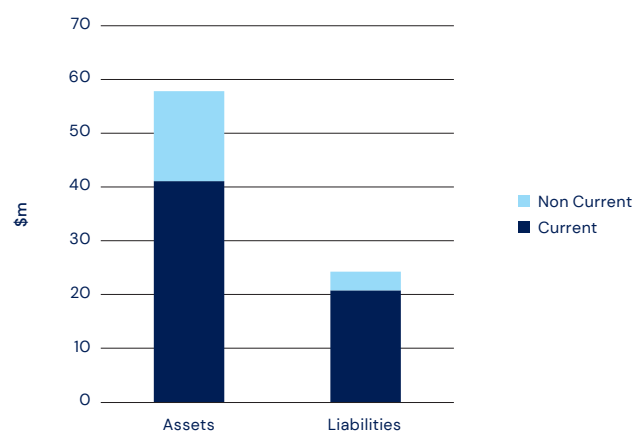
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
World Vision of New Zealand Trust Board	\$67	0%	60%	40%	\$11	80
New Zealand National Committee for Unicef Trust Board	\$14	0%	91%	9%	\$5	61
Save the Children New Zealand	\$12	1%	97%	1%	\$9	19
ChildFund New Zealand Limited	\$11	0%	99%	1%	\$8	18
Oxfam New Zealand	\$9	2%	73%	25%	\$5	50
Effective Charitable Trust	\$6	0%	100%	0%	\$0	0
The Leprosy Mission New Zealand Incorporated	\$5	0%	97%	3%	\$4	12
Family for Every Child New Zealand Trust	\$4	0%	100%	0%	\$0	3
Orphans Aid International Charitable Trust	\$2	40%	59%	0%	\$1	21
Anglican Missions Board of the Church in Aotearoa, New Zealand and Polynesia	\$2	4%	92%	4%	\$2	4

International activities	Total income	Total expenses	Total assets
Mean	1,791,600	1,743,377	1,698,908
Median	49,856	38,437	421,783

International activities - profit and loss

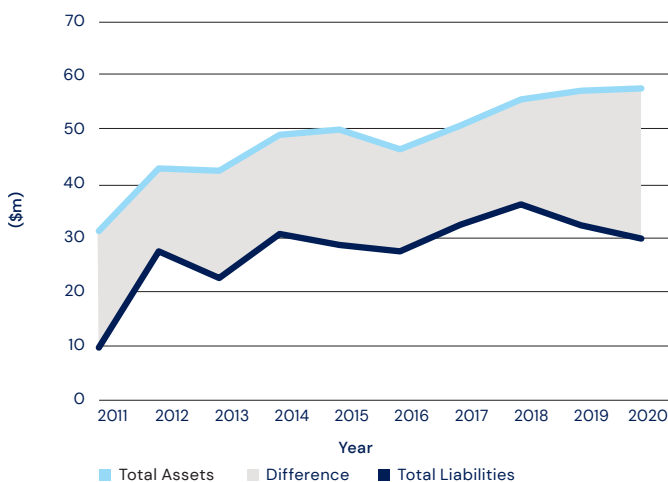


International activities - balance sheet

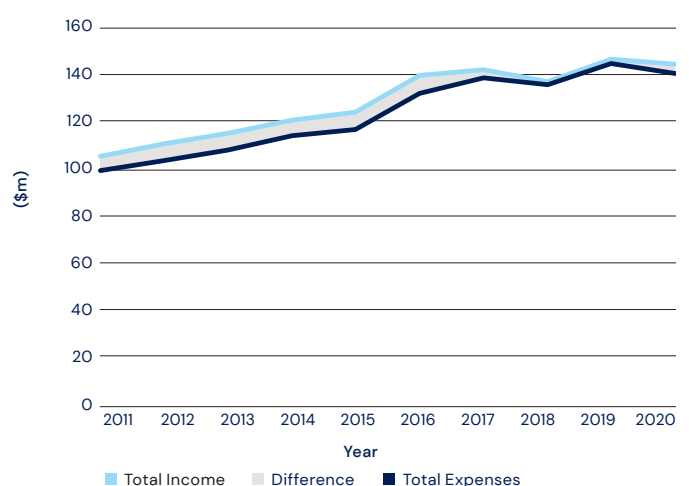


Profile of International activities since 2011

Asset and liabilities per year (\$m)



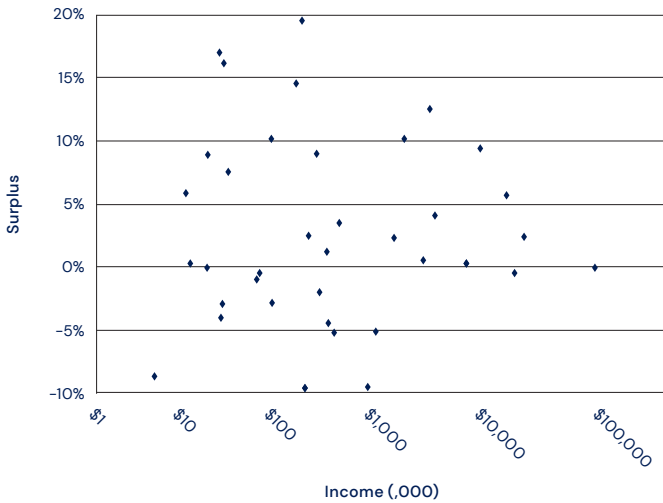
Income and expenses per year (\$m)



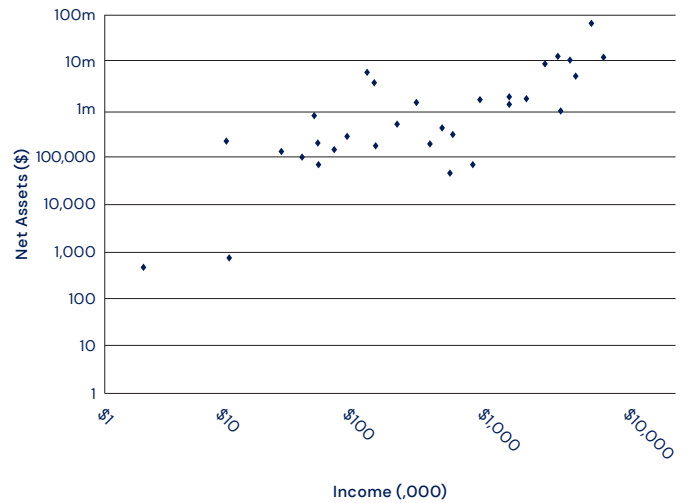
Children and young people are the sector's main beneficiaries making up 40% of the mix but International activities also supported a range of various peoples across the communities it served. All of its income came from organisations operating at a national and international level, and the focus of its activity was 96% directed towards national and international work.

Positioning of individual sector organisations

Income vs Surplus



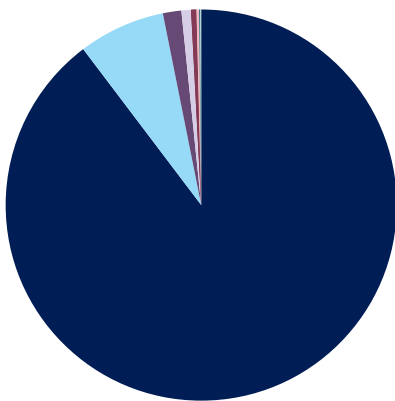
Income vs Net Assets



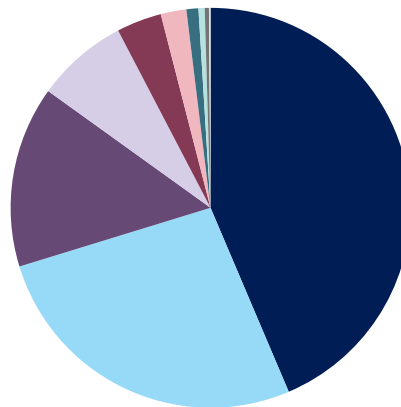
The International activities sector showed a reasonably even spread of net assets amongst its organisations in comparison to other cause areas in New Zealand. The top 10% of charities were earning more than 90% of the sector's overall income but were only responsible for 44% of its net assets. 57% reported a break-even or better annual result for the YE2020 financial year, which exceeded the overall charity sector average of 35%. There was a reduction of total liabilities and the sector continued to operate on very tight margins, but the overall asset base grew in the last few years with the majority of organisations reporting net assets above \$10,000.

Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of the International activities sector

- There were 81 registered charities in the sector (0.3% of the total charity sector).
- The sector had an annual income of \$145m (1% of the total charity sector income).
- Reserves total \$10m (0.1% of the total charity sector reserves).
- 53 (65%) of the charities relied solely on the work of volunteers.
- Around 85% charities had an income less than \$1m and 25% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

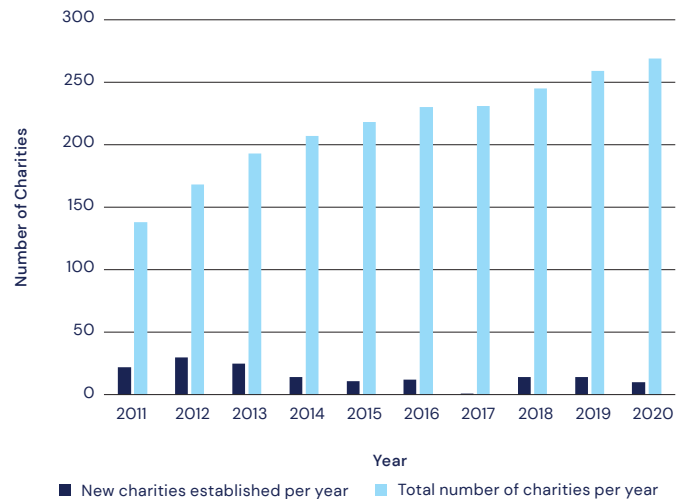
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Marae on reservation land³⁸

ICNPO 6 120 – Tangata Whenua Governance organisations.

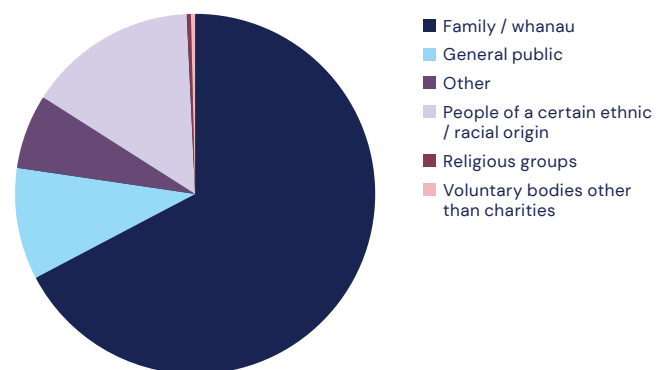
New Zealand examples (ICNPO) – Mandated iwi organisations, marae committees.

Marae on reservation land – Number of charities established and cumulative per year



Main beneficiaries

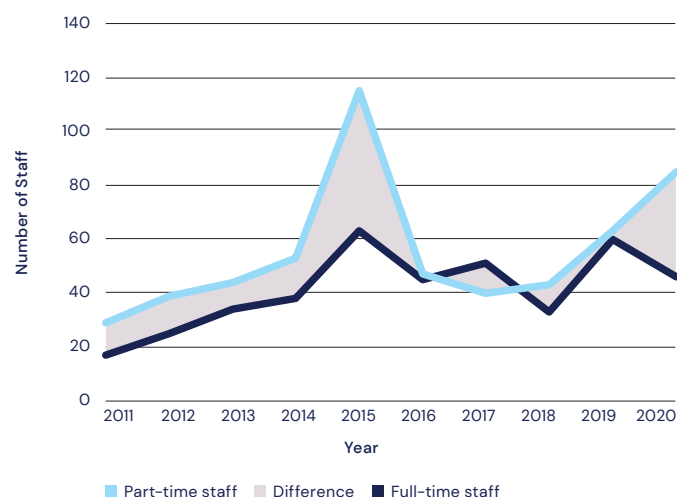
Fundraising



In the 2017 NZ Cause Report, this sector was classified within the ICNPO 6 100 category of Community and neighbourhood organisations, however the sector has been one of the fastest growing charity sectors since 2011 and now has over 260 registered organisations and groups representing tangata whenua. The Marae of reservation land sector also saw the largest increase in income, which grew 49% since 2017. This income was evenly spread between trading income of 40%, donations and grant support of 35% and other income of 25%. The sector experienced the largest annual surplus of all sectors at 36% and had a strong balance sheet profile represented by a large proportion of non-current assets in land ownership.

Marae on reservation land also experienced a significant increase in its workforce. The volunteer-to-paid ratio was two to one. A spike in assets during 2015 was the result of one marae charitable trust reporting an asset value nearly three times greater than the trust's total assets for 2014.

Full-time and Part-time staff per year



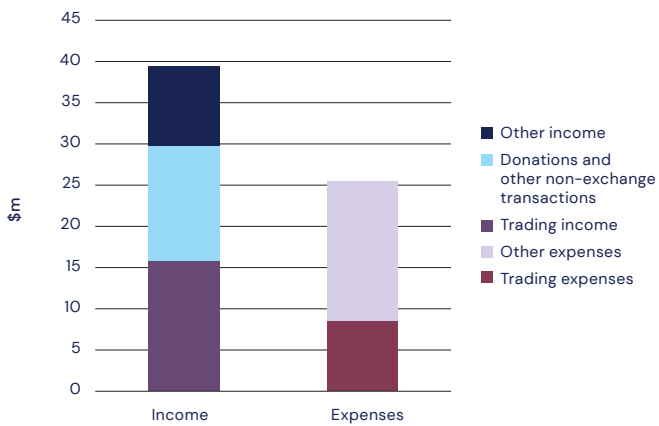
Most charities in this sector do not report on staff, probably due to the role and responsibilities of the Marae spread wide across a large number in official and not official capacities, but in 2015 Komiti Marae Orakei Trust reported 73.

³⁸ The name of this sector is a legal classification. 'Marae on reservation land' refers to section 5(2)(b) of the Charities Act: a marae has a charitable purpose if (1) the physical structure of the marae is situated on land that is a Māori reservation referred to in Te Ture Whenua Māori Act 1993 (Māori Land Act 1993), and (2) the funds of the marae are not used for a purpose other than— (a) the administration and maintenance of the land and of the physical structure of the marae; (b) a purpose that is a charitable purpose other than as regulated here.

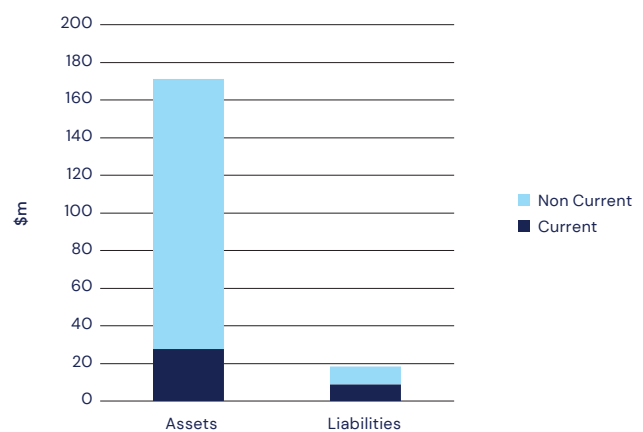
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Te Rūnanga o Ngāti Waewae Incorporated	\$2	98%	0%	2%	\$10	5
Manurewa Marae Trust Board 2008 Incorporated	\$2	99%	0%	1%	\$5	28
Te Poho-o-Rawiri Marae	\$2	3%	0%	97%	\$5	1
Komiti Marae Orākei Trust	\$2	60%	3%	37%	\$1	12
Te Rūnanga o Ōtākou Incorporated	\$1	50%	36%	14%	\$7	8
Tikapa Moana Enterprises Limited	\$1	100%	0%	0%	\$19	1
Turangawaewae Trust Board	\$1	40%	19%	41%	\$29	1
Omahu 2R Māori Reservation	\$1	4%	96%	0%	\$5	0
Moeraki Limited	\$1	1%	51%	48%	\$6	0
Te Pua Memorial Marae 2008 Incorporated	\$1	85%	6%	9%	\$1	11

Marae	Total income	Total expenses	Total assets
Mean	146,730	94,524	1,933,954
Median	50,241	32,123	762,993

Marae on reservation land – profit and loss

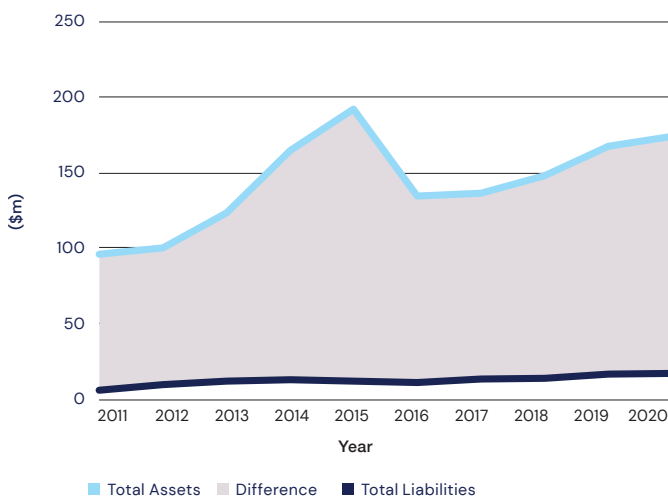


Marae on reservation land – balance sheet

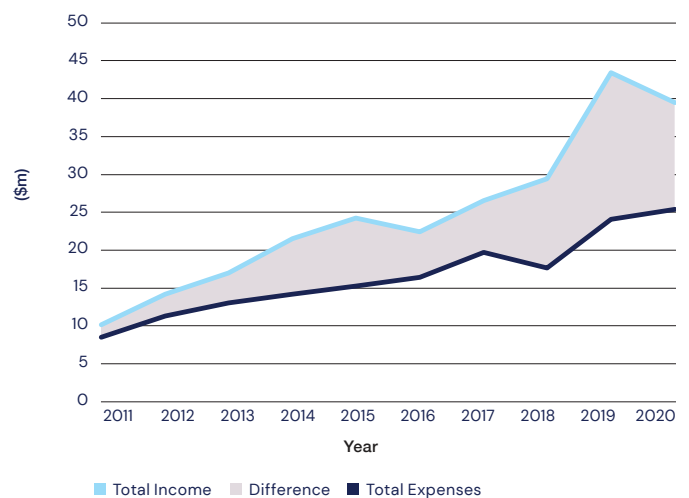


Profile of Marae on reservation land since 2011

Asset and liabilities per year (\$m)



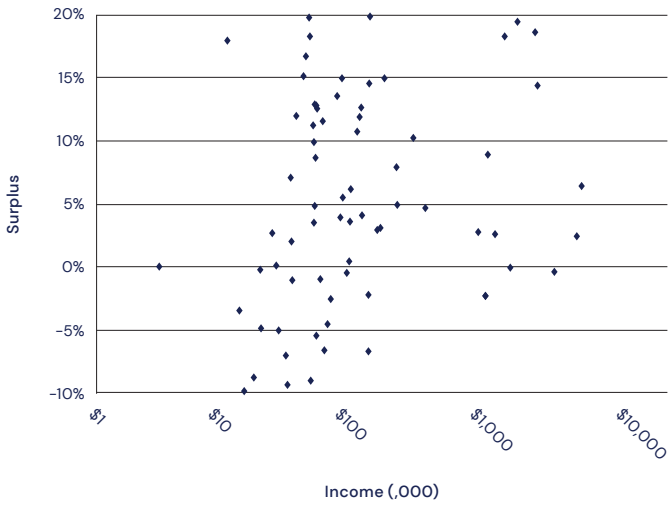
Income and expenses per year (\$m)



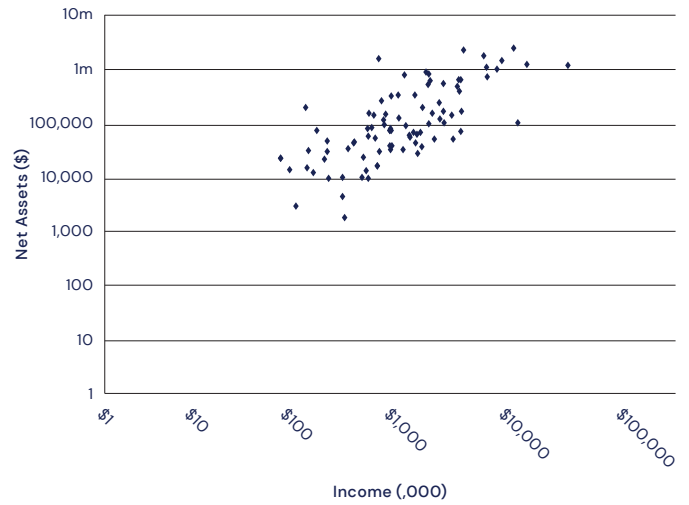
Family and whānau are the main beneficiary group for the sector representing two-thirds of the sector's beneficiary mix. Most of the organisations and groups operated in the upper North Island, deriving most of the sector income. However, the South Island's 7% representational organisations contributed a quarter of the sector income.

Positioning of individual sector organisations

Income vs Surplus



Income vs Net Assets

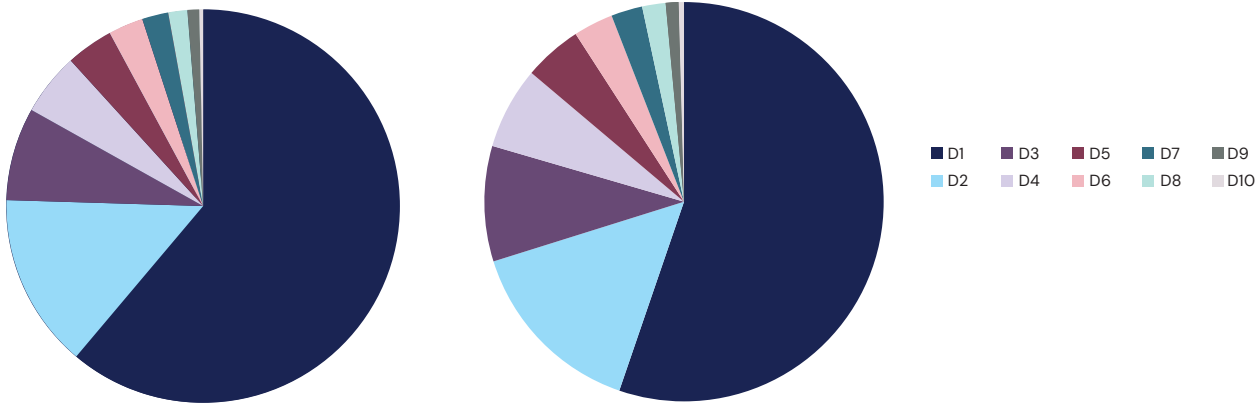


The top 10% of sector organisations owned just over half of the sectors net assets, displaying a more proportional spread of assets amongst organisations in comparison to other sectors. 28% of the sector reported a deficit in YE2020 which was 6% lower than the percentage for all sectors. Marae on reservation land organisations with income greater than \$10,000 experienced a high surplus for YE2020 resulting in a healthy working capital. The sector's asset base has been growing since 2016 correlating the logical relationship between income and net assets.

Income and assets split by decile

Total income

Net assets



Summary of the Marae on reservation land sector

- There were 269 registered charities in the sector (1% of the total charity sector).
- The sector had an annual income of \$39m (0.2% of the total charity sector income)
- Reserves totaled \$24m (0.2% of the total charity sector reserves).
- 245 (91%) of the charities relied solely on the work of volunteers.
- Around 97% charities had an income less than \$1m and 10% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Other

ICNPO 12 100 – Not elsewhere classified

All other Charities – Other activities, not generally typical of charities or not adequately covered elsewhere, (e.g. agriculture, manufacturing, retail trade, etc).

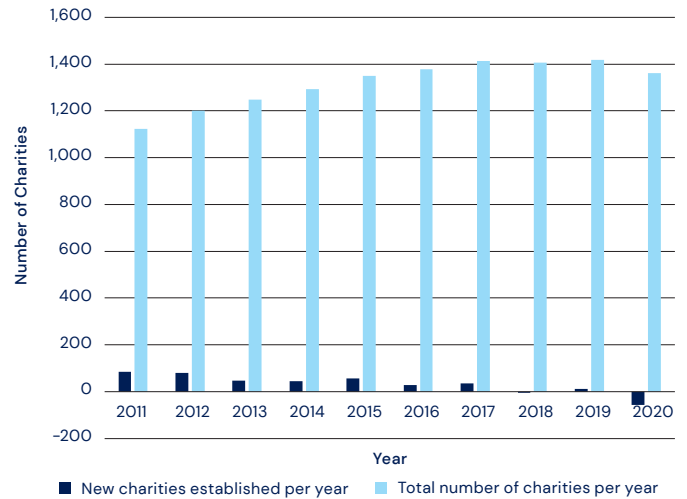
This sector captures organisations that could have chosen other sectors as their main sector but decided their multiple fields of activity did not fit a single category option. In the 2017 report, it was noted that the number of organisations in this sector had halved to 2,000 since 2010 when more accurate descriptions of main sectors were provided. Since then, this reduced another 4% to 1,361 organisations – largely a result of the creation of the Waikato Raupatu Lands Trust and Group serving as an umbrella for a number of smaller charities no longer reporting individually.

The sector experienced low surplus margins in 2020, with an annual surplus of 5% placing it amongst the bottom five sectors for annual surplus values. The Other sector appears to sit midrange for staff, volunteer support (with a ratio of two volunteers for each paid staff member) and trading income which was reflective of its range of different organisations with varying activities.

Similar to the 2017 report, this sector remained high for income and assets, however it dropped from third to fifth place for its income and asset levels. Philanthropy, as a source of income, remained low and annual surplus values decreased. The sector's balance sheet profile was healthy with high assets and low liabilities and the relationship between income and net assets was strong.

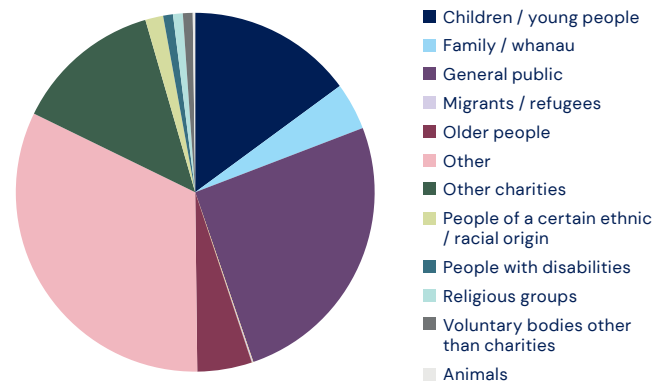
Other

– Number of charities established and cumulative per year

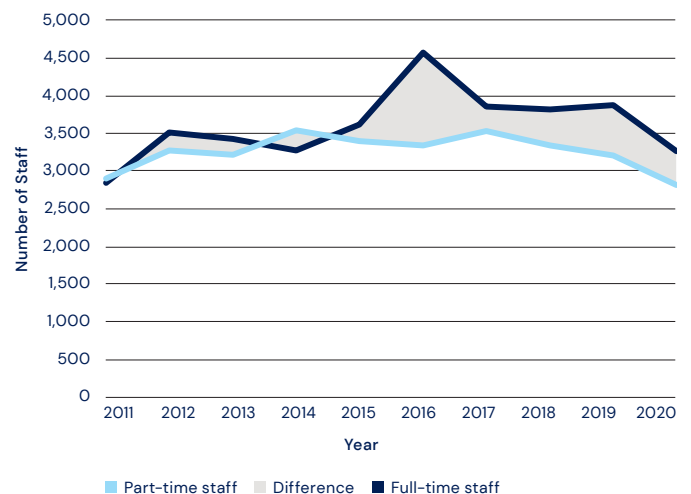


Main beneficiaries

Other



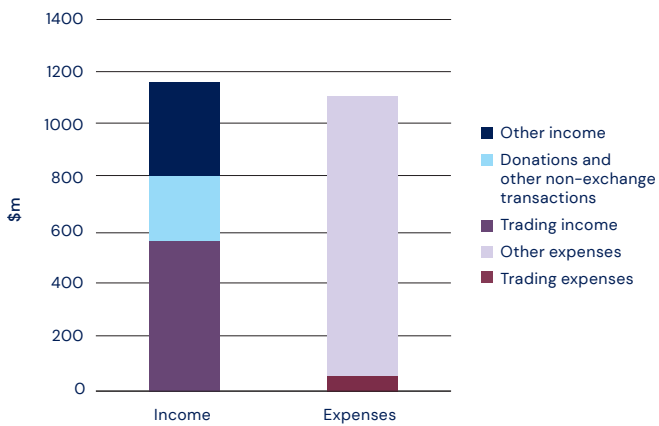
Full-time and Part-time staff per year



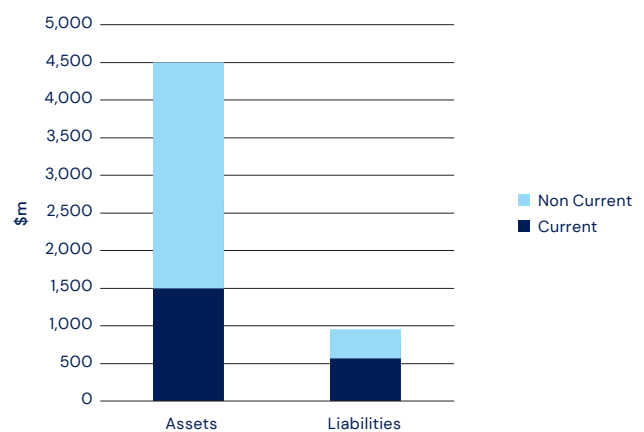
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Trust Horizon	\$196	100%	0%	0%	\$254	3
Waikato Raupatu Lands Trust and Group	\$80	68%	0%	32%	\$1,428	127
OSPRI New Zealand Limited	\$76	5%	0%	95%	\$57	131
TBfree New Zealand Limited	\$64	0%	0%	100%	\$35	0
New Zealand Red Cross Incorporated	\$46	33%	61%	6%	\$99	549
Foundation North Grants Limited	\$39	0%	100%	0%	\$150	0
Presbyterian Support Otago Incorporated	\$37	94%	2%	4%	\$67	750
Māori Television Services	\$37	99%	0%	1%	\$22	123
Youthtown Incorporated	\$23	98%	0%	2%	\$19	198
Apprenticeship Training Trust	\$19	100%	0%	0%	\$3	349

Other	Total income	Total expenses	Total assets
Mean	851,713	808,891	6,658,152
Median	34,081	29,971	674,018

Other - profit and loss

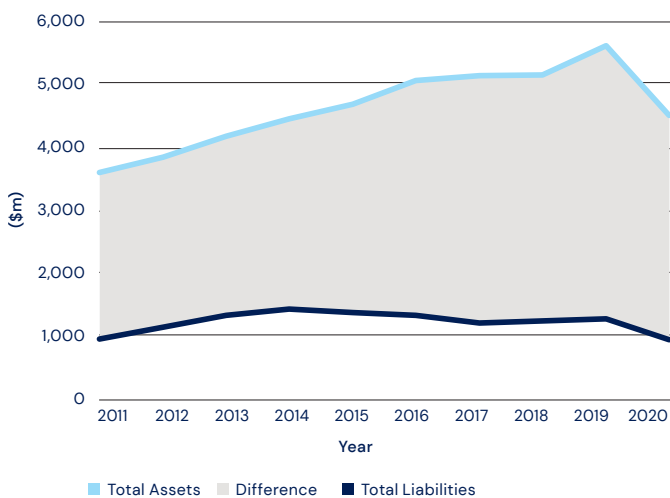


Other - balance sheet

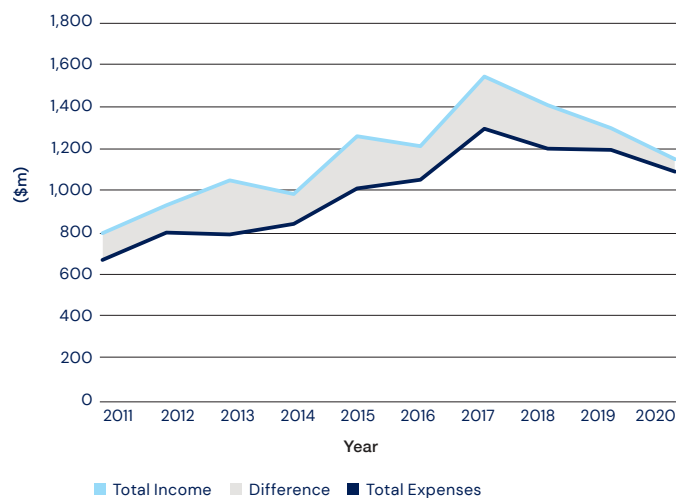


Profile of Other since 2011

Asset and liabilities per year (\$m)



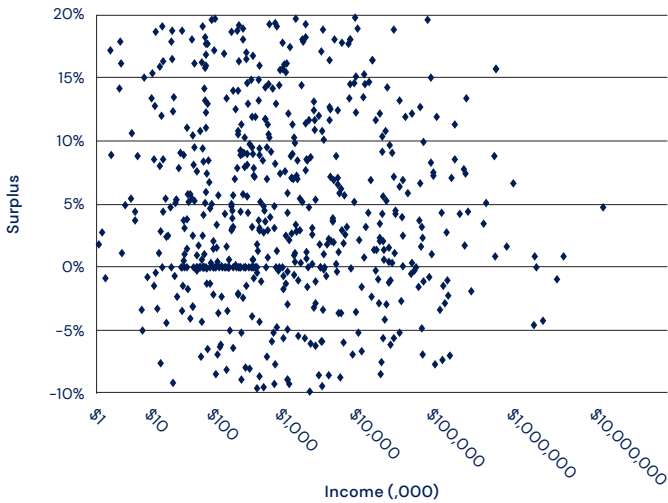
Income and expenses per year (\$m)



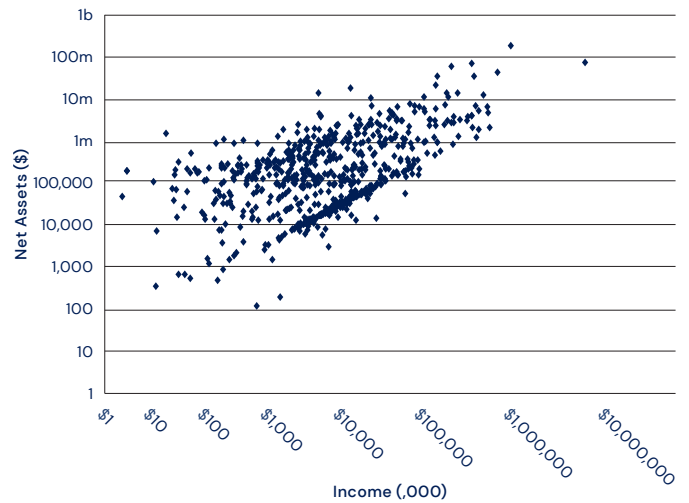
Top-performing groups such as OSPRI New Zealand and the New Zealand Red Cross Incorporated appeared again in the top 10 organisations by income ranking, but some key 'Other' organisations in 2017 now report under a more descriptive category. Well over half of the sector's main beneficiaries were 'other' or general public and we note the distribution of organisations' regions of operations was evenly split between the upper North Island, the lower North Island, the South Island and nationwide/international.

Positioning of individual sector organisations

Income vs Surplus



Income vs Net Assets

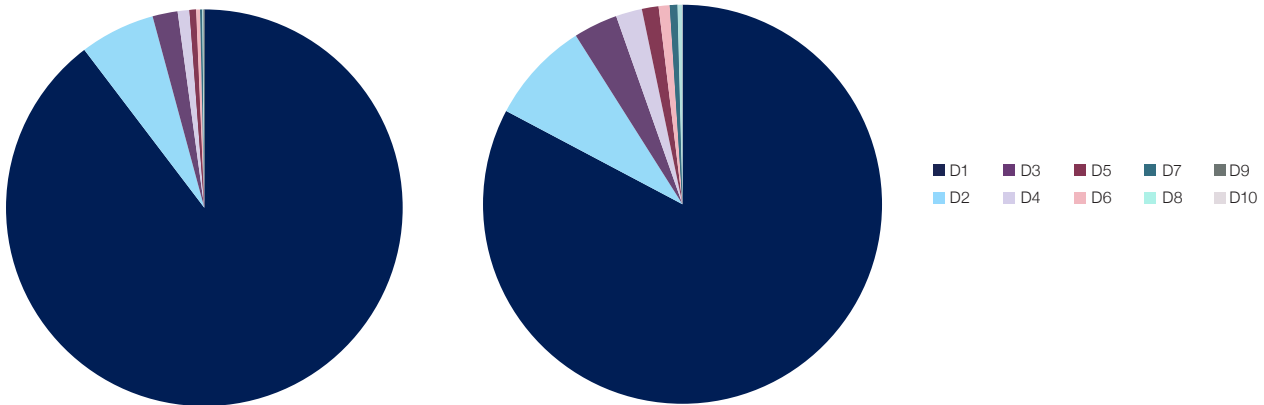


Similar to other charities, more than 90% of the sector's trading income, donations, non-exchange transactions and other income was received by the top 10% of its organisations. The net assets were similarly concentrated with the top 10% of organisations comprising 83% of the sector's net assets. Around one third of sector charities reported a deficit for the YE2020 financial year, slightly below the percentage average of full-sector charities. A noticeable number of organisations reported a zero surplus to income result, and there was a cluster of net assets to income relationship that was specific to this sector.

Income and assets split by decile

Total income

Net assets



Summary of the Other sector

- There were 1,361 registered charities in the sector (6% of the total charity sector).
- The sector had an annual income of \$1b (5% of the total charity sector income).
- Reserves totaled \$475m (3% of the total charity sector reserves).
- 909 (67%) of the charities relied solely on the work of volunteers.
- Around 90% charities had an income less than \$1m and 26% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

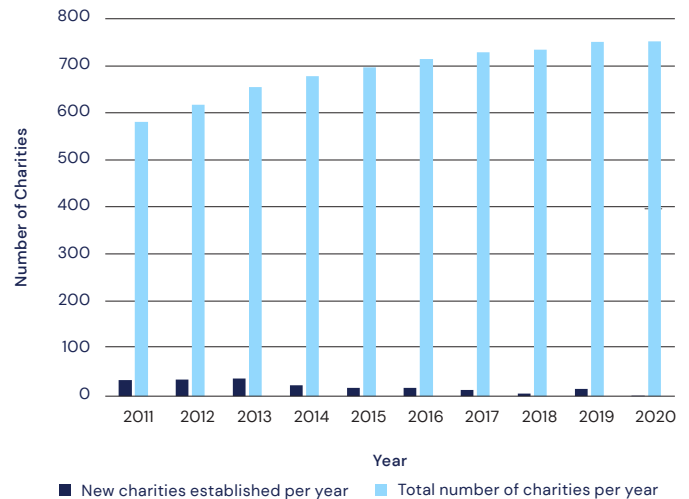
People with disabilities

Note that ICNPO, as an activity-based system, does not provide a separate category for People with disabilities and it is included in Social Services. However, it is a 'main sector' option for Charities Services and so is reported separately here. The description below is part of the ICNPO classification included in their Social Services category.

- **Services for the handicapped** – Services for the handicapped; includes homes, other than nursing homes, transport facilities, recreation and other specialised services

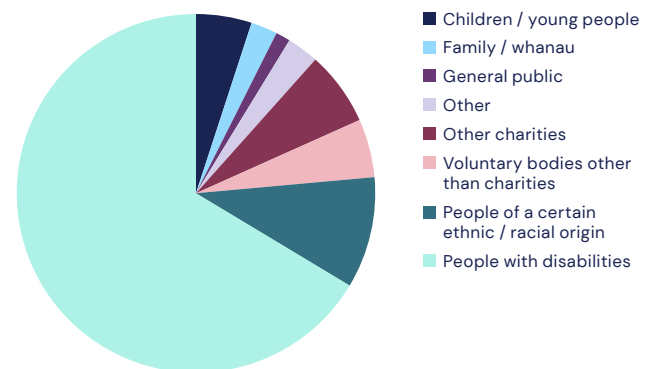
People with disabilities

– Number of charities established and cumulative per year



Main beneficiaries

People with disabilities



Full-time and Part-time staff per year



The spike of 2013 part-time staff was due to one organisation reporting a value of 4,143 compared to two reported in the previous year.

There were some anomalies in the People with disabilities sector reporting from 2017 and now – notably because two of the former top ten organisations were not currently included in this sector.⁴⁰

People with disabilities is smaller than the Social Services sector in terms of total income, assets, staff, volunteers per week and donations, although its trading income was greater. It operated on very tight margins with an annual surplus of 2% reported for the YE2020 financial year. A high proportion of its costs were for wages, despite both full and part-time staff numbers remaining similar since 2017. Reporting a value of 3,374 volunteers per week in 2020 compared to 10,164 paid staff members, the People with disabilities sector had very little reliance on volunteer support due to the need for professional specialist care which is similar to the Health sector and modest in comparison to the Social Services sector.

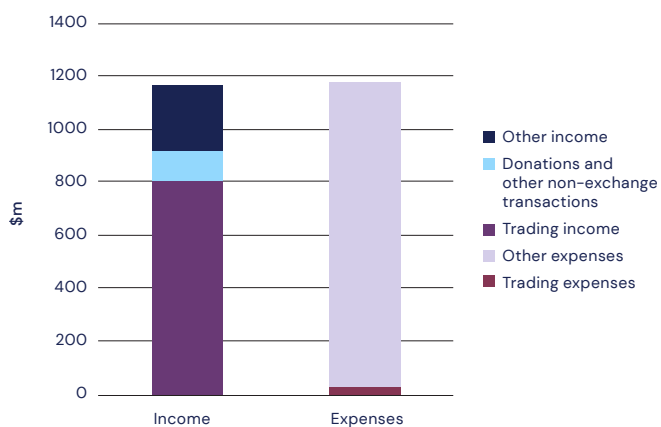
Similar to the 2017 report, total assets remained relatively low in relation to income but still expressed a similar conservative balance sheet structure. Assets rose at a much slower rate (25%) than liabilities (43%) since 2017. There was a positive relationship between income and net assets.

⁴⁰ Idea Services now files under IHC New Zealand and Anglican Care (Waiapu), which had not filed their annual return in time to be included.

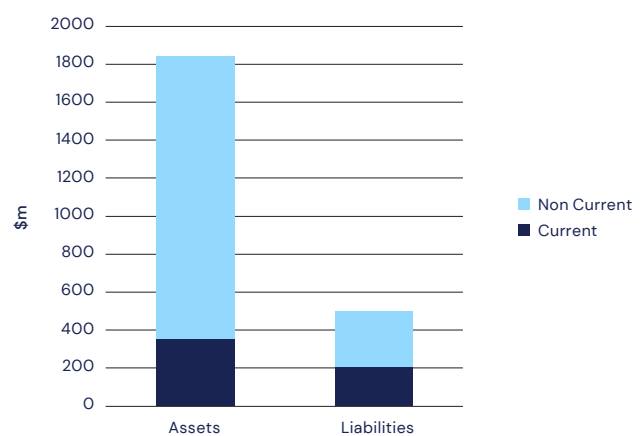
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
IHC New Zealand	\$339	96%	3%	0%	\$460	4,077
Spectrum Care Trust Board	\$68	98%	0%	2%	\$83	1,317
CCS Disability Action Incorporated	\$49	77%	7%	16%	\$87	43
Hōhepa Homes Trust Board Group	\$40	2%	4%	94%	\$38	655
Royal New Zealand Foundation of the Blind Incorporated	\$39	0%	60%	40%	\$176	325
Te Roopu Taurima o Manukau Trust	\$34	0%	0%	100%	\$10	553
Pact Group	\$34	90%	0%	9%	\$31	450
Community Living Trust	\$31	93%	0%	7%	\$28	9
Community Living Limited	\$29	100%	0%	0%	\$3	483
Brackenridge Services Limited	\$23	100%	0%	0%	\$4	320

People with disabilities	Total income	Total expenses	Total assets
Mean	1,536,243	1,506,385	4,758,091
Median	55,597	51,569	618,881

People with disabilities – profit and loss

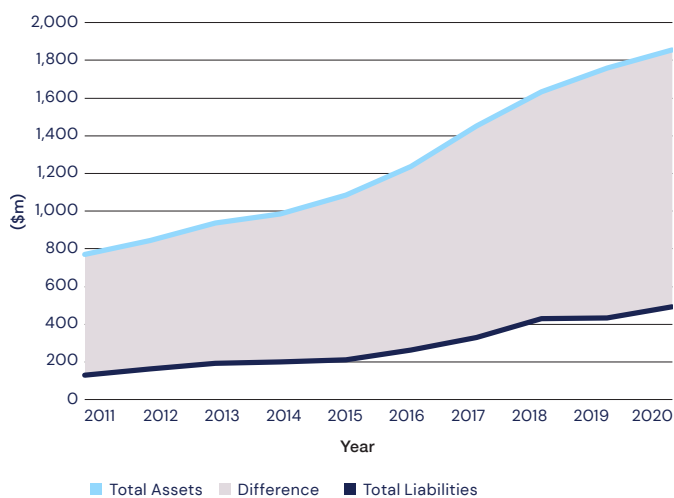


People with disabilities – balance sheet

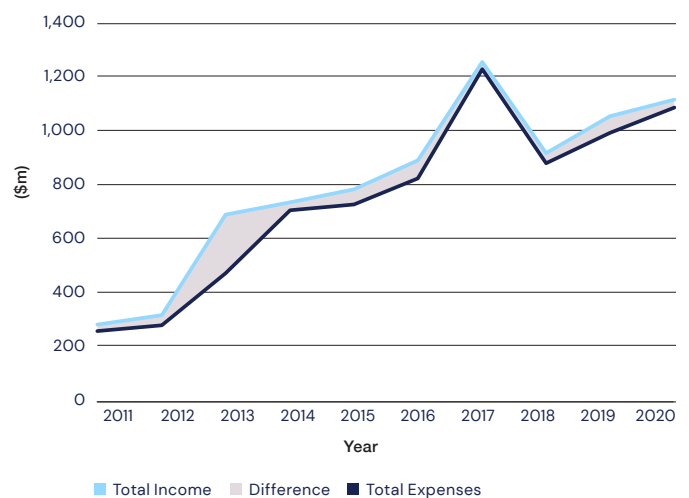


Profile of People with disabilities since 2011

Asset and liabilities per year (\$m)



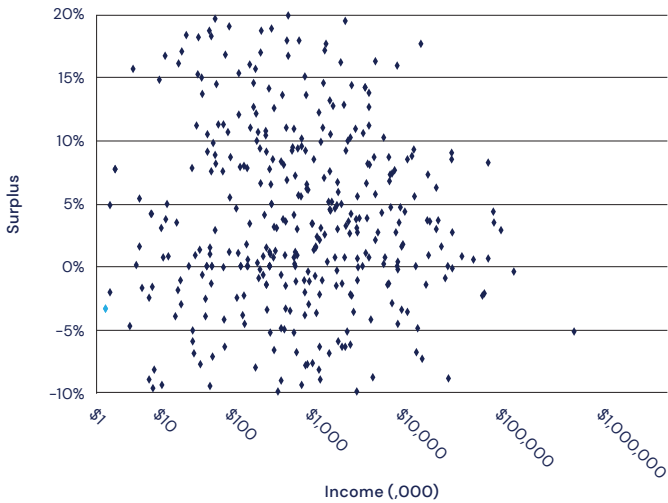
Income and expenses per year (\$m)



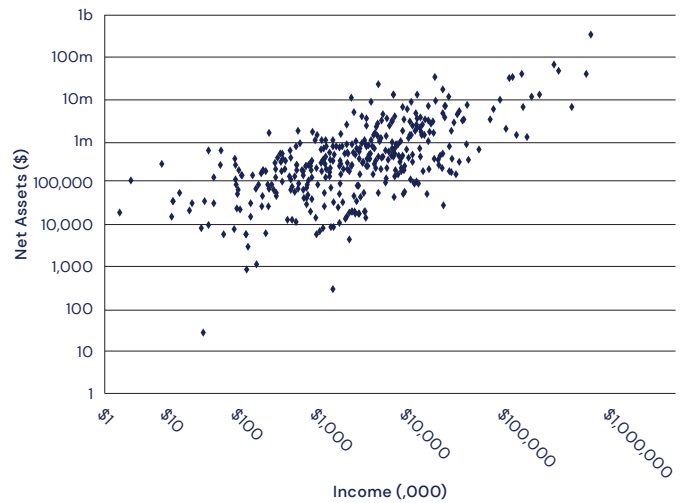
Understandably, this sector delivers two thirds of its services to people with disabilities which is followed by people of certain ethnic/ racial origin. In stark contrast to other sectors, the general public amounts to only 1% of its beneficiaries. People with disabilities' operations appear to be evenly spread across the country however almost half of the sector's income is received from organisations that operate nationwide or internationally.

Positioning of individual sector organisations

Income vs Surplus



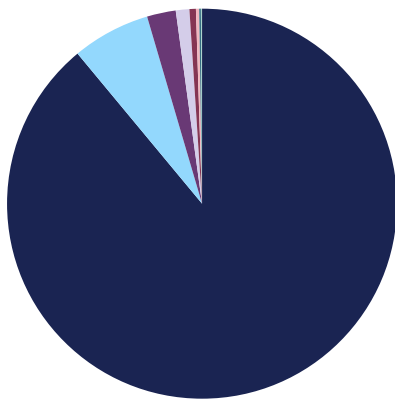
Income vs Net Assets



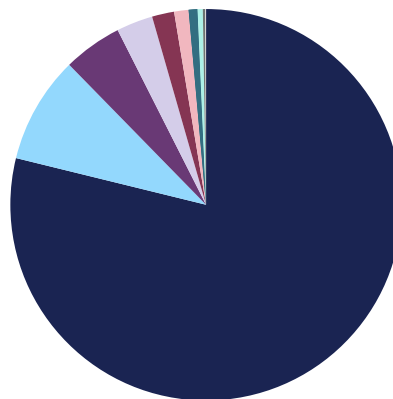
Trading revenue contributed 70% of the sector's income with 96% of trading income dominated by the top 10% of earners. Around 38% of the sector reported a deficit for the YE2020 financial year, slightly above the overall charity sector's average of 35%. The People with disabilities sector experienced a positive relationship between its income and net assets, however, there appears to be no relationship between income and surplus illustrating that both small and large organisations could deliver a high annual surplus.

Income and assets split by decile

Other income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of the People with disabilities sector

- There were 752 registered charities in the sector (3% of the total charity sector).
- The sector had an annual income of \$1.2b (5% of the total charity sector income).
- Reserves totaled \$245m (2% of the total charity sector reserves).
- 379 (50%) of the charities relied solely on the work of volunteers.
- Around 86% charities had an income less than \$1m and 25% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

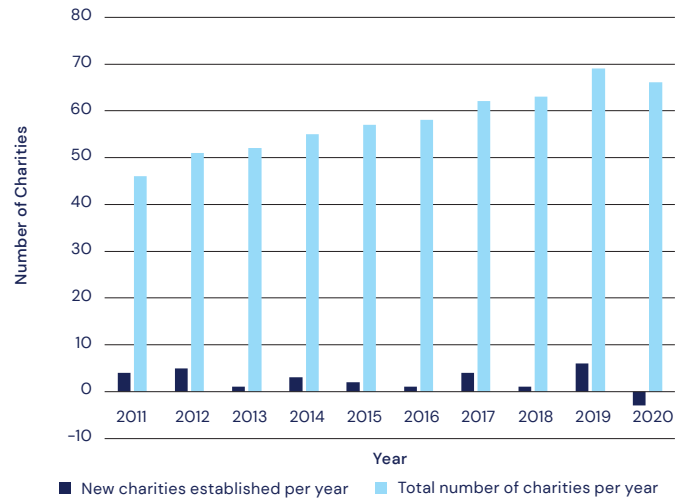
Promotion of volunteering

ICNPO 8 200 – Other philanthropic intermediaries and voluntarism promotion

- **Volunteerism promotion and support** – Organisations that recruit, train, and place volunteers and promote volunteering.
- **Fundraising organisations** – Federated, collective fundraising organisations; includes lotteries.

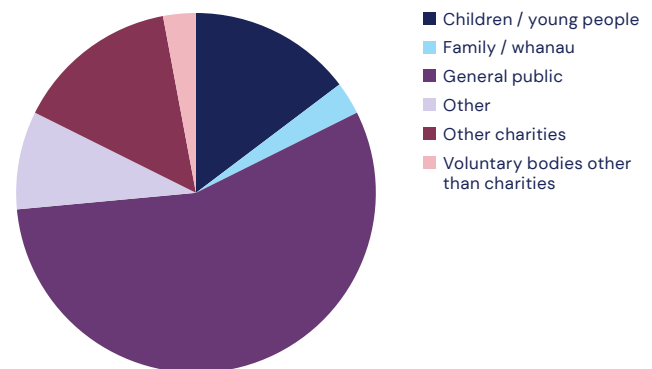
New Zealand examples (ICNPO) – Volunteering centres Rotary and Lions Clubs.

Promotion of volunteering
– Number of charities established and cumulative per year



Main beneficiaries

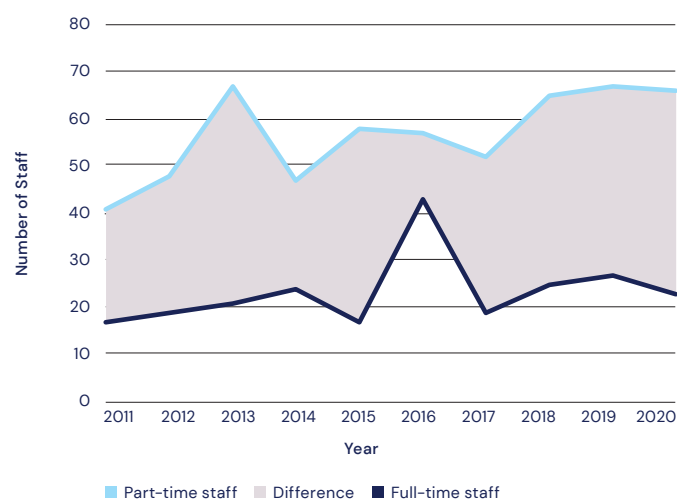
Promotion of volunteering



With just over 60 registered organisations, this is the second smallest sector in New Zealand and has the smallest income, assets and staff compared to all sectors. The number of charities decreased by 6% since 2017 (may be the result of some charities reassigning to another sector or their annual returns not being available at the time data was collected), yet growth was relatively steady longer term with income rising by 77% and assets by 36%. Surplus margins were tight, such as the 5% surplus reported for the YE2020 financial year. Donations and other non-exchange transactions made up 53% of the sector income.

Despite the very large level of volunteering in New Zealand, much of the activity was coordinated by the charities themselves rather than through external organisations. Promotion of volunteering recorded the fourth highest volunteer to staff ratio with six volunteers reported for every staff member (full-time and part-time).

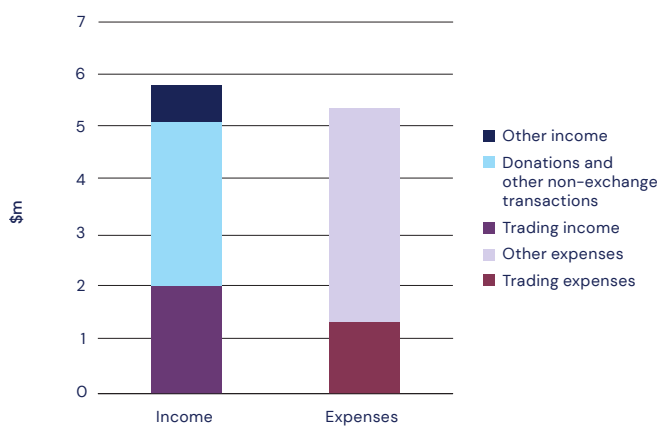
Full-time and Part-time staff per year



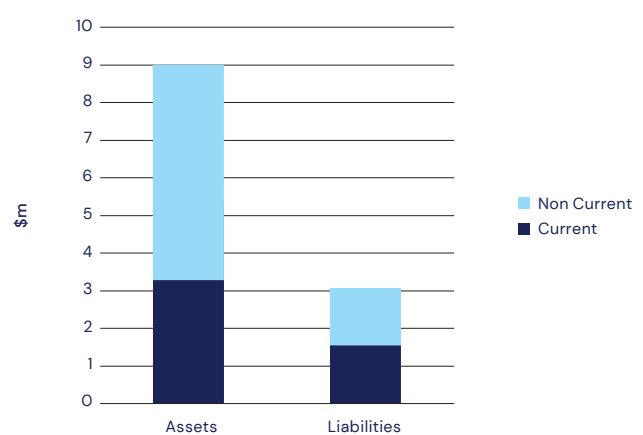
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Church Growth Trust	\$1	92%	8%	0%	\$0	11
Wellington Volunteer Centre	\$0	22%	61%	17%	\$0	9
Volunteering New Zealand Incorporated	\$0	33%	60%	6%	\$0	7
The Maerewhenua Trust	\$0	97%	3%	0%	\$5	0
Papamoa Surf Life Saving Club Incorporated	\$0	6%	48%	46%	\$0	3
Volunteering Waikato	\$0	2%	90%	9%	\$0	4
Operation Mobilisation	\$0	12%	84%	3%	\$1	5
Volunteering Auckland Trust	\$0	0%	72%	28%	\$0	4
Volunteering Otago Trust	\$0	30%	70%	0%	\$0	6
Volunteering Canterbury	\$0	1%	91%	8%	\$0	3

Promotion of volunteering	Total income	Total expenses	Total assets
Mean	87,461	82,761	375,333
Median	25,234	16,757	108,256

Promotion of volunteering – profit and loss

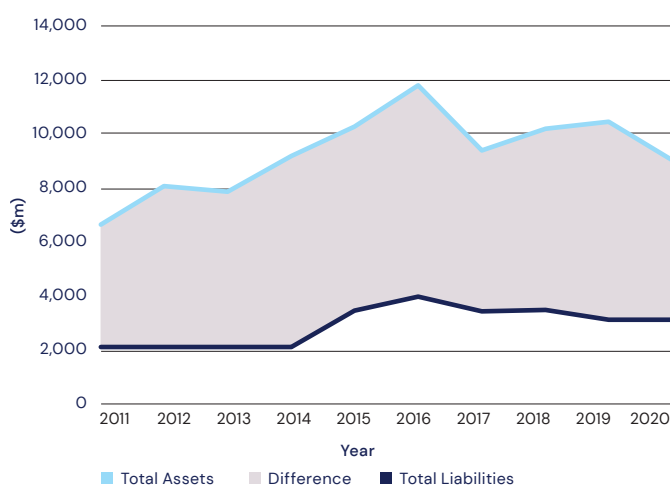


Promotion of volunteering – balance sheet

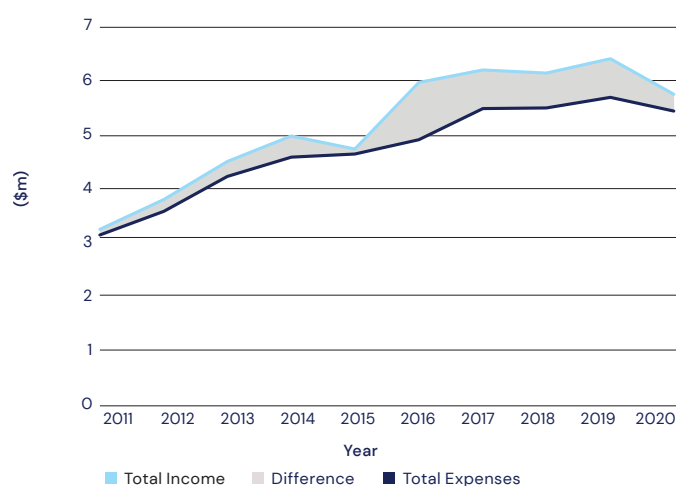


Profile of Promotion of volunteering since 2011

Asset and liabilities per year (\$m)



Income and expenses per year (\$m)

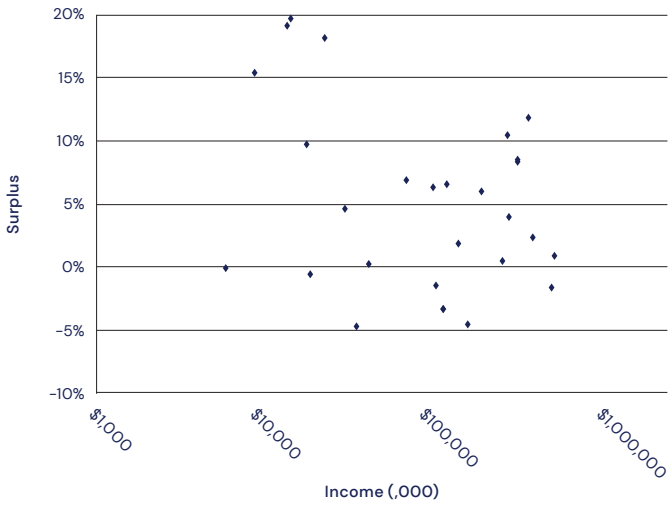


As most organisations within the sector were earning just under \$1m annually, there were quite a few changes between the 2017 and 2020 top 10 organisations. Unlike other sectors, no single charity dominated the sector reporting from year-to-year, but there were a few that appeared in the top consistently such as Auckland and Otago volunteering trusts, Volunteering Waikato, the Wellington Volunteer Centre and the Papamoa Surf Life Saving Club.

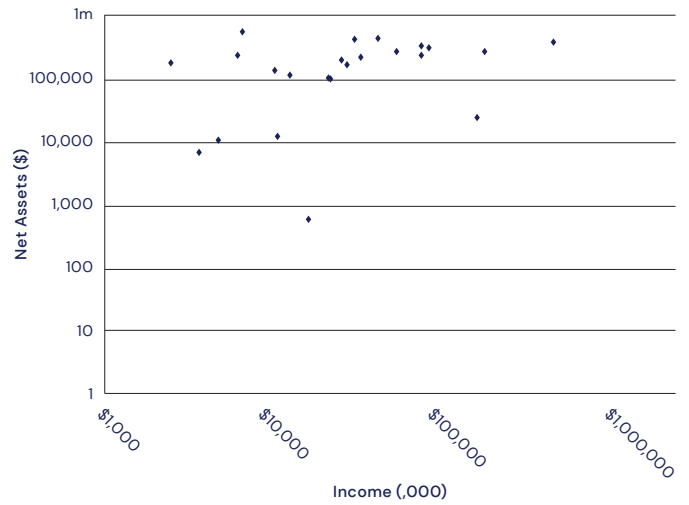
Geographically, the number of charities and income per region was evenly split with the upper North Island and nationwide/international organisations contributing just over 30% to the sector by count and income. Children and young people comprised over half of the sector's main beneficiaries.

Positioning of individual sector organisations

Income vs Surplus



Income vs Net Assets

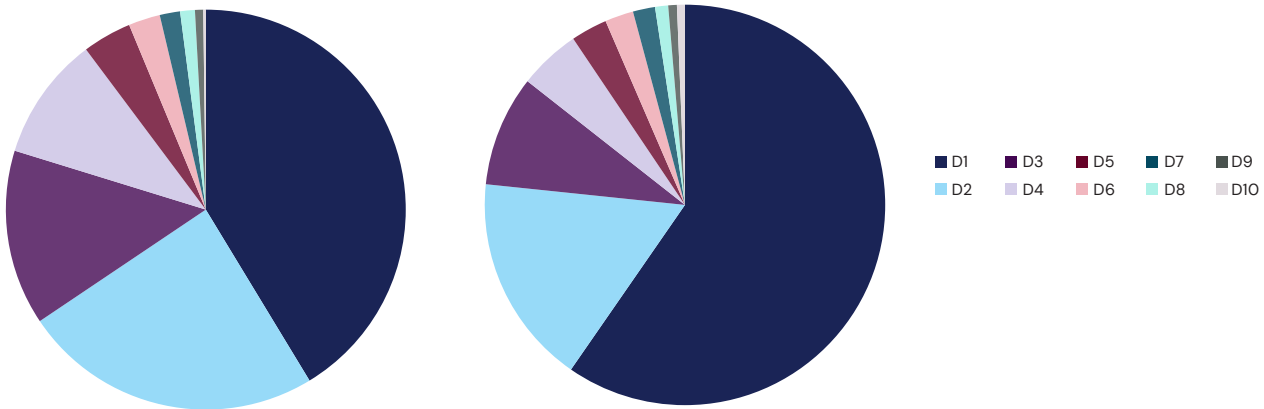


Unlike other sectors, the total income and net assets profiles were not overly influenced by the top 10% of organisations. Only half of the donations and other non-exchange transactions came from the top 10% of organisations (decile 1) with the next 10% of charities (decile 2) comprising 30% of the remaining half. Approximately 37% of the charities within the sector reported a deficit for the 2020 financial year, slightly over the average value for all sectors within New Zealand. In contrast to other sectors, the Promotion of volunteering sector showed no relationship between net assets and income.

Income and assets split by decile

Total income

Net assets



Summary of the Promotion of volunteering sector

- There were 66 registered charities in the sector (0.3% of the total charity sector).
- The sector had an annual income of \$8m (0.02% of the total charity sector income).
- Reserves totaled \$859,000 (0.01% of the total charity sector reserves).
- 42 (64%) of the charities relied solely on the work of volunteers.
- Around 100% charities had an income less than \$1m and 27% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

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Religious activities

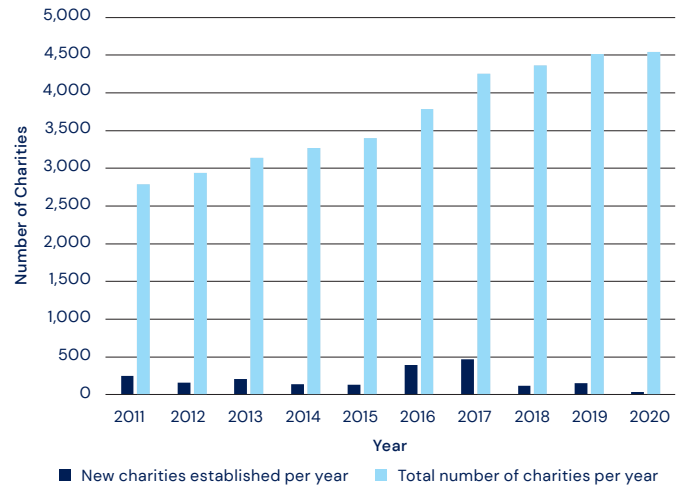
ICNPO 10 100 – Religious congregations and associations

- **Congregations** – Churches, synagogues, temples, mosques, shrines, monasteries, seminaries and similar organisations promoting religious beliefs and administering religious services and rituals.
- **Associations of congregations** – Associations and auxiliaries of religious congregations and organisations supporting and promoting religious beliefs, services, and rituals.

New Zealand examples (ICNPO) – Bible chapels, churches, Muslim associations, temples.

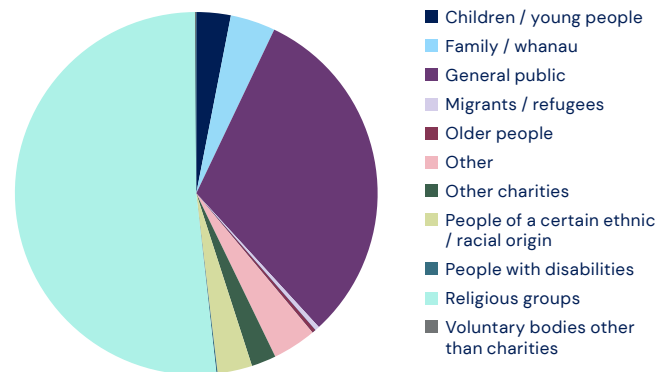
Religious activities

– Number of charities established and cumulative per year

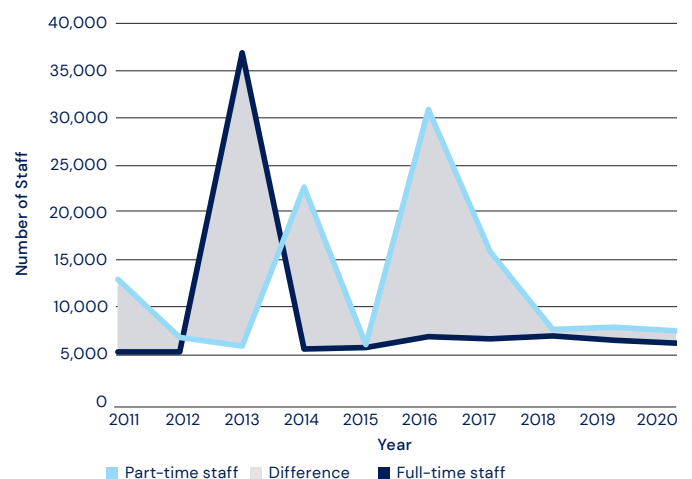


Main beneficiaries

Religious activities



Full-time and Part-time staff per year



Three churches reported significant staff numbers in 2013, 2014 and 2016 providing temporary spikes in the employment figures.

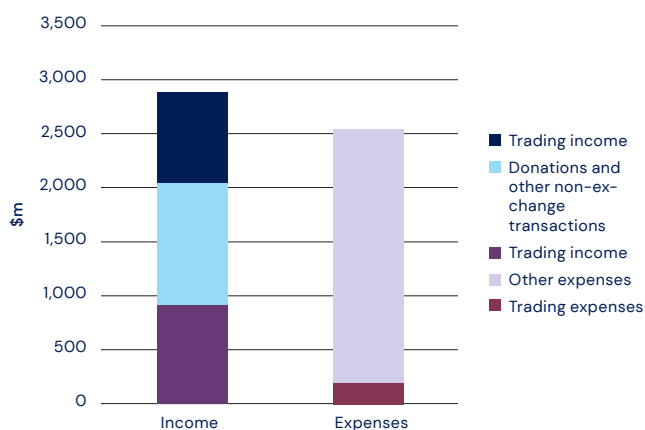
Despite the deacceleration over the last few years, the number of Religious activity organisations continued to rise each year retaining this sector's position as the second largest behind Education/training/research. It moved up a position since 2017 and was the third largest charity sector for income and the second largest for volunteering. Only Education exceeded its success in deriving philanthropy and assets.

The reliance on volunteer support increased since 2017 and reached nearly a quarter of the charity sector average. The number of full and part-time staff fluctuated significantly since 2011 but this may be the result of some charities reporting large inconsistent values in some financial years.

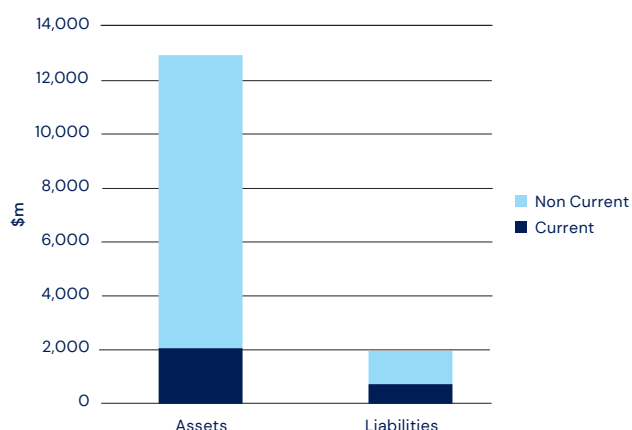
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
Seventh Day Adventist Church in New Zealand	\$233	84%	13%	4%	\$387	756
The Salvation Army New Zealand Group	\$168	36%	18%	47%	\$592	2,268
The Church of Jesus Christ of Latter-day Saints Trust Board	\$116	0%	98%	1%	\$381	203
Sisters of Mercy Ministries New Zealand	\$87	90%	7%	2%	\$182	573
Trinity Lands Limited	\$65	93%	0%	7%	\$407	75
Roman Catholic Diocese of Auckland Ecclesiastical Goods Trust	\$35	8%	41%	51%	\$1,072	150
The Diocese of Auckland Group	\$32	3%	37%	60%	\$227	274
CLC Auckland Trust Board	\$29	23%	73%	4%	\$118	233
Diocese of Dunedin	\$27	71%	9%	20%	\$157	390
The Roman Catholic Bishop of the Diocese of Palmerston North	\$22	63%	0%	37%	\$187	57

Religious activities	Total income	Total expenses	Total assets
Mean	473,625	420,069	6,781,794
Median	72,729	61,021	1,528,430

Religious activities – profit and loss

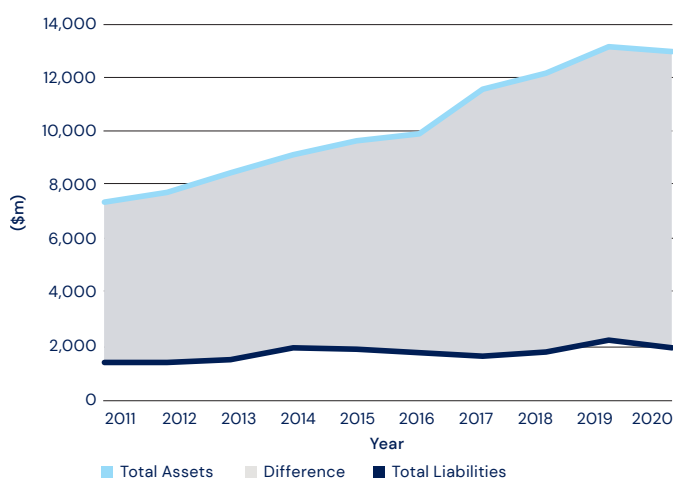


Religious activities – balance sheet

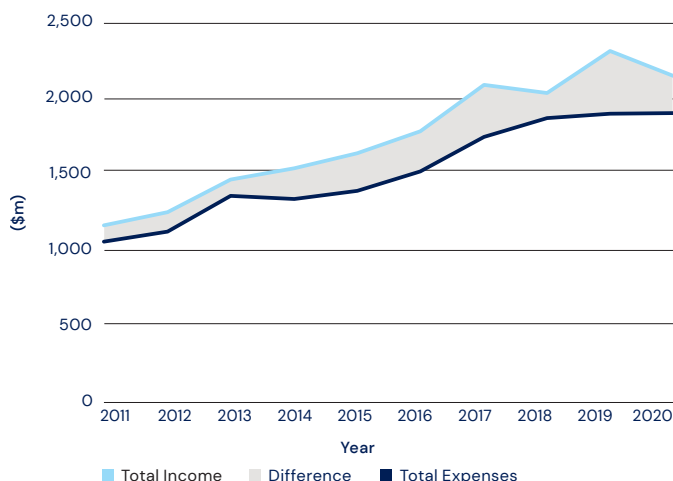


Profile of Religious activities since 2011

Asset and liabilities per year (\$m)



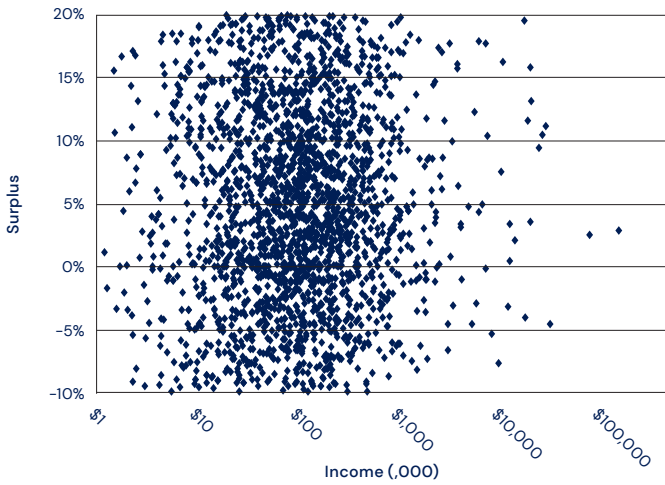
Income and expenses per year (\$m)



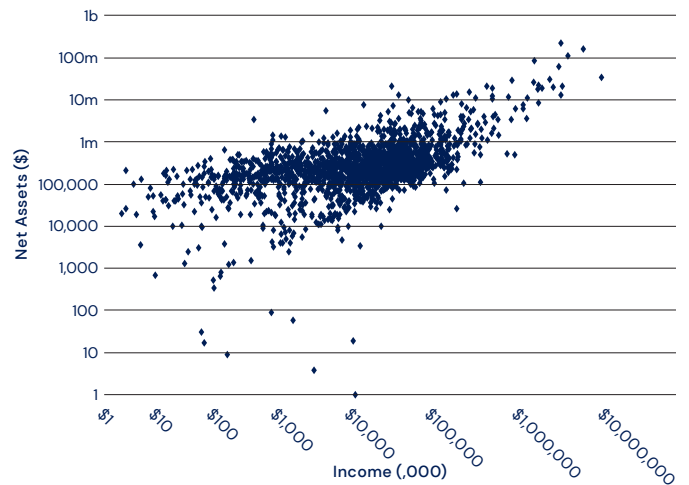
Understandably, 52% of 'Religious activities' beneficiaries' mix was made up of religious groups, followed by the general public comprising 31%. With New Zealand's spread of population weighted heavily in the upper North Island, most organisations operated there and nationwide/internationally. Just over half of the sector income was derived from the organisations operating nationwide/internationally. Sources of trading income included provision of social services (welfare and counselling), education, entry level employment training, community housing, hiring of facilities, family stores, and other business enterprise activities.

Positioning of individual sector organisations

Religious activities – Income vs Surplus



Religious activities – Income vs Net Assets

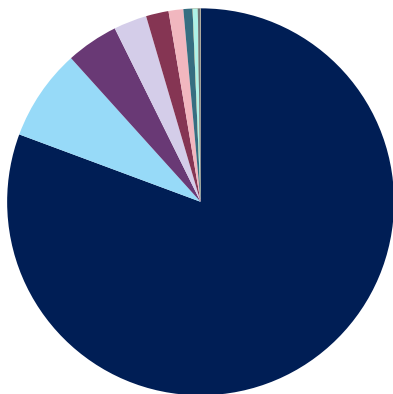


The Religion activities' income was dominated by the top 10% of organisations that earned nearly 80% of the Religious activities' philanthropic income and 96% of the sector's trading income. The sector showed a wide spread of annual surplus values across income. Liabilities remained low and there was a strong positive relationship between income and net assets. The percentage of charities that reported a deficit for the 2020 financial year was below the overall charity sector value of 34%.

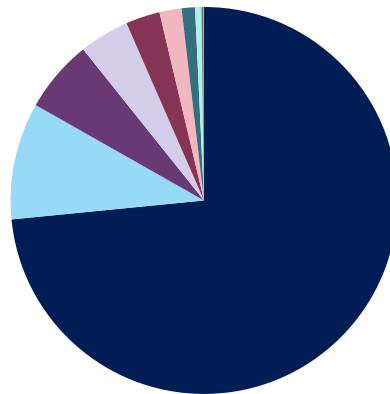
The 2017 report addressed the issue of rising asset values with a fall in philanthropic giving in this sector which has been a Western trend for the Religious activities sector. We see this challenge in the New Zealand context with asset values rising 5% since 2017 and philanthropic income decreasing by 39% since 2017.

Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
■ D2 ■ D4 ■ D6 ■ D8 ■ D10

Summary of the Religious activities sector

- There were 4,535 registered charities in the sector (19% of the total charity sector).
- The sector had an annual income of \$2.1b (9% of the total charity sector income).
- Reserves totaled \$3.5b (24% of the total charity sector reserves).
- 2,339 (52%) of the charities relied solely on the work of volunteers.
- Around 95% charities had an income less than \$1m and 16% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

| Social services

ICNPO 4 100 – Social services

- **Child welfare, child services and day care** – Services to children, adoption services, child development centres, foster care; includes infant care centres and nurseries.
- **Youth services and youth welfare** – Services to youth; includes delinquency prevention services, teen pregnancy prevention, drop-out prevention, youth centres and clubs and job programmes for youth; includes YMCA, YWCA, Boy Scouts, Girl Scouts and Big Brothers/Big Sisters.
- **Family services** – Services to families; includes family life/parent education, single parent agencies and services and family violence shelters and services.
- **Services for the elderly** – Organisations providing geriatric care; includes in-home services, homemaker services, transport facilities, recreation, meal programmes and other services geared towards senior citizens (does not include residential nursing homes).
- **Self-help and other personal social services** – Programmes and services for self-help and personal development; includes support groups, personal counselling and credit counselling/ money management services.

New Zealand examples (ICNPO) – YMCA, Girl Guides Association, family violence prevention projects, Age Concern, alcohol and addiction counselling, Parentline.

ICNPO 4 300 – Income support and maintenance

- **Income support and maintenance** – Organisations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood.
- **Material assistance** – Organisations providing food, clothing, transport and other forms of assistance; includes food banks and clothing distribution centers.

New Zealand examples (ICNPO) – Food banks, Society of Saint Vincent de Paul, Salvation Army Family Store.

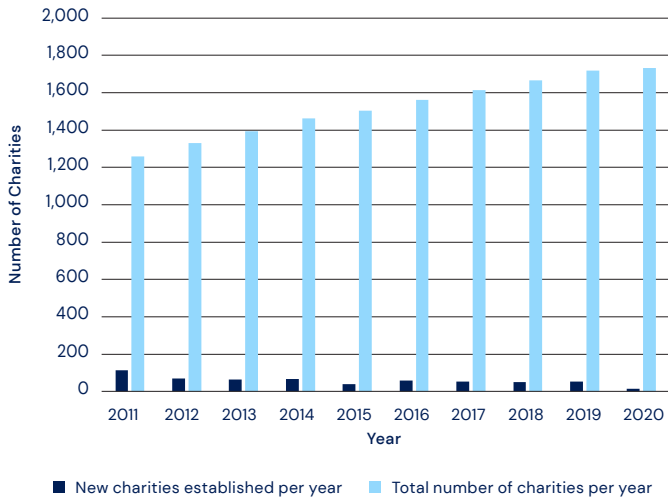
The Social services sector, ranked fourth largest by income, would be one of New Zealand's largest were it not for large charities such as the Salvation Army and Iwi groups classifying themselves in to different reporting categories. The growth of registered charitable organisations in this sector deaccelerated. Total staff numbers were greater than the overall charity sector average of 9,693 staff per year comprising nearly 10% of all the sector's paid staff which correlated to employee expenses but recognises that salary levels in Social services were lower than others and lower than the national average wage level.

Volunteer numbers contributed significantly to the workforce and with 46% of the organisations relying solely on volunteers, made this the third largest dependency of any sector. During Covid, many organisations in this sector faced increasing demand on their services but, during the 2020 alert level lockdowns, were significantly challenged to service that need, particularly where dependent on volunteers.

Social services

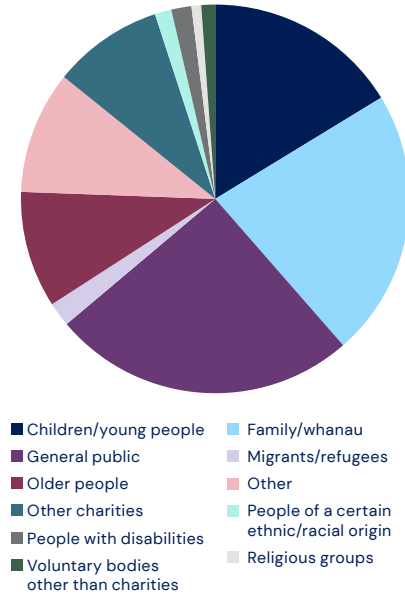
Social services

– Number of charities established and cumulative per year

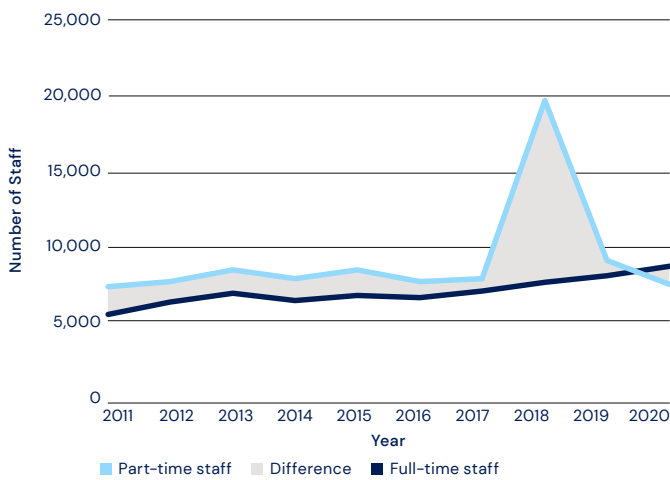


Main beneficiaries

Social services



Full-time and Part-time staff per year



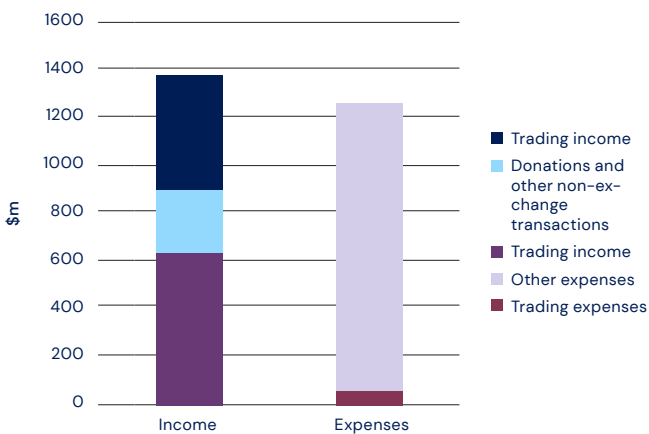
The 2018 financial year reported a large spike in the number of part-time staff for the Social Services sector increasing by 128% from 2017. This anomaly is linked to one organisation reporting 10,920 part-time employees in 2018, equivalent to the average number of part-time staff recorded over the past ten years for the entire sector.

Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
VisionWest Community Trust	\$70	0%	5%	95%	\$57	1,152
Presbyterian Support (Northern)	\$59	90%	6%	4%	\$116	1,060
Barnardos New Zealand Incorporated	\$49	0%	12%	88%	\$27	634
Te Pou Matakana Limited*	\$44	99%	0%	1%	\$7	15
New Zealand Council of Victim Support Groups Inc	\$28	0%	5%	95%	\$6	128
Auckland City Mission	\$25	3%	90%	7%	\$50	131
Stand Children's Services Tu Maia Whanau	\$24	0%	1%	99%	\$63	317
The Open Home Foundation of New Zealand	\$23	98%	0%	1%	\$9	187
Presbyterian Support Southland	\$22	94%	3%	3%	\$59	435
Youth Horizons Trust Kia Puāwai	\$22	0%	0%	100%	\$10	230

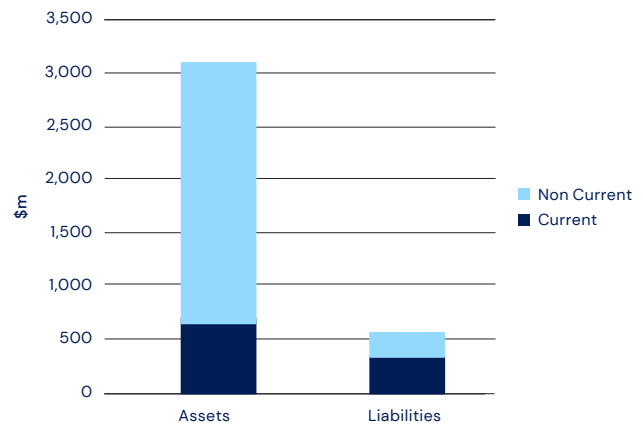
*now Whanau Ora Commissioning Agency

Social services	Total income	Total expenses	Total assets
Mean	780,679	726,933	3,410,705
Median	79,314	70,508	354,766

Social services – profit and loss

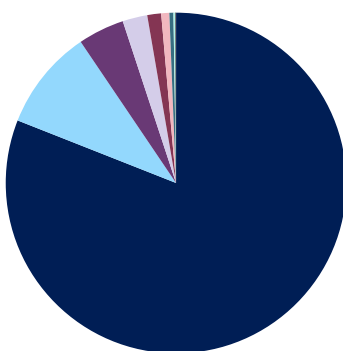


Social services – balance sheet

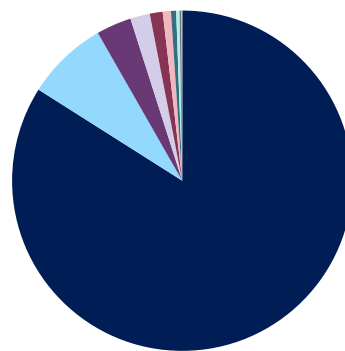


Income and assets split by decile

Total income



Net assets



■ D1 ■ D3 ■ D5 ■ D7 ■ D9
 ■ D2 ■ D4 ■ D6 ■ D8 ■ D10

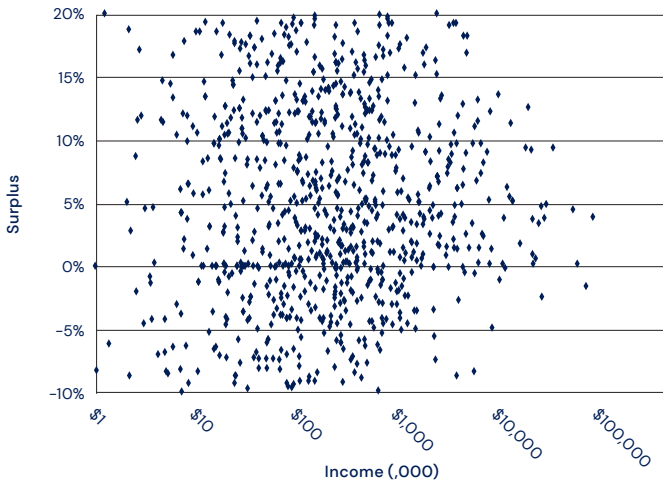
Most Social services organisations operated in the Upper North Island regions earning 48% of the sectors total income through a variety of operations and programmes. The main beneficiaries are mainly split between children and young people, family and whanau and the general public.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

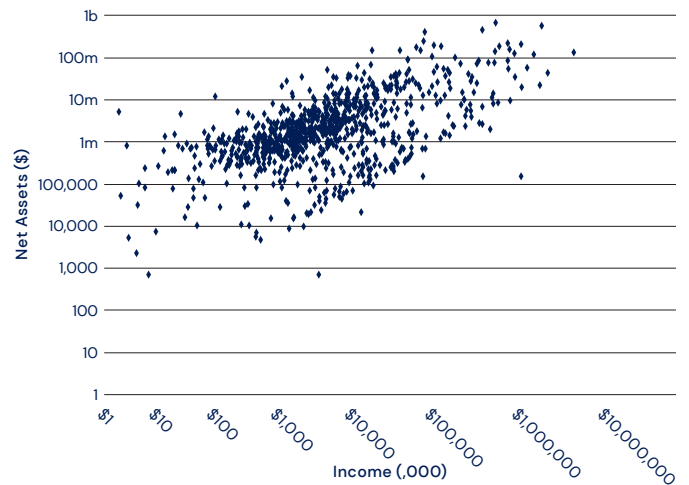
We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

Positioning of individual sector organisations

Social services – Income vs Surplus



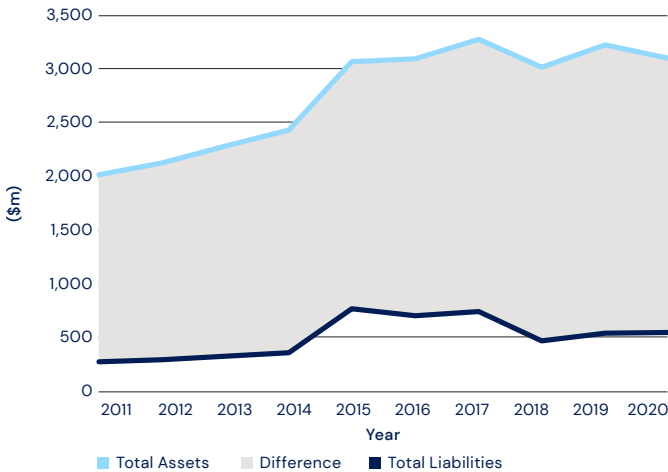
Social services – Income vs Net Assets



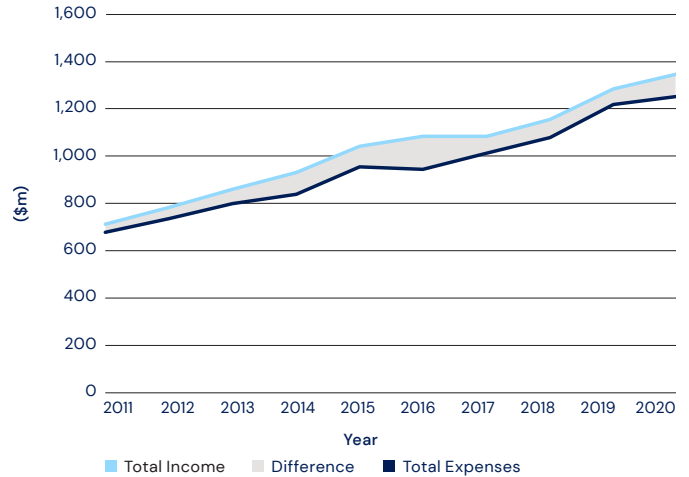
The 'other' income earned by the top 10% of Social services organisations comprised 97% of this sector's income stream. 35% of the organisations within the sector reported a deficit for the YE2020 financial year slightly above the value for all sectors. Surplus margins were tight, being under the mean margin of 11% for all sectors at 7%, but the balance sheet profile improved from around \$2,500m to \$3000m. Likewise, liabilities increased slightly by an estimated \$40m yet remained significantly low compared to assets. The sector showed no relationship between income and surplus with both small and large organisations experiencing a healthy annual surplus in YE2020, but a significant proportion of mid-sized organization reported a deficit.

Profile of Social services since 2011

Asset and liabilities per year (\$m)



Income and expenses per year (\$m)



Summary of the Social services sector

- There were 1,733 registered charities in the sector (7% of the total charity sector).
- The sector had an annual income of \$1.3b (6% of the total charity sector income).
- Reserves totaled \$600m (4% of the total charity sector reserves).
- 800 (46%) of the charities relied solely on the work of volunteers.
- Around 88% charities had an income less than \$1m and 22% of charities had an income less than \$10,000.

Sport and recreation

ICNPO 1 200 – Sports

- **Provision of amateur sport, training, physical fitness and sport competition services and events** – includes fitness and wellness centers.

New Zealand examples (ICNPO) – Sports clubs such as bowling, rugby and skiing clubs, swimming pools, racing clubs.

ICNPO 1 300 – Other Recreation and social clubs

- **Recreation and social clubs** – Provision of recreational facilities and services to individuals and communities; includes playground associations, country clubs, men’s and women’s clubs and leisure clubs.
- **Service clubs** – Membership organisations providing services to members and local communities.

New Zealand examples (ICNPO) – Country clubs, Lions and Rotary clubs, social clubs, returned services associations, other recreational clubs and associations.

The vast majority of organisations in the Sport and recreation sector are recognised as non-profit institutions by Stats New Zealand but only 7% of them are registered charities. The number of registered charities in the Sports and recreation sector rose steadily over the last decade with an average growth rate of 1.5% each year and we note a slight decrease in the number of organisations in 2020 that may be due to the creation of a group within the sector or some charities filing late annual returns. The sector’s surplus margins remained consistently healthy and, as with the Arts, culture and heritage sector, the Sports and recreation sector, (with its significant property holdings), was an asset rich sector and displayed a strong balance sheet profile.

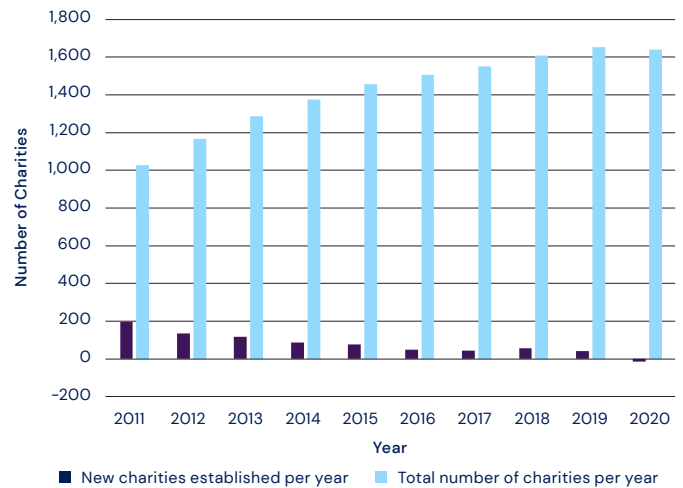
This sector category is broader than that which is served by Sport New Zealand Group, and includes service clubs like Lion and Rotary Clubs, and Returned Services Associations.

Volunteering remained vitally important to the sector with a paid staff to volunteer ratio of one to one. Since 2017 staff numbers in the sector increased significantly: full-time (87%) and part-time (43%).

Whilst some of our national sporting organisations and regional sporting trusts are registered as charities, New Zealand Rugby, an incorporated society and our largest sporting organisation by income, is not a registered charity and so its commercial and broadcasting incomes are not captured here. The associated charities of our large national sporting organisations like the NZ Rugby Foundation, Hockey Foundation, NZ Rowing Foundation, NZ Cricket Foundation, and NZ Swimming Trust are included in this profile.

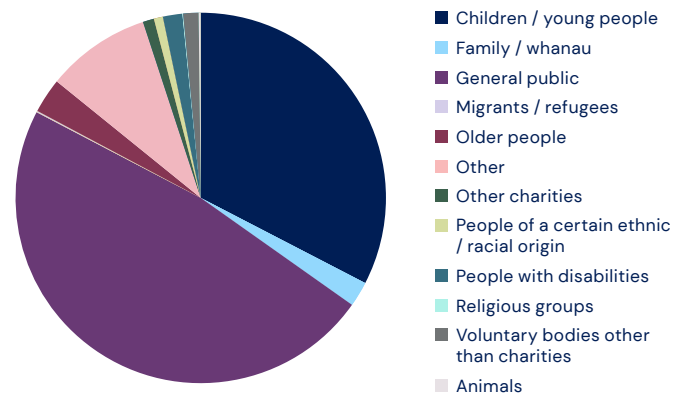
Sport and recreation

– Number of charities established and cumulative per year

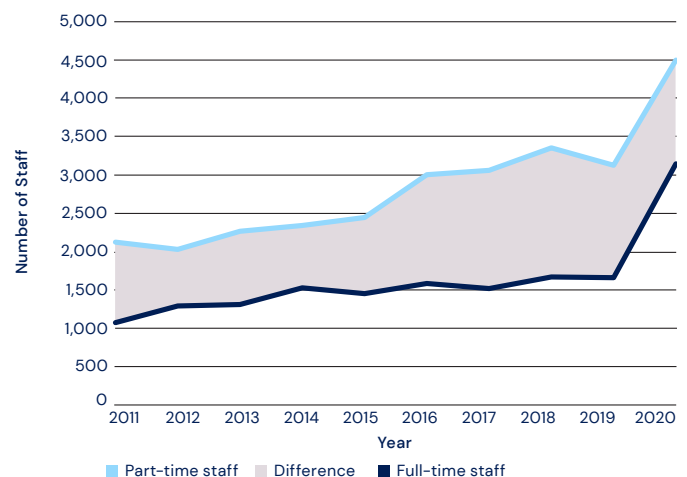


Main beneficiaries

Sports and recreation



Full-time and Part-time staff per year

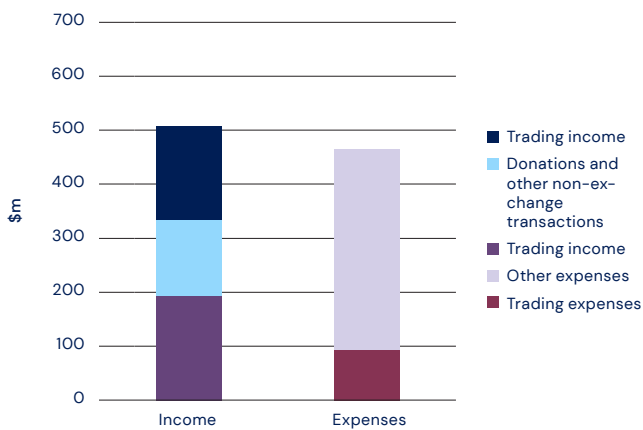


YMCA North Incorporated reported significantly high part-time staff numbers.

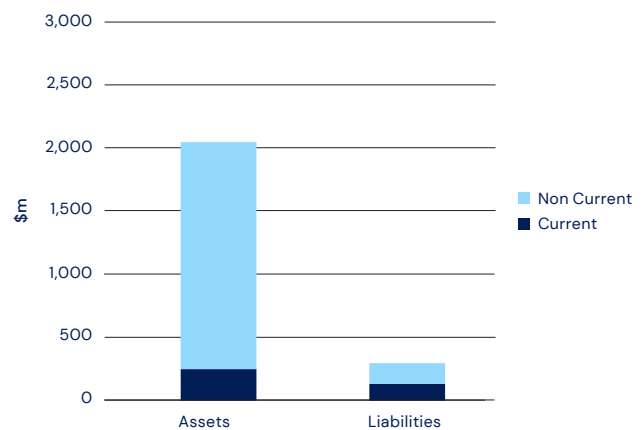
Top 10 organisations by income	Total gross income (\$m)	Trading income	Donations	Other income	Total assets (\$m)	Total staff
YMCA North Incorporated	\$28	87%	12%	1%	\$22	755
The Wellington Regional Stadium Trust Incorporated	\$16	86%	5%	9%	\$98	23
The Scout Association of New Zealand	\$16	35%	30%	35%	\$69	21
The Eden Park Trust	\$16	32%	3%	65%	\$260	38
Aktive	\$12	7%	91%	1%	\$6	29
Tennis Auckland Region Incorporated	\$10	0%	3%	97%	\$19	14
Second Nature Charitable Trust	\$8	74%	1%	25%	\$70	60
Sport Northland	\$8	0%	0%	100%	\$39	65
Cornwall Park Trust Board	\$7	73%	0%	27%	\$264	23
New Zealand Golf Incorporated	\$6	30%	15%	55%	\$4	34

Sports and recreation	Total income	Total expenses	Total assets
Mean	310,824	285,075	3,024,006
Median	50,725	40,995	436,644

Sport and recreation – profit and loss

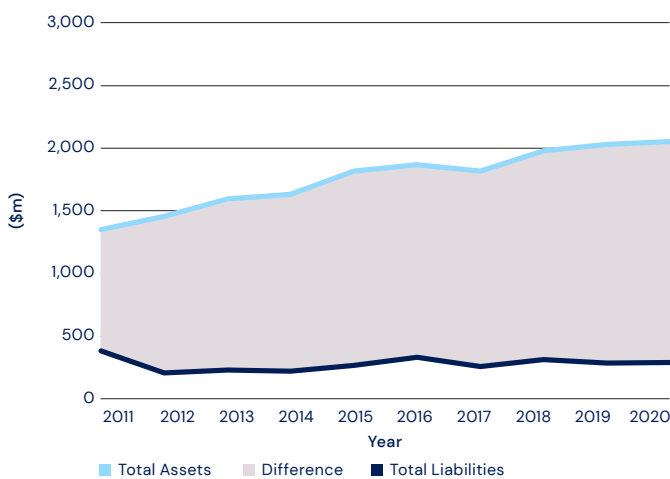


Sport and recreation – balance Sheet

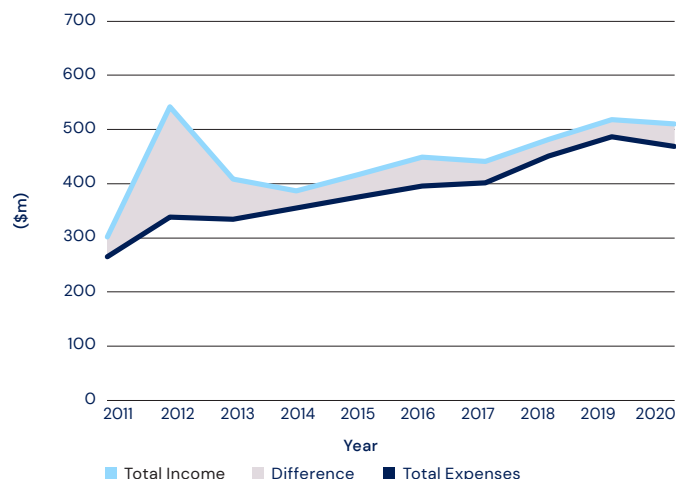


Profile of Sport and recreation since 2011

Asset and liabilities per year (\$m)



Income and expenses per year (\$m)

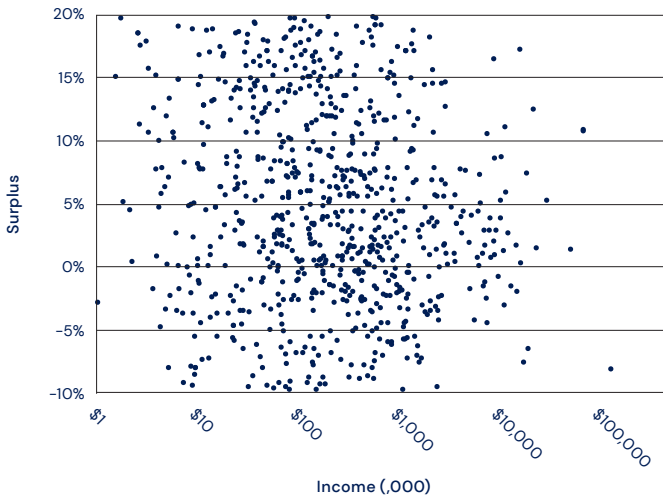


A rise in income in 2012 corresponds with an increase in income reported by The Eden Park Trust due to the Rugby World Cup being held in New Zealand in 2011.

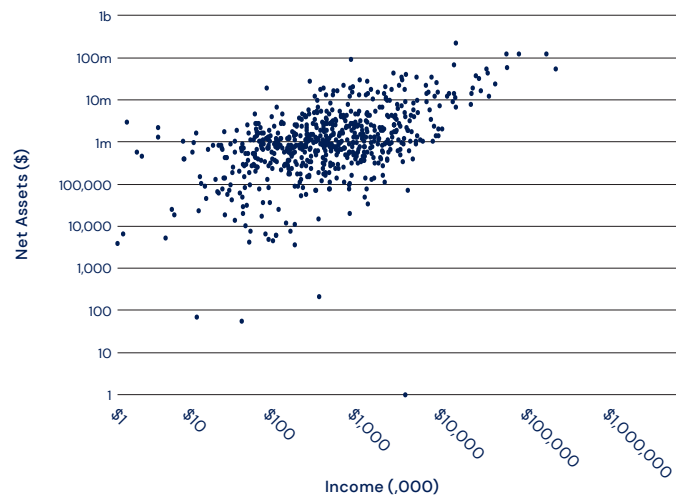
Sport and recreation organisations that experienced a significant increase in revenue since 2017 and now appear on the top 10 list by income were The Scout Association of New Zealand, The Eden Park Trust, Aktive and New Zealand Golf. Interestingly, the upper North Island region contributed half of the sector's income despite being only 38% of the charities operating within the region. This sector's main beneficiaries are recognisably the general public, then categorised further into children and young people.

Positioning of individual sector organisations

Income vs Surplus



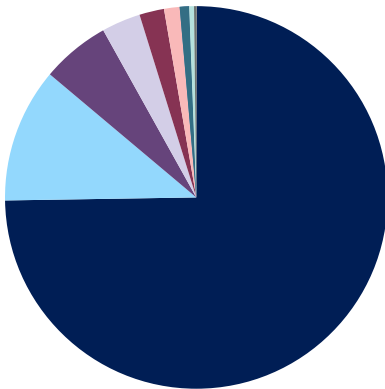
Income vs Net Assets



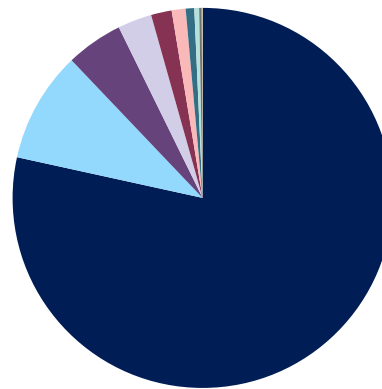
In line with many with other sectors, around 80% of Sport and recreation income and assets came from the top 10% of earners. Large income is derived from donations, sponsorship and commercial activities. Some of the largest organisations by income in this sector are owners of venues or other property from which they generate income. Just over a third of the charities reported a deficit in the last financial year. Similar to other sectors, there appears to be no relationship between income and surplus showing large and small organisations reporting both high and low surpluses for 2020. The sector does show a slight positive relationship between the total income and net assets for the 2020 financial year.

Income and assets split by decile

Total Income



Net assets



■ D1
 ■ D3
 ■ D5
 ■ D7
 ■ D9
■ D2
■ D4
■ D6
■ D8
■ D10

Summary of the Sport and recreation sector

- There were 1,644 registered charities in the sector (7% of the total charity sector).
- The sector had an annual income of \$510m (2% of the total charity sector income).
- Reserves totaled \$482m (3% of the total charity sector reserves).
- 1,046 (64%) of the charities in the sector relied solely on the work of volunteers.
- Around 94% of charities had an income less than \$1m and 22% of charities had an income less than \$10,000.

To better report our findings, we have devised a 'decile' system that consolidates organisations' incomes and assets, organising them from highest to lowest naming the highest (top 10%) as 'decile 1' D1, second 10% as 'decile 2' D2.

We remind the reader that the data used to compile this profile is not exhaustive because the nature in which it was reported by the various organisations creates discrepancies and omissions of information.

About JBWere Philanthropic Services

About JBWere

JBWere strengthens the financial standing of individuals, families, for-purpose organisations and companies, through bespoke wealth and investment strategies. The company has been in existence since 1840 and employs 500 staff in New Zealand and Australia and New Zealand.

About JBWere Philanthropic Services

Working with charitable and other for-purpose clients has been a key cornerstone of the growth and history of JBWere over its 181 years of existence.

We are the leading provider of philanthropic and investment management advice to the for-purpose sector in New Zealand and Australia. Currently entrusted with funds under management of over \$12b by purpose-led clients. We serve a broad range of purpose-driven organisations, institutions, corporations, families and individuals across a wide range of cause areas.

The multi-disciplinary Philanthropic Services Team, established in 2001, is a key differentiator of the JBWere approach and distinguishes our ongoing commitment to not only help our clients deliver on their mission, but assist them by meeting their fiduciary obligations to prudently manage their assets.

The mission of the JBWere Philanthropic Services team is 'inspire and support our clients to create lasting positive impact.' We do this by partnering with our for-purpose clients to understand and evolve their vision, mission, strategy and capability, through:

- Best practice for-purpose governance;
- Research, education and insight;
- Tailored strategic advice; and
- Convening and facilitating connections.

Apart from our extensive research work that informs our strategic consultations sessions, JBWere developed the Social Leadership Programme (SLP) in 2006. The biennial programme provides insight and guidance on international best-practice management and leadership in the 'for-purpose' sector, providing our clients' leaders with enhanced capabilities and skills to ensure their organisations are run more effectively.

Mission: To inspire and support our clients to create lasting positive impact

- Leading provider of investment and philanthropic services to for-purpose in NZ and AUS
 - for-purpose individuals and families – in structured giving and family governance
 - for-purpose organisations – healthcare, age care, education, local government, mutuals
 - business – on a shared value journey, redesign, brokering partnerships
- Ensure latest insight and access to deliver on their mission
- Supports governance of impact in their impact investments – Investing for Good™

New Zealand – Australia

600+

for-purpose clients

\$12b+

of assets under advice from for-purpose organisations

Authors



John Morrow
Head of Philanthropic Services NZ

John is the Head of Philanthropy for JBWere New Zealand and joined JBWere in January 2020 from a boutique strategy advisory business he co-founded in 2009.

John facilitates collaborations amongst funders and charities in providing leadership in tackling

tough problems, and being a catalyst for change. A former banker and lawyer who has worked in the for-purpose sector, John has been working for the last ten years with various boards, organisations and individuals that are on a journey towards sustainability, with intent on creating positive social and environmental impact with their resources. In this work, he has advised on the design and establishment of large fundraising and granting foundations.

John serves on the board of Festival One, a charitable company that annually runs a large four-day festival in partnership with Ngāti Hauā, Waikato Tainui.

Since the outbreak of Covid-19 John has been supporting the leadership of for-purpose organisations JBWere works with in Aotearoa New Zealand to navigate the pandemic - through facilitating forums for shared learning, as well as offering thought leadership on early responses and organisational resilience, together with an outlook for giving for 2020-22.

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John McLeod
Senior Research Consultant,
Philanthropic Services

John co-founded JBWere Philanthropic Services in 2001 after 15 years as a financial analyst within the firm's top-ranking strategy team. He produces widely read reports on philanthropy and the operation of the for-purpose sector. He co-authored the *Impact*

- *Australia* report in 2013 highlighting the practice and growth potential for Impact Investing and more recently co-authored *Growing Impact* in New Zealand. He also authored *The Cause Report* examining the evolution of the NFP sector in Australia over the last 20 years and implications for its future direction. *The New Zealand Cause Report* was released in 2017. He compiles the list of Australia's major philanthropists for the Australian Financial Review's annual special, *Philanthropy 50*. In 2019 he co-authored and coordinated the inaugural list of community investment by Australia's 50 largest corporate donors. He also authored *The Support Report* focusing on the dramatic trends occurring in Australian giving, followed by the *New Zealand Support Report* in 2020. John sits on the Board of several charities including *Philanthropy Australia*.

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