



Philanthropy New Zealand  
Tōpūtanga Tuku Aroha o Aotearoa



**Te Ratonga Whakamārama Pūtea**  
Funding Information Service

### **At a Glance; The Impact of the Current Economic Situation/Investment Climate for Trusts and Foundations in New Zealand.**

- The survey was carried out by Philanthropy New Zealand and Funding Information Service online with a group of 210 Non Govt. Funders in New Zealand – in February 2009.
- Responses were received from all sectors surveyed which were: Private/Family Foundations, Community Trusts, Energy Trusts, Gaming Trusts, Licensing Trusts, Corporate Foundations, Community Foundations and Lottery Grants Board.
- Responses were not sought from trustee companies who manage multiple charitable trusts and bequests.
- No individual weighting has been given to any one respondent so responses are not indicative of any quantum of effect – e.g. Lottery Grants Board has one response in the same way that a small Family Foundation distributing under \$40 000 pa does.
- The survey had a response rate of 25.7% (54 Funders).
- This was a ‘wet finger in the air’ endeavour to give some early information about the effect on the sector of the current environment and we expect to undertake further surveys in 2009 to garner a fuller picture and track changes.

### **Conclusions from the survey**

- It is difficult to draw firm conclusions from the information supplied by respondents as those surveyed are not all affected equally, and at times the findings are quite contradictory – if respondents have been affected negatively there is significant variation in both the quantum and consequential effect on community support; of poorer returns on investments. Of those affected, not all are sure at this stage of how long or severely they will be affected. The investment market is still experiencing volatility and there is uncertainty about yields across many asset classes in 2009. However; many are optimistic about the future of their investments and community support in the longer term.
- The quantum of effect in monetary terms remains unknown as respondents were not asked to supply information on actual dollar amounts nor do we know at this stage whether larger foundations are more adversely affected which may make the quantum of effect larger.

- For some respondents there are significant challenges in the return on investments which will affect Community Support in 2009 and 2010 – although 65% of those with investments enjoyed a positive return on their investments for the last nine months of 2008 – with 35% reporting a negative return.
- Although 65% of respondents enjoyed a positive return on their investments in 2008, in the shorter term we can expect a dip in their Community Support budgets with 50.8% of respondents expecting their support to decrease in the shorter term (2009) but at the same time a significant number (43.4) expecting it to remain the same. Very few however are expecting their budgets to increase in 2009 – just 5.8%
- In the longer term - from 2011 onwards most respondents are expecting their grants budgets to increase (57.9%); however for some there are unknown factors about investment returns that make it difficult to predict with accuracy what the exact future of their Community Support is.
- Comments repeated a number of times were that funders were very concerned about what the impact on them would be of other funders having less funds available for community support; resulting in more demand on those funders still funding at their pre 2009 levels.

**Strategies being employed by the philanthropic sector to manage at this time:**

When respondents were asked about what sorts of ways the income available for community support might affect how they manage their grantmaking in 2009 it's clear that there is a great diversity of strategies being employed:

- 4% say they may stop making grants,
- 47% say they may make fewer grants,
- 47% say their grantmaking levels will remain the same,
- 33% say they may make the same number of grants but of a lower value,
- 19.6% say they may need to change their grantmaking guidelines now,
- Several respondents commented that they have already made the decision not to fund large capital works/campaigns or considering a policy change to not fund these.

**In the future**

It's clear there is much thinking about grantmaking strategies/policies going on with 31.3% of respondents stating they may need to change their grantmaking guidelines in the future– but what's not clear is whether this is a result of strategic plans and policies or as a result of the challenges in the current investment markets: *“We are likely to make fewer, larger grants longer term, but this related to strategy rather than to income.”*

Almost 30% commented they may need to change the way they manage investments now or in the future.

### **Communicating Changes**

23.7% of respondents have communicated any changes they are making – via their regular communications, website, newspapers advertisements.

76.3 % have not yet communicated any changes and a number commented they are still revising budgets and figuring out logistics of how and what to communicate.

### **Anecdotal Comments**

Comments made included:

- *Gotta keep giving! Does it really matter if the capital reduces? Hopefully this reduction would only be a short to medium phenomenon. And at worst we will know that we made a difference when it was needed most.*
- *We have always had a very conservative investment strategy. This has meant that the recent global financial situation has had very little effect on our investments.*
- *Continue on in the same mode being careful with investments to make sure we still get what we think is the best return form our investment while maintaining the capital. We can only distribute in grants form our income from these investments.*
- *Giving is more important than ever in tough times. We need to at least maintain our levels of giving, and we need to give smarter. We also need to encourage collaboration among the community sector so that money goes further where possible.*
- *We will stick to our current strategic priorities, criteria and levels of grant-making, especially in the Innovation space, and not be panicked into trying to cover the shortfall caused by others funders no longer funding organisations or initiatives*
- *We have had an increased number of concerned not-for-profits enquiring about our criteria and priorities for 2009. These conversations indicate that these groups are going to more closely target their applications for their needs rather than the 'nice-to-haves'. A large number of organisations that we have supported regularly are wanting to meet with Trustees. They are aware that there are no guarantees in this environment (even though there never were!).*
- *We anticipate that it will be at least 5 years until our grants return to the 2008-09 levels*
- *Likely to make fewer, larger grants longer term, but this related to strategy rather than to income.*
- *If donation budgets are revised we will reduce/remove our special/capital projects sector thereby preserving "normal" allocations*