

Growing challenges and emerging opportunities ahead for NZ's not-for-profit sector, says JBWere's New Zealand Cause Report

New Zealand's not-for-profit sector makes a significant contribution to this country's economy and is vital to our quality of life. Yet there are growing challenges, and also emerging opportunities, to make the sector work more efficiently to maximise impact, says the JBWere New Zealand Cause Report published today.

The JBWere New Zealand Cause Report is the first major in-depth analysis of the state of New Zealand's \$20 billion a year not-for-profit (NFP) sector, tracking its growth over the decade from 2004 and providing a detailed sector analysis.

The Cause Report provides an overview of New Zealand's NFP sector including its asset base, income and expenditure, philanthropy and innovation, the makeup of its workforce and volunteers, and how the sector compares internationally. It offers some predictions for the future of the sector. The second part of the report focusses on data and analysis on 18 sub-sectors ranging from arts, culture and heritage; education; health; care and protection of animals; and international activities. The Cause Report analysis was based on data from Statistics New Zealand and data collected and published by Charities Services from charities' annual returns.

JBWere's New Zealand head Craig Patrick says, "It's very clear that New Zealand's not-for-profit sector, which not only helps the most vulnerable and needy in our society, but also touches all of us almost every day in areas such as sport, education, arts and health, is crucial to our country's future prosperity and wellbeing.

"Kiwis care very much about causes, and want to start and be involved in good works. There's one NFP organisation per 170 New Zealanders - 27,380 in total. This is substantially lower than Australia with 422 NFPs per head and the US with 339. Since 2010, there have been 2.5 charities established each business day in New Zealand. Considering the governance obligations from board members and the sheer number of people required, we're concerned that this very large number of organisations will create a burden on their supporters and volunteers. Looking ahead, we think that more collaboration and mergers could be part of the solution."

Funding growth for the sector has been reasonably strong, almost 6% annually since 2004. "This growth has often been at the expense of margins which are squeezed. This has impacted on the ability for organisations to fund innovation and think more creatively. Where, for example, are the Googles in the NFP sector?"

With \$60 billion in assets, the NFP sector has a strong base. "However, we ask if these organisations are using their assets for maximum impact and return? For example, in 25 years' time will universities need their highly valuable bricks-and-mortar campuses, or will the cream of academia be available to all online? On a smaller scale, is there any reason why, say, local rugby and football clubs can't share their administration - and some of them already are doing this. We would encourage organisations to re-examine the suitability of their assets," says Mr Patrick.

Looking ahead, JBWere sees a trend of new sources of funding emerging. “Impact investments are becoming more popular where a project seeks to deliver both a financial profit as well as a social return. An example of this would be a fund which buys water rights, selling to farmers when demand is high, and later returning to the environment when rainfall is good. Another example is a profitable catering business employing and training vulnerable youth.”

“As well, we’re seeing new methods of corporate support through partnerships that offer shared-value opportunities. A corporate and a charity will form a partnership - with mutual benefits. This is happening with, say, the development of a financial literacy programme where banks then experience a drop in loan defaults, and charities see fewer clients having to deal with financial pressures,” says Mr Patrick.

Cure Kids CEO Frances Bengé has welcomed the findings in the JBWere New Zealand Cause Report. “The Cause Report initiates an important discussion on a vital sector in the wellbeing of our society. It’s an important analysis for not-for-profit organisations as we grapple with the need to demonstrate its tangible contribution to our people. The New Zealand picture emphasises this need further with the reliance on philanthropy rather than government funding driving the importance of mutual interest collaborations, astute management of expenses and a greater appreciation of the value of volunteers.”

Graeme Dingle, co-founder of the Graeme Dingle Foundation, says the JBWere New Zealand Cause Report encourages the sector to have innovative win/win discussions with the corporate sector. “The Report identifies the need to move from well-meaning philanthropy to shared-value partnerships with New Zealand businesses. These will create more value and mutual benefits to both parties.”

Craig Patrick concludes, “The NFP sector is the glue that holds much of New Zealand society together. The JBWere New Zealand Cause Report 2017 highlights the breadth and depth that NFPs contribute to not only our country’s economy, but also how it touches all our lives. We look forward to engaging more with the NFP sector in working through the challenges ahead and the opportunities available to make it work better for all New Zealanders.”

The next edition of the JBWere Cause Report for New Zealand will be published in early 2019.

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Attached:

1. *The JBWere New Zealand Cause Report: Shape of the Charity Sector, March 2017*
2. Pic: Craig Patrick, Head of JBWere New Zealand
3. Pic: Frances Bengé, CEO, Cure Kids
4. Pic: Graeme Dingle, co-founder, Graeme Dingle Foundation
5. Q&As and Quick Facts

About JBWere

Established in 1840, JBWere is a specialised investment firm providing bespoke wealth solutions to New Zealand's most successful people, companies and non-profit organisations.

Working with and servicing charitable and not-for-profit (NFP) clients has been a key cornerstone of the growth and history of JBWere over its 177 years of existence. In 2001, JBWere established a dedicated Philanthropic Services team to provide strategic advice and insight to NFP organisations, philanthropic individuals, families and businesses.

With charitable and not for profit client funds under management (FUM) exceeding \$1 billion, JBWere is a leading provider of services to the sector, with a deep understanding and appreciation of the importance of prudent management of investment assets for such clients. JBWere is wholly owned by National Australia Bank Limited.