



Philanthropic Sector Weekly COVID-19 Update April 3

Purpose of this update

Philanthropy New Zealand will release an update weekly to share philanthropic and grantmaking activity and insight as the sector seeks to support communities in the wake of COVID-19. This update is a general public document, provided to Ministers, Government, funders, community groups and media.

It has the following sections:

- Key points for Government
- Key points for funders
- Key points for the public
- The philanthropic landscape
 - o Immediate community needs and demand into the medium term
 - o Status of community organisations
 - o Forward spend for 2020, emergency and rapid response funding
- Our Australian counterparts.

Key points for Government

- We continue to acknowledge the speed at which the Government is moving in its response and refining approaches as it goes. This week we have also appreciated the contribution of Department of Internal Affairs and Ministry of Health representatives to various philanthropic and community forums.
- The philanthropic sector is interested in collaborating with Government to create pictures of regional need (economic, social, health etc.) and activity. It believes Government data and modelling techniques could complement community and funder insights. Such modelling would provide a focus for cross-sector responses and help target private, philanthropic and community resources to areas of highest need.
- With the reduction in gaming funding and the still emerging picture of changes in the amount of available philanthropic funding, the picture of communities and sectors that will bear the brunt of reduced financial support will develop. Funders are balancing the need to respond immediately, with a longer-term approach.
- Philanthropic funders are starting to network to focus on areas of common interest, for example, where to best contribute to the health response. We value the current engagement with the Ministry of Health around this.
- Confusion remains as to how the wage subsidy criteria around income loss can be applied to charities given their income sources (which includes once a year grant funding and irregular/uneven event income). We assume that the \$5k community awareness and preparedness grants exclude salaries in the belief that the wage subsidy will pick up salaries. This is not necessarily the case and charities would welcome being able to apply for staff costs for time spent on these initiatives plus



associated administrative costs. Providing case studies/examples or more rationale may help charities know what they are eligible for.

Key points for funders

- We continue to see funders implementing [best practice principles](#) around their existing funding to charities, and we encourage all funders to take a generous approach to the organisations they fund.
- Funders are taking queries and have their own questions as to charities' eligibility for Government assistance. The best government advice for essential services can be found [here](#) and charities in general [here](#).
- Various commentators have stressed the importance of considering what gaps will be critical in four to six weeks time. What needs already exist in the populations you fund? What is likely to be exacerbated by increased unemployment or poor health? How could you work with organisations you fund to plan for this time? Many funders are stressing the importance of having an equity lens in terms of funding the response.
- Communities are welcoming regional collaborations like in the Waikato and Bay of Plenty as they're reducing the administrative burden for not for profits seeking funding. While not all regions are in the position to collaborate in similar ways, getting in touch with other local funders (including local government and locally-based central government), is recommended, even if just to share information on funder activity and community need.
- Given the anticipated disproportionate impacts of COVID-19 on Māori and Pasifika communities, which individuals or grass-roots organisations are working hard in local areas to stop the spread of COVID-19 and support people during lockdown? Could they be offered a boost of funding with few strings attached?
- Many philanthropic funders support foodbanks and food rescue services on an ongoing basis and have an interest in this area now. Funders may find this information on the Government approach helpful <https://www.msd.govt.nz/about-msd-and-our-work/newsroom/2020/covid-19/foodbanks-food-rescue-and-community-food-services.html>

Key points for the public

- New Zealand is a generous country – both in terms of donating and volunteering and we will need all of this generosity in coming months.
- While we have people experiencing greater need, we also hearing of people who are expressing a real desire to give. Community Foundations of New Zealand are connecting with people in communities who want to help and are starting to share positive stories – from people who are donating the money they'd usually spend on a daily coffee, right through to people donating some of their tanking investments or the cost of their cancelled overseas holiday. We want to highlight the need for people to donate money if they can in coming months.
- Volunteering opportunities are restricted and being carefully managed as part of emergency management. However, there are approved ways that people can



help. This also includes contactless skilled volunteering. You can contact your local volunteering centre (which is working with emergency management) or register the skills you have to offer through volunteering platforms like HelpTank.

- A reminder too that with a donation to an approved organisation you can request a 33% percent tax rebate from the Government for your donation. That means, if you donate \$100, you can receive \$33 back from the government (and perhaps then donate your rebate to charity). Go to the IRD's website find out who is on the approved list and how to get your refund: <https://www.ird.govt.nz/income-tax/income-tax-for-individuals/individual-tax-credits/tax-credits-for-donations>

The philanthropic and grantmaking landscape

Immediate community needs and demand into the medium term

Further to the areas identified last week, a number of health foundations have identified some of the needs of DHBs and health care providers as they respond to COVID-19 as:

- Staff welfare
- Health outreach for vulnerable individuals and communities
- Research
- Equipment
- Increasing critical care capacity
- Other emerging priorities as the situation unfolds.

There is high demand for food assistance from those under financial pressure. Community organisations have been adapting their approach from offering soup kitchens to providing takeaway meals and food banks have changed to deliver food rather than offer pickup. The **Civil Defence Emergency Management Group** in each region is working with foodbanks and other organisations to make sure that those in need are able to access food (and other household goods, services, and essential items, including pet food for companion animals). As foodbanks supply those in need due to the COVID-19 pandemic, CDEM Groups are able to approve requests to purchase food to reasonably replenish stocks and to reimburse these costs.

Maintaining a volunteer workforce over the lockdown remains a challenge. Innovative thinking however has begun and the work of **the Student Volunteer Army** is one example as they mobilise students to support essential services through the provision of childcare for the children of essential workers and through having built a grocery store system for those over 70 and the families of health care workers. Meanwhile many **Volunteering Centres across New Zealand** are taking details from people who are available to assist with essential or non-essential service roles and working in a connected way with Civil Defence emergency operations in local areas is key. This volunteering effort will also support a huge effort by **local government staff** who will help distribute food and medication to those who need it the most during lockdown as part of 16 regionally based Civil Defence Emergency Management groups.

Status of community organisations

With the announcement of the [\\$27 million package to support social sector services and community groups](#), community organisations (especially those that provide essential services) are focussed on what grants they may be able to access and how they need to adapt their delivery in the current environment. Others are trying to make sense of what the



new environment will mean for them. Regionally based philanthropic funders are taking questions from charities trying to get to grips with their situation and are expecting an upwards surge in requests for financial support.

There is concern about how the mental health of NGO workers is supported with the acknowledgement that many were already feeling burnt out before COVID-19 and may lack support.

Forward spend for 2020, Emergency and Rapid Response Funding

The picture of the impact of the economic decline on philanthropic funds continues to emerge as Trustees meet to consider the impact. It remains mixed with some saying they will need to reduce their giving, others committing to continuing planned spend, and another group looking to give more. Funders are also considering how to balance the need to prioritise spend on the immediate response, with the longer-term recovery.

This section highlights just some of the developments this week.

The **Otago Community Trust** has earmarked **\$2M to a dedicated COVID-19 Response Fund** in order to reassure community organisations that may be facing increased costs or responding to greater need as a result of the COVID-19 pandemic and associated lockdown. The Trust are now working hard to establish the Fund and make available in the near future. In the Waikato, funders have continued to demonstrate how strong existing networks and relationships can lend themselves to rapid mobilisation in a time of need.

After signalling their intentions last week, millions more in funding has been announced by the **Waikato Community Funders Group** to support non-profit organisations working on the frontline to support vulnerable people affected by COVID-19. This includes \$1million from the Hamilton City Council, \$1million from WEL Energy Trust, \$1million from Trust Waikato, \$25,000 from the Gallagher Foundation, \$100,000 from the Len Reynolds Trust and \$100,000 from DV Bryant Trust. Target groups identified for funding include rural support organisations, community houses, those who work with the elderly and at-risk groups, and mental health support networks.

There is more and more collaboration at the local level. Acorn Foundation has joined with TECT, Bay Trust and Tauranga City Council to create a **Western Bay of Plenty Rapid Response Fund**.

Northland Community Foundation has created a new COVID-19 emergency response fund and received funds will be allocated via recommendations from a select panel including the Northland District Health Board, Civil Defence and others.

Community foundation regional response funds are providing local people a way of donating in their area. Te Karaka Community Fund 2020 received an anonymous public donation of \$10,000 within 30 minutes of launching the fund as well as support of \$25,000 from The Tindall Foundation.

With the **closure of gaming trusts** which derive revenue from now shut gaming machine outlets, it should be noted that community funding in regions will decrease over the immediate period. Particularly affected is likely to be sporting organisations who are also not



receiving player fees and subscriptions. Community trusts and other locally based funders are also impacted as they anticipate increased demand from their funds.

In addition to fulfilling all prior and on-going funding commitments, keeping their application process open and taking a long-term view, **The Tindall Foundation** Trustees have reprioritised funds of \$625,000 towards the COVID-19 response which were originally intended for their local donation managers in recognition of the Foundation's 25th Anniversary. They are continuing to monitor family and whānau needs through their community partners to understand how extra funding can best be used to serve communities in this new environment. Like many funders, the Tindall Foundation is also aware of the need to keep a balanced approach given that many non-COVID-related things will still need support in the coming months and years.

Perpetual Guardian is actively considering how they can utilise its **Givealittle platform** to support charities to fundraise more online. It has started to create pages dedicated to charities who have had to change or cancel their annual fundraiser events due to COVID-19. The "[Let's Not Forget](#)" campaign is an example where New Zealanders are provided with a channel to honour veterans and active military, given the RSA needed to postpone their Poppy Day appeal and ANZAC services. Perpetual Guardian, is contributing funds to the appeal as is its foundation (on behalf of its donors).

More widely Perpetual Guardian will announce full details of its **COVID-19 Response Fund** next week. It currently manages over 600 charitable trusts and has 'rolled up' some of its trusts that have the same Settlor intent in order to support charities that are providing critical services. The funding is for opex/salaries/other running costs as these areas are difficult for charities to secure funding for. There will be one short-form application form, decisions and turnaround will occur within two weeks and there will be minimal accountability reporting. There is \$360k in this fund, but it is expected there will be more when it goes live.

Our Australian counterparts

The Charities Crisis Cabinet

Major players in the Australian charitable sector have met as a Charities Crisis Cabinet to discuss a plan of action in coming months. They discussed the need to work well with the public service as it sought to translate policies into programs, the gaps emerging in the support available to vulnerable people, and the ongoing impact COVID-19 was having on many charities.

They made seven asks of Government:

- No government funding cuts to charities over the next 12 months.
- Government funded charities to be released from their narrow contractual obligations so they can respond to the people they serve as needed.
- Additional funding to meet additional service demand.
- Wage subsidies and other bridging options to try and keep as many charity sector staff employed as possible.
- Tax incentives to encourage continued support of charities to encourage philanthropy and donations.



- Providing support for adaptation in service delivery as many charities shift their services online and develop new online support systems for staff and volunteers.
- Supporting charities large and small by making all donations to charities registered with the Australian Charities and Not-for-profit Commission made in 2020 tax deductible.

<https://probonoaustralia.com.au/news/2020/04/charity-leaders-unite-to-lead-sector-through-covid-19/>

Philanthropy Australia

Philanthropy Australia made the following recommendations to its Government:

- Provide a 150% tax reduction for any donations to deductible gift recipients (DGRs) over the next two financial years – meaning that donors could deduct 1.5 times the value of their donations to DGRs from their taxable income.

- Increase working capital into registered charities by launching an Item 1 DGR flow through grant pool with matched funding from government and philanthropy. This pool would provide discretionary grants to fund charities' overhead costs to keep them afloat and delivering their work both during and after the crisis, and would focus on supporting registered charities with an annual turnover of \$5 million or less.
- Increase working capital into registered charities by establishing a Loan facility/fund for registered not-for-profits. This would operate with the support of banks, at a cash rate, with philanthropy taking the first loss capped at 5% and a government guarantee coming in thereafter. This facility would support the not-for-profits with the underlying cash flow and business models to rebuild after this period.
- No change to the regulatory minimum distribution requirements for public and private ancillary funds and the provision of credits for funds who 'over distribute' by at least 4% over the next two financial years, with these credits able to be used to reduce minimum distributions in subsequent financial years.
- Flexibility on the eligibility threshold for [JobKeeper Payment](#) to enable more charities to access the payment, decreasing the loss of revenue threshold to 15% to enable more charities to access the payment.