

## And the giver is...

We're already more generous than the Aussies and the Brits, so what's driving the new philanthropy of the ultra-rich?

By [Karl du Fresne](#) In [Current Affairs](#)



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Philanthropy. It's not a word that looms large in the New Zealand vocabulary. Mention philanthropists and most people are likely to think of famous American benefactors: Andrew Carnegie, John D Rockefeller, Henry Ford, Bill Gates, Warren Buffett. Or they might recall England's wealthy 19th-century Quaker families, the Cadburys and Rowntrees, who used their money to promote social reform.

But New Zealanders should get used to hearing the word. Philanthropy is happening right here, on a surprisingly large scale, and it's likely to keep growing as the country produces an increasing number of stonkingly rich people with an urge to give something back.

Some are household names, such as Warehouse founder Sir Stephen Tindall, whose Tindall Foundation gives away an average of \$8-9 million a year, and Sir Owen Glenn, whose \$7.5 million donation to the University of Auckland in 2002 is thought to have been the largest private donation made to a New Zealand educational institution. Then there's Gareth Morgan, whose



Neal and Annette Plowman. Photo/Greg Bowker

Morgan Foundation funds overseas aid projects and environmental initiatives. Morgan's son Sam, founder of Trade Me, is a benefactor in his own right, specialising in funding social entrepreneurs tackling social issues and deprivation in the Third World.

But there are others not so well known, such as Neal and Annette Plowman, who have committed \$100 million to the Next Foundation. Launched in March, it's thought to be New Zealand's second-largest private philanthropic trust after the Tindall Foundation. Yet the Bay of Islands couple are so resolutely low-key that you have to search to find their names on the foundation's website.

Chris Liddell, who chairs the Next Foundation, says it was all he could do to persuade the Plowmans to attend the launch function. Although the couple have spent more than \$60 million already, mostly on conservation initiatives – that's in addition to the foundation's \$100 million budget – most people have never heard of them.

## **ANYONE CAN PAY**

But philanthropy isn't the exclusive preserve of the ultra-rich. A study by economic consultants Business and Economic Research Ltd (BERL) in 2011 found a strong philanthropic streak in New Zealanders generally.

Berl put the total value of donations to charitable causes in 2011 at \$2.67 billion, or 1.35% of GDP.



Kate Frykberg says the most significant donors to worthy causes in New Zealand are statutory trusts. Photo/Hagen Hopkins

“As a proportion of GDP, we’re quite generous – less generous than the US but more generous than Australia and the UK,” says Kate Frykberg, chairwoman of Philanthropy New Zealand, an organisation formed to promote giving and to provide help for people with philanthropic aspirations. “Philanthropy is an established part of our culture even if we don’t always recognise it.”

But our philanthropy has distinctive features. Whereas philanthropic foundations overseas are typically associated with personal fortunes amassed by individuals in business, the most significant donors to worthy causes in New Zealand are statutory trusts. A byproduct of the regulatory reforms of the 1980s, these were created by legislation and funded by the sale of publicly owned trustee banks and electricity lines companies. Gaming trusts, which distribute funds from gaming machines in pubs and clubs, also come under the statutory umbrella.

The biggest player in this sector is the Auckland-based ASB Community Trust, which was founded on the sale of shares in the ASB Bank. Reputedly the largest philanthropic trust in Australasia, it has distributed grants totalling \$800 million since it was established in 1988.

## PRIVATE MATTERS

A more classical example of philanthropy can be seen in the increasing number of private philanthropic trusts and foundations, many of them associated with wealthy families – and it’s here that New Zealand is moving closer to the American model.

Family charitable trusts have a long history in New Zealand. One of the oldest was created by Wellington brewer Thomas George Macarthy on his death in 1912. (He and his much younger widow were childless, and although she remarried, she produced no heirs.) Valued at £369,689 when Macarthy died, the trust that bears his name has since distributed nearly \$64 million in what was originally Wellington province.

Another staunch supporter of good causes, the JR McKenzie Trust, was set up in 1940 by Sir John McKenzie, founder of a discount retail chain modelled on the American “five and dime” department store.

McKenzie, who is believed to have given more than £1 million to charity in his lifetime, established the trust with an initial capital base of £300,000. A third of the family company’s profits were ploughed into the trust,

which now receives income from an investment arm, Rangatira Ltd.

After Sir John McKenzie's death in 1955, his philanthropic work was taken over by his similarly inclined son, Roy (later Sir Roy), who died in 2007. Although all trace of the once ubiquitous McKenzie's chain has long since disappeared (it was sold to LD Nathan in 1980), members of the McKenzie family remain closely involved in the trust, which distributed grants worth \$2.6 million in the latest financial year.

The Sutherland Family Trust, established in 1941, is another that grew out of a retail chain. The Sutherlands made their fortune from the long-defunct Self Help grocery chain and two family members still serve on the board of trustees. The trust has given away \$25 million and in 2013, distributed grants worth \$413,000.



Margaret, Lady Tindall and Sir Stephen Tindall: inequality is a pressing concern.

A major player in the philanthropic sector is the Todd family, reputedly New Zealand's richest whanau as a result of their long involvement in the energy and motor industries. The Todd Foundation was launched in 1972 with capital acquired as a result of BP's purchase of a 60% stake in the Europa petrol brand, founded by Charles Todd in the 1930s. The foundation gave away \$4.6 million last year to causes connected with families, children and young people.

More recent entrants into the philanthropic sector include the Tindall Foundation, established in 1994 by Sir Stephen and his wife Margaret. Another family affair, it makes about 700 donations annually, ranging from \$1000 for local community initiatives to \$1 million and more for large-scale projects.

The latest cab off the rank, the Next Foundation, is funded by wealth originally acquired through the Plowmans' old family firm, NZ Towel Services. Liddell, who helped the Plowmans set up the foundation, has been associated with the family since the 1980s. New York-based, he's a former chief financial officer for General Motors (and before that Microsoft). A philanthropist in his own right, he and his brother John, a former army officer, donated \$1 million this year to their old school, prompting others to donate to their

schools.

## **FAMILY AFFAIRS**

These family trusts are some of the most innovative operators in the philanthropic sector, often eschewing soft targets in favour of tough social and environmental challenges.

The JR McKenzie Trust, for example, focuses on disadvantaged families and Maori development and says its mission is to create a socially just and inclusive Aotearoa-New Zealand. Among the projects it supports is a programme helping members of the Notorious chapter of the Mongrel Mob to end inter-generational patterns of crime and drug use – just one of many initiatives in which the trust works closely with Maori communities.

For Sir Stephen Tindall, inequality is a pressing concern. The Tindall Foundation believes the best way to counter inequality is by getting people into work – hence its enthusiasm for a joint scheme with the Counties-Manukau District Health Board that encourages secondary school pupils from South Auckland to train for jobs in the health sector, with a guarantee of well-paid employment if they succeed.

## **SHARP OPERATORS**

Charitable trusts established by successful business people are often very measured and strategic in the way they invest in communities, says Liz Gibbs, chief executive of Philanthropy New Zealand. “They apply the same sharp business acumen to their philanthropy.”

Such foundations are typically willing to fund projects for relatively long periods, meaning they operate independently of the three-year political cycle that influences Government funding. “Sometimes philanthropic intervention has to be long term – five or 10 years,” says Gibbs. “Some of the social issues philanthropists are seeking to assist are really complex and not quick-fix.”

Private foundations also tend to have a high appetite for risk. Frykberg says philanthropists are prepared to tackle things that even governments shy away from. “Governments don’t like failure – they need to be elected,” she says. “We can do the risky stuff that might not work.”

Philanthropy New Zealand was established by Sir Roy McKenzie in 1990, with support from Todd family patriarch Sir John Todd, to encourage philanthropy and promote professional development in the field. Its membership of more than 100 includes most of the well-known philanthropic trusts, both public and private, but Frykberg says there are generous givers who don’t belong. (The Morgans, for example, are not members.)

The organisation advocates on behalf of the sector and scored its greatest success in 2007 when the Labour-led Government removed the limit on the tax rebate people were entitled to claim for charitable donations. That resulted in a surge in giving from 2008, when the change kicked in.

The removal of the cap on rebates is just one of several changes in recent years that have encouraged philanthropic giving. Gift duty has also been eliminated and Inland Revenue has introduced payroll giving, which enables employees to donate to approved charities direct from their pay and receive immediate tax credits. Since payroll giving was launched in January 2010, \$14 million has been donated directly to charities from people’s pay packets.

## **MIND THE GAP**



What motivates philanthropists? Frykberg, who runs the Todd Foundation as well as chairing Philanthropy New Zealand, pauses before replying. "Philanthropy is very diverse. I think you have to be careful about attributing certain characteristics to everyone involved. But I don't think you would be involved in philanthropy if you didn't care about the community."

What's important, she says, is the desire to help out. "I would say that most people who give, big or small, are motivated by the thought that 'I'm fortunate, other people aren't, here's something I can do'."

In her own case, she and her husband did well out of the sale of an internet company they had started in 1995 and decided to set up their own small charitable trust, the Think Tank Trust.

That led to her joining the board of Philanthropy New Zealand and later being appointed executive director of the Todd Foundation. She says she gets great satisfaction from her involvement in philanthropy. "If you're lucky enough to live comfortably, why wouldn't you share some of that around?" Frykberg contributed to Max Rashbrooke's book *Inequality: A New Zealand Crisis* and believes philanthropy can help narrow the gap between rich and poor.

"If you live comfortably, and if you acknowledge that inequality exists in New Zealand, however you measure it – and there's no question about it, we are not the egalitarian society we were 30 years ago – then what can you do? One of the things you can do is share some of your own fortune with causes that might counteract that."

But what about the common view that it's the responsibility of the Government to meet the people's needs? Doesn't that stifle the philanthropic impulse?

No, says Frykberg. "It's a complex issue. We do have a basic safety net, but the state can't do everything and it shouldn't do everything."

Liddell agrees. "The Government is always going to be resource-constrained. That's true of any government in the world at any time. There are always more things the country would like it to do than it is able to do."

Conservation, he adds, is one of those areas. "We have a difficult environment in terms of pest control and things like that, and I'm sure there are areas where we can work with the Department of Conservation and make a huge difference."

His comments dovetail with statements made last year by former DoC director-general Al Morrison, who caused controversy when he said the Government alone could never arrest environmental decline and the private sector had to play its part.

## SHINING LIGHTS

If any factor has inhibited the growth of a culture of philanthropy in New Zealand, it's that old familiar anxiety – perhaps a by-product of Kiwi egalitarianism – about not wanting to stand out or to be accused of vanity philanthropy.

One of the distinctive characteristics of New Zealand philanthropy is that benefactors generally prefer to keep a low profile. Those interviewed by the *Listener* agreed that public awareness of philanthropy's contribution to society is therefore lower than it might otherwise be.

In contrast, Americans enthusiastically celebrate philanthropy. It's almost expected that hugely rich people, such as Bill and Melinda Gates (who have given a staggering US\$28 billion to charity, much of it in the Third

World), Buffett (US\$25 billion) and George Soros (US\$10 billion), will spread their wealth around and be given public credit for their generosity.

Sir Owen Glenn is a rare example of a New Zealand philanthropist who apparently likes to have his largesse acknowledged (the eye-catching Owen G Glenn building at the University of Auckland bears his name), but most others seem happy to stay out of public view.

Liddell, who has observed American philanthropy close-up during his years at the top level of GM and Microsoft, believes the New Zealand fear of being seen as a show-off is very real, but he likes that aspect of the national character. "I know of a lot of people who do stuff anonymously or behind the scenes, and I think that's absolutely fantastic – it's part of our Kiwi culture."

Gibbs confirms that some members of Philanthropy New Zealand – organisations as well as individuals – prefer to be discreet in their giving. "They want to be effective in the community without attracting attention."

Frykberg suspects one of the reasons people say they don't want to talk publicly about their giving is that they're afraid of the tall-poppy syndrome, "but in my experience fear of the tall-poppy syndrome is much greater than the syndrome itself".

## SHOW US THE MONEY

Another reason New Zealand lacks a higher awareness of philanthropy is that, unlike the US and UK, it's still a relatively young country. We don't have a long history of wealthy people with money to spare – but that's changing.

"A lot of high-net-worth individuals who have done extremely well overseas, usually in the US, are now returning to New Zealand, or at least spending part of their year here, and are wanting to establish philanthropic activities," says Gibbs. Typically they are baby boomers with deep roots in New Zealand, but who may not have lived here for a long time.

Liddell says that in addition, the country is now producing its own seriously rich people. "Go back a couple of generations and there really weren't that many people who had a large amount of wealth, so we haven't had the big fortunes to give away to large-scale projects," he says. Small-scale philanthropy happened at a local level, but not large-scale institutional giving.

"This is the first generation I can think of in New Zealand where there's a broad number of people with a large amount of wealth."

What's more, Liddell suggests, it's happening at just the right time. "The Government has provided a lot of the base needs – relatively free medicine, free education – but in the world we're going into, with all the changes that we're seeing, plus the fact that we now have a lot of people who have benefited from the system and made their fortune, I think there's an opportunity to do something fundamentally more aspirational."

Frykberg suggests that giving to good causes "should be just what we do. That's the cultural shift I'd like to see, and it's on its way. We *are* generous people. We're doing it now, but there's room to improve and there's room to be more open about it."

## A leap of good faith



Despite the increasing number of philanthropic trusts, more than half the money donated to charity in New Zealand each year comes from individuals.

In the 2013 World Giving Index, compiled by Britain's Charities Aid Foundation, New Zealand ranked fourth in the world for generosity, behind America, Canada and Burma. The survey took into account not only donations of money but also time spent helping others and willingness to help strangers.

Based on tax rebate claims made to Inland Revenue in 2010, economic consultants Berl calculated that 365,000 New Zealanders made annual donations averaging \$1550. That was in the midst of the global financial crisis.

In a survey by market research company Nielsen, respondents indicated they gave a monthly average of \$80, although 3% said it was more than \$500 and for some it was up to \$2400. Philanthropy New Zealand's Kate Frykberg says less wealthy individuals often give a higher proportion of their income than the very rich.

Berl cautions that because many people don't bother to claim rebates, the number of donors could be twice as high as the IRD rebate claims suggest. And many New Zealanders keep giving after they die. Berl estimated that in 2011, New Zealanders gave a further \$122 million to charity in the form of bequests and legacies.

Some bequests are spectacularly generous. In 2009, 92-year-old Blenheim businessman Arthur Harrison died in a house fire and left \$10 million to the Canterbury Museum – its largest ever bequest. The following year, Norman Barrett of Christchurch, who got around town on a bicycle and lived in a modest flat, bequeathed \$1.75 million to the Christchurch Art Gallery.

Frykberg says her organisation has an important role in encouraging people not only to give money but to give thoughtfully, rather than support the first cause that hits them up. "There are so many good causes – which one do you choose? One approach is just to give to anything that comes your way. Another is to think which cause is most important to you, and how you can make your donation work most effectively. Or you can do a bit of both.

"There's a model called 'Feel, think, act'. You start with what you care about, then use your head to think who's out there, what would work best, what would make the most difference, then act on it. It's a bit more strategic than randomly giving to anyone who contacts you."

As the philanthropic sector grows, new ways of giving are emerging. One is community foundations – independent organisations that work in specific geographical areas.

A fast-growing trend imported from the US, community foundations accept donations and legacies from the public and invest them long term. Income from those investments is then distributed to local charitable organisations.



There are 12 such foundations in New Zealand, the biggest of which is Tauranga's Acorn Foundation. Established in 2003, it had \$1 million in donor funds invested by 2006, and by 2011 had distributed \$1 million to projects in the western Bay of Plenty.

Advocates of community foundations say they have advantages over stand-alone philanthropic funds because they offer economies of scale, access to expert advice, administrative support and knowledge of local community needs. They also ensure continuity. Typically, they are run by boards of trustees consisting of people appointed from local business, community organisations, local government and the professions.

Social enterprise organisations, which use entrepreneurial business skills to tackle social and environmental problems, are another expanding category. An example is the Wellington-based Hikurangi Foundation, set up by the Tindall and Todd Foundations in 2008, originally to act on climate change. Its projects include Rekindle, which uses timber salvaged from homes destroyed in the Canterbury earthquakes to make high-value furniture and trains young people in woodworking skills.

Liz Gibbs, Philanthropy's New Zealand chief executive, says social enterprise typically appeals to young entrepreneurs, often mentored by older business people.



A family affair: from left, Jennifer Reid, Elizabeth Tindall, Evelyn Gauntlett, Trevor Gray, Anne Tindall, Martina O'Driscoll, Joan Withers, John McCarthy, Jennifer Casey, David Richards, Stephen Tindall, Kate Tindall, Robbie Tindall, Margaret Tindall.

## What's the motivation?

"Crikey, we can't spend all that." Sir Stephen Tindall recalls that was his reaction after The Warehouse – the company he founded in 1982 – floated on the sharemarket in 1994 and began paying dividends.

Before that, all earnings had been ploughed back into the business. But as majority shareholders in the newly floated company, Tindall and wife Margaret suddenly found themselves receiving dividend cheques – very substantial ones.

They decided then to put roughly half their wealth into a venture capital fund that helps start-up companies – “investing in people and ideas, technology and innovation”. Tindall estimates that has since sucked up \$250-300 million.

“With the other half, we thought it would be better to invest it back into the community sector – to see whether we could make a difference by doing things a little bit differently. We’ve got this philosophy that it’s no good being the richest person in the cemetery, so why not put [the money] to good use while you’re alive?”

The result was the Tindall Foundation, New Zealand’s largest private philanthropic trust, which gives away \$8-9 million a year. Like the longer-established Todd Foundation, it’s very much a family affair: the Tindalls’ oldest son, Robbie, is a trustee (as well as working with his father in the family’s venture capital fund K1W1), their two daughters are heavily involved and Tindall says two younger sons are taking an interest too.

The foundation is family-focused in its work, putting roughly half its money into families and communities. “We come from a strong, close, supportive extended family and we see the great benefit of being brought up in such an environment,” the foundation’s website says.

Tindall’s greatest concern is inequality, and in 2012-13, the foundation’s two biggest donations – together totalling more than \$1 million – went to projects aimed at promoting youth employment and training in Auckland. But it also contributed large sums to environmental projects, earthquake-affected communities in Canterbury and a programme to support new parents and their babies.

The foundation works closely with community foundations and churches, often relying on them to know how money can best be spent in particular communities.

What’s the motivation? Tindall says it’s all to do with the legacy our forebears left us. “I guess we’re eternally grateful for being born in this country and being able to share all the beautiful things it gives us. We inherited it from our forebears; now we have to play our part for future generations.”

What’s more, he says, philanthropy is fun. “This gives me the most satisfaction of anything outside my family. There’s a lot more satisfaction in giving money than in making it.”



Greatest gift of all: Tongariro National Park.

## A short tour of Kiwi giving

Kate Frykberg, Philanthropy New Zealand chair, suggests an historic act of philanthropy that dwarfed all others was the donation by **Te Heuheu Tukino IV** in 1887 of the three central North Island mountains that now make up Tongariro National Park.

Other notable philanthropists have included **Sir John Logan Campbell**, who donated Auckland's Cornwall Park in 1901 and left a residuary estate that still makes annual grants; **Thomas Cawthron**, who left £231,000 in 1915 for the establishment of what is now Nelson's Cawthron Institute; and **Charles Rooking Carter**, a Wairarapa businessman whose wealth made Wellington's Carter Observatory possible.

Modern examples of philanthropy run the gamut from small-scale parochial acts of generosity by largely unsung benefactors to grand gestures by high-profile public figures. The following list doesn't purport to be anywhere near complete, but gives some indication of the range of philanthropic initiatives.

Wellington sharemarket investors **Winton and Margaret Bear** began supporting children's homes in 1947. They eventually vested all their assets, including the family home, in a charitable trust which they established "to assist young New Zealanders in their training for life". The Bears, who were childless, died in 1998 but their trust still operates.

A \$3 million donation by pharmaceuticals company founder **Sir Graeme Douglas and his wife, Ngaire**, in 2010 enabled Auckland's Starship Hospital to buy an MRI machine for children.

Café worker **Margaret Heaney** and her daughter **Fiona Wilton** of Masterton won \$9 million each in a Big Wednesday lottery in 2009 and set up the Shamrock Trust, which has since donated \$1.5 million to the

Wairarapa ambulance service.

The WN Pharazyn Trust commemorates **William Noel Pharazyn**, scion of a wealthy Wairarapa farming family, who had a distinguished military career before becoming a committed trade unionist and socialist. Pharazyn died in 1980 but the trust is still active, supporting environmental and community causes in Wairarapa, Wellington and the Kapiti Coast.

**Dame Jenny Gibbs** helped to buy and redevelop a derelict telephone exchange that is now leased to the Auckland City Council for \$1 a year as the New Gallery, an adjunct to the Auckland Art Gallery. She also established the biennial \$50,000 Walters Prize for contemporary art.

Former Montana Wines managing director **Peter Hubscher and his wife, Pam**, fund the Tironui Music Trust, which provides musical tuition for children from low-decile schools in South Auckland.

Financial help from property developer **Mark Dunajtschik** enabled Wellington helicopter pilot **Peter Button** to establish an air rescue service – now the Life Flight Trust – in 1975. The service has been credited with saving 22,000 lives.

Pioneering New Zealand-born sex researcher **John Money**, who had a lifelong interest in ethnological art, donated most of his internationally recognised collection of artworks to the Eastern Southland Gallery in Gore.

**The Maurice and Phyllis Paykel Trust**, established by a founder of Fisher & Paykel, funds health-related research.

**Dulcie Routhan**, a Wairarapa school mistress who invested in property on the side, bequeathed Sparks Park – named after her mother – to the town of Carterton, where she had spent all her life.

Berlin-born Wellington arts patron **Denis Adam and his wife, Verna**, created the Adam Foundation in 1975. They helped fund the Adam Art Gallery and Adam Concert Room at Victoria University and have sponsored music and writing awards.

Trucking company **Mainfreight** has sponsored a primary school in Otara, South Auckland, since 1993, providing support worth more than \$750,000. The school cemented the relationship in 1997 by changing its name to Bairds Mainfreight Primary School.





Sir Miles Warren donated his Ohinetahi Homestead. Photo/Martin Hunter

Christchurch architect **Sir Miles Warren** gifted Ohinetahi, his home and gardens, to the people of Canterbury. The estate includes an art gallery and a collection of architectural books and art.

Irish immigrant **Hugh Green**, co-founder of contracting firm Green and McCahill, created the Hugh Green Charitable Foundation, which funds medical research, poverty relief and community development. A \$1 million grant from the foundation in 2010 enabled the University of Auckland to establish the country's first Biobank for brain disease.

Auckland couple **Ant and Vanessa Ford** run the Not for Me Trust, which raises money for charity by auctioning memorabilia donated by celebrities including Tiger Woods, Muhammad Ali, David Beckham and the late Sir Ed Hillary. Since 2007 they have raised \$280,000.

Las Vegas casino operator and part-time New Zealand resident **Glenn Schaeffer** bankrolled Bill Manhire's creative writing school at Victoria University and is patron of the university's International Institute of Modern Letters.

In 2011, a Don Binney painting owned by Auckland writer and historian **Dick Scott** was put up for auction in aid of Christchurch earthquake victims. It raised \$270,000.

**Sir Michael Hill** is a major sponsor of the Michael Hill International Violin Competition, which he founded.

Canterbury construction company owner **Sir Neil Isaac and his wife, Diana**, established the Isaac Conservation and Wildlife Trust, which administers 1100ha of conservation land on the outskirts of Christchurch. The Isaacs also gave generously to other causes, including the restoration of Christchurch's Theatre Royal.



**The Vodafone New Zealand Foundation** supports charities working with young people. Since it began in 2002 it has given \$17 million to projects in New Zealand and overseas.

Ten years ago, IT entrepreneur **Scott Gilmour** founded the New Zealand branch of the I Have a Dream trust. Each year the trust “adopts” a class of mostly Maori and Pasifika children who might otherwise slip through the cracks, acting as an advocate and educational support until the kids hit uni age. The trust covers the cost of tertiary study. Gilmour has contributed several million dollars but says the crucial thing is to get the right people on board and to devote time.

**Tony Falkenstein**, creator of Just Water International, helped found the Onehunga High Business School in 2002. Besides an initial \$300,000, he has since donated \$1 million of shares and another million in shares to Auckland University Business School and Unitec.



Crowdfunder: Nathalie Whittaker established “the Trade Me of philanthropy”, Givealittle, in 2009.

## Is New Zealand business stingy?

That’s a conclusion that could be drawn from Berl’s 2011 survey of the philanthropic sector, which calculated that business giving represented only 6% of the total amount donated to charitable causes in New Zealand. That figure is in line with the proportion of philanthropic giving by business in the United States.

But the issue is not straightforward. Business contributes to charity in various ways, not necessarily directly.

Liz Gibbs, chief executive of Philanthropy New Zealand, says the Berl estimate may have understated the business sector’s true contribution. “It doesn’t take into account pro bono work [work undertaken for no charge] or time volunteered by staff, which are hard to measure.”

Telecom staff, for example, get one paid “volunteer day” a year to support a charity, community group or school of their choice. IBM, Vodafone and accountancy firm PwC have similar schemes.

Telecom also makes an annual grant of \$1.8 million to the Telecom Foundation, which co-ordinates charitable initiatives by the company’s staff and, more significantly, funds Givealittle, described by Telecom spokesman Andrew Pirie as the Trade Me of philanthropy.

Givealittle is an example of philanthropy updated for the 21st century. Established by technology entrepreneur Nathalie Whittaker in 2009 and taken under the foundation’s wing in 2012, it’s a crowdfunding platform that enables people to raise money for charity online, free of charge.

Since its inception, Givealittle has raised nearly \$9 million for multiple causes. It can be argued that by providing the mechanism for generating this money, Telecom’s contribution to the charitable sector far outweighs its direct investment.

Pirie dismisses a view espoused by Act Party leader Jamie Whyte that companies that give to charity are effectively stealing from shareholders.

In a column written for the Wall Street Journal in 2011, Whyte approvingly quoted the American economist Milton Friedman, who said the only responsibility of a business was to make a profit.

Whyte argued that shareholders would tolerate a certain amount of corporate philanthropy “because some customers like to see it, and so become more inclined to buy the company’s products”. But in such cases, he wrote, it had to be justified in the same way as any other marketing effort: “Does it increase revenues by more than it costs?”

Pirie said Telecom saw philanthropy as “very much part of the role of any major corporation”. What the company was doing was in line with international practice.

Sir Stephen Tindall, too, supports corporate philanthropy and would like to see more businesses engage in it. He argues that, ultimately, companies benefit by putting money back into the community. “Healthy communities create healthy businesses,” Tindall says.

Seen in those terms, it’s a virtuous circle. But even from a strictly pragmatic viewpoint, Tindall believes philanthropy is good for business. “If your customers believe you are playing your part, I really believe you gain market share over your competitors.” He emphasises, however, that the Tindall Foundation, which he established, operates independently of The Warehouse. “We see it as a family thing.”

Gibbs says corporate philanthropy makes good business sense because it enhances staff engagement and customer loyalty. Increasingly, “savvy” businesses are seeing it as more than just a “soft” investment, but one with the potential to generate real returns.

Projects such as the Tindall Foundation’s job creation initiative with the Counties-Manukau District Health Board (see main story) are good for business in the long term too, she says, because they have the potential to create wealthier communities – “and that’s got to be good for business”.

Given that the classical definition of philanthropy is that money should be given with no expectation of return, can it be considered true philanthropy if the desired outcome is greater market share or a better corporate image?

Probably not, most of those interviewed by the *Listener* conceded. “I think the challenge in business giving is to find the intersection between genuine community need and what will add value to your brand,” says Kate

Frykberg, chair of Philanthropy New Zealand.

Chris Liddell, who helped set up the Next Foundation, points out that Americans have found a way around the “corporate philanthropy is theft” argument. In companies such as Microsoft, he says, individuals acquire wealth and then make their own decision about what to do with it. “Bill Gates is giving away money he made as a result of Microsoft. It’s not Microsoft’s money.

“Part of the philosophy over there is to enable people to be wealthy through the corporate sector and then allow them to make decisions about giving back.”

Which, of course, is exactly what happened in the case of Tindall – another pointer, perhaps, to the fact that philanthropy in New Zealand is moving closer to the American model.

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