

**Hui E!**  
Community Aotearoa

**Community Funding  
White Paper | Pepa Mā mō  
te Whai Pūtea ā-Hapori**

**March 2022 | Māehe 2022**



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## Executive Summary

The tangata whenua, community and voluntary sector has faced two years of the COVID-19 pandemic (COVID) with resilience and commitment to the communities of Aotearoa New Zealand. Like the communities we serve, the sector has faced deep challenges – many of which began long before the pandemic arrived. At the same time, COVID has revealed our sector's strengths, showing ways forward.

Funding remains one of the sector's biggest challenges. This paper sets out six areas where we know practical solutions are possible: COVID has already shown the success of some. We make the following recommendations to government and other funders.

### ***Recommendation one***

Support the sector's responsiveness to Te Tiriti o Waitangi with a funding model that:

- supports tangata whenua organisations to build capacity and capability to deliver services within their rohe
- supports non-kaupapa Māori organisations to strengthen their Māori cultural competency
- prioritises equity in funding decision-making.

### ***Recommendation two***

Provide multi-year funding so organisations can plan for the longer term, by:

- extending Government's Social Sector Commissioning principles across other government funds, expanding multi-year funding for sector organisations
- speeding up Government work to create a joined-up, All-of-Government approach to working with the tangata whenua, community and voluntary sector.

### ***Recommendation three***

Invest in people and their professional development by:

- funding organisations to provide wellbeing activities for volunteers and staff
- funding professional development opportunities for leaders, co-designed with the sector
- commissioning sector organisations to lead community research itself (rather than engaging corporate consultants).

### ***Recommendation four***

Fund infrastructure and staff costs by:

- 'untagging' funding from specific purposes, so that it can be used more widely, and organisations are better prepared to respond to 'shocks'
- adding a percentage to the value of contracts to cover overheads (Hui E! recommends 40%).

### **Recommendation five**

Move to trusted not transactional relationships, as a step towards removing competitive funding models.

COVID demonstrated that long-term, established relationships between funders and community groups led to quicker and easier responses to community need.

### **Recommendation six**

Simplify funding application procedures by:

- bringing funding information together in one place, for example using funding portals
- increasing support for organisations seeking funding, including providing face-to-face and language support for those needing it
- using a tiered system for applications with lighter accountability requirements for smaller funding asks
- accept annual reports and audit reports in place of separate accountability reports
- streamlining the process to apply for different government funds, so unsuccessful applications can carry across from one fund to another.

## **Introduction**

The tangata whenua, community and voluntary sector of Aotearoa New Zealand is built on the belief that all things are connected. Like the rest of the country, our sector has been challenged by COVID in many ways – but it has rallied to continue its mahi tahi, labours of love. Volunteers and paid workers have remained fiercely committed to the communities they serve and have been at the forefront of the nationwide COVID response.

The sector is a significant contributor to Aotearoa New Zealand’s economic wellbeing. It is made up of around 115,000 organisations, and contributes about \$8.1 billion, or 2.8 per cent, of our GDP. Around 1,008,000 volunteers and 150,630 paid staff work in the sector. Volunteers work about 159 million hours a year, with the value of their voluntary labour about \$4 billion.<sup>1</sup>

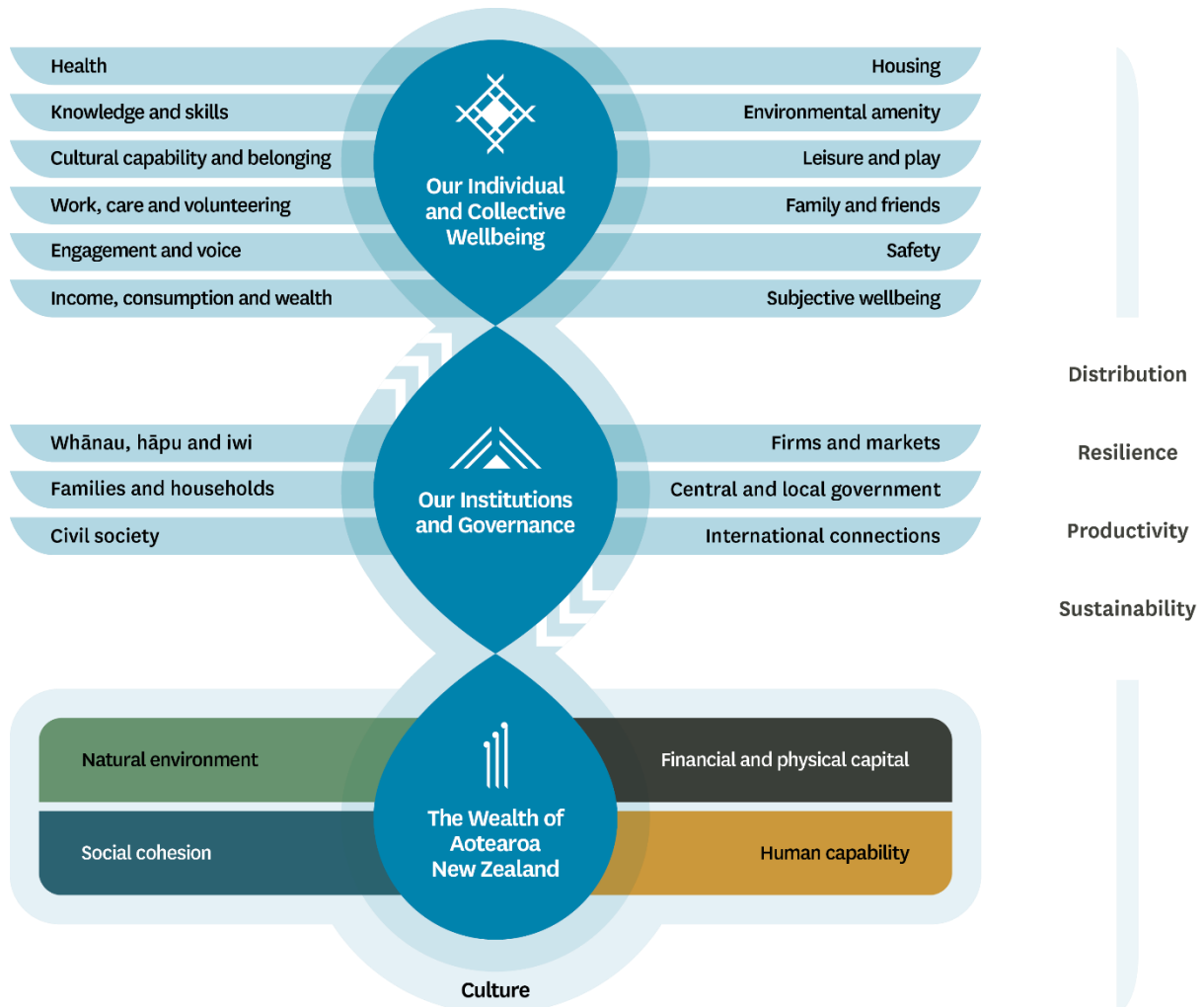
However, the sector’s contribution is far more than just economic.

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<sup>1</sup> The latest figures available are from Statistics New Zealand’s *Non-profit institutions satellite account: 2018: Non-profit institutions satellite account: 2018 | Stats NZ*. This white paper takes Statistics New Zealand’s definition of the tangata whenua, community and voluntary sector as its starting point, but acknowledges this is a sector of many voices and descriptions. Diverse kinds of organisations make up the sector, including organisations involved in social services; health; education and research; and culture, sport and recreation.

The report *COVID-19 Hauora Wellbeing Survey of the tangata whenua, community & voluntary sector 2021* included among Māori community organisations the perspectives and experiences of government health and welfare agencies.

The tangata whenua, community and voluntary sector is well represented throughout Treasury’s Living Standards Framework<sup>2</sup>. We are a core contributor across the four wealth areas – natural environment, social cohesion, financial and physical capital, and human capability:



The tangata whenua, community and voluntary sector is a core contributor to many factors across the framework including ‘health’, ‘housing’, ‘cultural capability and belonging’, ‘leisure and play’, ‘engagement and voice’, ‘leisure and play’, ‘work, care and volunteering’ and ‘subjective wellbeing’. The sector works across our society, from families and households, whānau, hapū and iwi, to civil society. We enrich social cohesion and human capability.

Despite its contribution, our sector has faced longstanding challenges with funding. COVID has sometimes worsened these challenges, but it has also shown the sector’s strength, offering ways forward.

This white paper presents the sector’s solutions to funding issues that hold us back from fulfilling our potential.

<sup>2</sup> [The Living Standards Framework \(LSF\) 2021 \(treasury.govt.nz\)](https://www.treasury.govt.nz/living-standards-framework)

It draws on the findings of the research report, *COVID-19 Hauora Wellbeing Survey of the tangata whenua, community & voluntary sector 2021* (the report).<sup>3</sup> Building on a similar report the previous year, this report describes a sector finding a source of wellbeing in whakawhanaungatanga, even as pandemic pressures take their toll. Together, these two reports offer a national data picture of our sector's wellbeing.

This white paper is intended for government and philanthropic and corporate funders, to help them better understand our sector's needs, and how we can work in even stronger partnership. It sets out six areas where solutions are possible, providing recommendations for each.

## **Facing COVID: the sector's challenges and stories of success**

### **Ongoing funding issues affected sector resilience before COVID**

Before the arrival of COVID, the tangata whenua, voluntary and community sector continued to face longstanding funding challenges. The sector is diverse, with a range of organisations of various sizes, operating differently and meeting different purposes. However, most community organisations receive no or insufficient government funding to meet their service costs, so are heavily reliant on philanthropic funding, as well as their own fundraising efforts. An example can be seen among social service providers, where it is estimated that around 22 per cent of providers' annual income comes from non-government sources<sup>4</sup>.

Government funding is typically through contracts for services or grants. It often does not recognise wages and salaries or overheads which generally are the largest expenditure cost. Larger organisations are better able to generate successful funding applications and most have large donor databases and corporate sponsorship, affecting the distribution of grant funding. This results in the majority of funding going to large charities. JBWere reported that 91 per cent of funding going to 9 per cent of charities<sup>5</sup>. Many organisations struggle to meet basic running costs, let alone make sure they have prudent reserves. However, the competitive environment encourages organisations to keep accepting under-funded contracts. These ongoing issues meant that when COVID hit, much of the sector already had limited resilience.

### **Sector funding has fallen during COVID, with dedicated COVID funding not always accessible**

As part of the report<sup>6</sup>, organisations were asked to estimate how their funding from all sources had changed over the two-year period of the pandemic. The results varied dramatically. No change in funding was reported by 34 per cent of organisations. A further 23 per cent reported an increase in funding. However, 37 per cent of organisations experienced a serious decline in funding (a decrease of between 25 and 75 per cent). Just under two per cent of organisations

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<sup>3</sup> [COVID-19-Hauora-Wellbeing-Report-2021.pdf \(huie.org.nz\)](#)

<sup>4</sup> Martin Jenkins. (2019). Social Service System: The Funding Gap and How to Bridge it. (Note that the coverage of organisations in this report is not an exact match to the tangata whenua, voluntary and community sector).

<sup>5</sup> [The New Zealand Support Report - February 2020 » JBWere](#)

<sup>6</sup> [COVID-19-Hauora-Wellbeing-Report-2021.pdf \(huie.org.nz\)](#)



experienced a very serious decline (more than 75 per cent). Declines were caused partly by the major problem of reduced public donations during COVID.

Some sector organisations benefited from extra government funding made available to respond to the impacts of COVID. However, the benefits of this funding were unevenly spread. Some specific COVID funding was seen as easy to apply for but was not available early enough. Other forms of funding were less accessible. Although COVID wage subsidies and other resources were offered, a lot of Māori and Pasifika organisations did not access them, even though they qualified.

Information about subsidies and resources was slow to be provided, worded to not clearly include community organisations, and slow to be translated into other languages. Participants in the report said that organisations often did not have the confidence to apply, it was particularly difficult to claim wage subsidies as the criteria kept changing, and as revenue is generated differently by community organisations, they didn't consider this an option.

While some organisations were successful in seeking additional funding, demand for their services also increased during COVID. This meant that additional funding did not keep pace with rising costs, even as organisations explored new approaches to service delivery, like online and phone services. Uncertainty around funding is reflected in organisations' concern about their survival in the future. The report showed that only 38 per cent of organisations thought they would be 'still viable' after 12 months. This indicates that 62 per cent were unsure or did not have sufficient reserves to operate for this period.

## **The sector has rallied during COVID, creating success stories and new ways forward**

At the same time, success stories have emerged from the sector during COVID, including in relation to funding. The report showed how some organisations increased their budgets, activities, and collaborations. Some benefited from freed up funding, that was able to be distributed quickly. Organisations held hui and shared information on available funding sources. Struggles to obtain funding resulted in more partnership between organisations, which may help diminish competitiveness over resources in the future.

We think now is the time to act, building on what COVID has taught us, to achieve a financially sustainable sector. The sections that follow set out six areas where practical solutions are within reach. Each section contains recommendations for government and other funders.

## **Recommendations for government and other funders**

### **1. Supporting the sector's Treaty capacity with a responsive funding model**

The tangata whenua, community and voluntary sector is committed to partnership under Te Tiriti o Waitangi. Because the sector is diverse, different parts are at different stages on their journey to Treaty partnership. Tangata whenua providers within the sector bring deep expertise in te ao Māori, but one partner alone cannot make a partnership – the Crown must also play its role. Other parts of the sector are working to build their capacity for Treaty partnership.

We call on funders to build on and implement the Government’s Social Commissioning work, which holds that Māori-Crown partnerships are at the heart of effective commissioning<sup>7</sup>. Commissioning and funding decisions should enable Māori to choose how they wish to respond to their needs. This means funding more “by Māori for Māori” kaupapa services as well as improving universal services to better support Māori.



## **SPOTLIGHT:**

### **Hui E! implementing a Tiriti Relationship Framework, starting with governance**

Hui E! is implementing a Tiriti Relationship model right throughout its organisation, beginning at the governance level. The model is based on four pou: kaitiakitanga, manaakitanga, ōritetanga and hihiritanga.

Embedding the model means developing and enhancing values to reflect the organisation’s intentions as a Tiriti partner. It means advocating for the Tiriti Relationship model in all its mahi. It involves a commitment to continuous education, growth and development in the organisation’s understanding of Te Tiriti o Waitangi, and a sharing of learning with the wider sector.

In practice, this means Hui E! is guided by an agreed tikanga. The organisation is steered by two houses, Tangata Whenua and Tangata Tiriti, each with equal membership.

Hui E! aims to model true partnership when leading the tangata whenua, community and voluntary sector. However, the sector is not well-resourced to fulfil its Tiriti obligations as well as it wishes to.

Like most other organisational costs, the sector does not receive specific funding support to build its capacity for Treaty partnership. This makes it more challenging to fulfil its commitment to the Treaty.

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<sup>7</sup> <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/planning-strategy/social-sector-commissioning/msd-social-sector-commissioning.pdf>



Funders can support the sector in its Treaty commitment with dedicated funding. This funding could support both the organisational development required to be an effective Treaty partner, and recognise the mahi of iwi and hapū, whose mātauranga is essential to building Treaty partners' capacity. Government needs to recognise the expertise of tangata whenua in our sector, funding work to enable partnership across the wider sector to collectively strengthen its overall capacity.

**Recommendation one**

Support the sector's Treaty capacity with a responsive funding model that:

- supports tangata whenua organisations to build capacity to deliver services within their rohe
- supports non-kaupapa Māori organisations to strengthen their Māori cultural competency
- prioritises equity in funding decision-making.

## **2. Providing multi-year funding so organisations can plan for the longer term**

Much of the funding available to the sector is short term. This flows through into lack of investment in people and their professional development, and a lack of funding for infrastructure and staffing costs.

A key impact of short-term funding is that sector organisations must focus on the day to day and cannot plan for the longer term. They cannot easily invest in technology to help them with their work, or innovative ways to better meet their communities' needs. Nor can they build up reserves as a buffer against challenging times. Organisations are forced to offer fixed term contracts, rather than permanent roles. This makes roles harder to fill because workers want certainty of income. Government needs to address this by expanding on its Social Sector Commissioning work and extending multi-year funding arrangements across the sector.<sup>8</sup>

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<sup>8</sup> [Social Sector Commissioning: Progress, Principles and Next Steps \(msd.govt.nz\)](https://www.msd.govt.nz/social-sector-commissioning-progress-principles-and-next-steps)



## **SPOTLIGHT: Making it easier and fairer for communities to access funding**

Community funding administered by Te Tari Taiwhenua, Department of Internal Affairs is evolving to provide a simpler and more equitable funding system in the future. COVID has highlighted the need for communities to access more flexible and responsive funds to achieve their aspirations.

The Department is undertaking work to align the community funding systems it manages, primarily Crown and Lottery funding, to ensure they better support communities, hapū and iwi. This work will progress through to 2023. The voice and experiences of communities, hapū, iwi, funders and other organisations will be crucial to designing an improved future system with people and communities at its heart.

Collaboration across Government agencies can help ensure multi-year funding to sector organisations. Currently, funding streams for the sector sit in different Votes, and are administered by different agencies. There is no ‘one stop shop’ within Government that organisations can work with, or that has an overview of whether organisations have funding continuity. Government needs to speed up work on a joined-up approach to working with the tangata whenua, community and voluntary sector.

### ***Recommendation two***

Provide multi-year funding so organisations can plan for the longer term, by:

- expanding Government’s Social Sector Commissioning work, extending multi-year funding arrangements across the tangata whenua, community and voluntary sector
- speeding up Government work to create a joined-up approach to working with the sector.

### **3. Investing in people and their professional development**

Because overheads are generally not funded, organisations in the sector often struggle to invest in

the wellbeing of their people – including activities to support mental health. This is despite increased staff mental health challenges as a result of COVID.

This lack of funding means insufficient support not just for volunteers and staff, but also for senior leaders, who may have a large span of responsibility. In government and business, there are mentoring and coaching programmes for leaders, wellbeing programmes, training opportunities, and other professional development opportunities. Government needs to consider funding the sector to deliver similar leadership development opportunities for the community sector.

From time to time, government agencies contract providers for research into the tangata whenua, community and voluntary sector. Rethinking this approach would offer another avenue to invest in the sector's people and their professional development. Government could commission sector organisations to lead government community research. This would produce high quality community research, provide further revenue to the sector, and help strengthen the sector's capability.

### ***Recommendation three***

Invest in people and their professional development by:

- funding organisations to provide wellbeing activities for volunteers and staff
- funding professional development opportunities for leaders
- commissioning sector organisations to lead community research itself (rather than engaging corporate consultants).

## **4. Funding infrastructure and staff costs**

Funding for organisations in the sector is typically tagged to a specific purpose and is usually not sufficient to cover operational and full staff costs. Wage and salary costs, and overheads, need to be funded to enable consistent service delivery. Significant underfunding affects organisations' ability to invest in a range of areas, including staff and volunteer wellbeing and staff retention.

Social services provide an example of the way this funding shortfall impacts organisations. Recent research on social services shows organisations must prioritise funding for service delivery – frontline staff and equipment – and compromise on the quality of back-office processes. This creates inefficiencies, for example having to rely on manual systems, and limits organisations' ability to capture data they need to demonstrate the results they are achieving.<sup>9</sup>

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<sup>9</sup> [Social Service System - The Funding Gap and How to Bridge It - FULL REPORT FINAL.pdf \(sspa.org.nz\)](#)

The solution to this problem is for funders to contribute to the costs of overheads, including operational and staff costs. Staff costs can include the wages and salaries of staff (including staff who support volunteers), and other staff costs such as wellbeing activities. There are two mechanisms for government to help meet these costs. First, funding could be untagged from specific purposes, so it can be used more widely, including for operational and staff costs. Second, a percentage should be added to the value of a contract, to recognise overheads.<sup>10</sup>

#### ***Recommendation four***

Fund infrastructure and staff costs by:

- ‘untagging’ funding from specific purposes, so it can be used more widely
- adding a percentage to the value of contracts to cover overheads (Hui E! recommends 40%).

## **5. Removing competitive funding models**

COVID has galvanised the sector’s commitment to collaboration. One participant from Pasifika communities spoke about the way Pasifika organisations responded to COVID by creating networks between different regions, such as Auckland and Wellington. The participant said, “For Pasifika, that has probably increased our budget from \$100,000 to, I think, going on to three to four times that now. Which has meant that we’ve been able to deliver more quality programmes and services for Pasifika”. The strength of networks helped with increased service delivery during lockdown.

Competitive funding models hinder the kinds of collaboration that the sector values. A first step towards reducing competitive fundings models is promoting relationships that are trusted, not transactional. Rather than requiring a competitive process, an already-funded organisation should be able to work directly with a funder to seek further funding if needed.

#### ***Recommendation five***

Move to trusted not transactional relationships, as a step towards removing competitive funding models. Build on the increased government responsiveness evidenced in the first COVID lockdown where high trust funding models predominated.

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<sup>10</sup> While overheads vary across the sector, organisations’ feedback indicate they can be as high as 40%.

## 6. Simplifying funding application procedures



### **SPOTLIGHT: The Todd Foundation builds trusted not transactional relationships**

The Todd Foundation puts the idea of trusted relationships into practice. They have worked hard to support real change in communities, reduce compliance costs for organisations, and promote collaboration rather than competition.

The Todd Foundation doesn't run grant rounds or accept pitches from individuals or organisations. Instead, they proactively seek out communities, groups and collectives to partner with, and write the funding proposals themselves or adapt proposals written for other funders. They often collaborate with other funders, usually with joint and less formal reporting processes. This significantly reduces the resource and compliance load for the organisations they fund.

Their focus is on building long term, inclusive partnerships by providing multi-year general operating funding and having regular combined hui to facilitate peer-to-peer learning. Flexibility and trust in funding relationships is a priority for them.

“Too many hoops to jump through” is how one report participant described funding application procedures. These issues are longstanding, but the sector is coming up with solutions.

Bringing information together in one place cuts down the time and energy organisations spend searching. The Waikato Community Funders Group portal is an example of an initiative bringing local and national organisations together: iwi, philanthropics, charitable trusts, other local organisations and businesses, local government and the Department of Internal Affairs. The Group website helps organisations seeking funding by bringing together information about funders and what they will consider funding.

The report found that filling in forms can be onerous, especially for people with English as a second language. Ideas for solutions included funders making staff available to give hands-on and face-to-face support with applications, and funders being prepared to accept information in different forms (for example, an organisation might give the funder verbal information, for the funder to record or provide a video application).

When funding is granted, it can come with accountability requirements that are out of proportion to the amount of funding involved. The Lottery COVID-19 Community Wellbeing Fund addressed this issue using a tiered system, with lighter accountability requirements for smaller grants. Building on this example, funders could consider accepting an organisation's annual report and audit report – documents they already have to produce – rather than an accountability report for every funding grant.



## **SPOTLIGHT:**

### **Wellington Community Trust is reducing funding barriers for community organisations**

Wellington Community Trust has been working to reduce funding barriers for community organisations. Practical changes they have made to their funding processes include:

- removing specific funding deadlines and 'rounds'. Applications are now assessed on a rolling basis. Decisions are made within four weeks for applications under \$10,000 and eight weeks for applications between \$10,000-\$50,000
- streamlining application forms by removing redundant questions and simplifying language
- significantly reducing the application criteria during the initial COVID response, to focus on organisations serving communities most affected by COVID, and keeping the criteria as simple as possible ever since
- increasing flexibility around changing the criteria for grants already received and reporting timeframes.

Wellington Community Trust are using evidence-based research on the needs of their region to help them identify how and where to focus their funding. They've also been working alongside Hui E! Community Aotearoa's grant writing support programme to connect with organisations that align well with their priorities.

When funding applications are not successful, there is scope for government funders to consider carrying across applications from one fund to another, including across agencies. For example, during the first lockdown in 2020, the Ministry for Women announced a fund of \$2 million for organisations supporting girls and women impacted by COVID. The fund received almost 500 applications totalling around \$13 million and was quickly expended, with a significant number of applications missing out. This was particularly noticeable as the United Nations identified women



as most impacted by the effects of COVID<sup>11</sup>. Soon after, a \$36 million Community Capability and Resilience Fund was established through the Ministry of Social Development. This fund was to support iwi, hapū and community groups for initiatives that supported the rebuild and recovery from COVID-19. There was opportunity for the shortfall of the Ministry of Women applications, especially those submitted by iwi, hapū and community groups to be funded through the new MSD fund therefore reducing the application burden on the community groups who had already applied. However, no fund sharing was or is evident across agencies and the burden continues to sit with community groups to hear about each new government fund and apply independently to each fund.

### ***Recommendation six***

Simplify funding application procedures by:

bringing government funding information together in one place so the burden sits with government to refer an application to where it is most likely to be funded. This model can also be applied to philanthropic funding

providing hands-on and face-to-face support to organisations seeking funding, including language and cultural support

using a tiered system for applications, so applications for small funding amounts have lighter accountability requirements

where appropriate, accepting an organisation's annual report and audit report as accountability documents, rather than requiring an accountability report for every funding grant

streamlining the process to apply for different government funds, so unsuccessful applications can carry across from one fund to another without a separate application process.

## **Conclusion**

The tangata whenua, community and voluntary sector continues to be stretched with tired staff and volunteers across the sector remaining very under-resourced. This is not sustainable and if funding models don't change, we can expect to see burnout.

Getting funding approaches right means more than just sector sustainability. Investing in our sector is investing in the wellbeing of Aotearoa New Zealand: from families and households, whānau, hapū and iwi, to civil society.

As the pandemic continues, so too does the sector's mahi tahi, or labours of love. We expect high demand for our services will continue, and our people will strive to meet it, guided by whakawhanaungatanga.

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<sup>11</sup> [COVID-19 and its economic toll on women: The story behind the numbers | UN Women – Headquarters](#)

**This is the time to learn the lessons of COVID and to act. The tangata whenua, community and voluntary sector remains committed to working with our partners, Government, and philanthropic funders, to find practical solutions.**



Hui E! Community Aotearoa is a peak body for the tangata whenua, community and voluntary sector in Aotearoa New Zealand | Tā Hui ē! Community Aotearoa he whakatairanga i ō tātou hapori, kia tika mō te katoa, kia tōtika a Aotearoa. Learn more about our mahi at [www.huie.org.nz](http://www.huie.org.nz).