WEL Energy Trust

Vital Impact
Fund Research

versus

Acknowledgments

Special acknowledgment must be given to the participants in this work who took time out of their busy schedules to provide feedback. Their openness, insightful comments, and considered responses are greatly appreciated and are instrumental for informing the future funding strategy for WEL Energy Trust.

Executive summary

Project background

WEL Energy Trust (the Trust) holds shares of WEL Networks Ltd to benefit the community, striving for a thriving, equitable, and connected Waikato while honouring Māori aspirations. Every three years, the community elects trustees to the Trust's governance board, with the recent elections in June 2023.

One of the board's key roles is grant distribution, with the Vital Impact Fund an important component of the Trust's funding strategy. To inform grant decision–making, the Trust commissioned research to identify community needs and subsequent funding priorities. This research involved in–depth interviews with 26 community stakeholders during August and September 2023, discussing the community's strengths, challenges, and areas to prioritise for future funding.

Community landscape

Participants feel a strong sense of community, highlighting the collective spirit observed during COVID, especially in smaller communities with deep–rooted local ties. This community ethos is demonstrated by generous donations of time, money, or goods, emphasising support for local rather than national endeavours. A significant connection to te ao Māori enriches the social fabric and the feeling of belonging.

However, the community faces challenges, notably housing issues relating to financial stress, overcrowding, and reliance on emergency accommodation. The increasing cost of living has heightened food scarcity and antisocial behaviours like substance abuse and domestic violence, and the aftermath of COVID has amplified feelings of disconnection, particularly among older people.

Providers observe a significant rise in those seeking support, with Māori and Pasifika communities, youth, refugees, people with disabilities, and sole parents significantly affected. Even two–income households now seek aid, indicating a broader societal stress.

Provider landscape

The provider landscape within the community is interconnected and is committed to serving its members. Most providers, especially larger ones, have been entrenched within the community for years, and their familiarity with other service providers ensures a continuous chain of services. This connectivity allows providers to refer clients to other networks if a specific service is unavailable, ensuring the community's needs are met. Participants also highlighted increased collaboration over the past decade, especially since the onset of COVID. Yet, despite intent, the need for improved collaborative efficiencies is evident. Some challenges, such as competitive funding models, hinder practical cooperation, resulting in resource duplication and less optimised service delivery.

The community's increasing demand for support is challenging service providers, with many needing help to meet these requirements due to resource constraints. While some providers utilised COVID support contracts to address the surge in demand, many of these contracts have ended, leaving providers unable to satisfy the current needs. Expenditures have shifted towards operational costs such as rent, power, and rates, preventing providers from adapting or expanding their services.

Consequently, there's a pressing need for increased funding. Many providers find themselves in a challenging position, with funders receiving requests at a ratio of 3:1 or 4:1 compared to the available funds. Declining returns for some funders exacerbate the gap between required and available funds.

Apart from the funding issues, providers also face heightened expectations from funders. They are now expected to be more active in community-supporting initiatives, which can strain their resources and create tensions if they don't participate. The reliance on volunteers has become a significant concern, with a shrinking pool of volunteers available and a need for more appreciation or acknowledgment from funders. Providers with central government contracts face increased demands without proportional resource increases, which can overextend them.

Furthermore, the community sector often feels undervalued and under-acknowledged, with problematic terminologies deepening the gap between funders and providers. Applying a purely commercial perspective to the community sector disregards their unique challenges, especially given their limited income avenues. For some, the sustained pressure from rising demands and operating challenges adversely affects providers' mental health, leading to burnout and exhaustion in the sector.

Impact and funding

Participants defined impact in communities as long-term improvements in people's wellbeing and sustainable changes. Achieving results requires empowerment and adequate resources, focusing on the initiative's outcomes and the changes they bring over a specified timeframe.

Participants emphasised that while additional funding positively affects a community, funders should prioritise the most pressing needs. When funding for impact, participants grouped their community's issues into four broad areas: Systemic, Community, Personal wellbeing, and Education and economy.

Across this discussion, the main areas identified for the Vital Impact Fund to focus on are housing and community-led projects which promote and develop community cohesion. While other issues were recognised as important, participants felt these two areas would deliver the greatest impact in the community.

The prioritisation of housing was driven by a lack of affordability, overcrowding, and emergency housing concerns. This complex issue necessitates targeted initiatives addressing housing affordability, emergency housing safety, and pensioner housing, especially in the Waikato District. Funding might involve advocacy, research, and developing innovative housing solutions, aiming for long–term systemic changes.

Community cohesion emerged as paramount as participants consider that strengthening social ties boosts community resilience, especially during trying times. Such initiatives, ideally developed and implemented by communities themselves, would foster enduring relationships. Funding these projects requires a multi–year commitment to ensure stability and lasting impact.

Non–funding roles and considerations

Throughout various interviews, participants have highlighted the increasing roles funders can play within the sector beyond merely providing funds; these comments relate not only to the Trust, but to the broader funding community generally.

Many participants expressed that the application and reporting processes for funding are time–consuming and often need to be aligned with the core mission of their service delivery. The personal touch needs to be improved, with a strong sentiment for more personalised reporting.

Participants also stress the importance of collective work across the funding landscape to maximize the impact of the funds. Collaborative work includes leveraging relationships to obtain more significant funding for substantial future projects and better communication between funders for a coherent long–term plan.

Specifically concerning Māori and Pasifika communities, while they face the same challenges as the broader community, like rising living costs and housing issues, these issues are amplified through disparities in service access, many of which are not aligned with cultural practices or norms. To better support and engage with Māori and Pasifika communities, funders are urged to strengthen their outreach, offer more application assistance, and bolster their presence in these communities. Building genuine relationships and understanding their unique needs and cultural significance is crucial for successful funding support within these communities.

Recommendations

Recommendations from this research identify the priority investment areas for the Vital Impact Fund. These recommendations are presented alongside a set of considerations which can support the Trust's strategy development in the future.

Vital Impact Funding

- **Strategic focus:** Address the community's primary challenges with a focus on housing, address interconnected issues like mental health, and champion community–led projects.
- **Capacity building and support:** Enhance providers' capabilities with grants and technical assistance and address burnout by offering resources for staff wellbeing and relief.

Considerations for strategy development

- **Grant–making processes:** Optimise and simplify the application process, provide flexibility in funding, and focus on funding long–term sustainable outcomes.
- **Collaboration and partnerships:** Align strategies through a local funder consortium, seek public–private collaborations, and leverage government schemes for augmented impact.
- **Communication and accountability:** Ensure open communication with grantees, promote impact storytelling, and foster mutual learning between funders and providers.
- **Cultural priorities:** Prioritise diverse representation in governance and support initiatives tailored to the unique cultural needs of the community, especially within Pasifika and Māori populations which may require an equity lens.

# Contents

Background & method

This section outlines the project's genesis and summarises the method used for data collection.

Project background

WEL Energy Trust

WEL Energy Trust (the Trust) holds shares of WEL Networks Ltd on behalf of the community. It uses these assets to support the development and connections among those who live in the WEL Network area. The Trust's vision is to see a thriving, connected, and equitable Waikato.

The Trust facilitates this vision through philanthropic funding, with an important fund being the Vital Impact Fund. This fund supports significant projects that will have a positive impact on economic and social wellbeing in the WEL Network area.
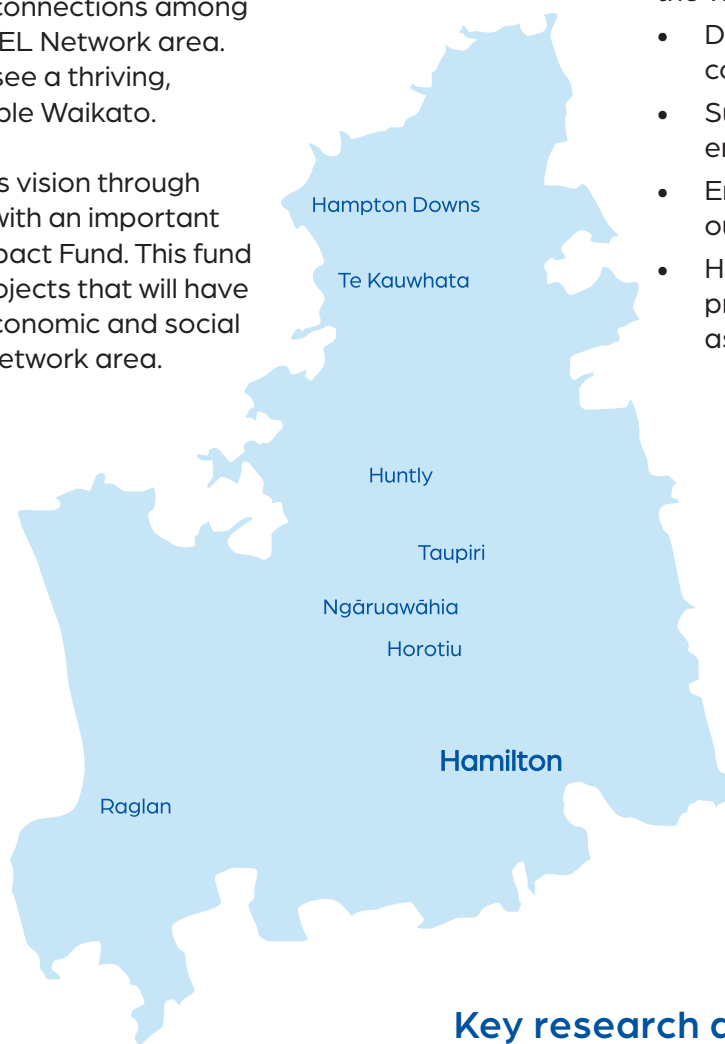
WEL Energy Trust aims

The primary aims of the Trust are to:

- Develop a thriving community.
- Support a healthy environment.
- Enable equitable outcomes.
- Honour and promote Māori aspirations.

Hampton Downs

Te Kauwhata

Huntly

Taupiri

Ngāruawāhia

Horotiu

Hamilton

Raglan

Research need

Trustees are triennially elected to a governance board by the community, with the most recent elections held in June 2023.

A crucial role of the Trust's board is distributing grants to the community. With a new Trust board in place, there is a need to reflect on and understand the most significant issues currently present in the community so as to identify funding priorities for the Vital Impact fund. As such, the Trust commissioned research to understand the primary areas that will help deliver a positive impact within the WEL Network area.

Key research questions

- What challenges are providers and communities in the WEL Network area currently facing?
- What are the funding priorities that will help to deliver a positive impact to communities in the WEL Network area?
- How can the Trust better support providers in the WEL Network area?

Method

This research was completed via qualitative, in–depth interviews with community service providers (providers), funders, community support agencies, and councils (collectively referred to as participants). Some of these participants had received grants from the Trust previously. A list of the organisations that participated in the project is included in the appendix.

Interviews were completed via Zoom and were conducted in August and September 2023. The interviews lasted between 45 and 60 minutes each, with participants' contact details provided by the Trust.

The interviews followed a semi–structured guide and covered the following topics:

- What strengths do participants see within their community?
- What are the most significant challenges the community currently faces?
- What areas will have the most significant impact with additional funding?

The interviews were analysed through thematic analysis, identifying the most prevalent or significant themes from the data. The study uses a realist approach to text reduction, and the final themes are presented under each section within the report. Supportive quotes from participants are shown included in blue italicised font.

Document overview

The document is shaped around the following sections:

1. An overview of the Trust's community, including the strengths and challenges the community faces.
2. An overview of the provider environment within the Trust's region, the strengths providers deliver to the community, and the operating challenges they face.
3. An exploration of the main issues participants wish to prioritise for the Vital Impact Fund.
4. Considerations and feedback about funders' non–funding roles and responsibilities within the community.

The document concludes with a recommendations section. This section outlines areas the Trust could investigate further based on the feedback from all the interviews.

The primary focus of this document is the priorities for the Vital Impact Fund, specifically the areas that are most in need of investment within the WEL Network area to deliver positive social and economic outcomes.

However, the document also includes content relating to the broader context within which these outcomes are achieved, namely the community composition, provider environment, and funding landscape. This content is included as it provides context and rationale for the funding priorities and can support the Trust's long–term planning and development.

Current community landscape

This section details participants' feedback about their local communities. It includes a summary of some of the key demographics of the Trust's community (sourced from Te Ara Poutama), along with participants' views about the positive aspects and challenges their communities face.

Our community

A snapshot of the WEL Energy Trust community

Most of the community live within Kirikiriroa Hamilton City

78% live within Kirikiriroa Hamilton City

22% live outside of Kirikiriroa Hamilton City

Over 1/3 of the community are young people

22% Under 14

15% 15–24

34% 25–49

17% 50–64

12% 64+

Most whānau live in a one–family household

78% One-family household

7% Two-family household

1% Three or more family household

6% Other multi-person household

8% One-person household

Deprivation is split across the community

In Kirikiriroa Hamilton City, **45.2%** live in highly deprived areas, whereas **14.5%** live in high socio-economic areas.

In Waikato District, **16.2%** of the population live in highly deprived area, whereas **40.5%** live in high socio-economic areas.

It is a multiethnic community

53% European

14% Māori Only

3% Pacific Peoples

14% Asian

2% MELA

1% Other

14% Multiple ethnicity

28% of the community are of Māori descent

28% of Māori descent
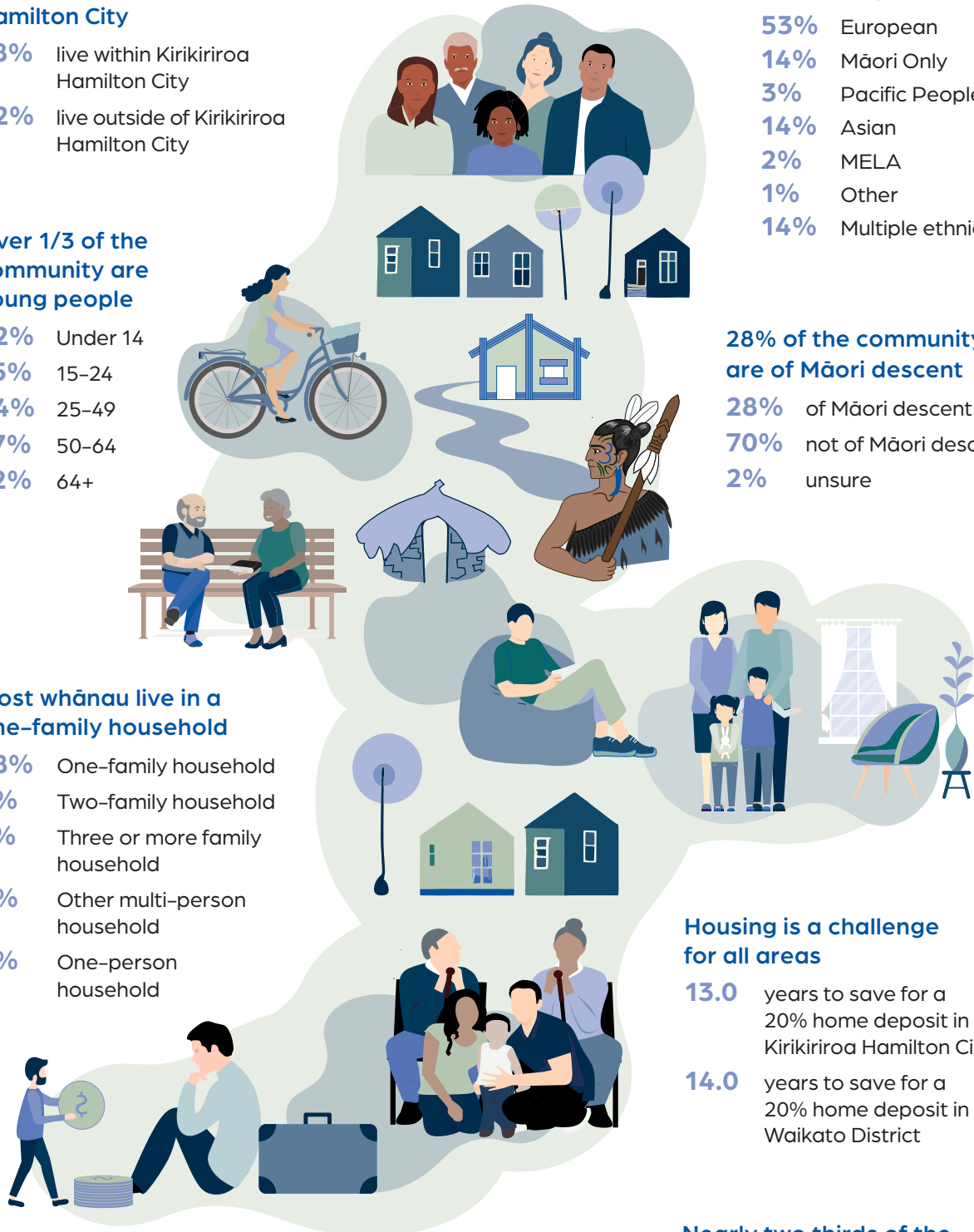
70% not of Māori descent

2% unsure

Housing is a challenge for all areas

13.0 years to save for a 20% home deposit in Kirikiriroa Hamilton City

14.0 years to save for a 20% home deposit in Waikato District

Nearly two thirds of the community is in employment

50% Employed full-time

14% Employed part-time

5% Unemployed

30% Not in the labour force

Community positives

Nearly all participants feel their community genuinely cares for others within the community. Numerous stories of how communities can come together in times of need were provided, with many referencing the community spirit they observed throughout COVID. The connection is strong amongst smaller communities where people have rich ties to the local area.

"Yeah, and we've been subject to negative perceptions across social media and media in the past, but until you live in the community and understand the heartbeat of it, I would like to say that we've got a good pulse of our community going on...I think we are a connected community."

The community is also seen as relatively generous, often demonstrated by the gift of time, money, or goods from community members to local charities. With this comes a solid parochial sense, with communities often wanting to know that donations or in-kind support are utilised at a local level rather than a national level. This generosity is often substantial amongst those who have received a service or have a connection to a local provider, with these people experiencing a keen willingness to give back.

"One of the positives that I felt was that people were helping each other; people wanted to give back and were community minded. We see it on the street when we do a street appeal. I get involved with a street appeal because I get so much from it, you know, the conversations you have with people, you know, you've got people who give at a much higher level. Still, at the street level, you're seeing people you know who often might be accessing some of these services, having an opportunity to give back. They want to, you know, it's just beautiful. There is just a lot of kindness out there."

Some participants also spoke about the association with te ao Māori within this area. The area's history provides a strong connection within the community both to the physical space and through a shared understanding of belonging. Such effects are felt by both Māori and non–Māori and shape the way social connections are developed.

"You know, we come with a strong, rich Kingitanga history too, so that has shaped us given that the Māori Queen and King and our current King is a Huntly boy, so a lot of our connection to community evolves around that, and I'm not just speaking about the Māori population here I'm also speaking about in our social spaces, our sports clubs, our environment issues, we collectively care about it, it's not so much what ethnic group you belong to, there's a real sense of community here."

Community challenges

Despite the positive aspects, the community faces many challenges. Many of the difficulties stem from the increasing cost of living, which participants note is a function of inflation, increasing interest rates, international influences on food and fuel prices, and the ongoing impact of COVID restrictions.

The primary challenges participants mention their communities relate to:

- **Housing:** This is a complex area and is a pinch point for many providers; there are several layers to the issue:

    - **Financial stress:** Community members feel pressure from increased interest rates and rental prices. Coupled with this are the increasing costs of maintaining a house, i.e., power, rates, and insurance. The effects of these increased costs have led to some parts of the community prioritising housing needs over other areas of household expenditure, e.g., spending on food, special occasions, car repairs, etc.

    - **Overcrowding:** Some participants report increases in overcrowding with multiple whānau members moving in together. While this provides some accommodation stability, it places added pressure on whānau relationships, especially if the house size is insufficient. One notable change is the reported increase in elder abuse, with younger family members moving to an elderly family member's home and taking advantage of the older person.

"So across the board, but we have just had a 7% rate increase which is passed on to renters, plus you're paying for rubbish stickers, plus power – see the fallout in people not being able to stay in their home and the total unaffordability of rental properties here, and then you have overcrowding with people having to move in with whānau, and then all the social challenges that go with having an overcrowded home, especially if you've got children from multiple families in here."

    - **Emergency and transitional housing:** Nearly all participants mention the increasing number of people in emergency and transitional housing, particularly in Kirikiriroa Hamilton City's Ulster Street. While it is recognised that this type of housing provides somewhere to live, the impact of extended time in such locations is significant for whānau and the wider community. As one participant explains:

"The focus is on emergency housing; this is the biggest area that needs attention. There are around maybe 750 families in housing on Ulster Street, and this was a significant issue compared to other areas in New Zealand, maybe Rotorua is similar, but we are probably in the top four for emergency houses.... It really disrupts communities, and it exposes kids to antisocial behavior, it becomes difficult to get kids into school because there's a disconnect from the school community when they have to travel to other areas, then there's the substance abuse and violence from being in a small, confined space, some are gang–related or run."

    However, nearly all participants recognise that housing is more than moving people into a home. Instead, it is about considering a solution and providing support to help people feel safe and secure in their homes.

"People who have been living in crowded housing finally getting a place, you know they have had nowhere for furniture. So, you know, there are all those things that go with it, and I know for us with a lot of clients, we will take them to a family store, and we will take what we need for them to support them in that space."

- **Growing food insecurity:** Participants note they have seen an increase in the number and frequency of food requests from the community. While the growing need for support with food is, in part, a function of the increasing cost of food over the past two years, many participants note that food insecurity is often an indication of more extreme stress; when people reach out for food, they are generally experiencing other more significant hardships.

"Currently, in the last month, we had in Waikato Region 1,700 cases, which is supporting 3,700 people, and 98% of all requests include food. About 70% of all cases are only for food, and 29% included are requests for at least one other type; like sometimes people come to us and say I need financial support, I need food, and I need mental health support."

- **Anti–social behavior:** With the financial pressures many households face, providers report increased episodes of antisocial behaviour, e.g., substance abuse, domestic violence, physical abuse, and decreased mental health. In line with this, there is a perception of increased crime with specific mentions of ram raids and car theft.

  "The biggest thing is crime – theft of motor vehicles actually, it affects people's ability to get to places, quite a regular thing. Then on the businesses ram raids and drive–offs, at the local Countdown, people are just walking off with loads of shopping...it has increased over the last nine months or year."

- **Disconnection from the community:** Some participants mention there is still an acute impact of COVID in their community, particularly amongst older community members, with many continuing to harbour concerns about leaving the house and engaging with others in large public spaces. Such reluctance often creates isolation and disconnection from the community and the supportive structures it offers.

Who is affected?
Across these issues, participants mention there has been significant growth in people presenting to services for support, and the number of people who are struggling has increased considerably in the past few years. Some groups are disproportionately affected by the cost of living, specifically:

- Māori and Pasifika communities
- Youth
- The refugee community
- Those who are disabled
- Sole parents

"Food, cost of living is a huge one. We have a family we've got at the moment that we are going to take a food parcel for she has five children, has been in emergency housing for ten months and all of them are living in the lounge part of that, there's just the lounge and one little bedroom. Still, there's black mold in the bedroom, so they won't sleep in the bedroom, so that's huge, and she's just one case."

Furthermore, participants note the diversity of people struggling with those on fixed incomes feeling particularly stressed. Participants also acknowledge that providers now see two–income households presenting for support, which is a marked change from previous years. For these "new" audiences, there is an intense sense of shame at being unable to cope with the current cost of living challenges, directly affecting mental health and disposition at home.

"I mean, I think that's got worse over the last few years... I'm okay but people who are on a benefit, on a pension, their rents gone up or their mortgage, their everything, their food has all gone up, and their incomes have not or not by much."

Current provider landscape

This section details the participants' feedback about the environment community providers work in. This section summarizes the financial landscape that providers face, the positive aspects of the providers in the area, and some of the challenges providers face.

Providers in Aotearoa, New Zealand

A snapshot of the provider landscape

The provider landscape is diverse

- There are around **28,000** registered charities in Aotearoa, New Zealand.
- They are vastly different in terms of their size, what they offer, how they offer this, the contracts they have, etc., and, therefore, what they can access in terms of funding.

Providers fill a crucial gap in the community**

- Providers exist purely to serve their community and are often born out of a need or a response to a gap within the community that is not being filled by central or local government.
- 2019 research showed that the social service system in Aotearoa, New Zealand is not working as well as it could be. As a result, providers delivering critical services to those in need are underfunded and over–reliant on the philanthropic sector.

Funding approaches and levels are changing*

- In the 2023–24 financial year, **48%** of funders reported their funding levels would stay the same, **33%** expected these to increase, and **19%** expected these to decrease.
- Taking more of a relational approach and facilitating better grant–making efficiency are two critical areas for recent or current changes to funding practice.
- Key challenges facing funders are being able to respond to the increasing demand for funding and the financial environment within which funders operate (diminishing returns on investment).

Government funding is limited and not available to all providers**

- Government contracts vary considerably regarding what is required and what is funded (or partially funded), and not all providers can access central government contracts.
- 2019 research showed that the central government funded providers for less than two–thirds of the cost of delivering the contracted services. The total underfunding is estimated to be at least **$630 million** annually.

*Philanthropy New Zealand: Responding to communities under pressure: a pulse check of philanthropic and grant funding. September, 2023.
**Martin Jenkins: Social Service System: The Funding Gap and How to Bridge It. August, 2019.

Provider positives

Participants all state that providers are well connected, which is considered a strength for the Trust's area. Many providers, particularly larger operators, have been established within the community for several years and deliver many services. As such, most providers 'know of' or 'work with' other similar providers in the community. This connectivity means there is an ability to refer clients to other support networks if a provider cannot provide a specific service, ensuring a stable and broad range of services is available for the community.

Many participants also note a solid commitment to the community among providers, stating there is a willingness to engage and collaborate with others to solve problems. Indeed, the introduction of COVID expedited the level of collaboration within the sector, with providers refining their core offer and working with or referring clients as the community demand increased.

However, despite the numerous mentions of the intent of collaboration between providers, some participants also note there needs to be a greater focus on collaboration efficiencies. In particular, there needs to be a focus on co–delivery and working through what this looks like rather than simply duplicating resources and working alongside.

"There is definitely intent there and a willingness to do this, but whether they know how to do this is another issue...we worked on a project last year, and it required a different way of working, we did some stuff, and they did some stuff, but they needed to give up other functions, we got there in the end, but it took a long time to get there and a lot of discussions."

Some providers mention that the barrier to greater collaboration is often driven by the challenges of competitive funding and a need to "protect" the available funding. However, when funding is put aside, collaborations can work well and positively impact communities. Often, this is most profound when the entities that collaborate are non–competing, and funding is removed from the conversation. In such instances, the focus is on shared outcomes and the progress towards achieving these rather than protecting the work that each undertakes.

"...you know for me it's about relationships and working with our stakeholders in a way that's mutually beneficial and aligns with values basically...we can't solve the housing crisis for our people overnight but we know that not only is the housing that they're in is overcrowded but the mold and the state of the houses is not great and the condition of a lot of these rentals in places...we collaborated Smart Security Sensors they're a local company, to get data and information on some of the houses, so that's been a really successful partnership and collaboration...that relationship has been really successful because we are able to go 'okay like everyone knows that the housing conditions are shit but you know where's the story behind that, tell me the story, give me the figures, show me the evidence. Now we can."

Provider challenges

Providers face significant challenges within their operating environment, with the key concerns of demand pressures and expectations from funders.

Demand pressures and financial prioritisation

An increasing proportion of the community now seeks support from providers. Many participants report that the increased demand challenges providers and requires more resources to meet these requirements. Some providers have met the upturn in need via COVID support contracts however, many of these contracts have ended, leaving providers unable to meet the current demand.

Providers also report the increasing costs of simply "keeping the lights on," with much of their expenditure now going to operating expenses, e.g., rent, power, and rates, rather than being able to grow or change their service delivery to increase their impact. In this space, sourcing funding for operating expenses is a significant challenge for providers, with only a limited number of funders providing this.

As a result, providers are now seeking increased funding to deliver the services they have historically provided. Reports from funders involved in the work indicate that requests are now at a ratio of 3:1 or 4:1 (request to funds available), suggesting a significant rise in recent times. This increase is similar to findings from the 2023 Philanthropy New Zealand Report, indicating increased requests. Some funders have also experienced a decline in their returns, limiting the funds available, which amplifies the gap between funding needs and available resources.

This shortfall in funding availability means that providers are left to find additional funds, with some providers disheartened by a view from some funders that they will eventually become sustainable through funding other than philanthropy. Some participants challenged this idea, questioning how it is possible to be a charitable organisation and provide services to the community for free while simultaneously generating revenue from these services or growing the offer to a commercial level.

"There is a view from some funders and enablers that we will fund you for a little bit, and then you will become sustainable; that is not how this works; the very essence of a charity is funding…just a little bit of funding doesn't make a money tree appear, and if you want to make it accessible to people and offer these much–needed services for free so that people can feel safe and included then they require investment."

Increased expectations from funders

Alongside the increased demand and financial pressures, participants also report a slow increase in expectations from funders. These expectations centred around three key areas:

- **Participation:** Some participants noted an increasing requirement to participate in initiatives that support the community, e.g., events, projects, forums, presentations, or research. While there is a willingness to participate in such initiatives, this is coupled with tension relating to the poor perception of not participating and the potential adverse side effects of not giving time or energy to the sector's needs. As one participant explains:

"There is a launch for some piece of research tonight; it is after hours, and it won't be anything I haven't seen before, nothing new. I have to go. Well, I don't have to go, but can you imagine the optics of that if I don't? They fund us for a considerable amount, so it's my evening that I get to give up for that."

- **Volunteers:** Nearly all participants reported the challenge of the heavy reliance on volunteers and the shrinking volunteer recruitment pool, making stability of service delivery a constant juggle. A perceived lack of acknowledgment or appreciation of volunteers amongst funders augments this challenge further. Some participants also acknowledged that cultural considerations are largely ignored when volunteering is required. Many volunteers already give to their whānau and their community and do not have the additional capacity to volunteer further.

"We very much run an English charity model that is based on the idea of simply "doing good", not the idea of supporting the thing you are doing. This isn't consistent with Māori and Pasifika models who have significant commitments within whānau ...why should they give up more time to "do good," especially when that input or knowledge is not always acknowledged or valued?"

- **Central government demand:** For providers who hold central government contracts, there are reports of increased requirements when the contracts are renewed but a limited increase in resourcing to allow for the additional work. In some instances, there is a request for an increase in the volume of the services or an expansion into new services. To retain these contracts and the funding attached, providers often shape their service to deliver the contract requirements, which stretches their resources considerably.

Recognising the community sector's value and contribution

Feedback from some participants noted that providers in this sector can feel overlooked for the work they complete. This feeling is most apparent when providers are asked for input into initiatives. However, the skills and information that providers deliver are rarely acknowledged, particularly with financial support.

"They ask for a lot of free stuff from community organisations; they want the data, they want the support, they want the information, but it doesn't feel like a relationship that is a power–sharing relationship; it feels very one–sided sometimes. People want our information and our advice, but they don't want to pay us for it. I think there has to be some respect for the work that is actually happening."

Some participants observed that the language within the sector often perpetuates an undervaluing, with terms such as 'beneficiaries' and 'funding dependency' used to describe the relationship between a funder and a provider. Such terminology leads to an imbalance in the funder/provider relationship and entrenches a deficit–focused view of the sector. Participants express that a more positive approach to the language would add equity to the funder/provider relationship and make this feel like a partnership.

"It feels like some funders think that grant recipients should feel overly grateful for the money they receive…we are the ones who are actually doing the work in the community, we are the ones who make their outcomes come to life through the work we do."

There is also a view amongst some participants that the personal backgrounds of trustees on funding boards can contribute to a negative view of the sector. Many trustees often come from a commercial environment and apply a 'business lens' to funding decisions. However, the community sector operates vastly differently from a for–profit/commercial sector, with limited funding streams and opportunities for income generation. This often leads providers to feel that trustees attribute any failings with their operations to a lack of business acumen or poor capability rather than considering the significant effect that reduced funding and growing need has on a provider's balance sheet.

Interestingly, one provider noted that the business experience most boards have could be beneficial to providers. Trustees bring several skills with them, e.g., governance, financial, networks and connections, marketing, or human resource management. Although these are formed in the for–profit sector, these could be shared with funded organisations, potentially through mentorship, which may help strengthen a provider.

"It would be great to see committee members coming in, especially if they are coming back from business backgrounds, if they have got their own skill set why are these not being applied to us, why am I not getting a mentor from WEL Energy that says 'Look we see the potential in a long term funding application with you, we want to fund you for 3 years but we want to see you being promoted in 12 different places, here's your committee member mentor who comes from a corporate background'. You know what I mean it would be so fantastic to have!"

Provider mental health

One important point to note about the current provider landscape is the overwhelming tiredness reported by those working in the community. The combination of the 'long slog' from increased demand, funding challenges, and increased expectations is starting to take its toll on providers. The ongoing challenges and seemingly limited solutions to relieve these challenges have left many providers burnt out and needing a break. Many note that working in the community sector is exhausting, but see limited downtime and reprieve opportunities as demand grows.

"Providers are tired, there used to be a break, a lull of sorts, but it is just on and on and on now."

Impact & funding

This section covers how participants define impact and the areas where Vital Impact Fund investment should be prioritised.

Impact in the community

What is impact?

Participants were asked what they thought impact looked like in their community. While the responses varied, three key themes were:

- Impact is about improving people's lives (wellbeing).
- Impact is about making a permanent and sustainable change.
- Impact is achieved over the long term; it is not a 'quick' solution.

How is impact achieved?

Participants noted that impact was achieved by creating a hand-up, not a handout and that empowering people and communities to make the change for themselves was critical. Importantly, impact can only be achieved through sufficient resourcing and capability.

How is impact determined?

When determining the impact an initiative proposes to deliver, it is essential to focus on its outcomes. Outcomes are the changes created as the result of an initiative and differ from outputs, which is how much of something is created. For funders, participants noted that the focus should be on the change an initiative will bring about and over what timeframe.

"Seeing positive shift on an outcome that is attributed to human wellbeing…shift is key, as wellbeing is a fluid state, but a continued shift is important."

Vital Impact Fund

Participants were shown a list of the most significant issues Aotearoa, New Zealand currently faces. From this list participants were asked to identify the main issues they felt most affected their communities. This list is shown below, the numbers in brackets identify the number of times an item was selected as significant for a community.

- Housing affordability, stability, and homelessness (10)
- Community cohesion and integration (8)
- Mental health and wellbeing (7)
- Income inequality (6)
- Health inequities (4)
- Māori cultural preservation and recognition (4)
- Education quality and access (3)
- Violence and family harm (3)
- Substance abuse and addiction (3)
- Youth unemployment and opportunities (2)
- Climate change and environmental concerns (2)
- Economic growth and development (2)
- Sporting infrastructure and access (1)
- Arts infrastructure and access (1)

Responses to this initial question show significant concern about housing, community cohesion, mental health, and income inequalities. As the discussions progressed participants were then asked to identify the issues where additional funding would have the greatest impact. When considering this, participants tended to focus on one of four broad clusters, noting a natural relationships between the issues in the group.

Systemic: Systemic issues relate to long–term challenges that drive inequities in Aotearoa, New Zealand. These issues included health inequities, climate change/environment, income inequities, and housing. Participants who prioritised a systemic issue for additional funding note that these are the main drivers of many of the subsequent challenges the community faces. As such, they, feel additional funding should target the drivers of these challenges in order to address long term change.

Community: Community issues are those which directly affect the fabric of a community and how the community functions. These issues include community cohesion, Māori culture, sports access, and arts/culture. Participants who prioritsed one of these issues for additional funding feel that supporting communities from the ground up leads to longer lasting and more effective change.

Personal wellbeing: Personal wellbeing issues include violence, family harm, substance abuse, and mental health. Participants who proritised a personal wellbeing issue note that these issues cause significant harm within the community and addressing these issues will go some way to preventing behaviours growing over time.

Education and economy: Education and economy issues related to economic growth, education access, and youth unemployment. Very few participants felt that additional funding for these issues would create an impact in their community.

Ultimately, participants recognised that the role of philanthropic funding is for the betterment of the wider community and that issues need to be prioritised around the most pressing needs. Apropos of discussions about the community's current challenges, participants appeared not to select issues within the personal wellbeing or economic and education space for additional funding.

With regards to the personal wellbeing issues, most participants felt these areas were serviced through specialised tailored services, many of which are provided through public or private health systems, while economic and education issues were largely considered the role of central or local government. It is not to say that personal wellbeing, education, and the economy are not worthy causes, rather they are areas where the funding can be sought from avenues aside from philanthropic investment.

Key funding priorities

In light of the above considerations, the primary areas that participants identified for additional funding are housing and community cohesion. These two areas are discussed below.

1: Housing: Somewhere to be

The issue of housing relates to the ability of someone to feel safe and secure within their own space. The prioritisation of this issue is driven by concerns about affordability, increased overcrowding, and increased emergency housing tenure. Irrespective of the sector they represented, nearly all participants acknowledge housing issues significantly affect the community and feel this could be tackled at a local level.

"We've been talking about this for years and waiting for the government to save us you know and now we've said, 'stuff it, actually, government, they're not here, they're not going to come, we have to own this you know it's our community that is hurting'."

However, it is also recognised that housing is a complex issue. The enormity of the housing system means that initiatives that target specific parts of the system should be prioritised, specifically:

1. Housing affordability
2. Emergency housing safety and suitability
3. Pensioner housing, particularly in the Waikato District

Additional funding in this space will unlikely be simple or discrete one–off projects. Instead, it may relate to advocacy, research, or exploration/development of new housing solutions. Such investment aims to explore and elevate the issues, with positive outcomes relating to system change over the long term.

Furthermore, additional investment could also target wrap–around support for transitioning into housing. This presented as a significant need in the housing system, and there is strong recognition of the support requirements in this space, as one participant explains:

"I think it's not okay just to tick boxes, there has to be a process and a journey with those people. You know somebody who has been homeless for a long time, and you suddenly give them a house, you suddenly isolate them from their own community because they are on their

own. For some people it's like a 'duck to water' because they've got their family, they take their family with them, but not for other people. Do you house them away from where they have been living so they now become isolated from that community...[having a house] its part of the answer, but it's not the whole answer and is it the right answer? Is that person going to feel, [that] the community is embraces them, so that they feel valued, supported, and there's all of those things that go with it."

2: Community cohesion: Somewhere to connect

Community cohesion focuses on initiatives that strengthen and develop social relationships within a community. Prioritisation of this issue is driven by views that social relationships directly affect a community's resilience and ability to support the most vulnerable individuals in times of stress.

"Community cohesion and mental health and wellbeing are very deeply connected. Those little things are the points at which we become connected, those little moments that are shared, the opportunities to have shared experiences..."

Participants note that initiatives that foster social cohesion should be 'by the community for the community.' They should elevate community-based knowledge and implement solutions that work best for a local area. Community-based programs are seen as being more viable and adopted in the long term. They also empower communities rather than 'doing it to a community.'

"I think for us it goes back to what we said right at the beginning around the mana whakahaere, if a community says to us 'this is our issue, it is the youth da da da' then that becomes their priority and it would be something that we would look at really closely, because if you've got community voices combining to say 'we really need help in this area' you know who are we to say 'well sorry our priority this year is health inequity you know you don't fit' so we look to listen to the voice of the community, they determine the priority and then we look to see how we can help."

Community cohesion will likely be developed through programs that build relationships and connections rather than one-off projects per se. However, funding for this area could include infrastructure investment which can facilitate community cohesion, e.g., Kaute Pasifika Fale.

Regardless of the vehicle, such initiatives will likely require multi-year investment to allow for the stability of an initiative and a commitment to the community. Implementation in a permanent capacity is an essential part of retaining and growing initiatives within the community. It ensures that impact can be realised over the long term.

"...For smaller communities, they are used to people coming in, and doing the thing, and disappearing, so they are more and more reluctant to engage. Because they are like, 'what do you want, what box are you ticking today'...It's, 'well, I don't want anything, I'm just here, and I'm going to be here tomorrow, and again the next day, and the month after...and I am committed to doing this', and that is what long term outcomes based funding enables, which project-based funding doesn't because we only have a short window of time to do something, it leads to having to do something in a short period of time and having to tick the box. Outcome funding should be the leverage that can help communities feel empowered to do this themselves."

Non-funding roles

This section summarises participants' views about funders' non-funding roles and responsibilities. These points demonstrate how funders can support providers within the region beyond funding.

Non–funding considerations

Throughout the interviews, participants note the expanding role that funders play within the community. It should be noted that these points below are not reflective of the Trust per se. Instead, this is a broader commentary about the role of funders generally, of which the Trust is one of many in this region.

Applications and outcome reporting

Many participants note that the application processes need to be more personal. For some, this process is time–consuming and takes away time and resources from provider's core service delivery. Others find the process daunting, and conveying the change they wish to make is often difficult.

A similar sentiment is noted about the outcome reporting. While this is not a requirement of all funders, some providers found this was a complex process, particularly in proving impact and a change in the community. While participants acknowledge there needs to be accountability for the funds, a more personalised approach to such reporting would enhance funder/provider relationships within the sector.
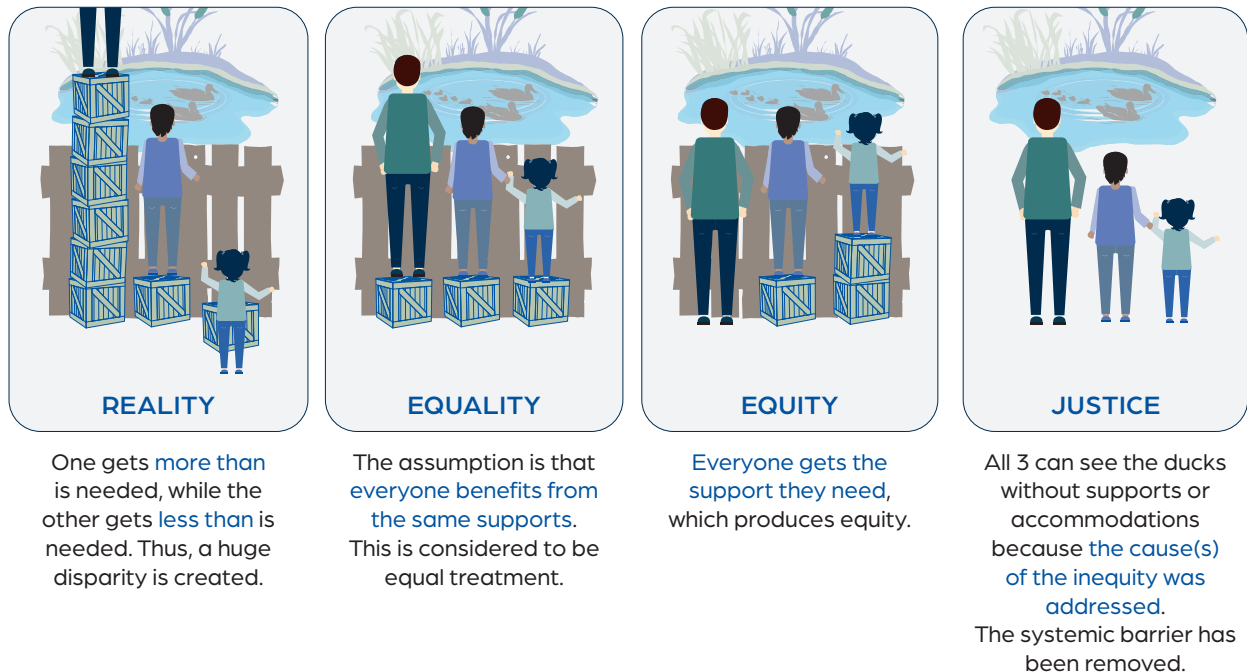
Relationships, collaboration, and leverage

Most participants would welcome a stronger relationship with their funders. While participants acknowledge that funders' staff are often well–connected to providers, many in board positions could benefit from an increased understanding of the providers they fund. This is partly driven by a need for boards to truly understand the community's challenges and also to see the tangible and positive outcomes that occur through their funding.

Furthermore, participants suggest that funders need to look for opportunities to work collectively across the funding landscape to gather greater leverage from the invested funds. While it is recognised that there is a strong and stable funding network across the region, with solid relationships in place, using those relationships to gather funding from central or regional sources could be explored to support more significant projects in the future.

Similarly, strengthening communications and priorities between funders could lead to a more robust long–term strategy for the Waikato Region. Funders are significant in developing infrastructure and resourcing into the broader community. More significant collective input into a long–term plan could support funds being invested in a way that delivers cohesive long–term change.

"I am seeing better leverage now around the funding organisations…how do we continually leverage investment. We need to make sure we have solid plans and make sure that we have some real solid evidence and recommendations behind it…how do we leverage this opportunity and how do we bring in central government and how do we bring in local government, how do we bring in partners like Ministry of Education and then how do we have a conversation with funders. I think the Waikato does leverage well and can leverage better…if you increase this leverage, you get better outcomes."

Māori and Pasifika aspirations

REALITY

One gets more than is needed, while the other gets less than is needed. Thus, a huge disparity is created.

EQUALITY

The assumption is that everyone benefits from the same supports. This is considered to be equal treatment.

EQUITY

Everyone gets the support they need, which produces equity.

JUSTICE

All 3 can see the ducks without supports or accommodations because the cause(s) of the inequity was addressed. The systemic barrier has been removed.

An area of particular focus within these interviews was how funders can better support Māori and Pasifika organisations within the Trust's area. It is important to understand that the challenges that Māori and Pasifika communities face are the same as those of the wider community; all communities face an increased cost of living, housing challenges, fragmentation in communities, food insecurity, antisocial behaviour, and crime.

However, Māori and Pasifika communities have inequitable access to the services that can assist them with these social issues, with many services not aligning with the cultural practices or norms of Māori and Pasifika communities. This inequitable access leaves these communities with limited resources and solutions to address these social issues.

As such, these communities would benefit greatly from localised funding support to develop solutions for their community. However, participants report Māori and Pasifika communities are also more likely to face barriers to accessing this funding support, specifically:

- Smaller providers working in communities outside the core urban areas (Kirikiriroa Hamilton City or Whāingaroa Ranglan) have less direct connection with funders.
- There is some perception amongst funders/boards that sufficient government-based funding is available for these communities. While there is good government funding for marae development, papakainga developments, kohanga, Te Matatini, Kapa Haka, Te Matawai (te reo revitalisation), this funding does not cover the community-based initiatives such as arts based initiatives (kowhaiwhai, tukutuku), facilitating wananga, manaaki hubs etc.

- The requirements to apply for funding and complete impact reporting can seem overwhelming and take time away from other activities at the core of what the organisations wish to deliver. While many non–Māori or Pasifika providers also observe this point, it was particularly pronounced for Māori and Pasifika organisations.

To better support Māori and Pasifika communities, funders could address the following:

- **Strengthen communication and outreach to these communities at grassroots level:** Increase visibility within the communities to ensure they know how to connect to funders. A key focus should be on smaller communities, marae, and iwi organisations, which may be underrepresented in current funding applications. Hosting funding workshops to explain the application process, what support is available, and how to apply for funding may help in this area.
- **Support these communities in their application process:** Given the perceived difficulties of applying for grants, these communities would benefit from additional support in completing their applications. Increaesd support is particularly relevant for those who have not applied previously, with smaller organisations possibly needing extended assistance.
- **Increase presence and strengthen ties to these communities:** Relational connections are critical in te ao Māori. Such relationships can be built by attending smaller tribal events alongside the larger, more prominent gatherings. The aim of attending such events is for trustees to make genuine community connections and to understand these communities and the effect that investment will have at a localised level.

Recommendations

Vital Impact Fund

The areas outlined below are the recommended focus areas for the Vital Impact Fund's investment. These areas reflect the needs identified by respondents and support the process of strengthening providers to deliver the positive impact the Trust seeks through such funding.

Strategic focus for the Vital Impact Fund

Understanding communities' root challenges is fundamental to developing targeted and impactful interventions. Strategic focus ensures that resources are efficiently allocated to the most pressing concerns.

- **Concentrate on critical areas:** Prioritise housing as a significant community challenge. Designate special funds for initiatives to improve housing affordability, emergency accommodations, and options for pensioners. Recognise the interconnected nature of challenges; for instance, housing issues often intersect with mental health or employment concerns. Dedicate funds for comprehensive services, ensuring those transitioning into stable housing receive holistic support.
- **Community–centric initiatives:** Champion community–led projects, emphasising the importance of grassroots involvement in devising solutions. Allocate a portion of funding for initiatives that enhance community cohesion and focus on building relationships.

Capacity building and support

It is essential to fortify the organisations that drive change within the community. Although outside of the traditional role of the Vital Impact Fund, the elements below should be considered in conjunction with Vital Impact Fund grants; this support will amplify the reach of Vital Impact Fund investments by supporting providers' resilience.

- **Capacity grants and assistance:** Support initiatives that enhance providers' internal capabilities, from IT infrastructure to leadership training. Offer grants focused on organisational resilience and adaptability, and consider funding providers to connect with consultants or mentors who can provide expert advice and guidance; this element is particularly important for new initiatives.
- **Burnout prevention:** Fund access to wellbeing resources, such as mental health support for community service providers. Offer temporary relief grants that can be used to hire additional staff during peak times.
- **Seed funding:** Support initiatives that explore community–led solutions for housing and community cohesion. Consider funding research, feasibility studies, community engagement, ideation, or concept development.

Considerations for strategy development

Philanthropy's role within a community is not simply about giving money but also about creating change, fostering relationships, and building a sustainable future. By considering the areas outlined below in its long-term planning and strategy, the Trust can make a meaningful, lasting impact on their communities and strengthen its relationships across the WEL Network area.

Grant-making process

The grant-making process defines the relationship between funders and providers. A streamlined, transparent, and supportive approach can significantly boost the efficiency and impact of funded projects.

- **Streamline applications:** Simplify and digitize the grant application process to reduce bureaucratic delays. Offer guidance or workshops to assist organisations in navigating the application process, particularly for first-time applicants.
- **Flexible funding:** Designate a portion of grants for operational overheads, understanding that sustaining an organisation requires more than project-specific funding. Offer multi-year grants, providing longer-term financial security to providers.
- **Outcome-based funding:** Reward long-term, sustainable impacts over short-term results. Provide organisations with resources or training to help them transition to an outcome-focused model. Investigate a model for the Trust to develop their own indicators of success over the long term to align with the Trust's funding strategy.

Collaboration and partnership

Collaboration magnifies impact. By joining forces with various stakeholders, philanthropic efforts can tap into a wider pool of resources, expertise, and influence, resulting in more holistic solutions.

- **Coordinated funding:** Establish a consortium of local funders to discuss and align strategies. Advocate for joint funding initiatives targeting systemic challenges, pooling resources for a more significant combined impact.
- **Build leverage opportunities:** Look for partnerships whereby the Trust can collaborate with local businesses, councils, or entities that have goals aligned with community needs. Leverage central government schemes or incentives that can match or enhance philanthropic contributions.

Communication and accountability

Transparent communication and mutual accountability build trust, ensuring that philanthropic efforts are understood, supported, and optimised for impact within the communities they serve. Any work in this space needs to be resourced appropriately to avoid burdening those working in the sector.

- **Transparent communication:** Maintain an open line of communication with providers, providing feedback and updates on funding decisions. Organise annual or biannual community forums to gather input on the impact of funded projects.
- **Impact narratives:** Encourage storytelling using digital media and community events to showcase the real–world impact of funded initiatives. Provide platforms or tools for providers to share their success stories and challenges easily.
- **Bi–directional learning:** Organise roundtable discussions where funders and providers can share insights, lessons, and best practices. Use feedback from providers to improve the outcomes continuously sought. Consider hosing these outside of Kirikiriroa Hamilton City.

Cultural priorities

Respecting and understanding cultural nuances is paramount, especially in Pasifika and Māori communities. Inclusive and culturally informed decisions ensure that funding is relevant, respectful, and effective.

- **Inclusive governance:** Ensure diverse representation in decision–making bodies, respecting Waikato's cultural richness. Facilitate training sessions on cultural sensitivity for board members and staff.
- **Culturally adaptive programs:** Support initiatives that consider the unique cultural dynamics of groups within the community. Encourage and fund programs that offer services in various languages or employ culturally informed approaches.
- **Focus on equity:** Support communities disproportionately affected by social issues and facing barriers to accessing traditional support systems. Fund providers to develop solutions that generate equity for these communities via targeted initiatives.

Appendix

Appendix

Organisations interviewed as part of this project*

- Citizens Advice Bureau Hamilton City*
- Community Waikato (x4) *
- Creative Waikato*
- Desert Spring Ministries Trust (x2) *
- Friendship House (Huntly) Community Charitable Trust*
- Hamilton City Council (x2) *
- Here to Help U*
- HMS Trust (Settlement Centre) *
- Kaute Pasifika*
- Matawhaanui Trust (Huntly)*
- Ngaruawahia Community House*
- Sport Waikato*
- St Vincent De Paul*
- The Salvation Army – Midland Divisional Headquarters*
- Trust Waikato (x2)
- Te Hira
- Waikato Environment Centre – Go Eco*
- Waikato Housing Initiative*
- Waikato Wellbeing Project*
- Western Community Centre*

*Figures in brackets represent the number of participants from that organization. The organizations with an * have received funding from WEL Energy Trust in current or previous funding rounds.

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