

Fundraising Options for Christchurch Cathedral

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Dr Daniel McDiarmid CFRE, FFIA, MFINZ

Principal Consultant, Global Philanthropic

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1. INTRODUCTION

This paper examines the fundraising options for Christchurch Cathedral, New Zealand. In particular it addresses the key risks and likelihood of outcomes.

After summarising the options, this paper will make comments on the risks and likelihoods that apply to all options, then address each of the options in turn.

2. REBUILD OPTIONS

The rebuild options currently identified are shown in Appendix A. In summary, with rounding, the fundraising options are:

	NZ \$million
GCBT Maximum Retention	67 to 163
Holmes Maximum Retention	69 to 166
Interim Stabilisation	44 to 65
Deconstruct to Sill	50 to 131
Deconstruct Entirely	30 to 46
Modern	23 to 38

3. GENERAL COMMENTS

Regardless of the option chosen, raising any of the sums indicated above would be a very significant achievement. If there have ever been successful campaigns to raise more than \$20million for a single project in New Zealand, such campaigns are rare. One example is the AUT Millennium campaign, which raised nearly \$19million towards a \$23million target for a new aquatic centre in Auckland. The University of Auckland campaign raised \$202.9 million over seven years to raise funds across a multitude of purposes. Similarly, the University of Canterbury goal of raising \$100 million over 14 years will seek funds for a range of purposes.

After a rush of initial funds in the immediate aftermath of earthquakes in Christchurch some significant donations have been made, but to our knowledge, no single appeal has raised more than \$10 million to date.

There is no consensus on the form of rebuild, and dispute will deter donors.

The normal way of testing the feasibility of establishing campaign targets and testing the attractiveness of a draft case for support through interviewing potential leading donors cannot be followed until a preference on the form of rebuild is established.

3.1 RISKS

Generally, the key risks to successful fundraising campaigns are:

- Lack of lead donors (who individually provide 2 to 20% of the campaign target). This issue usually arises because the constituency lacks people of such affluence, or because the case does not address a matter of serious concern for the potential donors.
- Inability to form an effective campaign committee because leading donors are not available due to time constraints, location, illness, etc., or the project does not inspire people to commit to such involvement.
- Background factors such as lack of vision, weak leadership, and inability to demonstrate good financial stewardship.

There are other risks that apply specifically to Christchurch, such as:

- Another earthquake in Christchurch or other significant natural disaster in New Zealand. If there was another earthquake in Christchurch it would call building plans into question and shift donors' attention.

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- Competition with other building campaigns. This is not as high a risk as you might expect. Organisations in Christchurch have been surprisingly slow to commence fundraising campaigns, and there is a shortage of CEOs and fundraising staff with campaign experience. There are many reasons why people might support a campaign to rebuild Christchurch, including interest in historic buildings, interest in Christchurch/Canterbury, Anglican faith, interest in church buildings, and business interest in the CBD. The real risk posed by rival campaigns is that donors satisfying their interest or expend their available funds with one project and do not repeat their support for other projects.

Some risks arise specifically because the campaign might be a long one (i.e. more than five years' intensive effort). Building campaigns often have a quiet phase of one or two years followed by a public phase of two or three years but this appeal will be longer. Cathedral campaign fundraising can be sustained over long periods -- an example of this is the campaign for St John's Cathedral in Brisbane which ran for more than 10 years – but there are risks.

The risks in long campaigns include:

- Difficulty recruiting volunteer leaders for the long term required
- Succession of leadership, which is not always easily done and can fail to provide the reinvigoration required
- Issues around maintaining momentum when a campaign goes through periods where new financial commitments are few.

A significant risk of all campaigns, but amplified in long ones, is maintaining the reality of the claim 'We can't do this without your financial support.' Ideally campaigns secure financial commitments equal to the fundraising target before construction commences. The danger in commencing works ahead of commitments is that donors (being sensible people with other calls on their funds) are reluctant to contribute to causes that would proceed with or without their contribution. Cathedral projects usually need to proceed before all the funds are raised, so a problem arises around how to convince donors that funds are genuinely required once building works are underway. There needs to be rational explanation, such as 'certain works can be accomplished but not all', or 'we have funds for construction up until a certain date but not beyond', etc.

Not necessarily offsetting these risks, but a long campaign may have the advantage that it can be funded in part by bequests. The longer a campaign goes its chances of realizing bequests during the construction period are greatly increased.

4. RISKS AND LIKELIHOOD OF FUNDRAISING FOR EACH REBUILD OPTION

4.1 GCBT MAXIMUM RETENTION

Risks

With a build time of seven to 22 years this option embodies the risks surrounding long campaigns identified above.

However it may have the advantage of utilising a range of stonemasonry and other heritage trades that risk decline, and providing training in rare skill sets. From sourcing stone in quarries to finished work, these traditional building skills lend themselves to media friendly representations that can keep the project in front of people.

The 'replica' build options acknowledge the great affection people had for the cathedral building and the desire to rebuild is understandable. This emotion is an asset in fundraising. Of course the Cathedral cannot be rebuilt exactly as it was, so changes would have to be made. These improvements, not just to structure and safety, but perhaps to comfort and utility (e.g. audibility) would also form part of the case for support for a replica build. I expect no one individual or group will get exactly the kind of replica they seek. There is an ongoing risk that dispute surrounding the authenticity of the 'replica' rebuild might continue, and could turn potential donors away from the project.

Campaigns are often built on a lead gift in the range of 10% to 20% of the campaign target. This represents a gift of \$6.5million to \$13million at the low end and \$15.8million to \$31.6million and at the high end. Based on the level of donations given or pledged to New Zealand projects in recent years, there is a very low probability of achieving a gift of more than \$10million.

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Likelihood

There is a very low likelihood of fundraising success at the level required for the GCBT Maximum Retention option.



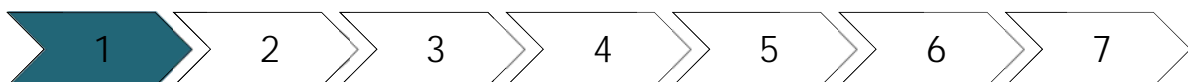
4.2 HOLMES MAXIMUM RETENTION

Risks

Comments on the risks indicated above for the GCBT Maximum Retention also apply for the Holmes Maximum Retention. The cost is higher and the amounts sought in a lead gift of 10% to 20% are even higher than for GCBT. This approach will require a leading gift of \$7.5million to \$15million at the lower end and a completely unprecedented \$17.8million to \$35.2million at the higher end.

Likelihood

There is a very low likelihood of fundraising success at the level required for the Holmes Maximum Retention option.



4.3 INTERIM STABILISATION

Risks

One of the challenges of this option is to inspire passionate support and to be the best of both old and new architectural worlds. If it is something less than this it will not gain support of either the traditionalists or modernists. It depends on the building design and also on how successfully the narrative can be created. A case could be made that the eastern end of the Cathedral is the symbol of resurrection (that is why cathedrals almost always face east). The traditional location for the altar it is also the holiest space of the Cathedral. A new space could represent the ever-renewing world meeting sacred tradition.

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The cost for this option is \$44million to \$65million. The amounts sought in a lead gift of 10% to 20% would be \$4.4million to \$8.8million at the lower end and \$6.5million to \$13million at the higher end. The lowest of these amounts might be achievable, and could set up a successful campaign.

Likelihood

There is a fair to moderate chance of success at the level required for the Interim Stabilisation option.



4.4 DECONSTRUCT TO SILL

Risks

Like Interim Stabilisation, this option risks being a hybrid that does not capture the passion of supporters. It will depend very much on the final design and narrative. At the upper end it is very costly, significantly increasing risk by extending the scale and timeline of the campaign.

The cost for this option is \$50million to \$131million. The amounts sought in a lead gift of 10% to 20% are \$5million to \$10million at the lower end and unprecedented figures of \$13.1million to \$26.2million at the higher end. Probably only the lowest of these amounts would be achievable as a lead gift to set up a successful campaign

Likelihood

There is a low to fair chance of success at the level required for the Deconstruct to Sill option.



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4.5 DECONSTRUCT ENTIRELY

Risks

This option has a high risk of not satisfying those who want a replica build, but might be satisfying to those who want some continuity with the past building. The building will be new enough that leaders could write a case for support for the building based on both continuity with the past and a new opportunity for growth and innovation.

However there is a risk that use of existing materials would limit the creativity of designers. The bolder the design and the greater the vision of the leaders the more chance this fundraising campaign has for success.

The cost for this option is \$30million to \$46million. The amounts sought in a lead gift of 10% to 20% are \$3million (which should be very achievable) to \$6million at the lower end \$4.6million to \$9.2million at the higher end.

Likelihood

There is a good to high chance of success at the level required for the Deconstruct Entirely option.



4.6 MODERN

Risks

Courageous modern buildings by well-known architects can attract financial support. There would be a risk if the modern building was too conservative, and was not spectacular. The likelihood of raising funds for a modern building increases with the boldness of the architecture. It would be easier to raise funds for a slightly more expensive modern cathedral if the additional costs were applied towards ensuring the building is a marvelous landmark.

A modern cathedral might win support from Anglicans. It could also have a case for being the building which symbolizes the new spirit of Christchurch - rebuilding for the 21st century. It won't have (at least, not straight away) the support of people who favour a replica rebuild.

Likelihood

There is a good chance of success at the level required for the Deconstruct Entirely option.



5. FINAL COMMENT

Whatever the rebuild option chosen, it is unlikely that sufficient additional funds can be raised to provide an endowment for maintenance of the building (a capital fund of 20 times anticipated annual expenditure would be required) as part of the initial fundraising campaign. Many cathedrals find congregational and visitor contributions are insufficient to provide for major maintenance. When endowment and regular funds are insufficient, cathedrals tend to resort to significant fundraising campaigns in order to undertake these works. In the light of this, the rebuild choice might take into consideration what the ongoing maintenance costs would be, and how well donors might respond to a subsequent campaign for cathedral maintenance.

Successful fundraising relies on many factors including perceptions of the client's management and governance, the interest in the projects, the willingness of people to volunteer and solicit on behalf of the projects, and ultimately the willingness of potential donors to support the projects. Global Philanthropic cannot guarantee that fundraising targets will be achieved.

Appendix A

Christchurch Cathedral Rebuild Options - Construction and Fundraising Cost Estimates

	Replica Rebuild		Part Old Part New			Modern
	GCBT Maximum Retention	Holmes Maximum Retention	Interim Stabilisation	Deconstruct to Sill	Deconstruct Entirely	Demolish
Low End Time	7 Years	6.5 Years	4.5 Years	5 Years	4.5 Years	4.5 Years
Cost	97,315,000	99,160,000	74,302,000	79,790,000	59,795,000	53,145,000
Insurance Funds	-30,000,000	-30,000,000	- 30,000,000	- 30,000,000	-30,000,000	- 30,000,000
Fundraising	67,315,000	69,160,000	44,302,000	49,790,000	29,795,000	23,145,000
Fundraising Cost ¹	6,731,500	6,916,000	4,430,200	4,979,000	2,979,000	2,314,500
Total Low End Cost	104,046,500	106,076,000	78,732,200	84,769,000	62,774,500	55,459,500
High End Time	22 Years	21.5 Years	9.5 Years	22 Years	9.5 Years	9.5 Years
Cost	192,600,000	196,250,000	94,967,000	161,200,000	76,395,000	67,895,000
Insurance Funds	-30,000,000	-30,000,000	- 30,000,000	- 30,000,000	-30,000,000	- 30,000,000
Fundraising	162,600,000	166,250,000	64,967,000	131,200,000	46,395,000	37,895,000
Fundraising Cost ²	24,390,000	24,937,500	9,745,050	19,680,000	6,959,250	5,684,250
Total High End Cost	216,990,000	221,187,500	104,712,050	180,880,000	83,354,250	73,579,250