

The Magazine of Philanthropy New Zealand *Tōpātanga Tūku Aroha o Aotearoa*

*Philanthropy NZ would like to wish everyone  
a very Merry Christmas, a happy New Year  
and safe summer break*

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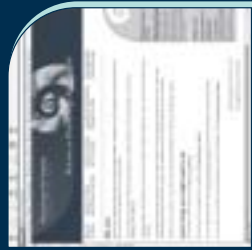
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Photographs from the Conference hosted by  
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The International Calendar

11-13 May 2006

Community Foundations Canada 2006 Annual Conference

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"Shining the Light on Leadership."

29-31 March 2006

Skoll World Forum on Social Entrepreneurship

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## From the desk of the Executive Director

*The spirit of philanthropy ... The craft of grantmaking*

In completing the review of our year for our Annual Report, I am reminded of the breadth of the activities and roles fulfilled by Philanthropy New Zealand. A high level of commitment and energy has seen us tend well to the mission of the organisation during the past year – to *foster, inspire and promote the interests of the philanthropic and grantmaking sector in New Zealand through research, communication and education and by being a credible, influential and representative voice*. Attending to both the 'spirit of philanthropy' and the 'craft of grantmaking' is the soul of the work we undertake.

I have been incredibly fortunate in the past few months to hear some of the leading thinkers from around the world discuss philanthropy. I was joined in being inspired and challenged at the Philanthropy Australia Conference in Melbourne in October, by a huge New Zealand contingent of 50 – both as participants and speakers. What a plethora of inspiration and wisdom on hand! The role of Philanthropy in a Modern Democracy was a theme explored by many of the speakers including three presentations we have included in this edition: from Stephen Viederman, Steven Burkeman and Skip Rhodes. I found the opening quote by St Augustine in Stephen Viederman's speech especially interesting and relevant:

*'Hope has two beautiful daughters: Anger and Courage. Anger at the way things are and Courage to change them'*

Being courageous in philanthropy may mean being bold, innovative and challenging traditional ways of dealing with difficult issues – and Leading Boldly. Leading Boldly was the subject of an address by Alan Broadbent of the Maytree Foundation, at the Philanthropic Foundations of Canada Conference, held in Toronto in early November. It is also included in this edition of Philanthropy News. Alan addresses questions of leadership in his address and how we lead boldly. This is something which we as philanthropists should give a great deal of thought and research to as a great deal rests on our influence. In order to lead effectively Alan suggests the following three guiding principles:

- We need to continue to support leaders in the third sector – but we also need to fund organisational strength and depth to ease the burden on leaders.

- We need to work hard to influence government to get away from its penny wise, pound foolish approach to funding the third sector and encourage government to get back to the business of funding healthy organisational cores.

- We need to work towards more coherence in the grant making community. We have to work together to focus on key problems and issues in the community and aim to be effective collaborators. In conclusion Alan says the following:

*"We need to look at our work through the lens of community needs, and do what it takes to meet those needs. We know that none of us has enough money to do the big jobs that need to be done and that we need to collaborate both to increase our impact and to influence public policy and public action, the biggest levers available in society. Going it alone doesn't really work that well, as heroic as it may feel from time to time. At the end of the day, it won't matter who led or how they did it. It will only matter that it worked."*

During October I was also fortunate to spend time with colleagues from round the world through our WINGS network, attending a Peer Learning Event in Ottawa, Canada on Public Policy and Government Relations. It was interesting to see the varying contexts that we all work in around the world and the influence that this context has on the way we operate. The ability to share and exchange information with colleagues is a really important one. So in this edition we introduce a new tool that we have for sharing information – our new website!

Take a look at [www.giving.org.nz](http://www.giving.org.nz) and feel the difference! Rachel Roberts has managed this huge project of rebuilding the website during 2005 and we are thrilled with the result, which will be the hub of many of our communications in the future and regularly updated. We hope you will find the information available on and through this site useful in your work.

Earlier in 2005 our Patron, Sir Roy McKenzie, featured strongly in this interview. We feature below a moving tribute written by Hirini Reedy, composed in response to this programme. Hirini writes that he is not normally a poet but felt so moved by hearing of Sir Roy's kindness and warm-heartedness.

So in the true spirit of the season of generosity, I wish you and your families restful summer holidays and Meri Kirihimete, a Merry Christmas, and close with this warm tribute to Sir Roy McKenzie:

*In this world when shadows fall long*

*The TV spoke to me*

*Of a man whose heart listened*

*To the plight of humanity*

*In his time he gave*

*While others chose not to hear*

*Cherished touch of a gentle soul*

*To soothe away worrying fear*

*Fear of life, the fear of death*

*Tis' the puzzle of our time*

*Yet riches ye pour forth*

*Touches our souls sublime*

*Live long Sir Roy your memory*

*Beats within the cells of this nation*

*To fulfil a legacy beyond the veil*

*Your life, a noble station*

*Hirini Reedy*

Regards,  
Robyn Scott,  
Executive Director,  
Philanthropy New Zealand.

## 2005 snapshot of members' grantmaking trends

The membership of Philanthropy New Zealand is diverse and it is several years since data on grantmaking has been collected. In order to understand a little more about our membership and members' grantmaking, this year Philanthropy New Zealand has collected a snapshot of our members' practice and grantmaking.

This paper-based survey captures responses from 61 grantmaking members. These trusts or foundations were all members of Philanthropy New Zealand in the 2004 – 2005 financial year (although our membership numbers have grown in the interim). This data does not include the majority of trusts administered by Trustee Companies, bequests or personal giving, nor does it include grantmaking by the New Zealand Lotteries Grants Board or the majority of New Zealand gaming trusts. The exceptions are The Lion Foundation, New Zealand Community Trust and the Perry Foundation - who are members of Philanthropy New Zealand.

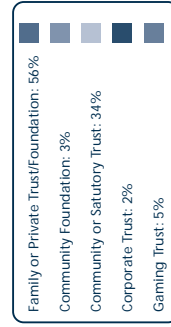
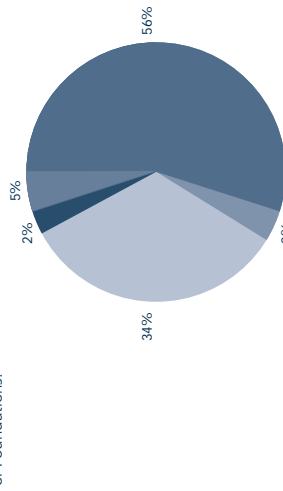
While this is not intended to be comprehensive data, the following graphs paint a portrait of members' grantmaking.

### Grants

Philanthropy New Zealand members made \$260 million in grants to benefit our communities in the last year. This figure incorporates the grantmaking by 61 members of Philanthropy New Zealand in the 2004 – 2005 year.

### Membership Make-up

Categories of membership of Philanthropy New Zealand are self-declared. More than half of the members are Family or Private Trusts or Foundations.



### Grants Distribution

Members are located right around New Zealand. In terms of grantmaking, the majority of members are regional grantmakers, although 42% of members grant either nationally or both regionally and nationally.



\*Based on The Philanthropy New Zealand 2005 Annual Report Snapshot of Membership, Practice and Granting

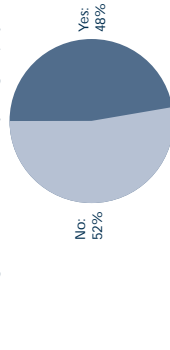
## Governance of Trusts

The numbers of trustees serving on trusts varies widely – with 23% of members having less than five trustees through to 16% of members who have more than 11 trustees.



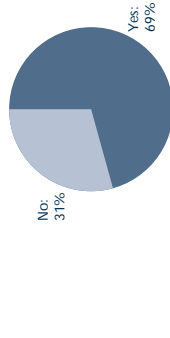
## Trustee Remuneration

A little over half of our members do not remunerate their trustees – although some noted they might pay trustees' expenses.

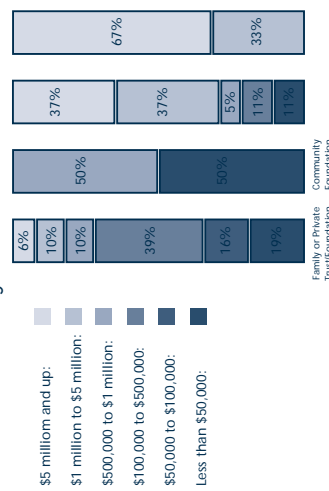


## Employment of Paid Staff

The majority of our members employ paid staff; some of the trusts who do not employ paid staff noted that they might contract out some administrative work associated with the trust.



## Members' Grantmaking



Note: 100% of Corporate Trust Grantmaking was between \$500,000 and \$1 million, but respondent numbers were very limited in this category. Respondent numbers are also low in the Community Foundation and Gaming Trust category.

## Granting Priorities

Responses to this question were very varied. The most common priorities indicated by respondents were:

- Community
- Youth
- Education
- Welfare



Ken Gordon

## 10 years making a difference in the Waikato

When Trust Waikato Chief Executive Ken Gordon handed over the reins recently as he headed off for a new life overseas, it was the end of an era. Ken had been with the Trust for 10 years and in that time had seen it grow and change. He had also, through his involvement with Philanthropy New Zealand, seen and been part of wider changes in the grantmaking and philanthropic community. Ken says Trust Waikato today "bears little or no resemblance" to the organisation he joined a decade ago. "When I came on board the Trust was making over 2,000 donations a year at an average of about \$375 per donation. Because we still owned a bank at that time donations were often seen as being a pay back to the community groups that had accounts with our bank."

Selling the bank in 1996 changed that, says Ken. At that time the Trust reaffirmed its longstanding policy to fund the best groups, not the best bank accounts, and started to prioritise donation decision making. "In my first year over 1,000 applications were declined as not meeting the Trust's policies," says Ken.

The sale of the bank also dramatically increased the income the Trust had to donate. "In the first seven years of its life the Trust gave out \$4.5m. Since I joined in 1995 and the sale of the bank in 1996 the Trust has given out an additional \$75m."

But it wasn't all a bed of roses. Ken says in retrospect he thinks Trust Waikato got too big, too fast. "Other funders were worried about us. We stood on lots of toes, and I think it was fair to say that we were seen as being arrogant."

Ken says the market downturn from 2000 to 2002 caused the Trust to have a serious rethink. He describes this as a very hard time, but says it led to a better understanding of financial markets and also drove a more strategic response to the Trust's donations.

"In hindsight I think the market downturn was one of the best things to happen to Trust Waikato and that it is a better funder because of the difficult period it went through," he says.

He says there has also been a total turnover of trustees during his tenure, which has been both good and bad. Ken says some of the turnover happened too fast and institutional knowledge was lost.

"On the good side the changeover of Trustees has meant fresh ideas, challenges and different ways of doing things.

I feel that we have had a very special group of Trustees who have more often than not been prepared to back some of the initiatives that I have proposed," says Ken.

The Trust has supported a wide range of innovative ideas such as the Arts Waikato and Social Services Waikato Trusts, theSports Force

project, funding of national projects, trying to take a lead in the development of the community sector, committing multi-year funding to groups working to reduce child abuse and funding the Trust Waikato Child and Family Awards.

And all the while it has continued to do "the mundane stuff" he says. "I am proud that Trust Waikato happily funds operating cost donations. I know that these are not sexy, however they are the life blood of community organisations."

Ken's involvement in philanthropy has extended well beyond Trust Waikato. He plays a significant role on the Board of Philanthropy New Zealand, and frequently sharing his learnings and observations at seminars and conferences.

He observes there's been a huge leap in professionalism in the sector during the past decade. "In part this has been as a result of the various new large philanthropic entities that have come of age during the period. In particular I note the Community Trusts, the Energy Trusts, the West Coast Development Trust and the various Gaming Trusts. However, even the more established philanthropic trusts have also all upped their game in recent years," says Ken. However he says groups like the JK McKenzie Trust have always been leading the field, "and most of the rest of us have been playing catch-up".

Ken credits Philanthropy New Zealand also with playing a major role in this development. He says last year's PNZ conference was the best such conference he has attended in New Zealand. "That conference will lead thinking in the philanthropic sector for years to come."

Trust Waikato has had a strong association with PNZ, in particular putting a lot of effort into helping PNZ develop a strategic plan, and backing the plan with significant donations and other support over the years. "PNZ is doing a remarkable job, and it is now time for members to show increased support in order for PNZ to go that next step."

Involvement in grantmaking is not without its challenges. Ken believes the biggest is for organisations to not become bureaucratic and to also stay in touch with the communities they serve.

He says an increasing emphasis on accountability over the years (as opposed to evaluation) is in some cases throttling innovation and distracting groups from what they should be doing.

"I think we should be more prepared to take risks, and risk that some of our funds may be not be used entirely appropriately. If we are not prepared to fund risky stuff then innovation will suffer."



Feature

## Arts Foundation benefits from community of interest's passion for patronage

The terms 'arts philanthropist' and 'art patron' are often thought to belong only to the super-wealthy. Images of the Medici family swanning around in embroidered cloaks and sitting for portraits spring to mind. Even modern day arts philanthropists such as Charles Saatchi and Peggy Guggenheim have or had lifestyles that many of us can only dream of. So it may come as some surprise that The Arts Foundation of New Zealand, an independent blue-chip charitable trust, has Bronze level student patrons who donate a mere \$80 per year.



Simon Bowden  
Ken Barber



's artists'  
David Hamilton

The foundation's Executive Director, Simon Bowden, says while much of its support to date has come from those in a higher socio-economic bracket, it is increasingly looking to involve people from all financial realms.

"To be honest we've focused on wealthy people as a starting point. But the thing about some wealthy people is that they are already giving to multiple causes anyway. Often when they come to support you it's not a huge amount of money, relative to what they're earning. But when you add up all of their donations to a whole bunch of different causes they are actually giving as much as they can and they are being generous right across a bunch of causes. But long term we would hope that they would consider legacies. So we've got these people we're engaging with, involving them and then eventually they might consider a legacy as well and actually that's starting to happen."

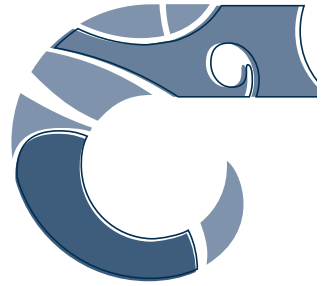
"Our relationship with our sponsor [Forsyth Barr] and our relationship with our potential donors has led us into the area of high net worth but the Arts Foundation has always got in the back of its mind that it wants to be open to involving people at all kinds of different levels."

Bowden suggests that New Zealand is a country used to having a high level of social services and government-funded operations. "So therefore the thought that we have to take individual responsibility and we can be active players in our communities through volunteering or through participation or through financial donations is probably something that is becoming more and more understood."

He believes there are at least two main reasons why people are giving more. "From an arts perspective there are organisations, like us, literally promoting the idea. There is also a genuine interest in wanting to be part of New Zealand and contributing to it. At the Arts Foundation we always saw there's been a swell of interest in the arts and we're partly riding on the wave of it and partly contributing to the swell."

There's little doubt this swell was helped by the \$80 million Arts Recovery package from the Labour Government in 1999, the same year the Arts Foundation was established. Brian Stevenson, then the Chair of Creative New Zealand, consulted with a number of people about how they might grow the support of the arts beyond what Creative New Zealand was able to do. One of the areas identified was the private sector and so taskforce including arts philanthropists such as Jenny Gibbs and James Wallace, was set up to examine how to encourage private patronage of the arts in New Zealand. The result was the establishment of the Arts Foundation.

The fund was originally started with a Lottery Boards Grant of \$1 million per year for five years and the Arts Foundation is charged with the responsibility of growing it from there. It is an endowment fund, meaning the money is invested in perpetuity and the income from it goes towards the arts.





Patricia Grace, Donald Munro, Peter Godfrey, Pakariki Harrison, Ned MacKenzie

The main event run by the Arts Foundation is the annual Arts Laureates awards where five recipients from different arts mediums receive a \$50,000 grant. The Arts Foundation has distributed \$1.12 million directly to artists through the Laureate awards over the past six years. The awards were originally \$30,000 each but as the fund has grown they have increased. The 2005 Laureates are Black Grace founder Neil Jeremia, poet Bill Manhire, artist Ronnie Van Hout, opera singer Simon O'Neill and artist Julia Morrison.

The Foundation also set up the Icon Awards, an honours system that celebrates the living icons of New Zealand arts. Every two years the Arts Foundation honours leading arts practitioners as Icon Artists. In 2003 an inaugural 10 Icon Artists were appointed. In time there will be a living circle of up to 20 Icon Artists. This year new Icon Artists included writers Margaret Mahy and Patricia Grace and opera singer Donald Munro.

Bowden says patrons like about being involved with the Arts Foundation because they see the money go directly to the artists.

between our structure and other charitable trusts and that is if you donate money to the Arts Foundation it gets put into the endowment fund, unless you otherwise specify, and is invested in perpetuity and all of the income goes to the arts or is reinvested for inflation proofing because it's a perpetual trust. No income generated by the fund is used for administration."

The foundation's administration costs are sponsored by investment banking company Forsyth Barr. Bowden says it's a relationship that works well because they share target markets - those with high net worth who are passionate about New Zealand but have an international outlook.

"Excellence is important to them, success and confidence is crucial to them. When you are involved in shares the value of shares can go up and down based on confidence. So they like for us to be constantly talking about positive messages. For example that we don't have any losers in the selection process, there's no runners up, there's no five people have been nominated one person gets the award. We're always very positive in our presentations. That's important to them."

Bowden says the motivation for patrons to donate money comes from, 'genuinely wanting to support the arts and genuinely being passionate about the arts'.

"I think we've found a lot of people who have wanted to support in a general national sense but there's never been a vehicle for it before. There's genuine interest in the permanency of the donation. It's not only going to support arts now it's going to support them in generations to come. With us there's a sense of building this big resource so that a real difference can be made. They were the reasons people donated money in the first place. Now it's equally about the success of the laureate programme and people being exposed to the artists that received money from the arts foundation and seeing what they are doing with it, being very proud of the achievements of artists. A general interest in the arts has gone right up."

And next year it will be the patrons turn to be recognised as the foundation launch the Patrons Award, honouring a patron, not necessarily one who supports the Arts Foundation but someone who has put substantial financial support into the arts over the years.

"But we're not honouring them financially," Bowden hastens to add. "We give them the award and then as part of the award they get to choose the recipient of \$20,000."

It is yet another step in encouraging New Zealanders to support our own talented people and feel inspired in the meantime - something Bowden is passionate about.

"What I'm quite excited about New Zealand is that it's such a small country that collectively we can make a difference really easily. I really like the idea of positive interventions into society rather than an ambulance at the bottom of a hill. The more richness we can have in the country either through individual achievement or the arts themselves or even achievement in sport or whatever then the more role models we've got the more things we've got to be proud of as a nation altogether and those things are healthy for society."



Margaret Mahy, Neil MacKenzie

## Philanthropy in an era of globalisation

Tim Brodhead, president and CEO of Canadian-based JW McCormell Family Foundation, visited New Zealand in October and addressed members of Philanthropy New Zealand. The following article, edited from a recent speech delivered by Mr Brodhead, examines the globalisation of philanthropy



Tim Brodhead

I have been asked to reflect on the role of philanthropy in an era of globalisation. There's nothing new about philanthropy per se, of course. In its older form as charity it has existed as long as humans have had culture. It was expressed in the ways in which members of a community took care of their own, in the protection extended to the poor and powerless, and in the tradition of hospitality offered to the stranger.

What sets philanthropy apart from charity is its emphasis on purpose: to over-simplify, charity comes from the heart and expects neither recognition nor reward: it is *gift* in the pure sense. Philanthropy, on the other hand, is led by the head: it is deliberate and expects to see results. The form of philanthropy that many of us represent, that of community foundations, is a comparatively recent phenomenon, but as we can see, the roots of it extend a long way back. It shares with charity the notion that 'philanthropy builds community', it is an expression of collective responsibility for the well-being of all, it enlarges the concept of community itself.

The other part of the equation, with a more recent pedigree, is globalisation.

I don't want to enter into a debate here about whether *globalisation* is good or bad, liberating or oppressive, the latest stage of the inexorable march of global capitalism or the last gasp of an economic elite seeking to control the entire world. Let us just agree that it is real, and that it is impacting most aspects of modern life, including the field of philanthropy.

Let me dispel some misconceptions about philanthropy. First, philanthropy is not a replacement for government. This may seem self-evident to you but much of the research and writing about philanthropy tends to come from the US, which has a very different political culture from most of the world. The vibrant tradition of philanthropy in the US, the sheer scale of many of its largest foundations and of the sector as a whole is mesmerising. It is not surprising that it becomes the model and benchmark for much of what is happening in other parts of the world.

What is unique about philanthropy, in fact, is that it brings together personal choice and collective well-being. Its 'value proposition', if you like, is the way in which it taps the private satisfaction of the donor (and there must be a donor, else there is no philanthropic act) and the meeting of important social needs. In a world of polarities - good/bad, right/wrong, rich/poor, mine/yours - philanthropy creates a bridge. It links the private and the public - personal commitment, *individual* initiative, *private* wealth and *public* good, collective responsibility, community well-being. It says, We are not islands; we can choose, freely, to act for the common good.

It is not coincidental of course that the rapid rise of organised philanthropy has taken place at the same time as the opening up of formerly authoritarian societies. Many observers have linked the overthrow of dictatorial regimes with the rise of civil society around the world, of which public and private foundations are an important part. But that does not necessarily mean that governments and philanthropic organisations are in opposition to one another.

Much of our work can and should be complementary. Government provides the framework that allows civil society to develop and flourish. Philanthropic organisations provide the "social venture capital" to try new approaches, and they respond to the particular needs, the neglected issues, the vulnerable groups in society. But the problems which humanity faces today far transcend the ability of any single sector to solve: enterprises, governments and civil society must all be engaged.

This brings me to the second point I want to make: that philanthropy is not a *substitute* for social justice. The two over-riding challenges of our time - the danger of ecological collapse and the persistent gap between rich and poor, the haves and have-nots, in virtually every society - cannot be met simply by more generous giving. What is needed is something much greater, a generosity of the spirit. By this I mean an ability and willingness to embrace others, (and especially others - the stranger, the 'different', the 'foreign'), and to see the world more as aboriginal people see it - not received as an inheritance from our parents but held as a trust for our grandchildren.

The justice dimension runs deep in philanthropy just as it does in religious belief. But let's be honest, there is also much that is self-interested, elitist, comfortable with the status quo. This may be particularly true of community-based philanthropy. We know that communities are rarely homogeneous, that power is not evenly distributed, and that even the most open and accountable institutions tend to reflect the views and values of those with the greatest wealth and influence. Community foundations must constantly ask themselves, are we representing our entire community, are we providing a space for all its members to contribute to its betterment? Do our priorities always reflect Gandhi's dictum that a society is judged by how it treats the most vulnerable among its citizens?

"what sets philanthropy apart from charity is its emphasis on purpose"

The final misconception is that philanthropy is essentially about giving money. This is a very incomplete view. For most people, what they have to give is not money but their *time*. We need to be reminded that philanthropy is not about the relationship between donor money and recipient project, but a relationship between people, the tangible expression of human solidarity and strengthening of community.

What impact does globalisation have on philanthropy? It helps us to see the world in a different way. It enlarges our concept of community. The history of human progress is in large measure about how our notion of community has grown from the family to the clan to the ethnic or religious group we belong to, to the nation-state and finally to the emergent global society of which we are all part - with a corresponding increase in our sense of responsibility and shared destiny.

In an interconnected "globalised" world, all problems become everybody's problems: disease, conflict, pollution spread rapidly and affect each of us no matter where they originate. The scale of the challenge is daunting, and an easy response is to conclude that there is little individuals can do. But stretching our perspective to embrace the world and our time horizon to hundreds of years, not just a decade or two, will not happen by government decree or spontaneously by the "hidden hand" of the market. All of us must be involved in bringing about this sea-change; there is no alternative.

That new technologies collapse time and space, allowing people to talk to each other and act together across borders and time zones, is not a novel idea. What is more striking is that while we talk about it, in general adults don't quite "get it". For the next generation however, it is not so much a new idea as a reality they experience. Young people are connected in a way that seems natural and organic. An organisation based in Toronto called TakingITGlobal, which is run by twenty year olds, electronically connects over 80,000 (and growing by 5,000 a month) young people from 190 countries around the world. This global online community allows participants to meet, discuss, explore ideas, strategise and collaborate. Youth connect with others who share their interests, they access information, they conspire to create a better world.

Expanding our definition of community means that we fix our sights not just on the local actions that we can take to improve things in our own neighbourhoods, but on the global problems of war, hunger, HIV/AIDS, poverty, the oppression of women.

*"globalisation challenges us to see the whole world as our community, and to understand that the injustices and environmental threats affecting others"*



Alan Broadbent

## Taking a leading role on leadership

Alan Broadbent is Chairman of the Maytree Foundation, whose primary concern is poverty in Canada, with a special focus on support programs for refugees and immigrants in Canada. Mr Broadbent, who is due to visit New Zealand in February, recently delivered this address – Leading Boldly – to the Philanthropic Associations of Canada Conference held recently in Toronto.

I think we make too much of leadership which is an odd thing for someone from The Maytree Foundation to say, because we have been citing leadership as one of the central tenets of our work for a couple of decades. We fund leaders, we run a leadership programme, and we seek to exercise leadership in some of the issues we think are important. So we embrace the idea of leadership in a variety of ways, but I think we all make too much of it.

I think we have an infatuation with leadership, or with a certain style of leadership, and we celebrate it in almost ecstatic terms. Corporate CEOs of a certain type, Prime Ministers and Premiers and Presidents make the news. Our other infatuation is with "heroes", and it seems the highest accolade is to be called a hero. In fact, we've conflated those two things to think of leadership mostly in heroic terms.

I tend to side with the thought Berthold Brecht put in the mouth of Galileo in his play *The Life of Galileo*: "Unhappy is the land that needs heroes".

But a lot of the analysis of effective leadership shows that the heroic style is not necessarily the most effective, and in fact has many downsides as well as a short shelf life. Effective leadership is most often very contextual, taking place in a milieu of people, competing ideas, and shifting forces and influences. And it is absolutely related to organisational effectiveness, and to a leader's capacity to match tactics to capacity.

I've played a lot of sports in my life, mostly team sports when I was younger, and have seen many kinds of leadership. I've seen the vocal, rah-rah style. I've seen leadership by example - the silent performer who worked harder and better than others. I've seen the pat on the back and the kick in the pants. I've seen leaders who marshaled everything for the moment, and leaders who've seen the bigger picture and the longer rhythms and marshaled everything toward a future moment. I've seen loved leaders and feared leaders, and even the odd loathed leader. And I've often seen one person exercise several different styles, as situations demanded.

Leadership comes in many forms, and can be hard to recognise sometimes, particularly if we are only looking for that bold figure on the parapet.

It's not that "leading boldly" is a bad idea. It is just one idea.

But it can be a scary idea. I know of a number of incidents where funders, not too dissimilarly from the Pittsburgh funders in Mark Kramer's paper, "Leading Boldly", developed a strong point of view, and in their mind worked diligently with a few chosen charities to implement it. In one case, it was around productive enterprise, the idea that a charity should develop a revenue stream from some of its related activities in order to become self-sustaining; that in short it should become business-like.

The intervention didn't go that well for a number of reasons, and the funder lost interest after a few years. The charity was thrown so far off-course that it never regained its feet, and ended up a shadow of its former self. It was a lose-lose situation; the charity was devastated and the funder disillusioned.

When we decide to "lead boldly", we had better be fully aware of the power differential that exists between us and them. The fact that we have money gives us enormous power.

From time to time we persuade ourselves as donors that we bring a lot more than money: ideas, experience, connections, etc. But we delude ourselves if we think that means more than money, usually the scarcest resource in the third sector. So when we speak, they listen intently. And when we command, they look for ways to obey. So, we better be sure we are right! The costs of being wrong aren't trivial.

How do we assure we're right? Who do we ask?

I think we ask the community which will be affected by these things, the people on the ground who will have to live with the results of our bold actions. That sounds a lot like process, and we don't usually associate process with heroic leadership, but process can be an effective way to deepen our consideration of our actions, and frankly to slow down rashness.

One of the problems I have with making too much of leadership in the third sector is that to some extent it is a condition that has been imposed from outside, and we in the grantmaking world are complicit. By persistent under-funding, we've created a sector that is too thinly managed and thus too dependent on leadership to fill the gaps. In the sector, we have a plethora of organisations with complex missions and tiny budgets. We pay everyone as little as possible, but we need people to run these organisations who understand the complexity, can put up with the generally unrewarding pressures, and are likely to be loyal at least to the cause if not the organisation and will thus stay around. We have to pay more for this leadership and in the process create a huge gulf between them and the next best in the process results in other tensions internally. And then we lean on the leaders for all they're worth. We look on them to save the day, which is not an unreasonable wish.

Organisations in the third sector are almost all what I call "leader-led", by which I mean that they have an extraordinary high reliance on the performance of their leaders. This is something that we have noticed for years, and a decade ago decided to do something about it. That is when we began to develop our leadership programme, when we began to develop the management training programme we run with York University's Schulich Business School, and when we developed the Jane Jacobs Prize, which we run outside of the Foundation. And I know other foundations like McConnell and Metcalfe have created programmes with similar intentions.



Both our Leaders For Change and the Maytree York programme aim to broaden and deepen leadership and management skills. The Jane Jacobs prize recognises the thinly managed nature of much of our client world, and offers that one thing that leaders in the sector seldom get, respite. Respite can come in a variety of ways: time off, a vacation, recognition and celebration, and, in our case, money. Money given personally to the prizewinner to pay down the mortgage, or fix the roof. Your choice, no questions asked.

But all of these measures recognise that we ask a lot of leaders in the third sector, we place heavy demands upon them, and we expect them to be heroic as a matter of routine.

There aren't many remedies, not in today's world where we want to pay less for everything. Nobody, we included, wants to fund an organisation's core costs any more. We all want to fund projects, so we force the organisation's core capacity to get leaner and leaner, and we look away so we don't see the strain we create. Governments, the guys with the most money, have to stop this, and get back to economies that are false economies: to use Oscar Wilde's words, we behave like we know the price of everything and the value of nothing.

One of the reasons we've got away with it so far is that we do have good leaders in the sector, people with a command of context, a capacity to inspire colleagues and clients, an ability to marshal support, and good old fashioned 'stick-to-it-iveness'. It is a case of a virtue having been made of a necessity, but likely it is not really even a necessity - which should make us ask what we can do about it.

This is a tough question for us, because it raises the question of leadership in the grantmaking community, and in this room, the foundation community.

Well, this is a tough place to consider leadership, because we lack one of the principal requirements of leadership: followers.

I remember when I was playing rugby at UBC back in the 'sixties, our coach was sick one Saturday when we were playing a big match against Berkeley. The assistant coach of the football team - rugby and football have very alien cultures - decided to step in, and spent some loud time prior to the game trying to get us revved up to a fever pitch. As we were about to head down the stadium tunnel to the field, he stopped us and instructed us all to put our hands into the centre, and to our shock began reciting the Lord's Prayer. I tapped the man next to me and I began to run down the tunnel to the field. When the coach finished the prayer, he opened his eyes to discover he was alone with the equipment manager. Whatever else he had to say about the incident, which was actually quite a bit, he couldn't say he led us in prayer. He lacked followers.

Leaders in the grant making world often end up like that coach. I don't know if it is the almost complete lack of accountability we enjoy, or a lingering sense of ownership of the capital, or just a finely honed opinion of our own judgment, but we don't collaborate very well in the sector, and we don't tend to follow leads. Periodic attempts at leadership and organisation deteriorate into either fragmentation or catering to the tepid old habits.

I also think that many grantmakers have a general absence of an analytical or theoretical framework, which results in ad hoc grant making of an unpredictable and inconsistent nature. We also still have in the sector a preference for small grants over short time periods, indicating short term horizons and a lack of interest in being led toward something of greater impact. This works against sectoral coherence.

In fact, this fragmentation in grantmakers really means that the only kind of leadership we tend to see is of the heroic nature, where someone stakes out a position and holds that ground, sometimes against good sense and contrary evidence.

And, by the way, I don't say this in judgment of others. I'm among the guilty, and perhaps among the most guilty. Thank heavens I have colleagues at Maytree who can mitigate my instincts.

So, what do we do about ourselves?

I would say we have three things we can do, as imperfect as they may be.

First, continue to support leaders in the third sector. This "leader-led" quality is a fact of life for the moment, so let's make it work as well as it can. But let's also fund organisational strength and depth to ease the burden on these leaders.

Second, work hard to influence government to get away from its penny-wise, pound-foolish approach to funding the third sector. Many of us have been making this case to governments, and many more of us have to. Governments have to get back into the business of funding healthy organisational cores, and get away from project funding as their sole approach.

And third, we need to get over ourselves as private grant makers, and work toward more coherence in the grant making community. Private foundations, community foundations, United Ways, corporate foundations, government grant makers, and other organised donors have to work together to focus on the key problems and issues in the community, and aim at being effective collaborators.

We need to look at our work through the lens of community needs, and do what it takes to meet those needs. We know that none of us has enough money to do the big jobs that need to be done and that we need to collaborate both to increase our impact, and to influence public policy and public action, the biggest levers available in society. Going it alone really doesn't work that well, as heroic as it may feel from time to time. At the end of the day, it won't matter who led, or how they did it. It will only matter that it worked.

## Philanthropy in Action

### The role of philanthropy in a modern democracy

The question "What is the role of philanthropy in a modern democracy?" was examined in detail at the recent Second International Philanthropy Conference hosted by Philanthropy Australia in Melbourne. On the following four pages we reproduce edited commentary from three panel members - Steven Burkeman, former Trust Secretary of the UK-based Joseph Rowntree Charitable Trust; Skip Rhodes, former Manager, Community Involvement, Chevron Corporation; and Stephen Viederman, former President of US-based Jessie Smith Noyes Foundation.



#### Steven Burkeman

When I came into this field in the late 1970s, the world of UK philanthropy was very different. Most major UK foundations were led by elderly white men in post-retirement careers, often ex-military or diplomatic service. They included some fine and inspiring people but it would be true to say that they were not especially bothered about due process, equal opportunities, monitoring and evaluation, outcomes or any of the other managerial phenomena which so preoccupy us today.

Nor did they bother about accountability or its twin, transparency. And at that time, the very idea that people who had access to money were prepared to give it away to others seemed so counter-intuitive as to be an unquestionable good; how could one criticise something so self-sacrificing? The question of accountability simply did not arise.

But we are now much more aware of the power of money to do good, and to do harm. In a world where we think we understand more about human psychology, and about personal motivation in particular, about political processes; about what goes on in societies other than the immediate ones in which we live; and in a world in which rank determined by material wealth is no longer a given - in such a world, the gift of money is no longer unquestioned, or uncriticised. And thus we ask ourselves the big questions - such as the role of philanthropy in modern democracies.

Each of us will have their own view of what we expect from foundations in modern democracies. Mine is this.

In democracies, governments can only do so much. They are constrained by all sorts of forces, and we need not rehearse them all. But these forces combine to make democratic governments essentially short term, and populist; whereas some of the most fundamental problems which face contemporary societies, or, indeed,

the planet, require long term action and commitment. And some of the neediest groups in particular countries are among the most unpopular groups in society, the most excluded, with the least political power.

It seems to me entirely reasonable that foundations, especially larger ones, should be expected to operate in this 'space' - which is off limits to governments - and that they should account to the rest of us for the extent to which they do this.

This means focusing to a significant extent on public policy, on social justice, and on social change.

The fact that, in the UK at least, so few have chosen this path arises in part from terminological (and regulatory) confusion around the idea of 'charity'. The charitable impulse is in essence a personal one; institutions, especially large ones, do not have impulses. They have the opportunity to reflect, to gather wisdom and experience, and then to act accordingly. We should not call foundations charities, and we should not regulate them as charities. Nor should they think of themselves in those terms, for it is that self-image which encourages them to believe that whatever they do must be good - recalling the days when we did not seek accountability from wealthy benefactors - and that it is sufficient for them to be benign, to be kind, and that they need do nothing more in order to justify their tax-privileged existence.

But the case for foundations to move away from traditional charitable activity in modern democracies goes further. Now that in so many democracies non-profit organisations - the traditional clients of foundations - are seen as mere delivery agents for statutory services, and now that they are losing, and in some cases, appear to have lost, their independent critical voice, what is the point of merely adding our pennyworth to the funding provided by government? If you wish merely to do good, to deliver charity as traditionally understood, then you need not concern yourself about the rather grandiose theme of this session - the role of philanthropy (as distinct from charity) in a modern democracy. Most charitable giving does little to remove the conditions which give rise to the need for charity in the first place. On the contrary, it tends towards maintaining the status quo.

My personal belief is that foundations should act strategically, focusing on what governments cannot or will not do - that the role of philanthropy in a modern democracy is to support those working for a better society, working for socially progressive change, for greater social justice. That means, in essence, focusing on public policy, and on change.

What might this mean in practise? It rather depends on what turns you on as a philanthropist. If you are passionate, for example, about disability, then rather than simply give money to pay for disabled children to have holidays, you will look for opportunities to support organisations campaigning for better disabled access to public transport, buildings, hotels etc. and more financial support for the state to pay for the additional costs of caring for a disabled child – so that families which include a disabled child won't need your charity to enjoy holidays together.

If you are passionate about the way in which particular ethnic groups are treated in your society, then you may want to do something about the legal infrastructure so that it will be applied in ways which will encourage people to treat each other in discrimination-free ways. That may mean supporting people campaigning for changes in the law, or – if that's difficult in the context of the legal and fiscal framework in which philanthropy has to operate, then at least supporting those doing the research which might underpin and support the campaigners (who will have to find their cash elsewhere).

It means, almost certainly, focusing on at the most a few issues, choosing those things which you care about; it means being prepared to be in there for the long haul, recognising that such change is rarely achieved speedily; it means accepting that you may have to pay money to keep seemingly hopeless causes in being at least until the political climate changes to one which is more conducive – for if you allow them to go out of business, who will be there when the climate does change to press home the advantage? It means recognising that real change does not end with legislative change; there is change in practise, on the ground, and there is the challenge of bedding down legislation in such a way as to affect social attitudes. It means funding services only insofar as they inform your public policy work, and always looking for the lessons, the issues, emerging from that service delivery work so that it can inform public policy work. It means focusing, so that you become at least as knowledgeable about the broad issues you are seeking to tackle as those you are looking to fund; for they are by definition good at persuasion, and you need to be alert to those who may con you. But if you read the same journals, go to the same conferences, and are clearly in this for the long haul, you will be much harder to con.

So: to summarise: I believe that in modern democracies, philanthropy should be about doing those things which – often because of the very constraints of democracy itself – governments cannot or will not do. That means focusing on those in greatest need, on risky things, on long-term issues. And almost inevitably it means working on public policy and social change.



## Skip Rhodes

Is there a role for corporations in a modern democracy? Most decidedly “YES.”

When I first became involved in the world of philanthropy almost 20 years ago on behalf of Chevron (Caltex as it is known in Australia, New Zealand and Asia), the corporation for whom I worked these last 46 years, the activities of my group were called “corporate contributions”. Since that time, the name has morphed through “community involvement” and “community engagement”, to where this whole area is now a part of a larger group of activities called “corporate social responsibility” or CSR for short.

What is CSR? Well, depending on who is talking, it can have different meanings. At my company it meant bringing together the areas of (1) communities; (2) NGOs; (3) environment; (4) employees; (5) human rights and (6) the supplier chain of vendors. These would all be involved in integrated activity that was embraced totally within the company by all operating divisions - to the benefit of the company, the community and our stakeholders by engaging in good business practices.

Of course, each company is going to handle CSR as best fits their own organisation. So, corporate philanthropy is no longer a stand-alone activity. Well, then, why the CSR activities in companies today? I think that Niall Fitzgerald, retired Chair of Unilever, has pretty well captured the answer. He says:

“CSR is a hard-edged business decision, not because it is nice to do or because people are forcing us to do it. We do it because it is good for business.”

So as it applies to corporate philanthropy, as a part of CSR, sound and effective CSR policies and best practices are very much needed. Done in the right way, it has the potential to be an extremely positive force that can fuel the engine of business growth and development, and contribute to social, environmental and economic sustainable development. All of these areas must be considered and addressed when a company develops a strategic plan, including one for philanthropy.

To be effective, CSR has to be totally integrated into business strategies and generate “corporate social opportunities”, which, basically, are taking actions in the communities that result in commercial opportunities for the company. It cannot be just an “add-on” that is a last-minute idea.

Forward-looking companies are embracing CSR and associate it with possibilities of market growth, product or services differentiation and new business opportunities, and not synonymous with burden, obligation, duty and add-on costs. I believe I'm on firm ground to say CSR has shifted from the margins to the mainstream of business practices of companies in many parts of the globe.

Yes, it's true that many companies have long paid lots of money, and lip service, to philanthropy and public service. But leading thinkers in senior management of companies are increasingly seeing social responsibility as a strategic imperative.

Even the legendary hard-nosed Wal-Mart Stores in the United States have come around to this view. As their CEO said, “We thought we could sit in corporate headquarters, take care of our customers and the world would leave us alone. It doesn't work that way anymore.”

What's behind this realisation? At the very minimum, it's clear that companies recognise that it takes a robust, sharp public relations strategy to navigate through the fields of today's operating environment. Among them are increased regulatory scrutiny; a global 24-hour news cycle; and communities hostile to big businesses, tarred by the scandals of Enron, World Com and others, to say nothing of the impact of the internet with its websites, bloggers, etc.

But it's deeper than that. It's a growing embrace of a stakeholder theory, which posits that companies are beholden, not just to stockholders, but also to suppliers, customers, employees and community members. That's quite a departure from the theory that a corporation's only duty is to increase profits for shareholders. Things today have become a lot more inter-dependent and there are a broader range of constituents than before.

Such words, of course, make critics like Milton Friedman, the 93-year-old Nobel prize-winning economist, cringe. His theory is “the business of business is business,” and in a New York Times article he declared social initiatives are “fundamentally subversive” because they undermine the profit-seeking purpose of public companies and waste shareholder's money. Other detractors say corporate giving comes at the expense of other priorities, such as research and development, and giving to the community is rarely valued by Wall Street in the U.S.

Whereas proponents argue that CSR burnishes a company's image and reputation and it attracts new and bright talent, as many young workers expect their employers to be active in community and social issues.

But more than mere public relations are at work here. Companies are having to address the concerns of customers, employees and investors, just to keep them. “It is no longer an option to sit on the sidelines,” says the Executive Director of The Center for Corporate Citizenship at Boston College.

But for companies who have not (1) embraced a more strategic approach to social responsibility and (2) making giving its community outreach in a sharper focus, it has been a rude awakening when few customers, elected officials and leaders, and people in the communities can remember exactly what, or which NGOs, a particular company supports and funds.

Additionally, the bigger the company, the more trust in the community has to be earned and constantly re-earned. Two major studies by research firm Globescan show that across a polling of 47,000 adults in 47 countries, 48% of the global public have little or no trust in large companies, with only 39% with some trust of global companies. The only groups less trusted globally than business are politicians. The most trusted are the armed forces and NGOs.

Some other areas of importance to global companies are:

1. Stakeholder engagement:
  - Ten critical success factors are:
    - Engage the key stakeholders
    - Build trust
    - Be flexible
    - Allow time
    - Be open
    - Be realistic
    - Share the agenda
    - Create a common understanding
    - Be prepared for change
    - Be in a learning mode
    - Offer your very best people

2. Focus your giving and align it with your business. Be strategic for your company and the communities where you operate.
3. Leverage your cash contributions with employee volunteering
4. Think globally, yet act locally
5. Engage NGO's as partners:
  - Do your homework and find out about their mandate
  - Don't lump all NGO's together
  - National chapters of international NGO's are not necessarily clones of one another
  - Respect the NGO's ways of working and its cultural norms
  - Appreciate that NGO's have severe financial constraints compared with business, so don't judge NGO's by the same standards (e.g., in terms of their power point presentations as you might other businesses)
  - Start by talking, learning about each other, and building trust, rather than starting out by expecting ground-breaking strategic partnerships.
6. Set performance objectives with your grants and undertake regular reviews.
7. Corporate grants are not examples of philanthropy. They are investments – investments in the community and in the company. They must be effective and provide a return on the investment for both parties.
8. Measure and report. Track the progress and report in a transparent manner. Use the corporate website to disseminate the information about the company's community activities. And I might add that the arguments for, and principles of, measuring and reporting grants and CSR, are relevant to NGO's and public bodies too. There is a growing pressure on campaigning NGO's trying to change business behaviour, to demonstrate their own transparency and accountability through measurement and reporting.
9. Partnership and collaborating with NGO's and government agencies. An example of this was a joint project between, Chevron, Citibank and the United Nations Development Program (UNDP). Chevron initiated a programme in Kazakhstan, developing local SMEs with the dual aim of improving quality and reliability of local suppliers for the oil field operations, and also helping to strengthen the local economy. As a result, the need to bring goods into the area from outside was reduced and the quantity of local goods supplied rose from 0% to over 38%, leading to reduced costs for the corporate partners, increased local employment and provided a rise in the local tax base.

So, all of this says why I am a strong believer in the role of corporations in the field of philanthropy in the future.

And to wind up, I wanted to share with you a suggested advertisement I just read for a person to manage a corporate social responsibility organisation and program. It read: “Wanted: multi-talented individual, simultaneously able to be a marketer, compliance officer, internal risk assessor, strategist, broker, ambassador, social venture capitalist, networker, translator, tactician, trainer, coach, philanthropist, business person, urban guerrilla, animator, conductor and choreographer.”



## Stephen Viederman

*Hope has two beautiful daughters: Anger and Courage. Anger at the way things are, and courage to change them. St Augustine*

The question raised by the organisers of the Philanthropy Australia conference session was: *As I see it what is the role of philanthropy in modern democracy?*

My answer:

*The role of philanthropy is to help ensure that modern democracy fulfils its obligations to the commonweal by keeping governments and other institutions wielding power, including corporations, the media, and educational institutions, accountable and transparent to all citizens and residents. Philanthropy has a unique opportunity, and therefore responsibility, since it is master of its own resources, and not reliant on outside funding. The ultimate goal must be structural reform and transformation, not simply amelioration of the present situation.*

Democracy is more than voting. It requires of us all a commitment to the commonweal, the common good: to justice, equity and community. Julian Burnside, in his opening address to the Philanthropy Australia conference spoke eloquently of the need for this when he directed our attention to the needs of the vulnerable, the powerless, and the unpopular.

Democracy is in crisis in the so-called advanced countries of the world and in the so-called developing countries. Here I will reflect on some of the issues and the responses in the United States because I know it best. In other countries the issues confronting democracy will differ. In most cases with which I am familiar these differences will be matters of degree. The responses of philanthropy will also differ. But the obligations of the philanthropic sector I assert are the same.

- Reacting to Hurricane Katrina, President Bush stated that the government would do all it could, and called on all Americans to do their part in the recovery and rebuilding. Subsequent actions have shown that the government is not fulfilling its obligations either administratively or financially.

Foundations in the U.S. are supporting rebuilding efforts through local organisations in the affected communities by dealing with structural issues not just charity.

- Federal rules require Government contractors to pay the prevailing wage in the place where the work is done, and to hire locals first. In a series of cost-plus contracts for Katrina cleanup these rules were waived. If these rules had been implemented they would have had a significant social and economic impact on the survivors, and would have reflected what many believe to be the Government's social compact with its citizens.

Foundations support groups that monitor the actions of government and the press making transparent the opaqueness of government and corporations.

- In October the Government emasculated the inter-governmental National Environmental Justice Advisory Committee (NEJAC) by declaring that race was no longer to be considered an issue in guiding federal agencies in their cleanup of environmental problems.

This despite the fact that studies over the last two decades that led to the formation of NEJAC to coordinate the work of all Federal agencies, demonstrate that race is a central factor in environmental issues.

Foundations are supporting constituency-based economic and environmental justice community organisations to reverse this decision, working through their elected public officials and public opinion.

- Law in the U.S does not require voting. The proportion of eligible voters who actually participate in elections is small. Challenges to voting rights are increasing, especially the rights of the poor and people of colour. A requirement that voters show picture identification recently adopted by some states in the south is in effect a 'poll tax', requiring people to prove eligibility (and incur cost to do so) rather than assuming they are eligible. In the November 2005 election for Mayor of New York City, and for the governorship of New Jersey, fewer than 50 percent of eligible voters went to the polls. Voter apathy is strong. The influence of corporate money and lobbyists, the "K Street" phenomena, induces a sense of powerlessness. The cost of elections favours candidates who are among the very rich, like the New York winner, Michael Bloomberg, and the competing candidates for the governorship of New Jersey, who self-financed their bids for office. It also favours candidates with great money-raising machines that make big promises to the voters, especially the corporations, to be made good at a later date. Foundations are supporting non-partisan voter registration and education on the issues, and get-out-the-vote campaigns.

- Prospects for significant campaign finance reform are stymied by promises made to the rich and powerful, and by the strength of incumbency. As a result, some of the very best possible candidates are discouraged from running for public office, at any governance level. Populist commentator Jim Hightower, in the sixties an elected Secretary of Agriculture in Texas, highlighted the problem in the title of his book, *If the gods had meant us to vote they would have given us candidates (2000)*.

Foundations are supporting efforts to describe a fair program for campaign finance that does not favour the wealthy, and are actively involved in supporting public education around these issues.

Foundations are also exercising their ownership obligations in the companies in their financial portfolios by filing shareholder resolutions and by voting their proxies requesting companies to publish in their annual reports the recipients of their political contributions.

- The U.S. Environmental Protection Agency (US EPA) recently proposed sweeping changes to the Toxics Release Inventory (TRI), which became law in 1986, and which is the premier environmental regulation credited with providing citizens with the right-to-know and actual information about pollution sources in their neighbourhoods. First, EPA has proposed requiring facilities to report their toxic emissions only once every other year instead of every year. Companies would not be required to produce a report covering two years of data – they would simply get a pass every other year. The second proposal would allow facilities to release 10 times as much pollution before triggering requirements to report on the quantity of toxic chemicals released.

In response, an industry group, the American Chemistry Council, has launched a major chemical industry public relations campaign claiming that the TRI is not so essential.

Foundations are supporting community-based and national environmental organisations to respond to this effort at emasculating an important tool to protect the health and welfare of communities.

- At the end of October the House of Representatives passed overwhelmingly the Housing Finance Reform Act, which includes a provision that disqualifies nonprofits from receiving affordable housing grants if they have engaged in voter registration and other non-partisan voter activities, lobbying, or produced "electioneering communications." Organisations applying for the funds are barred from participating in such activities up to 12 months prior to their application, and during the period of the grant even if they use non-federal funds to pay for them. Most troubling, affiliation or association with any entity that has engaged in any of the restricted activities also disqualifies a non-profit from receiving affordable housing funds under the bill. This is a significant step back from previous rules and regulations.

Foundations are supporting vigorous efforts at public education and mobilisation to maintain the right of community and non-profit organisations to participate in the democratic process.

- The Congress is now [mid-November 2005] considering legislation that would reduce tax rates on the very wealthy while considering cost-cutting offsets in Medicare, student loans, food stamps for the poor, and programs for children, directed toward the poor and middle class. The bi-partisan Congressional Budget office found that similar tax cuts recently enacted have been ineffective in stimulating the economy, the ostensible reason for the tax cuts then and now.

Foundations are supporting public education efforts, advocacy and mobilisation to insure that people are aware of these assaults on the 'safety net' and activated to let their elected representatives know their concerns.

A foundation working on issues that are perceived as unpopular by the present Administration was told by its lawyer not to engage in policy or strategic discussions by email in order to avoid government eavesdropping. What they are funding is perfectly legal.

The foundation in question is not backing down. In addition, groups of foundations are protesting at this federal-level abridgement of their rights as foundations to act in the public interest supporting causes the present Administration considers unpopular.

- The Administration has been secretly paying pseudo journalists significant amounts of money to report favourably on its initiatives.

Foundations are supporting watchdog groups that are exposing government's efforts to at best confuse, at worst to lie, to the public.

- Corporate power is at an historical peak, and the abuse of that power, including a lack of accountability to shareholders, stakeholder, employees and communities, is considerable.

Foundations are owners of significant corporate assets and some of them use those assets to achieve great corporate accountability and transparency toward the common good. Corporations are the greatest economic force in the world today. Foundations in collaboration with other concerned owners are increasingly filing shareholder resolutions and voting proxies in support of shareholder resolutions that support human rights, the environment, workers, and equal opportunity, among other things. These combined efforts have been successful in changing corporate behaviour.

These observations on the state of democracy are not a counsel of despair, as dispiriting as they are. They are rather a call to action for the philanthropic community in the U.S. to provide more support to assist community and watchdog groups hold governments and other powerful organisations at all levels accountable to all citizens and residents of the country, not just to a chosen few. They can help groups to insist on greater transparency on all aspects of government, corporate and other institutional activities.

Foundations in the U.S. can fund community organising, advocacy and mobilisation around public issues, although they cannot fund support for the passage of specific legislation. There are many non-governmental organisations that desperately need support to defend the public good at community, municipal, state and national levels. Foundations support voter education and registration, and 'get out the vote' campaigns. Voting is a basic right in a democracy. Foundations also support public education campaigns around specific issues.

Many foundations in supporting these efforts focus on groups that have real constituencies, grassroots rather than Astroturf. The groups they seek are those where the dialog and decisions are part of a democratic process, to which the group is accountable. This is democratic base building.

Any response to the challenges to democracy requires philanthropy to look inwardly as well. To whom are we accountable? Are we transparent in our relations with grant seekers and the public-at-large? Are our efforts focused on structural and systemic change to protect democracy, or are we satisfied with amelioration of the problems facing our nation, filling in for government?

As the African-American slave, abolitionist and intellectual Frederick Douglass observed in the 19th century: "If there is no struggle, there is no progress. Those who profess to favour freedom, yet depreciate agitation, are men who want crops without ploughing up the ground.... Power concedes nothing without a demand."



South African Archbishop and Nobel laureate Desmond Tutu a century later notes: "There can be no neutrality. If you are neutral in situations of injustice, you have chosen the side of the oppressor. If an elephant has his foot on the tail of a mouse and you say that you are neutral, the mouse will not appreciate your neutrality."

What philanthropy in the U.S. is doing pales in the face of challenges to democracy today. Social justice philanthropy, a rough measure of what is needed, is estimated to be only about 15 percent of total grantmaking.

Philanthropies in every country will have to assess the problems of democracy in their countries, the political and social culture, and design appropriate responses to protect and nourish democracy. To reframe Julian Burnside's challenge to foundations, democracy cannot survive without inclusion of the vulnerable, the powerless, and the unpopular. Who comes to the table of democracy will decide what democracy really means. This is the challenge to philanthropy in the U.S. and worldwide.

*Photographs from the Conference hosted by  
Philanthropy Australia in Melbourne*



The Speakers at the Philanthropy Australia Conference



Jennifer Gill



Winnie Laban

**A Nation's building blocks**

Earlier this year, before being appointed Minister for the Community and Voluntary Sector, Winnie Laban gave a keynote address at the Community Trust of New Zealand Conference. Her theme was Cultures and Communities are the Building Blocks of a Nation. This is an edited version of her address.

My message is straightforward: To build a nation we must first understand who we are and where we come from.

Culture is the basis of identity, and community is our place of belonging. I plan to talk about the cultures and communities I am most familiar with and how they contribute to the life of our nation. I will suggest that Trustees need to get to know the cultures and communities of their region so that Community Trusts can work more strategically to strengthen their communities, and, through them, our nation. Finally, I will make some suggestions of how you can learn more about your community.

Our nation's founding document was the Treaty of Waitangi. So let me start with Waitangi Day.

Waitangi Day was a time of celebration and reflection in Porirua City.

The weather was great, we had won the Sevens, the Porirua Festival of the Elements was a great success and the beaches were crowded.

My Waitangi Day started at first light at Maraeroa Marae in Waitanguru. The annual dawn service was an opportunity to celebrate and reflect on the birth and development of our nation. Maori, Pacific people, Asians, Europeans, diplomatic representatives, local people and visitors gathered to talk, listen, sing, pray and eat together.

During the gathering I had the opportunity to speak about the wonderful diversity and strength of the cultures that make up our community and nation. On the Saturday I had seen in the faces of the young men of the New Zealand Sevens team the faces of our future.

I am not biased, but Tamati Ellison, a local boy, was the stand-out player of the International sevens tournament.

In Tamati Ellison we can see our past and our future. His dad, Eddie, was the coach of the Norths Rugby team winners of the Jubilee Cup for Wellington's Premier Grade. And his great-uncle Tom Ellison moved the motion at the first meeting of the New Zealand Rugby Union that the national teams' uniform should be black with a silver fern. In 1893 Tom Ellison captained the first team to play in those colours. Tom Ellison's father was Te Atiawa from Iaranaki and his mother of Ngai Tahu and Ngati Moeahu descent.

His name came from his fraternal grandfather an English whaler who settled in New Zealand in 1831. Like many New Zealanders,

Tamati Ellison's identity was the product of more than one culture and his place of belonging is very clear.

We are a young nation of many diverse peoples and cultures. Being a New Zealander today means being proud of who you are and where you come from. It means knowing your family tree, your whakapapa, your gafa. Waitangi Day is a time for all New Zealanders, whatever our origins, to reflect on our identity, place of belonging and what we want for our nation.

Community Trusts are charged with the responsibilities of managing the assets of the Trust to provide grants for charitable, cultural, philanthropic, and recreational purposes appropriate to the communities in their region.

Community Trusts do not work in a vacuum, they work in the context of the communities of their region and the cultures that comprise those communities.

If a Trust's job was just to manage funds and then disburse them, without regard to local cultures and communities, then the task would be simple. However, your mandate requires you to "provide grants for charitable, cultural, philanthropic, and recreational purposes appropriate to the communities in their region." To do that you must know your community.

Developing an understanding of the many cultures and communities that make up your region and our nation is an important consideration for each Community Trust and a responsibility of every Trustee.

And recognising that sporting organisations and cultural events that strengthen cultures and communities as appropriate recipients for grants is an important part of your brief as trustees.

Trustees need to have a good understanding of the cultures and communities that make up our nation.

Let me now talk about the Pacific Island community in New Zealand. It is a growing community and of increasing importance.

At the end of the nineteenth century the western islands of Samoa were annexed by Germany and the eastern islands annexed by the United States of America. In 1914 New Zealand invaded German Samoa and controlled Western Samoa until June 1962 when Western Samoa became an independent nation.

During the first half of the twentieth century my Samoan ancestors struggled for independence. My ancestors spilled their blood so that their children and grandchildren could live in freedom. Independence did not come easily. Samoans, like other Pacific peoples, had to fight for their place in the world, to establish and build a nation.

Pacific peoples in New Zealand come from a history of struggle and independent thought.

But political independence did not lead to economic independence.

In the 1950s the plantation economy in the Pacific Islands collapsed and the subsistence economy was no longer able to support our families. At this time New Zealand was seeking workers for its developing industries.

At the same time as Maori moved from rural communities to towns and cities for work, migration to Pacific Rim nations provided an option for many of our families.

My parents were among the first to arrive in the 1950s. During this time the New Zealand government encouraged Pacific Islanders to migrate. The New Zealand economy was buoyant and cheap labour was required for industry.

My parents, like many Pacific Islanders, left their homes and families

*"My ancestors spilled their blood so that their children and grandchildren could live in freedom. Independence did not come easily. Samoans, like other Pacific peoples, had to fight for their place in the world, to establish and build a nation."*

to come to New Zealand and provide their children with education and opportunity. They worked hard so that we could succeed. They wanted us to be part of our nation, to participate as equals in this society. The success of our generation of Pacific Islanders is our parent's legacy.

Remembering who we are, where we come from, and our place of belonging helps us understand one another. Our history has shaped our past and defines our future. We must all understand and acknowledge our history and our place in the world as we build our nation.

To understand Pacific peoples in New Zealand today you need to understand our history and our stories of migration to this land. It is also useful to know a little about our cultures of origin.

As Samoans, our community is based on families and extended families. Aiga, aigapopototo.

Our culture is in turn is based on the Samoan values of alofa, fa'aaaloalo, and agaga. Love, respect, reciprocity and spirituality. These values are demonstrated through tautua – service.

While there are variations in the details, Polynesian Pacific societies are communal, cooperative, favour consensus decision making processes and spirituality is central.

This is in contrast to the secular majority culture that is primarily focussed on the individual, and favours competition where the winner takes all.

While Pacific people are strongly influenced by Western culture, we have held onto our sense of who we are and see the Pacific as our place of belonging. This is particularly true among the young. The Pacific Festival in Auckland, and the strength of young artists and musicians such as Nesian Mystic, Scribe and Che Fu are building modern music on their cultural foundations.

The New Zealand that my parents arrived in was far different from the New Zealand of today, and the face of Pacific people in New Zealand has changed too.

In those days all Pacific Islanders were immigrants. Today over 60% of Pacific Islanders living in New Zealand were born in New Zealand.

In those days most Pacific Islanders were adult migrants of working age and English was not their first language. Today most Pacific Islanders in New Zealand are under 20 years of age and English is their first language. These facts mean that most Pacific Island people here are now New Zealand-born, English-speaking and young.

Because our population is young, we have a high birth rate: the Pacific population in New Zealand is predicted to double to 1.2% by the year 2051.

Tomorrow's communities and work force will be increasingly of Maori

and Pacific Island origin. Our young people will be the workers supporting a large aging population tomorrow.

Today, Pacific people have risen to the top level in all walks of life education, the arts and culture, sport, the media, the public service – even politics. But many are still struggling.

Pacific Island cultures and communities, alongside Maori, European, Asian cultures and communities are the building blocks of our nation. To cement those building blocks into the fabric of our nation, so each remains distinct, but contributes to the shape of the whole, we must learn more about each community and their make up.

**How can Trustees better understand the Pacific Island community?**

*I have five suggestions:*

- First, get to know your local community. Pacific Island communities are diverse. There is not one 'Pacific Island community'. There are communities of Samoans, Tongans, Tokelauans, Cook Islanders etc. Within those communities there are further divisions based on the church they attend, i.e.: Samoan Methodists, Samoan EFKS, Samoan AOG etc.

In your area there will be a number of communities – get to know them. Where to start?

- Go to church – you may not agree with the theology, but you will love the singing.
- Developing relationships with Pacific communities take time.
- Do not neglect the young people. In all island groups they are the biggest section of the Pacific community.
- Start now, go out and meet your community.

Second, develop and maintain a network of Pacific Island community organisations and key individuals.

- Build up a database of the Pacific Island communities in your region. (But be careful in seeking information as people may be concerned that information may be given to the Immigration Service.)

The data base will be invaluable for networking and the delivery of brochures etc.

- Get out and be seen by your Pacific Island community. Go to the markets, sports and cultural events – they are great fun.

Third, organise Pacific Island community meetings to publicise the work of your Community Trust.

- If you get to know the church leaders well, they will tell their people about your Trust and they will assist to organise a time and place to talk to the community.
- For many Pacific people status and formality are important. At meetings, invite a church minister to open it with a prayer, acknowledge leaders formally.
- Spend a little time learning the correct pronunciation of Pacific names and the protocols for Pacific meetings. It will pay dividends.
- An interpreter may be useful with older groups. (The Ministry of Pacific Island Affairs may assist to arrange this.)
- Use these meetings to consult with the community and develop a relationship.



## In the news...

**Cushla Martini – the passing of a philanthropist**

The death of philanthropist Cushla Martini in September was widely reported in the news media. Cushla originated from Harihari on the West Coast, and married National Business review owner Barry Colman. The Press reported that only weeks before she died, Ms Martini donated money towards saving and restoring an original miner's cottage at Woodstock, near Hokitika. Ms Martini was buried in Geymouth.

**Philanthropist's humble beginnings**

South Canterbury philanthropist Allan Hubbard featured in the New Zealand Herald in October in an article focused on his unusual approach to getting things done, and his humble beginnings.

"Dunedin-born Hubbard – he won't say how old but says claims that he's 77 are exaggerated – grew up in a house with no electricity, sacks for bedding and packing-case furniture. He recalls as a five-year old his mother, with five kids to feed, being unable to find sixpence for a pint of milk. He resolved that day never to be poor."



## New Zealand Meetings

**Canterbury Funder Network Meeting**

**February 7th, 2006, 4.00-6.30 pm**

At the Arts Centre, Christchurch. Garth Nowland-Foreman will present and lead discussion on the Grantmaking Cycle.

**Northern Philanthropic Network Meeting**

**Wednesday, February 22nd, 2006, 4.00-6.00 pm**

Guest Speaker: Alan Broadbent of the Maytree Foundation, Canada

**Meeting in Wellington with Alan Broadbent**

**Thursday, February 23rd, 2006**

Guest Speaker: Alan Broadbent of the Maytree Foundation, Canada

For registration details:

<http://www.giving.org.nz/about/events>

For further meeting details:

<http://www.giving.org.nz/about/events>

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**Mississippi US's most generous state**

The kind, good-hearted people of Mississippi have once again been recognised as the most generous people in the United States.

The Catalogue of Philanthropy, a Boston-based organisation that keeps track of charitable giving, ranked the Magnolia State No. 1 in its 2005 Generosity Index. In spite of the fact that Mississippi is the poorest state in the United States - with an average annual per capita income of \$34,720 - Mississippians gave an average of \$4,470 to charity.

The top five states, in descending order, were: Mississippi, Arkansas, South Dakota, Oklahoma and Tennessee. New Hampshire was named the most "miserly" state in the 2005 Generosity Index.

**No sign of 'donor fatigue'**

TEAR Fund New Zealand has witnessed a significant and generous response to their Kashmir earthquake appeal, despite reports of 'donor fatigue', or a perceived lack of interest in the disaster in South Asia.

New Zealanders have donated over \$150,000 to TEAR Fund's Kashmir earthquake appeal, and donations continue to pour in. This is despite reports that the Boxing Day tsunami, Hurricane Katrina and other disasters have diminished the capacity or willingness to give.

"New Zealanders have again demonstrated their keenness to give to those in desperate need, especially as the realisation and awareness of the scale of this disaster increases," says TEAR Fund Executive Director Stephen Tollestrup.