

## Philanthropy as a Measure of our Humanity

I would like to start by talking about “community.” How the sense and nature of community has changed over time. How it acts as an agent and mechanism for social change. The importance of community as a social collective in a modern society and finally how philanthropic and “not for profit” organisations have a direct and possibly exclusive connection with the modern community.

This analysis is not intended to provide you with a pessimistic scenario of the future. But I do want to frame and explain our current reality, which is sobering to say the least, and put a personal view point as to how we should learn from our past to forge a better future.

New Zealand since the mid 1980’s has undergone considerable change but arguably made little progress. We are by no means alone in this. The times we live in are being seen as “the age of change without progress.”

New Zealand has tried the full smorgasbord of political and economic strategies since the early 1970’s in dealing with the dual shocks of England’s entry into the European Common Market and the succession of oil price hikes but on all key economic and social measures we have gone backwards. Why is this and how do we do things differently in the future? How do we make change and achieve progress?

Because if you look at the structure and nature of New Zealand society it has changed dramatically over the last hundred years. As a nation now, more than ever, we are affected by international events such as the US elections and trends such as globalisation.

One of the most affecting of the mega-trends over the last century has been urbanisation.

It is generally not appreciated, because it happens progressively, but New Zealand in 1900 had 10 percent of its population living in cities and 90 percent of its citizens living in provincial areas. By 2000, and this is common to many western democracies, it had flip flopped so that 90 percent were living in cities and only 10 percent living in the country.

Urbanisation has had a wide impact in a number of ways but the specific issue I want you to consider is the impact this has had on our sense of community.

If you picture people living in a country or provincial environment in times past they were readily identifiable within their community. Community was a physical thing defined geographically. There were public places for gathering and meeting whether it was the church or hall or pub. In these places in which people within the community met regularly, individuals were recognisable by name and family and the community group operated co-operatively.

There is a misconception that has developed particularly over recent years, possibly by those leaving the cities for a change of lifestyle, that country life is comparatively “freer” than city living. In reality country living lacks privacy and there is a compulsion on people to become involved. Just as one was recognised as they entered a country pub the continuing absence of a local person was also noted.

City or urban living is the mirror image. Suburbs or boroughs which are defined geographically and are physical are not the urban equivalent of a country community. People move around cities to live, work and play. People are transient within and into and out of cities. One’s presence is not necessarily recognised and one’s absence even less so. You can be anonymous in the city. Most importantly you only need to be

involved in what you choose to be involved in. Your involvement is strictly voluntary which in a community sense is the opposite from provincial living.

The roles and functions of government and business over the last century reflected this disaggregated and provincial nature of the country.

In the fifty year period from the depression years of the 1930's there were two extraordinary generations of business pioneers and risk takers working in unison with government.

If you take my grandfather as an example of a builder, he worked co-operatively with government in rebuilding Napier in 1931 after the earthquake, then with the first labour government with the introduction of state housing in 1936 and as Commissioner of Defence during the Second World War. My father who was more of an industrialist than a builder pioneered the newsprint industry with government and the steel industry.

Their contemporaries in business were pioneering all other sectors of the New Zealand economy.

During the first half of last century it then comes as no surprise that New Zealand was lead and dominated by its political and business leaders. People respected the roles and the individuals and if there were issues the government or business could respond directly and rapidly into the community.

This same innovation and radicalism impacted on social reform and New Zealand society generally. For the majority of the last century and certainly from the mid 1930's onward the common theme or element to government policy was progressivism. When I left school in the mid 1960,s there was nil unemployment. At that time our standard of living was one of the highest in the OECD. It was within this economic, political and social environment that welfarism was introduced and has progressively become endemic in this country. From the 1970's onwards New Zealand has gone backwards both economically and socially.

Why is this? How have we allowed the situation develop overtime, in this island paradise, whereby three out of ten children in this country live in poverty and child poverty is growing.

The situation we have now is that we have most people living in greater Auckland or in another city. People only engage in things that are relevant or advantage them, there is a general apathy or disgruntlement with politics, both for local and central government, those that are disadvantaged get marginalised and worse many choose to opt out and can be lost.

We have a plethora of benefits but there is no respect between the recipient, which is the beneficiary, and the benefactor, which is the government on behalf of the taxpayer. Politicians argue over whether to increase or decrease the level of benefits but jealously guard the right to be the grantor.

They choose not to acknowledge or appreciate that to generate respect you have to create beneficial relationships and in a modern urban environment that can only be achieved through a sense of community. This is initiated by people on a strictly voluntary basis choosing to associate with one another. It requires individual involvement and commitment to act in a cooperative way. Government involvement is anathema in that it's become prescriptive. There is no way, irrespective of how liberal the government is in relation to social policy that you change the nature of the relationship between the beneficiary and the benefactor. Also this fundamental disconnect is not limited just to government. The profit motive will similarly act as a disincentive to the dynamic and disqualifies private enterprise.

The welfare system has become institutionalised in this country. It is fundamentally flawed and in my opinion irrespective of which political party is in government it will never deliver a right and proper outcome.

Nor is business willing or able to offer a private enterprise solution. The Corporation as an institution is under attack particularly in the United States – the so called bastion of capitalism. But any business enterprise to achieve true longevity has to deliver a social good. Although there are signs within the corporate sector of a new progressivism in social responsibility business won't lead a social change process. At best it will be a follower and complement and respond to society as it changes.

So what is the solution? Fortunately there is a third way.

Successful 'not for profit' organisations today are invariably values driven and community based. By their nature they draw people, like moths to a light that are both in need and those with a willingness to serve and give. The connection is the vision and values of the organisation and the community are the people that become connected through the activities of the organisation or more correctly the "association." This association is built on trust and in my experience there is no limit to the social good that can be achieved through these groups.

Well what does this "new order of civil society" look like? What do these organisations have in common?

In my experience they are focussed on what they want to achieve and are unbending and absolute on the principles that drive them. They generally have a Founder with a vision which people of similar aspirations and values are drawn towards to form an organisational community with a shared vision. This vision is simple, clear and humanitarian. It is constantly a struggle, particularly financially to cover the cost of delivering the founders dream and the organisations vision. But the struggle makes the journey fulfilling and binds the organisation and stakeholders like a glue. As the poet Horace wrote "as a rule adversity reveals genius and prosperity hides it." The Founder espouses the vision and remains the guardian of the philosophy and the behavioural value set of the organisation.

When the organisation has achieved some scale or has aspirations of achieving scale the Founder, in my experience, is best to focus on the founder role and relinquish the chief executive responsibility. The senior executive of the organisation must accept and behave according to the value set of the organisation. But the key role of the position is the dual accountability for the continuing financial viability of the organisation and the implementation of the Business Plan.

There must be a transparency to the financial affairs and the activities generally of the organisation. It is the role of boards of trustees within their governance to ensure that the mission remains the objective and the value set drives the behaviour of the organisation.

No stakeholder, in my opinion, should be allowed to materially affect or alter the philosophy, principles, programmes or even the plans as approved by the trustees of the organisation. In the ideal organisation in which you see the virtuous circle principle, all stakeholders are equal, irrespective of the nature and scale of their contribution.

One of the fundamental distinctions between grants from philanthropies versus government funding is that with private funding a decision is made to grant or not to grant and where it is to grant then the emphasis shifts back on the applicant as a recipient to deliver the project or outcome according to the grant application.

I see time and time again with organisations receiving government funding that the rules are changed and the grant made conditional. This introduces a risk and uncertainty to

government funding that I personally think makes it preferable for community organisations to circumvent the government sector wherever possible.

What is the prize here for the worthwhile causes with good management and governance?

I believe we have the opportunity to move towards a new age in this country of social progress. The philanthropic – not for profit sector has the opportunity to take the prime mover and leadership role. Possibly for the first time as a result of the emergence of large scale grants funding through the Gaming Trusts there is the opportunity to inculcate the not for profit and voluntary sectors into society and highlight the sectors enormous contribution.

By way of illustration of the power and potential of philanthropy, Auckland provides a case study. The ASB Bank Community Trust was established in Auckland in 1988. Over the last 16 years the ASB Bank Community Trust and the ASB Charitable Trust have made grants of \$429 million into the greater Auckland region. This money, as significant as it is, only tells part of the story. The contribution of the ASB Trusts to the social fabric of Auckland is actually inestimable.

But what is the potential? What if these grants were doubled and then doubled again. What social change would that generate?

The Gaming Trusts are creating a paradigm shift in philanthropy in this country. The best in my opinion and arguably the leading Gaming Trust is the Lion Foundation. This Trust was established by Lion Nathan in 1985. In the year ended 31 March 2004 it returned over \$56 million to communities from Invercargill to Kaitaia. One of the Trusts I am associated with possibly owes its continuance to the Lion Foundation. Life Education Trust delivers health education programmes to primary school children. Last school year 240,000 young New Zealanders met and learnt from Harold the giraffe and the 40 educators employed by the Community Trusts within Life Education. Three years ago Lion Foundation came to the rescue, to help fund the National Office of Life Education Trust. This level of financial support and generosity of spirit has reinvigorated the organisation and emboldened the Trust to strive to achieve its goal to deliver health programmes to every young person in New Zealand within a five year plan. This year Life Education will draw funding support in excess of \$5 million from New Zealanders. There is not one dollar of government funding in Life Education.

There is however some hope with Government, because while it is hidebound by the politics of government and captured by the bureaucracy, social policy and social legislation invariably follows a change in social behaviour.

I can see a scenario where government will be forced to recognise the flawed nature of the current benefit and welfare systems and will mandate and fund not for profit community based organisations to expand their activities.

Hopefully in the short term they will cease being so obstructive to the philanthropic process and sector. Their regular incursions into the Gaming Industry smacks of hypocrisy. To me much of their determination to regulate the voluntary and philanthropic sectors is no more than a blatant fiscal grab.

An enlightened government would be looking to encourage voluntarism and community building. A review of tax laws to encourage giving in this country is long overdue.

In closing let me use again as an example one of the Trusts I am very proud to be associated with. Life Education was founded by Ted Noffs an Australian Methodist Minister based in the Wayside Chapel in Kings Cross. Noffs, like the founder of Life Education in New Zealand, Trevor Grice, was internationally recognised as a speaker and practitioner. In 1985 Noffs spoke in the House of Commons in London and warned

of the calamitous prospect of drug abuse in the years ahead. He stated that in human terms it was "five to midnight." That was nearly 20 years ago. I can only speak for the not for profits and trusts I am associated with, but with all of these, we are making a difference. I am seeing miracles happen. I believe that through all our efforts collectively and God willing, the clock will start turning backwards before midnight.

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