

The Southland Experience – Addressing Regional Issues

Thank you Genevieve, and good afternoon ladies and gentlemen. After an introduction like that I can hardly wait to hear what I've got to say myself!

I note that I've been introduced by an Australian this afternoon, and I've been asked to respond to a presentation by another Australian. Can I just say that on this the day of the Melbourne Cup I just hope I'm the only Kiwi who comes in third behind two Aussies!

If you've read the brochure for this conference you'll see that I've been asked to do two things this afternoon:

Firstly, I am going to respond to the presentation that you've just heard from Trudy Wyse, but from a Southland perspective.

And then later on I'm going to talk briefly about some of the ways our Trust, the Community Trust of Southland, has tried to use our investment capital, as well as our grants budget, to help our region.

Can I begin Trudy by saying that I thought your presentation was very thoughtful, but also very thought provoking. You covered a lot of ground, and while I can't hope to respond to everything you said, I do want to pick up on one or two of your main themes and concepts, and relate them back to our experiences at the Community Trust of Southland.

In preparing to give a presentation to the Philanthropy New Zealand Conference, about Philanthropy, I thought a good starting point might be to define just what the word "Philanthropy" actually means. So I looked up my trusty Oxford English Dictionary, and there it was, on page 400.

Just before **philatelist**, and just after **philanderer**!

Which probably encapsulates quite neatly the role of us as philanthropists, somewhere between a collector of stamps, and an outrageous flirt - we have a very broad canvas!

But philanthropy

"the practice of helping people less well-off than oneself".

Trudy has talked about a more collaborative approach to grantmaking, which she has called "community based", or "strategic", or "progressive", philanthropy, and she has defined it in this way

"involves a shift from the rich and privileged dispensing largesse to the poor and disadvantaged, (so if you like the dictionary definition, of helping people less well-off than oneself)

to one of

a more dynamic partnership between the parties, as a means of more effectively changing the circumstances of groups experiencing disadvantage and discrimination.”

Trudy talked about the concept of building partnerships between the **philanthropist** on one hand, and the **grant recipient** on the other hand – I want to take you off on a slightly **different** tangent, in that I want to explore partnerships that can exist **between philanthropists**. Because I really believe that partnerships between philanthropists can be a very powerful driver of community-based philanthropy.

My experience is that community based philanthropy can actually span an entire community. So it's not **only** about helping **individuals** who are “less well off” than ourselves, it sometimes involves looking at a whole community, identifying what some of the major issues facing that community are, and then, through a process of collaboration, finding solutions to those issues.

A few moments ago I defined Philanthropy. I now want to define our Southland community. Because in Southland we're a bit peculiar! Not a big surprise to some of you I can see! But what I mean is that we have a particular set of **circumstances** that are peculiar to Southland, and these circumstances have I think given our region some considerable advantage when it comes to practising “community-based” philanthropy as Trudy has defined it.

Firstly,

1. We have a geographical area that's nice and compact. This is the defined area of our Trust. The travelling distance from one end of our region to another is only a couple of hours.
2. We have a very small population, just on 100,000 people.
3. We're a long way from Wellington! So there's often a sense of “well bugger it”, we can't sit around waiting for central government to solve our problems, we better sort them out ourselves. So we're very much self contained as a region.
4. Another peculiarity that Southland enjoys is that we have a disproportionately large amount of community capital – the Community Trust of Southland, has capital of \$170m, the ILT \$70m, and on the fringe of our area the Central Lakes Trust \$166m. So individually and collectively we are relatively big goldfish, in a small, but very transparent, bowl. Trudy talked about accountability and transparency being very important elements of community based philanthropy – well we're certainly highly transparent, and I think because of that high visibility we're also highly accountable to our community.
5. Here's another Southland oddity, our mayor Tim! Tim is a unique character, who has certainly created a lot of profile for Invercargill, and for Southland.
6. Angus Fletcher this morning spoke of “mateship”. We are a region that still retains a very strong sense of community. With a small population, a lot of us in Southland know each other – some people, perhaps a little unkindly, have suggested that most of us are related to each other! But related or not, in Southland you tend to find a strong sense of connection between people in different agencies, so between local government and grantmaking organisations like the Community Trust of Southland, and others. And also a strong sense of

- connection between grantmakers, such as ourselves and Central Lakes Trust. Which is a help I think when it comes to practicing community based philanthropy.
7. Another strong motivating factor in some of our philanthropy in Southland is the fact that 6 or 7 years ago our region was on its knees. And we knew it. And so we gave some collective thought as to what we could do about it.
 8. And finally, while it's not necessarily peculiar to Southland, I think an added advantage that our particular **Trust** has, especially when thinking about community-based philanthropy, is that we are a **community** trust, we're owned by the entire Southland community, and the objects set out in our Trust Deed are very, very broad. Our funds are

“to be applied for charitable, cultural, philanthropic, recreational and other purposes beneficial to the community”

A former Chair of our Trust often used to say

“we shouldn't let our Trust Deed boss us around”

which probably sums up quite well the attitude we take towards grantmaking – if a project's going to benefit our community, let's find a way to make it happen. And with a Trust Deed as broad as ours, generally speaking we can make it happen.

So hopefully that paints a picture for you of the environment that our Trust operates within. What I want to focus on now are some projects which I think are real, live examples of “community-based” philanthropy.

The first one I want to talk about is what I call **the Southland Sporting Scrum**. And I should probably start by explaining the background to how this came about. About 5 years ago I was asked to give a talk to a Regional Sports Forum. The audience was to be a collection of sports people from across Southland, and further afield, and the other speakers were to include Sir Brian Lochore, and Dame Susan Devoy.

So you had Sir Brian Lochore, legendary All Black captain and coach, and Dame Susan Devoy, probably the greatest squash player the world has ever seen.

And me. The pinnacle of whose sporting career had come in 1971, when I was selected in the North Otago under 10 representative hockey team...

As a non travelling reserve.

I'd been asked to speak on the topic “working in partnership”, and given the illustrious company of Sir Brian and Dame Susan, I thought I'd better at least try and make my presentation interesting, and if possible relevant to a sporting audience.

So I used the analogy of a rugby scrum.

But the players in this scrum aren't individuals, they're actually Southland organisations, all of which had some involvement in providing infrastructure for sport in Southland. During the previous 5 years these agencies between them had spent around \$50 million on sport and recreation infrastructure within Southland. \$50 million!

And here they are.

Each of these players has a specialist role in this scrum. For instance the local authorities are one of the props, they do all the planning and consultation work, and they manage their areas to make sure that their community's wants and aspirations, in this case in the sporting sector, are delivered.

Sport Southland is the hooker. At the time I created this scrum Sean Fitzpatrick was the All Black captain, and he was a hooker. And Sport Southland are the agency that should lead the sector in Southland, so I put them at hooker as well, just like Sean.

The funding agencies, in this case the Community Trust and the ILT, are the **Locks**. They provide the "push" in the scrum by lending their funding weight to the front row.

And so on.

The concept I was trying to get across was that there would be huge benefits to be gained if that group of agencies sat down together, in the same room, and together came up with a strategic plan for the future provision of sporting infrastructure in Southland. So if we collectively figured out, which way we were playing, who was playing what role, and then all bind together and all push in the same direction.

Trudy earlier on today defined community based philanthropy, and partnership, to be

“working together in a collaborative way, recognising that each brings something to the relationship that will help to achieve the desired outcome. It also assumes a shared value base, and commitment to specific outcomes, and working together to achieve these.”

That sounds very much like our scrum to me – a group of agencies working together in a collaborative way, recognising that each agency has a different position in the scrum, and sharing a common commitment to achieving an agreed outcome, in this case for Sport in Southland. So very much strategic, community-based philanthropy.

The upshot of this scrum was that about 6 months later, in May 2000, we convened a meeting of all of these scrum agencies, for two days on Stewart Island. And we thrashed out the direction we thought sport should be heading to in Southland.

From that meeting we all agreed to undertake what became known as the Southland Leisure Strategy, which is the biggest regional leisure strategy ever undertaken in Australasia.

Trudy told us that community based philanthropy requires the grantmaker to become more knowledgeable about the community in which they are operating – well we now use this Leisure Strategy, which was based on a huge body of community consultation, as a guiding document for our grantmaking – and the other players in our **“scrum”** use it for exactly the same purpose. So when as a group of agencies we spend another \$50 million in the sector in the next 5 years or so, at least we've got

some strategic context or strategic framework within which we're spending that money.

Earlier today Trudy gave us another definition of community based philanthropy

“philanthropy that addresses root causes of social, economic and environmental problems, often with innovative and creative approaches”

The next project that I want to talk about I think falls very neatly into that definition of community based philanthropy. The project is the Zero Fees Scheme at the Southern Institute of Technology (or SIT).

The germ of this project first emerged, quite coincidentally, while we were all at Stewart Island discussing our Sporting Scrum concept.

Once we'd finished our Scrum meeting we all sat down to have dinner together, and over dinner Penny Simmonds, the CEO of SIT started telling us about an idea she'd come up with – while she was in the shower! Now a lot of people think Zero Fees was Tim Shadbolt's idea, but I have it on very good authority – from Penny Simmonds herself actually – that Tim was nowhere near the shower at the time this idea was conceived!

Penny's basic concept was that SIT would offer free tertiary education to anybody who wanted to enrol. She'd worked out that if SIT could attract enough students by offering free fees, the government subsidies SIT would receive would more than cover the costs of running SIT.

The only slight wrinkle in Penny's cunning plan was that SIT needed more than \$7 million of community support to get them from where they were, at 1773 EFTS, to where they needed to be, which was 3000 EFTS. Penny expected this would take 3 years.

I'd have to say our initial response to Penny's plan was that she'd obviously had far too much to drink. Even Tim Shadbolt, who's pretty “out there” most of the time, struggled with it for a start.

But Penny persisted. So as the night wore on we discussed the idea some more.... And over the next three months we poked and prodded the idea, trying to figure out what was wrong with it. And we discussed it some more....

And we surveyed our community, to see if they supported the idea. And we surveyed every 6th and 7th form student in Southland and Otago, to see what they thought about it.

And we thought about it some more...

And the nucleus of the group that was discussing the idea and thinking about it was the same group of people that had been at Stewart Island. If you think back to the Scrum, clearly the Hillary Commission weren't involved in education, nor was Sport Southland, and nor were the health and welfare providers. But apart from them the rest of the Scrum was the same group of people who considered, and ultimately signed off on, the Zero Fees Scheme.

And it's also the same group of people who collectively signed off on other major projects such as Stadium Southland, which is our state of the art stadium in Invercargill, the stadium that Netball Teams from all around New Zealand come to, to get beaten by the Southern Sting.

What I'm trying to illustrate I guess is this power of collaboration – individually we at the Community Trust couldn't have built the Stadium, and we couldn't have funded Zero Fees on our own, but working in genuine partnership then these sorts of things become possible.

But back to the Zero Fees Scheme. After we'd thought and poked and prodded, our Trust agreed to be the major funder of the project, and we have contributed \$3.5 million towards the \$7 million total cost over the last three years. And what started out as an absolutely ridiculous idea, has worked brilliantly well.

When they conceived the Zero Fees concept SIT as I was saying before had a roll of 1773, and they needed to get to the magical breakeven number of 3000 students to become self-sustaining.

Well this is what their roll growth has looked like

2000	1773	
2001	2526	
2002	3376	
2003	3993	
2004	4302	
2005	4500	Budget

And some key facts about Zero Fees.....

- Bernard Salt, a noted Australian demographer, has observed that Invercargill is the only local authority area in Australasia in 27 years of tracking population trends in Australasia that he has seen reverse a negative population trend.
- The population of Invercargill, which had been plummeting, has in the last year recorded around a 1% **increase**.
- Gareth Morgan from Infometrics has done a study of the economic impact of the scheme, and his conclusion is that it's grown the local economy by somewhere between \$20 and \$25 million. Per annum.
- And Southlanders feel pretty damned good about the whole project really!

And the absolute best part is that the Zero Fees concept is now totally self-sustaining, as per the original plan – SIT have passed the magical 3000 EFTS breakeven point, and can now survive simply on the government subsidies that their students attract. And SIT is more than just surviving, they're generating healthy financial surpluses.

So I hope that gives you some feel for why I believe in the value of community-based philanthropy! The Zero Fees project is an excellent example of philanthropists, and other community agencies, banding together to address regional problems.

Just as a footnote to the Zero Fees project, I mentioned earlier that Penny Simmonds dreamt the idea up in the shower in May 2000. We approved funding for the scheme in August 2000, and then at Christmas time I sent Penny a Christmas Card – and I asked her not to shower again until at least June the next year, because I didn't think we could afford any more good ideas like the one she'd just had for a while.

I want to talk a little bit now about some of the **challenges** you can encounter when you engage in community-based philanthropy. Some of **our** challenges have probably been exacerbated by the fact that our Trust, as we saw before is a relatively big goldfish in a very small, but very visible, bowl. And then the challenges get cranked up another notch again if you do some relatively high-profile projects that get you publicity.

Challenge number one is to recognise that if you want to work in partnership with other philanthropists– and Trudy talked about this earlier – you need to have shared objectives and a shared values base. Because if you don't then you can get the situation where two philanthropists will look at exactly the same question, but perhaps come up with startlingly different answers.

And here's an example of what I mean.

CTOS v ILT

So two totally different answers to what looks like the same question. But the point I should make is that **we're both right** - \$70,000 is the right answer for our organisation in terms of our objectives and values and operating environment, and \$500,000 is the right answer for the Invercargill Licensing Trust in terms of their objectives and values and operating environment. If we're going to work in partnership we need to recognise what our differences are, but also identify where the common ground is – we then need to focus on the common ground, and not get distracted by our differences.

Challenge number two with community based philanthropy is that, because of this goldfish bowl issue, it can be very high profile – you become a very visible philanthropist in a small region. And sometimes this leads to exaggerated expectations from some grant applicants.

This is the front page headline that appeared in the Southland Times after a funding decision that the Trustees made in April this year. Not too flash is it. But I think it gets worse if you put it into the context of what actually happened – looking at that headline you could be excused for thinking we'd declined a grant for this particular project, but we didn't, we actually gave them a grant. How big a grant was it? Well only a miserable \$1.5 million, our biggest grant of the year, more than twice as big as the next biggest grant that we approved.

But the problem was that the applicant's request, and also I think their expectation, was for \$3.5 million.

Challenge number three is that when you work in partnership, **everybody** takes the credit. I've just finished claiming some credit for the Zero Fees Scheme on behalf of our organisation, but Penny Simmonds actually came up with the idea (in her shower), most of NZ thinks it was Tim Shadbolt's idea because it was Tim who first lurched out in public with it, the editor of the Southland Times I'm sure believes it only happened because he wrote an editorial in support of the project before we reached our funding decision, and other funders claim credit for it. Even Venture Southland our local economic development agency has claimed credit for it – which when you consider that Venture wasn't established until a year after Zero Fees was up and running I struggle with a little bit.

The point I want to make is that when you work in a partnership situation then all of the partners can **quite legitimately** claim the credit for the success of a project – irrespective of what level of contribution they might have made. So you need to be prepared to put aside your personal and your organisational egos if you want to work in partnership.

Challenge number four is that community based philanthropy takes extra effort, it is time, thought and energy hungry. So anybody involving themselves in community based philanthropy needs to be prepared to resource that philanthropy appropriately.

That brings me to the end of my response to Trudy's address. Trudy thank you for what you shared with us this afternoon, I found it very stimulating to think and hear about the concept of community based philanthropy, which I believe is a very exciting area of grantmaking to be involved in.

I want to spend a few minutes now talking about some of the different ways we've tried to look at our investment capital, to see if there are ways that we can use not only grants, but also investments, to help our region.

The first concept I want to run through is the idea of **lending** money to a project, rather than simply **giving** it away by way of a grant. The best way to explain is probably by way of an example, so I'll show you what we've done with our local DHB. And I should stress that this isn't rocket science.

Southland DHB

Other examples where we've used loans are child care centres, who generate an income stream;

an historic house restoration in Invercargill, where once the house is restored they're going to rent it out – so there's an income stream to service a loan.

And an energy conservation project, this one's still under development but what we're considering is putting up some loan finance to help homeowners do energy conservation measures on their houses, and they'll repay the loan by way of the savings they'll make on their future power bills once they've had the work done. And the good part about that is that they wouldn't even have to pay any cash back – the idea is that the energy retailer will continue to bill the homeowner based on their historic electricity consumption rates, and the savings between the historic and the new will repay the loan.

We've also used equity investing to benefit our community on occasions.

e.g. Southland TV

e.g. the Kingston Flyer

So that's some of the things we do. I'm not sure whether we should call it strategic philanthropy, community based philanthropy, bending the philanthropic rules, or even socially responsible investing. Whatever you want to call it, it works for us.

Thank you for listening, and I'm happy to answer any questions any of you might have.