

Morgan Family Charitable Foundation – A Project of Philanthropy – First Discussion Document

April 06, Gareth Morgan

Rationale:

Tax breaks are of most benefit to the indulgencies of the rich – donations to elite schools, concert halls, civic amenities, arts festivals, religious groups. So we need to avoid using tax-subsidised monies from our Charitable Foundation to perpetuate this distortion and exacerbate distribution of income within society.

It would be ineffective philanthropy if it overlaps with public provision. The private charitable sector in NZ generally is short on effective business models, and needs a productivity increase. The fact that our ubiquitous welfare state will provide in the end removes the incentive for private charities to be efficient – there is a safety net if they fail.

Bucket-shaking on street corners generates a fatigue amongst donors and desensitises people to the cause, there is an inherent worry amongst the public that their money isn't being put to good use. Having said that there are many well-meaning people who want to give to others and so there's a myriad of charitable organisations despite the welfare state's overarching presence. Proponents of an ever-growing welfare state apparently don't give much credence to the reality that people need to give and be connected to those they're helping. The intermediation of this process by faceless government bureaucracy has undermined the private charitable sector.

At MFCF we need to define the objective on each project and map a strategy to achieve it. We need to avoid just fund ongoing welfare – that is the role of the public sector – assuming the country we're helping has a public sector.

We should make the greatest possible difference by maximising the leverage on what we do. The best way of turning a situation for the better is to raise public awareness. That leverage should come via

- (a) adroit selection of projects that have true need – build the business case
- (b) publicising the projects we engage in
- (c) design marketing/strategies that encourage other Foundations to chip in and help – the leverage.
- (d) Make the projects one-off where we can so donor fatigue is avoided. We'll need competent coal-face agents to ensure the job is done, finished and the contract team then disbanded.

There are two approaches and we need to consider both;

- (a) Hands-off, diversified social investment – spreading a portfolio of grants across those Foundations already managing specific charitable activities – both here and overseas
- (b) Hands-on philanthropic ventures

Political Dimension.

The State is the largest provider. We need to position any NZ activities as a niche provider trying to be effective in areas where the State is not. While our agenda may at times have political motivation we are about policies we are not about political parties. Therefore our default position should always be to be “nice” about State provision and just say we think that there is perhaps a lack of emphasis on the specific area we are targeting at the time. This method will have the best chance of effecting change – if we are correct it will precipitate public support which, should effect political change.

While it may be the case that significant tracts of public sector provision are ineffective it is not clever marketing to confront head-on those projects or the politicians of the day, that (maybe by default) underwrite them. Better, as above, to position to influence public opinion. This is why transparency of what we do is a virtue.

By being public about projects and transparent, we will generate a competition amongst the philanthropists to be better than us – to do a better job. This includes the State sector eventually.

Threats and Opportunities

Much philanthropy is characterised by “ego gratification and reputation enhancement, with trusts that go perpetually satisfying a personal need for transcendence” once the benefactor has died. This is the danger of going public with what we do. We will get labelled in time as wowers, do-gooders, show-offs, smug, self-appointed superiors, ...etc. I suspect it is unavoidable but we might mitigate it if we are clear with broadcasters as to why we are publicising what we are doing. Being labelled is a small price to pay for the satisfaction of **improving others’ lives who otherwise might not have that opportunity.**

So what are our motives?

1. To do good, improve people’s lives, reduce the most severe disparities of well-being – relief charity
2. To raise public awareness – getting leverage so others will help
3. To salute unsung heroes/battlers – bring attention to those that make all our lives better and aren’t recognised
4. To promote values that we respect – families, support for the young so they can participate fully in the economy
5. To prepare those who otherwise wouldn’t, for participation in the workforce and/or contribution to their community. Fostering the self-empowerment of the recipients of our efforts must be paramount. Only this way can we have any positive impact on the performance capacity of society.
6. To foster consolidation in the philanthropic industry, to remove duplication where we identify it

If an “ego trip” is a perceived side-effect of this, then so be it. Being afraid of that characterisation of us by others, isn’t reason enough not to do anything.

Personal Drivers

“Give until it hurts” - Mother Teresa replied to a millionaire wishing to provide funding and help who had asked, *“How much should I give?”*

- Giving \$47m doesn't hurt us one iota as we live within our means anyway. We have a long way to go before that condition kicks in.

“But all the money in the world won't make any difference, the poor will always be with us” – sounds like and is an excuse to ignore need. Helping one person in need, no matter what others think of it, is doing good. Good is not measured in quantity.

Afluenza or middle class welfare is a real turn-off for us, it has become ingrained as the dependency culture has been nurtured by successive political regimes in the so-called modern economy. The political rationale is plain – it makes the political process a more vital part of people's lives, so their largesse is not simply as a last resort for those in need, everybody needs their 'free' education and health services. Breaking the attitude of dependency amongst the well-paid is a specific goal. In countries like NZ the middle class have captured the public welfare system.

Why *“announce”* \$47m to charitable purposes?

- A reminder that money isn't everything, more and more for me – generates diminishing returns
- To galvanise everyone into thinking about being selfless

Actions

We need a framework within which to make decisions. A number of steps to construct that are required

1. A literature search and recommended “best principles” that we should apply given objectives above. Any suggestions for further research.
2. Consultation with established charitable foundations and experts in NZ
3. Compilation and evaluation of applications for assistance
4. Commence initial projects