

The Muttart Fellowships

# Letters to (not always of) Joy



Bob Wyatt  
2006 Muttart Staff Fellow

Each item in The Muttart Fellowship Products Series carries “the look” designed for the program. The concept incorporating pebbles and water fits with the Zen-like qualities of the visual identity of the Fellowship Program.

Each front-cover pebble is different—representing the uniqueness of each fellow and what s/he has to offer. Applicants are like pebbles among pebbles. After each is refreshed and renewed through the Fellowship year, s/he has an impact on the nonprofit charitable sector like the rings the pebble creates on a pond of water.

The varied use of this design recognizes the individuality of the Fellows while also creating a unified look to the Muttart Fellowship Products Series.



## The Muttart Fellowships

The Muttart Fellowships Program—unique in Canada—was created in 1996. A project of The Muttart Foundation, a private foundation based in Edmonton, Alberta, the program is designed to:

- develop research and other materials that will benefit the charitable sector in Canada.
- provide senior managers within the social-services sector with an opportunity for a sabbatical year—a chance to recharge and renew themselves.

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# Dedication

To Kathryn Ivany,

my wife,

my friend,

my love,

my best critic,

and my strongest supporter

and to Joan Alexandra Janet Wyatt

and Stewart Randall Wyatt

who have enriched my life more than they will ever know

with love and with thanks to all of them for following me halfway round  
the world and embarking on the adventure of a lifetime

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I am particularly grateful to Joy Calkin, now the past president of the Foundation. She has been a mentor, a teacher, a friend. She has lifted me up when I needed that and given me a good swift kick when she knew that was what I needed. I am also grateful she agreed to be the “recipient” of these “letters.” Joy, when (if) I grow up, I want to be just like you.

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Words will never be able to convey how much I owe to Myles McGregor-Lowndes, professor at Queensland University of Technology



and head of the Australian Centre for Philanthropy and Nonprofit Studies (CPNS) at the university. As a result of a passing conversation in 2001, Myles agreed to allow me to take up residence at the Centre during my Fellowship, originally coining the term “pracademic” to describe my role and only later, converting it to the more-academic-sounding “executive in residence.” Myles, I miss our conversations, our plots, and, of course, the constant study of the mango crop.

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And finally, to all my colleagues in Canada's huge and widespread voluntary sector, thank you for what you do every day. You truly do make this country a better place for all.

# Introduction

Canada's voluntary sector does a magnificent, even enviable job of taking care of others. People know that the voluntary sector is trustworthy and that it understands the needs of Canadians.<sup>1</sup>

At the same time, Canada's voluntary sector does a particularly bad job of taking care of itself.

While this focus on others is one of the hallmarks of the voluntary sector—and is, indeed, a requirement to become a charity—it puts one in mind of “the shoemaker’s son.” The problem is that the hole in that shoe is getting larger all the time.

Across all aspects of the sector, voluntary organizations are being asked to do more work all the time—whether that work is finding volunteers, raising dollars, or actually delivering service. Often, senior managers and board members will refer to the fact that they are always “fighting fires.”

Since I became involved professionally in this sector almost two decades ago, I've often thought that too much of our attention is spent on the “little stuff.” That's easy to say, I know, particularly from the comfort of the funder's side of the desk. It's a bit more difficult to accept when that “little stuff” involves:

- where the sports team is going to play because the city is increasing the fees to use the field or arena
- where the woman who has finally escaped her abusive spouse is going to sleep tonight
- coping with the government's decision to require high school students to have 40 hours of voluntary service before they can graduate or accepting people who have been involved in the criminal-justice system as “mandatory volunteers”

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<sup>1</sup> The Muttart Foundation, *Talking About Charities 2004* (Edmonton, AB: 2004). Available online at [www.muttart.org/download](http://www.muttart.org/download).

- how to keep the child care workers at the daycare centre when a major discount store opens nearby and advertises for staff
- how to supervise the person forced out of the mental institution, who doesn't understand that he has to take medication to stay well

But each of these “fires” helps, I think, prove my point:

- Why are the sports teams not being heard by civic officials? Why were they not even consulted about the changes? Why did nobody think to look at the consequences of the change on the young people who may be unable to play?
- Why are shelters having to accept furniture that somebody else wants to throw out? Why is the amount paid to support these women only a fraction of the actual cost? Why are social workers turned into fundraisers just to keep the doors open and the lights on?
- Why didn't anyone in government talk to volunteer centres before they made this change? They would have learned that screening and training volunteers often takes more than 40 hours. And they would have learned that the screening and training is a requirement of the insurance policy other government departments require charities to maintain. Why is it that some people in government think they can just make decisions like this without affecting the people directly involved? Why can't the government department that imposes insurance requirements that mandate a 65-hour training program explain to the government department with the high school students that a 40-hour volunteer costs money?
- In view of everything we know about the importance of child care for those under six years of age, why are we paying child care workers less than they can get for saying “welcome” at the door of a retail store?
- Why hasn't the sector been able to persuade government that this “community” that they believe is the answer to every potential ill—this community that will take care of the mentally ill, provide housing for the homeless, and raise money to buy dictionaries for school—is as much a fairy tale as is the idea that our homes look like the “Leave It to Beaver” television series of the 1950s?

Add to this a few miscellaneous factors such as funders not covering the full costs of programs they're funding, politicians who talk about the voluntary sector as if it's composed only of volunteers, and regulatory

changes that the sector and its professional advisors (and sometimes even the regulators) don't understand, and it becomes apparent that the voluntary sector is not having much of an impact on policy that affects it.

This is not to suggest that the sector has no influence on public policy. On particular issues, it has had significant impact. Probably one of the best examples is the work of Mothers Against Drunk Driving and its influence that turned drinking-and-driving from a joke into serious business. Similarly, those concerned with family violence have brought the issue "out of the closet" and made it a major public concern. Those concerned with bigotry and social exclusion have helped ensure the passage of laws that protect human rights.

There have been successes over the years in dealing with issues affecting the whole voluntary sector. The signing of the Accord between the sector and the government in 2001 was a highlight - at least until the federal government implicitly reneged on it in 2006. The sector has been successful in improving the tax treatment of charitable donations. Even the changes resulting from the Joint Regulatory Table were cause for celebration, despite the constant harping that they didn't go far enough.

But on many, arguably most, issues affecting the voluntary sector as a whole—whether regulatory, contract, funding, or recognition—we have been woefully inadequate.

I've wondered why this should be so.

It's not as if we don't have public support. According to the *2004 Survey of Giving, Volunteering and Participating*, more than 22 million Canadians made a financial donation to a nonprofit organization in 2004.<sup>2</sup> Almost 12 million Canadians volunteered during the one-year period preceding the survey.<sup>3</sup> Two-thirds of Canadians reported belonging to groups or organizations.<sup>4</sup>

Those are levels of tangible support that should attract the attention of

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2 Hall et al., *Caring Canadians, Involved Canadians: Highlights from the 2004 Canada Survey of Giving, Volunteering and Participating*. (Ottawa: Statistics Canada, 2006), p. 9.

3 Ibid., p 10. Note that the term "volunteering" includes mandatory community service.

4 Ibid., p. 11. Not all of the organizations measured would fall into the term "voluntary sector" as it will be used in this paper.

government. They're even more impressive when you realize that the voluntary sector in Canada is a larger contributor to the gross domestic product than is the entire retail sector or the agriculture sector.<sup>5</sup>

So the sector should be a player. But I don't see that it is—or at least not as regularly or to the extent it needs to be. Why?

The answer, simply, is because the voluntary sector doesn't act like a sector. The autonomy of voluntary organizations—arguably one of their most important attributes—has a dark side. Too rarely do sector organizations come together to talk about the things that affect them all. Nor do we do an adequate job of making those conversations possible, or creating the vehicles through which the voices of the voluntary sector can be heard.<sup>6</sup>

Armed with the view that this was a situation that needs to be changed, I embarked upon my Muttart Staff Fellowship to find out what we could learn from experiences elsewhere and how we could get better at being a player at the public policy tables.

What follows is the result of much listening, reading, and reflecting. Thirty-seven people were good enough to sit through formal interviews with me. (The word “formal” is perhaps a misnomer; as with many conversations between people in the sector, we traded “war stories,” insights, opinions, and sympathy.) There were literally hundreds of e-mails—some one-off, some a series—exchanged with others. There were conversations over coffee, at meetings, and even in the occasional pub. I found a number of articles and a few studies exploring the same types of issues. People at the Centre of Philanthropy and Nonprofit Studies at Queensland University of Technology in Brisbane were generous in their time in locating other articles they thought would be of interest or value.

And I had a chance to think about what I was hearing and reading. Previous Muttart Fellows have referred to this as “the gift of time.” It is indeed a precious gift. I could sit on our deck or in Brisbane's beautiful

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5 Statistics Canada, *Satellite Account of Nonprofit Institutions and Volunteering*. (Ottawa: Statistics Canada, 2004), p. 6.

6 The use of the plural “voices” is deliberate as will be discussed later in this work. It is unlikely that the voluntary sector will ever speak with a single voice on any particular issue, just as no proposition put to the Canadian population as a whole would lead to a unanimous result.

Botanical Gardens and think, without having to worry about what I needed to read for the next meeting on my schedule.

This was never designed to be a “pure” research study. The people with whom I spoke were not randomly selected. Indeed, just the opposite is the case. I sought out people who I thought would have useful experiences and tips, people who I thought saw a bigger picture than their own organization, people who have been involved historically and currently in issues affecting the voluntary sector in their country.

I did not approach the topic as an objective researcher. I believed at the start of the project, and still believe, that we need a strong umbrella organization that can act as a convenor, a proxy, and a facilitator for the voluntary sector.

I believed, and am now more firmly convinced, that Canada requires an umbrella organization that combines research (applied and theoretical), public policy, awareness, outreach, facilitation, and advocacy.

I believed, and still believe, that voluntary sector organizations must stop pointing out the differences between themselves and start concentrating on bigger-picture issues.

In short, I believe that Canada’s voluntary sector must “get its act together.” And I believe it must do that despite what I see as the efforts of some to prevent that from happening.

These biases shaped the research questions and my selection of interview subjects, although I ended up having conversations—normal or otherwise—with people whose views did not wholly match mine—sometimes at all, sometimes in part.

At the end of the interviews, and when I finally said “enough” to the articles, journals, and books that I came across, I had to decide where to go next with my project. As I read hundreds of pages of interview transcripts, I came to appreciate again the richness of the information that was shared with me by people from five countries.

Trying to fit this amount of information into something that looked like a scholarly work would, I concluded, be difficult. Moreover, it’s not my style. And so I chose to prepare a series of essays—some shorter, some longer—that gave me an opportunity to describe experiences in five countries and a multitude of circumstances. And because it was a style that appealed to me, I decided to write these essays in the form of letters.

The recipient of these letters was to be Joy Calkin, the president of The Muttart Foundation during the time of my Muttart Staff Fellowship. And, luckily enough, her name prompted the title of this book. They are letters *to* Joy, but not always letters *of* joy.

The journey—geographic, intellectual, and emotional—has been a fascinating one and I hope what follows will reflect some of that. I hope that you will find the stories interesting and stimulating. I don't expect that you'll necessarily agree with all of my findings, thoughts, or conclusions. What I do hope is that you will at least be stimulated to discuss them with others, to find a way that works in the Canadian context, to find a means so that the voluntary sector can take its rightful place in Canadian society.

## A Note about Language

Some terms and spelling could cause confusion.

### *Voluntary sector and charities*

“Voluntary sector” is a term that is used throughout this work. The nature of that is discussed in one of the essays. “Charities” are a subset of the voluntary sector—those organizations which have been registered as charities under the *Income Tax Act (Canada)*. The terms are not interchangeable.

According to the National Survey of Nonprofit Voluntary Organizations<sup>7</sup>, there are an estimated 161,000 voluntary organizations in Canada. Of that number, something in excess of 82,000 are registered charities.<sup>8</sup>

In some cases, it is easier to obtain statistical information about charities. In other cases, information is available about the broader voluntary sector. In each reference, I have tried to make clear the nature of the information.

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7 Statistics Canada, *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations (2003 revised)*. (Ottawa: Ontario, Statistics Canada, 2005), p. 7.

8 According to the Canada Revenue Agency's website, and directory of charities, there were 82,713 registered charities as of June 29, 2006.



### ***Peaks and umbrellas***

In Canada and the United States, organizations which are composed of other voluntary sector organizations and seek to represent the interests of those other organizations are called “umbrella” organizations. In Australia, New Zealand and England, the term “peak” is used.

For all practical purposes, the two terms are interchangeable.

### ***Spelling***

Readers will note references to “organizations” and “organisations.” In Canada and the United States, the former term is used; in the other three countries I visited, they use the latter spelling. For both published material and excerpts from interviews, I have used the spelling that is appropriate for each country.

# Letter 1—That Damn Radar Screen

*Edmonton, Alberta  
September 2005*

Dear Joy,

Well, it's started. It seems strange to be packing to leave the office (and the country) for a year, but the adventure begins now. After a few days in Ontario, we'll head to England for a few weeks of vacation, followed by a week of interviews. Then back to Edmonton for five days and across the Pacific to our new home in Brisbane.

Whenever we have talked about an issue coming before the Foundation Board or about a new program, one of your first questions to me is:

*To what problem are we seeking a solution?*

It's a question I learned to ask, too, when I was a facilitator and faced people who were very quick to jump to solutions. It forces us to sit back and think about what it is we want to change, or affect, or influence.

Unlike my usual style, I'm not starting this sabbatical adventure with any clear concept of solutions. Rather, I'm starting with a nagging feeling that all is not well, that things remain undone, that we in the charitable sector are doing too little to address systemic problems affecting the sector.

There are lots of examples of charities and nonprofit organizations influencing policy around specific issues. Mothers Against Drunk Driving, for example, has done a good job of bringing the problems of drinking and driving to the point where it's a top-of-mind issue for many people. (That isn't to say that I always agree with some of the hyperbole,

but it keeps them in the news.) Some health charities have done a great job in bringing more government and public attention to issues around mental health, persons with disabilities, and so on. And one can only marvel at the successes of environmental organizations, even those who believe they've accomplished little. Ten years ago, no politician was talking about environmental issues; today, they're falling over themselves trying to prove they're "greener" than the other guys.

But it seems to me that, in the last five or six years, the voluntary sector has done a really bad job of promoting itself. And more than that, it has ceased to have any influence over policies and procedures that affect the sector itself. While I would argue that, at one point it had some influence and was on the verge of having even more, those days seem to part of the distant past.

If you think back, you'll remember a federal Liberal party platform position that the party would find a new way to relate to the voluntary sector. Under Jean Chrétien's leadership, the party recognized that the voluntary sector was delivering more and more programs and services and that there needed to be a way to deal with the changes and issues created by that dynamic.

That led to the establishment of the Working Together tables, small groups composed of equal numbers of federal public servants and people from the voluntary sector. These tables were given a short timeframe to address various issues and to report back to the federal government.

Considering the lack of time and resources, the tables did a great job of cataloguing the issues and talking about possible solutions. And the fact that they did was reflected in the creation of the Voluntary Sector Initiative. Seven tables were established, again jointly composed of public servants and people from the voluntary sector. Six of the tables were each given a mandate to look at a particular piece of the relationship; the seventh was established as a joint coordinating committee.

At the first meeting of voluntary sector table chairs, I made a comment to the effect that we had a two-year window of opportunity to resolve a number of issues. Patrick Johnston corrected me. Patrick, then the president of the Canadian Centre for Philanthropy, said we had a two-year window of opportunity to keep the window open.

That meeting took place in the fall of 2000. Half-a-decade later, it's clear

that we failed in the mission that Patrick saw for us.

We've fallen off the radar screen. Issues affecting the voluntary sector are not even discussed any more, at least not between government and the sector.

The first Voluntary Sector Initiative tables' reports led to some real progress. New programs were developed. An "accord" was signed between the federal government and the voluntary sector, setting out the fundamentals of the relationship that should exist. Regulatory improvements eased much of the angst that had existed for years.

But after Chrétien retired as prime minister (amidst the blood-letting of the Liberal Party), concern about the voluntary sector and the relationship was no longer "top of mind" for federal public servants. In fact, discussion of it prompted a sort of *ennui*. It seemed apparent that the Voluntary Sector Initiative was seen as a Chrétien legacy of little interest to the Paul Martin regime.

That was a bit surprising, because, as Finance Minister, Martin had shown interest in, and support of, the charitable sector. Improvements were made to the tax credit for charitable contributions, even over the objections of Finance Department personnel. But the days of open conversation between government and the sector, problem-solving around concerns, and voluntary sector involvement in policy discussions were a thing of the past.

Part of that problem might well have been caused by the fact that the sector itself was engaged in some serious navel-gazing and wasn't doing very well at getting its house in order.

Up to that point, the Canadian Centre for Philanthropy generally had been regarded as the "umbrella" group for Canada's voluntary sector organizations. It didn't pretend to be the voice of the voluntary sector, but it was certainly regarded as the group best positioned to coordinate diverse views and seek consensus, where that was possible. Sub-sectoral groups involving health charities, arts groups, and others had their own umbrella organizations, but the Centre was generally seen as the place that would provide the table for conversations between those groups.

Admittedly, the membership of the Centre was never totally representative of the voluntary sector. The membership tended to be larger, more established organizations. The smallest organizations—

which reflect the vast majority of the sector—weren't generally members and the Centre (like similar bodies elsewhere) didn't necessarily spend a lot of time trying to communicate with those groups.

But the Centre had established a presence through good work—in research, public affairs, and convening, among other things—and through longevity.

When Patrick Johnston decided to leave, another opportunity presented itself, because concurrently, the executive director of the Coalition of National Voluntary Organizations (CNVO) took a new job. The boards of the two organizations started to talk and decided to explore a merger of the two organizations. CNVO was then made up of a number of organizations that operated across Canada. Some were national federations; others were individual organizations with cross-Canada operations.

For almost two years, there were interim appointments within the Centre for Philanthropy, while work went on to describe what a new organization would look like and how it would operate. For various reasons, the merger didn't take place as envisioned, but CNVO ceased to exist and the Centre for Philanthropy took on some of the roles that CNVO had played.

But it was at this point that there started to be a lot of confusion about what role the new organization—now called Imagine Canada—was going to play.

At first, the view was that Imagine Canada would not be a “trade association” for the voluntary sector. Instead, the organization was going to concentrate on creating “common spaces” for the voluntary sector, government, and the private sector to meet together and discuss issues of mutual concern.

I'm not saying that this isn't necessarily a good idea; our experience at the Foundation has always demonstrated that nothing but good can come when people gather together to talk honestly about common issues.

But it meant that if Imagine Canada was concentrating on being a facilitator—which demands neutrality—there would be no entity which even purported to try to be a national umbrella for the voluntary sector.

So at the very same time that the voluntary sector was losing influence in

Ottawa because of a change of regimes, we weren't in a position to fight to maintain that influence because we didn't have a vehicle to do so.

Then, of course, things in Ottawa changed even more with the election of a minority government in 2004. Now issues related to the voluntary sector were very definitely on a back burner as the federal Liberal party tried to figure out not only what had happened, but also what it could do about it.

The problem is that the issues aren't on the back burner for the voluntary sector. While regulation might not be generating the heat it once was (and that's an arguable proposition—the heat might just be about different things), there are issues related to funding, downloading, accountability, and more. These are issues that get in the way of voluntary sector organizations getting on with what they're supposed to be doing—improving the quality of life of Canadians.

But there is no longer any place for those conversations to happen. During the Voluntary Sector Initiative, the idea was that people from government and the sector could come together as equals to discuss policy issues, to develop jointly new programs and new solutions, to solve problems that created difficulties for both of them.

Now, we don't have those joint tables. We're back to where we were before the Voluntary Sector Initiative. Indeed, we're even further back, because we no longer have any of the political parties even talking about the voluntary sector.

So as I embark upon this journey of discovery, the “problem” for which I'm seeking a solution is simple: How can we ensure that the voluntary sector is able to have influence over issues that affect those organizations that make up the sector?

I have a feeling that the solution won't be nearly as simple to enunciate. But I'm hoping, through reading and talking with people in other countries, to see what they've learned and what we can learn from them.

Geographically, I know where this search will take me. But in terms of lessons and understanding, I'm not nearly as certain. But then again, they say that the fun is in the journey, so I'm looking forward to a lot of fun.

Until later,

Bob

# Letter 2—Yes, Virginia, There Is a Voluntary Sector

*35,000 feet over somewhere  
September 2005*

Dear Joy,

The big silver bird is carrying us the thousands of kilometres to Ontario, a reminder of just how broad this country is.

As I look out the window and see plots of land or visions of communities, I can't help but think that, in every one of those places, voluntary organizations work to better their communities.

Some are working on social service issues. Others are teaching literacy. Others are establishing and running art galleries or museums or performing arts groups. There are thousands and thousands of volunteer-run sports and recreation organizations, to say nothing of faith organizations.

In my last letter, I said that I wanted to find out how the voluntary sector could have greater influence over issues affecting the sector.

However, that begs the bigger question: Is there a “sector”?

The phrase rolls off the tip of the tongue of many of us, as if it's a God-given truth. We have constantly been referred to as a sector—whether the Third Sector, the voluntary sector, the charitable sector, the nonprofit sector, the community-based sector, the non-governmental sector, or whatever. (The mere fact that we can't agree on a name may give comfort to those who argue that it's not a sector.)

I haven't been able to find anything that tells me where the term originated. David Lewis, in his book *The Management of Non-Governmental Development Organizations: An introduction*<sup>9</sup> says that the term "third sector" seems to have arisen in the United Kingdom during policy discussions in the 1970s.

Zimmer and Friese credit the term to the work of Amitai Etzioni in a 1973 article.<sup>10</sup>

(If you want to see some real excitement, ask Martha Parker<sup>11</sup> about the term "third sector." She very passionately asks, "Who said we were third?" She points out, with some historical justification, that voluntarism predates government or the private sector, so that perhaps we should be the first sector.)

Others argue that the concept of a "voluntary sector" is a joke. They attribute it to academics, economists, and statisticians who couldn't find a place to put numbers that didn't fit in the government column and didn't fit in the "market" or "private-sector" column.

These people, including some in what I believe *is* a sector, suggest that it's not enough that organizations have the same prohibition on distribution of earnings, that they are governed by people who generally serve without remuneration and that they have a common requirement to benefit the public (or an appreciable segment of the public). That, they say, doesn't create a sector.

Others point to disagreements about what constitutes the "voluntary sector"—assuming that there is, in fact, a voluntary sector.

For example, one of the best-known studies of the voluntary sector is one undertaken by Johns Hopkins University. Their description of how they came up with their terms, and with the challenges that proposed, is contained in the following excerpt from one of their methodology papers:

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9 David Lewis, *The Management of Non-Governmental Development Organizations: An introduction* (London: Routledge; 2001).

10 Annette Zimmer and Matthias Friese, *Bringing Society Back In: Civil Society, Social Capital and the Third Sector*. (Munster: Westfälische Wilhelms-Universität Münster, Europäische Zivilgesellschaft Und Multilevel Governance), undated.

11 Martha Parker is the retired executive director of Volunteer Calgary and a member of The Muttart Foundation's Board of Directors.



In order to ensure that this project focused on a similar range of entities in all project countries, significant effort went into the development of a common “working definition” of the “nonprofit” sector that could be used in all project sites. This was done by first asking the team of local associates we assembled to collaborate with us on the project to describe the range of organizations and similar entities commonly regarded as nonprofit organizations or part of the “third sector” in their respective countries, and then comparing these descriptions across countries to identify the common elements. A similar process was then repeated when additional countries were added to the project, and adjustments were made to accommodate types of organizations not encountered previously.

Out of this process emerged five key structural and operational characteristics that seemed to define the range of entities most commonly associated with the nonprofit or voluntary sector in countries throughout the world. This “structural-operational” definition then became the working definition of the nonprofit sector for purposes of our project. To be covered by the project under this definition, therefore, an entity had to be:

- **Organized**, i.e., institutionalized to some extent. What is important is not that the organization be registered or legally recognized, but that it have some institutional reality. This can be signified by some degree of internal organizational structure; relative persistence of goals, structure, and activities; meaningful organizational boundaries; as well as a legal charter of incorporation. Both formal and informal organizations are covered by this definition. Excluded are purely ad hoc and temporary gatherings of people with no real structure or organizational identity.

- **Private**, i.e., institutionally separate from government. This does not mean that nonprofit organizations may not receive significant government support or even that government officials cannot sit on their boards. Rather, they must be nongovernmental in the sense of being structurally separate from the instrumentalities of government, and they do not exercise governmental authority.

- **Nonprofit-distributing**, i.e., not returning profits generated to their owners or directors. Nonprofit organizations may accumulate surplus in a given year, but the profits must be plowed back into the basic mission of the agency, not distributed to the organization's owners, members, founders, or governing board. The fundamental question is: how does the organization handle profits? If they are reinvested or otherwise applied to the stated purpose of the organization, the organization would qualify as a nonprofit institution.

- **Self-governing**, i.e., equipped to control their own activities. Some organizations that are private and nongovernmental may nevertheless be so tightly controlled either by governmental agencies or private businesses that they essentially function as parts of these other institutions even though they are structurally separate. To meet this criterion, organizations must control their activities to a significant extent, have their own internal governance procedures, and enjoy a meaningful degree of autonomy.

- **Voluntary**, i.e., involving some meaningful degree of voluntary participation. This involves two different, but related, considerations: First, the organization must engage volunteers in its operations and management, either on its board or through the use of volunteer staff and voluntary contributions. Second, voluntary also carries the meaning of non-compulsory. Organizations in which membership is required or otherwise stipulated by law are excluded from the nonprofit sector. These include some professional associations that require membership in order to be licensed to practice a trade or profession.

As reflected in the classification discussion below, this definition embraces a rather broad set of institutions. Included are trade and professional associations, traditional charitable organizations, organizations involved in religious worship, so-called nongovernmental organizations (NGOs) engaged in development work, grassroots development organizations, higher education institutions, hospitals, and organized social movements, among others. At the same time, both practical considerations and definitional issues complicated the treatment of some types of organizations. Two broad classes of these deserve special mention here:

- **Religious worship organizations.** Churches, synagogues, mosques, and other religious worship organizations are included within the project's definition, and data were sought on them. However, such data could not be collected for all project countries. Accordingly, the religious data are reported separately here. Religiously-affiliated service organizations (e.g., schools, hospitals, daycare centres, clinics) were covered everywhere. Such organizations are included in the appropriate service field in which they primarily operate (e.g., education, health, etc.) rather than in "Religion," however, as noted in "Fields of Activity" below.

- **Cooperatives, mutuals, and self-help groups.** Certain types of organizations occupy a gray area so far as the project definition is concerned. For example, most cooperatives, mutual societies, and economic self-help groups would be excluded from the project's coverage because they generally would not meet the nonprofit-distributing criterion. However, it was determined that those cooperatives, mutuals, and similar organizations for which the profit motive is secondary and the primary intent is to offer services that benefit the broader local community could be included.<sup>12</sup>

I know that's a long quote to read, but to me it seems to identify some of the issues that arise.

Particularly problematic to me are the inclusion of trade unions and professional associations. I don't think they pass the "man-on-the-street" test. (Forgive the lack of political correctness.) If you asked 100 people walking down the street whether the Teamsters or the local motor dealers' association were in the same grouping as the Red Cross and their local church, I suspect few would answer "yes."

At the other end of the spectrum are those who say that even some organizations categorized as registered charities shouldn't be considered part of the voluntary sector. In 1999, the *Working Together* report (the predecessor to the announcement of the Voluntary Sector Initiative) asked, in the regulatory section, whether hospitals and universities should continue to be considered charities. Part of the rationale appears

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<sup>12</sup> John Hopkins University. <http://jhu.edu/cnp/PDF/method.pdf>. Retrieved January 12, 2008.

to be that they had become quasi-governmental, if not more. The same could hold true for school boards.

I've also heard people say that religious organizations (or at least places of worship) shouldn't be considered charities or part of the voluntary sector, because they're exclusionary. (I'm not going there—the inclusion of religious organizations goes back to the *Statute of Elizabeth 1601*—the “modern” basis of charity law.)

I think the writers of the *Working Together* report raise an interesting point. However, I take their examples more as a concern about how independent voluntary sector organizations must be. That's something I want to think about and will probably write to you about later.

So I've tossed all of these questions and definitional issues around, and I've come to a very important conclusion: It doesn't matter.

Even if we knew what a “sector” was and could apply some sort of objective tests, the reality is that there is a voluntary sector because people have lumped organizations together as a sector. People inside and outside of the sector believe there is a sector and so there is. The term has come into popular usage, and government has decided to act as if there were a voluntary sector (not always in the way that the sector would like, but that's a different story).

There can be (and no doubt will be) fights about who is in and out of the sector, but I don't think that changes the fact that we must operate as a sector because others expect us to do so. Unfortunately, that doesn't always work out exactly the way I would have hoped. You've heard me say in the past that if people could spend as much time talking about what we have in common as they do talking about what makes us different, we'd be much further ahead.

At the Foundation, we deal mainly with the charitable sector. That's a subset of the voluntary sector. It's made up of those organizations which have registered charity status—now about 83,000 organizations. We know a fair amount about them, because they're all required to file an annual report.

The voluntary sector is bigger than the charitable sector. It includes all charities, but includes a large number of other organizations operating on a nonprofit basis, but without charitable status.

According to Statistics Canada, in 2003, Canada had some 161,000 incorporated nonprofit and voluntary organizations. The report makes clear that there were more, but Statistics Canada adapted the Johns Hopkins' criteria and added the requirement that they be legally incorporated. One reason given in the report for excluding unincorporated groups is the difficulty in identifying and locating them. Interestingly (and harkening back to the *Working Together* report), this Statistics Canada study excludes school boards, public libraries, and public schools because they are "considered to be public-sector agencies."

We don't know a great deal about the half of the voluntary sector that is not made up of registered charities. The patchwork of regulatory provisions in the provinces and territories requires some, but not all, of them to submit reports.

But I don't think that lack of public knowledge is a deciding factor. Nobody argues that the private sector doesn't include small businesses that we know very little about, so why should it be different for the voluntary sector? (In fact, the Broadbent report, which predated the Voluntary Sector Initiative, addressed this issue nicely when it talked about some people's complaints that charities were competing with the private sector. It suggested that, in tendering processes, private sector companies should need to disclose the same amount and type of information that's publicly available about charities.)

So why is this important? Well, if I'm looking at issues of public policy related to the voluntary sector, I have a problem if there isn't a sector. But in those immortal words: "Yes, Joy, there is a sector." And now I'd like to know why it's not as effective as I think it should be.

More later.

Best wishes,

Bob

# Letter 3—Hands and Feet

## *Over the Atlantic somewhere*

Dear Joy,

Before we left, I talked with some people in Canada and the United States about my study. I'll tell you more about that later, but I wanted to talk about some metaphors that came up in those conversations and about where they are taking my thinking.

In one case, I was talking with someone who worked with a group of organizations (not all of them charities, but all of them part of the sector) which started coming together after a few of them identified common issues to discuss.

This “gathering body” has never been incorporated, but continues to come together when it feels it necessary. They do some joint work together, and their numbers fluctuate depending on what they're working on. When something arises that requires them to spend some money, each organization contributes what it can to the cause.

The person I talked to described the group as having decided “to come together and hold the hands of one another” as they worked through some issues.

Another interview didn't have as warm a metaphor. In that case, the person I met with said that Canada's voluntary sector has an unenviable track record of shooting itself in the foot.

Then we got back to a more heart-warming metaphor when someone else talked about the need for the sector to “embrace its diversity and its commonalities.”

Holding hands. Shooting feet. Embracing.

Interesting comments, all of them. I'm sure that you, like me, can quickly identify any number of cases where those comments might fit. Where we might differ, though, is how they fit together when it comes to policy issues related to the sector.

I can think of many cases where organizations have come together around a common crisis, but it's more often a common crisis affecting those they serve, rather than the sector.

In the case of a natural disaster, for example, voluntary sector agencies often join together to ensure people's health and welfare. And it's not just organizations that come together. One of the inspiring things that we see over and over again is whole communities coming together. People leave their homes, their opinions, and their prejudices to one side and get on with the job of making things right.

People have come together around policy issues. Groups fighting tobacco, for example, or those who seek to limit government's involvement with gambling.

It's less common, at least in my experience, for organizations to come together around issues involving the sector as a sector.

True, on some occasions, the largest charities and umbrella organizations have pursued the same goals—increased value of the tax credit that donors receive (although there's some doubt about whether that motivates people other than very large donors). They came together around persuading the federal government to allow tax breaks when a donor wants to give securities rather than cash.

But one wonders why they're not holding hands more often, and on things that might actually have some public appeal.

Here's one example. Many human service charities complain that their government funding (of whatever level) doesn't cover the full costs of providing the service. The problems range from simply not enough money to serious discrepancies between the salary levels government will fund compared with similar positions in the public service.

It seems to me that this concept can be explained pretty simply and that there is reason to believe that the public would expect government to pay

the full costs of services for which it contracts.

Why, then, have these sector organizations not organized and started to create some awareness and some “noise”? They did in England, and with great results.

Failing to identify opportunities where they *could* “hold hands” is one example, I think, of how the sector shoots itself in the foot. In the context of my very old catechism classes, these would probably be classed as a sin of omission. And this “sin” is at least partially caused by the lack of organizations that see it as their role to bring the sector together. Some of that, I know, resulted from prior attempts that have proven frustrating. But as I look around the landscape, I see precious few “umbrella” organizations within the sector that create any sort of forum for other sector organizations to meet, to discuss, to discover together. Given the day-to-day demands on their time, most organizations aren’t going to initiate activities that convene the sector (or some part of it). But if we had someone who would explain the issues and take the chance on building coalitions, we might join hands.

But it’s the “sins” of commission that are probably more damaging. We do things that damage the idea of building a sector that can have influence on policy.

The first thing we do is go off in so many directions that nobody—including (most of the time) people within the sector itself—knows what it is we want. In fact, this has become something that some in government count on. In pre-budget consultations, in response to government calls for comments, we travel in many different directions. While some of the ideas have their own merit, government hears the message that no coalition can form around any particular idea. And that likely means government can do whatever it wants, because there’s little chance of a coordinated opposition.

There has been some improvement over the years, to be sure. We are seeing more and more joint submissions on budget matters affecting the sector. Organizations came together, for example, over better treatment for donors who give gifts of securities to a charity. And a joint submission from the sector had major impact when the federal government was examining rules regarding funding to charities. These are good examples of holding hands.



But even here, we miss opportunities. Too often, these submissions are put together by very few people. They're circulated to other sector organizations in final or near-final form, usually without a lot of background or explanation.

I'm not going to argue that every submission to government must be prepared by a representative group. (In fact, I'll write you later about the problems that a focus on "representativeness" creates.)

But let's face facts. Two-thirds of Canada's charities have annual revenue of less than \$250,000.<sup>13</sup> The chances of them ever facing a situation of a donor wanting to give them securities are pretty small. So when they see a proposal for a budget change like this, their first response is pretty much "So what?"

You will say, perhaps, that it doesn't matter, because not every charity (or voluntary sector organization) will be affected by every policy change. And you would be absolutely right. But my response is that every charity is a potential salesperson for a policy change.

Not every elected official or public servant keeps voluntary sector issues at the top of mind. In fact, if we could rid them of some of the myths they have about the sector, that would be a large step.

But every one of those elected officials wants to court good relations with voluntary sector organizations in his or her constituency. They're at every pancake supper, every cheque presentation, every ribbon-cutting. And every one of those contacts is a potential place for sector organizations to make their points. And we fail to use those opportunities because we fail to ensure that each potential message carrier knows what the message is, let alone why we're conveying it.

So we shoot ourselves in the foot. Again.

But we use the big calibre weapons to take the shot when we request policy changes without knowing what they would mean.

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<sup>13</sup> I'm using figures only from charities here because we have hard data on those organizations. I suspect the percentage would be even higher if we talked about all voluntary sector organizations.

Let me give you two examples guaranteed to get my blood-pressure into the danger zone.

I regularly hear from people in the sector who complain about the tax credit available to donors. They want it higher. And, they say, it should be as high as the tax credit available to those who donate to federal political parties.

This is a really good example of the old adage: “Be careful what you wish for, because you may get it.”

The tax credit for political donations is certainly generous. It can be a credit of up to 75 per cent of the donation—so long as the donation is less than \$400. Even at higher levels, the credit rate for political donations exceeds that for charitable donations. But the amount of political donations is limited. The credit tops out at a donation of \$1,275. At that level, you receive a tax credit of \$650. No matter how much more you give, you receive no higher tax credit.

Charitable donations, however, are *unlimited*. You can give as much as you want, and you receive a tax credit for all of it. The rate is lower, but the maximum credit much higher.

The credit rate for the first \$200 of donations is 15 per cent. For anything above that, the rate is 29 per cent. No upper limit. Nada.

I haven't seen any comparison charts lately, but during the Voluntary Sector Initiative, data from the Department of Finance showed our charitable tax credit to be the most generous among the G-8 countries. I rush to add that this is only the federal tax credit. All the provinces also give a credit for charitable donations, so the actual total tax credit is higher—now as high as 50 per cent. (In fact, on gifts of securities, the tax benefit is even higher.)

By comparison, no provincial tax credit exists for donations to federal political parties and no federal tax credit for donations to provincial political parties.

So when people want a charitable tax credit similar to the political tax credit, they're hoping for something that doesn't make a lot of sense to me. It might encourage some smaller donations, but it also could be a major disincentive to people who give more money.

For example (using only the federal tax credit so as not to confuse), if you donate \$5,000 to a federal political party,<sup>14</sup> you'll get a tax credit of \$650. If you donate that same \$5,000 to a charity, you'll get a tax credit of \$1,422.

So we shoot ourselves in the foot every time we talk about wanting this sort of change in a tax credit.

And the same lack of knowledge results in the same foot wound when we talk about advocacy. Many of the complaints I hear come from people who don't understand what's allowed and what isn't, what must be included in the 10 per cent calculation and what must not.

Sadly, much of the misinformation—the so-called “advocacy chill”—has been caused by this lack of knowledge, rather than the actual law or rules.

I'll go into a meeting and listen to people complain about the rules against advocacy. But when I ask them what they want to do that they think they cannot, I usually find no problem. If they want to talk to politicians or public servants, they can. If they want to commission research about a particular issue, they usually can. If they want to appear in front of a parliamentary committee, they can. And they can do all of those things without worrying about the 10 per cent rule—the provision that no more than 10 per cent of a charity's resources can be used on political activities.<sup>15</sup> They need not worry about the rules—all of those activities constitute charitable activities, (so they even count toward a charity's disbursement quota), so long as the advocacy relates to the organization's charitable purposes.

Even if they want to go beyond that, they can, so long as they stay within the 10 per cent rule and they avoid partisan political activities.

So what's this got to do with my concern about umbrella groups? Simple. We lack organizations that take the time to explain some

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14 Because of changes to electoral-financing legislation, you couldn't give \$5,000 to a political party; the maximum is \$1,100.

15 The “10 per cent rule” refers to the rule of thumb that the Department of Finance uses. The actual legislation says that substantially all of a charity's resources must be used for charitable activities. “Substantially all” has been interpreted by the courts in different ways in different circumstances. But the issue hasn't been litigated in the context of a charity.

complicated charity law issues in terms that are understandable and meaningful to most charities.

As a sector, we cannot promote policy positions and expect them to be considered seriously without demonstrating that we understand current law and policy.

So I think that one role umbrella groups must play is that of educator. And, in filling that role, these groups must help others understand why they should care about the topic. It's not enough that we who tackle policy think others should care; we must tell them what's "in it" for them.

More thoughts on other roles in future letters.

Until then, Cheers.

Bob

# Letter 4—From Humble Beginnings

*London, England*

Dear Joy,

Want to talk about a return on investment?

How about a £1,000 bequest that turned into probably the world's most effective charitable sector umbrella organization?

A young man named Edward Vivian Birchall died in World War I. He left a £1,000 bequest to a friend with instructions to do some of the things they had discussed.

Birchall, who had been involved in founding something called the National Association of Guilds of Help, apparently meant for his friend to somehow bring together the social service organizations sprouting in England.

Together with others, this friend used the bequest to establish the National Council of Social Services. He and Birchall had discussed the need to do something to prevent overlap of these new organizations.

The bequest was modest. (It remains modest; according to the Bank of England's inflation calculator, £1,000 in 1919 was the equivalent of just over £37,000 in 2007.) But it was enough to launch the National Council, which today is better known as the National Council of Voluntary Organizations (NCVO).

NCVO has come a long way. Its 2006-07 annual report shows total revenue of just over £13 million. While impressive in itself, what I find most impressive is that NCVO probably leads the world's umbrella organizations at putting the voluntary sector on the map. It's a "player."

As somebody put it, when the president of NCVO calls the Prime Minister, his calls are returned.

Not all is rosy, of course. A significant tension exists between NCVO and the Association of Chief Executives of Voluntary Organisations (ACEVO). They have different philosophies and different positions on some of the issues of the day, but I'll leave that for another letter. Suffice it to say, for now, that NCVO has done an incredible job of making government sit up and take notice of the role the sector plays, and the issues it has.

Throughout Tony Blair's tenure as England's Prime Minister (and even now during Gordon Brown's tenure), NCVO has been at policy tables. It's been able to persuade government to contribute tens of millions of pounds into capacity-building exercises, core funding, and money for social enterprise. It's worked to establish the Office of the Third Sector, a government department within the Prime Minister's Office, which has a mandate of providing cross-government coordination of activities involving the voluntary sector. NCVO's staff have, at various times, been seconded to government to conduct studies that have led to further reforms.

Not bad for £1,000, huh?

But the interesting piece here—at least for this letter—is that NCVO was not set up to advocate for the voluntary sector. I don't think it's much of a stretch to assume that Mr. Birchall had no idea what he was starting with that modest bequest. The money was used to set up a federation of a few social service organizations in an attempt to avoid duplication of service. It's grown to something quite different, and (lucky for English charities) something incredibly effective.

NCVO is not the only organization that started off with a mandate far different from that it now fills. The same holds true in some U.S. organizations.

The California Association of Nonprofits (CAN) started life in the early 1980s, not as a state-wide advocacy organization for the sector, but rather to sell insurance. Back then, the state had an insurance crisis. Some nonprofits could get no insurance at all; those that could were paying outrageous premiums. A group of nonprofit organizations got together and thought there must be a better way. They came up with the idea of setting up their own insurance company and proceeded to do exactly that.

CAN became the sales arm of the Nonprofit Insurance Alliance of California. (It still plays a major role in the insurance company's affairs, although the company now operates in various parts of the United States through its subsidiaries.) However, having demonstrated that they could jointly weather the insurance crisis, people found that they also could come together around other things. I'll be writing to you later about some of those activities, many of them headed by Florence Green—CAN's recently retired CEO and one of the most dynamic (and fearless) women I've met. For now, all I need to say is that the state legislature knows a lot more about the voluntary sector than it did before CAN.

The Minnesota Council of Nonprofits, another of the most effective state-wide associations, also developed from something entirely different. A group of funders had been persuaded to support something called the Philanthropy Project. The purpose of this project was to reform philanthropy: to change where foundation dollars went and increase the percentage going to charities serving those with low income, minorities, women's organizations, and rural groups.

One can marvel at the concept of funders agreeing to support an organization that would put them and their colleagues under a magnifying glass. But it happened.

The new organization wasn't very subtle. About 160 organizations became part of the coalition running the Philanthropy Project. They carried out research. They invited trustees of foundations to "ghetto tours," where they met people from nonprofit groups and the people they served. They published reports showing how Minnesota funders distributed their money—a move often coolly received, particularly by foundations ranking lower on the diversity scale than others.

The Philanthropy Project's funding was time limited. A condition of the original grants was that the project disappear after four years. As they wrapped up operation and conducted a final evaluation, they talked with organizations. The overarching message they received from charities was that they actually had been able to have influence by working together. And so, they thought, maybe they should continue to do that. Today, almost a quarter-century later, they still work together and significantly influence the voluntary sector—directly through training and indirectly through public awareness campaigns and lobbying of state officials.

At one point a few years ago, the then-governor threatened to reduce funding for nonprofits drastically. The Minnesota Council of Nonprofits sprung into action, supported by some advertising agencies and various media companies. They ran an incredibly powerful campaign asking who would deliver services if nonprofits disappeared. I want to tell you more about that in the next letter when I talk about public awareness of the sector.

But as with California and as with NCVO, Minnesota provides an example of a powerful organization coming together from something created for an entirely different purpose.

We experienced much the same thing in Canada, of course. The Canadian Centre for Philanthropy originally intended to represent funders, not be an umbrella group for the voluntary sector. It might have been easier to herd cats. Only when funders didn't flock to the new organization did it expand its role to include other nonprofits, eventually abandoning any mission directly related to funders (other than those that chose to be part of a sector-wide umbrella body). One can debate—and I probably will in future letters—whether the Centre (now Imagine Canada) has been as effective as the other groups I've examined. Perhaps by the time I've finished thinking about all of this, I'll have some hypotheses on that question.

While the North American and English experience has shown how organizations can “morph” into effective voices for the voluntary sector, Australia's and New Zealand's experiences differ.

In New Zealand, community sector (as they call it) groups came together to create awareness and to encourage greater government support. The Community Sector Task Force was, from the beginning, intended to be an umbrella group for the sector.

In Australia, the concept of a sector-wide body is a relatively recent phenomenon. There have been strong sub-sectoral (or what the Australians call “industry”) associations for years, but only in the last three or four have there been attempts to bring those sub-sectors or industries together. And, later, I will describe the many bumps along the way.

For now, let me finish by observing only that history changes organizations and organizations change (or should change) as times do. Some people in Canada still bemoan the fact that the Centre for



Philanthropy never started out to be a voice—or a coordinator of the voices—of the full sector. Who cares? The point is that it has become that now. It may not be as effective as some would like, but that's a different issue. As we see from the other examples, it doesn't matter how it started; the important thing is that it started at all, and has become something that has potential. The state associations in Minnesota and California (among others) and the NCVO in England have demonstrated this potential. If we can get beyond complaining about where Imagine Canada came from and concentrate on where it should be going, we might all be better off.

Time to drop by the local pub.

Until later,

Bob

# Letter 5—Public Awareness

*Brisbane, Australia*

Dear Joy,

The Biblical saying paraphrased as “by their works shall ye know them” is incredibly appropriate for the voluntary sector.

That’s the good news. The bad news is that it doesn’t always play out.

The problem is that it’s appropriate at the micro-level, but it doesn’t seem especially appropriate at the macro-level.

In all the countries I’ve visited, you could ask people on the street what charities do, and they could cite something. But the “something” is usually the work of an individual organization with which they’re familiar or, more often, with which they’re connected.

The work of the Red Cross (and Red Crescent) societies are often top of mind. So too is the work of the Salvation Army, at least in the western world. People may talk about a particular hospital or hospice, their church, or a “disease and organ” group such as one dealing with cancer or heart disease. Less frequently, you’ll hear about a recreational group or an educational group. Environmental groups are getting more attention as the world talks more about climate change.

But few people—at least few outside the voluntary sector itself—can talk about a bigger picture, about the work that is collectively done by voluntary sector organizations in their country or even in their local city.

Perhaps, as some argue, that’s because only people in the voluntary sector think about there being a sector. Or perhaps it’s because the voluntary sector has done an incredibly poor job of creating awareness of itself.

Indeed, the term itself is awkward. Talk with people about the “voluntary sector” and, as often as not, they’ll talk to you about volunteers. That’s particularly true, it seems, of politicians. I can’t even count the number of times a Canadian politician has confused the terms. In a room of people who work for charities or nonprofits, a politician will talk about the incredible gifts of volunteers. They’re right, of course—the importance of volunteers can never be overestimated. But there seems to be an incredible lack of awareness that the sector involves more than volunteers.

How much more? It’s huge.

Let’s just look at the Canadian figures to start.

According to Statistics Canada research:

- More than 160,000 voluntary organizations were operating in Canada in 2003—about 80,000 of them registered charities (today that number is nearing 83,500).
- We have no centralized record of nonprofits that are not registered charities.
- Most nonprofit organizations are more than 20 years old.
- The total revenue of nonprofit organizations in 2003 was \$112 billion—that’s billion with a “b.”
- In 2004, more than 85 per cent of all Canadians made at least one donation to a nonprofit organization.
- Almost 12 million people volunteered for a nonprofit organization in 2004.
- In 2004, core nonprofit organizations contributed \$29.6 billion to the GDP—2.5 per cent of the total Canadian economy. When hospitals and universities are added, that number increases to 6.9 per cent of the economy.
- Not including universities, colleges, and hospitals, the nonprofits’ contribution to GDP exceeded that of motor vehicle manufacturing, agriculture, or accommodation and meal services. When universities, colleges, and hospitals are included, the GDP contribution is greater than the entire retail trade sector or the mining, oil, and gas extraction sector.

So, it’s big; *really* big.

Here's another number that might impress: On their 2006 tax returns, Canadians claimed tax credits based on charitable donations of \$8.5 billion. Finance Canada says that, based on that number, Canadians saved \$2.1 billion in taxes. (An ongoing debate rages about whether that's really an expenditure, as Finance calls it. One fact remains, however—without the charitable donation tax credit, Canadians would have paid \$2.1 billion more in taxes. Of course, they might have needed to, so that government could pay for the services the voluntary sector delivers, but that's an argument for another letter.)

But I'd say that the general public has no idea about the numbers involved. Nor am I sure that they understand the breadth of the services provided every day by voluntary sector organizations.

A Canadian living almost anywhere in the country would find it close to impossible to avoid coming into contact with a voluntary organization at least once a day and probably much more often.

The best way to demonstrate that, of course, would be for all voluntary sector organizations in the country to shut their doors for one day. (One of the people I interviewed in Australia had much the same idea, and then we laughed uproariously at the thought. Leaving aside the moral objections organizations would have about abandoning their clients even for a day, we thought that, in either country, it would take years for the sector to agree on a date to shut down.)

But let's imagine it, just for a day. And we'll forget about hospitals, universities, and colleges. Inner city health agencies would be closed. Parent associations that support schools would cease for the day. There would be no literacy programs, no family counselling services. Some of the child care facilities would be closed (and, in some provinces, all of them, since in those provinces, only nonprofits are allowed to open child care facilities). Forget after-school soccer games and amateur ski competitions, basketball, and hockey tournaments. Because places of worship are charities, many marriages and funerals, all baptisms, would stop. Neighbourhood associations wouldn't be doing any consulting about local concerns, opening their halls, or supervising the sports facilities they maintain for their area.

God forbid that a fire or natural disaster occur, because no Red Cross or Salvation Army emergency services would respond. Many communities would have no fire protection because volunteer firefighters wouldn't

respond. Victims of crime couldn't count on the services of victim services units attached to many police forces. Those accused of crimes would receive no help from groups such as John Howard or Elizabeth Fry. Children needing residential or foster care would find none; nor would those escaping domestic violence.

Many arts groups would close, because most are charities. Galleries, theatres, and the like would go empty. Seniors wouldn't be seeing the Meals on Wheels volunteers. Environmental groups would be silent for a day (although some aspects of society might welcome that...). People with mental health issues or those seeking help with day-to-day living with physical disabilities would be out of luck. No food banks would be open; no children would be fed by hot-meal or snack programs in schools.

The list goes on and on. Suffice it to say that many communities simply couldn't cope.

But, as I say, I suspect very few people understand that—even in theory.

The fact that they don't is not their fault; the fault is the sector's.

I'd argue that in all five countries that I studied, umbrella organizations have done—at best—a mediocre job of creating an awareness of the sector. And I'd go further and say that, in most cases, they even have an unenviable record of educating the sector about the sector.

There are some notable exceptions, however. In Minnesota, when a former governor planned massive funding cuts, the state umbrella organization of nonprofits started an equally massive campaign. One of the ads featured an elderly woman sitting in her wheelchair. The caption read "Will YOU bring me my meal tonight?" It got the message across quite clearly.

Once the California state assembly couldn't agree on a state budget. For a while, the state government issued "vouchers" to the nonprofit organizations it funded, and banks accepted those as an IOU. But when the banks balked, there was no money to pay staff, cover utility bills and rents, or provide any services. So busloads of people from nonprofit organizations went to the state assembly, held a public demonstration calling them to task, and then delivered to them a budget developed by the nonprofit sector.

A few years ago in Canada, we hoped that we were going to do a better job of creating awareness—within the sector and among the general public—about the role the voluntary sector plays in communities. The Canada Volunteerism Initiative was one component of it—regional organizations that had, as one of their roles, creating a higher profile. That simply ended in 2006 when the federal government announced that this wasn't a priority and shut the program down.

Another part of the Voluntary Sector Initiative was a Joint Table on Awareness. Equal numbers of federal public servants and people from the voluntary sector sat down to address the very issue that causes me concern. It took forever for them to agree on something; but even when they agreed on something, they had too little money to make it effective. So a number of us ended up with a DVD and a poster on our walls talking about the “values” that the voluntary sector provide to the community. Too little. Too late.

New Zealand has addressed the awareness issue, with some success, through the creation of a network that develops key messages for sector leaders to use in media interviews and with politicians. These key messages are blasted out by e-mail regularly, and keep people informed about current issues and ways to raise public awareness about them. Many of those messages talk about the breadth of the sector.

From what I've seen and heard—despite the other successes of the National Council of Voluntary Organizations—awareness of the sector (in and outside the sector) remains low. However, since NCVO has already done a superb job of helping government understand the importance of the sector, half the battle is already won.

In Canada, part of the problem (as with most of the problems experienced by umbrella groups) is the ever-present issue of funding. For some reason, we seem to believe that government should fund the awareness work. It's not clear to me why governments should—or why they would. It's probably not in their best interests to make people aware of how important the sector really is.

At the recent Nonprofit Congress held in Washington, DC (and I'll have a lot more to say about that later), one of the speakers was rather blunt. He said that, in order to influence public policy, the sector must demonstrate that it could deliver money or votes. Since it can't deliver money, only one option remains: get the public solidly behind it. And

that, frankly, is going to be done only if we start bragging about how much we contribute to society.

That bragging can't be only about numbers—although the numbers *are* impressive. We also must talk about values. We must talk about civic engagement. We must talk about democracy. We must talk about services that go well beyond what government funds or takes responsibility for.

In fact, there's a risk to spending too much time touting the sector's economic impact (leaving aside the fact that the vast majority of people will just develop glazed-look syndrome). Some United States politicians are starting to say that if the sector is such a major economic engine, perhaps government should start to question the need for tax exemption. Perhaps deficits can be reduced by getting charities to pay property taxes or even income taxes, they argue.

Undeniably, such an approach fails to recognize the realities of the sector. In Canada, we don't have that many large charities. Fewer than 10 per cent of charities have total annual revenue of more than \$1 million—and some of those are colleges, hospitals, and universities. So politicians looking for serious cash must keep looking. But that doesn't remove the fact that, if somebody suggested it, we'd be hard pressed to make enough people aware of the voluntary sector reality to launch an effective opposition.

We need a constituency. And the first members of that constituency must be us. Let's hope we learn before it's too late.

*À la prochaine.*

Bob

# Letter 6—Sector, Heal Thyself

*On my deck  
Brisbane, Australia*

Dear Joy,

In my last letter, I wrote to you about the lack of awareness of the voluntary sector —what it is, how big it is, what it does, how it touches our lives every day. You’ll remember that I said it fell to umbrella organizations—at whatever level—to create that public image.

But I think we must take the first step—a step without which no public awareness program will work, no matter how well conceived or well funded.

We first must make the sector understand that the voluntary sector exists and what it is.

I gave you some of the Canadian numbers in my last letter. There are some 83,000-odd registered charities and a similar number of nonprofit organizations that aren’t charities. In my experience, too few of them see themselves connected to many of the others. There are some connections, of course. People working in the same line of work get together. Some that are funded by a common funder attend (or are forced to attend) meetings. But what they tell me is that, at these meetings, they often think they’re in a room with their competitors.

People in various sub-sectors come together at various conferences and gatherings. But I’m usually left with the impression that this isn’t a *sub-sector* coming together. Rather, it’s a group of individual agencies that are meeting together.



National sector conferences, usually are one- or two-day meetings. This means that the people living in the immediate area (usually the Montreal-Ottawa-Toronto corridor) are the ones getting together. And, again, they are *individual agencies* getting together to hear various speakers or panel discussions.

What I'm getting at is that we don't find ways of coming together as a sector. We spend more time talking about how we differ rather than concentrating on what we have in common.

We—that is, Canadians—aren't alone in that. We're in good company with Australia and the United States (although there are some signs of change south of our border).

In Australia, I found nobody who would argue that there was any sense of an organized, coordinated voluntary sector. Partly, I think that results from Australia's very loose regulatory regime applying to charities—something entirely different from what we're used to in Canada.

You've heard me say that I believe most of the effective efforts to bring the sector together in Canada have been precipitated by some sort of regulatory crisis (real or perceived)—something like changes in the rate of tax credit available for donations, rules on capital-gains tax exemption on donated securities, even the recent *Lobbyist Act* action in Alberta.

Australia has had no similar regulatory crisis (at least at the sectoral level) and, consequently, less impetus for the sector to get together. That country has more action (as is true elsewhere) at the sub-sectoral level, particularly in such fields as social services and care for the aged. In Australia, these are called “industries” and act much that way, largely due to the way the federal and state governments operate. (Some of this is changing, now that John Howard has been defeated and Kevin Rudd elected as prime minister. Unfortunately, I'm not getting the impression that the mindset of the sector is changing.)

So the social service charities (at least the larger ones) in each state are organized into a Council of Social Services; these councils, in turn, are part of a national umbrella called the Australian Council of Social Services. That's an interesting body in itself because of what seems to many (including me) as a basic dichotomy in its mission statement. That's for another letter.

Similarly, groups that operate extended-care facilities form an industry group combining the “aged-care” agencies. (That’s interesting in its own right because, like Alberta’s daycare system, it includes for-profit and nonprofit organizations.)

Only in the last little while have the sub-sectors (or industries) begun talking to one another, and (at least while I was there) it wasn’t going all that well.

Interestingly, the drive to create some sort of sector-wide organization was launched by the former head of Philanthropy Australia, the organization that provides a voice for funders, both corporate and individual. At a few events, I saw the sector leaders there succumb to the same problems that we face in Canada—issues about legitimacy, questions about representation (who should be in and who should not) and, of course, the age-old analysis paralysis.

You know, probably better than anyone other than my sainted wife, that I tend to be somewhat task-oriented. “Do it now and then fix it later if we must” is more natural to me than sitting around at endless meetings wondering just how many angels dance on the head of a particular pin.

Across the Tasman Sea in New Zealand, I found an interesting (and arguably more complicated) mix of relationships. In the larger cities, the “usual suspects” spend time together, and (from what I saw) pretty much anyone is welcome to join. While there seems to be more energy among people in the same line of work, there is some crossover between subsectors.

In the smaller communities, and largely due to the work of the staff of the Community Sector Task Force, people in communities are getting together to talk about their common issues.

There’s been a love-hate relationship between the New Zealand government and the Community Sector Task Force, and a mess of politics. The senior staff member of the Task Force, an incredibly personable and (I think) wise Maori woman, decided the politics could be handled by somebody else.

She’s concerned about communities, so she heads out to a smaller place, brings a bunch of disparate sector people together for coffee, and talks with them. And then she starts organizing them. So, for example, the conversation may turn to the fact that all of the groups are unhappy

because the local council or school or whatever has decided to increase the rates to rent a building they all use for their meetings.

And then she turns things back on them. “So what are you going to do about it?” she’ll ask. And before long, they have a plan. And then they discover that they have some influence (if not power—a nasty word in the sector, apparently) as they work together to try to change things.

Much of the work in Canadian nonprofits is based on community development theory, whether the community is one of geography or of interest. Yet, we seem quite unable to apply that to our own needs as a sector. We don’t think about using those same techniques of inclusion, of discussion, of facilitation, of energizing, of planning.

Nor do the sector organizations seem willing to think “outside the box” when it comes to examining what they have in common. (I met recently with someone in Victoria who said she was tired of talking about “outside-the-box” thinking; she says she wants to start from the premise there is no box. I liked her—a lot.)

An issue will arise and we’ll immediately decide who “owns” it, and off we go without thinking of other possible, and arguably better, connections.

Let me give you a hypothetical example. Let’s assume there’s a tragedy. A young child goes home after school. Both of his parents work, so he’s left alone. Somehow, a fire starts and the child is badly injured or dies.

Within a very short time, a major controversy will arise and we will read and hear much about the existence of “latch-key kids” being a major problem in our society. (I don’t deny that they are, but it will take on gargantuan proportions).

I’m willing to wager dollars to doughnuts that the social services sub-sector will decide it “owns” this problem and, by God, it’s going to fix it.

Of course, there will be some significant analysis and debating before they can decide what that fix is going to be. There will be some social service groups who will decide that the child’s death is the sole and inevitable result of poverty, and that the only fix is to eliminate poverty. (Would that it were so easy and/or that we had listened decades ago when we were handed the model of Guaranteed Annual Income.) So they’ll put together a coalition around that.

Those involved in operating daycares might agree that poverty is an interesting sidelight, but more likely they will take the position that the real problem is a lack of after-school spaces. And they will demand that government immediately increase funding so that more spaces become available.

The education system will examine its behaviour and wonder if it should change policies so that children cannot leave school without a parent. (A wonderful idea, but I don't see it happening any time soon.)

And so it will go. Silos will form, and the effervescence in each silo will start. Demands and charges and ideas and simplistic solutions will emerge.

I'm glad that people are motivated to act in the face of a problem. What I'm critical of is the narrowness that sometimes accompanies this motivation.

What if we took an alternative approach?

What might happen if you brought some of those anti-poverty groups together with some of the people from the after-school care organizations? And added the school officials? And perhaps bring some recreation folks to the meeting—the ones who have been saying for years that space for after-school programs is too expensive? Maybe some nearby churches want to be part of the conversation, too. How about some of the mentoring groups or some community-minded groups from the university? What about some arts groups who could do some drama or visual arts work if they could use space in the school? And how about public safety groups interested in teaching children about dangers around the house?

In other words, what would happen if we came together as a sector to deal with a societal issue? My bet is we'd get better results—and potentially lasting results.

It's true (and somewhat sad) that some of this division is driven by funders. Different types of organizations have different restrictions on their funding. That can cause (or accentuate) the silo approach. But no organization has funding that prevents them from talking to other organizations, and none of them have given up the right to be creative.

We spend way too much time thinking about why and how our organizations differ and not nearly enough time exploring what they have in common. That leads to silliness—suggestions that community foundations are part of the voluntary sector but that private foundations are not, questions about whether unstaffed organizations are part of the same sector as staffed organizations. It drives me quite mad!

If we are to have any influence with governments at all levels, we must make every nonprofit organization—staffed or unstaffed, large or small, rural or urban—understand that it is part of something bigger. Way bigger!

Once we've created the awareness among our peers, perhaps we can succeed in creating awareness in the larger population.

Until next time,

Bob

# Letter 7—The Small You Shall Have with You Always

*My university office  
Brisbane, Australia*

Dear Joy,

Voluntary sector organizations have led the battle against many forms of discrimination: race, age, religion, disabilities—the list goes on and on.

But it seems to me that, when it comes to dealing with the rest of the sector, too many people in nonprofits practice an equally undesirable form of discrimination—“sizeism.” No, this doesn’t relate to the fact that I could stand to lose a few pounds (okay, more than a few).

I’m talking about the fact that we continue to ignore the small nonprofits or—if we don’t ignore them—we do nothing to make it easy for them to feel they’re part of the same group as the giant organizations in the sector.

Time to roll out some statistics again. According to the latest numbers I have from Canada Revenue Agency, the approximately 83,000 registered charities include:

- about four per cent that reported no income
- forty-two per cent with income of less than \$50,000
- just over 56 per cent with total income of less than \$100,000
- just under 75 per cent with total income of less than \$250,000
- about 84 per cent with total income of less than \$500,000

- just over 90 per cent with total income of less than \$1 million.

That means fewer than one in 10 charities had income of more than \$1 million. Considering that number includes hospitals, universities and colleges, and foundations (many of which earn more than \$1 million a year in interest on their endowments), you can see how few front-line charities actually have much money to play with.

The National Survey of Nonprofit and Voluntary Organizations summed up the findings when looking at the country's estimated 161,000 nonprofit organizations:

A small number of organizations account for the overwhelming majority of all revenues (Figure 2.1). One percent have annual revenues of \$10 million or more; they account for 59 per cent of all revenues received. In contrast, 42 per cent of organizations have annual revenues of less than \$30,000; they account for just 1 per cent of all revenues. Less than 3 per cent of organizations report having no revenues.

Hospitals and Universities and colleges account for less than 1 per cent of all organizations but command 33 per cent of all revenues. Both types of organizations also have dramatically larger average revenues than do other organizations—\$31 million and \$25 million, respectively. In contrast, Sports and recreation and Religion organizations together make up 40 per cent of all organizations, but they account for only 12 per cent of total revenues and have average revenues of \$181,000 and \$222,000, respectively.<sup>16</sup>

So, any way you cut it, the small nonprofits—sometimes called (not always appreciatively) the “Mom and Pop” groups—form the majority of organizations in the voluntary sector. Yet they are rarely represented at gatherings; in study groups, task forces, or committees; or in policy-planning exercises.

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<sup>16</sup> Statistics Canada, *Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations (2003 revised)*, p. 22.

The reasons cited for this (almost always by the bigger organizations) are legion.

- It's too hard to contact them, because they don't have an office.
- They have different concerns, because they're so small.
- They don't consider themselves part of the sector.
- They're so involved in what they're doing, they don't have time.
- They can't afford to be involved.

As former Edmonton radio commentator, Eddie Keen, was fond of saying: El toro poo-poo.

- It may be difficult to find the small nonprofits that are not charities. But the mailing address of every registered charity is a matter of public record, and those records often include e-mail addresses. If we want to reach them, we can do so easily.
- Because we don't talk to them, we don't know what concerns them. Many will have exactly the same concerns, because they're governed by exactly the same rules, whether those rules relate to their legal status or the means by which they can obtain funding.
- They may not recognize themselves as part of the sector, because the rest of us have done precious little to make them feel part of something bigger. And, by the way, many larger organizations do not act as if they're part of something bigger.
- If we're not *all* involved in our primary activities, something is wrong. Nobody has enough time to do everything. But we get to make choices, because we're told that something else is happening and we're invited to be a part of it.
- The rest of us can't afford *not* to have them involved.

My concern isn't really about discriminatory treatment, polite behaviour, or democratic representation, although they all are real concerns.

Because I'm focusing on the sector's ability to influence the public policy that affects it, my concern is that we're neglecting an incredible resource by not involving smaller organizations.

We know that, in some cases, it is better that volunteers approach government (at whatever level) to ask for something rather than having staff do so. If government is opposed to doing something, it will say that



staff members have a vested interest—just trying to keep their jobs, pay their salaries, increase their power, etc. (Isn't it interesting that when government agrees with a group, the members of that group are "the voice of the people," but when government doesn't agree, the people are "a special interest group"?)

The response is entirely different if the approach is made by volunteers, because no politician wants to be seen as bullying a volunteer. (I leave aside entirely the fact that too many politicians can't seem to differentiate between the voluntary sector and volunteers—believing the terms to be interchangeable.)

But, even more than that, these smaller nonprofits often have much greater access to policymakers informally and by ignoring them (or at least not including them), we give up an important line of communication with those whose attitudes we want to change.

Politicians love attending the special events of small charities in their constituencies. Leaders of these small nonprofits often are involved in other organizations, be they riding associations, service clubs, or something else that brings them into contact with elected officials regularly.

Just how effective might we be if all 161,000 nonprofits in the country used the same three speaking points and ensured that every Member of Parliament was contacted about them? To me, the answer is pretty simple. In no time, those same three speaking points would be repeated in caucus meetings. In no time, the government would feel it had to respond to the requests.

New Zealand made a start in this direction when some funders and some agencies jointly created ComVoices. The idea was to create a higher public profile for the sector. The coalition held breakfasts with Members of Parliament, provided briefing notes, and maintained ongoing communications with people throughout the sector.

While they didn't attract everybody to the cause (as no umbrella group, coalition, or service body ever will), they were able to communicate with people throughout New Zealand involved in various sub-sectors and in organizations of various sizes.

Yes, I know that there's a major geographical difference between Canada and New Zealand. But it's not as if people need to go door-to-door across

the nation, delivering messages. As they used to say in some B-grade television show: “We have the technology. We can make it better.”

We could easily set up an e-mail ring or a telephone ring in order to distribute messages to people. And, if we explain why an issue is important and how it relates to them, people will respond. We proved that in the work on Alberta’s *Lobbyists Act*, and we certainly can do the same with other public policy issues.

But we need a central hub. And that, my dear Joy, is exactly what an umbrella group should be. It need not do all the work, and it would be unreasonable if it expected to do so or if the rest of the sector expected it to. But the umbrella group can start the ball rolling—it can develop the communications pieces, it can get people talking to one another, it can convene.

We’ve seen it happen elsewhere, and there’s no reason it can’t happen here.

And it *must* happen here if we want to position the sector as a key player in public policy issues—those affecting the sector *and* those affecting the people the sector serves.

Best wishes until next time,

Bob

# Letter 8—In-de-pen-dence

*Botanical Gardens  
Brisbane, Australia*

Dear Joy,

I'm worried that both the government and the sector itself are forgetting the meaning of a word that should be central to the image of voluntary organizations.

The word is “independence.”

Many attributes are ascribed to the voluntary sector, but a primary characteristic is that voluntary sector organizations are autonomous and independent of government.

But are we losing sight of that?

It seems to me that many nonprofits are willing to give up their independence in order to get funding—usually, but not always, from government. In some instances, that has led to a feeling by some in government that nonprofits are merely the government's service-delivery arms.

This can take many forms. While funders typically negotiate contracts with private-sector companies, they often present nonprofits with a contract and tell them to “take it or leave it.” Sometimes funders make demands about how a nonprofit operates or who should be on its board.

Recently, as a board member of a charity, I took part in a meeting with two funders. One of them has several significant contracts with the nonprofit; the other has a smaller contract.

The organization was having some problems meeting deadlines, so they were fair in raising concerns with us. But the discussion went

beyond that. They told us to add a couple of people to our board—and specified the type of people they wanted. They told us they wanted us to operate differently around a couple of things, some of which are entirely inconsistent with the organization’s structure and bylaws.

I left the meeting both upset and puzzled. I was upset at what I considered to be the arrogance of a funder telling an independent organization how to operate and puzzled about how that mindset developed.

Of course, I don’t dispute the right of any funder to decide which organizations it will fund (although I do expect fairness and transparency from them). If these funders are unhappy with the organization’s performance, they have the option of discontinuing funding. But I question how proper it is for funders to interfere in what is supposed to be an autonomous organization.

I also wondered if too many agencies and funders have forgotten what the role of the third sector, the independent sector, the community services sector (whatever you want to call it) is supposed to be.

We fondly tell ourselves that we are the grassroots organizations, that we represent the fundamental underpinning of democracy by promoting freedom of association. We keep saying (too often just to ourselves) that we’re the groups closest to the communities.

(Government also says that, usually when it downloads programs (without the money) to the sector or when the sector agrees with a particular policy or initiative. Of course, when the sector doesn’t agree or starts being “uppity,” some governments are wont to refer to it as being nothing more than a collection of “special-interest groups.”)

The most dangerous manifestation of this lack of respect (or maybe just lack of awareness) is when a funder tells an organization that it loves the organization’s programs but would like them “tweaked” just a bit. For example, instead of working with 10- to 12-year-old kids, could the agency better work with 14- to 16-year-olds? Or, since the organization has done such a good job with mentally ill people, why couldn’t it be equally superb at dealing with problems of homelessness?

In a way, the organization might take this vote of confidence as a compliment. But unless the nonprofit seriously thinks it through and plans carefully, this sort of change leads to mission drift. And eventually

that will catch up with the agency. The funder's position then, of course, will be that the problems are the agency's. So, you see, it's "independence if necessary, but not necessarily independence."

Funder and agency share responsibility for this type of problem, of course. Nobody forces the agency to accept the funder's request. But the agency board and senior staff may be thinking about the potential of losing funding and the impact that would have on staff and on those served. Despite those important and legitimate issues, the agency should not be making decisions based on fear.

You may wonder what this has to do with my study topic. How does this relate to the question of sector umbrella organizations influencing public policy that affects the sector?

I think it goes back to the issue of awareness and of willingness to be the channel for the sector's voices.

Somebody *must* defend the sector. Someone must stand up to government and other funders and say "this isn't how it should be. These are independent, self-governing bodies. Treat them that way."

But I think it goes beyond that. I don't believe that funders set out to be difficult or dictatorial (well, not all of them). Rather, I think much of it can be attributed to a lack of awareness and a lack of sensitivity. So perhaps umbrella groups should take a role in creating that awareness and sensitivity. Maybe they can convene meetings in safe environments where funders and fund recipients can talk to one another about relationship problems.

England, so far an example of all that's right, may be heading toward exactly this problem, and it's not clear that all of the umbrella groups will be singing out of the same hymn book.

For the last several years, the Association of Chief Executives of Voluntary Organisations (ACEVO) has been pushing government to allow nonprofits to deliver public services. The range of services seems quite broad, at least to me—up to and including operating prisons.

The National Council of Voluntary Organisations (NCVO), on the other hand, has been encouraging restraint, advocating a clear separation between government services and services provided by the voluntary sector.

(I asked a number of people how ACEVO and NCVO could take such different positions when their memberships overlap significantly. It made little sense to me that the chief executives want one thing and the organizations for which they work want something different. I never did get a good answer. People just shrugged a lot.)

I can't imagine how nonprofits will be able to pretend they operate independently if they operate prisons. And if they start to be seen—as to some extent they are in Canada—as service-delivery arms of government, then how does that affect the membership (those who legally “own” the nonprofit)?

The answer, at least in part, is that very few nonprofits will be running prisons or delivering other services seen as core government services. As in every other country I visited, the sector's demographics are skewed significantly toward the small organizations. They will never be delivering government services; they will continue doing the things for which they were established.

But because large organizations are those most often at the policy tables, and even at the tables of the umbrella organizations, their voices seem much, much louder. And, if they relinquish their independence, the rest of the nonprofit sector may be seen as being the same as the large players.

I came across another example of an issue involving independence, but it's an entirely different issue.

In a previous letter, I mentioned ACOSS—The Australian Council of Social Services. ACOSS bills itself as a “peak of peaks.” (In Australia, England, and New Zealand, “peak organization” is the term that equates to the North American “umbrella organization.”) Its members are the councils of social services in each of the Australian states and territories. At first glance, therefore, it would appear that this is what, in Canada, we would term a sub-sectoral umbrella organization.

But here's the twist.

ACOSS clearly identifies its primary role as giving voice to low-income and disadvantaged people. Its secondary role—and one that people in the organization emphasize is quite secondary—is representing its members' interests.

While I take no issue with the nobility of that stance, I *do* wonder whether it's consistent with the role of an umbrella body—at least as I understand that role. It seems to me that any membership organization, as its first role, must represent the interests of its membership.

People in ACOSS acknowledge the potential for conflicts. Something seen as being in the best interests of low-income and disadvantaged people might, for example, not be in the best interests of social service nonprofits. What happens then?

According to one person I interviewed, there is no question of what would happen. As he put it: “. . . if there's ever any conflict on any issue whatsoever, it's the interests of low-income and disadvantaged people that will guide us, that will direct us, and that is what is our number-one advocacy point. Not the sector.”

But if ACOSS isn't looking out for social service nonprofits, who is? And that's the rub.

Independence. An important word. An important concept. But one many us have lost sight of and others may be unable to understand.

I don't have an answer to this one, unfortunately; I just know it's a problem. And I can see that problem becoming larger before it's addressed, if that ever happens.

Until my next thoughts form,

Bob

# Letter 9—Sometimes They Really Are Out To Get You

*Canberra, Australia*

Dear Joy,

I'm sure you've heard the old line: "You're not paranoid if they really *are* out to get you."

If that's truly the test, then the voluntary sector in most countries most assuredly is not paranoid. There's more than enough evidence to prove that "they" are out to get the sector.

Too often, the "they" turns out to be government—at one level or another—and the instrument of the "getting" is, as always, money.

The first major swoop I can remember came during the Mulroney years—during what was called, innocuously enough, "program review." Nice phrase, isn't it? All programs, of course, should be reviewed periodically. And the term "program review" sounds much more positive than "massive cutbacks." "Program review" is far less likely to make noise.

The end result was that some national organizations lost their funding entirely; others were reduced significantly. And we sat back and took it. We complained to one another and then dropped it.

One of the things about "program reviews" is that they're bipartisan. Every government wants to do them, and each government has. Each time it happens, the voluntary sector is cut more and more deeply. And every time it happens—after a short flurry of excitement—we move on.

The most recent cuts were those made by the Harper government in September 2006. And those were doozies. Whole programs disappeared.



Court Challenges Program—gone! Canadian Volunteerism Initiative—gone! Funding to museums—cut drastically! Status of Women funding—gone! Funds for social-economy projects—gone!

Of the \$1 billion of “savings” identified, at least \$200 million directly affected the voluntary sector.

In a way, that’s not so surprising. Most of the funding that flows from the federal government to the voluntary sector is considered discretionary. That means only that legislation does not require it. So it’s the easiest place to make cuts.

In a different way, it was a very surprising announcement. Why? Because it wasn’t supposed to happen. There weren’t supposed to be more “surprise” cuts in funding

As part of the Voluntary Sector Initiative, the federal government signed an accord with the voluntary sector. In December 2001, the two “sides” signed an agreement that talked about the nature of the relationship between them and their interdependence. It talked about the need for open dialogue, for sensitivity to the other’s issues. It promised cooperation, collaboration, and discussion. The Prime Minister of Canada signed the introduction to the Accord.

Following signing of the Accord, “codes” were established, including one on good funding practices. In that, the government and the sector made a number of commitments to each other, including the commitment to “establish collaborative processes with clearly delineated roles and responsibilities, and reach decisions about the funding process through collaborative processes.”

The Accord and codes, modelled in large part on the *English Compact*, developed some “legs.” At meetings between government and the sector, it was cited often. We had high hopes.

Unfortunately, those hopes were dashed in September 2006 when, without warning, whole programs learned from television and radio that they were being eliminated.

This time, one might have expected the sector to rise up in arms—or at least make a fair amount of noise. There was some, but not much. And particularly absent from that noise was the voice of Imagine Canada. While it expressed regret for those of its colleagues who would be out of

work, it did not condemn the move—neither the cuts nor the renunciation of the Accord and codes.

The latter point was the one that I stressed, on behalf of the Foundation, when I was invited to appear before a Commons committee. We had a deal. We had an arrangement. The impact of the cuts went well beyond the particular agencies involved; the cuts would change the relationship between government and the voluntary sector fundamentally. That relationship is, for all the reasons set out in the Accord, clearly in the best interests of Canadians.

Government members of that committee seemed to emphasize that it was the previous government that had signed the Accord, that another election had intervened. But that's a red herring. The Accord was signed by the Government of Canada, not the Liberal Party of Canada. Just like treaties. Just like other contracts. Canada has only one "Government of Canada"; the "new" one just elected was bound by the agreements signed by the "old" one. But they didn't see it that way. And the sector didn't make enough noise to force the issue.

The silence of Imagine Canada—arguably the umbrella group of Canada's voluntary sector—was not its finest hour. In fact, it was probably the low point of its history.

The reason that Imagine Canada wasn't more vocal, I was told, was that it was negotiating with the federal government for a new measure—a huge "infrastructure" fund that would help create more stability in the sector. Imagine made the political strategy call that it shouldn't criticize the government for the cuts at the same time it was seeking this major commitment of funding.

Those are tough calls to make. Will short-term criticism really affect long-term plans? Do long-term plans even exist? Is it, in fact, a false lure designed to try to keep people quiet? It wouldn't be the first time a government—regardless of political philosophy—had done that. Others—business, doctors, farmers—have learned not to pull back for some unspecified future potential benefit. They've learned that you can mix criticism with negotiations, so long as you also offer as much praise when government does something helpful as you offer criticism when it does the opposite.

In the end, of course, no huge infrastructure fund emerged—nor even a hint that it had been considered seriously. But by the time that became

apparent in the budget speech, it was far too late for Imagine Canada to say, “Oh, gee, and remember those cuts several months ago? Those were a really bad idea.”

(Lest you think I can’t offer praise where it’s due, the same government that was responsible for the cutbacks took a giant step in setting up a “blue-ribbon panel” to look at the way government handles its grants and contributions. That panel, chaired by a senior person in the voluntary sector, presented a number of incredibly helpful recommendations—some of which appear to be moving toward implementation.)

Canada isn’t the only place where there’s evidence of “payback” or retribution for criticism and where government does things *to* the sector instead of *for* it. In fact, if we want to see the most masterful examples of that, we should look at Australia, where former Prime Minister John Howard demonstrated awesome skill.

One journalist suggested that Howard had made a fine art out of dividing people with similar interests so that they fought among themselves instead of against him. In connection with the voluntary sector, he used some of the same techniques we’ve seen here—including forcing organizations to compete against one another for contracts, thus reducing the likelihood of cooperation.

But he went further. At the first sign that the sector was looking to create an umbrella body, Howard established his own umbrella body for the sector. While various sector leaders were trying to decide who should be at the table, Howard hand-picked the people who would head his group, concentrating on those very large sector organizations who already had influence.

Funding it well (far better than the sector’s own putative umbrella body could afford), Howard set it off to find ways that the sector could be more efficient and businesslike, searching out such things as joint purchasing arrangements. Never mind the fact that the organizations Howard appointed already were large enough to qualify for the greatest discounts available from suppliers or that few organizations in the voluntary sector considered that a priority (or even the fact that, if he wanted to ensure the greatest discounts, he could let voluntary sector organizations add their orders to government orders). That wasn’t important.

What was, apparently, important was that Howard’s group would *not* be discussing such nonsense as a sector with influence and authority.

Advocacy certainly wouldn't be discussed. Nor would Howard's group discuss government funding mechanisms that didn't cover the full cost of contracts. That wasn't what was important; apparently having charities act more like businesses was far more vital to the people charities serve.

Because Howard's nominees to his group were among the largest players in the country's voluntary sector, they brought with them certain influence and set up conditions for infighting within the sector. Howard understood fully the concept of "divided we fall" and used it to full advantage.

Back in Canada, various provincial governments have taken dislikes of one kind or another to the sector, or at least to the idea of the sector having any influence. Mike Harris' "Common Sense Revolution" in Ontario disproportionately affected the sector, as did the Klein-era cuts in Alberta on which they were patterned. In both cases, the sector was portrayed as a group of "special interests" not representative of the "true" population. And because the sector couldn't get its act together—perhaps because it was afraid of getting its act together and taking on the government—the governments got away with it. And as proven by the 2006 federal-government cuts, they continue to get away with it.

While I can understand Imagine Canada's dilemma in having to decide what to say about those cuts, I think it lost sight of a critical role of an umbrella group: it must *always* speak up when its members are under attack. It might nuance its language and stridency because of other factors, but it can never sit back and be silenced because of some pipe dream that things will improve sometime down the line.

And while every voluntary sector umbrella group should have the goal of forging a close working relationship with governments at all levels, it always must be cognizant of the risk that it will be co-opted, that it will become an instrument to do things to its members rather than for them.

An umbrella group always must be ready to tell its members that they are not paranoid, that there really is a plan to get them. And it must then help those members determine exactly how to respond. It must lead, and it must follow. But when it becomes afraid to tell the emperor he has no clothes, it has lost its way badly.

Bob

# Letter 10—What Would Happen If...

*Melbourne, Australia*

Dear Joy,

In past epistles, I've talked about my feeling that Canada's voluntary sector has no "presence." The general public doesn't have a good feel for what it is (something that may be shared by many people in the sector, for that matter). People in the sector don't see themselves as part of something "bigger." Governments seem to misunderstand the breadth of the sector and the wisdom contained within it.

I've also talked with you about various roles I think must be played by voluntary sector umbrella organizations. They must train; they must advocate; they must defend; they must facilitate; they must convene.

Well, in order to deal with the "presence" issue, I think the sector's umbrella organizations must be choreographers. And it's time to stage a sector performance to end all performances.

I'm seeing trains leaving from Vancouver and from Halifax. On the trains are staff, board members, and service delivery volunteers from various types of voluntary sector organizations. (People from Vancouver Island, Prince Edward Island, Newfoundland and Labrador, and the North won't be left out, of course; they'll fly to the nearest departure point to board the trains.)

The trains are nowhere near full, because they must make many stops along the way. At every one—in major cities and in small towns—more will board the trains. They come from all parts of the sector and from all walks of life. They'll be living together on the trains, so they'll talk. And maybe they'll start to understand—some for the first time—that they

truly are part of something bigger, something broader, something more important than their particular agency or interest.

But people won't just be getting on the trains. At each stop, some may get off for a short while—perhaps to talk to a group of sector agencies in that location, perhaps to talk at a service club, perhaps to appear on a radio or television show. Their messages all will be consistent: *This* is the voluntary sector. These people reflect the breadth of the service nonprofit organizations provide to the community. Our communities need these organizations, and these organizations must be involved in policy decisions affecting the communities they serve.

Then they'll rejoin their colleagues and continue their trip across the country, repeating the stops, always collecting more people, until they arrive in Ottawa. The 2,000 people from across the country will board buses, decked out in signage along the lines of "The voluntary sector: making Canada great."

The number 2,000 seems large, but it isn't. There are more than 80,000 registered charities in the country, so 2,000 is only one in 40. There are more than 160,000 nonprofit groups (including charities) in Canada, so 2,000 would only be one in 80 nonprofits. Slightly more than one per cent. That's not a huge proportion and it's not unrealistic. It's possible. It's practical. It's necessary.

The following five days are full of activity. There's a community service day, when all the delegates work on some projects serving Ottawa residents. Some go to food banks or soup kitchens; others help out in hospices, museums, and sports arenas.

Still more staff displays in malls and parks. Maps show where the delegates come from, along with pictures showing the wide range of services their organizations provide. Everywhere there are signs with facts: the number of voluntary organizations in Canada, the number of volunteers, the voluntary sector's total revenue, statistics showing the level of trust people have in charities, and the number of Canadians served each year by voluntary sector organizations. Nobody is asked for a donation; they're being given information. It's about awareness.

There are workshops. Some of Canada's best facilitators have volunteered their time to help delegates explore the role of the voluntary sector in 21st-century Canada. Some of the workshops are broadcast live

on the Internet, and people watching can e-mail messages and questions for the panellists.

All of the workshops are taped and archived, so they can be accessed by anyone any time. No more of this nonsense that you must travel thousands of miles to participate or lose the benefit of being there: we've learned how to use technology to get the message out to everyone.

One more thing about the workshops: they're cross-sectoral. Sub-sectors will have lots of time outside of the conference to gather. But this is about all of us together. We're exploring our common interests and concerns, our joint needs, our strategies.

One interesting thing about the speakers is that none of them are politicians mouthing platitudes. The politicians who do come are there for "bear-pit" sessions, to answer questions and to talk about how government will involve and support the sector.

Other speakers will help those from the sector learn what to do when they are asked to become involved: policy development sessions, sessions on avoiding being co-opted, and sessions on organizing communities (whether they are geographic or communities of interest).

There will be sessions on organizing ourselves. Lessons learned from other countries about how they've organized. Discussions about the benefits of working together, regardless of sub-sector, regardless of geography. Discussions about what we want of umbrella organizations. Discussions of how we can get behind one central umbrella organization that will serve as coordinator of the voluntary sector's voices, the information hub, the lead trainer, the major facilitator.

Many speakers will be people already working or volunteering in the voluntary sector. We have hugely talented people in our ranks and often we bypass them to allow someone who knows nothing about us or our work to take the microphone. Let's showcase what we are and what we know in addition to who we are.

The last day of the gathering will be the "Day on the Hill."

Every Member of Parliament, every Deputy Minister, every Assistant Deputy Minister, every Parliamentary Officer such as the Privacy and Information Commissioners will have at least one meeting with people from the sector.

The day starts with a march through downtown Ottawa. The placards don't carry slogans or demands. They have only the name of the organization the person represents, its location, and the type of service it provides. We're looking only to help people understand the breadth of the voluntary sector in the country.

And then we scatter to the various buildings where our meetings will be held.

Not one of those meetings—not a single one—is about asking for money or a new program. It's about education; it's about telling our story. For those MPs and public servants most concerned about the economy, we can explain the sector's economic impact. For those concerned about program delivery, we can explain how almost every government program involves the voluntary sector. For central agencies, we can explain how their policies and procedures get in the way of the voluntary sector helping Canadians.

One key message—a message that is easy to understand but that we have promoted far too little—is that governments should pay the full cost of programs they ask the voluntary sector to deliver. It's a message that's hard to refute, but the people we meet with must hear it, must hear it over and over again.

The second key message is equally simple: We want to be involved. We *must* be involved. Developing programs and policies must involve the sector. We're not there just to do the bidding of others. We can bring information about people, about resources, and about needs to the table, so that programs, policies, and services can be realistic and even helpful.

At the end of the meetings, we don't do what we usually do (return home and wait to see what happens). We gather again. We gather information about each of those meetings. We find out who said what. Unlike the current situation, we share information, because we've come to understand that the days of "information is power" are over. We are all stronger if we all have access to the information. We are stronger if we establish and maintain the networks and make the sharing of information our norm.

We gather and collate that intelligence, so that we know what messages should be reinforced and with whom. We can determine who our champions are, who we can work with, and what arguments we must counter in order to succeed.



We work together to develop a common agenda for dealing with the federal government and share our resources to make that happen. We commit to taking the message to others in our communities and to trying to replicate the results at the provincial and municipal levels.

We leave Ottawa connected, informed, enthused, committed. And that means we leave Ottawa strong.

A lot of work to organize? You bet. But it's possible. Funders must get behind it, of course, perhaps those same funders who talk about how disorganized the sector is. People from the sector must understand that we have more in common than we often think, and that our issues, our battles, our work are rooted in policy issues.

Until we establish a presence, until we make clear that we can mobilize people and bring important information and resources to the table, until we can trust one another enough to work together at more than superficial levels, we will not get what we want. If we can do those things, we will change our world for the better. And isn't that what we're all trying to do—to change the world for the better?

It's a dream, I know. But it's my dream. And it's one that I think could have incredible and long-lasting benefit for the Canadians we say that we serve.

So, don't pinch me and wake me up from this dream. Just help me figure out how to make it happen.

In hope,

Bob

# Letter 11—Looking at/for the Peaks

*At my university office  
Brisbane, Australia*

Dear Joy,

I've mentioned before that Australia has what is probably the strangest regulatory system for charities of any of the countries I've visited (or even any of the ones I've heard about). Actually calling it a regulatory system is a misnomer; it's probably more accurate to refer to a system of non-regulation. With no system of national registration or consistent tax treatment of charities, and the usual patchwork of regulation that comes from a federated state, one would think (somewhat correctly) that the Australian voluntary sector is as disorganized as it comes.

Despite that, Australia probably has done more research into the organization of the voluntary sector than any other country. Some of that research has been undertaken by academics, while some has been the province of government. This government research, unlike that in Canada, has not always been in the nature of "program review"—the euphemistic name given to exercises to cut budgets massively—but rather has focused on broader issues.

Three studies, in particular, have some relevance to the look I've been taking at the role of umbrella or peak organizations in the voluntary sector. That's the good news. The bad news is that the studies look at sub-sectoral peaks, because (despite the best efforts of some) the sector has not come together as a sector. More than in any of the other countries I've visited, voluntary sector organizations in Australia stop most of their organizational work at the sub-sector level or, as it's called there, the "industry" level.

(It actually gets even more complicated than that, because some of these industry groups are made up of voluntary sector organizations plus for-profit businesses working in the same field. This is particularly true in areas such as aged care and child care, where there are very large providers in both the voluntary sector and the nonprofit sector. But I digress.)

There are three studies I want to tell you about.

The first was undertaken in 1991 by the Standing Committee on Community Affairs of the Commonwealth (federal) House of Representatives, the equivalent of Canada's House of Commons. Its report, entitled "You have your moments," examined the funding of peak health and community organizations by one Commonwealth department.

Four years later, the Industry Commission (now the Productivity Commission) issued its report, entitled, plainly enough, "Charitable Organisations in Australia." This report looked at the spectrum of charitable organisations and is an interesting read. For my purposes, the important chapter is the one dealing with peak bodies.

And finally, an academic review. Dr. Rose Melville is now at the University of Queensland in Brisbane. Her 2003 report discussed the "Changing Roles of Community-Sector Peak Bodies in a neo-liberal policy environment in Australia." It was published by the Institute of Social Change and Critical Inquiry at the University of Wollongong.

These aren't the only Australian studies. There was, for example, an inquiry into establishing a codified definition of charity. By all accounts, the inquiry was a great success. The Commonwealth government announced that it would adopt the recommendations, to cries of joy from most of the sector. And then suddenly, the report was shelved, reportedly because the states objected.

But they are the three studies that relate most directly to my consideration of the role of umbrella or peak bodies in having an impact on public policy. Unfortunately, all three studies tend to focus on the public policy questions peculiar to the particular "industry" in which individual peaks work. I've not been able to find any material on the role of peaks in having an impact on public policy as it relates to the voluntary sector. But then again, as I've written to you, there is not yet widespread recognition among the voluntary sector that there is, in fact, a sector.

However, we can still find some interesting comments in the three research studies.

The House of Representatives study in 1991 discussed peak organizations funded by the Department of Community Services & Health. The report adopted a portion of the department's submission which set out the role of peak bodies. The department said:

The Department considers that...organisations can make a positive contribution to reasoned public debate, to public education and to an increased public awareness of issues relating to the Community Services and Health portfolio. [S]uch organisations can overall play an important role in providing the Department with a facility for community consultation in both the setting up and review of portfolio policies and practices.

The committee went on to say: "Most, if not all of the organisations contribute to reasoned debate, public education and public awareness."

Those are both pretty good quotes, and should be a useful reminder to the Canadian government of the important role that umbrella bodies can play.

Unfortunately, the Canadian government has, since at least the 1980s, considered peak bodies (whether at the sectoral or sub-sectoral level) to be more of a nuisance than anything. That approach was specifically rejected in the 1991 Australia study, where the department and the committee of elected officials talked of how important it was that the funding provided to the peaks not be tied to government priorities.

The department's submission said that this could result in the peaks "get(ting) on the government's nose." (Lovely phrase, don't you think?) And the committee said that the freedom that unrestricted funding provided was an important freedom that must be safeguarded.

While the committee had observations about how organizations were chosen for core funding and the discrepancies in the amount of funding, it was very clear in its recommendation that the secretariat function of national peaks should continue to be funded by government. Indeed, it said that this model of organization of related charities was the preferred model and said that grants to these organizations should be indexed to inflation and awarded for four-year terms.

Four years later, the Industry Commission delivered its report. While it looked at a number of issues affecting charities in the country, one chapter was dedicated to an examination of peak bodies. The Commission wasn't as positive as the House of Representatives, but acknowledged the important role that peak bodies played. Its major recommendation was for a review by government of its funding policies to introduce some consistency into the funding of the peaks.

That was in 1995. The following year, John Howard was elected as prime minister. And things certainly began to change. As I've written to you previously, Mr. Howard was a master of ensuring there was no critical mass formed that might create problems for him with the electorate.

Thus, by the time of Rose Melville's 2003 study, she was able to recite a list of peak organizations that had lost their funding and an even larger number that said their funding had been threatened. She reported that nearly 40 per cent of reasons given for the threats or actual loss of funding related to the peaks' political activities and changes in funding guidelines. Fewer than one in five peaks, she wrote, considered that they had an amicable relationship with government.

Dr. Melville reported that one of the surprising things she found in her research was that there had been no significant inter-peak cooperation over the funding problems they faced. This goes back to a much earlier letter to you in which I talked about the fact that charities in Canada (and elsewhere obviously) don't do a good job of standing together in the face of adversity. As a result, they are weaker than they might be, and their weakness then infects the whole of the voluntary sector.

In her conclusion, Dr. Melville wrote: "Relations between government and peaks would definitely improve if governments truly accept peaks as a fundamental part of the democratic process. The government must recognise peaks as an asset rather than as a liability to government."

All I can add to that is "Amen." And maybe one day, we'll actually have a Canadian government that takes those words to heart. But then again, governments may not want to hear what umbrella organizations have to say. And that's the real pity.

With hopes of a happier future,

Bob

# Letter 12—Becoming More Businesslike—AAARGH!

Dear Joy,

You know that I'm opposed to violence. I would venture to say that most of our colleagues in the voluntary sector share that opposition. But I also know that few things can get blood boiling faster than somebody saying that charities should be more "businesslike."

The conversation starter is pretty standard but there are a few variations of where it goes from there.

## **Variation 1**

*Participant 1:* These nonprofits would be a lot better if they operated more like businesses.

*Participant 2:* Yeah, you're absolutely right. What business would you like me to be more like—Enron, Worldcom, Tyco, Arthur Andersen?

## **Variation 2**

*Participant 1:* These nonprofits would be a lot better if they operated more like businesses.

*Participant 2:* You know, you've got a point there. Where do I sign up for the six- or seven-figure salary, the paid country club membership, profit-sharing, and the corporate jet? Oh, and the guaranteed golden parachute if we have to shut down?

### Variation 3

*Participant 1:* These nonprofits could be a lot more efficient. They need to start acting more like businesses.

*Participant 2:* What a great idea. So can I put you down for the money to help us do the research and development work? Or maybe you'd like to give us the money to purchase the computers we need, rather than having to rely on cast-offs from companies ridding themselves of outdated technology? Maybe you'd rather spend your money to enable us to pay competitive salaries or to provide the same types of employee benefits that businesses do—often when they're poaching staff from us.

Imagine, if you will, the head of a large national charity—let's say The Canadian National Institute for the Blind—walking into a meeting of the Canadian Chamber of Commerce. He stands up and says: "I'm not really thrilled with the way you businesses are running yourselves. I think you're wasting a lot of money on executive perks, stock-options, and the like. And there are way too many of you—all these corner stores are popping up all over the place, and everybody and their brother is setting up a consulting firm. So let's get it together. In fact, I have a plan...."

Assuming that he got that far in his speech before he was (a) pelted with dinner rolls and/or (b) staring at a disconnected microphone, the room would be alive with noise. "What the hell does he know?" "Who does he think he is?" "He doesn't know anything about our business." All of those things might (or might not) be true. But surely everyone would agree that this approach would represent the height of arrogance, if not ignorance.

Why, then, is it different if the situation is reversed, and it's businesspeople talking about the voluntary sector?

It's not all business people, of course. Many business people understand the constraints under which charities, in particular, must work. They understand the problems of underfunding at a time of increased demand. They understand the difficulties in recruiting and retaining staff without competitive compensation. And some of them even understand that most charities do more to stretch a dollar than any business could ever hope to accomplish. But then there are the ones who truly seem to believe that everything would be better if charities were more businesslike.

A collection of the ideas that such people use came in an article in *BRW* (*Business Review Weekly*) in Australia while I was away.

Over the next couple of letters, let's take a look at *BRW*'s 10 suggestions under the rather pretentious title of "How to fix the not-for-profit sector."<sup>17</sup>

**1. The Australian Government should take the lead of countries such as Britain, Canada and New Zealand and set up an independent charities commission to regulate the not-for-profit sector. The commission should be given the power to accredit charities.**

Response: Leaving aside the fact that Canada has not set up an independent charities commission, this might be a good idea. (We also must leave aside the fact that Australia might have the same constitutional issue as Canada—the question of whether the Commonwealth government has the right to regulate charities, when they are, at least nominally, within the jurisdiction of the states.)

But given the strange divisions of nonprofit organizations in Australia, who would be regulated? Would it be only those charities allowed to give receipts that provide tax relief to donors? Would it be all nonprofits? Would it be only those organizations that qualify under the common-law definition of charity? Currently, Australia has no reporting requirements on charities or other nonprofits that aren't charities. Australia doesn't even have a *list* of all charities, let alone all nonprofits. If studies in that country are correct and Australia really has 700,000 nonprofit organizations, the charities commission *BRW* proposes would be the busiest in the world. England's Charity Commission supervises only 180,000 charities.

As for the Canadian situation, charities already are regulated. All charities are regulated by the Canada Revenue Agency and charities in Ontario also are regulated by the Office of the Public Guardian and Trustee. Some other provinces (and even some municipalities) also regulate some areas, usually around fundraising.

Accreditation is another fascinating idea that, one could say, simply proves that the author of the list knows not whereof she speaks. Let's put

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<sup>17</sup> Adele Ferguson, "How to fix the not-for-profit sector," *Business Review Weekly*, June 29-July 5, 2006, p. 53. (N.B., the verbatim quotes are in bold; the intervening comments are the author's.)



to one side the question of whether a regulatory body ethically, can be an accrediting body as well. What exactly would we accredit? It's one thing to accredit the programs an agency delivers but entirely another to accredit a charity as a charity. Depending on the type of service an agency provides, it already may be regulated by child welfare authorities or those responsible for elder care.

If you're going to accredit charities, what standards would you use? Over the years, the Better Business Bureaux have tried to persuade the public that the standards they have developed are the ones that are important, but they have yet to persuade the sector, let alone the public. The bureaux standards cover everything from how a charity should spend money to how often its board should meet.

What I find particularly interesting is that a business publication calls for regulation. Normally the business community *opposes* regulation—at least of business. I suspect the publication would take a different view if one were to say, for example, that all grocery stores or garages should be regulated and accredited. Of course, the answer is that some regulation of grocery stores and garages already exists, just as some regulation of charities is in place.

Most often, however, the business community's response to the idea of regulation is "leave it to the market." That doesn't always work out that well, as some spectacular business failures have shown. And, in many cases, an even higher degree of regulation supposedly applied, because the companies were publicly traded.

The other reality is that the vast majority of charities in most countries are small ones. Setting up a regulatory system for them makes no sense.

You'll note that I've talked about regulating charities so far, while *BRW* talked about regulating nonprofits. The reality is that no country has found a way to regulate nonprofits, because they have no real way to find out where they all are. Nothing requires a nonprofit to incorporate, and even those that do are often small organizations bringing together a small group of people with a common interest. If any government—including Australia's—actually hired staff and set-up the paperwork to regulate nonprofits, the business community would be the first to start screaming about the cost.

Now, it may sound as if I'm opposed to any regulation of charities. That's not the case at all. Scam artists should be shut down quickly and

effectively. And I think most of the sector would agree. When there's a scam afoot, the tipoff to the Charities Directorate usually comes from somebody in the sector. It's not just that they don't like unfair competition; they also recognize that "trust" is the currency of the sector, and one bad apple really does reflect badly on everybody else.

But if we're going to regulate, let's make sure that it's feasible, it's reasonable and it's effective.

**2. Introduce a set of accounting standards for the sector, to ensure all not-for-profit organisations quantify and detail the size of tax exemptions, grants and donations, as well as recognize three core business segments: raising funds, administering funds and spending funds. This would enable charities to be monitored for best practice. For example, define what is considered fair and reasonable for overheads and executive salaries.**

Response: My first reaction is along the lines of "What's good for the goose is good for the gander."

Let's start with the last part of this "solution"—a definition of fair and reasonable overheads and executive salaries. It seems to me that this has been tried a number of times in the private sector, by shareholders of publicly traded companies. And every time it happens, the company's board of directors recommends against the shareholder resolution, and the company votes all of its shares and proxies against the resolution.

The companies' standard reaction is that their directors are in the best position to determine what they must pay to attract top talent. Why should that same rationale not apply to charities?

It's a pretty good bet that the salaries (and particularly the benefits) of those running publicly traded companies are at least an order of magnitude higher than that of most CEOs of even the largest charities (except perhaps hospitals and universities).

My view is that the sector should feel quite free to let people see the salaries paid. I suspect most people would be shocked at how low the salaries of sector employees really are. And if we put the benefits provided by business (or government for that matter) alongside those of sector employees, the shock would only be greater.

As for what is fair and reasonable for overhead costs, *BRW* appears to

both misunderstand reality and perpetuate a stereotype. The stereotype is that overhead is inherently bad, that all donated dollars should go directly to “the cause.” So, it is argued, all the money that goes to a food bank, for example, should be spent on food. The cost of administering the distribution of that food, some hold, is “overhead” that is “wasted” and represents a fundamental misuse of donated dollars.

The reality is that without that administration—without the people who gather food at no or little cost, who screen would-be recipients, who raise the money the food bank needs to pay its rent, who recruit volunteers, who organize food drives—donors would be much more unhappy, because the agency would be far less effective. It would receive less food, and there would be no guarantee that it would go to the people needing it most.

And yes, the people doing this administration must be paid. And they need desks, telephones, and computers. They’re not buying golf club memberships (like some business types) so that they can head out to the links and decompress or work out the latest deal. They’re not buying private jets to prove they’re more successful than the guy down the street. They’re using those desks and telephones and computers, because they’re trying to get as much food to as many hungry people as they can at the lowest possible cost.

Politicians are particularly bad at mixing up the concepts of “voluntary sector” and volunteer. Even though some of them are the same people who (at least on paper) approve contracts to child welfare organizations or literacy groups or environmental groups, they seem to forget that these organizations need staff. They assume that everyone associated with the voluntary sector is a “volunteer.”

While there are, thank God, many volunteers in Canada, few of them have the time to take on the full-time jobs that simply must exist.

The analogy in the business community would be to say that the costs of a product or service should reflect only the costs of those people who actually produce it. The rest is “overhead.” All those salespeople, those accounting people, those vice-presidents—they’re all “overhead.” Maybe we should do a side-by-side comparison of these “overhead” costs and see just who is spending what money.

The difference, of course, is that businesses can pass along their “overhead” costs to consumers. If the final cost of a product or service is

too high, then the business cuts back—usually at the expense of people way down the food chain from the CEO.

Charities have nobody to “pass on” their costs to—except their donors. Charities, by definition, must be for the public benefit. When the costs of bandages goes up, who does the inner city health agency pass those increased costs on to? Who does the group fighting for clean water pass its costs on to? Should the literacy group start charging people who can’t read?

It’s true that some charities have contracts with government. Those charities are delivering services that the public expects government to provide. Government contracts with charities, because it’s cheaper than providing the services themselves. And the contracts reflect that. Salaries under those contracts are lower than the salaries government would have to pay if they were delivering the services directly. The amount of “overhead” often doesn’t come close to covering the actual costs. In some cases, the government won’t pay even the full cost of rent or utilities that a charity must pay.

Two recent developments come to mind. A few years ago, there was an insurance “crisis.” (I put the word in quotes because I didn’t see any of the insurance companies reporting losses; it was more a situation that their profits weren’t as high as they’d like them to be.) Charities across Canada were facing huge—and unforeseen—increases in the costs of insurance. But, in most cases, governments (and other funders, to be honest) weren’t prepared to pony up the extra dollars, even though contracts and funding agreements often require a certain level of insurance.

More recently, huge increases in the price of gasoline have caused havoc in the voluntary sector. Victoria’s Meals on Wheels has shut down, at least in part, according to organizers, because volunteers who delivered the meals could no longer afford the cost of gasoline. Charities whose social workers must visit clients’ homes and food banks whose staff must drive trucks to pick up food donated by suppliers are hit by these costs. But few are reporting that anyone is willing to help with these “overhead” costs.

On the other hand, *BRW*’s call for disclosure and accounting standards is reasonable, so long as people understand what that means. I strongly believe that all charities should track and report their funding on the

same basis, similar to the Chart of Accounts already mandated by the Charities Commission in England and Wales.

The problem comes, though, when you start to compare those figures.

It's not like comparing the price of gum. Wrigley's and Trident both make gum. The recipe for making gum is essentially the same, leaving aside particular flavours and secret ingredients. So one might well be able to compare the costs of those two companies—or at least that portion of those companies that make gum.

But how does one compare a food bank with the cancer society, or an environmental group with a literacy group, or a YMCA with a health charity?

Even within the same type of charity, there are going to be huge differences. Geography is one factor. An organization in a large city may have access to more resources than a similar charity in a smaller community. On the other hand, the rent costs of the charity in the smaller community probably are much less than the costs of the organization in the big city.

The “popularity” of a particular cause is also a factor. Back when AIDS was considered the “gay plague” and something not discussed in polite society, the fundraising costs for AIDS service organizations were huge. Major educational and arts organizations have a lot less trouble attracting donor dollars for capital than do organizations working with street kids or prostitutes. Businesses flock to have their names on the donor board of universities and hospitals, theatres, and concert halls; they are a bit more reluctant to associate their names with services to “thugs” and “hookers.”

Even the type of fundraising a charity does affects its fundraising costs. A new charity that undertakes a direct-mail campaign likely will spend more on its campaign than it receives, at least initially. But it's building its brand; it's a marketing effort—a concept that businesses should understand given the rush to pay \$3 million for a 30-second commercial in the 2008 Super Bowl. When they do it, it's good. When charities must spend money to place their names or messages before the public, that's bad. How does that work exactly?

And, when I ask that question, I don't accept an answer that says, “It's different because taxpayers aren't subsidizing businesses.” Absolute nonsense. All the expenses a business incurs—salaries, promotion,

perks for its board members and senior executives—serve to reduce the company’s taxable income and, thus, the amount of tax it pays. So as we watch this year’s Super Bowl, we might think about how much money American taxpayers could have saved if the company sponsoring the advertisement hadn’t paid that \$3 million for 30 seconds of fame (plus, of course, the extra hundreds of thousands for producing the commercial). Goose and gander—remember?

So comparing figures—even in a standard Chart of Accounts—between charities is an area where fools rush in. Should charities have to justify their budgets to donors and funders? Absolutely. And they do. And many are much more transparent about it than some businesses.

There’s another element to the issue of transparency that should be considered. Over the past decade, we’ve seen an increasing number of businesses starting to operate in fields traditionally occupied by charities. (The reverse is also true—these so-called “social enterprises” where charities try to operate businesses also are increasing, and that’s not always a good thing.) As Ed Broadbent pointed out in his report in 1997, charities must report far more information than even publicly traded companies, and this may put them at a competitive disadvantage when they’re bidding against private-sector companies for government contracts. Broadbent’s suggestion that companies bidding for such contracts be required to disclose the same detailed information that is publicly available about charities hasn’t exactly received a ringing endorsement from the business community.

### **3. Introduce a new and modern code of ethics, and update the definition of the sector.**

Response: Once again, *BRW* mixes apples and oranges and makes a fruit salad. The idea of codes of ethics is a good one—for charities and for businesses. As for updating the definition, *BRW* should be careful what it wishes for.

Codes of ethics already exist within the voluntary sector. Fundraising professionals have them. Imagine Canada (when it was still the Canadian Centre for Philanthropy) had a good one—the Code of Ethical Fundraising and Financial Accountability. Professional groups, such as social workers, have codes of ethics.

I’m all in favour of codes of ethics, so long as there’s an effective enforcement mechanism. But short of breaking the law, a charity will

not lose its status as a charity, even if it behaves in a way that is judged unethical. Sometimes it's enough for a professional group or a standards committee simply to say out loud, "This group was wrong to do that." The same thing holds true for businesses, but even those organizations which allegedly hold businesses to certain standards rarely are heard castigating a business.

There are two other problems for both businesses and charities. Some of the "bad actors" simply will refuse to sign on to a code of ethics. Without a legislative mandate, it is impossible to force someone to agree to abide by a certain set of rules, whether that someone is in the private or the voluntary sector.

More problematic is the "bad actor" who does sign on to the code of ethics and then just ignores it. I have little doubt that Enron, Worldcom, and others of their ilk signed on to codes of ethics without hesitation. I know that each of them had people in professions who were governed by codes of ethics. But they were ignored. I'm all for getting rid of the "bad actors," no matter what sector they're in. But we haven't found a way to do that yet.

As for updating the definition, it's funny that *BRW*, of all publications, would promote that idea. It was very close to being implemented in Australia, and then it died a sudden death.

As you know, common-law countries have not defined "charity" as a legal concept. Whether an organization qualifies as a charity or not depends on a series of court interpretations, going back to a long-repealed English statute first written in 1601 and a more recent (!) court decision dating back to the late 1800s.

In Australia, a commission of inquiry was established to look into codifying a definition of "charity." Its report provided an impressive analysis of the situation and a series of carefully crafted recommendations for changes to the law. The federal government adopted the recommendations and introduced the legislation to change it. And then suddenly, it was gone, with almost no explanation.

What seems to have happened is that the states in Australia objected. Why? Because (no doubt to *BRW*'s surprise and unhappiness), the number of organizations that would qualify as charities would have increased. And the states didn't want to give up the property taxes currently being paid by these organizations that would achieve charitable status.

The situation in England in 2006 was the same when the new *Charities Act* was passed. Contrary to what some suggest, England did not codify the definition of charity. Rather it took the charitable purposes that have existed at least since the late 1800s and added some things to it.

So to *BRW*, I say, “Be careful what you wish for, because it could come true.”

Okay, that’s enough for now, but we’re only one-third of the way through the list of suggestions by the *BRW* writer. So I’ll continue this in the next letter.

Until then,

Bob



# Letter 13—More About Doing Business

Dear Joy,

In my last letter, I had started responding to a list of suggestions made by an Australian business publication, *BRW*, about how to “fix” the nonprofit sector.

So let’s continue with their suggestions and my responses to what are, at best, half-baked ideas that reflect as little understanding of the voluntary sector as many people have of the workings of multinational corporations.

**4. The laws on tax-deductible giving and fund-raising must be reviewed and simplified. Each state has different fund-raising laws, making it onerous for national charities to raise money.**

Response: This is one that *BRW* got right, but it didn’t go quite far enough.

Australia’s laws on tax-deductible giving are, indeed, complex. Not all donations to charities are tax deductible. Various government departments can confer “designated gift recipient” status on different types of organizations for various reasons. Every time I think that the Canadian tax system as it relates to charities is incredibly complex, I just think about the Australian system, and I feel much better.

And yes, it’s true that fundraising laws vary from state to state, and that’s a problem. Unfortunately, like Canada, this involves a constitutional issue. I think it’s no more likely that Australia’s politicians will agree to a constitutional change than will Canada’s, where charities are subject to supervision by both the federal and provincial governments.

The variance in fundraising laws is even greater in the United States.

National charities must submit to 50 different regulatory regimes, some far more complex than others. Various efforts to harmonize those regimes have gone nowhere. Maybe instead of too many charities, another of *BRW*'s suggestions, there are too many government bodies!

But if *BRW* wants to establish a standard law about fundraising, why stop there? Let's have a standard law on such things as property-tax exemptions. In Alberta, right now, each municipality can decide for itself which charities qualify for property-tax exemption—a horrendous problem for organizations with offices throughout the province.

And even the definition of charity isn't consistent in Alberta. What is a charity for the purposes of fundraising isn't always a charity under gaming regulations, and neither has much to do with the definition of charity for federal charitable-registration purposes.

A mess? You bet. And more power to *BRW* in getting governments to address it. Charities have tried. Often. But rarely have they succeeded in attracting the attention of legislators. From a political perspective, neither votes nor revenue would be gained or savings realized as a result of changing laws that affect charities. So requests for legislative amendments—even minor ones—sit in the mill forever.

##### **5. Make available a list of all organisations that receive a tax exemption and the value of that exemption.**

Response: Not a bad idea, but again, perhaps it doesn't go quite far enough.

We wouldn't want to mislead taxpayers, of course, so we must do more than simply record the value of a tax exemption. We also must report how much the government would have had to spend if the charity had not received the tax exemption.

So, for example, we'll take a child welfare agency, and we'll calculate what foregone revenue exists because of property-tax exemptions or because of tax credits the agency's donors have claimed.

But then we'll calculate what government would have had to pay if it had delivered directly the same services the agency provides. Salaries—at government levels, benefits, rent, administrative overhead—everything. That way, everyone can see what sort of bargain the government gets. And maybe, as in England, we would see greater support for the concept

of full cost recovery—the radical idea that if government contracts with a charity for services, government should pay the full cost of delivering those services.

Now admittedly, some of those calculations might be a bit difficult. For example, when we calculate the value of the tax revenue foregone because of a food bank, we'd have to assume that governments would otherwise increase social assistance rates and seniors' allowances so that people could afford to buy all their food. And that sort of cost would have to be prorated across organizations dealing with poor people. But I'm sure that, since *BRW* is so keen on transparency, it would not complain about the costs of developing this sort of model.

And since we're going to do this for charities, we might as well complete the job and do it for businesses. Let's calculate how much tax revenue was lost because of deductions for such things as corporate planes, board retreats to exotic places, finders' fees, advertising, and the like. Of course, we'd throw in various tax incentives for businesses, such as research and development costs and so on.

I think it would be an incredibly interesting comparison. So if we're going to do transparency, let's do it for everybody.

**6. Overhaul the Banking Act so that if a religious group sets up an investment scheme it is subject to the same regulatory rigours as any other investment scheme. At the moment, religious groups with financial activities are exempt from the Banking Act.**

Response: I don't think you'd get a complaint from most people in the sector. Investment schemes should be regulated, no matter who offers them.

**7. All tax exemptions should be treated as expenditures and put into budget outlays. That would give the public a better understanding of how much is given to the sector each year.**

Response: Great idea but, as described above, let's also include comparison figures of what it would cost government if it hadn't provided those tax exemptions. And again, let's not forget to put deductions allowed to businesses in those reports.

**8. Encourage smaller organisations to merge or consolidate their back-office operations to improve efficiency.**

Response: Personally, I think this is a good idea. I think more charities could provide better service by consolidating operations, or at least their administrative sides, or by sharing services.

But *BRW* must remember that these organizations are autonomous and thus get to make those decisions for themselves.

Unlike in the business sector, mergers aren't only about money. When organizations merge, there must be a good cultural fit between organizations and shared values, or the merger won't work.

Also, there is little evidence that mergers actually save money (which is what I think *BRW* means when it talks about improving efficiency). We have only some anecdotal evidence that suggests that the rate of increase in costs might be lower after a merger than it would have been if the organizations had remained separate. There is better evidence that shared-service models work to reduce costs, and that's an area charities in all countries would be wise to explore.

Perhaps *BRW* would like to fund some research into that.

**9. Introduce a single Commonwealth regulatory regime to stamp out the confusion caused by the dual state-federal regime.**

Ain't gonna happen. Not in Australia. Not in the United States. Not in Canada.

The only way to fix this situation permanently is through constitutional amendments. No politician is going to spend his or her political capital on seeking such an amendment for this issue.

That doesn't mean it couldn't happen, of course. Federal, and state or provincial, governments enter into contracts all the time to allow for a more coordinated service. That could happen around the regulation of charities, too. Individual states or provinces even could coordinate their requirements, so that charities would not be governed by a mish-mash of regulation. But, frankly, the regulation of charities appears to be near the bottom of the list of priorities.

**10. Work towards competitive neutrality and bring Australia into line with most other countries by forcing religious groups to pay tax on earned-income ventures that have little or nothing to do with charitable work.**

Here's the old bugbear: Businesses shouldn't have to compete with charities.

First, we can make short shrift of the suggestion that such a change would bring Australia into line with "most other countries." Actually, it would make Australia part of a few countries that tax charities regardless of what they do. The United States has an unrelated business income tax (UBIT) which applies to all charities, not just religious groups. UBIT is almost as confusing as the Australian laws related to charities. A museum might have to pay UBIT on a placemat that has nothing to do with its current exhibit, for example, but not on one that reflects the current exhibit. Talk about administrative nightmares.

In Canada, England, and New Zealand, charities do not pay taxes on business activities carried out within their organizational structure. In Canada, though, there are limits to what business activities charities can conduct that way. Charitable organizations in Canada can only conduct business activities related to their charitable purposes. Those rules have been clarified in recent years and, in fact, a number of things once considered business activities by the charities now are considered part of their charitable activities. For example, an organization that runs a restaurant to help young people learn skills to help them obtain work in the hospitality industry is conducting a charitable activity, not a business.

In Australia, one large religious organization owns a number of businesses that couldn't be considered related at all. And it's true that they are exempt from taxation. Should they be? That matter remains open to some debate.

Some people, including most Canadians, say that any business activity undertaken by a charity should be exempt from taxation so long as the proceeds of that activity are used for a charitable purpose. This is the so-called "destination of funds" test—the concept that it's okay for a charity to earn revenue in whatever way it wants so long as the proceeds are used for charitable activities. That's part of the rationale behind the social-enterprise concept now gaining some traction in Canada, although that concept still raises many more questions.

Others say that any business should pay taxes, no matter who owns it. This often comes from businesses who say that they face unfair competition from tax-exempt charities. They ignore the fact, however, that charities lack access to the same financing available to businesses.

They also ignore the fact that they, too, could be tax exempt—so long as they don't want to take any of the profits for their personal use.

(I'm ignoring the situation in Ontario where charities are, for all practical purposes, prohibited from owning a business—a legacy from a long-dead premier who was fighting with a newspaper publisher.)

My personal take on this issue has nothing to do with that debate, however. I think that business activities operated by charities should be separately incorporated simply because of the liability issues. Currently, a claim against the business operated within the charity's structure means that all of the charity's assets are suddenly put at risk. I think that's too much of a chance to take, particularly when there's a way to minimize taxes while getting money to the charity and keeping the liability issue at bay.

In Canada (other than in Ontario), a charity could separately incorporate a business and own all of its shares. The business could then make charitable donations to the charity and pay dividends from the business to the charity. A number of years ago, we had an accounting firm explore this model and found that the effective tax rate on the charity would be about three per cent. That cost hardly justifies a major public policy fight.

So, you may well ask, how does this lengthy rant relate to the questions I'm researching? My answer is "directly."

After this story appeared in *BRW*, I watched for letters to the editor. A few letters came from people within the sector, but I saw no comprehensive answer, no loud voice standing up and saying, "You don't know what you're talking about." No one even offered to sit down with *BRW* and help its staff understand the issues from the sector's side.

That should have been the role of a national umbrella organization—something that doesn't exist in Australia.

A national umbrella must be an advocate. It must create a profile—or at least a strategy that organizations in the sector can implement to create the profile. It must bridge gaps and create understanding.

Because we don't do that effectively (always), our side of the story isn't told. The results of that are evident in the public opinion polling our foundation has done in Canada. Respondents believe that charities do a poor job of explaining their programs and services, their fundraising

strategies and costs, and their expenditures of money.

*BRW* shouldn't take all the heat for not understanding the sector. It's the sector's job to tell its story, to be available, and to explain its successes and its frustrations. And that's a job that should be done by umbrella organizations. That it doesn't happen is a shame that is properly laid at the feet of the sector for not establishing and supporting a national umbrella.

Thus endeth the lesson, he said, as he descended from the pulpit.

Until next time,

Bob

# Letter 14—The Power of Many<sup>18</sup>

Dear Joy,

Although, officially, my research and interviews have been about the role of voluntary sector umbrella organizations, I sometimes wonder if what I'm really doing is searching for an answer to a terribly simple question: "Why are we, as a voluntary sector, so impotent?" I exaggerate somewhat.

That wasn't the question that I set out to answer; it is, however, the conclusion that I reached.

What I found was that, with the exception of England, the sector's impact on direct policy has been minimal. I also have concluded that its impact on indirect policy has been negligible. When I say "indirect policy," I do not mean to minimize its importance; I'm talking about such things as the conditions of granting, demands for accountability, and rules on advocacy.

But it's more than that—way more. It's those policies that, in the view of many, create the problems with which the voluntary sector must deal.

In short, in Canada, the voluntary sector is not at the policy tables. We're often part of the band-aid, but rarely part of the primary treatment. Why should this be so?

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18 This letter was adapted from a speech delivered to the Calgary Chamber of Voluntary Organizations after my return from Australia.



I want to advance three theorems, three arguments:

- First, we are short-sighted.
- Second, we are a case study of “united we stand, divided we fall.”
- And finally, we are way too nice for our own good.

Before I develop those arguments, let me give you a very quick snapshot of what I found in the places I visited.

Let me start with Australia, the place where I have spent the most time and where, with any luck—and preferably a major lottery win—I would like to spend a lot more time.

The suggestion that a voluntary sector, as such, even exists is of fairly recent origin in this country. Indeed, some—including a number of leading academics—argue that the concept of a voluntary sector is an academic construct drawn out of frustration. In short, they got tired of trying to figure out whether to include statistics about charities within government or the private sector categories, so they created a new one.

Australia has some examples of sector organizations working together. Indeed, its so-called “industry groups” show varying degrees of organization and sophistication.

Only in the last couple of years, however, have any real attempts been made to organize the sector as a sector. The creation of the Nonprofit Roundtable started with the determination of the former head of Philanthropy Australia to find ways of bringing nonprofits together to discuss common issues. For much of that time, and certainly the time I was there, the organization spent as much time trying to determine who could be a part of the Roundtable as it did dealing with any issues.

However fledgling, these attempts to organize have not escaped the notice of the Commonwealth government. One newspaper columnist has described John Howard as being a master at preventing the growth of any movement that could stand as opposition to his government. In dealing with the voluntary sector, former Prime Minister Howard was at his best in dividing and conquering. Whether by establishing a competing body to the Nonprofit Roundtable—a competing body where he has appointed all of the members and where only the largest charities are present—or through funding arrangements, the Howard’s Coalition government helped to prevent the coalescence of a voluntary sector.

Across the Tasman Sea, in New Zealand, we face a different set of issues—issues that are as fascinating from a political science perspective as they are from the perspective of an examination of the voluntary sector.

For about the last six years, the voluntary sector has spent more and more time coming together, usually under the auspices of the Community Sector Task Force. Both the sub-sectoral peak organizations and individual charities show a growing recognition that there is a commonality to many of their concerns. They also have recognized the strength in numbers.

The Task Force's effectiveness has been diminished somewhat by two factors. First is the fact that most of its funding has come from government and is subject to the usual vagaries of that source of income. But these vagaries have been enhanced by the fact that the Task Force has linked issues affecting the community sector with issues affecting the Maori, New Zealand's indigenous people. While recognizing that this gathering of issues makes for interesting political times, the community sector's representatives say that it reflects one of the sector's fundamental cultural values.

The Treaty of Waitangi, signed in 1840, established the relationship between the Maori and the Europeans and is a critical component of New Zealand life. It is cited often and everywhere, and its full implementation remains a matter of ongoing discussion and debate.

The joining together of issues of the voluntary sector and adherence to the Treaty was not a problem until a few years ago. At that time, the then-leader of the Opposition party delivered a policy speech promoting a concept entitled "One Law for All." Like most quick phrases—similar to the U.S. *Patriot Act*—the title hid the meaning. The speech argued that laws giving privileges to the Maori should be repealed, creating—in his words—one "class" of New Zealanders.

Up to that point, the New Zealand government of Helen Clark had demonstrated significant sympathy for the Maori. Instead of terming the speech racist, the government—which is fragile at best—chose to take a harder line in dealing with the Maori. Thus, when the Community Sector Task Force sought to tie the sector's issues so closely with the issues of the Maori, government responded negatively.

One of the most interesting aspects of the Task Force's work, however,

has been its outreach activities. Its staff members, mainly composed of those with community development experience, have gone to communities and sought out voluntary organizations of all sizes and types. At their gatherings, they talk about those things which make them similar—whether strengths or problems—rather than concentrating on their differences.

Across the Pacific, the state of the relationships within the voluntary sector look much alike in Canada and United States, with a few subtle differences. The strongest level of voluntary sector cooperation appears to be at the state level in the United States. These state associations seem to cooperate with one another more than in our country. And the state associations seem more likely than their Canadian counterparts to engage in providing “back-office” services as a means of generating revenue.

The greatest commonality I found between Canada and the United States was the federal governments’ almost total disregard of the voluntary sector.

England is the one country I visited that has a clear and strong national leader of the voluntary sector. The National Council of Voluntary Organisations (NCVO) is approaching its 90th anniversary. It is strong and financially viable, and when its president calls the Prime Minister, the calls are returned.

Until a few years ago, NCVO served as the umbrella of national organizations exclusively. It now has expanded its membership so that local and regional organizations can participate. In conjunction with that change, it has developed an electoral process to ensure that both regional and sub-sectoral interests are represented among the trustees.

That NCVO has had an impact on policy is beyond question. Its staff regularly have been seconded to government to work on such things as the new charities law—the introduction of new funding regimes which should make Canadians quite jealous and the devolution of services to the voluntary sector.

However, all is not without controversy in the mother country. An ongoing and quite public battle rages between NCVO and the Association of Chief Executives of Voluntary Organizations (ACEVO).

This latter body, ACEVO, has a membership composed primarily of the senior staff of the largest English charities. A key platform for ACEVO

is the further devolution of government services to the voluntary sector, an approach which NCVO says should be treated with extreme caution. ACEVO argues that there are few services—up to and including the operation of prisons—that could not be managed more efficiently by the voluntary sector. NCVO argues that taking on more and more government responsibilities threatens the independence and the very soul of the voluntary sector.

The voluntary sector also is well organized at the local level, usually under the auspices of what we would call a volunteer centre. In addition to providing some “back office” supports in some cities, these local organizations are required by statute to be included in the municipal planning process. I’m not speaking here of development planning or the location of sewers, but rather of the community planning that has been mandated by the national government.

So let’s end the world tour and talk for a few minutes about my theorems—a set of beliefs that focuses on Canada but also holds true, I think, for all of the countries I visited except, arguably, England.

My first theorem, as you’ll recall, is that the sector’s inability to influence policy occurs, in part, because we are short-sighted.

There are trees and there are forests. I’m not convinced that we’re all that good at telling them apart. Similarly, there are band-aids, and there are cures, and we tend to concentrate on the former at the expense of the latter.

Now I fully acknowledge the difficulties of concentrating on a big picture when you are struggling to pay the phone company, facing yet another client in crisis, or trying to hire enough staff to cope with your clientele. These problems are real, and I don’t mean to make light of them.

Yet we are not as good as we need to be at drawing the lines from our current problems to the policies that cause them. Those policies may relate to the gap in funding—the fact that government rarely pays the full costs of the services for which it contracts. They may relate to rules around accountability or the time it takes to submit a proposal. It may relate to the government’s approach toward volunteering, tax policy, or advocacy rules.

Yes, dealing with policy issues takes time. It takes time to understand the issues. It takes time to develop the relationships that allow your voice to

be heard. It takes time to collaborate with other organizations. It takes time to write submissions.

But failing to take that time, failing to work with others, leads us to be always in a situation where we are reacting rather than acting. And often we react after the announcement has been made, when we have virtually no chance of changing the decision.

If we are to influence public policy—the direct and the indirect, but especially the indirect—we must take the time to develop the skills, relationships, and positions that will seat us at the policy tables.

My second theorem is that we are a case study for the concept of united we stand, divided we fall. Actually, that's not totally true. Most often, we're a case study for divided we fall; we haven't yet mastered the "united we stand."

Let me be very quick to say that the voluntary sector will *never*, that's never, speak with one voice. Nor should it. Nor will we see many situations where every agency in the voluntary sector even cares about the same issue.

But for fear of establishing "group-think," we seem to have gone too far in the opposite direction—or, more appropriately, many different directions. When I'm talking with people from the provincial or federal governments, I'm often told that they get so many disparate, and even contradictory, requests from voluntary sector organizations that they are left without the ammunition to make a case. The more cynical among these people say that the level of disagreement leaves government free to do whatever it wants, because it knows that there can be no oppositional coalition formed.

We need not seek unanimity. But we must seek possibilities of discussion, of learning, of supporting one another even when we are not directly affected. We need organizations across the country that can provide the venue for these discussions, for this learning. And we must reach out well beyond what one of my friends calls "the usual gang of idiots" so that we involve more and more people from the voluntary sector in these discussions and in this learning. And then we must connect to other cities, to other provinces, in order to marshal the forces of the voluntary sector.

This takes me to my third theorem. We are too nice for our own good.

This desire to be nice means that we don't want to think about, let alone utter, the "p" word. We don't want to talk about power. And because we don't want to think about it, because we don't want to talk about it, we deprive ourselves of it.

This plays out at the individual organizational level, the sub-sectoral level, and the sectoral level. "We're just one small agency," I was told recently by the executive director of an agency providing childcare services under a contract with its local child and family services authority.

What this person failed to recognize, or failed to accept, is that the organization has a contract because the authority needs its services. And because the authority knows that if it had to deliver the service itself, it would cost much more. Those two factors alone give that organization power.

Yet, we *act* powerless and thus, we *are* powerless.

Research in Ontario and Calgary shows that funders often pay less than the full cost of service. Yet instead of fighting—together—to change that, instead of saying we refuse to subsidize what you have the responsibility to do, we are grateful for whatever we are given.

I doubt that that particular child and family services authority—or any other government entity—walks into Office Depot and says it will pay only 85 per cent of the cost of whatever it wants to buy. When it hires a law firm to do some work, it will not offer to pay only 85 per cent of the going rate.

So why do governments believe they can do that with us? Simple. It's because we've proven to them that they can.

In September 2006, the federal government announced spending cuts. By my reckoning, the voluntary sector lost about \$150 to \$200 million. At the same time, the government announced that encouraging and supporting voluntarism was not a core function of government.

Imagine what would have happened if the government had removed that same amount of money from agricultural subsidies or if it had announced that support of crop insurance was no longer a core function. The tractors would have clogged highways the very next day.

Statistics Canada figures show that the voluntary sector occupies a larger component of the economy than agriculture. The sector is a larger component of the economy than the entire retail industry.

Although the government grows no crops of its own, it *does* make plenty of use of volunteers in everything from national parks to prisons. So why, one might ask, is the promotion of voluntarism not core to the federal government?

Again, the answer is simple. They knew they could get away with it. And they did. Oh, true, some of us wrote letters and even appeared before parliamentary committees. We pointed out that the government's actions directly contradicted the Accord that had been signed between the government and the voluntary sector. Other organizations—including those that might have been expected to have led the charge—stayed silent, believing that criticism would just attract more negative attention.

So nothing changed. The cuts were made and I believe that there's a better-than-even chance that there will be more cuts announced in the months to come.

We have been unable to develop an awareness program that would inform the public of the critical role the voluntary sector plays in this country. We have been unable to convey the message, that if every voluntary organization in this country closed its doors for 24 hours, chaos would result.

The government knows that we won't do that. And they know that we cannot get our act together quickly enough—if we can do it at all—to present any effective opposition to decisions that hurt us and those we serve.

Many of us raised in the 70s and 80s dislike the construct of power. Those of us with liberal arts backgrounds tend to want a world comprised of people who consider themselves equal. It's a nice idea, and would that the world were actually like that.

But the reality is that power is a part of our society. It is practised in business, it is practised by professional organizations, and it is practised by some well-to-do people. But we rarely see any examples of it being practised by us. Part of that may be because we can't get a core group of people together; part of it may be that we're afraid; and part of it is that we just want to be seen as nice people doing good work.

While I was in Australia, the Commonwealth Government was preparing to issue a tender for a particular type of service. It had already indicated, at least unofficially, what it was prepared to pay for this service. Probably only about eight or nine organizations in the country had the infrastructure and expertise to bid for the contract. They decided to meet; they decided that the price was too low; and they decided not to tender.

While it is an interesting legal question as to whether this sort of action violated Australian trade laws, it had the desired effect. The government rewrote the tender document, and the agencies found ways to work together to deliver the service while receiving reasonable compensation.

In that case, the power was exercised by a small group, but it was a small group that represented all of the organizations with the capacity to undertake the work the government wanted done.

When we recognize the power that could come from our acting together, when we marshal the strength and resolve of nonprofit organizations of all sizes and characteristics, when we are able to say “we’re not going to take it any more” and have our voices heard in Edmonton and in Ottawa, then—and only then—will we be fully serving our constituents.

I am not suggesting the use of power for the sake of using it. I am not suggesting we need to take to the streets at every sign of offence, real or imagined, large or small. The sector’s power always should be used in the interests of those we serve. It should be used wisely and it should be used carefully.

But we must recognize that we have it—or at least can have it. And in some respects, preparing to use it may mean we never have to. If governments understand that we are prepared to act in concert and that we are prepared to stand up to bullying tactics, then perhaps we will change the situation so that we don’t have to exercise it.

Demonstrating that we are organized and have ways of responding quickly and forcefully will ensure that we are invited to the policy tables. It will ensure that our needs and the needs of those we serve will be recognized and respected. It will change us, and it will change policies.

On the other hand, failure to do so will prove the truth of that age-old adage: “We have seen the enemy and he is us.”

I have talked a lot about things “we” must do. You may be wondering



just who I'm thinking about when I say "we." I mean all of us involved in the voluntary sector. The "we" has to include foundations. It has to include volunteers. It has to include the staff of direct-service organizations. It has to include those who care about the ability of the voluntary sector to deliver services to Canadians. It has to include allies in government and in business. It is an inclusionary "we"; as the saying goes, "the more, the merrier."

If we can accomplish this, if we can start acting in concert, wisely and prudently, we can change the world—just as the voluntary sector has always done, and always seeks to do.

In hope,

Bob

# Letter 15—Turf Battles— with the Political Football

Dear Joy,

Much of what I've discussed in my letters to you has been about what I see as failings of Canada's voluntary sector, failings that relate to how the sector works together to deal with bigger picture issues. I've got two more that I want to raise with you before turning my mind to what I think we can do about these failings.

I want to write today about turf battles and about ignorance. They may be more connected than we think, but I don't want to write about the connection. For now, I'll deal with them as separate problems.

Anyone who argues that we haven't got turf wars in the sector has the rosiest coloured glasses imaginable. It exists among local organizations, it exists among sub-sectors, and it exists at the sectoral level. And it's only become worse since government (and some other funders) have moved to competitive tendering for some contracts and grants.

It's easy to understand why turf wars start, particularly in these days of such competitive fundraising.

No executive director wants to be the one who must go in to his or her board and say, "We haven't got the money to continue operating" or even "We must reduce staff." (The current labour shortage in Alberta already does a good enough job of reducing staff.) Agencies don't want to talk about ways of working together; they want to talk about how to keep their organizations safe and growing. They deal with these as though they were separate issues.

Our work in establishing the human resource clusters demonstrated that it need not be that way. In that program, we hired two human resources professionals, one in Edmonton and one in Calgary, who

became employees of the foundation. Their job was to serve a cluster of agencies—six in Edmonton, seven in Calgary.

I'm sure not all 13 agencies were convinced at the outset, but they went along with it. Pretty soon, both groups abolished a rule we'd set at the beginning that prevented the consultant from sharing with the full group what was being done at a particular agency. We did that to protect each agency's confidentiality. But the agencies in the cluster groups decided that it made more sense for them to know the big picture of what was happening, so they could benefit from learnings and perhaps tackle similar problems together.

By the end of the project (three years in Edmonton, two in Calgary), it seems that almost all 13 agencies were totally convinced. The Calgary agencies decided to band together to continue contracting with the HR professional who had served them. In Edmonton, the HR professional was unavailable, because he remained with the foundation—but most agencies in that cluster chipped in some dollars and found someone new to work with them.

Contrast that experience with our findings when we tested the idea of a Centre for Excellence. This was the second time that we'd explored the idea of some sort of centre that would provide shared services to charities—everything from information technology support to facilitation to accounting services and maybe legal services.

On both occasions, the consultants ran focus groups throughout Alberta and Saskatchewan. They told us that Alberta organizations had expressed no significant interest in shared services other than fundraising. As for the other “back office” services that could be combined, the focus group participants said they could—and wanted to—look after those things themselves. At best, some said they might use some of the services, but they were clear that those services should be available at no cost to them. Moreover, they said that the funding of the Centre (no doubt magically) should be achieved without reducing the amount of money available to the sector.

(Interestingly, the agencies that had participated in the Edmonton and Calgary human resources cluster had been asked about the concept first, and they all thought it was a great idea that should move forward as quickly as possible.)

This isolationism is dangerous. It's not good for individual agencies. It's not good for the clients the agencies serve. And it's especially not good for the idea of a sector. We must learn to talk together about practical everyday issues. We must learn to talk together about policy issues. We must learn to talk together to the public about who we are, what we do, and why the public should care.

We must understand that becoming effective as a sector will require work. An umbrella organization will never just happen. People must invest time, effort, and money to make it happen.

At a conference in February 2008 organized by the Canadian Federation of Voluntary Sector Networks, Liz O'Neill spoke about the initial hopes for sector umbrellas in Alberta. Liz, co-chair of the Alberta Nonprofit/Voluntary Sector Initiative, said that the purpose of creating such groups as the Edmonton Chamber of Voluntary Organizations was to take work away from frontline agencies and coordinate policy work and sector development so that it could be centralized. She suggested that hadn't yet happened.

If one of our goals is to gain a place at policy tables (and it sure better be), so that the sector is consulted before decisions affecting it are made, then we must become much better at thinking about something bigger than our own organization. And we must become much better at identifying those people who have the skills and knowledge to work at those policy tables, whether they're our "competitors" or not.

We must learn to talk to each other openly. We must learn to move beyond the superficial. Funding is not always the answer. We must learn to give up turf. Equally important, we must learn.

Oh, wait—you were expecting something more? Where do I start?

We must learn about the sector. We must learn about the laws that affect us. We must learn about best practices. We must learn about how policy is made. We must learn about government.

I am constantly saddened by the lack of knowledge of some pretty fundamental issues that I witness when talking with people from the sector. Those running charities sometimes don't know the rules about writing receipts. Many regularly misstate the rules about advocacy. A number of funders fail to understand that they *can* fund advocacy efforts.

When it comes to policy level issues, the lack of knowledge is even more acute. I'm not sure what's happened since I went to school way back in the last century, and we took civics classes and learned about how government operates.

I regularly run into people who don't understand how laws are enacted, who makes or takes responsibility for policy decisions, how to approach government about policy changes, and when to get involved in efforts to change things.

I remember the shocked look on the face of an executive director who had told me that they were heavily involved in public policy work, because they responded to every white paper that government published. The shock came when I said they could save the stamps, because if they hadn't been involved in writing the green paper, it was too late.

We will be invited to policy tables only if we understand the issues and the processes. We will be invited only if we can talk about the sector's size and importance and provide government with at least a general idea of what sector organizations will think about a particular initiative. The education can't happen at the policy table. It must exist beforehand.

Some local umbrella groups have brought in speakers and held seminars to educate their members, but education must go far beyond the 30 or 40 people that can fit into a room.

This is the type of training that a national umbrella can provide easily—and should. It's training that they could arrange through government relations firms, university political science departments, or experts in charity law. It's training they could have available on their website for members to use as needed. They could help lead the sector to use new technology for a broader impact—something that we do poorly right now.

As for more basic issues such as facts about the sector, receipting, or best practices, a national umbrella again could deliver training—whether funded by someone else, as a benefit of membership, or on a cost-recovery basis. Or the organization could just distribute speaking notes or fact sheets—quick, easy-to-read pieces that keep people current.

We must remember that an umbrella group is comprised of people from the sector, acting on behalf of people from the sector. This means that, as a sector, we must do some serious learning if we want to be players, let alone power players.

In hope,

Bob

# Letter 16—Running It

Dear Joy,

I guess it's time for the rubber to hit the road.

In my past letters, I've talked with you about some of the problems I see in the sector, about some of the reasons I think we've been ineffective (or at least not as effective as we might be) in affecting public policy, and about what I've learned from the other countries I've visited.

Now it's time to put it all together.

Let me start by saying that we have no alternative to having a national umbrella organization for the voluntary sector. We *must* have one, and it must be strong; it needs to be nimble; it must be smart; and it must be sold to the sector organizations who must constitute its membership.

As I told you in one of my earliest letters, we can argue until the cows come home whether or not there truly is a voluntary sector. But others believe one exists, and others treat us as if that sector exists. So we must start behaving as if a sector actually exists and start organizing ourselves as a sector.

We must create that national umbrella in a way that deals with turf battles, differences between sub-sectors, and the reality that the vast majority of organizations are small. We must make it something that represents the sector, but we have to make it more than that, so that people see direct value in joining. We must make it democratic, but not to the point where we must conduct a referendum on every issue.

We must pay for it. We must work in it, at it, and through it. We must support it with voices as well as money.

Not much of a challenge, huh?

I don't pretend to have all the answers or even, maybe, the right answers.

I'm not that smart, and I don't have a mandate. Eventually, those people who join this national umbrella will decide what the organization can and should be.

But up to now, we have not yet really had the conversations. So let me see if I can kick-start that conversation with my ideas. Of necessity, these are broad-brush ideas—things at the so-called 30,000 foot level, rather than the details of what the bylaws should say.

Because I want to talk about a number of areas of this “ideal” umbrella, I'm breaking this letter down into a number of components:

- What should it be?
- Who should belong?
- Who should run it?
- How do we organize it?
- How do we pay for it?

So let's get to it and see if we can invent something!

### ***What should it be?***

From my past letters, I think you've got a pretty good idea of what I see as the various roles of an umbrella organization. It must somehow combine the roles of:

- leader
- follower
- facilitator
- convenor
- community developer
- advocate
- educator
- service deliverer
- policy guru
- clearing house
- researcher
- public relations firm.



Let's (hopefully briefly) look at each of these in turn.

**It must be a leader.** There is absolutely no point in having a national umbrella unless, some of the time, it is leading the sector. As Liz O'Neill pointed out in her February 2008 speech, the whole purpose of an umbrella organization is to relieve frontline agencies of some work—primarily around policy initiatives, but not exclusively.

Hard though it may be to believe, not every organization in the voluntary sector has someone inclined to pore over legislation and regulations. Not everybody thinks it's a really good time to analyze policy options. Not everybody has the time, talent, or inclination to consider demographic projections and figure out what they mean for voluntary organizations.

What Liz was talking about in her speech was the need for an organization that would do that for us and would help lead us toward the development of ideas, options, and solutions.

**It must be a follower.** Every person who is hired by the organization or who is elected to its board should be given a copy of Robert Greenleaf's book *Servant Leadership*, and be told not to show up until they've read it.

Sometimes when I look at disputes about the role of umbrella groups, I am reminded of disputes that sometimes exist within a single organization, when somebody on the board gets upset at something the executive committee has done. When I've been called in to mediate one of those issues, it usually comes down to the fact that the executive committee has forgotten that it is answerable to the board, that it is an invention of the board, and can't take on a life of its own.

The same thing holds true with an umbrella organization. It does not exist in isolation. It is a membership body, and the membership "owns" it. It must reflect the views of its membership, or lead the membership to understand why a different view may be more helpful.

There is a risk associated with the umbrella getting "too far ahead" of the membership. The umbrella is there, as Greenleaf suggests, to lead through service. As we see from England's National Council of Voluntary Organisations and the state umbrella organizations in Minnesota and California, it can be done.

**It must be a facilitator.** There are issues—many issues—where people in the sector need to be helped to have a conversation. Sometimes these

issues arise out of a lack of a common understanding of a situation. Sometimes they're about principles. Sometimes they're about turf. Sometimes they're about emotion.

If a national umbrella can play the role of "honest broker," it can help facilitate those conversations within the sector. The umbrella must remember always that its goal is a strong, vibrant, energized, educated, informed, and influential voluntary sector in Canada. So long as it stays true to that, and ensures that it has no hidden agendas, it will have the capacity to facilitate the needed conversations.

Its facilitation skills, however, also need to be used elsewhere. It could facilitate conversations between funders and grantees. It could facilitate conversations between the sector and other sectors, identifying issues of common concern and resolving problems.

At one stage, Imagine Canada talked about its role as being to create a "common space" where sectors could talk to one another. My only problem with that concept was that a national umbrella can never be totally neutral; it must exist (and admit it exists and act like it exists) to ensure the type of voluntary sector that Canada needs.

**It must be a convener.** We have to start realizing that calling a conference in Toronto for a day and a half does not constitute "convening the sector." We must start understanding the demographics of our sector and realize that a conference of that kind excludes probably 90 per cent of all voluntary sector organizations.

That's not to say that conferences of that length can't be helpful. They can be—both in terms of content and in terms of networking. But we must recognize the limitations of that type of gathering and seek new ways of bringing the sector together.

Some of them aren't that new. We have some history of simulcasting conferences to other locations. It wasn't always smooth, but it involved more people—and those were in the early days of technology. Now conferences around the world broadcast sessions live to the Internet and accept questions from people continents away that are then posed to panellists.

Any number of web-based applications allow people to debate issues and offer suggestions. "Convening" no longer means that everybody must be in the same room at the same time. Instead, it means having

opportunities for people to discuss and debate, disagree (respectfully), and work together on common problems.

I recognize that not every person in the voluntary sector has immediate access to a high-speed Internet connection, but through libraries, educational institutions, and (gasp) even through large agencies sharing resources with small, it's possible to reach a huge percentage of the sector.

If the national umbrella can do that effectively, it will cause ripples throughout the sector, as its model is picked up by others.

**It must be a community developer.** In this case, the “community” is the nonprofit sector or, more specifically, those nonprofits who are engaged in work for the public good.

(I'm excluding professional organizations, unions, trade associations, and the like from this concept, even though, at least according to the Johns Hopkins definition, they are part of the voluntary sector. I think they're too different and have different issues.)

I think back to some of the work of Saul Alinsky and what we learned about how to organize the poor and powerless (terms that could apply to a lot of voluntary sector organizations, but I don't want to debate that point). Alinsky mastered the concept of helping people recognize that they weren't alone, that there were others in similar circumstances and with similar problems, and that, by banding together, they could more effectively address them. The sector must learn these lessons, too.

One of the advantages (at least in theory) is that this is not a case of the very poor rallying against the elite. Large voluntary sector organizations exist for the very same reason as the small ones—the public good. Community development techniques can be used to underline those similarities rather than continuing to focus on the differences.

I fully recognize that geography is a major factor. Canada is a huge country. While some community development work can be done (or at least fostered) through technology, much of the work—particularly with small and rural organizations—requires face-to-face gatherings. For that reason, I will suggest this work be done through what is now the Federation of Canadian Voluntary Sector Networks. In my view of life, that group of organizations would become, in essence, the “community development department” of the national umbrella.

One of the key things that must be done is to find a way to identify those nonprofits *not* part of a network already. We can find all the registered charities in the country—contact information is available on their annual information returns that can be reviewed online. But for those nonprofits that aren't charities, we must search more thoroughly. Not all of them will want to participate, but all of them must have the opportunity to get involved and to stay informed. We can start by reaching out to those who are already connected to some network, and then grow from there.

And one of the communities with which we really do need to do some work is the faith community. Places of worship represent about 40 per cent of all registered charities and receive about 60 per cent of all receipted donations. But they haven't been sold (largely because we haven't done a very good selling job) on the idea that they are part of something larger. A few of the national church offices sometimes participate in events, but the faith community is sadly underrepresented. And that must change.

**It must be an advocate.** The voice of the national umbrella always must be heard advocating for a strong, ethical, well-funded, well-operated, grounded voluntary sector in the country. It must be the leader in telling the sector's story—the good parts and the not-so-good parts.

It must tell the sector's story to the public, to government, to corporations. It must tell the sector's story to the sector!

It must search out new ways of helping Canadians understand the fundamental role the sector plays in this country and what is needed—from the sector, from donors, from government—for that role to continue to be played.

**It must be an educator.** Canada's post-secondary institutions, frankly, have not served the sector well. They offer bits and pieces, courses here and there, but many courses are irrelevant or unavailable to large numbers of people.

We must figure out what people in the sector need to know and then find ways of getting that information to them.

Fact sheets, webcasts, pre-taped segments—all of these could work easily as ways of getting information to people in a language they can understand and in ways they can use. Imagine Canada has done some of that with some of the national research, but not in a way that people

use immediately or that persuades those in the sector who don't feel themselves part of something bigger.

In New Zealand, the ComVoices system of sending out speaking notes works wonders at keeping people connected. I mentioned that in a previous letter. Every few weeks, some background information about issues affecting the sector is sent out electronically, along with some speaking notes. Local organizations can then use that material when meeting with local elected representatives. There's no reason that couldn't work here.

And if there is one universal complaint from senior staff at nonprofit organizations, it's about their "reading pile," that collection of magazines, reports, articles and notes that they really should get around to reading, but never do. An effective umbrella organization could help these staff members cope with their need for information without the hours of reading now required.

More than 30 years ago, when I was writing a consumer assistance column for a newspaper, *Consumer Reports* published a biweekly digest with two- or three-paragraph summaries of recent research and contacts for more detailed information. It was a nice 20-minute read that kept me up to date.

It would be even easier to do such a digest now electronically and it could be a revenue source. Many of us would be very grateful indeed to get rid of our reading piles by having somebody else separate the wheat from the chaff.

**It must be a service-delivery organization.** We can put to rest any idea that the national umbrella should be only an advocate or representative body. That's not a sustainable model. It doesn't attract people who will pay the membership fees. It's not seen as a value proposition.

Neither can we rely on governments providing primary funding of the organization. We need not do much research to understand that that's not a sustainable model either. That doesn't mean that we shouldn't look to governments for contracts for some research, community development work, or other things that mesh with government priorities. What it does mean is that we must become better at earning revenue.

Some of the more successful umbrella organizations say that they earn about 60 per cent of their total revenue, relying on grants and

contributions for the remainder. Some go as high as 85 per cent earned revenue. That is a sustainable model.

Organizations will buy memberships if they see value in doing so. Some organizations will see value in having a representative body alone, but those are few in number (and usually the larger organizations). For others, the vast majority perhaps, they need to receive something else.

It could be any number of things, including some things that have gone by the wayside. They can be as simple as discounts with airlines, hotels, car rental companies, and office supply companies. It might take some time initially to negotiate these deals (although a few of them are pretty standard), but then this membership benefit can help membership sales.

Perhaps it's again time to look at a group insurance plan. Some small organizations with only a few staff can provide no benefits at all. Others probably pay more than they should. Long ago, the Canadian Centre for Philanthropy did offer a group benefits program. Interest waned. Maybe it's time to explore it again. It has the potential to be a money saver and has benefits that make sense in this sector.

Some of the educational material might be included in a basic membership fee and other material available for a minimal cost. (It's important not to "nickel-and-dime" members, but it's also important to remember that not everybody is going to want the same benefits.)

In short, an umbrella must have a business plan that shows ways in which it can earn money that will keep it alive and, hopefully, growing. It must go out and earn money rather than just waiting for funds to come in.

**It must be a policy guru.** The days of a national umbrella being automatically consulted before legislative and regulatory changes have passed for our sector. We must gain them back.

We must get back to the days when the federal government never could mention the words "voluntary sector" without someone saying, "We better call the Centre for Philanthropy." That won't be an easy job—and it's even more difficult when the sector is perceived as having ideological differences with the government of the day—but it's one that's critical.

And we must get away from the concept of doing *government* relations, moving instead to what the National Council of Voluntary Organisations

has: “parliamentary officers” who understand that their job is to work not just with government, but with all parliamentarians, regardless of where they sit. For the most part, the issues that the voluntary sector handles transcend partisan politics; so, too, should our policy work. But the national umbrella must do more than just work directly with government and elected officials. It also must increase the capacity of others to work in policy areas.

That means providing training, for sure. But it also means intelligence gathering—for the sector and from the sector. Many sector organizations have conversations with people in government, but they seldom share that information. Imagine how much more effective we could be if the policy shop at the national umbrella knew what a Member of Parliament from British Columbia was saying or what had happened at a meeting with the regional manager of a government department in St. John’s. Think about how much easier it would be for us to start seeing trends and big pictures.

The national umbrella’s policy people would not be the only ones invited to sit at the policy tables. Nor should they be. Sometimes the most effective participants will be from frontline agencies, but those people often need support—and that’s where the umbrella’s policy shop can come in handy. It may be providing background information, it may be in helping analyze proposals, it can be whatever is needed. In any case, we must return to the days when we could teach people something about working in a policy environment.

**It must be a clearing house.** The John Hodgson library at Imagine Canada is a wonderful, but badly underused, resource. We also haven’t seen the hoped-for digitization that would make all these resources available where they’re needed when they’re needed.

Everything about the voluntary sector should be available at or through the national umbrella. In addition to the “quick facts” types of things, it should be a source of information about everything from administration to fundraising, from ethics to board development. And it must be accessible 24 hours a day. Maybe, like some newspaper sites, there will be a cost to access some things. But “basic” material must be available to any member.

**It must be a researcher.** At one time, we had a reputation of having a great research agenda, and we were learning more and more about the

sector. But then research seemed to fall out of fashion and the money dried up. This is another one of those things that we must develop in order to re-establish the umbrella's primacy in the field.

There remains much we don't know about the sector. Studies such as the *Satellite Accounts*, the *National Survey of Nonprofit and Voluntary Organizations*, the *National Study on Giving, Volunteering and Participating* are all good stuff. And Statistics Canada has funded them, as it should, given the sector's importance to the country's economy and the quality of life.

But we must go beyond that to get at some things that can be of value to frontline organizations. At the time I write this, one of the live controversies surrounds the fundraising guidelines published by the Charities Directorate of the Canada Revenue Agency. A number of sector organizations are saying that the guidelines fail to reflect their reality.

But both the Directorate and the sector are operating without a lot of information. The last Canadian study about fundraising costs was more than a decade ago, and things have changed rapidly since then. We don't know what nonprofit organizations are spending on fundraising. We don't know, other than anecdotally, the cost of various types of fundraising or the impact on fundraising costs of a charity's age, the nature of its cause, or the nature of its request.

Given that we rely on Canadians to donate billions of dollars each year to charity, it seems to me that knowing some more about fundraising might well be helpful.

We also haven't seen a lot of research about the impact of charities merging or even of the use of shared space. When I was in Australia, one of the pieces of research being done was about the cost of operating fleets of motor vehicles—something that's pretty common among some types of charities in that country. The research was looking at everything from accident rates to costs of maintenance. Again, useful research.

Canadian nonprofits are talking a lot of moving to “social enterprise.” The United States has done some research (and a lot more propaganda disguised as research) on this, but Canada has not. Given the potential, good and bad, of a rapid expansion of that type of activity, it sure would be useful to know what's gone before, and what we've learned.



Not all of the research must be done directly by the umbrella organization, of course. Some very good folks at some universities and colleges are interested in the sector, have carried out research, and have published that research. But there's not enough of them. In part, this may be because some academics have given little thought to the voluntary sector as a focus of their research. So maybe the research folks at the national umbrella can spend part of their time working with those who already have (or can get) funding to do research. And then the people at the umbrella can interpret it and disseminate it for the benefit of all.

**It must be a public relations firm.** This is tied in with the comments about advocacy, but it must go beyond advocacy. Our efforts over the years at creating a higher degree of public awareness about the sector have been, to put it mildly, pitiful.

While a huge, multimedia, national public awareness campaign would be delightful, I don't see finding the money for that easily. But that doesn't mean the efforts to increase public awareness must end.

The umbrella can develop media contacts and suggest stories that highlight the sector. It can have a series of stock stories that may play well with community newspapers. It can provide media outlets with names and contact information for people to contact about various types of issues that affect the sector. It can negotiate for the development of public service ads and announcements. It can highlight speeches made at far reaches from Toronto and ensure they're circulated to the right people in the media. It can provide media relations training. Lots of stuff can be done. And it must be done. So let's do it.

**And one other thing, an umbrella group must be recognizable by its name.** "Imagine Canada" says nothing to the average person on the street. I don't want to spend huge amounts of money or effort making the name of the umbrella recognizable; that's money and effort that should be expended on focusing on the sector. So please, *please*, let's pick a name that makes some sense.

### ***Who should belong?***

We've tried various models in Canada. At the outset, one became an associate—but not a member—of the Canadian Centre for Philanthropy. Then we went to the membership model. At some times, organizations

other than nonprofits could belong—sometimes as associate members, sometimes as full members.

Of late, one of the conversations making the rounds is that the national umbrella should be a federation, with its only members being national sub-sectoral organizations.

I tend to be rather simplistic (some would say simple). If we want to demonstrate the strength of the sector—and of the umbrella—membership should be open to all “public benefit” nonprofit organizations in the country.

Although I recognize the importance of their support, I would not let corporations or allied professionals join the umbrella as voting members. Instead, I would be more inclined to establish a “Friends of” type of organization—individuals and organizations that want to support the sector and remain closely connected to it.

If this membership model were adopted, and if the *National Survey of Nonprofit and Voluntary Organizations* is right, that would mean a potential membership of something more than 170,000. That will, of course, never happen. (Although can you imagine the impact if it did?!)

The Centre for Philanthropy/Imagine Canada model topped out at something less than 1,500 members, as I recall. But I think with an all-out sales effort—and perhaps an incentive or two—that number could grow to 5,000 within three years. It will be a lot of work, for sure, and they must aim at markets that have traditionally been neglected—particularly the small and rural charities.

As you know, The Muttart Foundation has committed to core funding of Imagine Canada for the next five years. I wonder what might happen if another funder came along and said it would match Muttart’s \$150,000 a year, but it wanted the organization to focus on recruiting members.

Perhaps the grant could be \$1,000 for every new member recruited, up to the \$150,000. And perhaps in the second and subsequent years, it could be \$500 for every membership renewal and \$1,000 for every new membership, up to the same \$150,000. It might well help focus the attention of the national umbrella, and might persuade previous non-members to become members.

Or perhaps a service club or a community foundation could purchase

a bulk number of memberships on behalf of its grantees and then distribute them in its area. Future support would be dependent on the national umbrella showing an acceptable renewal rate—proof that the organizations had found value in what they received.

Maybe there should even be an introductory rate, to allow new members to “test drive” the umbrella organization for a year before committing to the normal membership fee. Where there exist other sub-sectoral umbrellas, or local umbrella organizations, perhaps there could be provision for a joint membership.

I think that the possibilities are endless and that some marketing people from the “Friends of” organization I’ve proposed would be more than willing to help.

I am not a big fan of the idea of the federation model, where the only members are sub-sectoral umbrella organizations. My biggest problem with that concept is that there are far too many nonprofits who aren’t affiliated with a network and who, therefore, would have no involvement with the national umbrella. Even local organizations—like the chambers of voluntary organizations, the Pillar in London, Ontario, or the Community Service Council in Newfoundland, wouldn’t be at the table, because they are sectoral umbrellas (on a local rather than national basis), rather than sub-sectoral. Moreover, if the sub-sectoral umbrella organizations were the only members, they would have to come up with most of the money. I don’t see that as a likely scenario.

Increasing the membership to 5,000 over three years might be a stretch, but I think the effort would be worthwhile. I’d like to see it tried, at least.

### ***Who should run it?***

In describing the type of work I think the national umbrella should undertake, you get a pretty good idea of the type of staffing I think is necessary. The CEO must be impressive and have a strong ability to sell memberships and the whole concept. He or she must work hard to establish connections—inside the sector and out—and ensure that all staff members have a “servant leadership” mentality and a commitment to excellent service. But let’s turn now to the board of directors—those charged with the responsibility of setting policy for the national umbrella.

The first issue I want to address is one of the most paralyzing aspects of the sector: the compelling need some people have to see every sector body “representative” of the sector. That argument is getting old fast.

If the national umbrella were truly representative of the sector, 80 per cent would come from organizations with an annual income of less than \$250,000. Most would come from sports and recreation organizations. Many individual places of worship would be at the table. The largest organizations would have about 10 per cent of the places on the board. There would be far more volunteers than staff.

Nothing is wrong with any of those things in themselves. Indeed, some would argue that it would be a good thing. But I’m far more concerned that the people around the table (the people around any table) are the right people—the people who have the skills, knowledge, time, and ability to be helpful. I’m not looking for quotas; quotas are not necessarily a good thing.

On the other hand, if the people who want “representativeness” really are saying that we must do a better job at connecting with Aboriginal organizations and ethno-cultural organizations, with small organizations, with isolated organizations, with people of different experiences and backgrounds, I’ll be happy to march in their parade. If they tell me that they want to create a system so that we can ensure the diversity of the sector is celebrated (not just recognized), I’ll lead the parade. If they tell me that they want to ensure that there is opportunity for people with these different experiences to obtain the skills, knowledge, and ability to be those “right” people I want, I’ll pay for the parade. (Okay, that last part may have gone a bit too far and should not be considered a contract.)

I’m hopeful that a national umbrella would establish various committees that would serve as a training ground for people who want to be directors at some point. Those committees could be geographic in nature, or issue-specific, or even sub-sector-specific. I would no more want someone on the board of the umbrella organization only because he comes from a particular background than I would want someone on the board because she comes from a specific organization. If they are the right people, great! If not, let’s find another way to use their talents.

And just to reiterate one item from the last paragraph: I would ensure that the only person guaranteed a position on the board was the past board chair. Nobody gets a “bye” and nobody gets to “buy” their way on to the board.

At the same time, I'm getting a little tired of slates of candidates being presented. I don't like the lack of transparency. I don't like the sense of exclusion that comes from not knowing how to get a name in front of the nominating committee.

And so my model suggests an adaptation of the electoral system used by England's National Council of Voluntary Organisations.

When an organization joined the national umbrella, the organization would be registered in three "electoral colleges"—one based on geographic location, one on primary activity, and one on annual revenue. (The details of each of these must be worked out. Some provinces might be combined; some might be broken into regions. A manageable list of primary activities would be developed. The standard measures of annual revenue may need to be adapted.) Each electoral college would be guaranteed at least one director. The number of directors would be determined by the number of members in that college.

Nominations would be accepted in every college. But a candidate could only be able to run in one college. It wouldn't be fair to let somebody run in the category related to the size of his or her agency and in the category of area of activity and in the geographical area. Each candidate must be a staff member or a volunteer at one of the organizations that belongs to the particular college in which the candidate seeks to run.

Then there would be elections and—presto—there's a board of directors.

One could stagger positions by having only one-third of electoral colleges vote each year, but that's another detail that could be worked out.

I'd also make sure the board chair communicated to the full membership after each meeting of the board. Communication will be key in everything.

We wouldn't have perfection. We wouldn't even necessarily have a body representative of the sector, but we would have a body reflective of the sector, with its members chosen by their peers. And that, to me, is not a bad place to start.

## ***How do we organize it?***

There's much work to be done. Memberships need to be sold. Academics need to be persuaded to start doing research about the voluntary sector. Policies need to be developed. Training courses have to be designed. Member services have to be invented, advertised, sold and refined. And there's going to be much more to be done. Exactly how that can be best organized will be a serious question for the CEO of the umbrella organization once the available resources are identified.

But I think a few things are key.

I telegraphed one of them earlier in this letter. I think the Canadian Federation of Voluntary Sector Networks should be rolled into the new umbrella body and become its "community development" arm, working diligently to promote and coordinate the work of local organizations.

(You may wonder why I'm not suggesting that the emphasis be on creating local umbrella groups or provincial umbrella groups. The answer is money. I don't think enough funders are interested enough to provide the money that could support two or three levels of umbrella group. So I'm focusing on the national and hoping that it will find ways to encourage the sector to come together at other levels.)

Now I want to take the next step. I think it's time for Volunteer Canada to fold itself into a new national umbrella as well. I can no longer accept the suggestion that a merger will remove Volunteer Canada's focus. I cannot see how it's possible for an umbrella group for Canada's voluntary sector *not* to have an emphasis on volunteers and volunteerism. Frankly, the rationale is just another way of setting up "turf" and, as you can tell, turf wars drive me crazy.

The time has come for us to stop separating volunteers from the organizations for which they volunteer. They are a matched set. We still need volunteer centres, for certain, but their needs can be accommodated within a national umbrella by having a department or group that focuses on the promotion and effective management of volunteers.

As with any transition, there will be bumps along the road. But that's no excuse to continue the turf wars that exist. The time for transition is now, and let's deal with problems as they arise.

I also want to discuss another piece of organization. In some places,

umbrellas already exist at the provincial or municipal level. Their efforts and those of the national body must be coordinated, so they must develop and maintain open communication among them. Similarly, the CEO of the national umbrella must meet regularly with the CEOs of sub-sectoral umbrella groups. Again, communication will be key and will promote information sharing and joint planning.

But, in many places, no sector capacity organizations exist at all. I would want the national umbrella to take responsibility for being as present in those places as it is in downtown Toronto (or Ottawa, or Winnipeg or wherever the organization is housed—I'm making no assumptions). Board members from the national body should be responsible to convene and facilitate meetings of organizations. Some can be done electronically; others may need to be done in person. People from the community development department (the new home of the Federation) should be available to those communities.

Knowing the voluntary sector, if people have the necessary information and training, they'll organize themselves in whatever way makes sense. It's the job of the national umbrella to make sure they have that necessary information and training.

### ***How do we pay for it?***

Here's the crunch. Many of the issues that have arisen over the last number of years at the national level might not have occurred if there had been enough money. In turn, more money might have come if those issues hadn't arisen.

We must lose the idea that we can rely on governments to sustain an umbrella organization for the sector. History has demonstrated, time and again, that eventually push will come to shove, and the dollars will disappear—and we will be in the midst of a crisis.

I think we must aim for at least the 60/40 mix of earned income to grants and donations. Earned income can come from membership sales, the sale of goods and services, training, commissions on group insurance plans, and contracts—some of which may be issued by government. (Imagine Canada currently has a contract from the Charities Directorate as part of the CRA outreach program. That's earned income.) If a national umbrella can demonstrate that it is connected, and that it can muster the human and intellectual resources, then other contracts will come.

The national umbrella must also demonstrate its value to other funders—foundations and corporations. Some bridges must be rebuilt. Some minds must be changed. And maybe even some creative thinking can be brought to the task.

While living in Australia and sitting on my deck, drinking wonderful Australian beer, enjoying Brisbane’s incredible weather (ah, the good old days!), I decided to do a piece of “what-if” research.

I logged on to the *Canadian Directory to Foundations and Corporations* (another revenue-generating activity and/or membership benefit or combination of both). At that time, the *Directory* listed some grants from 2004 and some from 2005, depending on how recently the foundations had reported.

I looked at every grant of \$50,000 or more reported in the *Directory* at that time. I wanted to find out what would happen if every foundation that gave a grant of that size added \$1,000 to be used to purchase a membership in Imagine Canada. (Imagine Canada’s current top membership fee is \$550, but I wanted to allow room for movement.) If that had happened to the grants then listed in the *Directory*, Imagine Canada would have had a budget of \$2.7 million from that source alone.

On the other hand, if every foundation that made a grant of more than \$50,000 had added one per cent to the value of that grant and designated it for the national umbrella, Imagine Canada would have received almost \$6.7 million!

In either case, not a bad start!

That funding will not happen immediately, and some of it may never happen. But then again, the full scope of the work I’ve outlined here isn’t going to happen all at once or right at the outset.

But if a national umbrella *can* get started, *can* deliver, and *can* prove that its delivery is having an impact on organizations of all types and sizes, then the money will come. And then we’ll be able to do more. And we’ll attract more money.

We can get there. But only if we try.

In hope,

Bob



# Letter 17—Setting the Agenda

Dear Joy,

Since my research involves policy work by sector umbrella organizations, I thought I should return to that.

In my last letter, I talked about my ideas of a model for the national umbrella in Canada. If we were able to set up something along those lines, with the mechanisms for member involvement, I think we'd be well on our way to establishing appropriate processes for policy development work. But that type of work requires more than mechanisms. It requires that attention be paid to culture and values.

If the national umbrella is to be effective, it must understand—and help its members understand—a number of things.

First, “we want more funding” is not a policy—or at least not a policy that can sell. In meeting after meeting, I hear people say that if governments or other funders simply gave more money, everything would be fine.

It wouldn't be fine. Money is part of the solution and it usually only mitigates the problem. It doesn't solve it. Even tossing billions of dollars at homelessness wouldn't solve the problem of homelessness. The problem is deeper than that, and solutions must be more creative than just “throw more money at it.”

Second, policy development for the voluntary sector must be a combination of top-down and bottom-up. Neither method, on its own, will work. Both the national umbrella and its members must lead and follow. Information—including “intelligence”—must flow both ways.

Third, policy work can take on a life of its own and result in incredibly tight timelines. If a government—in response to a perceived need or, more likely, today’s headlines—decides it must move on an issue, it wants to move now. It will not wait for an endless series of analytical meetings and referenda. The minister of whatever wants to make an announcement today or maybe tomorrow. Questions will be asked in the House today, and there better be an answer.

Fourth, people never will know what the voluntary sector wants if the voluntary sector does not tell them. It’s great that we commiserate with one another when we gather or that we bemoan this announcement or that direction. But unless we communicate policy requests, they never will be acted upon.

Fifth, policy work is definitely one of those areas where one can prove, yet again, the truth of the cliché “united we stand, divided we fall.” When government gets tens or hundreds of different policy initiatives from sector organizations in response to the same issue, they know with confidence that they can ignore all of them. Even with the diversity of voices that exist in the sector, we must find ways of establishing common ground.

Sixth, policy work is far more effective when planned in advance. One doesn’t need to be clairvoyant to see some trends developing. As people began to live longer, we should have been working on policies on what that means to the voluntary sector, and how it would have to respond to increased demand for services from seniors. The current labour shortage being faced in some provinces was something that others saw coming; why didn’t the sector have some initiatives for dealing with it?

Seventh, government wants solutions, not more problems. So policies must be presented as solutions to the problems it perceives. Even if we perceive a different set of problems, we must add that on as additional information, setting the stage for other conversations. But we also better be talking with government about how we can help solve whatever problem they’re trying to solve today.

Eighth (and lastly, only because I could probably keep going on this forever), one doesn’t just phone somebody and say, “I want to be at the meeting where you’re discussing policy.” Invitations to participate in policy discussions are based on successful relationships—relationships built over time and usually in a time before there’s a pending crisis. You

must establish a level of credibility, knowledge, and realism in order to be taken seriously enough to be considered a player in developing policy.

Okay, there's a ninth, and I promise this is it: The best-designed policy or most rational policy proposal in the world never will be implemented if a public backlash against it will follow. Policy recommendations must take into account that politicians must answer to their constituents. If politicians perceive that a significant part of the public will become angry because of a policy announcement, that policy will not be announced.

So where does that take us?

In part, it suggests that we need to take time to develop a policy framework. What are the key areas in which changes are needed for the sector as a sector? What are the "broad stroke" policy areas we want to tackle?

Decisions like that must be made based on a combination of analysis and information. What are the trends—in government, the sector, society? What is government saying? What *isn't* government saying? What are others asking for and about? That's the type of work that a national umbrella is good at doing.

That analysis then must be mixed with information about what's happening in the field. What are front-line service delivery organizations experiencing? What are the emerging needs across the country? Where are the problem spots, the hot spots? What did the local Member of Parliament say at his last town-hall meeting, ribbon cutting, or spaghetti supper?

The framework is almost the manifesto of the sector. It sets out in general terms what the sector hopes government will do (and sometimes, what it will not do). That sort of framework is important because it provides the "box" within which decisions sometimes must be made quickly.

Those decisions may be proactive or reactive. They will guide the person receiving the phone call before a legislative, budgetary, or regulatory change who is asked "How do you think this will play?" And it will guide decisions about when to rally the troops, because government has just announced something that's contrary to the framework.

Once the framework is in place, work can begin on detailed policy

proposals. The best proposals set out the good and the bad, the costs and the benefits—and that takes time and work. The drafting is not something that can be done by a huge committee. It's better that a small group works on something, checking with others along the way to ensure they've got it right. When they're happy with it, then it's time to see if the membership endorses it.

And that must become a critical cultural reality for the umbrella group. Problems have developed, because policy proposals have been submitted to government without first being vetted by the organization's membership. Or because a proposal is sent with a request to endorse it in the next 48 hours. Sometimes that can't be helped. Sometimes, it can. Nothing is more damaging to an organization's reputation than for its membership to disavow a proposal that the organization has submitted to government. Lack of support is bad enough, but if the organization's membership are contacting government and saying, "This is silly," there's a problem. A big problem. A problem big enough that the next invitation to a policy table may take some time arriving.

That's not to say that unanimity from the membership is possible. Judgment calls must be made as to what an acceptable level of support is. What isn't acceptable is that portion of Imagine Canada's existing policy development framework that says Imagine can ignore the views of its membership. That's a sure-fire way to turn membership into ex-membership.

Again, as the national umbrella serves, so too must it lead. It must make recommendations based on solid argument. People in the voluntary sector (at least most of them) are not unreasonable. They will take advice, and endorse recommendations if they are given the reasons to do so.

If the board of directors of the national umbrella cannot, in good conscience, put forward a proposal endorsed by its membership (or whatever percentage is considered appropriate), then maybe it should submit nothing at all. Maybe it means the sector needs more time to determine what its position should be. As Abraham Lincoln said, "It is better to keep one's mouth shut and be thought a fool than to open it and resolve all doubt."

The other real risk in policy development is going too far. The experience of New Zealand's Community Sector Task Force is probably a very good example of this problem.

New Zealand is, to put it mildly, a fascinating country. Admittedly, I didn't see nearly as much of it as I would like, but I'm definitely already thinking about how to see more of it. The countryside is beautiful. The values and culture of the country remind me of home. The people are friendly and even vivacious.

But it goes much deeper than that. Much of what I'm feeling is because of what I've witnessed in the interaction between the Maori aboriginal community and the rest of the population—the *Tangata Whenua*, or people of the land (the Aboriginal people) and the *Tangata Tiriti*, or people of the treaty (the settlers). This latter group also is commonly referred to as Pakeha, although there is some disagreement about whether it applies to all non-Maori or just to those non-Maori of European descent.

On my first visit to New Zealand, I started off in Auckland doing interviews with some people from the voluntary sector, trying to get a “feel” for how it's organized, what its issues are, and how it has dealt with the question of umbrella organizations.

The interview went along quite nicely until the person I was interviewing said something I didn't understand. I apologized and asked her to repeat her comment. Again, I didn't understand it, and said so. She looked puzzled for a moment, then smiled and laughed. “That's because it's a Maori term,” she said, then taking the time to explain to me the concept behind the term. As the interview went on, she continued to use Maori terms in the middle of a sentence and she showed great patience in helping me understand what she was talking about.

I didn't think much of it at the time. I compared it to my using French terms sometimes. The difference was that as the interviews continued, I discovered that this was a far more prevalent phenomenon than I might have expected. In almost every interview I conducted, the same thing occurred.

As I visited on other occasions, I came to appreciate the significance of this. And the significance took on even greater meaning as I understood the voluntary sector's views of the relationship that should exist between Pakeha and Maori in the country.

New Zealand's voluntary sector has taken a highly unusual position, and one that is costing them. They have said that their conversations with government about support for the voluntary sector must be combined

with conversations about the issues of the Maori people.

Like Aboriginal people everywhere, the Maori are pursuing grievances against the government, often around land claims and the right to self-government. And like governments everywhere, the New Zealand government is apparently in no rush to deal with the issues.

The issue has taken on additional heat (but, as usual, no accompanying light), because of a speech by the then-leader of one of the Opposition parties calling for “one law for all.” Depending on one’s spot on the political spectrum, the phrase is seen as espousing everything from equality to a refusal to recognize Aboriginal rights.

Into this debate wanders the voluntary sector.

The voluntary sector has a minister within the government. (This doesn’t equate directly to a minister in our system of government; in our system, it is more equivalent perhaps to a minister without portfolio with responsibility for the voluntary sector.) A department has been established to work with the voluntary sector. (It’s not as large or as prestigious as the Office of the Third Sector in England, but it’s certainly more than exists in Canada.)

The voluntary sector established the Community Sector Task Force as a means of coordinating the sector’s voices and providing a forum for discussions with government. The major portion of the funding for the Task Force came from government. As these things go, the original work went fairly well. They were talking and there were signs of hope, although no one was naïve enough to believe that all the issues would be dealt with quickly. But things went pear-shaped, as they say in New Zealand.

The relationship between government and the voluntary sector is primarily the responsibility of the minister responsible for the voluntary sector. But that minister has no mandate to deal with Maori issues. Those fall within the scope of the Prime Minister and are, to put it mildly, sensitive.

The threat to eliminate funding for the Community Sector Task Force came after what many of us might consider a non-issue. At one of its gatherings of the whole sector, the Task Force used a two-house model. Under this model, Maori meet together to discuss an issue, non-Maori meet concurrently, and then the two houses come together. While it

might sound like a perfectly legitimate way of running a meeting, it was seen as a sign that the sector was getting too wrapped up in “Maori politics.” The issue is ongoing and likely will be for some time.

It is not for me to judge what the Task Force has done or the government’s reaction to it. That sort of judgment requires a greater experience with New Zealand culture than I’ve had a chance to accumulate so far.

But from a government relations perspective or a political science perspective, the Task Force may have cut off its nose to spite its face.

It’s easy to succumb to the temptation to tie two things together, but one must exercise caution in doing so, because it may doom both initiatives.

But it underlines the importance of understanding what we are doing, and what we are requesting.

Moving closer to home, I think there is much we can learn from the work being done by the National Council of Nonprofits (NCN) in the United States. Formerly called the National Council of Nonprofit Associations, NCN is the umbrella group for the state and regional umbrella organizations that exist throughout the United States.

In 2006, NCN held its first Nonprofit Congress. Leading up to the event in Washington, the state and regional associations held a series of town hall meetings in their local areas. They canvassed members and non-members about what actions they wanted from the federal government in support of the voluntary sector. Summaries of those meetings were posted on the website promoting the Congress.

Representatives from each of the states travelled to Washington for the Congress itself. Through panel presentations, discussion groups and networking opportunities, themes began to emerge. And by the end of the meeting, the NCN members had the list of actions it would push for in the next year.

This is a model that has potential for Canada. Admittedly, we don’t have as extensive a network of state and regional associations, but surely, working together, we could find people in each province to hold the town halls, gather views and voices, and then take part in a national event.

Indeed, the town hall meetings themselves could also allow participants

to give their views about matters within provincial jurisdiction, so sector leaders in each province knew what matters to put at the top of the agenda when they met with provincial officials.

The reality, of course, is that even the simplest and most rational proposal for a legislative or regulatory change can take forever. That's simply a reality of how government sometimes works. So it's not for the impatient. But if we can wait, if we get the "ask" right, and if we can demonstrate widespread support, we *can* change the way business gets done. And that should be our goal.

Until next time,

Bob



# Letter 18—Back To the Beginning

Dear Joy,

As I was preparing to leave for my year away, I knew that one of the toughest questions I had to answer was what I thought should be done with Imagine Canada. Did I believe that it could become the type of umbrella group that I thought necessary for Canada's voluntary sector or was it time to start all over again?

I put the question out of my mind for a while as I read back through the transcripts of my North American interviews and some of the (scant amount) of literature about umbrella groups.

When compared with some of the state associations of nonprofits in the United States, Imagine Canada didn't look very good. By the time I finished my interviews in England, it looked even worse. At some point, I decided that I wanted to suggest something brand new. I didn't see how Imagine Canada could survive, and I didn't see how I could defend it to others. If I felt I couldn't make the case for it, I reasoned, then that told me something.

Sometime during the 11 months we spent in Australia, I changed my mind. I can't pinpoint the exact moment, although I came to realize that Imagine Canada was probably "middle of the pack," because it was a better model than anything that existed in Australia or New Zealand. (Of course, it wasn't that persuasive because nothing comparable exists in Australia or New Zealand.)

However, I concluded that much of what I thought should be done could be done by "tweaking" Imagine Canada—keeping the basic structure and organization but "redecorating" it by adding services and changing the "colour" so that it was more of a service "hue."

That was my state of mind when I got back to Canada. And then I changed my mind again. This time, I *can* tell you exactly when it was. It was immediately following the federal government's announcement of massive cuts to programs that benefitted the voluntary sector. In particular, it was after the government announced that the Canada Volunteerism Initiative was being scrapped, midway through its mandate, because it wasn't seen as a core issue for government.

My mind changed as soon as I found out that Imagine Canada would not only not lead the charge against the cuts, but also intended to remain basically silent. I could not fathom how a national umbrella organization for the voluntary sector could say nothing more than "we're sorry for our colleagues' pain" in response to cuts in the order of \$200 million. It was incomprehensible. It was, to my mind, an abdication of its responsibility as an advocate for the sector.

And I became even more convinced that we had to start all over again when I found out why Imagine Canada was taking this approach. It was trying to persuade the federal government to create a \$1 billion infrastructure fund for the sector. That was definitely a nice fantasy, but it was never more than a pipe dream. A government that said the encouragement of volunteers wasn't core business certainly wasn't going to give us \$100 million a year for 10 years so we could build up some sector organizations.

Things only got worse—if that was possible—when, despite significant opposition from some key sector organizations, Imagine Canada went ahead and submitted the proposal to the government.

Notwithstanding later action by Imagine Canada's board to put conditions on the proposal, and notwithstanding that any number of people were saying that their government contacts knew nothing of any work being done on the idea, some people at Imagine Canada still seemed quite assured that the fund was a done deal. Come budget day, unsurprisingly, no fund was included. But by then, it was a bit late to say, "By the way, we weren't happy with the cuts you made six months ago."

I decided that the credibility of the organization was so far gone that it could not be saved. The easiest thing to do was to put it out of its misery and start all over.

But I've changed my mind again. And now, as you'll have seen from the model I described to you, I am suggesting that we take the core of the

existing organization (preferably with a new name) and build on to it.

The board of directors of Imagine Canada has come up with a new design—something more akin to what I had been considering—in terms of its work and its structure. That certainly didn't hurt.

But the primary reason for this last change of mind is the realization of the harm that would come from announcing that the organization most regard as the national umbrella had failed.

I already mourn the loss of the influence that the Canadian Centre for Philanthropy once had. But the loss of the whole organization would reinforce the views of some that the sector can't possibly get its act together. It would damage the reputation of the whole sector, and it would set back efforts to get to the policy tables by at least a decade.

The sector's reaction also is predictable. There would be widespread wringing of hands and gnashing of teeth, even among those who had never been members of the organization. There would follow a period of quiet. And then the noise would start that we had to create something, because the sector cannot be without a national umbrella. That's a sentiment I agree with.

There would then follow a series of appeals to various funders for the money to develop a new model and a business plan, consult endlessly, analyze to the *n*th degree, and then, finally, there would be a plan. The problem (or the last one) would be whether any funder would be willing to take yet another chance on yet another new organization.

It's going to be difficult enough to persuade funders to pony up the money to allow the changes Imagine Canada's board of directors are proposing. One of those changes is the creation of a 40-person advisory council to keep the Imagine board grounded and to provide a better reflection of the views of the sector. That council would meet in person only twice a year, but the organization still would have to find the money for those meetings.

The model I propose goes far beyond what is currently being suggested. That's deliberate. I've identified the "Cadillac" because I think that's what it will take to get sector organizations to sign on and to give the national umbrella the numbers and credibility it needs to be effective.

Our country has many gaps in services to the voluntary sector, and many of them could be met by an umbrella—just as they are in England and in many of the states south of our border.

And so, my final word on the topic is: “Let’s keep it, but let’s shake it up so much that nobody recognizes it as the same. Let’s get the model that everyone else looks to as the epitome of what an umbrella organization should be.”

It won’t happen next week. It’s going to take time. It’s going to take work. It’s going to take money.

But it *can* be done. It *must* be done.

Looking forward to a brighter tomorrow,

Bob

# Letter 19—An Open Letter to Funders

Dear Colleagues,

We are indeed a lucky group of people. We have been entrusted with the responsibility of trying to make life better for Canadians. We have been given access to various amounts of money and mandates that focus on various areas ranging from health to the arts to social services to recreation to education.

If you have read this series of letter/essays or have received a copy of this open letter, chances are good that much of your work involves dealing with the voluntary sector. You no doubt have formulated your own list of the good and the not-so-good, the trustworthy, and those with whom you exercise much caution. But you will agree, I am sure, that we cannot accomplish the good we are charged to do without the organizations, large and small, that comprise the voluntary sector.

If you have been dealing with the voluntary sector for any length of time, you will know better than anyone that the sector is facing heretofore unseen challenges. Fundraising has become more competitive, sometimes almost cut-throat. Agencies are facing increasing demands (often from us) for accountability. Labour shortages are putting increased pressure on people who are already overworked. The problems we ask these agencies to address are getting more complicated.

I undertook my travels and this writing because I believe in two fundamental realities.

First, many of the issues that currently cause problems for the voluntary sector (and indirectly for us as funders and people responsible for ensuring the existence of certain programs) have their basis in policy decisions, not administrative or funding practices.

Second, on the whole, the sector has done a poor job of working at a policy level. That is true whether one is talking about a particular field of endeavour or, as is the focus of this material, on policy issues that affect the sector as a whole.

I also believe that the sector can become better at this kind of work, and help us fulfil our mandates more effectively in a way that benefits a greater number of people. But to do that, the sector must come together.

Some of our practices seem to discourage that sort of thing. Whether it is competitive granting or contracting programs or our failure to provide infrastructure support, we must shoulder some of the blame, at least, for the current state of affairs.

I have focused on the national level of sector cohesion and action because: (a) we already have a national umbrella organization and (b) I believe that if we can get things right at the national level, we will see a trickle-down effect to other levels and communities, whether of geography or of interest.

Part of me believes that a few of our colleagues want the sector to remain disjointed and unorganized. These people may feel that coordinated action and initiatives could represent a threat to the status quo. They don't want another "interest group" causing problems for them.

But many more of us have adopted the concept that we can help voluntary sector organizations become better at what they do if we increase their capacity. This doesn't mean giving them more money to serve more people necessarily (although that's too often the call). It means helping them learn and become better at what they do while also helping us be better at what we want to do by contributing new ideas. We should not see this as a threat but rather as an opportunity to make our dollars go further.

I have proposed a model of a national umbrella body for Canada's voluntary sector that would be larger and more far-reaching than anything we have known. If that model (or some variation of it) is ever to achieve fruition, it is going to take time, effort, and encouragement. And money.

Some among us have had problems with the current and past iterations of the national umbrella organization for the voluntary sector. I don't want to make light of those problems. While I may be labelled naïve, I think a

new day is dawning. I think we have a window of opportunity to ensure that the voices of the sector are coordinated, to create a logical focal point for training, capacity building, and policy advocacy.

If things work out the way I hope, all nonprofits in the country stand to benefit, directly or indirectly. And if the organizations with which we all deal every day are stronger and more involved, we have a greater chance of a bigger “bang for our buck.”

Much is wrong with the current model, some of it due to lack of funding. Some of it is due to decisions that might have seemed right to some people at the time but no longer seem so with the benefit of hindsight.

I am certain of one thing. If the national umbrella fails, we will have a serious problem. We will lose much good work, we will lose opportunities, and we will lose face. Sector organizations, observers, and commentators will mourn the loss (even though they may not have been supporters during its life). We know that we will have to create some sort of umbrella organization. And we know that it always costs more to re-create something than it does to fix it.

The current board of directors is trying to fix things. As I’ve said to some of them, “This is the last opportunity. If the organization cannot be turned around now, it will not be given another chance.”

Short-term fixes are not enough. The national umbrella must be as energetic, as vibrant, as effective as most of the organizations it wants to represent.

And it falls to us, in large part, to decide whether or not that will happen.

At best, in the model I propose, the umbrella will be able to earn 60 per cent of its budget directly. No model anywhere in the world that has lasted has been sustained without the support of foundations, corporations, government, and others.

There are a number of ways in which we can help.

At the very least, we can purchase a membership in Imagine Canada (although, as you will have seen, I’m hoping that there will be a new name—and sooner rather than later). The cost of a membership for foundations, corporations, and individuals is \$550 a year. Every one of us can afford that.

Some of us can afford more and can purchase one of the “champion” memberships now being offered as a means of raising funds. That’s a three-year commitment of \$15,000 per year.

As the organization develops its plans under a new CEO, I encourage you to be open to providing funding. Even if you’ve had problems with the organization before, be willing to give it another chance. Let it have some of the funding required to sell memberships, provide service to the sector across the country, and deal with cross-cutting and emerging issues.

Some funders have geographic limitations on their funding and may be unable to fund a national body. To those, let me suggest you find a way to purchase memberships for your grantees. Let them become part of something bigger. In describing the model, I’ve outlined what would happen if we added just \$1,000 to every grant of more than \$50,000 and directed the grantee to use that \$1,000 to buy a membership in Imagine Canada. The organization would be off to a fine start and would have the momentum to become something stronger and more effective than it has ever been.

The choice is, in large part, ours. Will Imagine Canada succeed or will it fail, and will we then be faced with that awful question—“what now?”

I implore you to be part of the solution. Canada’s voluntary sector organizations and those they serve will be the winners.

Respectfully,

Bob Wyatt



# Afterword

It is now some three years since my family and I returned from our year in Australia. The delay in getting these letters and thoughts into print was largely mine: as others have told me, it is just so easy to get overwhelmed by the day-to-day things and current crises again.

Much has happened in the past three years. Some of it is reflected in the preceding pages. But I'm grateful for the opportunity to bring some things up to date, even recognizing that the world may change again tomorrow.

Let me start with the one development that has given me hope.

Imagine Canada is a totally different organization than it was when my examination of umbrella organizations began. Much of this has been due to a fundamental re-examination of what Canada's voluntary sector wants and needs.

Credit for prompting that re-examination (and doing a lot of the interviews leading to the changes) belongs to Don McCreesh, currently the board chair of Imagine Canada. And much of the credit for reinvigorating the organization, and rebuilding bridges, belongs to Marcel Lauzière, who took over as the President of Imagine Canada in late 2008.

The appointment of Marcel was a stroke of genius. He brings a broad range of experience, but more important, a reputation for consensus-building and accomplishments. He has built significant credibility with the voluntary sector across the country throughout his career, and especially when he was with the Canadian Council on Social Development.

Although he is just celebrating his first anniversary in the new role, he and his team have worked magic. Relationships that I thought had been destroyed forever are being rebuilt and made stronger. He has helped convene ad hoc meetings, ensured public-policy positions are well-

researched and enunciated, and found new and exciting ways to keep the national organization grounded.

(In the interests of full disclosure, The Muttart Foundation again became a core funder of Imagine Canada in 2008 and has made a five-year commitment to support the organization. In mid-2009, I was elected to the Board of Directors of Imagine Canada.)

The plans for the future are as exciting. With an investment from the Toronto-based Agora Foundation, Imagine Canada is embarking upon a series of regional meetings in 2010 to bring voluntary sector organizations together, with an emphasis on connecting with organizations that have traditionally not been part of gatherings such as these. In 2011, a national gathering will be held – a chance for the sector to plan for its future as a sector.

At the same time, Imagine Canada is embarking upon an initiative that will help the sector know more about itself. With the launch of the *Sector Monitor* in December 2009, we will have much more timely information about a variety of issues. The initial focus will be on economic issues. The lack of national and substantiated information about what is happening on the ground has hampered the sector during the current economic times. With luck, the Sector Monitor will ensure we don't face that lack of information again. Much will depend on the willingness of organizations to take the time to complete the surveys. That, in turn, will depend on our ability to persuade our colleagues across the country of the importance of these data to all of us. And that, in turn, will require us to acknowledge that we are a sector.

There are still improvements that need to be made, of course, and some of my ideas are contained in the main text. We need to be more nimble, we need to be quicker to act and we need to be able to build coalitions quickly and effectively. That requires effort not only on the part of Imagine Canada, but on the part of other voluntary-sector organizations, large and small, across the country.

And there is still a critical need for sector organizations (whether one, three, or some greater number) to do a much better job of connecting with smaller organizations across the country. We need to represent the views of the many, not just the biggest.

Imagine Canada's relationship with Volunteer Canada and the Canadian Federation of Voluntary Sector Networks has, I think, improved.

However, I continue to believe (as an individual, not as an Imagine Canada director) that we would be much stronger if those three organizations came together into one. I remain of the view, as expressed in the main text, that the three should merge into one organization. There is room in one tent for all three, and we would be the stronger for it.

Moreover, it would give us an opportunity to change the name of Imagine Canada, which I have disliked since it was announced.

Such a merger will not be easily accomplished, nor should it be. But it can happen. And, in my view, it should happen.

It's even more critical that it happen in light of what the voluntary sector is likely to face over the next several years.

That takes me to the other major development that occurred since writing the initial letters.

No one could have predicted the worldwide financial crisis that has defined the last year. It was unthinkable that major financial institutions would fail, that governments would pour billions of dollars into propping up private-sector firms (some of which have constantly criticized government spending as too lavish) or that tens of thousands of people would lose jobs and pensions.

And yet, it has happened. And the consequences of it are going to be felt for years to come.

Across Canada, governments have gone into deficit. And each one has promised that it will eliminate that deficit over the next several years. It's how they will accomplish that which causes my nightmares.

Past experience demonstrates that whenever governments go on major cost-cutting exercises, the voluntary sector is often disproportionately affected. In part, this is because in most cases, funding of voluntary-sector organizations comes from discretionary spending; that is, government is not required by statute to spend that money. Another part – I fear too large a part – is because the voluntary sector has shown it is an easy target for these cuts.

We have not been vociferous enough to fight these attacks. And we have not done as good a job as we need to do to gain public support. We have not been able to explain to the public the size and scope of the sector.

We have not been able to convey the message that in bad economic times, the only increase in demand is for those services that are offered by the voluntary sector. The latest proof of that came from a report recently released by Food Banks Canada: between March 2008 and March 2009, there was an 18-per-cent increase in the number of users of food bank. In March 2009, almost 800,000 people received help from a food program. In Alberta, the increase was 61 per cent!

Even when governments were falling over themselves in early 2009 to hand out stimulus cash, almost none was aimed at organizations in the voluntary sector. Where there were some capital funds available, there was no assurance that there would be ongoing operating funds. Sometimes, one *does* have to look a gift horse in the mouth. Governments were quite willing to hand over billions of dollars to automobile manufacturers to keep them in business. The economy depends on it, we were told. Yet Statistics Canada tells us that the voluntary sector's contribution to the gross domestic product is three times that of the motor vehicle manufacturing sector. But we did not see billions of dollars moved there, despite the fact that anyone smart enough to be elected should be able to figure out that demands for services from the voluntary sector during a recession are going to increase. Was it perhaps because governments know that charities and other non-profit organizations will do whatever they have to do to ensure their services are available? That's an easy out – and it's one that we just keep providing.

I predict that the next five years are going to be very tough, as governments struggle with their deficits. That will be a big enough challenge in itself, but it will be made only more difficult because people have forgotten that there is a direct correlation between tax rates and services.

Lots of people across the country are unhappy at the level of services provided by government. The outcry about health services seems to be loud across the country. Other services – whether caring for children, seniors' care, or even potholes – have varying levels of volume in various places.

Yet there are some organizations (themselves part of the voluntary sector) who object to any suggestion of even inflationary increases in taxes. It is not clear to me why these organizations get so much attention from the media, and why so few people tell them that they are

wrong. Increasing taxes to provide needed services is not a bad thing. Government is supposed to provide certain services. It costs money to do that. Governments raise money through taxes. If it costs more to provide the services that are necessary – whether that is for health care or to ensure that we have the quality of life that we want – then that has to be paid for, and taxes are the way that we do that.

It is maddening to hear someone complain about having to wait to have a knee replaced, or that streets aren't cleared quickly enough in winter, and then hear them complain that they pay too much in taxes.

However, that attitude clearly exists, and the voluntary sector has not done a good enough job of explaining that spending the right amounts of money on the right things is a good thing, not a bad thing, even if that means taxes have to be increased. Nor has the voluntary sector necessarily done a good enough job, in the face of this noise, to demonstrate that its work is what ensures that we have the quality of life we want in our communities.

The financial crisis, and the follow-up fears of a “jobless recovery” and spending cuts to eliminate deficits, have other implications for the voluntary sector.

Governments are not going to be able to reduce their spending to the extent they say they will, without cutting staff. That is going to impact relationships that have existed between organizations and government officials. More important, it is going to have a negative impact on corporate memory. In short, we may end up repeating mistakes from the past. My wife, an historian and archivist, is fond of reminding me that those who ignore history are doomed to repeat it. Sad but true.

The other impact is more immediate and direct. It is not only governments that are feeling the pinch. It is unrealistic to believe that people who have lost their jobs and/or their retirement savings are going to have charitable contributions as one of their priorities. Indeed, they may become some of the additional people seeking help from the voluntary sector.

Statistics Canada recently released figures showing what charitable donations were claimed by taxpayers filing their 2008 returns. There was a 5% decrease in total donations compared to the previous year. It's difficult to interpret that: the effects of the recession were felt primarily in the last quarter of the year, so an annualized figure might be higher.

On the other hand, a significant amount of total charitable contributions are normally made in the last quarter of each year.

But the trend is not a good one. Neither is the trend revealed by the Canadian Survey of Giving, Volunteering and Participating, released earlier in 2009. The percentage of Canadians who make donations has been steadily decreasing. Of even greater concern is that the age of donors is increasing. At some point, those people who are giving will no longer be able to – at least in the amounts they currently are – and there is not yet evidence that they will be replaced by a new generation of givers.

All of these trends demonstrate that the sector has to become more visible: a key role for a sector umbrella organization.

As part of the voluntary sector, we need to understand that we are stronger when we act in unison. And we must become stronger, because Canadians are going to continue to rely on what we contribute to the nation.

One final note: The collapse of businesses as a result of the recession seems to have led to a reduction in the number of comments suggesting that the voluntary sector should be more businesslike.

There is some truth in the comments of a friend who e-mailed me recently to say that we could learn much from the successful fundraising efforts of banks and car manufacturers, and wondering if it's these types of businesses we are supposed to emulate.

Black humour aside, there is an issue that has to be dealt with in the relationship between the voluntary sector and the business community.

I preface this by saying that there are a significant number of Canadian corporations which are champions – and critical partners – of various charities and other nonprofit organizations. Whether they sponsor local hockey teams or huge national campaigns, they have established relationships that are important to the nonprofits, to the corporations themselves and to Canadians.

Some of these relationships are based in philanthropy, although more and more seem to be structured simply as marketing efforts. While the term “corporate social responsibility” is tossed around freely, there are still too many businesses that seem to see their connection with nonprofits as

an opportunity to sell more product.

For the most part, my “letters to Joy” have focused on the relationship between the voluntary sector and government. That is particularly true when I wrote about “setting the agenda.” The reason is obvious: my research topic was the impact of sector umbrella organizations on policy affecting the sector.

But the voluntary sector’s agenda need not be limited to government. There are things that the sector, properly organized, could do with the private sector that would benefit both nonprofits and the people those nonprofits serve.

Of course, there are already some very strong relationships between some private sector firms and some charities. Some corporations take seriously their responsibility to contribute to the communities in which they operate. Some contribute significant amounts of money, time and in-kind services to charities of different kinds.

But there are also corporations whose activities impact negatively and directly on the people that charities and other nonprofits are trying to serve. Whether it involves environmental concerns, payment of unacceptably low wages, child exploitation or other matters, the actions of some corporations are not in the public good – the very thing every charity and most nonprofits are designed to serve.

There are those who say that the sector, and particularly those with endowments, should speak with their money, by engaging in what is labelled socially responsible investing. That is one solution and, although it doesn’t appeal to me for a variety of reasons, it might well be effective.

I am more intrigued, though, by the possibilities presented by what is often called shareholder engagement or shareholder activism (the choice of terms seems to depend on whether you support or oppose the concept). Charities that hold shares in a particular company (sometimes bought simply to provide the right to attend shareholders’ meetings and vote) are then entitled to introduce shareholder resolutions calling for changes in the way a company operates.

This is a fledgling movement in Canada and still in the growth stages in the U.S. But it has the potential to be another way in which the voluntary sector could help use their influence and power to affect policy-level matters, this time at the corporate level rather than the government level.

It is not a magic bullet. Effective shareholder activism requires resources, primarily time. It takes time to research issues; it takes time to develop an appropriate shareholder resolution; it takes time to rally support for the resolution; and it takes time to recover and regroup after a resolution is defeated, as most are. However, shining a light on practices that are harmful is never a waste of time.

There are some services now in Canada that offer to work on behalf of shareholders on this type of activity. Again, that is one option that needs to be explored. It suffers from some of the same issues that I have about socially responsible investing, including allowing others to make decisions for you.

It may be, at some point, that a national umbrella, or some other type of organization, will provide this service in a way that makes sense and captures the interest of voluntary sector organizations. Until then, it's something we can all consider.

And so, this publication is "put to bed." There are distressing signs on the horizon. How distressing they will be will depend, in large part, on how the sector behaves. If it acts like a sector, if it gets involved in the regional and national umbrellas, and if it supports these organizations financially and morally, then – and only then -- can the sector play a role in setting the future agenda – for itself, for Canada, for Canadians. If it does not, it will be overtaken by someone else's agenda.

My preference is clear.

B.W.

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## The Muttart Fellowships

**Bob Wyatt**

2006 Muttart Fellow

Bob Wyatt joined The Muttart Foundation as executive director in 1989, following a career in journalism and public relations in both the government and private sector. Much of his career in the voluntary sector has involved working with capacity-building organizations in an attempt to build a higher profile for the voluntary sector and encourage its greater engagement in public-policy issues. During the Voluntary Sector Initiative, he co-chaired the Joint Regulatory Table. Bob has served on the boards of a variety of organizations. In 2005, he received the Alberta Centennial Medal for outstanding contributions to the voluntary sector.





