Policy Advocacy by

Government-funded Charities in

New Zealand

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Abstract

Charities that focus on providing a social benefit through their activities enrich our society far beyond the practical services they provide. They are well known for corralling significant resources to address social needs in ways that are outside the realms of both the government and private-profit sectors. Less recognised is the intellectual capital they possess and can contribute by way of public policy responses to social issues.

The aim of this thesis is to enable a rich understanding of the circumstances and choices of charities that carry out policy advocacy while providing social services. There is considerable evidence that when charities receive contract funding from the government, their policy advocacy is repressed. In New Zealand, this is mostly because charities law constrains political advocacy as a primary activity, and political advocacy is usually confused with policy advocacy. Government social service contracts are provided only to registered charities and many social services need at least some government funding. This thesis focused on those that received at least $40,000 from the government in the 2011-12 year.

By quantitatively examining 201 charities that receive government funding and drawing out from that sample 23 cases for qualitative investigation, it is clear that there is an interdependent relationship between these charities and the government in delivering a variety of social services. The qualitative data revealed that policy advocacy activity is diverse, but sometimes obscure. The higher the dependence on government income, generally the more careful and strategic the organisation is in their policy advocacy. Multiple advocacy strategies are employed and new tactics are developed to meet changing circumstances. The motivation to continue with policy advocacy despite resourcing difficulties is a product of the autonomy that charities perceive they possess. Greater appreciation of the public benefit of charities' work will help guide future public policy relating to the social economy.

Acknowledgements

Table of Contents

List of Tables

List of Figures

Glossary

Acronyms

FSP: For Social Profit – includes social service-related voluntary organisations (charitable trusts and incorporated societies), social enterprises and for-social-profit companies that have at least some activities aimed at profit-making for a social benefit, but that do not allow profit to be distributed to private individuals.

FPP: For Private Profit – includes profit-based organisations that allow profit to be distributed to private individuals or other entities that benefit individuals; and may also allow some profit distribution for corporate social responsibility.

NFP: Not For Profit (also Nonprofit) –includes any organisation that does not allow profit to be distributed to private individuals or other entities; a term widely used internationally and nationally in place of the term 'voluntary organisation'.

NGO: Non-Government Organisation – includes any organisation that is outside the control of government agencies; commonly used internationally; sometimes used in New Zealand.

Maori words used

Iwi: tribal kin group; nation.

Hapū: sub-tribe(s) that share a common ancestor.

Whānau**:** family; nuclear/extended family.

Kaupapa: guiding principles, basis of organisation.

Tikanga: the values, standards and principles to which the Maori community generally subscribes for the determination of appropriate conduct.

Introduction

Purpose statement

The intent of this study is to investigate whether voluntary organisations' choices about engaging in policy advocacy are affected by their government funding.

Social economy and public policy in New Zealand

The social economy[1] in New Zealand is powered by voluntary organisations and social enterprises[2] that have been acknowledged as providing economically significant social services across the nation.[3] It is estimated that in 2013 approximately 7300 charities received income of $6.6 billion and that more than 2000 voluntary organisations received about $3.3 billion in government funding (averaging about half of their income).[4] The growing economic significance of the social economy is noted in other countries also.[5] The organisations that contribute to the social economy are engaged in various trading activities, and some of this trading activity involves providing social services through government contracts.

The growth in the social economy has been facilitated by the government's creation of a social services market through devolving state services to the private sector.[6] This started in New Zealand in 1984 with the election of the fourth Labour government. The neoliberal project of marketisation[7]

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[1] The social economy is discussed in the next chapter, but one definition is: 'that part of the economy (or the complement to the 'co-existing' other economy) that organises economic functions primarily according to principles of democratic co-operation and reciprocity, guaranteeing a high level of equality and distribution, and organising redistribution when needed, in order to satisfy human basic needs, in a sustainable way.' Frank Moulaert and Jacques Nussbaumer, "Defining the Social Economy and Its Governance at the Neighbourhood Level: A Methodological Reflection," *Urban Studies* 42, no. 11 (2005): 2079

[2] Social enterprise is a contested term, but is used here as an enterprise which trades in order to fulfil a social mission, and where all profits are directed towards that mission.

[3] In February 2014 Charities Services made this comment: '[There are] 27,011 registered charities in New Zealand managing an asset base of $40 billion, they have an annual income of $15.1 billion – a large proportion of which comes from donations.' In 2009 the government announced: 'Overall, the sector contributes $9.8 billion of expenditure into the economy annually.' Tariana Turia, press release, 28 May 2009, http://www.beehive.govt.nz/release/funding+support+voice+community (accessed 12 August 2013).

[4] New Zealand Productivity Commission, "More Effective Social Services: Issues Paper," (http://productivity.govt.nz/sites/default/files/social-services-issues-paper-dec.pdf: The New Zealand Productivity Commission, October 2014). (accessed 12 January 2015).

[5] Isabel Vidal, "Social Economy," ed. Richard Taylor, *Third Sector Research* (New York, NY: Springer Science+Business Media, 2010).doi 10.1007/978-1-4419-5707-8_6.

[6] C.L. Estes and R. R. Alford, "Systemic Crisis and the Nonprofit Sector: Toward a Political Economy of the Nonprofit Health and Social Services Sector," *Theory and Society* 19, no. no. 2 (1990).

[7] A definition of marketisation in this research context is the change in voluntary organisations from a non-market environment (where costs and benefits of activities are not primarily financial or competitive) to being exposed to market forces. This includes bidding for funding contracts from government and is sometimes referred to as commercialisation.

matched trends in other liberal democracies,[8] yet was generally more radical in New Zealand.[9] It involved a major policy shift from funding a few public social services through grants to awarding many formal government contracts with specified outputs. It was as much about reducing the size of government agencies as about opening up social services to the private, voluntary sector.[10] The process has been so prevalent that the social economy is no longer a residual phenomenon but a veritable institutional pole of the plural economy.[11] Government funding supports both the co-production of social services and communication about social needs and for many voluntary organisations it is invaluable. There are multiple players in the voluntary sector 'contracting game' – organisations have to respond to several different rules in a situation of institutional pluralism.[12]

While voluntary organisations have become important to the national economy through marketisation and devolution, they also have many vital social roles. Some social roles arise in conjunction with their service-delivery role and include promoting community cohesion, advocating for appropriate responses to people's needs, as well as investing time and training in volunteers who become more active in social citizenship. And, by carrying out policy advocacy[13] where a change in policy is needed to meet the needs of certain groups and individuals, organisations can become part of the fabric of social policy, rather than just a channel for social services.

This thesis argues that voluntary organisations are important political actors[14] not just because they can be a mouthpiece for the marginalised. Voluntary organisations constitute important policy actors because they have knowledge that is accumulated through providing social services. Organisations may engage in a range of generalised advocacy activities that occur 'inside' the policy system, such as monitoring policy and putting forward policy positions, supporting and challenging public officials and influencing court and executive appointments and agency rule making. Activities that are 'outside' the policy system include mobilising volunteers and resources to voice and push for

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[8] Merrilyn Crichton, "The Logic of 'Service': Conceptualising Service as a Discourse Rather Than an Act," *Third Sector Review* 17, no. 2 (2011).; Roger Bennett, "Marketing of Voluntary Organizations as Contract Providers of National and Local Government Welfare Services in the UK," *Voluntas: International Journal of Voluntary & Nonprofit Organizations* 19, no. 3 (2008).; Michael Sanger, *The Welfare Marketplace: Privatization and Welfare Reform* (Washington, D.C.: Brookings Institution Press, 2003).; Estes and Alford, "Systemic Crisis and the Nonprofit Sector: Toward a Political Economy of the Nonprofit Health and Social Services Sector."

[9] P Starke, *Radical Welfare State Retrenchment: A Comparative Analysis* (Houndsmill Palgrave Macmillan, 2008).; Julian Le Grand, *The Other Invisible Hand: Delivering Public Services through Choice and Competition* (Princeton, NJ: Princeton University Press, 2007).

[10] Ian Greer and Virginia Doellgast, "Marketization, Inequality, and Institutional Change," (Greenwich: University of Greenwich, 2013).; Kerry Brown, Neal Ryan, and Rachel Parker, "New Modes of Service Delivery in the Public Sector– Commercialising Government Services," *International Journal of Public Sector Management* 13, no. 3 (2000).

[11] Marie J. Bouchard, *Économie Sociale & Économie Publique / Social Economy & Public Economy, Volume 2 : Worth of the Social Economy : An International Perspective* (Bruxelles, BEL: Peter Lang AG, 2010). See also: Jon Van Til, "The Three Sectors: Voluntarism in a Changing Political Economy," *Nonprofit and Voluntary Sector Quarterly* 16, no. 1-2 (1987).

[12] Matthew S. Kraatz and Emily S. Block, "Organizational Implications of Institutional Pluralism," ed. Royston Greenwood, et al., *The SAGE Handbook of Organizational Institutionalism.* (London: SAGE Publications Ltd, 2008), http://dx.doi.org/10.4135/9781849200387, 243-76. (accessed 25 August 2013).

[13] Polcy advocacy is used here to refer to any legal actions taken by voluntary organisations which seek attention from politicians or government officials or the public, in order to support or change political or government decisions.

[14] Sarah E. Dempsey, "Nonprofits as Political Actors," *Management Communication Quarterly* 26, no. 1 (2012).

resolutions to widespread social concerns, educating and mobilising voters during elections, initiating and advancing ballot initiatives and improving accountability of national and international financial institutions as well as corporate social responsibility.

Charitable purposes

But legal restraints generally suffocate much of this policy advocacy in charity law countries such as New Zealand, because charities' registration status requires that political advocacy not be a primary charitable purpose; it must be a secondary purpose. The fact that political advocacy may make a charity more useful or effective than if it provided only a social service is therefore deemed irrelevant. This constraining approach appears to have weak jurisprudential justification.[15] Charity law constraining political advocacy seems to have only arisen in the 20th century and has been associated with significant tax exemptions available only to charities[16] making it a complex public policy issue.

The Charities Act 2005 defines charitable purposes as relief of poverty, advancement of education, advancement of religion and other purposes beneficial to the community.

The last category requires, first, that a community benefit be available to a sufficient section of the general public (not just a few individuals), and secondly, that the purpose and benefit in question be charitable based on case law.[17] The rationale for political advocacy not being one of these four primary charitable purposes has been founded on the belief that judges are unable to determine whether any particular political advocacy would be in the public interest because its consequences are unknown.[18] Several well-known organisations in New Zealand have had their charitable status revoked because of their political advocacy work. But the Supreme Court decision on Greenpeace in August 2014 shifted New Zealand's judicial precedents, stating that political purposes should not automatically be excluded as a primary charitable purpose.

Legislative review[19] to redefine 'charitable purpose' and the decision in 2012 to disestablish the stand-alone office and the Charities Commission, as well as media reports over the last 20 years of charities being investigated for misuse of funds and fraud justifying tightened accountability

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[15] Nicola Silke, "Please Sir, May I Have Some More - Allowing New Zealand Charities a Political Voice," *Canterbury Law Review* 8, no. 2 (2002).

[16] Anita Randon and Perri 6, "Constraining Campaigning: The Legal Treatment of Non-Profit Policy Advocacy across 24 Countries," *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 5, no. 1 (1994).

[17] Charities Services, "Charitable purpose", 2015. https://www.charities.govt.nz/apply-for-registration/charitable-purpose/ (accessed 12 January 2015).

[18] Michael Gousmett, "Charities and Political Activity," *New Zealand Law Journal* March 2007, no. 2 (2007).

[19] Cabinet decided in March 2010 to complete a first principles review of the Charities Act 2005 by 2015, but the 2011 Cabinet decision to disestablish the Charities Commission (whose performance was an area for review) made this promised review largely superfluous. The Cabinet decision in 2011 to indefinitely postpone the review was further justified by a concern that changes to the charitable purpose definition may allow many more organisations to become charities, and their subsequent tax-free status would worsen the tight fiscal conditions. Office of the Minister for the Community and Voluntary Sector, "Future of the Charities Act Review" 2012. http://www.dia.govt.nz/diawebsite.nsf/Files/CabinetPaper-Charities-Nov2012/$file/CabinetPaper-Charities-Nov2012.pdf (accessed 5 January 2015).

arrangements have created wariness about policy advocacy in voluntary organisations. In particular, many have become very cautious in their policy advocacy for fear of backlash from both funders and the public. Now, charities are encouraged to use the business model of social enterprise, with explicit government support for it.

This thesis responds to a call for 'innovative explanations and deeper theoretical understanding of why the level of advocacy is still relatively low in for-social-profit organisations, and what needs to be done in order to intensify this activity'.[20] A sound understanding is needed of the philosophical foundations and national context of the social economy in New Zealand.

Context and research significance

A personal perspective

In 2010, New Zealand experienced a groundswell of interest in social enterprise and community economic development which prompted the voluntary sector to convene a national conference. It occurred at a time when the global financial crisis was affecting the social economy as well as the financial economy. More particularly, at this time, Auckland's local government reorganisation threatened the regular income stream and relationships for many local voluntary service organisations and such reorganisation was likely to become a national goal affecting many in the sector. At the request of the conference organisers, I conducted a survey of conference participants on questions such as financial independence and interest in social enterprise.[21]

Apart from providing some feedback on these questions, the survey provided a strong impression of a lack of consideration of the importance of the policy role of the voluntary sector. This was also the impression from several case studies of not-for-profit organisations that I have conducted since 2008. A research question began to emerge about the relationship between voluntary organisations' financial dependence on the government and policy advocacy. The online availability of annual return data for not-for-profit organisations presented the possibility of providing a quantitatively defined context for some in-depth interviews with representatives of these organisations.

In observing subsequent New Zealand conferences and seminars aimed at the voluntary sector, I found a strong focus on financial reporting, management, governance and collaboration, and topical issues in social policy such as affordable housing. Policy work does not appear to be the top priority

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[20] Michal Almog-Bar and Hillel Schmid, "Advocacy Activities of Nonprofit Human Service Organizations: A Critical Review," *Nonprofit and Voluntary Sector Quarterly* 43, no. 1 (2014).
[21] Phyllis Anscombe, "Summary of the Community Economic Development Conference Survey 2010", 2010. http://www.csbec.org.nz/files/docs/phyllis%20a%20survey%20summary-%20ced%20conf.pdf (accessed 28 August 2013).

for most of the voluntary service organisations in New Zealand – instead, the priority is survival.[22] Obtaining policy information and producing policy-relevant feedback is a time-consuming task that requires quite different skills from those needed for social service provision. It appears that many organisations cannot justify directing resources away from social services in order to do policy advocacy work. Some sector-level policy work is carried out by peak bodies with dedicated policy units, such as the New Zealand Council of Christian Social Services and the Association of Non-Government Organisations of Aotearoa (ANGOA), and this is often accessed by organisations that have insufficient resources to do their own policy work. But these helpful information sources are necessarily filtered by the interests of the organisations conducting them moreover; they cannot cover every policy issue.

Many registered charities choose not to take on government funding so that they have the freedom to provide services that meet their own criteria. One such organisation is Life Education Trust, within which I serve as a community trustee. The organisation provides preventative health programmes in schools, having operated as a social enterprise throughout New Zealand for 25 years using mostly philanthropic funding and getting a third of its income from fees. The rationale for independence from government funding is to be free from government policy and priorities. The principle of refusing government funding may be tested when government funding for a health education programme becomes available that seeks to fund a service just like that currently provided by Life Education, but instead is offered by another agency (perhaps set up on the basis of receiving such funding). More seriously, while such competition gives more choices to consumers, the investment that Life Education has made in equipment, staff, governance and school relationships could be overlooked by consumers who will be targeted by those participating in the 'feeding frenzy' that happens when new money is available. Whether accepting government funding or refusing it, this social enterprise must maintain its emphasis on making preventative health education available within schools because it is valued by teachers, caregivers and children.

The voluntary sector's economic value should not detract from the impact that the sector has on the type of society that citizens experience. When voluntary organisations they take up their advocacy role, their voice is mandated by their depth of knowledge, expertise and networks. To validate the commitment of over one million New Zealanders who provide volunteer resources, as well as the government funds that enable them to provide public services, voluntary organisations deserve consistent recognition and access as policy actors, in much the same way that interest groups such as Federated Farmers, Business NZ, trade unions and many professional associations have historically

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[22] It has become widely accepted in social science methodology that researchers of social matters are themselves part of society with individual values, experiences and characteristics which have an impact of the choices made in research (see James Joseph Scheurich, "A Postmodernist Critique of Research Interviewing," *International Journal of Qualitative Studies in Education* 8, no. 3 (1995).; Sandra Halperin and Oliver Heath, *Political Research: Methods and Practical Skills* (Oxford: Oxford University Press, 2012)., 53-75.

had access.[23] However it appears that the policy voices of many voluntary organisations in New Zealand are generally unheard, insufficiently supported and undervalued by government and the general public.[24] Elsewhere, the voluntary sector is at the centre of policy debates[25] – not least because of awareness of its increasing economic importance.[26] Despite marketisation and professionalisation being a feature of New Zealand's voluntary sector from 1984[27] there is still a paucity of knowledge about advocacy[28] that provides the motivation for this research.[29]

As with all interpretive research, the personal perspective of the researcher is the lens through which the subject is viewed, and the two value bases of Christianity and tikanga Māori[30] with which I have been raised mutually reinforce a desire to see the institution that most consistently promotes altruism – the voluntary sector – be recognised for its contribution to a good society.

Comparing New Zealand with other countries

Globally, there have been profound and systemic shifts in ecological, political, economic, social, technological and organisational systems.[31] Against this backdrop, it may be difficult to present the voluntary sector as economically relevant, but a selection of official statistics and international data indicate New Zealand has a flourishing social economy.

Volunteers are important in a social economy and 34% of New Zealanders[32] are volunteers, giving more time than the citizens of any other OECD country in 2013.[33] The voluntary sector workforce comprises over 200,000 full-time equivalent paid staff and volunteers, representing 9.6% of the

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[23] Richard G Mulgan, *Democracy and Power in New Zealand: A Study of New Zealand Politics, 2nd Ed* (Auckland: Oxford University Press, 1989). 94; Tim Tensenbel, "Interest Groups," in *New Zealand Government and Politics*, ed. Raymond Miller (Auckland: Oxford University Press, 2010). 596-603.

[24] ComVoices,"Community sector pre-election briefing", 2011. http://www.comvoicesnz.com/communities-count.html (accessed 12 March 2013).

[25] Such as seen in the implementation of Britain's 'Big Society' and the Australian National Compact.

[26] Helmut K Anheier, "What Kind of Nonprofit Sector, What Kind of Society? Comparative Policy Reflections," *American Behavioral Scientist* 52, no. 7 (2009).: 1082-1094; Jeremy Kendall, *The Voluntary Sector: Comparative Perspectives in the UK* (London: Taylor & Francis Ltd, 2003).

[27] 1984 is the start date of this research, due to the voluntary sector's link with the restructuring and retrenchment of the welfare state from this time.

[28] Jo Cribb, "Paying the Piper? Voluntary Organisations, Accountability and Government Contracting," *Third Sector Review* 12, no. 1 (2006).

[29] This research takes account of New Zealand's adoption of the United Nations nonprofit sector definitions, as well as work by CIVICUS on an international framework for measuring the strength of civil society.

[30] My whakapapa is traced from Pero of Ngai Tupoto in Motokaraka, through the Gundry line. Te reo Māori and other taonga were active in my upbringing.

[31] John Benington, "Leadership, Governance and Public Value in an Age of Austerity," in *Guest Lecture to the New Zealand Treasury* (Wellington8 February 2012). http://www.treasury.govt.nz/publications/media-speeches/guestlectures/pdfs/tgls-benington-slides.pdf (accessed 10 October 2014).

[32] Statistics New Zealand "Volunteering Fact Sheet: New Zealand General Social Survey", 2009. http://www.stats.govt.nz/browse_for_stats/people_and_communities/Families/general-social-survey/volunteer-factsht-general-social-survey.aspx (accessed 12 August 2013).

[33] Organisation for Economic Co-operation and Development, "OECD Better Life Index", 2013. http://www.oecdbetterlifeindex.org/topics/community/ (accessed 12 August 2013).

economically active population – 2% higher than Australia[34] – but at the same time, New Zealand has lower reliance on paid employees than on volunteers in the sector than do Australia and the United States. In comparison with Australia, New Zealand's voluntary sector revenue profile reveals both lower dependence on government income and a higher percentage of private philanthropy as a share of GDP. In comparison with 13 other countries, New Zealand's voluntary sector is the least focused on providing services, aligning with a view that in New Zealand voluntary organisations are predominantly sites for expression of individuals' interests rather than a service-providing sector. On the other hand, New Zealand is highly entrepreneurial, with a greater percentage of income from sales and fees than any other comparison countries apart from Kyrgyzstan,[35] as confirmed by a government research report showing a mature and diverse social enterprise sector.[36] The sector collectively contributes approximately 4.95% of the country's GDP,[37] and New Zealand has been ranked as the most generous in the world (equal with Australia).[38]

These data are heartening for New Zealand – it appears there is a sustainable, responsive voluntary sector and that it is sufficiently valued in society for individuals to commit their money and their passion to it. But these data should be viewed with caution because there is a big variance of organisations within the sector. It is not only the imprecision of some of the data but also the lack of official commitment to improving the data. The last official data collection on not-for-profits was in 2004, and the planned 2012 update was postponed until 2015. Some facts can be obtained, such as that registered charities comprise less than a third of the country's 97,000 not-for-profit organisations[39] and that only approximately 14% of the 25,000 registered charities received more than $40,000[40] from the government in 2013. New Zealand is not alone in this: despite a series of cross-country comparisons of the not-for-profit sector,[41] the sector remains 'poorly understood

[34] Jackie Sanders et al., "The New Zealand Nonprofit Sector in Comparative Perspective," in *Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project*, ed. Lester M Salamon (Wellington: Office of the Community and Voluntary Sector, 2008). http://www.communityresearch.org.nz/wp-content/uploads/formidable/sanders1.pdf (accessed 12 August 2013).

[35] Lester M. Salamon et al., "The State of Global Civil Society and Volunteering: Latest Findings from the Implementation of the Un Nonprofit Handbook," in *Working Paper No.49* (Baltimore: Johns Hopkins Center for Civil Society Studies, 2012).

[36] Department of Internal Affairs, "Social Enterprises Report a Useful Contribution," in *Press Release* (http://www.dia.govt.nz/press.nsf/d77da9b523f12931cc256ac5000d19b6/e6bc24ae353c3685cc257b90001e4720!OpenDocument: Department of Internal Affairs, 20 June 2013). (accessed 14 August 2013).

[37] This is an old statistic but the only official one available: Statistics New Zealand "Counting Non-profit Institutions in New Zealand 2005", http://www.stats.govt.nz/browse_for_stats/people_and_communities/Households/Non-ProfitInstitutionsSatelliteAccount_HOTP2005.aspx (accessed 30 March 2015). The data was originally accessed in 2013 from the website of the Office for the Community and Voluntary Sector, which was absorbed into the Department of Internal Affairs in 2012, including some of the OCVS web content.

[38] https://www.cafonline.org/pdf/WorldGivingIndex28092010Print.pdf(accessed 12 August 2013).

[39] Charities Services, 2013. http://www.charities.govt.nz/ (accessed 12 August 2013).

[40] An income of $40,000 is the minimum needed to identify an organisation as a business, as defined by Statistics New Zealand.

[41] Lester M Salamon and S Wojciech Sokolowski, "Measuring Civil Society: The Johns Hopkins Global Civil Society Index," in *The Nature of the Nonprofit Sector*, ed. J. Steven Ott and Lisa Dicke (Boulder, CO: Westview Press, 2011).

almost everywhere, making it difficult to determine their capabilities or to attract attention to their challenges'[42] and to make robust public policy decisions.

Dual narratives for New Zealand and a dual ethos for charitable services

An historical analysis of the New Zealand context shows that while there has been an evolving and changing interaction between the voluntary sector and the government, there is also noteworthy continuity. Major areas of continuity – and tension – covered in this thesis are the voluntary sector's involvement in social services provision, demands for efficiency and accountability in exchange for funding, competing political ideas of state interventionism and neoliberalism, and an interdependent relationship between the government and the voluntary sector. The first of these points is discussed below, while others are discussed in Chapters Five, Six and Seven.

The voluntary sector played a vital and dominant role[43] in early New Zealand society by providing such services as hospital and emergency care. Sometimes voluntary activity ran – and continues to run – parallel or complementary to state welfare, such as in private schools, primary healthcare and home help - and it remains an essential part of New Zealand's welfare mix as it is in other liberal democracies.[44] With few barriers to voluntary organisations starting up – in fact, there was a culture of encouragement[45] and legislative support for receiving government funds[46] – an increasing number of charities were established pre-1930. Many of these had links to international organisations, such as St Johns Ambulance and the Red Cross and they became an on-going, essential component of society. Churches also played an important role in establishing a matrix of voluntary charity.

Māori had distinct associational structures prior to colonisation, and these were relatively adaptable to the organisational forms required by the government.[47] While not always accepted as part of the charitable sector in the same way as voluntary organisations formed by settlers,[48] they certainly addressed social issues such as hygiene and public health[49] with a charitable intent. The resources for this activity came primarily from within the whānau (extended family) and hapū (interconnected

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[42] Johns Hopkins Center for Civil Society Studies "Comparative Nonprofit Sector Project", 2014. http://ccss.jhu.edu/research-projects/comparative-nonprofit-sector/ (accessed 3 March 2014).

[43] Kay Saville-Smith and Marianne Bray, "*Voluntary Welfare : A Preliminary Analysis of Government Funding to the Non-Profit Welfare Sector*," (Christchurch: New Zealand Institute for Social Research and Development Ltd, 1994). 10.

[44] Adalbert Evers, "Part of the Welfare Mix: The Third Sector as an Intermediate Area," *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 6, no. 2 (1995). Stable URL: http://www.jstor.org/stable/27927470 (accessed 18 November 2013).

[45] Margaret Tennant et al., "Defining the Nonprofit Sector: New Zealand," in *Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, No.45*, ed. Johns Hopkins University Center for Civil Society Studies (Wellington2006)., 23.

[46] M. Tennant, M. O'Brien, and J. Sanders, "The History of the Non-Profit Sector in New Zealand," (Wellington: Office for the Community and Voluntary Sector, 2008)., 3.

[47] David Robinson and Tuwhakairiora Williams, "Social Capital and Voluntary Activity: Giving and Sharing in Maori and Non-Maori Society," *Social Policy Journal of New Zealand* December 2001, no. 17 (2001).: 55 – 56.

[48] John E. Martin, *Honouring the Contract* (Wellington: Ministry for Culture and Heritage, History Group, 2010).

[49] Margaret Tennant, "Welfare Interactions: Maori, Government and the Voluntary Sector in New Zealand," *History Australia* 2, no. 3 (2005). http://journals.publishing.monash.edu/ojs/index.php/ha/article/view/454/466 (accessed 19 August 2013): 80.5.

extended families), not from the government; discrimination by the government was very evident.[50] Reflection of te ao Māori (Māori world view) [51] only began to be internalised – within the government and the Pākehā voluntary sector – from the 1990s.[52] The persistence of this dual narrative remains significant, although the concept of autonomy[53] unites the two narratives.

Marketisation has been a significant issue for the voluntary sector in the past 40 years because it has more sharply differentiated social service providers that co-produce public services with the government[54] from organisations that have retained a traditional charity structure. The ideas associated with the transition from voluntarism to marketisation[55] have persisted since 1984 through changes of government and economic and social circumstances and have created a dual ethos in charities that operate as businesses. Being party to legally and financially binding contracts requires charities to have a bureaucratic or administrative structure that gives confidence to the contracting authority of the organisation's accountability mechanisms. At the same time, the organisation must have the social capital to maintain its commitment to its constituents (clients, service users and members) and the political sagacity to reflect in a purposeful way the common views that created the organisation's altruistic mission. This differs diametrically from purely commercial organisations that conflate mission with action. Instead, the dual ethos in charities bears a closer resemblance to the balances required in a democratic government, which may explain the long-standing engagement and dialogue between the two sectors. The dissimilarity with the ethos of the market may indicate possible discomfort in the voluntary sector with the constant push towards commercial practices such as competitive contracting.

Current perspectives

The predominant discourse now – unchanged for the past twenty years – on the voluntary sector is about accountability and transparency to the government and the public.[56] The discourse focuses the attention of the sector on monitoring, reporting and auditing activities – traditionally the focus of bureaucracies and corporations – and on tax status in particular.[57] Recommendations for government policy on voluntary sector service provision have commonly focused on the efficiency of

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[50] Ibid., 80.5; Lindsay Mitchell, "Te Oranga O Te Iwi Maori: A Study of Maori Economic and Social Progress - Maori and Welfare," (Wellington: New Zealand Business Roundtable 2009).: 11.

[51] .Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand."

[52] Tennant, *Welfare Interactions*, 80.4.

[53] The concept of autonomy in voluntary organisations is discussed in Chapter Three.

[54] New Zealand Productivity Commission, "New Inquiry Topic: Public Services."

[55] Sally Shaw and Justine B. Allen, ""We Actually Trust the Community:" Examining the Dynamics of a Nonprofit Funding Relationship in New Zealand," *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 17, no. 3 (2006).; Anne Kerslake Hendricks, Rachel Smithies, and Carla Wilson, ""Lady Bountiful" and the "Virtual Volunteers": The Changing Face of Social Service Volunteering," *Social Policy Journal of New Zealand* (2001).; Ann Pomeroy, "Changing the Culture of Contracting: Funding for Outcomes," ibid., no. 31 (2007).

[56] Carolyn Cordery, "Regulating Small and Medium Charities: Does It Improve Transparency and Accountability?," *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 24, no. 3 (2013).

[57] Cribb, "Paying the Piper? Voluntary Organisations, Accountability and Government Contracting; ibid.

the services[58] or civic engagement[59] or voluntary organisations as schools of democracy – not the policy activities of the sector. While there is some evidence of the rationale for government contracting in health charities changing emphasis from competition to cooperation,[60] there remains a concern that where there is competitive funding it will disadvantage those most in need of welfare.[61] As an alternative some believe that governments' traditional representative democracy should be replaced with a better balance between participatory and representative democracy that allows 'civil society a much stronger role to play as a medium for citizen participation'.[62]

The sector currently sees the main issues of concern as structural – financial, governance and accountability aspects[63] – rather than a lack of policy input. Voluntary organisations must juggle increasing demand (from social and economic impacts), decreasing revenue (from economic impacts) and 'a growing number of participants who fiercely compete to raise funds'.[64] Some are concerned that the increase of social enterprises (charities and for-profit)[65] may lead to unsatisfactory government welfare provision: 'state interest in plural sources of provision is a step towards accepting uneven welfare provision.'[66] Such arguments are associated with concern about the government's lack of focus on social justice – a desire to recreate welfare recipients as economic participants rather than address social injustices. In Australia, the focus on economic efficiency goals has not apparently helped social service quality[67] or the goals of social service workers.[68] The fundraising environment has generally become more competitive and open, threatening some long-standing funding relationships between voluntary organisations and government agencies.

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[58] Peter Crampton, Anthony Dowell, and Alistair Woodward, "The Role of the Third Sector in Providing Primary Care Services -- Theoretical and Policy Issues," *Social Policy Journal of New Zealand* December(2001). Hilary Stace and Jacqueline Cumming, "Contracting between Government and the Voluntary Sector: Where to from Here?," *Policy Quarterly* 2, no. 4 (2006).

[59] Jack Vowles, "Civic Engagement in New Zealand: Decline or Demise," in *Unpublished paper: Inaugural professorial address delivered at the Conference Centre, University of Auckland, 13 October 2004.* (Auckland: University of Auckland, 2004).

[60] Russell Prince, Robin Kearns, and David Craig, "Governmentality, Discourse and Space in the New Zealand Health Care System, 1991–2003," *Health & Place* 12, no. 3 (2006).

[61] Carolyn J Cordery and Shasa Halford, "Funding Social Services: An Historical Analysis of Responsibility for Citizens' Welfare in New Zealand," in *6th Accounting History Conference* (Wellington, 2010). http://www.victoria.ac.nz/sacl/6ahic/Publications/6AHIC-57_FINAL_paper.pdf (accessed 23 September 2011).

[62] Bill Ryan, "Notes from the October Forum and AGM," *ANGOA Roundtable Newsletter* (10 October 2014).

[63] Grant Thornton, *Doing good and doing it well?* Grant Thornton Australia and New Zealand Not for Profit sector survey 2013/2014. http://www.grantthornton.co.nz/Assets/documents/sectors/NFP-report-2012-2013.pdf (accessed 22 February 2014).

[64] Rodolfo Vázquez, Luis Ignacio Álvarez, and María Leticia Santos, "Market Orientation and Social Services in Private Non-Profit Organisations," *European Journal of Marketing* 36, no. 9/10 (2002).

[65] One example of the difficulties of comparative empirical research is the different discourses on social enterprise, such as discussed in Simon Teasdale, "What's in a Name? Making Sense of Social Enterprise Discourses," *Public Policy and Administration* 27, no. 2 (2012).

[66] Ash Amin, Angus Cameron, and Ray Hudson, *Placing the Social Economy* (London, New York: Routledge 2002).

[67] Ben Freyens, "Macro-, Meso- and Microeconomic Considerations in the Delivery of Social Services," *International Journal of Social Economics* 35, no. 11 (2008).

[68] Karen Healy, "Managing Human Services in a Market Environment: What Role for Social Workers?," *The British Journal of Social Work* 32, no. 5 (2002).

A wide variety of perspectives exist in New Zealand[69] (and elsewhere) about the voluntary sector, especially the newer ideas of social enterprises[70] and community economic development.[71] But a review of political advocacy internationally that is the result of years of investigation is that 'if [social service organisations] do not increase their investment of financial resources and human capital in [advocacy], they will detract from their civic and social mission and impair the well-being of their clients.'[72]

Finally, the significance of this research is that there continues to be a strong link between revenue sources and policy advocacy for charities that provide social services, many of which are essential to a good life.[73] Choices have to be made by charities about how best to fulfil their mission, and public policy can support or undermine these choices. Political advocacy is a challenge for all voluntary organisations and the reality in New Zealand is that there are advocacy constraints. A recent sector survey indicated significant concerns about future funding and the reliance on government funding as a primary revenue source,[74] and other research noted considerable concerns about constraints on the political activity of not-for-profit organisations.[75] The findings of two recent New Zealand studies about political advocacy by FSP organisations primarily focus on advocacy presence and type and do not specifically link this to other organisational features and functions. Their findings can be broadly generalised as pointing to a relationship between government funding and advocacy, indicating that increased reliance on such funding decreases the incidence or visibility of policy advocacy. Australia's voluntary sector is dealing with similar issues.[76] Such concerns support the rationale for the research design discussed in Chapter Four.

Research design overview

Given the limited literature available on the subject of political advocacy by charities in New Zealand and the fact that much of the civil society or voluntary sector research is not easily or usefully

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[69] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand."; Paul Prestidge, "It's a Partnership: Yeah, Right! An Analysis of Discourses of Partnership between Government and Community Organisations in New Zealand (1999-2008)" (Auckland : Auckland University of Technology, 2010).

[70] Suzanne Grant, "Contextualising Social Enterprise in New Zealand," *Social Enterprise Journal* 4, no. 1 (2008).

[71] Rachael Trotman and Megan Courtney, "Supporting Community Economic Development in the Auckland Region: Issues and Opportunities," (Auckland: ASB Community Trust, 2008).

[72] Hillel Schmid and Michal Almog-Bar, "Introduction to the Symposium 'Nonprofit Advocacy and Engagement in Public Policy Making'," *Nonprofit and Voluntary Sector Quarterly* 43, no. 1 (2014).:8.

[73] New Zealand's ambulance services and some rescue organisations are registered charities, providing reassurance to all citizens that they can expect to be rescued when in urgent need.

[74] Social Development Partners, "Funding Information Service and Fundraising Institute of New Zealand", 2013. Survey results http://www.socialdevelopment.org.nz/featured/managing-diversity-and-changes-to-funding-what-does-it-take/ (accessed 19 August 2013).

[75] Sandra Grey and Charles Sedgwick, "Fears, Constraints, Contracts: The Democratic Reality for New Zealand's Community and Voluntary Sector," in *Community and Voluntary Sector Forum* (Wellington: Victoria University of Wellington, 2013).

[76] Peter Martin, "Community Organisation Fearful of Abbott Government Gag," (http://www.smh.com.au/federal-politics/political-news/community-organisation-fearful-of-abbott-government-gag-20140610-39w52: The Sydney Morning Herald, Federal Politics, 11 June 2014).

comparable – across time, administrations and countries[77] – a careful and explicit approach is taken to the research, which attempts to reveal the richness of charities from their own viewpoint. The decision to exclude government representatives – despite the interdependent relationship for social service provision – was deliberately to highlight the input of the charitable sector. The research aim was to focus on charities that were more likely than other subsets (such as sports organisations) to engage in on-going contracting arrangements with the government and also to be likely to have normative positions on social and economic policies. The sample also needed to be organisations that were at least 20 years old so that an organisational history of decisions could be identified.

The mixed methods literature suggests using a sequential explanatory design[78] where quantitative results are inadequate in themselves to provide an understanding of charities' choices about being active in policy advocacy and where qualitative results alone would not be able to provide comparative evidence of the circumstances in which organisations are or are not active in policy advocacy. Addressing reliability and validity[79] is covered by three sequential phases:

1. Development of theoretical principles governing policy advocacy in voluntary organisations.

2. Statistical analysis of a sample of 201 organisations at least 20 years old, selected quasi-randomly from the population of social service organisations receiving government funding of more than $40,000 in 2012.

3. Qualitative analysis of a group of 23 cases taken from the sample of 201 organisations.

Choosing a research method for a sensitive subject about which a wide variety of concepts exist and are still evolving and when there is apparent controversy about the value of qualitative research[80] and a strong drive towards empiricism[81] is a daunting task. To provide a sound basis for the research, the inverted pyramid model was used, moving from broad generalisations to specific questions. This thesis has attempted to respond to a post positivist approach to quantitative research as well as the interpretive approach of qualitative research, which has resulted in a lengthy and perhaps eclectic study, but points to a rich stream of potential research. The methodology is represented in Figure 1.

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[77] Mark N. Jensen, "Concepts and Conceptions of Civil Society," *Journal of Civil Society* 2, no. 1 (2006).
[78] Nataliya V. Ivankova, John W. Creswell, and Sheldon L. Stick, "Using Mixed-Methods Sequential Explanatory Design: From Theory to Practice," *Field Methods* 18, no. 1 (2006).
[79] The standard requirements for empirical research are reliability – where the research can be replicated by using the same design; and validity – where measures are chosen that accurately operationalise the research question.
[80] Norman K Denzin, "The Elephant in the Living Room: Or Extending the Conversation About the Politics of Evidence," *Qualitative Research* 9(2009).
[81] Paul Pennings, Hans Keman, and Jan Kleinnijenhuis, *Doing Research in Political Science: An Introduction to Comparative Methods and Statistics* (London, Thousand Oaks: Sage, 2006).

Figure 1: Explanatory sequential research design

Principles
Liberty and equality
Spaces for community
Self-sufficiency
Wisdom of collective
Advocacy and political justice

Quantitative
201 FSP organisations
Independent variables: Age
Percentage government income

Qualitative
23 cases
Themes:
Market focus
Policy advocacy
Autonomy
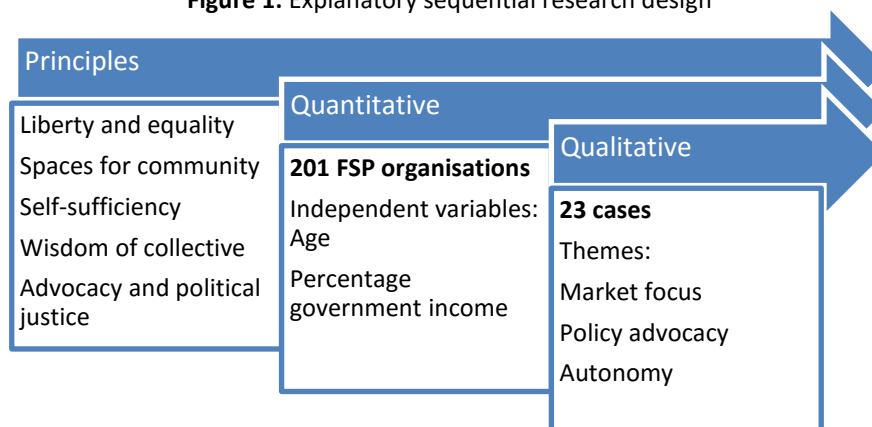
Structure of the thesis

The philosophy and functions of the policy role of voluntary organisations do not appear to be well understood in New Zealand. Therefore, Chapter One provides some concepts to frame the way charities deal with different activities under examination – social services and political advocacy – and presents a new approach to thinking about a social economy in relation to the political economy. The major impact that marketisation has had on charitable social services internationally and nationally[82] has created tension with policy advocacy, with implications for public policy. Taking up

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[82] Examples of the literature are: **New Zealand** – Jane Higgins, "Transparency and Trade-Offs in Policy Discourse: A Case Study of Social Service Contracting," *Social Policy Journal of New Zealand* 9(1997). http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/journals-and-magazines/social-policy-journal/spj09/transparency-and-trade-offs-in-policy-discourse.html (accessed 17 February 2014;) Garth Nowland-Foreman, "Purchase-of-Service Contracting, Voluntary Organizations, and Civil Society," *American Behavioral Scientist* 42(1998).: 108; Crampton, Dowell, and Woodward, "The Role of the Third Sector in Providing Primary Care Services -- Theoretical and Policy Issues."; Stace and Cumming, "Contracting between Government and the Voluntary Sector: Where to from Here?.": 13–20; David M. Van Slyke, "Agents or Stewards: Using Theory to Understand the Government-Nonprofit Social Service Contracting Relationship," *Journal of Public Administration Research & Theory* 17, no. 2 (2007).: 157-187; Paul Prestidge, "It's a Partnership: Yeah, Right! An Analysis of Discourses of Partnership between Government and Community Organisations in New Zealand (1999-2008)."
Australia –Catherine McDonald, "Internal Control and Accountability in Non-Profit Human Service Organisations," *Australian Journal of Public Administration* 58, no. 1 (1999).: 11-23; John Casey and Bronwen Dalton, "Ties That Bind? The Impact of Contracting and Project-Based Funding Regimes on Advocacy" (paper presented at the Australian Political Studies Association conference Adelaide, SA, 2004)., 26 September – 1 October 2004;Frances Press and Christine Woodrow, "Commodification, Corporatisation and Children's Spaces," *Australian Journal of Education* 49, no. 3 (2005).: 278-291; Merrindahi Andrew, "Learning to Love (the State) Again? Money, Legitimacy and Community Sector Politics," *Australian Journal of Social Issues* 41, no. 3 (2006).: 313-326. Anthony Housego and Terry O'Brien, "Delivery of Public Services by Non-Government Organisations.," *Australian Journal of Public Administration* 71, no. 2 (2012).
Canada - Raymond Dart, "Business-Like Goals and Business-Like Processes: The Meaning and Effects of Commercial Activity in a Nonprofit Organization Context" (Dissertation, York University (Canada), 2000).; B Mitchell Evans and John Shields, "Neoliberal Restructuring and the Third Sector: Reshaping Governance, Civil Society and Local Relations," in *Centre for Voluntary Sector Studies, Working Paper* (Ryerson University, 2000).
http://www.ryerson.ca/content/dam/cvss/files/WP9COVER.pdf (accessed 13 August 2011);
Yves Vaillancourt and Luc Thériault, *Social Economy, Social Policy and Federalism in Canada*, ed. Canadian Social Economy Research Partnerships, Occasional Paper Series No - 4 July 2008 (Victoria, Canada: Canadian Social Economy Hub, University of Victoria, 2008). socialeconomyhub.ca/sites/...ca/.../CSEHubOP4VaillancourtTheriault.pdf (accessed 18 August 2014).
United Kingdom - Stephen McKay et al., "The Marketisation of Charities in England and Wales," *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 26, no. 1 (2011).: 336-354; Jennifer E. Mosley, "Institutionalization, Privatization, and Political Opportunity: What Tactical Choices Reveal About the Policy Advocacy of Human Service Nonprofits," *Nonprofit and Voluntary Sector Quarterly* 40, no. 3 (2011).: 435-457; Roger Bennett and Sharmila Savani, "Surviving Mission Drift: How Charities Can Turn Dependence on Government Contract Funding to Their Own Advantage," *Nonprofit Management and Leadership* 22, no. 2 (2011).: 217-231.

the language of the market – as of a bull by the horns – the social services and political advocacy activities of charities are discussed in terms of market participation and aspects of these two activities create variables for the research. Chapter One also defines essential concepts for the research.

One of the commitments this research makes is to understand the philosophy of the voluntary sector, and this means identifying its foundations.[83] Chapter Two queries what motivates voluntary organisations. Traversing the considerable definitional complexities in this field, some firm ground was found amongst the democracy literature, which provides some principles[84] that seem to help answer this query and relate to the paradoxes of market focus and policy advocacy from Chapter One. Even as a 'necessarily contested concept … civil society continues to prove itself to be a useful and motivational device in advancing our understanding of key social and political issues, and in channelling energy into action.'[85] Civil society literature coalesces around the concept of pluralism (or multiple interests), so neopluralism theory is used to explain how civil society nurtures political advocacy and how multiple voices and interests from the voluntary sector attempt to be heard within a representative political system.

The theoretical framework is developed in Chapter Three. The structures of families, informal groups and voluntary associations whose plurality and autonomy allow for a variety of forms of life 'secure[s] the institutional existence of a modern differentiated civil society'.[86] This suggests that new institutionalism theory could provide a structure for the thesis in terms of the constraints, culture and constituents that are relevant to social service organisations and also sees common systems, practices and organisational structure. There is a wide variety of organisational responses,[87] and this is partly due to the diversity of interests that the sector represents. An assumption within the

America – Estes and Alford, "Systemic Crisis and the Nonprofit Sector: Toward a Political Economy of the Nonprofit Health and Social Services Sector."; Melissa Middleton Stone, "Competing Contexts: The Evolution of a Nonprofit Organization's Governance System in Multiple Environments," *Administration & Society* 28, no. 1 (1996). 61-89; Brian O'Connell, "A Major Transfer of Government Responsibility to Voluntary Organizations? Proceed with Caution," *Public Administration Review* 1996.222-225 ; Sanger, *The Welfare Marketplace: Privatization and Welfare Reform*. Matthew L. Sanders and John G. McClellan, "Being Business-Like While Pursuing a Social Mission: Acknowledging the Inherent Tensions in US Nonprofit Organizing," *Organization* 21, no. 1 (2014).: 68-89.
Comparative studies: Perri 6 and Jeremy Kendall, *The Contract Culture in Public Services: Studies from Britain, Europe and the U.S.A.* (Aldershot: Arena, 1997).; Neal Ryan, "A Comparison of Contracting Arrangements in Australia, Canada and New Zealand," *The International Journal of Public Sector Management* 12, no. 2 (1999).; Rosario Laratta, "Autonomy and accountability in social services nonprofits: Japan and UK" *Social Enterprise Journal,* 5 no.3 (2009): 259-281; Deborah Brennan et al., "The Marketisation of Care: Rationales and Consequences in Nordic and Liberal Care Regimes," *Journal of European Social Policy* 22, no. 4 (2012).: 377-391.
[83]David E. McNabb, *Research Methods for Political Science: Quantitative and Qualitative Methods* (New York, NY M.E. Sharpe, Inc, 2004).
[84] This is the position taken also in other non-profit advocacy research: Elizabeth Boris and Rachel Mosher-Williams, "Nonprofit Advocacy Organizations: Assessing the Definitions, Classifications, and Data," *Nonprofit and Voluntary Sector Quarterly* 27, no. 4 (1998).
[85] Michael Edwards, The Oxford Handbook of Civil Society, (New York, NY: Oxford University Press, 2012). doi:10.1093/oxfordhb/9780195398571.001.0001. (accessed 12 May 2014).
[86] Jean L Cohen and Andrew Arato, *Civil Society and Political Theory* (Cambridge, MA: MIT Press, 1994). , 346.
[87] Royston Greenwood et al., "The Multiplicity of Institutional Logics and the Heterogeneity of Organizational Responses," *Organization Science* 21, no. 2 (2009).

theoretical basis of this research is that the freedom that voluntary organisations have to push for social and political change is fundamental to society's wellbeing. The research then proceeds on the basis that these organisations can be considered distinct entities in a similar way to natural persons, because of their legal nature. As distinct entities and purposive groups, voluntary service organisations make choices and decisions that, when considered over a period of time, reveal the autonomy of each organisation's voice.[88]

Chapter Four describes the rationale and methodology used to examine a section of New Zealand's social economy as well as the studies that suggest appropriate variables for this research. From the wide-ranging contextual observations and theory, a research question can be formed: are charities' decisions to be active in policy advocacy affected by their participation in the social services market? Propositions that tease out answers to this question and the sequential explanatory mixed methods design are presented. The criteria for the sample and data collection methods for quantitative analysis of 201 organisations and qualitative analysis of 23 organisations are described. In this chapter the theoretical framework is aligned with the civil society principles to contextualise the variables.

The next three chapters present New Zealand's social economy through historical institutionalism theory by looking at culture, constraining factors and constituents. Chapter Five sets out the cultural and legal aspects of the voluntary sector, with emphasis on the period prior to 1984 because it is important to set out the path dependencies of current perspectives on charity and policy advocacy. Chapter Six discusses the constraining factor of government policy in a broadly chronological manner following the start of the neoliberal project in 1984. This date heralded a considerable change in government policy affecting the sector, even though specific government policy capturing this change is rarely spelled out. As this research is positioned within the public policy scholarship, relevant influences are considered in detail in this chapter, such as public policy reform and contracting policy, and support for preferred providers and social enterprises.

Chapter Seven discusses the issues in relation to the constituents of New Zealand FSP organisations, primarily the effect of having the government as the primary stakeholder in both the social services market and the public information market. Some of the interdependencies and paradoxes of the relationship are discussed using a path-dependent approach, as is the influence of two political meta-narratives - baldly stated as 'hands on' and 'hands off' social services provision. Examples of these two approaches may be seen in the health sector, in financial regulation – where non-differentiation of reporting between for-social-profit and for-private-profit organisations is softened by allowing

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[88] A purposive group will follow a premise-driven decision framework that will generate a history of judgments that shape how it has and will act in pursuit of its purpose, and will reveal activities across a "rationally connected set of issues" rather than reflections of aggregated clump of individuals. Philip Pettit, *A Theory of Freedom: From the Psychology to the Politics of Agency* (Cambridge: Polity Press, 2001).

public benefit to be proven, and in charitable purpose regulation – where case law determines whether political advocacy is a actually a core or ancillary function of charities. The reality is that the government provides significant support to charities to provide social services, but there is persistent public denial of state intervention in the social economy.

The results of the qualitative data are presented in Chapter Eight in terms of market focus and policy advocacy at the sector level and the organisation level. Market focus has an effect on both the sector and organisations by blurring boundaries and institutional logic. While a market focus theoretically provides choices to FSP organisations, their staff and clients, organisations have little influence on the contract price they receive from the government or on the amount of philanthropic and donated income they receive. The qualitative data revealed that the conditions of funding from both government and the private sector frequently create constraints on policy advocacy.

The sample of 201 organisations commonly received at least half of their income from the government, and average government income was just over $600,000. Older organisations (over 30 years old) were more likely to be in the 8% of the population that receive over $10 million from the government annually and to also have revenue from sources other than government. For these FSP organisations paid staff is now more common than volunteers. Most of the organisations examined had a strong constituent-focus.[89] A representative governance structure and Trust Deeds allowing discretion in carrying out organisational mission was common. But rather than decision making allowing for consensus as may be expected of representative structures, most organisations made decisions through a simple majority vote with the Chair having a casting vote.

Chapter Nine summarises the issues faced by a new style of FSP organisations that have arisen from an amorphous civil society defined primarily by principles rather than identifiable boundaries. These charities must find a balance between social service provision and advocacy because both of these are natural activities for charities. These activities are not to be perceived as deviance from the standards of public administration or commerce, nor is the autonomy of charities to be gradually whittled into the shape that suits the regulated political economy. The ways that charities provide social services and advocacy are peculiarly charitable, and encroachments against this charitableness can be resisted when charities act autonomously in relation to internal and external forces. The connections and resulting discoveries from the two result areas are discussed. Finally, this chapter summarises the development of a theoretical framework for voluntary sector research, reflects on the research method and presents recommendations for further work.

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[89] Constituent focus was determined from the combined variables of representative value, decision making ranking and presence or absence of a discretionary activities clause in the objects section of Trust Deeds.

Conclusion

Voluntary organisations are an important part of New Zealand's society. Public policy affecting the constituents and missions of voluntary service organisations needs to consider the voice[90] of these organisations, because they are policy actors as are interest groups or political parties, which have received greater attention in political studies. This investigation is primarily policy focused, rather than aiming at concept development[91] nevertheless the concepts of freedom of association and expression are the core of the research and are treated as desirable and necessary elements of New Zealand society. Despite the inherent conceptual complexity of this research, it is important to carefully and explicitly[92] develop an understanding about the nature of and issues relating to the political voice of voluntary organisations. Developing a set of concepts is the task of the next chapter.

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[90]Nancy L. Rosenblum and Charles H. T. Lesch, "Civil Society and Government," in *The Oxford Handbook of Civil Society*, ed. Michael Edwards (DOI: 10.1093/oxfordhb/9780195398571.013.0023: Oxford Handbooks Online, 2009).

[91] Concept development – primary, secondary and basic levels – is dealt with in the theoretical foundations section. This is encouraged in: Helmut Anheier, *Nonprofit Organizations: Theory, management, policy.* (London and New York: Routledge, 2005).

[92] Mark Jensen, *Civil Society in Liberal Democracy* (New York: Routledge, 2011). 43.

Chapter 1:
Concepts and Research Issues

<u>Introduction</u>

There is great diversity in approaches to understanding the social economy. The use of ideas in this research about market logic and marketisation is intended to provide a discursive bridge between organisational sociology and political science. Marketisation is discussed comparatively and several paradoxes arising from the literature are presented. This and the literature on policy advocacy provide the basis of the research variables set out in Chapter Four and the analysis in Chapter Eight. A debate about government funding of charities may be prompted by a provocative question: Is the government funding factions or buying good servants? I do not consider either of these possibilities valid. This research does not present such a debate, instead it sets out to analyse the connections between receipt of government funding and choices about policy advocacy.

A common understanding of the voluntary sector

New Zealand generally uses the term 'the voluntary sector' to describe the set of organisations that meet five criteria: organised, private (not part of the public sector), non-profit distributing, self-governing and have non-compulsory membership.[93] The emphasis on the non-coerced nature is important when considering that these organisations must make choices about how they will fulfil their missions and whether they wish to balance market-focus and advocacy. Other terms used in New Zealand, such as the 'not-for-profit' or 'community sector', do not seem to allow room for the ideas that this research covers.

Voluntary organisations operate from motivations that are different from those of both the state and the market.[94] They are 'voluntary' because they have freedom as distinct entities – to form, to develop an approach to an issue which draws certain people together, to change in response to events and to dissolve when the will to live has gone. While not commonly mentioned in conversation, freedom is one of the long-accepted principles that supports voluntary associations and is a right protected by international treaty.[95] For this reason the voluntary sector is not considered as a residual or secondary part of the political economy but an essential third leg

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[93] Non-compulsory - membership or participation in them is not legally required or otherwise a condition of citizenship.

[94] This approach is still promoted in Jensen, *Civil Society in Liberal Democracy*., 53 on the basis of: Cohen and Arato, *Civil Society and Political Theory*. Also for Gramsci's differentiation of sectors see: Olaf Corry, "Defining and Theorizing the Third Sector," in *Third Sector Research* (Springer, 2010). However this separation is not always supported, see James Defilippis, Robert Fisher, and Eric Shragge, "Neither Romance nor Regulation: Re-Evaluating Community," *International Journal of Urban and Regional Research* 30, no. 3 (2006).

[95] New Zealand ratified the International Covenant on Civil and Political Rights in 1978, which commits states to respect the civil and political rights of citizens including the right to life, freedom of religion, speech, assembly, and the right to a fair trial.

supporting the existence of the nation-state[96] alongside the government and markets, as discussed in Chapter Two. While the separation of sectors is somewhat artificial it provides a contrast with the rather fluid concept of the social economy used in this research, discussed below.

Concepts of social economy and For-Social-Profit (FSP) organisations

'Social economy' is not a common term in New Zealand and there are many concepts and applications associated with it globally[97] but includes organisational forms such as social enterprises, cooperatives and mutual societies. The discussion in the following sections of this chapter exists in what has been described as a pre-paradigmatic'[98] and terminologically contested field and therefore takes the opportunity to probe the research concern in an innovative way. One way of identifying the social economy it is to see it in comparison to the state and for-profit sectors, where 'the term social economy designates the universe of practices and forms of mobilising economic resources towards the satisfaction of human needs that belong neither to for-profit enterprises, nor to the institutions of the state in the narrow sense.'[99]

The social economy utilises quantifiable and non-quantifiable contributions of social capital which arise from altruistic behaviour and from other social and economic transactions. It has another important distinguishing characteristic – the ability to 'get things done' through the willing and voluntary association of individuals dedicated to some common purpose. Because social need frequently outstrips government provision, voluntary organisations exist to fill the gaps that remain in the absence of individual and family responsibility. Some groups in particular and at certain times – such as Māori, women, disabled or those outside of family units[100] – have greater social needs than others, for various reasons.[101]

This thesis distinguishes voluntary organisations which run business-like operations that require significant revenue from voluntary organisations which provide user-funded or membership services. The former organisations are the focus of the investigation and are referred to as **for-social-profit**

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[96] The idea that the voluntary sector is not a residual part of the political economy is clearly discussed in: Van Til, "The Three Sectors: Voluntarism in a Changing Political Economy."

[97] Social economy is more commonly a European term but seems to be gaining popularity in Britain and America. Vidal, "Social Economy."; Bouchard, *Économie Sociale & Économie Publique / Social Economy & Public Economy, Volume 2 : Worth of the Social Economy : An International Perspective*. Amin, Cameron, and Hudson, *Placing the Social Economy*; Deena White, "The Voluntary Sector, Community Sector and Social Economy in Canada: Why One Is Not the Other," in *Strategy Mix for Nonprofit Organisations*, ed. Annette Zimmer and Christina Stecker, *Nonprofit and Civil Society Studies* (New York; London: Kluwer Academic/Plenum, 2004).

[98] Alex Nicholls, " Postscript: The Legitimacy of Social Entrepreneurship: Reflexive Isomorphism in a Pre-Paradigmatic Field " in *Social Enterprises : An Organizational Perspective*, ed. Yekeskel Hasenfeld and Benjamin Gidron (New York, NY: Palgrave Macmillan, 2012).

[99] Frank Moulaert and Oana Ailenei, "Social Economy, Third Sector and Solidarity Relations: A Conceptual Synthesis from History to Present," *Urban Studies* 42, no. 11 (2005). (p.2042)

[100] Saville-Smith and Bray, "*Voluntary Welfare : A Preliminary Analysis of Government Funding to the Non-Profit Welfare Sector*." (p.10)

[101] ANGOA, "Aotearoa/New Zealand Civil Society: A Framework for Government-Civil Society Dialogue," in *CIVICUS Index of Civil Society Occaisonal Paper Series*, ed. CIVICUS (Wellington: Association of Non-Governmental Organisations of Aotearoa and New Zealand Social and Civic Policy Institute, 2001).

(FSP)[102] organisations to differentiate them from **for-private-profit (FPP)** organisations (commercial businesses) and from **not-for-profit (NFP)** organisations (such as sports clubs). FSP organisations are consciously working towards a profit that has a society-focused benefit.

The use of the term 'social economy' has two methodological purposes: firstly to highlight the value to society of the dual functions of entrepreneurial FSP organisations – as businesses and advocates - and secondly to use the dominant language of the market to show how these two functions are inseparable in the social economy.[103] It also recognises the 'fascination with market-based solutions and mechanisms … [therefore] social enterprise is likely to both retain and expand its moral legitimacy.'[104] The social economy shares systemic features with the capital economy such as profit-making enterprises, innovation, accountabilities – albeit in different metrics – and a concern about their stakeholders. But while the capital economy pays attention to consumer confidence for private shareholder gain, the social economy pays attention to citizens' trust that unmet needs will be addressed. This trust is the motivation for some organisations to advocate on behalf of citizens.

There is also a philosophical perspective in the use of this term, stated thus: there is political power in the social economy which does not come from financial capital but from the accumulation of social capital through the socially acceptable practice of altruism. It is this political power which mandates the expression of views in public policy processes by FSP organisations. This combination of market-focus and policy advocacy is used as the explanation of the social economy in this research, which is seen as a legitimate player in the neopluralist world.[105]

A simple depiction of the place that FSP organisations generally fill in the social economy is as shown by the following diagram. FSP organisations are a subset of civil society and the voluntary sector, but are more closely connected with the social economy than the capital economy.

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[102] The similar term used internationally is or nonprofit or not-for-profit. There are many other terms for the voluntary sector.

[103] These points also arise in connection with social enterprises: the surrounding structuring logic deeply influences all organisations and social enterprises have to know the rules of two different games – the service market and the political economy of the organisation. Eve E. Garrow and Yekeskel Hasenfeld, " Managing Conflicting Institutional Logics: Social Service Versus Market," in *Social Enterprises : An Organizational Perspective*, ed. Yekeskel Hasenfeld and Benjamin Gidron (New York, NY: Palgrave Macmillan, 2012).

[104] Raymond Dart, "The Legitimacy of Social Enterprise," *Nonprofit Management & Leadership* 14, no. 4 (2004).: 419.

[105] Amin Ash, "Extraordinarily Ordinary: Working in the Social Economy," *Social Enterprise Journal* 5, no. 1 (2009).

Figure 2: Framing of the social economy
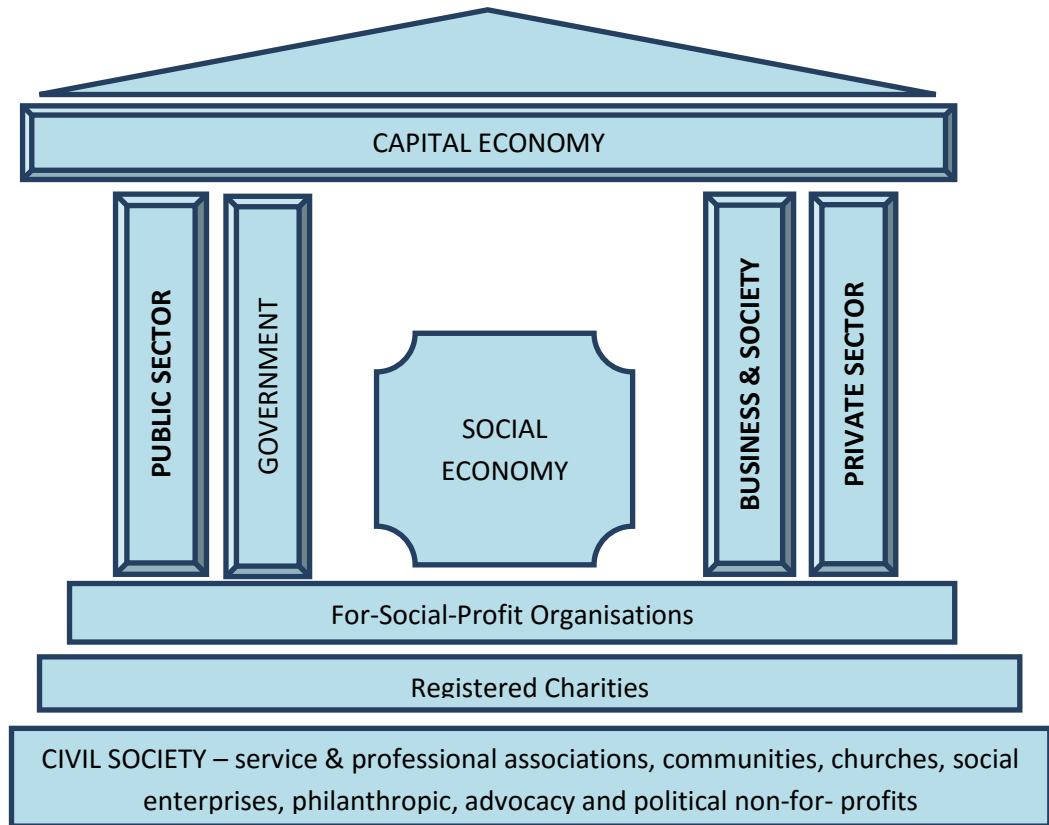
Public policy in the social economy

The social economy is pursued here as a public policy subject because the relationship between government and FSP organisations is largely based on government maintaining a social services market (discussed below). Another market exists which has not previously been conceived as such: the public information market. Both of these are discussed as artificial markets in comparison to markets such as real estate or other tangible goods but this discussion provides a way of approaching the primary research question. While market theory is applied quite simplistically[106] and the market forces impacting FSP organisations are not intended to predominate over political or sociological impacts, it is apparent that public policy issues concerning the social economy in New Zealand has been focused more on market forces than anything else for several decades.

Market concepts

The use of market concepts here to describe the contracting relationship between government and FSP organisations is a strategy to face up to ideology that has long been powerful in public policy discourse. Another justification of the strategy is the encouragement to political philosophers to deal

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[106] A service market itself does not operate the same way as a goods market and caution must be used when applying such ideas. Jaques de Bandt, "Service Markets," ed. Richard Arena and Christian Longhi, *Markets and Organization* (Berlin, Heidelberg: Springer, 1998). On the other hand empirical economists seem to find it difficult to explain the idea of social exchanges within collective action, see: Simon Gächter and Ernst Fehr, "Collective Action as a Social Exchange," *Journal of Economic Behavior & Organization* 39, no. 4 (1999).

with deeper questions[107] often hidden in the ubiquity of the market, such as how markets influence our understanding of freedom.

Market theory concerns transactions involving goods or services and defines the principal roles of the participants and their decisions about whether to produce or buy these items. In the case of social services provided by FSP organisations, the government has decided it will buy, rather than produce many social services. FSP organisations decide if they will produce services for the social services market (by using government funding) or directly to users (through fees or fundraised income). When buyers and sellers agree on a price for goods or services they need assurance that they have had equitable participation in the price-setting process. A perfect market can exist when there is full information about choices, no barriers to entering the market, a lot of participants, no agent is earning more than the average profit level and no single entity can control prices. Sellers and buyers may be 'quantity-fixers' or 'price-takers' and traders will move resources to where their profit margin is the greatest.

Social services market concepts

A social services market exists because 'government believes NGOs are better at producing some goods'[108] and chooses to give citizens choice in social services providers. A market for social services is a setting where parties voluntarily carry on exchanges of money and a social service. FSP organisations participate in the social services market when they seek and obtain government service contracts for services they offer. It is in fact a public social services market because many service users cannot pay for the service and rely on public subsidies[109] for the service to be provided to them.

From a social service user's perspective government funding generally appears to provide increased predictability, better integration and enhanced quality of services, when the services have continuing demand. For the organisation, more targeted services, innovation or wider coverage is possible with government funding, better fulfilling organisational commitments.[110] Apart from the increased professionalism and transparency incumbent on FSPs contracting with government, they can offer particular expertise, networked resources, flexibility, trustworthiness[111] and community participation

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[107] Lisa Herzog, Inventing the Market : Smith, Hegel, and Political Theory, (Oxford: Oxford University Press, 2013).

[108] New Zealand Treasury, "Contracting for Outcomes in the Social Service Market: Discussion Paper," (Wellington: The Treasury, 13 December 2013).

[109] Public subsidies are commonly welfare benefits and government funding to service providers.

[110] Dennis R. Young, "Commercialism in Nonprofit Social Service Associations: Its Character, Significance, and Rationale," *Journal of Policy Analysis and Management* 17, no. 2 (1998).

[111] While trustworthiness can never be guaranteed in any organisation and many instances exist in history of organisational and even systemic untrustworthiness in charities, the desire to be trusted is more likely to motivate individuals in charities because a) their constituents are often vulnerable in some way and b) the organisation is not seeking private profit or political power which both can easily engender distrust.

that is not available elsewhere and which are of public benefit. From this angle, FSPs have a competitive advantage, which needs to be maintained.

The rationale for government maintaining a public social services market is not about ensuring best prices to allow consumers choice; it is government choosing between public or private for-social-profit provision.[112] The voluntary sector is a great alternative to public sector provision due to its ability to gather resources from many areas and to use a customised mix of formal and informal approaches. There would have been minimal choices in providers if FSP organisations had been unwilling to accept government contracts.

Where there are many FSP organisations in a sub-sector (such as employment services for disabled people) and all of their government funding comes from one agency, the accountability reports could be compared to assist in price-setting for future contracts. But this is likely to be impossible where there is a mix of sub-sector funding unless a single procurement agency is involved (which has recently happened).

The public social services market is complex for at least two reasons. The government can be both a purchaser (on behalf of users) of some services and a supplier of other services (such as hospitals) and the government's desire for limited involvement in service delivery does not fully compensate or subsidise the service provision by not-for-profit organisations, requiring top-ups from elsewhere. The services do not generally return a financial profit nor is it the primary intention of a public social services market for the provider to make a profit out of the exchange. The market however, is primarily about provider competition to get consumers the best price for the service, but the complexities outlined make the price-nexus of supply and demand hard to locate.

Recently the government has recognised the many interrelated difficulties in the social services market such as covering actual service costs, ensuring agency competence and determining the attribution of outcomes.[113] Other issues include the risks and benefits of FSP commercial ventures not being experienced evenly at sector or organisational level.[114] The pressure of public accountability and quantitative evaluation may drive a wedge of difference between different charities and favour those that accept accountability and evaluation practices without losing focus on their mission.[115] This may not help sector collaboration, working against government's own current priority that encourages mergers and collaboration.

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[112] Private provision effectively means not-for-profit private provision because the service is usually hard to provide at a profit, so the FPP sector does not generally compete- there are exceptions commonly in the aged care and child care sector and in health care.

[113] New Zealand Treasury, "Contracting for Outcomes in the Social Service Market: Discussion Paper."

[114] Brenda Zimmerman and Raymond Dart, "Charities Doing Commercial Ventures: Societal and Organizational Implications," (Trillium Foundation, 1998).

[115] William Foster and Jeffrey Bradach, "Should Nonprofit Seek Profits?," *Harvard Business Review* 83, no. 2 (2005).

The political nature of the social services market relates to different views on how public money is used – whether on social services, public infrastructure or national defence. Also some may support competition as a way of avoiding capital accumulation by a few organisations; others may see competition in social services as promoting wasteful duplication or fragmentation of effort and capital. Ideological support for a social services market has ranged from ideas of using 'proxy shopping'[116] (through vouchers) to socially responsible banks shopping for suitable charities to donate to them money or employee time.[117] The interpenetration of market-focus and altruism[118] seems set to continue. The benefit of market logic is that it should improve FSP results,[119] not so much in good use of public and private money but more by contributing to a healthy society.

Public information market concept

In the process of providing social services, FSP organisations acquire information about many things relevant to the organisation as well as to the service user. Some of this information is provided in the form of accountability reports required by funders and government registration bodies; some information is voluntarily and freely provided to the general public and some information is converted into new knowledge through the expertise of the organisation (all of which may or may not be publicly available). On the government side, agencies preparing contracts for social services acquire numerous reports and other price-relevant and demand-relevant information. Some of this information gets converted into policy documents and some may be found within contract specifications[120] and both should be readily available to the FSP organisations, as participants in the social services market, so they can also compare their understanding of demands and whether the contract price is able to meet (or even partially meet) those demands.

Having established that there are two bodies of knowledge in this information commons it is possible to define a public information market. A market is a structure that allows buyers and sellers to exchange anything, including information – in the currency agreed by the parties. The parties are FSP organisations and their government funders; the public information that is exchanged is information that relates to the social service being provided including policy development as well as policy implementation; and the currency is the public interest.

There is no competition between the information producers (because they are different information products) and there is no intention for one party to profit from the other and a price is not

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[116] Susan Rose-Ackerman, "Social Services and the Market," *Columbia Law Review* 83, no. 6 (1983).

[117] BNZ makes an annual invitation to charities to submit a proposal involving a day of bank employees' time. https://www.closedforgood.org

[118] David Vogel, *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility* (Washington: Brookings Institution Press, 2006).

[119] Vázquez, Álvarez, and Santos, "Market Orientation and Social Services in Private Non-Profit Organisations."

[120] An example is a contract from the Ministry of Health to a FSP organisation to provide non-residential care for mental health clientele and specifically Māori, which explicitly requires the FSP to adopt a policy that includes the Ministry's priority for Māori health gain.

quantifiable. It is really more of an information exchange, however it appears at first to be an unequal exchange because the government has greater power: to make the rules about the exchange of information (frequently acting without transparent rules) and to create binding laws to support its own practices or control the practices of charities, to decide what policy information is available and when to share it with FSP organisations (an unpredictable, political process), to enforce the provision of information by FSP organisations and to take punitive action if any information does not satisfy the government's needs.

But power resides with FSP organisations also: in privileged access to government agencies because of previous engagement, in system-knowledge in possessing confidential, accurate and up-to-date information, in participating in networks with many stakeholders due to their not-for-profit status and in decision they make about what public information to produce. The direct access that FSP organisations have to certain sub-populations is also privileged access, in the same way as a doctor-patient or lawyer-client relationship is privileged. FSP organisations frequently maintain confidential personal information and are only able to obtain this information by building up trusting relationships with clients over a long period of time.

Information is gained by FSP organisations in the process of providing contracted service but is rarely treated as policy information because much of it is produced to account for funding and may also be confidential information.[121] This information is invaluable not just for its existence but also for the opportunity to continually update and refine it which is not feasible for information produced by research consultants or government agencies. However the information may not be valued by FSP organisations as an accumulation of intellectual capital but instead seen as a time-consuming corollary of receiving contract funding or grants and the accountability reports are passed to the funder(s) with no (or minimal) monetary recognition of the cost of producing it. Whether either the producer or the receiver of the information values it as policy-relevant is unknown, but is a concept worth further investigation.

Policy information from networks has always been a feature of the voluntary and community sector. They are meant to be safe places to discuss sub-sector issues and consider solutions through community politics, although sometimes these networks are not accessible to non-community sector members. Organisations also frequently produce research for particular audiences and purposes – funders, constituents and policy makers. When such knowledge is produced proactively the organisation creates intellectual capital, adding to its social capital. Intellectual capital is owned by its

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[121] Annual Reports are public information but the detail in these varies considerably between FSP organisations.

creators and is: 'the fact or condition of knowing something with familiarity gained through experience or association ... [and] the ideas or understandings which an entity possesses'.[122]

A core concept in this research about knowledge in the voluntary sector is that:

> Knowledge exists as the project of those engaged in it, based on their perceptions of problems they encounter.… They are not perched atop some methodological apparatus that allows them to see objective reality through a special lens called science; they can see what they can see from a particular perspective, a perspective that is historically situated, culturally specific, and still evolving.[123]

Marketisation in the social economy

The concept of marketisation derives from economic theories and applies to voluntary organisations participating in monetary exchanges with the government. Simply stated, marketisation is the process of 'imposition or intensification of price-based competition'[124] and explains a change process in social services based on identifying buyers and sellers, finding the nexus of supply and demand to establish a service price and providing consumer choice. The change process was justified by the twin pressures of global recessions and reduced government spending on welfare in the 1970s or 80s as well as by neoliberal ideology.[125] Popularised internationally through the dominant forces of Ronald Reagan and Margaret Thatcher[126] most liberal democracies have continued the practice into the current day. The marketisation of welfare readily recognises that a monetary exchange can occur between the state and FSP organisations to provide social services but does not so readily recognise that both parties are acting in the public interest and further, that private FSP organisations are expected to be honest brokers of public money.

Social service marketisation occurred when many FSP organisations began accepting a contract price for their previously free services. The government's aim was to reduce the size of government and the cost of welfare, while FSP organisations aimed to increase their provision of social services. A market for social services (discussed further below) began to be created when government moved

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[122] Steve Denning "What is intellectual capital?" http://www.stevedenning.com/Knowledge-Management/what-is-intellectual-capital.aspx (accessed 13 October 2014)

[123] Hugh T. Miller, *Postmodern Public Policy* (Albany: State University of New York Press, 2002)., 97.

[124] Greer and Doellgast, "Marketization, Inequality, and Institutional Change." 1.

[125] Estes and Alford, "Systemic Crisis and the Nonprofit Sector: Toward a Political Economy of the Nonprofit Health and Social Services Sector."

[126] Lester M. Salamon, "The Marketization of Welfare: Changing Nonprofit and for-Profit Roles in the American Welfare State," *Social Service Review* 67, no. 1 (1993).; Paul Pierson, *Dismantling the Welfare State?: Reagan, Thatcher and the Politics of Retrenchment* (Cambridge: Cambridge University Press, 1994).

from providing social services to contracting them out, so that they become quasi-public goods.[127] Marketisation created a supply-side (voluntary organisations providing social services) and a demand-side (the government purchasing services on behalf of needy individuals) for social services. It allowed for competition amongst providers to meet governments' desires for efficiency and consumer choice. Further, marketisation increased transparency and accountability for performance according to what was purchased. This has prompted a large body of literature, some general aspects of which are outlined below.

Marketisation internationally

Internationally there are differences in the application of marketisation concepts and in continuing support for them. For instance, a comparative study[128] identifies much greater policy discussion around the third sector involvement in social service provision in the United Kingdom than in Australia. Another study[129] compares accountability demands for non-government organisations in Japan with the United Kingdom and finds Japanese executives have greater community accountability than organisational accountability. Even intra-country differences are found such as in Canada, with the French-Canadian and English-Canadian literature having contrasting approaches to the idea of a social economy.[130] There are still expressions of support for a market-focus in social services to continue for example in the United States[131] and in Nordic countries.[132] Equally there are still expressions of concern about the marketisation of charitable care.[133]

The Australian Productivity Commission examined the activity of Australia's voluntary sector in 2010 and concluded that the delivery of public services by for-social-profit organisations is a large and growing phenomenon with significant implications for public administration.[134] One implication is that some of the competitive advantage of for-social-profit provision may ebb away if there is unacceptable government influence and resulting loss of autonomy. A Canadian study of charities that had become marketised[135] resulted in changes not just within the for-social-profit - government

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[127] Quasi-public goods are generally available to the public but can be restricted such as through minimal payment by direct users, but with wider social benefits such as through educational material publicly available. For a widely referenced discussion see: Estelle James, "Economic Theories of the Nonprofit Sector: A Comparative Perspective," in *The Third Sector, Comparative Studies of Non-Profit Organizations*, ed. Helmut K Anheier and Wolfgang Seibel (Berlin, New-York: De Gruyter, 1990).

[128] Mark Lyons and Andrew Passey, "Need Public Policy Ignore the Third Sector? Government Policy in Australia and the United Kingdom," *Australian Journal of Public Administration* 65, no. 3 (2006).: 90-102.

[129] Rosario Laratta, "Autonomy and Accountability in Social Services Nonprofits: Japan and UK," *Social Enterprise Journal* 5, no. 3 (2009).: 259-281.

[130] Deena White, "The Voluntary Sector, Community Sector and Social Economy in Canada: Why One Is Not the Other."

[131] Sanders and McClellan, "Being Business-Like While Pursuing a Social Mission: Acknowledging the Inherent Tensions in US Nonprofit Organizing."

[132] Brennan et al., "The Marketisation of Care: Rationales and Consequences in Nordic and Liberal Care Regimes."

[133] Greer and Doellgast, "Marketization, Inequality, and Institutional Change."; Jenny Stewart, "Managing across Boundaries: The Problem of Conflicting Values," *Third Sector Review* 13(2007).

[134] Housego and O'Brien, "Delivery of Public Services by Non-Government Organisations.."

[135] Zimmerman and Dart, "Charities Doing Commercial Ventures: Societal and Organizational Implications."

relationship but also in the Canadian mind-set. Instead of public value language[136], it was common even by the late 1990s to encourage charities to behave more like businesses and to seek income from commercial ventures to give them independence from government (reduced) funding.

One United Kingdom study[137] showed that for-social-profits that used commercial practices such as strategic account management appeared to 'cope' better with government officials. Also when these organisations were more focused on their mission they tended to be negatively associated with successful bidding for government contracts, whereas market orientation tended to make organisations more successful bidders. An American for-social-profit organisation met marketisation head-on by restructuring into two organisations in order to respond to competing logics – economics and social policy.[138] Restructuring and professionalisation are some indicators of marketisation of welfare services in Austria.[139]

A key issue for the voluntary sector in many countries is how organisational autonomy is maintained in light of their funding relationships with government and others. When the language of the market is used across all sectors and contracting is portrayed as a pragmatic expedient that fulfils multiple objectives for both parties, it may not be easy to identify specific risks to autonomy. One way in which partnership arrangements aim to address this autonomy issue is through the development of explicit statements guaranteeing the independent and advocacy role of the voluntary and community sector. In the United Kingdom compacts[140] and the Canadian accord[141] there is formal expression of the independent and advocacy role of the voluntary and community sector.[142] This is not the case in New Zealand.[143]

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[136] Public value refers to the contribution to society that an organisation can make, as coined by Mark Moore, Recognising Public Value: The Challenge of Measuring Performance in Government, (http://press.anu.edu.au/anzsog/policy/mobile_devices/index.html: Hauser Center for Nonprofit Organizations, John F. Kennedy School of Government, Harvard University, 2006). (accessed 12 January 2015).
[137] Bennett, "Marketing of Voluntary Organizations as Contract Providers of National and Local Government Welfare Services in the UK."
[138] Stone, "Competing Contexts: The Evolution of a Nonprofit Organization's Governance System in Multiple Environments."
[139] Karin Heitzmann, *Poverty Relief in a Mixed Economy: Theory of and Evidence for the (Changing) Role of Public and Nonprofit Actors in Coping with Income Poverty* (Frankfurt am Main: Peter Lang GmbH, 2010).
[140] The English Compact: HM Government "The Compact" https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61169/The_20Compact.pdf (accessed 16 January 2015). There are also compacts for Scotland, Wales and Northern Ireland.
[141] Canada, "Voluntary Sector Task Force: An Accord between the Government of Canada and the voluntary sector", 2001. http://www.vsi-isbc.org/eng/relationship/pdf/the_accord_doc.pdf (accessed 16 January 2015).
[142] Richard Boyle, "Maintaining Voluntary Sector Autonomy While Promoting Public Accountability: Managing Government Funding of Voluntary Organisations ", *Royal Irish Academy Third Sector Research Programme* no. Working paper No. 2 (2002), http://www.ipa.ie/pdf/Working_Paper_No_2_RIA.pdf.
[143] *Kia Tutahi* is New Zealand's relationship agreement between government and the voluntary sector. It does not specifically recognise an advocacy role for voluntary organisations but states 'we have a collective responsibility to hear and respond to the voices of all.' http://www.dia.govt.nz/vwluResources/The%20Kia%20Tutahi%20Relationship%20Accord/$file/Kia_Tutahi_Standing_Together_Accord.pdf (accessed 12 January 2015).

New Zealand's marketisation experience

Over the last three decades New Zealand has been consistently supportive of a market-focus in social services.[144] Initially this resulted in rapid growth of quasi-markets (integration of the market in the welfare state) from the late 1980s and the development of competitive contract relationships between government and the voluntary sector. The discourse on this subject gained traction internationally in the early 1980s and has continued over the last two decades.[145] The *Study of the NZ Non-Profit Sector*[146] is the most significant New Zealand study informing this research. The project appears to have been supported by government's interest in the economic value of the sector and continued during the implementation of the Charities Act 2005 (notably the registration requirement on some charities for tax exemption purposes). The project was to provide a reliable base for policy decisions affecting the sector and it recognises that the state has long been the country's largest philanthropist.[147] The accountability and regulation that has increased with marketisation is discussed in Chapters Five and Six, but these features are still significant to an extent that they may constitute interference in the social services market.

One effect of government's consistent support of the conflicting ideas of marketisation and government 'philanthropy' is new governance forms, variously called partnerships[148] or co-production of services between FSP organisations and government.[149] New Zealand's recent support of social enterprise is important (discussed below and in Chapter Six) but it is possible that social enterprise may compete with the idea of partnership[150] because enterprise presumes competition not sharing. Another study found a divergence between rhetoric and practices around partnership and collaboration and a subtle process - which is not homogeneous or very generalisable – of partnership changing to co-optation to the government's political ideas.[151]

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[144] Starke, *Radical Welfare State Retrenchment: A Comparative Analysis*.; Evans and Shields, "Neoliberal Restructuring and the Third Sector: Reshaping Governance, Civil Society and Local Relations." 15. http://www.ryerson.ca/~cvss/WP13.pdf (accessed 12 January 2015).

[145] As noted by Ed Carson and Lorraine Kerr, "Marketisation of Human Service Delivery: Implications for the Future of the Third Sector in Australia," in *10th ISTR Conference* (Siena, Italy: International Society for Third Sector Research, 10 - 13 July 2012). The discourse includes seminal contributors such as: Burton E Weisbrod, "Toward a Theory of the Voluntary Non-Profit Sector in a Three-Sector Economy," in *Altruism, Morality and Economic Theory*, ed. Edmund Phelps (New York: Russell Sage, 1975).; Jennifer R Wolch, *The Shadow State: Government and Voluntary Sector in Transition* (Washington, DC: Foundation Center, 1990).; Michael Lipsky and Steven Rathgeb Smith, "Nonprofit Organizations, Government, and the Welfare State," *Political Science Quarterly* 104, no. 4 (1989).; Julian Le Grand, "Quasi-Markets and Social Policy," *The Economic Journal* (1991).

[146] http://www.ocvs.govt.nz/work-programme/building-knowledge/study-of-the-non-profit-sector/index.html

[147] Mike O'Brien, Jackie Sanders, and Margaret Tennant, "The New Zealand Non-Profit Sector and Government Policy," *Wellington: Office for the Community and Voluntary Sector* (2009).,16.

[148] Wendy Larner and David Craig, "After Neoliberalism? Local Partnerships and Social Governance in Aotearoa New Zealand," in (Auckland: Local Partnerships and Governance Research Group: University of Auckland, 2002).

[149] Donna McKenzie et al., "Co-Production in a Māori Context," *Social Policy Journal of New Zealand*, no. 33 (2008).

[150] Larner and Craig, "After Neoliberalism? Local Partnerships and Social Governance in Aotearoa New Zealand."

[151] Prestidge, "It's a Partnership: Yeah, Right! An Analysis of Discourses of Partnership between Government and Community Organisations in New Zealand (1999-2008)."

Other concerns have been raised: FSP organisations may have their work undercut and appropriated by larger forces of the political economy,[152]and in Waitakere, despite citizen activism pointing the way for better service provision, local and central government struggled to align funding, function and mandate.[153] Barnardos New Zealand struggled to regain a sense of its mission following rapid growth and innovation based on government contract funding.[154] An organisation with a history of partnership with government beyond funding[155] – the Prisoners' Aid and Rehabilitation Society – lost a $2.5 million contract in 2010 which it had had with the Corrections Department for 51 years, after a disagreement with the Minister of Corrections.[156] But if FSP organisations want to survive and continue providing services, they have had to accept the 'bear hug 'of government funding.[157]

Market-focus in social services – operationalising the concept

The following discussion identifies relevant issues in the marketisation literature that align with the principles of civil society. They are arranged by sector level and organisation level to help develop the research methodology.

Sector level issues in the marketisation of social services

1. Blurred boundaries

One concern expressed in the marketisation literature is that market-focus blurs boundaries previously well-defined between the market, government and voluntary sector.[158] That said, there is little congruence about the ideal separation.[159] Blurred boundaries become problematic when looking at the philosophical foundations of the voluntary sector compared with the market[160] although this may not of itself be a problem in the social economy if commerce-based efficiencies encourage innovation in both policy development and service delivery. Some take a tolerant

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[152] Wendy Larner and David Craig, "After Neoliberalism? Community Activism and Local Partnerships in Aotearoa New Zealand," *Antipode* 37, no. 3 (2005).

[153] David Craig, "Building Better Contexts for Partnership and Sustainable Local Collaboration: A Review of Core Issues, with Lessons from the "Waitakere Way"," *Social Policy Journal of New Zealand* (2004).

[154] Hal B. Levine, "Tackling the Effects of Neoliberalism? Integrating Services at Barnardos New Zealand," ibid., no. 36 (2009).

[155] Margaret Tennant, "A Perilous Partnership: Government and the New Zealand Prisoners' Aid and Rehabilitation Society," *Third Sector Review* 10, no. 1 (2004).

[156] Simon Collins, "Prisoner aid group loses contract," The New Zealand Herald, 18 March 2010, a. http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10632611. (accessed 13 September 2014).

[157] Garth Nowland-Foreman, "Can Voluntary Organisations Survive the Bear Hug of Government Funding under a Contracting Regime?: A View from Aotearoa/New Zealand.," *Third Sector Review* 3, no. 1997 (1997).

[158] Matthew L. Sanders, "Theorizing Nonprofit Organizations as Contradictory Enterprises: Understanding the Inherent Tensions of Nonprofit Marketization," *Management Communication Quarterly* 26, no. 1 (2012).; Hillel Schmid, "Nonprofit Human Services: Between Identity Blurring and Adaptation to Changing Environments," *Administration in Social Work* 37, no. 3 (2013).

[159] Paul Dekker, "Civicness: From Civil Society to Civic Services?," *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 20, no. 3 (2009).

[160] Ariel C Armony, *The Dubious Link: Civic Engagement and Democratization* (Stanford: Stanford University Press, 2004).; Young, "Commercialism in Nonprofit Social Service Associations: Its Character, Significance, and Rationale."; Jean Cohen and Andrew Arato, *Political Theory and Civil Society* (Cambridge, MA: MIT Press, 1992).

approach to blurred boundaries;[161] a compromise in traditional not-for-profit functions is possible and positive.[162]

While many FSP organisations become bound up in the dominant market-focus not all participants in the mixed economy of welfare are in favour of it,[163] nor is there is just one side to these concerns. A dualist analysis of public policy[164] which considers the autonomy-accountability impacts arising from purchase-of-service contracting indicates that decisions are constrained on both sides of the contracting arrangement and that interdependence now appears to be systemic. There is a range of FSP organisation gains and losses from government contracting: organisational age, size, technology and sector are relevant rather than simply the fact of being for-social-profit.[165] If the distinctiveness of being for-social-profit is insignificant, boundaries are definitely blurred.

2. Institutional logic

The alternative perspective to blurred boundaries is the characterisation of the voluntary sector as a distinct institutional arrangement, with a unique culture, constituency and set of constraining factors. Institutional logic is relevant when investigating FSP organisations.[166] When government logic is small-government and devolving social services to FSP organisations through a competitive market model, tension is created because these organisations culturally resist the logic of the market. On the other hand if the public values[167] of fairness or equality are presumed to be devolved from government along with the services there will be a disjunction in expectations: adoption of public values was never the goal of marketisation[168] and marketisation did not seek to strengthen policy making capacity of these organisations. Instead, the pervasiveness of marketisation may lead to a rejection of pluralism and political conflict as a method of policy making. While many are concerned that not all individuals have the same capacity to navigate the choice of providers, marketisation is seen to increasingly be the policy of choice.[169] The resulting institutional changes are the most radical since the advent of the modern welfare state.[170]

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[161] Michael Walzer, *Spheres of Justice: A Defense of Pluralism and Equality* (New York, NY: Basic Books, 1983); John Keane, *Civil Society: Old Images, New Visions* (Stanford: Stanford University Press, 1998).; and especially the third way proposed by Anthony Giddens, *The Third Way: The Renewal of Social Democracy* (Cambridge: Polity Press, 1998).

[162] Annette Zimmer and Christina Stecker, eds., *Strategy Mix for Nonprofit Organisations: Vehicles for Social and Labour Market Integrations* (New York: Springer Science+Business Media 2004).

[163] Clive Sellick, "Towards a Mixed Economy of Foster Care Provision," *Social Work and Social Sciences Review* 13, no. 1 (2007).: 34.

[164] Ralph M. Kramer, "Voluntary Agencies and the Contract Culture: "Dream or Nightmare?"," *Social Service Review* 68, no. 1 (1994).: 52.

[165] Ibid.

[166] Eve E. Garrow and Yeheskel Hasenfeld, "Institutional Logics, Moral Frames, and Advocacy: Explaining the Purpose of Advocacy among Nonprofit Human-Service Organizations," *Nonprofit and Voluntary Sector Quarterly* 43, no. 1 (2014).

[167] Stephanie Moulton and Adam Eckerd, "Preserving the Publicness of the Nonprofit Sector: Resources, Roles, and Public Values," ibid.41, no. 4 (2012).

[168] Greer and Doellgast, "Marketization, Inequality, and Institutional Change."

[169] Brennan et al., "The Marketisation of Care: Rationales and Consequences in Nordic and Liberal Care Regimes.", 388.

[170] Mark Considine, "Governance and Competition: The Role of Non-Profit Organisations in the Delivery of Public Services," *Australian Journal of Political Science* 38, no. 1 (2003).

3. Choice

An awkward space between totally blurred boundaries and defined institutionalised boundaries exists when considering the choice in social services. Marketisation promotes the choice of providers for citizens, with organisations competing for customers.[171] Imperfect markets may develop when organisations seek economies of scale, meaning that a few, large agencies could manipulate the social services market to create oligarchies which then provide a diminished range of services – and providers - to choose from. There may also be choice within the workforce of social services: between government and the voluntary sector, and within for-private-profit services. This is especially evident in social work or teaching where workers are equipped to be adaptable to many work settings. Shared or similar standards, techniques and knowledge across work settings increases the alternatives open to both workforce and clients. One potential risk of decreasing differentiation between work settings is a greater focus on professionalism than on the work setting and isomorphism toward the stronger bureaucratic habits of government such as performance targets, professional development, and the sceptre of re-structuring and redundancy budgeting. Voluntary agencies then may absorb these bureaucratic tendencies and find that it creates an imbalance between professionalism and voluntarism ethos.

Organisation-level issues with marketisation of social services

1. Values

Some of the concerns visible at sector level can be dealt with better at organisation level, such as organisational values and the incongruence of altruism and commercialism.[172] Many strongly disagree with the intermingling of the values of community and market principles[173] and yet competing values can be internally legitimate within the institution.[174] Looking from outside FSP organisations, they appear highly variable yet if their resource base and functions have become 'heavily influenced by commodification and reliant on surpluses derived from market transactions directly or via redistribution through taxation'[175] there is likely to be less diversity in organisational values. When taxation revenues provide a large proportion of for-social-profit funding voters demand that services be provided efficiently, leading to the possibility of less value placed on organisational values than on the technical problems of money management.

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[171] Le Grand, *The Other Invisible Hand: Delivering Public Services through Choice and Competition*.

[172] Alan Fowler, "Civic Agency," in *International Encyclopedia of Civil Society*, ed. Helmut K Anheier and Stefan Toepler (Springer US, 2010). http://www.springerlink.com.ezproxy.auckland.ac.nz/content/u258567x4741/fulltext.pdf (pp:153-5)

[173] For an overview of these critiques see Adrian Little, *The Politics of Community: Theory and Practice* (Edinburgh Edinburgh University Press, 2002).

[174] Johan P. Olsen, "Democratic Government, Institutional Autonomy and the Dynamics of Change," *West European Politics* 32, no. 3 (2009).

[175] Fowler, "Civic Agency." 153.

For FSP organisations, providing services clearly requires funding but some income sources do not fit well with organisational values[176] if an acceptance of the values of the funder – government or philanthropic is required. More insidiously the values of the market may become FSP values if a focus on meeting funders' expectations of efficiency leads to 'cream skimming' of straightforward cases[177] and lower cost work by professionalised organisations[178] leaving the complex cases to volunteer-resourced organisations. Pragmatism can lead the contracting parties to manipulate circumstances to maintain the status quo and minimise transaction costs[179] thereby diminishing supplier competition. Value adjustment may also be a response to corporate donor expectation[180] which sometimes leads to 'insidious marketing, branded memberships, alienation, and unbounded inequality.'[181] While organisations may now focus on the funding market rather than on constituents, social enterprise research[182] (see below) may shed light on whether the joining together of both market and constituent values can provide assurance that organisational values and mission are protected.

2. Mission

A swathe of literature laments marketisation's stultifying effects on charities' mission[183] but other views show that organisational adaptation[184] to the reality of public funding does not necessarily lead to failure of purpose or derailing of mission,[185] and in some cases may even have a positive effect.[186] Tuckman[187] predicted that as commercial ventures by for-social-profits increase missions would become more ambiguous especially when increased revenue is needed to fulfil these missions.[188] The difficulty of drawing conclusions about the mission-market nexus is shown in two studies by Dennis Young. In 1998 he concluded that commercialism should not be – and is not - driving strategic decisions of for-social-profits; mission still overrides commercial decisions.[189] His more recent study showed that some for-social-profits used *ad hoc* methods to determine pricing and some had

[176] Paul J. DiMaggio and Helmut K. Anheier, "The Sociology of Nonprofit Organizations and Sectors," *Annual Review of Sociology* 16(1990).

[177] Considine, "Governance and Competition: The Role of Non-Profit Organisations in the Delivery of Public Services."

[178] Sheila B Kamerman and Alfred J Kahn, *Privatization and the Welfare State* (Princeton, NJ: Princeton University Press, 2014).

[179] Kramer, "Voluntary Agencies and the Contract Culture: "Dream or Nightmare?"."44; Frank R Baumgartner et al., *Lobbying and Policy Change: Who Wins, Who Loses, and Why* (Chicago and London: University of Chicago Press, 2009).

[180] Karen A. Froelich, "Diversification of Revenue Strategies: Evolving Resource Dependence in Nonprofit Organizations," *Nonprofit and Voluntary Sector Quarterly* 28, no. 3 (1999).

[181] Fowler, "Civic Agency.", 154.

[182] There is a growing literature on social enterprise but some paradoxes are set out in the following: Ken Peattie and Adrian Morley, "Eight Paradoxes of the Social Enterprise Research Agenda," *Social Enterprise Journal* 4, no. 2 (2008).

[183] See Angela M. Eikenberry, "Refusing the Market: A Democratic Discourse for Voluntary and Nonprofit Organizations," *Nonprofit and Voluntary Sector Quarterly* 38, no. 4 (2009).: 587.

[184] Jennifer Alexander, "Adaptive Strategies of Nonprofit Human Service Organizations in an Era of Devolution and New Public Management," *Nonprofit Management and Leadership* 10, no. 3 (2000).

[185] Claire McLoughlin, "Factors Affecting State–Non-Governmental Organisation Relations in Service Provision: Key Themes from the Literature," *Public Administration and Development* 31, no. 4 (2011).: 248.

[186] Vázquez, Álvarez, and Santos, "Market Orientation and Social Services in Private Non-Profit Organisations."

[187] Howard P. Tuckman, "Competition, Commercialization, and the Evolution of Nonprofit Organizational Structures," *Journal of Policy Analysis and Management* 17, no. 2 (1998).

[188] Burton A. Weisbrod, "Guest Editor's Introduction: The Nonprofit Mission and Its Financing," ibid.

[189] Dennis R. Young, "Commercialism in Nonprofit Social Service Associations: Its Character, Significance, and Rationale," ibid.

sophisticated strategic processes. Those in the first category – the majority – were generally price-takers and had experienced considerable government constraints on their service.[190]

Considering that for-social-profits are often seen as having flexible and innovative characteristics, it is not surprising that an empirical study found some organisations pragmatically accept that government contracting may create 'mission drift' and therefore find ways of proactively avoiding it.[191] Some strategies to control mission drift include developing rules that enable control to remain with the organisation[192] and developing greater congruence between the organisation's scope of activity and the interests of its constituency.[193] Rather than seeing FSP organisations as powerless to maintain their mission, adaptation to changing environmental factors reveals the autonomy of these organisations. There appears to be little empirical evidence to support the fear that contracting non-profits will lose their commitment to organisational mission in favour of service expansion[194] but there is evidence that maintaining the mission-market balance is a struggle.[195]

3. Source of revenue

Clearly FSP organisations are not established for the purpose of obtaining revenue: they are established to provide a social service. But income is required and FSP organisations must make choices about where that income should come from;[196] what mix of revenue is best;[197] and how to deal with the effects of these choices.[198] The source(s) of revenue for FSP organisations determines not only who their stakeholders are but also the types of services or goods produced, the particular combination of labour and capital used to produce them and the timeframes required for strategic planning.

Obtaining private sector funding is often as challenging as obtaining public funding: there may be requirements for the money to be used for particular services, constituents and locations. Even donation income may be dependent on offering tax-exemptions, which are only available to registered charities, and may require them to put policy advocacy in second place to services. Then there are inter-sectorial issues in private sector revenue: some evidence has emerged that increased

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[190] Dennis R. Young , Taehyun Jung, and R. Aranson, "Mission–Market Tensions and Nonprofit Pricing," *The American Review of Public Administration* 40, no. 2 (2010).
[191] Bennett and Savani, "Surviving Mission Drift: How Charities Can Turn Dependence on Government Contract Funding to Their Own Advantage."
[192] Robert.K. Christensen et al., "Light and Dark Sides of Nonprofit Activities and the Rules to Manage Them: The Case of Charitable Bingo," *Administration & Society* 41, no. 2 (2009).
[193] Linda R. Catalano, "Organizational Boundary Definition and the Micropolitics of Organization-Constituency Relationships and Organizational Autonomy" (Dissertation, Columbia University, 2009).
[194] GRØNBJERG, K. A. 1993. Understanding Nonprofit Funding: Managing Revenues in Social Service and Community Development Nonprofits. San Francisco: Jossey-Bass.
[195] Garrow and Hasenfeld, " Managing Conflicting Institutional Logics: Social Service Versus Market."
[196] Deanna Malatesta and Craig R. Smith, "Lessons from Resource Dependence Theory for Contemporary Public and Nonprofit Management," *Public Administration Review* 74, no. 1 (2014).
[197] Froelich, "Diversification of Revenue Strategies: Evolving Resource Dependence in Nonprofit Organizations."
[198] Estelle James, "How Nonprofits Grow: A Model," *Journal of Policy Analysis and Management* 2, no. 3 (1983).

commercial income puts off donors[199] and organisations with high debt ratios and high fundraising ratios receive lower grant amounts.[200] Whatever the revenue source it should support FSP organisations being free from two important FPP requirements: making a profit to pay the firm's owners and paying for all of the labour input (instead of using donated labour). This means that FSP organisations can engage in innovative and labour-intensive activities that allow them to meet needs that private firms cannot.

4. Professionalisation

The increase in professionalisation of social services has many causes including migration that increases the diversity of needs, a greater proportion of workers with tertiary qualifications, and cyclical constraints on the economy forcing changes to the employment choices available to individuals and employers. FSP organisations are faced with the choice of continuing with a substantially volunteer workforce or a paid workforce: sometimes volunteers are out of the equation because of funders' requirements for accredited staff. On the other hand the huge burden of control, monitoring and financial certainty required once salaried staff are employed is likely to be associated with on-going dependence on the same forms of funding that created professionalisation.

One risk of professionalisation[201] is that FSP organisations with a high proportion of professional staff may find it challenging to connect with grassroots activities.[202] This has multiple effects: potentially diminishing the flow of community or individual information into the organisation, and reducing the role that the organisation plays in advocacy and the potential of reduced voluntary activism.[203] While ostensibly remaining as a buffer between vulnerable individuals and the state apparatus, FSP organisations taking on service-by-contract risk losing employees' interest in the wider social issues vision.[204] However some organisations encourage professional staff to act as policy advocates within their regular service provision role.[205]

Even where volunteers remain, some worry that market-focus has a colonising effect on volunteers' identity, passion and freedom which has always made the voluntary sector distinctive.[206] The heart of

[199] Baorong Guo, "Charity for Profit? Exploring Factors Associated with the Commercialization of Human Service Nonprofits," *Nonprofit and Voluntary Sector Quarterly* 35, no. 1 (2006).

[200] Shena Ashley and Lewis Faulk, "Nonprofit Competition in the Grants Marketplace," *Nonprofit Management & Leadership* 21, no. 1 (2010).

[201] Social services as an industry code is used in classifying employment and business types in the national statistics of New Zealand and elsewhere.

[202] Christine Milligan and Nicholas R. Fyfe, "Preserving Space for Volunteers: Exploring the Links between Voluntary Welfare Organisations, Volunteering and Citizenship," *Urban Studies* 42, no. 3 (2005).

[203] Kyle RG Milligan C, Bondi L, Fyfe NR, Kearns R & Larner W, "From Placards to Partnership: The Changing Nature of Community Activism and Infrastructure in Manchester, UK and Auckland, Aotearoa New Zealand.," (Lancaster, UK.: Economic and Social Research Council. Institute for Health Research, University of Lancaster., 2008).

[204] Lipsky and Smith, "Nonprofit Organizations, Government, and the Welfare State."

[205] Lyn Ainsworth, "Strategic Sustainability" (Presentation to ANZTSR Conference Community, Resilience and the Third Sector, Christchurch, 18-20 November 2014).

[206] Shiv Ganesh and Kirstie McAllum, "Volunteering and Professionalization: Trends in Tension?," *Management Communication Quarterly* 26, no. 1 (2012).

a volunteer cannot be reduced to a quantitative measurement of their costs and benefits,[207] although this is exactly what governments have done in calculating the benefits of continuing to contract out public services to non-profits. In doing this governments and citizens have traded on the long-established tradition of voluntary organisations' capacity to provide services on a shoestring, using voluntary effort wherever possible. Finally while government funding requires standardisation of services and accountability for the services funded[208] as well as professionalism there is a risk that resources required for this will be diverted from advocacy resources if the benefits of advocacy were not sufficiently clear for the FSP organisation to invest resources in that activity.

Social enterprise

The idea of social enterprise has mushroomed globally since its emergence in Europe in the mid-1990s. Simply defined, 'social enterprises use business models and tools for a social purpose'[209] and include receiving rent, selling products in an open market and providing user-pays services. It is described as either a new approach that fills the gap between charity and government[210] or an expansion and reorientation of existing institutions rather than a conceptual break with them.[211] It is best represented visually as in Figure 3.

Figure 3: Social enterprise in New Zealand[212]
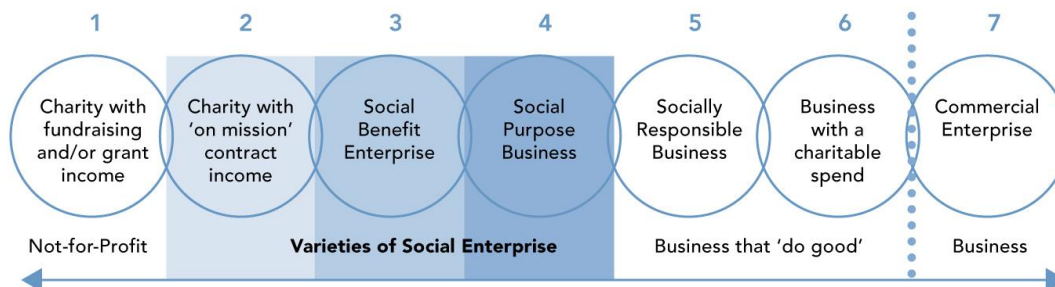
Figure 3 shows how hybrid organisations of various mixtures can all be considered social enterprises. Some distinguish between voluntary organisations and social enterprises: 'those voluntary organisations which trade in order to raise funds remain essentially voluntary organisations, while

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[207] Sarah E. Dempsey and Matthew L. Sanders, "Meaningful Work? Nonprofit Marketization and Work/ Life Imbalance in Popular Autobiographies of Social Entrepreneurship," *Organization* 17, no. 4 (2010).
[208] Lipsky and Smith, "Nonprofit Organizations, Government, and the Welfare State."
[209] Mary Jo Kaplan, "Growing the Next Generation of Social Entrepreneurs and Start-Ups in New Zealand " in *Ian Axford (New Zealand) Fellowships in Public Policy* (Wellington: Fulbright New Zealand, 2013).
[210] A Nicholls and A. Murdock, eds., *Social Innovation: Blurring Boundaries to Reconfigure Markets* (New York: Palgrave Macmillan, 2012).; Herrington J. Bryce, "Nonprofits as Social Capital and Agents in the Public Policy Process: Toward a New Paradigm," *Nonprofit and Voluntary Sector Quarterly* 35, no. 2 (2006).
[211] Marthe Nyssens and Jean-Louis Laville, "The Social Enterprise," ed. Carlo Defourny Borzaga, Jacques *The Emergence of Social Enterprise* (London: Routledge, 2001), http://dx.doi.org/10.4324/9780203164679.ch18.
[212] Kaplan, "Growing the Next Generation of Social Entrepreneurs and Start-Ups in New Zealand ".

those for whom engaging in trade is the way in which they achieve their social purpose may redefine themselves as social enterprises.'[213]

New Zealand has grabbed the social enterprise concept – both within the sector and the government[214] – as has Australia[215] and other countries.[216] It can be described as a new concept in that it uses venture capital in the work of philanthropy and 'aligns several income-generating strategies that can include direct sales to customers, commercial contracts with governments, or other service level agreements.'[217] Philanthropists are also enthusiastic.[218] But being a social enterprise is not necessarily easy; a creative tension is required between the business and the social aspects.[219] Examples of difficulties of social enterprise activity can be seen when the cost to income ratio (in trading or service provision by charities) is negative; this indicates that where costs outweigh trading income, fundraising or volunteers must make up the resource difference.

For-social-profit advocacy concepts

The following discussion identifies relevant issues in the not-for-profit advocacy literature that align with sector and organisation levels as in the marketisation discussion above. Firstly advocacy is a term used in many different ways and there appears to be frequent confusion about whether advocacy has broad policy-related goals or individual wellbeing goals.[220] The confusion can arise because the wellbeing of individuals is the usual catalyst to create an FSP organisation and the organisation may pursue this wellbeing by providing services which are both individual-focused and public interest-focused. A philosophical approach to advocacy is presented in Chapter Two by considering advocacy as a feature of neopluralist states.

Policy advocacy factors: Sector level

Some of the advocacy factors that should be considered include: focus of advocacy and policy system characteristics (sector level), choice of advocacy activities, governance issues and issues relating to professionalisation (organisation level).

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[213] John Pearce and Alan Kay, "Social Enterprise in Anytown," Cited in Sinéad McBrearty, "Social Enterprise: A Solution for the Voluntary Sector?," *Social Enterprise Journal* 3, no. 1 (2007).: 68.

[214] Hon. Jo Goodhew, "Government Gets Behind Social Enterprises," http://www.beehive.govt.nz/release/government-gets-behind-social-enterprises. (accessed 20 July 2014).

[215] Alex McDonald and Neil Paulsen, "Doing Social Enterprise: A Reflection and View from the Field," *Third Sector Review* 16(2010).

[216] Giulia Galera and Carlo Borzaga, "Social Enterprise: An International Overview of Its Conceptual Evolution and Legal Implementation," *Social Enterprise Journal* 5, no. 3 (2009).

[217] "Social enterprise gaining influence" TrustLine Newsletter September 2012, http://www.asbcommunitytrust.org.nz/News-publications/Feature-stories/Social-enterprise-gaining-influence (accessed 15 September 2014).

[218] Kate Frykberg, "A Short Summary and Case Studies of Social Enterprise & Social Finance in Aotearoa New Zealand " (http://www.toddfoundation.org.nz/wp-content/uploads/2009/01/Social-enterprise-and-social-finance-in-NZ-with-case-studies.pdf: Todd Foundation, 2012).

[219] McDonald and Paulsen, "Doing Social Enterprise: A Reflection and View from the Field."

[220] One example of different research perspectives on non-profit advocacy is studying advocacy as undifferentiated or differentiated between advocacy for programme funding and policy issue advocacy. This is discussed in a later chapter.

1. Focus of advocacy

There are three main types of public-interest advocacy that could be relevant here – policy advocacy, sustainability advocacy and political advocacy.[221] These distinctions are often not clearly cut,[222] because advocacy changes scope and direction depending on the issue, the people and the resources involved. Clarity about types of advocacy – as well as the focus of advocacy - is necessary for the target audiences as well as the advocating organisation, and is discussed further below.

Sustainability advocacy by FSP organisations draws attention to the organisation's capacity to deal with particular social, economic or environmental issues, and seeks to ensure the organisation's continuation such as through increased revenue.[223] Organisations which have a primary commitment to changing political direction in the government or seeking redress of civil rights infringements, commonly engage in political advocacy because the focus is on the distribution of power and resources controlled by the state.[224] There are three elements to political advocacy: the awareness that there is a lack of justice within society, the way that correction of injustice is sought, and the overall system that may be affected by that advocacy.

Policy advocacy is not focused on individuals or small communities of interest or on the political system, but on voicing issues of concern to both particular and general constituencies and is also referred to as public-interest advocacy.[225] It includes providing information and awareness-raising and seeking changes in legislation or government policy but not generally seeking justice for some wrong by another institution. Although policy advocacy is not focused on specific individuals sometimes an individual will be the 'face' of a particular social issue that prompts government attention. Individual-focused services provided by FSP organisations often include advocacy on behalf of a group of individuals about government action but may also include advocacy seeking systemic change.

Policy advocacy can be broadly defined as 'active interventions by organisations on behalf of the collective interests they represent, that have the explicit goal of influencing public policy or the

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[221] Garrow and Hasenfeld, "Institutional Logics, Moral Frames, and Advocacy: Explaining the Purpose of Advocacy among Nonprofit Human-Service Organizations."

[222] This is a concern of one study: Stephanie Geller and Lester M. Salamon, "Nonprofit Advocacy: What Do We Know?," in *Nonprofit Listening Post Project* (Baltimore, MD: Johns Hopkins Center for Civil Society Studies, 2007). The confusion is outlined in: Almog-Bar and Schmid, "Advocacy Activities of Nonprofit Human Service Organizations: A Critical Review."

[223] For a very useful explication of this difference see: Eve E. Garrow and Yeheskel Hasenfeld, "Institutional Logics, Moral Frames, and Advocacy: Explaining the Purpose of Advocacy among Nonprofit Human-Service Organizations," ibid.

[224] Craig Jenkins, "Nonprofit Organizations and Political Advocacy," ed. Walter W. Powell and Richard Steinberg, *Nonprofit Sector : A Research Handbook* (New Haven, CT, USA: Yale University Press, 2006), http://site.ebrary.com/lib/auckland/docDetail.action?docID=10210281.

[225] Policy advocacy includes: submissions about proposed law and policy changes; promoting public conversations (such as conferences, posters and media releases) about issues on which governments should take action; producing research on such issues; and engaging directly with elected and appointed officials (meetings, letters and emails, advisory and representative committees).

decisions of any institutional elite'.[226] Advocacy also includes 'work… that seeks to change minds, mobilize public will, and influence government … any deliberate act to enhance the power of the organization to influence other actors in the policy process.'[227] Such definitions are still too broad for this research, as they could include advocacy relating to organisational survival. Nor does it distinguish whether it is being politically provocative to achieve a policy shift on behalf of all citizens.

When government is a stakeholder in both funding and policy making it may be hard to distinguish the difference between sustainability advocacy and policy advocacy. While funders are particularly attuned to the fact that financial support is being sought for programmes, they may only consider the funding impacts without realising that there is actually a policy decision on the table as well.

Policy system

The existence of policy advocacy within the voluntary sector depends on various features of the policy system[228] such as: political perspectives on the idea of policy advocacy, institutional features of the system, and relationships between the government and sub-sectors.[229] A neopluralist perspective on advocacy accepts the idea that for-social-profits are legitimately able to influence the policy agenda[230] although a realist view of public interest advocacy would argue that because diverse interests define public interest differently, a single organisation cannot validly claim to advocate for aggregated interests and will generally take a mono-interest position. Individualism has become endemic within the policy system of neoliberal democracies and in New Zealand neoliberalism has shifted the character of the policy system to that of social liberal.[231] However there may be heterogeneity within parts of the policy system: social policy shows a mix[232] of neoliberalism (in service efficiency) and statist egalitarianism (such as in universal entitlement to superannuation and accident compensation).

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[226] Jenny Onyx et al., "Implications of Government Funding of Advocacy for Third-Sector Independence and Exploration of Alternative Advocacy Funding Models," *Australian Journal of Social Issues* 43, no. 4 (2008). 632.

[227] John Casey, "Understanding Advocacy: A Primer on the Policy Making Role of Nonprofit Organizations," Working Paper, *Center for Nonprofit Strategy and Management Working Paper Series*(2011), http://www.baruch.cuny.edu/spa/researchcenters/nonprofitstrategy/workingpapers.php. (accessed 12 March 2013).

[228] Lyons and Passey, "Need Public Policy Ignore the Third Sector? Government Policy in Australia and the United Kingdom."

[229] Where the contracting relationship allows for a policy advocacy relationship as well, it may help both parties to acknowledge where the legal constraints end and social advocacy should start, by using a definitional framework. See: Adil Najam, "The Four C's of Government Third Sector-Government Relations," *Nonprofit Management and Leadership* 10, no. 4 (2000).

[230] Elizabeth Reid, "Advocacy and the Challenges It Presents for Nonprofits.," ed. Elizabeth T. Boris and C. Eugene Steuerle, 2nd ed., *Nonprofits and Government : Collaboration and Conflict* (Washington, DC, USA: Urban Institute Press, 1999), http://site.ebrary.com/lib/auckland/docDetail.action?docID=10555901.

[231] J Richard Peet, "Comparative Policy Analysis: Neoliberalising New Zealand," *New Zealand Geographer* 68, no. 3 (2012).

[232] Penelope J. Brook Cowen, "Neoliberalism," in *New Zealand Politics in Transition*, ed. Raymond Miller (Auckland: Oxford University Press, 1997).

The institutional features of policy systems are commonly presented as parts of cyclic or linear processes accompanied by numerous policy networks and advocacy coalitions[233] made up of interest groupings and political actors. From a civil society perspective and a tikanga Māori[234] approach the policy process could instead be idealised as a 'grand conversation'[235] where people and organisations can participate relatively freely and iteratively as suits the postmodern phase[236] at various stages of policy evolution.[237] There appears to be no consensus[238] that predicts advocacy activities at different policy-making phases such as agenda setting, policy development and implementation[239] but agenda-setting is generally considered the stage at which advocacy organisations will have their greatest influence.[240] This essentially political process may allow for 'building alliances between groups who have problems and groups who have solutions.'[241]

An enduring challenge for the relationship between the government and the voluntary sector is a concern that advocacy which purports to be in the public interest may stray – even inadvertently – into political activism. There is no doubt that political activists get involved – most likely in some large FSP organisations or peak bodies because they have a national focus - but the collective decision making processes of those organisations should deal with undue partisan influence. An Australian study of the government-community sector relationship over the last thirty years paints a picture of suspicion about advocacy.[242] Despite the promise of meaningful co-production of public policy, community workers were frustrated at perceived marginalisation and constraints on policy advocacy, noting that coproduction may reflect the experience of a small subset of winners and the development of contracting monopolies. As contracting and project-based funding have decoupled the policy and service roles, instead of providing community organisations with greater participation in both, it has led to a concentration of policy within government and a detached, contract management role. Other challenges within the policy system for advocacy include[243] a fragmented consensus in the polity about roles and responsibilities on some issues, on-going policy shifts (and

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[233] Michael Mintrom, *Contemporary Policy Analysis* (Oxford ; New York: Oxford University Press, 2012).; Paul A Sabatier, *Policy Change and Learning: An Advocacy Coalition Approach (Theoretical Lenses on Public Policy)* (Boulder, CO: Westview Press, 2006).; Edella Schlager, "Policy Making and Collective Action: Defining Coalitions within the Advocacy Coalition Framework," *Policy Sciences* 28, no. 3 (1995).

[234] Tikanga Māori is discussed in some detail in Chapter Five but is used here to refer to the Māori tradition of iterative discussion on significant topics, face-to-face as during conversation.

[235] Jensen, *Civil Society in Liberal Democracy*.

[236] Miller, *Postmodern Public Policy*.

[237] Peter John, "Is There Life after Policy Streams, Advocacy Coalitions, and Punctuations: Using Evolutionary Theory to Explain Policy Change?," *Policy Studies Journal* 31, no. 4 (2003).

[238] Public-management scholars on this topic are reviewed in: David M Van Slyke, "The Mythology of Privatization in Contracting for Social Services," *Public Administration Review* 63, no. 3 (2003).

[239] Almog-Bar and Schmid, "Advocacy Activities of Nonprofit Human Service Organizations: A Critical Review."

[240] Jenkins, "Nonprofit Organizations and Political Advocacy."; (Andrews & Edwards, 2004;); John Kingdon, *Agendas, Alternatives, and Public Policies* (New York: Harper Collins, 1995).

[241] Deborah Stone, "Causal Stories and the Formation of Policy Agendas," *Political Science Quarterly* 104, no. 2 (1989). : 298.

[242] John Casey and Bronwen Dalton, "The Best of Times, the Worst of Times: Community-Sector Advocacy in the Age of 'Compacts'," *Australian Journal of Political Science* 41, no. 1 (2006).

[243] Reid, "Advocacy and the Challenges It Presents for Nonprofits.."

politician shifts), economic or political upheavals and bureaucracies that may stifle their own policy voice to secure budget stability.

There is contrasting evidence about the impact of policy advocacy generally (some studies are described in Chapter Four because they contribute to the methodology). Older research states that threats to advocacy from government funding are exaggerated[244] with newer studies filling in some of the gaps in understanding organisations' advocacy choices.[245] Large-scale surveys undertaken in the United States around not-for-profit advocacy in 2000–1[246] in 2002[247] and in 2007[248] showed that, contrary to the Australian experience, voluntary service organisations were commonly involved in policy advocacy and were not 'outside the political system.' An overall picture is a sector heavily depended on by government for social services but not having an open invitation to sit at the policy table.[249]

Policy advocacy: Organisation level

Organisational sociology would predict that sustainability advocacy is common in FSP organisations, because they need to seek sustainability of their organisation as well as achievement of their mission.[250] However it appears that policy advocacy is becoming more common –and is even 'a necessary way of coping with the uncertain, complex environments in which they operate'[251] although it is still probably minimal in comparison with other activities.

1. Advocacy activities

Various types of policy advocacy that have been developed in the literature are categorised in **Appendix 1**. These categorisations are not the focus of this research; rather it the scope and presence of advocacy in comparison with organisational features that are noteworthy. The type of advocacy chosen by FSP organisations is expected to be influenced by the interests of members or trustees, the resources available, and the long term strategic direction of the organisation.

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[244] James M. Ferris, "The Double-Edged Sword of Social Service Contracting: Public Accountability Versus Nonprofit Autonomy," *Nonprofit Management and Leadership* 3, no. 4 (1993).

[245] William T Gormley and Helen Cymrot, "The Strategic Choices of Child Advocacy Groups," *Nonprofit and Voluntary Sector Quarterly* 35, no. 1 (2006).

[246] 1,738 not-for-profits were surveyed. OMB Watch, Tufts University and Charity Lobbying in the Public Interest launched a multi-year research to action project, "Strengthening Nonprofit Advocacy Project (SNAP)", to investigate factors that motivate nonprofit organizations to engage in public policy matters. http://www.ombwatch.org/node/642.

[247] This study is detailed in Chapter Four Mosley, "Institutionalization, Privatization, and Political Opportunity: What Tactical Choices Reveal About the Policy Advocacy of Human Service Nonprofits."

[248] Geller and Salamon, "Nonprofit Advocacy: What Do We Know?."

[249] Dennis R Young, "Complementary, Supplementary, or Adversarial? Nonprofit-Government Relations," ed. Elizabeth T. Boris and C. Eugene Steuerle, *Nonprofits & government: Collaboration & conflict* (Washington, DC: Urban Institute Press 2006), http://site.ebrary.com.ezproxy.auckland.ac.nz/lib/auckland/docDetail.action?docID=10555901.

[250] Jill Nicholson-Crotty, "The Stages and Strategies of Advocacy among Nonprofit Reproductive Health Providers," *Nonprofit and Voluntary Sector Quarterly* 38, no. 6 (2009).

[251] Michal Almog-Bar and Hillel Schmid, "Advocacy Activities of Nonprofit Human Service Organizations: A Critical Review," ibid.43, no. 1 (2014). (p.28)

As the literature review shows, some advocacy strategies are well-researched and deliberated although some organisations may not record the reasons for choosing to advocate. Advocacy activities may change depending on the organisational lifecycle (such as start-up state compared with mature state), the style of communication with stakeholders (confrontational or cooperative), or public significance of the organisation's mission. Once organisations' programmes are achieving their objectives and have a sustainable funding model they are likely to maintain the status quo rather than launch into an unpredictable future with a vigorous policy campaign or an innovative programme proposal. As organisations evolve and face commercial constraints from contract funding or lack of resources available for policy advocacy, strategies have to adjust.

The dilemma facing charities that want to use their knowledge in policy advocacy[252] is that although they have been trusted with public and/ or private funds the increased accountability required[253] takes time and resources away from engaging with constituents and developing knowledge which supports the advocacy role.[254] The strategic approach[255] required by organisations wanting to be active in both services and advocacy[256] effectively limits this to larger FSP organisations because of the resources required.[257]

2. Representation and governance

The representatives within the governance body are major influencers of choices about policy advocacy[258] and determine whether there is a pragmatic or an idealist approach[259] to how the organisation participates in the social economy. Organisations choose a style of representation which is loosely based on democratic characteristics:[260] formal (structural), substantive (responsive to issues of concern to constituents), descriptive (reflecting qualities of constituents), or interest (representatives' orientation or value-set) representation – the latter two are common in FSP boards.[261]

Descriptive representation occurs when individuals possess characteristics which are representative of the organisation's constituents. This may be both more effective and possibly more efficient for the organisation. Increased effectiveness might arise because stakeholders are likely to have greater

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[252] Reid, "Advocacy and the Challenges It Presents for Nonprofits.."

[253] Andrew P. Williams and Jennifer A. Taylor, "Resolving Accountability Ambiguity in Nonprofit Organizations," *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 24, no. 3 (2013).

[254] Reid, "Advocacy and the Challenges It Presents for Nonprofits.."

[255] Najam, "The Four C's of Government Third Sector-Government Relations."

[256] Nicholson-Crotty, "The Stages and Strategies of Advocacy among Nonprofit Reproductive Health Providers."

[257] Bronwen Dalton and Jenny Onyx, "Accountability and Advocacy," *Third Sector Review* 12, no. 1 (2006).

[258] Rikki Abzug and Joseph Galaskiewicz, "Nonprofit Boards: Crucibles of Expertise or Symbols of Local Identities?," *Nonprofit and Voluntary Sector Quarterly* 30, no. 1 (2001).

[259] Nadia Urbinati, "Representation as Advocacy: A Study of Democratic Deliberation," *Political Theory* 28, no. 6 (2000).

[260] Many typologies are based on: Hanna Pitkin, *The Concept of Representation* (Berkeley, CA: University of California Press, 1967). Pitkin's framework was used soon after it was developed, showing that these different aspects of representation are in fact interconnected. Paul E. Peterson, "Forms of Representation: Participation of the Poor in the Community Action Program," *The American Political Science Review* 64, no. 2 (1970).

[261] Abzug and Galaskiewicz, "Nonprofit Boards: Crucibles of Expertise or Symbols of Local Identities?."

trust in the organisation's pursuit of its objectives if representatives who are affected by an issue are leading the organisation. If external stakeholders have the opportunity for governance input there is stronger mandate for the organisation to act – giving improved agency.[262] Greater efficiency may arise from the certainty of continued funding or in-kind resources when donors have a representative on the Board. Descriptive and interest representation may also be an attempt at organisational legitimation.[263] Issue (or substantive) representation is generally associated with advocacy organisations, such as Community Housing Aotearoa.

External forces may be a strong influence on representation: government funding dependence has been shown to reduce the representativeness and influence of governing boards.[264] Internal forces that discourage expression of opinion within the organisation may force the opinions out of the organisation (through members exiting) and into the public sphere.[265]

3. Advocacy skills and interests

Perhaps the sharpest focus for choices about policy advocacy is where to direct staff resources and what skill sets the organisation needs. The typology comparison tabled in **Appendix 1** reveals a range of advocacy skills, such as researcher, submission and letter writer, media spokesperson, lecturer and expert advisor, events and public action organiser and network developer. Fitting policy activities into an organisation committed through contracts to deliver services is challenging so it is likely that organisations choose their policy advocacy activities carefully to create the maximum effect for the resources invested and to allow time for advocacy activities to bear fruit.

Up-skilling service workers to enhance organisational output is easier to justify than investment in policy advocacy skills or experience. If policy advocacy outcomes are uncertain, investment in it may be hard to justify. Maintaining policy-relevant relationships as a representative of a voluntary organisation requires considerable time and patience, as well as integrity and professionalism. This may be influenced by the tendency of Chief Executives and senior employees to move around within the voluntary sector because of the career paths available. The relationships with policy makers may become personal to those executives – and to trustees. Policy makers and advisers then may pay attention to these experienced, higher profile individuals, irrespective of the organisation they represent or the particular policy development they may be advocating.

Advocacy skills should not be assumed to come naturally, as a review of for-social-profit advocacy warns: 'The directors of [FSP] organizations should acquire a broad background as well as specialized

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[262] An example of this point is the involvement of issue experts on a board, such as the NZ Drug Foundation, https://www.drugfoundation.org.nz/about-us/board-of-trustees (accessed 10/04/14)
[263] Abzug and Galaskiewicz, "Nonprofit Boards: Crucibles of Expertise or Symbols of Local Identities?."
[264] Chao Guo, "When Government Becomes the Principal Philanthropist: The Effects of Public Funding on Patterns of Nonprofit Governance," *Public Administration Review* 67, no. 3 (2007).
[265] Mark E. Warren, *Democracy and Association* (Princeton, N.J.: Princeton University Press, 2001). 97.

professional knowledge and new skills that will enable them to perform civic functions that include advocacy, protection, preservation, and promotion of human rights.'[266]

The minimal work on 'developing and enhancing professionalism in the implementation of advocacy activities' could be hindered by the 'lack of knowledge about the consequences of advocacy [that] may deter these organizations from participating' because there is no guarantee that it will yield enough benefit for the effort involved.[267]

Conclusion

A society that encourages voluntary associations with diverse purposes can be deemed to be free; and when those organisations are allowed to be autonomous, society can be deemed to be balanced by having equal power in the three legs of civil society, state and the market.

The social economy has two dominant forces at work within it: economic participation and political advocacy. FSP organisations do not shy away from profit but it is not hard to see how the social economy can be described mainly in monetary terms. Many altruistic actions within the social economy are designed to help households and communities to cope with difficult economic conditions, such as assisting a breadwinner back to work and encouraging the economic independence of disabled individuals. The pooling of energy and development of collective wisdom is not only useful in resolving socioeconomic malfunction but also in enabling the expertise of many FSP organisations to be included in social policy development.

The concept of a social services market may not sit well with the altruistic intent of the voluntary sector, yet many social services they provide involve a monetary exchange. The marketisation of public social services has several effects at the sector level: blurred boundaries, conflicting institutional logic, choice and competition, and professionalisation of the sector's workforce. At organisational level, there may be impacts on values, mission and choices about revenue sources.

A public information market also exists when there are two bodies of information in public policy – development and implementation – and two parties driving these phases that are relevant to this research. More credible results in both phases result from an effective exchange of information between the government as the driver of policy development and the voluntary sector as driver of policy implementation. When the voluntary sector uses its knowledge about policy implementation to contribute to policy development, this is policy advocacy. Some of the issues for FSP organisations involved in the public information market are: choice of advocacy type, policy system features, advocacy activities, representation and governance and advocacy skills and interests.

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[266] Schmid and Almog-Bar, "Introduction to the Symposium 'Nonprofit Advocacy and Engagement in Public Policy Making'.":8.
[267] Michal Almog-Bar and Hillel Schmid, "Advocacy Activities of Nonprofit Human Service Organizations: A Critical Review," ibid.

In both of these markets the question of power arises: does the government have more power than the voluntary sector; alternatively are FSP organisations able to maintain their autonomy when participating in both of these markets? The paradox of marketisation of social services is that when contracts are let to FSP organisations, it provides society with greater choice and local-responsiveness than a government provider, but when government funders aim for administrative efficiency this will ultimately favour a one-size-fits all approach to contracting processes (streamlining), thereby reducing choice. Marketisation has earned more criticism than plaudits[268] and has brought FSP organisations face-to-face with business practices and accountabilities that have changed the game they need to play to deliver social services.

Placing market discourse in philosophical context, the following chapter identifies the foundation principles of civil society, against which to examine the functions of enterprise and advocacy in New Zealand FSP organisations. From a policy advocacy perspective, a neopluralist state that encourages multiple voices in public decision-making must consider the relationship between civil society and the state.

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[268] For an examination of the problems and a constructive approach see Tammy E. Beck, Cynthia A. Lengnick-Hall, and Mark L. Lengnick-Hall, "Solutions out of Context: Examining the Transfer of Business Concepts to Nonprofit Organizations," *Nonprofit Management and Leadership* 19, no. 2 (2008).

Chapter 2:
Grounding Voluntary Organisations

'Virtue in itself is not enough: there must also be the power to translate it into action.'[269]

<u>Introduction</u>

Voluntary organisations come from the sphere of the political economy known as civil society, which has been generally described as supportive of democratic principles.[270] One analyst observes that 'a robust, and vibrant civil society strengthens and enhances liberal democracy.'[271] Democratic principles are generally applied to individuals and their relationships with the state, but in this research they are applied to charities, particularly in so far as they use processes of representative democracy and promote the freedom of association. This is the subject of the first part of this chapter.

The political variable in civil society arises from different views of three things: the scope, power and autonomy of FSP organisations. This political variable needs better understanding and is discussed in the second part of the chapter.[272] From a pluralist perspective – that is, culturally, morally and philosophically pluralist[273] – the voluntary sector usually supports the expression of a wide range of views and interests. Policy advocacy by FSP organisations makes voices heard which are commonly excluded from public debate, on the grounds that charities frequently serve individuals who are marginalised from society. Often these voices are only heard through the collective action of organisations speaking on their behalf. Another perspective on the political variable states that governments do well to recognise that power must 'earn its legitimacy … [and] must have the tacit agreement of a large proportion of public opinion.'[274] So FSP organisations have power through the participation of citizens through an associative forum as well as through the political-electoral cycle.

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[269] Aristotle, T Sinclair, and Trevor J. Saunders, *The Politics* (Harmondsworth: Penguin Books Ltd, 1981)., 400.

[270] The literature associated with this perspective includes the following: Cohen and Arato, *Political Theory and Civil Society*.; John Ehrenberg, *Civil Society* (New York, London: New York University Press, 1999).; Warren, *Democracy and Association*.; Carolyn Hendriks, "The Ambiguous Role of Civil Society in Deliberative Democracy," *paper delivered at the Australian Political Studies Association, Canberra, Australian National University* (2002).; Virginia Ann Hodgkinson and Michael W Foley, *The Civil Society Reader* (Lebanon: University Press of New England, 2003).; Jan Kubik, "How to Study Civil Society: The State of the Art and What to Do Next," *East European Politics & Societies* 19, no. 1 (2005).; Jensen, "Concepts and Conceptions of Civil Society."

[271] Simone Chambers and Jeffrey Kopstein, "Bad Civil Society," *Political Theory* (2001).:.83.

[272] Michael W Foley and Bob Edwards, "The Paradox of Civil Society," *Journal of Democracy* 7, no. 3 (1996). http://libezproxy.syr.edu:2166/journals/journal_of_democracy/v007/7.3foley.html , (accessed 28 June 2011).

[273] Katherine Smits, *Reconstructing Post-Nationalist Liberal Pluralism: From Interest to Identity* (New York, NY: Palgrave Macmillan, 2005).

[274] C. Lefort, Essais sur la politique, XIXe – XX siècles. in Arnaud Sales, "The Private, the Public and Civil Society: Social Realms and Power Structures," *International Political Science Review* 12, no. 4 (1991).: 295-312.

Civil society: A rationale for FSP organisations

A fundamental assumption of this review of civil society is the pluralism aids society when many voices within civil society participate in public discussion and debate. Western liberal democracies have each developed particular perspectives about how plural voices should be heard and in New Zealand there is some evidence of ideological differences on the involvement of FSP organisations in making these voices heard.[275] These differences may help or hinder the potential for FSP organisations to provide solutions to intractable social, economic, environmental and political problems.[276] Civil society therefore is a space of plural interests, plural values and plural forms of association – all supposedly freely co-existing.

However pluralism has the potential to create a good or bad society[277] when dominant voices either promote the public benefit or diminish it. While this research specifically excludes organisations which are acting undemocratically and unlawfully - 'bad civil society'[278] such as hate groups and antisocial or criminal organisations - it does not exclude associations that can 'coordinate common sentiments and mobilize puny individual resources into potent devices for voicing grievances and desires to public officials.'[279] And, while excluding fundamentalist, authoritarian forms of organisation the research does attempt to take into account the heterogeneity of organisations and the strong connection between organisational politics and organisational economics.[280]

There is a complex task in defining civil society – many, conflicting conceptions exist[281] of this 'loose and baggy monster'.[282] Notwithstanding this, it is still crucial for healthy democracies[283] and more importantly, provides areas of theory that can be useful. Some descriptions include autonomy as a defining feature – 'non-coerced human association and … a set of relational networks' [284] and 'the totality of non-state institutions, organizations and civic associations functioning in the public

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[275] New Zealand Public Service Association, "Respective Roles: The Public Sector and the Community and Voluntary Sector," (Wellington: New Zealand Public Service Association, September 2011). Rob Macmillan, "The Third Sector Delivering Public Services: An Evidence Review," University of Birmingham, http://www.tsrc.ac.uk/LinkClick.aspx?fileticket=l9qruXn%2fBN8%3d&tabid=500.(accessed 31 October 2014).

[276] The 2014 Prime Minister's Statement to Parliament stated that: 'In particular, we will be working with social services NGOs over the coming year to reduce compliance, free up resources to deliver services, and to shift to a focus on delivering outcomes.' http://old.national.org.nz/Statement2014.aspx (accessed 24 May 2014). Other policies are more generally supportive of the sector: Labour Party https://www.labour.org.nz/sites/default/files/2011%20Labour%20Party%20Manifesto.pdf (accessed 24 May 2014); and Greens Party https://www.greens.org.nz/policy/community-voluntary-sector-policy (accessed 24 May 2014).

[277] Armony, *The Dubious Link: Civic Engagement and Democratization*.

[278] Chambers and Kopstein, "Bad Civil Society."

[279] David Knoke, *Organizing for Collective Action: The Political Economies of Associations* (New York: A de Gruyter, 1990): 231.

[280] Ibid, 223-224.

[281] See Warren, *Democracy and Association*. 17-18.

[282] Kendall, *The Voluntary Sector: Comparative Perspectives in the UK*: 215.

[283] Michael Edwards, "Conclusion: Civil Society as a Necessary and Necessarily Contested Idea," ed. Michael Edwards, *The Oxford Handbook of Civil Society* (New York, NY: Oxford University Press, 2012).

[284] Michael Walzer, "The Civil Society Argument," *Statsvetenskaplig tidskrift* 94, no. 1 (1991).

domain…. which are relatively autonomous from the state and based on voluntary membership.'[285] So, the conclusion here is that autonomy is important in civil society organisations.

For a policy-related investigation the following definition is useful. 'Civil society refers to the structures of socialization, association and organized forms of communication of the life-world [in society] to the extent that these are institutionalized or are in the process of being institutionalized.'[286] This statement leads to the application of new institutionalism theory set out in the following chapter. A definition of civil society that applies to the conditions of policy advocacy in New Zealand (with the key ideas emphasised) is:

> A '**public realm** of **autonomous** groups and associations, which are **voluntary in nature**"[287] and comprised of individuals who '**advance their [common] interests'**[288] while being '**bound by a legal order or set of shared rules**'[289] including **rangatiratanga**[290].

Civil society principles – Searching for firm ground

An examination of pre-modern concepts of democracy provides grounding principles because the notions on which civil society is based have much in common with these concepts. These principles are: 'liberty', 'spaces for political community', 'self-sufficiency', 'collective judgment' and 'advocacy'. Despite the changing social, economic and political contexts that influence the development of civil society and the revival of interest in recent decades,[291] the principles remain useful in understanding the philosophical context of voluntary associations.

Liberty and equality – and Unity

The first anchor of this research is Aristotle's uncompromising statement that a 'basic principle of the democratic constitution is liberty.'[292] The liberty to express opinions and to develop ideas is fundamental to Aristotle's ideal state within which exist different types of associations and a plurality of constitutions and personalities.[293] These characteristics make it possible to imagine civil society comprised of individuals who are at liberty to associate with whom they will, form constitutions to

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[285] Edmund Wnuk-Lipiński, "Civil Society and Democratization " in *The Oxford Handbook of Political Behavior*, ed. Russell J. Dalton and Hans-Dieter Klingemann (New York: Oxford University Press Inc., 2007).

[286] Cohen and Arato, *Political Theory and Civil Society*: x.

[287] Wnuk-Lipiński, "Civil Society and Democratization ".677.

[288] Carmen Malena and Volkhart Finn Heinrich, "Can We Measure Civil Society? A Proposed Methodology for International Comparative Research," *Development in Practice* 17, no. 3 (2007):340.

[289] Larry Jay Diamond, "Toward Democratic Consolidation," *Journal of democracy* 5, no. 3 (1994): 5.

[290] Rangatiratanga: 'Rangatiratanga is grounded in reciprocity: reciprocity between rangatira [chiefs] and their community. … Their leadership focuses not on self-interest but on the survival of the community at a level of maximum advantage. … A relationship of rangatiratanga between leaders and members is how a Māori community defines itself; it gives a group a distinctly Māori character; it offers members a group identity and rights.' (Waitangi Tribunal, *Te Whanau o Waipareira Report*, Wellington, GP Publications, 1998: 25–26) http://www.waitangi-tribunal.govt.nz/reports/viewchapter.asp?reportID=f8d69ecb-1623-475f-afab-466f1747db64&chapter=3 (accessed 12 December 2013).

[291] More than 400,000 publications on the subject of 'civil society' were published in the last decade.

[292] Aristotle, Sinclair, and Saunders, *The Politics*.: 362

[293] Ibid. 413

suit their association's needs and participate in decision making relating to their lives and to the interests of their association(s). Liberty is demonstrated through each individual participating in decision making by expressing their opinion and contributing their knowledge to the collective. In this argument, limited participation in community decision making would be the same as limited liberty, even if it is only limited by a choice not to participate – such as refusing to vote in elections. A voluntary organisation can choose to not participate in policy processes, but similarly it should be able to choose to participate freely: the government should not promote laws that constrain or force policy participation, in this view.

The liberty-equality link is demonstrated when individuals are not only equally free to associate but having formed an association the members are equally free to be one of the leaders – including as leader of the leadership body. In Aristotle's terms, states (or voluntary organisations) are formed when, in seeking a particular goal individuals accept that although they may 'prefer to lead undisciplined lives, for they find that more enjoyable than restraint'[294] they accept political authority because of the promise of a chance to rule in that authoritative body. There is at least the expectation to directly make decisions about the attainment of common purposes and the expectation of having their opinions taken into account by their chosen, accountable representative.[295] This 'equality of representatives' view is problematic if everyone has expectations of liberty and equality because this would eventually mean disorder and political instability as people's diverse interests compete with each other.[296] Hobbes was concerned about liberty because it favours 'tumults, and of licentious controlling the actions of their sovereigns.'[297] Aristotle saw this too, suggesting that where there is inequality in possessions and status and unequal participation in decision making[298] it may justify a strong state to control such civic activity.[299] Charity law is in some ways an answer to this problem, as discussed in Chapter Five.

Spaces for community

Secondly, Aristotle's argument for spaces and environments to be identified for the virtues of community to flourish and for political discussions to occur is a core feature of civil society[300]. Young[301] accepts Aristotle's support of a moral or political community as *politike koinonia*, but rather than seeing the *polis* or city-state (nothing like a contemporary Western state) as the boundary of

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[294] Ibid., 372

[295] Ibid., 362

[296] David Held, *Models of Democracy*, 3rd ed. ed. (Cambridge; Malden, Mass.: Polity Press, 2006)., 23.

[297] Ian Carter, Matthew H. Kramer, and Hillel Steiner, eds., *Freedom : A Philosophical Anthology* (Malden, MA.: Blackwell Publishers, 2007)., 91.

[298] Aristotle, Sinclair, and Saunders, *The Politics:* 127-131; 411-416.

[299] Thomas Hobbes, "Leviathan: Or the Matter, Forme, and Power of a Common-Wealth Ecclesiasticall and Civill ", ed. Ian Shapiro (New Haven, CT: Yale University Press, 2010).

[300] Little, *The Politics of Community: Theory and Practice*: 13.

[301] Mark A Young, *Negotiating the Good Life: Aristotle and the Civil Society*, Ashgate New Critical Thinking in Philosophy (Aldershot, Hants, England; Burlington, VT.: Ashgate Press, 2005).

this moral community, contemporary writers see it as within the preserve of civil society. Gellner[302] described spatial sub-communities as an important feature of pre-modern polities due to their geographical separation from the centre of the state's political activities. These sub-communities were self-administering and largely autonomous but containing political, economic, ritualistic and other obligations intricately interconnected, and offered physical and emotional support to individuals. Pre-colonial New Zealand had many examples of sub-communities in Māori marae (the institution and central location of hapū (groups of ancestrally-related families)).

The construction of spaces along Aristotle's lines has been associated with criticism of the authoritarian elements in contemporary communitarian literature.[303] However, spatial communities are interpreted here as being contemporary social infrastructure – spaces for developing understanding, testing ideas,[304] building momentum towards a desired policy outcome and sometimes gaining control over local affairs.[305] Using the ideas of theorists of power dynamics such as Michel Foucault, Edward Said, Claude Levi-Strauss and Jürgen Habermas and suggesting new understandings of social history Boyte argues[306] that 'free spaces' are at the base of every broad democratic movement, where citizens are free to develop a bridge between community and public life.[307]

Self-sufficiency

Providing the third anchor, Aristotle's belief that an increase in self-sufficiency is a consequence of associations is contrasted with individuals living separately and is an important aspect of his ideal state.[308] This is an argument for freely formed associations to create their own rules of action and engagement to enable people to live well.[309] Yet self-sufficiency may be viewed as containing the seeds of anti-statism and rejection of intervention such as in some communitarian philosophy. In that sense, self-sufficiency can be a synonym for autonomy[310] that pays homage to hegemony. This is not the goal of FSP organisations, but may be more like iwi organisations (discussed in Chapter Five).

Self-sufficiency is an ideal that is also seen in de Tocqueville's praise for associative democracy and his justification of it in the conditions of America's frontier community – the real threats to survival

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[302] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals* (London: Hamish Hamilton 1994).

[303] Little, *The Politics of Community: Theory and Practice*.

[304] Warren, *Democracy and Association*., 61.

[305] Stephen Owen, Malcolm Moseley, and Paul Courtney, "Bridging the Gap: An Attempt to Reconcile Strategic Planning and Very Local Community-Based Planning in Rural England," *Local Government Studies* 33, no. 1 (2007).

[306] Harry Boyte, *Everyday Politics* (Philadelphia: University of Pennsylvania Press, 2004).

[307] Sara Evans and Harry Boyte, *Free Spaces: The Sources of Democratic Change in America* (New York: Harper and Row, 1986).

[308] Aristotle, Sinclair, and Saunders, *The Politics*., 104-105.

[309] Ibid., 198.

[310] Lorraine Kasprisin, "Ideas of Self and Community: Ethical Implications for a Communitarian Conception of Moral Autonomy," *Studies in Philosophy and Education* 15, no. 1-2 (1996).

that those populations faced. [311] It can also be applied in contemporary urban community development and in remote, disadvantaged areas, although Haddock[312] warns of the dangers of making false assumptions about what is possible (and impossible) to achieve in communities when voluntary associations form to help communities to become more self-sufficient. Community development is now a government priority and not just left to decisions made in the voluntary sector.[313]

Collective wisdom

A fourth anchor of democracy is accepting the wisdom of collective judgments. The sharing of talents, experience and perspectives is likely to create good societal conditions such as justice for the whole community[314] and creates a pluralist state. '[I]t is not the individual juryman, councillor, or member of assembly who rules, but the court, the council and the people; and of each of these each individual…is a part.'[315]

The collectivisation process of wise ideas into judgments has tensions in practice. Being part of an association means agreeing to abide by collective wisdom but not all collective decision processes produce representative decisions. Many associations use a simple majority vote for decision making, but others may prefer consensus. Some may differentiate between constituents – such as by giving voting power to parents of disabled children but not to professional experts or corporate members. Another tension arises in implementing collective decisions when giving discretion to sub-groups or committees: a preliminary decision process is often required about their limits of discretion. Some may choose to 'give equality or even preference in other matters (apart from redistribution of property) to those whose participation in the constitution is less.'[316] Through these processes charities develop their identities and their interest (or non-interest) in policy advocacy.

Advocacy and political justice

The crucial fifth anchor for this research is the expectation that civil society will foster advocacy aimed at civic and policy improvement rather than self-interest.[317] Organisational self-interest sometimes confuses advocacy, but the principle here is that the civic duty of collectives is to bring to light different views and to advance the cause of a good society.[318] Quintilian argued that a good man

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[311] Alexis de Tocqueville, *Democracy in America (G. Bevan, Trans.)* (New York City, NY: Penguin Classics, 2003).

[312] Bruce Anthony Haddock, *A History of Political Thought: From Antiquity to the Present* (Cambridge: Polity Press, 2008). 27.

[313] The Department of Internal Affairs and local authorities provide funding and other support to community development. http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Our-Policy-Advice-Areas-Community-led-Development?OpenDocument (accessed 12 January 2015).

[314] Aristotle, Sinclair, and Saunders, *The Politics*. 202-206

[315] Ibid.: 205.

[316] Ibid : 328.

[317] Joseph P. Zompetti, "The Role of Advocacy in Civil Society," *Argumentation* 20, no. 2 (2006).: 175.

[318] Ibid.

only pleads good causes[319] but it is not just individuals who are responsible for seeking the correction of social or political injustice: there is an expectation that the community will support advocacy for the good life – 'justice is the good of others' and this is often the goal of charities. [320] Related to this is a view that citizens who seek justice for the whole community and pursue it through participation in the democratic process should be supported by the community.[321]

The system-effects of advocacy were mentioned in Chapter One: it may be unclear if advocacy is going to be in the long term public interest and therefore judges have refused to agree that political advocacy is a primarily charitable purpose. Advocacy may be either natural or legal:[322] based on the instincts of nature to care for and protect the family and community, or derived from agreed codes of conduct such as non-discrimination on the basis of gender. Aristotle states that, there is a required practice of statecraft: 'It is the task of a sound legislator to survey the state, the clan and every other association and to see how they can be brought to share in the good life and in whatever degree of happiness is possible for them.'*323*

Aristotle's ideas of a good life are important for a healthy civil society. Happiness as the active utilisation of virtue[324]means to be active in society and to have sufficient resources to carry out the virtuous intentions[325] – because 'virtue in itself is not enough: there must also be the power to translate it into action.'[326] More specifically, the constitution should allow associations (at sub-state level) to enter into relationships with each other and the opportunity to break up (and re-create) associations.[327]

What this set of principles has done is to define critical features of civil society. The political nature of advocacy activities and the pluralist thread that runs through all of the principles above leads into the discussion of the political variable in civil society set out in the second part of this chapter.

Sectorial relations in tension – state, market, civil society

Boundary issues continue to create tension for public policy activism in the voluntary sector. One of Gramsci's important contributions to the understanding the philosophy of civil society is to delineate

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[319] Quintilian's Institutio Oratoria: Book XII deals with advocacy in the legal profession. See J. W. Montgomery, "Advocacy, Classical Rhetoric, and Legal Ethics: Must the Good Advocate Also Be a Good Person?," *Law & Justice - Christian Law Review* 138/139, no. 116 (1998).: 214-15.

[320] James Thomson, Kerr Alexander, and Hugh Tredennick, *The Ethics of Aristotle: The Nicomachean Ethics* (Harmondsworth: Penguin Books, 1976)., 188.

[321] Aristotle, Sinclair, and Saunders, *The Politics*., 202-215.

[322]Thomson, Alexander, and Tredennick, *The Ethics of Aristotle: The Nicomachean Ethics*., 189-190.

[323] Aristotle, Sinclair, and Saunders, *The Politics*. 388.

[324] Thomson, Alexander, and Tredennick, *The Ethics of Aristotle: The Nicomachean Ethics*.; The Politics: 428)

[325] Aristotle, Sinclair, and Saunders, *The Politics*.393.

[326] Ibid, 400.

[327] Ibid, 372.

the three spheres – state, economy and civil society – [328] as well as to distinguish between civil society and political society whilst seeing them as mutually reinforcing.[329] The 'three-sector' distinctions have been subsequently contested[330] and the literature is more frequently focused on the state-civil society relationship.[331] The market- civil society relationship is quite distinct in many ways and this distinctiveness needs to be highlighted, [332] namely that the market is focused on providing consumer choices through price-setting and demand management while civil society is focused on improving social wellbeing. It is 'an autonomous sphere, separate from governmental or economic influence'[333].

Development of market concepts in civil society

Economic associations quickly developed as trade and commercial activities began to gain prominence in the seventeenth century. The freedom to be individualistic and entrepreneurial prompted the association of different interests not present in pre-modern civil society.[334] The prevalence of trade freed people from the need to tie their wealth and power directly into influencing government and moral organisations such as churches and even allowed for people to be inactive in both, yet active in civil society.[335] It also allowed associations of individuals – at village or interest level – to be self-sufficient economically through the mutual support of community members.

Freedom of association could begin to be enjoyed when economic dependencies decreased: civility throughout society increased with an elective affinity between commerce and liberty.[336] The sharing of economic opportunities amongst a wider group of people may have prompted opportunities for social integration and the development of collective interests through civil society. It brought commercial benefits[337] as well as being a source of commercial ethics. The market is also a social device that brings agents together, thus overcoming the destruction of social bonds resulting from

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[328] This differentiation remains prominent in third sector literature such as Corry, "Defining and Theorizing the Third Sector." Peter Herrmann and Wendy Earles, "A Social Quality Approach as Re-Integration of Civil Society, the Market and the State," in *International Conference of the International Society for Third Sector Research, 7-10 July, 2010* (Istanbul: ISTR Conference Working Papers 2010).Vol VII: 1-23.

[329] Quentin Hoare and Geoffrey Nowell Smith, Selections from the Prison Notebooks of Antonio Gramsci, (New York: International Publishers, 1971), http://solomon.soth.alexanderstreet.com.ezproxy.auckland.ac.nz/cgi-bin/asp/philo/soth/sourceidx.pl?sourceid=S10019883.

[330] Jennifer Wolch, "Decentering America's Nonprofit Sector: Reflections on Salamon's Crises Analysis," *Voluntas: International Journal of Voluntary & Nonprofit Organizations* 10, no. 1 (1999).

[331] Michael Walzer, *Toward a Global Civil Society* (Oxford: Berghahn Books, 1998).; Foley and Edwards, "The Paradox of Civil Society."

[332] Edward Shils, "The Virtue of Civil Society," *Government and Opposition* 26, no. 1 (1991).

[333] Zompetti, "The Role of Advocacy in Civil Society.": 180

[334] Robert Fine and Shirin Rai, *Civil Society: Democratic Perspectives* (London; Portland, OR: Routledge, 1997)., 16.

[335] Gellner, *Conditions of Liberty: Civil Society and Its Rivals.*, 80.

[336] John A Hall, *Civil Society: Theory, History, Comparison* (Cambridge, UK Polity Press, 1995).7.

[337] Shils, "The Virtue of Civil Society." 5-6.

industrialisation and the division of labour.[338] A more open social infrastructure was emerging in the availability of mass print communications and of venues such as coffee shops, where more people could read journals and discuss ideas.[339]

However Ferguson foresaw civil society being overwhelmed by the competitive power of the market[340] prompting civil society to act as a bulwark against the impact of powerful economic interests that arose from industrial development. More specific solutions developed such as community development and face-to-face communication to overcome the anomie[341] and social atomisation[342] connected with industrialisation. These ideas promoted a plurality of economic interests - if acting in the public good – as well as a whole series of secondary groups near to the individual. The localism within this conception was also seen as a pathway to authoritarian socialism, and evinced fears of widespread totalitarianism and of privately held public power.[343]

The tension between using collective efforts to support economic activity or to counter it is inherently political, and associated with Marx's view that civil society can preserve class distinctions and thereby create a barrier to equality and freedom for many. Hegel is cited as being responsible for at least some ambiguities in the relationship between civil society and the market[344] and may have influenced the idea that market concepts can usefully penetrate for-social-profit activity.

The rising influence of the market in political decision-making during the twentieth century has had two major effects: social services defined in economic terms, and blurred boundaries between FSP and FPP organisations or between FSP organisations and the government. Blurred boundaries between the capital market and the social economy or the government are discussed in Chapters One and Eight but economic decision making can be easily seen in the social economy. Charitable activities now require money – sometimes very large amounts – which is likely to be the basis of a huge number of economic transactions. This growing economic activity in the voluntary sector – using income from government funding, philanthropy and sales of goods and services[345] - may not be noticeable to the public or non-funders, but it is definitely noticeable in the social services market

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[338] Knoke, *Organizing for Collective Action: The Political Economies of Associations.*, 9; Adam Seligman, *Idea of Civil Society* (New York: The Free Press, 1992)., 14-15.

[339] Hall, *Civil Society: Theory, History, Comparison.*, 6.

[340] Gideon Baker, *Civil Society and Democratic Theory: Alternative Voices* (London: Routledge, 2002)., 4.

[341] Anomie most commonly refers to the breakdown of social standards and values, usually associated with Emile Durkheim as a result of the idea of humans a as a resource for production, or other process that ignores social mores and contextualised values. Emile Durkheim, *The Division of Labor in Society* (New York, NY: Simon and Schuster, Inc, 2014).

[342] Social atomisation refers to the focus on individuals as separate, untied beings in society, rather than as members of communities. See Ferdinand Tonnies, *Tonnies : Community and Civil Society* (West Nyack, NY: Cambridge University Press, 2001).

[343] Elizabeth S. Clemens, "The Constitution of Citizens: Political Theories of Nonprofit Organizations," ed. Walter W. Powell and Richard Steinberg, *Nonprofit Sector : A Research Handbook.* (New Haven, CT: Yale University Press, 2006), http://site.ebrary.com/lib/auckland/Doc?id=10210281&ppg=220., 213.

[344] Cohen and Arato, *Civil Society and Political Theory.*, xiv.

[345] Young, "Commercialism in Nonprofit Social Service Associations: Its Character, Significance, and Rationale."

because of increased competition.[346] A stable economy has become a political priority, demonstrated to the voluntary sector by funders keeping an 'eye on the money' and maintaining robust accountability processes. Where FSP organisations provide public social services – whether through government funding or not – is sometimes seen as 'underground economic forms … which, more because of their dissimulation than because of their actual effects, alarm the state which vacillates between indifference and repression as it seeks to find a way to account for them.'[347]

As the concept of the market has evolved the boundaries of power[348] have become a matter for public policy by creating a social services market, with different effects on the voluntary sector and the government, with government being the focus of policy advocacy. For these reasons, the relationship between civil society and the state is given greater attention here than the civil society-market relationship.

State's role in civil society

The early view of a close, somewhat virtuous relationship between the state and civil society was critiqued as overly romantic by Hegel and Marx[349] but along different lines of argument.[350] Aspects of Marx's views have been discussed above but Hegel is interpreted as highlighting contradictions arising from the tension between autonomy and unity.[351] He described an impartial, universal state that allowed individuals the freedom to satisfy their particular needs through civil society. But more diverse needs leads to a more complex, possibly fragmented civil society.

The modern conception of civil society emerged with de Tocqueville's vision of civil society as a bulwark against state despotism. The Tocquevillian admiration for the activities of civic associations in nineteenth century America is carried forward in the current idea that civic engagement enhances social capital, which is good for the economy, the state and political systems. This is expressed in civic virtue and a strong social infrastructure[352] that are key aspects of the popular model of civil society.[353] Although some look beyond de Tocqueville for a more relevant approach[354] there seems to be consensus around his conclusion that the viability of democracy depends on the strength of associational life, with its emphasis on trust and reciprocity. In New Zealand the social bonds that de Tocqueville praised may be the sustaining features of this country's society.[355] Ehrenberg notes that

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[346] Howard P. Tuckman, "Competition, Commercialization, and the Evolution of Nonprofit Organizational Structures," ibid.

[347] Sales, "The Private, the Public and Civil Society: Social Realms and Power Structures.", 305.

[348] Dempsey, "Nonprofits as Political Actors."

[349] Carolyn M Hendriks, "Integrated Deliberation: Reconciling Civil Society's Dual Role in Deliberative Democracy," *Political studies* 54, no. 3 (2006)., 488.

[350] For instance, Adam Smith's economic rationality theories opposed the concept of civic virtue.

[351] Baker, *Civil Society and Democratic Theory: Alternative Voices*. 5.

[352] Anheier, "What Kind of Nonprofit Sector, What Kind of Society? Comparative Policy Reflections.": 1086.

[353] Foley and Edwards, "The Paradox of Civil Society."

[354] Warren, *Democracy and Association*., 30.

[355] Karen Baehler, "Social Sustainability: New Zealand Solutions for Tocqueville's Problem," *Social Policy Journal of New Zealand* July 2007, no. 31 (2007).

'Tocquevillean localism' and the institutions of contemporary political life can be brought together through civil society, where 'dense networks of associations increase citizens' political influence on the state, make them less vulnerable to mass demagoguery, and reduce the importance of politics by spreading interests over a wide public space.'[356]

Gramsci was clear that civil society should be a buttress to the state but only if the state is providing effective rule.[357] This means that many for-social-profits that are more conservative than revolutionary (such as many faith-based organisations) still need to be politically aware so they can respond if the state is not providing effective rule.[358] There is therefore a democratic burden on civil society – to apply and support democratic principles, particularly those of liberty and equality. If this is done, civil society can act as a bulwark against the splintering of democratic processes that may result from special interest politics. It can also moderate the self-interested Hobbesian human nature – in other words, a bulwark against individualism and narrow interests. On the other hand Rawls' depicted individuals as atomistic and inherently asocial, which helps to more sharply differentiate political perspectives[359] of civil society as either a version of neo-Tocquevillean and collectivist – such as in the stream of ideas flowing from Durkheim and Tönnies [360] or some version of rationalist and liberal thought. The latter may be most closely connected with Adam Smith's idea of minimally regulated markets being the heart of civil society where the 'invisible hand' reconciles individual interest with the common good.[361]

Communitarian expectations of civil society arise from the idea of human association as the fundamental building block of society,[362] so that collective decision making is preferred over representative democracy. However some are cautious: the 'romanticism in the rhetoric of community airbrushes out the considerable complexities and contradictions'.[363] As globalisation has advanced, so has a nexus of ideas that promote localisation such as communitarianism, networking, community empowerment, social economy, mutuality, partnership and civic engagement.[364] The fact

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[356] Ehrenberg, *Civil Society.*, *205.*

[357] Benedetto Fontana, "Hegemony and Power in Gramsci," in *Routledge Studies in Social and Political Thought*, ed. Richard Howson and Kylie Smith (New York, NY: Routledge, 2008).

[358] This is the approach taken by the Salvation Army in its State of the Nation annual reports. Alan Johnson, "Stiking a Better Balance: A State of the Nation Report from the Salvation Army," (http://www.salvationarmy.org.nz/sites/default/files/uploads/20140211SONStriking%20a%20Better%20Balance%20-%20Final%20Web.pdf: The Salvation Army Social Policy and Parlimentary Unit, February 2014). (accessed 12 December 2014).

[359] Jensen, *Civil Society in Liberal Democracy.*, 45; Little, *The Politics of Community: Theory and Practice.*, 34.

[360] Ibid, 7.

[361] Jensen, *Civil Society in Liberal Democracy.*, 41.

[362] Little, *The Politics of Community: Theory and Practice.*, 19.

[363] Marilyn Taylor, *Public Policy in the Community* (Basingstoke: Palgrave Macmillan, 2003)., xii.

[364] Ibid: 1.

that some of these ideas led to a moral authoritarian communitarianism that constrains autonomy, resulted in criticism of civil society as a concept.[365]

A more moderate collectivist set of ideas has been incorporated into a 'Third Way' of politics[366] which is a path that seeks to avoid two extremes – excessive individualism and excessive authoritarianism. While Third Way ideas are a major challenger to neo-liberalism, the idea has been criticised as being vague and overly ambitious[367] and blurs distinctive features of the state, market and civil society. When used in the United Kingdom's "Big Society" service delivery model which offloads some public service functions to the not-for-profit sector, Third Way ideas effectively commercialises both the service and the delivery agency but also buffers the state against service shortcomings and related political risks.

What should the state do in relation to civil society?

Civil society to liberal democrats presents equally an essential freedom and a maelstrom of diverse ideas with unforeseen and potentially anti-statist consequences. One of the recurrent controversies about the role and structure of civil society within a political community[368] that is constitutionally committed to freedom and equality is summarised in a searching question: 'Does the ideal of civil society call for an active state working to ensure balances of power within that realm, or for a state that leaves individual citizens to work such things out for themselves and tolerates whatever inequalities result?'[369]

The idea of an 'active state' may not be helpful in political thought[370] or for this thesis because there are so many global impacts that cross boundaries between civil society (such as foreign aid organisations) and governments, so that at one time the state might lead the action and another time civil society might lead the action. Dunleavy prefers a 'multi-state' definition that considers the multiplicity of roles and connections between institutions[371] that moves away from the single state institution within a country. '[I]f democracy intends on listening to the voice of the people, then the people need to have a voice…. The ancient principles of advocacy are a reminder of how each

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[365] Simone Chambers and Will Kymlicka, *Alternative Conceptions of Civil Society* (Princeton, NJ: Princeton University Press, 2002).: 184-5.

[366] Giddens, *The Third Way: The Renewal of Social Democracy*.; Neil Lunt, "Close Encounters with the Third Way : Reflections on British and New Zealand Social Policy," in *Centre for Social Inclusion and Social Justice Working Paper* (Hull: University of Hull, 2005).

[367] Helmut K. Anheier and Jeremy Kendall, eds., *Third Sector Policy at the Crossroads: An International Non-Profit Analysis*, 2nd ed. (London: Routledge, 2005).: 368.

[368] For instance, Gellner's argument that pluralism in civil society creates political centralisation and economic decentralisation is discounted in that it fails to address the achievement of the 'right' balance of power between spheres. Chor-yung Cheung, *The Quest for Civil Order : Politics, Rules and Individuality* (Exeter ; Charlottesville, VA Imprint Academic, 2007).

[369] Chambers and Kymlicka, *Alternative Conceptions of Civil Society*.

[370] Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège De France* (Basingstoke: Palgrave Macmillan, 2008). :77.

[371] Patrick Dunleavy, "The State Is a Multi-System," in *PSA 64th Annual International Conference* (Manchester14–16 April 2014).

individual has a part to play in civic engagement. Advocacy, not acrimony, can improve and resuscitate our civil society.'[372]

However in a democracy there is a role for the state where there are dominant economic groups because if the state apparatus protects capitalist production and allows for or regulates the regrouping of those in non-dominant means of production, it may marginalise those in non-dominant means of production - economically and politically.[373]

Rather than broadly describing civil society's relationship with the state, this investigation is focused on the expression of views and interests by the voluntary sector to the state. This means using neopluralism theory to explain three things: how the expression of views through the voluntary sector could be explained, the policy space that is a result of government's actions and the differences that occur based on behaviour within the sector.

Neopluralism – Multiple voices in a complex world

Neopluralism explains the voicing of many, diverse interests in a complex political economy.[374] As a theory, it has its roots in pluralism which in democratic countries explains that many types of political actors have effective agency. Neopluralism more usefully accounts for the context surrounding multiple interests[375] than pluralism.[376] While the idea of multiple groups acting collectively in the public interest can be deemed impracticable from a rational choice perspective,[377] Lijphart sets out how many writers accept neopluralism as a fair explanation of the realities of life – sociologically and politically.[378] He states there is general scholarly agreement on the cross-cutting, overlapping affiliations that individuals have with a variety of groups[379] and proposes that a significant factor for a stable democracy is to allow the voluntary sector to provide a balance between individual freedom and political cohesion.

In an increasingly pluralistic society, individuals choose to join and form groups to be amongst others of similar minds, and to test different perceptions of justice, freedom and equality.[380] But competition for access and resources amongst groups, as well as in-group solidarity[381] are an ineradicable aspect of civil society. A neopluralist state supports the idea of plural interests and plural pathways for those interests to be expressed. Neopluralism sees political actors – individuals,

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[372] Zompetti, "The Role of Advocacy in Civil Society.": 181.

[373] Held, *Models of Democracy*., 178.

[374] Andrew S. McFarland, "Neopluralism," *Annual Review of Political Science* 10, no. 1 (2007).

[375] John Dryzek and Patrick Dunleavy, *Theories of the Democratic State* (Basingstoke: Palgrave Macmillan, 2009).

[376] Grant Jordan, "The Pluralism of Pluralism: An Anti-Theory?," *Political Studies* 38, no. 2 (1990).

[377] Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Group* (Cambridge: Harvard University Press, 1965).

[378] Arend Lijphart, *The Politics of Accommodation: Pluralism and Democracy in the Netherlands* (Berkeley and Los Angeles: University of California Press, 1968).

[379] Ibid., 11-15.

[380] Little, *The Politics of Community: Theory and Practice*., 19.

[381] Warren, *Democracy and Association*., 15.

groups and networks – as having power within particular polities and policy domains, where groups normally compete for the attention of policy makers.[382] But despite accepting that all FSP organisations are potential policy actors, not all FSP organisations that want to be policy actors have equal opportunities, policy salience, resources and courage to speak up for the interests of their constituents at the policy-making table. What is germane in neopluralism theory is the assumption that, despite the existence of multiple (potential) policy actors in a complex policy system, this does not equate to fairness of representation.

State's role in a neopluralist policy system

The liberal democratic state has the largest influence on whether multiple voices are heard in public policy processes. Neopluralism accepts that complex policy systems by nature are dynamic and therefore prompts researchers to consider various features of states which have different policy systems. The state's role is crucial even an apparently neopluralist policy system, through either encouraging multiple views (pluralist) or encouraging a few views (corporatist) from chosen or elite groups.[383] The assumption of neopluralism is that multiple views on public policy issues is healthy for democracy, but at times some groups wield relatively more power - possibly in collusion with other selected groups on certain issues - and generally act in the interests of particular elites rather than in the public interest.

Corporatism and neopluralism

Neopluralism and corporatism can both characterise government decision-making in response to societal pressures.[384] By allowing for consideration of context and complexity, neopluralism in fact accepts the likelihood of corporatist features in neopluralist states.[385] Since neopluralism theory therefore seems not to address 'fairness' of political access because of allowing corporatist features, using the five principles of democracy and civil society, it is easier to see that corporatism cannot support the type of civil society that most New Zealanders would prefer. For example the principle of liberty and equality does not support corporatism.

Corporatism generally applies to the pattern of relationships between government and business and labour organisations[386] that aim for economic and political stability, rather than equality. For example government officials will often use industry associations to develop industry self-regulation and

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[382] Robert A. Dahl, "Pluralism Revisited," *Comparative Politics* 10, no. 2 (1978).

[383] Dryzek and Dunleavy, *Theories of the Democratic State*.

[384] Noël P Vergunst, "The Institutional Dynamics of Consensus and Conflict: Consensus Democracy, Corporatism and Socio-Economic Policy-Making and Performance in Twenty Developed Democracies," (2004).

[385] This is a position stated in: Martin J. Smith, "Pluralism, Reformed Pluralism and Neopluralism: The Role of Pressure Groups in Policy-Making," *Political Studies* 38, no. 2 (1990).

[386] Mark Bevir, "Corporatism.," ed. Mark Bevir, *Encyclopedia of Political Theory* (Thousand Oaks, CA: SAGE Publications, Inc., 2010), http://dx.doi.org/10.4135/9781412958660.; Michael Wearing, "The Effect of Corporatism on Contemporary Public Attitudes to Welfare," *Journal of Sociology and Social Welfare* 21(1994).

labour regulation.[387] Corporatism could also apply to any significant groups that appear to exist in satisfyingly exclusive relationships with the government, effectively limiting competition among policy actors. But critiques of corporatism[388] and its variants indicate that there is a fuzzy boundary between corporatism and pluralism. As Bevir notes, corporatism is not just about limiting participants in policy making but is a mutual convenience for state and civil society organisations, where policy issues are discussed and understood by a few experts from both parties who agree that policy implementation can be led by experts, especially from the private sector. A neopluralist-corporatist continuum exists and relevant characteristics are discussed below; in reality a mixture of these features may exist together.

In multiple elites small groupings representing elite interests exist, and are somewhat accepting of each other's input (even across state-private sector lines) within specific policy areas. One thread of corporatism theory states that exclusivity, bargaining and unrepresentativeness exist, creating 'islands of oligarchy'.[389] Other threads are not necessarily perceived as corporatism, such as policy niches.[390] These niches exist because certain areas of policy may only be understandable (and interesting) to certain policy actors such as in social policy areas like education, and develop specialist discourse and expertise that can gain entrance to the policy agenda. Policy niches may be short or long lived and may be driven by political priorities or policy issues.

Policy or issue networks[391] and advocacy coalition networks[392] are similar to policy niches, in that groups of individuals and organisations have a more or less stable structure for a period of time during which policy ideas can become accepted by both representative groups and government agencies, and sometimes academics or private sector specialists. Contemporary perspectives on policy networks may be aligned with the older (American) description of the political subsystem of 'iron triangles'[393] between the state, market and civil society as 'relatively closed policy arenas

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[387] Warren, *Democracy and Association*., 34.

[388] Philippe C. Schmitter, "Neo-Corporatism," ed. Bertrand Badie, Dirk Berg-Schlosser, and Leonardo Morlino, *International Encyclopedia of Political Science.* (Thousand Oaks, CA: SAGE Publications, Inc., 2011), http://dx.doi.org/10.4135/9781412994163.

[389] McFarland, "Neopluralism.", 52. An example of New Zealand corporatism outside of employment policy includes the Christchurch re-build, see Sarah Miles, *The Christchurch Fiasco: The Insurance Aftershock and Its Implications for New Zealand and Beyond* (Auckland: Dunmore Publishing Limited, 2012). Another example is housing policy, see Michael Bassett and Luke Malpass, "Priced Out: How New Zealand Lost Its Housing Affordability," in *Housing affordability series 1*, ed. Research report 2 (Wellington: The New Zealand Initiative, 2013).

[390] Drawn from William P. Brown, "Organized Interests and Their Issue Niches: A Search for Pluralism in a Policy Domain," *Journal of Politics* 52, no. 2 (1990).

[391] For a review of this extensive topic see: R. A. W. Rhodes, "Policy Network Analysis," in *The Oxford Handbook on Public Policy*, ed. M. Moran, M. Rein, and R. E. Goodin (Oxford Oxford University Press, 2006).; David Knoke, *Political Networks : The Structural Perspective* (Cambridge, New York: Cambridge University Press, 1990).,19.

[392] Paul A Sabatier and Hank C. Jenkins-Smith, *Policy Change and Learning: An Advocacy Coalition Approach* (Boulder, CO: Westview, 1993).

[393] J Leiper Freeman and Judith Parris Stevens, "A Theoretical and Conceptual Reexamination of Subsystem Politics," *Public policy and administration* 2, no. 1 (1987).; Hugh Heclo, "Issue Networks and the Executive Establishment," in *The New American Political System*, ed. Anthony King. (Washington, D.C.: American Enterprise Institute, 1978).

emphasizing stable relations among a limited number of participants.'[394] Whatever the description, in Western liberal democracies it appears that public officials regularly consult and collaborate with particular groups, and less often use open, 'deliberative dialogue' policy development methods. However some policy networks do try to provide space for public dialogue, such the Child Advocacy Group in New Zealand.

Balancing the pursuit of narrow interests described above is the countervailing power that develops when the manoeuvring of several different groups seeking attention from policy makers (such as in some national peak bodies) has the effect of preventing capture of a government entity by one group or issue network. It can also work to balance the power of executive government by strengthening the autonomy of officials[395] to adopt sub-sectorial professional standards (such as in mental health care) in policy processes and contracts and by strengthening organisations to have diverse revenue strategies.[396] Although this was an economic concept and not designed for the voluntary sector it has been applied to national compacts in the United Kingdom that allow charities to join in a nation-wide voluntary sector-government relationship that supports pluralist communication.[397]

Resource mobilisation[398] occurs when social movements gather momentum and mobilise resources to enable lobbying activities in support of their causes, and success can be linked to a stable resource base and successful funding strategy. In the spirit of neopluralism, organisations may join together on funding or advocacy campaigns to mobilise more resources than would be possible alone. This positive view is in opposition to economic transactions logic[399] which doubts the possibility of resource mobilisation for collective action but aligns with the view that resources and opportunity coincide irregularly – like a punctuated equilibrium.[400]

Leadership and political entrepreneurialism in the policy system sees certain individuals step forward to voice particular interests and do so in a way that not only gets attention from policy makers but may result in a policy issue being closely associated with that individual and their leadership or political capacity. Alternatively, leaders and policy entrepreneurs can become mainstays of corporatism when they seek continued policy attention and resources for a narrow range of interests. This is an insidious tendency in a small nation where relationships are a vital part of decision making at all levels. Neopluralism may be least aligned with corporatism because the focus

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[394] James A. Thurber, "Dynamics of policy subsystems in American politics" in Frank R. Baumgartner and Bryan D. Jones, "Agenda Dynamics and Policy Subsystems, ," *The Journal of Politics* 53, no. 4 (1991).

[395] Andrew S McFarland, *Common Cause: Lobbying in the Public Interest* (Chatham, NJ: Chatham House Publishers, 1984).

[396] Froelich, "Diversification of Revenue Strategies: Evolving Resource Dependence in Nonprofit Organizations."

[397] John Morison, "The Government-Voluntary Sector Compacts: Governance, Governmentality, and Civil Society," *Journal of Law & Society* 27, no. 1 (2000).

[398] Drawn from John D. McCarthy and Mayer N. Zald, "Resource Mobilization and Social Movements: A Partial Theory," *American Journal of Sociology* 82, no. 6 (1977).

[399] Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, Mass: Harvard University Press, 1965).

[400] Frank R. Baumgartner and Bryan D. Jones, "Agendas and Instability in American Politics," (Chicago: University of Chicago Press, 1993).

is on the policy issue rather than entrenching the process of policy advocacy as may be demonstrated in policy niches or advocacy coalitions.

While some of these concepts have been presented as standalone concepts or theories – such as niche theory – they also show how a neopluralist platform is necessary for research on FSP organisations as policy actors. More fundamentally the neopluralist platform is undergirded by the five principles of democracy and supports the autonomy argument (discussed in the following chapter). Multiple voices cannot be heard in a regime where there is no freedom of expression; there is simply no legal forum for them to be heard, nor will autonomous, non-government organisations be formed in a dictatorship.

The assumption in the research is a view of the policy system which has some interdependencies: without autonomous FSP organisations being established and continuing in their several and particular paths there is no voluntary sector; without the voluntary sector to create permanent space to represent the views of both the overrepresented and underrepresented[401] there is no neopluralism. Keeping neopluralism alive does not demand that the state seek consensus in its policy making processes or promote the continual interpenetration between the state and civil society to a point of blurred boundaries. Instead it would aim at a version of politics that 'stresses plurality, difference, spontaneity, and initiation against the regularizing apparatus of consensus.'[402]

A reluctance to recognise the influence of grass roots advocacy and the informal economy may be motivators of a negative view of civil society. 'The elitist disapproval' of the involvement of ordinary citizens and groups in policy decisions leading to 'fears of a mass society'[403] may be an extreme view but it is possible that elitist disapproval exists but is invisible in times of economic and political stability, only gaining visibility when national tensions arise. Conflicts that arise between groups in the neopluralist paradigm demand a response from the state, which is expected to provide neutral adjudication and facilitation roles. Civil society culture may provide some insights about whether neopluralism continually competes with corporatism or whether equilibrium exists.

Civil society's role in neopluralism

Political advocacy is a natural component of civil society because it provides the space where individuals can advance their common interests, according to rules that they determine. Plural voices may be encouraged[404] or discouraged and for civil society organisations that are membership structures, it may seem that civil society is inherently political and it is unrealistic to see it as a

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[401] This statement refers to voluntary organisations which act in the broad public interest but many voluntary organisations are policy actors in particularistic ways.
[402] Dana R. Villa, "Postmodernism and the Public Sphere," *American Political Science Review* 86, no. 03 (1992).: 719.
[403] Knoke, *Organizing for Collective Action: The Political Economies of Associations*., 17.
[404] Urbinati, "Representation as Advocacy: A Study of Democratic Deliberation."

peaceful oasis where individuals can be free from politics.[405] This does not mean that all organisations within civil society are political advocates but many organisations have an interest in at least some of government's policy agenda and can be policy advocates.

<u>Policy advocacy is natural but not essential</u>

In associational life there is a tendency to use reason and persuasion in controlling the policy agenda, rather than relying on the forces of coercion and money[406] - the communication tools of the state and the market respectively. Examining communication processes in civil society may shed some light on how issues of concern enter the sphere of the state. Dahl's original concept of pluralism[407] encouraged policy actors to define their interests in their own ways however the reality is that when competition occurs between groups seeking political attention and scarce resources – often common interests but different solutions - power bases can shift, and advocacy becomes a political exercise.

Apart from groups proposing conflicting policy solutions such as abortion and euthanasia groups or pro-life groups, some may actively thwart the general will (or public interest), forcing the requirements of these groups to be taken as society's requirements and pushing narrow interests.[408] The political variable in civil society should not be ignored[409] – a struggle for power by democratic or tyrannical forces within civil society may not be obvious in a neopluralist system because multiple voices tend to overshadow extremist positions. Where democratic forces in civil society outweigh tyrannical forces civil society may even be a source of democratic ethics. A key factor in civil society supporting or attacking a democratic regime is the political context,[410] but also relevant is the socio-economic context.

The roots of contemporary concerns about political advocacy within civil society[411] can be traced to Niccolo Machiavelli and James Madison's concerns who, although separated by three centuries both emphasised the possibility of abuse of the freedom of association by unruly groups seizing power or creating tyranny of the majority. In civil society, dissent and conflict go hand-in-hand with liberty, believed Machiavelli. Madison shared Hobbes' and Aristotle's concerns about factions that might pursue purposes 'adverse to the rights of other citizens or the permanent and aggregate interests of the community.'[412]

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[405] This is a view from Hannah Arendt's work presented in: Cohen and Arato, *Political Theory and Civil Society*.

[406] (Warren, *Democracy and Association*., 77-82.

[407] Robert Dahl, *Who Governs? Democracy and Power in an American City* (New Haven, CT: Yale University Press, 1961).

[408] Some might see this as the case for anti-smoking charities such as Action on Smoking and Health (ASH) http://www.ash.org.nz/ (accessed 2 May 2015). See: Gene Grossman and Elhanan Helpman, *Special Interest Politics* (Cambridge, MA: MIT Press, 2001).

[409] Foley and Edwards, "The Paradox of Civil Society.", 47.

[410] Sheri Berman, "Civil Society and Political Institutionalization," *American Behavioral Scientist* 40, no. 5 (1997).: 567-8) Carole Pateman, *Participation and Democratic Theory* (Cambridge: Cambridge University Press, 1970)., Foley and Edwards, "The Paradox of Civil Society.", Armony, *The Dubious Link: Civic Engagement and Democratization*.

[412] Alexander Hamilton, Ian Shapiro, and James Madison, *Rethinking the Western Tradition : Federalist Papers* (New Haven, CT: Yale University Press, 2009).: 48.

Neo-Marxist scholars (such as Nicos Poulantzas, Ralph Miliband and Claus Offe) were concerned about the dominance of some groups in civil society having a disproportionate representation compared to their constituency numbers, states Zompetti who makes an important point: 'While … groups made governing possible, they also solidified pockets of power and privilege.'[413] The groups that become dominant may be complemented by a state apparatus which protects capitalist production and regularly regroups those in non-dominant means of production, marginalising them economically and politically.[414] Kendall[415] also sees neo-Marxist and social democrat perspectives more aptly describe the realities of diversity and variation within civil society and the reality of corporatist features even in neopluralist states. From a study of environmental organisations in four countries, Dryzek shows[416] that where civil society organisations are formally included in policy making (especially noticeable in Norway), there is a danger that organisations which move away from an oppositional stance to a friendly stance hollow out the public sphere by taking the place of government advisers and governing by networks.[417]

Hirst promotes associative democracy as a way of providing 'simple forms of power' not in a way that converts a group of people into a 'deliberative elite' but by institutionalising networks so that they are transparent and relatively inclusive. This is deliberate associationalism that may address tensions in welfare policy, community self-governance and corporate governance.[418] Such perspectives do not provide a totally alternative system to solving society's problems[419] but they do reveal an important function of associations which is to provide necessary spaces[420] for cohesion and the pursuit of diverse collective interests – the essence of society.

<u>New Zealand</u>

Neopluralism may either be in conflict with corporatism or tolerant of it. New Zealand's policy system may be described as Janus-faced by saying that both conflict with, and tolerance of corporatism exists.[421] As a country with a high proportion of voluntary organisations relative to population numbers, it appears that New Zealand has a high level of tolerance for voluntary

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[413] Zompetti, "The Role of Advocacy in Civil Society.", 175.

[414] Held, *Models of Democracy*., 178.

[415] Kendall, *The Voluntary Sector: Comparative Perspectives in the UK*.

[416] John S Dryzek et al., *Green States and Social Movements: Environmentalism in the United States, United Kingdom, Germany, and Norway* (Oxford: Oxford University Press, 2003)..

[417] There is significant literature on this topic, but one is: Erik-Hans Klijn, "Governing Networks in the Hollow State: Contracting out, Process Management or a Combination of the Two?," *Public Management Review* 4, no. 2 (2002).

[418] Paul Hirst, "Renewing Democracy through Associations," *The Political Quarterly* 73, no. 4 (2002).: 412-7.

[419] Sales, "The Private, the Public and Civil Society: Social Realms and Power Structures."

[420] 'Spaces' can be termed social infrastructure – which includes both physical spaces such as public libraries and processes such as networks, community board representatives, consultation processes. See: Cornelia Butler Flora and Jan L Flora, "Entrepreneurial Social Infrastructure: A Necessary Ingredient," *The Annals of the American Academy of Political and Social Science* 529, no. 1 (1993).

[421] Mulgan, *Democracy and Power in New Zealand: A Study of New Zealand Politics, 2nd Ed*.; John Deeks and Nick Perry, *Controlling Interests: Business, the State and Society in New Zealand* (Auckland: Auckland University Press, 1992).; Kate Nicholls, "Why Was There No General Strike in 1991? Corporatism, Pluralism and Neoliberal Labour Relations in New Zealand," *Commonwealth & Comparative Politics* 40, no. 1 (2002).

associations that address a plurality of interests and has a reputation as a pluralist nation in some areas.[422] But corporatism is seen in some economic decisions[423] and as a regular feature of relationships between large firms, production sector quangos, agricultural interest groups and government[424] and in industrial relations generally.[425] Despite seeming to have a 'multi-voiced policy making process, New Zealand has some dominant interest groups[426] such as the Business Roundtable – now the New Zealand Institute,[427] Federated Farmers, employers and manufacturers' federations and some agricultural organisations which are highly responsive to public policy that affects their constituents.

A Lobbying Disclosure Bill was promoted in 2013 to address the perceived lack of transparency of political lobbying activities carried out at Parliament. The Bill met significant opposition[428] and was rejected at Select Committee stage in favour of non-regulatory measures such as guidelines to Members of Parliament, proactive public release of policy developments and reporting the names of organisations involved in policy consultation.[429] Arguably the two submissions cited here had an impact on the outcome, which did bring attention to the existence of different types of advocacy. From anecdotal evidence, it is likely that there is a conflation of these two types of advocacy perceived at the public level.

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[422] Arend Lijphart and Markus M. L. Crepaz, "Corporatism and Consensus Democracy in Eighteen Countries: Conceptual and Empirical Linkages," *British Journal of Political Science* 21, no. 2 (1991).

[423] Nick Perry, "Review Essay: Corporatist Tendencies in Context : Eclipse of Equality. David Pearson and David Thorns. Sydney, Allen and Unwin, 1983; Democracy and Power in New Zealand. Richard Mulgan. Wellington, Oxford University Press, 1984; a Vision Betrayed. Tony Simpson. Auckland, Hodder and Stoughton, 1984.," *Journal of Sociology* 23, no. 1 (1987).

[424] Ibid. Perry finds that although Mulgan's view on New Zealand politics has been that it is a plural society and interests are represented in an open competitive way, in his writing there is a thread of corporatism evident especially in the agricultural sector.

[425] Bernd Brandl and Franz Traxler, "Labour Relations, Economic Governance and the Crisis: Turning the Tide Again?," *Labor History* 52, no. 1 (2011).

[426] Tensenbel, "Interest Groups."; Les Cleveland, "An Anatomy of Pressure Groups in New Zealand," *Political Science* 23, no. 1 (1971).: 2.

[427] The Business Roundtable is a well-known name as a business sector advocate for free market policies but has merged with the New Zealand Institute - a "less doctrinaire alternative think tank to the roundtable" – to become The New Zealand Initiative, a "libertarian think tank" http://www.nbr.co.nz/article/roundtable-and-nz-institute-morph-nz-initiative-ck-115751 (accessed 2 December 2013).

[428] Universities saw unwarranted compliance in this legislation, when 'lobbying' was only a small, but important part of their activities. http://www.parliament.nz/en-nz/pb/sc/documents/evidence/50SCGA_EVI_00DBHOH_BILL11278_1_A278974/the-university-of-auckland (accessed 14 April 2014); the Salvation Army considered it appropriate for swipe card access to Parliament to be monitored and for differentiation be given to lobbyists and those seeking commercial gain, from those organisations that pursue objects of national, patriotic, religious philanthropic, charitable, scientific, artistic, social, professional, or sporting character, should be excluded from the definition of 'organisation' http://www.parliament.nz/en-nz/pb/sc/documents/evidence/50SCGA_EVI_00DBHOH_BILL11278_1_A282273/the-salvation-army-new-zealand-fiji-and-tonga-territory (accessed 14 April 2014).

[429] Nick Crang and Anne O'Driscoll, "New Zealand: Lobbying Disclosure Bill Fails but Transparency Encouraged ", Article (2013), http://www.mondaq.com/NewZealand/x/275010/Constitutional+Administrative+Law/Lobbying+Disclosure+Bill+fails+but+transparency+encouraged. (accessed 14 April 2014).

Even in relatively small policy systems like New Zealand it is difficult to know who has influenced what:[430] some argue there is a 'complex and intimate environment' [431] in which members of the related interest groups and politicians operate, especially at decision-making time[432] (although this may not always happen[433]). Distrust of narrow self-interest and interest group politics In New Zealand may be one reason for the voluntary sector to be focused on service provision rather than political advocacy. It is an important observation that a national style of macro-institutional political representation – mainly pluralist or mainly corporatist – has an influence on the way in which FSP organisations are regulated. While New Zealand is judged to be pluralist, it is also judged as having a restrictive regulatory environment.[434] At a micro-institutional level, Conroy argues that the existence of pluralism is influenced by the multiple accountabilities that non-profits have.[435] Judging whether a political economy is more neopluralist than corporatist or how FSP organisations participate in policy issues in New Zealand requires a deeper consideration of the foundations on which neopluralism and 'the voices of many' are based.

Conclusion

Ideological debates about the interrelationships between the state, market and civil society continue to influence the practice of policy advocacy. There is less debate with the Aristotlean view that to associate is a natural aspect of humanity or the neo-Tocquevillian view that associations are part of a healthy society, and both see associations as necessary in economic terms. But Hirst's support for associations[436] gives more substance to an understanding of why charities may see policy advocacy as one of their primary functions. The conclusion is that political advocacy is natural but not essential in civil society, and that political advocacy is not to be confused with policy advocacy.

Where voluntary organisations become spaces for communities and sub-communities to carry out political, economic, ritualistic and other obligations as well as offering physical and emotional support to individuals[437] they are most effective if they are self-administering and largely autonomous. Some organisations actively foster advocacy by taking on an ethical-political notion of justice and focusing on civic improvement rather than organisational self-interest[438] and allow direct

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[430] Richard Shaw and Chris Eichbaum, *Public Policy in New Zealand: Institutions, Processes and Outcomes, 2nd Ed* (Pearson Education New Zealand, 2008)., Chapter 11.

[431] Mulgan, *Democracy and Power in New Zealand: A Study of New Zealand Politics, 2nd Ed.*, 94.

[432] New Zealand's culture of political representation in relation to voluntary organisations in discussed further in Chapter 7.

[433] Paul Harris, "'Intimacy' in New Zealand Politics: A Sceptical Analysis," *Political Science* 47, no. 1 (1995).

[434] Elizabeth A. Bloodgood, Joannie Tremblay-Boire, and Aseem Prakash, "National Styles of NGO Regulation," *Nonprofit and Voluntary Sector Quarterly* 43, no. 4 (2014).

[435] Denise K. Conroy, "Non-Profit Organisations and Accountability--a Comment on the Mulgan and Sinclair Frameworks," *Third Sector Review* 11, no. 1 (2005).

[436] Hirst, "Renewing Democracy through Associations."

[437] Gellner, *Conditions of Liberty: Civil Society and Its Rivals*.

[438] Zompetti, "The Role of Advocacy in Civil Society.", 175.

participation in strategic discussions.[439] The position of this thesis is that the distinctiveness of civil society organisations is not in their particular expertise but in their contribution to a healthy democratic ecology.[440] They do this by providing tangible and intangible social infrastructure that allows for development of agendas, testing of ideas and expressing 'voice' and helping transform individual autonomous judgments into collective decisions.

The importance of civil society to liberal democracy has often been presented as a bulwark against tyranny of state or dominant adverse interests or as a buttress to resist any sway towards hegemonic state power and totalitarianism. Also civil society may mitigate the dominance of market forces by encouraging people to associate with others, irrespective of income bracket and to establish social connections beyond family and economic necessity. Finally, civil society is essential for promoting neopluralism and liberal democracy by encouraging freely chosen associations where opinions can be formulated and made valid. The common element in civil society and associational life is the communication of different ideas but these ideas arise in non-regulated ways. This process easily becomes political if ideas are pushed onto the government's policy agenda because of 'cosy triangles' between peak associations, major business interests and state officials, or other means by which an exclusionary interdependency develops that diminishes the political access of a great diversity of voluntary organisations and groups.

The issue here is that charity provided through FSP organisations is about tangible services as well as advocacy and, as Aristotle reminds us, putting virtue into action requires power. I argue that power is both economic and political and its allocation and use for virtue's sake – charity - occurs within the institution of the voluntary sector. The theoretical framework for investigating this argument is set out in the following chapter.

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[439] Little, *The Politics of Community: Theory and Practice.*, 13.
[440] Warren, *Democracy and Association.*, 61.

Chapter 3:
Theorising the Policy Voice of Voluntary Organisations

<u>Introduction</u>

Putting virtue into action is the driving motivation of FSP organisations but in a neopluralist state, there is great diversity in these virtuous actions. While civil society principles describe five elements that FSP organisations have in common, a theoretical framework is needed that enables understanding of these organisations within their context. The subject of voluntary organisations sitting at the nexus of public finance and public interest has been studied from various perspectives and this research relies on political science and public administration perspectives, set within the context of New Zealand public policy.

Theory for public policy

A public policy question could be posed at the macro- level about the extent of the voluntary sector's various economic and political impacts. The focus of this research is the policy activities of FSP organisations that have a degree of financial dependence on government funding. Situating this research in a persistently neoliberal country[441] that has an enduring focus on public accountability[442] and in consideration of the realities of public policy making[443] within a continuum of pluralism – corporatism[444] it presents a fascinating subject. Despite a history of at least 50 years[445] there is still a large gap in empirical research relevant to this study. Some areas of public policy interest are itemised below.

Economically, there are the questions about the desirability of providing public goods through private, mixed costs of production and the difficulty of measuring outputs. Legally there is differentiation between FSP organisations that have a primarily charitable purpose and can register as charities and those that have a primarily advocacy purpose but both are woven into the fabric of communities. Political concerns about charities are two-fold – the accountability for public funds and services provided to private organisations, and the capacity that these organisations have to promote special interests. Social policy interests arise from the contribution of coalface organisations' expertise to social policy development, rather than just being agents of policy implementation.

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[441] Shaun Goldfinch, "Paradigms, Economic Ideas and Institutions in Economic Policy Change: The Case of New Zealand," *Political Science* 52, no. 1 (2000).

[442] Ryan, "A Comparison of Contracting Arrangements in Australia, Canada and New Zealand."; Richard Mulgan, *Holding Power to Account: Accountability in Modern Democracies* (Basingstoke: Palgrave MacMillan, 2003).

[443] Stone, "Causal Stories and the Formation of Policy Agendas."

[444] Nicholls, "Why Was There No General Strike in 1991? Corporatism, Pluralism and Neoliberal Labour Relations in New Zealand."; Lijphart and Crepaz, "Corporatism and Consensus Democracy in Eighteen Countries: Conceptual and Empirical Linkages."

[445] James Harding Robb, "The Role of Voluntary Welfare Organisations," *Political Science* 12, no. 1 (1960).

This detailed examination of FSP organisations is a public policy subject because of the interaction public services and private missions, between public money and private governance, between public accountability and social conscience and between the tax system and the effective operation of the social economy. There are significant complexities in the subject of public goods provided by FSP organisations and their role as policy actors[446] which is partly due to diverse views of the nature of the state. The research is influenced by the idea that 'it is possible to see the supposed contrast of contract versus community as a continuum, or even as a necessary complementarity, rather than as an either/or proposition'[447] although 'the durability of opposing discourses also symbolises the continuing ideological cleavages' about FSP organisations participating in policy making[448] as well as service provision. In other words, neutral treatment of the subject is the goal but opposing perspectives means the research is unlikely to yield an unambiguous conclusion.

Theoretical approaches

Many theories have been used in not-for-profit research in recent decades emerging from economic, sociological, political and legal or civil rights disciplines. An eclectic list of some of the topics covered – from new authors and founding thinkers - covers philanthropic traditions and trends, [449] relations between not-for-profits and other institutions,[450] social capital,[451] democratisation through civil society,[452] non-distribution of profit and trustworthiness,[453] taxation policy,[454] control by demand-side or supply-side stakeholders,[455] commercialisation of not-for-profits,[456] hollowing of the state through privatisation and contracting-out,[457] and many more. It seems logical to consider this array

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[446] Kendall, *The Voluntary Sector: Comparative Perspectives in the UK*.

[447] Robert N. Bellah, "Community Properly Understood", in Amitai Etzioni, *The Essential Communitarian Reader* (Lanham, MD: Rowman & Littlefield, 1998). 16.

[448] Casey and Dalton, "The Best of Times, the Worst of Times: Community-Sector Advocacy in the Age of 'Compacts'."

[449] Kevin C. Robbins, "The Nonprofit Sector in Historical Perspective: Traditions of Philanthropy in the West " in Walter W Powell and Richard (eds) Steinberg The Non Profit Sector: A Research Handbook, (New Haven, CT: Yale University Press, 2006), http://site.ebrary.com.ezproxy.auckland.ac.nz/lib/auckland/docDetail.action?docID=10210281. (accessed 28 March 2014).

[450] Weisbrod, "Toward a Theory of the Voluntary Non-Profit Sector in a Three-Sector Economy.";Elizabeth T. Boris & C. Eugene Steurle, "Scope and Dimensions of the Nonprofit Sector," in *The Non Profit Sector: A Research Handbook*, ed. Walter Powell and Richard Steinberg (New Haven, CT: Yale University Press). , 66; Lester M Salamon and Helmut K Anheier, *The Emerging Nonprofit Sector: An Overview* (Manchester: Manchester University Press, 1996).

[451] James S Coleman, "Social Capital in the Creation of Human Capital," American Journal of Sociology 94, no. Supplement: Organizations and Institutions: Sociological and Economic Approaches to the Analysis of Social Structure (1988).; Pierre Bourdieu, Questions de sociologie, cited in Martin Gargiulo and Mario Benassi, "The Dark Side of Social Capital," ed. Roger Leenders and Shaul Gabbay, *Corporate Social Capital and Liability* (http://dx.doi.org/10.1007/978-1-4615-5027-3_17: Springer US, 1999), http://dx.doi.org/10.1007/978-1-4615-5027-3_17.

[452] Wnuk-Lipiński, "Civil Society and Democratization ".

[453] Henry B. Hansmann, "The Role of Nonprofit Enterprise," *Yale Law Journal* 89, no. 5 (1980).

[454] Many countries have considered in depth the issue of taxation policy relating to the voluntary sector but some discussion is provided in Susan Rose-Ackerman, *The Economics of Non Profit Institutions: Studies in Structure and Policy* (New York, NY: Oxford University Press, 1986).

[455] Avner Ben-Ner, "Nonprofit Organizations: Why Do They Exist in Market Economies," in *The Economics of Nonprofit Institutions: Studies in Structure and Policy* (New York, NY: Oxford University Press, 1986).

[456] Tuckman, "Competition, Commercialization, and the Evolution of Nonprofit Organizational Structures."; Steven Rathgeb Smith and Michael Lipsky, *Nonprofits for Hire: The Welfare State in the Age of Contracting* (Cambridge, MA: Harvard University Press, 2009).

[457] Wolch, *The Shadow State: Government and Voluntary Sector in Transition*.

of ideas in determining a suitable theoretical base for this research[458] because they address the multiplicity of structures and purposes of not-for-profits and political cultures. Differentiation of a voluntary sector with clearly defining voluntarism features may even be contested, and replaced by the term 'the third sector' – open to almost any organisation that doesn't fit into either state or the market – or even less distinctively, 'hybrid organisations.'[459]

<u>Political science and sociology theories</u>

This research focuses on an area of political science that has received less attention for much of the twentieth century than the characteristics, actions and future of individuals; the policy advocacy of FSP organisations. Considerable attention has been given to the broader topics of civil society - especially in combination with democratisation - and social capital, but the place of the voluntary sector in the policy system has had much less examination. In the available research it appears that the discussions can be divided roughly into two: economic theories and sociological-political theories. Both are useful but the research takes a predominantly sociological-political perspective in considering the place of FSP organisations in the public policy system, despite the relevance of the economic aspects of marketisation.

As set out in Chapter One the three separate logics[460] – the state, civil society and the market - are useful here. Critics of this approach raise objections to boundary-setting[461] perhaps because of overlaps in the many role individuals have – as citizens, as needy individuals and as consumers. However the separate logics work because there are differences in power bases between these three arenas.[462] The very broad issue of where power lies in relation to civil society and the voluntary sector is closely associated in the economic literature with accountability,[463] agency or stewardship, and autonomy and democratic theories (discussed in this chapter).

Social services are provided by charities in a mixed-welfare economy[464], with the development of hybrid organisations[465] and isomorphism[466] arising in the FSP organisations that regularly contract to

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[458] Judith L. Miller-Millesen, "Understanding the Behavior of Nonprofit Boards of Directors: A Theory-Based Approach," *Nonprofit and Voluntary Sector Quarterly* 32, no. 4 (2003).

[459] David Billis, ed. *Hybrid Organisations and the Third Sector: Challenges for Practice, Theory and Policy* (Basingstoke: Palgrave Macmillan, 2010).

[460] Jensen, *Civil Society in Liberal Democracy*.

[461] Corry, "Defining and Theorizing the Third Sector."

[462] Sales, "The Private, the Public and Civil Society: Social Realms and Power Structures."; Wolch, "Decentering America's Nonprofit Sector: Reflections on Salamon's Crises Analysis."; Margaret Tennant, "Governments and Voluntary Sector Welfare: Historians' Perspectives," *Social Policy Journal of New Zealand*, no. 17 (2001).

[463] Glen Lehman, "The Accountability of NGOs in Civil Society and Its Public Spheres," *Critical Perspectives on Accounting* 18, no. 6 (2007). Mulgan, *Holding Power to Account: Accountability in Modern Democracies*.;T. J. Daly, "The Grassroots Ceiling: The Impact of State Policy Change on Home Support Nonprofits in Ontario and in Waterloo Region - Wellington-Dufferin (1958--2001)" (Dissertation, University of Toronto 2003).

[464] Considine, "Governance and Competition: The Role of Non-Profit Organisations in the Delivery of Public Services."

[465] Adalbert Evers, "Mixed Welfare Systems and Hybrid Organizations: Changes in the Governance and Provision of Social Services," *International Journal of Public Administration* 28, no. 9-10 (2005).

the government. The existence of policy networks[467] for advocacy activities is a component – both cause and effect - of boundary-blurring. Carrying out public policy studies in conditions of such ambiguity and diversity of power bases requires contextualisation. While this is set out in detail in Chapters Five, Six and Seven, in this chapter some examples of the New Zealand context are used to illustrate theoretical points.

The voluntary sector as an institution: New institutionalism theory

Research focused on FSP organisations in a political context should consider institutionalism and new institutionalism theories because variants of the theory have been used to study issues that apply to FSP organisations which are in contract relationships with the state.[468] Kramer considers that it is an appropriate method of studying non-profits because of the interdisciplinary nature of the sector itself[469] and the persistence of diverse, multitudinous social structures. Individual FSP organisations are embedded in social and political systems of particular values and norms, with diverse networks of stakeholders. A virtuous circle of logically-related individuals and organisations effectively becomes an institution[470] because there are more similarities than differences in their constitutions, values and norms.

Despite the fact that this theoretical area seems to be still evolving,[471] varieties of this macro theory have useful contributions to make such as sociological intuitionalism.[472] As a branch of organisational sociology, the explication of institutionalism theory in the 1980s[473] provided clarity about the heterogeneous mass of voluntary organisations in relation to public administration and public accountabilities.[474] It is useful in identifying distinct structures that: contain members but are not

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[466]Eva Boxenbaum and Stefan Jonsson, "Isomorphism, Diffusion and Decoupling," in *The Sage Handbook of Organizational Institutionalism*, ed. Royston Greenwood, et al. (London: Sage Publications Ltd, 2008)., 78-99. http://dx.doi.org.ezproxy.auckland.ac.nz/10.4135/9781849200387.n3 (accessed 05 March 2014).

[467] Margaret Mikkelsen, "Policy Network Analysis as a Strategic Tool for the Voluntary Sector," *Policy Studies* 27, no. 1 (2006).

[468] Jeffrey Johnson-Abdelmalik, "The Legitimacy of Ideas: Institutional Foundations of the Non-Profit Community-Welfare Sector," *Third Sector Review* 17, no. 2 (2011).

[469] Ralph M Kramer, "A Third Sector in the Third Millennium?," *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 11, no. 1 (2000).

[470] Institutional theories relate to the institution as: containing members but not identical with any member; having independent agency; enduring beyond the life of any member; governing the acts of its members. An institution can be judged to have autonomy as a self-governing entity and/or it has its own internal functions that cannot be discharged any other way than through that form of agency. Roger Scruton, *The Palgrave Macmillan Dictionary of Political Thought* (Basingstoke and New York: Palgrave Macmillan, 2007)..

[471] Kjell Goldmann, "Appropriateness and Consequences: The Logic of Neo-Institutionalism," *Governance* 18, no. 1 (2005).

[472] D. S. Sturtevant, "Spectator or Participant? A Study of Charitable Nonprofits' Political Advocacy" (Dissertation, Michigan State University, 1997).; Tammar B Zilber, "Institutionalization as an Interplay between Actions, Meanings, and Actors: The Case of a Rape Crisis Center in Israel," *Academy of Management Journal* 45, no. 1 (2002).

[473] Johan P Olsen and James G March, "Rediscovering Institutions: The Organizational Basis of Politics," (New York, NY: Free Press, 1989).; Philip Selznick, *Leadership in Administration: A Sociological Interpretation* (Berkeley & Los Angeles, CA: University of California Press, 1984).

[474] Mark Bevir, Institutionalism, (London Sage UK, 2009), http://search.credoreference.com/content/entry/sageukgov/institutionalism/0.

identical with any member, have independent agency, endure beyond the life of any member, govern the acts of its members[475] and adapt to changing environments.[476]

While 'old' institutionalism could be useful for this research, as a theory it has become outmoded in preference to new institutionalism.[477] New institutionalism has a range of styles or approaches which sometimes overlap but generally seeks to 'unpack symbolic and behavioural systems, spell out their rules, analyse their relationship to regulatory mechanisms, and, ultimately [explain] … how these [systems] give rise to certain identities, roles, and routines.'[478] It is interested in the behaviours and the norms surrounding individuals or sets of organisations that may collectively be an institution and encompasses the entire social reality of individuals, breaking it into distinct patterns of activity within different types of organisation.

Applying institutionalism to a study of FSP organisations

New institutionalism can be applied to the voluntary sector if an institution can be judged to have its own internal functions that cannot be discharged any other way than through that form of agency;[479] a new institutionalist analysis also can reveal why organisations change and persist over time and how systems can shape the choices of individuals.[480]

There are at least four identifiable variants[481] within new institutionalism that may be suitable for this project. Discursive institutionalism shows that changes can arise within institutions through the discussion of ideas.[482] Historical institutionalists see that incremental change occurs through layering, drift and conversion[483] and considers an institution from the perspective of past events, decisions and cultural facts in a path-dependent manner[484] in order to understand current constraints or paradoxes. Sociological institutionalists look at the norms and culture of social agents, how institutions influence behaviour by giving an individual the beliefs and identities on which he or she then acts (such as in a mission statement), and how institutions are influenced by changes in beliefs arising from new identities and norms in society (ideologically-based public policies). Then there is

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[475] Roger Scruton, "The Palgrave Macmillan Dictionary of Political Thought," (Basingstoke: Palgrave Macmillan, 2007), http://dx.doi.org/10.1057/9780230625099., 333.

[476] Seth Abrutyn, "Toward a General Theory of Institutional Autonomy," *Sociological Theory* 27, no. 4 (2009)., 450.

[477] B. Guy Peters, *Institutional Theory in Political Science: The New Institutionalism* (New York, London: The Continuum International Publishing Group, 2012).

[478] Keith A. Nitta, "New Institutionalism," ed. Mark Bevir, *Encyclopedia of Governance* (Thousand Oaks, CA: Sage Publications Inc., 2007), http://dx.doi.org/10.4135/9781412952613.

[479] Scruton, "The Palgrave Macmillan Dictionary of Political Thought."

[480] There are generally two aspects to analyses using this theory – the strategic reasoning and worldview individuals have in relation to organisations (Peter A. Hall and Rosemary C. R. Taylor, "Political Science and the Three New Institutionalisms," *Political Studies* 44, no. 5 (1996).: 939.

[481] Vivien Lownpes, "Varieties of New Institutionalism: A Critical Appraisal," *Public Administration* 74, no. 2 (1996).; B. Guy Peters, "Institutional Theory," ed. Mark Bevir, *The Sage Handbook of Governance* (London: Sage Publications Ltd, 2011), http://dx.doi.org/10.4135/9781446200964.

[482] Vivien A. Schmidt, "Taking Ideas and Discourse Seriously: Explaining Change through Discursive Institutionalism as the Fourth 'New Institutionalism'," *European Political Science Review* 2, no. 01 (2010).

[483] Ibid., 5.

[484] Hall and Taylor, "Political Science and the Three New Institutionalisms.": 939.

institutional pluralism - applying institutional logics so that organisations that abide by particular patterns of action and values are either closer or further apart from other organisations. The most useful idea from new institutionalism is to consider the three components of institutions: constraints, culture and constituents.

From an institutionalist perspective, the relationship between the voluntary sector and government is interesting: at a macro-institutional level, legislative and policy frameworks give the government significant power, while at the micro-institutional level boundaries of power between the parties are often blurred by the sharing of social service provision, shifting alliances and by individuals moving between employment in the state and voluntary sectors. Despite this, public policy discussions often focus on the government's perspective rather than the voluntary sector's perspectives, for example the Parliamentary record[485] reveals the government's concerns about the political nature of the voluntary sector-state relationship, about funding and taxation and about state sector re-structuring which broadens or narrows growth opportunities open to FSP organisations. But at the micro-institutional level, the voluntary sector needs public policy to have a community focus and at least make an attempt at value pluralism.[486]

Defining the logic driving voluntary service organisations

New institutionalists have developed a set of institutional logics to explain the differences in patterns of practices, assumptions, values and 'rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality … that guide and constrain decision makers.'[487] These patterns are distinctive and enduring, allowing analyses to consider one or other particular patterns of activity. Applying this theory, scholars increasingly refine differences in these patterns into seven institutional logics between capitalism/markets, corporations, professions, the state, the family, religions and community.[488] The problem created for this research is that FSP organisations do not sit clearly within any single institutional logic.[489]

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[485] This is discussed in the Chapters Five, Six and Seven.

[486] Conroy, "Non-Profit Organisations and Accountability--a Comment on the Mulgan and Sinclair Frameworks."

[487] Patricia H Thornton and William Ocasio, "Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry, 1958-1990," *American Journal of Sociology* 105, no. 3 (1999).See also Roger Friedland and Robert R Alford, "Bringing Society Back In: Symbols, Practices and Institutional Contradictions," in *The New Institutionalism in Organizational Analysis*, ed. Walter Powell and Paul J. DiMaggio (Chicago: University of Chicago Press, 1991).

[488] Patricia H Thornton, William Ocasio, and Michael Lounsbury, *The Institutional Logics Perspective: A New Approach to Culture, Structure, and Process* (Oxford: Oxford University Press, 2012).

[489] Another problem arises with more recent criticism of the use of institutional logics, which ignores factors such as the division of labour, which stretches across the institutional logic boundaries, yet is nevertheless an important structural aspect for analysis. See Seth Abrutyn, *Revisiting Institutionalism in Sociology: Putting the "Institution" Back in Institutional Analysis*, vol. 116 (New York, NY: Routledge, 2014).

This research is founded on democracy theory, which generally uses just three dominant ideational logics - civil society, the state and the market[490] which hold each other in perpetual motion by the fact that each covers a gap in activity by another. The logic of civil society is derived from a combination of voluntarism, collectivism and altruism but essentially FSP organisations may be simply understood as being based on helping others in need. The help offered is neither obligated as a duty to citizens (as is the state's help) nor sought for the purpose of capital circulation and accumulation (as are the market's goods and services). 'Helping others' has been called a gift relationship:[491] the givers are FSP organisations, using the free will of associated and like-minded individuals and harnessing other community resources; [492] receivers are individuals in need, without access to market or government solutions.

More commonly, scholars have defined the logic of reciprocity that drives FSP organisations, not just as a pattern of mutually helpful socioeconomic exchanges, but from a policy system perspective as a four-part taxonomy.[493] Because Mau's reciprocity (moral) taxonomy shows a clear differentiation of logics it is shown here in simple form. Although such definitions overlook the simplest logic of charity that *caritas* means generous love,[494] the reciprocity taxonomy shows that the way organisations respond to their internal and external circumstances must be understood from the four types of extant government logic.

Figure 4: Mau's Reciprocity Taxonomy

Generalised reciprocity
Redistributive policy model :
Equality of outcome , Collective responsibility

Dispositional reciprocity
Subsidiary egalitarian policy:
Equality of opportunity, Safety net

Balanced reciprocity
Contributory model:
Status Maintenance, Risk avoidance

Obligating reciprocity
Selective and residual policy
Anti-poverty,
Means test, Deterrence

In overview it is necessary to use new institutionalism as part of the theoretical platform, as 'it does confirm the importance of norms and trends in institutionalism by indicating that adverse effects arise when organisations don't use the practices legitimated by an extant logic.' [495] However concepts

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[490] Professor Steven Rathgeb Smith maintains this differentiation: "Governments, markets and civil society organizations: 10 good ideas for New Zealand" seminar hosted by the State Services Commission, Australia and New Zealand School of Government, and Institute of Governance and Policy Studies, Wellington, 5 May 2015.

[491] The concept of a gift relationship has been debated since the most widely cited use of this term: Richard Titmuss, "The Gift Relationship: From Human Blood to Social Policy " (London: Allen and Unwin, 1970). See: Edwina S. Uehara, "Reciprocity Reconsidered: Gouldner's `Moral Norm of Reciprocity' and Social Support," *Journal of Social and Personal Relationships* 12, no. 4 (1995).

[492] Community can be local, national or international depending on the organisations' interests.

[493] Steffen Mau, "Welfare Regimes and the Norms of Social Exchange," *Current Sociology* 52, no. 1 (2004).

[494] Miller-Millesen, "Understanding the Behavior of Nonprofit Boards of Directors: A Theory-Based Approach."

[495] Greenwood et al., "The Multiplicity of Institutional Logics and the Heterogeneity of Organizational Responses.": 522.

such as institutional logics can both simplify and muddy the application of new institutionalism as a theory for this research. While it is useful to have boundaries between different types of institutions that helps to set the scope of investigation, creating boundaries within theories risks setting up gaps and duplications depending on different researchers' perspectives. This makes comparative research more difficult. Because of these limitations, further theoretical constructs are considered to assist with this research process.

Freedom and autonomy

Studying the policy voice of FSP organisations funded by the government requires an examination of the freedom and independence that organisations possess to make their voices heard. It is not just the existence or absence of policy advocacy that is interesting, it is also the identification and expression of an organisational position about particular public policies. The examination of autonomy has been prompted by the examination of civil society, and subsequently revealed as the core of the whole research inquiry. It pulls together the theoretical framework from new institutionalist and neopluralist ideas and enables an argument for FSP organisations as policy advocates. Katz provides an inspiring definition: 'An autonomous organisation is a force binding people together, creating spheres of freedom that allow fruitful interaction.'[496]

Freedom is much more than a theoretical construct – it is a word that motivates people to think profoundly about themselves as individuals, the nature of society that they live in and the world that humans inhabit. To many people freedom is an inalienable right and an essential part of a good life and no other application of the word is necessary. To feel that we 'possess' freedom is to feel we are a 'whole person' or 'our own person'– even if this means that we might choose to have our freedom limited, such as deciding to become a nun or a monk. This power to choose our own rules is called autonomy and is distinct from decisions made in the exercise of free will[497] (namely, freedom).

But choosing how we want to be controlled is not the sole prerogative of individuals. The world that humans inhabit is constructed of institutions and organisations – everywhere there are groupings of people that comprise society, covering every aspect and stage of an individual's life. There are some theoretical concepts of freedom and autonomy that apply in similar ways to individuals as well as to voluntary associations, but they require specific consideration as set out below.

Is the autonomy of collectives and individuals the same?

Until this point, the theoretical framework has not required the identification of any differences in the application of theories to individuals or collectives. Generally speaking, collectives and

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[496] Fred E. Katz, *Autonomy and Organization: The Limits of Social Control* (New York: Random House, 1968)., 4.
[497] Gerald Dworkin, *The Theory and Practice of Autonomy* (Cambridge ; New York Cambridge University Press 1988).

associations come together by the agreement of groups of individuals.[498] When a collective is more than a passing association of individuals that have no other relationship[499] and which forms rules for the way it associates, it is a separate, identifiable entity from other associations and from individuals. A passing but significant association of individuals - such as those at the scene of a road accident[500] - is not a collective. Reviewing the theoretical platform developed so far, collectives are an important part of a democratic policy system and they have some regulatory obligations in return for legal protection – such as a requirement for a constitution or Trust Deed. The purpose of an association is freely decided by the associated individuals and thereafter, the association continues its life as a distinct, legal entity. Its subsequent freedom is less straightforward to describe.

Theories of freedom are generally directed at the freedoms of individuals.[501] Autonomy is also usually presented as a philosophical construct relating to individuals[502] shown by the word's Greek origins: *autos* (self) and *nomos* (law). Autonomy also can apply to organisations, such that the Oxford Dictionary refers to it as a mass noun, defining autonomy as 'freedom from external control or influence; independence'[503] as in referring to the autonomy of government agencies.[504] Autonomy may even be more properly applied to collectives than individuals if the presence of autonomy can only be judged when looking from the outside, because it is impossible for individuals to stand outside of themselves to judge their degree of autonomy.[505]

One of the visible contemporary planks of constitutional freedom is the protection of civil and political rights through implementation of the *International Covenant on Civil and Political Rights 1966*, which was ratified by New Zealand in 1978. While there is some question about how well New Zealand has implemented this treaty, [506] substantive debates about freedom of association in New

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[498] Some associations may be formed through an Act of Parliament, such as the Winston Churchill Memorial Trust and the Museum of Transport and Technology. The Children's Health Camps operated through statute for most of its life but opted to become an independent charity in 2001. It changed its name to Stand Children's Services in 2013.

[499] It is not easy to come up with a casual association of individuals that have nothing in common – but perhaps this is a feature of the New Zealand culture. In fact, there are many types of casual associations of individuals which do have some on-going links – whether at a charity art auction, jazz performance, or soccer game. Some individuals attend such activities time and time again because of common interests and may form on-going relationships that are based on that common interest. They may even form a collective to support the common interests.

[500] Although road accidents are unlikely to have either predictable or on-going associations of individuals, the experience of being involved in a road accident is likely to produce empathy for others in similar situations and may even lead individuals to join associations that are dedicated to helping accident victims. The individual's experiences then add to the association's pool of experience and strength.

[501] From the ancients to the moderns, freedom has been described in relation to individuals – see Benjamin Constant's perspective in Carter, Kramer, and Steiner, *Freedom : A Philosophical Anthology*.; Friedrich von Hayek, A, "The Constitution of Liberty," (London: Routlege & Kegan Paul, 1960)., 11-16, 18-21; General references to freedom applying to human persons, see Stanley I Benn, *A Theory of Freedom* (Cambridge: Cambridge University Press, 1988)., 152-7, 176-7, 179-80, 181-2.

[502] Dworkin, *The Theory and Practice of Autonomy*.

[503] http://www.oxforddictionaries.com/definition/english/autonomy (accessed 19 March 2014).

[504] Milena I. Neshkova, "Does Agency Autonomy Foster Public Participation?," *Public Administration Review* (2014).

[505] Thomas Nagel, "The Problem of Autonomy," in *Agents, Causes, and Events: Essays on Indeterminism and Free Will*, ed. Timothy O'Connor (1995).

Alex Conte, "International Reflections on Civil and Political Rights in New Zealand," *Canterbury Law Review* 8(2001).; Petra Butler, "15 Years of the Nz Bill of Rights: Time to Celebrate, Time to Reflect, Time to Work Harder?'," *Human Rights Research* 4(2006).

Zealand are not visible, apart from those relating to associations advocating for civil and political liberties such as Amnesty International and the New Zealand Council for Civil Liberties.

General theoretical concepts of freedom and autonomy

As referred to earlier, this research is interested in the political behaviour of FSP organisations which act autonomously – being self-governing, self-determining entities. But the research needs to have a theoretical layer that helps in considering how FSP organisations choose - in particular how they choose to become policy actors. I propose that theoretical constructs of freedom and autonomy can be used to present some fundamental characteristics of FSP organisations which this research can use in the data analysis.

Hayek's consideration[507] of whether freedom exists involves a question about whether a person can expect to shape his course of action according to his desires, or whether another has the power to manipulate conditions so as to make the individual act according to the other's will. Similarly, an autonomous person decides what to believe and weighs competing reasons for action.[508] Dworkin's explanation of autonomy could apply to associations, which 'define their nature, give meaning and coherence to their [existence], and take responsibility for the kind of [associations] they are'[509] through the process of collective decision making. Kant highlights the positive freedom (or the ability to be what we choose) as a property belonging to a will that acts independently of determination by alien causes. O'Neill[510] continues the Kantian tradition when discussing the need for advocates to express the autonomous desires of those who are not readily able to speak for themselves.

Before tightening up the theoretical tenets relevant to this study from other literature, a side-step into the concept of 'agency' used here is necessary to avoid any confusion with agency theory.

Agency

'Agency' is used in this thesis as a philosophical concept of an operation or action that produces certain results. The alternative common use of agency is the relationship of a subordinate body to a principal, with an understanding that the principal instructs the agent to perform certain tasks in exchange for the agent's agreed reward, which is explained by economic theory.

Economic theories ignore the fact that a true voluntary organisation's agency exists through the determination of both its governing board and the resources that it can corral, not through its

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[507] von Hayek, "The Constitution of Liberty." 11- 16, 18-21.
[508] Dworkin, *The Theory and Practice of Autonomy*., 5-6.
[509] Ibid.: 20.
[510] Onora O'Neill, "Autonomy, Coherence and Independence," in *Liberalism, Citizenship and Autonomy*, ed. David Milligan and William Watts-Miller (Aldershot: Avebury, 1992).

economic transactions and relationships.[511] Voluntary organisations' capacity to grow or diminish is a private, corporate matter that lies with their governing boards, and their agency produces complex, diverse organisations that are motivated to act by the particular needs that exist in society at particular times, not from obligations to citizens or to shareholders. They may have some constraints on their autonomy but neither the autonomy nor the constraints on it can be taken away from that organisation legally without the organisation's agreement – tacit or otherwise.

Freedom for collectives – Essential features

Autonomous organisations demonstrate three characteristics: freedom in agency through being organised to achieve a particular purpose, discursive control of the organisation's affairs and the fitness to be held responsible for its actions.[512]

Freedom in agency

By acting on its own logic, an association has freedom in agency through the actions it takes, even if the actions are only to prepare a Trust Deed and to follow the rules relating to meeting together. A collective does not possess freedom if it does not take action as a collective or takes action that is not collectively derived. A critical characteristic of a free agent[513] is the capacity to process its perspectives of its environment and to act on it collective motivations, with an internally acceptable standard of rationality and consistency.

Beyond possessing such characteristics, an association can demonstrate freedom in agency when it organises itself to achieve what it desires,[514] identifies its beliefs and lets those beliefs serve as a check on its actions. The collective becomes a purposive group when individuals work towards shared goals in interdependent ways, but a collective intention and a collective method of achieving it always exist.[515] Organisational freedom[516] poses a dilemma - whether to leave matters of reasoning on issues that arise to individuals' vote – such as in consensus voting - or whether to enforce a pattern of voting such as a majority vote. While the collectivisation of reason is a process that recognises that individuals have shared goals as well as non-shared goals, for the collective to be held responsible, it must put the collective interests ahead of members' interests. A collective must be able to show that its decisions are discontinuous from the intentions of individuals and that they are not just management decisions.[517] The Trust Deed allows the organisation to pursue actions which

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[511] There are registered charities that have been formalised through an Act of Parliament, however they are a very small percentage and are the exception to this statement. They are voluntary organisations in all other ways apart from their existence through statute.

[512] Christian and List and Philip Pettit, "The Conditions of Agency," *Group Agency: The Possibility, Design, and Status of Corporate Agents* (Oxford Scholarship Online, 2011).

[513] Ibid., 20-4, 39.

[514] Ibid., 32.

[515] Ibid., 34.

[516] Pettit, *A Theory of Freedom: From the Psychology to the Politics of Agency*., 111-121.

[517] Ibid, 119-121.

the members have discussed and agreed together – the process of discursive control (discussed below).

<u>Discursive control</u>

Individuals possess rational and volitional control of their activities but collectives can only possess discursive control of its activities. Discursive control can be demonstrated by identifying an issue for the collective, articulating and agreeing the considerations relevant to the issue (with some as decision makers and some as advisers), looking for a resolution that takes into account the agreed 'considerations', and recognising that each has influence. Where some members have more influence in the collective, it should be the influence of a 'co-reasoner' rather than as a coercer.[518]

In undertaking policy advocacy, the collective can allow individuals to express its views but greater discursive control is demonstrated when the collective agrees to express particular views or take direct action. This discursive control characteristic of collectives brings closer alignment with public communication or democratic deliberation.[519] One view is that:

> Public communication and deliberation are the activities that constitute public spheres and the communicative power they generate. [A]ssociations … provide the connections between individuals' needs and problems and their articulated public voice by working to bring issues before the public and providing arguments for positions.[520]

<u>Fitness to be held responsible</u>

Freedom is also defined by an agent's 'fitness to be held responsible'.[521] This has a longer term perspective than simply the demonstration of freedom in agency. Certain conditions need to exist for collectives to be held responsible. For example a voluntary organisation is fit to be held responsible when recognises standards of right and wrong and applies them to itself, has options that are numerous and distinct, has the resources to evaluate and act on the options and is not subject to the coercion of others.[522]

Tests of collectives being fit to be held responsible arise when they face a normatively significant choice, whether it is right[523] or wrong. The logical continuity of these choices means an organisation has the ability to 'generate a history of judgments … that shape how it [might act] in pursuit of its purpose.'[524] This generates an identity which needs to be maintained over time and be promoted as

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[518] List and Pettit, "The Conditions of Agency.", 68.

[519] For an overview of some views of this field, see: Hendriks, "Integrated Deliberation: Reconciling Civil Society's Dual Role in Deliberative Democracy."

[520] Warren, *Democracy and Association*., 163.

[521] Christian and List and Philip Pettit, Group Agency: The Possibility, Design, and Status of Corporate Agents, (Published to Oxford Scholarship Online, 2011), http://www.oxfordscholarship.com.ezproxy.auckland.ac.nz/view/10.1093/acprof:oso/9780199591565.001.0001/acprof-9780199591565. doi:10.1093/acprof:oso/9780199591565.001.0001.: 153-68.

[522] Pettit, *A Theory of Freedom: From the Psychology to the Politics of Agency*., 19-21.

[523] From the group's perspective, the right choice will be the one that meets the objectives of the group.

[524] Pettit, *A Theory of Freedom: From the Psychology to the Politics of Agency*., 111.

the way the collective acts, without renouncing past collective judgments. A relevant example of the fitness to be held responsible is when an association applies for and is accepted onto the register of charities or the register of incorporated societies. It must then comply with the standards and obligations of the registering body.

Ascribing collective autonomy through supports and constraints

Pulling some of these ideas together, we can operationalise collective autonomy from the determinants of freedom which are practised or demonstrated. As Dworkin's quote above shows this is primarily by defining their nature, making their own rules and taking responsibility for their decisions. Collectives can further demonstrate their autonomy by the position and role of the organisation within the social and political economy (if society accepts the validity and processes of such collectives). The history of its judgments and pattern of its decision making also reveals its autonomy, as does its use of various material and symbolic resources. This history transcends disagreements amongst group members and changes in organisational goals.

<u>Autonomy – Supporting factors</u>

Possible organisational strategies to support autonomy or reduce constraints on FSP organisations are listed below.

a. **Broad norms and rituals** help deal with uncertainty in the policy environment and reaffirm moral commitment to the mission without questioning its legitimacy, although internal vulnerability always exists because norms are continually and legitimately subject to interpretation.[525]

b. Competitive advantages can arise if FSP organisations develop and hold a **countervailing or balancing power** such as from holding unique expertise or specialty in some public services and may include **nurturing political influence in certain industries** as a result.[526]

c. The decision to engage in a funding relationship with government can support autonomy when it is based on **co-opting the mind-set** of government agencies,[527] even reaching consensus on social issues and how to address them. This requires a strong identity and purpose.[528]

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[525] Katz, *Autonomy and Organization: The Limits of Social Control*., 77-80.
[526] Ralph M. Kramer and Bart Grossman, "Contracting for Social Services: Process Management and Resource Dependencies," *Social Service Review* 61, no. 1 (1987).: 51.
[527] Najam, "The Four C's of Government Third Sector-Government Relations."
[528] Hirst, "Renewing Democracy through Associations."

d. **Consistent organisational responses** to constituent's demands help to create credibility and 'construct room for manoeuvre'[529] as does **relationship maintenance** throughout changes of government administration. This requires control of the organisation's identity, enhanced by deliberate **boundary-setting** in relation to funders especially those which are fundamentally different in core values.[530]

e. Deliberate strategies for dealing with mission-drift include i) **proactive engagement;** ii) provision of **ancillary services** to government funders[531]and iii) **jointly serving the community** with philanthropists[532] and socially responsible businesses.

f. **Provider networks and advocacy coalitions** that are not elitist or exclusive, support organisational autonomy if they are community-developed rather than professionally-developed (such as by agencies external to the service providers).[533]

<u>Autonomy – Constraining factors</u>

Many factors[534] can have a constraining impact on organisational autonomy to act as policy advocates. The literature yields factors that can be categorised as - organisational (a, b, c) and sectorial (d, e) – and are summarised below.

a. F**ormalisation** of the organisation (the more the resources and grander the mission, the greater the hierarchy and professionalisation)[535] can influence decision making towards protecting the organisation rather than achieving the mission. Path dependency[536] in organisations which are firmly embedded in their founding conditions may make innovation and flexibility difficult – yet in some cases this may be an autonomy-supporting factor.

b. When **factions**[537] of the collective make decisions without the knowledge or consent of members these actions will not [and cannot] reflect the mind of the collective which therefore constrains the collective's freedom from within. There is no physical constraint – only ethical or legal – on factions acting without the knowledge or consent of the collective's members, but the actions taken cannot be correctly represented as the decision of the

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[529] Thea Hilhorst, *The Real World of NGOs: Discourses, Diversity and Development* (London, New York: Zed Books, 2003)., 107-108.

[530] Catalano, "Organizational Boundary Definition and the Micropolitics of Organization-Constituency Relationships and Organizational Autonomy."

[531] Bennett and Savani, "Surviving Mission Drift: How Charities Can Turn Dependence on Government Contract Funding to Their Own Advantage."

[532] Sally Shaw and Justine B. Allen, ""To Be a Business and to Keep Our Humanity"," *Nonprofit Management & Leadership* 20, no. 1 (2009). (p. 89)

[533] Rosemary Leonard, "Social Agency in Community-Sector Organisations," *Third Sector Review* 11, no. 2 (2005).

[534] (That is, apart from financial dependence on particular funding sources – this is discussed under Resource Dependency theory.)

[535] Clemens, "The Constitution of Citizens: Political Theories of Nonprofit Organizations."

[536] Ramya Ramanath, "Limits to Institutional Isomorphism: Examining Internal Processes in NGO—Government Interactions," *Nonprofit and Voluntary Sector Quarterly* 38, no. 1 (2009). (p.52)

[537] This is Madison's concept when referring to certain groups in society which should be viewed as factions if they are acting adversely to the general will of the public. MADISON, J. 1966. The Federalist Papers No.10. London: Everyman.

collective. This dilemma can be resolved by the collective agreeing to delegate power to a specified group of individuals to act in certain areas.

c. **Isomorphism**[538] even subordination towards a funders' culture and output affects the autonomy-accountability balance. Adjustments in the organisation are made based on different areas and types of accountability that it has – to members, funders, and the general public. This is evidence of a weak corporate identity.

d. **Boundary-setting** in relation to constituents other than government is also necessary: organisations need to define appropriate interactions with stakeholders. While advocacy coalitions support the autonomy of a particular policy community it may constrain organisational autonomy.[539] Networks can be deceptively exclusive.[540]

e. Agenda setting that involves **coercion by other collectives** - such as lobbying or corporatist behaviour[541] - may affect few or many organisations. Such practices constrain the autonomy of some while supporting it in others. Corporatism[542] may be seen in a positive light as providing government with an efficient means of gaining policy input or in a negative light as crowding out a range of voluntary organisations' policy voices.

In summary, there are endogenous and exogenous forces acting on autonomy, as outlined in Table 1.

Table 1: Actions in response to internal and external factors

	Collectives act autonomously in relation to endogenous forces by:	Collectives act autonomously in relation to exogenous forces by:
1	Defining their organisational nature, thereby giving meaning and coherence to the individuals choosing to be associated with that organisation.	Acting independently of determination by external agencies or national policy.
2	Collectivisation of reason shows that decisions are discontinuous with the intentions of individuals, different roles and factional activity.	Taking responsibility for the kind of organisations they are and the history of their judgments.
3	Always exercising discursive control of their activities	Demonstrating an expectation to shape their course of action according to their own preferences.
4	Weighing competing reasons for action and making choices consistent with the agreed collective purpose.	Ensuring access to evidence to make normative judgments about its choices.

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[538] Isomorphism is the adoption of some or all of the characteristics of a more powerful stakeholder. This and other supporting factors are identified and cited in: McLoughlin, "Factors Affecting State–Non-Governmental Organisation Relations in Service Provision: Key Themes from the Literature."

[539] Maria Roberts-DeGennaro, "Building Coalitions for Political Advocacy," *Social Work* 31, no. 4 (1986).

[540] Hirst, "Renewing Democracy through Associations."

[541] Michael Howlett, Michael Ramesh, and Anthony Perl, *Studying Public Policy: Policy Cycles and Policy Subsystems*, vol. 163 (Cambridge Univ Press, 1995)., 33-38.

[542] Schmitter, "Neo-Corporatism."; Roland Czada, *Corporativism.*, ed. Bertrand Badie, Dirk Berg-Schlosser, and Leonardo Morlino, International Encyclopedia of Political Science (Thousand Oaks, CA: SAGE Publications, Inc., 2011).

These constraining and supporting factors are not generally identified separately in the literature on organisational autonomy but some general findings are set out below.

<u>Applications of the autonomy concept</u>

FSP organisations which contract with the government (or any other institution) are not usually in existence for the purpose of being agents of those contracting entities and therefore consider themselves as independent and autonomous organisations. Despite this self-image there are likely to be some FSP organisations which verge on being quasi-government agencies or present themselves in ways similar to their funders[543] because of a perspective that government is the centre of the public sphere.[544] Autonomy in government agencies has produced much scholarly effort in recent decades[545] including a comparative study[546] which found that New Zealand, along with the United Kingdom and Sweden went too far in specialisation of functions and have re-coordinated some of them to strengthen the government core. Ideas such as blended governance or co-governance and co-production in social services have arisen from economics,[547] public policy[548] and organisational behaviour perspectives[549] or a mix of disciplines.[550] The literature generally focuses more on the internal dimensions of autonomy – organisational and individual – than on the external social or political culture or on institutional autonomy. Autonomy as a concept has been prevalent in research on schools and education,[551] and the idea of 'autonomous choosers' promoted by neoliberal policies is more a tug-of-war between ideologies – individualistic or communitarian.[552]

The important assumption for this research is that autonomy is part of social structures, not deviance from them .[553] But the degree of autonomy that needs to be ceded by FSP organisations in order to collaborate with a more powerful partner is an important matter for the organisation.

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[543] Christopher Pollitt et al., Agencies: How Governments Do Things through Semi-Autonomous Organizations, (Basingstoke: Palgrave Macmillan, 2004), http://dx.doi.org/10.1057/9780230504868. doi:10.1057/9780230504868.

[544] Rob Laking, "Agencies: Their Benefits and Risks," *OECD Journal on Budgeting* 4, no. 4 (2004).

[545] Morten Egeberg and Jarle Trondal, "Political Leadership and Bureaucratic Autonomy: Effects of Agencification," *Governance* 22, no. 4 (2009).

[546] Koen Verhoest, Geert Bouckaert, and B. Guy Peters, "Janus-Faced Reorganization: Specialization and Coordination in Four Oecd Countries in the Period 1980—2005," *International Review of Administrative Sciences* 73, no. 3 (2007).

[547] Isabel Vidal, "Reflections on the Market, Networking and Trust," *Public Management Review* 8, no. 4 (2006).

[548] Stephen P. Osborne and Kate McLaughlin, "The Cross-Cutting Review of the Voluntary Sector: Where Next for Local Government- Voluntary Sector Relationships?," *Regional Studies* 38, no. 5 (2004).

[549] Taco Brandsen and Victor Pestoff, "Co-Production, the Third Sector and the Delivery of Public Services," *Public Management Review* 8, no. 4 (2006).

[550] Daly, "The Grassroots Ceiling: The Impact of State Policy Change on Home Support Nonprofits in Ontario and in Waterloo Region - Wellington-Dufferin (1958--2001)."

[551] John Beck, "Makeover or Takeover? The Strange Death of Educational Autonomy in Neo-Liberal England," *British Journal of Sociology of Education* 20, no. 2 (1999).

[552] Michael Peters and James Marshall, *Individualism and Community: Education and Social Policy in the Postmodern Condition*, New Prospects Series (London: Falmer Press, 1996), Book.

[553] Katz, *Autonomy and Organization: The Limits of Social Control.*, 75-83.

Is institutional autonomy for the voluntary sector feasible?

It is more difficult applying theories of autonomy to the voluntary sector as an institution than to individual organisations. Abrutyn[554] considers institutional autonomy a valid concept and describes features which are positively correlated with the presence of institutional autonomy: monopolisation and legitimation of useful resources and knowledge; socialisation of the existence of the institution and the reflection of its status and roles in society, processes to deal with conflict or allow competition and boundaries that hold in the symbolic resources associated with the institution. While such features also apply to individual organisations, institutional autonomy proposes that the voluntary sector can have a distinctive role in public policy. For example, FSP organisations account for one-third of New Zealand's mental health and addiction service expenditure and contribute to health policy and this could demonstrate autonomy.[555] On the other hand Australia has similar statistics of the crucial role of the voluntary sector but points to challenges to its autonomy.[556]

But the argument that the voluntary sector could be autonomous – as an institution - is difficult to support because the sector is amorphous and dynamic, with no common 'history of judgments'. Not only are there many different interests and issues amongst organisations, there are many differences in governance structures, financial bases, and socioeconomic contexts. It is possible that discursive control of the sector arises with greater inter-organisational communication from 'hybrid organisations'[557] and advocacy coalitions or service delivery mergers, but if these activities fragment organisational cohesiveness it is not necessarily adding strength to the sector as an institution. When problems are identified at sector level but resolutions are identified at the organisational level[558] the institutional autonomy to resolve problems is deficient or non-existent.

An example of sectorial problems could be tension between older, elite-oriented and elite-organised service providers and new and innovative organisations seeking 'instant credibility' with government funders and private donors.[559]Because government contracting often involves competitive tendering, FSP organisations are forced to vie amongst each other (including for-private-profits) for contracts. It is impossible to define the extent of institutional autonomy for the sector as a whole when competition forces an emphasis on difference – or competitive advantage - not similarity. In terms of

[554] Abrutyn, "Toward a General Theory of Institutional Autonomy."

[555] Platform Charitable Trust, "Towards Integration: Building an Integrated Primary Mental Health and Addiction Service," (Wellington: Platform Charitable Trust, 2012). http://www.platform.org.nz/uploads/files/towards-integration-building-an-integrated-primary-mental-health-and-addiction-service.pdf (accessed 24 March 2014).

[556] Housego and O'Brien, "Delivery of Public Services by Non-Government Organisations.; Ed Carson and Lorraine Kerr, "Contractualism, Workforce-Development and Sustainability in the Community-Services Sector in Australia," *Third Sector Review* 16, no. 1 (2010).

[557] Billis, *Hybrid Organisations and the Third Sector: Challenges for Practice, Theory and Policy*.

[558] Carson and Kerr, "Contractualism, Workforce-Development and Sustainability in the Community-Services Sector in Australia."

[559] Clemens, "The Constitution of Citizens: Political Theories of Nonprofit Organizations.", 213-214; Anheier and Kendall, *Third Sector Policy at the Crossroads: An International Non-Profit Analysis*.

the sector's workforce institutional autonomy is tenuous[560] when there is constant recycling of personnel through the public, for-profit and voluntary sector in a lightly populated country like New Zealand. Institutions influence behaviour by giving individuals the beliefs and identities on which they then act, but institutions are also influenced by changes in beliefs arising from new ideologies and norms in society.

Despite the awkward practical application of institutional autonomy many studies that consider for-social-profit autonomy do take a sectorial approach.[561] McLoughlin's review[562] of literature on state-for-social-profit relations and the accountability-autonomy link finds that the imbalance in power relationships causes great diversity in structures and strategies to deal with autonomy constraints. The diversity can result in benefits to some organisations and not others.[563] Autonomy concepts include blended governance, co-governance and co-production of services. Other studies take an economics perspective,[564] or public policy,[565] social justice,[566] or organisational behaviour perspective[567] or a mix of all.[568]

<u>Link between autonomy and economic theories</u>

The autonomy of FSP organisations to participate in the social services market requires consideration of economic theory. As described in Chapter One, a market exists when parties engage in an exchange for a product or service. FSP organisations accept that social services need to be paid for, rather than produced through donated resources and therefore they participate in a market for funding to provide these services. Some relevant economic concepts are set out very briefly below.

Economic theories

Recognising that for-social-profit organisations hold economic power by sitting at the nexus of supply and demand in a mixed economy[569] and in many countries have now become 'enterprises'[570] economic theories also apply to this research. No single theory such as resource dependency explains

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[560] Abrutyn, "Toward a General Theory of Institutional Autonomy.", 457.

[561] There are other approaches to measuring civil society that are addressed in Chapter 2, but this reference specifically considers autonomy. Carmen Malena and Volkhart Finn Heinrich, "Can We Measure Civil Society? A Proposed Methodology for International Comparative Research," *Development in Practice* 17, no. 3 (2007).

[562] McLoughlin, "Factors Affecting State–Non-Governmental Organisation Relations in Service Provision: Key Themes from the Literature."

[563] Ibid., 249.

[564] Lloyd Hitoshi Mayer, "The" Independent" Sector: Fee-for-Service Charity and the Limits of Autonomy," *Vand. L. Rev.* 65(2012). Vidal, "Reflections on the Market, Networking and Trust."

[565] Osborne and McLaughlin, "The Cross-Cutting Review of the Voluntary Sector: Where Next for Local Government-Voluntary Sector Relationships?."

[566] L Keevers, Treleaven, L Sykes, C, "Partnership and Participation: Contradictions and Tensions in the Social Policy Space," *Australian Journal of Social Issues* 43, no. 3 (2008).

[567] Brandsen and Pestoff, "Co-Production, the Third Sector and the Delivery of Public Services."

[568] Daly, "The Grassroots Ceiling: The Impact of State Policy Change on Home Support Nonprofits in Ontario and in Waterloo Region - Wellington-Dufferin (1958--2001)."

[569] Weisbrod, "Toward a Theory of the Voluntary Non-Profit Sector in a Three-Sector Economy."

[570] Hansmann, "The Role of Nonprofit Enterprise."

everything about for-social-profit governance, mission or management[571] or about economic effects created by government purchasing. But the connections between government funding and public policy input[572] are inextricably tied to economics concepts built up in the 1970s and 1980s.[573] In a mixed economy[574] FSP organisations fill a societal need that cannot be met by government or market provision and deal with the allocation of choices under scarcity – the basic issue of economics.[575] Government and the voluntary sector have different strengths and weaknesses which in many instances provide significant complementarities that make collaboration between the two highly likely and useful. [576]

The ubiquitous institution of 'the market'[577] has framed the conversion of social services from volunteer-resourced to professionally-resourced as marketisation (discussed in Chapter One). Economic issues arising from a social services market (positive and negative) include service collaboration,[578] weakened employee motivations,[579] competition problems associated with wide variation in the quality of FSP bidders[580] or because officials simply prefer to contract with FSP organisations[581] rather than FPP organisations.

Social services as a monopsony

The theory of monopsony could be applied[582] when government is the single or dominant buyer with multiple suppliers of certain social services. Monopsony generally leads to the likelihood of lower price for suppliers, which may be counteracted by suppliers collectivising and demanding increased prices. Exacerbating the problem of operating in a monopsonist market is the difficulty of covering

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[571] Jeffrey L. Callen, April Klein, and Daniel Tinkelman, "The Contextual Impact of Nonprofit Board Composition and Structure on Organizational Performance: Agency and Resource Dependence Perspectives," *Voluntas* 21, no. 1 (2010).

[572] Steven Rathgeb Smith and Kirsten A. Gronberg, "Scope and Theory of Government-Nonprofit Relations," ed. Walter W Powell and Richard Steinberg *Nonprofit Sector: A Research Handbook* (New Haven, CT: Yale University Press, 2006).

[573] Helmut K. Anheier and Avner Ben-Ner, eds., *The Study of the Nonprofit Enterprise*, Theories and Approaches (New York Springer Science+Business Media 2003).

[574] Richard Steinberg "Economic Theories of Nonprofit Organizations," ed. Walter W Powell and Richard Steinberg *The Nonprofit Sector: A Research Handbook* (New Haven, CT: Yale University Press, 2006), http://site.ebrary.com.ezproxy.auckland.ac.nz/lib/auckland/docDetail.action?docID=10210281.

[575] The start of this perspective is generally associated with three seminal works: Weisbrod, "Toward a Theory of the Voluntary Non-Profit Sector in a Three-Sector Economy; Hansmann, "The Role of Nonprofit Enterprise."; Lester M. Salamon, "Partners in Public Service: The Scope and Theory of Government-Nonprofit Relations," in *The Nonprofit Sector: A Research Handbook*, ed. Walter W Powell (New Haven: Yale University Press, 1987)., 99-117.

[576] LesterM Salamon, "Voluntary Failure Theory Correctly Viewed," ed. HelmutK Anheier and Avner Ben-Ner, *The Study of the Nonprofit Enterprise* (http://www.springer.com/social+sciences/book/978-0-306-47703-4?otherVersion=978-0-306-47855-0: Springer eBooks, 2003), http://link.springer.com/chapter/10.1007/978-1-4615-0131-2_11.

[577] http://www.businessdictionary.com/definition/market.html accessed 14/11/14

[578] Tony Bovaird, "Developing New Forms of Partnership with the 'Market'in the Procurement of Public Services," *Public Administration* 84, no. 1 (2006).

[579] Patrick Francois and Michael Vlassopoulos, "Pro-Social Motivation and the Delivery of Social Services," *CESifo Economic Studies* 54, no. 1 (2008).

[580] Scott Lamothe, "How Competitive Is "Competitive" Procurement in the Social Services?," *The American Review of Public Administration* (2014).

[581] Eva M. Witesman and Sergio Fernandez, "Government Contracts with Private Organizations: Are There Differences between Nonprofits and for-Profits?," *Nonprofit and Voluntary Sector Quarterly* 42, no. 4 (2013).

[582] Personal communication, Professor Sholeh Maani, University of Auckland, 3 February 2015. The theory is mostly used in relation to single buyer of labour such as for nurses and teachers where there are limited price signals.

administration costs when managing contract funding (such as maintaining records of services provided and time spent in contract negotiations). FSP organisations must make a determination when taking on government contracts whether all of the transaction costs can be met sustainably. The government also makes determinations about contracting based on their transaction costs – rationally deciding to provide services directly if transaction costs are high, or when evaluation of outcomes is complex and contractors can behave opportunistically.[583]

Whether FSP organisations could shift from monopsony conditions to being more equal market participants would depend on whether they could become collectively organised to counter the buying price, or other fiscally difficult contract terms (such as annual contracts). This may occur in a sub-sector such as mental health services, where organisations may be offered lower prices from government contracts because many FSP organisations provide the services[584] but could balance this through oligarchic behaviour by agreeing together on acceptable contract conditions. Another response could be to try to 'sell' their charitable services to other large funders or a consistent group of funders. On the other hand, the government could have a single procurement body that subdues collectivising and enables administrative efficiency. However this reduces the capacity of contracting departments to evaluate how well their policy is being implemented and the literature indicates that it is not necessarily an effective way of providing social services.[585] It is clear that a theory such as monopsony offers some broad explanations of the social services market but the economic relationships are much more complex than in a traditional capital market, so the theory has limited usefulness.

Resource dependency

There are considerable overlaps between studies that are focused on applying concepts of autonomy and of resource dependency[586] to not-for-profit organisations.[587] In one sense, resource dependency is an inescapable reality for most FSP organisations because there are few that can accumulate enough profit to keep the whole organisation afloat using their own capital. Briefly, resource

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[583] Trevor L Brown and Matthew Potoski, "The Influence of Transactions Costs on Municipal and County Government Choices of Alternative Modes of Service Provision," *Journal of Public Administration Research and Theory* 13, no. 4 (2003).
[584] Emma Carmel and Jenny Harlock, "Instituting The'third Sector'as a Governable Terrain: Partnership, Procurement and Performance in the UK," *Policy & politics* 36, no. 2 (2008).
[585] Van Slyke, "The Mythology of Privatization in Contracting for Social Services."
[586] See general concepts in Jeffrey Pfeffer and Gerald R. Salancik, *The External Control of Organizations: A Resource Dependence Perspective* (New York, N.Y.: Harper & Row Publishers Inc., 1978).
[587] Froelich, "Diversification of Revenue Strategies: Evolving Resource Dependence in Nonprofit Organizations."; Many studies of non-profits providing services are based on resource dependency theory: Judith R Saidel, "Resource Interdependence: The Relationship between State Agencies and Nonprofit Organizations," *Public Administration Review* 51, no. 6 (1991).....Sungsook Cho and David F Gillespie, "A Conceptual Model Exploring the Dynamics of Government–Nonprofit Service Delivery," *Nonprofit and Voluntary Sector Quarterly* 35, no. 3 (2006).

dependency has been shown to detract from organisational autonomy[588] although perhaps only in relation to the terms of the funding contracts.[589] But researchers have had difficulties measuring the key constructs in the theory, most significantly the power-dependence outcome. [590]

It is not only the percentage of single-source dependency that matters, but the actual source: perhaps private foundation funding leads to a higher degree of market orientation;[591] perhaps government funding enhances FSP organisations' interest in reflecting public rather than private interests. But there is a potential cost:

> To the extent that nonprofit organizations become more dependent on short-term profit either for survival or to signal that they are proper stewards of provided resources, they may sacrifice both their ability to innovate and their key advantage over the for-profit organizational structure.[592]

Agency theory and stakeholder theory

An arrangement where one organisation seeks another to perform certain functions is considered a principal-agent relationship.[593] One component of agency theory is the existence of uneven or asymmetric power (where the principal holds more power than the agent by employing the agent) but this may be offset by asymmetric information (where the agent has more information through performing the action required) if for some reason the principal is unable to completely observe and know the actions of the agent (unless some monitoring costs ensue). A risk in the principal's imperfect knowledge of the agent's action is that the agent can be tempted to 'cream' the most profitable clients which are less costly to provide services to, at the expense of clients needing greater input but for which the same contract price is received.[594] This has led to a focus on the issue of public accountability[595] which is discussed in Chapter Five.

Applying agency theory to voluntary organisations is a contested task because these organisations generally wish to be seen as independent and autonomous organisations and not state agents. In New Zealand the proposed replacement of the term 'agent' by the term 'steward' for FSP

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[588] Robin Apparicio, "Exploring the Influence of Resource Dependence on Organizational Autonomy: A Case Study of a Human Services Organization in New York City" (PhD Dissertation, Capella University, School of Business, 2010).; Bram Verschuere and Joris De Corte, "The Impact of Public Resource Dependence on the Autonomy of NPOs in Their Strategic Decision Making," *Nonprofit and Voluntary Sector Quarterly* (2012).; Geller and Salamon, "Nonprofit Advocacy: What Do We Know?."

[589] Alison Oakleigh, "Not Just a Tool: The Responses of Non-Profit Leaders To'service-Delivery'relationships with Governments," *Third Sector Review* 15, no. 2 (2009).

[590] Malatesta and Smith, "Lessons from Resource Dependence Theory for Contemporary Public and Nonprofit Management."

[591] Isabel Maria Macedo and José Carlos Pinho, "The Relationship between Resource Dependence and Market Orientation: The Specific Case of Non-Profit Organisations," *European Journal of Marketing* 40, no. 5/6 (2006).

[592] Moulton and Eckerd, "Preserving the Publicness of the Nonprofit Sector: Resources, Roles, and Public Values.": 675.

[593] Klaus Spremann, "Agent and Principal," in *Agency Theory, Information, and Incentives*, ed. Günter Bamberg and Klaus Spremann (Berlin Heidelberg: Springer 1987).

[594] Considine, "Governance and Competition: The Role of Non-Profit Organisations in the Delivery of Public Services."

[595] Carolyn J. Cordery, "Funding Social Services: An Historical Analysis of Responsibility for Citizens' Welfare in New Zealand," *Accounting History* 17, no. 3/4 (2012).

organisations contracting with government[596] found favour with some government staff[597] but the Office of the Auditor-General suggested that the notion of stewardship was too simplistic.[598] There are also significant differences in some areas of the voluntary sector-government relationship in relation to Māori [599] which are aimed towards co-production or even co-governance[600] of services. The concept of agency does not fit this approach.

As an alternative to agency theory, Barrett[601] uses stakeholder theory to explain the way that voluntary organisations engage with those around them. A comprehensive agent-stakeholder theory has been developed to explain the multiple linkages between these 'theoretical cousins' when dealing with organisations and individuals within organisations.[602] Empirical research tests these theories of agents and stewards in not-for-profit marketisation, finding that relationships evolve and that many features affect contracting arrangements.[603] A useful diagrammatic representation[604] of the multiple principal-agent (or stakeholder) relationships is shown below. The usefulness of this diagram lies in showing the multiple roles that FSP beneficiaries play and the potential for conflicting demands and expectations.

Figure 5: Multiple stakeholder relations (adapted from Van Puyvelde et al. 2012)
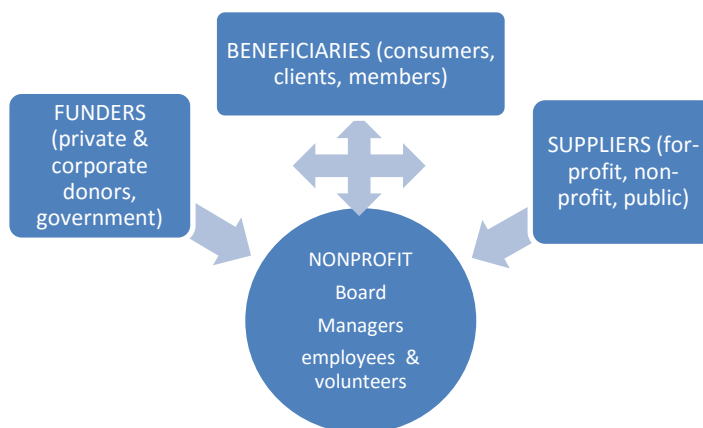
[596] Cribb, "Paying the Piper? Voluntary Organisations, Accountability and Government Contracting."

[597] Ann Pomeroy, ""Being Accountable: Voluntary Organizations, Government Agencies and Contracted Social Services in New Zealand" by Jo Cribb Institute of Policy Studies, Wellington," *Social Policy Journal of New Zealand*, no. 32 (2007).

[598] Stace and Cumming, "Contracting between Government and the Voluntary Sector: Where to from Here?."

[599] McKenzie et al., "Co-Production in a Māori Context."

[600] Victor Alexis Pestoff, Taco Brandsen, and Bram Verschuere, New Public Governance, the Third Sector and Co-Production, (New York: Routledge, 2012). Some definitions are provided in Brandsen and Pestoff, "Co-Production, the Third Sector and the Delivery of Public Services."
Co-governance refers to an arrangement, in which the third sector participates in the planning and delivery of public services; co-management refers to an arrangement, in which third sector organizations produce services in collaboration with the state; co-production, in the restricted use of the term, refers to an arrangement where citizens produce their own services at least in part. See: ibid.

[601] Mark Barrett, "A Stakeholder Approach to Responsiveness and Accountability in Non-Profit Organisations," *Social Policy Journal of New Zealand* (2001).

[602] Stijn Van Puyvelde et al., "The Governance of Nonprofit Organizations: Integrating Agency Theory with Stakeholder and Stewardship Theories," *Nonprofit and Voluntary Sector Quarterly* 41, no. 3 (2012).

[603] Van Slyke, "Agents or Stewards: Using Theory to Understand the Government-Nonprofit Social Service Contracting Relationship."

[604] Adapted from Van Puyvelde et al 2012, with modification to the arrow directions.

While these concepts provide explanations of the actions expected from the voluntary organisation as an agent of government when a contracting arrangement is entered into between them, they do not explain the choices and decisions that a voluntary organisation makes about entering into the arrangement. Neither are they useful for examining FSP organisations actions in relation to government over a period of twenty years. However they do show that an economic theory approach could support organisational sociology concepts in this research.

Conclusion

This theoretical framework recognises the significant complexities in the subject of public goods provided by private FSP organisations, when these organisations also have a role as public policy actors. A new institutionalist analysis facilitates clarity by organising the data into three main areas - the constraints, culture and constituents in the New Zealand voluntary sector – and encourages analysts to take a path-dependent approach. The defining logic of FSP organisations is primarily self-sufficiency, collective wisdom and liberty as well as the logic of reciprocity. Beyond these commonalities, great diversity in the population means that many different associations will exist in a healthy 'democratic ecology of associational life.'[605] Associations are therefore situated in tension between diversity which allows the 'moral potentials of associational life' (or freedom of expression) and diversity that requires structural or institutional boundaries.[606]

Hegel claimed that a single idea, properly understood provides the philosophical resources needed to ground a comprehensive account of the good society.[607] This thesis argues that the autonomy of FSP organisations is the grounding of how FSP organisations can contribute to a good society. Autonomy is supported by the organisation's norms and rituals and by organisational boundaries which protect core values and mission. In the social services market, autonomy is supported by organisations holding unique expertise and maintaining valuable relationships, and being proactive with funders in service development. Autonomy is constrained when the mission is subservient to structure or when the organisation adopts practices of the funder as a sustainability strategy. Sometimes coalitions and relationships become constraining or other collectives may use coercion to achieve outcomes that marginalise an organisation's mission.

The application of economic concepts to the social economy is still evolving, but the social services market in New Zealand bears resemblance to the traditional concept of monopsony because the government is the dominant buyer of public social services which can lead to a lower price paid to the many FSP organisations that provide these services. If such organisations collaborated to offer

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[605] Warren, *Democracy and Association*., 13.
[606] Ibid., 59.
[607] Frederick Neuhouser, *Hegel's Social Philosophy: The Cambridge Companion to Hegel and Nineteenth-Century Philosophy*, ed. Frederick C. Beiser (Cambridge: Cambridge University Press, 2008).

combined services that gave them greater selling power they could counter contract prices, although a single government procurement agency could push further towards monopsonist practices. Resource dependency is the biggest issue for charities unless they have their own capital – both the extent and source of dependency are likely to be the focus of strategic decisions. Agency theory shows that contract funding inevitably makes FSP organisations into agents, with accountability expectations from the funder while stakeholder theory warns that the multiple roles of FSP stakeholders creates potential for conflicting demands.

To apply this theoretical framework to the social economy in New Zealand, the next chapter provides a research methodology which firstly highlights the rationale and the idealist context of neopluralism. An important consideration is the replicability of the method in order to encourage further research.

Chapter 4:
Methodology

'It is not incumbent upon you to complete the work, but neither are you free to desist from it.'[608]

Research rationale and questions

The public policy relevance of this study has been mentioned in the Introduction and in Chapter One and key issues are drawn out to present the research rationale. Such issues and paradoxes are never entirely black and white nor operate as separate events; and they are all likely to be present to some extent in all FSP organisations.[609]

The primary statement here is that there is little disagreement that social services have been contracted out to FSP organisations because they have the expertise and social capital to be more effective than government providers. This social capital is produced through the investment of time and resources of many altruists and professionals, and this special combination creates a base and a space for collective activities. While FSP organisations are eminently suitable to provide quasi-public services, contracting realities encourage them to have a stronger sense of accountability to their funders than to their constituents.[610] Consequently their contribution to applying the civil society principles of 'spaces for community' discussed in Chapter Two is at risk of erosion. Becoming a bigger budget organisation (higher income) or being primarily a government contractor (high percentage of government income) may not necessarily encourage them to provide space to reflect the concerns of their constituents.

Weisbrod[611] points to a second, related issue; it is a major public policy contradiction for the state to expect FSP organisations to behave differently to FPP (for-private-profit) organisations yet continuing to provide significant government funding which requires FSP organisations to participate in a market, as discussed in Chapter One. Emerging in the marketisation 'heyday' of the 1990s, new FSP organisations faced a contractual environment which offered opportunities to start up a social service on the basis of a government contract. In older organisations, government contracts were added onto (or replaced) existing revenue sources. Organisational age may be linked with financial dependence on government funding.

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[608] An interviewee's guiding wisdom from two thousand years ago: Rabbi Tarfon.

[609] These points are abstracted from the following works: Eikenberry, "Refusing the Market: A Democratic Discourse for Voluntary and Nonprofit Organizations."; Foster and Bradach, "Should Nonprofit Seek Profits?."; Ganesh and McAllum, "Volunteering and Professionalization: Trends in Tension?."; Keevers, "Partnership and Participation: Contradictions and Tensions in the Social Policy Space."

[610] Nowland-Foreman, "Purchase-of-Service Contracting, Voluntary Organizations, and Civil Society."

[611] Weisbrod, "Guest Editor's Introduction: The Nonprofit Mission and Its Financing."

The traditional behaviour of FSP organisations includes an ethical commitment to their constituents' wellbeing which may see them offering higher quality service than their income provides.[612] But a higher quality service may depend on under-compensation for the workforce[613] which is unethical, forcing the service to become increasingly professionalised – a clear sign of marketisation.[614] High ratios of paid staff and salary expenditure are indications of a behaviour change away from voluntarism.

This leads to a third issue: professionalisation enables efficient achievement of specific outcomes and an FSP organisation's mission but at the same time it can reduce the capacity for individuals to passionately connect to broad social issues that matter to them. A similar tension applies in governance which is usually expected to be voluntarily resourced and relies on representatives' network connections and skills. Expecting representatives and staff who want to transform passion into action, to be engaged by a streamlined, managerialist approach is unrealistic. But without passionate advocates being actively engaged an organisation's strength can rapidly diminish and fundraising efforts begin to lack authenticity. Further, managerialist governance may crowd out parts of the social economy which are successful through non-managerialist approaches. Evidence of tension between a market-focus and policy advocacy may be revealed in the qualitative data.

The rationale for this research is to reveal how FSP organisations balance their commitment to their constituents and to the public interest with their market-focus. This balancing process is evident in two New Zealand studies referred to in the Introduction and below which reveal significant concerns in the voluntary sector about the relationship between the funding of social services and policy advocacy.[615] This seems to be a structural as well as a political culture issue and while there have been different policy approaches over time it appears to be a persistent concern.

Research question and approach

The rationale above resolves itself into a primary research question as stated below.

> *Are FSP organisations' decisions to be active in policy advocacy affected by their participation in the social services market?*

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[612] Garrow and Hasenfeld, "Institutional Logics, Moral Frames, and Advocacy: Explaining the Purpose of Advocacy among Nonprofit Human-Service Organizations."

[613] Dempsey and Sanders, "Meaningful Work? Nonprofit Marketization and Work/ Life Imbalance in Popular Autobiographies of Social Entrepreneurship."

[614] Heitzmann, *Poverty Relief in a Mixed Economy: Theory of and Evidence for the (Changing) Role of Public and Nonprofit Actors in Coping with Income Poverty*.

[615] Grey and Sedgwick, "Fears, Constraints, Contracts: The Democratic Reality for New Zealand's Community and Voluntary Sector."; Sue Elliott and David Haigh, "Advocacy in the New Zealand Not-for-Profit Sector: 'Nothing Stands by Itself'," *Third Sector Review* 19(2013).

Before setting out the propositions that help answer this research question, the overall research approach is presented and relevant empirical evidence is mined to provide grounding for the research method.

Research approach

This is essentially a neopluralist research project[616] about multiple policy participants, which is sensitive to context.[617] It recognises that New Zealand is a place that encourages freedom of expression and the voicing of multiple ideas – and frequently these ideas come from FSP organisations. This study takes the position that the policy advocacy of FSP organisations is an issue for political science[618] being based on the concepts of freedom of expression and association[619] that are vital in a democracy.

The value informing this research, which the constructionist approach demands to be made transparent,[620] is that addressing the public policy aspects of the voluntary sector is a valuable endeavour, as opposed to addressing aspects of economics, political sociology or public administration. Public policy is the arena where voluntary organisations may be heard 'speaking truth to power'[621] and 'is at the heart of social constructions of citizens in democracy.'[622] Finding out how New Zealand FSP organisations balance business and advocacy in a postmodern public policy environment should follow a pragmatic rather than a rational approach because rationality attempts to describe the impossible - neutral, objective and impartial public processes.[623] The real world policy system needs to acknowledge the importance of experience in public problem solving.

Therefore, rather than being a normative or predictive effort, this research is focused on illuminating observable realities. It aims to 'generate knowledge that supplements or complements rather than displaces lay probing of social [and political] problems'[624] and to nourish critical intelligence in the

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[616] Andrew McFarland also considers how neopluralist research could be conducted and his step-wise research process has a positivist feel: empirical observation shows agents acting within a policy system; agents represent group interests and follow those interests; agents interact with each other; interests may change during the process of interaction; and prolonged observation of agents' behaviour reveals power in policy making activities. This appears to be most useful in a study of inter-sectorial relations. See: McFarland, "Neopluralism."

[617] A. Hicks and F. Lechner, "Neopluralism and Neofunctionalism in Political Sociology," in *The Handbook of Political Sociology: States, Civil Societies, and Globalization*, ed. Thomas Janoski, et al. (Cambridge, United Kingdom: Cambridge University Press, 2005).

[618] Stuart McAnulla, "Structure and Agency," in *Theory and Methods in Political Science, 2nd Ed.*, ed. David Marsh and Gerry Stoker (Basingstoke: Palgrave MacMillan, 2002).

[619] 'Because democracy is a complex concept it is important to analyze its component parts.' Gary Goertz, *Social Science Concepts: A User's Guide* (Princeton, NJ: Princeton University Press, 2006).: 6.

[620] Kathy Charmaz, "Constructionism and the Grounded Theory Method," in *Handbook of Constructionist Research*, ed. James A Holstein and Jaber F Gubrium (New York: NY: Guilford Publication, Inc, 2008). (402)

[621] Aaron Wildavsky, *Speaking Truth to Power: The Art and Craft of Policy Analysis* (New Brunswick: NJ: Transaction Books, 1987).

[622] Anne L Schneider and Helen Ingram, "Social Constructions in the Study of Public Policy," in *Handbook of Constructionist Research*, ed. James A. Holstein and Jaber F. Gubrium (New York, NY: Guilford Publications, Inc., 2008). 207)

[623] Frank Fischer, *Reframing Public Policy: Discursive Politics and Deliberative Practices* (Oxford: Oxford University Press, 2003).

[624] Norman K Denzin and Yvonne S Lincoln, *The Sage Handbook of Qualitative Research* (Thousand Oaks: Sage Publications Ltd, 2005)., 206.

research participants[625] and the constituents of FSP organisations. New institutionalism methodology[626] suggests an overall interpretive approach[627] if organisational autonomy is to be revealed; this has been revealed as a vital issue for this study.[628]

Developing a method from the literature

Studies from charity-law countries like New Zealand which utilise data on advocacy as well as other organisational attributes provide guidance in this research for choosing variables for statistical analysis, which are summarised in **Appendix 2** and from which relevant findings are included in the following paragraphs. Researchers are encouraged to focus on areas of not-for-profit hybridity that are fuzzy and hard to define; where tension is felt most acutely is most likely to reveal the essential, distinctive features of the sector.[629] One of many unanswered questions in social service provision is about conditions that benefit some organisations and not others.[630]

Sturtevant[631] finds that organisational autonomy is generally increased by **a** mix of revenue sources and by local support and that organisations must strike a balance between advocacy and service implementation. On the other hand Moulton and Eckerd[632] state that a mix of revenue sources can dilute organisations' support of public values, - aligned with public interest advocacy – and public funding encourages support of public values. It is not surprising that Onyx et al[633] urge better understanding about the nature of the place for not-for-profits at the policy table and the views that are being put on the table. Organisations are seen to be 'abandoning traditional templates of activism and advocacy to participate as legitimate experts in policy discourse.''[634] This has some alignment with Mosley's finding that social service not-for-profits may be active players in policy making as insiders, but mainly if they are large, professionalised organisations. Most organisations use insider tactics to engage with public policy – this may or may not impinge on their sense of

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[625] Ibid., 69.

[626] John T. Ishiyama and Marijke Breuning, *21st Century Political Science: A Reference Handbook* (Thousand Oaks: Sage Publications Ltd, 2011).

[627] The definitions used for these approaches are adapted from the following: Peter Burnham et al., *Research Methods in Politics*, vol. 2nd ed (New York, NY: Palgrave Macmillan, 2008).; Donatella Della Porta and Michael Keating, *Approaches and Methodologies in the Social Sciences: A Pluralist Perspective* (Cambridge: Cambridge University Press, 2008).; James A Holstein and Jaber F Gubrium, *Handbook of Constructionist Research* (New York, NY: Guilford Publications Inc., 2008).; Denzin and Lincoln, *The Sage Handbook of Qualitative Research*.

[628] It has become widely accepted in social science methodology that researchers of social matters are themselves part of society with individual values, experiences and characteristics which have an impact of the choices made in research. See Scheurich, "A Postmodernist Critique of Research Interviewing."; Halperin and Heath, *Political Research: Methods and Practical Skills*., 53-75.

[629] Taco Brandsen, Wim Van de Donk, and Kim Putters, "Griffins or Chameleons? Hybridity as a Permanent and Inevitable Characteristic of the Third Sector," *Intl Journal of Public Administration* 28, no. 9-10 (2005).

[630] McLoughlin, "Factors Affecting State–Non-Governmental Organisation Relations in Service Provision: Key Themes from the Literature."

[631] Sturtevant, "Spectator or Participant? A Study of Charitable Nonprofits' Political Advocacy."

[632] Moulton and Eckerd, "Preserving the Publicness of the Nonprofit Sector: Resources, Roles, and Public Values."

[633] Jenny Onyx et al., "Advocacy with Gloves On: The "Manners" of Strategy Used by Some Third Sector Organizations Undertaking Advocacy in NSW and Queensland," *Voluntas: International Journal of Voluntary & Nonprofit Organizations* 21, no. 1 (2010).

[634] Grundy and Smith 2007: 298, in ibid.

autonomy, because it can lead to increased access to influential decision makers and greater knowledge of policy processes. In a similar line, Child and Grønbjerg note that their findings[635] add nuance to Chaves, Stephens, and Galaskiewicz's conclusion that government funding does not affect political advocacy.[636] But Child and Grønbjerg's finding is not just a nuance, it is a crucial difference – the amount (or percentage) of government funding is the key influencer and the extent of advocacy is the effect. They urge a more sophisticated study of not-for-profit organisations' advocacy than a presence or absence dichotomy, particularly in social services where advocacy is likely to be ancillary to other activities.

Responding to the conclusions noted above, this thesis aims for more than a presentation of the presence or absence of policy advocacy in the whole sector by investigating advocacy within individual, yet comparable organisations. The New Zealand study by Elliott and Haigh[637] concludes with an Arisotlean view that advocacy success can include keeping open spaces for the policy agenda to be defined, even though radical advocacy is not usually welcomed by the government. There is little generalisablity from any of the studies cited above, except that not-for-profit advocacy generally involves a range of approaches, conducted in a complex and contradictory environment that makes sector-government relationships ever more nuanced. New advocacy strategies such as collaboration with the private sector may increase, but for any advocacy to be sustained, the commitment to it needs to be entrenched in the organisation's culture. The literature appears to leave a gap in understanding the connection between advocacy and autonomy, but the commonalities of variables used provides a sound basis for this research.

Method

The following definition of civil society from Chapter Two is a reminder of the need for a multilevel study. Civil society is 'a realm of autonomous groups and associations, which are voluntary in nature'[638] and comprised of individuals who 'advance their [common] interests'[639] while being 'bound by a legal order or set of shared rules'[640] including rangatiratanga.[641]

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[635] Curtis D. Child and Kirsten A. Grønbjerg, "Nonprofit Advocacy Organizations: Their Characteristics and Activities*," *Social Science Quarterly* 88, no. 1 (2007).

[636] Mark Chaves, Laura Stephens, and Joseph Galaskiewicz, "Does Government Funding Suppress Nonprofits' Political Activity?," *American Sociological Review* 69, no. 2 (2004).

[637] Elliott and Haigh, "Advocacy in the New Zealand Not-for-Profit Sector: 'Nothing Stands by Itself'."

[638] Wnuk-Lipiński, "Civil Society and Democratization ". 677.

[639] Malena and Finn Heinrich, "Can We Measure Civil Society? A Proposed Methodology for International Comparative Research." 340.

[640] Diamond, "Toward Democratic Consolidation." 5.

Mixed methods design

A mixed methods research design (quantitative and qualitative) was developed to provide a 'nested' and interconnected set of data for analysis, as needed for an interpretivist approach and for a multilevel study. The marketisation and policy advocacy factors[642] set out in Chapter One have become the variables shown in Table 2. The principles from Chapter Two are intended to ground the method in the character of civil society and are operationalised as Phase One.

The phases of the 'explanatory sequential design' are also shown below. The last column in the table differentiates – somewhat artificially – how principles can be applied at sector and organisational level, shown in Table 2.

Table 2: Alignment of principles with variables and spheres

Phase One Principles	Phase Two Quantitative Variables	Phase Three Qualitative Variables: Market-focus	Phase Three Qualitative Variables: Policy advocacy	Sphere
Liberty and Equality	Registration status, Age	Blurred boundaries, Choice	Policy system factors	Sector
Spaces for community	Charitable purpose	Institutionalism		
Self-sufficiency	Financial status	Source of revenue, Professionalisation	Advocacy skills and interests	Organisation
Wisdom of Collective	Decision making	Representation	Representation and Governance	
Advocacy and Political Justice	Discretionary, advocacy purpose	Values, Mission	Advocacy activities	

The public availability of quantitative data about FSP organisations from the Charities Services Register was known before the research design was started and a preliminary data collection showed that the data would provide quantitative variables similar to those used in studies referred to earlier in this chapter. The quantitative data does not include information about policy advocacy so qualitative data was needed to investigate this.

An 'explanatory sequential design' of mixed methods research suggests identifying the characteristics of a large sample of FSP organisations quantitatively, and then a representative group

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[641] Rangatiratanga is grounded in reciprocity: reciprocity between rangatira [chiefs] and their community. … Their leadership focuses not on self-interest but on the survival of the community at a level of maximum advantage. … A relationship of rangatiratanga between leaders and members is how a Māori community defines itself; it gives a group a distinctly Māori character; it offers members a group identity and rights. (Waitangi Tribunal, *Te Whanau o Waipareira Report* , Wellington, GP Publications, 1998: 25–26) http://www.waitangi-tribunal.govt.nz/reports/viewchapter.asp?reportID=f8d69ecb-1623-475f-afab-466f1747db64&chapter=3 (accessed 13 December 2013).

[642] Policy advocacy factors at sector level included 'focus of advocacy' in Chapter One, but are not used as a variable here because the questions asked were only about policy advocacy.

could be purposively selected from it for qualitative analysis.[643] This should provide both objective and subjective analysis of what appears to be an opaque area of study. Apart from choosing the sequence – whether the quantitative phase should precede the qualitative or vice versa or run in parallel - there are several decisions to be made in any mixed methods design, such as how to connect the phases, integrate the results and present the analysis.[644] In making these decisions the research approach of pragmatism and interpretivism needs to guide the design.

A pragmatic approach to mixed methods is to paint the background or context of the sample first, by describing the characteristics of the population in an objective way where possible and also in a subjective but still empirical way. Having established this background knowledge, the portrait can be built up from data to fill in the details of the subject. The same source – or 'medium' is used to create the background and details of the portrait: the voice of organisations. Another obligation of pragmatism is that when 'the portrait' (the results) are interpreted they should be recognisable to the subject and their peers, to nourish critical intelligence in the voluntary sector.

An interpretive analysis suits the subject for two reasons. Firstly the research question centres on two factors which are not objectively evident: policy advocacy and a social services market. Secondly a positivist investigation does not align with the ideas of tikanga Māori (discussed in Chapter Five) which has become influential in many social service organisations.

Ordering the three propositions and question areas as set out below was intended to start with the operational issues that interviewees frequently think about, moving on to policy advocacy issues that were expected to be somewhat sensitive and then, having given obtained answers to these questions to ask a blunt question about organisational autonomy. The decision to ask interviewees to rank their perception of the organisation's autonomy at the end of the interview questions had a two-fold rationale: firstly as an element of surprise and difference to the rest of the interview, and secondly to act as a 'reality check' on the responses to other questions. For example, it could be expected that if the organisation reported having to bid for government contracts annually and were disinclined to do policy advocacy for fear of disturbing their government income, their self-ranked autonomy would be medium to low.

While the first phase of the data collection in this sequential design is the quantitative data, it is the qualitative data that is expected to yield the most fruitful insights.

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[643] John W Creswell, *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (Thousand Oaks: Sage Publications Ltd, 2014).
[644] Ivankova, Creswell, and Stick, "Using Mixed-Methods Sequential Explanatory Design: From Theory to Practice."

Research propositions

These propositions break up the research question into three aspects: market- focus, policy advocacy and autonomy. It is simplest to start by examining market-focus aspects and these are further broken into three related sub-propositions which are intended to enable a careful, explicit analysis.

1. Market-focus

Proposition A: Providing social services causes many FSP organisations receiving government funding to demonstrate a social services market-focus. FSP organisations demonstrate a market-focus by seeking contestable funding and seeking a professional staff. Organisations formed since government contracting of social services became widespread show a greater degree of market-focus.

   i.   *Government funding is a significant proportion of total income (over 50% per year[645]) for organisations that provide quasi-public goods, indicating a social services market-focus.*

   ii. *Government funding percentage is related to a professionalised staff (comprised of the proportion of full time employees, proportion of average paid hours per week, salary expenditure percentage) and few volunteers (high ratio of paid staff to volunteers).*

   iii. *Organisations that have formed since 1990 are dependent on government income and have a highly professionalised staff (by proportion of full time employees, proportion of average paid hours per week, and percentage salary expenditure).*

2. Policy Advocacy and Constituent-focus

Proposition B: FSP organisations that have a high market-focus[646] are less likely to undertake policy advocacy than if it has a high constituent-focus (indicated by high representativeness, existence of members, open decision making conditions, and discretion in achieving its charitable purpose).

3. Autonomy

Proposition C: FSP organisations which perceive their organisation's autonomy[647] is high (self-ranked at 5) have one or more of the following characteristics: less than half of their income from government, a relatively high total gross income, more representative decision making rules than simple majoritarian rules, and employ volunteers.

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[645] See study outlined in this chapter: Child and Grønbjerg, "Nonprofit Advocacy Organizations: Their Characteristics and Activities*."

[646] High market focus means over 50% government funding, high total income or high value government funding.

[647] See study outlined in this chapter: Koen Verhoest et al., "The Study of Organisational Autonomy: A Conceptual Review," *Public Administration & Development* 24, no. 2 (2004).

Applying the data to the propositions

Phase One was carried out through the literature review in Chapter Two, where relevant principles of civil society were identified such as liberty and equality, self-sufficiency, and the wisdom of collectives. These principles apply to all three propositions.

1. Market-Focused Features

The construction of a social services market and a public information market were described in Chapter One. The first market has some features in common with traditional markets, such as payments for services, with many providers. The second is an abstract market designed to make visible the exchange of information relevant to policy making. Both of these markets can only be examined in a superficial way because minimal data is collected to answer questions at a market level. The types of questions that cannot be answered from the data include: price trends across the sector, common service specifications, evaluation processes and outcomes (which enable adjustment of services to meet market demands), policy agendas and policy processes that utilise service evaluation information. This information is not available because it is not apparently collected by any agency, or is commercially sensitive.

Phase Two Data Overview: Some indicators of FSP organisations' extent of involvement in the social services market are the percentage of government funding and the amount of government funding received. A supporting indicator is the percentage of an organisation's expenditure on salaries, which gives an indication of reliance on professionals compared with volunteers, and is a measure of marketisation[648] because professional staff allows the standardisation of services, and similarities mean greater competition.

Phase Three Data Overview: The market-focus in FSP organisations needs to be understood in terms of the issues arising from the marketisation literature. Issues at sector level are: blurred boundaries, institutionalism and choice; issues at organisation level are: values, mission, source of revenue and professionalisation. Questions about involvement in the public information market may be broadly seen through two aspects: the provision of public accountability documents by the organisation to government, (all funding requires some documentation so all organisations provide accountability information) and the effort to acquire policy-relevant information by the organisation (perhaps based on a score of the extent of obtaining such information). However this research does not investigate this issue quantitatively.

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[648] Moulton and Eckerd, "Preserving the Publicness of the Nonprofit Sector: Resources, Roles, and Public Values." 680.

2. *Policy Advocacy*

Phase Two Data Overview: Comparable, direct data on policy advocacy was not available in the quantitative data set. The usefulness of the quantitative data is to compare characteristics of organisations that may encourage policy advocacy to occur. This research examines this through three elements in the Trust Deeds of each of the 201 organisations: the representativeness type (open to any or open to few), decision making processes and the presence of a discretionary activities clause in the charitable objects. A change in objects was measurable for only 166 organisations. The representativeness of each organisation – minimal or inclusive – is relevant because trustees have important representation functions for the organisational mission[649] as well as constituents.[650]

Phase Three Data Overview: The policy advocacy in FSP organisations needs to be understood in terms of the issues arising from the not-for-profit advocacy literature. Qualitative data is categorised into sector level issues that are features of the policy system: political perspectives, institutional features and relationships between government and sub-sectors. Issues at organisation level are advocacy activities, representation and governance and advocacy skills and interests.

3. *Autonomy*

The question of autonomy in Phase Two was left to be raised in interviews because there was no objective quantitative data available.

Phase Three Data Overview: To generate comparable results about how organisational autonomy is affected by government funding and changing policy circumstances, a single interview question is used: interviewees are asked to rank their organisation's autonomy from one (low) to five (high). The organisations are sorted by their independent variable such as percentage government funding and their autonomy scores can be compared. This is not a quantitative result of the same type as the other quantitative variables above, but it does allow the cases to be categorised by this subjective score and compared with other qualitative data relating to the question.

Data mix and mash

Charities Services Register and Incorporated Societies Register

A distinction between the two classes of FSP organisations needs to be made for the purposes of data collection and sample description:

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[649] Berry suggests that governance should be considered as representation, discovered in questions such as "how well people's views are represented within an organization, and how members' views correspond to what their lobbying organization communicates to government." Jeffrey M Berry, "An Agenda for Research on Interest Groups," in Representing Interests and Interest Group Representation, ed. Mildred A. Schwartz, William J. Crotty, and John Clifford Green (Lanham, MD: University Press of America, 1994). 23.

[650] Theda Skocpol, *Diminished Democracy: From Membership to Management in American Civic Life* (Norman, OK: University of Oklahoma Press, 2003).; Warren, *Democracy and Association*.

a) Incorporated societies with members and an executive or board.

b) Charitable trusts with trustees and a trust board.

The main difference between the two types of organisation is that member organisations are generally structured and governed in accordance with democratic principles and have a governing board or committee, which is answerable to the members of the organisation. A trust however is not necessarily governed on democratic principles. Trustees will always be legally accountable to comply with their obligations at law and to apply the trust funds to the charitable objects of the trust, however trustees are not necessarily accountable to any membership.[651]

The Charities Services Register only started filing charities records in 2007, but it is the best source of current financial data, which are set out below as a list of potentially relevant variables. The most important data that needs to be added to this is contained in the organisation's rules that answer questions about the capacity for policy advocacy. Some organisations have their original rules available online and others do not. Finding original rules (or rules at least 10 years old) was attempted to look for any changes in the organisations 'objects' (or charitable purpose) over time, and is of interest if discretionary clauses have been added to taken out of the organisation's objects.[652]

The Incorporated Societies Register is the only place to find an organisation's age (the incorporation date) but apart from that has fairly limited data such as society's rules, financial statements (not necessarily filed every year since incorporation) and some contact information. Because there are more historical data – both rules and financial information – on the Incorporated Societies Register than the Charities Services Register, mixing and mashing the data from these two data sets provides a much richer picture of these social service organisations.

Identifying relevant variables

Quantitative variables

The Charities Services Register search of the population provides 98 columns or categories of data drawn from Annual Returns filed as at 8 August 2012 (most data were from the 2011–12 Annual Returns). Therefore data exclusions were made to create a useful database, with the following (marked with *) providing the most reliable and valid data, shown in Table 3.

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[651] http://www.charities.govt.nz/setting-up-a-charity/registration-guidelines/charity-rules/common-clauses-for-rules/ (accessed 27 August 2013).
[652] The objects are an essential component of the rules, required by the Incorporated Societies Act 1908. Where original rules were not available online, they were sought directly from organisations.

Table 3: Available data by category

Income variables	Expenditure variables	Characterising variables
Government grants contracts *	Salaries wages *	Organisation type *
All other grants/ sponsorship *	Cost of service provision	Buildings
Service trading income	Cost of trading operations	Land
Donations/koha	All other expenditure	Net surplus deficit
Bequests	Total expenditure *	Main Activity *
Endowment funds	Number full-time employees	Main Sector
Membership fees	Number part-time employees	Area of Activity*
All other income *	Average all paid hours per week *	Registration Number
Total gross income *	Average all volunteer hours per week *	Incorporation date*

These data can be grouped in various areas of interest such as: financial dependence on government (income sources against total income to compare percentage income from government with other income), extent of professionalisation (salaries expenditure against total expenditure and ratios of paid to volunteer staff), and organisation characteristics to identify a range of organisations within the social services group. The available data from Trust Deeds are:

a) Mission ('Purpose' in Trust Deeds)

b) Charitable purpose ('Objects' in Trust Deeds)

c) Activities and programmes (main activity, main beneficiary' from Charities Register).

<u>Qualitative variables</u>

Following on from the quantitative data, the qualitative method is needed because there is no public record of advocacy activities by charities and a survey instrument was not sufficient to control the sequence in which responses were given. Firstly the questions were about government contract circumstances, secondly about policy advocacy activities, and finally about the interviewee's perception of the organisation's autonomy. It was predicted that the topic of policy advocacy would be sensitive because charities are legally required to make policy advocacy secondary to their social services.

Selection of population and sample

The specific unit of investigation within the population is a registered charity which by definition is formed for a charitable purpose. A registered charity will be referred to here as either an incorporated society or a charitable trust (although these terms often seem confused in practice). A society- based registered charitable trust requires members (a minimum of 5) while a trust-based registered charitable trust requires trustees (as few as 2). Both structures provide limited liability to

the members or trust board, but a trust is usually controlled by just by the trustees – there is no accountability to a wider membership base as in an incorporated society.[653] All organisations in this research were non-profit distributing to members or trustees and if the organisation was to be wound up, any assets were to be distributed in accordance with the charitable purpose of the organisation – usually to another similar organisation.

The main source of data was the online Charities Services Register[654] which compiles information from the Annual Returns required to be submitted by every registered charity.[655] Supporting data can be obtained from the online Incorporated Societies register (see following section).[656] The total number of registered charities at the time of sampling (August 2012) was **25,279**.

Deciding which registered charities would count as relevant and how they would be investigated required two judgments. The first judgment was that government funding would have to be sufficient for the organisation to be economically active. An income of $40,000 per annum is the figure determined by Statistics New Zealand as being the minimum to be economically active[657] so organisations were chosen that showed in the Charities Services Register as receiving government funding for at least $40,000 in the year to August 2012). A total of **3,418** organisations (14% of total registered charities) met this criterion.

The second judgment required was that, to determine the organisational approach to policy advocacy over time, organisations needed to be at least twenty years old to be suitable candidates. There are two aspects to the choice of timing: a history of twenty years is a reasonable time for an organisation to be able to show it is an autonomous entity, and organisations which established before 1993 may have been influenced by the opportunity to use government funding as the primary source of revenue because contracting-out became increasingly common between 1984 and the late 1990s. Details of the policy environment changes are set out in Chapters Five, Six and Seven but the major step-changes in the contracting environment occurred during the mid-1980s and the early and late 2000s.

A filter of the set of 3418 organisations was required to find organisations which were at least 20 years old – that is, incorporated prior to 1993. This was determined through a specific request sent to the Ministry of Business Innovation and Employment which administers the Incorporated Societies

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[653] Community Resource Kit: Section 3 Organisational Structures http://www.community.net.nz/how-toguides/crk/sections/three.htm (accessed 3 July 2013)
[654] The Charities Commission Register was opened on 1 February 2007, as a requirement of the Charities Act 2005 to monitor the activities of charities and their officers, and also to "stimulate and promote research into any matter relating to charities, for example by collecting and disseminating information or research about charities". http://www.charities.govt.nz/about/role/ (accessed 25 August 2013).
[655] The Register provides an Advanced Search (Open Data) ability, to allow a search on 105 categories, in 15 groups.
[656] Incorporated societies are also registered on the Charities Service register, but registered charities are not included in the Incorporated Societies register.
[657] An enterprise is deemed by Statistics New Zealand to be economically significant if it earns over $40,000 income http://www2.stats.govt.nz/domino/external/omni/omni.nsf/outputs/Business+Frame (accessed 25 August 2013).

Register, to provide incorporation date data.[658] The result of the request showed a total of **1,166** organisations (or 34% of the 3418 organisations receiving at least $40,000 in 2011-12) had been incorporated prior to 1993.[659]

Having isolated a relevant group of interest, various exclusions from this group were necessary to find active, voluntarily formed organisations that were not kin-based or land-based[660] - therefore providing social services to the general public. The necessary exclusions were deregistered organisations, marae reservations and organisations created by Act of Parliament (indicating they were not created from a purely voluntary basis and had inherent constraint on autonomy). The total number of organisations at this stage was **1,124**.

The subject organisations needed to be likely to receive government funding through a contract and the most obvious were those that could be regarded as public-focused, social service organisations. The 1,124 organisations were individually considered for their appropriateness using the organisation's information from the Charities Services Register: organisation name, main activity, main beneficiary and main sector and from individual websites or other online information.

The types of organisations excluded from the category of 'social or human service' organisations were those whose main activity was: education (all levels) and industry training organisations; primary health care, religious services, sports activities and facilities, arts, culture and heritage, conservation and environment, animal welfare, economic development or commercial interests, iwi and marae development, emergency response, umbrella organisations (having other activity in any of the other excluded activities listed here), rest homes and organisations for elder leisure activities, organisations established by local government, citizens advice and community law, community radio and international aid.

These exclusions left a list of **589** organisations, of which the largest single type of activity (51%) was "provides services (e.g. care and counselling)." This is a relatively homogenous group in terms of the main activity, and is therefore the main reference group from which to purposively select a manageable number of organisations for quantitative analysis. Further discussion of the exclusions is provided in **Appendix 3.**

Preliminary analysis to check the sample

Preliminary analysis at this stage enabled decisions to be made about which organisations to select from the sample of 589 organisations for quantitative analysis and how to set up comparative groups

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[658] Using the incorporation dates from the Incorporated Societies Register and applying them to the registered charities data sourced from the Charities Commission Register was required because the Charities Commission Register did not hold incorporation dates, only registration dates – since February 2007.
[659] This is an interesting result in itself: two thirds of organisations that received over $40,000 in 2011-12 have been incorporated since 1992.
[660] Land-based organisations are not likely to become involved in general social services policy.

of organisations. It was clear from this analysis that the following quantifiable variables were the most relevant and reliable for the study:

- Age.

- Percentage income from government.

- Average paid hours per week or percentage expenditure on salaries.

- Existence of a discretionary activities or policy advocacy clauses in Trust Deeds.

- Representation score or value.

- Decision making score or value.

A group of 201 organisations was able to be selected that fitted within the following parameters:

- Date of incorporation (1880–1992).

- Percentage of income from government (1–100%).

- Total gross income ($40,000 upwards, but mostly over $100,000 annually).

The resulting sample should be relatively homogeneous in many features, enabling comparisons and correlations. Having met all of the above criteria, this sample of 201 comprises a valid sample of all organisations within a described criteria range. These 201 organisations can be compared in a quantitative analysis and fitted into the following age and per cent government income sub-groups in Table 4.

Table 4: Variables in date group and government income group

Date groups	Government income groups
1880–1979	0–25%
1980–1984	26–50%
1985–1989	51–75%
1990–1992	76–100%

Selection of cases for qualitative comparison

From the grouping of the population of 201 for desktop analysis a quasi-random selection of 69 organisations were sought as potential cases for interview and subsequent qualitative analysis. This would enable between-case comparison on the two key areas of interest: government funding and policy activities. A further quasi-random selection process was used to identify 43 organisations using date groups and government income groups as parameters (see Table 3). This ensured organisations were spread reasonably evenly over the above sixteen categories of the population seen in Table 3 (each date group with each government income group).

The method used to approach potential cases for interview could be described as a form of snowballing technique where contacts were made with influential individuals in the social services voluntary sector to provide information about the research project and seek participants. The snowballing technique started with attendance at several voluntary sector forums, presenting orally and through posters. Few relevant responses arose through this method, so direct contact was made by email to 63 organisations. These contacts came through personal and professional connections. A total of 23 organisations agreed to participate in interviews.

The case-base inquiry required semi-structured questions to seek information about the organisation over the last twenty years. The primary issues for the interviewees relate to:

> Historical data and experiences: Some interviewees may have considerable experience within the organisation, but if not, evidence of organisational changes is sought from current and archived documents.

> Expertise: Interview subjects must have some understanding of the political system, policies and institutions surrounding their organisation and of the relationships with government representatives.

> Interview experience: Some organisations and interviewees have been the subject of many research projects[661] which may provide familiarity with the interview method but equally may produce burn-out due to being 'over-surveyed'.[662]

Most importantly, the data used for each organisation comes from itself - from the self-completed Annual Returns and from the Chief Executive's interview. This information is expected to be a dependable self-reflection of the organisation, but is confirmed against other texts and financial data produced by the organisation available through the internet. This focus directly on the voice of organisations is an application of methodological holism.

The final question in all of the interviews was to ask interviewees to score their perception of the organisation's autonomy. Placing this question after the in depth discussion of contract management and policy advocacy and with no warning was intended to prompt considered responses – even though this means reducing a complex idea to a single score.

Methodology issues

The methodology seeks to deal with two interlinked complexities: the depth and breadth of the theoretical platform and definitions of voluntary entities that create taxonomies for different

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[661] For instance, the Royal New Zealand Plunket Society (Inc) is a favourite subject because of their data and history but it was not part of the quasi-random selection for this research.
[662] Grey and Sedgwick, "Fears, Constraints, Contracts: The Democratic Reality for New Zealand's Community and Voluntary Sector." 25.

spheres. This section also notes some issues arising in the quantitative and qualitative phases in terms of data and methods.

Theoretical frame

The theoretical framework developed in the previous chapters is applied to the methodology in the following ways. New institutionalism is applied by examining three institutional components of the voluntary sector - constraints, culture and constituents, by using a twenty-year time frame and by identifying differences at sector and organisation levels. Neopluralism theory is used to consider two things: how the expression of views by FSP organisations is enabled or constrained and the differences that may be linked to behaviour within the sector. The neopluralist is encouraged to consider using case study research based on particular issue areas if the aim is to reconstruct a [plausible] history of activities.[663] Finally autonomy concepts are used to reveal how organisational autonomy is affected by government funding and changing policy conditions and what organisations decide about doing policy advocacy.

Taxonomy frame

Different taxonomies have been developed to define voluntary entities by sector and organisational type. In the macro-institutional sphere (the voluntary sector) legislative and policy frameworks have most impact while in the micro-institutional sphere (the organisation), boundaries are often blurred by changing financial strategies, shifting alliances and by individuals changing employment between the state and voluntary sector. The method will pose interview questions that cover both spheres.

Sector sphere

A taxonomic approach can differentiate the voluntary sector from the state and the market. A national-level typology defines New Zealand voluntary organisations in contrast to Kubik's approach:

Table 5: National typology of not-for-profit organisations

Study of the New Zealand non-profit sector[664]	Kubik[665]
Organised	Legal
Private (not part of the public sector)	Secondary (not kin-based)
Non-profit distributing	Transparent
Self-governing	Voluntary
Non-compulsory membership[666]	

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[663] Dahl, *Who Governs? Democracy and Power in an American City*.
[664] Sanders et al., "The New Zealand Nonprofit Sector in Comparative Perspective."
[665] Kubik, "How to Study Civil Society: The State of the Art and What to Do Next."
[666] Non-compulsory - membership or participation of these organisations is not legally required or otherwise a condition of citizenship.

In Table 5, the official New Zealand typology is shoen in the first column. This is used in this research but it also takes into account Kubik's categories which are complementary. New Zealand's Inland Revenue Department (IRD) just uses the 'four heads of charity' (listed in the Introduction) to determine organisations that may be granted tax exemption based on their charitable purpose. Other IRD criteria include: activities must be for public benefit or for a large section of the community, activities must not be for benefit or profit of any individual and beneficiaries may include blood relations in some circumstances. The organisation needs to choose one or more of the charitable purposes to fit into and must fit all of the criteria to be a not-for-profit organisation.

Typologies used internationally[667] include the not-for-profit sector as one of six civil society organisational types or simply[668] distinguished as either mutual benefit organisations or public benefit organisations. These typologies are too broad for this research.

Organisational level

The research is focused on registered charities which are social or human service organisations. Certain exclusions were necessary (as discussed earlier) to find organisations which, as a subset of New Zealand registered charities 'providing services', were more likely than other subsets – such as sports organisations - to engage in contracting arrangements with government and also to be likely to have an interest in a range of social and economic policies. The sample shares some basic sociological features: they are formed by a group of individuals and they are voluntarily and purposively formed. The sociology of voluntary service organisations can be understood by examining organisational data that is readily available on specific cases and by comparing these cases against each other to analyse why voluntary organisations decide to become active in public policy.

Selection of organisations based on the receipt of government income of $40,000 or more included income from either grants or contracts or both. Only one of the cases examined received a one-off government grant and had never received any contract funding.

Quantitative data issues

There are 27 variables of potential relevance to the research propositions. This is likely to result in clustering of some variables together and the analysis will seek factors within these clusters which may support or contradict the propositions. The choice of variables seems obvious based on the comparative studies referred to in Appendix 2, although the analysis might point to alternative variables that could have been more useful. Some variables such as percentage government income have to be calculated for the database from amount of government income and total gross income. The quantitative data is analysed through SPSS and Excel. Apart from correlations amongst pairs of

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[667] Edwards, *The Oxford Handbook of Civil Society*.
[668] Richard Holloway, *Using the Civil Society Index - Assessing the Health of Civil Society: A Handbook for Using the Civicus Index on Civil Society as a Self-Assessment Tool* (CIVICUS: World Alliance for Citizen Participation, 2001).

variables (and analysis of variances), multiple correlations or variances and factor analysis such as principal component analysis may also be needed.

The 23 cases are sufficiently representative of the sample of 201 organisations to allow some generalisations. This is shown in **Appendix 4**. One of the cases was unlike all the others in having received a one-off government grant that year and having had no previous (or potential) contracts.

Qualitative data issues and case-based analytical method

The qualitative data from interviews is analysed through NVivo and all 23 interview answers are coded according to themes which arise from the three main parts of the semi-structured questions: management of contracts, policy activity and perception of organisational autonomy.

At the end of the data collection on the selected cases, I discovered the method of Qualitative Comparative Analysis (QCA) which is in essence a detailed case-based analytical approach where there are many relevant variables. Its attraction is not only in trying to keep the best of both quantitative and qualitative analysis, but it is useful in public policy studies because it can provide a holistic and detailed perspective of the subject at the same time. In this study, the 23 cases or even the 201 organisations in the dataset would be a good base for a QCA, surpassing the insights that can be gained from a purely statistical analysis and even from a mixed methods design. The matrix approach (or 'truth table') in the analysis would compare 27 quantitative variables and possibly 20 qualitative themes and would increase the robustness of the study and highlight areas for further research. However QCA is a complex method and no faculty for this method is provided at the University of Auckland or able to be easily discovered elsewhere in Auckland, to provide the necessary training. There is no reason why the data cannot still be considered through the QCA method, at a later date, as it may provide a much richer understanding of the data.

Quantitative method limitations

The majority of the quantitative data is derived from Annual Returns completed and sent by FSP organisations to the regulator, Charities Services, and which primarily contain financial information. Organisations have had several years of experience completing these reports and therefore the information provided is likely to be accurate. However parts of the template forms may possibly be misinterpreted, such as in questions about trading and service income and cost of trading – for instance the difference between what is trading income and what is 'all other income'.[669] For this reason, the data used as variables is only that which is unlikely to be misinterpreted. Non-financial information may also vary between organisations – such as the 'main activity' of the organisation, which may be confused between providing 'services (e.g. care / counselling)' and 'advice,

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[669] See Annual Return financial information help notes: https://www.charities.govt.nz/im-a-registered-charity/annual-returns/annual-return-financial-information-help-notes/ (accessed 3 March 2015).

information, advocacy.' It is expected that most FSP organisations would not self-report their main activity as providing 'advice, information, advocacy' since this could place their registered charity status at risk.

<u>Qualitative method limitations</u>

With semi-structured interviews, it may not be easy to compare answers between the organisations. Also human error is expected in recalling events systematically and in an objective manner. Using a single interviewee means having to rely on one person's responses that may influenced by incomplete knowledge of the organisation, cultural and political perspective, experience of research and other matters. While every attempt was made to obtain an even number of interview participants for each of the 16 categories in Table 6, gaps occurred because ideal candidates chose not to participate. The greatest number of participants fitted the category 'date of incorporation: 1990–1992, percentage government income 76–100%.' (shown in bold font).

Table 6: Number of cases in each selection category

Number of cases	Age	Government income	Number of cases	Age	Government income
3	1880–1979	0–25%	0	1985–1989	0–25%
1	1880–1979	26–50%	2	1985–1989	26–50%
3	1880–1979	51–75%	1	1985–1989	51–75%
1	1880–1979	76–100%	0	1985–1989	76–100%
1	1980–1984	0–25%	0	1990–1992	0–25%
0	1980–1984	26–50%	0	1990–1992	26–50%
2	1980–1984	51–75%	2	1990–1992	51–75%
2	1980–1984	76–100%	**5**	**1990–1992**	**76–100%**

Policy advocacy factors at sector level in Chapter One included 'focus of advocacy', but this is not used as a variable because the questions asked were only about policy advocacy in general.

Conclusion

<u>Seeing charitable purpose with one eye shut?</u>

The official collection of data on voluntary organisations and their relatively recent availability online has vastly improved the ability to analyse certain aspects of the voluntary sector. While the government's decision to align Statistics New Zealand data collection with the method promoted by

the United Nations[670] demonstrated foresight, subsequent decisions to postpone the planned 2012 update until 2015 forces choices to be made based on out-of-date information and the doubtful usefulness of subsequent trend data due to the time lag between data collection.

Recent research projects have provided valuable evidence relating to voluntary organisations: political advocacy,[671] partnerships between FSP organisations and the government,[672] the mix of evidence and values in policy making affecting the sector,[673] new and old forms of sector funding,[674] the history of the sector[675] and impacts of and on New Zealand's welfare history.[676] All of this is important for a better understanding of the policy significance of the voluntary sector, but does not yet provide an understanding of FSP organisations' policy advocacy in relation to their government funding or their raison d'être. The bulk of other recent local research addresses accountability and different ideas about funding social services. This appears to highlight only one side of the social economy – a 'one-eye-shut' approach.

Understanding the policy advocacy of FSP organisations – many which are crucial in our social economy – requires having both eyes open at the same time. One eye needs to be focused on the funding and accountability and one eye needs to be focused on policy advocacy. The analysis of the financial and policy conditions of a set of FSP organisations provides important context to the dilemmas faced by organisations wanting a place at the policy table, as they may have to choose between working to influence policy development at the outset (the most desirable position) and being consulted at the end of the process as policy implementers. The quantitative comparative results may show how organisations' choices to participate in policy advocacy are influenced by their organisational features and conditions. As most of these results are snapshots of current features, qualitative evidence is needed to investigate the effect of marketisation on these choices.

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[670] This was a New Zealand government-funded project sparked by reports in early 2000 about the economic value of the not-for-profit/voluntary sector. See http://www.ocvs.govt.nz/work-programme/building-knowledge/study-of-the-non-profit-sector/index.html and http://www.stats.govt.nz/browse_for_stats/people_and_communities/households/non-profitinstitutionssatelliteaccount_hotp2005.aspx (both accessed 19 August 2013).

[671] Sandra J Grey and Charles P Sedgwick, "Fears, Constraints, and Contracts: The Democratic Reality for New Zealand's Community and Voluntary Sector," in *Community and Voluntary Sector Research Forum*, ed. Victoria University of Wellington (Wellington: Community Research, 2013). (accessed 20 August 2013); Elliott and Haigh, "Advocacy in the New Zealand Not-for-Profit Sector: 'Nothing Stands by Itself'."; Kathryn Nemec "See Here: A Policy Change Advocacy Project – Challenges and Lessons." J. R. McKenzie Trust, New Zealand http://www.communityresearch.org.nz/research/see-here-a-policy-change-advocacy-project-challenges-and-lessons/ (accessed 20 August 2013). Joanne Cribb, "The Accountability of Voluntary Organisations: Implications for Government Funders" (Victoria University of Wellington, 2005).

[672] Prestidge, "It's a Partnership: Yeah, Right! An Analysis of Discourses of Partnership between Government and Community Organisations in New Zealand (1999-2008)."

[673] David Bromell, "Creating Public Value in the Policy Advice Role: A Reflection from the Front Line," *Policy Quarterly* 8, no. 4 (2012).

[674] Shasa Halford, "A Historical Analysis of the Funding Inflow Mix of New Zealand Health Not-for-Profit Organisations over Different Macroeconomic Climates" (Victoria University of Wellington, 2009).

[675] Tennant et al., "Defining the Nonprofit Sector: New Zealand."

[676] For example: Neil Lunt, Mike O'Brien, and Stephens. Robert, eds., *New Zealand, New Welfare,* (Melbourne: Cengage Learning Australia, 2008); Tennant, "Governments and Voluntary Sector Welfare: Historians' Perspectives."

Chapter 5:
New Zealand's Voluntary Sector as an Institution

Culture and Legal Constraints pre-1984

<u>Introduction</u>

This and the following two chapters analyse the voluntary sector within the theoretical framework of new institutionalism set out in Chapter Three. As that framework suggests, the three New Zealand chapters deal with three major influences on the voluntary sector:[677] cultural influences (values and norms), constraints (rules, routines and policies) and constituents (stakeholders and relationships).

Institutionalism of the voluntary sector

The New Zealand voluntary sector is discussed as an institution because it consistently displays unique values and norms, rules and routines and has a unique style of relationships with stakeholders that sometimes utilises nationally important networks. An alternative view for a public policy investigation, instead of seeing the voluntary sector as an institution is to describe the whole policy system as an institution in which the voluntary sector plays a part. This view is not likely to yield a comprehensive examination to this subject, because it breaks up the components of the voluntary sector artificially. For example the policy activities of the voluntary sector would be examined in relation to the policy activities of other sectors, rather than considering voluntary sector policy activities in the context of legislation, funding and other public policy features of the voluntary sector, which is how this section proceeds.

The main feature of the voluntary sector is diversity. An institutionalist approach helps to unpack the diversity by examining particular aspects within the context of the whole institution. [678] This historical institutionalist analysis also examines connections between the present circumstances of the policy voice of FSP organisations and past events and choices. Certain trends and ideas seem to be persistent; pointing to these may help with drawing conclusions. 'Employing a long-run perspective enables the analyst to see … things far more clearly than if simple snapshots were used.'[679]

This path dependent approach is fundamental to historical institutionalism, where events, structures or values from the founding phases of an institution constrain, or help determine the future of the institution.[680] The 'dependency' aspect of the pathway arises when a decision needs to be made

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[677] This approach is suggested by: Kramer, "A Third Sector in the Third Millennium?." 14.

[678] Nitta, "New Institutionalism."

[679] Neil Lunt, "From Welfare State to Social Development: Winning the War of Words in New Zealand," *Social Policy and Society* 7, no. 4 (2008): 414.

[680] James Mahoney, "Path Dependence in Historical Sociology," *Theory and Society* 29, no. 4 (2000).

between possible alternative paths, and the choice that is made references and acknowledges the rationale of decisions leading to the current position. This may lead to inertia in the political economy[681] if there are still some benefits accruing from a choice made in the past, and to choose another path is considered socially, politically or economically unacceptable.

The timing and sequence of human settlement are important influences in the pathway to a bicultural public policy and governance framework in New Zealand and to the institutional features of the voluntary sector. Not only was New Zealand the last landmass to be settled by prehistoric people in the late 12th to early 13th centuries AD,[682] Maori had opportunity to develop their culture (tikanga) and environmental and economic expertise in relative isolation before Pakeha colonialisation began in the early 18th century. Highly entrepreneurial and adaptable, Maori settlement was nevertheless no match for the large numbers of predominantly European immigrants seeking fresh economic opportunities.[683] Colonial domination, including civil war, overshadowed the contributions that Maori made to many aspects of the birth of the nation, including a system of charity and the importance of kin-based association for more than just self-protection or economic benefit. Holding onto such contributions throughout the pressures of global war, national depression, economic disadvantage and social changes, Maori have succeeded in retaining the Treaty of Waitangi as a living constitution that guarantees that claims or public decisions made under it will be implemented with the full support of the government. Because some charities voluntarily reflect Treaty principles in their Trust Deeds, this is an important aspect of the development of New Zealand's voluntary sector and is partially addressed in this chapter. Also addressed is the influence of settlers' determined independence that is further justification for the use of autonomy theory in the thesis.

Overview of Institutional Features: Culture, Constraints and Constituents

As set out in the Introduction (page one) the start of the neoliberal project in 1984 is a critical juncture for the voluntary sector, specifically for FSPs. The culture and the constraining features in the law both have a long path-dependence that is clearly visible and relevant so the pre-1984 period is given considerable attention in this chapter. The constraining features of government policy that are discussed in Chapter Six cover the post-1984 period, leaving out other policy system changes that are well known. The historical (pre-1984) features of government policy have been widely studied elsewhere - much has been written of New Zealand as a social laboratory at the turn of the

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[681] Ian Greener, "The Potential of Path Dependence in Political Studies," *Politics* 25, no. 1 (2005).
[682] Landcare Research, Dating Humam Arrival in New Zealand   http://www.landcareresearch.co.nz/science/plants-animals-fungi/ecosystems/prehistoric-settlement/human-arrival (accessed 12 November 2015)
[683] Ranginui Walker, *Ka Whawhai Tonu Matou: Struggle without End* (Auckland: Penguin, 1990).

20th century[684] and as a leader in the welfare state retrenchment in the 1980s[685] with an on-going evolution as a bicultural society.[686] Chapter Seven then takes a path-dependent perspective of the constituents of the voluntary sector and presents a discussion of FSP organisations' relationship with the constituent that has the most influence – the government.

Institutional Culture and Legal Constraints

This remainder of this chapter explores the institutional features of culture and legal constraints in New Zealand's voluntary sector. It is appropriate for culture to be considered first to give acknowledgement to tikanga Māori[687] that gives space to cultural issues before anything else is discussed. The dual narrative of biculturalism referred to in the Introduction finds some expression in this chapter.

Two other concepts discussed previously round out the New Zealand cultural platform: a pluralist social economy and organisational autonomy. This combination of theories is important for the research not just academically but culturally and I will attempt to briefly explain this position. It has become embedded in New Zealand social policy and social services to support Māori by adopting relevant tikanga Māori (practices) and to reflect the Treaty of Waitangi (principles) within organisations. In acknowledgement of this, this project of creating new knowledge of the voluntary sector applies aspects of tikanga Māori in ways that align to the theories used. Firstly historical institutionalism is aligned by using antecedental ('ancestral') aspects to explain current circumstances (*i nga wa o Mua*) and secondly neopluralism is aligned by allowing plural voices (*maha reo*) to be heard where there are plural perspectives. Finally, *rangatiratanga* (self-determination, autonomy, the right of Māori to be self-determining) aligns with the desire of self-determining groups to have autonomy. This position has subtly influenced the choice of theories, the methodology and the examination of autonomy.

Cultural factors and institutional values

Gaining an understanding of the institutional culture of the voluntary sector must start with the consideration of society's attitudes from around the time of colonisation.[688]

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[684] Louise Humphage and David Craig, "From Welfare to Welfare-to-Work," ed. Neil Lunt, Mike Obrien, and Robert Stephens (South Melbourne, Vic: Cengage Learning, 2008).

[685] Starke, *Radical Welfare State Retrenchment: A Comparative Analysis*.

[686] As both Pākehā (tangata tiriti) and Māori (tangata whenua), I see on-going evolution in the parallel cultures of Māori and Pākehā within New Zealand society, but no vision of a single culture.

[687] Tikanga Māori is referred to here as the 'values, standards, principles or norms to which the Māori community generally subscribed for the determination of appropriate conduct' in Edward Taihakurei Durie, "Will the Settlers Settle? Cultural Conciliation Law," *Otago Law Review* 3, no. 8 (1993).:449.

[688] Michael Belgrave, "Social Policy History: Forty Years on, Forty Years Back " in *Affording our Future Conference* (Wellington: Victoria University of Wellington, 2012).: 2.

New Zealand cultural influences – an historical overview

The voluntary joining together of groups to establish moral order and security in early New Zealand was at the 'intimacy and localism' level of neighbours, rather than the public interest level.[689] The individualistic mentality of settlers was narrower than the approach of Māori to whom the care of individuals by the hapū to which they belonged was axiomatic.[690] In the absence of a broad range of voluntary organisations, Māori sometimes cared for destitute and vulnerable settlers - local food from marae supplemented a meagre charitable aid, which varied widely between provinces.[691] Unfortunately, the early government generally ignored the Māori approach to charity[692] in the overwhelming drive to acquire land from Māori for settlers. Ideas about free enterprise, individualism, and family responsibility took hold early in many settlements[693] and remain significant nationally.

New Zealand's social culture surrounding charity is defined by distinctive sociological norms and mores, as well as economic circumstances. As a young nation formed by Māori with an oral history and by European pioneers with a predominantly written history, the development of New Zealand's political culture shows a very clear view of the struggle that was involved in nation-building.[694] The differences in the culture around charitable activities can be explained as a desire to consider the whole person or social system contrasted with a desire to separate the system into parts that allows public money to be well spent for the greatest good of the greatest number. Also, 'dual dynamics, from Māori and Anglo-settler cultural inheritances, have been important long-term forces in the development of the not-for-profit sector in Aotearoa New Zealand.'[695] Commonality, complementarity and conflict shape the matrix of activities in the voluntary sector.

<u>Māori charity influence on institutional culture</u>

At the time of colonialisation, Māori had their own 'social engines' that were fluid to some extent, but based on birth[696] rather than autonomously chosen associations.[697] Marae remain the most common basis of Māori organisation across the country, and while many differences exist between hapū (extended family), the common basis is tikanga Māori (custom law) which is a flexible, yet

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[689] Ibid., 67.
[690] Verna Smith, "Contracting for Social and Welfare Services: The Changing Relationship between Government and the Voluntary Sector in New Zealand," *Third Sector Review* 2(1996).
[691] David Thomson, *A World without Welfare: New Zealand's Colonial Experiment*, (Auckland University Press : Auckland, 1998): 83-4.
[692] Michael King, *Nga Iwi O Te Motu: One Thousand Years of Maori History* (Auckland: Reed Books, 1997), 50.
[693] Thomson, *A World without Welfare: New Zealand's Colonial Experiment*, (Auckland: Auckland University Press.), 10, 23.
[694] Ian Hugh Kawharu, *Conflict and Compromise: Essays on the Māori since Colonisation* (Wellington: A H & AW Reed, 1975).
[695] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand." 7.
[696] Association by birth remains a contested criterion for defining a non-profit organisation (Tennant et al., "Defining the Nonprofit Sector: New Zealand." 4)
[697] Robinson and Williams, "Social Capital and Voluntary Activity: Giving and Sharing in Maori and Non-Maori Society."

values-centred set of Māori traditions.[698] Values define the way charity is perceived and undertaken and referring to tikanga Māori here pleads acceptance that understanding Māori values is a difficult but important challenge because these values influence behaviour[699] and are a vital part of part of the distinctiveness of New Zealand's charity culture.[700].

Māori values of giving and sharing are holistic and whānau-based[701] (direct family) and relate to various practices of whānau obligation applicable in different areas. Even non-Māori living in proximity to a marae could sometimes be considered as part of the whānau and hospitality and care could be provided without the need for any formal arrangements. An important aspect of tikanga Māori is that 'political power was vested at the basic community or hapū level. Power flowed from the people up and not from the top down. Control from a centralised or super-ordinate authority was antithetical to the Māori system.'[702] 'The corollary to the paramount importance of the collective in Māori society was that the community accepted responsibility for its members.'[703]

On the other hand, a view of the bigger picture by Māori is also clear in examples of collaboration and pan-tribal affiliations to achieve aims such as opposition to land sales and to prove that 'hapū autonomy was no barrier to the formation of either single purpose combinations or enduring alliances.'[704] Acceptance of pluralism in Māori voluntary activity is based on plural whakapapa (the articulation or mapping of relationships in different contexts) and is a feature of the voluntary sector culture.

Of all values contained within tikanga Māori, aroha most closely relates to the concept of charitable activity. Aroha is a wider concept than love, and 'it seeks the best in people, draws it out, yet is firm in not accepting … behaviours that damage…. Aroha in action is generous.'[705] In general aroha is used to describe the caring and compassion for others.[706] Sheer determination and a very clear worldview have enabled Māori to influence the distinctive style of voluntary social services in New Zealand.

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[698] New Zealand Law Commission. "Study Paper 9: Mäori Custom and Values in New Zealand Law." (Wellington: New Zealand, March 2001): 31 -32.
http://www.lawcom.govt.nz/sites/default/files/publications/2001/03/Publication_112_288_SP9.pdf (accessed 4 November 2013).

[699] Joseph Williams, "He Aha Te Tikanga Mäori " (Wellington: New Zealand Law Commission, 1996)., 31 -32. (accessed 4 November 2013).

[700] While it is not possible for me to describe how tikanga fits within the wider te ao Māori (worldview), Justice Durie draws on ancestral and ancient Māori tradition to describe tikanga Māori as the 'values, standards, principles or norms to which the Māori community generally subscribed for the determination of appropriate conduct.' See: Edward Taihakurei Durie, "F W Guest Memorial Lecture 1996: Will Settlers Settle? Cultural Conciliation and Law," *Otago Law Review* Vol 8, no. No 4 (1996).: 452.

[701] Robinson and Williams, "Social Capital and Voluntary Activity: Giving and Sharing in Maori and Non-Maori Society."

[702] Ibid: 451.

[703] New Zealand Law Commission, "Study Paper 9: Maori Custom and Values in New Zealand Law," (Wellington: New Zealand Law Commission, March 2001).

[704] Durie, "F W Guest Memorial Lecture 1996: Will Settlers Settle? Cultural Conciliation and Law." 451.

[705] Ngata Dictionary http://www.learningmedia.co.nz/ngata/ (accessed 6 November 2013).

[706] Maori Dictionary http://www.Māoridictionary.co.nz/word/414 (accessed 6 November 2013).

<u>Settler influence on institutional culture</u>

Settlers created fundamental differences from late nineteenth century Britain in terms of the social and financial resources supporting the voluntary sector. Very little private wealth and time was made available to voluntary organisations in early New Zealand[707] compared with the accumulated private capital and tradition of aristocratic obligation in Britain and Europe. While settlers brought with them and nurtured democratic traditions such as equality and freedom of association, and a rejection of social exclusion based on class, pragmatism demanded that there was predominantly a focus on individual survival and self-help. Organisations that best supported this were friendly societies and savings banks[708] rather than church or charitable aid.[709] Willingness for hard work and experimentation became established early as desirable characteristics in society. A high level of religious tolerance – as long as the effect was 'civilising' and significant residential transience also affected the formation of the voluntary sector.[710]New Zealand's voluntary sector was inextricably linked with the concern about pauperism which was anathema to settlers wanting to secure a solid footing in their adopted country.[711] While charity was not the first place to look for support, nevertheless the existence of charitable aid in holding back a tide of pauperism and its aftermath was essential[712] – social policy was concerned about social discipline and social efficiency rather than humanitarianism.[713]

Women are credited with providing much of the hard work and passion that comprises the voluntary sector – in colonial times and today. The Auckland Ladies Benevolent Society was New Zealand's first and longstanding charitable association [714] and the National Council of Women formed at the start of the 20th century as a way of continuing the work of the suffrage movement. The voices of rural women have been expressed traditionally through long-standing organisations such as the Countrywomen's Institute[715] and Rural Women New Zealand, which produces a regular bulletin, useful for policy and advocacy work, and contracts with government bodies to provide a range of social services to rural women. Another women's organisation providing social services as well as policy advocacy is YWCA Aotearoa, which, during the Depression, included collaboration with the National Council of Women.[716] The advocacy of individual women directly to influential men (mainly for funding) accounted for much of the early organisational growth of voluntary service

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[707] Ibid: 59.

[708] An example of this early, narrow focus on income is the practice by some early trade unions which operated labour exchanges and libraries, but only for wage earners, not artisans. Martin, *Honouring the Contract*.:69.

[709] Ibid: 87.

[710] Tennant et al., "Defining the Nonprofit Sector: New Zealand.": 6.

[711] Martin, *Honouring the Contract*., 180.

[712] Margaret Tennant, *Paupers and Providers: Charitable Aid in New Zealand*, ed. Department of Internal Affairs Historical Branch (Wellington: Allen & Unwin New Zealand Ltd, 1989).

[713] William Hosking Oliver, *100 Years of the Welfare State?* , ed. David Green, Towards 1990: Seven Leading Historians Examine Significant Aspects of New Zealand History (Wellington: Government Printing Office, 1989).

[714] Tennant et al., "Defining the Nonprofit Sector: New Zealand.":5.

[715] Now known as New Zealand Federation of Women's Institutes Inc. and covering towns as well as rural areas.

[716]YWCA Aotearoa New Zealand "Herstory" http://ywca.org.nz/who-we-are/herstory/ (accessed 4 December 2013).

organisations.[717] Individual activism can also be seen in early prominent public sector officials such as Ada Paterson and Elizabeth Gunn who were more likely to advocate for social issues personally than were voluntary organisations.[718]

Oliver observes that social service provision grew through the initiative of public servants and pressure groups, not government policy.[719] Courage, ingenuity and policy entrepreneurship are hallmarks of individual activism and an example is Dr George Smith of Hokianga who in the early part of the 20th century created a culture of integration and innovation based at Rawene Hospital in Northland. So effective and resonant with the local community was his approach[720] that it remains one of the few for-social-profit public hospitals in New Zealand. Dr Smith's legacy of activism[721] on behalf of the people of Hokianga was to establish a Special Medical Area, which became a forerunner of contemporary Primary Healthcare Organisations.[722]

Church influence on institutional culture

Churches and colonialism are often mutually supportive and settlers' experience of welfare was that voluntary organisations in Europe had formed in response to social need arising from industrialisation and urbanisation. A common structure for welfare provision was churches, which while achieving evangelical purposes, accomplished a desire to show Christian charity in action.[723] Conversely the feeling of oppression from implementation of the Poor Laws in 19th century England – taxes collected to enable the parishes to look after their poor – was a strong reason for early settlers to seek the freedom of a country as yet untrammelled by public bureaucracy or even an activist voluntary sector.

A strong influence in colonial times was the missionary presence of Catholics, Protestants and many other religious denominations. One combined effect of this missionary work was the application of Christian ethics in caring for the vulnerable, such as outlined in the Samaritan story (Luke 10: 33). In fact, the rise of welfare workers, particularly women religious in 19th century Europe saw New Zealand as an appropriate place to provide church-based social services.[724] The strong value-set of

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[717] Margaret Tennant, *The Fabric of Welfare: Voluntary Organisations, Government and Welfare in New Zealand, 1840-2005* (Wellington: Bridget Williams Books, 2007). 72.

[718] Ibid,73.

[719] Oliver, *100 Years of the Welfare State?* 85.

[720] Doctor Smith is a household name in my family: my mother and grandmother both had him as their doctor and his unique style was remembered fondly. G. Kemble Welch, *Doctor Smith: Hokianga's King of the North* (Auckland and Hamilton: Blackwood and Janet Paul Ltd, 1965).

[721] Dr. Smith had political aspirations as well as medical ambitions and was the first national president of the Social Credit movement.

[722] Hokianga Health Enterprise Trust "History – G M Smith" http://www.hokiangahealth.org.nz/system/showpage.asp?section=history&page=dr_g_m_smith.xml (accessed 29 November 13).

[723] Tennant, *The Fabric of Welfare: Voluntary Organisations, Government and Welfare in New Zealand, 1840-2005*., 22.

[724] "Sisterly Ministrations-the Social Work of Protestant Deaconesses in New Zealand 1890-1940," *New Zealand Journal of History* 32, no. 1 (1998).

these churches is an important part of the social services story and continues to contribute to the culture of charity in New Zealand.

The sector's cultural basis is also seen in church practices of tithing the congregation, which was linked not only to provision of resources for gaps in government provision, but as penance imposed by the Church for individuals' sins. Therefore, the unwritten contract between individuals in the congregation and the Church related not so much to altruism as to a kind of personal insurance against the threat of hellfire. At a local level however there have long been differences in how altruism was practiced. Churches continue to be proactive in communities, helping the needy and vulnerable. Much of this can only be observed directly as a member of a local community where resources are locally sourced and distributed, or through direct involvement in the voluntary sector.

Political culture: Themes and paradoxes

Liberal and collectivist perspectives together form a paradox in New Zealand's welfare and voluntary sector. New Zealanders are often praised for being ready to lend a helping-hand to anyone, regardless of recompense or reward, which can be seen in the high numbers of volunteers and the abundance of voluntary organisations set up to provide activities or services as referred to earlier. However a focus on individual responsibility and a lack of widespread altruism are clear features of early New Zealand[725] and are still seen today.[726] Historians agree[727] that features of 19th century social services provision remain visible, stated here as linked themes in the political culture: a considerable reliance on voluntary charitable agencies providing publicly available services and a demand for economy (efficiency) and accountability by government funders.

New Zealand's other persistent influence on the political culture surrounding the sector is the Treaty of Waitangi.[728] In fact, it has been argued that biculturalism is an essential part of New Zealand's Pākehā political epistemology.[729] While the tradition of Parliamentary seats for Māori appears to be a clear indication of the influence of the Treaty and biculturalism[730] there is increasing complexity to this outcome with the participation of Māori MPs of any political persuasion.[731] Complications also arise when examining how the Articles of the Treaty are differently interpreted over time.[732] This matter is discussed later in this chapter.

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[725] *The Fabric of Welfare: Voluntary Organisations, Government and Welfare in New Zealand, 1840-2005*. 59.

[726] Crampton, Dowell, and Woodward, "The Role of the Third Sector in Providing Primary Care Services -- Theoretical and Policy Issues."

[727] Ibid: 84.; Oliver, *100 Years of the Welfare State?*

[728] The Treaty of Waitangi is the founding constitutional document between Māori as first peoples and the British governors, as the colonisers who took on the formal British-style governance of the nation. This is discussed in the next subsection.

[729] Ian Culpitt, "Bicultural Fragments: A Pākehā Perspective," *Social Policy Journal of New Zealand*, no. 2 (1994).

[730] Donna McKenzie et al., "Co-Production in a Māori Context," ibid., no. 33 (2008).

[731] Ilana Gershon, "Being Explicit About Culture: Māori, Neoliberalism, and the New Zealand Parliament," *American Anthropologist* 110, no. 4 (2008).

[732] Tennant, "Welfare Interactions: Maori, Government and the Voluntary Sector in New Zealand."

Government support of welfare has historically been the focus of government-voluntary sector relations. Based on the state's good economic performance government-provided welfare was at its peak from the 1940s to the early 1970s.[733] Voluntary organisations operated fairly unobtrusively[734] but by the middle of the 20th century the public service was relatively receptive to the welfare ideas of community organisations.[735] Whether this was because the public sector needed to get voluntary organisations to assist with the increasing welfare burden or not is unclear. It may relate to the trend towards promoting civil rights and individual freedom, leading to toleration and even respect for the advocacy work of voluntary organisations as part of the 'texture of democracy.'[736]

From the perspective of those needing assistance from charities, Robb's 50 year-old prediction - now proven - is that the public, which will also increasingly expect opportunities to participate in the planning and organisation of those services, will demand increasing standards of social service.[737] This is not a wrong pathway and should not be feared in public policy. Furthermore, if government seeks community participation it must be a genuine endeavour. Robb warns:

> An advisory committee whose advice is never taken or which is consulted only on trivial matters will be treated by the public with contempt, while voluntary workers who are regarded as useful for work that officials consider dull or unimportant will not feel that their participation has any meaning.[738]

There are several scenarios that stem from a political culture discouraging of citizen participation and policy advocacy by charities. If there are insufficient opportunities for individuals to actively participate in how services are delivered to them, the consequence may be fear based on ignorance that welfare provision creates people who selfishly demand services without responsibility.[739] Another consequence could be the lack of reality (or honesty) in government communications about the significance of voluntary organisations' services or advocacy. While this may not seem serious, it is not a healthy political culture when a government department claims to provide a service, but underestimates the scale of demand and then relies unofficially on FSP organisations to fill service gaps.

A thread of fear of advocacy and participation is seen in government reactions to some well-known voluntary organisations in New Zealand. The fate of CORSO (Council of Organisations for Relief

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[733] John Bell Condiliffe, *The Welfare State in New Zealand* (Wellington: Allen and Unwin, 1959).

[734] Robb, "The Role of Voluntary Welfare Organisations."

[735] Richard Mulgan and Peter Aimer, *Politics in New Zealand* (Auckland: Auckland University Press, 2004)., 210.

[736] Bruce Jesson, "Lobbying and Protest: Patterns of Political Change at the Informal Level," in *New Zealand Politics in Perspective*, ed. Hyam Gold (Auckland: Longman Paul, 1992)., 356-378.

[737] Marilyn Taylor, "Community Participation in the Real World: Opportunities and Pitfalls in New Governance Spaces," *Urban Studies* 44, no. 2 (2007).; Robin Gauld, "The Unintended Consequences of New Zealand's Primary Health Care Reforms," *Journal of Health Politics, Policy and Law* 33, no. 1 (2008).; Jenny Aimers and Peter Walker, "Developing a Pluralist Approach to Organisational Practice and Accountability for Social Service and Community Organisations," *Third Sector Review* 14(2008).

[738] Robb, "The Role of Voluntary Welfare Organisations.", 24.

[739] Ibid.

Service Overseas) which suddenly lost their tax exemption status and government funding in 1979 on the initiative of the Prime Minister because of an overly political stance on various issues[740] can be likened to the deregistration of the National Council of Women in 2010 because of their advocacy. If the political culture is to serve citizens well, complementary state-voluntary sector social services are essential. Politicians know this but are not always able to make complementarity happen.[741] Robb has another warning:

> Almost the worst reason for [the government] withholding assistance is that a service is operated on lines differing from official or departmental policy, as this is a sure method of discouraging progress. I would almost go so far as to say that a voluntary agency which is doing its job properly will be in some measure unpopular with the authorities.[742]

Stephens[743] identifies some of the on-going tensions in the political culture surrounding charity as the changing emphasis in welfare policy from self-reliance to community-reliance (and back again). These tensions include: who are the deserving and the undeserving poor; whether welfare is a citizen's right or a community responsibility; and whether the government should just relieve poverty or provide a poverty solution through broad policy levers. One difference between New Zealand and other welfare states is that New Zealand's voluntary sector has coped with a lack of consistent political support and professional guidance in developing innovative services.[744] But the government still expects innovation to happen - it is a major justification for the intervention of public funding into the sector. But this social contract is not transparent, making difficulties for the sector in establishing its credibility in the public information market and participating in policy advocacy.

Constraints: institutional rules and laws

While the aspects of social and political culture described above define New Zealand's voluntary sector, the institutional rules and norms set the boundaries of organisational autonomy and have a constraining impact on the voluntary sector. As a nation's culture has specific path-dependencies, so the rules and norms that have developed in New Zealand also have antecedents, with both culture and rules sharing some historical circumstances.

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[740] David Sutton, Rachel Baskerville, and Carolyn Cordery, "Stakeholder Divergence and Institutional Extinction in the Notfor-Profit Sector: The Corso Story," *Paper submitted to the Accounting and Finance Association of Australia and New Zealand. Wellington: Victoria University* (2006).

[741] In the 2006 Estimates Debate, Judy Turner, Deputy Leader, United Future Party proposed: "A great way to relieve the pressure on the department and to allow it to focus on the very good statutory empowerment work that needs to be done in the high-risk cases, would be to give the medium to low risk work to the competent agencies in the community" but acknowledged at the same time that "obligations that come with the contracts kind of rip the soul out of their organisations." Judy Turner, "Estimates Debate," (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=hansard/text/2006/FINAL_2006_07_20/4318.html: Hansard, 20 July 2006). (accessed 20 July 2013).

[742] Robb, "The Role of Voluntary Welfare Organisations.": 25.

[743] Robert Stephens, "Radical Welfare State Retrenchment: A Comparative Analysis," *Social Policy Journal of New Zealand*, no. 33 (2008).

[744] Robb, "The Role of Voluntary Welfare Organisations."

As stated, voluntary social service organisations in New Zealand originated from Māori descent-based groupings that attended to the welfare of the hapū and iwi, and from church missionary activities or those seeking to establish order and respectable codes of conduct.[745] Both Māori and churches had their own orders and rules that contribute to a far wider context than charitable activity; at the same time, these are not completely comparable to other charity rules.

Charity law in Western democracies seems to have emerged in what are theoretically 'modern' times but to some, it is an anachronism for charity law in New Zealand in the 21st century to still refer to legal concepts that are over 400 years old.[746] While these concepts are still valid, the historical path of the law of charities is 'strewn with the great controversies of the past.'[747] It is into this complexity and controversy that the pathway towards understanding New Zealand's voluntary sector must go.

A range of legislation developed to deal with particular aspects of voluntary organisations but there remains no single comprehensive statute for charities today. This is similar to England, Wales, Scotland, Ireland, Singapore and Europe but is currently being addressed to some degree in Australia and Canada.[748] New Zealand is a common law nation, in that judicial decisions on cases relating to charities contribute to the legal provisions that must be considered by charities. The following discussion reveals New Zealand's conservative approach to charity law.

Charity law development

Historically charities in New Zealand have been tied to English charity law evolving from the *Statute of Charitable Uses Act 1601* during the reign of Elizabeth I.[749] This legislation allowed distinctions to be drawn between charitable and non-charitable activities and aimed to protect and prevent misuse of charitable funds. It arose during a period of social reform and in an overtly political climate.[750] The preamble to this Act includes a list of context-dependent charitable purposes that, although mostly irrelevant today, has set the foundation for the definition of charitable purposes in many countries.

The influential English judgement of 1891 by Lord MacNaughton categorised charitable purposes into four divisions or 'heads of charity' in the *Pemsel* case ([1891] AC 531) [751] – which New Zealand officially supports - as: the relief of poverty, the advancement of education, the advancement of religion and other purposes beneficial to the community. This last classification can include a huge

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[745] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand."
[746] *Statute of Charitable Uses Act 1601.*
[747] Donald Poirier, Charity Law in New Zealand, (Wellington: Department of Internal Affairs, 2013), http://www.charities.govt.nz/news/charity-law-in-new-zealand/. 67. In his introduction, Poirier quotes the pithy remarks of judges Lord Simonds J (1949) and Chilwell J (1979).
[748] Matthew Turnour and Myles McGregor-Lowndes, "From Charity to Civil Society: Sketching Steps to an Alternate Architecture for the Common Law," in *ARNOVA Conference* (Atlanta, GA2007).
[749] Poirier, *Charity Law in New Zealand*., 88; New Zealand Charities Commission. http://www.charities.govt.nz/setting-up-a-charity/charitable-purpose/ (accessed 26 June 2014).
[750] Alison Dunn, "Charities and Restrictions on Political Activities: Developments by the Charity Commission for England and Wales in Determining the Regulatory Barriers," *The International Journal of Not-for-Profit Law* 11, no. 1 (2008).
[751] Juliet Chevalier-Watts, "Politics and Charity," *New Zealand Law Journal* March(2009).

diversity of activities in charities and is source of ambiguity as well as innovation. It has been the topic of much debate about what is acceptable activity for registered charities[752] (charity registration is discussed in the following chapter). Both the 1601 Act and the *Pemsel* judgement have been heavily relied on for charity law in New Zealand.

Significantly, New Zealand legislation has not retreated from the preamble to the 1601 Act reiterated in *Pemsel*[753] although England repealed the Act in 1853.[754] England has had a Charities Commission since 1853 while it took New Zealand until 2005 to follow suit – albeit with a different approach to oversight. Australia was even slower, forming the Australian Charities and Not-for-profits Commission in 2012. Apart from some differences, there are many similarities in the oversight of charities between England and New Zealand such as in schools, unions, street collections and women's refuges.

One significant historical difference is the approach to poverty alleviation between New Zealand (as well as Australia) and England – the English Poor Laws were never adopted at the time of colonisation.[755] That meant no mandatory parish collection for the poor and no poor houses. It also meant the poor and vulnerable were expected to be cared for by their families or communities[756] and no general state provision for the unemployed and family support (with considerable restrictions) was made until the early 20th century.

New Zealand legislative attention to charity activities first centred on the activities of charitable religious or educational organisations in respect to the land titles held by such organisations.[757] The clear distinction between charities and the state or market was that land acquired for charitable purposes was primarily for the purpose of the charity not the individuals who established the charity or their successors. This 'beneficiary' distinction has remained constant in all charity law countries, despite differences in other aspects of charity law reform.[758]

By subsequent legislation prior to 1900[759] protection was expanded to funds raised by charities for specific purposes to enable funds to be re-allocated to other charitable purposes. It is clear from the following list of purposes (slightly abbreviated) contained in the *Charitable Funds Appropriation Act 1871* that much of the social welfare of the fledgling colony rested on the voluntary sector:

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[752] David Brown, "The Charities Act 2005 and the Definition of Charitable Purposes," *New Zealand Universities Law Review* 21, no. 4 (2005).; Chevalier-Watts, "Politics and Charity."; Myles McGregor-Lowndes and Matthew D Turnour, "Options for the Development of the New Zealand Law of Charities," (2011).

[753] The New Zealand Charities Commission now refers to the four heads of charitable purpose from *Pemsel* as being the guide for their decision making as it is now contained in the *Charities Act 2005*.

[754] Poirier, *Charity Law in New Zealand*.

[755] Gino Evan dal Pont, *Charity Law in Australia and New Zealand* (Melbourne: Oxford University Press, 2000)., 78.

[756] Destitute Persons Ordinance of 1846 and subsequent Destitute Persons Acts in 1877, 1883 and 1894.

[757] This was provided by the Religious, Charitable and Educational Trusts Act 1856: see Poirier, *Charity Law in New Zealand*.

[758] Myles McGregor-Lowndes and Kerry O'Halloran, *Modernising Charity Law: Recent Developments and Future Directions* (Edward Elgar Publishing, 2010).; Turnour and McGregor-Lowndes, "From Charity to Civil Society: Sketching Steps to an Alternate Architecture for the Common Law."

[759] The Religious, Charitable, and Educational Trust Boards Incorporation Act 1884.

> Supply of the physical wants of the sick, aged and destitute persons, education and other needs of children of the poor or indigent, reformation of criminals, drunkards and prostitutes, employment and care of criminals, religious instruction, libraries, reading-rooms, lectures and classes for instruction of people, promoting sports and recreation and amusements, contributions to losses incurred by fire and other inevitable accidents, encouragement of skill, frugality and industry, rewards for acts of courage or self-sacrifice, maintenance and repair of places or buildings for any of the above purposes.

Overall, the legal system allowed charities to take a complementary role to the state, filling in gaps in social services and providing expertise not available in government agencies. At the same time, the voluntary sector should be recognised as leading - albeit from the background - in taking responsibility for society's pressing and persistent problems. This can be seen in the *Hospital and Charitable Institutions Act 1885* that set up locally elected hospital boards and allowed them to receive public subsides.[760] Later examples and discussion are given in the next chapter.

Legal structures for Māori charity

As the first peoples of New Zealand, Māori have developed a wide variety of organisational forms – for-private-profit and for-social-profit– to deal with evolving economic and social issues. Some organisations may blur these boundaries. For the most part, this is an inevitable result for a minority portion of the population bringing to fruition a national bicultural ethos.

One of the factors that may be behind this blurring of boundaries is the drive towards tino rangatiratanga (self-determination, Māori sovereignty) which had been promised in the Treaty of Waitangi[761] and has been well documented (Margaret Mutu,[762] Claudia Orange,[763] Ringinui Walker[764] and Hugh Kawharu[765]). Seeking tino rangatiratanga involved huge efforts – still continuing - to gain recompense through the Waitangi Tribunal for lands taken by the colonial government. At the same time social issues that resulted from colonialism and which were either more detrimental to Māori or which mainly arose within Māori communities are being addressed. Both of these efforts are influential in New Zealand's voluntary sector.

New Zealand's voluntary sector landscape contains at least three enduring types of Māori not-for-profit structures: those based on ownership of Māori land and kaitiakitanga (guardianship) of public land – generally iwi organisations, those that use mainstream structures such as charitable trusts or

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[760] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand.", 23.
[761] The position of the Treaty has not granted self-government to Māori, but has been recognised in many laws and policies since the 1980s as giving guidance in matters relating to Māori – these may be applied by voluntary organisations as well as public entities.
[762] Margaret Mutu, *The State of Māori Rights* (Wellington: Huia Publishers, 2011).
[763] Claudia Orange, *The Treaty of Waitangi* (Bridget Williams Books, 2011).
[764] Ranginui Walker, *Ka Whawhai Tonu Matou: Struggle without End* (Auckland: Penguin, 1990).
[765] Ian Hugh Kawharu, *Waitangi: Māori & Pākehā Perspectives of the Treaty of Waitangi* (Oxford University Press, USA, 1989).

incorporated societies to pursue various objectives and the more recent visibility of kaupapa Māori[766] organisations.[767] Both of the latter - those which provide social services and have government contract funding - can be generally referred to as FSP organisations, but they may also be aligned to iwi organisations.

Now a well-recognised organisational form, iwi organisations are based on land ownership and geographical areas where groups of hapū were prepared to join together. However, this may have gained traction more as communication vehicles with the state than as grassroots Māori collectivist organisations.[768] These organisations continue to play a vital role in articulating Māori interests to government on issues pertinent to particular iwi and in major regional economic and political debates. Iwi organisations often include separate FSP (and FPP) organisations which are able to take up government contracts. Service provision may either be specifically for iwi members or open to the community.

While it is possible that iwi development organisations will take an increasingly public role due to expectations concerning asset management and transparent governance[769] several significant national entities have arisen that are usually voluntary in form but which may or may not be FSP organisations. The concept of Māori peak bodies acting at a national level and in a permanent way does not appear to be a natural fit with tikanga Māori but they are a major influence in the New Zealand voluntary sector and in political advocacy networks. An example is the New Zealand Māori Council.

The *Maori Trust Boards Act 1955* provided for income from assets held by a charitable trust to be tax-exempt (as long as the trust meets the purposes specified in this Act), but the other major statue relating to Māori authority *Te Ture Whenua Maori Act 1993* did not provide any similar tax-exemption. However a 2001 review of the taxation of Māori authorities (including marae) resulted in a change in taxation law that extended the meaning of charitable purpose in relation to charitable organisations based on blood ties (applicable to Māori and non-Māori) in order for taxation benefits to be available to them.[770]

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[766] Kaupapa Māori organisations are those which practice relevant tikanga Māori (traditions) and favour te ao Māori (worldview).

[767] One voluntary organisation self-described as a kaupapa Māori organisation for Māori intellectually disabled people is Te Roopu Taurima O Manukau Trust.

[768] Tennant et al., "Defining the Nonprofit Sector: New Zealand."

[769] Te Puni Kokiri, "He Kōtaha O Ngā Rōpū Māngai Iwi/Māori: A Profile of Iwi and Māorirepresentative Organisations," (Wellington: Te Puni Kokiri, Ministry of Māori Development, June 2011)., 6-8.

[770] Audrey Sharp and Fiona Martin, "Charitable Purpose and the Need for a Public Benefit: A Comparison of the Tax Treatment of Australian and New Zealand Charities for Indigenous Peoples," *Australian Tax Forum* 24 (2009).; Audrey Sharp, "The Taxation Treatment of Charities in New Zealand with Specific Reference to Maori Authorities Including Marae," *New Zealand Journal of Taxation Law and Policy* 6, no. 2 (2010).

From the 1980s, Māori social service organisations increasingly related their objectives to the Treaty of Waitangi[771] to garner a measure of autonomy in how the services would be provided and to reflect the importance of the views of Māori in providing social services. Rapid growth in Māori social service organisations occurred in the years following 1984[772] including development of six urban Māori authorities (UMAs), which in some cases equal the authority of iwi based organisations.[773] Specific needs in social policy for Māori are recognised in key legislation[774] and in Coalition agreements, departmental statements of intent and in successive budgets; the background to this has been well documented.[775] Debates continue over social services based on biculturalism or co-governance for Māori and assimilation or Pākehā cultural hegemony; Culpitt writes of the myth of 'He iwi kotahi tātou' (we are one people).[776]

Not only are there are many perspectives on structuring voluntary Māori organisations, but also different types of government funding affects the choice of organisational structure.[777] There is also a conflict from within Māoritanga in relation to autonomy of Māori voluntary organisations: 'Many tribes still argue against the formation of a national Maori authority even now … opposition to state control is not anarchical but is founded on genuine beliefs about aboriginal autonomy.'[778]

Some take issue with the concept of public funding of Māori solutions to Māori social issues[779] that is generally predicated on a collectivist approach. An example of collective approaches is the *Whanau Ora* policy which is intended to integrate social services provided to Māori clients,[780] which may shape the structure of Māori social service organisations fundamentally to be responsive to Māori needs rather than the government's needs. Against this is the prescription of a consensus of acceptance of individualism - the goal of self-reliance for everyone, with minimal need for the

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[771] Margaret Tennant. 'Voluntary welfare organisations - Changes in voluntary work, 1980s and 1990s", Te Ara - the Encyclopedia of New Zealand, updated 13-July 2012. http://www.TeAra.govt.nz/en/voluntary-welfare-organisations/page-6 (accessed 30 November 2013).

[772] Mason Durie, *Ngā Tai Matatū: Tides of Māori Endurance* (Melbourne. Auckland: Oxford University Press, 2005)., 50.

[773] Te Whānau o Waipareira Trust (West Auckland); The Manukau Urban Maori Authority (South Auckland); Te Rūnanga o Kirikiriroa Trust (Hamilton); Te Rūnanga o Ngā Maata Waka (Christchurch); and Te Roopu Awhina ki Porirua Trust (social services provider). Added to the list in late 2011 was *Te Runanga a Iwi a Te Oranga Ake* Urban Māori Authority, otherwise known as the Destiny Church.

[774] Children, Young Persons and their Families Act 1989, Health and Disability Services Act 1993.

[775] Tennant, "Welfare Interactions: Maori, Government and the Voluntary Sector in New Zealand." 80.1-80.15; Bronwyn Dalley and Margaret Tennant, *Past Judgement: Social Policy in New Zealand History* (Dunedin: Otago University Press, 2004).;Margaret McClure, *A Civilised Community: A History of Social Security in New Zealand 1898-1998* (Auckland: Auckland University Press, 2013).; James Belich, *Paradise Reforged: A History of the New Zealanders from the 1880s to the Year 2000* (Auckland: Allen Lane, 2001).

[776] Culpitt, "Bicultural Fragments: A Pākehā Perspective."

[777] Historically some government funding has only been available to Māori, such as the Māori Development Scheme in the 1970s and currently loans and grants to reduce housing deprivation may be available.

[778] Durie, "Will the Settlers Settle? Cultural Conciliation Law.": 450.

[779] Ironically one criticism came from a Maori politician: Winston Peters "Whanau Ora grant defended." Report of speech in Parliament on 7th February 2012 by the Hon Winston Peters MP and reply from the Minister for Whanau Ora, Tariana Turia. http://www.stuff.co.nz/national/politics/6381455/ Whanau-Ora-gratntdefended (accessed 12 January 2014).

[780] As government's Whanau Ora framework is relatively new, an overview of critiques is not available, but the following article provides a perspective on how the culture and legislation may be affected by the framework: Rodney Dormer, "Whānau Ora and the Collaborative Turn," *International Journal of Public Administration* 37, no. 12 (2014).

government's help.[781] This approach could be the inspiration for a lament about neoliberalism's denial of altruism in its purest sense, and questioning the appropriateness of the self-reliance philosophy.[782] However, some make a strong argument for Urban Māori Authorities and the ability for such organisations to be a Treaty partner in terms of Treaty settlements intended to fund social and economic development for urban Māori.[783]

A unique facet of charity rules - the Treaty of Waitangi

Another facet to the legislative environment for New Zealand is the provisions for Māori voluntary organisations to include blood ties, reflecting the covenant between Māori and the government in the Treaty of Waitangi (Treaty). While some describe New Zealand as having moved beyond biculturalism[784] to a more complex recognition of the interplay of issues in the political environment, the need for an effective and fair legislative environment for the charitable activities of indigenous people is also being faced in Canada and Australia.[785] 'New Zealand cases tend to support the idea that the concept of charitable purpose is evolving in response to social circumstances and the steady development of a more unique legal culture.'[786]

Thus, the concern to provide a unique legislative environment for Māori voluntary associations may revolve around two related factors. Firstly, the public benefit determination accepts Māori voluntary organisations as charities even when they are based on blood ties (which in other countries exclude organisations from being considered charities) and because the Treaty allows for iwi self-governance and autonomy in the provision of iwi needs. Secondly, recognition of distinctly Māori organisational forms also accepts that while they provide social services some are also inherently political by their very existence because they control significant resources.

Current legislation applicable to the voluntary sector

The number and variety of voluntary organisations steadily increased during the 20th century and required some legislative definition, provided by the *Incorporated Societies Act 1908*. This Act aimed to protect the funds and property of societies and allow some protection to its members and at the

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[781] Mitchell, "Te Oranga O Te Iwi Maori: A Study of Maori Economic and Social Progress - Maori and Welfare."

[782] Deborah Stone, *The Samaritan's Dilemma: Should the Government Help Your Neighbor?* (New York, NY: Nation Books).

[783] Hal B. Levine, "Can a Voluntary Organisation Be a Treaty Partner? The Case of Te Whanau O Waipareira Trust," *Social Policy Journal of New Zealand*, no. 17 (2001).

[784] Dominic O'Sullivan, *Beyond Biculturalism: The Politics of an Indigenous Minority* (Wellington: Huia Publishers, 2007).

[785] Fiona Martin, Brad Morse, and Barbara Hocking, "The Taxation Exemption of Canadian Indians as Governments and Individuals: How Does This Compare with Australia and New Zealand?," *Common Law World Review* 40, no. 2 (2011); Sharp and Martin, "Charitable Purpose and the Need for a Public Benefit: A Comparison of the Tax Treatment of Australian and New Zealand Charities for Indigenous Peoples."

[786] Travis Trust v Charities Commission [2008] NZHC 1912, [45] (Joseph Williams J), cited in "Charitable Purpose and the Need for a Public Benefit: A Comparison of the Tax Treatment of Australian and New Zealand Charities for Indigenous Peoples."

same time to make incorporation simple.[787] The legal intent is that an incorporated society is an association of people acting together, such that strategic or policy decisions are made by members at general meetings or by committees chosen by the members. This is still the basis for many membership organisations such as the Royal New Zealand Plunket Society Incorporated. Members may incorporate for any lawful purpose except for pecuniary (monetary) gain and must apply to be registered by the Registrar of Incorporated Societies.

This legislation has been reviewed and a recommendation[788] for its replacement sits with the Minister of Commerce, who has promised an exposure draft of the Bill ('draft Bill') and a model constitution in 2015.[789] The 1908 Act does not make specific reference to the autonomy of an incorporated entity except that it is a body corporate, but the new statute is intended to specify that societies have full capacity to carry on or undertake any business or activity, do any act or enter any transaction, similar to the *Companies Act 1993*. This affirms the capacity of a society, while being a membership organisation to be more similar to charitable trusts in being an entirely separate legal identity from its members. It is intended that the replacement legislation will continue to cover membership organisations, and should continue to have no distinction between member-benefit and public benefit organisations. Two principles guiding the Law Commission's recommendations developed from consultation feedback are that societies want to continue to have flexibility and that societies are private bodies that should be self-governing and largely free from inappropriate state interference.[790] The government supports the primary recommendations for the new statute.[791]

Responsibility for the administration for the *Incorporated Societies Act 1908* currently lies with the Ministry of Business, Employment and Innovation but this may change in response to feedback on the draft Bill. This might arise if there is a concern that incorporated societies that want to be registered charities would have to continue to be listed on two separate registers (registered charities are administered by the Department of Internal Affairs). The new legislation is also likely to require current organisations' constitutions to be re-written to provide direction that is more adequate.[792]

A more modern version of charity law was provided by the *Charitable Trusts Act 1957* that included provision for a choice of structure, power to enter into contracts and ownership of property. A

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[787] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand."

[788] Important changes recommended are clearer requirements on the number and structure of governance representatives, including a reduced minimum number of 10, criminal sanctions of trustees and auditing power similar to for-profit corporations. http://www.lawcom.govt.nz/project/review-incorporated-societies-act-1908 (accessed 3 July 2014).

[789] Craig Foss, "Minister of Commerce: Government Responds to Incorporated Societies Report," (Wellington: New Zealand Government, 28 February 2014).

[790] New Zealand Law Commission, "*A New Act for Incorporated Societies*." (Wellington: New Zealand Law Commission, 2013).[NZLC R129] http://www.lawcom.govt.nz/sites/default/files/publications/2013/08/nzlc_r129-inc_socs-summaryrecs.pdf (accessed 22 July 2014).

[791] Ibid, http://www.lawcom.govt.nz/project/review-incorporated-societies-act-1908 (accessed 22 July 2014).

[792] Personal communication, 22 July 2014. Carol Scholes, Threshold Management Limited.

charitable trust can have as few as two trustees and run the Trust on behalf of the beneficiaries, according to its own rules (which are not prescribed by the Act). Prior to this Act the oversight of charitable trusts by the Attorney-General was deemed unsatisfactory.[793] A charitable trust has considerably more discretionary powers than an incorporated society.[794]

Under the *Companies Act 1993,* a charitable company can register as a charity if greater control of the organisation and limited liability of directors is required. Other provisions of the Companies Act must be met which are significant and there are relatively few charitable companies registered in New Zealand. It is possible for a for-profit company to later become a not-for-profit company.

The most relevant legal provisions for this study are the requirements for a charity to have exclusively charitable purposes and to ensure it provides a public benefit, which is especially necessary if the charity wishes to seek funds from the public. The legislation encourages public confidence in charitable trusts by two avenues: by providing for a distinct legal entity with which to contract business and by providing transparency through the public record of its rules. The Trust Deed or rules are organisations' primary guidance document, setting out the ways in which the organisation has agreed to operate and can therefore be used to hold organisations to account. The three main legal structures available under this legislation are:

> Unincorporated charitable trust: This may be used when someone sets up a trust to provide funds for a particular cause. Like any unincorporated group, there are limitations to this type of trust and it is not recommended for an on-going community group.

> Registered charitable trust (trust-based): Two or more trustees can set up a trust for a charitable purpose. This is useful if the initial trustees want to retain control of the organisation, including appointing further trustees.

> Registered charitable trust (society-based): An established group (or a minimum of five people) can register a society as a charitable trust board under the Charitable Trusts Act 1957 as long as it meets the requirements of being charitable. On incorporation, the members of the society become members of the board.[795]

A government review of the Charitable Trusts Act 1957 was carried out in 1978 at the request of the Minister of Justice, primarily in respect to a perceived lack of transparency and control of charitable trusts. An oversight body was considered by the review committee but not recommended at that time because of the administration difficulties envisaged.[796] A subsequent review that was more political than legal was initiated by the government in 1988 – the Working Party on Charities and

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[793] Property Law and Equity Reform Committee, "The Charitable Trusts Act 1957," ed. Department of Justice (Wellington: Department of Justice, 1978).

[794] CommunityNet Aoteroa "Charitable trusts" http://www.community.net.nz/resources/community-resource-kit/3-8-organisational-structures-charitable-trusts/ (accessed 22 July 2014).

[795] Ibid. http://www.community.net.nz/resources/community-resource-kit/3-8-organisational-structures-charitable-trusts/ (accessed 3 July 2014).

[796] Property Law and Equity Reform Committee, "The Charitable Trusts Act 1957."

Sporting Bodies - which recommended establishment of a Charities Commission (this was the same year but subsequent to the Royal Commission on Social Policy was established) in the Russell Report in 1989.[797] The recommendations of the Working Party were seen as out of step with public sentiment and a 'political hot potato' and were ignored by both the Labour government and the incoming National government in 1990.[798] It was also not received well by the voluntary sector as it primarily focused on greater regulation of the sector.[799] The political aspects of the development and changes to an oversight body and the voluntary sector's actions in relation to this are discussed in the sections on regulating charities and in policy settings.

Taxation issues

Tax exemption for charitable organisations and their property has a long tradition in New Zealand and some specific stands that were made (starting in 1879).[800] National's 1960 election promise was to make donations exempt from income tax, that were to 'approved' charitable institutions, as an incentive to philanthropy which would relieve government of burden. But in 1976 the Ross Committee reviewed the entire tax system, recommending that charities pay tax. But no changes were made to government policy at that time.

Labour's 1987 Government Economic Statement proposed removal of fiscal privileges for charities to avoid them being used for individuals' tax avoidance and that charities operating a business should be treated like a commercial business. This proposal did not eventuate, however a Working Party on Charities and Sporting Bodies was set up in 1988 to review the taxation treatment of charities (see further discussion below). Tax exemptions on donations were widened and then removed completely by the fifth Labour Government in 2007.[801]

Barrett and Veal[802] succinctly state the grounds for preferential tax treatment for charities in New Zealand, which are that they act as quasi-government agencies in implementing government policy, advocate for the disempowered on both state and market impacts and may correct market failure and are effective in responding to social need. The fact that they receive income from many diverse

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[797] This Working Party was essentially set up to investigate potential taxation proposal for the sector; see discussion below.

[798] David McLay, "Charities Commission: The Gestation Continues," *New Zealand Law Journal* March 2004, no. 2 (2004).: 73.

[799] Carolyn J. Cordery and Rachel F. Baskerville, "Charity Financial Reporting Regulation: A Comparative Study of the UK and New Zealand," *Accounting History* 12, no. 1 (2007): 19.

[800] Michael Gousmett, "The History of Charitable Purpose Tax Concessions in New Zealand: Part 1," (2013), http://www.angoa.org.nz/wp-content/uploads/2013/06/The-History-of-Charitable-Purpose-Tax-Concessions-in-NZ.pdf. (accessed 3 July 2014).

[801] There are currently nearly 26,500 registered charitable donee organisations on Inland Revenue Department's database. This approximates the current number of registered charities, so it may be assumed that IRD generally grants donee status to registered charities, where activities are carried out in New Zealand and where the income is not under an individual's direct control for their benefit. http://taxpolicy.ird.govt.nz/publications/2013-ip-clarifying-tax-consequences-deregistered-charities/chapter-3 (accessed 22 May 2014).

[802] Jonathan Barrett and John Veal, "Social Enterprise: Some Tax Policy Considerations," *Journal of the Australasian Tax Teachers Association* 8, no. 1 (2013).: 4.

sources with consequent taxation complications and also need compensation for the inability to raise capital and distribute profits, adds to the strong rationale for continued preferential tax treatment.

Taxing and investigating the income of charities is a recurring thorny issue for the government. The tension between support and control of voluntary organisations is explicitly mentioned in the Controller and Auditor-General's 2005 report that followed several investigations into the funding arrangements of government with not-for-profit organisations during the early 2000s.[803] Charity law on tax exemption for Māori entities has some parallels with other indigenous minorities.[804] Such issues are likely to require much deeper consideration in the near future.

The Incorporated Societies Act 1908 and the Charitable Trusts Act 1957 and relevant case law have provided the legal constraining factors for the voluntary sector for most of the last century. The political will to regulate the voluntary sector did not come until 2005 (discussed further in Chapter Six). But as noted at the start of this section, no single law covers charities and for-social-profits and there is considerable confusion reported between the various statutes dealing with incorporated societies and charities[805] that cause difficulties to the sector.[806] While any government contractor has to give assurance that their work meets the highest standard for public confidence sake, the multitude of professional and ethical obligations impacts on all social service organisations. Competition in the contracting process adds an additional burden on voluntary organisations. Lastly but not least, the regulation of the voluntary sector has been indirectly achieved through taxation regulation and policy.

Research findings on legislative constraints

This research sought information from FSP organisations of awareness of government legislation and policy relevant to their sector. While most organisations referred to legislation that affected their services such as health and safety or employment law, few organisations mentioned the legal system that defines the voluntary sector. Only topical issues such as the Gambling Harm Reduction Bill (now passed) were mentioned as having a potential financial impact due to the reduced availability of gambling proceeds. Legal and financial accountabilities were generally discussed as inevitable consequences of the contracting process.

In nine organisations there were clear organisational changes that were either restructuring or a choice to be less active in policy advocacy. Seven of these nine organisations changed as a

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[803] Controller and Auditor-General, "Central Government: Results of the 2003-04 Audits: Report of the Controller and Auditor-General," (Wellington: Office of the Auditor-General, 2005).
[804] Sharp and Martin, "Charitable Purpose and the Need for a Public Benefit: A Comparison of the Tax Treatment of Australian and New Zealand Charities for Indigenous Peoples."
[805] This is noted by the New Zealand Law Society in its submission to the review of the Incorporated Society Act 1908, cited by the Law Commission at http://r129.publications.lawcom.govt.nz/Chapter+2+-The+not-for-profit+sector+legal+structures+and+status/Incorporation+under+the+Charitable+Trusts+Act+1957 (accessed 2 July 2014).
[806] Ibid.

consequence of their contracting activity, although one of the seven denied that there was a connection, despite changes happening at the same time as the contracts and were 'in line with being able to develop contracts'[807] and the need to employ professionals who meet legislative standards.

Sometimes such changes were reflected in the objects of Trust Deeds but generally, they were not. Relevant variables are existence of a 'savings' clause in the objects, representativeness score, and decision making score. Almost all of these nine organisations had a savings clause; representative score and decision-making score varied considerably with no obvious generalisable cause. Trust Deeds still provide constitutional support for the organisation to be autonomous choosers, but this may not be how the organisation was experiencing the policy environment. Related to this is the finding that decision making provisions may indicate open and democratic processes for an autonomous organisation yet this may be deemed irrelevant by the Chief Executive because there appears to be a tendency for Chief Executives to infrequently seek direction from the Board, including about policy activities.

The percentage of government funding in organisations with constitutional changes varied from 12% to 98% indicating that this variable had little relevance to whether an organisation changed or not. For a couple of organisations contracts had been 'rescue' packages and had enabled organisations to keep operating but usually with some structural or programme changes that were part of those contracts.

For organisations that were interviewed for this research the priority is continuing to provide a good service. Keeping updated with legislative changes and impacts on the voluntary sector as a whole – such as changes to financial reporting and restrictions on obtaining the proceeds of gambling - is generally focused on this priority. There are some organisations equally concerned about their role as policy advocates, but it is not clear if this was a personal attribute of the interviewee or a Board direction. Most organisations were interested in government policy relevant to their constituents but only eight organisations were actively working to be involved in general social policy development.

It is also clear that while public documents provide useful information they do not necessarily give an accurate insight to the organisation's choices about contracting or about policy advocacy.

These findings are not surprising when considering other research which found that 'it's not that there is repression or censorship in New Zealand, but rather a sense of unease … that there is no lively or active debate going on'[808] which aligns with the Deputy Prime Minister's comment that

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[807] Interviewee TeR.

[808] Grey and Sedgwick, "Fears, Constraints, Contracts: The Democratic Reality for New Zealand's Community and Voluntary Sector.", 29.

'there is something about the way government has worked with people that has made them less brave than we know they can be.'[809]

Conclusion

Culturally there is a tradition of FSP organisations supporting or working alongside the government, which has at times been supported by influential individuals, usually with a community development goal. It is uncommon for charities to use their position to criticise government policy so any fear of disruptive political advocacy from that direction is unfounded. The voluntary sector has instead used its social capital to develop a dual narrative of Māori and Pākehā charity that has strengthened pluralism. The reflection of Treaty principles in many FSP organisations Trust Deeds is perhaps an acknowledgement of this dual narrative. Taking up the idea of customary use of resources and spaces, I argue that policy advocacy by charities is a customary activity because the organisations interviewed believed their obligations included voicing the concerns of their constituents. This means that policy advocacy would rank as a primary charitable purpose. Until it is customary for FSP organisations to be actively engaged in policy development, it is unlikely that there will be consensus about how to ensure space for their policy advocacy.

The legal environment of the voluntary sector in New Zealand is characterised by a mixture of old and new legislation covering different aspects of organisational activities, a mixture of legal structures that share many features, common law development which is not open for public input, on-going debate over the definition of charitable purpose and two official registers (many organisations must register on both). At organisational level, there is much diversity amongst FSP organisations, yet some commonalities also which provide for limited generalisablity of research. It is likely that organisational similarities are mainly based on their sub-sector (such as mental health or children's services) or the contracting agency (such as the Ministry of Health) rather than legal structure. While organisations may be constitutionally autonomous, in practice constraints exist, which relate primarily to funding circumstances rather than legal structure.

The conservative yet *ad hoc* approach to the protection and regulation of the voluntary sector gained momentum from the early 2000s with the major effect being a gradual increase in transparency in the sector. While it is common to hear views that 'advocacy helps promote good public debate'[810] putting this into practice is not straightforward as the following chapters on policy constraining factors and constituents show. Generally, policy advocacy by FSP organisations is difficult for both the voluntary sector and government. The following chapter points out the constraining factors

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[809] Ibid.

[810] Hayes Knight NZ, "Is the Definition of Charitable Purpose Relevant to Nz?," Press Release, *Scoop Business*(26 April 2012), http://www.scoop.co.nz/stories/BU1204/S00806/is-the-definition-of-charitable-purpose-relevant-to-nz.htm. (accessed 13 July 2014).

within government policy and administrative re-structuring since 1984. In summary New Zealand's charity law does not offer much opportunity to define a space in which FSP organisations can have a voice in government policy. While this lack of definition may allow the voluntary sector the opportunity to define some advocacy space through customary use of their policy voice, policy advocacy occurs in a non-systematic manner, which does not amount to customary policy advocacy.

Chapter 6:
Constraints through Government Policy from 1984

A broad definition of public policy is the set of decisions about who gets what, who pays and how people live that determines how New Zealand is run. The set of decisions includes formal, final decisions as well as the process of decision-making. Government policy concerning the voluntary sector as an institution is not apparently well documented, especially for the early phase of this research focus (1980s) but other aspects of government reform are well covered elsewhere.[811] This chapter highlights influential policy determinants and phases while acknowledging the view that:

> The Sector has a unique understanding of what New Zealand communities need because we're working at the grassroots every day. The Government needs to now formally recognise our Sector's expertise in the development of policy and programmes to ensure robust, workable solutions long-term.[812]

In comparison with policies relating to society and the economy and government revenue, New Zealand has a notable paucity of voluntary sector policy documents. Therefore, this chapter identifies some path dependencies in the policy environment during the past 30 years that have acted as constraining influences on the policy advocacy of FSP organisations.[813] The chapter also highlights the relationship between New Zealand's voluntary sector and the state and continuing constraining factors in in the policy environment.

Macro policy settings and machinery of government changes

This section is broadly chorological to investigate whether the development of policy has been a constraining influence on the voluntary sector. It firstly focuses on the most significant factor for this research question – government funding decisions. With a tendency towards professionalisation of services to the poor from the end of the 19th century, the voluntary sector began a move towards coordination with state agencies. But then the funding mix changed in the early 20th century– a substantial decline in donations from wealthy individuals and a rise in grants and subsidies from local and central government and gifts by private companies, mainly for education and social welfare.[814]

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[811] See for example: Jonathan Boston, "Transforming New Zealand's Public Sector: Labour's Quest for Improved Efficiency and Accountability," *Public Administration* 65, no. 4 (1987).; Jane Kelsey, *The New Zealand Experiment: A World Model for Structural Adjustment?* (Auckland: Auckland University Press, 1995).

[812] Tim Burns, "Formal Commitment to Sector Engagement Crucial.," in *Press Release 03/08/09* (http://comvoices.org.nz/ Comvoices 2009). (accessed 27 October 2011).

[813] The government's attitude to the provision of social services by voluntary organisations, and the sector's response to that attitude is the most significant policy issue for this research but is discussed in the section on 'constituent and stakeholder relationships'

[814] dal Pont, *Charity Law in Australia and New Zealand*.

Funding policy changes

Tracking some of the relevant milestones in both funding and relationship, it is clear that the period 1984 to 2014 has seen the voluntary sector turned inside out. Prior to 1984, government funding for the voluntary sector was primarily by grants, for which there was generally little systematic accountability.[815] At the same time as increasing the government's expenditure[816] and regulating the economy, Prime Minister Rob Muldoon had allowed welfare agencies and interest groups to lobby for economic favours.[817] The increasing diversity and energy of interest groups in the 1970s and 1980s was similar to the situation in Britain and elsewhere. New Zealand's government policy in response appears neither sophisticated nor proactive at this time.[818] Informality in government-sector engagement was more common than in subsequent periods.[819]

The early 1980s saw a significant increase in the payment of welfare benefits – due to increased unemployment, income inequality and social choices such as more single-parent families.[820] The Department of Social Welfare set up a Community Services Unit in 1982 to fund services for the elderly, people with intellectual disability and programmes that allowed for innovation in family services and community development. [821] Some of these services were provided by voluntary organisations.

The Treasury[822] advised the incoming Labour Government in 1984 that a primary principle for social policy should be to encourage people to make choices for their own good and to be independent of government support. This principle seems to be at the heart of the suggestion to reduce government direct provision of social services by encouraging community social services that have 'least cost' features and may be more accessible and preferred by clients. A major driver of Treasury advice appears to have been the financial impact on the nation of 25% of gross domestic product going into the public service and the fragmentation or incoherent structure of much of the public service. Insufficient information about the value of government services and how to account for their costs was the platform for the sweeping government reforms[823] as well as the economic policy settings left over from the turbulent 1970s.

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[815] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand."
[816] However, the third Labour government in the 1970s had also significantly increased welfare payments.
[817] Saville-Smith and Bray, "*Voluntary Welfare : A Preliminary Analysis of Government Funding to the Non-Profit Welfare Sector.*"
[818] Ibid.
[819] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand."
[820] Saville-Smith and Bray, "*Voluntary Welfare : A Preliminary Analysis of Government Funding to the Non-Profit Welfare Sector.*"
[821] Smith, "Contracting for Social and Welfare Services: The Changing Relationship between Government and the Voluntary Sector in New Zealand."
[822] New Zealand Treasury, "Economic Management: Briefing to the Incoming Government 1984," (Wellington: The Treasury, 1984).
[823] Graham Scott, Peter Bushnell, and Nikitin Sallee, "Reform of the Core Public Sector: New Zealand Experience," *Governance* 3, no. 2 (1990).

Similar advice came from the New Zealand Planning Council[824] (formed in the 1970s) and the Business Roundtable[825], which encouraged the government to shift responsibility for helping the vulnerable back to voluntary organisations and families, although still sharing the load with government.[826] The start of the neoliberal project in 1984 was a paradigm shift in government policy for the sector that was clearly path dependent.

Policies of reform and consumer choice

While the Labour Government had a radical agenda in 1984, it was founded on ideas that were not new. As Boston notes,[827] no incoming government faces a *tabula rasa* and the strong tendency towards individualism and small government pre-dated 1984. After 1984 contracting became the dominant funding approach,[828] with voluntary organisations were promoted as alternatives to government service provision.[829] Yet debates[830] occurred about taxation of FSP trading activities (not those funded by donations), interest grew in the government's funding of voluntary organisations[831] and general deterioration occurred in the government-voluntary sector relationship.[832]

The difficulty for voluntary service organisations of the government reforms from 1984 is that there was no apparent government policy about the role of such organisations in policy development. The focus was on reducing government expenditure and a plethora of other fundamental reforms involving devolution and accountability.[833] This left plenty of space for talking past each other – the government focused on reducing the size of government and the voluntary sector focused on the opportunity to provide services of a type and scale that had not previously been possible.[834] The

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[824] The focus of the New Zealand Planning Council was to give the government advice on economic development, and included the Minister of National Development, the Secretary to the Treasury and government economics advisor Sir Frank Holmes.

[825] Paul Harris and Linda Twiname, *First Knights: An Investigation of the New Zealand Business Roundtable* (Auckland: Howling at the Moon, 1998).

[826] This was the general advice from the New Zealand Planning Council, such as in: New Zealand Planning Council, "Directions," (Wellington: The Council, 1991).

[827] Jonathan Boston et al., *Reshaping the State: New Zealand's Bureaucratic Revolution* (Auckland: Oxford University Press, 1991).

[828] The State Sector Act 1988, Public Finance Act 1989 set the legislative framework for contracting voluntary organisations to provide public services.

[829] Dorothy Wilson, "Communities and Government – Potential for Partnership Wakatopu Wakaaro," ed. Community Sector Taskforce (Wellington: Ministry of Social Policy, 2001)., 132.; O'Brien, Sanders, and Tennant, "The New Zealand Non-Profit Sector and Government Policy."

[830] Doug Kidd, "Non-Profit Voluntary Organisations. : ," in *Questions on Notice, No. 1* (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=hansard/text/1988/11/09_008.html: Hansard, 9 November 1988).; Simon Upton, "General Debate: 27 April 1988," (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=hansard/text/1988/04/27_024.html: Hansard).

[831] Saville-Smith and Bray, "*Voluntary Welfare : A Preliminary Analysis of Government Funding to the Non-Profit Welfare Sector*."; David Robinson and Pat Hanley, "Funding New Zealand 2002," in *Resource flows to the community non-profit sector in New Zealand* ed. Social and Civic Policy Institute (Wellington: Philanthropy New Zealand, 2002).

[832] O'Brien, Sanders, and Tennant, "The New Zealand Non-Profit Sector and Government Policy.",14.

[833] Peter Bushnell and Graham Scott, "An Economic Perspective," in *Devolution and Accountability*, ed. Martin. John and Jim Harper (Wellington: Government Printing Office., 1988).

[834] Saville-Smith and Bray, "*Voluntary Welfare : A Preliminary Analysis of Government Funding to the Non-Profit Welfare Sector*.", 11.

major changes in the relationship between the voluntary sector and the state saw *ad hoc* relationships become contractualised and formal.[835]

A Royal Commission on Social Policy (RCSP) was established in 1986, perhaps to add a more social democratic flavour to the radical neoliberal policies of the mid-1980s.[836] The RCSP had an extremely wide brief and in trying to do justice to it – in content and process – it became moribund, no doubt due also to the conflicting policy advice from Treasury and various government taskforces.[837] Perhaps it was just ahead of its time for New Zealand's social policy.

Aiming to address political concerns around social expenditure, the 1987 Ministerial Task Force on Social Welfare Services provided some policy direction by significant recommendations, of which the implementation has endured several government changes and therefore represents entrenched government policy on social services provision. The most persistent recommendation was to prioritise essential versus discretionary social services, with government fully funding only essential services. Critical to this was the decentralisation and devolution of social services to local government and non-government organisations, close to the people who need the services. The funding policy reflected the same managerialist approach, by funding programmes rather than funding agencies (to avoid monopolies developing) but yielding some direct funding of agencies providing unique or innovative services. The funding mechanism was principally contracts and the continuation of tax benefits for voluntary organisations. In an apparent referee role, consumer advocacy was to be primarily government's responsibility although some voluntary organisations could also have a consumer advocacy role where there had been long-established specialist services (such as by women's refuges).

The Task Force noted that there was public support for indirect government involvement in providing social services, replacing government agencies with the 'caring community' of the informal sector. Changes to social service responsibilities onto the voluntary sector appear to have been received openly and optimistically by the sector as well as the public. But by coinciding with significant increases in social service costs – increased professionalism, inability to create economies of scale and increased out-of-pocket expenses for volunteers which had little to do with government policy or ideology – the reality of taking on the government's service provision began to bite by the late 1980s.

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[835] Smith, "Contracting for Social and Welfare Services: The Changing Relationship between Government and the Voluntary Sector in New Zealand."

[836] Jo Barnes and Paul Harris, "Still Kicking? The Royal Commission on Social Policy, 20 Years On," *Social Policy Journal of New Zealand* (2011).

[837] Ibid.

During 1988, the Gibbs Report on hospitals[838] and the Picot Report on education were published, showing clear support in these crucial areas of public expenditure for improved efficiency and for consumer choice and responsiveness.[839] This combination of objectives provides the institutional logic for the government seeking to have these public services provided by FSP organisations - with their flexibility, adaptability and consumer connection providing an advantage over the for-profit sector and the government.

In this respect, the voluntary sector appears to have considerable affinity with the public sector - historically many government health providers had been voluntary organisations. Also businesspeople had significant influence in the development of the ideology of competition and efficiency[840] filling the gap in policy advice left when politicians who were concerned about 'policy capture' by officials sought to hollow out the policy core of government social services. Health system reforms had been evolving slowly through to the 1970s but increased markedly by the 1990s with market competition between major providers allowing efficiency to come from market discipline rather than bureaucracy discipline.[841] This promise of economic efficiency did not eventuate[842] but the ideological continuity between the fourth Labour Government and the health system reform agenda of the National Government in the 1990s is significant.

In education, Sullivan notes[843] that even prior to 1984 there had been a general trend towards choice and empowerment in education. The idea of the community providing a voice for greater educational equity was a response to greater awareness of the diversity of needs, and a 'new dynamic of partnership and reciprocity became the ideological and practical response.'[844] The well-publicised education experiment in New Zealand[845] started with the ideals of participation and community-centred democratic practices but created on-going externalities through teacher demoralisation and schools competing for student numbers[846] although consumer choice continues to provide benefits for some.

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[838] Hospitals and Related Services Taskforce, "Unshackling the Hospitals: Report of the Hospitals and Related Services Taskforce," (Wellington, New Zealand: Department of Health, 1988).

839 Claudia Scott, Geoff Fougere, and John Marwick, "Choices for Health Care: Report of the Health Benefits Review," (Wellington: Ministry of Health, 1986).

[840] Two members of the Picot task force were businessmen; Alan Gibbs (Chair of the hospitals task force) was and still is a highly successful businessman and was a strong supporter of Roger Douglas, Finance Minister in the fourth Labour government.

[841] Robin Gauld, "Revolving Doors: New Zealand's Health Reforms," *Social Policy Journal of New Zealand* 18(2001).

[842] "The Unintended Consequences of New Zealand's Primary Health Care Reforms."

[843] Keith Sullivan, "The Myth of Partnership: Educational Reform and Teacher Disempowerment," *New Zealand Annual Review of Education* 2(1993).

844 Ibid.

[845] Peters and Marshall, *Individualism and Community: Education and Social Policy in the Postmodern Condition*.

[846] This has been personally observed since the early 2000s.

A criticism of monoculturalism in the Department of Social Welfare[847] in 1988 added to the issues that social policy must take into account. *Puao-te-ata-tu* notes that the criticism applies equally to other government agencies implementing social policy such as the Courts and state housing[848] and it represents a milestone in government policymaking. Highlighting the loss of independence felt by Māori recipients of social welfare, the findings also raised awareness of similar feelings in many others and paved the way for voluntary advocacy agencies to bridge the gap between government provision and vulnerable individuals. The price for this was tightly defined service contracts through agencies like the Community Funding Agency using the managerialist approach of the time. Little was understood about the long-term impact of the trade-offs involved[849] of both the contracting process and the services provided, so it is perhaps not surprising that departments focused on planning and regulating their expenditure much more tightly.[850] For all that, by the end of the Labour Government in 1990 no real expenditure reduction actually occurred.[851]

Policy to encourage the growth of contracting

The incoming National Government of the 1990s immediately focused on the 'grave economic problems'[852] facing the country. Amongst the policy directions given was the reiteration to seek competition between private and public sector funders and providers of health services to enable greater freedom of choice to consumers. The changes to the machinery of government had already been made that enabled further government expenditure reduction – at an accelerated rate. The Social Welfare Minister's focus on 'welfare that works'[853] was two-fold: continuing with the framework of the late 1980s and reducing expenditure on benefits, with increased use of targeting to provide a safety net rather than social security.

A clear omission in these policy statements above is the lack of references to what had become a highly interdependent situation between the government and the voluntary sector in social service provision. While contracting and volunteerism was accepted as essential[854] policy statements show that it was the government's job to determine – after consultation - the most effective way of

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[847] Ministerial Advisory Committee, "Puao Te Ata Tu," in *Ministerial Advisory Committee on a Maori perspective for the Department of Social Welfare* (Wellington: Department of Social Welfare, 1988).

[848] Ibid.

[849] Higgins, "Transparency and Trade-Offs in Policy Discourse: A Case Study of Social Service Contracting."

[850] Ibid.

[851] Chris Rudd, "The Changing Structure of Government Expenditure," in *Reshaping the State: New Zealand's Bureaucratic Revolution*, ed. Jonathan Boston, et al. (Auckland: Oxford University Press, 1991).

[852] Hon. Jim Bolger, Hon. Ruth Richardson, and Hon. Bill Birch, "Economic and Social Initiative," in *Statements to the House of Representatives* (Wellington: The Government, December 1990). 1.

[853] Hon. Jenny Shipley, "Social Assistance: Welfare That Works," in *A Statement of Government Policy on Social Assistance* (Wellington: GP Print Ltd, 1991).

[854] Jenny Shipley and Jim Bolger both referred to the importance of volunteer contributions in Parliamentary debates: Ruth Dyson, "Written Question No. 4638: 14 May 1998," (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=wq/text/1998/05/14_038.html: Hansard, 1998).; Rt Hon. Helen Clark, "Social Problems - Community Involvement," in *Question No. 1* (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=oq/text/1997/06/24_001.html: Hansard, 24 June 1997).

providing assistance. Policy or service development through consultation is not the same as participatory policy development, which is what FSP organisations prefer.

Throughout the 1990s the government increased its contracting with FSP organisations to provide social services.[855] But policy direction in relation to the move from grant funding to contract funding was still not open for debate. Showing that contracting was becoming normal, guidance was provided for government agencies about contracting[856] and justification that contacting would address problems of uncertainty about funding and funding capture and lack of clarity.[857] But other views were more critical of the contracting culture.[858]

The entrenchment of contracting occurred in the 1990s. This research shows that it is more common for organisations formed since 1990 to have at least half of their income coming from government contracts.[859] This could indicate that by the 1990s, FSP organisations were established on the basis of providing social services through government contract - and continue to do so. Contracting caused some tension in the relationship with government, partly due to increased complexity of agency responsibilities after restructuring especially in health services[860]meaning organisations like Plunket were expected to compete for funding parental advice services.[861] Other issues included public concerns about fraud in the voluntary sector,[862] distrust of purchase of service contracting by the voluntary sector,[863] government concerns about taxation of voluntary trading organisations following the 1989 Russell report which was not received well by the voluntary sector[864].

As the major funder of a range of social services, the Social Welfare department's restructuring into three business units in the early 1990s – fully separating policy and service delivery - changed the policy environment again. There appears to have been confusion about the role of government

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[855] John Martin, "Contracting and Accountability," in *The State under Contract*, ed. Jonathan Boston (Wellington: Bridget Williams Books, 1995).

[856] A resource kit was issued in 1992 by the State Services Commission but is now available through CommunityNet Aotearoa http://www.community.net.nz/about-communitynet-aotearoa/ (accessed 12 January 2015)

[857] Smith, "Contracting for Social and Welfare Services: The Changing Relationship between Government and the Voluntary Sector in New Zealand."

[858] Jonathan Boston, "The Use of Contracting in the Public Sector - Recent New Zealand Experience," *Australian Journal of Public Administration* 55, no. 3 (1996).

[859] One survey indicates that more than half of the current number of voluntary organisations in the health and disability sector was established during the 1990s. Te Pou o Te Whakaaro Nui: The National Centre of Mental Health Research and Workforce Development, "Ngoit Landscape Survey," (http://www.platform.org.nz/uploads/files/ngoit-2005-landscape-survey.pdf: Platform Charitable Trust, October 2006).

[860] Pauline Barnett and Ross Barnett, "A Turning Tide? Reflections on Ideology and Health Service Restructuring in New Zealand," *Health & Place* 3, no. 1 (1997).

[861] Hon. Jenny Shipley, "Plunket Society---Telephone Services," in *Questions to Ministers No. 717* (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d2=wq/text/1995/03/02_088.html: Hansard 2 March 1995).

[862] Controller and Auditor-General, "Central Government: Results of the 2003-04 Audits: Report of the Controller and Auditor-General."

[863] Nowland-Foreman, "Purchase-of-Service Contracting, Voluntary Organizations, and Civil Society."

[864] Carolyn J. Cordery and Rachel F. Baskerville-Morley, "Charity Financial Reporting: A Comparison of the United Kingdom and Her Former Colony New Zealand," (http://www.victoria.ac.nz/sacl/centres-and-institutes/cagtr/working-papers/WP20.pdf: Centre for Accounting, Governance and Taxation Research, Victoria University of Wellington, 2005).

policy staff and how voluntary agencies could get involved in policy development.[865] The restructuring was justified by efficiency and transparency objectives rather than by building a relationship with voluntary service agencies[866] and made any policy involvement by service agencies a lot less informal – and less accessible.

The policy-making environment was also influenced in the mid-1990s by the introduction of the Mixed Member Proportional (MMP) representation system in the New Zealand Parliament.[867] Because policy was no longer determined by one political party, the majority party was often more concerned to resolve intra-party policy conflicts than considering new social research, less credence was given to data and more to political considerations.[868] However some noticed the voluntary sector: the Prime Minister became concerned in 1998 that the voluntary sector was becoming too influential, which may have prompted a clumsy attempt to reduce this influence by giving a single joint, reduced funding contract to three peak voluntary organisations.[869] Ironically, this may have provided the ground for these organisations and their networks to join forces to deal with the contracting environment and ultimately to join their policy voices together.[870] Contestability of policy advice is an ideal state for democratic governments and until the late 1990s,[871] the peak bodies of New Zealand Council of Christian Social Services, New Zealand Federation of Voluntary Welfare Organisations and New Zealand Council of Social Services provided alternative research and policy advice.[872]

Overall the 1990s provided a contradictory policy environment regarding the voluntary sector with an encouragement for the community to get involved in services such as community safety but on a volunteer basis only.[873] This is contradictory when compared with funding being given to the National Council of Women for operational sustainability – capacity building rather than just funding for

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[865] Marg Gilling, "Notes on a Social Policy Conference," *Social Policy Journal of New Zealand* November, no. 1 (1993).; Ryan, "A Comparison of Contracting Arrangements in Australia, Canada and New Zealand."

[866] Tim Garlick, "Social Developments: An Organisational History of the Ministry of Social Developments and Its Predecessors, 1860-2011," ed. Ministry of Social Development (Wellington: Steele Roberts Aotearoa, 2012).

[867] Jonathan Boston, *New Zealand under MMP: A New Politics?* (Auckland: Auckland University Press, 1996).

[868] Claudia Scott, "Policy Analysis and Policy Styles in New Zealand Central Agencies" (paper presented at the Public Policy Network Conference, Wellington, 31 January 2003).

[869] Prime Minister Jim Bolger cited in Conor Twyford, "NZCOSS: The Story of a National Social Service Umbrella Organisation.," (2007). http://www.communityresearch.org.nz/research/nzcoss-the-story-of-a-national-social-service-umbrella-organisation/ (accessed 10 August 2014). This is also confirmed by the Minister of Social Services, Work and Income: Hon Roger Sowry, "Written Question No. 6620," (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=wq/text/1999/08/12_011.html: Hansard, 12 August 1999). (accessed 10 August 2014).

[870] Two of the most active peak bodies for the voluntary sector proposed in August 2014 to merge: ANGOA and Social Development Partners.

[871] Christine Cheyne, Mike O'Brien, and Michael Belgrave, *Social Policy in Aotearoa New Zealand: A Critical Introduction* (Auckland: Oxford University Press, 2000)., 236-237.

[872] A symposium was set up in 1993 by the Institute of Policy Studies and the New Zealand Council of Social Services to examine the effect of public sector reform on the voluntary sector. See Gary Hawke and David Robinson, Performance without Profit: The Voluntary Welfare Sector in New Zealand, (Wellington: Institute of Policy Studies, Victoria University of Wellington, 1993).

[873] Clark, "Social Problems - Community Involvement."

services.[874] In other contradictions in the funding-policy advice connection, the Waipareira Trust was a large voluntary sector organisation which did not have its service funding cut despite criticising government policy[875] yet government funding was decreased to Wellington-administration-focused voluntary organisations in favour of 'doers not talkers'.[876]

Emergence of voluntary sector policy

The fifth Labour-led Government aimed to address major concerns of the voluntary sector that related to the twin impacts from the 1990s of increased demand resulting from benefit cuts and decreased income resulting from tightly specified and competitive contracting processes. The early 2000s were marked by the emergence of a new political attitude towards the voluntary sector – described frequently as 'partnership', 'collaboration', and Third Way – in New Zealand[877] and elsewhere.[878] Parts of the Third Way model have been influential such as government engagement of clients and stakeholders, the government as active facilitator not provider, and partnerships for social and economic development[879] but this was not a straightforward transfer of ideas as discussed below.

The first major policy direction for the voluntary sector was the announcement in August 2000 of a working party to consult with the voluntary sector and improve its relationship with government.[880] By September 2001, the government began to act on some of the working party's recommendations – especially improving resourcing and accountability.[881] The Statement of Government Intentions for an Improved Community-Government Relationship in 2001 (SOGI) and the Government Policy on Volunteering in 2002 were other significant policy developments that signalled a move towards better engagement and understanding between government and the voluntary sector[882] including a Minister for the Community and Voluntary Sector outside Cabinet (appointed in 2000 then promoted to inside Cabinet in 2005 and currently outside Cabinet again).

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[874] Rt Hon Mike Moore, "Written Question No. 7993: 17 April 1997," (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=wq/text/1997/04/17_061.html: Hansard, 1997).

[875] Steve Maharey, "Community Organisations – Funding Policy Changes," in *Questions to Ministers, No. 8: 10 Nov 1998* (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=oq/text/1998/11/10_008.html: Hansard, 1998).

[876] Ibid.

[877] Wendy Larner and Tony Mayow, "Strengthening Communities through Local Partnerships: Building a Collaborative Research Project," *Social Policy Journal of New Zealand* (2003).

[878] Lunt, "Close Encounters with the Third Way : Reflections on British and New Zealand Social Policy."; Aimers and Walker, "Developing a Pluralist Approach to Organisational Practice and Accountability for Social Service and Community Organisations."; Marilyn Taylor, *Public Policy in the Community*, 2nd ed. (Basingstoke: Palgrave Macmillan, 2011).

[879] Jenny Aimers and Peter Walker, "Is Community Accountability Being Overlooked as a Result of Government-Third Sector Partnering in New Zealand?," *Aotearoa New Zealand Social Work Review* 20, no. 2 (2008).

[880] Community-Government Relationship Steering Group, "He Waka Kotuia -Joining Together on a Shared Journey," in *A report of the Community-Government Relationship Steering Group* (Wellington: Ministry of Social Policy on behalf of the Steering Group, 2002). 3.

[881] Cribb, "The Accountability of Voluntary Organisations: Implications for Government Funders." 21.

[882] These policy developments and their impact are discussed in the section of relationships.

Machinery of government changes impacted the voluntary sector when the ministries of Work and Income and Social Policy merged to become the Ministry of Social Development (MSD) in 2001. MSD noted that collaboration was difficult[883] but it is in the government's interest to foster the voluntary sector's capacity to achieve its own outcomes as well as engage with government consultation:[884] 'Community and voluntary groups have sound knowledge of the needs, concerns and priorities of local people which should inform policy and planning.'[885]

But restructuring went much wider – in 2001 a Ministerial Advisory Group appointed to look at the performance of the state sector identified weak integration in some service delivery and poor coordination within government and with voluntary organisations. The Ministry of Health was quick to put government intentions into effect with a framework for relationships with non-government health and disability organisations in 2002.[886] The Review of the Centre made some system-level changes to address what were seen as intractable problems and consequences of the previous separation of policy and operations.[887] Accountability was still considered the victim, but this time the crime was fragmentation, not centralisation and monopolies - which had been the justification for seeking accountability through devolution and state sector reform in the 1980s. The Building Better Government Engagement (BBGE) project from the early 2000s[888] (concluded in 2009) showed that more discussion was needed about where decision-making power lies in respect of communities. By reviewing the SOGI and finding it inadequate, the BBGE project reiterated the need for a statement of high-level commitment to the relationship between government and the voluntary sector. BBGE also determined the core issue in government-voluntary sector relations to be 'government agencies that were not sufficiently committed to, and skilled at, collaborating with citizens and community organisations to jointly tackle societal problems.'[889]

Another holistic approach to public management that impacted the voluntary sector was the *Local Government Act 2002* that required councils to consider the effect of their activities on four well-

[883] One example of integration in mental health was the ring-fencing of mental health money and the creation of more than 800 FTE mental health staff positions but still concerns existed about effects of a bureaucratic approach felt by the voluntary sector. Robin A. Kearns and Alun E. Joseph, "Contracting Opportunities: Interpreting Post-Asylum Geographies of Mental Health Care in Auckland, New Zealand," *Health & Place* 6, no. 3 (2000).

[884] Ministry of Social Development, "Review of the Centre Integrated Service Delivery: Regional Co-Ordination, Final Workstream Report," (Wellington: Ministry of Social Development, 2003). (accessed 29 August 2014).

[885] "Mosaics Whakaahua Papariki: Key Findings and Good Practice Guide for Regional Co-Ordination and Integrated Service Delivery," (Wellington: Ministry of Social Development, 2003). 64.

[886] This framework was formally renewed in 2011 and implementation continues to be resourced. http://www.health.govt.nz/new-zealand-health-system/key-health-sector-organisations-and-people/non-governmental-organisations (accessed 29 August 2014).

[887] Advisory Group on the Review of the Centre, "Report of the Advisory Group on the Review of the Centre," in *Presented to the Ministers of State Services and Finance* (http://www.ssc.govt.nz/upload/downloadable_files/review_of_centre.pdf: State Services Commission, November 2001).(accessed 29 August 2014).

[888] The background story shows the antecedents of the current relationship agreement, http://ndhadeliver.natlib.govt.nz/ArcAggregator/arcView/frameView/IE1679587/http://www.ocvs.govt.nz/ (accessed 29 August 2014).

[889] Building Better Government Engagement Reference Group, "From Talk to Action: Government Engagement with Citizens and Communities," ed. Reference Group to the Office of the Community and Voluntary Sector (Wellington: Ministry of Social Development, June 2009). 1.

beings – social, cultural, economic and environmental.[890] It enabled councils to become involved in a wide range of activities as suited to their communities, which often involved partnerships with voluntary organisations.[891] The subsidiarity principle[892] became socialised in policy communities, explicitly drawing in the community and voluntary sector to decision making (in some locations more than others do[893]).

The desire for partnership shared policy discourse with concerns about financial reporting and accountability of charities[894] and the use of 'preferred providers'. Cribb cites the view that 'the language of partnership is used by governments to signal that voluntary organisations are no longer 'outsiders' in the policy process' but in reality the author finds voluntary organisations 'are often excluded from any meaningful participation.'[895] Added to this, Grant finds the words 'partnership' and 'community' create an ambiguous lexicon[896] and using the language of partnership and collaboration and 'investing in outcomes' makes for complexity and ambiguity.[897]

A focus on evidence-based policy in the 2000s aligned with promptings of the OECD and its application in Britain, Canada and Australia. Relevant concepts – particularly cost-benefit - began to dominate policy processes in education, health and other social services although it has been used in infrastructure policy for many decades. The strength of connections between research and policy-making is strongly influenced by the political context.[898] Considerable attention was also given to the Charities Bill in the mid-2000s (discussed in Chapter Five) along with developing government guidance for contracting with the voluntary sector.[899]

The gradual retreat from the openness towards policy participation by FSP organisations at the start of the decade can be seen in differences in Ministerial advice. In 2005 the advice about the voluntary sector was that 'information and advice from the community and voluntary sector improves the

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[890] This was in line with international trends for triple bottom line reporting of public expenditure but reflecting the significance of the Treaty of Waitangi.

[891] Craig, "Building Better Contexts for Partnership and Sustainable Local Collaboration: A Review of Core Issues, with Lessons from the "Waitakere Way"."

[892] In local government policy and planning subsidiarity means decision making at the level closest to the focus of the decision. Local Boards of councils are the current most well-known example.

[893] Porirua City Council "Village Planning Programme" http://www.pcc.govt.nz/Community/Community-Projects/Village-Planning-Programme (accessed 19 September 2014).

[894] Conroy, "Non-Profit Organisations and Accountability--a Comment on the Mulgan and Sinclair Frameworks."; Controller and Auditor-General, "Central Government: Results of the 2003-04 Audits: Report of the Controller and Auditor-General."

[895] Cribb, "The Accountability of Voluntary Organisations: Implications for Government Funders.", 12.

[896] Grant, "Contextualising Social Enterprise in New Zealand.": 18.

[897] A discourse analysis reveals that government's words and actions don't tie up – Pathways to Partnership speeches use community development language but the resulting actions are contractualist. Governmentalism of community organisations can be seen through the provision of good practice guides and resources, the role of advisory or steering groups, and communication tools and strategies. Prestidge, "It's a Partnership: Yeah, Right! An Analysis of Discourses of Partnership between Government and Community Organisations in New Zealand (1999-2008)."

[898] Penny Moore, "Iterative Best Evidence Synthesis Programme Evidence Based Policy Project," in *Unpublished report for the Ministry of Education, Wellington* (2006). https://www.educationcounts.govt.nz/topics/bes/best-evidence-synthesis-tools (accessed 29 August 2014).

[898] Ibid, ii.

[899] Office of the Auditor-General, "Good Practice Guide: Principles to Underpin Management by Public Entities of Funding to Non-Government Organisations," (Wellington, New Zealand: Office of the Auditor-General, 2006).

quality of government policy responses.'[900] This can be compared with the 2008 briefing that voluntary organisations 'provide voice for many parts of our society, particularly for those who are disadvantaged.[901] This is a different emphasis and the 2005 advice has not been repeated. What is more consistent is a tendency to avoid discussing advocacy.

Efficiency is key but at the loss of autonomy?

In 2008, the incoming National-led Government faced a global recession and a tension between expectations from its traditional supporters for reduced government size, impact and expenditure and the public expectation that government would support those adversely affected by the economic downturn.[902] MSD remained the Ministry giving the most funding to the voluntary sector[903] and was forced to radically trim budgets along with all other departments. As part of this, High Trust Contracting was a policy change formalised by MSD in 2009 although its genesis was the idea of 'integrated contracting' began in 2002 as 'integrated service delivery' and 'funding for outcomes' in 2003 (arising from the sector's feedback in 2001) to deal with multiple contracts and burdensome accountability.[904] Contracting policy is discussed in a following section.

Responding to election promises to reduce crime,[905] in early 2009 the Drivers of Crime Ministerial Meeting laid the foundation for a new approach to reducing crime and victimisation.[906] The collaboration through the Social Sector Forum[907] acknowledges the significance to the voluntary sector of cross-government work on crime issues and in other major political initiatives[908] because of the links with voluntary sector services. However in specific departmental initiatives where it might be expected that some reference would be made to the work of FSP organisations and their role in

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[900] Office for the Community and Voluntary Sector, "Briefing to the Incoming Minister: Supporting the Community and Voluntary Sector for the Wellbeing of All New Zealanders," ed. Ministry of Social Development (Wellington: Ministry of Social Development, 2005).

[901] http://ndhadeliver.natlib.govt.nz/ArcAggregator/arcView/frameView/IE1679587/http://www.ocvs.govt.nz/ (accessed 16 August 2014).

[902] This appears to be a public preference, as discussed in the section on political and social culture in Chapter Five.

[903] Office for the Community and Voluntary Sector, "Briefing to the Incoming Minister," ed. Ministry of Social Development (Wellington: Ministry of Social Development, 2008). Also the 2011 Briefing to Incoming Minister for Social Development continues this trend. http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/bims/ministry-of-social-development-2012.pdf (accessed 30 August 2014). 23. 'In 2010/2011 the social sector accounted for 74% of all government expenditure, totalling around $52 billion, of which the Ministry was responsible for $21 billion.'

[904] Pomeroy, "Changing the Culture of Contracting: Funding for Outcomes."

[905] 'Hard-line law and order policies seem to have provided the strongest substantive National party appeal, despite Labour's considerable concessions to that point of view since 1999.'Jack Vowles, "The 2008 Election: Why National Won," in *New Zealand Government and Politics*, ed. Raymond Miller (Melbourne, Vic: Oxford University Press, 2010)., 378.

[906] http://www.justice.govt.nz/justice-sector/drivers-of-crime/drivers-of-crime-ministerial-meeting (accessed 26 July 2014).

[907] The Social Sector Forum comprises the of the Chief Executive of the Ministry of Social Development (Chair), the Secretaries of Justice and Education, the Director-General of Health, the Chief Executive of the Department of Building and Housing, and senior officials from the State Services Commission, Treasury and the Department of the Prime Minister and Cabinet. Other Chief Executives are invited to work on relevant initiatives.

[908] Social Sector Forum, "Briefing to the Incoming Government," (Wellington: Ministry of Social Development, 2012).

reducing the drivers of crime, there is silence.[909] It appears that government agencies do not generally wish to acknowledge to the public the significance of government reliance on the voluntary sector.[910] But equally there is silence on this issue from the voluntary sector, unsurprising if organisations hold significant government contracts[911] It is useful to note here than the existence and amounts of contract income are usually not readily visible on websites or other marketing information of FSP organisations.

From the late 2000s to 2012 the government directed significant structural change for the voluntary sector that influenced its relationship with government. This included demotion of Minister for the Community and Voluntary Sector to outside Cabinet, refining the contracting model, and the review of expenditure and administration of the sector. This review resulted in the closure of the Office of the Community and Voluntary Sector within MSD and transfer to an office within the Department of Internal Affairs as well as closure of the separate Charities Commission with transfer of registration functions to the same Department. The lagging relationship agreement *Kia Tutahi* was finally signed in 2011 amid continuing mistrust of public sector reform[912] (this is discussed further in Chapter Seven). A focus on social enterprise[913] seemingly as a form of community development may have overshadowed interest in any debate about political advocacy.

Local impacts arose from local government restructuring when Auckland was summarily rationalised in 2010 as a policy plank of the National-ACT confidence and supply agreement in 2008, ostensibly to harmonise public spending on Auckland services.[914] Some of those services were provided by FSP organisations that had funding contracts from both central and local government. The uncertainty about sustaining these services in Auckland and the potential disturbance or destruction of local partnerships created considerable opposition from the sector for local government reform.[915] In Canterbury, a change in the government's approach to local government sovereignty emerged with

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[909] While the following report is about government social workers, many are closely connected with the voluntary sector in some programmes. Office Of The Chief Social Worker, "Workload and Casework Review: Qualitative Review of Social Worker Caseload, Casework and Workload Management," ed. Child Youth and Family (Wellington: Ministry of Social Development, May 2014).There are many places in this report where the close link between social workers in the "statutory system" and the voluntary/community sector could be mentioned such as in residential services.

[910] Brendan Boyle, "Statement from Brendan Boyle, Chief Executive": Media Release 27 May 2014. https://www.msd.govt.nz/about-msd-and-our-work/newsroom/media-releases/2014/statement-from-brendan-boyle-chief-executive.html (accessed 1 September 2014).

[911] This was examined by considering organisations' percentage government income and the reference to government income on organisation websites and in Annual Reports. In several organisations there was no reference to their financial dependence on government funding in their public statements.

[912] ANGOA Association of NGOs of Aotearoa, 2011. Press Release Thursday 11 August 2011. This press release is no longer available on the web. However the sentiments expressed about the Charities Commission was published at http://www.scoop.co.nz/stories/PO1107/S00166/charities-commission-independence-charities-under-threat.htm (accessed 30 August 2014)

[913] Goodhew, "Government Gets Behind Social Enterprises". (accessed 20 July 2014).

[914] Policy work started in 2006 on ways to harmonise central and local government spending on Auckland.

[915] Further such reform seems likely in Wellington as well as in Australia, see Christine Covington, "Australia: The Case for Local Government Amalgamation in NSW," *Mondaq*(2014). http://www.mondaq.com/article.asp?articleid=357642&email_access=on (accessed 30 August 2014).

dismissal of the regional authority and new government powers in response to stalemates (water allocations) and emergencies (earthquakes) which changed the participation expectations of many, including FSP organisations.

Another major policy affecting FSP organisations that arose from the confidence and supply agreement that National had with the Māori Party is *Whanau Ora*.[916] The policy is based on coordinating social services around whānau[917] and although initially devised for Māori the Prime Minister's view was for it to be available to all and based on need.[918] But competition was significant – 350 proposals resulted in only 25 Whanau Ora provider collectives in 2010[919] and since then a budget has been consistently provided and the policy supported.[920] Three non-government commissioning agencies have been appointed to allocate approximately $40million annually, a controversial move that put funding power at community level but may have decreased transparency.[921] Audit results in 2015 prompted some public concern about the operation of the policy.[922] A community-owned research process has grown around the programme, helping with evaluation and planning.[923] For some organisations, the policy fits well with their mission and helps overcome siloed contracting problems.[924] The Whanau Ora policy and framework may be seen as either neopluralist or corporatist, depending on how the framework is applied and on the perspective used.

Some of the minor parties in Parliament demonstrate the complexities of managing a democracy with a pluralist policy development goal. Two significant private member's bills affecting the voluntary sector were introduced (since 2008) but only one evoked widespread sector concern – the one concerning organisations' revenue. The 2010 Bill[925] to reduce gambling harm was amended considerably but passed with requirements for gambling proceeds to be distributed in the area from which they were obtained (through the *Gambling (Gambling Harm Reduction) Amendment Act 2013*). This was of great concern to many social service organisations which have long relied on

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[916] The Whanau Ora policy has antecedents in 2002 with He Korowai Oranga: the Maori Health Strategy and the Whanau Ora Awards that began in 2005. http://www.health.govt.nz/system/files/documents/pages/nga-korero-may2010-special-edition.pdf (accessed 30 August 2014). http://www.stuff.co.nz/national/politics/68276108/auditorgeneral-questions-40-million-administration-spend-on-whanau-ora (accessed 6 May 2015).

[917] Whanau in this policy refers to Māori families that extend beyond single households, to empower whole families rather than provide separate services to separate individuals.

[918] Claire Trevett, *New trust to deliver social services to whanau*. (New Zealand Herald, 11 February 2010) http://www.nzherald.co.nz/politics/news/article.cfm?c_id=280&objectid=10625416 (accessed 12 December 2013)

[919] Te Puni Kokiri, "Whānau Ora in 2010," Te Puni Kokiri. http://www.tpk.govt.nz/en/in-print/kokiri/kokiri-21-2011/whanau-ora-in-2010/ (accessed 30 August 2014).

[920] Te Puni Kokiri is the Ministry leading Whanau Ora in an inclusive interagency approach.

[921] This decision was not supported by the Labour Party or New Zealand First Party. http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10898894 (accessed 30 August 2014). .http://www.radionz.co.nz/news/political/214668/minister-defends-whanau-ora-funding-change (accessed 30 August 2014).

[922] Stacey Kirk and Hamish Rutherford, "Auditor-General Questions $40 Million Administration Spend on Whanau Ora," *Stuff: Politics*(2015).

[923] http://whanauoraresearch.co.nz/who-we-are/ (accessed 19 August 2014).

[924] These organisations might have many separate but related contracts.

[925] This was commonly referred to as the Flavell Bill, after Te Ururoa Flavell's Private Member's Bill.

gambling proceeds but which may not have many gambling sites in their area. However many organisations also acknowledge the Bill's good intention of reducing gambling harm which made for some difficult decisions in making submissions to the Bill.[926] A 2012 lobbying disclosure bill[927] was intended to require all parliamentary-focused lobbyists to be registered to avoid a corporatist culture developing. While the Bill was defeated on the basis that non-regulatory processes are more appropriate, it raised interesting and conflicting issues about the tension between corporatism and pluralism, and a preference for New Zealand to be able to self-regulate corporatist tendencies.

One of the changes to the broader policy environment was the government's response to concerns about the constraints on wealth generation from government regulation.[928] This concern has traditionally been a feature of cyclical politics and in the current government it has meant that: '…ex ante measures involve more rigorous market-focused audit mechanisms, open-ended advice from officials on regulatory options, stricter surveillance by the Treasury … and certification of consistency by ministers and officials.'[929]

The effect this approach has on FSP organisations interested in or affected by regulatory change – and there is a lot of regulation[930] - is that the research-heavy, value-free approach expected of the public service,[931] may be impossible for a voluntary organisation to meet: their top priority is meeting social needs. While policy input from the sector is becoming more evidence-based,[932] research is an expensive undertaking - even in a for-profit business. The framework developed to create new policy or legislation is simplified[933] but still somewhat abstract requiring policy or legal skills not usually readily available for small-medium FSP organisations. Regulatory reform is continuing but priorities may change with a change of government.

Before the end of the fifth National Government's first term, the signals were clear – efficiency and coordination are a prerequisite for government funding. The Cross Agency Initiatives Process is an

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[926] This concern was noted by several interviewees whose organisations did not receive a large percentage of their income from government.

[927] This Bill was introduced by Holly Walker, Greens Party.

[928] This was a high priority for ACT Party members - John Banks, previously Minister for Regulatory Reform and Rodney Hide, previously Minister for Local Government --both whom are no longer in Parliament. Although a current coalition partner with the National Party, ACT is reluctant to continue this. http://tvnz.co.nz/vote-2014-news/act-attacks-prospect-left-wing-frankenstein-government-6074679 (accessed 10 September 2014)

[929] Jane Kelsey, "Regulatory Responsibility": Embedded Neoliberalism and Its Contradictions," *Policy Quarterly* 6, no. 2 (2010).

[930] ANGOA's review found 35 pieces of legislation referenced in government contracts. ANGOA, "Ways to Enhance the Contracting Environment between the Community Sector & Government:A Review of the Different Acts, Standards and Compliance Requirements in Community Sector Contracts & Related Contracting Challenges " (New Zealand: Association of NGOs of Aotearoa, 2012).

[931] There is some change to the evidence-focused approach in policy analysis, see Tim Hughes, "Applying Cognitive Perspectives on Decision-Making to the Policy Advice Process: A Practitioner's View," *Policy Quarterly* 9, no. 3 (2013).

[932] Voluntary sector research is becoming more visible, partly as a result of organisations such as Community Research, Community and Voluntary Research Forums through Victoria University School of Government and the Australian and New Zealand Third Sector Research Association, as well as the government website communitymatters.govt.nz.

[933] "Regulatory Reform Toolkit" http://www.regulatorytoolkit.ac.nz/identifying-and-addressing/change-existing-or-create-new-regulation (accessed 10 September 2014)

example of the coordination expected.[934] An example of efficiency is the Productivity Commission that was created by statute in 2010 as a Crown entity with the vision of productivity growth for maximum wellbeing. This is discussed further in Chapter Seven.

Continuing constraining factors in the policy environment

<u>Public sector reform</u>

This research process started in the National-led Government's second term when the government's response to the global financial crisis and the devastating damage to the centre of the country's largest city, Christchurch, were primary influences on reducing government expenditure through public sector reform. It is notable that the 2011 advice to the incoming voluntary sector Minister did not include any message about the sector being the voice of the community or having any input to policy.[935] At the same time, there were deeper changes occurring which can be viewed as constraining factors because the impacts on FSP organisations were not seen as distinct from the impacts on the whole public sector.

Although taking some time to get underway, the government's desire to cut public spending drove the 2012 Better Public Services (BPS) initiative[936] with ideas similar to the Review of the Centre a decade previously. The inclusion on the Advisory Group of a voluntary organisation chief executive and the direction to work collectively and efficiently and focusing on sectors rather than on departmental outcomes should mean that the voluntary sector would be acknowledged for its input into the social sector. This intention can be seen in some social service delivery initiatives:

> <u>Social Sector Trials</u> involve a contracted FSP organisation or individual leading a programme of work using cross agency resources to deliver collaborative social services in 16 communities. They have a mandate to influence social services outside their direct control, although with significant oversight from MSD and politicians, leaving ultimate responsibility in the Chair of the Social Policy [Cabinet] Committee.

> The <u>Investment in Services for Outcomes</u> (ISO) initiative in 2012 (with antecedents in 2003) aims to increase the focus on outcomes. It is expected to lead to a streamlined approach to contracting (discussed further below)and give more certainty for providers and a comprehensive picture of what investment the Ministry will make to meet government priorities and community need.

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[934] New Zealand Treasury, "Cross Agency Initiatives Process: Guide for Public Service Agencies," (Wellington: The Treasury, 2010).

[935] Department of Internal Affairs. Briefing to Incoming Minister for the Community and Voluntary Sector, 2011 http://www.dia.govt.nz/pubforms.nsf/URL/BriefingCommunityandVoluntary2011.pdf/$file/BriefingCommunityandVoluntary2011.pdf (accessed 30 August 2014).

[936] Hon. John Key, "Key Notes: Delivering Better Public Services," *beehive.govt.nz*(2012). http://www.beehive.govt.nz/newsletter/key-notes-delivering-better-public-services (accessed 30 August 2014).

Community Led Development: in March 2011 this initiative[937] appeared to have responded to expenditure reviews in 2009/10 on Crown-funded schemes and from a political desire to move away from small grants to individuals and service organisations[938] to more significant, long-term strategic investment in whole communities.

From these initiatives, it seems that the current phase of significant public sector reform recognises the voluntary sector's significance more than previously. However the development of these initiatives is government-priority driven not community-driven. While there is evidence from the interviews in this research project of a common view that ISO is as much focused on reducing overall financial contribution to FSP organisations, it does support the philosophy of a holistic approach to government services.

But BPS did not progress quickly enough:[939] in early 2013 the Minister of State Services noted the poor assessment of BPS and commented on enviable United Kingdom civil service reforms, including to 'abolish 114 quangos with plans to close more' and pioneering 'contestable policy making … applying insights from behavioural science to public policy.'[940] Cementing in some of these ideas in the current State Sector and Public Finance Reform Bill would require departmental heads to focus on collective interests rather than departmental goals – in a forced teamwork approach. The government recognises that this would require cross-party support[941] and may take time.

The policy system has also been targeted for reform with the government's commissioning the 2010 Review of Expenditure on Policy Advice, which recommended adjusting the system to drive sustained improvement in quality and management.[942] Government expenditure on policy advice had increased more than other increases during the period 2003 to 2009[943] yet during the last term of the fifth Labour Government (2005-08) and the first term of the fifth National Government (2008-2011) a pragmatic, managerial style of political leadership did not commonly invite grand visions or strategic policy advice from the public service.[944] Amongst criticism of the country's policy system was insufficient evidence-based policy, indicating that it is difficult see the boundaries between certainty

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[937] Community-led development is currently promoted as an initiative of the government, but has a long history. See Terence Loomis, "Community-Led Development in Aotearoa New Zealand: Dead End or New Opportunity?," (April 2012). http://moodle.unitec.ac.nz/pluginfile.php/268950/mod_resource/content/1/critique_of_cld.pdf (accessed 30 August 2014). Related popular ideas in New Zealand are community economic development and asset-based community development.

[938] This is done primarily through the Community Organisations Grants Scheme and Lotteries Board grants.

[939] Ernst and Young, "Final Draft: Better Public Services Programme: Independent Quality Assurance, Report to the State Services Commission," (http://www.listener.co.nz/wp-content/uploads/2013/06/Ernst-and-Young-report.pdf: State Services Commission, December 2012). (accessed 2 September 2014).

[940] Jonathon Coleman, "Speech 26 February 2013: Taking a Results Approach to Delivering Better Public Services," beehive.govt.nz.COLEMAN, J. 2013. http://www.beehive.govt.nz/speech/taking-results-approach-delivering-better-public-services (accessed 2 September 2014).

[941] Ibid.

[942] Bill Engllish, Tony Ryall, and Rodney Hide, "Press Release: Government to Act on Policy Advice Spending Review." 28 April 2011. http://www.beehive.govt.nz/release/government-act-policy-advice-spending-review (accessed 4 December 2014).

[943] Radio New Zealand News, "Government Signals Jobs Could Go in Policy Review," (http://www.radionz.co.nz/news/political/36982/government-signals-jobs-could-go-in-policy-review 3 August 2010).

[944] Bromell, "Creating Public Value in the Policy Advice Role: A Reflection from the Front Line."

and uncertainty and to therefore correctly assess public risk. To counteract this, agencies should 'proactively access knowledge and expertise held outside the public sector in the process of policy development.' [945] Others support this view[946] and it does encourage input from the voluntary sector, but corralling streams of evidence from FSP organisations and making it policy-accessible is no easy task. This does not mean that the task should be avoided; strong public interest would justify the effort.

Some social policy developments have had significant input from FSP organisations – many that provide services in these areas: Welfare Reform – with some mixed reactions[947] - and the Vulnerable Children proposals that had around 10,000 submissions and now involve some FSP organisations in its implementation. Such 'meaty' proposals required significant time to develop policy responses. One large, long-standing social service provider interviewed in this research noted the dilemma of making submissions on the Vulnerable Children discussion paper: serving and respecting the needs of both parents and children means there is no straightforward path for policy input.[948]

One of the most significant recent policy system impacts on the voluntary sector has been arguably low-profile. In June 2014 (after concerns about BPS reforms being slow) the Minister of Finance instructed the New Zealand Productivity Commission to inquire into *Enhancing Productivity and Value in Public Services* – aimed at boosting productivity in the market-based social services sector, such as social housing, employment services, and programmes to reduce crime.[949] The rationale is stated as:

> It is important that the <u>institutional arrangements and commissioning processes</u> are effective so that service providers can and do address the complex range of issues [and] ... that there is adequate accountability and oversight to ensure that social service providers are achieving the results or outcomes that matter most to New Zealanders. (Emphasis added.)

This statement points towards the significant changes in social service provision and reflects the concept of Investment in Services for Outcomes – the government wants to know how its investments are doing and to have information to make changes in priorities. The approach is

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[945] Sir Peter Gluckman, "Towards Better Use of Evidence in Policy Formation: A Discussion Paper," (Auckland: Office of the Prime Minister's Science Advisory Committee, 2011). 8.

[946] Claudia Scott and Karen Baehler, *Adding Value to Policy Analysis and Advice* (Sydney: University of New South Wales Ltd, 2010)., 6.

[947] Simon Chapple, "Forward Liability and Welfare Reform in New Zealand," *Policy Quarterly* 9, no. 2 (2013).;Michael Fletcher, "How Is Government Evaluating Its Welfare Reforms, and Why Aren't We Allowed to Know?," (http://publicaddress.net/speaker/how-is-government-evaluating-its-welfare/2014). (accessed 5 September 2014).; Aotearoa NZ Association of Social Workers, "Press Release: Welfare Reform - New Zealand Association of Social Workers," in *Politics* (Scoop 2013). http://www.scoop.co.nz/stories/PO1307/S00237/welfare-reform-new-zealand-association-of-social-workers.htm (accessed 5 September 2014).

[948] Interviewee 15Pre.

[949] New Zealand Productivity Commission, "New Inquiry Topic: Public Services". http://www.productivity.govt.nz/news/new-inquiry-topic-public-services (accessed 29 August 2014)

primarily about managing risk and achieving value for public money. A draft report is now available for input.[950]

<u>Contracting policy</u>

This section shows that contracting policy has been a continuing major constraining factor for the voluntary sector. Prior to 1984 grants had provided voluntary organisations with considerable autonomy to identify and interpret social needs and determine how to meet them. But the move to contracting did not start with the fourth Labour Government: Smith shows[951] that there had been moves even in 1982 to develop a funding-application process. This required voluntary organisations to give information on the need for the service, the nature of the service, the organisational structure of the provider, organisational finances and proposals for review and evaluation of the service.

The increasing use of contracts throughout the 1980s and 1990s for public (no- or low-cost) social services influenced the autonomy of voluntary organisations in that government determined the services that were required not the voluntary organisation. The result was that voluntary organisations generally focused on providing services without much involvement in specifying them.[952] Looking back from the mid-2000s, the following quote captures a general impression held in the voluntary sector: 'The use of contracts increased enormously the power of government to determine what voluntary agencies did, resulting in a sense of resentment and lack of trust'[953] and contracts are perceived as a threat.[954]

The contracting environment came under close scrutiny by the Auditor-General whose investigations during the first half of the 2000s[955] were in response to complaints[956] of perceived or actual fraudulent behaviour of three organisations. Then the Auditor-General, as a result of a political

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[950] "More Effective Social Services: Draft Report," (http://www.productivity.govt.nz/sites/default/files/social-services-draft-report.pdf: The New Zealand Productivity Commission, April 2015). (accessed 30 April 2015).

[951] Smith, "Contracting for Social and Welfare Services: The Changing Relationship between Government and the Voluntary Sector in New Zealand."

[952] Garth Nowland-Foreman, "Neither Mendicants nor Deal-Makers: Contracting, Government Funding and Voluntary Organisations : A Background Paper Prepared for New Zealand Council of Christian Social Services," (New Zealand Council of Christian Social Services, 1995).

[953] Dalley and Tennant, *Past Judgement: Social Policy in New Zealand History*.

[954] Sandra J Grey and Charles Sedgwick, "The Contract State and Constrained Democracy: The Community and Voluntary Sector under Threat," *Policy Quarterly* 9, no. 3 (2013).

[955] Controller and Auditor-General, "Results of the 1999-2000 Audits: Part 3.4: Funding Arrangements with Non-Government Organisations," (Wellington: Office of the Controller and Auditor-General, 2000).; Robert Buchanan and Colleen Pilgrim, "Transparency and Accountability in Government Decision-Making: Devolved Service Delivery," in *Conferenz 6th Annual Public Law Forum* (Wellington: http://www.oag.govt.nz/reports/docs/transparency-accountability-paper-conferenz.pdf/view (accessed 9 September 2014), 2004).

[956] Questions were raised in Parliament by Rodney Hide, Act Party deputy leader and Winston Peters New Zealand First Party leader in October 2003. http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=hansard/text/2003/FINAL_2003_10_08/8959.html (accessed 5 June 2013).

concern, examined the Ministry of Health contract management process[957] **finding** that voluntary organisations were effectively being funded to lobby against government policy – particularly in smoke-free legislation. The Hunn Brazier report[958] stated that a clear distinction should be made by voluntary organisations between providing information and lobbying and this distinction should be included in service contracts. The word advocacy was to be explicitly avoided, which was opposed by some in the sector.[959] Such debates resulted in government guidelines for contracting that focus on principles rather than processes.[960]

Earlier, Treasury recognised that contracting processes were both widespread and unregulated and issued its Guidelines for Contracting with Non-Governmental Organisations for Services Sought by the Crown (2001). These were revised in 2003 after consultation with the voluntary sector and government departments and include encouragement for government agencies to improve their relationships with voluntary organisations. The 2009 version (with minor amendment from 2003) suggests, respecting the autonomy of the voluntary sector and the responsibilities of each party to its stakeholders. [961]

With the 2008 global recession, tightening of accountability in social services contracts was inevitable and paralleled the close scrutiny of government spending. In some cases audits discovered that contract funding had been spent on work other than what was contracted and voluntary organisations were required to pay that money back to the government.[962] Conversely, the Community Response Fund provided one-off grants to organisations that could provide emergency assistance. For one such organisation interviewed in this research, receipt of government money had always been anathema but once a grant was received, it opened up the possibility of seeking future contracting with the government, along with a policy relationship.[963]

Preferred providers and contract streamlining

A more crucial factor may be the increased visibility of government-favoured FSP organisations that have continued since 1984 when they were called "preferred providers". These organisations have certain common features: long organisational histories, domination of a particular market, a respected public profile or well-known name in a community, relatively large – a national focus –

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[957] Public Health Association of NZ Inc, "How Governments Should Contract with Non-Government Organisations - a Response to the Hunn-Brazier Report," (http://pha.org.nz/documents/ResponsetoHunnBrazierReport.pdf). (accessed 5 June 2013).

[958] Steve Brazier and Don Hunn, "Contracts with Non-Government Organisations – Compliance with Public Service Standards," (Wellington: Ministry of Health, November 2003).

[959] http://www.hauora.co.nz/resources/AdvocacyPositionPaper.pdf (accessed 3 September 2014). The use of 'advocacy' is supported internationally by the Ottawa Charter for Health Promotion 1986.

[960] Controller and Auditor-General, "Principles to Underpin Management by Public Entities of Funding to Non-Government Organisations," ed. Office of the Auditor-General (Wellington: Office of the Auditor-General, 2006).

[961] New Zealand Treasury, "Guidelines for Contracting with Non-Government Organisations for Services Sought by the Crown," (Wellington: The Treasury, 2009).
http://www.treasury.govt.nz/publications/guidance/mgmt/ngo/tsyngoguide09.pdf (accessed 5 June 2013)

[962] Interviewees 19TeW and 23Wes.

[963] Interviewee 1atH.

preferably with a combination of professional and volunteer staff and a stable and longstanding management system, comparable to public sector and commercial organisations.[964]

Preferred providers remain a feature of contracting arrangements with the government, equating to High Trust contracts, which started in 2009[965] with a clear purpose: community organisations need to have a strong and trusted relationship with the government. The focus is on providers demonstrating strong governance and management, consistent delivery of services that their communities need, good reporting systems, and financial viability. A by-product is increased efficiency when fewer providers hold fewer, larger contracts: 'The Top 30 [providers with the most funding across government] receives over $400 million. The largest of these … receives over $200m …. The second largest receives under $50m, while more than half of the Top 30 receive[s] under $5m.'[966] Sometimes this status is a marketing advantage, such as Strive Community Trust, whose website states they are recognised by the government as a High Trust Provider.[967]

The sector welcomed the idea as a move away from many small contracts that in some cases were let to organisations that were not operating sustainably.[968] Because the contracts were to be simpler, with funding in advance and less administration, monitoring and reporting, the Auditor-General suggested criteria are used to identify trusted NGO social support providers. It appears that with High Trust contracts goes a higher level of performance monitoring, risk assessment and evaluation. On the other hand, an earlier critical view of High Trust contracting is that it deepens the impacts of tighter requirements on government funding by being 'superimposed on an even more important shift - from funding "worthy" organisations to ensure their continuation, to greater emphasis on using voluntary organisations to supply clients and communities with government-defined essential social services.'[969]

MSD has been slowly moving towards an outcomes-focused approach to contracting which involves an Outcomes Measurement Framework and a capability investment programme to support

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[964] Saville-Smith and Bray, "*Voluntary Welfare : A Preliminary Analysis of Government Funding to the Non-Profit Welfare Sector*.", 21.

[965] Paula Bennett, "Press Release: Contracting Overhaul for Social Services Sector," beehive.govt.nz. http://www.beehive.govt.nz/release/contracting-overhaul-social-services-sector (accessed 15 December 2013).

[966] "Speech to the Otago University Symposium on Social Enterprises Performance," New Zealand National Party. https://www.national.org.nz/news/news/media-releases/detail/2013/04/04/speech-to-the-otago-university-symposium-on-social-enterprises-performance (accessed 15 December 2013).

[967] http://www.strive.org.nz/wawcs0149215/Home.html (accessed 13 September 2014).

[968] Platform Charitable Trust, "Frontline: The Community Mental Health and Addiction Sector at Work in New Zealand," (http://www.platform.org.nz/uploads/files/frontline-the-community-mental-health-and-addiction-sector-at-work-in-new-zealand.pdf2010). http://www.platform.org.nz/uploads/files/frontline-the-community-mental-health-and-addiction-sector-at-work-in-new-zealand.pdf (accessed 12 December 2014).

[969] Garth Nowland-Foreman, "Neither Mendicants nor Deal-Makers – Voluntary Organisations Negotiating New Relationships under a Contracting Regime in New Zealand" (paper presented at the Asia Pacific Regional Social Services Conference – Partnerships that work?, Christchurch, 1995). p.2. (emphasis in the original) http://www.communityresearch.org.nz/research/neither-mendicants-nor-deal-makers-contracting-government-funding-and-voluntary-organisations/ (accessed 17 February 2014).

providers.[970] As part of ISO, MSD promises (although priorities are unknown) the following components have evolved: streamlined contracting to reduce the number of contracts, one Approvals Framework, a Strategic Investment Framework and Investment Strategy including provider capability, only information that is needed and used is collected, relationship management plans and a single relationship manager and an increased focus on long-term, outcomes-based contracts.

Leading the Streamlined Contracting Framework approved by Cabinet in March 2013, the Ministry of Business Innovation and Employment provides templates and support that is intended to create greater consistency regarding management of contracts including the assessment of risks. It is especially relevant to large providers holding contracts with more than one agency. Aligned to this, a cross-Ministry Approvals Framework has now been established.[971] The goals of streamlined contracting are improving inter-agency collaboration, information sharing and consistency in approach. Streamlined contracting has been a clearly expressed desire of the voluntary sector, seeking reduced compliance costs and accountability that is useful and effective.[972] This desire appears to have been fulfilled, and the consequences remain to be seen. But there remains a warning about autonomy for the voluntary sector –from within the sector.[973]

<u>Issues in contracting</u>

The voluntary sector has never been homogenous, which means that the relationship between FSP organisations and the state is unpredictable. There are two perspectives on the difficulties of contracting for both parties. Firstly, the market-ideology insistence on competition amongst providers threatens the ethos of organisations where competition is an unsuitable principle for serving small, usually 'non-profitable' groups of citizens that yield no marginal profit. Secondly, providing generous amounts of money with insufficient oversight of the voluntary provider can lead to misuse of funds and abuse of the principal-agent arrangement. So, trust between the voluntary sector and the government has at times been elusive for both parties - as reports from the Auditor-General and the Treasury below show.

Conversely, it has been argued that contracting by purchase-of-services was not necessarily bad for New Zealand overall[974] - perhaps just needing the certainty of relationships of trust as fostered

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[970] Controller and Auditor-General, "Public Entities in the Social Sector: Our Audit Work," ed. Office of the Auditor-General (Wellington: Office of the Auditor-General, 2013); "Public Entities in the Social Sector: Our Audit Work," (Wellington: Office of the Auditor-General, 2013).

[971] This is set out in the website of the entity dealing with all government procurement, within the Ministry of Business Innovation and Employment http://www.business.govt.nz/procurement/procurement-reform/streamlined-contracting-with-ngos (accessed 17 February 2014).

[972] ANGOA, "Streamlined Contracting with NGOs," (2012). http://www.angoa.org.nz/wp-content/uploads/2013/06/2012-11-29-ANGOA-Streamlined-NGO-Contracting.pdf (accessed 17 February 2014).

[973] Aimers and Walker, "Is Community Accountability Being Overlooked as a Result of Government-Third Sector Partnering in New Zealand?."

[974] D Majumdar, "The Community Funding Agency and the Voluntary Sector: Purchase of Service Contracting in Otago/Southland," *Australian Journal of Public Administration* 63, no. 3 (2004).

initially by 'integrated contracting'.[975] For some, being able to provide services as kaupapa Māori organisations was only possible through using the Maori Provider Development scheme[976] to establish organisationally and then take on service contracts. Others argue that the government's words and actions don't tie up – Pathways to Partnership speeches use community development language but the resulting actions are contractualist.[977] In summary, it appears that contracting policy made *ad hoc* relationships contractualised and formal.[978]

Other impacts on the relationship between the voluntary sector and the government are discussed in the following chapter.

Policy for social enterprise

For the government, blending tax revenue and venture capital is a more sustainable way of supporting the vital social services work being done in the voluntary sector than contracting. To show the government's interest, a social enterprise survey was undertaken by the Department of Internal Affairs in 2012 which concludes that New Zealand has 'a social enterprise sector that is relatively mature and quite diverse'. While this is a true statement it is misleading when comparing it with the conceptual definition above (of blending tax revenue with venture capital) because the survey does not distinguish between enterprises relying predominantly on government contract funding from enterprises with significant sales revenue such as from second-hand clothing[979] or for sunblock cream.[980] For some fifty-nine per cent of the survey respondents, government contracts provided their revenue (proportion of revenue unmeasured). From this survey, it is hard to see what is new or different about being a social enterprise in such organisations.

While the social enterprise concept merits further discussion than is possible here, it is relevant that the government now endorses the social enterprise concept in a position statement in 2014 and provides some funding for social enterprise capability-building.[981] This policy signals the government's strong interest in the social enterprise idea. With the continuation of the National-led Government, the policy statement encourages the creation and recognition of existing social enterprises in New Zealand. Preceding the policy statement was a departmental report describing

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[975] Pomeroy, "Changing the Culture of Contracting: Funding for Outcomes."

[976] This scheme was advocated by MP Tau Henare in the mid-1990s and continues to assist with organisational capacity support.

[977] Prestidge, "It's a Partnership: Yeah, Right! An Analysis of Discourses of Partnership between Government and Community Organisations in New Zealand (1999-2008)."

[978] Smith, "Contracting for Social and Welfare Services: The Changing Relationship between Government and the Voluntary Sector in New Zealand."

[979] http://www.hospiceshops.org.nz/ (accessed 12 September 2014).

[980] http://www.cancernz.org.nz/products/ (accessed 12 September 2014).

[981] Hon. Jo Goodhew, "Government Gets Behind Social Enterprises," in *Release* (http://www.beehive.govt.nz/release/government-gets-behind-social-enterprises: beehive.govt.nz, 2014). http://www.beehive.govt.nz/release/government-gets-behind-social-enterprises (accessed 30 August 2014).

the legal structures available for social enterprises.[982] In 2002 when the government put out the only other direct policy relating to the voluntary sector – the volunteering policy – it preceded related policies such as 'payroll giving' and 'employer supported volunteering programme' in the public service. Social enterprise is a globally dynamic field of development and New Zealand is simply riding this wave, but the government's explicit encouragement and promise of removing policy barriers to social enterprise growth magnetises the effort of FSP organisations towards a business model that may provide very little support for policy advocacy (unless it is specifically resourced by untagged or earned income).

Results of research on government policy constraints

Policy system

The existence of quasi-government groups in the policy system is very long standing, but their composition and functions change with changes of government. Involvement of FSP leaders in quasi-government bodies is also long standing and quite diverse – from working groups dealing with very specific implementation system reform issues such as to welfare and healthcare (especially mental health) system or financial accountability systems. Usually, engagement in the policy system occurs because the organisation has strong public support or individuals are well connected to politicians or lobbyists. There was no evidence that connections with influential officials unduly affected involvement in quasi-government entities. The motivation for government working groups is often perceived as a way to get input from FSPs without having to contract out the research, although sometimes a small payment is made to the FSP representatives for meeting attendance.

A well-established government forum for engagement with the health and disability sector is valued but long-term members reflect that effectiveness of policy voice by the sector has not necessarily increased. 'I finished [involvement in NGO working Group] because I felt that nothing was changing; it was getting worse and I was sick of it.' The policy system changed with the current government: 'Much of [the previous policy proposals] would have been well worked-up and consulted on and you could have input into, and activities would flow through from the top-down. What seems to be happening now is … in response to issues of the moment and in response to more often a small group of people or organisations influencing the Minister of the day. So yes, there has been a significant change in how policy is developed, worked up and then implemented.'[983]

A few organisations have (small) contracts to provide policy advice where the organisation is recognised as a knowledge leader in their field, but not all these organisations see themselves currently as advisors (sitting alongside the government in policy development), where they do there

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[982] Department of Internal Affairs, "Legal Structures for Social Enterprise," (Wellington: Department of Internal Affairs, 2013).
[983] Interviewee 13OdH

is a sense that this role may not last. Gaining a reputation and organisational expertise in an area may help getting 'invited in' to policy discussions but despite this, organisationally it may be difficult to clearly determine a policy position at the government's behest. Being prepared to accept sector corporatism makes survival easier for those invited in. Local politics can have a significant effect on local-based organisations by influencing both local and national policy involvement, such as implementing Whanau Ora policy.

There are no formal rules stopping FSP organisations from regularly engaging in the policy system but it is very clear that organisations accept that openly criticising the government policy threatens their contract income. Some organisations had an understanding of the policy system although this may have been a personal understanding of the Chief Executive due to past experience rather than organisational experience. Overall, the research has found evidence of a changed policy making environment in the last seven years for FSP organisations. While there have been a lot of weighty social policy proposals which have allowed for sector participation in their development, for less high-profile proposals there is a perception that there is much less opportunity for input than previously. There has been a tendency to respond 'to issues of the moment and … to more often a small group of people or organisations influencing the Minister of the day.'[984]

Sector policy

Despite formalising the government engagement statement *Kia Tutahi* there was minimal reference to it from interviewees. Much more was discussed about the government expectation that charities will amalgamate – even by force - or at least collaborate. This was mentioned in relation to the Whanau Ora policy environment – but it was not an easy choice if the result is to lose an organisation's functional position that is making a difference to constituents (a duty of care perspective).

There was acceptance that organisations will have to compete when services are put to tender, and to show they can to do more with less government income. FSPs also accept the need to cut budgets and that culling contracts is the basis of ISO not about reporting outcomes (which are difficult to define). "Drivers of Crime" as a National Party priority is another factor prompting collaboration – because departmental heads are required to have joint high level outcomes, FSP organisations within those subsectors are also expected to collaborate.

Taking the two points above together sector policy can be seen as more of a constraint than an enabler or simply seen as contradictory. Clearly, it indicates that the government is the dominant player in the contracting game – it is not a true partnership. Government policy is constraining when FSPs organisations feel forced to take a certain direction such as the push for collaboration appears

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[984] Interviewee 11NZF.

to have different motivations: the voluntary sector is keen on collaboration for advocacy work but not so much for services, fearing a loss of functional difference and client connection; the government is keen on collaboration to increase public value and manage public money more holistically (and efficiently).

Despite having a functional niche and no competition, an organisation can still feel vulnerable to changes in political culture; sometimes this may require significant organisational restructuring which is harder for a community organisation than for a government department because it relies on social capital invested over many years, but which may rapidly dissipate.

Contracting policy

Some organisations are confident of their position based on a variety of factors: being seen as High Trust providers, being part of an advocacy coalition (contracting or policy advocacy or both), having expertise available from international sources, fitting in with the government's priorities – 'what's politically ringing the bells'[985] contributing to economic as well as social wellbeing – such as providing services to disabled people that will enable them to contribute to the economy; structuring the FSP organisation to better match government structure and timeframes – including matching strategic plan review to general election timing.

Some organisations are not confident of their position – including a secondary healthcare provider in a high needs community being unable to sign a renewed contract because the funder expected the service to be provided below cost – based on different factors: providing services which are not government priorities or cannot be described as providing 'public value' or contracts that are ad hoc because of a short-term political commitment.

District Health Board contracts are often short-term and *ad hoc* because they are pressured to cut budgets by the Ministry of Health (which is also focused on budget cutting) – in some cases, this is trading on community good will and expecting lottery money to top up the shortfall. Rescue funding or capability support funding may be one-off or long term (albeit relatively small) where organisations fill a niche in the social economy.

Some organisations are expected to meet tough criteria: take high risk clients and yet have minimal client/ contract 'problems' while providing a cheaper service through the use of volunteers or lower salaried professionals, and then to collaborate with organisations as requested by the funder.

Two major contradictions exist in contracting policy: firstly, a focus on outcomes-reporting may give a sense of freedom to do what the organisation thinks best with the funding. But if there is no extra funding for developing innovative responses that better achieve desired outcomes, no changes will

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[985] Interviewee 5Con.

occur. Secondly outcomes usually relate to individuals with unique needs but efficiency - 'doing more with less' – usually demands economies of scale such as group services not individual services.

Conclusion

This chapter concludes with a sense of both continuity and contradiction in the policy environment around the voluntary sector. Government funding has had a large impact on the voluntary sector, which has at times involved legislative and policy change, but most significantly has involved increasingly formalised relationship discussions (which are discussed in a following section). The continuity is in the interdependence of the government and the voluntary sector in providing social services; the contradiction is in the discomfort and tension about interdependence – both the government and the voluntary sector wish to pursue their own agendas without any constraint except being law-abiding. The contradictory nature of policy affecting the voluntary sector is evidenced by the contrast between the government statements about its support of the sector and the actual support provided. The sector's recommendation to the incoming Government in 2014 was: 'Formally declare that advocacy – 'speaking for' – is part of the very essence of community organisations, and that this role is valued by Government as an essential element of a strong community and nation.'[986]

The way that information flows within the policy system is evidence of the relationship between FSP organisations and the government. As stated in Chapter One, a social services market and a public policy information market can be identified, with FSP organisations having roles in both. But this research shows that they have an obscure role in the public policy information market, shown by the dashed line around 'FSP policy dialogue' in Figure 6. These organisations are often closely connected to networks and advocacy coalitions, perhaps relying on this as the conduit for their policy ideas.

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[986] ComVoices, "Comvoices 2014 Pre-Election Briefing," *Communities Count 2*(2014). http://comvoicesdotwordpressdotcom.files.wordpress.com/2014/04/communities-count-2-final-0804141.pdf (accessed 13 September 2014).

Figure 6: Information flows in the policy system
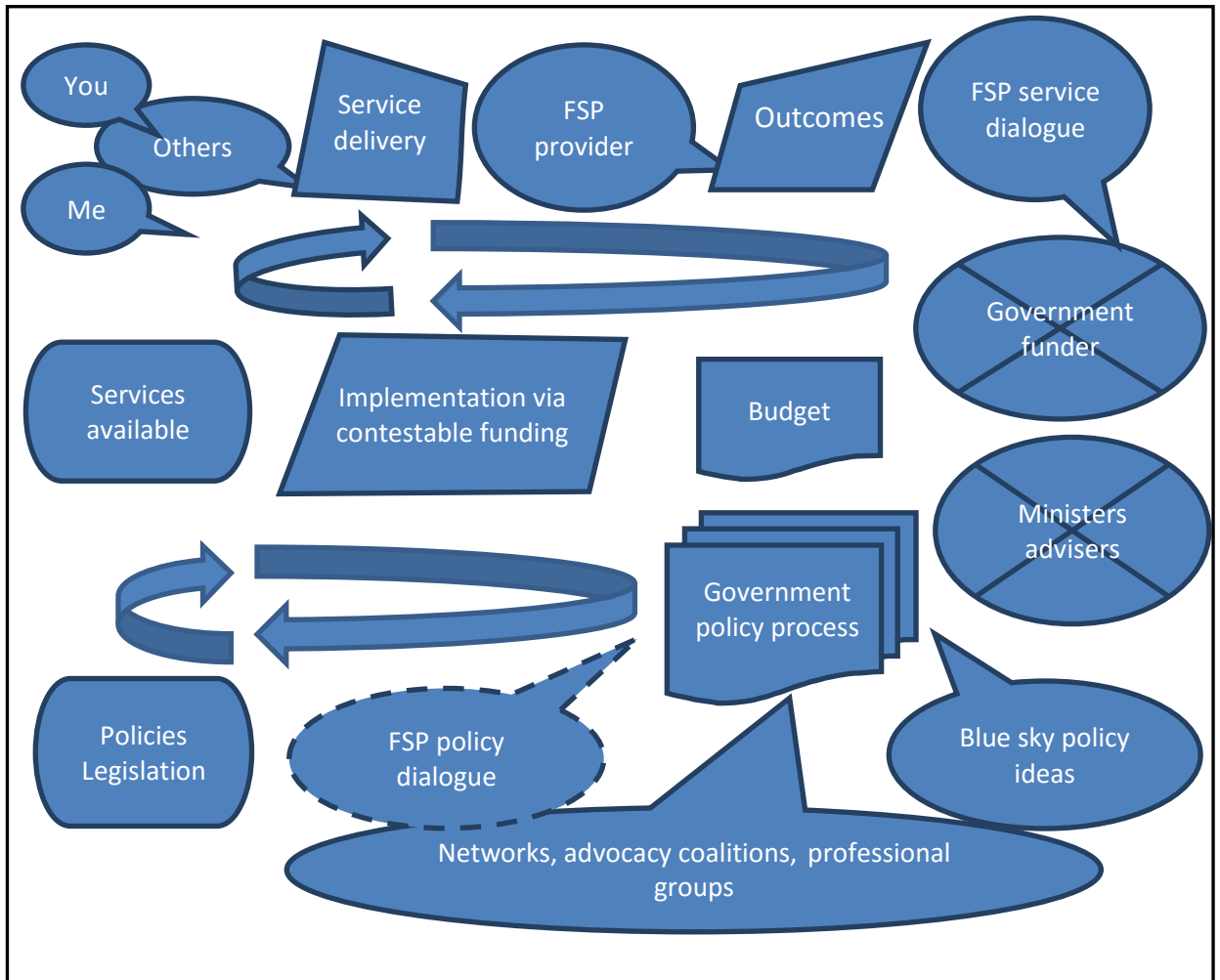
Overall, influences on the policy environment can be seen from both outside and inside of the voluntary sector. From the inside, the voluntary sector recognises its limitations – interpersonal skills are higher than in other sectors but procedural capability is lower,[987] such as the time and technical competence for tasks such as policy analysis. From the outside, government policy continues to support volunteers, community-led development (place based) and social enterprise, but not whole-sector development or advocacy capacity. There remains a significant gap in government policy about the participation by the voluntary sector in developing policy. But there may also remain a lack of clear voice from the voluntary sector that it wants a space at the policy table.

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[987] Nicola Rowe, "NGO Health & Disability Network Governance Review," (http://www.communityresearch.org.nz/research/ngo-health-and-disability-network-governance-review/: Community Research, 2014).(accessed 13 September 2014).

Chapter 7: Constituents in the Voluntary Sector

Government as Primary Stakeholder in FSP Organisations

State-voluntary sector relationship

The relationship between voluntary organisations and the government has been described as 'mutable, nuanced and complex.'[988] Prior to 1984, there was a somewhat stable equilibrium in the relationship between the government, family and voluntary sector in providing an adequate level of family and individual wellbeing. However changing social and economic conditions as well as a 'crisis of pluralist politics, has affected the relationship.'[989]

This chapter describes the continuing interdependence between the voluntary sector and the government. Two persistent political ideas create a contradictory policy environment - state intervention and neoliberalist support of small government. The relationship is especially noticeable in the regulation of charities and the discussion at the end of the chapter highlights this.

Interdependence of the voluntary sector and government in social services

Voluntary organisations have a long tradition in New Zealand of looking for support from the government[990] and interdependence between state and voluntary sector is a clear continuity. It is a salient point that 'despite successive governments' light regulatory hand in the past, relationships between the state and the voluntary sector have assumed a particular intensity... an almost symbiotic relationship'.[991] This has always included networks around prominent individuals that provide avenues for relatively informal communication, although officials did not always support this.[992] While the charitable sector took the lead in some of these areas of social services, the state gradually began to assume the primary responsibility of services such as prisons, libraries, education facilities and accident compensation payments. One view of the evolution of the voluntary sector-government relationship shows that private philanthropy had an influence when it 'moved to new areas of activity, such as battered women's refuges, developed new ways of collaborating with state welfare agencies, and became more outspokenly critical of the state welfare system.'[993]

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[988] O'Brien, Sanders, and Tennant, "The New Zealand Non-Profit Sector and Government Policy." 6.

[989] Saville-Smith and Bray, "*Voluntary Welfare : A Preliminary Analysis of Government Funding to the Non-Profit Welfare Sector*." 11.

[990] Tennant, *The Fabric of Welfare: Voluntary Organisations, Government and Welfare in New Zealand, 1840-2005*.

[991] Tennant et al., "Defining the Nonprofit Sector: New Zealand." Note 55: 4.

[992] Duncan MacGregor Director General of Health was only stopped from making charitable aid a system of disincentives and penalties by the strong opposition of local boards, not Liberal politicians, who demanded accountability and economy. See: Oliver, *100 Years of the Welfare State?*.

[993] Poirier, *Charity Law in New Zealand*.

There are two perspectives on this interdependence: the need of some FSP organisations to work in cooperation with government in order to achieve their missions;[994] and the need of government to have charities working in conjunction with their services to improve their reach, effectiveness and efficiency. Some of the implications of these two perspectives are discussed below.

FSP organisations need to work with the government

Working with the government is not always about requiring stable government funding. For instance sometimes 'space' is provided by state education and health providers for FSP organisations to provide services that meet a public need not otherwise provided for by government services - even physical space in hospitals such as to volunteers supporting parents of new-borns with heart problems[995] and spaces in school grounds for the Life Education mobile classroom to park. A continuing dependence exists even for large social service organisations such as Plunket,[996] the Blind Foundation and IHC,[997] Relationships Aotearoa[998] and smaller organisations such as Pacific Island Business Development Trust[999] and local community development projects[1000] on government funding or in-kind resources for operational costs or core services, apart from specific programme funding.

One unintended consequence of the need to manage insufficient funding from government is a practice of 'creaming' the most profitable clients[1001] to satisfy contract demands, as opposed to agencies seeing all clients that come to them. Some clients require more investment of time to reach the same outcome as other clients requiring less investment so less complex cases may be selected.

At times government help has been a mixed blessing, with stories of Barnardo's[1002] and Plunket[1003] both scrambling to counteract the effect of Government's withdrawal of support or a radical change in the type of services funded. Arguably, the choices that large organisations such as IHC and Presbyterian Support made to re-structure to separate mission-driven advocacy from government-

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[994] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand.", 20.

[995] Heart Kids New Zealand, "Providing Information to Help You & Your Family During Your Time in Auckland." http://www.heartnz.org.nz/images/stories/atheart/prenatal_pamphlet_delivering_in_akl_hknz.pdf (accessed 26 November 2013).

[996] Salaries for Plunket nurses were subsidised by government funding during the 20th century. See Dalley and Tennant, *Past Judgement: Social Policy in New Zealand History*.

[997] The Royal Foundation for the Blind and IHC rely on government funding for their core services. Halford, "A Historical Analysis of the Funding Inflow Mix of New Zealand Health Not-for-Profit Organisations over Different Macroeconomic Climates."

[998] Relationships Aotearoa was previously called Marriage Guidance. Support from government included provision of office space and salaries. Dalley and Tennant, *Past Judgement: Social Policy in New Zealand History*., 52.

[999] David Robinson, ed. *Social Capital and Policy Development* (Wellington: Institute of Policy Studies., 1997)., 19.

[1000] Sally Casswell, "Community Capacity Building and Social Policy-What Can Be Achieved?," *Social Policy Journal of New Zealand*, no. 17 (2001).

[1001] Jo Cribb, "Accounting for Something: Voluntary Organisations, Accountability and the Implications for Government Funders," ibid., no. 26 (2005).

[1002] Hal B. Levine, "Tackling the Effects of Neoliberalism? Integrating Services at Barnardos New Zealand," ibid., no. 36 (2009).

[1003] Linda Bryder, "The Plunket Society: Part of the New Zealand Way of Life?," *Australian Historical Studies* 39(2008).

funded services achieved a measure of autonomy in policy activities.[1004] Some charities that were state funding-dependent as well as being prepared to accept state activism were concerned only about the direction of state activism not the presence of it.[1005]

The government needs to work with FSP organisations

Government working in conjunction with voluntary services is often essential to improve access, effectiveness and efficiency. In some cases, community participation was an essential component of government policy, such as in the deinstitutionalisation of mental health patients in the early 1990s.[1006] Many FSP organisations arose to fill a gap in public service provision, such as the Haemophilia Foundation of New Zealand that received sympathetic support from public-sector professionals while fighting political battles for recognition.[1007] The following are examples of continuing government reliance on certain voluntary organisations.

New Zealand Family Planning Association (FPA) was at the centre of debates in the late 1960s around abortion and free contraception.[1008] These debates created pressure on government to respond leading up to the 1972 election, and it responded by starting to provide annual funding to help FPA provide some of its core services. The amount of funding increased as the abortion debate gained strength but the link between FPA continuing that debate and continuing to get government funding has not always been clear. It is useful for government to have a voluntary organisation face the moral debates arising in family planning, and for the voluntary organisation to provide training opportunities and resources for medical staff and students as well as opportunities to share professional knowledge at annual conferences.

The Prisoners Aid and Rehabilitation Society (PARS) has a long history or working alongside government inside and outside prisons, as a secular complement to the work of the Salvation Army and other church based services.[1009] It had a history of support from the government, wanting a

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[1004] IHC restructured in 2005 to form subsidiary companies (not-for-profit) that contract with government, retaining a non-Government funded charitable arm IHC Programmes that includes advocacy and fundraising mainly funded by donations. Presbyterian Support regional organisations formed a separate national entity for work such as policy advocacy in 2001.

[1005] Tennant, *The Fabric of Welfare: Voluntary Organisations, Government and Welfare in New Zealand, 1840-2005.*:72.

[1006] The concept of social role valorisation and deinstitutionalisation gained attention of mental health professionals globally. It is unclear whether government policy changes responded to their own professionals views or to the lobbying of academics and voluntary organisations. John R. Grant, "Community Participation and Quality of Life for Ex-Templeton Centre Residents: Policy, Theory and Practice: An Opportunity for NGO Collaboration," *Social Policy Journal of New Zealand*, no. 30 (2007).

[1007] Chantal Lauzon, *Still Standing: Haemophilia Foundation of New Zealand, 1958-2008* (Haemophilia Foundation of New Zealand, 2008). 84-5.

[1008] Helen Smyth, *Rocking the Cradle: Contraception, Sex, and Politics in New Zealand* (Wellington: Steele Roberts Limited, 2000)., 128. From the organisation's perspective however, funding was associated with a confusing interweaving of issues and attitudes. Annual funding was replaced by contracts following the 1990s health reforms. http://www.familyplanning.org.nz/about/history/1990 accessed 27 November 2013.

[1009] The various prison chaplains collaborate through the Prison Chaplaincy Service of Aotearoa New Zealand. A new advocacy and policy organisation takes collaboration further – "Justice Coalition is a collective cluster of twelve Justice Sector NGOs, formed to provide a collaborative impact on crime and justice issues, through active engagement with government agencies and key stakeholders." http://www.rethinking.org.nz/Default.aspx?page=5088 (accessed 12 December 2013).

strong community link to reinforce reforms within the prison system and this interdependence became a close relationship for many years. [1010] However, the relationship soured in 2010 over financial accountability and internal divisions[1011] that meant abandoning the federated structure and the national office.[1012]

Another example of Government seeing value in supporting voluntary activity that responds to high profile social issues was the creation of Family Service Centres in the early 1990s through three years of pilot funding. This saw the creation and implementation of a now well-known programme – 'HIPPY'- for pre-school children that are closely associated with a school in the locations set up through the original pilot. This government-supported service received attention not only for its innovation, but also for the level of funding received compared to other social services in the area.[1013] The programme is still significant enough to government to have a separate page describing it on the Ministry for Social Development website.[1014]

The reality of shared resources –financial, technological, and physical – and close relationships and partnerships between government and voluntary sector – at organisational and individual level - is clear,[1015] persistent[1016] and perhaps ominous.[1017] By the 1990s, some writers saw the parts of the voluntary sector that contracted with government as looking very like government.[1018] A very similar trend was seen in Australia, America, Britain[1019] and Canada. This need for the state to be a strong supporter of voluntary activity (as opposed to a 'controller') is the basis of what Martin argues is New Zealand's clear social contract philosophy: [1020] regular experiments in social policy in New Zealand show a trend for voluntary organisations to look to the state for help and for the state to intervene to ensure major policies are implemented.

[1010] Tennant, "A Perilous Partnership: Government and the New Zealand Prisoners' Aid and Rehabilitation Society.": 43.

[1011] Increased government funding came when PARS developed a federated structure because the government prefers to contract with one organisation rather than many for the same service in different localities but it didn't stop the government contract ending in 2010, after 51 years of stable government funding. http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10632611 (accessed 27 November 2013).

[1012] The Auckland organisation – a separate charitable company – took over the bulk of government funding and has laid claim to the PARS 114-year heritage - Annual Report2012- although the Christchurch organisation also has a substantial government contract.

[1013] Peter Kennedy, "Family Service Centres," *Social Policy Journal of New Zealand* no. 2 (1994).

[1014] http://www.familyservices.govt.nz/working-with-us/programmes-services/early-intervention/home-interaction-programme-for-parents-and-youngsters.html (accessed 27 November 2013).

[1015] Prestidge, "It's a Partnership: Yeah, Right! An Analysis of Discourses of Partnership between Government and Community Organisations in New Zealand (1999-2008)."

[1016] Larner and Craig, "After Neoliberalism? Local Partnerships and Social Governance in Aotearoa New Zealand."

[1017] Garth Nowland-Foreman, "Dangerous Accountabilities: Remaking Voluntary Organisations in Someone Else's Image" (paper presented at the 9th Annual Conference of the Association for the Research on Non-profit Organisations and Voluntary Action, New Orleans: LA, November 2000).

[1018] Higgins, "Transparency and Trade-Offs in Policy Discourse: A Case Study of Social Service Contracting."

[1019] Jane Lewis, "Reviewing the Relationship between the Voluntary Sector and the State in Britain in the 1990s," *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 10, no. 3 (1999).

[1020] Martin, *Honouring the Contract*. 21-5.

Considering both sides of the contract market, Ferris suggests[1021] that the threat of government funding is exaggerated. Non-profits are attractive contractor options because of their experience and trustworthiness. Nonetheless, governments must recognize that excessive intrusions limit the advantages of the voluntary sector. FSP organisations also must see the implications of public funding, in contrast to other sources of funding.

Paradoxes in the relationship and a dual ethos

What is distinctive about New Zealand's voluntary sector – government relationship is the persistent double game and paradox of state support of voluntary activity, but a denial of state intervention in social and economic matters. The state's role has been promoted as an enabler, supporting individual development through FSP organisations if necessary, rather than as being responsible for the relief of fundamental issues such as poverty.[1022] Even the work of volunteers is not widely celebrated by a majority of New Zealanders, apart from through Volunteer Week and celebrity supporters of fundraising events. One perspective is that a state of paradox has arisen from the following misaligned expectations.[1023] This paradox is adapted here and shown diagrammatically:

Figure 7: A paradox of expectations in the social services market

Governments expect innovation, flexibility, quality, access to the hard-to-reach, support for citizen participation.

FSP organisations expect cooperation rather than competition, community trust and ongoing support for their expertise.
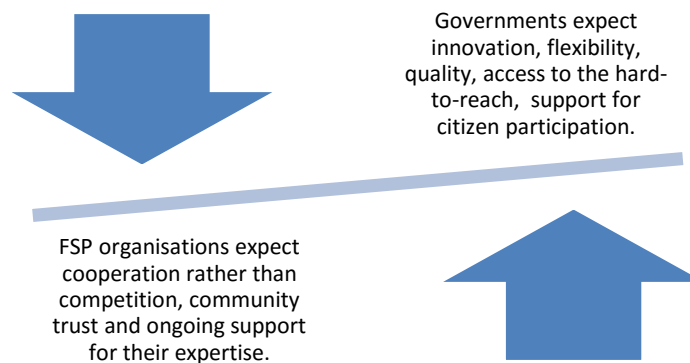
Conflicting realities remain valid influences in voluntary sector – government relations: 'Ministers, officials, voluntary sector managers and board members are generally in agreement that the relationship between the government and the voluntary sector is less effective than it could be.'[1024]

The same feeling of uncertainty appears to surround the government's relationship agreement, *Kia Tutahi*. Some have questioned the lack of implementation plan [1025] that showed a low-key approach taken by OCVS. Currently, the implementation overview lies with the Department of Internal Affairs,

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[1021] Ferris, "The Double-Edged Sword of Social Service Contracting: Public Accountability Versus Nonprofit Autonomy."

[1022] Tennant, *The Fabric of Welfare: Voluntary Organisations, Government and Welfare in New Zealand, 1840-2005*. 65.

[1023] Nowland-Foreman, "Purchase-of-Service Contracting, Voluntary Organizations, and Civil Society."

[1024] Cribb, "Accounting for Something: Voluntary Organisations, Accountability and the Implications for Government Funders."

[1025] http://manu.org.nz/2011/08/12/councillor-skeptical-of-new-government-relationship-agreement/ Last updated 12 August 2011 (accessed 25 July 2014).

and five other agencies have championed its implementation.[1026] It has also been used as one of the government's commitments to the Open Government Partnership, which is the responsibility of the State Services Commission.[1027] Although an important statement of the relationship, *Kia Tutahi* does not appear to have gained much traction in the public policy system or in the thinking in the voluntary sector. The government has accepted that further work is needed on best practice guidance or standards for civil society engagement in decision-making.[1028]

As noted in the Introduction, there is a dual ethos that adds complexity. Being party to a legally and financially binding contract requires FSP organisations to have a bureaucratic or administrative framework that gives confidence to the contracting authority of the organisation's accountability mechanisms. At the same time, the organisation must have the social capital to maintain its commitment to its constituents and the political sagacity in order to reflect in a purposeful way, the common views that created the organisation's altruistic mission.

Hands on or hands off? Two political ideas affecting the relationship

There is no easy response to the paradoxes of the relationship between the voluntary sector and government but there appears to be two core political ideas that are possibly a reflection of the dual ethos referred to above. From the era that Liberal politicians debated whether to intervene to help the vulnerable and destitute[1029] to the trend to reduce government involvement in welfare provision by privatisation and downsizing, arguably the government's political ideas have affected its relationship with the voluntary sector in providing social services.

State interventionism – 'Hands on'

Within the political system of New Zealand, scholars agree that there is a core idea of state interventionism in relation to the welfare system.[1030] Although the National Party dominated the government from 1949 to 1984, the continuity with the reformist policies of the Labour Party has set up a unifying ideology that the state could and should, redistribute income to achieve greater equality.[1031] The Muldoon Government of 1975-1984 showed interventionism in many areas including the maintenance of the welfare state amid fiscal constraints remaining from the economic

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[1026] These are: Ministry of Health, Ministry of Pacific Island Affairs, Ministry of Social Development, Sport New Zealand and Te Puni Kōkiri.

[1027] State Services Commision "Open Government Partnership" 2015. http://www.ssc.govt.nz/open-government-partnership.

[1028] State Services Commission, "Open Government Partnership: New Zealand Action Plan 2014-2016" http://www.ssc.govt.nz/node/9664 (accessed 12 May 2015).

[1029] Oliver, *100 Years of the Welfare State?*

[1030] Tennant, *The Fabric of Welfare: Voluntary Organisations, Government and Welfare in New Zealand, 1840-2005*.; Thomson, *A World without Welfare: New Zealand's Colonial Experiment*, Auckland University Press..

[1031] Raymond Miller, *New Zealand Government and Politics* (Melbourne, Vic: Oxford University Press, 2010)., 30.

turmoil of the 1970s. It also gave increased financial support for a range of services that could be better provided by churches and organisations such as children's health camps.[1032]

One concept from the 1970s that drove intervention and is still present in the political culture is that of the 'welfare safety net'. The Royal Commission of Inquiry into Social Security[1033] used this term in a way that indicated it was an integral aspect of New Zealand's society,[1034] although this was based on expectations of continuing positive economic growth. The 1988 Social Policy Commission presented the ideals expressed by New Zealanders as the following principles of a good society:[1035]

> Voice: to be heard and to have one's views taken into account, to be part of decision making.
>
> Choice: active choice based on full information.
>
> Safe prospect: the ability to plan with reasonable confidence for the future.

While this report has been criticised [1036] it stands as a record of the views of a pluralist nation that contributed towards a vision of a just and fair society. This view is supported by various positions that include: rejection of the promotion of individual responsibility over government responsibility in terms of social welfare;[1037] continued support for social spending on health, education and, to a lesser degree, targeted social assistance[1038] but through tax cuts rather than redistribution and wage controls, Treasury support in 2013 of the idea of a safety net (where necessary) as well as an implicit social contract as long as it meets specific objectives[1039] and the Welfare Working Group's 2011 recommendations that recognised government's responsibility in providing social assistance rather than social insurance or a guaranteed minimum income.

By contrast, those contractors that are drawn into supporting government's responsibility for social assistance[1040] face contracts that are rigorously designed and managed, accountability for reducing forward liability and acceptance of associated reduction in long-term welfare dependency, being innovative and providing tailor-made responses to individual needs, providing high quality services, and becoming more cost-effective such as consolidating providers or services. Therefore, many New

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[1032] Tennant, O'Brien, and Sanders, "The History of the Non-Profit Sector in New Zealand."

[1033] Royal Commission of Inquiry on Social Security in New Zealand, "Social Security in New Zealand," (Wellington: Government Printer, 1972).

[1034] Belgrave, "Social Policy History: Forty Years on, Forty Years Back ".

[1035] New Zealand Royal Commission on Social Policy, "Towards a Fair and Just Society," (Wellington: Royal Commission on Social Policy, 1988)., 11.

[1036] Barnes and Harris, "Still Kicking? The Royal Commission on Social Policy, 20 Years On."

[1037] Code of Family Responsibility portrayed as government propaganda for the neoliberal project http://www.nzine.co.nz/features/polresp.html (accessed 12/12/13.). There is still support for this idea as mentioned: Mike O'Brien, *Poverty, Policy and the State: Social Security Reform in New Zealand* (Bristol, UK: Policy Press, 2008).; Lunt, O'Brien, and Robert, *New Zealand, New Welfare,*.

[1038] Louise Humphage, "Neo-Liberal Reform and Attitudes Towards Social Citizenship: A Review of New Zealand Public Opinion Data 1987-2005," *Social Policy Journal of New Zealand* (2011).

[1039] New Zealand Treasury, "Background Paper for the 2013 Statement on the Long-Term Fiscal Position: The Future Costs of Working-Age Welfare," (Wellington: The Treasury, 2013).

[1040] Welfare Working Group, "Reducing Long-Term Benefit Dependency: Recommendations," (Wellington: Institute for Governance and Policy Studies, 2011). http://igps.victoria.ac.nz/WelfareWorkingGroup/Downloads/Final%20Report/WWG-Final-Recommendations-Report-22-February-2011.pdf (accessed 20 July 2014).

Zealand voluntary services have adapted to the contracting environment and accepted that it is one of the ways of addressing social problems.[1041] 'It has been commonplace now for almost two decades that Church and community organisations are expected to provide for people solely because their incomes are inadequate and the social welfare system is unable to meet their needs.'[1042]

Debate about the responsibility for providing social assistance is encouraged, as government support to charities to take up the slack in state-provided services appears to place FSP organisations in sometimes-precarious positions.[1043] It appears that differences in ideas about the provision of welfare are in degree not kind, but still make for a contradictory policy environment.

Neoliberalism and New Public Management – 'Hands off'

The tendency to favour state intervention in welfare has sometimes been in tension with another significant continuity that started with the fourth Labour Government of 1984–1990 and increased with the National Government of 1990–1999. This is the application of neoliberal and New Public Management (NPM) or managerialist concepts to government decision making. Goldfinch[1044] suggests that 1984 heralded a paradigm shift: the idea of a hands-off' government was an appealing vision after the interventionist 1970s that led to an appetite for experimentation.

However, the experimentation did not involve much intellectual debate and radical changes were made to public sector management. Neither timing nor sequencing effects on voluntary service organisations were adequately considered, resulting in an extended transitionary recession.[1045] Marketisation occurred in the absence of widespread awareness of the negative effect on the independence of those organisations[1046] or of the effect of creating more visible links between expenditure and outcomes.[1047]

There is a strong philosophical thread in New Zealand that supports the right of individuals to have a choice in the social services they receive. While this resonates with neoliberal approaches, the motivation may be more a reflection of giving the right response to individual need than a

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[1041] ComVoices, "Govt's "to do" list will fail without community involvement", Monday 25 June 2012. http://www.scoop.co.nz/stories/PO1206/S00353/govts-to-do-list-will-fail-without-community-involvement.htm (accessed 17 July 2012).

[1042] Tony McGurk, "The Unravelling of the Welfare Safety Net: A Brief History of the Changes to New Zealand's Social Welfare Beneift System from the 1991 Benefit Cuts to the Proposed Single Core Benefit.," (Wellington: Caritas Aotearoa New Zealand 2008).

[1043] Cordery, "Funding Social Services: An Historical Analysis of Responsibility for Citizens' Welfare in New Zealand."

[1044] Goldfinch, "Paradigms, Economic Ideas and Institutions in Economic Policy Change: The Case of New Zealand; Robin Gauld, "One Country, Four Systems: Comparing Changing Health Policies in New Zealand," *International Political Science Review* 24, no. 2 (2003).

[1045] Alan Bollard, "New Zealand," in *The Political Economy of Policy Reform*, ed. John Williamson (Washington DC: Institute for International Economics, 1994).

[1046] Ralph M Kramer and Bart Grossman, "Contracting for Social Services: Process Management and Resource Dependencies," *The Social Service Review* 81, no. 1 (1987). 32-55.; Lewis, "Reviewing the Relationship between the Voluntary Sector and the State in Britain in the 1990s."

[1047] Judy Whitcombe, "Changes in Structural Design in the New Zealand Social Services Sector," *Social Policy Journal of New Zealand*, no. 36 (2009).

genuflection to a neoliberal political rationale. It was common across liberal democracies in the 1980s and 1990s that as space opened up through government devolution, voluntary social services readily took the opportunity to provide public social services, due to a widespread conviction that this was often better than state provision.[1048] Governments' encouraging multiple suppliers of public services (government, FSP and FPP-organisations)[1049] remains popular in Western liberal democracies. Even Plunket had to accept that government funding was contestable for services they had long provided.[1050]

Much has been written about the public sector restructuring experiment and the results[1051] and in comparison with Australia.[1052] While the sense of experimentation may be less obvious today than in the period 1984 – 1999, there is on-going application of the concepts[1053] showing a persistent neoliberalist approach.[1054] Irrespective of the rhetoric that there has been a retreat from market-based ideas,[1055] some see that state provision of welfare is still vilified, especially by Treasury and the business elite.[1056] As a political rationale, neoliberalism prescribes the state's obligation in welfare provision as that of the bare minimum, with achievement of a higher standard of living being within the boundaries of charity, not justice.[1057]

Implications of the continuity of political ideas

As an example of the application of these political ideas the New Zealand health system may provide some useful insights. Many of the voluntary sector contracts come from Vote Health and health care is the area of highest social expenditure, eliciting on-going interest and comment[1058] of the impact of

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[1048] Peter M Kettner and Lawrence L Martin, "Purchase of Service Contracting: Two Models," *Administration in Social Work* 14, no. 1 (1990).: 15–30.

[1049] Christine Milligan and David Conradson, *Landscapes of Voluntarism: New Spaces of Health, Welfare and Governance* (Bristol: Policy Press, 2006).

[1050] Rt Hon Helen Clark, "Plunket Society – Funding," in *Questions to Ministers: No. 2.* (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=hansard/text/1996/08/21_004.html: Hansard, 21 August 1996). (accessed 13 December 2013).

[1051] A selection of the contributions on this topic is: Boston, "Transforming New Zealand's Public Sector: Labour's Quest for Improved Efficiency and Accountability."; Brian Easton, ""Government Management"; a Review of Its Political Content," *Political Science* 42, no. 2 (1990). Gerald Grace, "Welfare Labourism Versus the New Right: The Struggle in New Zealand's Education Policy," *International Studies in Sociology of Education* 1, no. 1-2 (1991). Gauld, "The Unintended Consequences of New Zealand's Primary Health Care Reforms."; Peet, "Comparative Policy Analysis: Neoliberalising New Zealand."

[1052] Francis G Castles, Jennifer Curtin, and Jack Vowles, "Public Policy in Australia and New Zealand: The New Global Context," *Australian Journal of Political Science* 41, no. 2 (2006).

[1053] Brian Roper, "The Fifth (Key) National Government's Neoliberal Policy Agenda: Description, Analysis and Critical Evaluation," *New Zealand Sociology* 26, no. 1 (2011).

[1054] Humphage and Craig, "From Welfare to Welfare-to-Work."

[1055] Prince, Kearns, and Craig, "Governmentality, Discourse and Space in the New Zealand Health Care System, 1991–2003."

[1056] Brian S. Roper, *Prosperity for All? : Economic, Social and Political Change in New Zealand since 1935* (Southbank, Vic: Thomson Learning, 2005).

[1057] Jonathan Boston, "Social Justice and the Welfare State," in *Redesigning the Welfare State in New Zealand: Problems, Policies, Prospects*, ed. Jonathan Boston, Paul Dalziel, and Susan St John (Auckland: Oxford University Press, 1999). 20-38.

[1058] Robin DC Gauld, "Big Bang and the Policy Prescription: Health Care Meets the Market in New Zealand," *Journal of Health Politics, Policy and Law* 25, no. 5 (2000).; Crampton, Dowell, and Woodward, "The Role of the Third Sector in Providing Primary Care Services -- Theoretical and Policy Issues."

neoliberal political rationales: adoption of a technocratic culture[1059] and silo formation arising from the separation of policy and delivery.[1060] In addition, it has been a driver for investigation of the taxation treatment of not-for-profits. Treasury's promotion of competition in trade and flexibility in the labour market arguably had a significant influence on the restructuring of government and its choices in expenditure.[1061]

However while health sector restructuring has gone through several phases, there has not been major change in terms of choice and competition as expected[1062] perhaps due to New Zealand's small size. The argument about policy changes can be put a slightly different way. The 'partnership' and collaboration approach to delivery of health care has replaced explicit competition approaches, but 'this new form of cooperation is infused with the values required to be competitive: accountability, efficiency, innovation, all under a rubric of 'social' investment'[1063] … and the political rationality of market thinking continues.'[1064] Critics of NPM and neoliberal reforms point to some of the impacts arising from the vagaries of commercialised public services that 'forced non-cooperative behaviour on agents, and … incurred direct costs of monitoring and enforcement to bring agents' behaviour into line with the principal's objectives.'[1065]

Policy advocacy in the health sector in New Zealand has been complex: Parliamentary concern in 2003 about political advocacy by some FSP organisations holding Ministry of Health contracts led the Ministry to explicitly constrain their contractors from political advocacy. Although the Ministry had earlier (in 2002) established a forum for voluntary organisations to discuss policy, a current view is that 'NGOs are still not necessarily consulted on much with policy, government policy … it has been much worse in recent years – and that's through the Ministry of Health and DHBs, they're moving by the beat of their own drum and we often a) we don't find out or b) we find out after the fact.'[1066] These different views have some important implications because the health care sector is large relative to other social spending areas. Neoliberal restructuring has not made major changes to how

[1059] Robin D. C. Gauld, "The Attitudes of Senior Officials in the 'New' New Zealand Health Sector," *Political Science* 47, no. 2 (1995).

[1060] Whitcombe, "Changes in Structural Design in the New Zealand Social Services Sector."

[1061] Bollard, "New Zealand."

[1062] Toni Ashton, Nicholas Mays, and Nancy Devlin, "Continuity through Change: The Rhetoric and Reality of Health Reform in New Zealand," *Social Science & Medicine* 61, no. 2 (2005).

[1063] Prince, Kearns, and Craig, "Governmentality, Discourse and Space in the New Zealand Health Care System, 1991–2003." 265.

[1064] David Craig, "Reterritorialising Health: Inclusive Partnerships, Joined-up Governance and Common Accountability Platforms in Third Way New Zealand," *Policy & Politics* 31, no. 3 (2003).; Wendy Larner, "Neo-Liberalism: Policy, Ideology, Governmentality," *Studies in political economy* 63(2000).: 5–25.

[1065] Tim Hazeldine, "Agency Theory Meets Social Capital: The Failure of the New Zealand Economic Revolution of 1984-91," in *29th Australian Conference of Economists* (Sydney: http://researchspace.auckland.ac.nz/ecwp/207, 2000).
Wendy Larner, "Neoliberalism in (Regional) Theory and Practice: The Stronger Communities Action Fund in New Zealand," *Geographical Research* 43, no. 1 (2005).

[1066] Interviewee 11NZF.

the health system functions yet the concept of competition remains dominant[1067] alongside rhetoric around collaboration.

Two interesting – but slightly contradictory - findings of a study of activism in voluntary health organisations in Auckland and Manchester are that softer forms of activism are now used (possibly indicating less need to opposition) and that while the concept of partnership may be applauded, formal partnerships are uncommon (again possibly meaning that partnerships can exist informally, based on trust).[1068] Other particularities may exist in parts of the voluntary sector that are strongly influenced by education theory: adult education has a role in developing social capital[1069] and applies particular ideologies.[1070] There is also both convergence of ideas and divergence in contracting arrangements to fit particular services[1071] and an unexpectedly difficult application of neoliberalism at Barnardo's.[1072]

In summary, there may be a compromise position between fully 'hands on' and fully 'hands off.' Two examples of this interim position are the Social Sector Forum of Chief Executives and the new differentiated financial reporting regime that recognises different financial circumstances of voluntary organisations. A recent example of ideological compromise may be the Productivity Commission's report that suggests the government steps back from centralised commissioning but also recognises the many existing weaknesses in the 'social services system' that will require systematic measurement, information sharing, contracting and evaluation of interventions to get better results.[1073] The report also recommends targeting public funds towards areas with the highest net benefits to society.[1074]Targeting funds is presumably the job of the government, and interpreting how to achieve net benefits to society is probably expected to be the role of the voluntary sector.

Charities' relationship with its regulator

As Chapter Five outlined, a regulatory regime is required to help government or others manage risk. This section considers the role of regulation from the perspective of the government-voluntary sector relationship. When charities receive public funds for a particular activity and are expected to

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[1067] S Owens and Robin Kearns, "Competition, Adaptation and Resistance:(Re) Forming Health Organisations in New Zealand's Third Sector," *Landscapes of voluntarism: New spaces of health, welfare and governance* (2006).
[1068] Christine Milligan et al., "From Placards to Partnership: The Changing Nature of Community Activism and Infrastructure in Manchester, Uk and Auckland, Aotearoa New Zealand.," (Lancaster, UK.: Economic and Social Research Council. Institute for Health Research, University of Lancaster., 2008).
[1069] Barbara Huillier and Maria Humphries, "Tinkering with the Social Capital of New Zealand: An Examination of the (Potential) Effects of Reducing Funding for Adult and Community Education (Ace)," *Third Sector Review* 18, no. 2 (2012).
[1070] Marion Bowl and Robert Tobias, "Learning from the Past, Organizing for the Future Adult and Community Education in Aotearoa New Zealand," *Adult Education Quarterly* 62, no. 3 (2012).
[1071] Carolyn Cordery, "'Procurement Approaches': Why Are There Differences among Government Agencies in How They Contract for Services from Third-Sector Organisations?," *Third Sector Review* 18, no. 2 (2012).
[1072] Levine, "Tackling the Effects of Neoliberalism? Integrating Services at Barnardos New Zealand."
[1073] Hon Bill English, "Speech to the Institute of Public Administration New Zealand," (http://beehive.govt.nz/speech/speech-institute-public-administration-new-zealand-1: beehive.govt.nz, 19 February 2015). (accessed 30 March 2015).
[1074] New Zealand Productivity Commission, "More Effective Social Services: Draft Report."

perform that activity within certain criteria, the principal-agent relationship needs to work efficiently and professional standards need to be met. Governments must be able to trust a private organisation when it provides public resources that have the net effect of reducing the burden on state funds.[1075] Before considering the impact of regulatory effort on policy advocacy, some fundamental points need to be stated.

Firstly, the key feature distinguishing FSP organisations from the state is voluntarism,[1076] while a key feature distinguishing FSPs from the market is non-distribution of profit for personal gain and these features should be protected. A second point is that charities sometimes control resources of considerable value that may provide some negotiating power in the relationship with the government. These resources include land and buildings (often historically owned in strategic locations through gifting and by churches), volunteer labour of members (multiple stakeholders), and intellectual capital through development of specialised services or products and access to knowledge centres that develop expertise. Thirdly, charities hold a position of trust in society such as being the repository and distributor of donated resources and as actors within vulnerable sectors of society that have the potential to be exploited. In this last respect, charities require regulation in a similar way that the market does in order to protect consumers and the government.

The public benefit rationale for the regulation of charities[1077] includes providing a level playing field for all charities such as ensuring minimum levels of information are publicly available.[1078] But the development of financial reporting is seen as a 'political activity and has economic consequences.'[1079] This quote ties together the government's concern to regulate two aspects of charities – political activities and financial activities. At this time, the regulation of financial activities is up-to-date because the relevant legislation is just over two years old. Conversely the voluntary sector considers the regulation of political activity to be still unsatisfactory but any changes appear to be politically difficult. Not only has it taken nearly thirty years of consideration before a Charities Commission was created in New Zealand, a policy statement on the relationship between government and the voluntary sector has also taken a decade to formalise(discussed above).

[1075] Noel Hyndman and Danielle McMahon, "The Hand of Government in Shaping Accounting and Reporting in the UK Charity Sector," *Public Money & Management* 31, no. 3 (2011).: 167–173; Lloyd Hitoshi Mayer and Brendan M Wilson, "Regulating Charities in the 21st Century: An Institutional Choice Analysis," *Chicago-Kent Law Review* 85, no. 2 (2010). 479-550.

[1076] Matthew Harding, "Distinguishing Government from Charity in Australian Law," *Sydney Law Review* 31, no. 4 (2009). 559-578. http://search.informit.com.au.ezproxy.auckland.ac.nz/documentSummary;dn=201001155;res=IELAPA>ISSN: 0082-0512. (accessed 30 June 2014).

[1077] Cordery and Baskerville-Morley, "Charity Financial Reporting: A Comparison of the United Kingdom and Her Former Colony New Zealand; ibid.

[1078] Harry I. Wolk and Michael G. Tearney, *Accounting Theory: A Conceptual and Institutional Approach, 4th Ed.* (Mason, OH: Thomson South-Western, 1997).

[1079] Cordery and Baskerville-Morley, "Charity Financial Reporting: A Comparison of the United Kingdom and Her Former Colony New Zealand.", 7.

While financial reporting has been required of registered charities since the passing of the *Charities Act 2005*, clearer requirements for FSP as well as FPP organisations are set out in the *Financial Reporting Act 2013* which has cross-party support and sector support. The changes were announced in 2011 and have been extensively consulted, but the changes affecting the Charities Act 2005 did not come into effect until April 2015.[1080] The changes have been under close scrutiny since they were announced.[1081] This sector-neutrality concept is a hang-over from the policies of the Labour Government of 1987-1990[1082]but now includes multi-level reporting for differences in size and capacity and differentiates those that are 'not-for-profit public benefit entities.' This aligns with the original intention of the reviewers of *Incorporated Societies Act 1908* which was to differentiate between private benefit and public benefit, but this was not a final recommendation by the Law Commission. The general sense from submissions received by the Law Commission is that the current differentiation between charitable and non-charitable organisations is sufficient since many public benefit societies are also charities.[1083] Accepting this is likely to lead to an unfortunate confusion and it throws the focus back onto the charitable purpose definition and the ancillary nature of political purposes.

Constraining the relationship around advocacy – the Charities Act 2005

The primary aim of the *Charities Act 2005* was to establish a Charities Commission as an independent body within the government to assess, register and monitor charitable organisations to ensure they are wholly and exclusively charitable[1084] and to require the filing of annual financial information. Although autonomous, the Charities Commission was intended to take into account government policy in deciding which entities to register.[1085] The 2012 disestablishment of this independent entity means there is no intermediary between the sector and the government. This was lamented at the time by the voluntary sector and others, who saw that 'it is essential to have a separate independent body that focuses on educating as well as acting as a 'watch dog' for the charities sector.'[1086] Note

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[1080] Financial Reporting Act 2013 http://www.nzica.com/Technical/Financial-reporting/Financial-Reporting-Act.aspx (accessed 21 July 2014).

[1081] There is a significant literature on this topic in the voluntary sector but one of the most recent accounting perspectives is: Carolyn Cordery, Dalice Sim, and Tony van Zijl, "Differentiated Regulation: The Case of Charities," in *Working Paper Series* (Wellington: Centre for Accounting, Governance and Taxation Research: School of Accounting and Commercial Law, Victoria University of Wellington, 2014).

[1082] By the end of 1987 the government promoted the policy that charitable organisations should follow business practices as much as possible. New Zealand Government, "Government Economic Statement," (Wellington: Government Printer, 1987)., 33-36. http://www.thebookshelf.auckland.ac.nz/docs/govteconstat/govteconstat.pdf (accessed 22 July 2014)

[1083] New Zealand Law Commission, "A New Act for Incorporated Societies". (Wellington: New Zealand Law Commission.[NZLC R129]): 47. http://www.lawcom.govt.nz/sites/default/files/publications/2013/08/nzlc_r129-inc_socs-summaryrecs.pdf (accessed 22 July 2014).

[1084] McLay, "Charities Commission: The Gestation Continues."

[1085] The Charities Commission is no longer autonomous as it was disbanded in 2012 and the registration role was taken into the Department of Internal Affairs. This is discussed in Chapter Six.

[1086] Carolyn Cordery and Rowena Sinclair, "Comment on Crown Entities Reform Bill 332-1: Part 3 Charities Act 2005 http://www.parliament.nz/resource/mi-nz/50SCGA_EVI_00DBHOH_BILL11083_1_A221792/1aa7d127f8b324e6453ff6432acf085543c47107 (accessed 12 December 2014).

that these commentators saw the purpose of this watchdog was not for the government, but for charities' benefit (presumably as a bulwark against government oppression). The context of disestablishment is important: other independent bodies were also disestablished at this time - apparently as an efficiency measure - and the voluntary sector had complained to the government about some of the de-registration decisions of the Charities Commission.

To understand the relationship better requires considering the Act's intention that to register as a charity, an organisation must have purposes that have a public benefit (or a sufficient section of the community[1087] to amount to the public). This public benefit requirement is the alignment between charities and the government's obligation and confirms that the government must be the main constituent of charities. It is surprising then that if charities have a similar obligation or ethos to the government that they are not trusted to be policy advocates. This thesis argues that there is a difference between policy advocacy and advocacy that aims for political change.

None of the classifications of charitable purposes in the *Charities Act 2005* specifically includes or excludes carrying out advocacy in the pursuit of any of the four classes of activities. Therefore, it has long been the case that courts make decisions on cases of charities carrying out political advocacy.. A similar situation exists in England, Wales and Canada, but it appears that Australia is moving towards clarity in the provisions for advocacy by charities.[1088] Before the formal gestation of the Charities Act in New Zealand it was clear[1089] that the (case) law which had arisen in Commonwealth countries relied heavily on the 1917 dictum of Lord Parker in Bowman v Secular Society Ltd which categorically stated that 'a trust for the attainment of a political object has always been held invalid.' That common law countries such as Britain, Canada and Australia should be so firmly bound to this dictum is inexplicable.[1090] Silke makes a clear case for charity law that allows charities to have a definitive and free political voice, and should not set up constraints for those organisations that dare to enter the political sphere, so that it must be done discreetly.[1091] This remains a critical issue in charity law in New Zealand.[1092]

Poirier suggests a method of determining whether an organisation has exclusively charitable purposes[1093] including making explicit the differences between public benefit and private benefit. He indicates that public benefit organisations need to be defined so that individuals do not take

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[1087] For a definition of 'sufficient section of community' see Poirier, *Charity Law in New Zealand*. 128.

[1088] Fiona Martin, "Advocacy in Charity: A Breakaway from the Common Law," *Social Space* (2012).: 76-81.

[1089] dal Pont, *Charity Law in Australia and New Zealand*.

[1090] The points about reliance on Lord Parker's dictum are made in relation to British charities but arguably applies to other common law countries as discussed in the following: Perri 6 and Anita Randon, *Liberty, Charity, and Politics: Non-Profit Law and Freedom of Speech* (London: Dartmouth Publishing, 1995).; Stephen Swann, "Justifying the Ban on Politics in Charity," in *The Voluntary Sector, the State and the Law*, ed. Alison Dunn (Oxford and Portland, OR: Hart Publishing Ltd, 2000)..

[1091] SANTOW, G.F.K. 1999. "Charity in its Political Voice: A Tinkling Cymbal or a Sounding Brass" 18 *Australian Bar Review*, 225, 258.

[1092] Julie Chevalier-Watts, "Under the Law of Charity, Is the Principle of Public Benefit Being Hindered by the Doctrinal Rule of Precedent," *Waikato L. Rev.* 16(2008).

[1093] Poirier, *Charity Law in New Zealand*., 119.

advantage of the status of charitable organisations because 'the benefits given to charities, such as tax benefits, are justified on the basis that the <u>charities exist to benefit the public</u> and <u>relieve governments of the obligation to provide services that are being provided by the charities.</u>'[1094] (Emphasis added.) The current legal framework for regulating political purposes needs to consider the decisions of the regulating body discussed below.

There are many issues relating to registration as a charity that could push organisations towards a preference for self-regulation - FSP organisations may choose to remain off the list of registered charities in order to be free to get involved in public policy advocacy. This is because to take certain funds – government or private – requires them to be registered charities. Being a registered charity therefore is a tricky strategic decision for a voluntary organisation – freedom significantly affects their revenue options but charitable status may affect their freedom of policy voice. This means fewer organisations may register as charities than may deserve to be and it also has an impact on the transparency of the sector. The idea that advocacy and social service provision are legally incompatible is not supported under examination[1095] and it still has not been addressed. A potential remedy to the situation could arise from the Green Party's 'Charities as Advocates Amendment Bill 2013.' This Bill remains in the ballot box but if drawn would prompt debate about charities and advocacy.

A recent New Zealand study[1096] surveyed voluntary organisations about their political or public policy advocacy during the period 1999-2008. Two ideas seem to motivate this research: the possibility that government contracting results in the dominance of professional managers and a re-orientation from advocacy to accountability, and that there should be space for relevant interests to influence public policy.[1097] This study found little difference between Labour and National parties when in coalition government: in terms of encouraging voluntary organisations to participate in policy debates, there is evidence that democratic debate has been constrained for some time. During the research, there were signs of this constraint easing but at the same time, the research was criticised by a Cabinet Minister[1098] and I observed an Opposition Member walk out of a presentation of the results when government actions were criticised.

The message from the voluntary sector was that organisations need safeguards on their contribution to civil society and to the nation's identity and need protection from a divide-and-rule approach by

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[1094] Ibid., 121.

[1095] Silke, "Please Sir, May I Have Some More - Allowing New Zealand Charities a Political Voice."

[1096] Grey and Sedgwick, "Fears, Constraints, Contracts: The Democratic Reality for New Zealand's Community and Voluntary Sector."

[1097] The study aligns with work by the Australia Institute responding to the Howard government's complaint that there were too many non-government organisations in Australia. This sentiment has been evidenced anecdotally in New Zealand increasingly widely since voluntary organisations were counted in 2004. Many voluntary organisations have taken on this concern and have begun to amalgamate their branches or subsidiary trusts, for example Life Education Trust New Zealand has a current goal of reducing the number of local trusts from 33 to 18 as soon as possible.

[1098] Personal communication: Charles Sedgwick 21 November 2013.

government funding agencies: 'some NGOs have an ideology we like' – indicating partiality that was not based on service ability. On the other hand, there are admissions from the sector of fragmentation and competition and a lack of will in taking policy innovations to government.[1099] It seems that the knowledge and expertise that voluntary service organisations possess could be included in policy development but it does not often happen. Government's policy advice in 2005 was that the voluntary sector could do things that the government cannot do (such as risky innovations and preventative services) but also noted challenges for the sector in getting their issues onto the policy agenda.

Consequences of Charities Commission decisions for the sector

The decisions made by the Charities Commission[1100] since 2005 have had an impact on the voluntary sector that may or may not have been intended by the government. Decisions made by the Charities Commission not to register or to de-register an organisation are on the public record, and some have been made available online.[1101] From the Charities Commission website, between 2009 and July 2014 there appears to be 132 organisations that have been declined registration (four subsequently registered) and 34 that have been deregistered (one has subsequently be re-registered). The actual number of deregistration decisions is much higher – around 3902 charities as at November 2012.

Specialist charities lawyer Sue Barker takes issue[1102] with the Charities Commission's decisions since 2009, finding that there has been no 'presumption of charitability' by the Commission[1103] and deeper concerns[1104] about the future of charity regulation in New Zealand and the difficulty for the sector in holding its regulator to account, with a sobering statement:

> There is deeply-held and very considered concern within the New Zealand charitable sector that the current, very narrow, approach being taken by the charities regulator to the definition of "charitable purpose" is not only legally challengeable … but is causing what might be described as a systematic deconstruction of the New Zealand charitable sector. The narrow approach … is also placing New Zealand out of step with charity regulation internationally. [1105]

[1099] This is seen in an earlier speech: Peter Glensor, "The Future of Contracting: Alternative Models to Competitive Tendering " in *NGOs and contracting in today's health and disability environment* (Wellington: Health and Disability NGO-MoH Forum, 2006).

[1100] The Charities Commission was disestablished in 2012 following government's review of functions and a new Charities Services office established within the Department of Internal Affairs with an independent Charities Board responsible for decisions on charity registration.

[1101] http://www.charities.govt.nz/the-register/registration-decisions/deregistration/ and http://www.charities.govt.nz/the-register/registration-decisions/ (accessed 29 June 2014)

[1102] Sue Barker, "The Bonfire of the Charities," *Fundraising New Zealand Magazine*, May 2014 2014.

[1103] The concept of a presumption of charitability is similar to the concept of a 'presumption of innocence' which is a basic right under the Bill of Rights Act 1990 when individuals are charged with a crime in New Zealand.

[1104] Sue Barker, "Appealing Decisions of the Charities Regulator," in *Charity begins at...developing perspectives on charity law*, ed. Auckland District Law Society Seminar (Auckland2014).

[1105] Ibid. 13.

The voluntary sector reacted negatively[1106] when the decision of the Charities Commission to de-register the National Council of Women of New Zealand (NCWNZ) in 2010 held that it did not appear to be operating exclusively for charitable purposes and their political advocacy was not secondary to other charitable activities. As an umbrella organisation, NCWNZ has a long history of political advocacy however it is unlikely that NCWNZ could ever be more than an indirect threat to the peace and stability of the nation (as assumed from the Commission's decision) since it must in all practicality be more of a clearing house of opinions (such as relating to gender equality) than a promoter of party political views. Reregistration of NCWNZ in April 2013 followed much lobbying but harder still was convincing the Inland Revenue Department that it should not seek tax for the period that NCWNZ was not registered.[1107]

New Zealand politicians understand the importance of tax exemption for charities (as seen in Parliamentary debates[1108]) and for an organisation that does not operate as a social enterprise or hold 'evergreen' funding contracts, carrying out effective advocacy work (which is labour-intensive) is impossible without the benefit of tax exemption. Internationally voluntary organisations have been threatened for being too political[1109] but New Zealand may not take this approach if it is judged to be biased against political freedom. One voluntary organisation, the Sensible Sentencing Group Trust, was removed from the register in March 2010 because of its primary focus on advocating for political change,[1110] confirming the doubts about harmonising charitable purpose and political purpose.[1111] Yet this organisation remains alive, although many others refused charitable status may not be able to survive because of having to pay tax and the refusal of funders to give money to unregistered charities.

The August 2014 Supreme Court ruling on Greenpeace's charitable status has changed the landscape for charities carrying out political activities alongside other charitable work. In what is a significant departure from previous New Zealand rulings about the charitable nature of political activities, the three-to-two majority decision of the Supreme Court concluded that a political purpose exclusion

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[1106] An example of concerns from the peak body Social Development Partners is expressed on behalf of the sector. http://www.socialdevelopment.org.nz/featured/charity-registration-for-ncwnz-reinstated/ (accessed 18 August 2014).

[1107] National Council of Women of New Zealand Incorporated v Charities Registration Board [2014] NZHC 1297 (10 June 2014).

[1108] Fringe Benefit Tax exemptions for charities were to be removed in 1989, to National Opposition Members' consternation. Hon. Vernon Young, "Fringe-Benefit Tax---Voluntary Organisations," in *Question No. 26* (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=wq/text/1989/11/23_026.html: Hansard, 23 Nov 1989).; a request for limits on tax exemptions for charitable donations to be lifted was made in General Debate: Hon. Graeme Lee, "Debate - General," (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d1=hansard/text/1995/09/27_031.html: Hansard, 27 September 1995).

[1109] Stephan Klingelhofer and David Robinson, "The Rule of Law, Custom, and Civil Society in the South Pacific an Overview," *ICNL, Washington DC* (2001).

[1110] Charities Commission registration decision 16 March 2010. http://www.charities.govt.nz/assets/docs/registration/declined/the-sensible-sentencing-group-trust.pdf (accessed 4 July 2014).

[1111] Gousmett, "Charities and Political Activity."; Juliet Chevalier-Watts, "Politics and Charity," ibid.March(2009).

from charitable status should no longer be used in New Zealand because charitable purpose and political purpose are not mutually exclusive in all cases. It concludes that the previous interpretation of section five of the Charities Act 2005 for Greenpeace is incorrect and that rather than excluding all political purposes unless they are ancillary, the Act should be read as providing an exemption for non-charitable activities if they are ancillary.

One difficulty with this decision is that the dissenting judges have a similar reasoning but a different conclusion to the majority decision. The common reasoning – effectually unchanged from other interpretations – is that judges see it is as outside their judicial role to make a decision about whether a particular political purpose is for the public benefit or dis-benefit. This has been the reason for judges refusing to separate out charitable from political primary purposes and deciding that political primary purposes are not appropriate for a registered charity. Now the Supreme Court decision appears to point to political primary purposes being acceptable for registration as a charity in some cases. A fundamental area of agreement in the decision is that when political activities are pursued, contentious ideological positions may be the foundation of those activities. This raises two questions: who, beyond the organisation that holds to those positions, knows the final outcome from those activities? Should judges or officials decide whether the outcome is likely to be for the public benefit?

While the Court's recommendation is that any purpose should be assessed on its merits and should advance the public benefit so as to be 'within the spirit and intendment of historical categories of charity but, importantly, must be adaptable to current day society' because of the value identified in the decision of 'public and democratic participatory processes in administrative and judicial decision making' it is difficult to distinguish between a general promotion of opinions and advocacy of policy or law change.[1112] It may help to consider three things together: the end that is advocated, the means promoted to achieve that end and the manner in which the cause is promoted.[1113]

The decision opens the door for timely public debate – rather than courtroom debate – about why it is illegal for an organisation's primary charitable purpose to include the promotion or advocacy of any change in government policy or law. While this is not a watershed decision,[1114] case law has traditionally enjoyed prominence in this area of law and it is timely to consider this decision because of the scheduled review of the Charities Act in 2015. While this decision is consistent with a 2010

[1112] Chapman Tripp, "Charitable Purposes Move with the Times," *Brief Counsel*(8 August 2014). http://www.chapmantripp.com/publications/Documents/2014%20PUB%20BC%20Charitable%20purposes%20move%20with%20the%20times%20-%208%20August.pdf (accessed 19 September 2014).
[1113] ANGOA 2014. Update on the Greenpeace case: Two responses re charities and political advocacy. From Rainey Collins Lawyers Newsletter. http://www.angoa.org.nz/september-2014/#6 (accessed 19 September 2014).
[1114] Ian Gault and Rebecca Rose, "Supreme Court Declares Charities Can Be "Political", but No Watershed Decision," *Litigation*(August 2014). http://www.bellgully.co.nz/resources/pdfs/Supreme-Court-declares-charities-can-be-political-11aug14.pdf (accessed 19 September 2014).

decision in Australia[1115] it appears from the Select Committee decision on New Zealand's Charities Act 2005 that the exclusion of political purposes as a primary purpose was a codification of existing (case) law and that there was a strong preference to continue in the same path.[1116] Thus the conservatism of charity law in New Zealand continues.

Facing up to the advocacy constraints IHC[1117] uses a registered charity for its social service provision and a non-registered charity (albeit a FSP organisation) for its policy advocacy work, but if New Zealand law was to change to allow a policy advocacy organisation to register as a charity and deem this work to be a public benefit, tax exemption could make a considerable difference to IHC's resources.

Australian legislative reforms of the voluntary sector[1118] will provide useful comparisons for New Zealand's review of the Charities Act 2005. Facing up to the political purposes debate, Australian case law and government policy has set a precedent[1119] to allow advocacy and campaigning on policy matters as a primary purpose. New Zealand government's response to the debate about the charitable purpose definition has been to listen but then put off the debate by postponing a law change for three years.[1120] Despite this debate being off government's agenda, a response to the Supreme Court decision discussed above had to be made. This was initially muted[1121] but the Charities Service now uses the decision as the basis for determining whether a political purpose can be considered charitable.[1122]

Other voluntary sector constituencies

The fundraising environment of the voluntary sector is a lot more open now than ten years ago with the rapid increase in the use of internet applications such as social media, organisation websites and online grant applications. The range of constituents has increased also, with FPP organisations

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[1115] Aid/Watch Inc v Commissioner of Taxation [2010] HCA 42, (2010) 241 CLR 539.

[1116] Hon. Judith Tizard, Associate Minister of Commerce, 12 April 2005. 625 NZPD 19941 in *Re Greenpeace of New Zealand Inc* [2014] NZSC 105, 6 August 2014.

[1117] Intellectually Handicapped Children is now known as IHC, which is the advocacy part of the organisation: social services are provided through separate charities.

[1118] Ann O'Connell, Fiona Martin, and Joyce Chia, "Law, Policy and Politics in Australia's Recent Not-for-Profit Sector Reforms" (paper presented at the Australian Tax Forum, 2013).

[1119] Martin, "Advocacy in Charity: A Breakaway from the Common Law."

[1120] Hon. Jo Goodhew, "No Review of the Charities Act at This Time," in *Media Release* (https://www.national.org.nz/news/news/media-releases/detail/2012/11/15/no-review-of-the-charities-act-at-this-time: New Zealand National Party, 16 November 2012). (accessed 1 August 2014).

[1121] The initial publication of the Charities Services advice on their website was removed before the webpage details could be recorded and replaced: Charities Services, "Greenpeace of New Zealand Incorporated - Media Release (Supreme Court)," (https://www.charities.govt.nz/news-and-events/media-releases/greenpeace-of-new-zealand-incorporated-media-release-supreme-court/6 August 2014).https://www.charities.govt.nz/news-and-events/media-releases/greenpeace-of-new-zealand-incorporated-media-release-supreme-court/ (accessed 13 August 2014)

[1122] Charities Services. "Political purposes", https://www.charities.govt.nz/apply-for-registration/charitable-purpose/political-purposes/#footnote-reference-1 (accessed 13 October 2014). This is firstly, that all purposes and activities are legally recognised as charitable and provide a public benefit; and secondly that any political advocacy supports the charitable purpose and provides a public benefit.

involved in many ways, such as sponsorship and branding, corporate donations and 'payroll giving,' joint advertising campaigns on social issues, partnering in research, as well as pro bono or reduced-fee services and staff regularly volunteering in charities. This is an area of much research and interest but cannot be done justice in this thesis.

Interest groups

While in some ways similar to networks, interest groups *per se*[1123] are not a focus of the study, but both structures may have members in common in some issues. Looking back to the early nation-building years of New Zealand, boundaries between an 'interest group' and a 'charitable welfare organisation' are likely to have been fluid. This is characteristic of a country with a historically small number of activists and low numbers of philanthropists. Such populations therefore built advocacy and power coalitions, with a few individuals involved in many activities. Political acumen and connections are part of the required skill set for these individuals. 'New Zealand's welfare state was a historic compromise between interest groups at the turn of the [19th] century that defined the country's strategic policy direction for the following 60 or 70 years.'[1124]

Touching briefly on the activities of interest groups in terms of considering the politics of New Zealand, focus is usually on well-known interest groups such as the Business Roundtable,[1125] Federated Farmers,[1126] employers and manufacturers' federations and some agricultural organisations[1127] as being highly interested and focused on public policy development. One of the difficulties in public policy development is knowing who has influenced what[1128] but there is a 'complex and intimate environment' [1129] in which members of the related interest groups and politicians operate, especially at decision-making time.

Networks

As shown in other chapters, the voluntary sector primarily functions through myriad networks. To define them is in some ways like grasping for a will-of-the-wisp – it diminishes their power and in some ways is in conflict with their purpose – which is often to develop social capital.[1130] Networks are the last frontier of freedom – they do not usually need to be legalised in order to function and they

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[1123] Interest groups relating to the social services sector include teachers unions, New Zealand Medical Association, and Association for Social Workers in Aotearoa New Zealand.

[1124] Martin, *Honouring the Contract*.: 25.

[1125] The Business Roundtable is a well-known name as a New Zealand business sector advocate for free market policies but has merged with the New Zealand Institute to become a "less doctrinaire alternative think tank to the roundtable" but still a "libertarian think tank" http://www.nbr.co.nz/article/roundtable-and-nz-institute-morph-nz-initiative-ck-115751 accessed 2 December 2013.

[1126] Tensenbel, "Interest Groups."

[1127] Cleveland, "An Anatomy of Pressure Groups in New Zealand." 2.

[1128] Shaw and Eichbaum, *Public Policy in New Zealand: Institutions, Processes and Outcomes, 2nd Ed*. Chapter 11.

[1129] Richard G Mulgan, *Democracy and Power in New Zealand: A Study of New Zealand Politics, 2nd Ed.* (Auckland: Oxford University Press, 1989).: 94.

[1130] Robinson and Williams, "Social Capital and Voluntary Activity: Giving and Sharing in Maori and Non-Maori Society."

are active in things chosen at the whim of those currently engaged in them. They may change from a social justice focus to an economic focus and back again.

Policy networks are a special type of network and are most likely to include professionals as well as community representatives who share interests in particular policy issues. Some see policy networks as primarily public sector-based,[1131] others as community-focused[1132] and they generally are an important method in which the social economy operates[1133] although they are hardly a new concept.[1134] A contemporary approach to the networked policy environment is to identify policy entrepreneurship as a style of policy activity. Policy entrepreneurs can arise from anywhere but in the social economy, FSP organisations have an advantage – they have decision-making processes to pull together various policy ideas into advocacy messages that have credibility with their constituencies (a mandate to speak). They have other policy entrepreneurial qualities such as displaying social acuity that comes from being located close to the policy issues and building teams (such as advocacy coalitions).

Conclusion

There are three public policy issues that are affected by FSP organisations' participation in the markets for social services and (or) public information. The first critical issue is recommendations given to government about policy relating to the voluntary sector. Recommendations have been commonly focused on the efficiency of the services[1135] or civic engagement[1136] or voluntary organisations as schools of democracy - not the policy activities of the sector. While there is some evidence of the rationale for government contracting in health charities changing emphasis from competition to cooperation[1137] and investing in social outcomes rather than contracting for specific outputs there is a concern that where competitive funding remains it is likely to disadvantage those most in need of welfare.[1138] Intractable or complex social issues require a solution that is fit for purpose rather than on-going fragile funding and an ever wider 'provider pool.'

Aligned to this is a second issue. It is clear that the growth of national-level information about the diversity of the voluntary sector has been very slow compared with the growth in contracting which

[1131] Ann Walker, "Understanding Social Capital within Community/Government Policy Networks," ibid.(2004).

[1132] Jenny Onyx, Nina Burridge, and Ellen Baker, "Different Types of Community Networks," *Third Sector Review* 16, no. 3 (2010).

[1133] Wolfram Elsner, "Real-World Economics Today:The New Complexity, Co-Ordination and Policy," *Review of Social Economy* 63, no. 1 (2005).; Vidal, "Reflections on the Market, Networking and Trust."; Verhoest, Bouckaert, and Peters, "Janus-Faced Reorganization: Specialization and Coordination in Four Oecd Countries in the Period 1980—2005."

[1134] Daniel McCool, "The Subsystem Family of Concepts: A Critique and a Proposal," *Political Research Quarterly* 51, no. 2 (1998).

[1135] Crampton, Dowell, and Woodward, "The Role of the Third Sector in Providing Primary Care Services -- Theoretical and Policy Issues."; Stace and Cumming, "Contracting between Government and the Voluntary Sector: Where to from Here?."

[1136] Vowles, "Civic Engagement in New Zealand: Decline or Demise."

[1137] Prince, Kearns, and Craig, "Governmentality, Discourse and Space in the New Zealand Health Care System, 1991–2003."

[1138] Cordery and Halford, "Funding Social Services: An Historical Analysis of Responsibility for Citizens' Welfare in New Zealand." http://www.victoria.ac.nz/sacl/6ahic/Publications/6AHIC-57_FINAL_paper.pdf (accessed 23 September 2011).

has led to some of the diversity. This information gap is a disadvantage for both parties in the contracting arrangement and the gap was noted in the mid-1990s,[1139] eventually driving New Zealand's participation in an international project comparing not-for-profit sectors. There were some limitations in the results because the decentralised nature of public services and the myriad contracts made it impossible to construct a true total figure.[1140] An attempt by the sector to determine the financial impact of the voluntary sector reported that in 2002, total income of the sector in this country was $1.6 billion.[1141] This was followed by the privately funded VAVA project[1142] that aimed to define the sector's 'value for money.'[1143] Statistics NZ created the NPI (Non-Profit Institutions) Satellite Account in 2004 to address the large gap in statistically-valid national data on the voluntary sector. The data includes financial and non-financial information as a snapshot in 2004 and 2005 and will be updated in 2015 (originally intended for 2012) . Over the last decade the only government-sourced data – apart from guidelines - readily available is briefings for incoming ministers. Joint projects with voluntary organisations are only briefly publicly visible, such as the 2009 report from ANGOA funded by government.[1144] Further exploration of the social services market, including its 'efficiency' should be based on at least the 2015 update of Statistics New Zealand NPI Satellite Account.

Thirdly but not least significant, the voluntary sector has a role in expressing the concerns of those unlikely to participate in public policy processes. The sector has a practical rather than a political appearance in New Zealand by being focused on specific policies rather than a change of politics itself – although this may be an illusion.[1145] The voluntary sector is valued in New Zealand as the space for unrestricted interaction on social, cultural, environmental and economic matters and the development of opinions and issue resolution. When significant social or economic issues become topical, such spaces are more visible especially through social marketing and social media. Generally, successive governments have taken an active interest in the sector but have sought to shape

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[1139] Hon. Jenny Shipley, "Voluntary Work – Public Health," in *Question No. 1826* (http://www.knowledge-basket.co.nz.ezproxy.auckland.ac.nz/databases/legislationnz/hansard/view/?d212=wq/text/1995/03/28_102.html: Hansard, 28 March 1995).

[1140] Cribb, "The Accountability of Voluntary Organisations: Implications for Government Funders."

[1141] Robinson and Hanley, "Funding New Zealand 2002." http://giving.org.nz/files/funding-NZ-2002.pdf (accessed 23 September 2011).

[1142] New Zealand Federation of Voluntary Welfare Organisations, "Counting for Something: Value Added by Voluntary Agencies - the Vava Project," (Wellington: New Zealand Federation of Voluntary Welfare Organisations, 2004). http://www.philanthropy.org.nz/sites/all/files/counting-for-something.pdf (accessed 23 July 2014).

[1143] The report estimated that for every one dollar provided to a voluntary agency in 2002, between three and five dollars' worth of services were delivered in the community, that ten of the largest organisations contributed at least $177.5 million in value, received $42 million cash donations and grants and the total number of volunteers exceeded 4,000 full-time equivalents (comparable in size to paid employees in the dairy industry).

[1144] ANGOA, "Good Intentions," in *An Assessment of the Statement of Government Intentions for an Improved Community-Government Relationship* (Association of NGOs Aotearoa, 2009). http://www.angoa.org.nz/wp-content/uploads/2013/07/Good-Intentions-Final.pdf (accessed 23 July 2014).

[1145] Sanders and McClellan, "Being Business-Like While Pursuing a Social Mission: Acknowledging the Inherent Tensions in US Nonprofit Organizing."

voluntary sector activity to achieve government's social and economic goals[1146] rather than leaving it to shape itself.

[1146] O'Brien, Sanders, and Tennant, "The New Zealand Non-Profit Sector and Government Policy.", 25.

Chapter 8:
Results: Market-focus and Policy Advocacy

Overview of the mixed method analysis

The goal of this mixed methods research is to find out if FSP organisations' choices about policy advocacy are affected by social service marketisation. The methodology places a priority on the qualitative phase of the explanatory sequential method because this is an interpretive research project. Also, the research question cannot be answered by quantitative data alone, although it provides a robust context in which to situate the qualitative data. For this reason, the qualitative data is presented first, despite the quantitative analysis having preceded it in the timing sequence.

A preliminary analysis (discussed in Chapter Four) that was carried out on the quantitative data identified the primary (most reliable and useful) independent variables for the study as age and percentage income from government, which also provided the 16 groupings for the selection of cases. The primary dependent variables that were expected to correlate with these were total gross income, average paid hours per week, and percentage expenditure on salaries. Subjective quantitative variables that were expected to be affected by the independent variable were Likert scales created for representation, decision making, and existence of savings or policy clause for which the data were drawn from Trust Deeds.

The two concepts to be uncovered in the qualitative method were the market-focus of social services provision and policy advocacy. Both of these concepts have extensive relevant literature (reviewed in Chapter One), used to develop the variables and present the analysis of the qualitative data. The autonomy concept (set out in Chapter Three) provided a theoretical and operational platform that was applied primarily through the qualitative method, pointing to some fundamental characteristics of free and autonomous entities.

Appendix 5 presents the sample of 201 organisations that were examined quantitatively, highlighting the 23 cases examined in detail. The explanatory sequential mixed method suggests that the 23 cases drawn from the sample of 201 organisations should share the analytical platform of the quantitative analysis. The civil society principles ground the whole method and Table 7 shows the linkages between these and the quantitative variables, and between market-focus and policy advocacy variables. The data is analysed in this chapter within the separate spheres of the voluntary sector and voluntary organisations.

Table 7: Quantitative and qualitative variables

Principles	Quantitative Variables	Qualitative Variables: Market-focus	Qualitative Variables: Policy advocacy	Sphere
Liberty and Equality	Legal structure, Age	Blurred boundaries, Choice	Policy system factors	Sector
Spaces for community	Voluntarism	Institutional features		
Self-sufficiency	Income status	Source of revenue, Professionalisation Autonomy	Advocacy skills and interests	Organisation
Wisdom of Collective	Decision making	Representation	Representation and Governance	
Advocacy and Political Justice	Discretionary powers, Policy or advocacy purpose	Values, Mission	Advocacy activities	

Sample description

The percentage of government income received by the organisations in the sample (and in the population) was confirmed as a strategically important independent variable in this research, as was organisation age. They both have an impact on the dependent variables relating to market-driven features and capacity for policy advocacy. Because a wide range of government income and age data was sought, median results are just as important as trends and data groups within the sample but due to limited space, the results are only reported in respect of correlations. A 95% confidence interval applied to all results that are presented below. Qualitative data of the 23 interviewed organisations was more useful in giving in-depth views of how marketisation affects FSP organisations advocacy because direct, semi-structured questions were asked about policy advocacy.

The range of services provided by FSP organisations and the range of their features such as age, total income, amount of government income, governance structure and presence of members (even in charitable trusts where members are not legally required) supports a characterisation of the social economy that is grounded in the principles of liberty, equality and spaces for community. The other principles are applicable through the qualitative and quantitative results described below.

Characteristics of the sample

The sample has some important distinguishing features:

i. More organisations in the sample were formed in the period 1990-1992 than in any other period. This may indicate that older FSP organisations may not be registered charities, or have no or minimal government funding, or have ceased operating, or that relatively more organisations have formed in the later period.

ii. There is a preference for the incorporated society structure (57%) compared with charitable trusts (43%).

iii. The sample displays the capacity to be autonomous organisations because the choices they have are varied and mutually reinforcing: a choice of legal structure, development of unique objectives and appropriate governance style, choice of revenue sources, adaptive management of resources to fit changing needs and a general preference for simplicity rather than complexity in decision-making and representative style.

iv. The geographic area in which the sample was distributed was 24% nation-wide only, and 21% in Auckland only; the remaining organisations were spread throughout the country.

v. Activity types most commonly found in the sample were services to the general public (37%), services for disabled (30%) with the next most common being accommodation for disabled people (17%).

vi. The highest value of government funding was to services for disabled people (39%), then services to the public (28%).

vii. A spread of salary expenditure percentages can be seen in different activity types: more commonly lower percentage salary expenditures were found in children's education services; and more commonly higher percentage salary expenditures in accommodation for disabled people, services for drug addiction and youth education services.

viii. Categories and proportions of organisational income are shown in **Figure 8.**

Figure 8: Categories and proportions of income in sample
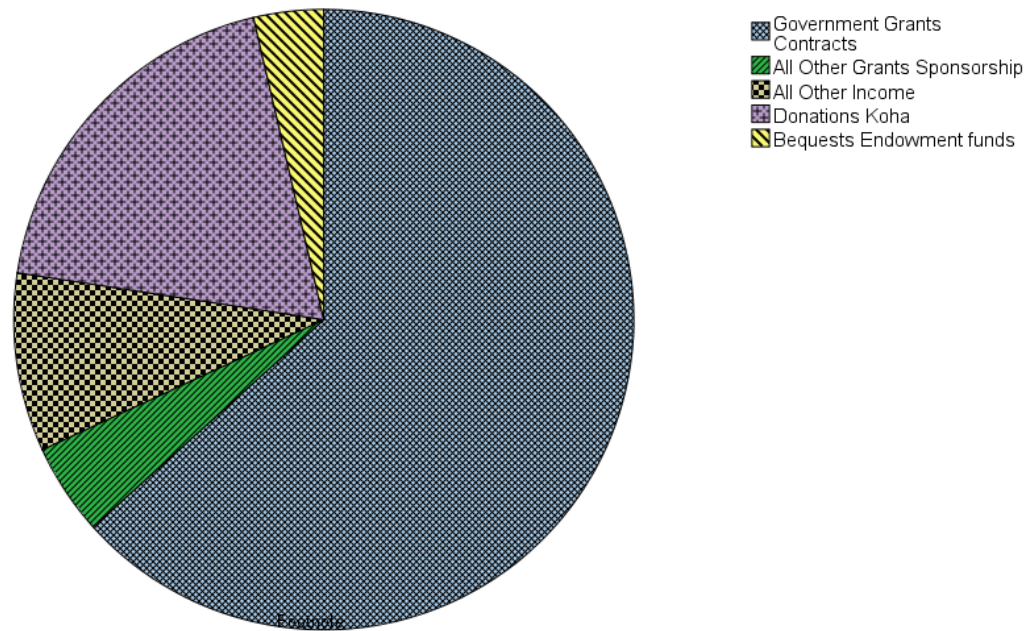
All of the organisations in the sample were registered charities at the date of data collection, and all were incorporated prior to 1 January 1993, making them all at least twenty years old. As the discussion of the New Zealand experience with marketisation shows in Chapter One, contracting FSP organisations to provide social services had become popular by the end of the 1980s. It is possible that many FSP organisations were established from that time with the intention of competing in the social services market by bidding for government contracts and have continued with this strategy for the last twenty years.

In general, the analysis seems to confirm this suggestion: older organisations tend to have higher total income but less percentage income from government. Older organisations also were more representative in structure; organisations formed from 1957 onwards had the choice of the less representative structure of charitable trusts. From these results, a generalisation can be made that organisations 30 years old or older have proved themselves adaptable to changing legal, political and economic circumstances and have generally remained mission-driven.

Results of qualitative analysis

The qualitative data were analysed through NVivo 10 and a set of seventeen parent nodes were created from the responses in the interviews. While these nodes created order in the analysis, there were larger issues arising from the literature that provided more useful themes for overall analysis. The literature was discussed in Chapter One and the analysis is presented below.

Market-focus of social services – Sector level issues

Proposition A: Providing social services causes many FSP organisations receiving government funding to demonstrate a social services market-focus. FSP organisations demonstrate a market-focus by seeking contestable funding and seeking a professional staff. Organisations formed since government contracting of social services became widespread show a greater degree of market-focus.

The first part of Proposition A is addressed in this section; the second part is addressed under the quantitative results section. The qualitative analytical themes following, describe the conditions with respect to market-focus of FSP organisations: blurred boundaries, institutional logic, choice and competition. In this analysis, these themes seem to be overlapping rather than separate, meaning that more than one condition can occur in an organisation. For instance, while evidence shows an organisation competing for funding, this condition may be worsened by having to deal with blurred boundaries between funders, or competition may be decreased by having an institutional logic that makes it distinctive. When analysing the relevant quantitative variables, organisations with less than 75% per cent government funding (which includes most of the pre-1984 organisations) appear to be less market-focused.

1. Blurred boundaries[1147]

There are two aspects to the literature on marketisation's boundary-blurring effect. In one sense, FSP organisations have always dealt with the blurring of decision making functions between governance and management, and have developed superior capacity to deal with this compared with small-medium FPP enterprises which usually have only a single decision-making level. FSP organisations are also used to dealing with multiple revenue sources which are often discontinuous, short-term and have many different values and objectives. For instance accepting gambling revenue may conflict with organisational mission.

It was clear from the data that these multiple interests and changes are managed effectively even if it means that sometimes services are adapted to accommodate multiple interests. The ability to deal with contract accountabilities and keep boundaries distinct may make FSP organisations more sustainable: some find that being able to prove they have had stable funding from government makes it easier to secure philanthropic funding. Then there are networks, peak body memberships, government advisory groups and other stakeholder responsibilities that need to be balanced. Blurred boundaries may occur from any of these issues from time to time but it is most noticeable in respect of revenue accountabilities. Clearly blurred boundaries are a fact of life and are managed more or less effectively in all organisations.

[1147] The themes identified through the NVivo analysis that related to blurred boundaries were: change in contract funding, contract renewal, relationship with funder, organisation change related to contract, other income, contracts linked with policy, and professionalisation.

The second aspect of the literature that speaks to the research question more directly is the blurring of philosophical boundaries with government objectives and market logic. It appears that market logic is buried deep in decision-making processes – evidenced by a common acceptance that contracting is 'driving costs down, driving performance up – you won't win contracts if you can't demonstrate that you're doing that.[1148] Business drivers are obvious when FSP organisations choose not to collaborate with volunteer-based organisations because it might raise the profile of the other organisation which then competes for funding, or when services stay the same because any major change through innovation means the government contract would have to change and go out to tender. Competitive contracting is so widespread that market language and logic has permeated the sector, in that 'from a benchmarking perspective, we are the cheapest per head of population [for the] xxx service … so they can see there's a good deal being got.'[1149]

Blurred boundaries were more noticeable between FSP organisations and government: it appeared to affect organisations whose programmes were significantly influenced by their government funders. Government alignment is pervasive, so that organisations are expected to 'evolve and develop. Government goes through disaggregation – which is contracting everything out – then they go through aggregation, which is the present…. So you have to change your business practice to meet those pendulums.'[1150] Contracting is driven by the government of the day – to meet their objectives. FSP organisations generally take contracts on the government's terms.

Recent emergence of a (relatively) few High Trust contracts is creating more diversity in contracting practice. Annual contracting has been pervasive for at least ten years and has created significant vulnerability in the sector (by comparison Australian FSP organisations do not usually have annual contracts[1151]). In response to inefficiencies from annual contracting some Auckland mental health organisations have formed a representative body called Navigate as a vehicle to improve members' health board contract negotiations. This may leave non-members of Navigate at a potential disadvantage in terms of being out of that communication loop, or it may create more space for non-members to develop customised services, away from government funding. This would be a move away from isomorphic boundary blurring and towards the sector's institutional logic. It can also be viewed as a way for non-Navigate members to increase their competitive advantage by being free to place constituents first.

[1148] Interviewee 5Con.
[1149] Interviewee 21OSJ.
[1150] Interviewee 19TeW.
[1151] This point was repeatedly made by Australian delegates at the ANZTSR Conference, Christchurch, November 2014.

2. Institutional logic

This analytical theme highlights the distinctive features and logic of the sector.[1152] It connects with autonomy theory in having 'freedom in agency' – or acting on its agreed purpose, which is discussed at the end of this chapter.

Distinctiveness: All of the organisations interviewed had distinctive identities even though there may be similarities with other organisations in the same sub-sector. The distinctiveness arises from their unique histories, the record of their choices and judgement made over time and the individuals who have contributed to the work of the organisation. Legal structure, age or government funding did not affect this finding. The range of legal structures demonstrates this: one organisation was a branch of a national organisation (which had a separate advocacy branch in Wellington), three were national offices of a federated structure, three were members of an international body, and at least eight had been established from international structures.[1153] Yet the remaining ten organisations not apparently affiliated to national or international structures also retain a distinctive logic that may be due to shared histories with individuals and organisations such as in mental health or in kaupapa Māori approaches. Connections and networks provide the voluntary sector with much of its distinctiveness.

Responses to government macro-policy: Both National and Labour policies have encouraged two ideas relevant to this research: the amalgamation of FSP organisations and evidence-based policy development. Amalgamation at the government's behest was not popular with interviewees, although there appeared to be some support for considering the idea on its merits -typical of the adaptability of the voluntary sector. Evidence-based policy input appears to be accepted but it favours larger organisations with resources for research and feasibility studies, or organisations with international research support and a strong brand. Both of these ideas could undermine the institutional logic of the voluntary sector.

Māori appear to have effectively become an institutional force in the social services market as a result of Treaty of Waitangi settlements and through the policy of 'by Māori, for Māori' - most visibly in Whanau Ora funding. It can also be seen in some kaupapa Māori organisations that establish through targeted funding and continue through Māori-targeted government contracts or which are closely connected with iwi organisations that have received Treaty settlement funds. It can also be seen in the eight Trust Deeds (35%) that state a commitment to the Treaty principles.[1154] Five of

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[1152] The themes identified through the NVivo analysis that relate to institutionalism are: context, relationship with funder, professionalisation, and political influence.

[1153] This can be seen in the choice of name such as 'association' 'foundation' or even the first word of an organisation's name.

[1154] One of these organisations did not explicitly state a commitment to abiding by the Treaty, but did state how the trustees' beliefs were based on Treaty principles and the principles of faith, hope and love, and that tikanga Māori was applied in service provision.

these organisations received over 75% government funding, so it could be interpreted that in at least some cases, a commitment to the Treaty could be related to government funding being contingent on making this commitment. There is no legal requirement for a charity to abide by Treaty principles, so the more likely explanation is that FSP organisations make this commitment to provide reassurance to their constituents that they support their values.

<u>Intra-sectorial relations</u>: **Collaboration** - organisations that operate in similar fields tend to communicate and collaborate in preference to competing; peer support may help to focus on constituents' issues rather than funders' expectations. When collaboration is driven by FSP organisations to get more 'punch' in their outcomes it still allows organisational innovation such as taking up government funding for niche programmes. **Boundary-spanners** – individuals and organisations that span various sub-sectors and institutions – are common. Narrow-mindedness and ignorance are also evident - a focus on specific interests leads some organisation members to be ignorant of the issues being faced by others even with the same sub-sector such as physical disabilities. **Leaders** (individuals and organisations) are important but overstretched: for example, some organisations that have strong relationships with government are often approached by smaller organisations in the same the sub-sector to use their resources – especially in advocacy. Several organisations' leaders appear to actively contribute to the altruistic culture of the sector: some volunteer time and resources in their personal capacity. Others are highly entrepreneurial, such as developing a user-pays service when a new market becomes apparent.

3. Choice and competition [1155]

The following quote captures some of the effects on FSP organisations of competition, and being part of a provider-pool. 'The competition is significantly increasing in the sector … as part of the government's drive to add what they believe is better value for money. The history of service provision and long-standing nature of relationships seems to be increasingly of less importance. I've worked in government, I know how it works - if you are a problem, you're a problem. And that can be negative influencer in terms of tender outcomes, being pragmatic. And when there are a number of others who are vying for the contracts that you currently have, the government's got options.'[1156]

Generic social service providers experience greater competitiveness than niche service providers. Eight of the 23 organisations appear to be in a niche market either through location monopoly or by having acquired greater intellectual capital than government or the private-profit sector. Those that are part of an international federation exhibit a competitive advantage perhaps in access to research

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[1155] The themes identified through the NVivo analysis that relate to choice are: contract dates (frequency and length) contract funding (percentage and changes), contract management (renewal and relationship), and contract rationale (from funder and organisation).
[1156] Interviewee 14Pre.

or by building intellectual capital within the organisation from collaboration that sometimes enhances organisational profile and credibility.

Many organisations regularly put out proposals for contracts tendered out through a government website and employ contract managers. Sometimes annual contracts allow organisations to be more entrepreneurial but it is still harder than longer contract terms, especially where capital is retained in properties. Many annual contracts get renewed easily, but there is often little negotiation about the detail or price. Most FSP organisations are price-takers because they are generally happy with the price offered if the contracts are not put out to tender, or because they accept that governments' obligation is to seek increased value for money for the public.

The competitive environment is increased by government streamlining contracts and making expiry dates align with government budget timing. One organisation deliberately aligns its strategic plan reviews to coincide with the general election years. One organisation chose not to vie for contracts with other FSP organisations because it did not feel right – confirming that dealing with competition is very difficult.

Work setting choice for employees was more likely in organisations with higher income and a larger staff, where organisations had always been 'para-professional'[1157] rather than volunteer based. However, it is also common for volunteers to become professionals elsewhere, taking their skills learned in FSP organisations. No specific evidence was sought on this area that would enable conclusions that are more detailed.

Marketisation of social services – Organisational level issues

4. Values

The organisations examined in this study showed a range of values from business-centric to constituent-centric.[1158] As indicated from the sector issues above, competition in the social services market occurs but there are contrasting views even within organisations about whether there had been corresponding value changes. One organisation that changed business practices to meet funders' needs and to align with government's aggregation-disaggregation cycle, at the same time seeks to lead the government: 'how can government fit in with our journey?'[1159] One large FSP organisation with only 47% government funding places value on being treated like a government department yet also values the exercise of developing strategic planning in collaboration with stakeholders – a grassroots approach that is not common in government planning processes.[1160]

[1157] Interviewee 8Gre.

[1158] The themes identified through the NVivo analysis that relate to values are: autonomy, contract rationale, feedback to organisation, and organisation change related to contracts.

[1159] Interviewee 19TeW.

[1160] How much these different values were attributable to individual interviewees is only speculation.

Value conflicts exist within organisations but may not be seen as such and trying to please all stakeholders seems unrealistic. One organisation asks: 'What is public value in [our] sub-sector…what's politically 'ringing the bells', what's a citizen's perspective… and what's doable. And measuring success against what is the best possible public value.'[1161] One organisation with 76% government funding and high self-rated autonomy stated: 'When we negotiate, we make sure we are consistent with government core policy and we align our own strategic objectives; … and therefore every 3 years the contract gets renewed.'[1162] This does not sound like high autonomy, unless government core policy takes into account this organisation's views – which may be the case: 'A lot of these things come about through [us] having an idea and then pitching it to government, who then funds it.'[1163]

One FSP organisation developed a strong values-based advocacy position that has changed some government policy significantly – partly because the organisation has a reliable reputation and high profile, partly because it fits the government's ideology and policy agenda. But the same organisation has a behind-the-scenes style of policy input, and notes the importance of a strong board that displays stewardship of the organisation's values - which provides 'the right to continue to make our own decisions' including using umbrella organisations to assist their advocacy work. Some organisations referred to international agreements that gave value-support for their work and strengthened their constituent-focus. Other organisations gained value support from their original mission and fight against market-focus tendency to use 'inappropriate imagery around our fundraising material' based on 'pulling at the heartstrings.'[1164]

5. Mission

The responses to questions about organisation mission showed strong support for mission-directed activities, although slightly less clearly in organisations with a large service area and high total income.[1165]

Organisations which established as a result of a groundswell of interest– such as through Telethon fundraising[1166] - are expected to be more likely to retain a strong sense of that interest within their mission than those established as a result of a government-identified need. There was insufficient detail in the interviews to identify the extent to which mission-driven decisions dominated over revenue concerns however there was clear evidence in all interviews that maintaining the mission-market balance is a struggle, sometimes poignantly expressed. However, it is possible that engaging

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[1161] Interviewee 5Con.

[1162] Interviewee 20NZD.

[1163] Interviewee 20NZD.

[1164] Interviewee 3Cri.

[1165] The themes identified through the NVivo analysis that relate to mission are: contract rationale, feedback to organisation, organisation (governance), trust deed (mission), policy activity change.

[1166] Telethon fundraisers were popular in New Zealand from mid-1970 to early 1990.

in competitive tendering has made organisations focus more sharply on their mission in order to maintain a competitive advantage. Mission-related performance measures are always needed, which in a constituent-focused organisation might be 'like a market force thing, we measure the acceptability of our services to the population by the waiting list that we've got.'[1167] Service provision often needs to be reviewed to check it fits with the mission: some see the process as 'to go back to your roots' with a modern twist, but the core mission remains stable – as they say, 'We don't go changing who we are to fit the needs of someone else.'[1168]

A subjective judgement of whether organisational mission has changed or not was based on interviews, organisation websites and the database: ten organisations changed their missions to some degree and only one of these changed its mission in response to other factors. There was no apparent correlation between a change in mission and a change in organisational structure, or in differences in percentage government funding, age or total income.[1169] There are two overall conclusions which appear to conflict: all organisations seemed to be generally price-takers (take the contract price that is offered) but all organisations also appeared to be mission-driven rather than market-driven – even those that received over 75% of their income in the social services market. But when government income was over 90% this conflict appeared to either increase or decrease – Chief Executives chose to struggle to keep mission-centred or gradually became more revenue or service-centred.

6. Source of revenue[1170]

There are four aspects to consider for organisations: national context, the mix of revenue sources, particular challenges and funder-capture or service (provider)-capture.

Context: In confirmation of the points made in Chapter Five about culture, one interviewee (an immigrant) 'New Zealand is not the most charitable country in the world by any stretch of the imagination – the whole DIY mentality, means … 'folks should be able to take care of themselves – I don't need to help.'[1171] Many FSP managers see New Zealand as a tough market: most do not have long-term contracts, whereas previously multi-year grants provided more autonomy. 'We used to get a lump sum of money that we could use as we saw fit for … subsidised services, but it's got more and more prescriptive over the years.'[1172] One organisation sought stakeholder feedback about funding, finding clear differences in opinions: members views were 'funding is from government and should

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[1167] Interviewee 5Con.

[1168] Interviewee 4Cri.

[1169] Concluding that an organisation is mission-centred was based on evidence of knowledge within the organisation of the circumstances of the clients/constituents. The way this knowledge is built up is through constant communication and direct contact of staff with their constituents and is seen through an organisational behaviour lens.

[1170] The themes identified through the NVivo analysis that relate to source of revenue are: contract funding, contract management, other income. The responses are explained in four dimensions.

[1171] Interviewee 1AtH.

[1172] Interviewee 4Cri.

be'[1173] whereas at another time, government workshop participants did not support services being government funded. Many organisations try to ensure they have financial reserves, which seems to require a commitment to being frugal over a long period.

Mix of revenue sources: Organisations with less government income clearly have a greater mix of revenue sources. Some have a deliberate strategy about this, stating that: 'At no point have our government contracts been more than 15% of our income. So while we might want that to change, one of the advantages, by far the greater part of our income we fundraise for, which means we can deliver services and do advocacy without fear of contracts being [cut].'[1174]

If 75% government income is the point at which organisations may become dependent on the government,[1175] newer organisations tended to be more financially dependent than older organisations. Interviewees noted various ways they obtain revenue, which are presented in Table 8.

Table 8: Sources of revenue

External	Internal – volunteers and trading	Research focused
On-going fundraising: corporate sponsors, individual donors, philanthropic trusts, community trusts, bequests, donations or koha, gaming trusts and Lotteries.	Self-funded programmes, retail and event management staff.	Shares held in trust for scholarships to do relevant research.
Crowd funding and social media tools.	Variations on 'fee-for service.'	International philanthropic grants for offshore research work.
Fundraising events for corporates and individuals to contribute and for raising awareness.	Social enterprise consulting to private firms and individuals.	Research projects through large corporates that provide information valuable to both parties.
Small ad hoc grants – $5,000-$20,000 and one-off government grants such as for developing education material.	Volunteers doing administration and policy work – including trustees.	Interest from capital campaigns to support local research.
Service clubs such as Rotary - equipment funding, volunteers for projects, international exchange opportunities.		Tagged bequests for research - large bequests may arrive without warning, sometimes prompting programme collaborations.
Pro bono professional services.		

Challenges: The work of FSP organisations is conducted in a hand-to-mouth environment: 'With our corporate partners, we're really looking at how to make it a win-win … [such as] exposure to our membership.'[1176] There is constant juggling to meet fundraising objectives, even for good ideas like bequest strategies.[1177] Poignant comments were made about Lotteries funding: 'It's pretty strange –

[1173] Interviewee 3Art.
[1174] Interviewee 3Art.
[1175] 75% government funding was the determination of dependency stated by one interviewee.
[1176] Interviewee1AtH.
[1177] Interviewee 22TPT.

do we run hospitals in New Zealand by Lottery grants? Why would we choose one that's providing for the highest needs population of the country?'[1178]

There is an increasing resistance from funders to funding advocacy directly, so that '[philanthropic] funders wouldn't fund advocacy … advocacy mainly comes from bequests … or grants … which [are] not tagged.' High on the wish list is an income stream that is untagged to specific funders for things like school programmes and public information. Philanthropic funding has become more difficult too, especially in connection to government funding, meaning 'if you're highly government funded you don't get [philanthropic funds]. There's a whole new way of thinking about funding and social finance … [but] I don't think there's a whole lot of philanthropic funds.'[1179] On the other hand, one organisation found that having government funding lent credibility when sourcing philanthropic funds.[1180]

Decisions about government funding are not always straightforward and there may be Board disagreements. In one case it had a major adverse effect. 'Things were great until we had a lot of … government money'[1181] but this organisation has since recovered, having developed good government relationships and contracts (giving them 64% government funding) that suit the organisation's mission. Others note the importance of financial independence from government: 'we've made sure we've got our own money… we've been really constrained because of our controversial work…. Anything that threatens [fundraising] income is a bigger threat than contracts.'[1182]

Funder-capture or service (provider)-capture: There may be some capture of government funding by FSP organisations that have set up niche programmes and had these funded for a period of time. But generally funders have dominance in many organisations: insufficient funding for public services becomes service-capture by government, even possibly life-threatening to the FSP organisation if it is provider-capture. This is the case in one vital organisation: 'We are currently in crisis …. We've been able to manage the burden of that underfunding [through other contracts] but as standards have gone up, expectations have gone up, wages have gone up driven by the District Health Board xx agreements nationally, we were not funded for.'[1183] In this situation the services were still promised to constituents because the FSP organisation are part of the community and will keep delivering public services even when government and other funding is insufficient. Where an organisation gets over 90% of its revenue from the government it can be presumed to be captured by government.

1178 Interviewee 9Hok.
1179 Interviewee 16ReS.
1180 Interviewee 22TPT.
1181 Interviewee 7Fam.
1182 Interviewee 11NZF.
1183 Interviewee 9Hok.

Some organisations hold government contracts for services that may not be exactly what the organisation now wants to provide, since the organisation is likely to be able to see how community needs might be better met with a different service. But most organisations would rather have funding to provide some service than none at all. When combined with the goal to maintain funding stability, service-capture could have the effect of reducing innovation or allowing for services to be delivered only to the 'bronze standard' not the gold standard that many organisations prefer.[1184]

7. Professionalisation[1185]

The interviews revealed a wide range of staffing profiles, but generally where many organisations previously had volunteer staff, few now do. This is usually driven by service contracts (which require that employees are certificated professionals): 'with government - we're running quite high risk services – volunteers are more trouble than they're worth.' Some find a balance: one specialised health provider with highly qualified professional staff still corrals 700 volunteers a year.

Professionalisation is also driven by economic necessity for wages, or by the tight labour market that drives many to obtain higher qualifications and then compete for jobs in for-profit organisations Frequently the job profile has changed from a generic social worker/ helper to a specific health professional and most are also required to account specifically for the achievement of contract outcomes which adds job complexity.

Uncertainties for FSP organisations arise when government agencies change from contracting-out (the FSP organisation provides specialised skills) to contracting-in (government recruiting their own specialists) or multiple contracts (expanding the services elsewhere) which could mean staffing restructures with FSP organisations. Some adapt to such change by using online services, contract staff and 'associates' –or on-call experts – and others maintain lower staffing overheads than the public sector by taking on volunteers where appropriate. Despite this diversity, it is possible to see a move towards professionalisation of FSP organisations with higher percentage government income.[1186]

Leadership and management training has expanded from the for-private-profit sector into the not-for-profit sector, making management practices generic. Experienced and effective managers may be able to change employment within their sub-sector relatively easily (or into government or for-profit sectors) seeking different employment experience, higher profile or more rewarding positions.

[1184] Interviewee 5Con.
[1185] The themes identified through the NVivo analysis that relate to professionalisation are: organisation management and professionalisation.
[1186] A .201 correlation between percent government expenditure and percent salary expenditure has statistical significance of .000.

Career executives now include the not-for-profit sector in their repertoire and volunteering is even promoted as a way of investigating potential career paths.[1187]

Policy advocacy

Proposition B: FSP organisations that have a high market-focus[1188] are less likely to undertake policy advocacy than if it has a high constituent-focus (indicated by high representativeness, existence of members, open decision-making conditions, and discretion in achieving its charitable purpose).

The general statement in Proposition B about policy advocacy practices in government-funded FSP organisations is answered from the qualitative results below but the detailed statement above is addressed in the quantitative results in the following section.

Policy advocacy factors– sector level

The issue of policy advocacy is sensitive for charities because of legal limitations on this activity. An extract follows from a service contract provided by an interviewee, which is a standard, sector-level contract clause that has had little change over the past decade.

> Neither of us may directly or indirectly criticise the other publicly, without first discussing the matters of concern with the other; the discussion must be carried out in good faith and in a co-operative and constructive manner; the provisions of this clause will remain in force after the Agreement ends.

This shows the constraints on public statements, even extending past the termination of the contract. The 23 cases share some structural similarities and advocacy diversities, yet the sector-level issues that can be identified relate to the policy system.

1. Policy system factors[1189]

Some responses that relate to the policy system may have been affected by the Chief Executive's experience: most had considerable experience within the policy system and their own organisation or sub-sector. They form their understanding of how the organisation fits into the policy system based on the constituents, representative structure, mission, sub-sector, financial position and resources and history of the organisation.

One Chief Executive believes that the politicised consumer bodies of mental and physical disability and cancer patients give impetus to policy advocacy by encouraging 'best practice' services, and this counteracts the fact that many organisations providing services to these constituents are largely government providers. Another summarises his thinking about the policy system in terms of insiders

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[1187] Volunteer Hub, University of Auckland https://www.auckland.ac.nz/en/for/current-students/cs-life-at-auckland/volunteer-hub.html (accessed 23 March 2015).
[1188] High market focus means over 50% government funding, high total income or high value government funding.
[1189] The themes identified through the NVivo analysis that relate to policy system factors are: policy activities in other organisations, policy awareness and political influence.

and outsiders: 'I see activists are guys out in the street, advocates are across the table, and advisors are sitting on the same side of the table. I think that's where we need to be - on the same side.'[1190] Only three organisations out of 23 appear to have a place on the same side of the policy table as the government because they have unique positions that have been maintained over a long period of time – in both services and policy advice. Their policy advice function has often been maintained through strategic efforts, including organisational re-structuring.

While all organisations found advocacy a somewhat sensitive topic, all were conscious that advocacy is an expectation or obligation of being a charity and felt some degree of pressure to respond to this. This is a system-level feature of FSP organisations that is demonstrated by engaging in policy activities strategically and opportunistically. Organisations acting this way may want to make funding more secure but at the same time are pushing for policies that suit their mission. One says: '…organisations look at the best way of influence – … individually or collectively - opportunistically as well…. If you are measured and if you are responding as a group, it's harder … to be picked off than if the organisation is responding as an individual… if something could have a flow-on impact for the organisation then we would take a collective response.'[1191] Some see 'a move away from the formal submissions to the more interactive'[1192] policy advocacy. In this case, advocacy work is less transparent, but it enables the policy community to speak directly to policy makers.

The policy system has changed from government committees inviting input from organisations in relevant sub-sectors, to departments and politicians seeking policy advice on specific topics from selected umbrella groups. 'We're finding it harder to get into the conversation because government prefers to talk to umbrella organisations rather than specific organisations.' As government agencies restructure, FSP organisations usually have to adapt: '[W]e used to meet regularly, every quarter, with at the time, the Minister of Disability Issues … then later on it was with the Minister of Health. But those meetings aren't so regular any more. When we became [a member of] the New Zealand Disability Support Network … the Chief Executive … now has those meetings.' Advocacy can be constrained even for umbrella groups, such as the Mental Health Foundation which had a contract to provide policy advice, forming an advocacy coalition: 'in my observation it got a bit too robust in its advocacy – and effective too.'[1193]

Policy advocacy factors – organisation level

A general finding is that when organisations are focused on providing services, advocacy may not get much attention, despite the best intentions. While some FSP organisations encourage staff to advocate throughout their work, most acknowledge that policy advocacy is a time consuming activity

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[1190] Interviewee 6DAo.
[1191] Interviewee 13OdH
[1192] Interviewee 12Nor.
[1193] Interviewee 23Wes.

with an awkward fit with some of their services, risky in terms of funding and often yielding uncertain or untraceable outcomes.

2. Advocacy activities

A wide range of advocacy activities have evolved to suit individual organisations and the policy environment (see **Appendix 6** for a list of advocacy activities mentioned by interviewees and the possible challenges involved).[1194] Organisations are keenly aware of the tension between policy advocacy and government funding.

Advocacy choices:

The expected connection between high financial dependence on government funding and limited policy advocacy was not obvious. The issue is more abstract than a simple correlation and the following diagram is an indication that there are different approaches to policy advocacy but this is not necessarily determined by the percentage of government funding received.

Table 9: Range of approaches to policy advocacy

Contract-affected policy advocacy	Directed policy advocacy	Misson-affected policy advocacy
• *"...actually trying to manage social services and be an effective advocacy group was very very difficult." (15Pri)* • *"...awareness and advocacy we have basically funded through fundraising ...means we can deliver services and do advocacy without fear." (3Art)*	• *"… part of our xxx contract [is] to provide policy submissions and policy work… it's not [a stand-alone] advocacy contract." (11NZF)* • *"We are funded to provide input to Ministry xxx on policy…. we have got away with it because of how we do it - respectfully – and because of our membership."(20NZD)*	• *"… we do feel that we have a role in advocacy" (9Hok)* • *"Shared advocacy – we sponsored some overseas speakers to come across and advocate nationally, and it works really well." (23Wes)*

The range of quotes above shows some of the choices organisations make about policy advocacy. Interestingly the two 'mission-directed policy advocacy' quotes above come from organisations that have almost 100% government funding. Another organisation appears to have to worst of both worlds from an autonomy perspective – at 88% government funding it sees itself as an arm of government, yet is still outside the policy making process: 'We are not policy advisors …. We have been on the XXX Taskforce, and have had … a pretty big influence upon operational issues … [but] at the highest level of strategic policy I am not sure that we have a big impact.'[1195]

Of the 23 organisations examined, 21 undertake some form of policy advocacy, although sometimes irregularly. The percentage of government funding did not appear to significantly influence the decision to undertake policy work but did influence the type and transparency of that activity –

[1194] The themes identified through the NVivo analysis that relate to advocacy activities are: contract linked with policy, policy activity types, policy activity change and policy awareness.
[1195] Interviewee 16ReS.

higher percentage government funding tends to make advocacy less visible or prompts a range of different strategies that suit different situations and stakeholders.

As noted earlier, organisations are very strategic about advocacy: 'It is part of the strategy [media releases] of getting ourselves into that space of advocacy and community development and partnering… we want people to appreciate that we're more than just a service provider.' [1196] Public or media statements are very strategically chosen and they are not often critical; sometimes it is worthwhile to show public support for a government position. But media exposure can be risky: 'The last thing you want is to criticise each other in the media –… it's often not constructive as a first step. But on the other hand we don't want something terrible going on, that we just would think we're too scared to say something, so it's …sort of a hard one.'[1197] Public reactions to advocacy can be negative: 'We're constantly harangued about our advocacy work and how we get government contracts.'[1198] Chief Executives need to be strategic: 'I'm not going to publicly criticise Child Youth and Family [on television], irrespective of whether I wanted to or not, because that's not the way we influence policy.' [1199]

Other strategies include singling out high-profile politicians known to have a personal connection with a mission and establishing an organisational relationship with that person (such as patrons), or proactively highlighting their services and knowledge to politicians interested in social issues. This may provide a regular or occasional entrance to influential networks, but the influence may be unsustainable in contentious policy discussions. Where organisations have a history of advocacy, policy-awareness is easier to maintain within the organisation, which may mean being 'a critical friend to government … strategically useful.'[1200]

There are other advocacy strategies – including one which deliberately leaves policy advocacy to others while keeping an eye on the outcomes, or conversely making a commitment to advocacy: 'Advocacy is part of our contract delivery …also because it's the right thing to do… we don't want to be passive deliverers of government policy but actually trying to improve government policy.'[1201] A few organisations have specific advocacy plans, which may be actively supported by the membership and may be clear in strategic planning. The clearer the advocacy purpose, the more it is likely to gather membership and donor support. This is a mutually reinforcing communication mechanism that enhances autonomy.

Networks: Generally, email groups and direct network engagement are very important within the sector and are used regularly in developing policy advocacy ideas and messages. Chief Executives

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[1196] Interviewee 4Cri.

[1197] Interviewee 17Saf.

[1198] Interviewee 11NZF.

[1199] Interviewee 14Pre.

[1200] 20NZD.

[1201] Interviewee 5Con.

who are experienced in the policy environment (whether in another FSP organisation or the government) tend to be discerning about which networks to use, but organisations which have a branch structure or an international parent organisation often belong to many networks. This is an indication of strong constituent-focus. Networks may become less reliable when not all members regularly attend, which is a frustration for some who want to be inclusive but acknowledge that many in the voluntary sector are stretched very thin and will not allocate resources to policy work that involves networks. This indicates low priority given to advocacy work.

Separate advocacy organisations – Three of the interviewed organisations have established separate advocacy organisations (or head offices that include advocacy activities) over the last decade to provide autonomy for their advocacy. It appears this is in direct response to the restriction on registered charities carrying out advocacy as a primary activity. These separate organisations are not generally funded through government contracts (although they may occasionally receive one-off government funding for some research) and are separate registered charities. It appears this is an important forward trend for organisations wanting on-going participation in policy development.

3. Representation and advocacy support

The responses are analysed in three dimensions.[1202]

Structure: Trust Deeds do not always allow organisations much flexibility to adapt structurally to circumstances – some want to have fewer elected members, others want more. There is no single reason for this – it may be about increasing visibility to the community to either engage more support – financial sustainability, or to promote issue awareness – public interest advocacy. '[Our] stakeholder group changed a lot but our governance still comes out of our membership base. Many trusts increasingly seek trustees through public advertising as much as through shoulder-tapping and generally, individuals make choices to become trustees in terms of both passion and professional needs. Representation or decision-making processes do not appear to be correlated to values or consensual decision-making processes.

While most of the organisations examined were incorporated societies, most of the charitable trusts also operated as if they were membership organisations. While membership organisations receive support from members, finding the best way of structuring that support takes time and even then there may be regional differences in governance capability. Where organisations have originated from local group interests there has often been restructuring which can be a distraction to the mission. Generally, FSP organisations encourage democratic governance practices and aim to be transparent and accountable to their constituents.

[1202] The themes identified through the NVivo analysis that relate to representation and governance are: organisation governance, management, organisation change related to contracts and Trust Deeds.

<u>Representation type</u>: Organisations often try to ensure that descriptive representation[1203] remains relevant, such as including younger people as trustees to widen the organisation's appeal (for funding or advocacy purposes). Chief Executives can support descriptive representation by their attitude: 'it is the Board's organisation that they hold on behalf of disabled people and I'm very much the servant of the Board. And that's a view there's a lot of lip service to in the sector and it's not a view that's universally shared or appreciated.'[1204] Organisations change representation due to societal change: white, professional males – especially community leaders – tended to predominate, but there are small, slow changes to this.

Many FSPs such as disability support organisations explicitly seek trustees with a disability or are caregivers of a disabled person, so that they can empathise with the purpose of the organisation more completely. Organisations may also employ disabled staff, which may then allow greater effectiveness in issue representation from being more intimately familiar with the knowledge base of the issue, and from having credibility for stakeholders.

Issue (substantive) representation was harder to generalise: input from members or stakeholders on policy issues is often invited but trustees generally make the final decisions, yet in some cases it is the trustees who do not speak up. One organisation had a clear position about the purpose of representation: 'the mandate of the organisation to speak on behalf of members must remain paramount over any other obligations.'[1205]

Chief Executives as representatives of organisational mission, with trustees that understand the governance and management distinction (often professionals) feel 'lucky' that trustees 'are pretty clear about what they expect me to get on and do and feed that back.'[1206] Often the Chief Executive makes a judgement: 'We've got a real clear vision and mission, and we know what we're here for. I do take it to [the Board] - if there was something controversial or it was outside what I knew that they were happy with.'[1207] Other Chief Executives take a different view: 'I didn't want the contracts so I didn't take it to the Board'[1208] and one gave a caricature of some Chief Executives' approach: 'Yeah, yeah, the Board – a necessary evil – we do what we have to enough to keep them happy, but actually we're the ones really doing things.'[1209] It appears that some Chief Executives are comfortable with the Board sometimes having a rubberstamping function.

[1203] Descriptive representation occurs when representatives reflect through their personal characteristics the characteristics of the constituents.
[1204] Interviewee 4Cri.
[1205] Interviewee 6DAo.
[1206] Interviewee 3Art.
[1207] Interviewee 11NZF.
[1208] Interviewee 7Fam.
[1209] Interviewee 4Cri.

Advocacy support: There appears to be no difference between incorporated societies and charitable trusts in terms of enabling policy advocacy, which does not support Warren's argument[1210] that organisations which have structures with few trustees have to aim for agreement that can squeeze out dissenters into making public statements. There may be a difference in overall advocacy-readiness of trusts compared to societies because trusts are more flexible for entrepreneurial policy activity: a larger sample is necessary to properly investigate this.

Trustees commonly have an interest in the organisation's policy work because of some personal connection and this provides strength and passion for advocacy. In one highly professionalised organisation, it was plain that the governing body had limited input to policy advocacy because the Chief Executive did not appear to believe it necessary. But the director of a volunteer-based organisation commented: 'There won't ever be submissions go in without the Executive of the Board having agreed to it'[1211] and despite the effort required, the Board makes submissions because others in their networks with even less resources are relying on their advocacy. Organisations that are still run by founding trustees are endowed with considerable advocacy capital but not always advocacy success, not that this is likely to stop them advocating. Some trustees are politically alert, prompting discussions about the political environment: 'when National got in in 2008, the Board considered whether there needed to be a change in style for this new environment.'[1212]

It appears that the Chair – whose advocacy input is usually sought by Chief Executives – often has more influence than the Board on policy activities. One Chief Executive reveals a common approach: 'I'm confident in the whole in the Board's approbation of the direction I'm going to take, but I will often check with the Chairman. The Board will often – from time to time – urge that I take action, which might be … representation for example to the Minister for Social Development. Members of the Board will also contribute points of view that help me formulate an approach, or I'll ask an individual Board member for thoughts where there's a particular area of expertise. I always report to the Board so they're kept informed of pending submissions or pending approaches to Ministers or key people.'[1213] Some Chief Executives report on policy activity *ex post facto* – because policy work can be spontaneous and entrepreneurial.

Some Chief Executives were frustrated that trustees were not taking opportunities to advocate. 'Our Board is not really that [politically] active – they look to me, where I want them to be the ones stepping up, being [representative] people.'[1214] Some organisations have a strategy of matching advocacy dialogue at trustee level with Ministerial level and executive staff with government official level. Other organisations have previously had trustees who were influential and now do not, and

[1210] Warren, *Democracy and Association*.
[1211] Interviewee 10LaL.
[1212] Interviewee 20NZD.
[1213] Interviewee 8Gre.
[1214] Interviewee 6DAo.

there is often no apparent strategy to seek politically influential trustees. The preference is to have at least one trustee with skills in accounting and law or fundraising, which is a clear indication that the Board needs skills to support the business activities in the first instance and advocacy activities may take second place.

4. Advocacy resources, skills and interests[1215]

All organisations empathise with the advocacy function of FSP organisations, even those that do not put any human resources into the activity. Lower income organisations that tend to focus primarily on their services are unlikely to have dedicated policy staff. Only eight organisations had policy staff but they were usually not employed full-time or had other responsibilities. Others are more committed, saying 'we have people with named [policy] responsibilities … responding to and provoking policy conversations.'[1216] This needs to be examined further in combination with the quantitative results.

It can be rationalised that advocacy is a natural characteristic for all leaders, because they naturally wish to promote their organisation, but when policy advocacy in support of constituents diminishes the need for the organisation to exist; this is the true not-for-profit nature. It is not clear that all FSP organisations' Chief Executives would take that stance. All of the organisations interviewed had leaders with considerable experience in their sub-sector or overall sector. It is possible that they are not representative of the population but it does not affect the findings concerning the sample. Most FSP organisations rely on the Chief Executive to be the advocate. One strategy used to enhance advocacy capacity is to employ a Chief Executive from a senior government position because they 'know the ropes' and have good networks and political expertise – this worked for one Board that had tried everything else to strengthen advocacy.

Often policy activities depend on the interests and experience of the Chief Executive, shown in this pragmatic comment: 'You just make your decisions about what you say and what you don't say and how you say it and where you are going to have an impact and how important it is.'[1217] Chief Executives usually handle the delicate role of advocacy themselves, partly because of the potential organisational risks if advocacy is counter-productive and partly to maintain relationships at highest policy making levels in government. The policy advocacy expertise of the Chief Executive is a significant factor in the emphasis placed on it within the organisation. For some, greater knowledge about the need for advocacy means a greater awareness of risk: 'I'm very conscious because of being in public health for twenty years, of the 'dirty words' that advocacy and lobbying have been.'[1218]

[1215] The themes identified through the NVivo analysis that relate to advocacy skills and interests are: feedback to organisation (from staff), organisation change related to contract, organisation management, and policy awareness.
[1216] Interviewee 4Cri.
[1217] Interviewee 16ReS.
[1218] Interviewee 3Art.

Policy advocacy is sometimes undertaken by keen volunteers but generally, it is only sustained if paid staff do it. However, volunteers can socialise policy issues that make them more likely to be discussed with the Board or the membership. It is not common for members to get involved in policy issues but sometimes member feedback strongly supports policy advocacy (without pointing to how it could be funded). When this happens, organisations that have a mix of revenue sources can direct some resources towards supporting policy advocacy. This option provides increased organisational autonomy.

Policy issues are identified through diverse channels: cross-boundary email networks in fields such as child health, through a local topical issue, from international and local research findings, through providing the service[1219] and the personal interests of executives or trustees. Member surveys do not usually yield input about government policy unless it affects certain populations specifically and urgently. Policy issues may create value conflicts for advocacy – such as opposing the Flavell Bill that reduced gaming funds availability and supporting the Vulnerable Children proposals that consider children affected by family gambling addictions. In such cases sustainability advocacy competes with public interest advocacy – indicating short-termism or long-termism. The influence of professional networks that may include government employees (such as social workers) was not compared with interest-based (such as domestic violence) networks in terms of the effect on organisations' policy advocacy, but warrants investigation.

Results of quantitative analysis

Market-focus

Proposition A: Providing social services causes many FSP organisations receiving government funding to demonstrate a market-focus. FSP organisations demonstrate a market-focus by seeking contestable funding and seeking a professional staff. Organisations formed since government contracting of social services became widespread show a greater degree of market-focus.

The first part of this proposition has been addressed in the qualitative results above. The remainder is set out below.

> i. *Government funding is a significant proportion of total income (over 50% per year) for organisations that provide quasi-public goods indicating a social services market-focus.*

Nearly three-quarters of the sample (71%) of FSP organisations received at least half of their income from government, but high value (in dollars) government funding was not common. The average value of government income was $607,000; only six organisations received over $20 million, 143 received less than $2 million and the majority of organisations were likely to be competing for

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[1219] Policy-relevant information that came to light as a result of providing a service was not often mentioned.

government contracts between $100,000 and $200,000. Most of the sample (80%) earned between $91,000 and $3.14 million in total gross income while only 20% earned between $3.14 million and $11.27 million. It was common for FSP organisations in this sample to earn $1 million or less. Figure 9 shows a high positive correlation between total gross income and government funding.[1220]

Figure 9: Total gross income, contract value and percentage government income
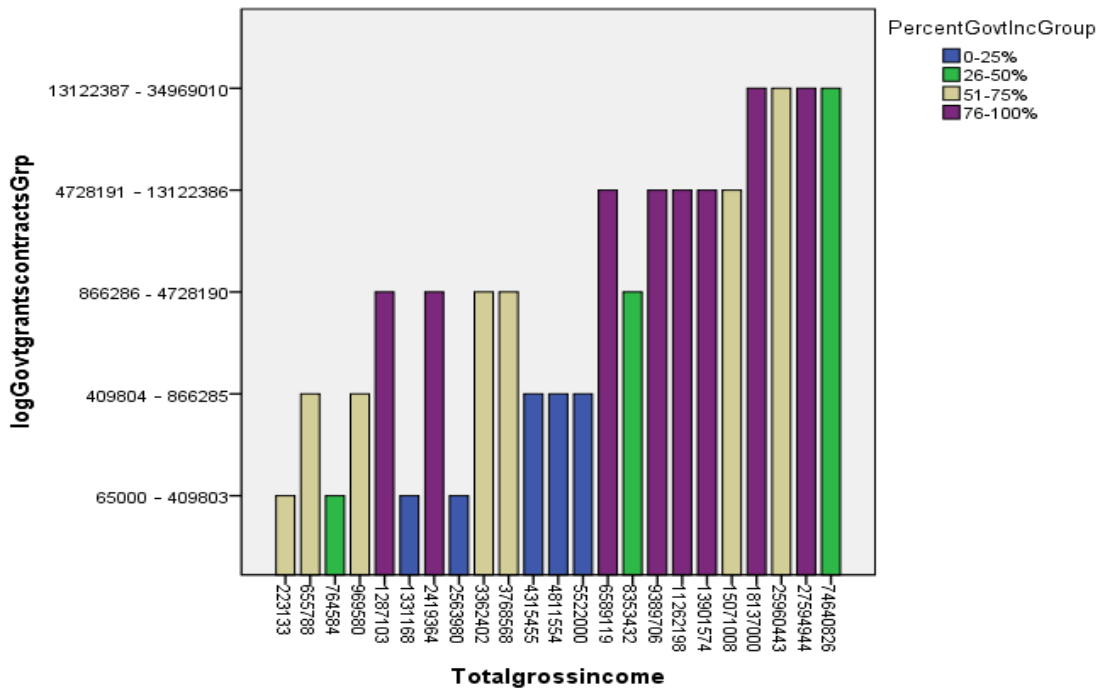
A larger sample is needed before generalisations can be made, but the results indicate that the higher the total income, the more likely it is that government income makes up a large proportion of the total revenue of the organisation. This is not a firm conclusion as there is a weak positive correlation between total gross income and government contract value that is not statistically significant, but is shown in Figure 9 also.

Two other correlations related to market-focus are the finding of a small but significant positive correlation between total gross income and the amount of 'all other grants and sponsorship.' This indicates fundraising capacities may be positively associated with a higher organisational income and also possibly the receipt of government income (given that the organisations in the sample all receive government funding). The second finding of a negative correlation between percentage government income and all other grants[1221] is not surprising – as the percentage government income rises, there is less need for income from other grants. The sample can be described as having a market-focus.

[1220] This correlation (.864) had a significance value of 0.000 in a two-tailed Spearman rank nonparametric test and in a Pearson correlation.
[1221] The correlation was -.419, using a 2-tailed Pearson correlation test and has statistical significance of .000.

ii. *Government funding percentage is related to a professionalised staff (comprised of the proportion of full time employees, proportion of average paid hours per week, salary expenditure percentage) and few volunteers (high ratio of paid staff to volunteers).*

As social service organisations tend to be heavily dependent on face-to-face services, staff resources are essential. In this sample, reliance on paid staff was generally high: the mean proportion of average paid hours per week was .87, over half of which were full-time employees. There was weak correlation of percentage government income with percentage salary expenditure[1222] but not with proportions of full time employees or average paid hours per week.

A moderate, positive correlation exists between the amount of government income and 'average all paid hours per week,' indicating that organisations with high value contracts are more likely to have paid staff than volunteers.[1223] Aligned to this, a strong correlation between total gross income and 'average all paid hours per week'[1224] is shown in Figure 10. There was a weakly negative correlation between total gross income and percentage salary expenditure, which is statistically significant. These two results indicate that while FSP organisations are reliant on paid staff increasingly as income increases, in large budget organisations, salary expenditure is not necessarily dominant, for example there may be capital assets to be maintained.

Figure 10: Relationship between total gross income and average paid hours per week
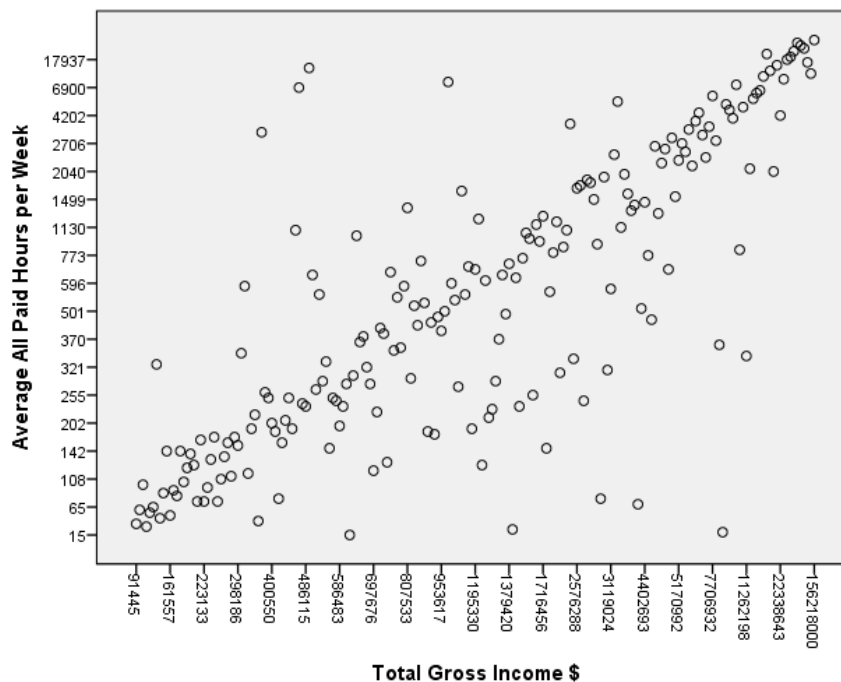
For organisations receiving over half of their income from government there was a slightly reduced presence of volunteers (a ratio paid staff to volunteers of 0.9) compared with organisations with less

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[1222] This resulted when the variables are transformed into a normal distribution, but a statistically significant positive correlation of .334 was found before the variables were transformed.

[1223] There is no correlation between average paid hours and percentage government income.

[1224] After converting both variables to normal distribution the correlation is .693 (with Spearman's rho) and .589 (with Kendall's tau) both in a 2-tailed test with statistical significance of .000.

than half of their income from government (a ratio of 0.8). This confirms that the social services market is more closely related to a professionalised workforce than to volunteers.

Percentage government income was positively correlated[1225] with government contract values although newer organisations with higher percentage government income did not necessarily have high value contracts. A common feature of FSP organisations is a stumbling block relating to organisational size: there are fewer, large organisations and they tend to stay large, yet new organisations tend not to become large.[1226] It is not clear if this is because of the accumulation of capital over a long time or if it is due to a well-established reputation. The results indicate that FSP organisations that provide quasi-public goods do rely on a professionalised workforce, especially organisations with higher incomes, which are more commonly in the older age group. Age correlations are discussed below.

> iii. *Organisations that have formed since 1990 are dependent on government income and have a highly professionalised staff (by proportion of full time employees, proportion of average paid hours per week, and percentage salary expenditure).*

Age is an important variable in this sample: older organisations tended to have higher total gross income[1227] but a lower percentage income from government[1228] and the converse is true for newer organisations. Further confirming the importance of organisational age, the median percentage government income across the whole sample was almost 75%, but was only 56% for pre-1960 organisations and 80% for post-1989 organisations.[1229] Other comparisons between age and income are that: of the thirteen organisations with total gross income over $20 million, only two were formed after 1984; and of 97 organisations having three-quarters of their income from government 58% were formed after 1984.

A higher income may be associated with a more even balance between government and other funding, although it cannot be confirmed if this balance can only be achieved with a higher income because of the wide spread of values: thirteen per cent of the sample had less than 20% government funding and 22 per cent had over 90% government funding, but the majority (65%) had a wide spread of percentage government income (between 21% and 89%).

Organisational age was also correlated with percentage salary expenditure.[1230] The median percentage expenditure on salaries was 64% across the whole sample, but the salary costs for newer

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[1225] The nonparametric correlation was 0.399 in Spearman's rho, statistically significant 2-tailed test.
[1226] Robert S Kaplan and Allen S Grossman, "The Emerging Capital Market for Nonprofits," *Harvard Business Review* 88, no. 10 (2010).: 110-118.
[1227] Shown by a weakly negative correlation (-.303) between age and total gross income (statistical significance of .000 in a two-tailed test).
[1228] A statistically significant positive correlation (.437) was found between percentage government income and organisational age in a Spearman rho correlation with statistical significance of .037 in a 2-tailed test.
[1229] The nonparametric correlation of .696 was shown in a two-tailed test with statistical significance .000.
[1230] The Pearson correlation is .470, statistically significant in a 2-tailed test at p=.000. The percentage salary expenditure had a mean of 59% with standard deviation of 17.7, across the sample of 201 organisations.

organisations tended to be higher than in older organisations. Relationships were stronger between organisational age, percentage government income and percentage salary expenditure than with representative value or objects change[1231] yet a weakly positive, statistically significant correlation[1232] was found between representative value and age. Newer organisations were more likely to have the lowest representative value, which may indicate a preference for the charitable trust structure in later years. Alternatively, it may indicate a relationship between organisations with higher dependence on government income and a less representative structure. When this was investigated, a small negative correlation was found between the two variables but it was not statistically significant.

There appears to be some correlation between the presence of a 'savings' or policy clause in Trust Deeds and organisational age:[1233] the younger age group were less likely to have savings or policy clauses. This may indicate that organisations that formed in 1990 or later have more closely defined charitable purposes and choose not to provide either for discretion or for policy work in their Trust Deeds.[1234] Alternatively, it could indicate that government funding was preferentially entrusted to organisations with tightly defined purposes rather than with discretionary purposes. When investigated through a principal component analysis, selecting for the savings clause variable in the presence[1235] and absence of the clause, two components explained the 60% variance.[1236] One component was the combined variables of age, percentage government income and percentage salary expenditure, the other component was a combination of representative score and change in objects. Both of these sets of correlations confirm the significance of age and are pursued further below.

An overview of market-focus of the whole sample indicates that it had the largest proportion of its funding from government contracts or grants, generally employed considerably more paid staff than volunteers and had significant differences in financial characteristics based on organisational age. It is possible that organisations formed in 1990 or later were established with a financial strategy based mainly on receipt of government funding. Older organisations appear to have a more sustainable

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[1231] A principal component analysis to find clusters of variables with the largest influence in relation to organisational age showed that this cluster explained over a third of the variance. The Kaiser-Meyer-Olkin measure of sampling adequacy was .615 – above the commonly accepted value of .6; Bartlett's test of sphericity was significant at .000; communalities between the variables were all over .3 (between .508 and .652); a varimax rotation was used and rotation converged in 3 iterations.

[1232] There is a small positive correlation between representative value and age of .228 (statistical significance of .001 in a two-tailed test).

[1233] This was seen through a graph of a simple count of number of organisations grouped by age, for both presence and absence of a 'savings' or policy clause.

[1234] Note that there more organisations incorporated during 1990-92 in the sample than in other date groups.

[1235] The variance of 60% when 'presence' of the savings clause was selected for analysis gave a clearer result than when 'absence' was used (this may have been due to the difference in frequency of the two values – presence had n= 146, absence had n=54) The Kaiser-Meyer-Olkin measure of sampling adequacy was .648 – above the commonly accepted value of .6; Bartlett's test of sphericity was significant at .000; communalities between the variables were all over .3 (between .508 and .701); a varimax rotation with Kaiser Normalisation was used and rotation converged in 3 iterations.

[1236] The two components are quite separate but the items within the component are definitely correlated.

footing in the social economy – generally higher total incomes, means higher value contracts and more staff hours per week (shown in **Appendix 7**).

Policy advocacy choices

Proposition B: An FSP organisation that has a higher market-focus[1237] is less likely to undertake policy advocacy than if it has a high constituent-focus (indicated by high representativeness, existence of members, open decision making conditions, and discretion in achieving its charitable purpose[1238]).

The qualitative results showed that the juggling of resources between services and advocacy happens regularly in FSP organisations but that the percentage government funding and market-focus did not appear to influence the existence of policy advocacy although it did affect advocacy strategies. There is no obvious quantitative correlation between an overall market-focus and the presence of policy advocacy in the quantitative results below, because no quantitative score of the extent or type of advocacy was obtained. The quantitative results do reveal the organisational conditions relating to policy advocacy, the most significant which is that policy advocacy appears to be a more sustained activity in organisations that have a professionalised staff and higher income because resources are likely to be regularly put towards the policy activity.

Organisations tended to have clear preferences for either low or high representativeness[1239] rather than 'medium' representativeness. Although the existence of members (apart from the trustees) in the organisation was expected to be found only in incorporated societies (which made up 58% of the sample) because it is a legal requirement for this structure, members were also present in charitable trusts and three-quarters of the whole sample allowed members of various types (such as corporate or honorary members). An explanation for this is that members can provide connections that help achieve strategic goals and their networks may also make sensitive activities like policy advocacy easier by extending an organisation's policy community boundaries. From this result, the majority of FSP organisations have the representational capacity to undertake policy advocacy that reflects the needs of constituents.

The ways in which decisions are made[1240] – including about policy advocacy – is most commonly simple, majoritarian voting[1241] rather than consensus decisions. Somewhat surprisingly, there appeared to be no statistically significant correlation between representative value and decision-making type (it was expected that organisations with a more representative structure would lean

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[1237] High market focus means over 50% government funding, high total income or high value government funding.
[1238] See explanations overleaf.
[1239] A higher representative value was obtained by considering the following features: election of officers from membership; number of officers above five; high rotation (short term of office with required rotation and maximum terms specified); requirement for specific representatives; membership organisation; and part of a federated structure.
[1240] A ranking of one to five indicates the direction from majoritarian to consensus decision making type.
[1241] In majoritarian voting there is usually a casting vote for the Chair.

towards consensus decision making) but neither was there any significant correlation between decision-making type and any other variable.

The discretion for organisations to be active in policy advocacy is enabled when a discretionary activities clause or policy advocacy clause is included in the objects of a Trust Deed: this was the case for almost three-quarters of the sample and was slightly more common for newer organisations. There was no statistically significant correlation between representation value and clause presence but neither was there correlation of clause presence and other variables that may support advocacy autonomy (such as organisational size measured by total gross income) or with potentially autonomy-constraining variables (such as high government income percentage). It is possible that organisations do not make use of the discretionary or policy capacity that they have, which is why no correlations appear. A similar opaqueness appears in the weakly negative correlation that was found between representation value and percentage government funding[1242] and between representation value and organisational age. [1243] No correlation was found between the existence of a discretionary or policy advocacy clause and percentage of government funding or with representation value. These results indicate that Trust Deed provisions are not noticeably influential in choices that organisations make about the percentage of government funding in the organisation.

A moderately positive, statistically significant correlation was found between representative value and a change in objects.[1244] This could indicate a democratically healthy voluntary sector because if organisations that change their objects generally have a governing body that is highly representative, the change could be defined as being 'well-mandated. For the 166 organisations that provided information about a change in objects, [1245] few had a change in their objects and of the majority that had no change most were incorporated societies (70%) and organisations with a medium to high representative value. This indicates that the sampled organisations were stable and any fundamental change in their Trust Deeds was likely to be mandated by their members.

There are two interesting results that are mutually supportive. First, a moderate positive correlation between representative values and 'all other grants' was found, that may indicate a preference or capacity to obtain philanthropic funding or greater attractiveness of representative organisations to philanthropists. Secondly a statistically significant weakly negative correlation (-.202) between representation value and total gross income may indicate that charitable trust structures without membership are slightly more likely to operate large budget organisations than incorporated societies. Other correlations indicate that organisations with a highly representative governing body

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[1242] This correlation -.166 was statistically significant at .019 in a two tailed test.

[1243] This correlation -.188 was statistically significant at .001 in a two tailed test.

[1244] A correlation of .361 showed statistical significance of .000 in Kendall's and Spearman's 2-tailed tests.

[1245] 17% of the sample had no values for objects change because only the current Trust Deeds could be located online. This was more common for incorporated societies.

were slightly less likely to have high income, high salary expenditure and high value government contracts.[1246]

In summary most organisations have members, have simple, majoritarian decision-making, discretionary powers and stable charitable purposes. Being more constituent-focused does not give a competitive advantage in the public social services market but it may be linked with being more successful in getting non-government funding. While Trust Deeds allowed for activities such as policy advocacy, there is no indication from the quantitative analysis that this activity is affected by the percentage government income. Thus the marketisation of social services does not appear to formally interfere with FSP organisations' capacity to undertake policy work. However if a high market focus includes professionalised staff and this (and possibly professional trustees) support the Chief Executive in sustainable policy work, then it is more likely that a high market-focus increases policy advocacy.

Organisational Autonomy

Proposition C: *FSP organisations which perceive their organisation's autonomy is high (self-ranked at 5) have one or more of the following characteristics: less than half of their income from government, a relatively high total gross income, more representative decision making rules than simple majoritarian rules and employ volunteers.*

The 23 interviewees were asked to rank their organisations' perceived autonomy between one (low) and five (high). The results showed that the 11 organisations with more than 70% government funding (and generally a higher total income) ranked their organisational autonomy lower on average than those with lower percentage government funding (half of these organisations gave a rank of 4.5 or 5.0). The organisation with the lowest autonomy rank (2.0) received 88% government funding. However, the relationships between these variables were analysed in both Excel and SPSS and different pictures emerged.

Using the result from Proposition B above that the median percentage government income across the whole sample was almost 75%, in Excel, the 23 cases were grouped into those with between 5%, 74% government income, and those receiving government incomes of 75% or higher. The autonomy scores were averaged for both of the two groups: the lower percentage government funding group had an average autonomy score of 4.2 while the higher group had an average autonomy score of 4.0.

Tests carried out in SPSS revealed no significant correlations between autonomy and the following variables: age; total gross income, percentage government income, all other grants, salary expenditure percentage, average volunteer hours per week and representative value. Despite this,

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[1246] There is enough variability amongst these correlations to be cautious in extrapolating these results.

some relationship does appear between autonomy score, percentage government income and legal structure when constructing this visually in Figure 11 below.

Figure 11: Autonomy, structure and percentage government income
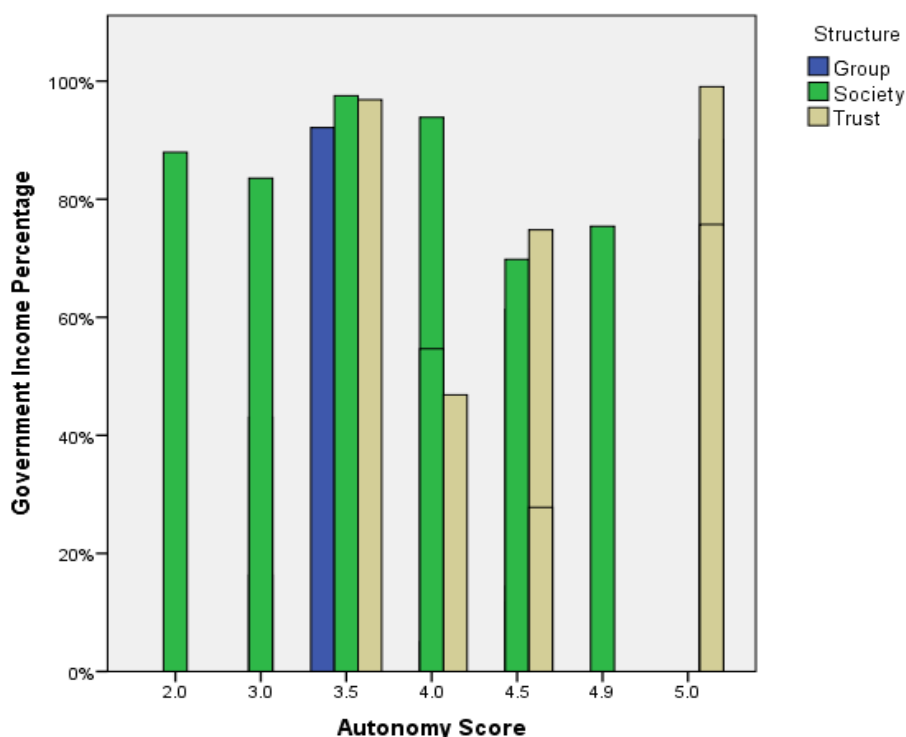
The figure above shows a slightly negative correlation between perceived autonomy and percentage government income, and that trusts seem more likely to have a higher perceived autonomy than societies.[1247] One conclusion that can be drawn from this chart is that the most common autonomy score is 3.5 for organisations receiving over 80% government income. This conclusion bears further investigation through more detailed questioning of perceived autonomy.

The Excel analysis separating the sample into two categories based on percentage government income revealed that those receiving over 75% government income were mostly organisations holding capital assets. A subjective interpretation can be made that these organisations are heavily depended on by government for their particular services, which are well established and in which funds have previously been invested and contracts are likely to keep being renewed. Despite this apparent mutually dependent relationship, these organisations reported a lower perceived autonomy than organisations that are less financially dependent on government. This can be taken as evidence that the marketisation of social services constrains FSP organisations' autonomy, such as deciding to engage in policy advocacy.

The qualitative analysis revealed that all but two organisations were interested in policy advocacy. Nine organisations were active policy advocates to some extent, which was more common with

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[1247] Only one organisation had a group structure, but it operates more like a charitable trust than a society.

percentage government funding below 70% (six organisations in this category). The five oldest (pre-1982) and largest (over \$10m income) organisations surprisingly have weaker perceived autonomy than newer and smaller organisations even though their total income and value of government contracts are higher on average than organisations formed since 1984 and percentage government income is lower. This is shown in **Appendix 7** where cases were sorted based on age and in **Appendix 8** where cases were sorted based on percentage government income. This reflects the results for the 201 organisations in the sample. It is an interesting result – what appears to increase perceived autonomy may be either higher total income or percentage government income – or some other unmeasured factor. However, increased autonomy is not automatically connected with increased policy advocacy.

Apart from these brief insights, the connection between perceptions of autonomy and organisational characteristics seems poorly explained. Whether there is an informal constraint on autonomy related to the proportion of government income and the extent of professionalisation requires more in-depth investigation carried out through interviews, as presented below.

The autonomy question

The question about ranking organisational autonomy provoked interesting reactions from the interviewees - it generated some deep thought and perhaps a new aspect to consider in the future.

Organisations with the highest perceived autonomy in the sample do not have a lot in common, but do all have distinct identities that have been strengthened by struggle – to survive, to push for improvements for particular groups, and to stay constituent-focused. It appears that organisational culture, kaupapa and Chief Executives influence the perceived organisational autonomy as much as the source of revenue or other exogenous factors. One Chief Executive whose organisation aligned exactly with others of high perceived autonomy gave an unexpectedly modest (3.5) autonomy score. The findings about perceived autonomy reveal that despite the constraints of being a contractor to government, FSP organisations have found many different ways of maintaining their autonomy. Whether this was operational autonomy or advocacy autonomy is hard to distinguish but it is likely that if operational autonomy – from internal and external forces – is not maintained, advocacy autonomy will be constrained.

Interviewees described changes in the policy system since 2008, in the way policy is developed with perhaps less policy access for FSP organisations overall, but the tension between receiving government funding and policy advocacy seems to be accepted as an on-going fact of life and choosing to speak against some policies is a long-standing dilemma. The following two quotes are given in full as they are representative of many responses.

Yes, definitely it is very difficult to bite the hand that feeds you, yes. If you focus on [providing] services, you need to be careful about what you're saying because you alienate the relationships you have on a day to day basis in order to do the work, or to pay for the work you do. That's the reality… that's not going to change – Labour or National who cares - whatever – it's no different.[1248]

Once you're a delivery arm of government – which we are – sometimes it's hard to do advocacy work…. nobody tells you that you can't say things – but it's just a line you straddle…. you'd be wise to be careful. It's not written in the contract… [but] be respectful. You use judgment, you have a no surprises approach, you have a media release, you send it to the Ministry and the Minister's office, you talk to the Ministry communications people, you say the way you can support them, you offer to support them, they see that you're supportive, you act with integrity, you act on evidence, you're professional, you're all of that. If you're a wise voice you get listened to.[1249]

These two organisations quoted above are very different in culture, mission and structure yet they are almost identical in terms of percentage government income and proportion of volunteers. Though they feel constrained, they both deal with the threat of mission drift by proactive engagement with state agencies and relationship maintenance.

In overview, the data reveals evidence of a range of autonomy-supporting factors set out in Table 10, with explanations following.

Table 10: Evidence of autonomy-supporting factors

Quantitative evidence of autonomy support	Qualitative evidence of autonomy support
Mixture of income sources	Separate national office does advocacy work
Established organisation (pre-1990) with high gross income	Membership of sub-sector networks and/ or an international federation
Inclusion of volunteers	Development of unique programmes which can be implemented by other organisations –a niche service
Savings or discretionary or policy clause	Constituent-responsive programmes
Change in founding objects mandated by a highly representative structure	Chief Executive aligned or supportive of Board's direction and representativeness
Community-representative structure	On-going involvement or influence of founding trustees
Low capital investment in buildings and land	Sound understanding and application of Trust Deed provisions
	Historical support from government of organisation's services, Respect of government priorities, giving prudent responses.

[1248] Interviewee 17Saf.
[1249] Interviewee 16ReS.

<u>Autonomy – Supporting factors</u>

Autonomy may be strong in organisations despite high value government contracts and high percentage government income because of the boundary-setting the organisation has carried out at the same time as maintaining government relationships: 'It's the opposite way around in mental health and addictions sector [evidence showing decreasing policy voice with increased government funding]. So the Big 13 we're the loudest voice, and the small organisations which maybe have a balance of funding more towards outside of government, are only interested in local politics.'[1250]

Organisations with small amounts of government funding can also stand firm because of proactive engagement with state agencies: 'We weren't having it [a gag clause in the contract]. What it ended up was, if we were going to say unpleasant things … we needed to give them a heads-up. We settled on something we can work with. How it works in practice is that sometimes when government has been attacked in the media, we have come out in support.'[1251]

Where advocacy gets difficult organisations may form separate charitable entities to do policy work and service delivery work and retain their registered charity status for both. The pragmatic approach is: 'the Board had decided … trying to manage social services and be an effective advocacy group was very very difficult. So … the Board initiated the founding of [an advocacy organisation] jointly with [a large FSP organisation].' Others have formed advocacy coalitions for the same reason, which was discussed earlier in this chapter.

Some organisations are confident of their position in the social economy because of their expertise or have some market niche and countervailing power. Even in these organisations there is still need to be cautious. 'I wouldn't say we are particularly fearful of providing policy feedback, because sometimes policy is not right. But we would perhaps be measured in how we respond.'[1252] The constraint in such organisations generally seems to be about sustainability of some services not the autonomy of the organisation to make representation on a particular issue, or develop a new service or change its direction in relation to external factors. A few organisations have had high profile politicians as trustees or advisors but this appears to be a thing of the past. Where this was found, the ex-politicians had been National Party members or Labour Party members.

One case had significant governance changes that may be related to maintaining a market niche – as a policy advocate and service provider – yet its autonomy was self-ranked high. Original Telethon funding and high public interest led to a requirement for an Opposition Member of Parliament on the Board – this has been rescinded as unworkable with MMP, but replaced by creating more of a membership organisation with elected trustees. The previous Chief Executive was well-known for

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[1250] Interviewee 5Con.
[1251] Interviewee 7Fam.
[1252] Interviewee 13OdH.

criticising those with responsibilities for the issues the organisation was trying to deal with and this appears to have continued to affect the organisation's relationships with stakeholders. The organisation moved away from political lobbying towards information provision and the coordination of research.[1253]

The remaining autonomy-supporting factors are also evident: providing ancillary services with government,[1254] jointly serving the community with philanthropists,[1255] co-opting the mind-set of government agencies,[1256] nurturing political influence in certain industries[1257] and generally giving consistent organisational responses that establish a strong organisational position that still allows room for manoeuvre.[1258]

<u>Autonomy – Constraining factors</u>

A common response was that government funding creates advocacy constraints, because this was the subject of the interview. 'I think we are constantly sitting on a fine line between speaking out around issues of concern but as a holder of a large government contract we need to be careful of those relationships … I think we are quite respectful of that but we still speak out on issues that we feel we need to. But I would be very careful about being derogatory about the government – whoever that government of the day is.'[1259]

A few organisations show signs of isomorphism when they adapt organisational timeframes to government budget cycles[1260] and take on projects that are top political priorities.[1261] One organisation dealt with a faction that developed around receipt of a large amount of government money which subsequently almost crippled the organisation.[1262] Several organisations in the disability sector revealed that various advocacy or operational networks could be autonomy-constraining: membership and representation is not always open; discussions are not always transparent, sometimes with uneven contributions from members and with more focus on networking than building capacity. This appears to be network autonomy at the expense of organisational autonomy.

Factors that constrain autonomy in some organisations can support it in others – formalised norms and values is the best example. In terms of the essential autonomy features, an organisation's hierarchical structure can make it hard to ensure discursive control of its affairs, yet it is responsible

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[1253] Interviewee 20NZD.
[1254] Interviewee 18TeR.
[1255] Interviewee 3Art, 1atH.
[1256] Interviewee 8Gre.
[1257] Interviewee 13OdH.
[1258] Interviewee 6DAo.
[1259] Interviewee 11NZF.
[1260] Interviewee 13OdH.
[1261] Interviewee 20NZD.
[1262] Interviewee 7Fam.

for its activities. In one organisation, norms and values both support and constrain autonomy. In other words, while a grand mission, distinguished history and large budget can make an organisation captive to its own lionised identity, the well-known organisational norms and rituals draw in stakeholder loyalty and thereby support autonomy.

So the question of whether reliance on government funding has an impact on the freedom of policy expression and policy advocacy remains: there are some insights and some unanswered questions as well. Further reflections are set out in Chapter Nine.

<u>Words paint a picture</u>

The most common adjectives used when discussing policy advocacy were extraordinarily similar: 'measured', 'careful', 'mindful', 'tailor our response', 'be wise', 'use judgement', and 'be respectful'. Without exception, FSP organisations contracting with government are strategic in their policy advocacy.

This result speaks loudly in answer to the research question, that marketisation affects the choices of many FSP organisations in carrying out policy advocacy by focusing them on government contracts.

Conclusion

The detailed propositions above provided a set of analytical windows, providing for crosschecks of results and consideration of assumptions. From all of the analyses, the conclusion is that while government funding constrains autonomy, FSP organisations have developed diverse advocacy strategies that enable them to maintain accountability to their constituents as well as to their funders.

One insight was that some features which, when combined, may equate to autonomy, an example of which is social enterprise and advocacy in mental health and addictions services. Five of the six organisations in this sub-sector were formed after 1984 as a result of government and community support of deinstitutionalisation of mental health patients. Five have over 75% government funding; the other receives only 28% of its income from government. They have an average self-ranked autonomy score of 4.2, most participate in coalitions such as Platform Trust, Navigate, the Health

and Disability Sector, NGO Forum or the New Zealand Disability Support Network and most had been involved in the development of government policy and position papers that are sometimes developed by consensus.

Another interesting issue that raised questions about autonomy was the increasingly common practice for FSP organisations to include a statement about support of the principles of the Treaty of Waitangi in Trust Deeds. It cannot be assumed that including such a statement is a reflection of an independently-chosen position that supports organisational mission, because it could also be a reflection of a government requirement for providing funding.

Marketisation continues to occur as new social issues become framed as issues amenable to either a social service programme – in which case funding will be sought; or a policy issue – in which case an advocacy strategy can be devised. As in any marketing campaign, the target audience of an advocacy strategy must be identified along with tactics and resources. Priorities between advocacy and service delivery also need to be decided in strategic decision making but this process is complicated by the fact that providing social services through public funds remains a political process. Contracting organisations' wariness of policy advocacy is more likely to be a result of external factors than internal factors such as the leadership and motivations of trustees. Being in a funding spotlight seems to put FSP organisations in a defensive mode and to put politicians who are debating values and preferences in a suspicious mode. Is this playing a marketisation-advocacy balancing game? Yes - and both the government and FSP organisations play it.

Chapter 9:
Discoveries, Implications and Further Work

This study has attempted to highlight the significance of the work of entrepreneurial FSP organisations and the complex and contradictory environment in which they exist if they choose to undertake policy advocacy as well as providing social services. The previous chapter compared how FSP organisations operate, within the conceptual framework of a social economy. Clearly, FSP organisations studied here participate in a 'social services market' providing public social services through funding from government and elsewhere. But the social services market is only one function of the social economy: it also maintains the trust of citizens that unmet social needs will get a response from FSP organisations if not from the government. Citizens' trust motivates advocacy as much as it does service provision: advocacy is as 'natural' as service provision for these charities. But this advocacy is not aimed at changing the government; it is aimed at policy change that addresses social problems and unmet needs. The relationship of FSP organisations with the government is very important.

Answering the research question, analysis of the quantitative and qualitative data shows that all FSP that participate in the social services market and want to receive government funding are 'careful' in their policy advocacy. Their policy advocacy is restrained by accepting government funding – even small amounts - and this is exacerbated by the avoidance of advocacy funding by the private sector. Moreover, untagged fundraised, earned or donated revenue that could be used for advocacy is affected by an environment that is more competitive than it was ten years ago. For example, competition for donors can be seen where many organisations deal with similar issues, such as hospices and cancer-support organisations. However there is a more pragmatic constraint on policy advocacy – insufficient resources overall. Higher income organisations are associated more with sustainable advocacy activities than lower income organisations. In response to this environment and to increasingly diverse and complex social issues, FSP organisations have become more entrepreneurial, more diverse and more visible. In sum, more charities operate like businesses than ever before and the social economy is slowly maturing. Alongside this, FSP organisations that participate in the social services market generally perceive their autonomy is constrained by both funding and advocacy constraints.

Public policy issues of the social economy

The current government's focus on an efficient social services market could point the way to a socialisation of the social economy concept; alternatively the concept may never rise sufficiently to break the surface of public consciousness. Changes in the legislative and policy environment within

the last decade which may contribute to this socialisation include the gradual formalising of the social economy through statistical measurement, requirements for charity registration, sector-neutral accountability prescriptions, open access data on organisations' financial statements and Trust Deeds, and streamlining contracting.

Despite the existence of the government-voluntary sector relationship agreement, *Kia Tutahi*, there has been no complementary focus by the government on understanding why FSP organisations might engage in policy advocacy. They continue to be discouraged from participating in policy making by the political culture of conflicting ideological commitments to either private sector freedom and small, efficient government or to interventions that primarily seek socioeconomic adjustments towards a level playing field in society. Such ideological positions are not necessarily maintained along political party lines: difficult social and economic conditions are more likely to motivate influential officials and politicians to pay attention to voluntary sector advocacy than party policy. Sometimes the personal attributes of politicians and relationships with key officials determine the success of advocacy – but often this is sustainability advocacy not policy advocacy. The major political parties acknowledge the importance of the voluntary sector and sometimes its interdependence with the government in providing social services, but there is uneven support for a government-sector relationship that accepts FSP organisations as policy actors. This political culture makes the policy system contradictory and complicated for FSP organisations - it is both hands-off and hands-on; both transparent and opaque - and is likely to continue to dissuade them from policy advocacy.

Policy system issues

New Zealand's policy system is characterised by the social economy's meta-norms of being law-abiding and supporting the government in good faith. This brings pragmatism into policy advocacy as charities accept there has historically been a close, almost symbiotic relationship with government, with benefits on both sides. Some social services have long been collaborative efforts between charities and the government. At least four of the 23 interviewed organisations provide services that are 'essential services' and if any were to cease operating it would leave a large gap in public social services. In terms of policy advocacy FSP organisations have also have enjoyed government support sometimes; 16 of the 23 interviewees noted past advocacy successes.

What appears to be missing in the policy system is recognition that FSP organisations can be expected – through their service provision – to have the knowledge and passion to participate in policy development as experts. While many of the interviewed organisations are active in their policy

communities, open policy advocacy is the victim of the hard line taken in decisions under the Charities Act 2005 to rule out political advocacy as a primary charitable purpose.[1263]

It is time for this hard line to soften- for a more sophisticated understanding of how charities provide a 'public benefit'. An appreciation of the difference between political advocacy and policy advocacy is required. This will provide space for the grassroots expertise – that has been often hard won – to be used in policy development, making for robust, grounded policy that is well supported.

Several factors in the policy environment are likely to have contributed to constrained autonomy in the three years preceding the data collection period.[1264] The scope and significance of these changes since 2009 (discussed in Chapter Seven) are astounding in hindsight and may represent another watershed for the voluntary sector, similar to the public sector reforms started in 1984. The changes include: the re-focus of government funding towards strategic investment (Community Led Development in 2011 and Investment in Services for Outcomes in 2012) away from smaller contracts; changes to contract administration including adoption of integrated contracting and Whanau Ora policy (2009-2014); public service reform (Better Public Services started in 2012); budget cuts to government agencies (from 2009); loss of an independent charity regulator and a stand-alone Office for the Community and Voluntary Sector (2012); two significant social policy developments at once (2012); the Flavell Bill to restrict funds from gambling (2013); discussions leading to major change in the financial accountability regime(2012-13); and associated changes to incorporated societies Trust Deeds and their overarching statute (2015). Case law will continue to explore the place of political advocacy in charities.

This research shows that the policy system issues that are most valid now for the social economy relate to policy recommendations that are weighted in favour of service provision not policy advocacy. Conflicting views exist in the sector about the benefit of government funding but fragile funding and competitive tendering practices clearly do not support dealing with long-term, intractable social issues.

Market-focus in social services

Government contracting policy and sector-neutral financial accountability continue to blur boundaries and institutionalise competition in the social services market, particularly when government is both the purchaser of services and creator of the market. In sub-sectors such as healthcare, competition and blurred boundaries are present because of a large number of providers but these features are less likely in niche services. However, the organisations' values and missions do not appear to be unduly affected by their dependence on government income or amount of their

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[1263] The data collection preceded the August 2014 Supreme Court decision to allow Greenpeace to carry on political advocacy as a primary charitable purpose, as discussed in Chapter Seven.
[1264] Data collection occurred between August 2012 and June 2013.

total income, which augurs well for organisational autonomy. That said, those organisations with a mix of revenue sources are likely to be more autonomous than single-source income organisations as they have are likely to have chosen funders that meet organisational service delivery objectives, but generalisations in this respect are not helpful.

The most significant finding is the correlation between total income, professionalisation and policy advocacy. The impression from considering the quantitative and qualitative data is that the circumstances of FSP organisations' advocacy are more complex than saying that focusing on the market takes attention away from policy advocacy. The conclusion is clear: policy activities cost money and need sustained resourcing from competent people who are committed to the organisation's mission. While it is becoming more common for some individuals to see a job in an FSP organisation as a stepping-stone in their career, many still join themselves to charities because of their commitment to the mission. Fully professionalised organisations are more likely to include policy work in their work plans than organisations relying on a mix of technical experts and volunteers. A particular marketisation dilemma is that passion and professionalism may compete in both staff and trustees and are possibly difficult to disentangle and manage. This effect of professionalisation of policy work warrants further examination.

It may be necessary to examine more closely the effect of government income compared to philanthropic income on FSP organisations' autonomy. The government sets priorities in the national budget and tenders contracts on its own terms to meet these priorities - a highly political process. Also, the government has power to restrain access to information about changes in government budgets and upcoming contracts that distorts the market significantly. Private philanthropy does not have such distorting capability. What makes autonomy more certain is FSP organisations' approach to the competitive contracting environment, where organisations that are autonomous ensure they have access to evidence to make prudent judgements about their options.

Various attributes of market-focus in FSP organisations were revealed through the quantitative method. As noted in Chapter Eight, age is an important independent variable, yet the entire sample had at least twenty years of experience so the 'older' organisations in the sample should not be greatly different from the 'newer' organisations. Larger organisations (in terms of total income) seem to have become large many years ago and stayed large; sometimes they get larger amounts of government funding than smaller organisations and have more paid hours per week. They have a competitive advantage because newer organisations are less likely to match their reputation and experience. On the other hand, newer organisations tend to have higher percentage government funding and salary expenditure – perhaps being more financially vulnerable to decreases in funding. As an example, the four organisations with the highest percentages of government income are all in the mental health sector and all in Auckland, which formed since 1984 as a consequence of

government support of deinstitutionalisation. The fact that age is so significant means that public policy analyses should consider this factor.

A topical market-focus issue is whether the government will support diversity or similarity (via a template approach) in contracts. The streamlining of all government procurement includes FSP organisations' contracts, which commenced after these research data were collected. Many relational contracts that were developed for specific circumstances will give way to a single department overseeing all contracting arrangements, providing template contracts documents and a decision tool for the contracting agency. Niche services and unique organisations may have difficulties with this, which could diminish their autonomy. Government messages are very clear that collaborative, coordinated work and integration will be favoured but also that service providers need to give 'customers' priority and face up to possible payment-by-results contracting arrangements. There is clearly little room for policy advocacy without alternative revenue to government contracts.

Policy advocacy

The key issue to present here is that policy advocacy is not political advocacy, as it is perceived in case law under the Charities Act. The policy advocacy of FSP organisations is not focused on changing the political system or changing the government. It simply seeks to add real value to policy development.

The quantitative analysis reveals that relying on proxy variables to examine constituent focus, such as representative and decision-making features, policy or discretionary clauses in Trust Deeds, and change in objects, were not sufficient to differentiate FSP organisations based on their capacity to engage in policy advocacy. But the analysis did conclude that organisations have the structural capacity to be autonomous, and to engage in the style of policy activity that suits them. This is because most organisations are highly representative, have a simple decision making process, have stable objectives and have a discretionary or policy clause in their Trust Deeds. A constituent-focus appears to be robust in charities, but not recognised as the basis of autonomy.

The qualitative data revealed that policy advocacy activity is diverse, sometimes obscure and that multiple strategies are employed and new tactics are developed to meet changing circumstances. The higher the dependence on government income, generally the more careful and strategic the organisation is in their policy advocacy. By being strategic FSP organisations carefully maintain their autonomy. An extreme example of this is organisations that have set up separate charities for policy work. These advocacy organisations do not generally receive government funding and are 'free' to voice policy concerns in the public sphere.

There are two aspects to policy advocacy by charities. The outward-facing aspect is that policy advocacy is generally carried out to draw attention to issues that public policy has not addressed

adequately and this may create undesirable pressure on the government's agenda. All FSP organisations interviewed are primarily focused on providing services but some express the political variable in their missions by making policy advocacy a regular activity. This does not mean that they have allegiance to any political party (despite having had support or funding in the past from either a National-led or Labour-led government) but they recognise and accept that they have an advocacy role. Chapter Two discussed civil society organisations choosing whether to act as a 'buttress to the state' or provide a 'bulwark against the state' but in practice there is no clear division between these positions - nor is any division necessary. All of the interviewed organisations acknowledged an obligation to advocate for their constituents, and even the two that did not currently engage in any policy advocacy were not averse to doing so in future.

The inward-facing aspect of policy advocacy within the charitable sector is that there is juggling between organisations for policy space in which to be heard. Accepting that political advocacy in FSP organisations is a sensitive topic because of legal constraints; only case study examination can reveal how the political variable in civil society affects some organisations and not others. Policy coalitions within the sector and sub-sector representative organisations such as Platform Trust have cleared a space for delivering united messages on specific policies as well as supporting organisations with the sub-sector. Non-service charities that support the autonomy of the sector such as ANGOA and Social Development Partners (now merged to become Hui E!) are also an essential component of strengthening policy advocacy capacity in the sector.

Principles for the social economy

Identifying civil society principles that apply to the social economy has enabled the analysis of FSP organisations choices about policy advocacy, in a way that reflects the true character of charity. Social service organisations were chosen as the focus as they are likely to demonstrate attention to the five principles: liberty and equality, spaces for community, self-sufficiency, collective wisdom and advocacy or political justice. FSP organisations apply most of these but they sometimes appear to struggle with the principles of fostering advocacy and maintaining spaces for the community to develop responses to local needs yet these are actions that support the public interest and the good of constituents. The legal constraint on applying the advocacy principle as a primary charitable purpose is a significant barrier to autonomy in FSP organisations.

While the civil society principles have been useful in this research, such as in differentiating between corporatism and neopluralism, New Zealand's social economy may be best supported by the words of the 1988 social policy inquiry:[1265]

[1265] New Zealand Royal Commission on Social Policy, "Towards a Fair and Just Society.", 11.

Voice: to be heard and to have one's views taken into account, to be part of decision making.

Choice: active choice based on full information.

Safe prospect: the ability to plan with reasonable confidence for the future.

These three elements of voice, choice and safe prospect are vital for FSP organisations in making their important contribution to the social economy. Not only do they corral invaluable resources and knowledge but also they are able to preserve space for policy discourse for those whose voices are marginalised. If this contribution is not visible in social policy, it creates an imbalance in the voluntary sector's environment in favour of marketisation and the spirit of commerce.

An institutionalist-autonomy analysis

This thesis embeds the theoretical framework of historical institutionalism and autonomy set out in Chapter Three through both its structure and its content. Rather than present a context chapter, the thesis structure analyses the context through the historical institutionalist lenses of constraints, culture and constituents in Chapters Five, Six and Seven. This section reflects on the findings in those chapters.

In overview of the analysis, the social economy is clearly neither a residual nor an alternative to the political economy but is a legitimate and fruitful sphere of the neopluralist nation. The general impression is that there is minimal visibility and support for policy advocacy in the social economy, unless the policy issues are topical. The distinctive constraints, culture and constituents are summarised below, followed by a reflection on autonomy.

Constraints

FSP organisations generally focus on the legislative constraints affecting their specific contracts rather than on wider legislative conditions affecting the voluntary sector. They are highly attuned to the contracting environment and the legislative and bureaucratic features are more likely to be constraints than enabling features. While organisations may be constitutionally autonomous through their Trust Deeds, in practice they are constrained by the impacts of a tight funding environment that makes service provision the top priority and advocacy a careful strategy.

Regulatory conditions present a strategic dilemma for FSPs: the opportunity to become registered charities with the privilege of tax-exemption and protection of limited liability for trustees against the constraints accompanying registration. The structural aspects of being a registered charity are interpreted by some as restraining because of accountability requirements and by others as freedom because they make use of the autonomous features of their constitutional rules.

The policy environment has three constraints: a policy system influenced by the presence of quangos and coalitions that change in function and composition and which may or may not support the autonomy of FSP organisations, sector policy goals which are more about efficiency than encouraging trust between the government and policy which is both government-centric (such as charities amalgamating projects and funding to support Better Public Services) and outcomes-centric (letting FSP organisations define how they can meet social outcomes). Despite the government's dependence on many FSP organisations, there is little transparency of this dependence and the policy environment remains contradictory and oppressive.

Culture

The culture of the voluntary sector can be described as leading - albeit from the background – the responsibility for society's pressing and persistent problems. Yet the culture of FSP organisations cannot be characterised as overtly political in terms of changing the power balance in the government. Individual organisations choices to support or oppose certain policies are motivated by core values and a strong constituent-focus. Sometimes these choices align with government priorities – such as deinstitutionalising mental health patients – and sometimes choices provoke changes in government decisions by providing an alternative perspective in particular areas of social policy. Government capacity building for the voluntary sector has for the last decade focused on efficiency and this has been the dominant topic of communication between the sector and the government. Unsurprisingly FSP organisations have become very interested in this compared to the policy system because it allows organisations to build strength.

Policy advocacy seems to be bound up by fears: the government fears advocacy by FSP organisations that may become overtly political, the market may fear privately held public power, and FSP organisations fear policy participation if it threatens their charity registration status. If the political culture is to serve citizens well, mutual trust within state-voluntary sector social services is essential. What is missing from the culture of political advocacy that might outweigh these fears is the recognition of two crucial contributions of the voluntary sector: the ability to get face-to-face with clients or constituents in order to assess unmet needs and the adaptability to use this knowledge to adjust services to maximise social profit. These are public benefits that can easily arise when policy advocacy is accepted as natural in the voluntary sector. But in New Zealand the idea that advocacy is a natural part of associational life is no more than an idea.

Constituents

When engaging in social enterprise, FSP organisations have a far greater range of internal and external constituents than do purely commercial enterprises. There is evidence of both corporatist

(exclusive) and neopluralist (inclusive) behaviour amongst constituents that may be a result of the relationship-based nature of New Zealand society. Corporatism may be modified by another popular tendency – distrust of narrow self-interest, of favouritism and factionalism. Some of the wariness of policy activism by charities may relate to the potential for 'factions' to draw the political agenda away from the aggregate interests of the community. Neopluralist features evident amongst external constituents are mainly policy niches, networks and policy entrepreneurs and at times there is countervailing power in national policy organisations and umbrella groups. The 23 organisations generally seem to accept the sector's corporatist features and the fact that politicians are strongly influenced by the already-powerful. However, there was some disquiet about corporatism tendencies, without apparent discussion about dealing with it. Large, established FSP organisations carefully maintain their policy space while also encouraging their fellow charities to be courageous in the corridors of power.

Chief Executives and Board Chairs appear to be influential in the extent and style of policy advocacy in organisations but a better understanding is required about what drives organisations' choices to become politically socialised (such as encouraging advocacy work throughout the organisation). A strong constituent focus by FSP organisations' leaders generally imparts a sense of autonomy, but personalities and history also have an impact on this. Most interviewees did not talk about national politics but were very interested in particular policies affecting their mission. But no FSP organisation is going to present strong political views and few will stand out through pushing a particular policy issue unless there is robust peer support.

The contradictory environment is further demonstrated by the evidence that New Zealand governments consistently recognise the value of the voluntary sector in their rhetoric but not in their administrative decisions. Many would want FSP organisations to be free, innovative, trustworthy and willing to adapt in the services they provide but a similar broad generalisation cannot be made about the attitude to policy advocacy by FSP organisations - ambivalence on this topic is obvious. For this reason FSP organisations are likely to continue to be wary and constrained in their relationships with government until there is an understanding that policy advocacy is not political activism.

In summary, an institutional analysis of the social economy reveals it as large and complex, with long-standing strengths and an evolving identity. In addition to a distinct identity, the institutional logic of the social economy requires two important supports: political commitment to allow FSP organisations to be innovative and respond rapidly to service issues, yet focusing on process in preference to product; and encouragement for multiple FSP organisations' voices to counter a lack of social cohesion and maintain space for the presentation of future policy voices. From the evidence gathered in this research New Zealand's policy system is deficient in recognising the full worth of the social economy.

Reflections on autonomy

The strength of FSP organisations in New Zealand is their freedom to define their legal structure, organisational nature and manner of collective reasoning, and to do this with the support of citizens that have a social conscience. These are features of autonomous organisations. Autonomy is a highly valued characteristic of the private sphere in a neopluralist, liberal democracy because it encourages innovation, responsiveness and responsibility. Autonomy can be applied in the public interest or private interest and FSP organisations act in the public interest by the application of their private, collective values.

Organisations' sense of autonomy is sometimes increased by a clear vision of what the organisation wants to achieve on behalf of its constituents. Generally the more closely the organisation identifies with its constituents in its strategic planning the more autonomous it perceives itself, but this perception in some cases is tempered by experiences of the vagaries of political decision making. In some organisations, applying the principles arising from the Treaty of Waitangi strengthen organisational autonomy and constituent-focus. Other autonomy-supporting factors include providing niche services or perhaps being a monopoly provider due to location, scale or small client market. Access to evidence about government policy affecting organisations' constituents and the public interest also increases autonomy; sometimes this is possible by involvement in advocacy coalitions. But accepting government contracts to the point where they comprise a significant percentage of organisational income presents risks that FSP organisations will continually be price-takers and eventually be re-created in the government's image.

This research leaves no doubt that individual FSP organisations operate autonomously but they are much less autonomous when they are highly dependent on government income, as the literature indicates. They are also constrained when they have uncertain funding – any advocacy is more likely to be about organisational sustainability. And when total gross income is barely covering service operational costs, policy advocacy is an unaffordable luxury. Insufficient funding could the biggest constraint on policy advocacy, rather than dependence on funding through government contracts. There is a connection between advocacy and autonomy that needs further investigation.

Development of a theoretical framework for voluntary sector research

While it was not a research objective, the project has developed a theoretical framework that is useful for research projects on the voluntary sector. This framework was necessary for the investigation of the voluntary sector because new institutionalism theory alone is insufficient to answer the research question. That theory considers the agency of individuals rather than collectives within the structures, rules, norms and values of institutions. Here, voluntary organisations were examined as the agents but their autonomy is collective and demands a theory of collective

autonomy. This enables the choices that FSPs make to be considered in separate organisations and then to be combined to develop insights about the institution of the voluntary sector. A system cannot be properly understood without carefully examining the various components, allowing the diversity of the components to be revealed in a methodical way. While economic theories have been used frequently to discuss the social economy, economic activity is not the core feature of these organisations.

This application of new institutionalism and autonomy contrasts with other theoretical approaches to policy advocacy, such as advocacy coalitions and social movement or interest group theory. The limitation of these approaches is that they do not pay much attention to the character of collectives that exist only for a social profit, as well as for a wide public benefit. FSP organisations seek to solve collective action problems – such as policy input of the marginalised voices of those with mental illnesses, or the access to health services of economically disadvantaged individuals – but the organisations struggle to present themselves as fully autonomous agents. It is easy to praise the collective action of service provision, but seems harder to acknowledge collective action on policy input. Perhaps this is the result of the amount of literature that is based on economic theories of service provision and on the benefits to public administration from co-production with FSP organisations.

More particularly, the use of historical institutionalism theory explains the examination of the foundations of the voluntary sector in New Zealand. These foundations were laid in tribal societies long before colonisation and were complemented by the importation of advanced ideas of associational altruism, in organisations such as St John's Ambulance and benevolent or mutual aid societies. From grounding concepts such as liberty and collective wisdom set out in Chapter Two, to the three institutional buildings blocks that formed the current environment of the voluntary sector set out in Chapters Five, Six and Seven, the events, structures and values from the founding phases of the sector have been shown to have path-dependent, deterministic properties.

For instance, path dependence is visible in the co-production of social services that preceded nationalised social services, and diminishing interest in government intervention that preceded support of neoliberal rather than socialist solutions, even in the voluntary sector. Ideologically contradictory to some extent, as deterministic features these events have produced unhelpful ambiguities about the role of voluntary organisations in the political economy. Even in the last seven years, several interlinked events reveal a systemic ignorance of the policy expertise of FSPs beyond closed-door consultation with certain organisations on certain policy issues. The global recession encouraged government cost cutting and streamlining, affecting contract funding and encouraging corporatism. The government's longstanding interest in collaboration between private and public sectors emphasises homogeneity rather than diversity, as shown in the sector-neutrality of financial

reporting and in retrenchment from the relative independence of charities oversight structures originally purposed in the Charities Act 2005. The sector has accepted and adapted to many constraints, using the diversity of constituents, blurred boundaries and relationship management to every possible advantage.

The use of three institutional building blocks of culture, constraints and constituents of the voluntary sector has provided a conclusion about the current environment. There is cross-sector agreement that silo thinking is inefficient and ineffective in dealing with intractable social issues and that the voluntary sector is an important part of the solution alongside the government and the commercial sector. However, the relationship between the government and the voluntary sector is far from effective in terms of the policy system. The cause of this unsatisfactory relationship appears to be persistent ambiguity about advocacy activities carried out by charities. Neither the government nor the voluntary sector shows evidence of grasping the difference between policy advocacy and political advocacy, nor has the government developed any guidance that would encourage FSPs to participate openly in policy development. The relationship accord, Kia Tūtahi does not appear to symbolise a healthy relationship for the voluntary sector.

Collective autonomy theory's characteristics of 'freedom in agency' 'discursive control' and 'fitness to be held responsible' were applied in the detailed profiling of FSPs. This profiling describes the attributes of FSP autonomy such as choices they make in relation to structure and decision-making, mission, sources of revenue and types of expenditure, and about how to contribute a public benefit through their activities. Organisational sociology theories, including autonomy, generally apply to FPP or government organisations but voluntary organisations differ from them both in two important ways. Firstly, they do not distribute a private profit and must show a public benefit; and secondly they can wind up whenever they wish - apart from moral and legal obligations they have- and are not bound by public statute or political commitment. While the attribute 'freedom in agency' applies to FPPs as much as to FSPs, 'discursive control' applies almost exclusively to FSPs through the governance structure predicated on voluntary contributions of time and social capital. It also connects most closely with the three building blocks of historical intuitionalism – culture, constraints and constituents.

In applying the third autonomy attribute of 'fitness to be held responsible' to FSPs, the analysis clearly recognises the significance of organisational age. While all organisations had proved themselves 'responsible' for at least 20 years, the phenomenon that larger budget organisations are most likely to be older was visible in the sample, but at the same time, the foregoing analysis shows differences between FSPs[1266] and FPPs for system dynamics concepts. The older-larger organisational

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[1266] See Chapter 8, proposition 2(iii).

phenomenon appears because of structural inertia as much as to reproducible performance and experience, in FSP organisations there are additional contributing factors. These appear to be economic factors (such as income from investments of gifts or capital assets, or from decades of tithing and volunteer resources) as much as sociological (such as having a well-known and trusted name for providing a public benefit without defrauding the public, and not retreating from commitments to constituents irrespective of the ebbs and flows of demand). It also explains why, although the sample contains fewer numbers of older than younger organisations, older organisations are still more likely to be the organisations with the highest incomes and largest staff numbers. This may be considered evidence of autonomy theory's attribute of FSPs' 'fitness to be held responsible' for their chosen mission statements and charitable purposes and as investment vehicles in the social economy and is evidence that there are enduring differences between FSP and FPP organisations. It also explains that, when FSP are considered as components of the institution of the voluntary sector, if system dynamics are applied to the social services system it must take account of the distinct profile of the institution that has carried the mantle of social responsibility in New Zealand for over 150 years.

Reflection on the Treaty of Waitangi in this research

While this research did not set out to examine the role of the Treaty of Waitangi (Treaty) in the voluntary sector, it is clear that for many social service providers the Treaty is an important part of their constitution and decision-making. The research could have investigated two interrelated questions. The first question is: are FSP organisations that operate as government contractors expected to be Treaty partners?

One answer to this question may be that in implementing government policy, FSP organisations need to show consistency with the policy rationale, on paper and in practice. It may also be a quasi-legal requirement in terms of permitting access to locations, individuals and resources. Another reason could be that some organisations may be more attractive to government funders if they are identified as an organisation with expertise and local mandate to provide social services.

Secondly, why do some organisations voluntarily reflect Treaty principles in Trust Deeds and in practices? One answer to the second question may relate to Māori land settlements and iwi social service providers that both increased from the 1990s. Land settlements under the Waitangi Tribunal are mandated through the Treaty and compensation payments that set up iwi social services may also be mandated through the Treaty. Another answer may be that as some social service providers (for example women's refuges) have a large percentage of Māori clients and the service encourages empowerment and recognition of cultural identity, it is appropriate and helpful to reflect Treaty

principles throughout the organisation. However, these issues require more attention than is possible in this project.

Finally, the Treaty has another important role, which to create understanding of customary use of certain resources. This understanding can apply to FSP organisations in that if there was a more widespread and transparent customary practice of expressing their policy voice this would have defined the limits and practicalities of political purposes, in a similar way that Māori customary use of specific resources has defined the limits of the activities of those not involved in those activities. Should the definition of charitable purpose be changed to specifically limit the space for policy voice, it may be because insufficient debate has occurred but also because no customary use of the policy space has been established. Credibility in the policy environment arises from consistent, active engagement of FSP organisations in policy development.

Research method review and critique

The mixture of quantitative and qualitative methods was suggested by two pieces of knowledge: availability of comparable quantitative data and understanding that this topic was going to require careful questioning about a sensitive topic that may not provide straightforward answers. The method is replicable however two aspects will impact any subsequent data collection: new financial accountability requirements may provide less financial data for lower-income organisations than previously and Chief Executive interviewees will have had subsequent experiences that make them give different responses in subsequent interviews. Any semi-structured interview is also difficult to replicate.

The design of an explanatory sequential mixed method was time consuming and complex but yielded a comprehensive picture of the circumstances of FSP organisations. Combined with the representativeness of the sample, it provides good grounding for the interpretation of the results. A more detailed examination of one of the three research areas separately – market-focus, policy advocacy and autonomy – might bring more clarity to the results. The richness of the quantitative data available for 23 cases suits the use of Qualitative Comparative Analysis (QCA). However, this method is very resource-intensive and was out of reach of this investigation, although the data may be subsequently analysed to seek further insights for public policy.

Recommendations for further work

The results indicate some tendency towards corporatism in the social economy that may be a result of the competitive aspects of the social services market or it may be a result of opaque policy and budget decisions. Many further queries arise from this research, such as: are older organisations a better investment for public and private funding or is this just a perception of funders and donors? In

other words, is the higher total income of older organisations connected with greater costs involved in their services or is it a market anachronism (trusting in more established organisations)? If newer organisations are more dependent on government funding and on professional staff, are they more service-focused or policy-focused and what influences their choices?

More investigation is recommended for a better understanding of autonomy in FSP organisations where this may be influenced by perspectives about policy advocacy at either governance or executive levels, and by participation in advocacy networks and coalitions. The question of whether streamlined contracting affects the presence of corporatist or neopluralist features also bears further examination. The review of the charitable purposes definition in the Charities Act and changes to the Incorporated Societies Act will further change the constraints felt by the voluntary sector. Case law has a significant influence and legal examination of the public benefit concept as it applies to charities will provide further guidance in this area.

The social services market is topical, yet not well understood. Hopefully 2015 will see greater socialisation of some of the issues and perspectives in the social economy and bring about some public discussion. This is a significant public policy issue that is extremely important to FSP organisations, and bears thorough consideration of the various perspectives put forward.

Appendices

Appendix 1: Policy advocacy types

Several writers have developed typologies of policy activities that are compared along broadly similar activity types below. References to advocacy for individuals are included in this table as some writers include it in their typologies.

Type	Onyx et al 2010[1267]	Guo and Saxton 2010[1268]	Mosley 2011[1269]	Casey 2011[1270]
1	Elections/electoral politics Encourage people to vote for or against a particular issue, candidate or party; organize elections forums/discussions or information, or inform about party platforms/policies to express support or opposition.	Grassroots lobbying Mobilising the public to support or opposes specific legislation. Voter registration and education, efforts to register voters or encourage citizens to vote.		Legislative & Administrative Encourage legislators to vote on specific legislation/proposition (direct lobbying); encourage public to express support or opposition to specific legislation/ proposition using phone calls, letters, e-mails (indirect or grassroots lobbying); Encourage people to vote on specific candidates/parties (campaigning); inform public about candidates' platforms/ policies; organise electoral or legislative forum/ discussion.
2	Law change Provide expert evidence for policy related law suit; promote legal action for or against a particular issue.	Judicial advocacy seeking change through the legal system (e.g. class-action and amicus curiae litigation) Expert testimony: providing testimony or advice at committee hearings on request from legislative body.	Participate in development or revision of regulations related to public policy (insider tactic) Provide testimony on public policy issues.	Legal Initiate or support public interest litigation Provide expert evidence for litigation.

[1267] Onyx et al., "Advocacy with Gloves On: The "Manners" of Strategy Used by Some Third Sector Organizations Undertaking Advocacy in NSW and Queensland."

[1268] Chao Guo and Gregory D Saxton, "Voice-in, Voice-Out: Constituent Participation and Nonprofit Advocacy," *Nonprofit Policy Forum* 1, no. 1 (2010).

[1269] Mosley, "Institutionalization, Privatization, and Political Opportunity: What Tactical Choices Reveal About the Policy Advocacy of Human Service Nonprofits."

[1270] Casey, "Understanding Advocacy: A Primer on the Policy Making Role of Nonprofit Organizations".

Type	Onyx et al 2010[1267]	Guo and Saxton 2010[1268]	Mosley 2011[1269]	Casey 2011[1270]
3	<u>Advocacy for clients</u> Seeking policy change on behalf of clients/users.			
4	<u>Dealing with government</u> (federal, state, or local) Participate in government sponsored consultation/advisory process; prepare submissions to government enquiry/review, or contact government staffers/ advisors or elected or appointed officials in support or opposition of a particular issue; seek support from government for innovative projects.	<u>Administrative lobbying</u> influencing the administration through meetings with government officials, commenting on administrative rulemaking (regulatory advocacy) <u>Direct lobbying</u>: efforts to influence legislation by persuading politicians to support a particular position, normally through direct communication with elected officials or their staff.	Participate in government commissions or committees	<u>Legislative and Administrative</u> Contact elected or appointed officials, staffers and advisors to promote changes in regulations, guidelines, and other administrative practices <u>Government Relations and Oversight</u>: Participate in on-going formal or ad hoc government consultation or advisory processes; respond to requests for advice; prepare submissions to government enquiry; engage in independent watchdog activities to monitor/ evaluate government activities.
5	<u>Education/ educational outreach</u> Organize lectures/ presentations, prepare or print materials, use art or cultural activities, or distribute literature for or against a particular issue.		Provide public education on policy issues.	<u>Education</u> Prepare and distribute print or online materials to educate community about an issue; organize or promote educational, art, cultural and community activities.

Type	Onyx et al 2010[1267]	Guo and Saxton 2010[1268]	Mosley 2011[1269]	Casey 2011[1270]
6	Background research Research a specific problem or solution in support or opposition of a particular issue; provide data to illuminate a specific problem or solution; write a research report for or against a particular issue.	Research original analysis or research on specific legislation or broad social or political problems.	Issue policy reports.	Research and Policy Analysis Prepare and disseminate research reports, policy briefs, etc.; evaluate effectiveness and outcomes of existing programs; provide data/access to external researchers.
7	News media outreach Prepare opinion piece for print or visual media; send letters to editors for or against a particular issue; express opinion during media interviews for or against a particular issue.	Media advocacy working for policy change via press releases, media events, letters to editor, opinion/education pieces, relationship building with editors and journalists.	Write editorials or letters to the editor of newspapers or magazines.	Communication and Media Outreach Send letters to editors; Post blog entries, tweets, and comments on online forums; prepare press releases or opinion articles; express opinion during media interviews.
8	Demonstrations/ protest/ direct action Organize or promote a demonstration/ rally; organize or promote campaign; contact parliamentarians; organize or promote boycott or petition.	Public events and direct action strikes, protests, demonstrations, sit-ins. Direct lobbying: Influence legislation by persuading politicians/ appointed officials to support a particular position.	Conduct a demonstrate-ion or boycott.	Mobilisation Organise or promote campaign to contact legislators or administration to express concerns; organise or promote petitions, boycotts, demonstration, rally, street action, or civil disobedience.

Type	Onyx et al 2010[1267]	Guo and Saxton 2010[1268]	Mosley 2011[1269]	Casey 2011[1270]
9	Sector coordination Attend and resource conferences with others; join/ support advocacy projects of other organisations; consult membership and constituencies, enable participation; organise responses to government and media; deliver sector training.	Coalition building working for policy change through coalitions with other advocacy and lobbying groups.	Participate in coalitions for purpose of influencing public policy.	Coalition Building and Capacity Development Create and sustain new organisations; create and sustain coalitions of organisations.
10				Service Delivery Implement and disseminate new model of service delivery

Appendix 2: Literature review for relevant variables

Sample size, type and location	Research question	Independent variables	Dependent variables	Findings
N=35 Social service non-profits; Michigan.[1271]	Are there relationships between resource dependency levels, autonomy levels, professionalisation levels and political advocacy?	Proportion of income from government; autonomy and professionalisation.	Advocacy strategy type: collaboration; campaign; contest.	Relationships emerged between levels of government funding and professionalisation; between levels of government funding and agency autonomy; and between levels of government funding and the use of multiple advocacy strategies.
N=98 Social service non-profits; Israel.[1272]	What is the effect on organisations' scope & intensity of political activity if they are: older; larger; attempt to change external power relations; dependent on government funding; dependent on philanthropic funding?	Organisation size (staff, budget), age, dependence on external funding, source of funding.	Scope & intensity of political activity.	Organisations' age did not affect political activity (none over 30 years old), but financial resources did - positively. Despite not being legally constrained from undertaking political activities, advocacy in Israeli human service organisations is vulnerable to changes in government policy and threats of loss of funding.
N=321 Advocacy-active social service non-profits; California[1273]	What kinds of advocacy tactics do organisations use most frequently? Does reliance on government funding and institutionalisation Increase likelihood of using Insider advocacy tactics??	Institutionali-sation (professional leadership, job formality, non-advocacy collaboration); charity status; government funding dependence; technology; age; size; volunteers; staff time on advocacy.	8 advocacy tactics: Insider advocacy (including participating in government committees or policy discussions) or indirect advocacy (including 'radical' and softer forms) – often both.	Increased government funding is moderately associated with increased insider advocacy tactics. Large size, non-charity status, technology and environmental/ animal field predict advocacy involvement and/ or use of multiple tactics. Smaller organisations are constrained, as are those receiving more than half their income from government. Age is not a predictor of advocacy.
N=43	What	Budget size	Advocacy	The findings were

[1271] Sturtevant, "Spectator or Participant? A Study of Charitable Nonprofits' Political Advocacy."

[1272] Hillel Schmid, Michal Bar, and Ronit Nirel, "Advocacy Activities in Nonprofit Human Service Organizations: Implications for Policy," *Nonprofit and Voluntary Sector Quarterly* 37, no. 4 (2008).

[1273] Jennifer E. Mosley, "Institutionalization, Privatization, and Political Opportunity: What Tactical Choices Reveal About the Policy Advocacy of Human Service Nonprofits," ibid.40, no. 3 (2011).

Advocacy-active social service non-profits; Washington, DC;[1274] (1996-8)	organisational factors of non-profit human service organisations influence their policy advocacy behaviour?	(total revenue), staff size (full-time paid staff - 30 hours or more per week), age, leadership and local government funding percentage.	behaviour	inconclusive in terms of a positive or negative effect on degree of policy advocacy as an impact of government funding but revealed a tendency to use elite advocacy (relying on expert power of professionals) strategies rather than empowerment (encouraging client participation) strategies.
N=24 Advocacy-active charities in four 'industries'; Australia;[1275] (2006-7)	Is it possible to develop advocacy strategies which include the mobilisation of particular constituencies and the wider society, but which also engage the professional elite, and if so, what are the implications?	Organisation size & type, State government funding sources, other revenue sources.	Political advocacy strategies: Elections/ electoral politics, law change, advocacy for clients, dealing with government, sector coordination.	While policy advocacy may usually not be 'radical' or intentionally seeking conflict, a 'softer' approach may still be political advocacy. It indicates the significance of solid relationships between FSP organisations and government agencies to make this effective.
N=588 Advocacy-active non-profits (human services is one of eight categories); Indiana[1276]	What organisational features relate to participation in varying levels of advocacy?	Organisation size (total staff number), age, Field of activity, government funding percentage, charity status, access to information technology.	Advocacy type: none, core or peripheral activity: ''peripheral'' (participates in some advocacy, but devotes few resources to it); ''core'' (devotes at least most of its resources to advocacy).	Most non-profits are ambivalent about advocacy. Where there is over 50% reliance on government funding there is generally an inverse relationship between increasing government funding and core advocacy activity – increased government funding is likely to lead to advocacy being an ancillary activity. Environmental and animal-related organisations were seven times more likely to advocate than in the social (human) services field.
N=1,236 religious entities and 229 social service non-	What is the effect of government funding on non-profit organisations political activity?	Receipt of any government income. Control variables:	Types of political activity (8) or participation in advocacy: –	No relationship is found between government funding and policy advocacy in charities: government funding can either

[1274] Linda Plitt Donaldson, "Advocacy by Nonprofit Human Service Agencies," *Journal of Community Practice* 15, no. 3 (2007).
[1275] Onyx et al., "Advocacy with Gloves On: The "Manners" of Strategy Used by Some Third Sector Organizations Undertaking Advocacy in NSW and Queensland."
[1276] Child and Grønbjerg, "Nonprofit Advocacy Organizations: Their Characteristics and Activities." Legal restrictions on political advocacy by charities appear to be very effective.

		community engagement activity type, religious tradition, size (expenditure), age, activity area, service beneficiary type.	the presence or absence, not the extent of advocacy.	encourage or discourage political advocacy. Factors other than resource dependence are involved, such as government's need for FSP organisations' expertise in policy formulation, creating mutual dependencies.
profits; America; 1988 - 1994.[1277]				
N=255 Social service non-profits; Belgium[1278]	How do non-profit managers perceive organisational autonomy vis-à-vis government in strategic areas? Does governmental funding of NPOs lead to less autonomy in strategic decision making?	Paid staff, private structure, non-profit, operates in Flanders.	Index of autonomy (1-5): between government as sole decision maker and non-profit as sole decision maker (or some level of shared decision making)	Public resource dependence impacts negatively on perception of organisational autonomy but differs with different amounts of funding, different decision types and volunteer presence – volunteers appear to foster autonomy. The study could not predict either government capture of FSPs services or FSPs as government funder-capture perhaps because the subjects had diverse amounts and sources of government income (central government funding has a greater negative effect).
N=105 Arts, human services, health, community development, environment and education non-profits; Ohio.[1279]	Is there a relationship between non-profit resources and roles?	Revenue type, use of industry standards as an indicator of organisational resources, field of activity, organisational age, size (annual income), volunteers (ratio).	Non Profit Role Index: 6 different roles including: social capital and community building, service provision and political advocacy.	Particular resource streams are strongly associated with particular non-profit roles. Two conclusions contradict other findings: resource dependence – particularly on public funds – can be a benefit to FSP organisations because it may support their public interest values; earned income is negatively associated with innovation (opposite to a key social enterprise concept) when it is from one-off earnings.

[1277] Chaves, Stephens, and Galaskiewicz, "Does Government Funding Suppress Nonprofits' Political Activity?."
[1278] Verschuere and De Corte, "The Impact of Public Resource Dependence on the Autonomy of NPOs in Their Strategic Decision Making."
[1279] Stephanie Moulton and Adam Eckerd, "Preserving the Publicness of the Nonprofit Sector: Resources, Roles, and Public Values," ibid.41, no. 4.

New Zealand studies

Sample size, type & location	Research question(s)	Independent variables	Dependent variables	Findings
N=153 Social service not-for-profits; New Zealand.[1280]	Is democracy – via civil society voice –flourishing or languishing? Is debate encouraged, tolerated or silenced? What constrains democratic debate?	Organisation size (staff numbers, expenditure), field of provision.	Not clear; possibly views of democracy, views of debate, receipt of government funding.	Debate is usually perceived as being tolerated by government, but 30% perceive debate to be silenced, irrespective of political party. Organisation size or field had no noticeable impact on political parties' attitude to debate or engagement, but overall environment did. Over 77% of organisations receiving government funding were not restricted from commenting on government policy and research. Most organisations rarely met with government but when they do, meet with officials. They mainly rely on meeting with members to get concerns heard. Consultation was most successful for improving funding but service provision and advocacy roles get blurred.
N=11 Social service and community not-for-profits; Auckland, Wellington, Waikato.[1281]	What types of advocacy activities occur in not-for-profits? What language describes these activities? Why is a specific advocacy activity type adopted?	Receipt of government funding; advocacy as part of organisational activity.	Five categories of advocacy: advocacy for clients, dealing with government, political change, Law change, public benefit (5 sub-categories).	All organisations: were actively engaged in advocacy - institutional not radical; had government relationships; provided data to support concerns; and proved that collective advocacy action is more effective. Judgment and discretion are used in advocacy decisions – especially in those reliant on government funding.

[1280] Grey and Sedgwick, "Fears, Constraints, Contracts: The Democratic Reality for New Zealand's Community and Voluntary Sector." The study included those with and without government funding (latter is 28% of the sample; possibly 12 out of 153 never receive government funding: p. 39). This study is built on a 2004 survey by the Australia Institute: Sarah Maddison, Richard Denniss, and Clive Hamilton, "Silencing Dissent: Non-Government Organisations and Australian Democracy " (The Australia Institute, 2004). http://www.tai.org.au/documents/dp_fulltext/DP65.pdf (accessed 14/12/14).

[1281] Elliott and Haigh, "Advocacy in the New Zealand Not-for-Profit Sector: 'Nothing Stands by Itself'." This study is based on an Australian study of advocacy cited above: Onyx, et al (2010).

Appendix 3: Data availability, limitations and exclusions

The primary source of data for indicators (i) to (v) above is the publicly available financial information in the Charities Services register. This information derives from the Annual Returns completed by each registered charity. The second source of data is the publicly available Trust Deeds, Financial Statements and rule changes. These documents may be found online[1282] on either (or both) the Charities Commission register and the Incorporated Societies register. The text of the Trust Deeds and Charity Rule change documents is summarised and ranked and the data is thus limited by the subjective judgement of the ranking and summarising process.

Available data for variables

Market-focus	Policy advocacy
1. Total gross income 2. Government funding amounts and percentage of government income 3. Expenditure on salaries (as percentage of total expenditure) 4. Proportion of full time equivalents (staff) 5. *Proportion of the average paid hours per week to average volunteer hours per week*	1. Type of representativeness of governing body based on election type and structure.[1283] 2. Type of decision making by the governing body.[1284] 3. Presence or absence of the provision of a discretion or policy advocacy clause in the Trust Deed objects. 4. *Degree of change in the objects in the Trust Deeds.[1285]*

The Trust Deeds are the only information readily available for a large number of FSP organisations in New Zealand but it provides an analytical lens to compare several dependent variables in the dataset.

Data limitations

The first limitation on the analysis of the data arises from the wide variability in terms of the age of the data. This is because an Annual Return is completed at the end of a year and each organisation chooses the date at which its Annual Return is completed. Therefore at the time of searching the register, some organisations' data may be more than two years old.

Another limitation in the validity of the data collection is that there may have been changes in the financial structure of organisations, which may have changed the list of organisations included in the analysis, had the search been undertaken at a different time. Some financial changes were revealed through a manual search of Annual Returns filed subsequent to 2012. These later returns were able

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[1282] Unless documents are filed online, they are not available from government sources.

[1283] (subjective values allocated based on Trust Deeds of 0, 1 or 2)

[1284] (subjective values allocated based on Trust Deeds of 0, 1, 2, 3, 4 or 5)

[1285] (subjective values allocated based on Trust Deeds of 0, 1 or 2)

to be used for comparison as the research continued, some of which showed considerable differences in key data such as the amount of government funding received. One assumption from this is that not all organisations receiving government funding in 2011-12 have continuously received such funding prior to this point.

A limitation in the generalisablity of the results of the database analysis is that even in the manual check of previous financial statements, some charities have systematically filed financial statements and others have not. In addition there may be considerable delays in Annual Returns being received from charities and organisations may have been deregistered for failing to complete Annual Returns, subsequent to my search.

Despite these limitations, the database represents the best data available, as it comes directly and regularly from the organisations themselves, since 2008. In effect, the annual return process is similar to annual surveys of charities, although it is a mandatory process of being a registered charity. The data is highly likely to be reliable, as organisations receiving government funding have their financial status monitored by the funder and tax regulator and also undergo various audits.

Selecting the sample – Rationale and process for exclusions

The research design for comparisons within the voluntary sector was to select 200 organisations[1286] quasi-randomly from the universe of approximately 4000 registered organisations using the following parameters.

- Organisation is over 20 years of age (incorporated prior to 1993).

- Activities include providing social services and providing advocacy.

- Receives government grants of more than $40,000 per annum.[1287]

- Is a voluntary organisation (not established by Act of Parliament).

- Operates in New Zealand.

The population

The data collection process commenced on 8 August 2012, when it was found that there were 25,279 charities registered on the online Charities Services register. Of these, 3417 received at least $40,000 in government contracts or grants in the year covered by the Annual Return (13.5%). The figure of $40,000 was chosen[1288] as the parameter of selection of a population of registered charities as it is

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[1286] As indicated in the Thesis Proposal, approximately 200 organisations were sought, on the basis of being a manageable number of cases to collect data on, and to compare statistically.

[1287] An income of $40,000 is the figure determined by Statistics New Zealand as being the minimum to be economically active

[1288] The figure of $10,000 income from government contracts suggested in the Thesis Proposal was not considered sufficiently high to show any marketization effect. For comparison, organisations receiving at least $10,000 from government in July 2013 totaled 4502, being almost 19% of the total number of organisations registered, and those receiving less than $5000 from government totaled 24% of all registered organisations.

the figure used by Statistics New Zealand to define the minimum annual income of a commercial enterprise. If an organisation received 100% of its income from government and the amount was $40,000, this would enable the organisation to function as a commercial enterprise.

Selection filters

In order to create a manageable sample for desktop analysis of 200 organisations, several filters were applied that allowed the analysis to focus on the specific, interconnected area of interest: the effect of devolution of government social services to non-government organisations.

Organisational age of 20+ years

The rationale for selection of this pre-1993 cut-off date was to examine organisations which have existed for at least 20 years prior to 2012 and currently receiving government funding. This was based on the assumption that an organisation at least 20 years old is likely to have sufficient institutional identity and history from which to provide information on its decisions about carrying out public policy work. Of those 3417 receiving at least $40,000 in 2011-12, 1166 were incorporated prior to 1993. The date of incorporation of the 3417 organisations was discovered by a specific, customised search of records administered by the Ministry of Business Innovation and Employment, as it is not included in the online data held by the Charities Commission. [1289] For comparison, at the date of the search there were 1945 registered charities that were incorporated after 1992.

Social service providers

A social service organisation is defined here as one that provides a service which is open to the general public (despite being focused on certain activities such as the employment of disabled people). From the population of 1166 of registered charities 20 years old or older, a total of 600 organisations were excluded[1290] as not being a social service organisation based on the organisation's definition of their main activities and beneficiaries from the Annual Return.[1291] The resulting population of 566 social service organisations (48.5% of the 1166 age-relevant FSP organisations and 16.6% of the 3418 government funding-relevant population) was identified.

The criteria for exclusion are based on the following activities being the primary focus of the organisation and which had no readily available evidence of general social service activity: religious activities; education - early childhood education, industry training, private schools;[1292] rest homes; primary health organisations; sports and recreation activities; emergency services for recreation or

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[1289] The department administering the Charities Commission register is now the Department of Internal Affairs, but the Ministry of Business Innovation and Employment administers the Incorporated Societies register which is where incorporation dates are recorded. The Charities Commission register records the date that an organisation was registered with the Commission, which only started registering charities in February 2007.

[1290] Of these 600 excluded organisations, 42 were deregistered and were deleted from the database.

[1291] In some cases, this information was unclear and a search of the organisation's website was required to identify their main activity and purpose.

[1292] Two organisations whose main activity was given as a specific type of education, but whose purpose was children or youth 'life skills' development, were included in the database.

property protection; arts, heritage and culture activities; conservation and environmental activities; organisations set up with the purpose to provide for certain groups only (such as and iwi organisations); land holding organisations, marae reservations and Māori trust boards.

The sample

From the population of 566 social service organisations registered on 8 August 2012 a sample of N=201 social service organisations[1293] remained from the exclusions listed above as well as additional exclusions to bring the total to approximately 200 organisations as required. These additional exclusions were:

- Organisations with a total gross income of less than $500,000;

- Organisations that were mainly regional or local, rather than national;

- Health centres; community houses; very similar (e.g. hospices) or branch organisations.

Organisations which were subsequently checked that they were specifically included were Māori organisations. Explanations of the rationales for exclusion or inclusion are set out below.

a. Total gross income

A decision was made to retain organisations with total gross income over $500,000 – which meant shedding some organisations with income less than $500,000. Organisations with higher total gross income were observed to be more likely to have a wide range of values for percentage government income: conversely 88% of the population of 566 which had total gross income below $500,000 had more than 50% of their income derived from government funding. These organisations were less diverse in their percentage of government funding. The section of the population that has a wider range of percentage government funding was organisations with higher gross income. Also organisations with a higher gross income are more likely to have resources to undertake policy work.

b. National organisations

Organisations that operate at a solely local level are somewhat less likely to be involved in national policy activities on a regular basis. Nationwide organisations need to consider policy issues that affect constituents and clients across the country and policy issues tend to be more strategic. The work also involves considerable commitment of resources because issues regularly arise during the year. Local or regional policy issues tend to be more irregular - organisations have to be strategic about how they participate in policy issues. The selection of nationwide organisations in preference to local or regional organisations ensured the sample was likely to have a large number of organisations that were not only likely to be engaged in policy advocacy but to develop public education material and to be consulted for advice.

[1293] 201 organisations equates to 17.2% of the 1166 voluntary organisations at least 20 years old and 5.8% of the 3418 organisations receiving government funding of at least $40,000.

c.   Health centres, community houses, very similar (e.g. hospices) or branch organisations

In order to reduce the number of organisations on the database, a choice was made to exclude some organisations which were likely to not get very involved in general policy activities – health centres and community houses. Reducing the number of similar organisations was also carried out to increase the diversity of the database.

d.   Māori organisations

Having completed the inclusions and exclusions noted above, a specific check on the proportion of Māori-focused organisations revealed that approximately 4% of the original universe of 3417 charities receiving at least $40,000 from government identified as focused on services to Māori rather than to the general public. This identification was possible through the organisations that described their main beneficiaries as "people of a certain racial/ethnic origin" and by checking the organisation name. In the refined population of 566 social service providers at least 20 years old, this identification process provided only 6 organisations, or 0.1% of the total. However, this definition includes organisations that were not specifically serving Māori, such as The Hepatitis Foundation of New Zealand.

Therefore, to get social service providers for Māori which met the selection criteria for the 200 organisations required for the database – especially the range of variables – a manual check of all organisations with Māori names (apart from Māori names of proven non-Māori organisations) was conducted on the population of 566 social service organisations[1294]. A total of ten extra Māori-focused organisations were added to provide a range of values for the key variables and to allow the analysis to consider the data for Māori-serving organisations. Most importantly, this decision provided a wider pool in the sample from which to subsequently gather qualitative data through interviews.

[1294] This manual check included information about the organisation derived from a search of the organisation's website and a search of documents available on government websites.

Appendix 4: Comparison of distribution of sample and cases on two variables

Percentage government income distribution comparison				Organisational age distribution comparison				
Government Income Percent Group	Percent of 201	N=201	n=23	Percent of 23	Date Group	Percent of 201	N=201	n=23	Percent of 23
0–25	14%	28	4	17%	1880–1979	33%	67	8	35%
26–50	15%	30	3	13%	1980–1984	17%	35	5	22%
51–75	25%	50	5	22%	1985–1989	22%	45	3	13%
76–100	46%	93	11	48%	1990–1992	27%	54	7	30%
TOTALS	100%	201	23	100%	TOTALS	100%	201	23	100%

Appendix 5: Database of sample (N=201) at August 2012

<u>Key to Database</u>

Area	Objects Change	Savings Clause	Representative value	Decision process value
A = Auckland BOP = Bay of Plenty CY = Canterbury HB = Hawkes Bay I = International M = Manawatu N = National NSth = North of South Is NTH = Northland O = Otago T = Taranaki W = Wellington WA = Waikato WC = West Coast	No = 0 Yes = 1	No = 0 Yes = 1	Low = 0 Appointed trustees and term unlimited or repeated Medium = 1 Mix of appointed and elected trustees, term 1–3 years, possibly descriptive representation High = 2 Election of officers from membership, officers above 5, high rotation (short term of office with required rotation and maximum term stated), specific representatives required. Perhaps a membership organisation or a federated structure	Simple Majority = 1 50% majority vote, Chair casting vote Open Majority = 2 50 % majority vote, no casting vote High Majority = 3 66% or 75% majority, sometimes casting vote Consensus preference = 4 If no consensus possible, revert to simple majority, with casting vote Consensus = 5 Try again until consensus reached, or 66 % majority with no casting vote

Note: the shaded rows in the database in the following pages indicate the 23 cases drawn from the sample.

No	Incorp-oration Date	Type (Socie ty or Trust)	Government grants, contracts $	Total gross income $	Govern ment Income Per cent	Other Grants Per cent	Service trading income	Salary expend-iture Per cent	Number Full time Staff Proportion	Average Volunteer Hours Week Proportion	Area	Object s Change N=0	Savings clause N=0	Represent-ative value Low=0	Decision process value Majority= 1
1	1888	S	3812000	5,545,000	69%	0%	870,000	67%	0.81	0.00	A	0	0	1	1
2	1909	S	308,339	570,364	54%	1%	172,832	61%	0.78	0.17	N SI	?	1	2	4
3	1915	S	619,009	2,017,583	31%	3%	11,076	74%	0.59	0.20	CY	1	1	2	1
4	1919	S	14,802,695	18,195,134	81%	3%	1563039	74%	0.32	0.04	STH	?	1	2	1
5	1920	S	51,992,604	65,013,611	80%	7%	0	72%	0.24	0.00	N	?	1	2	1
6	1926	S	450,491	958,768	5%	29%	0	75%	0.19	0.10	A	0	1	2	1
7	1927	T	2,507,153	4,817,145	52%	0%	6,240	45%	0.75	0.00	A	0	0	0	1
8	1931	S	9,101,000	139,509,000	*7%*	1%	2,039,486	12%	0.29	0.45	N I	2	1	2	1
9	1933	S	10,794,885	11,204,832	96%	0%	0	62%	0.90	0.00	N	?	1	*0*	1
10	1935	S	694968	4,811,554	14%	0%	2,809,543	*40%*	0.80	0.01	N	?	0	2	1
11	**1935**	**S**	**4,408,607**	**7,809,403**	**56%**	**4%**	**388,962**	**49%**	**0.33**	**0.01**	**A**	**?**	**0**	**2**	**1**
12	1938	S	67,870	619,443	11%	4%	4,860	32%	0.13	0.12	A	1	0	2	1
13	1940	T	34,969,010	74,640,826	47%	2%	28,148,897	57%	0.50	0.42	A BOP NTH	?	1	1	5
14	1946	S	306,475	20,790,992	1%	0%	20,210,431	16%	0.64	0.06	N	0	0	2	1
15	1947	S	261,000	412,122	*63%*	0%	0	26%	0.67	0.71	N	1	1	2	1
16	1949	T	2,749,223	11,105,771	25%	5%	1,900,611	8%	0.83	0.70	N I	0	1	2	1
17	1951	S	870,123	11,267,635	*8%*	7%	589,336	37%	0.54	0.18	BOP	2	1	2	1
18	1954	T	19,414,570	25,960,443	75%	1%	1,016,669	71%	0.22	0.01	A BOP NTH WA	?	1	0	2
19	1954	S	12,226,734	13,901,574	88%	3%	1,008,178	5%	0.19	0.00	N	?	1	*1*	4
20	1956	S	211,052	222,906	95%	0%	0	84%	0.43	0.05	W	1	0	2	1
21	1956	T	16,302,937	20,889,040	78%	9%	347,970	73%	0.90	0.01	N A CY	0	1	0	1

No	Incorp-oration Date	Type (Socie ty or Trust)	Government grants, contracts $	Total gross income $	Govern ment Income Per cent	Other Grants Per cent	Service trading income	Salary expend-iture Per cent	Number Full time Staff Proportion	Average Volunteer Hours Week Proportion	Area	Object s Change N=0	Savings clause N=0	Represent-ative value Low=0	Decision process value Majority= 1
											HB				
22	1958	S	127,000	1,647,458	8%	16%	5,105	24%	0.50	0.04	N I	2	1	2	1
23	1959	S	156,390	480,155	33%	11%	163,516	45%	0.00	0.83	A	?	1	2	1
24	1959	S	89,589	1,307,808	7%	9%	572,897	60%	0.71	0.20	N	1	1	2	2
25	1959	S	476,001	1,456,895	33%	29%	0	62%	0.71	0.08	N	0	1	2	1
26	1959	S	378,748	2,563,980	15%	0%	1,679,746	64%	0.32	0.00	A	0	1	0	2
27	1959	T	492,894	508,742	97%	2%	1,563,039	66%	0.35	0.08	WA	1	1	2	1
28	1959	S	11,362,189	15,071,008	75%	6%	0	68%	0.22	0.00	N	2	1	2	1
29	1962	S	55,023	486,115	11%	44%	51,301	75%	0.36	0.02	CY	0	1	2	1
30	1965	T	57,754	476,624	12%	34%	0	64%	0.45	0.01	A	0	1	2	1
31	1966	S	650,000	5,522,000	12%	27%	161,000	52%	0.77	0.13	M	?	1	2	1
32	1967	S	2,261,599	2,675,745	85%	0%	0	57%	1.00	0.31	WA	0	0	0	2
33	1967	null	22,201,000	81,578,000	27%	0%	16,806,000	68%	0.44	0.05	A NTH WA I	0	1	0	2
34	1967	null	48,047,000	156,218,000	31%	2%	13,841,000	46%	0.40	0.18	N I	?	1	0	1
35	1967	S	703,580	4,315,455	16%	0%	3,377,111	23%	1.00	0.82	N	2	0	2	3
36	1967	S	149,595	155,173	96%	0%	0	71%	0.13	0.24	M	0	1	0	1
37	1968	T	3,872,195	22,338,643	17%	3%	4,533	31%	0.60	0.05	N	2	1	2	1
38	1968	S	75,000	564,638	13%	32%	0	46%	0.80	0.53	N	?	1	2	1
39	1969	S	270,000	3,003,643	9%	7%	2,276,904	11%	0.78	0.00	N	2	1	0	1
40	1969	T	4,980,000	6,232,000	80%	3%	135,658	51%	0.25	0.16	N	?	1	2	4
41	1969	S	10,215,115	10,806,591	95%	0%	0	72%	0.75	0.01	A M NTH WA	0	1	2	1
42	1969	S	37,329,849	52,011,815	72%	4%	0	60%	0.30	0.00	N	0	1	2	2
43	1970	S	133,796	161,557	83%	12%	0	65%	0.00	0.43	M WN	1	1	2	2

No	Incorporation Date	Type (Society or Trust)	Government grants, contracts $	Total gross income $	Government Income Per cent	Other Grants Per cent	Service trading income	Salary expenditure Per cent	Number Full time Staff Proportion	Average Volunteer Hours Week Proportion	Area	Objects Change N=0	Savings clause N=0	Representative value Low=0	Decision process value Majority=1
44	1971	S	53,737	119,619	45%	38%	2,434	56%	1.00	0.79	NSth W	1	0	1	1
45	1972	T	417,179	4,770,124	9%	16%	787,166	64%	0.74	0.42	A	1	1	1	2
46	1972	S	2,921,441	3,119,024	94%	0%	988	17%	0.36	0.05	N	?	1	1	4
47	1972	S	249,000	2,290,000	11%	36%	11,147,000	35%	0.24	0.86	N	1	0	2	1
48	1974	T	6,786,570	8,917,970	76%	0%	0	63%	0.50	0.02	CY	?	1	1	1
49	1974	T	3,415,425	4,402,693	78%	4%	66,151	58%	0.74	0.00	N	?	1	0	1
50	1974	T	1,484,000	55717000	3%		0		0.93	0.03	N I	?			
51	1974	S	510,603	586,483	87%	5%	5,548	59%	0.18	0.00	BOP	0	1	2	2
52	1974	S	166,813	243,793	68%	21%	10,146	63%	0.00	0.04	NTH	?	1	1	1
53	1974	T	66,971	139,238	48%	39%	0	33%	1.00	0.00	A	0	1	2	4
54	1975	S	135,133	271,796	50%	10%	58,182	32%	0.75	0.50	A	0	1	2	5
55	1976	T	858,351	1,638,084	52%	1%	8,691	55%	0.45	0.02	BOP	1	0	0	2
56	1976	S	605,410	1,260,744	48%	24%	0	67%	0.75	0.02	CY	1	1	0	5
57	1976	S	183,545	545,511	34%	46%	435,427	36%	0.00	0.63	B	1	1	2	1
58	1976	T	575,931	624,454	92%	0%	0	73%	0.69	0.02	W	1	1	2	5
59	1976	S	1,020,460	1,195,330	85%	0%	170,822	71%	0.65	0.00	W	2	0	1	1
60	1977	T	131,139	4,538,410	3%	30%	0	25%	0.73	0.02	N	0	1	0	2
61	1977	S	190,269	205,828	92%	0%	7,604	69%	0.17	0.58	HB	?	1	2	5
62	1978	S	2,309,863	3,768,568	61%	28%	70,747	57%	0.59	0.04	N	?	1	2	1
63	1978	S	1,132,844	1,159,768	98%	0%	0	61%	0.90	0.02	CY	0	0	2	1
64	1978	T	2,354,953	2,772,545	85%	6%	0	71%	0.83	0.02	O	1	1	0	4
65	1978	T	2,726,873	2,755,025	99%	0%	0	76%	0.69	0.00	M	1	0	2	2
66	1979	S	163,763	231,244	71%	11%	34,852	55%	0.17	0.02	A	0	0	2	1
67	1979	S	57,111	1,168,547	5%	20%	0	70%	0.11	0.09	N	?	0	2	2

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68	1979	S	330,294	400,550	82%	13%	3,284	67%	0.06	0.69	N M	?	1	2	4
69	1980	S	10,570,581	11,262,198	94%	0%	461,000	59%	0.33	0.07	N	0	1	0	1
70	1980	T	730,430	1,061,128	69%	19%		51%	0.56	0.26	W I	0	0	1	1
71	1980	**T**	845,856	930,947	91%	0%	**47,453**	76%	1.00	0.00	N	0	1	0	1
72	1980	S	194,556	2,216,416	9%	0%	1,215	30%	0.78	0.00	N	0	1	*2*	1
73	1980	T	129,148	529,540	24%	62%	3,120	62%	0.88	0.07	A	2	1	2	2
74	1980	T	6,116,572	6,633,971	92%	0%	0	53%	0.63	0.00	N	0	0	0	1
75	1980	T	551,672	1,105,717	50%	0%	1,200	75%	0.55	0.01	A	1	1	0	1
76	1980	S	386,969	425,657	91%	2%	17,360	68%	0.22	0.00	WA	0	1	2	2
77	1980	S	274,161	381,083	72%	4%	75662	76%	0.36	0.00	N M	?	1	2	5
78	1981	S	1,683,538	2,565,652	66%	0%	726,949	17%	0.64	0.07	N	0	1	*2*	1
79	1981	S	331,022	1,041,874	32%	15%	0	61%	0.15	0.26	M W	?	1	2	4
80	1981	S	155,740	223,133	70%	0%	20,146	31%	0.00	0.93	N	0	1	*2*	1
81	1981	T	363,654	415,733	87%	0%	4,906	50%	1.00	0.00	G I	0	1	*0*	1
82	1981	S	7,381,283	8,764,181	84%	10%		10%	0.62	0.06	N	1	0	2	5
83	1982	T	1,094,000	1,585,000	69%	0%	13,139	53%	0.70	0.00	N	?	1	0	2
84	1982	S	1,106,588	1,138,292	*97%*	1%	2,262	70%	0.52	0.00	N	?	1	1	1
85	1982	T	228,300	233,300	98%	2%	0	59%	0.83	0.06	HB	0	1	0	1
86	1982	S	592,892	711,101	83%	5%	36,522	65%	0.71	0.00	N	2	1	2	5
87	1982	T	1,280,792	3,578,629	36%	1%	0	64%	0.31	0.03	A	?	1	2	2
88	1982	T	638,880	868,370	74%	0%	36,270	81%	0.25	0.03	WA	0	1	1	1
89	1982	S	266,665	320,429	83%	14%	0	69%	0.19	0.00	W	1	1	2	4
90	1982	S	100,091	222,118	45%	33%	0	67%	0.33	0.49	A	0	1	*2*	5
91	1982	S	523,117	872,582	60%	30%	35,305	64%	0.59	0.14	A NTH	1	0	2	4

No	Incorp-oration Date	Type (Society or Trust)	Government grants, contracts $	Total gross income $	Govern-ment Income Per cent	Other Grants Per cent	Service trading income	Salary expend-iture Per cent	Number Full time Staff Proportion	Average Volunteer Hours Week Proportion	Area	Objects Change N=0	Savings clause N=0	Represent-ative value Low=0	Decision process value Majority=1
											WA				
92	1983	S	2082652	2379438	88%	9%	0	68%	0.66	0.22	A	0	1	0	1
93	1983	S	123,241	185,034	67%	25%	18	82%	0.00	0.00	M W	0	1	2	1
94	1983	S	529,822	969,580	55%	27%	57,137	726%	0.34	0.03	N	1	1	0	1
95	1983	T	2,966,055	2,999,285	99%	0%	0	68%	0.25	0.00	A WA	1	1	0	1
96	1983	S	176,726	731,813	24%	12%	48,304	45%	0.75	0.00	N	0	1	2	1
Averages Pre- 1984			4,183,324	10,120,997	56%			62%	0.75	0.16				1	1	2
97	1984	S	577,463	613,022	94%	2%	167,000	74%	0.50	0.17	W	0	1	2	5
98	1984	T	2,322,719	2,965,640	78%	0%	0	80%	0.06	0.00	A	0	1	0	1
99	1984	S	531,489	697,676	76%	18%	158,950	61%	0.00	0.60	A	0	0	2	1
100	1984	T	1,283,251	1,494,627	86%	0%	112,610	38%	0.65	0.02	N	0	1	0	1
101	1984	S	65,000	1,331,168	5%	19%	0	57%	0.29	0.65	N	2	1	2	4
102	1984	null	16,705,000	18,137,000	92%	0%	485,495	63%	0.91	0.00	A N	2	0	2	2
103	1984	T	5,892,812	6,046,289	97%	0%	0	71%	0.96	0.00	A	0	1	0	1
104	1984	S	630,184	918,965	69%	17%		51%	0.29	0.00	N	2	1	2	1
105	1985	S	70,380	434,518	16%	7%	0	70%	0.11	0.09	N	0	1	1	1
106	1985	S	729,105	895,469	81%	0%	152,678	83%	0.88	0.01	A	?	0	1	5
107	1985	T	4,112,376	4,659,689	88%	7%	9,214,852	51%	0.62	0.01	N I	0	1	2	2
108	1985	S	419,912	1,320,800	32%	30%	2,757	80%	0.30	0.02	A	1	1	1	1
109	1985	S	118,817	338,218	35%	34%	3,024	66%	0.08	0.15	WA	0	0	2	1
110	1985	S	97,394	229,185	42%	28%	51,704	61%	0.00	0.38	BOP	1	0	2	2
111	1985	T	3,037,844	4,833,175	63%	37%	0	0%	0.19	0.40	M	0	0	1	2
112	1985	S	1,372,553	1,832,634	75%	11%	0	71%	0.50	0.00	A	0	1	0	1

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113	1985	S	200,000	4,430,554	5%	92%	0	0%	0.86	0.00	N	2	1	2	1
114	1986	T	3,042,147	3,397,655	90%	4%	191,961	64%	0.74	0.01	A	1	0	0	2
115	1986	S	828,532	946,034	88%	8%	8,072	67%	0.71	0.02	A NTH	1	1	2	1
116	1986	S	390,822	586,500	67%	8%	85,610	51%	0.22	0.61	WA	?	1	2	2
117	1986	S	12,344,965	12,925,442	96%	1%	0	48%	0.56	0.00	N	2	1	0	3
118	1986	T	624,976	809,617	77%	30%	126,125	56%	0.67	0.00	A NTH	0	1	0	1
119	1987	T	1,164,261	1,700,396	68%	10%	485,495	41%	0.55	0.03	WA	1	1	2	2
120	1987	T	212540	764,584	28%	0%	302,369	39%	0.21	0.26	N	0	1	0	2
121	1987	T	600,844	1,217,172	49%	3%	563,524	69%	0.29	0.00	T	0	1	0	4
122	1987	T	1,270,873	1,311,105	97%	2%	77,817	40%	0.67	0.00	HB	0	1	0	2
123	1987	T	2,480,807	4,682,481	53%	43%	0	73%	0.85	0.05	N	0	1	0	2
124	1987	T	1,812,094	3175598	57%		588,819								
125	1987	S	283,360	363,656	78%	8%	0	77%	0.89	0.02	O	0	1	0	1
126	1988	T	220,195	273,933	80%	19%	0	58%	0.50	0.00	BOP	?	0	2	1
127	1988	T	2,468,506	3,267,990	76%	1%	738,903	68%	0.83	0.01	WA	1	0	0	1
128	1988	T	6,449,350	6,600,725	98%	2%		57%	0.69	0.00	W	1	0	0	1
129	1988	T	83,179	298,186	28%	59%		77%	0.33	0.18	W	0	1	0	1
130	1988	T	457,000	1,540,000	30%	0%	0	36%	0.71	0.08	A	1	1	2	4
131	1988	S	255,696	325,146	79%	0%	66,797	41%	0.40	0.00	W	2	1	1	4
132	1988	T	5,008,181	5,170,992	97%	0%	79,749	67%	0.72	0.00	A	0	0	2	2
133	1988	T	421,918	429,173	98%	0%	2,193,017	72%	0.36	0.02	A	1	1	2	5
134	1988	T	3,918,604	4,616,234	85%	0%	657,153	63%	0.90	0.03	CY WC	0	1	0	3
135	1988	T	1,193,004	1,716,456	70%	0%	4,412	82%	0.19	0.02	CY	0	1	0	1
136	1988	S	3,595,768	8,353,432	43%	7%	0	68%	0.18	0.04	A	0	1	0	1

No	Incorp-oration Date	Type (Society or Trust)	Government grants, contracts $	Total gross income $	Government Income Per cent	Other Grants Per cent	Service trading income	Salary expend-iture Per cent	Number Full time Staff Proportion	Average Volunteer Hours Week Proportion	Area	Objects Change N=0	Savings clause N=0	Represent-ative value Low=0	Decision process value Majority=1
137	1988	S	607,677	797,222	76%	1%	178,275	66%	0.93	0.00	A	0	1	2	2
138	1988	T	836,895	1,379,420	61%	31%	57,320	79%	0.39	0.00	A	0	0	0	2
139	1989	T	922,144	953,617	97%	2%		68%	0.69	0.14	A WA W	0	1	0	1
140	1989	T	580,285	780,946	74%	0%	171,044	47%	0.82	0.31	A NTH	0	0	0	2
141	1989	S	274,975	671,472	41%	5%	7,000	71%	0.46	0.24	W	1	1	2	5
142	1989	S	40,835	101,532	40%	32%	5,833	64%	0.50	0.69	W	2	1	2	1
143	1989	T	2,371,100	2,641,417	90%	0%	131,355	69%	0.07	0.01	BOP	0	1	0	5
144	1989	S	279,289	573,136	49%	1%	0	57%	1.00	0.31	N	2	0	2	1
145	1989	S	36,298,234	39,391,059	92%	2%	1,738,366	71%	0.23	0.02	N	0	0	0	1
146	1989	S	98,475	115,874	85%	6%	0	72%	0.50	0.08	SI	1	1	2	3
147	1989	S	397,520	1,318,914	30%	27%	279,927	37%	0.18	0.15	NTH	2	1	2	1
148	1989	S	538,677	729,081	74%	5%	0	61%	0.82	0.00	W	0	1	2	1
149	1990	S	6,426,826	6,589,119	98%	0%	0	72%	0.76	0.00	A WA	1	0	2	1
150	1990	T	372,106	807,533	46%	0%	0	62%	0.34	0.02	A	2	1	2	1
151	1990	T	7,177,792	7,274,186	99%	0%	0	62%	1.00	0.00	CY O	0	0	2	1
152	1990	S	72,213	91,445	79%	16%	0	68%	0.50	0.47	M WG	1	1	2	2
153	1990	T	553,775	722,453	77%	14%	0	100%	0.57	0.00	NTH	0	0	0	2
154	1990	S	151,302	187,011	81%	17%	0	66%	0.10	0.05	WA	0	1	2	1
155	1990	S	647,575	682,895	95%	1%	0	63%	0.70	0.80	A	2	1	2	5
156	1990	T	5,270,686	6,570,389	80%	0%	1,245,525	66%	0.86	0.00	BOP TKI WA	2	0	1	1
157	1990	T	1,429,857	2,779,198	51%	6%	1,015,269	73%	0.92	0.00	A	0	1	0	1
158	1990	T	417,568	655,788	64%	36%	0	71%	0.90	0.10	CY	0	1	0	4
159	1990	S	2021786	2,419,364	84%	8%	45,182	61%	0.87	0.15	N	0	0	2	4

No	Incorp-oration Date	Type (Society or Trust)	Government grants, contracts $	Total gross income $	Government Income Per cent	Other Grants Per cent	Service trading income	Salary expend-iture Per cent	Number Full time Staff Proportion	Average Volunteer Hours Week Proportion	Area	Objects Change N=0	Savings clause N=0	Represent-ative value Low=0	Decision process value Majority=1
160	1991	T	1375831	1,646,524	84%	16%	0	64%	0.96	0.00	W	0	1	0	4
161	1991	S	7,579,917	7,706,932	98%	0%	0	80%	0.34	0.00	A	0	1	0	1
162	1991	T	152,614	203,635	75%	10%	9,567	68%	0.60	0.04	WA	0	1	0	1
163	1991	T	974757	1,287,103	76%	21%	15,667	32%	1.00	0.00	N I	1	1	2	2
164	1991	S	153,457	172,946	89%	3%	8,478	60%	0.00	0.07	NTH	0	1	2	1
165	1991	T	1,573,556	1,957,791	80%	0%	0	61%	0.75	0.00	N	1	1	0	1
166	1991	T	18,906,986	19,278,417	98%	0%	172,416	70%	0.47	0.00	BOP T WA	2	1	1	5
167	1991	T	991,134	1,045,145	95%	0%	0	73%	0.43	0.00	O STH	1	1	0	3
168	1991	T	937,361	940,481	100%	0%	75,662	78%	0.75	0.00	CY	0	1	0	1
169	1991	S	8,281,210	9,413,680	88%	7%	0	62%	0.56	0.32	N	1	1	2	1
170	1991	S	206,790	359,709	57%	2%	149	77%	0.50	0.21	A	0	1	2	4
171	1991	S	300,492	410,342	73%	13%	0	73%	0.25	0.17	A	?	1	2	5
172	1991	S	412,152	530,582	78%	2%	0	66%	0.04	0.01	O	1	0	2	2
173	1991	S	619,516	663,224	93%	0%	0	63%	0.80	0.01	BOP	1	1	0	1
174	1991	S	112,246	116,051	97%	0%	0	63%	0.33	0.41	A	?	0	2	1
175	1991	S	363,510	473,505	77%	0%	45,182	61%	0.87	0.15	CY	0	1	0	3
176	1991	S	3,540,973	4,273,529	83%	17%	0	67%	0.00	0.45	N	2	1	2	1
177	1991	S	1,997,779	2,576,288	78%	0%	398,635	58%	0.75	0.00	A	?	1	2	1
178	1991	S	110,969	111,668	99%	0%	0	76%	0.67	0.03	NTH	0	1	2	1
179	1991	T	1,477,333	2,093,292	71%	0%	367,988	74%	0.57	0.02	N	0	0	0	1
180	1991	S	606,758	890,969	68%	12%	168,855	71%	1.00	0.05	NI	0	1	0	1
181	1991	T	2,222,062	3,362,402	66%	7%	80,364	37%	0.43	0.01	N	0	0	0	1
182	1991	T	92,626	150,054	62%	20%	0	65%	0.00	0.64	WA	1	0	0	1

No	Incorp-oration Date	Type (Socie ty or Trust)	Government grants, contracts $	Total gross income $	Govern ment Income Per cent	Other Grants Per cent	Service trading income	Salary expend-iture Per cent	Number Full time Staff Proportion	Average Volunteer Hours Week Proportion	Area	Object s Change N=0	Savings clause N=0	Represent-ative value Low=0	Decision process value Majority=1
183	1991	T	258,228	299,098	86%	6%	0	42%	1.00	0.07	WA	2	1	2	2
184	1991	S	1,068,579	1,218,824	88%	11%	24,995	69%	0.60	0.60	CY	0	1	0	1
185	1992	S	99,894	237,627	42%	49%	0	80%	0.00	0.01	CY WC	0	0	0	4
186	1992	T	372,000	625,447	59%	0%	313,427	59%	0.30	0.01	A N	0	0	0	2
187	1992	T	747,195	766,543	97%	1%	0	73%	0.24	0.01	N M T	1	0	0	5
188	1992	T	2,626,482	2,743,646	96%	0%	0	71%	0.47	0.00	NthSth	1	1	2	4
189	1992	T	8,455,198	9,389,706	90%	0%	771,273	71%	0.59	0.00	NTH	0	1	2	5
190	1992	T	422,857	511,356	83%	9%	0	67%	0.75	0.01	A	1	1	0	4
191	1992	T	93,666	186,509	50%	23%	0	71%	0.20	0.43	A	?	1	0	1
192	1992	T	108,500	195,705	55%	28%	0	78%	0.17	0.14	M WG	0	0	1	2
193	1992	S	231,731	325,848	71%	10%	1,990	74%	0.11	0.15	HB	?	1	2	4
194	1992	T	364,828	394,692	92%	6%	0	68%	1.00	0.04	A	0	1	0	3
195	1992	S	167,000	278,160	60%	3%	12,300	50%	0.25	0.60	NTH	0	1	2	1
196	1992	T	27,331,932	27,594,944	99%	1%	0	74%	0.81	0.00	A CY NTH WA	0	0	0	1
197	1992	T	1,610,229	3,796,044	42%	7%	1,349,159	62%	0.29	0.26	A	0	1	0	1
198	1992	T	119,000	295,725	40%	40%	33,888	69%	0.57	0.18	A NTH WA	0	1	0	5
199	1992	T	115,311	149,931	77%	0%	280,403	28%	1.00	0.50	A N WA	0	0	0	1
200	1992	S	366,412	736,533	50%	0%	367,142	58%	0.07	0.00	A CY NSth	0	0	2	1
201	1992	T	425,511	561,788	50%	3%	115,012	66%	0.80	0.00	A	1	0	0	1
Averages 1984 -1992			*2,423,284*	*2,918,883*	*72%*		*870,000*	*63%*	*0.53*	*0.12*				*1*	*2*

Appendix 6: Qualitative data of policy advocacy activities and challenges

Direct policy advocacy activity

Policy advocacy activity	Challenges of advocacy activity
Organising conferences on policy issues and inviting guest speakers that later present opinions directly to politicians or policy community	Difficult for a small organisation; helped by international networks and non-government funding.
Creating and running Parliamentary groups of Ministers and officials annually or biannually – with personal or political interest in the issues dealt with by the organisation.	Takes time to develop and is dependent on willingness and availability of individuals; may falter or stop if the topic becomes politically sensitive.
Commissioning specific research aimed at providing evidence for policy advocacy	Depends on funding and researchers available when research is needed.
Surveying members to find out what the most topical issues are and publicising these; and checking on changes to these issues.	Not all organisations have members who could be relied on to regularly participate; some members may not represent views of majority.
Identifying staff with advocacy capacity and providing space for their input to advocacy.	Requires staff with interest and skills in policy or advocacy or both; service-orientation makes this less likely.
Setting up advocacy projects involving staff and volunteers which may respond to local issues in different areas.	Organisation needs to have an advocacy strategy and strong volunteer or membership base.
Being part of an advocacy coalition to push particular messages, consistent over time e.g. Access to Medicines Coalition.	Depends on similar organisations committing to combined advocacy, requires some consensus; may be subject to domination by certain organisations.
Being part of a regular Chief Executives meeting of similar organisations, with common interests such as child health; advocacy may include making joint policy submissions.	As above, domination by stronger organisations or personalities or group change may disadvantage some organisations if this is their only avenue for advocacy.
Produce regular media statements or brief reports on topical issues; cultivate contacts from media and for-profit organisations in similar fields.	Requires sufficient resources to produce timely statements that are successfully published in suitable media; target audience for reports may not accept the information.
Prepare discussion papers for the Board that flow information between governance and policy staff; information from online networks and blogs, media and parliamentary information.	Policy employees are mobile and often hard to replace quickly; to be successful the activity needs to be a strategic goal, not relying on individual attributes; where the Chief Executive writes papers time and capability factors arise; Board may not respond usefully.

Indirect policy advocacy activity

Policy advocacy activity	Challenges of advocacy activity
Using Board members who are linked to other organisations doing policy advocacy work to pass on advocacy messages.	Relies on personal commitment of Board members to use their networks for 'favours'
Collecting ad hoc data on needs of particular groups in the community which may be shared with the relevant Ministry or Department if requested – not proactive	'Ad hoc' data may be derided by government in an evidence-based policy environment; timing and organisational capacity need to be aligned
Talking with other organisation's trustees informally and using personal networks to get access to Ministers or officials or to determine organisational strategic goals or whether to take assertive action on an issue	Balance is required between networking and direct advocacy: trust may be damaged by perceived abuse of networks; messages may be misinterpreted; organisational priorities can be changed by informal commitments made to bolster trust within networks.
Being part of relevant email groups or sector/ industry meetings to discuss government policy or legislation relevant to the sector.	The most active groups may not be the most directly useful to the organisation.
Subscribe to newsletters such as Policy Watch, NZCCSS, Presbyterian Support Services	Time is required to feed policy information to the Board/ members and convert into policy advocacy.
Being an organisational supporting voice with a patient advocacy organisation for particular health needs not being met by the public health system	Requires on-going networking to stay abreast of political issues in health expenditure
Arranging site visits with stakeholders to discuss areas of innovation	A time-consuming task that may not result in policy advocacy

Appendix 7: Cases (n=23) sorted by age (pre-1984 and 1984 onwards), showing average autonomy scores

Autonomy score	Incorporation Date	Type (Society or Trust)	Government income percent	Policy interest	Change *related to contracts*	Mission change	Salary expenditure percent	Proportion Full Time Staff	Total Staff	Average all paid hours/ week	Proportion Average Volunteer Hours/Week
4.5	1935	S	14%	yy	n	y	40%	0.8	25	685	0.0
4.0	1940	T	47%	y	y	y	57%	0.5	1330	####	0.4
4.3	1954	T	75%	yy	y	n	71%	0.2	662	####	0.0
2.0	1954	S	88%	y	y	y	48%	0.2	312	6275	0.0
4.9	1959	S	75%	y	y	n	68%	0.2	276	6500	0.0
4.5	*1966*	*S*	*12%*	*yy*	*y*	*n*	52%	0.8	39	*2706*	0.1
3.0	1967	S	16%	n	y	n	23%	1.0	14	525	0.8
4.5	1978	S	61%	yy	n	n	57%	0.6	46	1370	0.0
4.0	1980	S	94%	y	n	n	59%	0.3	12	345	0.1
4.5	1981	S	70%	y	n	n	31%	0.0	4	75	0.9
4.0	1983	S	55%	yy	y	y	53%	0.3	311	7432	0.0
4.0			**55%**				**51%**				**0.8**
4.0	1984	S	5%	n	n	n	57%	0.3	21	490	0.6
3.5	1984	null	92%	y	y	y	63%	0.9	220	8352	0.0
4.5	1987	T	28%	y	n	n	49%	0.2	14	348	0.3
3.5	1988	T	97%	y	y	n	67%	0.7	95	2289	0.0
3.0	1988	S	43%	y	n	n	68%	0.2	11	354	0.0
3.5	1990	S	98%	yy	n	y	72%	0.8	119	4296	0.0
5.0	1990	T	64%	yy	n	n	71%	0.9	10	368	0.1
3.0	1990	S	84%	y	y	y	61%	0.9	31	1105	0.2
5.0	1991	T	76%	yy	y	y	32%	1.0	6	225	0.0
5.0	1991	T	66%	yy	n	n	37%	0.4	46	1130	0.0
5.0	1992	T	90%	y	y	y	71%	0.6	135	4300	0.0
5.0	1992	T	99%	y	n	y	74%	0.8	446	####	0.0
4.2			**70%**				**60%**				**0.9**

Appendix 8: Cases (n=23) sorted by per cent government income (0-70%, 71–100%), showing average autonomy scores

Autonomy score	Incorporation Date	Type (Society or Trust)	Government income percent	Policy interest	Change *related to contracts*	Mission change	Salary expenditure percent	Proportion Full Time Staff	Total Staff	Average all paid hours/ week	Proportion Average Volunteer Hours/Week
4.0	1984	S	5%	n	n	n	57%	0.3	21	490	0.6
4.5	1966	S	12%	yy	y	n	52%	0.8	39	2706	0.1
4.5	1935	S	14%	yy	n	y	40%	0.8	25	685	0.0
3.0	1967	S	16%	n	y	n	23%	1.0	14	525	0.8
4.5	1987	T	28%	y	n	n	49%	0.2	14	348	0.3
3.0	1988	S	43%	y	n	n	68%	0.2	11	354	0.0
4.0	1940	T	47%	y	y	y	57%	0.5	1330	####	0.4
4.0	1983	S	55%	yy	y	y	53%	0.3	311	7432	0.0
4.5	1978	S	61%	yy	n	n	57%	0.6	46	1370	0.0
5.0	1990	T	64%	yy	n	n	71%	0.9	10	368	0.1
5.0	1991	T	66%	yy	n	n	37%	0.4	46	1130	0.0
4.5	1981	S	70%	y	n	n	31%	0.0	4	75	0.9
4.2			40%				50%	0.5			0.3
4.5	1954	T	75%	yy	y	n	71%	0.2	662	####	0.0
4.9	1959	S	75%	y	y	n	68%	0.2	276	6500	0.0
5.0	1991	T	76%	yy	y	y	32%	1.0	6	225	0.0
3.0	1990	S	84%	y	y	y	61%	0.9	31	1105	0.2
2.0	1954	S	88%	y	y	y	48%	0.2	312	6275	0.0
5.0	1992	T	90%	y	y	y	71%	0.6	135	4300	0.0
3.5	1984	null	92%	y	y	y	63%	0.9	220	8352	0.0
4.0	1980	S	94%	y	n	n	59%	0.3	12	345	0.1
3.5	1988	T	97%	y	y	n	67%	0.7	95	2289	0.0
3.5	1990	S	98%	yy	n	y	72%	0.8	119	4296	0.0
5.0	1992	T	99%	y	n	y	74%	0.8	446	####	0.0
3.9			88%				62%				0

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