

# True charity kept at home

Is it right that the “top five or ten percent” have increasing levels of influence and decision making power in terms of public policy and public education?

**M**assey University Institute of Education professor John O'Neill addressed this question in his presentation to PPTA's annual conference — How charities are shaping education policy in New Zealand.

O'Neill updated the conference on the findings of a PPTA, NZEI and NZPF funded research project, looking into how influential people at elite levels of society were shaping education policy in New Zealand — often under the guise of charity.

“Is it right that just because you have money you are able to engage in activity that begins to significantly shape the direction and emphasis of public policy,” he asked.

There was something “seriously wrong” with the way public education policy was being advanced, O'Neill said.

The ease of setting up an organisation for charitable purposes could encourage giving and altruism, but it also meant a charity could be “a proxy or sheep's clothing for all sorts of other activities,” O'Neill said.

“Now we have government actively encouraging the private and the philanthropic sector to plug the gap between what it's prepared to do and what needs to be done to provide decent public services.

“The boundaries between public and private interest and influence are being blurred quite rapidly,” he said.

O'Neill examined some of the major players in the education charity game, from home-grown support organisations such as KidsCan to “education management organisations” such as Core and Cognition Education.

“We now have a situation where activities will not take place unless a charity or charitable trust invests in them ... and that creates pressure for public policy to move in the direction the trustees of a private charitable entity wants,” O'Neill said.

A number of entities failed the public benefit test but because they hadn't been scrutinised too closely were allowed to operate as charities, O'Neill said.

As an example O'Neill presented the Cognition Education Group. The group



used to operate Multiserve Education Trust, which was then “quite deliberately” replaced by Cognition Education — a private company set up to generate as much revenue as possible. All surpluses from that activity then go to the Cognition Education Trust.

He showed Cognition Education Group's annual return for 2015, which posted a total revenue of \$27.7 million. Their “distributions to beneficiaries” however came to just \$200,000.

“Less than 1% of their total revenue ends up distributed to beneficiaries,” O'Neill said.

Looking further into the accounts shows they paid “directors fees” of \$300,000 and “employee expenses” came to \$16 million.

“To me this doesn't pass the public/private benefit ratio test ... most of the money that goes in should go to charitable purposes, not to supporting the lifestyles of the people who work for the charity,” he said.

In comparison he looked at KidsCan's accounts. They posted an income of \$9.7 million, much of which were gifts and donated goods in kind — for example shoes and raincoats from sponsors.

They run a chief executive model and have no directors' fees and posted a modest surplus. Most of the money, more than \$4 million, went into the

charity program.

“They are building up an asset base but at least 60% of their total income is going back to their beneficiaries.

In comparison to Cognition's 1% donation this showed KidsCan as a “well meaning, altruistic, genuinely philanthropic organisation ... working incredibly hard to generate money to do the kind of work the government should be doing.”

Today's government had walked away from the notion of fully funding and fully providing education, O'Neill said.

“For the foreseeable future there's going to be a gap between what kids need, what you need to run schools and what the government is prepared to put in,” he said.

“Philanthropy can either be altruistic charity like KidsCan or social investment venture philanthropy, or corporate activities masquerading as charity,” he said

PPTA's contribution to the research said a lot about the state of education research and government priorities in New Zealand, O'Neill said.

“It reinforces for me the absolute imperative for the professional role for PPTA. If you don't fund the research this sort of stuff isn't going to be analysed at all. We will have policy and privatisation by stealth and the public will be none the wiser.”