

# *philanthropy*

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*Special Feature:  
Japanese Corporate Philanthropy*



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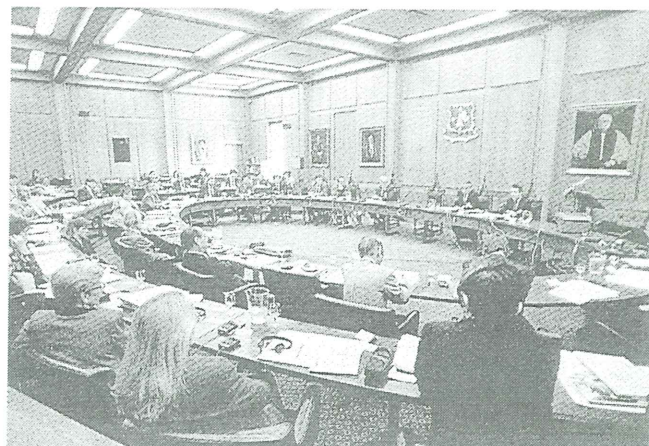
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The Council Chambers at the Law Building, University of Melbourne, provides a prestigious setting for the Association of Philanthropy's briefing to the Keidanren on Corporate Giving.

Simultaneous translation ensured a successful communication between major Japanese Business representatives and Australian Companies.

## **Disclaimer**

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# EDITORIAL

**"I**t seems that the increasing awareness among Japanese of Japan's leadership position and the concomitant interdependent nature of our external relationships has been perhaps the most significant cause of the recent surge in private, predominantly corporate, philanthropy in Japan." This interesting insight and analysis form part of an overview of the growth of corporate giving in Japan by Tadashi Yamamoto, President of the Japan Centre for International Exchange, which we were privileged to share at a recent briefing of senior Japanese business executives recently in Melbourne.

The Association is only a very thin smoking reed waving in a growing wind of interest in corporate giving. AMP recently established a corporate foundation, as has Honda and a number of other companies who seem keen to make some clear provision for the disadvantaged in our society which is not marketing. Over the coming months, we hope to fan that interest into a flame that picks up its own momentum and rationale within a truly Australian context. It should not be impossible to target 10% of the top 500 companies in Australia to agree to the establishment of a viable and progressive foundation for the good of the community in the next five years.

In these times of difficulty and uncertainty, the only real constant is change. This edition highlights two exciting programs which have developed in recent times: **Asialink** and **Breaking the Cycle**. The former recognises the need for Australia to find its place in the region and the value of cultural links in underpinning this development, the latter looks at a new approach to working with homeless and unemployed youth.



Our recent Annual Trustees Dinner provided an opportunity for members to share advice from Bain & Co and Rothschild on the investment climate for tax-exempt, non-profit agencies. Financial returns on investments to charitable trusts has a direct effect on their

capacity to disburse funds. Don Stammer of Bain & Co provided a valuable overview which will be included in the next edition. No less valuable was the opportunity provided to David Gibbs, the Chairman of ANZ Executors and Trustees to identify some of the challenges facing the recruitment and involvement of trustees in present times.

After three presentations to grantseekers at the Australian Institute of Management in Melbourne, Brisbane and Sydney, a presentation to the Victorian Chapter of the Australian Institute of Fundraisers and workshops here and in Adelaide for those interested in approaching trusts and foundations it is clear to the writer that the need is great, the ground may be changing but the commitment to worthy and challenging causes is still alive and well within our community. Without that commitment the rhetoric and mouthings of politicians about the necessity to keep healthy our democratic traditions would ring hollow. What is needed now, more than ever, is a clear and articulate understanding of the integral role that the not-for-profit and voluntary sector plays in making Australian society strong and distinctive.

**Max Dumais**



# CARING FOR THE HOMELESS OVER 127 YEARS

By Dr Ken Runciman, Director of The Menzies Homes for Children Inc.

As so often happens in welfare, the beginnings of a service of help to others starts when concerned persons recognize a need and have the commitment and the energy to develop an assistance program to others.

This was the situation with two ladies in Melbourne in 1865, who provided for "waifs and strays" – the homeless of that time. Their service grew into the 'Latrobe Street Ragged School Mission' and before the turn of the century, 'The Melbourne Ragged Boys Home'.

The Home was officially opened by Lord Brassey in 1894 with Mr William Minton being appointed the Honorary Secretary and Superintendent. For the next 30 years Mr Minton, together with his wife Florence, who was a trained nurse, functioned in a voluntary

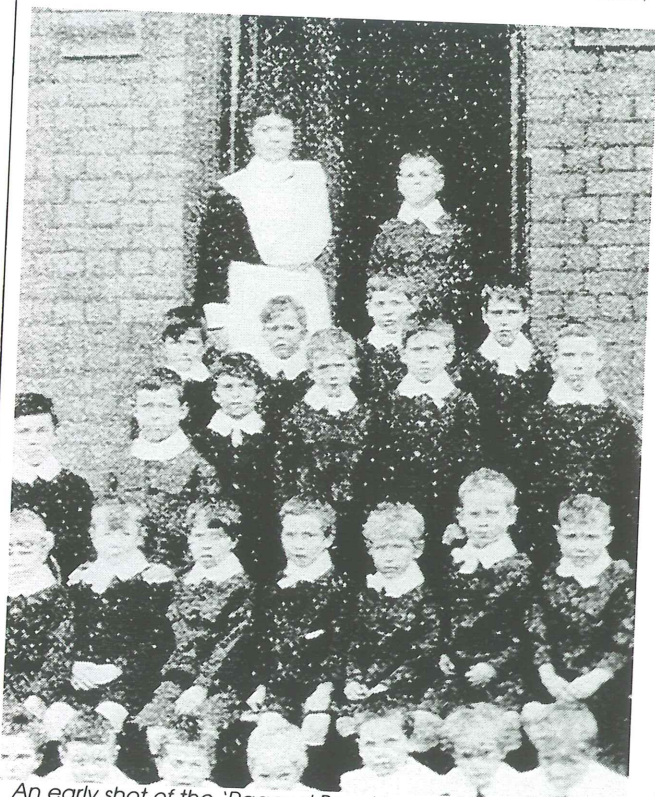
capacity to the Home. It is reported that at the point when Mr Minton was offered a salary, he decided it was time for him to retire.

In 1901, Mr Minton conceived the idea of a holiday home for the boys, and on a visit to Frankston was so impressed with the area that he took a three year lease on a house on Oliver's Hill – rental eight shillings a week. Local people became interested and in 1904, 250 pounds was raised to purchase the house and site. At the same time, under the patronage of Lady Denham and later Lady Fuller, a block of land was purchased on the corner of Latrobe and Exhibition Streets and the City service was transferred there in 1912. Eventually the City property was sold in 1924, the Frankston property was extended by another 4.5 acres and the "Home on the Hill" in Frankston became the new amalgamated "Minton Boys Home", opened by His Excellency Lord Somers, Governor of Victoria.

Engraved on the commemoration stone laid by Lord Somers were the words "Willing Workers Work Wonders" and this was in itself a tribute to the many supporters of the Home during the previous sixty years.

In 1937 Sir Charles W. Connibere donated a further 4.5 acres of land to the Home for further expansion and by 1939 there was accommodation for one hundred boys at the 'Home on the Hill'. In 1942, amid some controversy, the name of the Institution was changed to 'The Menzies Home for Boys' in recognition of the services of Mr James Menzies, the Father of the late Sir Robert Menzies, who was the President for twenty years.

In order to care for girls as well as boys in family group homes, the decision was made in 1963 to sell the property in Oliver's Hill and to change from institutional type care to scattered family group homes. It now became possible to keep brothers and sisters together.



An early shot of the 'Ragged Boys Home'





*"From House on the Hill to Home in a Cottage"*

In 1965, in recognition of this change, the name of the organisation was changed to The Menzies Homes for Children, – the title used today. With the closing of the 'Home on the Hill', and the subsequent sale of the property, the proceeds were able to be used to clear the high overdraft and gradually enabled the organisation to increase its number of properties to ten.

At each stage of development the 'Homes' has been very fortunate to have had support from persons who have been impressed with the work and the mission of the Homes. A more recent example of this has been a large legacy from a Toorak woman, Miss Connie Johnston, which enabled the purchase of a large house in the Seaford area.

Another project, identified in the early seventies was the purchase of a property in Mt Eliza for the care of handicapped persons. The funding of this project largely came from a Ladies Auxiliary, and exemplified how the public will respond generously when a specific project is established, and has the acceptance of the community as being needed to meet a particular need.

This principle of "meeting needs as they arise" has typified the Menzies' approach over the years, and has thus resulted in an approach that is "project specific" rather than relying on regular and general appeal approach.

In 1990 the Committee of Management felt that, whereas its family group home arrangement was still quite relevant for these sibling groups and individuals who needed a "family atmosphere and experience" there were a

number of young persons who became homeless largely because they were alienated from their natural homes on account of such factors as economic circumstances, physical and sexual abuse, and family breakdown.

Many of these young persons would be absorbed into the traditional family group home situation, but there were others who were quite "street-wise", possibly involved in crime and drugs, were a threat to themselves and the community in general and, were exhibiting indications of a permanent life of crime or anti-social behaviour.

The Committee took the decision to set up a group of one or two bedroom flats clustered around one of the existing Menzies homes. The existing home would be the home of the 24 hour Supervisor of the project, and would also be able to provide some limited emergency accommodation, and facilities for social interaction and training in independent living skills.

The age range selected for the occupants was fifteen to eighteen years, and the goal was to prepare the



young persons for socially acceptable and appropriate movement into the public housing market. Discussions have been held with Ministry of Housing personnel on how to facilitate the entry of the graduates of the 'Menzies Flats' into that public housing situation.

The training component of the project was to provide instruction in nutrition, budgeting, linking in with community organisations such as clubs and churches, literacy and numeracy training if necessary, and generally to preparing the young persons for independent living. It is also envisaged that the Supervisor's role would provide an after-graduation advisory assistance function.

The funding of such a concept was a challenge to the Menzies Fundraising team; and the approach adopted was to make a two-pronged appeal. The total venture was budgeted to be in the vicinity of \$225,000. Firstly, it was decided to approach the local community and Life Governors of The Homes. This approach has indicated a continuing level of support but certainly not sufficient to make a significant inroad into the total cost requirements. The second avenue was to approach some of those philanthropic organisations that have indicated the possibility of support for projects such as ours.

This approach has been very successful, and at this stage the Committee is able to develop three of the five flats in the project. This staged development has had its positive aspects in that the Menzies organisation is able to progress at a rate which enables it to maintain a quality approach.

Two philanthropic trusts have contributed very substantially to the project and each will be recognised by the naming of a flat after the benefactor. It has been decided that the gift of one of the trusts, the Helen M Schutt Trust, will result in one flat being used whenever possible for a young mother and child (perhaps even with the young father being there also).

The other major donor was the R.E. Ross Trust, however the usage of the Ross flat has not been given a specific role at present. Support has also been received from other trusts, some in terms of funding for specific items of furnishing, but generally the donations have come with no tagging other than to be applied to the development of the flats project.

There is no doubt that the generosity of the trusts in particular, together with the local support has enabled the Menzies Homes to proceed quickly with this project, and will also allow the Homes to devote its resources to the recurrent costs of the project. Without such financial help, the Homes would only have been able to embark upon this project by severely eroding at its reserves, which in terms of maintaining financial viability is generally a risky course to take.

So, as in 1867 and in the years intervening, this organisation and its successive groups of supporters, have been able to maintain the tradition of caring for young persons – whether they be orphans, waifs, homeless, abused – and although in recent times the governments have assisted with financial support, particularly in the area of recurrent costs, the financial lifeblood and the inspiration of the organisation has come from the private sector.

The inspiration aspect has been enhanced in recent times with the advent of magazines and forums conducted by The Australian Association of Philanthropy. The Menzies Homes for Children gratefully acknowledge the opportunity it has had to identify and approach members of the Association and the partnership this has formed in the mission of providing assistance to others.



# The Role of a Trustee in Challenging Times.

*A speech delivered to the Annual Trustees Dinner on 27th October, 1992 by David Gibbs, Chairman ANZ Executors & Trustees and trustee of the Felton Bequest.*

I was recently asked to approach a senior businessman to serve as a trustee, in the knowledge that he was interested in the objectives of the trust concerned only to receive the reply: *"Why should I? I will have to devote more time than I can afford, I will run considerable legal risks and will earn little or no money for the time I spend."*

This encapsulates some of the problems we face as trustees.

Let us dispose of the money question first. In Australia, very few charitable trusts pay more than an honorarium, if anything at all. Many people give extensively of their time but the existing system does result in trustees of the larger, more complex trusts being retired or semi retired lawyers, accountants or business people or family members of the settlor, but not enough younger people in mid-career.

**"we trustees are guardians  
of the wealth and wishes  
of the settlors"**

American and British trusts are much more likely to pay their trustees according to the amount and value of the time they spend. However, this can become a problem when the stakes get too high. For example, the trustees of the Jean Paul Getty Foundation are paid, I understand, about 150,000 US dollars per annum and there is a large body of trustees, including various family members. This has led to conflict when certain trustees regard the Foundation as a career and want to impose their own ideas on the rest and on the executive. A few years ago, no purchases could be made for some two years because no-one could agree on what to do and a series of legal battles ensued.

It may be sensible to consider a modestly reasonable payment for trustees in Australia for their work, as this would broaden the field from which trustees can be selected, thereby hopefully producing a better balance and allow many younger people to be involved, providing a greater diversity of views provided the trusts are big enough to be able to afford the expense.

Now to the legal problems. These are not too serious yet but become worse each year. Now, for example, trustees of superannuation funds can be sued for alleged wrong decisions by members of the fund. One protection for trustees of charitable trusts is that there are generally no regular beneficiaries, as of right. However, I suppose the National Gallery of Victoria or the Children's Hospital, as permanent clients of the Alfred Felton Bequest, for example, could have legal redress if ANZ Trustees, with the knowledge and acquiescence of the Felton Committee, were to somehow dissipate the Felton funds.

Trustees must avoid conflicts of interest. We all have to be impartial, honest, careful and prudent and, provided that we conduct ourselves that way, we are protected despite being jointly and severally liable for anything that our co-trustees do wrong.

Trustees can therefore be protected from their bad decisions if they are made in good faith and after taking the best advice available, but they cannot escape the consequences of failing to supervise those who service the trust for which they are responsible. It is therefore essential that trustees be familiar with the relevant trust deeds but they do not have to consider all charities or other causes that may qualify. They may even, after due consideration, decide to make no distribution at all.

My businessman friend was perhaps unduly apprehensive about the time involvement. A properly set up trust or foundation should not be a problem for trustees provided they have full confidence in those providing them with services



and have given proper thought to the way in which those services should be provided.

There are many dictionary definitions of a trustee – one to whom property is entrusted for the benefit of another or one who is held responsible for the preservation and administration of a trust. However, the best I have come across, which is taken from the Mission of ANZ Trustees, is that we trustees are guardians of the wealth and wishes of the settlors.

Apart from legal problems, there are many hazards to be faced by trustees. The first is obviously financial because, without significant funds, a charitable trust is unable to fulfil any meaningful role.

My father was for many years Chairman of the Nuffield Foundation in Britain which started life as a very large trust, but unfortunately was required to hold as its main investment a very large number of shares in Morris Motors. This eventually became the British Motor Corporation and later British Leyland, with an ever dwindling share price. It took the Nuffield Foundation at least a decade, with the help of good advisers, to persuade the courts that the provisions of Lord Nuffield's will requiring them to hold the shares should be set aside and that a more sensible investment policy should be allowed to be pursued.

**“I believe it is right for trusts to be innovative and to go for projects in areas that government would not touch, even at some calculated financial risk”**

Apart from certain shares which he owned at the time of his death and a building in Flinders Lane, Alfred Felton's Will insisted that his trust should hold all its assets in government securities. The ravages of

two world wars and the depression caused the true value of the trust's assets to decline dramatically and again it took about ten years before, finally in 1974, the courts allowed a diversification of investment, including equities.

Many trusts have been in existence for a long time and it is very difficult for today's trustees to interpret the wishes expressed by the settlors in modern terms. In Felton, for example, we are faced with defining who are “the educated poor”. In 1904 when Alfred Felton died, the only schools were the large private schools – Melbourne Grammar, MLC, etc – and a few smaller ones. Only in 1905 did the first state high school open. Girls and co-educational schools came much later.

The vast majority of children ceased their schooling at years 6 (usually), 7 or 8, when they could read the bible and write a good copper plate. They, plus the sons of the clergy (no daughters) and genteel women, usually spinsters, were the main qualifiers.

Thanks mainly to Elizabeth Cham, the Felton Committee has accepted that the modern “educated poor” are:

- homeless young people returning to schools after a period in the wilderness;
- students from disadvantaged backgrounds seeking tertiary education;
- single mothers with several children;
- the rural poor, particularly single farmers; and
- older women, particularly those affected by falling interest rates.

We now support organisations catering for the needs of these groups to the best of our ability.

Many trusts have committed income for a period of years for certain major and often innovative projects, but have reckoned without this interest rate problem. As over the past eighteen months deposit rates have



fallen from about 15% to 5%, many trusts find themselves without significant disposable income because of their commitments but I believe it is right for trusts to be innovative and to go for projects in areas that government would not touch, even at some calculated financial risk, particularly if they show promise for the solving of community problems.

Having said all this, you will wonder why you, or anyone else, have agreed to become trustees.

“the future demands wider experience, not just people who will see that funds are kept secure”

Some people, who cannot otherwise afford to, believe that playing the philanthropist gives them a position of influence. Perhaps to some extent it does, but this is not a worthy motive nor does it result in the kind of recognition that may be sought. Some large foundations confer a level of prestige on those involved but I doubt if this by itself is a motive, except in rare cases.

I believe a lot of people like the feeling that they are contributing to improving the human condition in some small way or are helping to point the community in the right direction. As Sir Richard Steel said at the beginning of the eighteenth century, *“The noblest motive is the public good”*.

In my own case, aside from the fact that many of my family members have established a long tradition of involvement with trusts, one of my main motives is curiosity because being a trustee gives me access to and some understanding of areas that otherwise would be outside my own experience.

When a community has been good to you, being a trustee is also a way of putting something back into that community.

We all know that governments, not only in Victoria, or Australia for that matter, are strapped for cash and are likely to remain so for many years. Trustees have to be very careful that, while they agree to support those charities that deal with the relief of distress, they do not encourage governments to abdicate their responsibilities. Trustees can show the way to greater effectiveness but they will never be able to mobilise the funds on the scale that are raised through the taxation system.

Too many people are asked to become trustees because they are “names”. As I mentioned earlier, the future demands wider experience, not just people who will see that funds are kept secure.

As some of you know, ANZ Trustees have formed community foundations in a number of States and this could well be the way to go for all but the largest charitable funds and legacies. They are flexible, can carry out the wishes of the settlor and can move with the times thereby meeting emerging community needs. We strongly believe that a community foundation board should represent a broad range of ages and community interests.

To be a trustee is stimulating if one is sufficiently interested, is demanding in the allocation of scarce time, is somewhat hazardous in financial matters, but ultimately satisfying if the trusts with which we are involved get it right. It is also a wonderful opportunity to be innovative in securing the objectives of the trust. Paid or unpaid, we trustees are amply rewarded.



# THE BILLIONAIRES

## – How They Give Their Money Away

By Alan Farnham

Some do good for the worst of reasons, but many are motivated by a genuine desire to leave a better world behind them.

Brother, can you spare a billion? Since the time of the Medici, great philanthropists have answered "Sure," and spared it or its equivalent. Not content merely to pile up assets, they have sought through good works to gain renown and, perhaps, preferred seating in the hereafter. In the US alone, their quest has showered the public with universities (Duke, Stanford, Johns Hopkins), hospitals (Peter Bent Brigham, Sloan-Kettering), prizes (Pulitzer), concert halls (Carnegie), scholarships (Guggenheim), and museums (Frick). Against so prodigal a backdrop, how do today's rich measure up?

On an inflation-adjusted basis, not too well. Some of today's most generous gifts look pretty paltry compared with the benefactions of yesteryear. Consider industrialist Henry Rowan's recent present of \$100 million to Glassboro State College in New Jersey. Generous? Most certainly. But nowhere near as impressive as James Duke's \$80 million to Duke University nearly 70 years ago: Adjusted for inflation, it's worth \$645 million today. Even computer billionaire David Packard's \$2 billion to medical research seems small next to the \$350 million Andrew Carnegie had spent by 1919 to build 2,600 public libraries (and do other good works). Its equivalent today: \$4.6 billion.

After a decade in which the rich succeeded in making themselves only richer, it would be wonderful to say that they had also become more generous. Unfortunately, they did not. Though, total US giving from foundations, bequests, individuals, and corporations more than doubled during the 1980s, the share given by the rich, as a class, declined. Of the \$125 billion raised for charity in the US last year, 83% – some \$103 billion – came from individuals. This amount worked out to be 2.13% of their pre-tax income.

The American Association of Fund-Raising Counsel, a trade association for fund raisers, sponsored a study of the giving habits of its people with annual incomes of \$1 million or more. During the 1980s, membership in this club swelled 14-fold, but the

club's collective giving grew only fivefold. Result: By decade's end, the annual giving of the average member had fallen 60%, to \$83,900.

That worries experts on philanthropy, who hope the decline is only a temporary aberration. As philanthropy consultant Waldemar Nielsen, author of 'The Golden Donors', points out, the people who made their fortunes in the 1980s are, by definition, the new rich. And they don't have the same attitude toward philanthropy as do older, longer-established Samaritans. They hang on to their money, reinvesting it in their businesses. When they do give it away, they're likely to do so at the end of their careers.

If history is any guide, the cheque books will open – eventually. While no country has a patent on generosity, philanthropy as practised in the US is unique. In Asia and in Europe, money for good works comes mainly from those institutional Medici, the corporations. In Middle Eastern cultures, giving non cash gifts – hospitality, for instance – is the highest form of magnanimity.

Only in America have so many individuals given so much private cash for public good. There are a number of reasons: a benign tax code, a fluid society that allows first-generation rich folks to buy their way into the establishment, a belief that one can purchase immortality, and a genuine desire to do good. The wealthy in other nations are affected by these attitudes too, but not to the extent that they are in the US.

Nowhere are the tax man and the philanthropist friendlier. Robert Daniels, a San Francisco tax lawyer, lays out the basics: "The Internal Revenue Service lets you deduct charitable contributions from taxable income. Depending on your bracket, you can save up to 31%. If you give \$1 million, say, you can save \$310,000. That means, after federal taxes, the gift cost you \$690,000. When you give stock, you can deduct its full current value: If you bought stock for \$1 that's now worth \$1 million, you deduct \$1 million."

Swiss billionaire Jean-Claude Mimran observes, without rancour, that his donations are not afforded such generous tax treatment in Switzerland – or in most of Europe. But that hasn't stopped him from giving to an orphanage in Tel Aviv and to many other causes. Snorts German billionaire Johannes



Mann: "Of course there are more donors in the US than in Germany. We pay more taxes than you do!"

As a vehicle for promoting social ambitions and for putting the patina of age on some raw, new fortunes, philanthropy can't be beat. Thomas Hoving, former director of New York's Metropolitan Museum of Art, says that's why the rich give to well-established charities that need their money less, and not to fledgling or little-known enterprises where the bucks might do more good. "Your gift has more social impact at the Met," Hoving says. "With the right gift, maybe you can even get yourself elected to the board."

Last autumn Robert Maxwell announced to the stunned faculty and students of the Polytechnic University of New York (endowment: \$13 million) that he, as the new owner of New York's "hometown paper," the Daily News, would be giving them \$10 million. Cap'n Bob having died at sea a week before the pledge came due, the school never saw a dime. Says the university's philosophic spokeswoman: "We have to consider what else he gave us. He was famous. He put us on the map."

Like the rest of us, rich people would like to live forever. The only difference is, they have the means to achieve it – at least in some fashion. To celebrate his roots, Toichi Takenaka, whose family has been in the construction business since 1610, has given \$96 million to establish a Takenaka Museum of Carpenter's Tools in Osaka.

Immortality doesn't guarantee that your wishes will be respected after you die, unfortunately. When a donor turns over responsibility for his good works to professional managers, he runs the risk that, in time, their tastes and prejudices will supplant his own. Even a name chiselled in stone doesn't always stay chiselled. Earlier this year students at Dartmouth voted to recommend that Cutter Hall, named in honour of donor Victor M. Cutter, class of '03, be renamed the El Hajj Malik El Shabazz Temple, in honour of black radical Malcolm X. As a result, the Cutter family considered taking its name off a scholarship, and after much campus hullabaloo, Cutter Hall remains Cutter Hall.

Leland Stanford was not so lucky. After his death, the widow of the former governor of California, builder of the Central Pacific Railroad, and founder of

Stanford University had this legend carved into the face of the Stanford University chapel: *ERECTED TO THE GLORY OF GOD AND IN LOVING MEMORY OF MY HUSBAND LELAND STANFORD*. The devout objected that this seemed to give the governor top billing lengthwise: Stanford 23, God 3. After Mrs Stanford's death, the university's trustees moved the inscription to the chapel's interior, where it is harder to see.

Though Paul Mellon reckons he has given away more than \$600 million in his lifetime – he's 85 and the money came from banking – his two museums, the East Wing of the National Gallery and the Yale University Center for British Art, do not bear his name. He thinks that putting one's moniker on a gallery only discourages other collectors from giving it their art.

Since billionaires can't be sure of controlling their beneficences from the grave, they've learned to do what they can while they're still alive. Recipients of Ross Perot's philanthropy can tell you that, sometimes, the only thing worse than not getting Perot's money is getting it. He doesn't like to give without strings attached, and he isn't shy about yanking them when the money isn't used to his satisfaction.

But Perot has also given more money than he was asked for. In 1987 the Dallas Symphony, which had already tapped him for \$10 million, was well along building a concert hall when architect I.M. Pei decided he wanted a few improvements, including 11 onyx lighting fixtures at \$50,000 each. (When a previous Pei project, Dallas's city hall, had gone over budget, locals took to calling him "U. Will Pay".) The symphony board reported the concert hall's extra costs to Mr Perot and held its collective breath, emitting nary a tweet while he reviewed the changes. He decided the lamps and other additions were "world class" and kicked in an additional \$2 million. Dallas received a civic jewel, its lustre marred only by the proximity of a dumpy drive-in bank next door. Observes docent Ilse Enteman acidly: "It's one of the few banks in Texas that didn't fail".

Of all the reasons rich people give their money away, one is, in a cynical world, often misunderstood: the simple desire to do good. Says Brazilian billionaire Olacyr Francisco de Moraes:



"Obviously, what motivates a businessman is profits. But what gives us comfort and – why not say it? – makes us proud, is to see that our business activities are making a contribution to the economic and social development of the country.

He owns Itamarati Group, a conglomerate in agriculture, construction, mining, banking, and real estate. De Moraes is proudest of the social aid programs he has created for employees at four of the company's locations. Each has its own free hospital and doctor, dentists, pharmacy, school, and recreation and sports centre. In staff salaries alone, each centre costs about \$200,000 a month.

Turkish industrialist Sakip Sabanci, 59, travels the world at his own expense as an unofficial ambassador for Turkish culture. His talks to student groups at home and abroad, he says, have brought him unexpected rewards: *"During a conference at one of the universities in Istanbul, a young and pretty girl asked me what would I do if I had only another four months to live. I knew she was expecting an answer like: 'I would enjoy life going around with beautiful women.' So I said, 'No, I would not do that, but I would try hard to leave something behind for my country.' Very impressed, she stood up, came, and kissed me."*

Chequebook philanthropy takes attention from the fact that, in ways both significant and small, givers give more than money. Microsoft co-founder Bill Gates, a Harvard dropout, donated \$12 million to his home-town University of Washington in 1991 to start a department of molecular biotechnology. But he did more. He personally recruited professor Leroy Hood, a leading researcher, to head it. Gates felt Hood's leadership – as much as the money – was essential to the department's success. Of his first foray in philanthropy, Gates says, *"What I discovered is that you've got to put in the same amount of work, and exercise the same degree of judgment, in giving money away as you do in making it."*

On a lesser scale, Anne Cox Chambers, owner of Atlanta's Cox Enterprises (which owns newspapers and cable TV systems), raises money for a French humane society every summer by selling odds and ends from a booth at a flea market in L'Isle-sur-la-Sorgue. *"The staid French ladies,"* she says, *"are shocked – Mme. Chambers, selling in a booth!"*

Of the many causes to which billionaires give, "saving the environment" is starting to become a favourite. So far, Edward Bass, whose fortune comes from Texas oil, leveraged buy outs (LBO'S), and investments, has sunk \$150 million into Biosphere 2, a self-contained habitat in Arizona's Sonoran Desert, intended as a model for, say, space stations. Strictly speaking, his contributions are not philanthropy, since Bass hopes some day to license the technology that makes the system work. But does it work? Its eight occupants were supposed to stay sealed inside, strictly self-sufficient for two years. But when one cut off the tip of her finger last November and was removed to a local hospital for stitches, she returned lugging a big sack of maps, books, spare computer chips, and other supplies.

Switzerland's Stephan Schmidheiny, whose holdings include a watch company and a winery, has been called the Green Industrialist. Two years ago he gave \$10 million to found the Business Council for Sustainable Development, which promotes co-operation between business and environmental leaders. At Rio's Earth Summit, he addressed the assembly on behalf of some 48 environmentally minded corporations worldwide.

Whatever giving does to improve the world, it sure makes the givers feel better. Says Olacyr de Moraes: *"I do it, basically, for satisfaction."* Champion philanthropist Walter Annenberg, who has donated \$1 billion worth of paintings to New York's Metropolitan Museum, agrees: *"It gives me a good feeling."* The reason so much of Paul Mellon's charity has taken the form of buying paintings for museums is *"purely selfish,"* he says. *"Bunny (Mrs Mellon) and I love pictures."* Doesn't it bother him that all that money might be better spent on medical research or saving the environment? No. He figures he has that covered because much of his inheritance is in the hands of the Andrew W. Mellon Foundation, whose professional, independent managers can do with it whatever they think best. Who says money can't buy happiness.

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# How Government and Nonprofits can Strengthen and Enrich American Communities

*Recommendations to the 1992 Presidential Candidates,  
prepared by the National Council of Nonprofit Associations.*

## **Nonprofits – Private Investment in the Public Good**

The one million nonprofits in this country employ more civilians than do state and federal government combined, receive volunteer services from half of America's adults, create a venue for direct involvement in solving civic problems, and touch the entire nation through their programs and advocacy efforts.

The nonprofit sector enriches and strengthens American communities. While volunteers provide enormous support and leadership for this sector, the sector depends upon private contributions and government funding to make its work possible. While government action can influence volunteerism, its actions have a far more profound impact on charitable giving. Moreover, government's ability to fund social and other programs is unparalleled.

The public and its government at all levels increasingly rely on nonprofits to offer essential social services and other programs more effectively and efficiently than government bureaucracy can. At the same time, government policy and regulation make it increasingly difficult for nonprofits to meet the challenge. The nonprofit sector is home to our society's social and cultural entrepreneurs. Yet much of the sector's capacity for innovation has been dampened as a consequence of government policy.

We believe that this era of severely constrained government resources and the gravity of our social problems demand greater collaboration, more effective government contracting, and a deeper understanding of the consequences of government's actions affecting the nonprofit sector.

## **Recommendations**

### *Appoint a Commission on the Impact of Government Funding on Community Fabric*

We propose the appointment of a commission to study the impact of federal programs on the social fabric of our communities. We propose the commission's charge include the following:

- Consolidation of fragmented federal categorical programs.
- Proposal of social policy planning mechanisms that apply systems-level planning to social problems.
- Holistic community-based solutions that would serve the whole client.
- Government grant and contract mechanisms that support the community social fabric.

Commission appointments should consist of practitioners from community-based nonprofits, social policy advisors from academia, leaders from private philanthropy, and clients of social programs.

## **Related Recommendations**

- Require that any new rule-making process pertaining to grants include an analysis of the impact on the grant recipient.
- Remove barriers that discourage the use of grant funds to acquire real estate, thus forcing nonprofits into the rental market, which is usually more expensive.
- Promote government procurement relationships with nonprofits that are equitable and that preserve the organisational integrity of the nonprofit.
- Set an example for all levels of government by including community-based nonprofit representatives on boards, commissions, and panels at the federal level.



## *Host White House Conferences on Nonprofit Initiative*

- Use the White House Conferences to focus attention on achieving solutions to a few key social issues and forge a stronger partnership between nonprofits and government. Use them as opportunities to recognise the value of philanthropy, charity, and volunteering, and to foster a better understanding of this vast part of our social fabric that is the nonprofit sector. Topics addressed at the Conferences might include:
  - Reexamination of tax policy with respect to nonprofits.
  - Communities' role in deciding what service are provided under government contract.
  - Accountability – helping government better regulate nonprofits, while filing fewer forms.
  - Reexamination of government funding mechanisms, such as block grants.
  - How to recognise the unique role of the nonprofit sector and how to resist the temptation to ask nonprofits to overextend their capacity in an attempt to provide basic services that only government, through its taxing powers, is capable of providing.
  - How government can recognise that the strength of our society is due in large part to the tripartite nature of our nation's institutional infrastructure: business, government, and nonprofits.
- Encourage the states to hold state-level conferences to precede the White House Conferences to promote similar recognition within the states and to identify issues that should be brought to the White House Conferences.

## *Create Incentives for Private Investment for the Public Good*

- Explore the development of incentives that will stabilise and increase the declining percentage of

private income being invested in charitable and philanthropic efforts. (See Figure 1.)

- Restore deductibility for charitable contributions made by non-itemising taxpayers. Each \$1.00 in deductions generates at least \$1.23 in charitable gifts.
- Eliminate the 3 percent floor on deductions for high-income taxpayers.
- Permanently exempt all gifts of appreciated property from the alternative minimum tax.

## *Protect the Independent, Democratic Voice of the Nonprofit Sector*

- Maintain nonprofit access to reduced mail rates for advocacy mailings that inform citizens about issues.
- Encourage open public dialogue by less restrictive IRS regulatory treatment of lobbying by nonprofits, and develop a proactive education program to dispel notions of a prohibition against lobbying.
- Preserve nonprofit bulk mail rates. This action would also help maintain the current level of \$35 billion in charitable contributions received through direct mail solicitation.

## **Rationale**

### *Nonprofits Enrich and Strengthen our Democracy*

Nonprofits are essential for the health of our democracy. Emerging democracies around the world are looking to the nonprofit sector in the US because they see that such an independent, nongovernmental infrastructure is critical to fostering democracy.

Despite cynicism about many institutions in this country, the public is increasingly turning to nonprofit organisations for safe haven, service, information, and leadership. Recent Gallup polls reveal that nonprofits are generally viewed as credible, helpful, accessible service providers. A 1991 Nonprofit Times survey found that a majority of respondents perceive nonprofits as being more efficient than government in utilising funds.



Above all, the public still believes community involvement offers an opportunity to make a difference. According to a 1991 report prepared for the Kettering Foundation, *Citizens and Politics: A View from Main Street*: *"The so-called 'apathy argument' falls fully on its face when one discovers that there are pockets of public life in which citizens are acting to improve their communities. Indeed, from this research, we find Americans hold a keen desire to act in the public arena."*

Whether it's working with low-income children, environmental groups, community improvement organisations, or many other nonprofit efforts, citizens are involved in public life. NCNA agrees with social commentators who say this involvement has replaced the jaded world of politics in their lives: Citizens learn and talk about policy issues; they have a sense of control; they see a personal stake in their actions; they are involved in helping their community. Yet these same people do not consider their actions political in nature.

*"As citizens talked about their community involvement, they merely described in positive terms the characteristics they had assigned negatively to politics: that it is possible to be heard and valued in public debate; that it is possible to help bring about change; that it is possible to feel a sense of efficacy in managing, and improving, public affairs."* (*Citizens and Politics: A View from Main Street.*)

In his nineteenth-century commentaries on America, Alexis de Tocqueville spoke of the American phenomenon of people forming associations to solve community problems. The nonprofit sector retains that vitality today.

We believe that by virtue of the esteem in which nonprofits are held, their involvement in all parts of our communities, and their experience with major social issues, the nonprofit sector can provide a forum for a renewal of faith in the democratic process.

#### *Nonprofits Enrich and Strengthen Our Communities*

Nonprofits are essential for the social and cultural health of every American community. The contributions of the nonprofit sector are diverse, significant, and indispensable. As an important and dynamic part of our social fabric, nonprofits provide a mechanism for responsible citizens to create constructive solutions to their communities' problems.

The nonprofit sector includes among others:

- Human service organisations that battle the causes and consequences of poverty, disease, illiteracy, and myriad other social ills;
- Cultural organisations that inspire and educate;
- Museums that connect us with the past and with other cultures;
- Historic preservation groups that remind us of the foundations of our society;
- Arts groups that connect us with grace, beauty, and ideas that challenge and enable our society;
- Educational institutions that prepare succeeding generations to face the future and provide research discoveries to create new technology;
- Neighbourhood-based development organisations that stabilise neighbourhoods and improve housing;
- Advocacy groups that challenge us to strive for a society that is better than what we have come to expect; and
- Private foundations that provide the funds that encourage and fuel creative nonprofit initiative.

Yale economist Gabriel Rudney has calculated that together American nonprofits in 1980 had expenditures exceeding the budgets of all but seven national governments in the world. Studies by Independent Sector, a national umbrella group for nonprofits and foundations, have described the impact of the nonprofit sector on the social, economic, and political life of the United States.



The one million nonprofits in this country touch the lives of most Americans – as beneficiaries, patrons, employees, volunteers, and contributors.

- Nonprofits represented 7.1 percent of the Gross National Product in 1990.
- Nonprofit organisations employed 8.7 million workers in 1990, about 6.3 percent of the national workforce.
- In 1989, 98.4 million Americans aged 18 or older volunteered with nonprofit organisations, a figure which represents over half the US adult population.
- The dollar value of that volunteer time, 20.5 billion hours in 1989, was estimated at \$170 billion.
- In 1991, individuals, corporations, and foundations contributed \$124.77 billion to nonprofits.

#### How Government Affects Nonprofits

There is an increasing tension between the nonprofit sector and government in today's world. The two sectors have changed from having a collaborative relationship to often having an antagonistic one. *"Somehow, government has forgotten that it itself is largely responsible for the growth of the nonprofit sector, due to its increasing reliance on the sector for provision of services. And somehow, both government and society generally have lost sight of the interconnectedness between the two sectors. Most importantly, they have overlooked the vital role that nonprofit organisations play in meeting community needs."* (The Nonprofit Policy Agenda: Recommendations and State and Local Action, The Union Institute, May 1992.)

Starting in the early 1980s, government encountered fiscal strain and began to backpedal from its role of community supporter, leaving the nonprofit sector with the role, but not the funds. Government funding has not kept pace with the growing demand for services; instead, government has further burdened the sector with new regulations.

Ironically, as government points to the nonprofit sector as the saviour of America's basic values and quality of life, its actions have actually undermined the ability of the sector to strengthen and enrich our communities.

#### Government Tax Policy Influences Private Investment in the Public Good

Federal income tax policy influences charitable giving. Since the institution of the federal income tax, tax policy has included incentives to encourage charitable giving.

The Tax Reform Act of 1986 greatly reduced these incentives for all taxpayers in all income groups. The flattening of the tax structure and the lowering of tax rates increased the cost of all charitable gifts. Moreover, potential gifts of appreciated property were threatened by alternative minimum tax, and deductibility was eliminated for gifts by non-itemisers. According to Internal Revenue Service data, contributions reported on individual income tax returns dropped from 2.17 percent of adjusted gross income in 1986 to 1.67 percent in 1990. Similarly, contributions reported on corporate income tax returns dropped from 1.92 percent of net income in 1986 to 1.18 percent in 1988. (See Figure 1.)

The Internal Revenue Service also reports that the number of taxpayers reporting incomes of more than a million dollars increased from 4,300 in 1980 to 59,945 in 1989, while average annual giving for this group decreased from \$207,089 to \$83,929 during the same period. (See Figure 2.)

In addition, a further impediment to charitable giving was imposed in 1990 by the 3 percent floor on deductions. It is more efficient for government to leverage contributions of private income for public purposes through tax incentives than it is to raise those funds directly through taxes since each \$1.00 in tax incentives leverages \$1.23 in charitable contributions.



## Nonprofits and Federal Social Programs

The riots in Los Angeles, the homelessness that we see every day in the streets of our major cities, the lines at our soup kitchens, and the alarming school dropout rates should tell us that something is not working with our current social policies.

Tremendous numbers of people are being served by our social welfare programs, yet there is a popular perception that we are simply throwing money at problems. To an extent, this is true. Categorical funding, with its rifle-shot approach to problems and its excessive focus on rules and regulations, does not give the tax-payer a dollar's worth of solution for a dollar's worth of investment.

Over the years, categorical programs have been proposed, implemented, and funded without any real co-ordination or direction toward some overall outcomes or the larger context of the lives of the people these programs are designed to serve. As programs mature, they have become encrusted with rules, regulations, and audit requirements that blunt the thrust of the original programs.

The impulses behind these programs have been honorable and the intentions have been the best, but after twenty years of sizeable government involvement in social programs, the country has been left with a patchwork of programs that view individual participants as clients, programs that are focused on outcomes, and programs that are designed to fit the structure and systems of government rather than the needs of the people they are designed to serve.

Each year we spin the wheel of misfortune and a new problem is isolated, a new client base is created, new rules are written, new bureaucracy is created, a new set of statistics is gathered, and a new cycle of justification begins. These programs are a product of linear thinking and compartmentalization for the convenience of government rather than for the sake of serving the whole client.

The country has a well-established infrastructure of community-based organisations that have a long history of working with government. But this community infrastructure is being hampered by a government funding system that operates under the old paradigm of viewing problems and clients in isolation.

This convergence of issues, we believe, calls for a major reexamination of the way that government funds social programs. For example, Head Start works because it takes a holistic approach to the needs of children. The child is not the Head Start client; rather the whole family unit is the client.

We need to start looking at people in need in a larger context – in the context of family, in the context of neighbourhood, and in the context of community. We believe that unless we take an integrated view of community problems, the social fabric of our society will continue to unravel.

It is time for government to apply the best systems thinking toward solving problems and the best information technology to simplify the bureaucracy needed to manage these programs.

## Conclusion

The National Council of Nonprofit Associations believes that the gravity of our social conditions and the state of our economy call for greater collaboration between government and the nonprofit sector, call for a renewal of government's commitment to use tax policy to leverage private contributions, and call for government and nonprofits to develop systemic solutions to social problems.

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# New organisation aims to break the cycle of youth welfare dependency

A Features report for **Philanthropy** by Carol Cohn.

Six months ago, Vic Delosa was working as managing director of a manufacturing company – an Australian subsidiary of a large multi-national corporation. He had a wife, children, a house in Brighton, and a big salary. Today, Vic still has the house and the family, but he is now one of three partners in a new organisation, Breaking the Cycle, which aims to break the cycle of welfare dependence for disadvantaged, long-term unemployed and homeless young people. An engineer by profession, Mr Delosa has spent his entire working life in the corporate sector. What was special enough about Breaking the Cycle to prompt such a radical career move?

*"I liked it because it was not about charity, it was about helping young people to take responsibility for their own lives."* Mr Delosa, who has three sons of his own, says he is "passionate" about working with young people to help them achieve their full potential – which is the underlying philosophy of *Breaking the Cycle*.

Vic Delosa is Business Development Manager and also a director of the company, which offers a 12-week personal and business training and development program to disadvantaged young people aged 16 to 21. The program was originated by Paul McKessy, now the company's Executive Director, and it is in four phases. The first is a 10-day wilderness experience, led by wilderness specialists Adventures Unlimited. This is followed by a 10-day residential life and business skill



Participants and staff in the wilderness program, setting out for Swan Hill.





*Two members of the group cutting track through Hattah Kulkyne National Park as part of their community service.*

training program taken by Paul McKessy, and two experienced youth and business educators. It focuses on the young people's personal and emotional needs, and introduces business principles and skills. This stage is completed by a 3-day transactional analysis workshop which, Mr McKessy says, 'teaches the group to play life from a position of total responsibility.'

In the 8-week business program which follows, participants are matched with mentors who help them to clarify their goals, to evolve a personal plan for their lives and begin to put their business ideas into practice. This is perhaps the component which most distinguishes this from other youth development programs.

12 young people – out of an original group of 13 – have just graduated from the first 12-week program, and it is hoped to begin the second next February.

### **Three directors with a shared vision**

Paul McKessy is working in partnership with Vic Delosa and the third director, Sharon Kosmina, to develop Breaking the Cycle towards its eventual goal of self-sufficiency.

As well as establishing a company structure and business management base for Breaking the Cycle, Mr Delosa is responsible for taking it into the next stage of its growth. This will involve setting up environmentally sound small businesses to provide employment and training opportunities for graduates of the program and to make the organisation self-financing.

Vic Delosa joined Mr McKessy in August, two months after the company

was founded. Sharon Kosmina has been with it from the outset, and is responsible chiefly for co-ordinating, training and managing staff – most of them volunteers – and for preparing submissions and proposals. The project has a "massive" volunteer base who are responsible for staff co-ordination, acting as team leaders, and providing logistical support and supervision.

Ms Kosmina is a trained youth worker, with experience in administering public sector employment and training programs. She is now with Breaking the Cycle three days a week, and works two days in policy research with Melbourne Citymission.

### **How Breaking the Cycle started**

Breaking the Cycle was established in April this year by Paul McKessy. Mr McKessy has had 12 years experience working with young people, most recently as Regional Manager (South) with Melbourne Citymission, where he was closely involved in the running of South/Port Youth Services (SPYS). These years gave him the opportunity to see





A ranger at Hattah Kulkyne National Park directing the trail-blazing operations.

The shape of the new program began to crystallise for Mr McKessy when he took part in Wilson & Jordan's 'Money and You' seminar 18 months ago.

*"People doing the seminar had money and jobs, and were motivated and committed to their own personal growth. My challenge was, How do we bring this kind of information and technology to young people who may come from very disadvantaged backgrounds."*

"what works with kids" and to identify the critical gaps in the existing range of youth services.

The wilderness experience which initiates the new program is based on a similar one run by SPYS. 'But what is often lacking in such programs is follow up. What happens next?' Mr McKessy believes Breaking the Cycle bridges this gap by bringing together life skills, personal support and business training with the opportunity for young people to be involved in their own business ventures.

Ms Kosmina agrees that Breaking the Cycle is about "pulling together the things we have seen done elsewhere, and knitting them into one holistic program". For her, this program is special because "it is very flexible, and takes a broader and more complete picture of the people than other youth programs". She says it has the capacity to address a wide range of individual needs and issues, and to "build a space in which young people can look forward and plan and see that they have a future, with options and with the capacity to take responsibility".

Seminar promoters Wilson & Jordan have remained closely involved with Breaking the Cycle. They have donated its present office space in South Melbourne, and 'Money and You's' graduate-base of 3500 has provided Breaking the Cycle with its core of business contacts and supporters.

After doing the seminar, Mr McKessy determined to create a model that would offer young people the chance to fulfil their potential, by working with business to identify their directions and work towards their goals. *"We wanted to help them to step out of welfare, to step out of charity and the need for government help, and to take control of their lives,"* he says. *"We wanted to generate our own wealth, in order to fund the valuable work we had to do."*

In structuring the project, he was inspired partly by the example of the Delancey Street Foundation, a self-help and rehabilitation scheme based in San Francisco. Founded by criminologist Mimi Silbert in 1972, Delancey Street is run for and by ex-drug addicts and criminals.

The program teaches them work habits, specific skills and positive life values. Its lynch-pin is the group of business enterprises, including a restaurant, a removal company, and a print and copy shop, which employees participants in the program, and nets enough income – approximately \$3 million a year – to make Delancey Street virtually self-sufficient. It accepts no government grants.

Plans for Breaking the Cycle's two initial business ventures are already well advanced. The first will be a site cleaning and maintenance business, sub-contracted by builders and renovators to help demolish and clean up building sites and prepare foundations. The business will then recycle as much of the waste building material as possible.

Mr Delosa points out that builders are now under legislative pressure to dispose of building waste more responsibly, and the project is in line with this trend. They will be working first of all for the local renovations company, The Extenders, and a second builder – who builds environmentally sound, mud brick houses – is also interested in using them.

Managing Director of Showcard Publicity, Rod Winning – who was one of the first program's business mentors – has provided Breaking the Cycle with the opportunity for its second enterprise, Cycle Press. Cycle Press will be run out of Showcard Publicity, utilising the company's excess printing capacity. It will produce all the promotional and course material for Breaking the Cycle. Graduates of the program will get design, production and printing experience, and also have the option of joining Mr Winning's existing apprenticeship scheme.

### **The success of the first program**

Breaking the Cycle's first program, just completed, was privately funded through donations, fund raising activities and a government grant. Participants were personally selected by Paul McKessy from 60 referred by welfare agencies including Open Family and Melbourne Citymission. Rules for participation in

the program were stringent. *"Anyone who drinks or uses drugs is out,"* Mr McKessy says. *"It may sound tough, but it's essential to the chances of the ones who stay in."*

He claims that no one applying for the program was refused. *"It was a kind of self-selection process. Backgrounds didn't matter – what mattered was the strength of their commitment, what they were prepared to do about their personal situation."* At the end, he says, *"the most appropriate 13 were there"*.

Of the 12 graduates – 7 females and 5 males – eight are already in work. Most of the jobs came about through the business mentors, who included people from Mayne Nickless, Showcard Publicity and Wilson & Jordan, and others from the fashion, building and hospitality industries.

Two of the male graduates are now working for Showcard Publicity, and one of them – a 17-year-old who had been on the street since he was 14 – has the opportunity to take up a printing apprenticeship. Two others are already working as casual labourers with The Extender, and may eventually join Breaking the Cycle's projected site maintenance and re-cycling business. Ian Greenshields, Public Affairs Manager for Mayne Nickless, created the opportunity for another participant to gain work experience as a video editor.

After doing work experience with her mentor, Wilson & Jordan, one 20-year-old female graduate – who was put into foster care as an infant and has spent most of her life in family group homes – is now employed full-time as personal assistant to a management consultant. Her ambition is to have her own management consultancy.

Mr McKessy points out that such an outcome is unusual for someone who has gone through the state care system. *"Many often end up on the street, or in the criminal justice system. We thought about how we could improve that outcome, and we think the structure of this program will do it."*



### The objective of self-sufficiency

Already Breaking the Cycle has had considerable support from business, through the mentor scheme and through donations. Mayne Nickless's Director of Personnel and Corporate Affairs, Hugh Davies, used his business network to establish contacts for the company which resulted in gifts of up to \$1000 from Shell, Myer, Ericssons and others. Australian Airlines have donated free air travel, and many other companies have contributed cash and services.

At present Breaking the Cycle is in the process of establishing itself as a company limited by guarantee which, Mr McKessy says, *"will make us freer to trade and to do business, but still keep us as a non-profit organisation, able to offer tax deductibility"*.

An important part of the company's future plans is the purchase of a house large enough to operate as an education centre and accommodate participants and staff – up to at least 20 – for the 12-week training

program. They are seeking a property in the central Melbourne area, and have people prepared to go guarantors for a loan.

Paul McKessy says the next few months will be critical to the survival of Breaking the Cycle, which still needs corporate support to get the second 12-week program under way, and to support the centre in its growth towards self-sufficiency. *"We know we're on track,"* he says, *"because of the degree of support we've already had from those in the business sector who know what we're doing. If this momentum continues, we believe we can be here for the long term."*

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Participants in the first program putting in a day's community service at Swan Hill Pioneer Settlement.



# CORPORATE GIVING IN AUSTRALIA – An overview

*A briefing to a meeting with members of the Keidanren on the 4th November, 1992 prepared by Max Dumais, B.A., Dip.Soc.Stud., Dip Public Policy.*

Corporate giving in Australia is still developing its scope, its range and its commitment.

## The Scope of Giving.

In 1985, when the latest comparative study we have available was undertaken between Australia, Canada, USA and the UK, total giving as a percentage of Gross Domestic Product was as follows:

USA	1.90%
CANADA	0.72%
U.K	0.55%
AUSTRALIA	0.38%

However, one of the major difficulties we face in this area is the lack of easily accessible statistics on which to draw a true picture. It is not possible to be confident that we have the real figure. Unlike the United States, there is no central point, such as the tax service, from which to easily collate the actual figures, and we are left with the uncertainty of inadequate projection methods.

In a study commissioned by our own Australian Association of Philanthropy for the financial year 1988-89, it was estimated that around 470 million Australian Dollars, or approximately 27% of the total 'philanthropic' dollar in that year, came from corporate sources.

## The Range of Giving.

There are a wide range of existing "corporate giving" approaches and one of the aims of our Association is to identify those mechanisms of philanthropy which provide the best vehicles for encouraging further giving in modern times, and to promote them.

We believe, that as an Association made up of a membership of those who already give, we enjoy the highest moral authority with which to exhort others to consider doing so.

Unlike the United States and the United Kingdom, Australian corporate giving is yet to find its focus. We have not determined, as yet, on either the establishment of the traditional, arms-distant, and independent corporate Foundation on the one hand, or a completely market-oriented approaches, which is best reflected in cause-related marketing, or marketing sponsorship deals between companies and community agencies. In fact, there exists a full continuum, with both poles and many interesting variations in between.

Certainly the trend is more towards a relationship between corporate bodies and the community sector which has its basis in an underlying transaction or a deal, and which is meant to provide mutual benefits to both sides.

In Australia, there have been no long standing or traditional models, such as the Ford, Rockefeller or Carnegie foundations. In fact, the Myer Foundation, whose work with Asialink will be introduced to you later this morning, is the one of the oldest and most established trusts which would fit closest with that tradition.

However, although the income of the Myer Foundation does relate to the activity of the Myer shares on the market, it still remains more an example of a private, family trust ihhghi, rather than a corporate foundation.

In recent times, there has been a renewed interest in the development of Corporate Foundations in Australia. The establishment of the Mazda Foundation and the Honda Foundation indicate a resurgence of interest in the traditional Corporate Foundation model, and there are a number of companies in contact with the Association for information on the establishment and rationale for corporate foundations.

Some of these initiatives have arisen by virtue of the senior executive appointments who, in turn, have introduced this way of thinking from their American cultural experience.





*Max Dumais clarifies a point arising from his presentation on corporate giving in Australia.*

Some Senior Executives are also concerned to encourage community self-sufficiency and are prepared to support alternative solutions to community problems which are not simply reliant on government underwriting through the collection of taxes.

### **Mechanisms of Philanthropy**

Every vision or cause requires a vehicle or mechanism. Corporate philanthropy within Australia has yet to determine its preferred such mechanism.

### **Tax Deductibility**

Perhaps the most important mechanism at work is the tax structure. In Australia, there is more sense in developing corporate giving strategies as part of the expense of doing business, than in setting up a major charitable vehicle, and this is for a number of reasons.

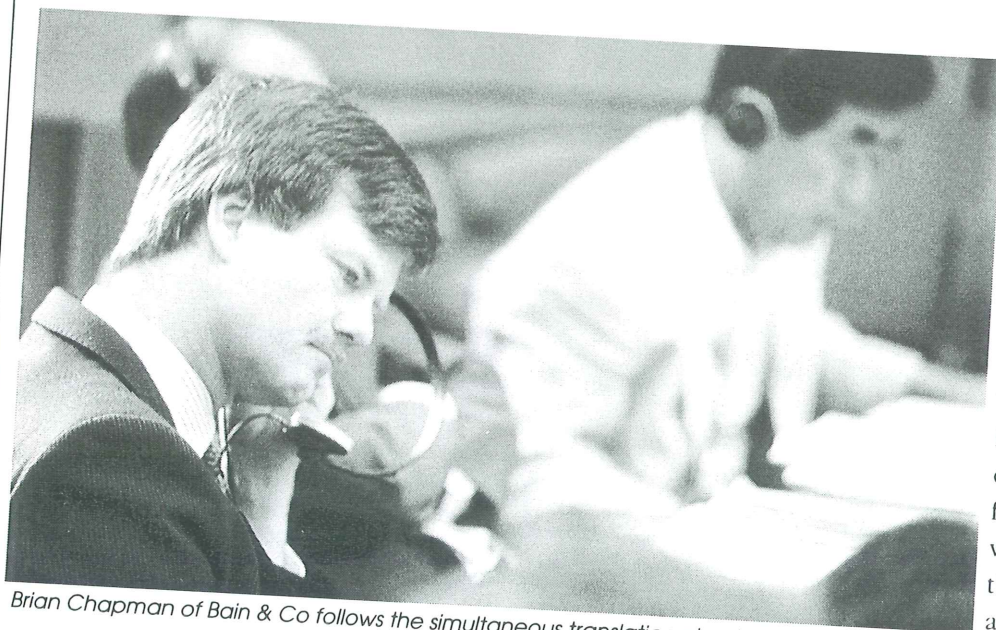
Unfortunately, there is still a government tendency in the Australian context to view tax deductibility for charitable purposes as an unwelcome intrusion into

the tax take. Because the tax deduction can be taken as part of income, before tax is calculated, it is considered by the tax office as a "tax expenditure".

In the case of "business expenditure" which is company assistance diverted towards community causes, whether through a company's marketing budget or assistance in kind through donations of products or staff skills, there has been no concerted attempt to tighten up. Nor is there likely to be, as it is a "Pandora's box" which the tax office would prefer to keep the lid on.

It is not the case in Australia, as I understand it may be in Japan and the United States, that there is a general provision under the tax laws to permit a company to allocate a percentage of pre-tax profit to charitable purposes. This would be a cleaner, fairer and more realistic approach all around, and better reflects the pattern which currently exists. It would also make it possible to put a real figure on the amount of underground assistance which companies are contributing at present.





Brian Chapman of Bain & Co follows the simultaneous translation closely.

Furthermore, "charitable" endeavour is not defined as a series of categories under our tax laws. It is left to the legal interpretation of "Common law". Denied any specific categories for giving to community activities, "charitable deductibility" is restricted to those agencies which meet the requirements Sect. 78 (1)(a) for a "Public Benevolent Institution" based on definitions dating back to the Elizabethan Poor Laws of 1601.

This provision restricts community giving for charitable purposes to only those agencies which meet the stringent provisions of giving actual and direct aid to the poor or diseased.

It is only in recent times that separate and specific categories have been introduced to the tax law to provide for art, culture and the environment. There are areas which are of major interest to companies and this approach of specifying eligible activities for tax deductibility is much more efficient.

#### **Regulatory Amendments.**

Some corporate foundations have arisen because of opportunities created as a by-product of regulatory amendments.

In one recent case, when government regulated for life insurance companies to maintain a certain level

of reserves, AMP a major Australian company decided to apply the interest from those reserves towards the operation of a charitable foundation, established specifically for the purpose.

There is also a particular form of charitable foundation which has emerged from Government intervention. In the case of the tobacco industry, a number of State Governments within Australia have struck a levy

on the price of cigarettes which, in turn is used to counter the effects of tobacco advertising. In Victoria, alone, this levy provides over \$20 million per year to underwrite the work of the Victorian Health Promotion Foundation.

In other cases, such as our recent Bicentennial celebrations, foundations such as the Bicentennial Youth foundation and the Bicentennial Multicultural Foundation were established with a major grant from government to start them off.

In a further instance, the interest payable on monies held in Trust, specifically under Government regulation, has been made available for the establishment and disbursement of funds through the Law Foundation of New South Wales.

In this case, solicitors who hold monies in trust, due to their activities on behalf of clients, are required to deposit a percentage in an account which draws interest of around \$3 million per year. This amount is applied to the Foundation to promote activities aimed at enhancing the application of the Law in that State, such as the design of 'user-friendly' court facilities and the production of legal information designed for anyone to readily understand.



### **Recognition to Company Founders or a retiring Chairman**

The ACTU – Lend Lease Foundation in Sydney is an interesting case in point. There are major reasons why this initiative has been advantageous to the company, to their staff and to the community.

It is interesting to note that one of the major reasons for establishing a staff foundation at Lend Lease was the opportunity provided by the retirement of their founding Chairman, Mr. Jack Dusseldorp. In recognition of his personal contribution, a decision was taken by both staff and management to direct a package of shares held by both parties within the company to underwrite the activities of the foundation.

### **Staff and Corporate Commitment**

In this instance, the staff also recognised that, aside from the personal security needs for home and family support which are met by their salary, it is also desirable to provide an opportunity to meet those other needs which provide non-monetary satisfaction. In many ways, this is one of the reasons for staff agreeing to allocate staff-owned shares to realise the objectives of the Foundation.

### **Corporate Good Citizenship**

Around the world we are beginning to realise that staff can be strongly motivated by the "good corporate citizenship" activity of their company. This is particularly true of multi-national companies which aspire to do business in a new country.

After a company has moved through the processes of assembly, local design and, eventually, manufacture, in a new host country, there remains the need to align the corporate aspirations of the company with the cultural and community aspirations of that society in order to develop a strategic market position within that country.

Lend Lease is a company which has its cultural antecedents in a Swedish tradition and, consequently, is more aligned with a social democratic ethos. Its involvement with the Australian Council of Trade Unions positions it well as a construction company which needs to do business in a highly unionised environment such as Australia.

The Bodyshop, which is doubling its size each year within Australia, has gone out of its way to involve staff in community projects. It sees this as a powerful means of securing the personal investment of their staff in the well-being of their company and its activities.

In Australia, our notions of philanthropy are based somewhere between the "charitable" understanding of philanthropy – which is our British tradition and, the "responsibility of a citizen within a democracy" which is part of the American tradition. As in many things, the Australian trend is now more towards the Pacific rim and its regional understandings.

We are pleased to have received Mr. Tadashi Yamamoto's outline of the growing interest in philanthropy in Japan, and the particular emphasis on cultural interdependence that strategic philanthropy can provide.

In fact, there is likely to emerge a new understanding of the ways in which corporations and the community can best inter-relate, which brings together the best features of all the cultures that make up this Pacific rim region of the world.

We certainly look forward to the opportunity, which this first meeting provides, to build a long-term relationship between the Australian Association of Philanthropy and the Japanese Center for International Exchange which your visit has provided.

We sincerely hope to progress the understanding of corporate giving within the region by this encounter, as well as the lessons we can learn from each other along the way.

# JAPANESE PRIVATE PHILANTHROPY IN AN INTERDEPENDENT WORLD – An overview



*Tadashi Yamamoto, President of the Japan Center for International Exchange takes a question beside Allan Cullen, Australian Bankers Association who follows the translation into English.*

*Presented by Tadashi Yamamoto, President of the Japan Center for International Relations.*

The subject of private philanthropy has been attracting considerable attention both inside and outside Japan in recent years. The substantial wealth accumulated in Japan in its phenomenal economic growth since World War I has become conspicuous.

Growing external pressures to share a greater international burden and to play an active international role commensurate with Japan's economic strength have begun to be felt both on the corporate and individual levels in Japan. More recently, the greatly increased Japanese corporate presence in many local communities in the United States and other foreign countries has generated new kinds of conflicts, which may be characterised as socio-cultural conflicts. These have led to a discussion of the need to develop a sense of "good corporate citizenship" among Japanese corporations and their employees, encouraging them to seek compatibility with the socio-cultural environments they find themselves in overseas.

The increasing awareness among Japanese of Japan's leadership position and the concomitant

interdependent nature of our external relationships has been perhaps the most significant cause of the recent surge in private, predominantly corporate, philanthropy in Japan. Matters of public interest, however, in Japan are largely taken care of by public sector institutions and the area left in which the private sector can make a meaningful contribution is relatively small.

It has become increasingly clear that the public sector alone cannot cope with the changing dynamics of Japan's external relations, given the fact that such relations have become increasingly interdependent, making much broader involvement of institutions and the public essential to the management of the interdependent relationship.

An increasing number of Japanese businessmen recognise that it is important to engage in dialogue and joint research on public policies affecting their businesses themselves. They also recognise that they have a responsibility to be "good corporate citizens" within local communities abroad and cannot rely in government bureaucrats or their government's "administrative guidance" in such efforts.

As Japan tries to respond to the challenge to play a critical role in shaping the global system of the future, the continued development of private Japanese philanthropy is imperative, as it enables non-profit and non-governmental linkages between Japan and the outside world.

We, at the Japan Center for International Exchange, believe that international exchange of information, dialogue, and cooperation can be very effective instruments in promoting this development. An



international network of like-minded people, who believe in the importance of philanthropy, is not only useful in promoting philanthropy in our respective societies, but also in promoting non-profit and non-governmental linkages among nations, positively contributing to a more constructive international community.

There are approximately 21,000 non-profit public interest corporations in Japan, of which 10,000 are incorporated associations and 11,000 are incorporated foundations. Grantmaking foundations of any significant size total about 200.

A survey by the Foundation Library Center of Japan studied 171 grant-making foundations (1986) found that most of these foundations have assets of under 1 billion Yen, and the total assets of the 171 foundations came to 235 million Yen. While the size of organised private philanthropy in Japan is thus still very limited, there is now renewed interest in establishing private foundations, mostly among business corporations.

**“an increasing number of Japanese businessmen recognise that it is important to engage in dialogue and joint research on public policies affecting their businesses themselves”**

In terms of direct corporate giving outside of the foundations they create, the Tax Administration agency identified 306 Billion Yen in 1986 as follows:

- designated contributions for projects, including governmental and public corporations 60.4 billion Yen
- donations to tax-exempt corporations to promote projects in the public interest 41.1 billion Yen

- other donations, including support for political parties and politicians 204.9 billion Yen

There is a recent trend towards direct giving by Japanese corporations, outside of the coordinated approach of the Keidanren, particularly within service industries. These newly rich industries are making the more generous contributions, but there is a tendency on their part to mix direct giving and public relations efforts more openly than in the case of the older or blue-chip corporations belonging to the Keidanren.

The breakdown of philanthropic giving in Japan is very broad. The Foundation Library Center study provides the following breakdown by Ministry under which the particular corporations operated:

- Ministry of Education, Science and Culture 76 (44%)
- Ministry of Welfare 37 (22%)
- Ministry of Science and Technology 17 (10%)
- Ministry of International Trade and Industry 16 (9%)
- Ministry of Foreign Affairs 8 (4%)
- Prime Ministers Office 4 (2%)

There is more direct giving by corporations to overseas organisations than by private foundations in Japan. Such giving has been concentrated in certain areas. One major group of recipients are American academic institutions. This may be explained in several ways:

- Japanese corporate donors value the prestige that goes along with such giving;
- American graduates from these institutions are more likely to settle in positions of influence;
- Japanese graduates from these institutions are likely to find positions of influence at home in Japan.

These institutions offer attractive mid-career training opportunities for their executives, they also employ development officers who know how to beat the competition for grants, particularly from institutions in those developing nations that are equipped with such professional expertise.

Tax laws in Japan, as in every other country, has played a significant part. Until recently, the tax law militated against the expansion of private foundations and corporate giving programs primarily concerned with the humanities or social sciences. However, the tax code was amended in 1988 to extend the privileges enjoyed by "experimental research bodies" to include those organisations "promoting international understanding of Japan."

JCIE was the first organisation to receive this privilege, but the process has proven such as to restrict all the organisations which have followed to those which are subsidiaries of government institutions only.



*Tadashi Yamamoto shares a joke with Adolph Hanich, Association Treasurer and Jill Reichstein – perhaps it was the fleeting burst of Melbourne sunshine.*

A new tax incentive has been proposed which will, apparently allow contributions by corporate headquarters in Japan to organisations in foreign communities, provided that such funds are channelled through designated public interest corporations.

Looking to the future, the development of private philanthropy is essential for Japan to wean itself away from the exclusive pursuit of economic interests that obsessed it during the modernisation and reconstruction phases immediately after the war. It is important for Japan to develop a sense of "enlightened self-interest" in its relationship with the rest of the world.

While the challenges for Japanese private philanthropy are formidable, the lack of a long tradition and a firm infrastructure make responses more difficult. First, government attitudes toward private institutions still reflect the times when the bureaucracy was considered the sole guardian of the public interest. Implementation of the revised tax laws must be made more flexible.

Secondly, the private sector should be more aggressive in taking up initiatives in the public interest, recognising that private philanthropy can be more effective in areas where government may be less so.

Third, institution building in the private sector is of critical importance. Fourth, it is urgent that these private sector institutions or philanthropic organisations develop international linkages with like-minded organisations abroad.

This briefing meeting arranged by the Australian Association of Philanthropy with the able assistance of Asialink goes a long way in that direction and we look forward to a long a fruitful relationship.





## Asialink – A recipient's view



Natsuaki Fusano, Senior Managing Director of the Keidanren shares his overview of Japanese corporate giving with Martin Carlson AO, President of the Association and Max Dumais.

*Speech by Jenny McGregor at the Australian Corporate Philanthropy conference for the study mission of the Keidanren.*

***The role of Foundations in the establishment and development of the Asialink Centre at the University of Melbourne.***

Asialink was established in early 1990 as a joint initiative of two Federal Government organisations and the Myer Foundation. The Myer Foundation is one of the oldest Foundations in Australia and one of the largest.

An important factor in the genesis of Asialink was that one of the members of the Myer family, Carrillo Gantner had spent three years as the Australian cultural counsellor in Beijing. During his time in Beijing he observed that Australia did not see itself as part of Asia and that some influential Australians did not understand the importance of Asia to the future of Australia.

When he returned from Beijing, Carrillo urged the Myer Foundation to provide funds to help change

Australians Eurocentric attitudes and to create an understanding of the need for Australia to relate more closely to the countries of the Asian region.

At the same time the two Federal Government organisations, the Commission for the Future and the Asian Studies Council, had identified similar needs and the three organisations joined to create Asialink. Asialink has a mission to create a new generation of Australian. Australians who are knowledgeable about

the countries of Asia and who understand more fully what Australians can learn from our neighbours and what we can contribute to the region in which we live.

Asialink developed programs in education, the arts, business and community awareness; with education being its first priority. In the first two years Asialink produced a range of resources for teachers of Asian languages and Asian studies and worked to support schools which were introducing the study of Asia. In addition we managed media campaigns about the importance of the countries of Asia in the education of our children.

We also established a vigorous arts program which is now supported by the Department of Foreign Affairs and Trade and the Australia Council, Australia's major arts funding body. The Asialink visual arts program provides residencies for Australian artists to go to Asian countries to learn and to develop contacts which will see long-term links between visual arts communities. This program also takes exhibitions of contemporary Australian art to Southeast and Northeast Asian countries.



The Asialink film and television program brought together film makers, critics and academics from Indonesia, India, Thailand, the Philippines, Malaysia and Australia to discuss how we represent each other in film and how we can be more sensitive and accurate in this endeavour.

Asialink's third major program is directed towards business, government and other opinion leaders. This program provides seminars which identify relationships within the emerging Asian region and challenge Australians to clarify our roles and responsibilities in the new international order. Influential international and Australian statesmen and women are invited to present their visions for the new Asia and to suggest desirable relationships for Australia.

During the first two years of Asialink the support of the Myer Foundation was crucial to the survival of the organisation. Towards the end of the first year the government decided to privatise the Commission for the Future and at the end of the second year it disbanded the Asian Studies Council. The two government supporters of Asialink were unable to maintain their support and had it not been for the security of the Myer funding, Asialink would have ceased to exist. The Myer Foundation has distinguished itself from many Australian Foundations in its willingness to maintain its support for organisations for a sustained period of time.

With the confidence of generous ongoing support from the Myer Foundation, Asialink was then able to seek a university partner and in mid-1991 the



*Ed Geldaard, National Sponsorship marketing Manager for Telecom follows intently the comments by Syd Okano Managing Director of Mazda and a supporter of Asialink*



Asialink Centre at the University of Melbourne was formed. At the same time Asialink was fortunate to receive further support from the Mazda Foundation.

The Mazda Foundation was then a new foundation. Asialink put forward a proposal for a project which would support and encourage students studying Asian languages. The Mazda Foundation decided to join the Myer Foundation and the University of Melbourne as a core supporter of Asialink rather than sponsoring an individual project.

The schools' project was later funded by the William Buckland Foundation and this year we have worked in 33 high schools throughout Victoria to support students of Asian languages and studies. Asialink took some 57 Australian students who had been to Japan, Thailand and Indonesia on exchange into schools to encourage students to maintain their language study. We also took business people into the schools to talk about the need for language and cultural understanding in business. Feedback from the schools and the students was very positive with many students expressing interest in a more international educational experience.

Since the project has finished Asialink has been approached by a major educational consortium in Fukuoka to administer scholarships for 20 Australian students to spend 1 year at Fukuoka Daichi High School.

The support of the Foundations has been critical to the development of Asialink from a small program within a government organisation to a vigorous independent Centre; backed by a major Australian university and supported by a number of government departments. Asialink's two major Foundation sponsors – Myer and Mazda – have provided not only funds but also the resources of the people on their Boards and their staff. These people have worked as advocates and representatives of Asialink and have offered their ideas, their constructive comments and their influence as leaders in the Australian community.

This corporate and philanthropic support was instrumental in Asialink recently being awarded a major government contract to establish a new body: the Asia Education Foundation. In recognition of our work in education we now have the mandate and resources to work in schools throughout Australia to introduce the study of the countries of Asia into the curriculum.

Foundations have traditionally provided vision for the community and the means to help create and shape desirable futures. The challenge as we approach the 21st Century is to provide vision and leadership for the newly emerging Asian region in an increasingly internationalised global environment. Support for increased opportunities for interaction between peoples at all levels in an important step in shaping a harmonious and creative Asia Pacific region.

Increased people to people contacts should range from scholarships for students to exchanges of professionals and managers and staff of non-government organisations. It should also involve expanded opportunities on a regional scale for opinion leaders at many levels of societies to consider and debate the major issues confronting their own countries, our region, and our global environment.

Mr Yamamoto spoke of the issues which cross national boundaries and which must concern all of who live in this region. Issues like refugees, drugs, AIDS, social justice and the environment. These are some of the issues for regional deliberation.

**Jenny McGregor**

Director

The Asialink Centre



# PHILANTHROPY NEWS



*Errol Muir, Corporate Affairs Manager at CRA presents his company's position at the briefing of senior Japanese businessmen and women.*

## **COUNCIL MEMBERSHIP**

Council for 1992 includes the following:

### **Executive:**

Martin Carlson AO	President
Robin Hunt	Vice-president
Jill Reichstein	Secretary
Adolph Hanich	Treasurer

### **Members:**

Rupert Myer, Darvell Hutchinson, Marion Webster, Margaret McCaffrey and Michael Liffman, ex-officio as former President.

## **ANNUAL TRUSTEES DINNER**

Over 50 members attended the Dinner to hear Don Stammer from Bain & Co and Robert Clarke of Rothschild Australia outline important issues related to the present economic climate, with particular reference to tax-exempt investors, such as trusts and foundations.

Don Stammer's outline will appear in the next journal and a very well received after-dinner speech by David Gibbs of ANZ Executors & Trustees is included in this edition.

Aside from the value of the presentations a good deal of cross-flow of ideas and information took place around the tables and a good sign was the time it eventually took for everyone to leave!

# COMPUTERISED TRUST **ADMINISTRATION PACKAGE**

The Australian Association of Philanthropy, with the financial assistance of Myer, Schutt, Sunshine and McKay trusts, has commissioned the development of a computer package to assist in the day to day management of trust affairs.

The program is presented in a user-friendly windows environment for IBM compatible machines, and will be also available in Apple.

The program assists from the receipt of application, through to Trustee consideration to final decision and ongoing monitoring.

A database is developed on which the history, trends and patterns of giving for the trust can be determined. The aim is to ensure that the language employed across the sector becomes common enough to provide accurate and realistic information on the effects of trust activity in Australia.

*The cost of the Package is \$2,500, which includes three days installation, on-site tuition time and ongoing telephone advice from Karen Bingham & Associates, who have developed the program.*

For further information, contact:

**Max Dumais**

Association of Philanthropy

Telephone: **614 1491** Facsimile: **614 8471**



### **VISIT OF KEIDANREN**

Keidanren (Japan Federation of Economic Organisations) is a private, non-profit economic organisation representing virtually all branches of economic activity in Japan. Established in 1943 it is composed of 123 association and 949 corporate members.

This Association was approached by Tadashi Yamamoto, the President of the Japan Center for International Exchange who were organising this visit to arrange a briefing on corporate giving in Australia and was pleased to involve the professional services of Asialink in realising this task. Some of the material delivered at a simultaneous translation session appears in this issue.

Those attending from Japan included those responsible for corporate giving in the Japan Iron & Steel Federation, the Federation of Pharmaceutical Manufacturers, Tokyo Electric Power, Toyota Motor Corp., Hitachi, Mitsubishi Kasei, Petroleum Association of Japan, IBM Japan, Japan Federation of Construction Contractors, Japan Automobile Manufacturers Association, Federation of Bankers Assoc., of Japan, Dai-Ichi Life Insurance, Itochu corporation and Japan Gas Association.

Representatives from Telecom, AOTC, Bain & Co, BHP, CRA, Mayne Nickless, Mazda the Australian Bankers Assoc., Deloitte Tohmatsu Ross, J.B Were, Toyota Australia, Rothschild and members of the Association took part in the discussion and over the lunch provided by Deloitte.

We hope that this first contact will lead to greater dialogue between the Association and its counterpart in Japan for the benefit and promotion of more effective corporate giving in our respective countries.

### **NOVEMBER LUNCHEON**

John Emerson, a partner with Freehill Hollingdale & Page who has recently been engaged with Cy Pres applications on behalf of members and John McMath of Sedgwick James, a lawyer who deals with directors and officers responsibilities and trustees of superannuation funds addressed members on matters relating to the fiduciary and legal responsibilities of trustees under the Act.

### **COMPUTERISED TRUST ADMINISTRATION PACKAGE**

The Association has entered into an agreement with Karen Bingham & Assoc to produce a computerised trust administration package. Details are available in this edition.

Karen has already prepared customised versions for Myer, McKay, Sunshine, Stegley, Reichstein and Helen Schutt which forms the basis of this program, which has now been upgraded to a more user-friendly, Microsoft Foxpro application software.

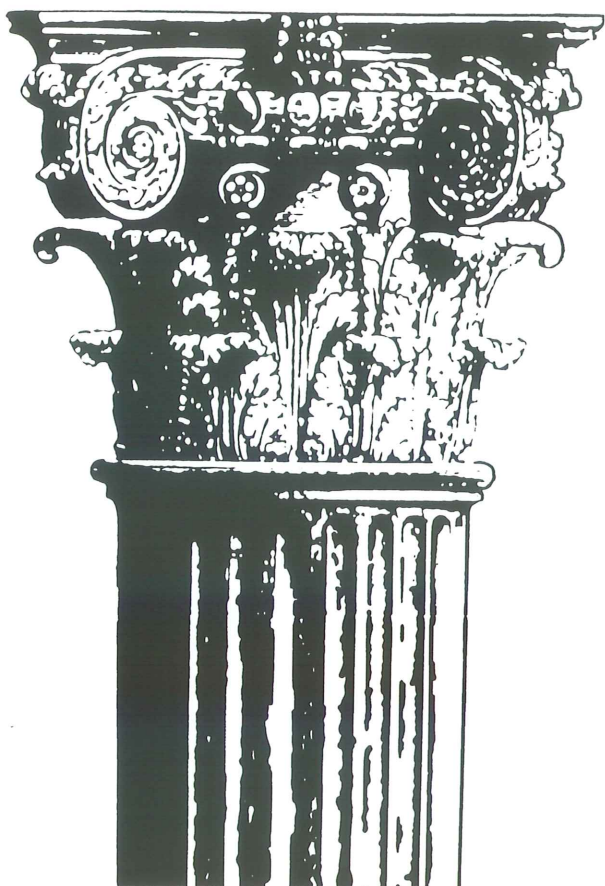
Aside from the obvious assistance to the day to day administration of trust activity, the common program provides the technical capacity to deliver annual patterns and trends in giving in terms of a basic common language datafile. The Association would be able to deliver accurately and quickly to legislators or others just what directions the philanthropic sector is developing by year to year.

### **GRANTSEEKERS WORKSHOPS**

The final workshop for 1992 for grantseekers to assist in approaching trusts and foundations was held in November. Nearly 300 have now taken part in the program which has been offered both in Melbourne and in Adelaide. Next year should see a similar program in New South Wales and possibly Queensland.

This form of dialogue between donors and grantseekers is important from both points of view.

## The Australian Directory of Philanthropy (6th Edition)



Familiarly known as "The Directory", this runaway best-seller lists 421 funding bodies in Australia, including trusts, foundations and corporations. It is an essential tool for grantseekers and includes not only the areas funded by various bodies, but also the areas not funded, which saves valuable time for grantseekers.

**Price \$34.95 plus \$3 postage**

(Please send cheque with order to Australian Association of Philanthropy, 8th Floor, 20 Queen Street, Melbourne, 3000)

## Successful Submission Writing for Business and Non-Profit Organisations

*Written by Jean Roberts*

This book is well received amongst those agencies attempting to present themselves to potential funders and others in a professional way.

The author's experience covers the private, public and community sectors and she has had her own success in submission writing, planning and implementing new programs, services and centres, and the introduction of new policies and organisational change.

**Price \$19.95 (plus \$2.00 postage and handling)**

(Please send cheque with order to Australian Association of Philanthropy, 8th Floor, 20 Queen Street, Melbourne, 3000)

## Effective Trusteeship: Issues for Creative Philanthropists

*Written by Dawn Wong of the Law Foundation of New South Wales*

This publication is an extensive report of Ms Wong's study tour to North America, England and Italy.

It covers areas such as:

- Assessing the Impact of Grantmaking
- Maximising the Rewards of Foundation Trusteeship
- Foundation Staff: The Professional Approach.

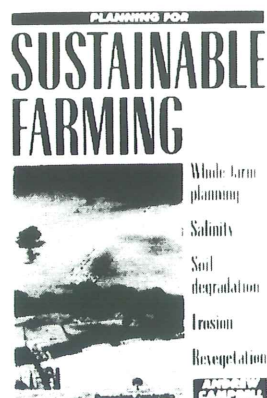
**Price \$25.00**

(Please send cheque with order to Australian Association of Philanthropy, 8th Floor, 20 Queen Street, Melbourne, 3000)



## Planning for Sustainable Farming

Written by Andrew Campbell. Published by Lothian Books.



This book is another outcome of the inspired Potter Farmland Project in Victoria's Western District. Andrew Campbell was its Project Manager and his book is an account of its first three years.

*Planning for Sustainable Farming* is interesting not only from the point of view of farmers looking to sustainable agriculture and working to protect the environment and the productivity of the farm at the same time, but also as a fascinating social experiment that worked.

The project drew together many apparently disparate groups in the community – farmers, environmentalists, accountants, bank managers, voluntary groups and government departments.

Campbell's book does not attempt to gloss over differences in strength and execution. One of the book's great strengths is that the success of the project can be seen in the Potter Farms themselves.

**Price: \$19.95**

**Available from bookstores and selected newsagents.**

## Charities and Philanthropic Organisations

### Reforming the Tax Subsidy and Regulatory Regimes

Papers presented at seminars sponsored by the comparative public policy research unit, Monash University.

Additional sponsorship was provided by the Australian Association of Philanthropy and the Australasian Institute of Fundraising.

Editors: Richard Krever and Gretchen Kewley

Contributors include:

*Tax Deductions for Charitable Donations: A tax expenditure analysis* – Rick Krever

*Charities, Philanthropies, Non-Profit Organisations: the Impact of Other Taxes* – Guy Noakes and Anna Carrabs

*Taxation Concessions for Charitable Bodies and Philanthropies: Administration of the Tests* – Amarjit Verick and John Lamerton

*Taxation Treatment of Charities: Distributional Consequences for the Welfare State* – Terry Carney and Peter Hanks

**Price: \$14.00 plus \$2.00 postage**

(Please send cheque with order to Australian Association of Philanthropy, 8th Floor, 20 Queen Street, Melbourne, 3000)

## A Guide to Informed Giving

Using a question and answer format, the Guide examines issues and options about the formation of trusts and foundations. Specifically written to suit Australia and with frequent use of case studies, it includes a discussion of:

- Why become involved in philanthropy?
- What skills does a philanthropist need?
- Tax advantages of gaining charitable status.
- Legal structures for trusts and foundations.
- How to select trustees.
- Evaluation and accountability.

**Price \$54.95 plus \$3.00 postage**

(Please send cheque with order to Australian Association of Philanthropy, 8th Floor, 20 Queen Street, Melbourne, 3000)

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I wish to subscribe to the Association's quarterly publication, *Philanthropy*, at \$30 per annum, post paid.

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# Philanthropy

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Subscriptions to *Philanthropy* are also available to non-members. The rate is \$30 per annum, post paid. (Back issues, Number 1-14 inclusive are available for \$5 per copy.)

For enquiries and information about the activities or membership of the Association, the Journal or subscriptions, please contact:

**The Australian Association of Philanthropy  
8th Floor  
20 Queen Street  
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**Telephone: (03) 614 1491**

**Facsimile: (03) 614 8471**

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# The Australian Association of Philanthropy

## The History of the Association

The Association was formed as a national body in 1975 to represent the shared interests of trusts and foundations and to represent philanthropy to government and the community.

The establishment of a permanent secretariat in 1988 was a further indication of the Association's intention to be a strong, professional organisation representing both large and small trusts and foundations from both the private and corporate sectors.

## What the Association does

The Association offers a range of programs and services which reflect the diverse interests and need of its members. Specific activities include:

- Provision of information to members and the broader philanthropic sector through a quarterly magazine.
- A growing resource library of local and overseas information which is available to members, potential philanthropists and the community sector.
- Regular discussion groups/workshops for members on issues relevant to philanthropy or trust operations.
- Assistance to individuals and corporations planning to set up trusts and foundations.
- General assistance through information services to applicants for grants.
- Research into areas relevant to the philanthropic sector.
- Monitoring legislative activity.
- Communicating to the general public about the philanthropic world.

## Statement of Purpose

- To advance and protect the common interest of private and corporate philanthropy in Australia.
- To scrutinize any proposed Federal or State legislation likely to affect private or corporate philanthropy and to take such action as the Association may think is desirable.
- To foster co-operation between philanthropic trusts, individual and corporate donors throughout Australia.
- To encourage and facilitate exchange of information between the members on the understanding that where appropriate it will be regarded as confidential.
- To improve communication and understanding between the members of the Association and the community at large.
- To assist in the identification of areas of need in the community.
- To develop and maintain contact with similar overseas bodies.
- To inform members of trends and developments on issues relevant to philanthropy as a result of local or overseas research.
- To act as a general service organisation for members in ways which they may require.
- To seek and consider suggestions from members of the Association and other interested bodies for the advancement of philanthropy.

## Members of the Australian Association of Philanthropy

ANZ Executors & Trustee Co Ltd  
Coles Myer Ltd  
Cooperative Foundation (S.A.)  
Esprit Cares Trust  
Goulburn Valley Base Hospital Foundation  
Helen M Schutt Trust  
Howard Norman Trust  
L.E.W. Carty Charitable Fund  
Law Foundation of New South Wales  
Lord Mayor's Fund  
Lotteries Commission of WA  
Mayne Nickless Ltd  
Monash University  
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Mr Robert Kerr  
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Small Change Education Foundation  
Sir Albert Sakzewski Foundation  
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Sunshine Foundation  
The Alexander Miller Trust  
The Andrews Foundation  
The Australian Bicentennial Multicultural Foundation  
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