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Special Feature : Cause Related Marketing

Contents

EDITORIAL

REPORTS

YOUNGLIFE *2*
Preventative Program for Young Australians

LEND LEASE CORPORATION- *3*
Sponsors employees to participate in earthwatch scientific research projects

ROYAL MELBOURNE HOSPITAL *4 - 5*
The Melbourne Heart Centre - Partners in Philanthropy at the Royal Melbourne Hospital

BOYS' TOWN *6 - 7*
A Tradition Continues

A WORLD OF HEALING *8 -10*
A new world awaits the children at Goulburn Valley Base Hospital

TRUSTEES REPORT

INVESTMENT STRATERGIES *19 -20*
CONSERVATIVE INVESTMENT STRATEGIES REDUCE RISK - Potter Warburg

INDUSTRY COMMISSION ENQUIRY- *20 - 24*
Points to likely changes for Charitable Sector

SPECIAL FEATURE

DOWN TO EARTH - *11 - 12*
Australias Local Environment to Benefit from New Corporate Foundation

MAGNANIMOUS MARKETING - *13 - 15*
Good turns reap big returns

VALUE ADDED MARKETING *16 - 18*

MCDONALDS: HELPING KIDS THROUGH CAUSE RELATED MARKETING *25 - 27*

PHILANTHROPY NEWS *28*

Cover Note

Mickey Rooney returns to Boys' Town !

This edition of Philanthropy was provided through the assistance of Potter Warburg Asset Management Limited which supports the Association of Philanthropy's objective to promote both strategic and effective private and corporate giving

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Opinions expressed in this magazine do not necessarily reflect those of the Australian Association of Philanthropy Inc.

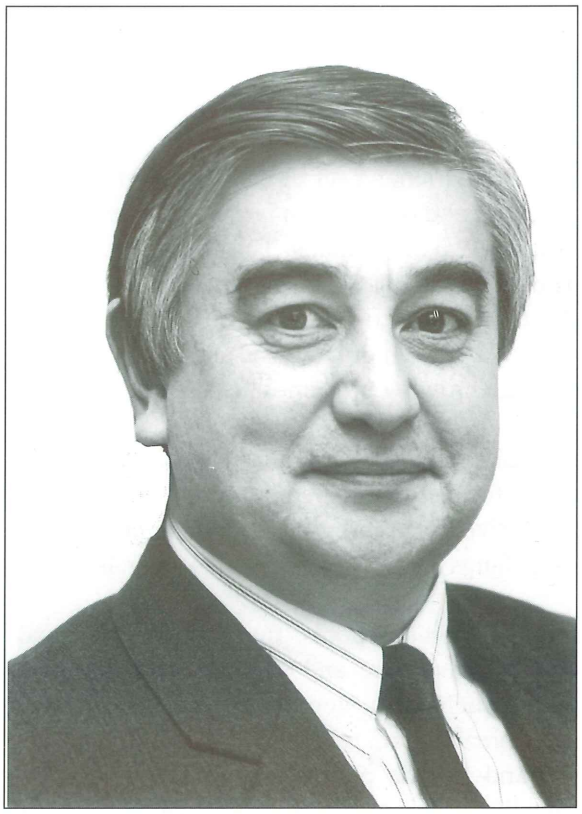
Editorial

Public purpose or 'cause-related marketing', a term which is now trade marked, is another face of philanthropy in the nineties, it is philanthropy because the purchasers chooses to support a cause. In this issue, we look at of how it is being introduced into the Australian scene.

There are many questions which might be raised: how can the less popular causes get a look in, what safeguards exist to ensure that there is a 'win-win' relationship between companies and the causes they might espouse and, importantly, how can the two cultures of commerce and compassion collaborate not conflict?

Whatever the answers may be, it is still clear that the various causes surrounding the environment, the community, arts and culture and not excluding education and health, will increasingly become a target for companies wishing to market with a cause. The research that shows that 40% of companies in the United Kingdom and a growing number in the USA and Canada are marketing with a cause might be ignored if it were not for the recent Reark research which clearly indicates that, price and quality being the same, 75.8% of Australians or 4.6 million households were also likely to choose a product that involves a donation. The opportunities are just too great to ignore.

Not all of us who believe that 'everyone gets paid, and that it is only the currency which changes' can be dismissed purely as cynics. Volunteerism does not survive unless there is something reciprocal at work between the volunteers and the cause they support. This principle is likely to be even more important when the one to be 'paid' is a company. It is those companies which clearly understand that 'the business of business is not simply business' and who look to the interests of all of their stakeholders, namely, their customers, employees and communities, as well as their Chief Executive, Board and shareholders, that recognise the value of strategic market positioning through cause marketing.



This leads to the next question. Are the opportunities for community organisations also too good to ignore? One thing is sure, it would be an incredible waste for such organisations to simply 'sell their inheritance for a pottage'. A lot more hard-headed analysis of why some companies may wish to pursue these relationships needs to be undertaken and an honest and thorough-going review of what the organisations have to offer is in order.

It is also important to recognise that corporate giving or involvement in the community through marketing or through staff involvement or through the development of foundations is not 'either-or', but more likely to be 'and-or'.

The count-down to the Industry Commission's preliminary report is underway. This issue carries an important interview with Bill Scales, the Chairman of the Commission and even more important news of the major international conference which is scheduled for November.

Max Dumais
Executive Officer

Young Life

Preventative Program for Young Australians

In this International Year of the Family, the high suicide rate and other youth issues have become the focus of all Australians. The community, business and government are starting to understand the toll from family breakdown, unemployment and drug abuse, and our young people are growing up demoralised and confused.

Young Life has operated in New South Wales and Victoria for the past 23 years offering a preventative model program for young people, before things get to crisis point in their lives.

Working in high schools, the youth worker and volunteers give care and support to young people to help them cope with issues such as family breakdown, relationships, school work stress and suicide prevention program. The young life program has a strong commitment to disadvantaged youth, through offering friendship and a purpose and a direction in life. This preventative model is for young people who suffer from pessimism and hopelessness.

Fun times on 'Camp Adventure Programs'

Since the early 70's, young life has received support from local high schools, community groups, churches, local and state government. As they expand into new schools their focus for funding is in the corporate community and philanthropy trust areas.

Young Life executive director Mr Mike Hardacre said "as our program develops into a new area, our hope is to provide:

- reduction in the high youth suicide rate
- assistance & support for youth in family breakups
- preventative programs in alcohol and drug use
- direction and purpose in their lives."

Each week nearly 30,000 young people come in contact with the young life program, which includes:
- active presence in the local high school
- active presence in the local community where youth hang out
- weekly activities for teenagers
- sporting programs
- weekend and week long adventure camping program
- a national youth Help Line

Mr Hardacre said, "Parents today find it difficult to relate to their teenagers who are asserting their independence. The sad outcome is homelessness, juvenile crime, alcohol and drug abuse, and anti-social behaviour from our young people. The cost of these problems to the community was estimated at $16 billion dollars in 1992."

Young Life is a non-denominational Christian based charitable institution. The board of management are a blend of corporate business people, clergy and youth welfare people. The financial & management operation of the group is professional and focused on its work with young people.

For further information
Young Life
P.O Box 204

Lend Lease Corporation sponsors employees to participate in Earthwatch scientific research projects.

Lend Lease Corporation through its Foundation, will be sponsoring eight of its employees onto Earthwatch research expeditions in Australia and New Zealand over the next 6 months. The projects in which they will participate range from a study of insect bio diversity in Queensland rainforests, to research into the impact of tourism - based activities on dolphin populations in Kaikoura Bay in New Zealand. The Lend Lease employees will join a team of international volunteers for two weeks. They will be working with scientists, participating in all aspects of the research program in a rigorous schedule of activities that will extend their knowledge and skill in a number of different ways.

The Lend Lease Foundation is committed to providing personal and professional development opportunities for its employees. This program also is a way of providing practical implementation of the company's commitment to environmental responsibility. The Foundation will cover all costs associated with participation of the eight employees in the expeditions, whilst the employees themselves will contribute their own leave time and will cover the costs of travel to and from the expedition site.

Earthwatch volunteers assist researcher Dr Hamish McCallum takes a yellow-footed rock wallaby from a trap.

The Melbourne Heart Centre - Partners in Philanthropy at the Royal Melbourne Hospital

The Royal Melbourne Hospital recently announced a one million dollar grant from the Percy Baxter Charitable trust for the enhancement of the Hospital's cardiac services.

President of The Royal Melbourne Hospital, Dame Margaret Guilfoyle, said the million dollar grant had been confirmed by Perpetual Trustees as trustee and manager of the Percy Baxter Charitable Trust.

It would allow the Hospital to establish The Melbourne Heart Centre, a $3.8 million dollar project to enhance heart care programs which benefit sufferers of heart disease and cardiac surgery patients.

"This grant to be received over five years has given us the confidence to proceed with our vision for The Melbourne Heart Centre," Dame Margaret said.

"It was a vision we first shared with Perpetual Trustees as managers of the Trust, and then with members of the Baxter Family.

"We are extremely grateful for the philanthropic leadership they have extended and we believe their investment will encourage others to consider The Melbourne Heart Centre as a fine example of philanthropic partnership and a exciting investment opportunity.

Dame Margaret said the Hospital had a strategic commitment to upgrade services for patients needing cardiac care. This strategy opened the door to negotiations with the trustee.

The service enhancement programs would increase significantly the numbers of heart patients able to be treated at Royal Melbourne, she said.

"Our aim by the end of 1995 is to increase cardiac procedural treatments by 25% to 1000 per year, and lift the numbers of cardiac surgery patients to more than 750 per year," the President said. This compares with 514 cardiac surgery cases for the year ending June 1993.

"In addition to increasing the number of patients able to be treated, achievement of the $3.8M target will enable The Melbourne Heart Centre to expand research, increase teaching opportunities, and add to The Royal Melbourne's reputation as a provider of quality health care," Dame Margaret said.

(L-R) Dame Margaret Guilfoyle President of RMH, Mr John Baxter, grandson of the late Percy Baxter, Minister of Health Hon. Marie Tehan, Mr John Sullivan, Manager of Charitable Trusts Perpetual Trustees, and Mr Doug Provis, Manager of Perpetual Trustees.

Fleur Verlinden, RMH Fundraising Manager at the joint announcement of the Baxter Trust's $1M seeding grant for The Melbourne Heart Centre.

Core services of The Melbourne Heart Centre will be delivered from a dedicated floor of a new $51 million building nearing completion and funded by State Government.

"This is a model partnership bringing together the vision, skills and resources of Melbourne's major public hospital, a generous philanthropic investor in our community, and the State Government. The winners will be all the cardiac patients who come through our doors in the years ahead," Dame Margaret added.

Dame Margaret noted that attracting major funding from private philanthropic sources usually required protracted, delicate negotiations. In this case the issues addressed included:

Overcoming the external perception by many in the philanthropic community that public hospitals, due to cumbersome management structures, were difficult to work with. The Royal Melbourne Hospital, however, recently completed its Corporate Strategic Plan which focuses on priorities for patient care and the means required to achieve those priorities, thus smoothing the grant seeking process.

An investment of time in bringing key stakeholders to an understanding of the issues involved and of the importance of their co-operation in delivering complex patient care at a level demanded by the community.

The value of face-to-face discussions to develop a deeper insight into the hospital's vision for the enhancement programs. Meetings of key medical personnel, the Hospital President, senior executive representatives, members of the Baxter family, together with the general manager and charitable trusts' manager of Perpetual Trustees Victoria Limited were crucial to negotiations.

A carefully prepared grant submission based on extensive consultation with key medical and administrative staff brought clarity and simplicity to the communication of this complex area of medicine. The document highlighted the benefits for the community - ranging from immediate patient benefits at a local level to international benefits through the clinical education and published research outcomes of the centre.

The Percy Baxter charitable Trust has shown a strong interest in a diverse range of health and welfare issues in Victoria over many years. In addition to substantial support for other initiatives at the Royal Melbourne Hospital, the Percy Baxter Charitable Trust has been a significant contributor to other public hospitals, to medical research and to specialty health and disability organisations.

In expressing the Board's gratitude , Dame Margaret thanked the grandson of the late Percy Baxter, John Baxter and trustee representatives, Doug Provis and John Sullivan, saying, " Not only is it the first $1,000,000 gift given to The Royal Melbourne Hospital but also the first ever $1,000,000 grant made by the trust for any purpose. We are full of enthusiastic gratitude and especially indebted for the vision, perseverance and insight of the trustee manager, John Sullivan and the Baxter family.

The grant reflects a history of increasing support over the past decade based on trust and respect developed between grant maker and grant seeker. It truly demonstrates the ideals of partnership in philanthropy.
Further opportunities to invest in the Centre exist.

For more information
Fleur Verlinden, Manager, Fundraising Development 342 7449.

Boys'Town Tradition Continues

On his recent visit to Australia, veteran actor, Mickey Rooney, who starred in the 1938 movie, Boys' Town, took time to meet today's "boys" - the young men from Boys' Town, Engadine NSW.

Boys' Town, Engadine, NSW, has a direct link with the work of Father Flanagan's Boys' Town in Nebraska, on which Rooney's film was based. In fact, father Tom Dunlea, parish priest of Sutherland, NSW, in 1939 was inspired to commence a similar work in Sydney after viewing the 1938 Hollywood film.

For 55 years now, Boys' Town, Engadine, has built up a tradition and reputation for being able to work with adolescents boys and their families whose negative experiences have caused disruption and difficulties at home, in the community and at school.

Boys' Town is a secondary school (Years 7 - 10) that aims to stabilise classroom behaviour, increase literacy, numeracy, practical and general knowledge skills to a level appropriate for reintegration into the regular school system, independent living or employment. Class groups are small (6-8) and programs are tailored to the individual needs of the boys.

Boys' Town is a residential service that facilitates the development of new and positive patterns of behaviour and self control. Boys develop a sense of responsibility and learn valuable relationship, life and social skills. This is a five day a week residential program.

Boys' Town is a family service providing support for parental households in a way that builds up their competencies in dealing with key issues.

In this, the Year of the Family, we are reminded that the family is the first and most important influence in a child's life. While it is the boy who is actually participating in the school and residental program at Boys' Town, it is the whole family who is involved in the program When family members are having trouble getting along together, when lines of communication have broken down and people's needs are not being met, it can be difficult to value even the good parts of one's family unit. When a young person in this situation has a learning difficulty, the family's problems are made worst by the client's frequent suspensions form the mainstream school systems.

While it is the wayward boy who grows into a responsible young man at Boys Town, it is true to

Boys Town boys are champions in the soccer carnival

Power Living Unit, with Liam & Monica, go out for the evening.

say that the whole family benefits from Boys' Town's acceptance of Father Dunlea's words (taken from Father Flanagan, Boys' Town Nebraska, 1937): "There is no such thing as a bad boy". When families see their boy in regular attendance at school, achieving well, being praised by teachers, they affirmed in what they always felt was the truth: their boy is lovable and capable and their family can make it through - together.

Boys' Town aims to break the cycle of tension, violence and abuse in the family, truancy, multiple school suspensions, anti-social behaviour in the local neighbourhood, low esteem and self-worth.

This is achieved by focusing on what good already exists, and tackling head-on those issues that threaten to perpetuate this cycle.

Boys' Town is often asked of its success rate. It is not easy to give an answer. "For one boy, to return to his local school to complete Years 11 & 12 is a success. For another boy, to be alive when he is twenty is a success. These young people have diverse needs. One may be dependant on harmful substances and find it impossible to conform to realistic expectations of society. Another's hurdle may be to face the issue of separation, be it a death of a loved one or rejection of a parent. Yet another may have been physically or sexually abused at an early age. These types of issues can simmer for years and eventually reach boiling point, with reluctant eruptions in the most unpredictable and unacceptable manner.

To maintain such a valuable service, Boys' Town relies heavily on the generosity of the general public. It costs Boys' Town $50,000 a year to provide appropriate care for each boy.

While government and church funding provides 70% of recurrent costs, Boys Town must find the other 30% through the kindness of its supporters. After all this, Boys' Town is still unable to provide the low cost capital needed to facilitate specific programs that enhance the quality of service to these boys.

One major problem is the false public perception that Boys' Town, Engadine, NSW, and the Boys' Town in Queensland are the same operation. Boy's Town, Engadine is in no way connected with this other Boys' Town which runs the art union lottery, and receives no benefit from their lotteries. This confusion has lead to many people intending to support Boys' Town, Engadine, but in fact sending donations to a separate organisation.

Boys' Town, Engadine, the original Boys' Town in Australia , is keen to hear from any organisations who would like to support their work with young people at risk.

For further information contact:
Father Peter Monaghan (02) 520 8555

A World of Healing

Young patients at the Goulburn Valley Base Hospital find that a new world awaits them - one which invites interaction and has positive results for the healing process. JANE SANDILANDS reports.

The Children's Wing of the Goulburn Valley Base Hospital is a remarkable place. Completed just over five years ago, it is spacious, well designed, and replete with modern equipment. It also has something few others have: an environment created especially for the needs of its clients. When young patients round the corner to this Children's Wing, the walls melt into jungles and animals dance into the distance.

The Wing is a long way from the scenario of 1981, when there was no dedicated children's ward and children were treated in part of an adult ward. This was also the era of Infection Control, when paediatricians were denied permission even to hang mobiles where patients were being treated. In a united and visionary move, the hospital administration, medical staff, consulting paediatricians and the community looked to the long-term future of the Hospital and began a campaign for a brand new Children's Wing.

A community working for a dedicated Wing for its sick and injured children is not something to treat lightly. An involved hospital administration, tuned to local needs and the willing and committed community of the Goulburn Valley combined to raise funds to augment the State Government grant of $3.9 million.

Paediatrician Dr Peter Eastaugh recalls the local effort: 'At the Shepparton Preserving Company (SPC), the workers each donated a whole day's pay and every producer donated one bin of fruit. Others gave cartons, transport, packaging and time. The combined effort raised $330,000. A local businessman and his family donated $250,000, service and community groups put in a massive effort and eventually $2 million was raised from the local community.'

With the building, fitting out and purchase of equipment fully paid for, a sizeable amount still remained to be spent, presenting the opportunity to do something exceptional in the Children's Wing. Aware that some hospitals overseas had created 'environments', with positive effects on the wellbeing of patients, Community Liaison Officer Carmel Johnson had an opportunity to see some in action on a visit to the United States. She saw several examples of 'healing environments' and heard from medical staff of their positive effects on patient recovery. With this knowledge and the support of paediatricians at the Hospital, the case was put for the creation of a specialised environment in the Children's Wing. Dr Peter Eastaugh was adamant that this sizeable expenditure be assessed as 'medical equipment - a therapeutic tool'.

Treatment room. Dr Peter Eastburgh with young patient and parent.

Approval granted, and the job put to tender, Dr Eastaugh admits that staff 'really didn't have a definite idea of exactly what we wanted'. There were tenders from decorators for murals, from others who wanted to build sculptural additions but only one, from artist Marian Rennie, whose vision and simplicity of concept fulfilled the needs of the Children's Wing.

Starting work on the design, her first step was to recall the several months she spent in hospital aged 8, staring at the wall and feeling 'the incredible frustration and unpredictability of each day'. Working to the premise of 'attempting to put the environment back under the child's control' Marian Rennie evolved a story which begins in the jungle. From there, it moves along corridors, encompasses the busy reception area, into bathrooms, paediatrician's offices, into the treatment room and isolation units, with mood and content changing depending on the needs of the area.

Throughout the wing, Rennie chose animals as the focus. 'Animals give you enormous freedom to create fantasy and escapism and I thought they would balance up the reality of hospital for children.' The choice of animals rather than people also means that when children leave the hospital, they are unlikely to see images which remind them directly of being hospitalised.

Her paintings travel the corridors, the characters as diverse as the hopeful zebra having her fortune told to the skin-diving koala riding on the back of a turtle. 'What we painted was dictated by what the areas were being used for,' Marian Rennie said. 'In the Treatment Room, where children experience a range of procedures, we put all our efforts into creating a room full of diversions.' The result is nothing short of exotic, full of detail on which to focus. A Cleopatra-like lion reclines on one wall, while monkeys clamber across the ceiling. It is, Dr Eastaugh says, 'undoubtedly the most effective room in the Wing'. 'Children are in here with their parents for often unpleasant treatment and the contribution that it makes to communication is enormous.'

The aspect of increased communication is one of the most important changes wrought by this new environment. 'Children always react to the surroundings now, no matter how ill they are,' Dr Eastaugh said. In the paediatrician's consulting rooms, the theme is flight, and local birds, kingfisher and ibis fly off into the distance. The reaction of first time patients, Dr Eastaugh says, is 'mouth open and look - and then they start talking!'

The bathroom area: where skin diving koalas ride on turtles

The isolation unit is one of the quiet spaces in the Wing, with mottled walls and a bird in flight giving a sense of escape. Here, the aim was to keep the colours softer and calmer, ensuring the patient had the feeling of being able to look beyond the room. The many practicalities of a busy hospital also defined what went on the walls and because of the vinyl dado which protects walls from the wear and tear of trolleys, most of the paintings are above dado height. The exceptions are the bathrooms and the treatment room, which allowed Marian Rennie to take the designs to floor level.

The project covers an area of 1000 square metres and took six weeks to complete. Five years on, the colours are as fresh and the walls as unscathed as they were when completed, partly due to a hard-wearing surfacing compound. The patients in this Wing look after it, and the walls have never suffered graffiti or other damage.

Since the completion of the Wing, patients have been surveyed to monitor its effect. Although Dr Eastaugh points out that the survey was not scientifically sound because there was a retrospective and prospective element, the results were still significant. 'We did a survey of the behavioural changes that occurred in the children who had been patients in the old ward after they went home and we did the same thing for patients in the new Wing. In the children who went home from the old ward,

parents described a high incidence of teariness, sadness, symptoms of withdrawal and internalisation. By contrast, the parents of the children who had stayed in the new Wing described a group of children who were expressing. They were angry, they were defiant, they were naughty' - and the paediatricians were delighted. 'Children can't possibly not be affected by hospitalisation. It is a trauma and the reality is that when you're managing a child, if you're dealing with outgoing behaviour, you've got the problem there before you and you can deal with it. If you've got an internalised, depressed child, it's far more difficult to treat.'

Corridor leading to the busy heart of the Children's Wing

A true example of community effort, the Goulburn Valley Base Hospital Children's Wing is still regarded locally as a source of pride. For several months after its opening, the Wing hosted kindergarten and school tours for over 3,000 children. In due course, when some of these children became patients, the hospital reaped a dual harvest: less apprehension on admission and a sense of ownership. The success of the Children's Wing of the Goulburn Valley Base Hospital is, Community Liaison Officer Carmel Johnson says, 'an important component in integrating the community into the Hospital. It has also de-institutionalised the Hospital environment, contributing significantly to total quality care.'

Photographs by Barry Helleren
Electra Art
(03) 397 5541

HOW TO APPROACH CORPORATES, TRUSTS AND FOUNDATIONS.

- A GRANTSEEKERS' WORKSHOP

These workshops provide participants with an opportunity to learn about preparing successful submissions from trust administrators, community relations managers from major corporations and colleagues faced with the same challenge of building partnerships that benefit the community.

DATE: Thursday, November 24th 1994

VENUE: Victoria University of Technology
17th Floor, 300 Flinders St
Melbourne 3000

TIME: 9.00am - 4.30pm

COST: $135 for full day workshop, lunch included

PARKING:
K.C Park Safe (directly next door to VUT, enter via Flinders St)

SPEAKERS: A range of administrators and trustees which has included;

Max Dumais	Australian Association of Philanthropy
Alistair Ping	Ping Ideas
Steve Bowman	Aust Society of Corporate Treasurers
Genevieve Timmons	Lance Reichstein Charitable Trust
John Sullivan	Perpetual Trustees Executors
Ed Geldard	The Sponsorship Unit

For further details please contact the offices of the Australian Assoc of Philanthopy Inc on (03) 614 1491

Down to Earth - Australia's Local Environment to Benefit From New Corporate Foundation

Funding for community and education projects which benefit the environment has received a significant boost with the announcement in Sydney today of the creation of the Down to Earth Foundation, the first corporate foundation dedicated solely to the environment.

The producers of the new Down to Earth range of household cleaners, Reckitt & Colman Products, has established the Foundation to encourage local community action and education programs which benefit the environment.

Chaired by Ms Wendy McCarthy, AO, the independent foundation hopes to grant an estimated $500,000 annually to bona-fide community, educational and environmental groups to assist with local environmental campaigns.

Five cents from the sales of every Down to Earth product will be given to the Foundation to provide its core funding.

"The Down to Earth Foundation represents a serious commitment by Reckitt & Colman to actively assist community efforts to improve our local environment. The Foundation will provide financial support to educate all Australians on important issues related to the environment," Ms McCarthy said.

A distinguished board has been appointed to oversee the Down to Earth Foundation grants. Members include:

Ms Wendy McCarthy, AO, Chief Executive of Price Brent, a Sydney legal firm. Ms McCarthy has a long history of educational, community and environmental service in Australia. She was formerly Executive Director of the National Trust NSW from 1991-1993, was Deputy Chair of the Australian Broadcasting Corporation from 1983 - 1991 and was the General Manager Communications of the Australian Bicentennial Authority. She has also served on numerous committees including the Independent Panel on Intractable Waste;

Ms Wendy McCarthy AO, Chair - Down to Earth Foundation

Mr John Kerin - former Federal Minister and Chairman of the Australian Meat & Livestock Corporation;

Mr Chris Puplick - former Federal Senator and former executive director of the Packaging Environment Foundation of Australia;

Carmel Travers - Director News and Current Affairs, Channel 10;

Dr Tom Spurling - Chief, Chemicals & polymers Division, CSIRO Melbourne;

Councillor Patrica Harvey - Mayor of Mosman and Executive member of Sydney Coastal Councils Group;

Ms Sue Lennox - Founder of the StreamWatch environmental program for high school studnets and former science teacher at Freshwater High School;

Mr Lindsay Showyin - Technical Director, Reckitt & Colman Products and Member of Reckitt & Colman's staff environment committee, 'For a Better World"

Ms Eliza Lamens - Product Manager, Reckitt & Colman Products and Member of Reckitt & Colman's staff environment committee, 'For A Better World'.

Ms Thalia Anthony, a year 11 student at Burswood Girls High School has been invited as an environmentally-aware young Observer on the Advisory Board. Ms Anthony represented Australia at the United Nations Global Youth Forum in Washington earlier this year. She is also co-chair of Globytes in her local area, a network of sixty schools which look at hands-on initiatives for the community.

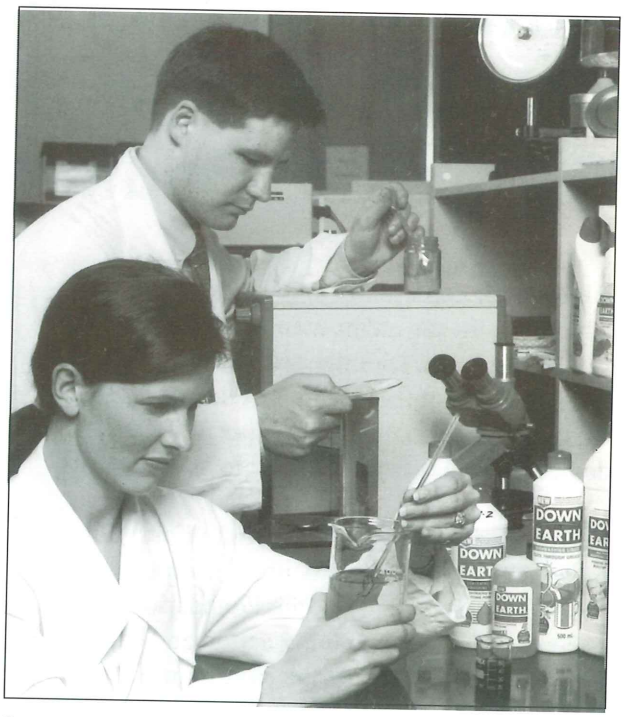
In launching the Foundation, the former Premier of NSW, Mr Nick Greiner said that a marriage between industry and the environment was critical if real change was to occur and that the Down to Earth Foundation would certainly contribute to building better bridges with the community.

"This direct financial support from Reckitt & Colman is significant in that it will hopefully encourage other major companies to take a stand and make a positive contribution to the environment", Mr Greiner said.

The recipient of the first grant from the Foundation is Clean Up Australia for its national education project, The Rubbish Report. Clean Up Australia has recieved $90,000 to assist with the publication and distribution of the report which will be sent free of charge to every school in Australia. The report is produced in conjuction with NSW Board of Studies.

"The Rubbish Report has been exceptionally well received in Australian schools providing young Australians with a practical research project which examines the amount of waste we produce and discard. It will also look at the special relationships Aboriginal people have with the land and the environmental lessons we can learn from them. The grant from the Down to Earth Foundation will enable us to improve the standard of the 1994 publication and ensure it reaches every school in the country," Ian Kiernan. Clean Up Australia said.

The trustees of the Down to Earth Foundation are ANZ trustees and Reckitt & Colman Products. The Foundation will be managed by ANZ Trustees who will administer the Trust Fund and distribute the Foundation's funds to those groups that the Advisory Board determines meet the Foundation's criteria.



Over 20 chemists at Reckitt & Colman have worked over the past five years on the new formulations for the Down to earth products including Dr Paul Wynn Hatton and Kim Williams

Applications for grants should be submitted on the Down to Earth Foundation application form and should clearly outline:
- details on the organisation submitting the proposal;
- how the project will be implemented and managed including the number of people involved, what the project members will do, their suitability to oversee the project and the time fare for completion;
- the results the project will achieve.

All application for the Down to Earth Foundation need to be received before 30 April and 30 October each year.

The official application form, brochure and a video on the Down to Earth Foundation are available by telephoning (02) 857 2000

For further information:
Kim McKay / Miryana Power
Profile Communications
(02) 552 2255

Magnanimous Marketing Good turns reap big returns

Alms-giving marketers are reaping big rewards overseas. But if the findings of a new study are anything to go by, companies in Australia are letting the opportunity go begging. Associate editor of Marketing Magazine, Mark Phillips, reports

Australian marketers, normally quick to pick up on trends and anything new out of the United States or Europe seem uncharacteristically slow to latch on to something which, in the UK in particular, is returning big dividends.

Call it what you like - philanthropy, social marketing, partnership marketing or mutual programmes - 40 percent in the UK are convinced that their involvement with charities through joint promotions and sponsorships generates awareness for the company, while 76 percent believe that charity links enhance their image in the community.

"Philanthropy is basically what's happening here in Australia," says account manager Robe John and Stone, Hayley Cavill. "Companies are sending cheques at Christmas to their favourite charity, but from a marketing viewpoint, they're not allowing money to work for them. They do not seem to recognise the opportunities an association with charities can provide."

Until now, however, there has been no research in Australia into the effectiveness of the strategy.

Recently arrived in Australia from London, where, among other projects, she created and managed sales promotions between the 100 year-old National Society for the Prevention of Cruelty to Children (NSPCC) and marketers such as Unigate, Pizza-land and brands, Marmite and Spa. Hayley Cavill says "partnership marketing" is as good a description as any of the process.

It was pioneered by Heinz in the early '80s, and overseas has been a growing promotional phenomena ever since. It is very much a business relationship, having more to do with increasing market share than corporate altruism. According to the UK-based Institute of Sales Promotion: "Charity promotions increase brand awareness, increase sales, enhance brand image and increase customer loyalty."
The claim is backed by MORI research, which concludes that consumers are more inclined to buy the product of a company that supports the community/society than one that does not.

The first-ever American research into consumers' attitudes toward cause-related marketing and the companies that engage in it, released in December last year, found that:

- 84 percent of adult Americans believe that cause creates a positive company image
- 66 percent would actually switch brands and 62 percent would switch retailers to support a cause they care about
- 54 percent would pay more for a product that supports a cause.30 percent would pay 5 percent more, while 24 percent would pay 10 percent more.
- 78 percent would be more likely to buy a product that is associated with a cause
- 64 percent believe that cause marketing should be a standard part of a company's activities
- 62 percent are impressed with a company that commits to a cause for more than a year

The survey also found that the 10 percent of the population that is most socially conscious and acts as opinion formers and group leaders, are both more active supporters and tougher critics of cause marketing. Some 78 percent of this group said they would switch brands to support cause marketers, 77 percent would switch retailers and 69 percent would pay more for a product associated with a cause. However, 25 percent could name a company that had used unacceptable cause-related ads or other marketing practices.

Indeed, it is important to distinguish partnership marketing and, say, the ongoing Benetton advertising campaign, the strategy behind which has been criticised for attempting to cynically exploit different causes. Its latest creative, featuring the corpse of a blood-splattered Serbian solder, was widely condemned and eventually banned.

"There was no indication that Benetton was supporting that cause. There was nothing on the poster to indicate the company was sending $100,000 of its profit to help the kids in Yugoslavia," Ms Cavill says. "Partnership marketing is about companies using brands like Choice for Life, Red Cross or World Vision to help sell their product. But to use the logos, they have to do something in return."

That "something" is subject to negotiation with individual charities, but in the UK, for example, the high-profile NSPCC approaches brand status. Certainly it has the highest awareness level in any UK charity and on-pack use of its logo is valued at 10,000 pounds.

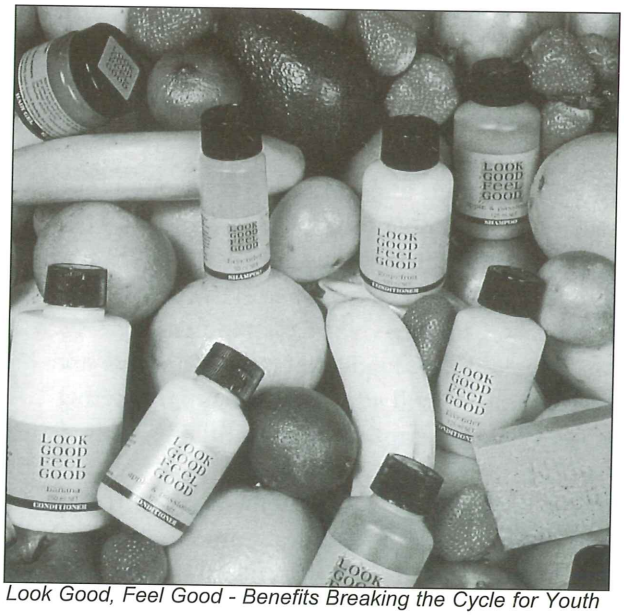
For marketers, there is also the additional costs of changing packaging design, and then promoting the association. In the UK, if a company runs a sales promotion on the premise of raising 100,000 pounds for a given charity but manages to raise only, say, 80,000, it is also legally obligated to foot the full bill. Clearly marketers have to objectively assess the merits of and public attitudes to any charity they associate with their corporate sponsors. The viability of technique, however, is enhanced by the sheer size of membership of some UK charities. The National Trust, for example has over two million members - and they are all consumers.

In Australia the picture is somewhat different. British retailers are keen to take part in a whole range of tailor-made promotions with suppliers, such as the recent link-up between Tesco and Heinz with Save the Children. The objective for Heinz was to obtain good displays in Tesco, and together with retailers cultivate the image of both as being exemplary corporate citizens. Tesco positioned collection boxes next to Heinz gondola-end displays, while consumers were asked to collect labels from featured products and post them in boxes. Heinz donated 5 pence up to a maximum 30,000 pounds. In total, there were 900,000 redemption's as against a target of 600,000. It is unlikely the same response would have been achieved without the active participation of the retailer.

Whereas Tesco came to the party by permitting shelf wobblers and strips in store, as well as posters and even participation of its staff in the promotion. Australian retailers seem, in contrast, almost militantly opposed to sales promotion paraphernalia. When they do allow it, they extract a high price from the company concerned. Whether the attitude will change if and when partnership marketing takes off in Australia, remains to be seen.

Whatever the case, local companies have a lot to learn about properly marketing their partnerships with charities. Even given the strategy's embryonic development here, there are still eight or nine brands currently displaying the World Vision logo. Few, if any of them are maximising the opportunities. A just released study by Reark Research into the attitudes of Australian consumers shows partnership marketing may afford.

"If it was a special promotion offering holidays in Fiji, most marketers would be totally focused on promoting the offer," Ms Cavill says. "All their promotional activity would reinforce it. With charities, that is not the case. Why ? I think a lot of it has to do with the fact they just do not understand that this really does influence people's purchasing decisions.



Look Good, Feel Good - Benefits Breaking the Cycle for Youth

According to the Reark study, it would influence 75.8 percent of them, given that there were two brands of the same price and quality, and only one made donations. This represents a total in excess of 4.6 million Australian households which would buy in preference to those of other manufacturers. Significantly, some 80.1 percent of traditional grocery shoppers, females, would give preference to the brand from the company making donations, as opposed to 68.5 percent of males.

The trend is even more pronounced among the key 18-24 and 35-39 year old demographics, with 83.1 percent of the former and 85.4 percent of the latter stating that they would support partnership marketers.

In total 23.2 percent of the population (in excess of 1.4 million households) indicated that they would definitely switch if a brand they did not usually buy, made donations and the one they normally did buy did not. So much for brand loyalty ! A further 35.7 percent indicated they would probably switch, while 23.3 percent might or might not. Once again, more women would definitely switch than men (26.6 percent versus 17.8 percent), while 37.1 percent of females said they would probably switch, as opposed to 33.2 percent of males.

Says Ms Cavill: "What we're trying to develop here is a situation where companies work together with a charity where the 'fit' is right, and develop the relationship over a number of years so that their advertising, in fact their whole promotional mix, is driven by the connection. At the moment, however, sales promotions in Australia tend to be one off, 'win a holiday' affairs."
It has now reached the stage where such offers are a dime a dozen. A little while back a survey by consultancy Chapman and Lester found that an incredible 148 promotions are on supermarket shelves at any given time. With this degree of clutter, comments made some time ago by UK-based marketing controller of RHM Foods, Susan Millington, could be particularly significant to Australian marketers: " A charity link is no longer just a gesture of goodwill. It is good business sense."

DOING BEST BY DOING GOOD -

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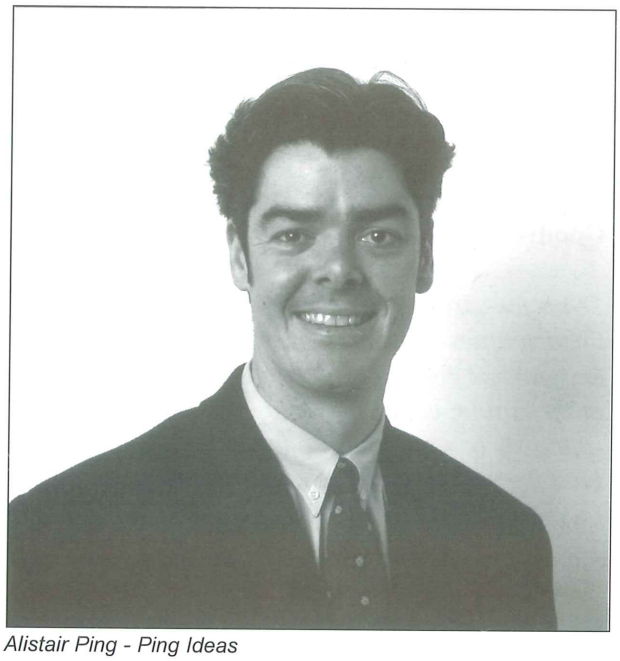
Value Added Marketing



Alistair Ping - Ping Ideas

Tie your brand to a social issue and let the good cause ring the cash register, advises Alistair Ping

According to the textbooks marketing management has evolved through four stages: Production-orientation stage, the "build a better mouse trap" stage: Sales orientation stage, the product had to be sold: Marketing orientation stage, a co-ordinated approach to marketing management, including customer research, product planning, etc: and Social responsibility and human orientation.

Since the early 1980's there has been increased community awareness of the damage that we are doing to the environment and the changes occurring in our society. This awareness has been recognised by the business sector which is now beginning to emphasise humanism not just materialism.

This current stage of "social responsibility" is often driven by consumer groups demanding that business take responsibility for its actions. But some businesses have realised that they must initiate actions which result in a better quality of life, rather than simply reacting to consumer protest. For instance the Esprit clothing company supports homeless youth programs. John Bell, chief executive says: "Today a company must stand for more than just making a profit. There are two great benefits for doing that, the best people will want to work for you and the consumer will want to support you. In business today, service is not an issue, if you don't provide service, you're out of business. Quality is not an issue, it's something you have to have. Price and styling is all dictated by the market. The only issue left is what you stand for" - Interview with The Age, June 12, 1993.

Corporate America has a long history of supporting causes through direct philanthropic investments, often only recognised in the back of the charity's annual report. However, as the "social responsibility" stage of marketing management began to evolve in the late 1970's some looked to their philanthropic investments as a way of improving their corporate image.

Procter & Gamble teamed with the Special Olympics in 1981 for what has become an annual event. Other companies followed, and in 1983 American Express coined the phrase "cause related marketing".

Cause related marketing is defined by Varadarajan an Menon (1988) as : " the process of formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue providing exchanges that satisfy organisational and individual objectives."

For the charity it is another source of revenue as well as a way of increasing awareness of the cause. This is important in the current climate as companies' philanthropic budgets have been cut substantially due to reduced profits.

CRM's are considered by companies as a marketing expense, giving charities access to a company's marketing budget.

"In a CRM campaign there is a complex utilitarian economic exchange between the consumer, the firm, and the cause. Additionally, a symbolic social exchange could occur between the three parties that adds to the value of the exchange." according to Ross, Patterson and Stutts.
So, what then is this symbolic social exchange?
Five basic reasons have been given for why people give money to charities:

1. They sincerely believe in the organisations work;
2. Giving makes them feel good;
3. Contributions are tax deductable;
4. Contributing adds to their status in their reference groups; and
5. Their religious beliefs stimulate giving,

Professor Phillip Kotler adds to this list with:

- Fear of contracting the problem;
- To get rid of a nuisance caller; and
- Required donations in a work environment.

Seymor (1986) on the other hand says people respond to the relevance, importance and urgency of the giving opportunity.
In a CRM campaign, the "symbolic societal exchange" therefore relates to the fulfilment of a "want" valued in terms of:

- Making a person feel good;
- The persons belief in the work of the organisation: and/or
- Relieving the fear of contracting the problem.

When a person buys a product which has a "pledge", from the company attached to it, they are fulfilling one of these needs in addition to the fulfilment of their need for the product itself. This increases the "value" of the product to the consumer.

The consumer, when faced with the choice between brand X on its own or brand Y with the "pledge", should be more inclined to purchase brand Y. This effect will depend on the degree to which the consumer has symbolic societal exchange "needs".

CRM is a versatile tool that can be used to realise a broad range of marketing and corporate objectives, including:

- Gaining national visibility;
- Enhancing corporate image;
- Thwarting negative publicity;
- Pacifying consumer groups;
- Generating incremental sales;
- Promoting repeat purchases;
- Promoting multiple unit purchases;
- Promoting more varied usage;
- Increasing brand awareness;
- Increasing brand recognition;
- Enhancing brand image;
- Reinforcing brand image;
- Broadening customer base; and
- Reaching new market segment and geographic markets.

Varadarajan and Menon (1988)
Examples are given below.
CRM can also be useful for the entry into new markets. In 1986, Continental Airlines wanted to reinstate flight to Hobby airport in Houston. To gain access it pledged to make a cash donation to renovate the air terminal for every customer boarding a Continental flight from Hobby.

While marketing objectives be used exclusively in evaluating the CRM, many suggest they should be valuated on the basis of social benefits.

The goal systems of most companies are aligned to one of the following:

1. Profit maximisation - social goals incidental;
2. Profit growth - social goals also important;
3. Social goals - break even on money: and
4. Social goals - money losses acceptable.

"For most large American, Western European and Japanese firms the second goal system would be most accurate." Farmer and Hogue (1985)
If this is the case, the evaluation criteria could include sales volume, purchase quantity and frequency, brand switching and other sales related measures, as well as the extent of media coverage of the program and the effect of the CRM on corporate image, recognition attitude towards the company, and other 'social type measures.

Studies on CRM's exist, but their popularity is indicative of their success as a marketing tool.

According to Varadarajan and Menon several considerations need to be made when planning a CRM campaign:

Proximity of the relationship. Will the cause be held at arms length or will the firm and its staff work closely with the cause? With Procter and Gamble CRM, the staff worked with the Special Olympics volunteers to promote the program.

Time Frame of the Program - The best way to use the tool is over the medium to long term and the results from the cases cited below support this view.

Level of Association - CRMs can be conducted at organisational level, product level or brand level. There is no evidence to support any particular approach.

Choice of Cause - The Ross research indicated there was no difference between men and women. The firm should consider the appeal of the cause the alignment between its market and the firms target market, and especially the impact of the cause on market position.

Strategic versus Tactical Use - although CRM can be used for sales promotion, the case histories suggest it is best used as a part of a co-ordinated and integrated strategy which included advertising, personal selling, sales promotion, and publicity. Criticism of cause related marketing has come mainly from the community sector, in particular from fund raisers, who complain of the following:

- CRM exploits the cause's constituency
- CRM target only highly visible causes
- Consumers do not examine the causes being supported
- CRM may replace corporate giving
- CRM may cloud the public understanding of philanthropy
- A cause may be so strongly identified with a firm that it could be seen as having 'sold out'
- Commercialisation of a course may erode its appeal to traditional supporters
- Voluntary organisation may change their program objectives for financial gain - Quin 1987.

Is CRM a gimmick or a useful tool? The case histories support the latter.

Case Studies

1. ***Procter & Gamble:*** P&O promised to donate 10 cents to the Special Olympics 1981 for every coupon redeemed for a range of 25 products. P&O has a CRM with the Special Olympics every year since 1981. The P&O has run a CRM with the Special Olympics every year since 1981. The P&O sales force now works with Special Olympics volunteers to encourage retailers to build special displays. A documentary was made on the special Olympics to highlight the launch of the program. In 1987 this campaign helped raise $12m for the Special Olympics.

2. ***General Foods Corp:*** General Foods pledged to contribute 10 cents for every coupon from Tang soft drink can redeemed during a specific period to Mothers Against Drink Driving (MADD) in 1986. The campaign raised over $1,000,000 for MADD and sales of Tang increased by 13%. Since there were no other promotions for the brand over the period, the result was seen as a clear test of the marketing effectiveness of CRMPS - Higgins 1986.

3. ***American Express:*** during the last quarter of 1983 American Express pledged to donate one penny to the renovation of the Statue of Liberty for every use of its card and a dollar for every new card issued. Over the period American Express had a 28% increase in card usage as compared to be the same period the year before. $6 million was spent promoting the campaign and it resulted in $1.7 million being raised for the renovation.

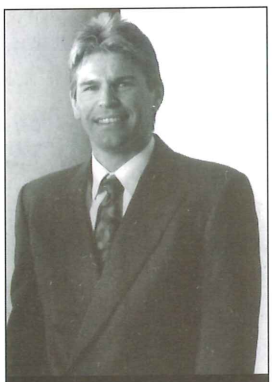
4. ***McDonald's Australia:*** On McHappy Day, McDonald's is staffed by celebrities and $1 from every hamburger sold goes towards Ronald McDonald house and children's charities. The results are used by McDonalds in their public relations campaign to nullify negative publicity of the community.

Alistair Ping is principal of Ping Ideas, a consultancy which specialises in "bringing the business and community service sectors together."

Conservative Investment Strategies Reduce Risk

By Shaun Mays,
Managing Director of
Potter Warburg Asset Management Limited.

"Fund managers such as Potter Warburg Asset Management, with portfolios spread across a wide range of blue-chip equities as well as fixed interest securities, have largely shown strong returns over the past full year despite an overall decline in the All Ordinaries index."



Shaun Mays, Managing Director of Potter Warburg Asset Management Limited

The key has been to formulate a conservative investment strategy with potential for medium to long term capital growth and some tax advantaged income through dividend imputation.

Risk minimisation is the goal of every prudent fund manager. Unfortunately, for investors and fund managers alike, the ability to predict with certainty the events hiding around the corner in the investment world does not exist.

Interest rates, inflation, economic statistics and other unknown quantities are the incalculable ingredients in the volatile investment pie. Add to this the fact that the Australian market is constantly subjected to the vagaries of the world market, and the puzzle becomes even more complex.

It is exactly because of this volatility that investors seeking conservative returns turn to the professional fund manager to manage their investments.

But what are the answers to reducing some of the elements of risk that drive our investment markets? There is, obviously, no set investment formula. Conservatism, with the general goal of generating a long-term return above inflation, is therefore the prime objective of most professional fund managers.

In short, the fund manager is there to ensure investors a stable return.

This same risk minimisation philosophy is generally the governing attraction for most charities and benevolent funds in their quest to generate investment earnings to finance their ongoing operations. Indeed, the trustees of charities, estates and foundations often stipulate their need for an ultra-conservative investment strategy.

As the recent spate of volatility on financial and equity markets has demonstrated, risk is an everyday fact of life.

For instance, while the value of equity transactions on the Australian Stock Exchange in the 12 months to the end of the June financial year was significantly up on the previous year, $128.42 billion versus the $72.69 billion in 1992-93, returns were affected by interest rate concerns as well as movements in world commodity prices.

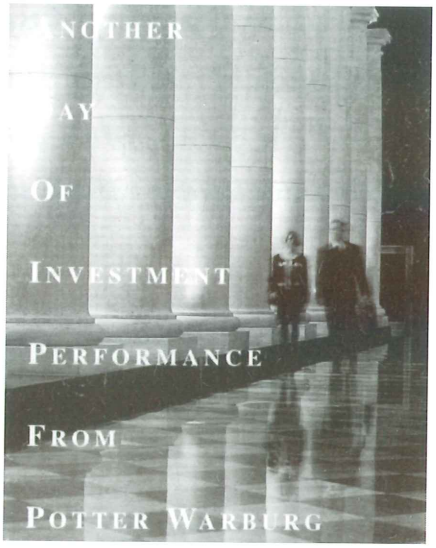
The markets have been reacting to fears that the government will increasingly use higher interest

rates as its main policy instrument to keep inflation under control. Rises in yields on both the money and bond markets, in the case of 10-year bonds, to three year highs, has seen a considerable reduction in the total market value of fixed interest securities over the past few months. According to official statistics, the total market value for fixed interest securities at 30 June was $106.36 billion, compared with $112.53 billion at the end of May, and $113.04 billion at 30 April.

The declines in returns from fixed interest securities over the last few months have certainly tested the old belief that investments in government securities are secure.

This interest rate sensitivity is likely to dictate the tone of trading on bond and equity markets for some time to come. However taking a longer term view, as any experienced fund manager would agree, the recent market volatility is largely insignificant in long term market returns. In reality, most portfolio investors are in there for the long haul.

A fund that we have which is specifically designed for trustees and charities but also directed at conservative investors has done particularly well, simply by adhering to a rigid investment strategy.



The fund, the Potter Warburg Trustee and Charities Fund, was originally designed for authorised trustees in Victoria, but has since been broadened to provide tax effective returns for all conservative investors.

With Potter Warburg's investment approach balanced between growth and fixed interest, the fund is ideal for trustees and charities who are looking for a conservative fund that is going to outperform inflation.

Its investments are spread between blue-chip Australian equities (50 to 75 per cent), fixed interest (10 to 35 per cent), and cash (five to 40 per cent). One of the attractions of the fund is that it is available to investors with as little as $20,000 to invest.

Another attraction is that it has zero entry and exit fees, and low management and trustee charges.

The fund is designed for both tax exempt and tax paying investors who include trustees, charities and other conservative investors. While it does not have status as an authorised investment outside of Victoria, the diversified portfolio is highly appropriate for charities, estates, foundations, and other conservative investors.

The Trustee Act 1958 (Victoria) authorises a trustee to invest in fully paid ordinary or preference shares of an approved corporation that is incorporated in Australia, provided those shares are listed on a stock exchange and registered in Australia. An approved corporation is any company that satisfies criteria regarding capitalisation, consistent years of dividend payments and a certain ratio of assets to liabilities. The Act also allows investment in prescribed securities of a corporation that are redeemable, or mature, or are convertible within five years.

In fixed interest securities, generally we try and limit our exposure to government and semi-government securities. Liquidity and credit ratings are key issues when selecting fixed interest securities.

The share selection process involves the analysis of economic data to ascertain emerging trends. Industries that we believe will benefit from these trends are examined and shares with potential growth are selected. In selecting shares we look in detail at:

- The management of the company. This includes its board structure and reporting systems;
- The consistency of earnings. To this end, we monitor cash flow, profit and dividend estimates to assist in assessing the strength of the earnings stream; and
- The level of financial risk. In assessing this factor, we examine financial ratios such as the level of gearing, asset valuations, and interest cover.

Fund managers live with uncertainty every day. Yet, while investing without any risk may be an unrealisable goal, it is still possible to minimise risk to a very significant extent by utilising prudent investment management strategies.

The art to successful investing is not necessarily the exclusive domain of economic chartists. On the contrary, it is the ability to focus on the bigger, longer term picture. This job is the full-time realm of the fund manager.

*** Potter Warburg Asset Management Limited is a company jointly owned by one of Australia's leading stockbroking, corporate finance and investment banking houses, Potter Warburg Limited, and the highly respected UK-based Mercury Asset Management Group plc, the fund management subsidiary of S.G. Warburg Group plc.**

L: Bill Scales R: Shaun Mays

Industry Commission Inquiry Points to Likely Changes for Charitable Sector

Australia's philanthropic sector is anxiously awaiting the release next month of the Industry Commission's draft report and recommendations from its Inquiry into Charitable Organisations. The Commission has allowed the sector about three months to digest the draft, and in February next year will begin another round of public hearings where interested parties will have the opportunity to criticise and comment on what has been raised. Following this, the Commission will lodge its final report with the Government in June of 1995.

Given that the Inquiry could result in major changes for the charitable sector, the Chairman of the Commission, Mr Bill Scales, recently agreed to an exclusive interview for Philanthropy with the Managing Director of Potter Warburg Asset Management, Mr Shaun Mays, to discuss the progress of the Inquiry.

Mays: **Are you happy with the thrust of the Inquiry so far and the level of responses from philanthropic organisations?**

Scales: The responses have been terrific. We've had something like 1700 people register as interested in the Inquiry. We've had about 430 plus substantial submissions to the Inquiry, and we've had a very large number, well in excess of 150 people or organisations, have come along and presented at public hearings. So, we've been very pleased by the interest. We've also been very pleased by the quality of the submissions. They have been very sophisticated in terms of the issues raised, and also in terms of the analysis of those issues. And that's helped us quite a lot because it's enabled us to get into the real heart of the sector and to understand, in a very fundamental way, what issues are concerning people within the sector.

Mays: **What was the actual driving force behind the Inquiry? There is a general feeling that the Inquiry has a strong tax motive in terms of whether there needs to be any changes to how benevolent organisations are treated. What did you set out to achieve?**

Scales: Contrary to popular belief it wasn't constructed particularly as an issue about taxation. The main reason for the Inquiry being established was to help government and the community understand more about a very important sector of Australian society. Because charitable organisations are a major provider of human services we really do have to understand how those organisations work, how they can be encouraged to work even better, and how governments can be encouraged to work better with those important organisations. There are obviously a whole range of issues which impinge upon that, not the least being the questions of taxation. But taxation was not the main reason for the inquiry.

Mays: **Have any findings come out then on the relationship between charities and the government?**

Scales: Well, it's a bit early yet to actually say what we'll recommend. But what is coming through is that the relationship could be improved. I think that's coming through from both government and from the sector as a whole. The sector in its submissions to us

has highlighted the need for a partnership to emerge between both the sector and government so the delivery of human services can be more effectively and efficiently carried out. It's true to say, however, that the sector isn't clear about what it actually means by partnership. Nor does government fully understand what the sector means by partnership. And, of course, what we'll be trying to do in the process of completing our report will be to try and put some bones around that concept and understand whether in fact partnership is really possible and, if so, what that partnership might actually look like.

Mays: **From the point of view of charitable foundations, the prime concern has been the tax question and whether there is likely to be any moves to change the current system in one way or another. Can you comment on whether that's likely to happen?**

Scales: It's certainly true that the tax question was raised with us almost without exception by every participant. What we've tried to do is to divide the taxation question into four separate categories, because each one of them has different driving logic, and each one may or may not be beneficial, or need at least the consideration of some revision. Firstly, there is the question about taxation benefits for deductions relating to donations to charitable organisations. To some extent, most people equate the tax question to that issue alone. But there are three others. There's the issue of what you might broadly call input taxes: That is the tax benefits that are available to charitable organisations via fringe benefits tax, sales tax benefits, and areas like that. An other question, and a very important one, is the question of property taxes. The current situation is that some charitable organisations receive exemptions from certain property taxes. We're trying to understand that and to see whether there is any issue there that needs to be considered by us. There is the other issue of taxes on profits, and whether in fact charitable organisations should be taxed on any surpluses gained as a result of their involvement in 'for profit' activities. It's too early to say what our recommendations will be, but it isn't too early to say that each one of them is quite separate. There's a different logic behind each one of them, and there are different benefits that accrue to charitable organisations from each.

Mays: **There have also been some suggestions that a recommendation may be made in terms of placing a tax deductibility ceiling or cap on donations as in the case in other countries. Is that likely to happen?**

Scales: That is the case in New Zealand and the United States. In fact, most countries have some sort of cap. It's obviously an issue which has been brought to our attention and is one that we'll obviously have to consider.

Mays: **But given it's in place in most countries, would you say it's inevitable that it will have to happen here?**

Scales: No, it's not inevitable. But it's certainly something which we have to look at. From our point of view, all we are doing at this stage is examining why it is that there are limits, and what is the cost and benefits of limits.

SECTOR NEEDS TO REMAIN CONTEMPORARY: SCALES

Is Australia's philanthropic sector keeping pace with change, and is it evaluating its efforts sufficiently so it knows how to adapt to change?

It's important that the philanthropic sector remains contemporary. That it continues to look at its own trustees to make sure it is actually looking at the sector in a contemporary way, and it fully understands that it can actually play a very important role in enhancing the natural benefits, the natural advantages of the sector. The natural advantage being that it can innovate, that it can experiment, and that it is close to the community.

And, in fact, one of things that I've observed is that in Australia there's less emphasis on evaluation by charitable trusts and foundations than I observe in both the US and the UK. In some ways it's quite important for trusts and foundations to give as much emphasis to evaluation as program implementation. Program development, program implementation, and program evaluation are all equally important. What I'm finding at the moment is that there is not as much emphasis on program evaluation as I think there ought to be. And that might be affecting the opportunity for philanthropic organisations, trusts, and foundations to in fact achieve what they've set out to achieve.

From the submissions, I think there was a reluctance by charitable trusts to think about changing trust deeds to bring them in line with more contemporary aspects of the sector. And I think that's a bit of a shame. They ought to at least consider the possibility of reviewing trust deeds on a regular basis to ensure that they remain at the forefront of encouraging all organisations in the sector to experiment.

Mays: **So are we likely to see any changes in relation to the tax issues?**

Scales: I guess there are some quite specific tax questions that have come up from a philanthropic organisation's perspective. They are issues to do with the accumulation of funds so that the philanthropic organisation's trusts and foundations can actually build up a "bank" of funds. That's obviously an issue which was concerning the Australian Association of Philanthropy, but also a number of other people that came to talk to us in public hearings.

Mays: **At the moment the laws restrict the accumulation of funds past a certain level. This has been very restrictive for the industry in terms of how and where organisations can invest their funds. Are any changes likely to emerge relating to the accumulation of income?**

Scales: The rules are a bit vague, and we're trying to understand them. But generally the Tax Office requires philanthropic organisations to distribute funds each year. That is, it doesn't allow them to accumulate funds. But it does make some exceptions in that a small proportion of funds can be accumulated beyond a 12 month period. Generally it puts it between 10 and 15 per cent. But it's not certain to us, first of all, why there's a desire not to allow funds to accumulate, and secondly, why the 10 or 15 per cent figure is used. We're trying to understand those.

Mays: **At present organisations have to direct their investments into specific areas depending on the governing legislation in each state, and that has been restrictive on the industry.**

Scales: It's certainly true that many trust deeds restrict them to only providing funds to those organisations that have Public Benevolent status if they want donations to them to be tax deductible. In that regard we're not sure if that restriction ought to be put in place. It may be that it's quite limiting in that you might have groups where it would not be reasonable to provide them with PBI status. But, at the same time, they ought to have the opportunity to seek funds from trusts and foundations. In some ways, it might cut across one of the real values of charitable organisations, and that is their ability to experiment, their ability to be innovative, their ability to seek out different ways of providing services to those who are least advantaged in our community. So, it may be that those particular rules are in fact inhibiting charitable organisations from doing that which they actually do best, and that is innovate.

Mays: **There has been considerable concern expressed over the non-uniformity of legislation and accounting standards governing the industry. Have you reached any findings over this?**

Scales: It is certainly true that there is lack of uniformity and that there is no agreed accounting standard for charitable organisations. There is a good case for addressing both of those questions, and they will be covered in our draft report. For example, taking the accounting standard, if we are going to actually encourage the sector to look at itself and to look at the very best within the sector so that we can learn from them, then it is important we understand on what basis we're looking at those organisations. The only way we can do that is if we really establish a sensible accounting standard so that everybody knows what they're looking at. So we'll be trying to understand whether that's possible, and if so how it might be brought about.

Mays: **Getting back to the legislation side. It would be sensible, would it not, to have the industry operating within standard guidelines under a federal umbrella?**

Scales: It may be. It's not certain that it's sensible to have uniformity under all circumstances. And we'll be trying to understand where is it sensible to have uniformity, and where is it sensible to encourage a degree of competition between states and territories in some of these areas. It's also important to try and look at the volume of regulation to see whether in fact there's too much or not enough. We're looking at how that might be judged and, if regulation can be streamlined, to release some of the administrative burden on charitable organisations generally.

Mays: **At the moment, many groups do not even file documentation so we don't actually know details on their assets or how many groups there really are. Will you be seeking to amend this?**

Scales: It's actually quite important for philanthropic organisations because if they are wanting to target particular groups of organisations for the delivery of funds, then at the moment they wouldn't know how to target those organisations. And it's also important because if we are to try and encourage the community to become more concerned about giving, then it's important that organisations provide to the community information which allows them to give with some confidence. So, again, we'll be trying to look at that question and understand what are the costs and benefits of putting in place some approach which provides information to those who might need it.

Mays: **Have you also considered the possibility of a code of conduct being established for the industry similar to that recently brought in for the banking sector?**

Scales: That's been raised from the perspective of fundraising, and it's been put to us that there needs to be a look at the extent to which fundraising should be regulated. When this has been raised we have asked those raising it whether regulation ought to be imposed upon the sector by government, or whether it could be some form of self-regulation and how that could apply. At this stage we've got a very open mind about whether regulation of fundraising is necessary and, if so, the form it should take.

Mays: **So that would be to prevent issues such as fraud?**

Scales: It would be partly to prevent fraud, but it's also to give the community confidence that when people are raising funds that they're doing it in a way which has the acceptance of the community. It ideally should be completely transparent so that people understand, for example, whether fundraisers are on contract, whether they're acting as a consultant for various organisations, and issues like that. The community should have confidence that the majority of the funds that are raised in fact goes to the purpose for which the funds were raised. With most organisations people know where the money goes, but you only need one or two organisations to abuse that trust and that affects all organisations.

Australian Charity at The Cross Roads

An International Perspective on the Preliminary Report of the Industry Commission's Inquiry into Charity

Venue:	Radisson President Hotel, Melbourne
Date:	November 10 - 11, 1994
Auspices:	Australian Association of Philanthropy Monash Graduate School of Government International Centre for Not-for-Profit Law, USA
Cost:	$240 AUD ($285 including Conference Dinner)

"Participants in this important conference will have the chance to familiarise themselves with the preliminary report of the Inquiry, make their views known directly to the commission and hear first hand reaction to the report from Australian and overseas organisations and experts. Their presence will also signify to the Commission and the government the importance of the sector and for our national well-being."

Professor Mal Logan, Vice-Chancellor, Monash University

"The future scope and shape of philanthropy in Australia will depend on the way in which this inquiry deals with both the accountability of the sector and the incentives for giving."

Jill Reichstein, President - The Australian Association of Philanthropy

"The 1994 Industry Commission inquiry into Charity in Australia is a major government review. Its findings will not only be important for the development of the not-for-profit sector in Australia, but also within the Asia-Pacific region and in many countries throughout the world. It is essential that Australians and the international community provide guidance to the Commission as it reaches this critical juncture in its work."

Dr. Leon Irish, Chairperson - International Centre for Not-for-Profit Law USA.

See Registration Form included in this edition of 'Philanthropy'
Alternatively, contact AAP Ph: 614 1492 or Fx: 621 1492

McDonald's: Helping kids through cause related marketing.

Opposite Melbourne's Royal Children's Hospital in Parkville is a row of four double-storey Victorian terrace houses being used as special accommodation houses for families of children suffering from life-threatening illnesses. The Royal Children's is the fourth or fifth largest paediatric centre in the world, and a world leader in the treatment of childhood leukaemia.

Inside, the houses have been opened out to form one large residential unit. Only recently redecorated, it's comfortable and attractive. The walls are hung with colourful prints, the kitchen and bathrooms are clean and modern, and the bedrooms are of the standard of a good hotel. The communal living room looks out onto a garden and a park. In the garden is a barbecue, a children's playground, and a large and rather magical child's cubby house.

For families going through the trauma of serious illness, this must be a refuge - close to, but very different in atmosphere from, the hospital wards they visit daily, and welcoming in a way that a hotel or motel never could be.

This is a Ronald McDonald House, the second to be opened in this country. Australia's first Ronald McDonald House was established in 1984 in Glebe, Sydney, adjacent to Camperdown Children's Hospital, and there are now six operating in proximity to children's hospitals in Victoria, New South Wales, Queensland and Western Australia. Melbourne's second Ronald McDonald's House was opened in 1993 at Monash Medical Centre in Clayton.

Ronald McDonald House - named after the popular clown character McDonald's uses to promote its restaurants to children - is probably the company's highest profile and most widely admired community sponsorship. The project, registered under the name of Ronald McDonald Children's Charities, is presently the major sponsorship McDonald's supports with cause-related marketing.

How cause-related marketing works

In cause-related marketing, a percentage of the selling price of a product is donated to a charity or community sponsorship. Although small scale promotions of this kind are held regularly, the major cause-related marketing exercise for Ronald McDonald Children's Charities is McHappy Day, run on 28 May this year at every McDonald's Family Restaurant.

The idea of setting aside one day a year for a special fund-raising drive and calling it McHappy Day actually originated in Canada. Australia's first McHappy Day was held in 1991, but the local company has given it an extra dimension by teaming up with the Variety Club, a worldwide fund-raising organisation of volunteers drawn chiefly from the entertainment industry. Money raised by the Variety Club goes to sick, handicapped and underprivileged children, so the association with McHappy Day was a natural one.

On Australia's McHappy Day, $1 of the purchase price of every Big Mac hamburger sold goes to the McHappy Day Appeal. Celebrities from the entertainment, sport and media industries, from politics and the local community, come into McDonald's restaurants on the day and help out.

They're seen by the customers, they serve at the counter - they're a big drawcard.

Over 1000 celebrities participated in the 1994 McHappy Day. They included Federal Treasurer Ralph Willis, Federal Opposition Leader Alexander Downer, actor Gary Sweet, and TV teen idols Toni Pearen of Home and Away and Heartbreak High's Alex Dimitriades. $560,000 was raised - an increase on the 1993 figure - to be split equally between the Variety Club and Ronald McDonald Children's Charities. All 403 McDonald's Family Restaurants participated.

About $10 million of McDonald's annual advertising budget of $35 million is spent to publicise Ronald McDonald Children's Charities. Some of this goes to advertise special promotions such as McHappy Day, and some to television advertising to raise public awareness of the project.

Building a Ronald McDonald House: A team effort.

There are 150 Ronald McDonald Houses operating around the world. The first opened in Philadelphia in the United States almost 20 years ago, after a football player for the Philadelphia Eagles, whose daughter had leukaemia, approached a local McDonald's restaurant with the idea. Together, his team mates and local McDonald's owners and operators raised the money for the House, which was opened in 1974.

Melbourne's Ronald McDonald House was 2-3 years in the planning. The Royal Children's Hospital first approached McDonald's in 1983 after seeing the first Ronald McDonald House in Sydney. Subsequently the company pledged $450,000 to restore and renovate the four houses, which were owned by the hospital.

McDonald's franchisees, and companies including Ikea, News Ltd and Touche Ross, contributed goods, services and money to the fund. The playground was provided by Ausplay. Peter Bishop, manager of Melbourne's Ronald McDonald House, says the annual cost of running the House is about $100,000, but a large capital sum has recently been spent on redecorating and refurbishing it.

Ronald McDonald House in Melbourne has received long-term support from the Goulburn Valley Friends of Ronald McDonald House, which recently teamed up with Nissan Australia to provide it with a mini-bus. Apex, Lions and Rotary Clubs around Australia support Ronald McDonald Children's Charities. The drinks and foodstuffs which are provided free to residents are donated by Kraft and Coca-Cola.

Ronald McDonald's Children's Charities is the favourite charity of staff of the company's Head Office in Sydney, and licensees of the restaurants, their staff and customers also support it with regular fund raising activities. In Australia 80% of McDonald's Family Restaurants are franchises.

A "home away from home" for families under stress.

Peter Bishop - an ex-nurse who has worked with handicapped children - has been full-time manager of the Royal Children's Hospital's Ronald McDonald House since it opened its doors in 1986. He says that for families of sick children being treated at the hospital, it's a "home away from home", taking "a lot of the trauma" out of arranging accommodation close to the hospital, and providing a "mutually supportive" environment where families can share their experience with others in the same situation.

"The families here can talk about the illness. But when they're at home, their friends and relatives may relate by avoidance, so that they have no outlet for the stress of it," Bishop says. He emphasises that the families are "not on show here", and says McDonald's is extremely sensitive in its contacts with the House. Any visits are arranged well in advance and for times when most of the residents are absent.

Melbourne's Ronald McDonald House can accommodate up to 18 families. They have their own bedrooms and share a bathroom with one other family. There are excellent communal living, dining and play facilities. Families do their own cooking, although the House provides free tea, coffee, soft drink, cereals and milk, and a volunteer comes in and prepares a pasta meal one night a week.

Families coming from areas 100 kms or more from Melbourne pay $30 for the first night; the remaining costs are paid directly by the Health Department. Metropolitan families pay $50 for 7 nights accommodation.

Children of families who stay here all suffer from life-threatening illnesses including cancers, and heart and blood diseases. Not only parents, but also brothers, sisters and other close relatives, are welcome. Doctors treating these seriously ill children believe they recover more quickly when they have parents and siblings with them.

Children who are not in-patients, but need to be near the hospital for regular and often daily treatments, are also accommodated here, and obvious pains have been taken to give the environment and play facilities lots of child appeal.

Most of the families using this Ronald McDonald House come from country or outer metropolitan areas, and from Tasmania. The average length of stay is 7 to 10 days. But for newly diagnosed cases, the initial stay is generally 4 weeks, and families may come back regularly over periods of 5 to 6 years.

A thought-out philosophy of corporate sponsorship.

Responsibility for the corporation's major community sponsorships such as Ronald McDonald Children's Charities lies with the marketing department. National Field Marketing Manager John Blyth is the individual immediately responsible for the community program, which he describes as the company's "Trust Bank".

"Our Trust Bank is about building a bank of trust in the community," Blyth says. "We keep making deposits in our Trust Bank in the belief that our reputation, our standing in the community - built up over a long period of time in this country - will stand us in good stead. We're not looking for a short-term measurable gain from it - it's a long term thing and difficult to measure."

The company takes a sophisticated approach to its community sponsorships, which Blyth carefully distinguishes from its commercial sponsorships - for example, of major sporting events.

McDonald's criteria about what projects to sponsor have been carefully thought through, and are firmly grounded in an understanding of the company's market and image. Although its sponsorships range across sport, culture, education and the environment, most are directed at its client base of families and children. McDonald's know their market thoroughly, guard their image carefully, and will not be involved in anything that might tarnish it.

"McDonald's business is built on a family base," John Blyth points out. "We do things that really suit our profile and our image - squeaky-clean family things. If we hang our logo on something, it has to be first-class, wholesome, and squeaky-clean. Funnily enough, that's what people expect us to do."

COMPUTERISED TRUST ADMINISTRATION PACKAGE

The Australian Assocaition of Philanthropy Inc, with financial assistance of Myer, Schutt, Sunshine and McKay trusts, has commissioned the development of a computer package based on previous versions developed for Reichstein, Stegley and the Womens' Trust, 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 finacial 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 day installation, on-site tuition time and ongoing telephone advice from Karen Bingham and Associates, who have developed the program.

For further information, contact:

Max Dumais
Association of Philanthropy
(03) 614 1491

Philanthropy News

FINALISTS - AWARDS FOR SERVICE IN THE VICTORIAN COMMUNITY

CORPORATE

The Body Shop
Nominated for the Company's social vision, commitment to assisting to a range of community services and in particular its pioneering work with unemployed young people.

BP Australia Ltd
Nominated for its work in education and employment particulary in areas such as Frankston and the western suburbs; for its initiative in helping establish and fund Business in the Community; and for the company's effective partnerships with community groups.

Portland Aluminium
Nominated for the Company's board and creative contribution to the development of the Portland community and particularly for its support of the Life Skill Program which has acted as a catalyst for other employment initiatives in the town.

ORGANISATIONS

Arts Access
Nominated for its 20 years of service enabling access and participation in all areas of cultural life for some of the most disadvantaged people in the Victorian Community.

Mr Bob Hayes of Keilor received the Individual Award for his leadership and contribution to education, aged care, sport and industry in Melbourne's Western suburbs.

For further information contact:
Ms Pamela McLure
Executive Officer
Victorian Community Foundation
Ph: 273 2758 (Office)
481 1289 (Private)

PHILANTHROPY CALENDAR

Monthly Luncheons:
October - in view ofl November Conference
November 11 - Powerhouse, Corporate Briefing at the Lakeside Dr. Albert Park,
Speaker: Mechai Viravaidya (Mr Condom) Chairman - Population and Community Development Association,Thailand

International Conference on the Industry Commission's Preliminary report:
Wed, Nov 9 - Cocktail Party, Radisson Hotel
Thur, Nov 10 - Dinner, Radisson Hotel
Fri, Nov 11 - Conference & Corporate Briefing Luncheon

Grantseekers Workshop:
Thur, Nov 24th - Victoria University of Technology Contact us on 6141491 for details.

Annual Dinner:
Thur, Nov 10 - Radisson President Hotel -
Guest - Justice Micheal Kirby, President Court of Appeal, Supreme Court Australia

Executive Meeting:
Tue, Nov 15 - 20 Queen St

Council meeting:
Tues, Oct 11 - 20 Queen St
Tues, Dec 13 - 20 Queen St

Computerised Trust Users Group :
Mon. Oct 10 - venue to be advised

The Australian Association of Philanthropy Inc

The Mission

The Australian Association of Philanthropy Inc aims to promote more effective private and corporate giving in Australia. It was established to provde a strong, professional organisation to represent the interests of philanthropy and, in particular, to represent large and small trusts and foundations from both the private and corporate sectors, as well as individual philanthropists.

The Membership

Alexander Foundation, The George
Allen Foundry Co Pty Ltd, The W.L.
Andrews Foundation, The
Ansell Ophthalmology Foundation
ANZ Executors & Trustee Co. Ltd.
ANZ Trustees Qld.
Australian Bicentennial Multicultural Foundation
Australian Youth Foundation
Besen Charitable Foundation
Bicentennial Youth Foundation Inc.
Body Shop, The
Brash Foundation, The
Buckland Foundation, The William
C.R.A. Limited
Carty Charitable Fund, The L.E.W.
Clean Up Australia Trust
Coca - Cola Amatil
Coles Myer Pty.Ltd.
Compton Charitable Trust, The Everald
Cooperative Foundation (S.A.)
Danks Trust, The
Education Foundation
Equity Trustees
Espirit Cares Trust
Estate of the Late George Adams
Everald Compton Charitable Trust
Felton Bequest, The
Freehill, Hollingdale & Page
Gordon Darling Foundation
Goulburn Valley Base Hospital Foundation (Assoc.)
Green Hills Foundation, The
Hartly Foundation, The Ern
Jack Brockoff Foundation
Jones Foundation, The G.M. & E.J.
Kerr, Mr. Robert
Law Foundation of New South Wales, The
Law Foundation of S.A. Inc.
Leith Charitable Trust, The Flora and Frank
Lord Mayor's Fund
Lotteries Commission of WA
Mayne Nickless Ltd
McKay Charitable Trust, The H.V.
Miller Foundation, The
Monash University
Morialta Trust
Myer Foundation, The
Myer Fund, The Sidney
National Australia Trustees
National Mutual Trustees
Perpetual Trustees Victoria Ltd.
Pethard Tarax Charitable Trust
Potter Foundation, The Ian
Queensland Community Foundation
Reichstein Charitable Foundation, The Lance
Ross Trust, The R.E.
Rothschild Australia Ltd.
Rusden Foundation
Sakzewski Foundation, Sir Albert
Schutt Trust, The Helen Macpherson
Fleur Spitzer
State Trustees
Stegley Foundation, The
Sunshine Foundation
Sun Microsystems Foundation Inc.,
Susuan Corporation
Telematics Trust
Trescowthick Foundation Ltd., The Sir Donald and Lady
Trust Co. of Australia
Uebergang Foundation, The Ray and Joyce
University of Melbourne
Vaccari Foundation, The Gaultiero
Victoria University of Technology Foundation
Victorian Community Foundation
Victorian Health Promotion Foundation
Victorian Womens Trust Ltd.
Were, J.B.
Western Institute Foundation
Western Mining Corporation Ltd.
Williamson Foundation, The Hugh

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