

philanthropy

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Special Feature:

Community Foundations

Community Foundations:

What they do,

Progressive, exciting and involving, community foundations are, many believe, the way of the philanthropic future. Newly appointed Executive Director of the Australian Association of Philanthropy, ELIZABETH CHAM*, invites you to examine the developments in community foundations in this special issue of PHILANTHROPY.

A community foundation is a collection of funds contributed by individual citizens, corporations, other charitable organisations and government agencies to benefit a specific geographic area. One of the fastest growing sectors of American philanthropy, community foundations in that country have assets which have tripled to over \$10 billion in the last decade. They have one goal in common: improving the quality of life in local communities.

Their most unusual and appealing feature is that they allow donors - whether individual, organisation, corporation, government or family - to decide where their funds will go and to have a continuing relationship with the projects or field of interest they choose to support.

By their nature, community foundations are usually funded at the local, regional or state level, thus retaining their immediacy for both donors and recipients of funds. Donors see the results of their projects grow within their community in a way often not possible for more centralised philanthropic giving.

The first community foundation began in Cleveland, Ohio in 1914 and there are now over 400 community foundations in the United States. Community foundations are also represented in Asia, Africa, Australia and Europe.

The Model

Experiences vary from country to country, but a model community foundation:

- Exists to improve the quality of life within a community;
- Seeks to build a permanent collection of funds over time to ensure its independence and long term sustainability;

Where they're going

- Is governed by an independent board that seeks to become broadly representative of the community;
- Gives donors, large and small, opportunities to contribute to the betterment of the community;
- Encourages the increase of philanthropy within the community.

While this Western model of funding and governance is a long term goal for many community foundations around the world, it may not be achievable in the short term in many developing and Eastern European countries, where overriding needs to alleviate poverty, rebuild economies and strengthen democratic institutions currently take precedence over institution building.

Economic Base

Community Foundations in North America, Australia and Japan have strong economic support. On an asset base of \$10.4 billion raised primarily within the country and in local communities, community foundations in the United States made more than \$656 million in grants to charitable organisations in 1994. Japan's Osaka Community Foundation was established in 1990 with a 100-million-yen endowment from the Osaka Chamber of Commerce and Industry. It has since raised more than 520 million yen from corporate and individual donors in Japan. With access to such significant pools of wealth and multiple, diverse donors, community foundations in these countries are able to operate independently and build a self-sustaining economic base. Such a base does not yet exist in most developing and Eastern European countries, where community organisations face a serious challenge to become independent and self-sustaining.

The Role Today

In today's shrinking world, global economic, political and social trends are shaping local community life to a greater degree than ever before. Deregulation and new technologies have helped create an integrated global economy in which local markets rise and fall in almost instantaneous response to events around the world. The political and social transformation of nations once ruled by Communist states is well under way. As economies have grown, so has the middle class. At the same time, increasing concentrations of wealth around the globe have widened the gap between rich and poor.

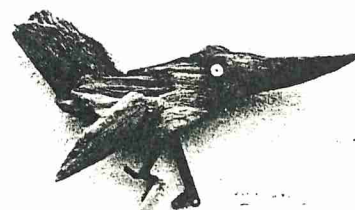
In this global environment, governments are re-evaluating their role in social services such as health care, education, environmental protection and human rights. Economic pressures and dissatisfaction with government solutions to social problems have led states to withdraw funds and services to individuals and communities. This trend toward reduced government services extends from developing countries to stable Western democracies like the United States, where the federal government is handing more responsibility for health care, education, employment and economic development to state, regional and local governments. These, in turn, increasingly seek partnerships with private and independent nonprofit agencies to provide essential social services.

Demands on the local nonprofit volunteer sector are intensifying around the world wherever governments are withdrawing from social services. Leaders in government and business are increasingly recognising that a robust 'third sector' of non profit organisations is vital to the health of their communities and nationals.

The Future

Communities are responding to these profound economic and political changes with energy, creativity and vision. The worldwide increase in civic activism in the last decade is a movement that has been compared with some of the great political and social developments of the 19th century. In this environment, the community foundation model may be a particularly effective mechanism to help citizens take ownership of local issues and solve problems locally.

- Grateful acknowledgment is given to Judith Anne Kioll, Director of Research Council on Foundations, Washington for the Draft Report of the International Conference on Building Effective Support Systems for Community Foundations held in Washington, DC in January 1995.



Building Community-Based Philanthropy

General Motors and Philanthropy

By
Suzanne L. Feurt
Executive Director

Charles Stewart Mott Foundation,
Flint, Michigan, USA

About the Mott Foundation

The Mott Foundation, founded in Flint, Michigan, in 1926 by General Motors pioneer Charles Stewart Mott, is a private philanthropic foundation supporting programs for charitable purposes throughout the United States and, on a limited geographic basis, internationally. The Foundation, with 1995 year-end assets of \$1.48 billion, awarded 381 grants totaling \$59.3 million last year.

Charles Stewart Mott (1875-1973) was deeply concerned about the well-being of the community including the individual, the family, the neighbourhood and the systems of government. In the early years of the Foundation, these interests were focused on Flint, Mr Mott's adopted hometown. While the Foundation since has refined and broadened its grantmaking over time to reflect changing national and world conditions, it continues to support efforts that promote a just, equitable and sustainable society.

Introduction

The Charles Stewart Mott Foundation believes the existence of a strong, independent and vigorous non-profit sector, functioning in the public trust, is a fundamental component of a healthy civil society. This sector, in combination with the public or government sector and the private or for-profit business sector, constitutes the fundamental infrastructure of a balanced, effective and peaceful society.

The non-profit sector, also known as the charitable sector, voluntary sector, independent sector, nongovernmental sector and third sector, includes a wide assortment of formal and informal groups. Nonprofits, including

foundations, play several roles in society. They serve as vehicles for citizen action and participation, and are mechanisms for self-expression, self-help and mutual aid. They often are at the forefront of identifying unmet and emerging needs, experimenting with new approaches, and serving as engines for innovation and change. They monitor the activities of government and the private sector, and often watch out and advocate for those who are socially, economically or politically disadvantaged.

Through its Civil Society Program, the Mott Foundation has been a leader among donors in providing support for the development of the nonprofit sector and organised philanthropy in the United States, Central / Eastern Europe, South Africa, and, to an extent, globally. This support has included funding for developing supportive legal, fiscal and regulatory frameworks for nonprofits and foundations; developing reliable, comparative information on the nature, scale and impact of the nonprofit sector and philanthropy; generating financial and nonfinancial resources for the nonprofit sector; increasing organisational capacity, effectiveness and accountability of nonprofits and foundations; and building public awareness about the sector.

Grantmaking Today

Today, grantmaking is organised in four programs: Civil Society, Environment, Flint and Poverty. In addition, the Foundation maintains the flexibility to investigate new opportunities through Exploratory and Special Projects.

The goal of the Civil Society program is to promote and support civil society in the United States and selected areas of the world that are engaged in political

Philanthropy

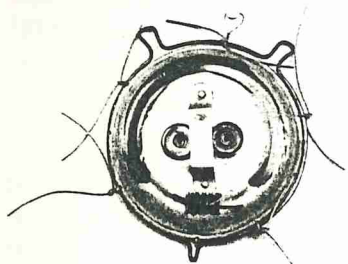
Through Community Foundations

economic and social transformation involving citizen participation and empowerment. The program is focused in four program areas: Central/Eastern Europe, Russia and the Republics; South Africa; United States; and Special Initiatives. Grantmaking focuses on advancing citizen participation in decision making, including strengthening the nonprofit sector as a vehicle for such participation; promoting economic and political reforms and opportunities, particularly for the less advantaged; promoting human civil rights; and managing and resolving conflicts. The Foundation maintains field offices in Prague, Czech Republic, and in Johannesburg, South Africa, to assist grantmaking in these regions.

The goal of the Environment program is to support efforts aimed at achieving a healthy global environment capable of sustaining all forms of life. The majority of grants go to organisations working in the United States. Internationally, the program focuses on selected geographic areas, almost exclusively in the Western Hemisphere.

The goal of the Flint program is to help strengthen the capacity of local institutions in the Foundation's home community to respond to economic and social needs.

The goal of the Poverty program is to nurture system change, create opportunities that empower people and identify new paradigms for alleviating poverty. The geographic focus is the United States.



A Question of Values

Fundamental to all of Mott's grantmaking are values about people and community. These values include nurturing strong, self-reliant individuals to ensure a well-functioning society, and promoting the social, economic and political empowerment of all individuals. They also include learning how people live together to create a sense of community, and encouraging responsible citizen participation to help foster social cohesion.

Developing Community Foundations

As part of Mott's interest in expanding the financial base of the nonprofit sector, and as a natural outgrowth of its traditional commitment to building strong, cohesive communities, Mott has explored ways to stimulate local philanthropy and support the growth of sustainable, community-based philanthropic mechanisms. After extensive experience in both the United States and abroad, Mott believes community foundations are the most powerful and effective tools for empowering citizens, nurturing philanthropy and addressing community needs.

Community Foundations: what are they?

In the simplest terms, a community foundation is an independent, charitable organisation formed to collect and distribute gifts from a wide range of donors to meet critical needs in a defined geographic area. It has four primary missions: to build and manage resources for the long-term benefit of the community, usually in

the form of permanent endowment; to serve as a vehicle for donors with varied charitable interests; to respond to emerging, changing community needs through grantmaking and other program activities; and to serve as a resource, broker, convenor and catalyst in the community.

As a resource developer, a community foundation is a vehicle for individual citizens of any economic means, corporations, other non-profits and government to pool, leverage and channel community resources for the public good. As a donor service agent, a community foundation can provide individualised, customised philanthropy for any donor. As a grantmaker, a community foundation can assess the needs of the community, and identify gaps and innovative approaches in a wide range of areas such as education, health, environment, economic development, arts and cultural, children, the elderly, and the disabled. As an institutional leader, a community foundation can network with other area funders in response to local needs, stimulate public-private partnerships, and bring local projects worthy of funding to the attention of national funders.

Community foundations have existed in the United States for 82 years. Now in more than 425 communities across the country, they are one of the fastest growing sectors of American philanthropy, with assets that have tripled to more than \$10 billion in the past decade. In recent years, the community foundation concept has spread around the world, reaching across North and South America and into countries in Asia, Africa, Europe and Australia.

Mott's interest in community foundations began in the United States in 1979 and expanded internationally in 1987. The Foundation has invested more than \$40.5 million in

Building Community-Based Philanthropy

community foundation development in the United States and abroad through a variety of initiatives.

Mott's Domestic Interest in Community Foundations

Three community foundation initiatives supported by Mott in the United States are worth noting. The first, a national technical assistance and challenge grant program, was sponsored in conjunction with the Council on Foundations in Washington, DC. Mott's aim was to build a national network of viable, capable community foundations, with emphasis on key geographic locations around the country where community foundations did not exist or where the existing community foundations were small or dormant. From 1982 through 1995, more than 200 community foundations received technical assistance through the Council and 51

community foundations received direct challenge grants from Mott for administrative, program or endowment support.

A second national program, the Neighbourhoods Small Grants Program, was an effort by Mott to engage community foundations in creative grantmaking and community leadership activities, expand resources to poor neighbourhoods, and test whether community foundations make good program partners for Mott. Under the program, using Mott and matching funds, community foundations provide small grants and technical assistance to citizen groups in low-income areas to stimulate neighbourhood redevelopment activities. In addition, the program linked the community foundations in a national network that provided a common evaluation framework, technical assistance, periodic meetings and shared materials. From 1985-1995, 21 community foundations participated in the program.

A third major initiative by Mott has been helping to build the organisational and leadership capacity of the Community Foundation of Greater Flint, the community foundation serving its hometown. Administrative, program and endowment challenge grants have helped the community foundation gain credibility, develop a track record, and build its assets. This has resulted in transforming the organisation in the past 10 years into a vibrant, \$50 million foundation that is viewed as one of the major players in improving the quality of life in the area.

The Australian Association of Philanthropy Grantseeker Workshops

Want to know more about ...

How to approach Trusts & Foundations?

How to be an effective Grantseeker? -

Please complete the form on the
back page, which lists a full
programme of workshops for 1996.

Through Community Foundations *(continued)*

International Interests in Community Foundations

Mott's first major initiative regarding community foundation development outside the United States began in 1987 with the Charities Aid Foundation (CAF) in the United Kingdom. A national charity dedicated to strengthening the voluntary sector in Britain, CAF was interested in stimulating local philanthropy and developing local foundations with which it could partner.

Mott and CAF initially funded a technical assistance program of training exchange visits with the United States, networking and materials development, and later supported the establishment of the Association of Community Trusts and Foundations, a national membership organisation providing development services to the field. These efforts were complemented by a Mott/CAF endowment challenge grant program that helped three community foundations build their endowed assets to £2 million each. Today, there are 38 community foundations in Britain.

Mott also has provided direct support for the development of community foundations in Canada, Bulgaria, Slovakia, Hungary, Russia and South Africa. The Foundation also has supported technical assistance to Japan, Mexico, Brazil, Portugal and Germany, where community foundations are under development.

It is within this context that in late 1995 Mott made a grant to the Victorian Community Foundation (VCF) in Melbourne, Australia, to support the developing field of community foundations in Australia and New Zealand. The grant will enable two community foundation experts from the United States and

Britain to provide on-site advice to individual community foundations on strategic planning, effective grantmaking, endowment building and marketing, and to raise public awareness about philanthropy and the important role of community foundations. This grant follows a 1992 visit to Australia by an American community foundation expert, Eugene Struckhoff, also supported with Mott funds.

Some Reflections

While the United States boasts a robust and creative community foundation field, Mott does not seek to export the American model to other countries. Rather, the Foundation strives to encourage the development of community-based philanthropic mechanisms based on the social, cultural, legal and economic characteristics of the area. For example, in countries like Bulgaria where the private sector is emerging after decades of state control, the overall economy is struggling and charitable giving has no recent tradition, making the prospect of building endowment a huge challenge.

Currently, the term 'community foundation' is broadly applied to a wide range of organisations working to help citizens address local issues to strengthen their communities. This was evident when the Mott Foundation and the Council on Foundations hosted an international conference on community foundations in early 1995, bringing together more than 40 representatives from 19 countries.

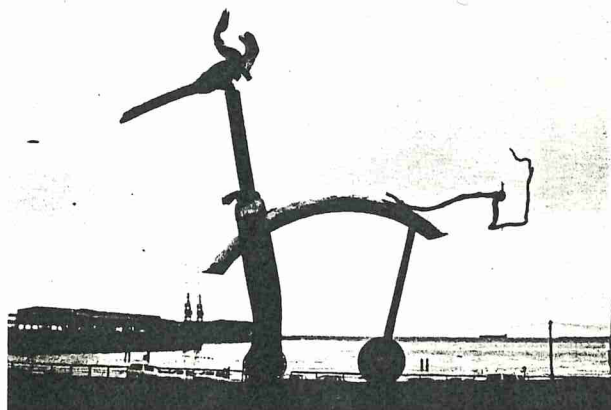
While many differences were noted, the

organisations also shared several fundamental goals and characteristics: building a permanent collection of funds over time to ensure independence and long-term sustainability; governing by an independent board that seeks to become broadly representative of the community; providing many donors - large and small - opportunities to contribute to the betterment of the community; existing to improve the quality of life within a community through grantmaking and community leadership; encouraging the increase of philanthropy within the community; and working to build the capacity of local nonprofits.

The community foundation concept has broad international appeal because, at its best, it is uniquely flexible, responsive and independent.

For More Information about the Mott Foundation

For information about the Mott Foundation's interests in community foundations, or the Foundation's other programs and publications, please contact the Foundation's Communications Department, 1200 Mott Foundation Building, Flint, MI 48502-1851, USA.



Taking up the Challenge

George Hepburn, Director, Tyne & Wear Foundation since 1988, George Hepburn is a qualified social worker who previously managed voluntary organisations in London.

Community foundations are a relatively new idea in Great Britain. In 1979, Northern Ireland Voluntary Trust led the way and now has an outstanding reputation for funding community development work in especially difficult circumstances.

There was little interest elsewhere in the United Kingdom until the Director of Charities Aid Foundation (C.A.F.), Michael Brophy, approached Charles Stewart Mott Foundation to support a programme of technical assistance in the United Kingdom that eventually led to a challenge grant programme in 1991.

The Beginnings

One of the first US consultants to visit Great Britain was Doug Jansson, now Director, Milwaukee Foundation, who taught us that substantial and long term endowments are the key to future success. Twelve fledgling community foundations were invited to tender for one of three challenge grants, jointly awarded by Mott and CAF, to fast track endowment building and create three prototype British foundations.

Establishment

Tyne & Wear Foundation was fortunate to receive one of these grants. The area it serves is a large urban agglomeration, formed by the merging of several towns in North East England centred on the City of Newcastle upon Tyne. A local philanthropist, Sir William Leech, was an additional partner to the challenge. The Foundation was required to raise £2 million in three years to receive £1 million challenge grant. The other two successful foundations, Bristol and Cleveland raised £1½ million to receive £¾ million of £1 million from CAF and Mott.

The incentive of bringing in outside money helped attract donations to set up a new Foundation. Tyne & Wear matched the challenge in twelve months, creating an endowment of £3 million by 1992. The main support to match the challenge came from:

- Wealthy individuals who have set up their own fund within the Foundation, for example, Sir Tom Cowie, self made businessman, who created a fund in his name to benefit his home town.
- The major companies in the region have established funds to support grass roots community groups: They include leading banks and utilities as well as 'family run' businesses loyal to the area.
- Local and national endowed trusts transferred assets to encourage a new generation of philanthropy.

Ship Builders, Trusts and Industrialists

Support from other trusts to launch a community foundation was especially welcome. North East England has benefited from the foresight of an earlier generation of ship builders and



Outdoor Challenge: Lesley Gibson (centre, Secretary to Procter & Gamble's Charities Committee, with members taking part in the Mobex programme), which received \$2,000 from North-East's largest company Procter & Gamble.

The Tyne and Wear Experience

industrialists who set up their own trusts. Very few of their successors are able to do so on such a substantial scale today. Sir William Leech, who made his gift to the Foundation shortly before his ninetieth birthday, believed that many more of the younger generation should follow his example and could see that a gift to a community foundation was the modern way to do so.

In the United States, community foundations which have built endowments of between £2 and £3 million in their early years, have continued to grow. Income from the endowment allows for basic grantmaking and gives them credence and reputation in their communities. Most importantly, an endowed foundation is seen as a permanent institution which can hold legacies.

Steady Growth for Tyne and Wear

Tyne & Wear Foundation's experience is less dramatic than some of our American counterparts. The more rapid growth in some US foundations is probably due to more favourable tax advantages given to community foundations and to the greater willingness to support charitable causes. Even so, Tyne & Wear Foundation's endowment has grown for £3 million in 1992 to £7 million in March 1996. We have built on our initial success by:-

- Extending into the adjoining rural area of Northumberland to create a major fund within the Foundation for Northumberland supporters.
- Managing existing endowed trusts when their trustees retire. Two trusts, together worth £1 million, have been transferred in this way.
- Providing an umbrella for fundraising appeals needing both

registration and good administration.

- Taking topical initiatives, such as launching a special fund for crime prevention and setting up a fund to mark the retirement of a leading public servant.

A crucial part of our work is regular visits to solicitors and accountants to brief them about the Foundation. The Foundation provides a way to ensure charitable bequests stay in the local community. It is much easier to set up your own fund within a community foundation than to create a free standing charitable trust.

Community Benefit

So far, the Foundation's grants have primarily helped those in greatest need. This is fitting for an area facing long standing deprivation and chronic unemployment. Although all sections of the community benefit, the Foundation likes to find small groups working in unfashionable areas that might otherwise miss out. Staff and committee members can visit projects and provide in depth assessment often difficult for other trusts to achieve. The ability to make informed and perceptive grants has been key to the Foundation's success.

Wherever possible, the Foundation's grants play a significant part in a project's fortunes and provide continued support for some years if necessary. We have funded:

- An innovative project for Alzheimer's sufferers
- A self help project for women with eating disorders
- A nationally significant six year project supporting homeless young people in rural areas

Overall, about 200 grants worth £300,000 are awarded each year from

endowment income and revenue donations.

Geographical Spread

Grantmaking in Great Britain can be unduly focused on London and the home counties where most national grantmaking trusts are based. The Foundation has encouraged trusts to be more active in the North East and for the past three years has managed a £1.5 million programme to fund seven major projects combating social deprivation on behalf of Henry Smith's Charity, one of the largest trusts in the United Kingdom.

Projects have included a training and enterprise centre for black women, another which tackles unemployment following coal field closures and a counselling service for parents whose children had been adopted against their wishes.

Influence and Example

The Foundation hopes to have a modest but catalytic effect on other grantmakers. It helped organise the inaugural conference of Association of Charitable Foundations in the North East which included site visits. It is just completing a two year project on collaboration on grantmaking across the statutory, corporate and trust sectors. Staff are always willing to provide advice and briefings to other grantmakers whilst respecting their right to reach their own conclusions.

On Reflection

A community foundation is a long term project that will not reach its potential for another generation but, after seven years, what conclusions can be drawn about. Why has a

Taking up the Challenge (con't)

community foundation prospered in this part of the country?

First and foremost, it is an area of exceptionally strong community identity, forged through several generations of hardship following the decline of traditional industries. There is a remarkable local spirit and a strong belief in 'looking after our own'. Some of the most generous support has come from locally run family businesses of several generations standing.

Secondly, the Foundation has built a strong and diverse Board, with members prepared to roll up their sleeves. The Board is elected by members of the Foundation to represent, in equal proportions, individual donors, corporate donors, public authorities and voluntary organisations. This seemed a radical idea at first but has served us well. The membership meet at an annual general meeting and provide a broadly based constituency to whom the Board reports.

Thirdly, the Foundation has been prepared to invest in staff and resources for development. Initial funding came from a national grantmaking trust, the Baring Foundation, and four local charitable trusts, most of which have continued to subsidise running costs for up to nine years. Increasingly, running costs are met from a charge on funds held, plus income earned working for other grantmakers. Currently, about 20% of income is used for grantmaking and fundraising and this proportion will decrease as the scale of operation grows.

Finally, our supporters have realised that giving through Tyne & Wear Foundation is more satisfying and rewarding. The Foundation can find the best opportunities for grantmaking and can bring together like minded

people who support the community. The Foundation handles all the administration and tax recovery of charitable gifts whilst leaving the donor the freedom to support causes of his or her choosing.

Elsewhere in the United Kingdom, Northern Ireland Voluntary Trust has continued to grow, playing an important part in distributing international funding as part of the peace process. Bristol and Cleveland Foundations also met their challenges and there is widespread interest in starting new foundations in other parts of the country. Last year, with development and research undertaken by Tyne & Wear Foundation, a new foundation was launched in a neighbouring area of County Durham with pre-launch pledges of over £1 million.

The concept of community foundations is becoming better understood and staff and trustees in Tyne & Wear have taken the pleasure in assisting others, both at home and abroad, - most recently being privileged to accept an invitation from Victorian Community Foundation to work with the new foundations in Australia and New Zealand. It is inspiring to realise that we are part of a world wide network of similar institutions which now seem set to make a comparable impact on present day philanthropy in Australia.

Contact details:

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Newcastle Upon Tyne UK NE1 8XS.
Ph: 44-191-222-0945
Fax: 44-191-230-0689

Tasmanian Community sees the light

Tasmania's Mount Wellington was shown in a very different light when 500 people participated in the inaugural 'Festival of the Southern Lights' in a recent fund-raising event for the newly-formed Tasmanian Community Foundation.

The event, sponsored jointly by the Hobart City Council and Wrest Point Hotel, began with a barbeque at the Casino with entertainment until buses arrived, just on dark, to transport participants to the mountain top.

As lamps, hurricane lanterns, candles in bottles, torches and even lanterns used in Antarctica and kindly lent for the occasion shone through the mist shrouded mountain, reminiscent of a scene from 'Brigadoon'.

Costumed drummers, soldiers in single greens, an elderly woman who had left the celebration party for her 50th wedding anniversary, babies in backpacks, politicians and public

servants, farmers, students - all were there. They sang as they walked from the pinnacle to the Springs, a distance of 6kms. Parents carried small children

on their shoulders and some of the older folk used dead branches as walking sticks. They all finished.

The Festival of Southern Lights raised \$2,200 for the Foundation. Even better, it raised the profile of this very new community foundation and involved 500 members of the Tasmanian community at the same time.

Set to become an annual event, it promises to be a winner for both the Tasmanian community and the Foundation.

Contact: Executive Officer
GPO Box 367
Hobart 7001.



Lighting the lanterns.



Walkers on the mountain, Ann Ripper in the foreground.

The Victorian Community Foundation:

Inspired by the effectiveness of overseas models, the Victorian Community foundation was established 1983. Today of the 27 charitable funds under the umbrella of the VCF, 24 have direct involvement of the donor or a special interest sub-committee.

Dr Bill Holsworth established the Holsworth Wildlife Research Fund in 1989 with the Victorian Community Foundation (VCF) to assist research into Australian flora and fauna. Now retired from his work as a university lecturer, the Holsworth Wildlife Research Fund gives him not only a continuing interest in his area of expertise but also the satisfaction of knowing that he is directly contributing to Australia's conservation work. Last year the Fund awarded \$13,000 in grants to research projects at Melbourne and Monash universities. Directly involved in the selection of projects to be funded, Dr Holsworth receives reports of research results and visits laboratories and field stations to talk to students.

Inspired by her husband's experience, Carol Holsworth established the Holsworth Cemetery Endowment Fund with the VCF in 1993. A resident of Bendigo with a strong interest in history and genealogy, Mrs Holsworth wanted to assist the preservation, study and appreciation of Victoria's rural cemeteries and monuments to early colonists. The Holsworth Cemetery Endowment Fund was first advertised in 1994 and applications for grants flooded in to the VCF from community groups throughout the state. Carol Holsworth read all 40 submissions and in conjunction with the National Trust's Cemeteries Advisory Committee selected 10 groups to receive small grants of between \$50 and \$250 to assist with the preparation of educational material of the restoration and preservation of historic graves and monuments.

Honouring Gerda Nicholson

The Holsworth Wildlife Research Fund and the Holsworth Cemetery Endowment Fund are both donor-advised funds which is just one way of giving through a community foundation. Another is to establish a designated fund which makes grants to a specific charity or charities. Julius Szappanos is a donor who has chosen to establish a designated fund with the VCF.

The Gerda Nicolson Award was set up in 1994 by Julius Szappanos in memory of his talented wife who died in 1992 at the peak of her career as one of Australia's most respected actors. Each year on Theatre Day a grant is made to the Green Room Awards Association Inc. which presents the Gerda Nicolson Award to the best female actor in a leading role. Selected by the Association and given at a ceremony at the Victorian Arts Centre, the Award aims to enable the actor to develop her professional skills. The inaugural Gerda Nicolson Award was made to Pamela Rabe in 1995. Alison Whyte received the 1996 Award for her role in 'Decadence'.

Keeping Philanthropy in the family

Several families have recently established Funds with the VCF allocating a percentage of profits from family owned companies to the Fund each year. The Fagg family have been in business in Geelong for five generations. In 1994, they established the Ruth Fagg Foundation in 1994 to assist education and community activities in Geelong and district to support the Uniting Church in Australia.

The Falkiner family set up the Melbourne Trading Post Fund to support general charitable purposes with the dual emphases to assist handicapped children and the

Today of the 27 charitable funds under the umbrella of the VCF, 24 have direct involvement of the donor or a special interest sub-committee", says Pamela McLure, Executive Officer of the Victorian Community Foundation

from Conservation to Cemeteries



Pamela Rabe, the inaugural Gerda Nicholson Award winner.

which includes Mrs Smith and three leading medical experts will make the Foundation's first grant later this year.

Art and Immortality

The Rupert Bunny Foundation was established in 1993 by the former City of St Kilda with proceeds from the insurance on Bunny's painting 'The Forerunners' which was burnt in the 1991 Town Hall fire. The Foundation, which aims to encourage the development of the visual arts in the City of Port Phillip (formerly St Kilda); has a sub-committee made up of artists, gallery curators and local business people. Well known St Kilda artists Mirka Mora and Albert Tucker are patrons. The Foundation has already awarded two grants through its artist-in-residence program. In October last year, the committee organised an exhibition at the St Kilda Town Hall of works by the two grant recipients and selected artists who had applied to the program.

Another VCF Fund supporting the arts is the George Seelaf Memorial Trust set up to support arts programs and activities in Melbourne's western region. A well known identity in the union movement, George Seelaf was the ACTU and Trades Hall's first Arts Officer. He was the founder of the Footscray Community Arts Centre which provides administrative support for the Trust and its sub-committee. The George Seelaf Memorial Trust was started with funds raised by donations from organisations and individuals interested in George Seelaf's work and philosophy. The committee is made up of artists, business people, unionists and friends. Grants were made in 1995 to arts projects being undertaken by Interchange Western and the South Kingsville Community Arts Centre.

many companies have a Fund with their local foundation to support specific areas of interest.

Companies have found that the community foundation can offer independent, non-partisan and knowledgeable advice on the most effective use of the company's funds allocated for charitable purposes. While a community foundation provides the option for a company to have an input into funding decisions, it saves valuable staff time and costs processing requests for support. It also removes the difficulty experienced by managers and directors when declining requests from friends and associates.

Two companies now have funds with the VCF. The ANZ Banking Group Limited has set up the ANZ Fund as a field-of-interest fund with the VCF Board deciding on the distribution of grants. The field of interest the company has chosen for this year is 'strengthening families'.

Advanced Hair Studio is a company with 13 parent and 23 franchise operations throughout Australia. The Advanced Hair Studio Foundation has been set up to support healthcare and medical research in all 36 outlets are contributing to the fund based on their turnover. A sub-committee of representatives from the company's head office and the franchisees together with medical input will decide on grants.

In the words of VCF chairman, community foundations 'are much more than a mechanism for allocating funds. They connect people with similar interests, they seek out emerging needs and they enable people to be involved in the growth of their community.'

Contact: Victorian Community Foundation, 21/530 Collins Street. Ph: 9273 2758, Fax: 9273 2779. (The V.C.F. is administered by ANZ Trustees).

Expertise and Interest

Yet another option for giving is to establish a sub-trust which allows for a sub-committee of up to 9 people to be involved in the allocation of grants and in some cases fund-raising. This is particularly useful where specific expertise is required.

Medical Memorial

Opal Smith set up the Brian Smith Memorial Foundation in 1993 following the death of her surgeon son. A fitting memorial to his life and work, the Fund will promote the advancement of knowledge in the field of colorectal surgery through training and research. The sub-committee

Corporate Funds

In the United States, there are more than 400 community foundations and

Queenslanders helping Queenslanders

Anatomy of a

Founded in 1986 when former owner of the 'Big Pineapple' Sunshine Plantation Bill Taylor settled the trust with ANZ Trustees, the Queensland Community Foundation has grown steadily. Today there are some 15 funds and sub-Trusts within the Foundation, with a value of over \$2 million.

Bill Taylor was an extraordinary man with a deep commitment to philanthropy and well known locally and internationally for his work with developing nations. Former Brisbane Lord Mayor Sally-Anne Atkinson served on the Board until her current posting to Paris, and well known media identity and author Haydn Sargent also lent his guiding hand. David Knott, formerly head of the Brisbane based Australian Financial Institutions Commission also spent time on the Advisory Board.

A Foundation for all Queenslanders

Early in 1995 the Board determined that the Foundation should establish a number of regionally based funds in order to be a useful vehicle for all Queenslanders interested in philanthropy. Because of Queensland's size, its sense of 'community' exists in various centres throughout the State, with subtle differences in values and attitudes. The 'emerging issues' referred to in the Mission Statement are different in various parts of the State. Youth suicide as a consequence of rural recession and drought is a special issue for those communities even though it is obviously a pressing issue in all communities. Communities where there is significant cultural diversity may also tackle their emerging problems differently from others.



Chair: Mr Mike Ahern & former premier Mr Tom Burns at a launch of Queensland Community Foundation Disaster Funds, March 1995.

Community Foundation

Cairns, Townsville and the Cowboys

Cairns and Townsville were chosen as the first regional centres to be approached, with an Advisory Group established in each city. Townsville offered a special opportunity with the following of the Cowboys Rugby League Football Team. The Cowboys agreed to make a minimum donation of \$ 30,000 a year to what became 'The Cowboys Community Foundation' (A fund of the Queensland Community Foundation). QCF obtained a grant of \$100,000 from the Sylvia and Charles Viertel Foundation; \$50,000 for Cairns and \$50,000 for Townsville to be used for grants to charities in each area and so help understanding of the community foundation concept and encourage further donations from the local community.

The Cowboys Community Foundation was launched in October 1995 at a reception for civic, church and business leaders hosted by Townsville Mayor Tony Mooney. At the launch, Chairman Mike Ahern thanked Councillor Mooney for the strong support shown by the Townsville City Council - they not only organised the reception and made a donation of \$5,000; they also indicated that further funds would flow from special events organised by the Council.

Local Involvement

A critical part of the development of successful Community Funds is the involvement of local people in the grant making process. On the Townsville Board of Advice is Mayor of Townsville, Tony Mooney, Les Tyrell, Mayor of Thuringowa, local business woman Linsey Plante, Chairman of the North Queensland Cowboys Ron McLean, accountant John Lyons and

solicitor Barry Taylor. The first round of grants supporting 17 local charities have already been decided. The real work now is in harnessing community support sufficient to 'build' the fund so that current and future generations of North Queenslanders will benefit.

The Cairns Community Fund is expected to be launched soon, with a group of interested and involved people working to ensure its long term viability. Cairns businessman Nev Bates has contributed greatly; others involved include Cairns Mayor Tom Pyne, Dierdre Ford, Barbara Russell and David Maguire. George Chapman (of Skyrail fame and whose family has recently made an enormous contribution through a new Aboriginal enterprise in Cairns) is also providing advice.

The Board is keen to see both the Cairns and Townsville operations operating smoothly and attracting strong funding support locally. Once this is achieved, communities in the Gold Coast and in Western Queensland will be invited to establish their own community fund. The combination of local decision making, local fundraising, assistance from the QCF Board, and professional trustee and fund management and low cost makes QCF the logical vehicle to advance Queenslanders and their communities.

What we need is people with the will to make it happen and with the financial means to help their community create a precious asset. QCF is currently seeking individuals and companies to become founding donors and thus be remembered forever for their role in the establishment of their local foundation.

The Boystown Trust

The more established charities are beginning to recognise the benefits of

establishing a permanent fund to provide income in future years. Boystown is one such organisation, which established the Boystown Trust late last year. Boystown's Anne Liffen says that not only does the QCF provide the most cost effective vehicle for the establishment of a permanent trust, the existence of the Advisory Board as well as corporate trustee gives added security to those donors and bequestors who may not have made their gift direct to the organisation. The QCF structure also allows the Boystown Trust to recognise donors, once again by being able to name special funds for donors of \$10,000 and give perpetual recognition to donors and bequestors of more than \$50,000. The Boystown Trust also allows donors to direct that funds be used for either general purposes or for a particular activity such as Kid Help Line.

The Queensland Spastic Welfare League has an established fund with the QCF and the Board is keen to encourage other charities to use this most cost effective structure to help meet their current and future fundraising, capital and income requirements.

Corporations

Companies are increasingly aware of the benefits that a sustained program of giving to a worthwhile cause can bring to their business through increased sales, improved margins and greater customer loyalty. They are also aware of the cost of processing numerous applications for assistance from numerous charities. The financial cost of processing and the goodwill cost of rejections is greater every day. The QCF is therefore strongly promoting the establishment of named Company Foundations.

Queenslanders helping Queenslanders

The Mission

'To provide a permanent source of philanthropic funding for charitable organisations to enable them to respond to emerging community needs and to meet the needs of Queenslanders in crisis situations'.

Increased Professionalism

In mid 1994 the trustee agreed to sponsor the cost of providing an Executive Officer on a part time basis to develop the Foundation from simply being reliant on bequests and life trusts established by ANZ clients, to being a true community foundation which would be used by any Queenslanders seeking to establish a permanent gift for a charitable purpose. This appointment enabled work to commence on the Strategic Plan, following which a new Mission Statement was approved and a new direction set for the Foundation.

Disaster Fund

The Mission Statement also reflected the belief that the Foundation should maintain a special fund to provide emergency relief in the immediate aftermath of any disaster, and in March 1995 the Queensland Community Foundation Disaster Fund was officially launched by then Deputy Premier and Minister for Emergency Services Tom Burns at the high water mark of the 1974 floods in the foyer of the Parkroyal Hotel.

While the main support for the Disaster Fund has been from Local Authorities, the importance of having a fund to provide immediate funding for organisations such as Red Cross and the Salvation Army in the immediate aftermath of a disaster such as a cyclone was acknowledged. The Disaster Fund could also be a ready made vehicle for public donations, with any unused funds held for a future disaster.

Strategic Direction

Other decisions that were taken as a

result of the Strategic Planning Process involved:

- Agreement that administration costs must be kept to a minimum.
- Creating more flexibility in the 'product' for donors/bequestors.
- Providing personal recognition for all donors.
- QCF to become a philanthropic vehicle for all Queenslanders.
- Charities themselves to be encouraged to create their own trusts within the QCF
- The Foundation to seek greater involvement from corporations.

Keeping Administration Costs Down

ANZ Trustees pioneered the Community Foundation concept in Australia and have a real commitment to the success of the movement, providing office space, telephone and some administrative support. In addition, the ANZ Group also meets the employment cost of the Executive Officer and is therefore recognised as a major sponsor of the Foundation. Wherever possible, sponsors are approached to meet costs, for example Ansett Australia provides limited travel on QCF business. Publications are not glossy and their cost is currently met by sponsors. The Board provides its expertise at no cost to the Foundation.

More Flexibility, More Recognition

Following a thorough review, it is now possible for a donor to establish a named fund for their lifetime with as little as \$10,000. There are no establishment costs and the only on-going cost is the 6% of income

continued)

charged by the trustee. A fund can now be established which recognises the donor in perpetuity with as little as \$50,000 - once again there is no establishment fee.

One of the key elements sought was to enable individuals and companies to create a special fund to support the cause of their choice in the geographical area of their choice. Now a Toowoomba resident can establish a fund which benefits those caring for homeless young people in the same area. The fund can be named and has no establishment cost.

The QCF is also seeking to have more active involvement from donors during their lifetime. While they may choose not to become involved, relying instead on the expertise of the Board, the option is now available to express preferences to the Board in respect of donations and be involved in their presentation.

The Future

Perhaps in twenty years the work being done around Queensland today will enable charities in Queensland to carry on their essential work and our communities will be peaceful, stable and healthy. This work, not just by the people associated in some way with the Queensland Community Foundation, but also by solicitors, trustee officers, accountants, local

authorities, company owners and executives, and far sighted generous individuals prepared to give of their time and/or their money will benefit the entire community in the future - and we can't expect our reward in this lifetime.

Board:

Archbishop Peter Hollingworth; Brisbane's first Australian-born Archbishop and Australian of the Year in 1992.

George Higgs, a long term member of Lions Club of Australia who has served as an International Director of Lions Club of Australia.

Dr Margaret Steinberg, Principal Research Fellow, Healthy Ageing Centre, Department of Social and Preventive Medicine at the University of Queensland.

Bill Blair, former Director and Group General Manager of QUF Industries Ltd, President of the QUT Foundation, and a Director of Power Pacific Limited.

Helen Ryan; a partner in law firm Deacons, Graham and James, a specialist in banking and finance law and a member of the Harness Racing Board

John Thomas; a director of several public companies with extensive international business experience; also Executive Director of Space Transportation Systems Ltd.

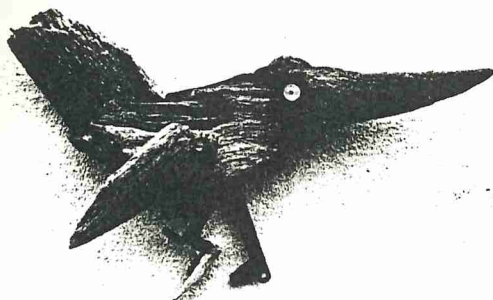
Linsey Plante; joined the Board in 1995 particularly to represent the interests of North Queensland. Linsey is principal of the Commercial Studies Centre in Townsville and serves on several boards and committees.

Keith Witney; General Manager of the ANZ Group in Queensland, and involved because of his strong personal commitment to the growth of philanthropy in Queensland

Greg Kirk; has been involved for several years as the representative of the trustees. Greg is State Manager of ANZ Funds Management, the organisation charged with the responsibility of providing income, security and growth in managing the funds of the Foundation.

Contact details:

Mr Brian Grehan,
Executive Officer, Q. C. F.
GPO Box 1336,
Brisbane 4001.
Ph: 07-228-5055
Fax: 07-221-7034.



Australia Foundation

New National

Since its launch nearly two years ago the Australia Foundation has gained wide acceptance in the market place, securing a substantial amount of bequests and donations. One of the few such trusts of its kind in Victoria, the Australia Foundation is a national public charitable trust managed by State Trustees Limited. Its founder is former Governor-General of Australia, the Right Honourable Sir Zelman Cowen.

Designed on similar lines to a community foundation, the Australia Foundation encourages community philanthropy by offering individuals and companies an easy and effective way of donating money to various charities within Australia. It also provides for individuals or companies wishing to establish their own trust or foundation.

The Foundation offers charitable donors considerable flexibility and can assist by directing funds towards a particular organisation or institution, or a specific area of interest such as medical science, the disabled, conservation, the advancement of education or religion, and other purposes of benefit to the community. General donations to the Australia Foundation will be invested and distributed to charity for projects such as flood or bushfire relief, homeless people and the relief of poverty.

Naming Rights

A special feature of the Australia Foundation is the opportunity for naming rights of individual trusts. Individuals or companies can create a charitable trust bearing their name, thereby establishing a perpetual memorial to a loved one, a founder of a firm or to a company.

This opportunity has been taken up by a number of donors. The first patron of



Public Charitable Trust

the Australia Foundation - property development company, Central Equity Ltd, has already contributed a significant corporate donation to establish a trust for the benefit of children, known as the Central Equity Childrens' Fund.

Creating a trust often has very personal significance. For example, a widow established a trust in the memory of her late husband who was killed under tragic circumstances.

State Trustees identified a need in the marketplace for a national public charitable trust that could be accessed by companies and the population at large with a desire to donate to charity, make bequests in their will or make tax deductible gifts of benefit to the community. Often these donors had been unable to find an alternative structure through which their wishes could be carried out as instructed, in perpetuity.

Perpetual Trust

The Australia Foundation is a perpetual trust. The capital stays invested in secure, authorised trustee investments such as qualifying bank bills, government bonds, cash deposits and equities, thereby ensuring an income stream which will be distributed annually to the donor's nominated charity or to the most needy causes within the community. As a perpetual charitable trust, the Australian community benefits from this financial support both now and forever.

As trustee of the Australia Foundation, State Trustees has responsibility for ensuring the original intention of each donation is maintained through responsible and effective charitable trust management. The funds will be invested securely and distributed with care and responsibility to the people who need it most.

The Australia Foundation accepts donations of any size and all donations of \$2 or more are fully tax deductible. Donors who establish a charitable trust during their lifetime will also benefit from a tax deduction. Individuals or companies wishing to establish their own charitable fund bearing their own name can do so under the Australia Foundation. There are no legal fees to establish a charitable fund under the Australia Foundation.

Assistance and Commitment

The Australia Foundation will be assisted by an advisory committee of people with a background and personal commitment to philanthropy. The committee will advise the trustee on the distribution of available funds to qualifying charitable organisations. State Trustees is presently inviting applications from interested persons to be part of the advisory committee.

State Trustees has considerable experience in charitable trust management. It currently has a large number of charitable trusts under management including the Angela Taylor Memorial Trust for police scholarships, the M.A. Ingram Trust for research and preservation of native flora and fauna, and the Psychiatric Illness & Intellectual Disabilities Donations Trust Fund.

Established in 1939, State Trustees provides a comprehensive range of trustee, executor and personal financial products and services including Will making, Powers of Attorney, Deceased Estate Administration, Agencies, Trust Administration, Compensation Administration, Legal and Taxation services, Financial Planning, Personal Administration Services for people with a disability and access to Common Funds and other investment funds.

State Trustees became a State owned company under the State Trustees (State Owned Company) Act 1994, on 1 July 1994, after 55 years as a public service organisation, and is now a company with full company status.

The establishment of the Australia Foundation demonstrates State Trustees' continuing commitment to aiding and promoting community philanthropy and benevolence.

For further information or a copy of the Australia Foundation brochure, please contact:

State Trustees Limited,
168 Exhibition Street,
Melbourne Vic 3000.
Tel: (03) 9667 6740,

Core Funding – Who needs it?

by Marieke Brugman



The author has sat on both sides of the fence: as grantor through her seven year involvement as a Director of the Victorian Women's Trust and a grantee as Chairperson for a decade of the Mansfield Adult Continuing Education Centre and the last seven years as Chairperson of Project Mansfield. She is an active fundraiser for Community Social Charge projects through personal endeavour.

The thorny and vexing issue of core funding has often occupied both my heart and mind. The truth is that no-one much wants to know about core funding. The focus of granting bodies and funding agencies is dominated by a project or program consciousness with a presumption that the organisational base and administrative/research infrastructure is secure.

Funding bodies treat the issue with icy disdain, whether they be philanthropic, private or government. This is especially an issue for independently directed projects.

Case History

For perspective it might be worthwhile to backtrack, and use my own community based activism which started some 20 years ago.

As an urban refugee to the rural sector, my vehicle quickly became what was then an emerging Adult Education Centre in the late 70s. Post-Whitlam, things were sweet but often lean. Maybe there was a shoe-cupboard or a shabby building to operate from. If lucky, there may have been a full-time Co-ordinator funded through C.A.E. but more often someone part-time and - luxury of luxuries - possibly some paid secretarial assistance.

Dribbles of money filtered through relatively unencumbered. It was up to Volunteer Committees to direct such funds into projects which were responsive to community needs and to anticipate emerging issues. There was risk taking, controversy, occasional misdirections, but also exuberant and courageous achievements which redefined the social-economic tissue holding communities together, nurtured local autonomy, celebrated difference and shaped identity culturally, historically and economically.

Before long urban and regional administrators bent on centralist control began to exert top heavy and top down policies reining in the money, specifying directions and accountability, often with complete disregard for what was most appropriate at a local level. Preserving a customer/client focus required all manner of ingenuities as autonomy became eroded.

Shift to Entrepreneurship

Eventually, a paradigm shift occurred, and we introduced in Mansfield the concept of entrepreneurship as a possible way of achieving some newly formulated requirements.

Underpinning this shift in the mid 80's were the following broad parameters:

- a means to maintain independence from the narrowing range of government prescribed programs
- a means to continue to deliver programs of specific, relevance to the community we were serving.
- a reality check to scrutinise and evaluate that relevance.
- a way of 'professionalising' the service delivery and embracing emerging technologies.
- a way of making and doing business out of 'idealism', and to become self-sufficient.
- a means of preserving some experimental scope for new ways of doing things.

Reality Check

These well intentioned effects fed the expectation that worthwhile projects would achieve an economic viability and potential longevity. The reality was somewhat different.

Doing business was often at odds with the intentions of a project, and business skills are not necessarily inherent attributes of the people best able to deliver the service or program. However, some benefits accrued.

Volunteer Committees of Management had to become deft negotiators, able employers, wise custodians over complex legal and fiscal matters, rewarding mentors to trainers and volunteers, judicious policy makers, capable fundraisers astute to ever changing funding opportunities, exhaustively accountable to government, as well as maintaining responsibility to the community.

Increased Conservatism

On the down side, we have yet to understand the implications of the losses which are a direct consequence of central control. Immediately apparent, and of most concern, has been a tendency which has

undermined a client focus, and serves to make community organisations conform to a centralist view of the world, thus enhancing their conservatism.

This became manifest in the organisational base becoming increasingly introspective as they were forced to become pre-occupied with management and structural issues. It also set up a climate of competition for survival rather than collaboration amongst like-minded organisations working in the same or once complementary sectors.

Finding the Key

Aware that the avenues for funding were becoming more restricted, at the end of the 80s we established in Mansfield a quasi independent arm of the Adult Education Centre to deal with the myriad issues which could not be tackled under the new regime.

When the emphasis is increasingly on education and training for work, with



Marieke Brugman and members of "Men at Work". Photo: Pam Zierk, Delatite High Country Photos.

Core Funding – Who needs it? (continued)

a connection to social progress goals possibly very dubious except in name and the likelihood of real work often marginal, it seemed important to create

a program which returned to community development as its first goal, and had full control over its own core and mission.

As Ben Bodna, recently elected President of the Australian Association of Philanthropy, so eloquently put it recently in a radio interview, he does not want to live in a business, he wants to live in a community. So do we.

Under the umbrella of environmental education, Project Mansfield identified environment as the key to the Shire's economic future;

- as sustainable agriculture
- as tourism potential
- in terms of water quality and land regeneration
- as employment opportunities
- as a partnership of a new dimension between existing service providers.
- as a planning issue

It has been a bold initiative which has put many runs on the board amongst them:-

- the securing of 50 hectares, the disused railway site, for the community to establish tourism information and interpretation centre, and environmental education unit, and to restore a significant wetlands area.
- production of an illustrated catalogue of understorey plants to supplement tree planting initiatives
- extensive involvement in Water-watch and Saltwatch programs

- extensive work with the farming community and Landcare groups

The most innovative of our projects were made possible by funding from The Lance Reichstein Charitable Foundation, the William Buckland Foundation and the Mullum Trust.

Questions of Survival

It quickly became apparent that our overall survival depended on our skill in securing funds from the available repertoire, all of whom have an agenda to fulfil, invariably directed by an arm of government. In the efforts to raise revenue, we also undertook professional consultancy and advisory work.

Inevitably we began to experience the same sort of compromises as before.

The more successful one becomes at project funding the more time goes into implementing and maintaining projects, accounting for them in terms of numbers and administration.

Worthwhile as such projects are, they don't necessarily fall within the ambit of the greater challenges one is trying to achieve in terms of advancing social progress.

Immense frustrations develop as the core work becomes subsumed in the ever increasing chase for funds. The coordinator has less and less time for the larger long term directions. The Committee of Management cannot achieve a substantial financial base nor offer security of employment contracts to an already over worked coordinator.

This does not mean you are not working, it just sometimes means you are not able to continue the work in those areas which are easy to measure, have defined outcomes, and fall into

the language and expectations of submissions.

The terrain is usually uncharted, experimental by nature and without pre existing models.

Most recently I've been engrossed in a program I initiated through Project Mansfield called Kids at Work. An intergenerational project involving some 80 participants and over 20 volunteers it was designed to last 10 weeks. It has a very low administration component, and depends for its success on an enormous community input.

Already it has achieved more than we hoped for and we have identified at least several other ideas worth developing, based on our analysis of this as a model.

Developing the Core

But there is no CORE to which we can take the evaluation and the ideas for future development. Any future offshoots will depend on the vision of another voluntary group designing some other sort of specific project.

With hindsight I believe the optimum would have been to try to secure a CORE base for a number of years on which to hang all the projects which have evolved.

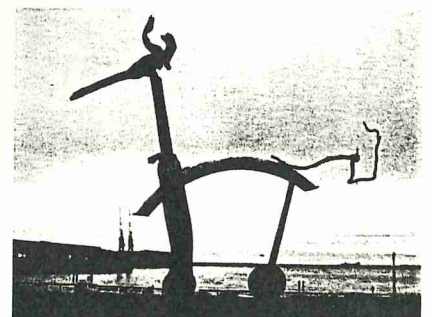
The work we do and have done is still considered too novel, too community based, too much about the power of the people to set their own goals to be given legitimacy and financial security by any arm of government.

The challenge for funding bodies in the future may well be to take the risk with projects which exist outside the mainstream by granting them a secure financial base from which to start. It can and probably should be lean but it needs the vision of several years

backing, with obvious checks and balances in place to monitor its fruitfulness.

There is then also the potential that when project funding is achieved that a percentage of those funds go towards employing someone away from the CORE to manage and have responsibility for short term projects. It would be an opportunity to utilise and pay for immense skills which already exist and often don't find work [especially in the rural sector] or it's a chance to give someone a go. It could also free up time for a Co-ordinator to sell what works to other communities, to make links out to a much larger sphere of influence so that social change can happen on a broader front instead of remaining as significant but sometimes unrelated or isolated examples of social progress.

As Ben Bodna, President, Australian Association of Philanthropy, so eloquently put it recently in a radio interview, he does not want to live in a business, he wants to live in a community. So do we.



A question for Victorian Trustees

Does conservatism = prudence?

David Doolan

Tradition

The traditional approach of many trustees has been to hold the majority of trust property in capital secure fixed interest investments at prevailing market interest rates. This 'low risk' approach fitted snugly within provisions for Authorised Trustee Investments prescribed by the Trustee Act 1958. Recent amendments to the Act have significantly expanded the range of investments available to the trustees of organisations governed by it, which includes many private trusts and foundations.

Change

The amendments set out in the Trustee and Trustee Companies (Amendment) Act came into force on 1 January 1996, effectively replacing the former prescriptive requirements for Authorised Trustee Investments with a broader 'prudent person test', which effectively removes the degree of comfort trustees had by investing in classes of securities which were specifically sanctioned.

Section 5 of the Amendment Act states:

'A trustee may, unless expressly prohibited by the instrument creating the trust –

- (a) invest trust funds in any form of investment; and
- (b) at any time vary an investment.'

Section 6 (1) of the Act provides that 'subject to the instrument creating the trust, a trustee must in exercising a power of investment –

- (a) if the trustees profession, business or employment is or includes acting as a trustee or investing money on behalf of other persons, exercise the care, diligence and skill that a prudent person engaged in that profession, business or employment would exercise in

government & philanthropy

managing the affairs of other persons; or

- (b) if the trustee is not engaged in such a profession, business or employment, exercise the care, diligence and skill that a prudent person would exercise in managing the affairs of other persons.'
- (c) In addition Section 6 (3) requires that 'a trustee must, at least once in each year, review the performance (individually and as a whole) of trust investments.'

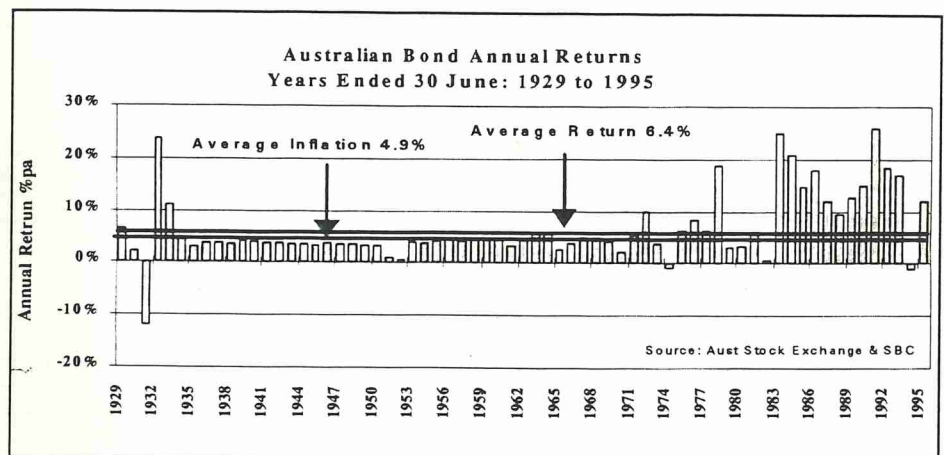
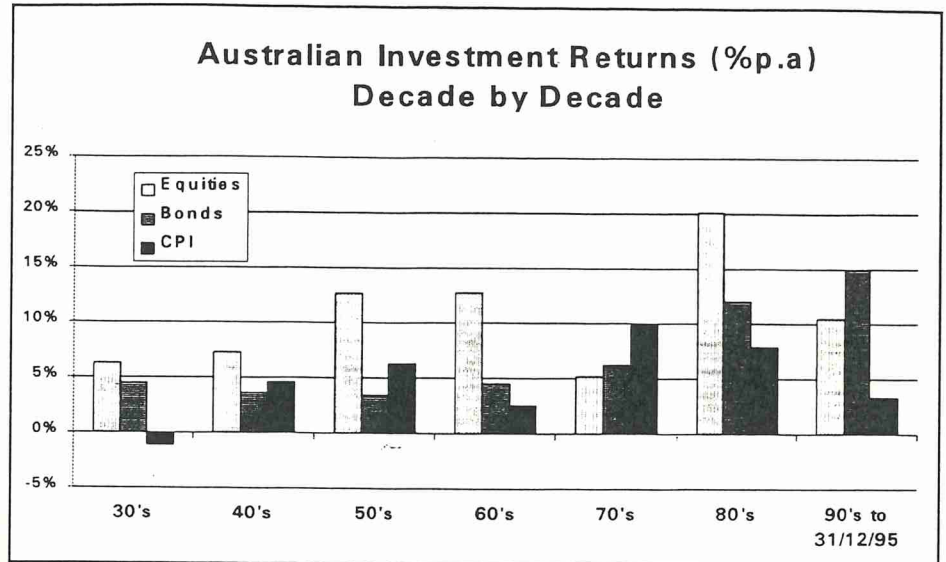
Section 7 of the Act addresses duties imposed by any rules and principles of Law, and in Section 7 (2) specifically deems these to include:

- (a) a duty to exercise the powers of a trustee in the best interests of all present and future beneficiaries, of the trust;
- (b) a duty to invest trust funds in investments that are not speculative;
- (c) a duty to act impartially towards beneficiaries and between different classes of beneficiaries;
- (d) a duty to take advice.

Section 7 (4) provides that reasonable costs of advice are payable from trust funds.

Section 8 (1) sets out general matters to be considered when exercising a power of investment and provides that the following items must be considered:

- (a) the purpose of the trust, and the needs and circumstances of the beneficiaries.
- (b) the desirability of diversifying trust investments.
- (c) the nature and risks of existing trust investments and other trust property.
- (d) the need to maintain real levels of capital and income.

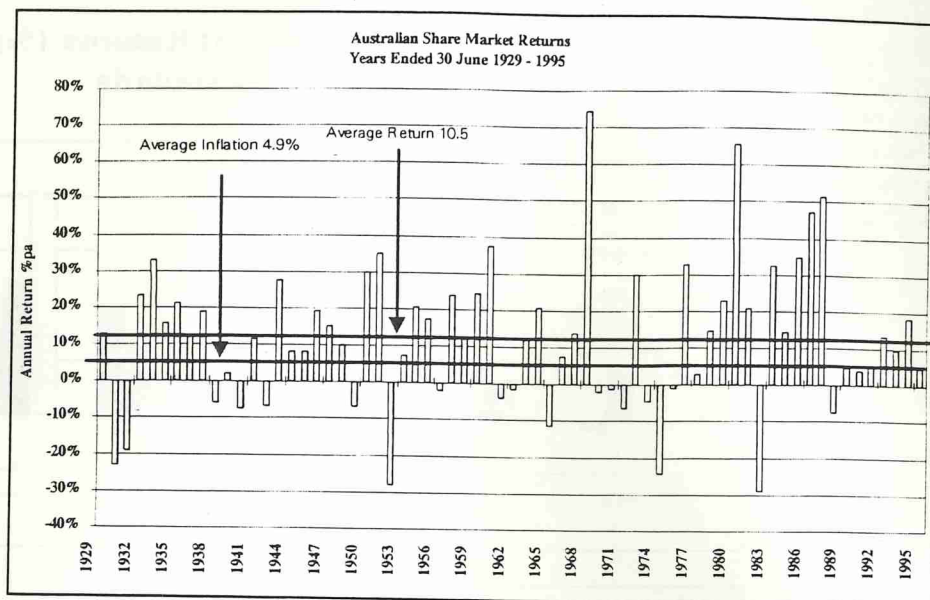


It can be seen that whilst fixed interest securities have provided consistent returns, the real return provides little margin to fund recurrent expenditure if maintenance of capital is an objective.

- (e) the risk of loss or depreciation of income or capital.
- (f) the potential for capital appreciation.
- (g) the likely income return and timing of that return.
- (h) the length of the proposed investment term.
- (i) the probable duration of the trust.
- (j) the liquidity and marketability of an investment.
- (k) the aggregate value of the trust estate.
- (l) the effect of an investment on tax liability of the trust.
- (m) the likelihood of inflation affecting values.
- (n) fees and other transaction and holding costs.
- (o) the results of a review of existing investments.

The above provisions could be adapted to form part of a compliance check list for trustee investment strategies.

A question for Victorian Trustees (con't)



The real returns from the Australian share market, whilst being far superior to fixed interest have been subject to much more pronounced short term fluctuations.

Seeking Advice

In the interests of present and future beneficiaries, trustees will be required to consider not only the protection of capital, but also the maintenance of its purchasing power. Thankfully the amendments provide that trustees are authorised to seek advice on such matters, the reasonable cost of which may be met from the trust fund.

Prudent investment management theory has long adhered to the benefits of diversification of investments by way of asset classes and management styles within those classes. This may contrast starkly against the formerly sanctioned Authorised Trustee Investments, which by necessity must comprise a majority of trust investment assets.

The following charts illustrate the performance of Australian fixed interest securities and equities since 1929, and highlight the paradox which trustees face in balancing the diverse and often conflicting objectives of protecting the real value of capital, avoiding capital loss and providing for the needs of today's beneficiaries whilst also leaving sufficient to cater for as yet unidentified needs and beneficiaries.

Share Investment

These charts reveal that since 1929, the respective long term real performance of shares and bonds has been 5.6%pa and 1.5%pa. If trustees of trusts with relatively long vesting periods wish to maintain the real value of trust assets, and make meaningful grants in their ongoing programmes, they clearly

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Contact

Wara
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Ph: 9
Fax:

should consider investing part of trust assets in shares, notwithstanding that annual returns from shares have fluctuated from year to year. History shows that the effects of these fluctuations can be tempered substantially by investing for the medium to long term.

Prudence cannot be determined in isolation and it is quite possible, and indeed likely, that after considering all the factors prescribed by the new provisions of the Trustee Act, four trustees could answer the opening question differently and all be correct. The question is of course which is the most appropriate answer to the circumstances of a particular trust.

Effect of inflation on the purchasing power of \$100 from 1 July over successive Australian Financial Years.								
Depreciation in Value								
Year	1960	1965	1970	1975	1980	1985	1990	1995
1960	100							
1965	91	100						
1970	78	86	100					
1975	48	53	61	100				
1980	29	32	37	60	100			
1985	19	21	24	40	66	100		
1990	13	14	17	27	45	68	100	
1995	11	13	15	24	39	60	88	100

CPI Source: Australian Stock Exchange

Even in the last five years when Australia has experienced relatively low levels of inflation, it has still had a significant impact on the purchasing power of monetary assets.

Contact:

Warakirri Asset Management
6/53 Queen Street
Ph: 9614 7177
Fax: 9614 2185

Home & Abroad ...

HOME

Conferences ...

28th Annual International Community Development Society Conference 'Windows on the World'

When: 22-24 June, 1996
Where: World Congress Centre, Melbourne, Australia
Enquiries: Bruce du Vergier (055) 630 630
Mobile 018 329 435

Biannual Association of Children's Welfare Agencies (ACWA) Conference 'Choosing Better Practice'

When: 4-7 August, 1996
Where: Novotel, Brighton Beach, Sydney, Australia
Enquiries: Sharyn Low (045) 723 079
Fax: (045) 723 972
E-mail: Sharyn.Low@CARELINK.ACWA.ASN.AU

Moves ...

The Stegley Foundation have moved.

Their new address is: 44 Garden Street
South Yarra, Victoria 3141
Phone: (03) 9826 2777
Fax: (03) 9826 2183

ANZ Executor & Trustee Co. Ltd

New Grantseeker Enquiry Line.

Information, guidelines, application forms.

Free Call: 1800 808 910

Fax: (03) 9273 2779

SUBMISSIONS

The Victorian Consumer Credit Education Trust gives grants to community organisations for public education about credit and other areas of financial management. It is currently calling for submissions. Closing date: 31 May 1996.

Information & Guidelines: The Secretariat, 5th Floor
165 Flinders Lane
Melbourne 3000
Tel: (03) 9650 8384, Fax: (03) 9650 7501

ABROAD

Conferences ...

4th National Conference, Community Foundations of Canada 'Celebrating the Common Wealth of our Communities'

When: 23-25 May, 1996
Where: London, Ontario, Canada
Enquiries: Community Foundations of Canada
320-150 Laurier Avenue West, Ottawa,
Ontario, Canada K1P5J4
Tel: + 613 236 1616
Fax: + 613 236 1621
E-mail: cfcmp@ibm.net

Social Cohesion, Justice & Citizenship 'The Role of the Voluntary Sector'

When: 3-5 July, 1996
Where: Victoria University
Wellington, New Zealand
Enquiries: Sue Macfarlane (Australia)
Tel: (02) 330 5104 or
Maryanne Haggie (New Zealand)
+ 64 383 5033

2nd International Conference, International Society for Third Sector Research

When: 18-21 July, 1996
Where: Mexico City, Mexico
Enquiries: ISTR Secretariat,
The Johns Hopkins University
Wyman Park Building, Baltimore,
MD 21218 USA
Tel: +1 410 516 4678
Fax: +1 410 516 4870

14th IAVE Biennial International Conference 'Volunteer Action for Building Civil Society'

When: 4-8 September, 1996
Where: Cape Town, South Africa
Enquiries: The 14th IAVE Conference Secretariat,
Global Conferences,
PO Box 44503, Claremont,
Cape Town, 7735 South Africa
Tel: +27 (21) 762 8600
Fax: +27 (21) 762 8606

Report ...

Asia-Pacific Philanthropy Information Centre

In Seoul recently, agreement was reached on the format for the Asia-Pacific Philanthropy Consortium Information Centre. Those represented at the meeting came from Korea, Japan, Thailand, the Philippines, Hong Kong and Australia. Carrillo Gantner (Vice-President, Myer Foundation) and Mark Lyons (Director, Centre for Australian Community Organisations and Management) represented Australia at the meeting.

The aim of the Centre is to strengthen grant making in the Asia-Pacific region. It will be based at the Institute for East and West Studies, Yonsei University, Seoul.

The Centre will consist of a data base of private grant making bodies prepared to support projects in the region. The data base will be accessible via the Internet by centres in each of the participating countries. A bibliography on the third sector in the region will also be available. It is anticipated that the Centre will be operating during 1997.

For Information about the Centre:

Professor Ku-Hyun Jung
Director,
Centre for East & West Studies
Yonsei University

Tel: + 82 2 361.3509
Fax: + 82 2 312.4337

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Australian Association of Philanthropy
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Corporate Philanthropy in Australia

Summer:

Philanthropists – Old & New

Grantseeker Workshops – 1996

The Australian Association of Philanthropy

The Australian Association of Philanthropy is pleased to invite registrations for the 1996 Grantseeker Workshop Program.

The purpose of the program is to give you specific assistance with the development of funding proposals, to increase your familiarity with the world of philanthropy and to sharpen your effectiveness as a grantseeker. The day will include a mixture of formal presentation of material, an interactive session, use of practical materials and sessions for the development of funding proposals.

The content of the workshops has proven to be comprehensive, lively and offering immediate results for grantseekers Australia wide.

The Program Covers:

- mapping the territory
- grantseekers pathway
- researching your funding source
- preparing and presenting your request
- reporting and follow through on your grant
- promoting your reputation
- troubleshooting
- questions and answers

Dates and Venues

New South Wales	Date: Wednesday 4 September Time: 9.30am - 4.30pm Venue: To be advised Cost: \$250 per person - includes lunch & materials
South Australia	Date: Wednesday 29 May Time: 9.30am - 4.30pm Venue: Law Society of S.A., Magarey & Presidents Room 124 Waymouth St, Adelaide. Cost: \$250 per person - includes lunch & materials
Queensland	Date: Monday 2 September Time: 9.30am - 4.30pm Venue: Leukemia ESA Village Auditorium 64 Raymond Terrace, South Brisbane Cost: \$250 per person - includes lunch & materials
Victoria	Date: Thursday 29 August Thursday 28 November Time: 9.30am - 4.30pm Venue: Arthur Andersen, [Daimaru Building] 18/360 Elizabeth Street, Melbourne. Cost: \$250 per person - includes lunch & materials
Western Australia	Date: Monday 27 May Time: 9.30 - 4.30pm Venue: Lotteries House, Meeting Room 79 Stirling St., Perth. Cost: \$250 per person - includes lunch & materials

WORKSHOP REGISTRATION FORM

To reserve a place at a Grantseeker Workshop please fill in the details below and return with payment to the Australian Association of Philanthropy.

I would like to register for:

☐ A place at a Grantseeker Workshop – \$250 per person in:

- ☐ Melbourne Vic – August 29th
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- ☐ Perth W.A. – May 27th
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- ☐ Adelaide SA – May 29th
- ☐ Brisbane Qld – September 2nd

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