

# Australian Philanthropy

Summer 2003/04 – Issue 53

Effective Evaluation



*National Association for Grantmaking Family, Private,  
Corporate and Community Trusts and Foundations*



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# From the President and the National Director

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As 2003 draws to a close, I would like to thank our members and supporters for the energy, intelligence and enthusiasm they have brought to our shared work throughout the year.

Whatever the occasion which draws us together – the Philanthropy Australia conference, one of the many affinity groups now operating, a workshop, seminar or special event – the Council and staff of Philanthropy Australia are buoyed by the commitment and acumen which staff and trustees of philanthropic trusts and foundations bring to their work. We have been particularly delighted by the level of activity in Sydney.

Shortly before going to press there came the sad news of Brian Stegley's death. When the history of Australian philanthropy is written, the Stegley Foundation will be acknowledged for its thoughtful, innovative and courageous grantmaking. We are deeply saddened by Brian's passing.

May I wish you and your families happy and peaceful holidays. We look forward to working with you in 2004.

A handwritten signature in black ink, appearing to read "Margot Southey".

Lady Southey  
President



In this edition we look briefly at the issue of evaluation. As foundations try to make their grantmaking more effective, they are engaged in a constant process of working out how best to evaluate what they and their grants have achieved, and how this might inform future practice. Evaluation methods vary from trust to trust, and often depend on available personnel and resources. The importance of evaluation in grantmaking is being increasingly recognised in Australian philanthropy, but it is still very much an evolving process. We welcome contributions and examples from our readers of effective evaluation methods, and perhaps some that have not worked so well.

We also take stock of the legislative debate on charities in Australia, enjoy a tongue-in-cheek tour through some rules for discouraging creativity and innovation in philanthropy (which hopefully will stimulate some moves in the opposite direction!), and present another extract from Anthony Hooper's research conducted through Deakin University's Centre for Citizenship and Human Rights.

In addition, we include news and profiles of a range of interesting developments in the wide and varied world of philanthropy, including community foundations, corporate foundations, private trusts, not-for-profit organisations and partnerships between government, business and communities.

It is with great sadness that we farewell two inspiring and committed members of our organisation – David Danks and Brian Stegley. Both will be sorely missed by the very many people whose lives they touched and enriched.

We hope you enjoy Issue 53 of Australian Philanthropy, and also wish our readers a peaceful, joyful and regenerative festive season.

A handwritten signature in black ink, appearing to read "Elizabeth Cham".

Elizabeth Cham  
National Director

# Professor David M Danks AO, 4/6/1931 – 8/7/2003

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*Professor David M Danks AO.*

## **Professor David M Danks AO. Paediatrician and Genetic Researcher, Trustee of the Danks Trust**

*By Alister and Philip Danks*

Many have been captured by David Danks' intellect, his passion for genetic research and the way that he aspired to excellence. Others have been touched by his warmth, his generosity in sharing his knowledge, his quiet authority and his desire to help people. He was a generous philanthropist, but perhaps more importantly he helped directly impact the lives of others through his work in the medical field.

David founded the world renowned Murdoch Children's Research Institute (MCRI), which continues as the legacy of a life dedicated to genetic research and clinical care.

Inspired to know 'why a disease had occurred' and 'how it could be anticipated and prevented', David trained with UK and US pioneers of human genetics in 1959-1962. At that time, human genetics was scarcely known in Australia.

Today human genetics and its clinical application are at the forefront of modern medicine. As the pioneer, David is often referred to as the father of clinical genetics in Australia. A colleague said recently, "Blessed with many gifts – he used them all to the betterment of others, quietly and so generously".

An apparent mis-diagnosis of rheumatic fever at age two (a hole in the heart was discovered at age 69) meant that David spent several years in bed. Puzzles became his entertainment and sharpened his mind. He used to assemble jigsaws wrong side up, using his ability to recognise patterns.

Meanwhile his father's success at breeding new generations of delphiniums, polyanthus and irises in the back yard introduced him to genetics – the elegance of which captured his interest.

David's motto was to "do in life what you want to do and enjoy it. That way, you will be able to put energy into it, and doing it well will be easy." For David,

learning how things work in disease and in normal biological processes, making diagnoses and devising elegant treatments, was 'fun'.

David's passion for genetic research was noticed at an early stage by Dame Elisabeth Murdoch who, as president of the Royal Children's Hospital, shared his drive to 'find out the cause of these awful illnesses.'

His research interests focused on Menkes and copper metabolism, metabolic disease, PKU and gene mutation detection.

In 1972, he discovered that copper deficiency was the basis of Menkes' kinky-hair disease, an inherited defect in copper absorption from an infant's intestine that can lead to brain damage, retarded growth and death. In 1993 his team succeeded in cloning the Menkes gene.

From an early stage his vision was to encourage collaboration and to harness the power of bringing together scientific research, clinical research and the application of these to treat patients.

He enlisted and inspired the support of leading scientists such as Professor Dick Cotton who worked with David from 1967.

David also recruited a team of clinicians to provide genetic services, at first via a single clinic at the hospital and later through a network of clinics (now called Genetic Health Services Victoria). This provided all Victorians with access to world leading knowledge, tests and treatments whilst providing material for clinical research.

He developed models for community screening of genetic conditions. One early example is the heel prick to test newborns for PKU, a congenital metabolic disease affecting mental development, which was introduced in 1966. Not a single case of PKU has been missed since.

David had compassion for the plight of his patients, as expressed by one young couple. "We were devastated when we learnt that our son had a rare disorder and only a few years to live." They were comforted by David's "personal warmth and great empathy, and by the way that he explained the science in a very simple and understandable way."

Dame Elisabeth and her family, together with the Brockhoff Foundation and other generous donors, allowed David to achieve his dream – an independently funded institute where good scientists could do leading genetic research and apply this to the care of patients.

The MCRI was launched in 1986 and has grown rapidly since. It now employs more than 600 staff, including leading scientists, clinicians and counsellors. David made the most of his diagnostic and clinical skills by

# Professor David M Danks AO, 4/6/1931 – 8/7/2003 (continued)

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training teams of clinical geneticists, from across Australia and overseas, and by packaging the knowledge so that it could be used by others.

"David was a towering intellect", according to current MCRI Director, Professor Bob Williamson. His intellect and his mentoring encouraged others to follow his passion.

David's efforts in medical research have been honoured by many awards including the Gold Medal of the Royal Children's Hospital and the Order of Australia in 1990.

David, like many in the Danks family, has also had a long association with philanthropy in Melbourne.

David's grandfather, Sir Aaron T Danks, was granted a Knighthood in 1925 for his philanthropic community work. Aaron was President of the Royal Melbourne Hospital and the Children's Welfare Committee and a generous contributor.

David, and his late brother John, carried on that tradition by managing the trusts established by the generosity of Sir Aaron T Danks in 1928 (the Danks Trust), and his aunt, Annie Danks in 1968 (Annie Danks Trust). As trustee for over 40 years, David oversaw contributions made to numerous charities across Victoria, assisting them in their worthy plights in the areas of education, religion or the relief of poverty.

David was also actively involved in the publicly listed Danks Holdings (trading as John Danks & Son), from which the Danks Trusts has derived its income since 1928. He served as a Director for 38 years and as Chairman for five years, helping guide the company through a rapid growth phase and the transition to a fifth generation of family leadership.

John Danks & Son was established by David's great grandfather in 1859 when he and his brothers emigrated from England. Initially established to trade as plumbers, gas-fitters, brass founders and coppersmiths, the company has evolved significantly over the years. Today John Danks & Son operates as Australia's leading independent hardware wholesaler, employing over 500 staff and servicing over 1,700 independent retailers across Australia. Many will recognise them as Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres, brands which are marketed by the Danks group.

David also joined the board of Philanthropy Australia in 1997. However his involvement in the board was curtailed prematurely due to the progression of Parkinson's disease.

David, who grew up in Canterbury, was also generous with the time he dedicated to the Camberwell Grammar School Council over 21 years, the last five as chairman. In fact, as an old boy, he lived by the school motto 'Spectemur Agendo – By our actions we shall be known'.

David sought and achieved a balance between his work, his friends, his wife June and his five children. His family's academic, sporting and social activities were always high on the agenda.

His early years of retirement provided all that he had yearned for; time with his 12 grandchildren, travel overseas and to the Kimberley, and time to pursue his interests in walking, golf and music.

His latter years were severely curtailed by the effects of Parkinson's disease. His struggle concluded on 8 July 2003. He died content that he had lived a productive and satisfying life. He was, and will remain, an inspiration to us all.

Alister and Philip Danks are two of David's five children.

# Vale Brian Thomas Stegley 17/1/53 – 16/11/03

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*Brian Thomas Stegley.*

It is with great sadness that Philanthropy Australia notes the passing of Life Member Brian Stegley.

Mr Stegley was a trustee of the Stegley Foundation for 28 years. The Foundation was established by his parents, the late Brian and Shelagh Stegley, and wound up in 2001 in accordance with the sunset clause of its trust deed.

Brian Stegley was an active trustee, undertaking responsibility for the foundation's investments, as well as involving himself in a range of projects that sought the foundation's support. He maintained a deep concern in particular for the rights of people with disabilities, and indigenous people.

Brian Stegley was passionate about social justice, and devoted much time and energy to learning about the causes and consequences of injustice. He read widely, enjoyed meeting people from different walks of life, and pursued opportunities to keep abreast of new ideas about philanthropy and social change. He regularly attended Philanthropy Australia functions and meetings.

After the Stegley Foundation closed, Brian chose to retain his membership of Philanthropy Australia as an individual. In 2002, the Stegley Foundation was made an honorary Life Member.

Brian Stegley is survived by his wife Ann and daughter Lucy, his sisters Sarah, Kristin (both of whom were fellow trustees of the Stegley Foundation) and Elizabeth, and his brothers Stephen and Simon.

# Community Foundation News



*Queensland Community Foundation Board of Governors*  
Left to right – back row: Dr Myles McGregor-Lowndes OAM, Tim Feely, David Mills, Hon Mike Ahern, David Groves and George Higgs. Front row: Anne McInally, Prof Margaret Steinberg AM, Linsey Plante, Dr Betty Byrne Henderson AM, and Dr John de Groot.

## Queensland Community Foundation: 'What you give today... will last forever'

By Garry Fabian

The Queensland Community Foundation was set up in 1997 under the leadership of chairman, the Hon. Mike Ahern, former Queensland Premier and widely known advocate of the important role of community foundations.

The Queensland Community Foundation operates on the basis that charities and other non-profit organisations need the long-term security of perpetual funding. According to Mike Ahern, at the outset the Foundation goal was to establish "a large capital fund that would generate income for charities and other non-profits". At the time he predicted the Foundation could attract \$100 million in pledged bequests within five years.

His dream came to fruition well ahead of schedule and midway through 2003, the Foundation had attracted more than \$150 million in pledged bequests. Further pledges are being made at the rate of between \$2 million and \$3 million a month.

QCF Manager Anne McInally said that, "while we have passed \$150 million in pledged bequests made to QCF Named Funds through the Public Trustee Office, there is a further, undetermined amount being bequeathed through privately made wills throughout the State.

"For example, only a few months ago, one of these privately made wills made out to a Foundation Named Fund fell in and realised \$2.7 million in perpetual funds for medical research at Brisbane's Prince Charles Hospital," Ms McInally explained.

Since 1997, almost a hundred charities have been able to establish tax deductible, perpetual Named Funds under the banner of the Queensland Community Foundation. All funds which 'fall in' from bequests are immediately lodged with The Public Trustee of Queensland and invested with the Queensland Investment Corporation (QIC), a Queensland Government-owned corporation.

Another unique aspect of the Queensland Community Foundation is that all of its administrative and staffing

costs are equally covered by three sponsors, The Public Trustee, QIC and Anglo Coal Australia.

Mike Ahern believes the Foundation could "possibly generate a total of half a billion dollars or more in bequests by the end of the decade". His forecasts have been spot on so far, so there appears no reason why this cannot be achieved!

## Steering the Melbourne Community Foundation

By Garry Fabian

A relatively new face at the Melbourne Community Foundation (MCF) is CEO Dr Susan Campbell, who joined the Foundation in early 2003.

Born in the US, she originally came from the world of academia, and has extensive experience in community development in the developing world. Settling here over a decade ago with her Australian husband, she has worked extensively with World Vision in an educational role, as well as in community development with the International Women's Development Agency.

Dr Campbell has also previously worked in the field of housing and the homeless in Melbourne. She was CEO at St. Vincent de Paul, and worked with Hanover Welfare Services and Ecumenical Housing.

She was attracted to the MCF through a vision of opportunity to be a change maker, to bring people and finances together and to help fill the gaps in areas that government finances do not reach.

Dr Campbell said she believed community foundations, which attracted support from a broad community spectrum, also had the capacity to address a broad range of community needs in the fields of medical research, education, the arts, environment, disability services and other areas.

"While our focus at the MCF is the greater Melbourne area, we also support other projects when we see that we can make a difference", Campbell says.

Established in 1997, the Foundation currently has funds of \$12.5 million. Since its inception it has distributed over \$2 million, including \$478,000 in 2002 alone. Its trust deed stipulates that 80 per cent of the fund income must be spent annually. Its fund management is based on an ethical investment policy, and areas such as tobacco, and gambling are 'no go areas'.

MCF also offers research facilities to other services, which do not have 'in house' expertise in this area.

"My vision for the Foundation is to work with, and keep our donors informed about how the Foundation works, how it is constantly looking for opportunities, and how it aims to cater for the changing needs of the community," said Dr Campbell.

"Keeping in touch with our donors is a very important aspect. Being a community foundation, it is important to involve the community as far as practical in all aspects of our operation". Campbell concluded.

# News and Views

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## **The Australian Sports Foundation – Improving Outcomes for Communities Through Sport**

*By Jane Kenny*

In August this year, Rod Philpot, the Director of the Australian Sports Foundation (ASF), addressed members in Sydney about the work of the Foundation.

The ASF is a company, limited by guarantee, which was established by the Australian Government in 1986 to support the development of sport in Australia. It does this by forming alliances with incorporated not-for-profit sporting, community, local government and educational organisations and assisting them to raise funds for their sport projects.

The ASF is the only mechanism through which individuals and businesses can make tax deductible donations to projects that support and encourage sport for the Australian community. Opportunities to access sport, combined with good sporting facilities, encourages more participants, and of course, participation in sport can lead to better health, crime prevention and educational outcomes. The grantmaking done by the ASF is an important contribution to the community.

The ASF currently works with around 320 organisations who do their own fundraising, with advice and support from the Foundation. They also support around 40 organisations that don't have the capacity to do so themselves, and the ASF has the capability to make discretionary allocation of funds to these projects.

Organisations that register with the ASF advise their target donors that a project has been registered. The donations that are given must be unconditional, but a donor can nominate a preferred beneficiary. Of course, usually that will be the project that has advised them of this arrangement with the ASF. There is no levy taken out of donations to the ASF, so all money that is donated flows back to registered projects. The ASF issues its discretionary grants every two months including consideration to those projects that do not have the capacity to fundraise.

Since 1986, \$80 million has been given to community sport through the ASF. Following are some examples of the how community partnerships with the ASF can greatly improve outcomes for groups within communities. The ASF is keen to attract the attention of philanthropists who may be interested in supporting these, and other projects registered with the ASF.

### **Twilight/midnight soccer**

The Victorian Association of Youth in Communities (VAYC) is a non profit community organisation whose objectives are to initiate, develop and promote programs to meet the needs of young people in the community. They have proposed a twilight/midnight soccer project as part of a larger integrated community support program run by VAYC in conjunction with other community agencies, including the Victorian Police, YMCA and the Victorian Soccer Federation.

The primary objective of the twilight/midnight soccer project is to provide young men (aged between 13-20) of minority backgrounds from local housing commission estates an opportunity to participate in a regular and competitive sport on their own territory at the times (e.g. late evenings) in which they are (seen to be) habitually on the streets with nothing to do. These youths are identified as in danger and at risk of crime, drug misuse and long-term unemployment as well as being socially and economically isolated.

The project will involve soccer coaching, skills and inter-regional competition between Commission estates. Qualified coaches, who will design a program aimed at encouraging full participation by isolated identified minority youths, will facilitate the project.

### **On the move**

The Cootharinga Society of North Queensland provides support services to young adults with disabilities. As part of their program, the Society is endeavouring to encourage their clients to actively participate in sporting activities including boccia, bat and ball sports and ten pin bowling. They are working with the ASF to raise funds to purchase sporting equipment to use in this program to encourage youth with disabilities to participate in sport.

### **Koori Works Inc**

Koori Works Inc supports the indigenous communities of Goonellabah and Lismore and is endeavouring to encourage local youths to participate in sport. Their partnership with the ASF will enable Koori Works to purchase adequate softball sporting equipment so it can enter teams to compete in the local organised softball competition.

For further information about working with the Australian Sports Foundation, go to their website at [www.asf.org.au](http://www.asf.org.au) or contact Rod Philpot on (02) 6214 1832.

### Sydney Report: Young people in Philanthropy

By Jane Kenny

Involving young people was the topic of a Philanthropy Australia gathering in Sydney earlier this year.

Rebecca Gardner outlined her work with the Youth Philanthropy project. The 12-month project is funded by a consortium of six organisations; The Foundation For Young Australians, The Myer Foundation, The R E Ross Trust, The Telstra Foundation, The Foundation For Rural And Regional Renewal and Philanthropy Australia. It aims to provide information on best practice for engaging young people in grantmaking and to encourage foundations to examine their structures and processes for including young people.

Rebecca discussed a continuum of ways for foundations to involve young people. 'Structured consultation' may be used to seek young people's opinions about what they need, what problems they face and appropriate strategies for response. Examples include forums, workshops and reference groups. A higher level might be 'negotiation' in which young people share power with adults. This includes the integration of young people into existing decision making structures.

Rebecca referred to an American study entitled 'Changing the Face of Giving', by the Youth Leadership Institute, which can be found at [www.irvine.org](http://www.irvine.org). This report made some important recommendations for foundations commencing a youth philanthropy initiative, including:

- Use philanthropy as a tool for community youth development
- Increase the diversity in youth grantmakers
- Encourage youth to plan for and to fund projects that move beyond service
- Increase the size of grants and
- Create youth/adult partnerships.

Mary Wooldridge, the Chief Executive of The Foundation For Young Australians spoke about the FYA's comprehensive review of its youth participation processes. The review resulted in action to recruit 56 young people around the country to participate in its state committees. The Foundation called for applications through a huge network of youth agencies and local media outlets, and received many outstanding applications. This process has allowed FYA to broaden its committees and become more representative of grant applicants, and young people generally. It has also provided a great vehicle for young people to gain experience as grantmakers.

Dashiell Gantner, a member of The Myer Foundation's G4 Fund, gave an interesting perspective on being a young grantmaker. One of the more practical aspects of implementing a youth grantmaking program is holding evening meetings to accommodate young people's school/university/casual work commitments. Dashiell

also remarked on the fact that sometimes young grantmakers have experience as grantseekers, which brings a very unique perspective to the process!

The Youth Philanthropy project officially runs until February 2004.

### BHP Billiton's Innovative Matched Giving Program

By Alice Cahill of Positive Outcomes

BHP Billiton has recently completed a 12-month pilot of an innovative Matched Giving Program at selected sites in Australia (the Bowen Basin and Townsville in Queensland), the United Kingdom and South Africa.

The Matched Giving Program was developed after extensive international research by corporate social responsibility specialist, Positive Outcomes, who looked at the experience of matched giving programs run by corporations in the United States, United Kingdom and Europe.

The Program developed for BHP Billiton matches volunteering time, fundraising efforts and personal donations. However, there is a higher level of matching for volunteering time and fund-raising efforts than there is for personal donations of money. This is based on the recognition that time is a great asset for community organisations and one that most employees can give regardless of their income level.

The Program is not restricted to community organisations that have tax-deductibility status. This provides more scope for small, local community organisations.

The review of the pilot highlighted that employees particularly appreciated the matching of their volunteer time. For example 100 hours of volunteering at a local community organisation by an employee results in a payment to the community organisation of \$1,000. As one employee surveyed said, 'The fact that the program matched the time I volunteered in the community increased my awareness of the contribution I was actually making. By BHP Billiton putting a dollar value on it – it made me value it more.'

The impact on the communities where the pilot was run included over 36,000 hours of employee volunteer effort over 12 months. This resulted in A\$361,008 being paid to over 200 community organisations from the volunteering efforts of BHP Billiton's employees alone.

The Matched Giving Program is only one of the programs BHP Billiton operates as part of its commitment to sustainable development. However, this program is different from others as it allows the company to direct its giving to those organisations the employees choose to support either through their volunteering efforts, fundraising or personal cash donations.

The BHP Billiton Matched Giving Program is currently in its second pilot phase, being extended to some further sites in North America over the next 12 months.

## Young People in Brazil, Growing Through Sport, Computers and The Samba!

By Genevieve Timmons, Australian John Hopkins Fellow

Mrs Neilma Gantner of The Myer Foundation has been a long time participant at the Johns Hopkins Annual Conference. While she was unable to attend in 2003, she was represented by Genevieve Timmons, who files this report.

The 15th Annual Conference for the Johns Hopkins International Fellows in Philanthropy was held in Brazil in July this year, focussing on the role and the necessary conditions for organised civil society, the 'third sector', to promote social and economic inclusion in Brazil. The theme was 'Bridging the Economic and Social Divides in Brazil: The Role of the Third Sector'. Host for this five day event was SENAC, II Seminario Internacional do Terceiro Setor, and delegates were engaged in activities two cities, Sao Paulo and Rio De Janeiro.

The conference delegation was told that Brazil currently enjoys an unprecedented flourishing third sector, following application of the international recommendations and 'good practices' aimed at strengthening civil society from institutions such as the World Bank and UN agencies in the 1990s. However, while the country stands among the top ten economies in the world according to GDP, one third of the population lives below the poverty line, and is hungry. Of the 170 million people (fifth largest population in the world today), 10 per cent pay tax.

The need for an organised civil society is no longer questioned in Brazil. The MST (Landless People's Movement) best symbolised the rise of popular movements in Brazil, where the global force of non-government organisations first showed its face to the world in Rio de Janeiro, during the 1992 'Earth Summit'. The 'Hunger Campaign' started in 1993 mobilised the entire nation, and put in place a new, inclusive movement of civic participation, bearing fruit in the decade following.

The amount of private giving and philanthropy in Brazil is small compared with many wealthier countries, with the bulk of support for social development projects coming from corporate interests. The private sector in Brazil, made up of many international companies, has responded by establishing social investment arms, building a movement for corporate social responsibility that brought support and partnership in numerous social projects and campaigns.

IDIS, Institute for the Development of Social Investment, is the national body for promotion of philanthropy in Sao Paulo, and is building a social investment program to strengthen the support from corporations for the numerous third sector bodies seeking their funds and partnership. During the Johns Hopkins Conference, site visits were made by the delegation to two outstanding examples of the work being done to strengthen communities and build social and economic vitality.

For conference delegates, the first visit was to a new complex for the 'scavengers', or street people who make their living from recycling waste. Many of them

risk imprisonment and experience high levels of violence and poverty. They often work alone, with a small cart and a dog as a companion and security guard. The new complex, Projeto Oficina Boraceia, is a partnership initiative of the Sao Paulo city council with a number of corporate sponsors. The complex provides short term hostel accommodation, laundry facilities, food, kennels and cart parking, chapel and retail outlets for goods produced with recycled materials.

The second visit was to a social project in the hillside community of Mangueira in Rio De Janeiro. The complex provides for 10,000 young people living in the local favelas or slums, who come to learn and practice sports, use computer technology and dance the Samba. Eighty per cent of the annual budget for the complex is provided by corporate sponsorship, principally Xerox.

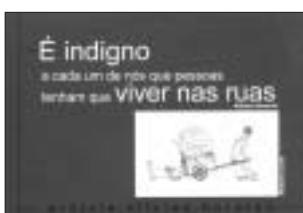
In the last decade, Australia has maintained a strong participation in the annual conferences of the Johns Hopkins International Fellows in Philanthropy, through attendance by Ms Neilma Gantner, Director of The Myer Foundation, Ms Helen Morris, Ms Heather O'Connor and Ms Genevieve Timmons (Fellows of the program). Melbourne hosted the international conference in the year 2000, 'Communities, Capital and Collaboration: Third Sector Partnerships to Build Communities'.



*The samba dancers are called 'Passistas', and are part of the Mangueira Nation Samba School. Mangueira is a glorious samba school internationally known for the beauty and grandiosity of its pageants, and a proud demonstration of the Brazilian people's creativity and entrepreneurial spirit.*

*Genevieve Timmons, Australian Johns Hopkins Fellow, talking with three passistas after their performance for a conference site visit in Rio De Janeiro, Brazil.*

*From left: Carrisso la Silva Ribeiro, Deisi dos Santis de Almeida Elayene Moreira Bides.*



*Postcards from the complex for scavengers street people in Sao Paulo.*

## Not-For-Profits – Getting the Regulatory Framework Right

By Susan Woodward, Melbourne Law School, The University of Melbourne

With in-kind support from Philanthropy Australia, researchers from Melbourne University's Centre for Corporate Law and Securities Regulation have conducted a three year research project titled 'Accountability and Corporate Governance in Not-for-Profit Companies'. A major national survey has been undertaken and preliminary findings released. The final report is due in mid February and several reforms will be recommended.

Over 10,000 Australian companies are not-for-profit (NFP) organisations. Although NFP companies represent a small percentage of total company registrations, they make a significant but often unacknowledged contribution to Australian society. NFP organisations contribute 4.7 per cent of GDP and account for 6.8 per cent of total employment, according to ABS figures.

Currently, there is a myriad of possible legal structures for NFP organisations, a confusing mix of State and Federal regulation and regulators, and a lack of nationally consistent reporting obligations. These factors hinder accountability.

The detailed survey was directed to all companies limited by guarantee registered as at 1 March 2002. There was a pleasing response rate with over 1,700 completed replies. This large scale profile data has not been obtained before, and it should help inform the nature of regulation.

Key questions of the survey were:

1. Why choose a company as the legal structure rather than an incorporated association? Does this structure work for an NFP organisation?
2. What information should be available to the public and other stakeholders?
3. Who is the most appropriate regulator?

Reasons for choosing a company structure included: that it better suits national or multi-state organisations (34 per cent); the scale of trading activities (40 per cent); a preference for dealing with ASIC (Australian Securities and Investments Commission) rather than State regulators (31 per cent); and public perception or status (52 per cent) (such as the view that 'serious' or 'more sophisticated' NFPs use this structure rather than the incorporated associations' regime.)

Regarding public disclosure, a startling 9 per cent of respondents thought that no information should be made available to the public, only 39 per cent agreed with fully audited accounts being disclosed (as is currently required by the Corporations Act), and just over half thought summary financial information should be enough.

Respondents clearly thought that the Corporations Act and the way it is implemented by ASIC is more appropriate to 'for-profits' than for them. The majority were in favour of a new regulator to oversee NFPs, as recommended by the Charities Definition Inquiry. Better regulation, rather than simply more regulation, seems to be the key.

Overall, it seems that the particular needs of the NFP sector have been overlooked in the company law reform process, and that the dual State/Federal regime is causing problems. Increasingly, even very small NFPs operate on a national basis, and this is not facilitated by the existing incorporated associations' regime.

Arising out of the data, key recommendations for regulatory reform include:

- A single Commonwealth regulatory regime (this could be achieved by a referral of powers as recently occurred in the company law model)
- ASIC as the new regulator for all incorporated NFPs (companies and associations), at least until any new NFP regulator is introduced
- Establishing a specialist unit within ASIC
- Plain language guide and replaceable rules for NFP organisations.

The results also demonstrate a need for additional support services for NFP organisations. The research report will recommend the establishment of a new independent NFP advisory body to meet this need. A range of support services could be provided at low or no cost – for example, auditing, financial and taxation advice, legal advice, training for Board members, dispute resolution and mediation for stakeholders. This body could make a significant difference, particularly for small NFPs.

Recommendations will also be made about minimum public disclosure requirements and the need for a NFP-specific accounting standard. Even member serving organisations that do not receive direct government funding typically get income tax exemption, and therefore have the benefit of public funds (tax foregone). The corresponding responsibility needs to be a minimum level of public disclosure. Additional disclosure requirements should apply to larger NFPs. At the moment there is duplication, and often the disclosure that is required does not meet the needs of NFP stakeholders.

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The final research report (to be released in February 2004) will document profile data about NFP companies, the views of these NFP bodies on a range of issues, and will detail several recommendations for reform.

If important reforms are to take place, the sector itself will need to lobby for change, through individual NFPs, through peak organisations, and through the National Nonprofit Round Table. By getting the underlying regulatory framework 'right', accountability and confidence in the sector generally will be improved, and NFP organisations will have more time to concentrate on the important services that they provide to the community.

*More information about the survey and the project generally (including a much more detailed article) are available from <http://cclsr.law.unimelb.edu.au/activities/not-for-profit/>*

## Aged Care Affinity Group

*By Jean Elder*

This Affinity Group began in February 2003, as an initiative of The Myer Foundation, following the launch of their 2020 – A Vision for Aged Care in Australia report. The Group has met five times during the year and membership has grown to include representatives from 13 trusts/foundations.

Early meetings focused on the follow-up work on the 2020 Vision Project that The Myer Foundation (TMF) was undertaking, particularly in the areas of Community Care and Housing. The Group was kept well informed about the National Community Care Summit held in Canberra in June (funded by TMF and co-hosted with Aged and Community Services Australia), and many members of the Affinity Group attended the November conference, Housing Futures in an Ageing Australia, which was funded by TMF and co-hosted with the Australian Housing and Urban Research Institute.

Sharing information and ideas about relevant aged care initiatives is an important part of the Group's discussions. In June it was agreed that the Group would meet quarterly and have a guest speaker addressing them on a relevant topic. Dr Ian Winter, Acting Director of the Australian Housing and Urban Research Unit spoke at the September meeting which was chaired by Sandra Whitty. The December meeting will be hosted by the Helen Macpherson Smith Trust and Mr Austin Paterson, former CEO of Strathdon who is now CEO of Kalkee will address the group.

Meetings will continue during 2004 and Philanthropy Australia members concerned about aged care issues are very welcome to become involved. Please contact Philanthropy Australia for further information.

# Philanthropy Australia Says 'No' to Charities Bill

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By Elizabeth Cham, National Director, Philanthropy Australia

Few issues in the philanthropic sector have galvanised such a passionate and unanimous response as the Federal Government's recently released Draft Charities Bill.

## Support for reform

The membership of Philanthropy Australia has for many years supported the need to update the definition of charities, and improve the legislation that pertains to them. The Act of 1601 was clearly an outdated base on which to build a robust sector to serve Australia's future. Philanthropy Australia made a submission to the the Inquiry into the Definition of Charities and Related Organisations. The recommendations put forward in the Report of the Inquiry, published in June 2001, were welcomed and supported by Philanthropy Australia and the charitable sector in general.

## The Draft Charities Bill

It was hoped that the Charities Definition Exposure Draft, released by the Treasurer on 22 July 2003, would translate the findings of the Inquiry into a legislative framework that would not only serve the philanthropic and charitable sector today but would stand well into the future. Internationally there is increased awareness of the vital importance of the not-for-profit sector to society, reflected by the reviews of charities legislation in Canada, the UK and New Zealand.

The Draft Bill was welcomed in anticipation of a positive response to the recommendations of the Report into the Inquiry. Specifically, Philanthropy Australia supports the addition of the new categories of eligibility for charitable status, for example the inclusion of community based childcare, environmental and cultural organisations and self-help groups is welcomed as a progressive change consistent with the developments in the not for profit sector and in line with community expectations.

However, Philanthropy Australia was disappointed in several aspects of the Draft Charities Bill, the primary concern being that rather than provide clarity the code approach would raise significant and difficult issues of interpretation.

## Common law or codification?

The overarching issue pertains to the question of whether legislation should support the longstanding common law provisions, while updating definitions of charities and charitable, or whether the legislation should introduce a new approach, namely a codification of charities and charitable activity.

While the relative merits of common law versus a legislated code are somewhat obscure to many, Philanthropy Australia had the benefit of expert advice from John Emerson of Freehills, and supporting information from Leonie Thompson of Arnold Bloch Liebler, and we support the the adoption of an approach suggested in the Freehills submission. Members of Philanthropy Australia turned out in considerable numbers to the two forums organised by Philanthropy Australia to discuss the Bill, and its potential impact on the charitable sector.

Philanthropy Australia argues that the codified approach would not deliver the simplicity and transparency that are claimed, but would result in a morass of confusion and legal work, testing the parameters and definitions within the proposed code.

## An outcry of opposition

The terms of reference of the Board of Taxation in seeking public comment on the Bill refer to increasing 'workability', 'transparency', 'clarity' and and 'flexibility to adapt to changing needs of society', and avoiding any 'additional administrative burden'. However during the consultation period of August/September 2003 there was a chorus of criticism from well respected not-for-profit organisations. The headline "Federal government accused of trying to muzzle charities" (Senator John Cherry on ABC Radio National, AM, 30 July 2003) was an indicator of the furore to come. Comments from Tim Costello, "Charity and advocacy go hand in hand... [failure] to advocate on behalf of those whose poverty and distress you see "up close and personal" would be a failure of integrity." (Australian Financial Review, 18 August) and Marc Purcell, "Advocating change in policy and law is a fundamental human right. This provision in the Charities Bill will significantly harm liberal democracy" (AFR, 3 October) reflect the tenor of the response from across the sector. Social commentators and academics joined the chorus:

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"It would be a regressive move indeed, for business, government and civil society overall, were we to sacrifice advocacy on the alter of a restrictive definition of charitable status" (David Birch, Deakin University, The Age 15 October 2003).

### **Advocacy**

Among a range of concerns one aspect caused particular apprehension. This relates to the provision concerning advocacy as a legitimate activity of a charity. At the heart of the debate has been the perceived blurring in the Bill of purpose versus the methods of achieving purpose. Under common law the purposes or objectives of charities must be exclusively charitable. The Bill uses the term 'dominant purpose'. This presents a raft of problems of interpretation, both in determining charitable status and in addressing ATO rulings. Under Draft Bill it is stated:

"For an institution to be a charitable institution its sole or dominant purpose must be charitable. If it has purposes which, when viewed in isolation would not be charitable, they must be incidental or ancillary to the charitable purpose. If an institution has purposes that are not part of or incidental to a charitable purpose it is not a charitable institution."

In effect this would place a severe restriction on charities engaging in advocacy or lobbying activities. Section 8 (2) a and c state 'Any of these purposes is a disqualifying purpose a) the purpose of advocating a political party or cause and c) the purpose of attempting to change the law or government policy.' These exclusions are then qualified: 'if it is, either on its own or when taken together with one or both of the other of these purposes, more than ancillary or incidental to the other purposes of the entity concerned.' 'Ancillary' and 'incidental' are not clearly defined. Use of such terms would present major difficulties in administrative interpretation.

Philanthropic organisations have been trailblazers in providing funding for new services committed to prevention, rather than band-aid responses, and have often faced difficulties where the services were not able to establish charitable status. Inherent in the value base and practice of the progressive services emerging from the 1970s has been the importance of achieving social

change through the political system, via advocacy and representation. Among the more celebrated examples have been the poverty campaign led by Professor Ronald Henderson in the 1960s and 1970s, the disability rights campaign to put legislation for disability access in place in the 1980s and 1990s and the campaign to save the Franklin in the 1980s.

The advocacy by the cancer councils to achieve legislative restrictions on tobacco sale and advertising is another case in point. The Bill would seek to significantly limit this activity which has demonstrated great value to the Australian communities over decades now, and as such this limitation has been strongly opposed by Philanthropy Australia.

### **Other concerns**

Section 8(1) of the Bill states that 'the purpose of engaging in activities that are unlawful is a disqualifying purpose'. However, the definition of an indictable offense differs from State to State; furthermore, the legislation does not distinguish between committing an offence and being convicted of an offence, nor does it provide suggestions on who determines whether or not an organisation loses its charitable status nor what process there might be for review or appeal of such a decision. A narrow interpretation of the Bill could lead to organisations losing their charitable status due to offences committed, for example, under the Occupational Health & Safety legislation. Furthermore, as these provisions are able to be applied retrospectively, organisations may be in danger of losing their charitable status due to offenses committed decades ago.

Furthermore, the Treasurer has stated that the State and Territories Attorneys General will be approached with a view to introducing matching legislation; however, unless this is accepted by the States and Territories, charities will be forced to accommodate the 'dual regime' of both State and Commonwealth laws.

Philanthropy Australia believes that the Bill needs to be closely reviewed and amended if it is to meet the workability tests of the Board of Taxation, and if it is to meet the interests of the Australian community for an appropriately regulated, robust and forward looking charitable sector.

# Rules for Discouraging Creativity and Innovation

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The following set of 'rules' comes from a book by Dr Diana Leat and Professor Helmut K Anheier. 'From Charity to Creativity' seeks to open up debate about the proper roles of philanthropic foundations. Whilst they are positive about the achievements of foundations, the authors raise critical questions about the current practice of organised philanthropy. They call for greater creativity from foundations and challenge them to rethink their practices and policies. The extract from the book below is a tongue-in-cheek description of current grantmaking practices. These 'rules' may enable foundations to identify both the ways in which they may be inadvertently discouraging innovation, and how they might go about changing to effect greater creativity and innovation.

- Ensure that all decisions are made by those likely to have least direct knowledge of what is already being done, what's working and where real creativity is needed
- Try to avoid too much knowledge or make sure that it is in a narrow professional area
- Ensure that there is minimum possible turnover among trustees and staff – these should be jobs for life
- Institute procedures to ensure that decisions can only be made at set intervals a few times a year
- Talk to as few people as possible outside the organisation, and do not encourage internal communication by, for example, holding meetings between trustees, staff and grants officers unless these are semi-social occasions when there is little danger of anything more than polite small talk
- Spend as little time and resources as possible on meeting and talking with others and finding out what goes on elsewhere. Remember that careless talk can lead to creativity (and anyway they're only interested in your money)
- Do not actively search out ideas and creative people. Wait for them to find you, preferably from established organisations. Actively discourage unsolicited contact
- Practice NIMBYism – and keep your backyard small
- Only accept ideas/applications from the not for profit sector
- Avoid contact with people who do not have some sort of single interest/attachment
- View any organisation without a sound constitution and a well-constructed set of accounts with the deepest suspicion
- Reward 'spin' rather than ideas. Look out for applications that say the right things in the right language – don't worry if they don't make sense
- Try not to give any applicant enough money to provide time and space from fundraising. This should ensure that they are too busy with the means to get over involved in the end
- Avoid giving grants to projects that cannot find funding from other foundations
- Require applicants to provide a plan and budget in advance – and make sure they stick to it even if everything else around them is changing. Remember that flexibility can be dangerously creative
- The length of grant should be decided by standardised rules (rather than the nature of the task)
- Try to ensure that all grants are for as short a time as possible, and institute strict rules forbidding extensions and repeat grants. If a project looks like it may achieve something do not give a further grant – if it's that good someone else will fund it
- Make it clear to grant recipients that they will be made accountable. Accountability should be seen as an important policing mechanism and not as an opportunity for mutual learning. What matters is that the report is presented – you do not need to bother to read it
- Make it clear to organisations that you are only interested in success; there is no need to reward success and definitely do not acknowledge, reward or learn from failure
- Discourage all forms of reflection and learning and do not allocate time or resources for these activities. Always focus on the next grant – do not waste time looking back
- If you must practice evaluation make sure that it is restricted to counting things
- If you do learn something do not waste time and money telling anyone else.

© Helmut K Anheier and Diana Leat (2002)  
From Charity to Creativity, Philanthropic Foundations in the 21st Century. UK: Comedia.

# Feature: How do we Know We're Making a Difference? Evaluating in Australian Grantmaking

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By Elizabeth Arkles

Evaluation has become increasingly important to grantmaking bodies, as part of the general shift towards greater accountability and measurable outcomes. The topic was prominent at Philanthropy Australia's 2003 Conference, with Dr Dorothy Scott from The Ian Potter Foundation and Dr Charles Lane from The Myer Foundation both speaking about evaluation. However, evaluation is still in the early stages within Australian foundations and its potential is far from being realised. Generally, the Australian foundations which do evaluate conduct evaluations of the projects they fund, but do not also look inwards to their own activities and the effect of those activities on the sector at large. Foundations tend to have limited staff and resources so evaluation is often not built in to budgets or strategic plans.

## Evaluation of grantseekers

Evaluation usually consists of an investigation into the impact of a funded project. What was the money spent on? What were the results of the project? Such reports presented to the foundation at the completion of the project may have been written by the grantee and may or may not be read by the grantmaker. In most cases the results of the exercise are not shared. Increasingly, many Australian foundations are coming to recognise that substantial benefits can arise from the evaluation of funded programs, both for the grantee and the foundation, and that the sharing of evaluation results will bring about more effective programs and improved use of resources.

Evaluation allows for an enhanced partnership between the grantseeker and the grantmaker. Increasingly foundations are appreciating that the ways in which they interact with their grantees has an impact on the effectiveness of grantee work, and that the foundation's commitment to supporting the evaluation process and outcomes serves to further that relationship.

## Self evaluation for foundations

The Reichstein Foundation believes evaluation 'enables our Foundation to monitor the efficiency and impact of our granting in achieving our mission of 'change not charity.' ('Evaluation in Philanthropy, Reichstein Foundation' March 2003)

Some of the issues foundations can address through evaluation are:

- What are our goals and purposes?
- Who are our target groups?
- Should we give larger amounts to fewer grant seekers or support a wider range of smaller projects?
- Should we continue to fund the same project?
- Are we proactive in seeking suitable applications?
- How involved should we be in the projects once we fund them?
- Is our board representative, do we need additional advice and from whom?

As visiting American speaker, Janet Kroll, outlined in her talk at the Philanthropy Australia Members' Forum in November 2003, evaluation is no longer something to be applied just to grantseekers, but an integral part of the planning process for foundations, and one that should be built into the budget. Kroll, who is 'Officer, Planning and Evaluation' for The Pew Charitable Trusts in the United States, explained that evaluation is the key to understanding what works and what doesn't in an organisation and therefore returns results. She stressed the importance of a supportive culture where the board are informed not just of outcomes but are involved at the planning stage.

## Barriers to self-evaluation

Why do many foundations evaluate funded projects but not evaluate their own performance? Most would argue that the cost of evaluation, both in financial terms and staff time, makes it difficult. Foundations are reluctant to divert funds away from projects and communities, viewing evaluation as a peripheral expense. There is also a lack of knowledge or appreciation about the benefits of evaluation within the sector. Many foundation staff and trustees may consider evaluation a way of judging rather than a tool for learning. A few Australian foundations are beginning to shift away from looking only outwards and to recognise the value of evaluating their own goals, strategies, outcomes and impacts. In addition, the call for greater accountability is steadily emerging within the Australian philanthropy sector and evaluation is inherently linked with the concept of foundations being accountable to the society which has granted them tax deductions for their charitable giving.

Evaluation can be used to assess how effective grantmaking strategies are in achieving a foundation's objectives. In addition to improving the performance of the foundation, internal evaluation can contribute to the larger sectoral body of knowledge through shared findings. Indeed it can be said that the greater the dissemination of evaluation findings the greater the impact of the work of the foundation.

At The Myer Foundation self-evaluation is seen as good business practice. In a joint initiative with Philanthropy Australia, they held an 'Evaluation for Foundations Forum' where Charles Lane outlined why and how evaluation is used within their organisation to set new benchmarks, to enable strategic philanthropy, and to seek understanding, competence and capacity.

At the same forum Mary Crooks, Executive Officer at the Victorian Women's Trust, spoke extensively about the Trust's approach to evaluation, outlining several ways to maximise the impact and effectiveness of a grant. These included:

- Measuring and evaluating on a grant's completion
- Milking each grant for its short term effectiveness, from an advocacy point of view, using a series of questions and an action list

# Feature: How do we Know We're Making a Difference? Evaluating in Australian Grantmaking (continued)

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- Looking at the long term impact – often elusive but not impossible to assess
- Making the outcomes available to others.

Within smaller foundations evaluation is less common. However, there are some that recognise its importance. David Osborn, Executive Officer at the Sabemo Trust, states "evaluation is essential to fulfil responsibility as a trustee but it has to be realistic in terms of the size of the grant and the resources of the recipient." As a smaller foundation that was keen to evaluate but had very limited resources, Sabemo chose to evaluate internally and to deal directly with their recipients rather than hire external people.

## Evaluation as a planning tool

Evaluation can be used to:

- Clarify goals
- Improve grantee practice
- Gain board support for ideas.

This is the time for the what, when, how, why and who questions. Planning is used to ask key questions about problems, goals and outcomes. Are they clear and measurable? Are they manageable? Are the risks identified and addressed? If the goals of the project are not clear it will be difficult to evaluate. In order for the grantor to best assess these issues they need to work in partnership with the grantee at this level and to share the evaluation findings. This will necessitate building the evaluation process into the project and possibly the grant itself.

For example, 'The Gateway Program', the mental health program for young people run by Jesuit Social Services and funded by the Colonial Foundation, has an evaluation component built into the planning process. This enables them to clarify the goals of the program, to look at the associated underlying assumptions, and to decide what actions will need to be taken to achieve those goals.

## Formative evaluation

Beyond the planning process, formative evaluation, undertaken during the life of the grant, can enable mid-term corrections. Tracking (what's happening) of individual projects is common, including systematic data collection for measuring outcomes, but formative evaluation can be used to assess 'why' questions; why have we had this result? Evaluation can also be used in strategic grantmaking to monitor 'clusters' of projects.

## Summative evaluation

Summative evaluation is done at the end of the process and looks at the impacts of the completed project. It is here that evaluation can provide answers and allow expertise and knowledge to be shared among both the foundation sector and the project's field of practitioners.

'The Gateway Program' uses process evaluation to document, review and assess strategic planning, development and implementation. It also uses summative evaluation of the outcomes and impacts of the program to determine its effectiveness.

The Pew Charitable Trusts are an example of a foundation that employs all these aspects of evaluation in their grant-making. They no longer accept submissions, but they actively seek to fund in areas where their grant-making can make a substantial difference, and look for key people to bring about change.

Janet Kroll advised foundations to "always start with the purpose of the evaluation and be careful with the timing to allow for adequate planning time and board decision-making".

## What is the cost of not evaluating?

Evaluation can not only demonstrate that a project was successful in making a difference, but can improve the reach and intensity of that impact. Properly used, evaluation can determine a program's worth and guide program implementation and management. As acceptance of evaluation as a central part of the grant-making process increases there will be a shift away from the stand-alone monitoring process towards an integrated program of evaluation and an improved partnership between grantors and grantees.

# Feature: From Innovation to Evaluation: How Can Foundations, in Partnership with Grant Recipients, Best Evaluate Funded Initiatives?

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*Dr Dorothy Scott, OAM.*

*By Associate Professor Dr Dorothy Scott, OAM*

*Dr Scott will shortly complete her three year secondment as Executive Secretary to The Ian Potter Foundation, and returns in 2004 as Head of the School of Social Work at the University of Melbourne, where she hopes to continue supporting philanthropic foundations in relation to evaluation.*

*This paper was presented to the Philanthropy Australia Conference in Sydney, March 2003.*

Evaluation in philanthropy is receiving increased attention, due in part to calls for greater accountability and transparency. Given the foregone 'common wealth' which tax benefits entail, philanthropic foundations should periodically ask the question 'how do we know that the money we have given away is doing more good than would have been achieved by a government?'

Evaluation is of particular interest to those philanthropic foundations which embrace 'strategic philanthropy'. The rationale is that if innovative initiatives can be supported and shown to be successful, these may then be disseminated to others. Thus by directly helping the few, a philanthropic foundation may indirectly help the many. Given the magnitude of unmet needs, and the limited resources available to meet such needs, this would seem a wise and equitable approach for philanthropic foundations to adopt.

There are two major ways in which most foundations assess the outcome of their grants: self-reports from grant recipients and formal evaluations typically undertaken by someone external to the grant recipient. The former is important to mention as there is a lot of unused intelligence in the reports routinely received by trusts and foundations.

## **Self-reports from grant recipients**

It is standard practice to require reports from grant recipients. At The Ian Potter Foundation we have increased the proportion of grant recipients from whom we receive reports from 69 per cent in 1999-2000 to 83 per cent of grant recipients in 2000-2001. It is also a requirement that a financial acquittal of the grant is provided. The burden placed on small organisations and the recipients of modest grants has been minimised by adapting reporting requirements to the size of the grant.

There is no simple way to verify the content of the reports and we probably have to accept that it is unlikely that all grantees will be completely frank about projects which have been less than successful. I always encourage grant recipients to "tell it as it is" on the grounds that knowing what does not work is just as important for the field as knowing what does work, and I reassure them that reporting limited success will not be held against them in subsequent applications.

Some of the reports contain information which is potentially valuable to other organisations and we are exploring practical ways of enabling others to share fully in this intelligence.

## **Formal evaluations**

It would not be justifiable in terms of cost to require formal external evaluation for most grants. Most Australian foundations, including The Ian Potter Foundation, only require an external evaluation for substantial grants which are supporting demonstration or pilot projects.

### **1. How do we know whether something has worked?**

- The desired outcomes of an initiative are occasionally easy to measure in quantitative terms but often this is not the case, and the best one can do is to develop a range of indicators that collectively show what has been achieved.

### **2. How do we know why something has worked or not?**

- Formative or process evaluations focus on how the program worked, in contrast to summative or outcome evaluation which focus on whether it worked. They are usually more qualitative in nature and provide a 'thick description' of how the project was implemented and the incremental impact that seemed to occur.
- Such methods do not allow one to be definitive about what was responsible for bringing about a change as they are 'quasi experimental' research designs. This means they do not have a control group so it is impossible to be confident that what may have brought about the change was the program.
- The people are probably as important, if not more so than the program. In a pilot program it is typical to have people who are highly motivated and it may be that it is not the program model but the morale and motivation of the staff that is crucial. This is hard to assess.
- It is not easy to find evaluators with the breadth of qualitative and quantitative skills, and some familiarity with the substantive area of practice. For a major project it may be helpful to consult with an evaluation expert about what type of evaluation would be appropriate.

# Feature: From Innovation to Evaluation: How can Foundations, in Partnership With Grant Recipients, Best Evaluate Funded Initiatives? (continued)

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## 3. When should the evaluation be done?

- Some evaluation experts speak of not evaluating a program until it is 'proud' by which they mean that the initial teething problems have been ironed out. There is something to be said for allowing the program to get on its feet with a low level of involvement from the evaluators in terms of data collection and assessment but with a high level of early planning as it may be possible to build data collection into the standard operation of the program such as its client information system.
- It is also rare to undertake a longer term evaluation of the outcomes. This too is expensive and difficult but important to consider. Are the gains sustained or do they disappear as soon as the program intervention finishes? Or, as in the case with the HeadStart program in the US, do the initial outcomes suggest that there is not a great deal of difference and it is only down the track when the children are a few years older that the intervention really starts to bear fruit?

## 4. Is it better to have an internal evaluation or an external evaluation?

- Obviously an internal evaluation draws on enormous insider knowledge, but it is hard to be objective about the baby in which you have a big investment.
- External evaluation is generally preferred by funding bodies and typically the grant recipient does not have the necessary skills to undertake an evaluation. It is possible for this to be done in a collaborative style (e.g. action research).

## 5. Who 'owns' the evaluation – the grantmaker, the grantseeker or evaluator?

- Who should commission the research? I tend to think that the grant recipient should do so, but in close collaboration with the grantmaker, perhaps with a reference group that has representatives from the funding body.
- Complex issues may arise in relation to intellectual property, academic freedom and the right to publish. There are no easy answers but the first principle is to have some open negotiations early in the process.

## 6. How might one evaluate the potential of an initiative to be replicated or adapted elsewhere?

- A good process evaluation should provide sufficient detail about the broader context of the program and the environment in which it was implemented. If I can use an agricultural metaphor, transplanting innovation can be likened to trying to grow a plant that flourishes in one site in a new site. One needs to know not only about the plant, how high it might grow etc, but enough about the soil conditions to know whether it is likely to take root in a different place.

- In 'scaling up' an initiative, one is not just interested in replication but also in possible adaptation. Understanding its essential ingredients enough to predict how it needs to be adapted to other conditions can be challenging for those closest to it. The evaluator needs to consider the contexts in which a program might be transferable with or without adaptation (urban-rural, different demographic profiles, different policy environment, different service system etc).

## 7. How much should one be prepared to spend on evaluation?

- Generally funders seem reluctant to spend a significant proportion of the program's budget on evaluation but if the strategy is to help the many by helping the few, and it is being evaluated in the expectation that it may be disseminated, then in some circumstances it may be fully justified to spend a lot more on evaluation than on the pilot program itself.

## 8. What should be done with and after evaluation?

- It has been said that the gap between what we know and what we do is much greater than the gap between what we know and what we don't know. That is, except under conditions where there is a commercial incentive to apply research findings, evidence does not spontaneously lead to changes in the way we do things.
- If trusts and foundations are really committed to bringing about change then it is not the three year pilot program which is required but probably the five to 10 year strategy of dissemination.
- Dissemination is only one factor. In Lisbeth Schorr's book *Common Purpose: Strengthening Families and Neighborhoods to Rebuild America*, she explores why so many positively evaluated models have never been replicated. She concludes that it is the failure to bring about the reform within the institutions and systems within which programs operate and on which they depend for resources and legitimization, that is the major challenge.

If foundations are serious about being partners in change then they need to broaden their horizons and go the next step beyond innovation-evaluation and dissemination.

# Members File: Matana Foundation for Young People: Profile of a Fledgling Prescribed Private Fund

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By Carole Fabian

Prescribed Private Funds (PPFs), a new category of private charitable trust, were successfully recommended to the Federal Government by the Taxation Committee of the Prime Minister's Business and Community Partnership. The first guidelines and model trust deed were released in April 2001. As of November 2003 81 Prescribed Private Funds have been approved.

One of those new funds is the Matana Foundation for Young People, established by Sydney businesswoman, Karen Loblay.

"I've been involved in philanthropy as an individual for a long time, but I wanted some way of ensuring that, should I be run over by the proverbial bus, my plans for how my money should be spent are respected," she said.

For many years Ms Loblay has supported community groups working with disadvantaged young people. One form of contribution was through her family's property business, which made property available for organisations helping homeless youth.

About ten years ago Ms Loblay first began looking for a way to establish her philanthropic work beyond private giving.

"I could have established a public foundation, but the downside was the prospect of losing control of its main direction. It's always possible that external trustees won't stay true to your wishes." she said.

"About a year ago I read a tiny article in the newspaper about the new Prescribed Private Funds. I asked my accountant, and he knew nothing about it. I asked other people – nobody knew anything. My accountant, a wonderful, generous man, spent time finding out everything he could."

"I also contacted Philanthropy Australia, attended a couple of their seminars, and came down to see John Emerson at Freehills in Melbourne. It's all gone from there."

The name 'Matana Foundation for Young People' was chosen deliberately instead of a family name. "The foundation is not for the sake of recognition of the family, it's for a charitable purpose," Ms Loblay explained.

"I chose the name with my son, who is 22, because the money is part of his inheritance and I wanted him to be involved. He is committed to philanthropy in his own way, so I knew it would interest him. He studies Hebrew, so we chose the name 'Matana', which is the Hebrew word for gift."

The foundation has five trustees – Ms Loblay, her husband, her father, her son, and as required by law, a 'responsible person', her accountant.

"What I like is that I and those who I've invited to be trustees will decide what happens to the funds. Part of my money comes from inheritance, so I think that there's a moral obligation for my father to know what I want to do, and for my son too, because it would otherwise be his."

Having recently registered the trust deed, Ms Loblay and her fellow trustees now have the task of refining the foundation's goals and giving program.

"The aim of the foundation is to help disadvantaged young people in particular, but beyond that I haven't yet developed anything. I've been reading extensively," Ms Loblay said.

"I want to produce a brochure about the foundation, to describe its work and its intentions for the benefit of potential donors and grant seekers. I believe that the clearer you make the intention, the less conflict there is, and the less likely that grantseekers will apply to you for things you don't intend to fund."

"I've also begun drafting some guidelines for the trustees, but I'm always open to debate because I think that's healthy. I think the words 'disadvantaged young people' are pretty broad."

Ms Loblay intends to set up a website for the Matana Foundation for Young People, which will make it accessible to grantseekers anywhere in Australia. She expects, however, that most applications will come from locally based groups.

While Prescribed Private Funds are not required to seek public donations, Ms Loblay will be seeking and welcoming contributions from friends and other interested people. She has already enlisted the voluntary services of a number of relatives and friends in designing a logo, brochure and website for the fund.

While decisions about how public the foundation will be are yet to be reached by the trustees, Ms Loblay is more than happy to share information.

"I think money that attracts a tax deduction is public money and as such we should be accountable for how we spend it. I have no problem in making information about the fund and its grantmaking public," she said.

# Members File: The Dymocks Literacy Foundation

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## Open Books Equal Open Minds

By Sarah Miller  
Relationships Manager  
Dymocks Literacy Foundation

Educators and policy makers have understood for a long time that to be successful Australia must have a literate population, and to achieve this, Australians must be equipped with strong foundational literacy skills. Data from a recent Australia-wide longitudinal study reflects that "home and community experience influences literacy outcomes" (Comber et al, 2002). Thus, improving literacy requires more than just literacy education in schools, it requires an ongoing commitment from the Australian community – including the business community.

Literacy is indeed a vital issue in Australia – each year countless studies are published reinforcing the need to invest in our country's future. The statistics show that although we are literate relative to other countries, poor literacy amongst target groups such as our indigenous and migrant communities, and indeed, young males, give cause for concern. This concern has been met by significant support from government, education and community groups, but until now, limited backing from the corporate sector.

One company that has recognised the need for involvement in this area is the Dymocks Group. Dymocks has set up a Foundation committed to bridging the gap between business and the community in an area where it can really make a difference – literacy.

Dymocks is the largest Australian-owned book chain in this country, with nearly 100 company-owned or franchise stores throughout Australia, New Zealand and Hong Kong, having grown from just two book stores in 1981. The Dymocks Group also encompasses a significant commercial, retail and rural property portfolio, including macadamia and mango farms on the mid north coast of NSW.

The Dymocks Literacy Foundation was established in 2002 to help make a positive impact on literacy levels in Australia. The Foundation promotes children's literacy through a range of strategies, including funding projects and programs developed and operated by not-for-profit organisations.

As booksellers, Dymocks have a passion for books, but such a passion cannot be realised if children are not sufficiently able to read, write or spell effectively. The Dymocks Literacy Foundation allows the company to extend their passion from the business of bookselling, to supporting greater literacy and its positive consequences – as reflected in the Foundation's guiding principle 'open books equal open minds.'

Dymocks take this commitment seriously. They are raising funds through collection boxes in Dymocks stores, hosting events, and creating employee contribution programs and other partnerships with members of the Australian business community.

However, the Foundation is more than just a fund-raising venture. Through consultation, communication, and long term funding commitments to relevant parties and programs, it facilitates relationships between various community groups, fosters partnerships and provides business resources. To achieve this, the Dymocks Literacy Foundation has at its disposal a valuable network of resources – especially the involvement of Dymocks staff, franchise owners and their Strategy Group.

The Foundation's Strategy Group includes:

- Patrons, Bryce Courtenay (prominent author of books for both adults and children) and Alex Hamill (who among a range of roles, was Media Director of the Australian Team at the Sydney Olympics, a role he will continue in Athens.)
- Chairman, John Forsyth (great nephew of Dymocks founder, William Dymock, and driving force behind the establishment of the Dymocks Literacy Foundation. John is also Chairman of Airservices Australia, the nation's air traffic control authority.)
- Deputy Chairman, Don Grover (CEO of the Dymocks Group of Companies and Vice President of the Royal Women's Hospital Foundation Board)
- Chris Bothams (Franchise Owner of Dymocks Carousel in WA, Australian Franchisee of the Year 2002, formerly worked for education department of Western Australia and as a teacher)
- Eva Gold (Executive Officer of the English Teachers Association NSW, former curriculum consultant, author and English/ESL teacher)
- Karla Grant (Producer/director/reporter with Indigenous Cultural Affairs Magazine, with extensive media experience)
- Christine Simmons (General Manager, Marketing and Merchandise for Dymocks)
- Phillipa Smith (CEO of the Association of Superannuation Funds of Australia, former Commonwealth Ombudsman, former manager Australian Consumers Association)
- Ann Verschuer (background in journalism, agriculture, environmental management, government relations and dispute resolution. Former senior public servant in WA, established and headed the Social Impact Unit in that state.)

- Gordon Winch (author of academic texts, poetry and children's books, former Head of Department of English at Ku-ring-gai College of Advanced Education)
- Paul Jennings (author of over 80 stories, sold more than 6.7 million copies of his books, winner of several literary awards and prizes, received Order of Australia for services to children's literature, qualified speech pathologist, and former Senior Lecturer in Language Literature at the Warrnambool Institute of Advanced Education).

This high profile group meets quarterly to discuss new projects and disperse funds.

Recently Dymocks appointed a new Foundation CEO, Julie Urquhart. Prior to joining the Foundation, Julie was Head of Public Affairs for the Rail Infrastructure Corporation, where she managed relationships with a diverse range of stakeholders and promoted Corporate Social Responsibility, particularly in the Corporation's engagement with the community.

In previous executive and senior management roles spanning the public, private and not-for-profit sectors, Julie was responsible for some of Australia's most successful social marketing campaigns and programs – including the award-winning Drink Drunk, the Difference is U – and developed innovative partnerships with some of Australia's leading companies.

The Dymocks Literacy Foundation's giving strategy includes funding early intervention programs, supporting projects in areas where illiteracy rates are highest and funding programs that encourage kids to keep reading in their transition from primary to secondary school, when reading is known to drop off.

To date, the Foundation has granted funds to over seven programs around Australia and disbursed more than \$100,000 to various programs including The NSW Premier's Reading Challenge, Books Babies and Beyond (VIC), The Gladstone Tutorial Centre (QLD), Indij readers (ACT), The Barkly Group (NT), Alice Springs High School (NT), and Yirara College (NT).

By creating the Dymocks Literacy Foundation – a partnership between employees, franchise owners and community stakeholders – Dymocks are providing a strong, passion-driven, and strategic bridge between business and community to a more literate Australia.



Premier Bob Carr and Bryce Courtenay pictured with Children from Darlington Public School during National Literacy and Numeracy Week at the Dymocks George Street Store in Sydney.

# Members File: Ronald McDonald House Charities

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By Tracey Webster

Ronald McDonald House Charities (RMHC) supports Ronald McDonald Houses in Australia and other programs that directly help seriously ill children live happier, healthier lives. RMHC was established by McDonald's Australia in 1985 and McDonald's Australia continues to pay all the administration and management costs. The donor guarantee is that 100 cents in every dollar goes towards programs that will help improve the health and well being of seriously ill children.

The cornerstone program of RMHC is the 10 Ronald McDonald Houses attached to major paediatric hospitals around Australia. The first Ronald McDonald House ever built originated from one family's determination to make a difference for themselves and other families experiencing a time of great need. In the early 1970s a three year old girl named Kim Hill was diagnosed with leukaemia. For three years she endured painful therapy. It was a period of time when her mother and father, Fran and Fred Hill, spent many hours at St Christopher Hospital Philadelphia, an hours drive from their home. They slept on plastic chairs and benches in hospital corridors. They ate from hospital food vending machines and drank coffee and tea out of paper cups. They saw many families in similar circumstances that lived many hours away with no place to stay.

The experience of Kim's family was the catalyst to change all that.

Fred Hill was a professional football player with the Philadelphia Eagles and during his daughter's illness he became active in fundraising to help the fight against childhood cancer. When he asked Kim's doctor for a list of needs, right at the top of the list was a house – a place for families to stay not just together but with other families facing a common crisis. McDonald's in Philadelphia was contacted to see if they could help and so began the cause of the McDonald's Corporation to provide accommodation to families of seriously ill children.

Ronald McDonald Houses provide a 'home-away-from-home' for seriously ill children and their families. They provide a place for the family to stay together while a child undergoes hospital treatment. Doctors agree that children tend to respond better to treatment if their family is nearby. Ronald McDonald Houses also offer parents the chance to draw hope and comfort from other families in similar situations. Many a long standing friendship is established and maintained through a Ronald McDonald House.

The first house built outside of North America was opened in 1981 at Camperdown in Sydney, near the Royal Alexander Hospital for Children. During its 14 years in operation at Camperdown, Ronald McDonald House provided accommodation for more than 6,000 families. As Australia's first house, families came from across NSW, interstate and nearby countries such as New Zealand, New Caledonia, Fiji, Tonga, Malaysia and Burma.

With the relocation of the Children's Hospital to Westmead, the Camperdown House was also relocated in 1995. The new Ronald McDonald House, Westmead provides accommodation for 18 families.

Each Ronald McDonald House is run by a House Manager who reports to a board of management. The House Manager is supported by a team of dedicated staff and volunteers. Volunteers make an enormous contribution towards helping ease some of the stresses facing families by washing, cleaning, reading to children, talking to the parents and sometimes to just be a shoulder to lean on.

As well as volunteers, the Houses could not run without the continued support from the community.

For the past 14 years the Southern Highlands Casserole Club situated in Suttons Forrest (90 mins drive out of Sydney) has been providing home cooked meals for Sydney's Ronald McDonald Houses. Approximately every six weeks 70 meals are packed and delivered to the Houses. These meals are free and available to all families. They are especially welcomed by new families who have not had time to buy groceries, families too exhausted after a long and emotionally draining day to think of cooking or families who are finding it difficult to make ends meet with additional medical expenses.

In addition to the 'casseroles' Westmead House has 'Friday Night Dinners'. Each fortnight a different group comes to the House and prepares dinner for the families and their guests. These meals generally cater for around 70 people and have ranged in variety from BBQ's, Mexican nights, Italian nights, Spit roast and Irish dinners to a Winter Christmas feast. Many of the groups providing the meals are Rotary or Lions Clubs, however a number of local businesses have also been involved.

There are many donations and donations in kind which contribute towards making a Ronald McDonald House a home-away-from-home. Following are just a few of the examples of in kind donations received at Ronald McDonald House Westmead:

- Handmade items such as knitted, crocheted, patchwork items for the families
- Large deliveries every few months of pies and sausage rolls. Again these are free to families to use while staying at the House
- Every fortnight a volunteer buys flowers on her way to work for the living area
- One local McDonald's employee makes Christmas hampers, collecting items through the store and businesses in the area. Last year 18 hampers were made delivered to the House as well as toys made by students from a local High School
- Fruit and vegetables are donated for events such as the Christmas Party each year
- For the past 10 years a group of friends get together prior to Christmas and make Christmas cakes for both the House and the Hospital
- The local Rugby League and Soccer teams, the Parramatta Eels and Parramatta Power, give their time generously each year to visit the families and enable families to see local games
- A company donates their time to maintain the indoor plants throughout the living area of the House
- Coca Cola contributes a world wide donation to by providing free soft drinks and fruit drinks to all Ronald McDonald Houses
- All the House cleaning products are donated as needed
- Toilet paper is collected by local girl guides and donated to the House.

There are now 10 Ronald McDonald Houses in Australia attached to major paediatric hospitals, situated in Sydney (2), Newcastle, Brisbane (2), Melbourne (2), Adelaide, Perth and Hobart with a further Houses planned for Townsville and Wagga Wagga.

Ronald McDonald House Charities also supports other projects which help seriously ill children live happier healthier lives. Other family facilities include:

**RMHC Care By Parent Units – Hospital (ward)**  
accommodation for families of children no longer requiring intensive care but still needing 24 hour nursing.

**Fiona Lodge; Ronald McDonald Beach House –** Two self contained beach units. One unit is for families of seriously ill children well enough to enjoy a holiday by the beachside. The other unit is available for newly diagnosed adult cancer patients as a retreat where they can begin to deal with their changed life situation.

**Ronald McDonald Family Rooms –** A homely environment within a hospital for the families of sick children to relax. Family rooms provide facilities such as TV, washing machine, kitchen area to make a families time in hospital as comfortable as possible.

**RMHC Cord Blood Bank –** The collection and storage of cord blood cells from umbilical cords. Cord blood is rich in stem cells and very effective as an alternative to bone marrow in treating childhood leukaemia.

**Ronald McDonald Learning Program –** A unique educational 'catch up' program for children who have suffered serious illness. As more and more children recover from serious illness as a result of medical advances, their missed education is becoming the next major challenge for families to deal with. Children who have lengthy absences from school due to serious illness tend to fall behind in their basic skills such as literacy and numeracy. Without help these children fall further and further behind limiting future opportunities.

The results of the Ronald McDonald Learning Program have been outstanding. Along with significant increases in basic skills, families praise the program for the increased self esteem and confidence displayed by their child after having been involved in the program.

From the beginnings of simple accommodation to help keep families together during a time of crisis Ronald McDonald House Charities Australia now provides a continuum of care for families of children with serious illness. McDonald's Australia continues to cover all administrative costs for Ronald McDonald House Charities to ensure that every cent raised from the community goes directly towards programs which support seriously ill children living happier, healthier lives.

# Grantmaking or Strategic Investment? The Challenge of 'New' Philanthropic Discourses



*Anthony Hooper.*

*By Anthony Hooper, Centre for Citizenship and Human Rights, Deakin University*

Anthony Hooper has recently completed a PhD on the development of Philanthropy in Australia, focusing on the recent promotion of venture philanthropy.

The research was conducted through the Centre for Citizenship and Human Rights at Deakin University in conjunction with Philanthropy Australia. Prior to this current research, he completed an MA at Deakin University titled 'Community Development and Enterprise Culture – Prospects and Dilemmas' (1998). Other qualifications include a Bachelor of Economics and a Bachelor of Social Work(Hons) from Monash University and a Graduate Diploma in Education.

After many years in community development and teaching, he now manages Peppermint Ridge Farm with his wife, Julie. The farm is a Landcare Education Centre promoting sustainable land management through workshops and group excursions. He is also active in local environmental issues. His current research project, in conjunction with the CCHR at Deakin University and Philanthropy Australia is examining trends in foundation formation and the issue of accountability.

This is the second article Anthony has contributed to Australian Philanthropy summarising some of the findings of his research. (The first was published in Issue No. 50.)

## Introduction

Philanthropy is experiencing something of a renaissance. Not since the halcyon days of the nineteenth century has the philanthropic endeavour been so feted by government as an appropriate and integral part of responses to matters of social import. Accompanying this wave of renewed interest in matters philanthropic has been a corresponding questioning in some quarters of the ways and means of practising philanthropy. In particular, there is a sense that existing forms of practice may not be well suited to the enhanced roles and tasks that are being assigned to philanthropy.

It appears that we are witnessing a shift, at least in some parts of the philanthropic field, towards an embrace of 'new' discourses that claim to offer a more relevant and contemporary means of responding to the changing public policy context. Terms such as 'strategic', 'venture' philanthropy, and 'social investment' are increasingly part of the philanthropic lexicon. However, research into trends in Australian philanthropy currently being undertaken through the Centre for Citizenship and Human Rights at Deakin University in conjunction with Philanthropy Australia<sup>(1)</sup>, reveals a range of meanings and usage of such terms. The research has investigated the extent to which such terms are becoming part of the discourse of philanthropic practitioners and the implications for their practice. This article briefly examines the range of meanings attached to terms such as strategic and venture philanthropy and the extent to which such discourses may be influencing the practice of philanthropy.

## Key terms

The current promotion of strategic philanthropy appears to reflect a view among some practitioners that the predominant existing approach to the task of grantmaking is insufficiently targeted to have maximum impact in the community. The common approach to grantmaking typically involves a trust or foundation following a set process of advertising for applications from community groups and the board funding a relatively large number of projects across a wide range of issues. To proponents of strategic and venture philanthropy this is a 'scatter gun' approach, spreading dollars thinly across the community to a large number of projects. In addition, according to this view, the majority of such projects are only supported on a one off basis, meaning that there is no follow up to ensure their ongoing viability.

Strategic philanthropy, on the other hand, is promoted as a targeted approach to grantmaking that is based on a clear mission statement and objectives that guide the work of the trust or foundation. Proponents of this approach argue that when grantmaking is predicated on a clear mission statement and objectives, trusts and foundations are better able to set priorities for their grantmaking activities. These objectives might specify priority issues and/or responses to such issues that are to be targeted. Other features of this version of strategic philanthropy that have emerged from interviews with practitioners conducted as part of this research include the funding of a smaller number of projects with larger grants over a longer time frame (from three to five years). The use of direct approaches to potential project partners to implement desired projects was also noted as one means of initiating desired projects. The notion of partnership was used extensively in these interviews to describe relationships with other funders and the prospect of leveraging funds from these sources was seen as a positive outcome to the use of such strategic approaches.

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Anheier and Leat (2002) argue that strategic philanthropy, whilst not without merit, has become a catch all phrase often meaning any grantmaking that is proactive rather than reactive and focused on the development or implementation of 'new' strategies to achieve change. They argue that strategic philanthropy overall lacks both a 'broader vision and conceptual grounding' for philanthropic organisations to apply to their search for an alternative model to inform their practice.

The interviews undertaken for the Deakin University research also revealed that some trusts or foundations had become involved in project implementation, either in an *ex officio* capacity or more formally by being part of the project committee. This more explicit engagement in project implementation relates to another of the 'new' discourses informing philanthropy. The discourse of social investment suggests that trusts or foundations should seek the best return for the dollars they invest in the community. Here, philanthropy is not so much concerned with grantmaking but rather with social investment, a term that according to Dennis Tracey takes strategic philanthropy further by building in an expectation that a return on the philanthropic investment will be achieved by the trust or foundation. This return might take a variety of forms including 'non financial' returns. The most fully developed form of philanthropy as investment is identified as venture philanthropy where investors are actively engaged in the development of their portfolio of investments in the community.

Essentially this cluster of 'new' philanthropic discourse proposes a radical reconfiguration of the gift or grantmaking relationship. Based on strategic business practices, trusts and foundations need to develop clear business plans that provide a 'distinctiveness and a discipline that dictates every aspect of the organisation's operations'. Philanthropic trusts and foundations, therefore, need to position themselves as businesses do in a competitive market and ensure greatest value for the dollar spent. Value is defined in business discourse as production at lower cost than rivals are or greater value at comparable cost, with a distinctive way of operating. The goal is superior performance and specialisation of activity. The argument, developed by Porter & Kramer, suggests that if trusts and foundations adopt strategic business practice and discourse, they will create value and find their appropriate niche in the 'quasi-market' of community needs.

In effect, philanthropy should focus on fewer projects based on a strategic process of priority and goal setting. They should be prepared to fund such projects for longer periods and undertake rigorous processes of evaluation and accountability to assess the effectiveness of their work. Above all, they should identify their unique attributes and contexts, using them to develop strategies to maximise their effectiveness. Porter & Kramer (1999) suggest that if trusts and foundations adopted business practices and discourse and concentrated on 'positioning' themselves in a market, they would, in effect, be operating strategically as 'market leaders'.

The other aspect of this new strategy is that the philanthropist, recast as a social investor, will use knowledge of the business world to demand more from the potential sites for investment; namely the non-profit sector. The venture philanthropist will require evidence that the non-profit organisation is able to put forward an investment plan that indicates the results to be achieved from investing in their project. Venture philanthropy therefore demands significant change within the non-profit sector. Non-profit organisations seeking to attract the venture philanthropy investment dollar will need to display an entrepreneurial edge and develop a strong marketing profile that will separate them from the mainstream of their field.

#### **Responses to the claims of the 'new' philanthropic discourses**

The 'new' discourses of strategic and venture philanthropy have undoubtedly challenged the mainstream of philanthropic practice. The interviews conducted as part of this research have revealed an awareness among practitioners of the broad claims associated with both discourses, and as noted above, in some cases there is clear evidence that aspects of these claims have influenced a shift in direction for their trust or foundation. For example, a number of trusts and foundations have developed parallel programs of grantmaking. Typically, the established grant by application process that funds across a spectrum of issues and projects continues alongside a more recently adopted process of strategic grantmaking that is usually defined as longer term, targeted funding of a small number of projects often developed in partnership with selected non-profit organisations.

However, there is also abundant evidence of a 'business as usual' approach among many trusts and foundations. Many grant makers are continuing to utilise the grant by application approach to fund a range of projects. The Deakin University research reveals concern among this group of practitioners that the strategic approach as outlined above would see many worthwhile projects cut out of the funding loop, especially with the tighter restrictions often associated with gaining government funding. Other practitioners argued that both the strategic and venture philanthropy models placed heavier accountability burdens on already over-stretched community groups.

Some practitioners suggested that their grant by application approach in fact represented an example of purposive or strategic grantmaking. To these practitioners, the term strategic grantmaking entailed the use of clear criteria to guide their decision making. They also argued that small grants could have a strategic impact in a particular field. For example, such grants enabled new ideas and approaches to issues to be trialled and evaluated. A number of practitioners interviewed for the Deakin research provided examples of such projects that had variously gone on to receive longer term funding from government or other sources, had prompted a shift in approaches to specific issues

# Grantmaking or Strategic Investment? The Challenge of 'New' Philanthropic Discourses (continued)

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or resulted in significant change in public policy. These practitioners therefore explicitly rejected the idea that the grant by application represented a scatter gun approach to philanthropic grantmaking.

## Conclusion

This brief overview of the initial research findings suggests that philanthropic discourse and practice are in a state of flux. Whilst, a number of foundations have explicitly aligned themselves with the 'new' philanthropic discourses of venture and strategic philanthropy, there is evidence that many foundations are adopting a more cautious wait and see approach. The adoption of parallel grantmaking programs is emerging as a compromise between established and newer approaches to philanthropy. Given the relative freedom that trusts and foundations possess in terms of their operation it remains to be seen if they embrace the new discourses currently being promoted.

*(1) This research has been undertaken as part of an Australian Research Council Linkage Grant and involves Elizabeth Cham, Executive Director of Philanthropy Australia and Associate Professor Sue Kenny, Director of the Centre for Citizenship and Human Rights, Deakin University in addition to the author.*

# Resource Centre Briefing

By Louise Arkles and Vanessa Meachen

Evaluation continues to be a hot topic for foundation boards and staff members, with many foundations developing their own evaluation plans and programs. International organisations such as the Center for Effective Philanthropy and the Philanthropic Initiative have been established to provide the tools, resources and information for evaluation – and furthermore, to evaluate not just different evaluation techniques, but the process of evaluation itself! The following resources on evaluation are available in or via Philanthropy Australia's Resource Centre.

## Resources on Evaluation: Books

- Palmer, Des. Monitoring and Evaluation: A Practical Guide for Grant-making Trusts. ACF, London, 1998

*This guide draws on the experience of the UK's grantmaking trusts and foundations and provides with examples and guidance to help in assessing grants and grant programs.*

- WK Kellogg Foundation Handbook on Evaluation

*This handbook is distributed by the WK Kellogg Foundation to its grantees to assist them with program evaluation.*

- van der Eyken, Willem. Introducing Evaluation  
Bernard van Leer Foundation, 1992

*An uncomplicated guide to evaluation of early childhood projects, written in accessible style.*

- Start Do-it-yourself Evaluation Manual: an integrated approach to project management and evaluation  
The Australian Youth Foundation and Dr Colin Sharp, Flinders Institute of Public Policy and Management, 1996

- Leat, Diana. Faith, hope and information: assessing a grant application Joseph Rowntree Foundation, 1998

*A thorough guide to evaluation for foundations, drawing on the experience of a large number of American foundations.*

- Indicators of effectiveness: Understanding and improving foundation performance

*The Center for Effective Philanthropy, Boston 2002  
This is a report on the Foundation Performance Metrics Pilot Study undertaken by the Center for Effective Philanthropy. It is also available for download from the Center for Effective Philanthropy's website, <http://www.effectivephilanthropy.org>*

## Articles

The following articles from Foundation News and Commentary are available in Philanthropy Australia's Resource Centre.

- 'Realizing the Potential of Program Evaluation'  
by Patricia Patrizi and Bernard J. McMullan  
May/June 1999, Vol. 40, No. 3.

- 'Commentary: Try My Elixir' John Bare  
Ten ways to communicate the value of evaluation to grantmaking colleagues.  
January/February 2002, Vol. 43, No. 1.

- 'Seeking the Right Equation' by Amy Kincaid  
March/April 2000, Vol. 41, No. 2.

- 'Corporate Foundation Boards and Evaluation'  
by Laurie Regelbrugge, January/February 2001,  
Vol. 42, No. 1.

## Internet resources

- The Center for Effective Philanthropy – <http://www.effectivephilanthropy.org/>

*Founded by Mark Kramer and Michael Porter, authors of the seminal Harvard Business Review article 'Philanthropy's New Agenda', the Center for Effective Philanthropy's mission is to advance the practice of philanthropy by providing tools to define, assess, and improve overall foundation performance. Their website includes two excellent and free report which can be downloaded in PDF format: Towards a Common Language: Listening to Foundation CEOs and Other Experts Talk About Performance Management in Philanthropy, and Indicators of Effectiveness: Understanding and Improving Foundation Performance.*

- The Pew Charitable Trusts – <http://www.pewtrusts.org/>  
*Includes an excellent document, 'Returning Results', which describes the system of determining and evaluating philanthropic investments which is used at the Pew Charitable Trusts.*

- The WK Kellogg Foundation – <http://www.wkkf.org/>  
*The Publications section of the WK Kellogg Foundation includes a number of tools and documents including 'Evaluation in Foundations – The Unrealised Potential' and the WK Kellogg Foundation Handbook on Evaluation, which the Foundation distributes to its grantees.*

- GrantBenefit – <http://www.grantbenefit.org/>  
*GrantBenefit is Community Foundations of Canada's evolving web-based resource for demonstrating grantmaking impact, and includes plenty of information, tools and resources.*

- Evaluation Wars  
<http://www.philanthropyroundtable.org/magazines/2003/may/evaluation.html>

*This article from the Philanthropy Roundtable discusses the possibility that foundations may be overlooking "subtle indicators of effectiveness" in favour of more elaborate methods for tracking and reporting outcomes.*

- Grantmakers for Effective Organisations  
<http://www.geofunders.org/>

*GEO's mission is to advance and expand organisational effectiveness practices in and by the philanthropic community. While much of the information on this website is only available to GEO members, there are some free resources including a document on evaluating a proposal from a start-up organisation.*

- The J W McConnell Family Foundation Evaluation Framework  
<http://www.mcconnellfoundation.ca/pubs.e/eval.html>

*Includes information on the Foundation's evaluation philosophy as well as a guide to their evaluation framework and links to other resources.*

- Evaluation at the James Irvine Foundation  
<http://www.irvine.org/frameset4a.htm>

*The Evaluation section of the Irvine Foundation's website contains detailed information on the Foundation's evaluation process, including downloadable documents such as "A Participatory Model for Evaluating Social Programs".*

# Home and Abroad

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## Conferences – Home

### **Building Better Boards: A Dialogue on Nonprofit Governance**

When: 31 July – 1 August 2004  
Where: Sydney, NSW  
Further Information: Nonprofit Governance and Management Centre, PO Box 246, Gladesville NSW 2111  
Phone: (02) 9879 6674  
Fax: (02) 9879 6029  
Website: [www.governance.com.au](http://www.governance.com.au)

### **Overcoming the Divide: Building Stronger Communities and a Strong Community Sector Hosted by NTCOSS**

When: 4-5 March 2004  
Where: NT  
Further Information: Kerrie Taylor, Conference Coordinator  
Phone: (08) 8948 2665  
Fax: (08) 8948 4590  
Website: <http://coss.net.au/events/ntcoss/>

## Conferences: International

### **'Acting for a Just World' CIVICUS World Assembly**

When: 21-24 March 2004  
Where: Gaborone, Botswana  
Enquiries: CIVICUS, 1112 16th Street NW, Suite 540 Washington DC 20036 USA  
Email: [worldassembly@civicus.org](mailto:worldassembly@civicus.org)  
Website: <http://www.civicus.org/>

### **Independent Sector Annual Conference**

When: 7-9 November 2004  
Where: Chicago, USA  
Enquiries: Bob Shoe, Independent Sector  
Email: [bobs@IndependentSector.org](mailto:bobs@IndependentSector.org)  
Website: <http://www.independentsector.org/members/events.html>

### **'Aligning for Results' Grantmakers for Effective Organisations 2004 National Conference**

When: 17-19 March 2004  
Where: Seattle, Washington, USA  
Enquiries: Idalia Ramos, Grantmakers for Effective Organisations 1528 18th Street NW Washington, DC 20036  
Phone: 1-202-518-7251  
Fax: 1-202-518-7253  
Email: [ramos@geofunders.org](mailto:ramos@geofunders.org)  
Website: <http://www.civicus.org/>

# Finding Out More

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## Queensland Community Foundation

Anne McInally, Manager  
Queensland Community Foundation  
Level 6 Central Plaza Two, 66 Eagle Street  
GPO Box 2242 Brisbane, Qld 4001 Australia  
Phone: 61 7 3360 3854  
Fax: 61 7 3360 3979  
Email: [a.mcinally@qic.com](mailto:a.mcinally@qic.com)  
Website: [www.qcf.org.au](http://www.qcf.org.au)

## Australian Sports Foundation

Website: [www.asf.org.au](http://www.asf.org.au)  
Contact Rod Philpot on (02) 6214 1832

## Young People in Philanthropy

For more information please contact Rebecca Gardner at The Foundation For Young Australians on (03) 9670 5436 or on [rebeccag@youngaustralians.org](mailto:rebeccag@youngaustralians.org)

Watch the next edition of Australian Philanthropy, which will feature innovative strategies for involving young people in philanthropy.

## Young People in Brazil (Johns Hopkins International Fellows in Philanthropy)

Genevieve Timmons can be contacted at  
PO Box 71, Flinders Lane, Melbourne 3000  
Phone/Fax: (61 3) 9497 4872  
Email: [timmonsg@vicnet.net.au](mailto:timmonsg@vicnet.net.au)

## Not-For-Profits: Getting the Regulatory Framework Right

Website: <http://cclsr.law.unimelb.edu.au/activities/not-for-profit/>.

Summary of findings, articles etc. Information about the release of the full report upon its completion will be available here.

Contact Ms Sue Woodward and Ms Shelley Marshall,  
7th Floor, Faculty of Law,  
The University of Melbourne,  
Victoria 3010  
Phone (+61 3) 8344 6938  
Fax: (+61 3) 8344 5285  
Email: [law-notforprofit@unimelb.edu.au](mailto:law-notforprofit@unimelb.edu.au)

## Dymocks Literacy Foundation

For further information regarding the Dymocks Literacy Foundation, please visit  
Website: [www.dymocksliteracy.com.au](http://www.dymocksliteracy.com.au)  
Email: [literacy@dymocks.com.au](mailto:literacy@dymocks.com.au)  
Phone: (02) 9224 9411

## Contributors

Garry Fabian and Elizabeth Arkles are freelance writers.

Jane Kenny is Philanthropy Australia's NSW based Membership Services Officer.

Genevieve Timmons is a consultant specialising in philanthropy and grantmaking.

Sarah Miller and Tracey Webster work for the respective foundations they have profiled.

# Philanthropy Australia – Members

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## New Members

Philanthropy Australia would like to warmly welcome the following new members:

### Full Members

Capital Region Community Foundation  
Clayton Utz  
Geelong Community Foundation  
Narrangullen Trust  
Petre Foundation  
Tasmanian Community Foundation  
The Towards a Just Society Fund  
Philip Wollen  
Woolworths Ltd  
Sydney Community Foundation  
Wingecarribee Community Foundation

### Affiliate Members

The Austway Group Pty Ltd  
Ilhan Foundation  
The Mary Potter Trust Foundation  
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