



PHILANTHROPY  
*Australia*

# Australian Philanthropy

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Looking Back, Looking Forward:  
Celebrating 30 Years of Philanthropy Australia



1977-2007



# Looking Back, Looking Forward: Celebrating 30 Years of Philanthropy Australia

## Contents

<b>From the President</b>	<b>2</b>
<i>Bruce Bonyhady, President</i>	
<b>From my Perspective</b>	<b>3</b>
<i>Gina Anderson, CEO</i>	
<b>Feature – Looking Back, Looking Forward: Celebrating 30 Years of Philanthropy Australia</b>	
The cultural and social history of philanthropy – Michael Liffman	4
Figures in philanthropy: Elizabeth Cham	6
Philanthropy Australia: A history – Vanessa Meachen	7
What's next for community foundations? – Catherine Brown	9
A perspective on collaboration – Elaine Henry	10
A discussion on social change philanthropy – Mary Borsellino	12
Feature interview: Sir Gustav Nossal	14
Using ICT to strengthen and grow the sector – Emily Turner	17
Figures in philanthropy: Lady Southey	19
Driving forward whilst looking into the rear vision mirror – Professor Myles McGregor-Lowndes	20
Finding our strength – Rhonda Galbally	22
Prescribed Private Funds – John McLeod	24
From chequebook charity to engaged philanthropy – Michael Traill	26
Historical snapshot: Meriel Wilmot	27
Philanthropy Australia's first Affinity Group: Gemma Gamble	28
Corporate Community Investment – Dr Noel Purcell	30
Trustee companies – Mary Borsellino, Louise Gourlay	33
Historical snapshot: Pat Feilman	33
The David Thomas Challenge – David Thomas, Atticus Fleming, Graham Turner	34
Imagine the world without philanthropy – John Bloom	36
<b>Voices of Philanthropy</b>	
Darvell M Hutchinson AM	6
John B Reid AO	9
Marion Webster OAM	13
David Gonski AC	16
Tony Howarth AO	16
Sarah Stegley	19
Liz Gillies	23
Lady Potter AC	25
Robin Hunt	32
Philanthropy Australia historical record of Council Members and officeholders	37
<b>Members of Philanthropy Australia</b>	<b>39</b>



"In this issue we celebrate the 30th Anniversary of the establishment of Philanthropy Australia. Today Philanthropy Australia has a clear national footprint... and the media see the organisation as the leader and voice of the Australian philanthropic sector..."

## From the President

*Bruce Bonyhady, President*

In this issue we celebrate the 30th Anniversary of the establishment of Philanthropy Australia.

Today Philanthropy Australia has a clear national footprint; governments, business, the broader not-for-profit sector and the media see the organisation as the leader and voice of the Australian philanthropic sector; and Philanthropy Australia has many links to its counterparts in other countries and the international philanthropic community.

The strong position of Philanthropy Australia has been underscored for me in recent months by the many requests we have received for input by Commonwealth, State and Local Governments and the media and by some observations on a recent visit I made to the United States and United Kingdom.

In Washington and London I met with the Council on Foundations and the Association of Charitable Foundations, respectively, as well as other membership organisations, service providers and senior members of the philanthropic sector. They all shared Philanthropy Australia's focus on good governance, effectiveness and the growth of the philanthropic community, which is creating new demands, specialisation and diversity as well as opportunities for collaboration and partnerships.

It was also very pleasing to learn from my discussions that Philanthropy Australia enjoys relatively strong support and is taking a number of innovative

approaches towards best practice. At the same time it was clear that there is much we can continue to learn from overseas and share with the international philanthropic community. Therefore, as we go forward, contributing to a stronger international dialogue will be beneficial for Philanthropy Australia, our Members and growing the philanthropic sector.

Taking a retrospective view on the occasion of our anniversary, it is clear that Philanthropy Australia is both a product and a reflection of Australian philanthropy, particularly Melbourne-based philanthropy.

Unfortunately, some of the records from the early years of Philanthropy Australia and its predecessors, The Association of Australian Philanthropic Trusts and The Australian Association of Philanthropy Inc, are incomplete. It is therefore not possible to identify all of the people and trusts who have contributed to making Philanthropy Australia the vibrant organisation it is today. However, I have taken the view that we must acknowledge the enormous contributions to Philanthropy Australia of some of those we do know.

The Myer Foundation and The Ian Potter Foundation stand out as leading contributors to Philanthropy Australia. In 1971 the then Executive Officer of The Myer Foundation, Meriel Wilmot, and the Executive Secretary of The Ian Potter Foundation, Pat Feilman, led the drive to establish The Association of Australian Philanthropic Trusts. Both Foundations then became inaugural

Members of the Association when it was established in 1977, became Leading Members in 1999 and several of their Trustees and Executive Officers have served on the Council of Philanthropy Australia.

Lady Southey, as well as serving as a Trustee of The Myer Foundation, has been the longest serving President of Philanthropy Australia and is now one of our esteemed Patrons. Charles Goode, as well as being Chairman of the Governors of The Ian Potter Foundation has also championed the very generous support of Philanthropy Australia by the ANZ Banking Group.

Sir Gustav Nossal, our first Patron, and Life Members, Dame Elisabeth Murdoch, Jill Reichstein, Ben Bodna and The Stegley Foundation, have all supported the work of Philanthropy Australia most generously.

Philanthropy Australia has also benefited from the dedication and hard work of its loyal staff throughout its existence and the pro bono support of some key advisers, especially John Emerson from Freehills.

As a result of these generous acts and the philanthropy of all our Members and Council Members, past and present, Philanthropy Australia is in a strong position today to face the challenges of the future.



"The new philanthropists want to be engaged in their giving – they don't want control, but they want influence. They want to be involved and informed, and for many it is about adding another dimension to their experiences."

## From my Perspective

Gina Anderson, CEO

*"Three quarters of philanthropic giving comes from individuals. We cannot expect that the same individuals who have created whole new ways of financing investments in the commercial sector, whole new financial institutions, whole new technologies that have changed the way we live would suddenly lose their creativity when applying themselves to the societal commons. Rather, they bring to the commons, and to their philanthropy, the very same energy that made them change agents in commerce. And the changes they are bringing are vast."*

*Michael P Hoffman, Chairman, Changing Our World from 'The End of Definitions' 2007.*

The philanthropic sector in Australia, like the not-for-profit sector as a whole, is going through a very dynamic phase. Until the abolition of death duties, most trusts and foundations were established by bequests. Thereafter the majority of private foundations have been established during the life of the benefactors. In addition, the large growth in wealth in Australia as a result of some 15 years of prosperity, together with the anticipated inter-generational transfer of wealth, is prompting a growth in overall giving.

A number of new players have also come to prominence, including the Prescribed Private Fund (PPF), a rapidly growing prescribed form of private foundation, which has attracted a new class of living donor. Many of the donors who have established PPFs are businesspeople who have been giving informally for many years. We also now have a generation of women who have made their own money rather than inheriting it, and Corporate Australia is becoming increasingly sophisticated and prominent in the way it approaches its philanthropic work and social investment.

New vehicles and structures such as donor advised funds, community trusts and a variety of investment products

(both social and philanthropic) are emerging to meet the needs of a new class of donors who are not in a position to establish a foundation at this stage, but who are nevertheless making substantial donations to charity – often in the tens of thousands every year.

All these donors – well informed, sophisticated and confident – are driving the professionalisation of the sector, because they are unlikely to remain hands-off and assume that good intentions will lead to good outcomes. They demand a greater focus on the impact, value and effectiveness of philanthropy, and in some cases will wish to apply their own business skills to assist the organisation or project to which they are donating.

The media is playing an increasingly important role both in highlighting the act and importance of giving, and in increasing calls for accountability and transparency of the not-for-profit sector. Other factors also influencing the way donors behave include our increasingly fast-paced lifestyles, and the abundance of choice in our lives. This means that we are geared to demand more, in almost every situation: more knowledge, more input, more choice. Not only the large corporations and foundations, but even individual donors giving comparatively small amounts, want to know what happens as a result of their donation.

A recent nfpSynergy report from the United Kingdom, entitled *'The 21st Century Donor'*, gives some clues as to the demands of the new philanthropists and implications for not-for-profit organisations:

- Major donors want it fast, they want it big, they want a lot of impact, they want a lot of measurement, and they want it now! For not-for-profit organisations, the implications are vast. They must be much clearer in the information they provide and they

must provide that information quickly. They need to demonstrate to the major donor how their money will have an impact – they will need to show them the difference.

- The new philanthropists find the issues to do with risks, problems and challenges faced by the not-for-profit sector really fascinating. However in many cases they don't understand enough about what charities and other not-for-profit organisations do and how they make a difference.
- Also the new philanthropists want to be engaged in their giving – they don't want control, but they want influence. They want to be involved and informed, and for many it is about adding another dimension to their experiences.

However perhaps one of the biggest issues not-for-profit organisations, including Philanthropy Australia, must address is managing the expectations of the new philanthropists. In most cases we are dealing with people, behaviours, environmental and social issues, which require long term societal change; but we live in a society where everyone wants everything now. Philanthropists want to know that the 'problem' has been solved in one year, three years, five years. Few donors are willing to give funding over a 25-year period, or to wait 25 years to know whether their donation is making a difference.

Consequently we all must get better at articulating what is a reasonable expectation and what is an unreasonable expectation and demonstrating why that's so.

For Philanthropy Australia meeting the demands of the new philanthropists, while balancing the needs of those of our traditional base, presents a major challenge, but one which we embrace.



# The cultural and social history of philanthropy in Australia

By Dr Michael Liffman, Asia-Pacific Centre for Philanthropy and Social Investment, Swinburne University

As is the case with so many aspects of life in Australia, our philanthropic habits find themselves shaped by an indeterminate blend of English and North American influences.

Giving is not a conspicuous aspect of our civic culture. The British approach to philanthropy has been described as one of private and low-key support through small unplanned donations to universal causes, in contrast to the American, where giving is public, planned and unapologetically connected with personal identity. Domestic and household giving in Australia reflects our history of apparent unease about extravagant wealth, our sense of privacy about personal convictions, and our expectations of a significant role for government in the provision of basic services.

Accordingly, private philanthropy – the voluntary giving of substantial amounts of money for public purposes by individuals and families – has played a relatively small role in Australian society. The research undertaken for the Prime Minister's Business Community Partnership's *Giving Australia* report confirms the widely held perception that Australian philanthropy is significantly less than in the USA: giving is 1.6 per cent of GDP in the USA and 0.68 per cent in Australia.

The explanation for this must surely lie, at least in part, in some rather obvious differences between our history and that of the USA. In essence the USA was settled in consequence of a flight from government, and Australia as an outpost of it. The early settlers of the New World sought opportunity in an unsettled (as they saw it) frontier society where natural abundance, individual enterprise, and freedom from the institutions of the state would allow individuals to prosper and success to build communities. As a convict colony the earliest settlers were not here in search of anything, nor were they far from the reach of the state. That was to change with further settlement but the presence of government was constant, and while the development of labourite and union sentiment occasionally (as in the famous Eureka incident) sought to resist the heavy hand of the state, it

also often asked the state to do more, not less, for its citizens.

Denis Tracey, in his study of Australian philanthropists, *Giving it Away*, puts it like this:

*Australia was established largely as a division of the British prison system, and from the earliest days the colonial government controlled, or sought to control, virtually all aspects of life. Did this encourage a view that government would always provide basic services and fix problems, a view that continues to influence us today?*

*Many of the early immigrants to the USA, on the other hand, were fleeing from government interference. And later, as the covered wagons rolled across the prairies, people knew that they were on their own. If hostile Indians attacked or the horses dropped dead, there was no guarantee that the government would help.*

At the same time, Australia does have its own distinctive – sometimes iconic – individuals whose benefactions make them comparable to those American philanthropists whose number and generosity have made America the heartland of philanthropy. Some have set up trusts and foundations, or established a family ethos, that still give expression to their founders' intent beyond their lifetimes, although they do not approach the number, nor the wealth, influence or renown, of their North American counterparts. It is therefore in the occasional philanthropy of the wealthy, rather than that of the ordinary householder, or the moderately successful professional or business operator, that Australia most approximates the American model.

It is generally held that the wealth of Victoria, the 'Marvellous Melbourne' era of the late 19th century, and the colony's more positive tax incentives in the form of relief from death duties, produced more philanthropy in that state than elsewhere in Australia. Two iconic

figures of the late 19th and early 20th centuries head the list of Australian philanthropists: Sidney Myer and Alfred Felton. But there were many others as well over subsequent decades: McPherson, Hall, MacRobertson, Grimwade, and later Potter, Schutt and others.

While the Australian landscape over the first half of the 20th century was dotted with some conspicuous examples of generous philanthropy on the part of wealthy individuals, it remained small and informal. Its benefactors were generally reactive and cautious, and seldom guided by an overall vision or strategy, still less an obvious agenda for social change. Not until after World War II did Australian philanthropists, led by Ken and Baillieu Myer and The Myer Foundation, begin to follow the lead (and never could they hope to approach the scale) of such foundations as Ford or Rockefeller. The postwar years saw both an increase in the number of individuals who made generous gifts to community causes without establishing formal structures for the purpose, and a growth in the number of philanthropic trusts.

Since the 1990s there has been considerable growth in the number of philanthropists and philanthropic foundations, and, alongside the traditional role of the sector in charitable and cultural support, in the diversity of their interests, willingness to engage with social activism, and professionalism. Generational continuity is also becoming more evident. Through his personal giving, through the Visy business, and through the Pratt Foundation, Richard Pratt is perhaps Australia's leading contemporary philanthropist, with, amongst others, Sydney's Frank Lowy, and the Smorgon, Besen and Fairfax families. Particularly notable is the philanthropy of a number of Jewish families, some of whom found business success here after seeking refuge from the holocaust. Arguably, however, Australia's most generous philanthropist is not an Australian, nor even a person

with a strong connection with Australia, but Atlantic Philanthropies' remarkable Chuck Feeney.

Over the last two decades, a tier of smaller foundations has come into being, associated with newer wealth on a more modest scale or with the intergenerational transfer of older wealth to a younger generation. In a few of these, the best-known being Victoria's Reichstein Foundation and (until it wound up after spending down its endowment) the Stegley Foundation, a clearer commitment to that mode of philanthropy typically described as progressive is to be found. It is a mode shaped by the 1980s, rather than the 1950s, which favours advocacy and empowerment, rather than service delivery and academic research, and responds to advice – and possibly peer pressure – from community activists, rather than the business and social elite. There is considerable energy in this sector, which continues to grow, as a new generation seeks to apply its business skills and idealism to its philanthropic activities, in the face of a renewed sense of the urgency and universality of such challenges as climate change.

Significant charitable bequests have also been left to the administration of commercial trustee companies. It is from the few large, and the numerous small, philanthropic foundations, amounting to more than 450, under the management of these companies that the bulk of Australia's philanthropic funds come. As well as the Williamson Foundation, others managed by such trustee companies as ANZ Charitable Trustees and Perpetual Trustees include the Buckland, Brockhoff and Viertel Foundations. A growing awareness of corporate citizenship has led the creation of a number of corporate foundations, such as the Rio Tinto and Telstra Foundations, and to some commitment to supporting community ventures being almost 'de rigueur' in the business sector.

The growth of the community foundation movement, notably the Melbourne Community Foundation and the Foundation for Regional and Rural Renewal, has both been a product of, and a stimulus to, the more engaged giving which overseas experience tells us will be the preferred mode of that emerging generation of givers being created by the massive intergenerational transfer now reshaping wealth in the developed world. Paralleling this is the boost given to philanthropy by the 600 or so Prescribed Private Funds which have been established in response to the creation, by the Commonwealth, of this mechanism as a simple tax-effective means for creating a permanent philanthropic endowment.

In the late 1990s Prime Minister John Howard called for more partnerships between the business sector and the community and philanthropic sectors, asserting that, at a time when government expenditure is increasingly unable to meet existing community needs and rising expectations, corporations and individuals must provide more funds and greater volunteer effort. The Prime Minister's Community Business Partnership was established to foster such partnerships and to promote philanthropy, and taxation laws were also amended to encourage philanthropic giving. While perhaps this message was first received more on the basis that the business sector should be seen to have a conscience, and an understanding of the role it plays in the community, than in the belief that such a partnership will – or should – play a major part in meeting what have traditionally been seen

of it being an adjunct to – or, worse, a substitute for – governmental expenditures.

Philanthropy is often criticised from both conservative and liberal perspectives. Conservatives accuse it of sniping at government, promoting social complaint and advocacy, and providing a platform for minority, 'new class' professionals, rather than supporting direct 'hands-on', practical, charitable relief. Progressives fear that philanthropy uses tainted money to salve the consciences of the wealthy, fails to solve real problems, allows governments to shirk their responsibilities, and is directed less at the needs of the poor and disadvantaged than at the hobbies and status needs of the elite.

Grant-seekers – even successful ones – complain that the long term strategic

"The postwar years saw both an increase in the number of individuals who made generous gifts to community causes without establishing formal structures for the purpose, and a growth in the number of philanthropic trusts."

as the responsibilities of government, subsequent years have seen a growing acceptance of it by business.

Ambiguous implications for philanthropy are to be found in its contemporary resurgence. Philanthropy's advocates assert that it has a unique role in social experiment, in supporting risky, untested or controversial ideas, and in providing the venture capital for social development. It is also seen as building community and – since the end of the Cold War – the all-important 'civil society' through which ordinary people will reclaim their stake from the overreach of government and business, and rebuild cohesion, mutual support, and real democracy. Giving, especially by the wealthy, begets more giving, and, in an era of massive demand for public spending, but also of massive intergenerational wealth transfer, philanthropy is seen as having an inspirational and exemplary potential. But many of those same advocates of philanthropy fear distortion of these qualities by more mundane expectations

potential of private philanthropy is undermined by its ad hoc nature, and its preference for innovation and pilot projects, over sustained commitment and core funding. Funders reply that limited funds do not permit long term commitments, and should not be allowed to create dependence, or to relieve governments of their obligations. Leverage, demonstration and pilot projects – 'pump-priming' – are the real strategies of philanthropy.

From any of these quarters, therefore, there come occasional calls for greater accountability from the sector for its governance and expenditure, and increased scrutiny and regulation by government for its use of funds assigned for public goods – funds which can be seen to include taxpayers' contributions through the tax revenue foregone by the concessions available to philanthropic benefactions. There should be more philanthropy, but it should not allow government to opt out.

# Figures in philanthropy: Elizabeth Cham



Elizabeth Cham has been a central and inspirational figure in the history of Philanthropy Australia, having been National Director from 1995 to 2005. Liz oversaw the transformation of the organisation from a small, Melbourne-focussed association serviced by 1.5

staff, to a truly national organisation with a highly professional secretariat.

Her work in the advocacy and media fields has been groundbreaking and did much to not only recruit new Members but to promote awareness of, and support for the growth of, philanthropy in this country. She has been a member of the Prime Minister's Community Business Partnership and the Asia Pacific Philanthropy Consortium, taking Australian philanthropy to the global stage.

As Vanessa Meachen said in her speech at Liz's farewell in February 2006 "Elizabeth is a great egalitarian.

She treats everyone as deserving of the same respect, and... has boundless warmth and compassion. Working with Liz meant we felt part of something larger than ourselves, and she never failed to inspire us with reminders of the achievements and changes brought about by philanthropy."

Elizabeth is currently the Chair of the Advisory Council to the National Roundtable of Nonprofit Organisations, an organisation she was instrumental in establishing and is a Philanthropy Fellow at the University of Melbourne. Philanthropy Australia owes much to Elizabeth for a decade of inspirational leadership.

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## Voices of philanthropy



*Darvell M Hutchinson AM, Chairman, Helen Macpherson Smith Trust.*

### What are the rewards of philanthropic giving for you?

To have had the opportunity to work as a trustee of various charitable bodies on both sides of philanthropy – as a grantor and individual donor, and also for grantee organisations.

Such exposure since becoming a trustee of the Helen Macpherson Smith Trust in 1964, then worth \$4 million, has rewarded me to better appreciate the needs across society, the dedication of the people striving to improve the lives of those less fortunate, and the growing impact now made by foundations towards philanthropic causes.

### What would you name as the biggest milestones in the last 30 years of the sector?

The biggest advancement has been the constant yet dynamic growth of professionalism being applied to the work of the sector, which in turn, has resulted in a variety of milestones being achieved, and now accepted as normal best practice across the philanthropic sector.

When the Australian Association of Philanthropy (now Philanthropy Australia Inc.) commenced, both its direction and financial sustainability were somewhat uncertain, but despite many challenges, it succeeded.

Since then, the need for greater professionalism has seen various sector milestones, such as in the areas of education, knowledge sharing, professional development, and liaison with government. Today we take for granted the specialised education courses available to the sector through Swinburne and QUT universities; the sharing of knowledge through PA's Affinity Groups; the professional development of trustees and personnel through the international conferences conducted by Philanthropy Australia; and the liaison established with the Federal Government which has delivered a considerable cash-flow 'bonus' to charitable bodies since 2001 from the refunds of imputation credits.

### Which philanthropic project that you have been involved in means the most to you?

Grants from Helen Macpherson Smith Trust are widely spread across Victoria, hence to single out one grant is difficult. However, a grant of \$750,000 in 2001 to assist the establishment of the RDNS Helen Macpherson Smith Institute of Community Health for home nursing education is special. The Institute is now widely recognised as a centre for learning and nursing research.

### How would you like to see the sector develop in the next 30 years?

Trustees have always been obligated to embrace change, and I think future developments should encompass the adoption of a regulatory framework; increasing the incidence of collaborative partnerships with peer foundations and/or corporates to leverage better outcomes for major grantmaking projects; and encouraging foundations to allocate part of their investment portfolio towards direct 'social investments' dedicated to particular community needs, being unlisted entities in which a foundation could play an operational role.

### If the 'philanthropy fairy' granted you one wish to improve the charitable and philanthropic sector, what would you wish for?

To see a formal, yet rational, code of regulation, preferably self-regulation, adopted by Philanthropy Australia for submission to government as our preferred model.

There is an urgent need for philanthropic trusts, and hopefully the whole sector, to adopt a formal code of regulation. I advocated such change when I was President of the Australian Association of Philanthropy in 1987, but it was strongly opposed. I remain convinced that a formal regulatory framework will apply in due course, but time is running out for the sector to have the opportunity of formulating a code of equitable dimensions.



# Philanthropy Australia: A history

By Vanessa Meachen, Research and Training Manager, Philanthropy Australia

In the grand sweep of history, 30 years isn't very long. Even in the more contained history of philanthropy, 30 years is not a long time; humans have been giving their time, money, resources and spirit to make the world a better place for millennia, and organised philanthropy has been in existence for centuries.

Thirty years is, however, the total time that Philanthropy Australia has been in existence, and even over that time we've seen some very dynamic changes both within the organisation and in the philanthropic sector. As we look back on our history, we gain insights into what could be our future.

The professionalism of the sector was a key aim of the organisation when originally established; the sharing of information between philanthropic trusts was also considered a key factor.

Philanthropy Australia's development has somewhat mirrored that of Australia's philanthropic sector. It began as a low-key, quiet and fairly private endeavour, mirroring the early years when 'about half a dozen' trusts exchanged lists of grants they had made, before the pace of technological change had struck both fear and exhilaration into the hearts of the community sector. While the Association of Australian Philanthropic Trusts (later the Australian Association for Philanthropy and now Philanthropy Australia) was officially formed on 1 December 1977, the genesis came long before, in discussions amongst trusts and in two seminars in 1971 and 1975 sponsored by The Myer Foundation and The Ian Potter Foundation. A list of participants in the 1975 seminar survives in our archives, and it's both enlightening and inspiring to see how many of the organisations listed are now Members; the fact that most guest speakers were academics or government representatives is also notable. There are also very few non-Victorian representatives, and the organisation remained largely Victorian-focused for several years, despite a handful of interstate Members and regular pleas in its newsletter for news from outside Victoria.

The Association's first Chairman was John Howard of the Lance Reichstein Foundation; a 1980 source lists 31

Full Members, of which 18 are still Full Members. The winds of change show in the small but significant number of those original Full Members which no longer exist, as well as those that have undergone name changes or mergers, and the Associates listed in 1980 which are now Full Members of Philanthropy Australia.

Some of the very earliest history of the organisation has been lost, but looking back at old newsletters, it's astonishing to reflect on the things which haven't changed in 30 years. Seminars and talks provided to Members in the early 1980s included such topics as 'Principles and Practice in Evaluation' and 'The Role of Foundations in a Changing World' – neither of which would seem too out of place today. Early newsletters discuss issues which are still pertinent – the confusion surrounding tax issues, the respective roles of government and philanthropic trusts and how they can work together, and international philanthropic practice. The fledgling organisation was also asked to provide commentary to a number of government enquiries and departments – a situation which certainly hasn't changed.

On the other hand, media comment on philanthropy was evidently quite rare in our early years – in 1988 the only media article that mentioned philanthropy implied that there was no private philanthropy in Australia, meriting a vigorous response from Marion Webster, then Executive Director. Marion reported to Members that in the weeks after her response letter was published in the *Australian Financial Review*, many enquiries were made by individuals and groups seeking to establish philanthropic foundations. In this new century there seem to be media pieces on philanthropy every week; the word 'philanthropy' is now in the public consciousness, and it's a long time since I've answered a call from someone seeking information on stamp collecting!

Throughout our 30 years, Philanthropy Australia has been supported and aided by Members in all sorts of ways. Premises have been supplied by (amongst others) The Helen Schutt Trust (now the Helen Macpherson Smith Trust), The Ian Potter Foundation and ANZ. Our earliest funding for permanent staff came from the Reichstein Foundation; The R.E. Ross Trust and the Australian Foundation for Culture and the Humanities (now the Australia Business Arts Foundation) supported our Resource Centre in its early years. None of our representation work would be possible without Freehills to provide their expertise, and our meetings and events would not happen if not for our Members who open their premises to us. Our Members are not just our supporters, but our greatest asset and our *raison d'être*; our very existence as an organisation is testament that while everyone likes to work on their own at times, there is no substitute for a united voice. Like all human beings, those engaged in philanthropic work have a hunger to build community – to collaborate, share and learn from one another.

I've been at Philanthropy Australia for just under a third of its official existence, during which time the sector and the organisation have both seen some dramatic change. Looking back at our history as an organisation, I think there is some wisdom to be gleaned for our future.

First, mission is the most important thing. An organisation gets nowhere without dedication to, and passion for, that mission. The length of time that Philanthropy Australia's staff tend to stay at the organisation is a testament to our mission, and to the Members whose work inspires us.

Second, infrastructure and capacity building are crucial for any organisation to achieve that mission. Many of the developments that we have put into

place over the past few years were conceived many years, sometimes a decade, before they actually happened – but the structures, the systems and, most crucially, the people with the right knowledge had to be in place before the projects had a chance to succeed.

Some of the recommendations and suggestions from early years took some time to come to fruition – ideas such as online networks, a code of conduct and the Common Language Project were in the pipeline several years before they became a reality. When organisations are struggling merely to keep their heads above water, and scraping by on the skimpiest budget possible, there is no space for truly creative work to be done. Thought, reflection, planning and evaluation aren't possible without adequate resourcing, and an ill-resourced organisation has difficulty keeping its mind and spirit focused on the mission. It also has difficulty keeping its staff engaged and passionate about their work.

Thirdly, keeping records and using our knowledge is a crucial part of the work we do, and we need to get better at it – and that goes both for Philanthropy Australia and for the sector as a whole. There are several gaps in Philanthropy Australia's records, where we have little idea of the organisation's activities or

even the office-bearers during that time. While that's an issue for us as an organisation, the documenting of our history is also an issue for the sector at large. Often enough we are asked questions about the sector that we, as the peak body, should be able to answer but about which we don't have all the answers – from students curious about the benefactor who provided the scholarship that enabled them to attend university, or journalists eager to bring philanthropy's achievements to a wider audience.

I see knowledge – its management and distribution – being one of the most crucial issues for us as a sector. There's so much tacit knowledge locked up in our filing cabinets, computers, archives and our heads – knowledge which, if released and distributed, could do immeasurable good by sharing what works and what doesn't work, and letting people know the great good that can be done with both large and small amounts of money. That's one of Philanthropy Australia's great challenges, and one we're addressing with tools such as our PhilanthropyWiki.

And finally, we need to tell our stories – our individual stories as donors, trustees or philanthropic professionals, as well as our collective story as a sector, and most importantly the stories of

the beneficiaries of philanthropic work. People love stories; they help us to connect and identify with other people and to understand where we fit in to the big picture. The dollars and hours given are important, but stories put a face to the abstract concept of philanthropy, demonstrating the reason for, and the value of, our work.

Philanthropy in Australia has been fairly low-key about telling its stories, although that's beginning to change as communication tools become cheaper, easier and swifter to use, and as demand from media and potential donors grows. While there will always be a safe space for those who choose not to have a public profile, I believe we're now at the stage where we as a sector can proudly and publicly reflect on both our achievements and our mistakes. Telling those stories can dispel some of the myths and misunderstandings about philanthropy, especially the tired cliché that Australia doesn't have a philanthropic tradition. More importantly, it provides inspiration to those who aren't sure how much difference they can really make, by spreading the range of possibilities before them. After all, knowledge is the second most important asset this sector has – and unlike financial assets, it will never diminish, no matter how many times it is shared.

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## Voices of philanthropy



*John B Reid AO.*

### What are the rewards of philanthropic giving for you?

Noting the positive response from people who need help to be able to look after themselves and learn new things to improve their future.

### What would you name as the biggest milestones in the last 30 years of the sector?

The coming together of scattered state-based organisations to benefit from their collective and newly recognised skills in dealing with blindness, MS, Flying Doctors, physically handicapped peoples' issues, for example.

### Which philanthropic project that you have been involved in means the most to you?

Those which come from a position of desperate need to pride and confidence in the achievement of self fulfilment.

### How would you like to see the sector develop in the next 30 years?

More attention to teaching newcomers those matters learned by today's experienced people who emerged from a lack of knowledge and confidence. As well, teaching people who ask for financial support what the donors need to know to ensure that they will understand and be satisfied with the outcome.

### If the 'philanthropy fairy' granted you one wish to improve the charitable and philanthropic sector, what would you wish for?

A reduction in the enthusiasm for complexity and a revival of simplicity.

# What's next for community foundations?

Catherine Brown, Director, Catherine Brown & Associates

Community foundations have come a long way in the seven years since The Foundation for Rural and Regional Renewal (FRRR) made its first grants to rural and regional community foundations.



In 2000, there were only two community owned and managed community foundations in Australia – Melbourne and Tasmania. Geelong was in the process of incorporation. Today there are more than 25 community foundations responding to the needs of local communities as diverse as Buderim (Queensland) and Mount Gambier (South Australia).

Some community foundations cover a huge territory, for example the Western Australian Community Foundation, and respond to small communities through local trusts and donation accounts. Others such as Tumut and Wingecarribee, while operating in small communities, have become powerful leaders in their communities and have acted as catalysts for social planning projects, bringing in new philanthropic funds and engaging with local businesses keen to grow their corporate community involvement. Funds range from \$35 million to \$200,000 for more established foundations, including flow through funds. From small seeds, big things grow.

Why have community foundations captured the imagination and energy of so many Australian communities, despite some real challenges? The answers are varied:

- the first is a genuine desire for communities to help themselves and to build financial and social capital to respond to their own challenges in new ways;

- the second is the need to prevent charitable funds leaving a community, particularly in rural areas;
- another reason is the desire of donors to give back to their own community. A community foundation is the perfect vehicle for this, especially if the donor wants to support longer term projects; and
- next are the opportunities provided by community foundations to leverage other funding and to build new alliances within communities.

Within five years, I would like to see:

- a commitment from government to support community philanthropy by providing both further incentives for donors and support for organisational development. Recent government initiatives have largely supported private and corporate philanthropy;
- all Australians knowing about community foundations and what they do;

"In time, I expect that all community foundations will be both major grantmakers and community leaders, taking on projects which advance their communities' understanding of social or environmental challenges and how to tackle them."

Community foundations are achieving these outcomes. Some are more focused on building their funds and others are more focused on small grantmaking and community building projects. Both areas are important roles for community foundations and the community foundation movement in Australia can comfortably cover both approaches. In time, I expect that all community foundations will be both major grantmakers and community leaders, taking on projects which advance their communities' understanding of social or environmental challenges and how to tackle them.

A positive step forward has been the amendment to the Income Tax Assessment Act (which came into effect on 1 July 2007) which allows FRRR to work in partnership with rural and regional community foundations to improve the tax effectiveness of donations and the effectiveness of grantmaking.

- a continued building of the capacity of community foundations as grant makers and catalysts and convenors within their communities;
- community foundations ready with enough independent assets to respond quickly in times of crisis (such as the New York Community Trust following September 11) and to make some really interesting longer term investments in their communities;
- more private and corporate foundations and government programs working in partnership with community foundations to deliver benefits for local communities; and
- community foundations working together to achieve these next steps.

The sky is really the limit for community foundations in Australia!

# A perspective on collaboration

By Elaine Henry, Chief Executive Officer, The Smith Family

The non-profit sector has played an important role in the shaping of Australia's history and the development of social capital in our communities.



*everyone's family*

Emerging mainly as a response to the crisis of welfare systems and to the perceived need to reshape them, non-profits traditionally concentrated on providing community support structures such as refuges and homes for the aged.<sup>1</sup> However, recent times have seen the sector develop its own strategies against social and economic exclusion, giving it a legitimacy and function in its own right over and above the residual role usually attributed to it. In short, Australia has experienced what the OECD termed a 'fundamental transformation' in the role and capacity of non-profits, characterised by a shift from welfare provision to greater involvement in employment and social policy through the integration of social and commercial objectives known as 'social entrepreneurship'.<sup>2</sup>

The Smith Family undertook a comprehensive organisational transformation of this nature in 1999 in order to better meet the human capital agenda of the 21st century, and like other social enterprises, has been able to attract new funds and support for the sector through our focus on children and education. As one of the first organisations to establish a commercial enterprise of recycled clothing and textiles in the 1960s, The Smith Family has been able to use this sustainable source of income to cover a large proportion of our infrastructure costs, while also responding to contemporary

environmental concerns. As donors express increasing desires to have their contributions channelled directly to communities rather than organisational overheads, these initiatives are crucial.

We are today seeing greater participation in philanthropy than ever before,<sup>3</sup> but this is not merely a consequence of non-profits adapting to an overall 'increase' in giving but also the result of a change in the 'manner' of giving, shifting from being an 'ad hoc' or impulse activity to more of a planned and strategic contribution. Society as a whole may have become richer, but the average person is now more 'time-poor' than ever and non-profits are now recognising the need to offer more systematic opportunities for giving. The financial scholarships that lie at the heart of

and forget that their organisation's true nature is that of a community of people.<sup>4</sup>

Pre-tax Workplace Giving schemes have been important in this respect, maximising the value of each donated dollar and contributing to what The Smith Family refers to as the 'virtuous circle'. Participation in these opportunities encourages supportive employers to match employee contributions, and to commit to corporate community investment (CCI) in other ways, such as employee volunteering programs that provide experiential learning and give staff a new consciousness and awareness. The culture of CCI and community partnerships then becomes more widely propagated internally, contributing to the creation of a supportive environment for the broader and fuller

"We are perhaps stronger than ever before in terms of engaging the time, talent and dollars of those around us, but are arguably much less prepared to address the necessary challenges of collaboration and innovation at the service delivery level."

The Smith Family's 'Learning for Life' strategy and suite of programs represent just one example of a long term investment in planned giving.

Enlightened corporations also understand their staff's desire to associate with a cause and the added dimension this brings to their lives. The European management writer Arie de Geus argued that companies die because their managers focus on the economic activity of producing goods and services

adoption of CCI within the company's operations. This then leads to greater community involvement and thus completes the virtuous circle between businesses, their staff and their communities, leading to a strategic investment mentality.

This multi-level collaboration at the level of giving has also been reflected at the level of policy and service delivery. Since the turn of the century, more nuanced understandings of disadvantage





Elaine Henry and Lisa Cahill with children at the Childhood Heroes Launch.

and an embracing of 'place management' as a new way of working have helped Australian non-profits recognise the necessity of tackling intractable social issues through multifaceted solutions drawing on the expertise of a variety of disciplines.

However, the propensity towards greater creativity and risk-taking within non-profits has been stunted by the historical absence of institutions and funds devoted to innovation in the social sector (as opposed to business). Too often, it is a matter of luck whether ideas come to fruition, or displace less effective alternatives. As the current Adelaide Thinker-in-Residence Geoff Mulgan has pointed out, this is exactly why many social problems remain more acute than they need to be.<sup>5</sup>

The non-profit sector is therefore at a unique point in its history today. We are perhaps stronger than ever before in terms of engaging the time, talent and dollars of those around us, but are arguably much less prepared to address

the necessary challenges of collaboration and innovation at the service delivery level. Research has shown that high-impact organisations are those that collaborate with the whole community – business, government and others – to build strength and resilience, rather than reinvent the wheel. But are community organisations either willing or able to disrupt the status quo of traditional operations and move forward through innovation? The ability to work with the best minds to demonstrate new ways of working is critical in tackling today's intractable social problems.

A fundamental step along this journey will be to build closer mentoring relationships between community organisations and the business sector in order to facilitate the two-way transfer of skills and knowledge required for capacity building. Corporate community investment partnerships must now be taken to the next integrative stage to support non-profits in using business models to achieve their social agenda. Ultimately, we need to strengthen the

capacity of community organisations to demonstrate the power of using market-based approaches to solving the problems of disadvantage, and ensure that our actions now will create a better future for the generations to come.

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3. FaCSIA (2005) *Giving Australia: Research on Philanthropy in Australia*. Commonwealth of Australia, October 2005.
4. De Geus, A. (1997) *The Living Company: Habits for Survival in a Turbulent Business Environment*. Harvard Business School Press.
5. Mulgan, G. with S. Tucker, R. Ali & B. Sanders (2007) *Social Innovation: What it is, why it matters and how it can be accelerated*. Said Business School, University of Oxford, Basingstoke Press, page 5.

# Teaching people to fish: a discussion on social change philanthropy

By Mary Borsellino, Assistant Editor, Australian Philanthropy

In late October, 2007, a group of Members active in the field of social change philanthropy met with me to talk about the projects and ideals they felt were most significant in the movement's history and in the future ahead.

In attendance were Mary Crooks (Executive Officer, Victorian Women's Trust); Liz Gillies (Grants Executive, Helen Macpherson Smith Trust and the L.E.W. Carty Charitable Fund); David Morawetz (Founder and Director, Morawetz Social Justice Fund); Jill Reichstein OAM (Chair, Reichstein Foundation, and Board Member, Melbourne Community Foundation); Sid Spindler (Chair and CEO, The Towards A Just Society Fund); Julia Spindler (Director, The Towards A Just Society Fund); Ms Fleur Spitzer; Marion Webster OAM (Chair, Melbourne Community Foundation) and Trudy Wyse (Manager, Community and Donors Services, Melbourne Community Foundation and Trustee, Mullum Trust).

"Social change philanthropy isn't new," noted Fleur Spitzer as the hour-long conversation began. "In the past it was through Mechanics' halls and public libraries. It's been going on a long time. Giving people education was a way to help them out of poverty."

Marion Webster pointed out that it was problematic to "draw too strict a line between charity and systemic change."

The well-known saying of 'give a person a fish, they eat for a day; teach a person to fish and they eat for a lifetime' gave Sid Spindler an opportunity to point out the false dichotomy between the two sorts of charity:

"While they are learning to fish, they might want to eat some fish!" he suggested with a laugh. "Even projects which fulfill an immediate need depend on how you implement them. You can empower those you're helping and treat them as partners, and that empowerment can bring about systemic change."

Trudy Wyse offered that "20th century philanthropy has largely been at a remedial, immediate level, with a reluctance to move beyond that and challenge structures and attitudes. You need to work at both levels."

A number of the participants in the discussion put forward the idea that the contemporary field of social change philanthropy saw its beginning in the women's and disability rights movements of the 1970s, which sought not only to address present and visible difficulties faced by those groups but also saw value in working toward systemic change in order to prevent future problems and injustice.

"Philanthropy shifted with the women's and disability movements," explains Jill Reichstein, "because the people who would've previously been recipients of services became ongoing participants in the management of those services."

In this way, the form follows the function: women working toward empowerment took the matter into their own hands, launching the social change they sought through the very act of seeking it.

The task of giving a 'fair go' to these members of society – people with disabilities and women, as well as the many other groups which have since embarked on similar efforts – is still an ever-present element in the world of social change work. A current example of the ongoing achievements being made in the quest for women's rights and equality is the *Getting the balance right: creating family friendly workplaces* booklet published by the Work Family Balance for Women Working in Small NGOs Project 2006.

The booklet contains advice for those managing small non government organisations, in order to make their workplaces more family-friendly and receptive to the needs of employees – statistically far more likely to be women – who have family-related considerations impacting on their working life:

"Cultural change can be a long process. As a manager, you can support this process through good communication and leading by example. Communicate a consistent message across your organisation. Keep it simple and focused: 'Flexible arrangements are good for women, their families and our organisation'. Set an example and access flexible options yourself. That way, you create a climate where staff can discuss their needs openly and feel comfortable to use the policies themselves."

The Victorian Women's Trust (VWT), Women's Information (WIRE), and Queen Victoria Women's Centre – all of whom were involved in the support and publication process of the booklet – met with representatives from Australia's Labor and Liberal political parties in August of 2007 to argue the need for more support for working people and their employers. VWT director Mary Crooks expressed satisfaction with the announcement by Deputy Labor leader Julia Gillard, following those meetings, that the Labor government would invest \$12 million to help small businesses develop family-friendly policies if elected, with grants ranging from \$5,000 to \$15,000 on offer.

While applauding Julia Gillard's decision to make the issue a priority, Mary Crooks is still keenly aware of the ground left to cover.

"Despite all the resources and extraordinary levels present in their sector, less than 10 per cent of philanthropy in the United States goes to groups which support women and girls, and there are very few women's funds in Europe," she explained at the Discussion on Social Change Philanthropy, as the subject of conversation turned to comparisons between Australia's social change philanthropy movement and the equivalents overseas.

"With all its pull, it's still a small percentage that goes to the social change philanthropy movement in the United States," agreed Jill Reichstein, tempering this observation by noting that Australia's social change philanthropy movement doesn't yet have the kind of corporate support the US movement does.

"There are more conversations in the United States, more exploring of the issues," suggested Trudy Wyse, though Marion Webster felt that there was more "talking and energy" around social change philanthropy in Australia as compared to America.

"There are big donations coming out of Sydney now," Liz Gillies noted, turning the discussion back to Australia's own sector.

"Sydney's attracted to the Prescribed Private Fund model," Marion Webster offered. "The question now is whether that attraction to giving will lead to energy and strategic thinking."

What do the discussion participants hope for in social change philanthropy's future?

"Consciousness that even remedial funding can have systemic change effects," answered Sid Spindler. "It can do a lot of empowering. Very often projects will have both components from the word go. I'd like to see a greater consciousness of the strategic possibilities in these projects."

Mary Crooks would like "to see social change philanthropy demystified. There's nothing mystical about it."

"It's the journey," Liz Gillies suggested. "We're so fixated on impact, but none of these issues are easily solved. I'd like

to work more closely with colleagues, and to build up our ability to have whole-of-community responses to issues.

"I'd also like to see more stories profiled in the media, so people understand."

This met with agreement from a number of other speakers in the conversation.

"It comes in stages," Jill Reichstein said. "The project might go in and out of stages before there's an impact, and that's difficult for donors to grapple with. In many ways, a journey like that can have more valuable outcomes, but it requires patience."

Marion Webster agreed, and wished for "a language we can all talk in".

"The investment isn't linear. It has ups and downs. Thinking has shifted from one-off grants to projects lasting two or three years, but we need to think about five to 10 year projects.

"And we're 'not' the answer – it's the organisations out there that are the answer. We're the brokers and facilitators. The real risk is when we start being the social engineer on projects."

"There needs to be a broader understanding of philanthropy," Liz Gillies offered. "Which is, in this context, a skillset for partnering and brokering. In the future, the next age of philanthropy, I'd like to see that move from 'money suppliers' to 'equal partners'."

David Morawtez said he saw the best future to be "grants to developing countries and a focus on things that are crucial. Safe drinking water; education for girls and women – educated women leads to growth in economic terms. The 'bang for buck' is enormous when you fund a well for a village."

"In the end, no matter what you're talking about, the important considerations are 'does the money get there?' and 'does it make a difference?'."

## Voices of philanthropy



Marion Webster OAM, Chair, Melbourne Community Foundation.

### What are the rewards of philanthropic giving for you?

The greatest rewards involve working in partnership or collaboration with community sector organisations to develop with them projects or programs which may be large or small that will really lead to positive change for, and greater strength in, the organisations or communities in which they operate. It has been about recognising and acknowledging that both grantmaker and recipient have a constructive voice and role in process and the outcome of any funding relationship.

### What would you name as the biggest milestones in the last 30 years of the sector?

I think the biggest milestones have been the greater openness and public accountability of the sector, as well as the greater willingness of people working in it to collaborate in their efforts to address disadvantage, particularly its underlying causes.

This has included working more closely with government and the corporate sectors.

### Which philanthropic project that you have been involved in means the most to you?

Being involved in the introduction of the community foundation model to Australia has been a really significant project for me. As a mechanism for growing funds at a local level and using income from those funds to build the strength and capacity of local communities, it has provided a new model of philanthropy for Australia.

In particular, the establishment and development of Melbourne Community Foundation (MCF) over the 10 years of its existence has been the philanthropic project that has meant most to me. With over 100 donors and \$35 million under management, together with a strong commitment to build a stronger, more equitable and just community, MCF is becoming a real force for positive change in our community.

In addition, Changemakers, as another more recent philanthropic project means a great deal to me. Changemakers represents a group of philanthropic funders that works together to enhance the sector's understanding and capacity to work collaboratively to achieve positive social change for disadvantaged groups within the community.

### How would you like to see the sector develop in the next 30 years?

I would like to see a continued growth in collaboration and effective partnerships both across the sector and with the community, government and corporate sectors, that will address the underlying causes of inequity and disadvantage.

I would like to see the philanthropic sector better use its extraordinary resources and knowledge to take greater risks that challenge the boundaries and outdated definitions of charity. I would also like to see the sector becoming stronger advocates for those experiencing disadvantage.

Finally, I would like to see the community foundation model flourish across Australia.

### If the 'philanthropy fairy' granted you one wish to improve the charitable and philanthropic sector, what would you wish for?

I would wish for the philanthropic sector to continue to grow and for it and the community sector to work harmoniously and respectfully together to maximise the positive impact they can have in their communities. This is based on the premise that we all live, give and are sustained by the same community. We can feel elated, concerned or shamed because of the society of which we are all a part.



# Feature interview: Sir Gustav Nossal ACCBE

## How did you come to be involved with Philanthropy Australia?

Thirty years ago I was chairman of the Felton Bequest, and we were being serviced by the excellent and remarkable Liz Cham who at that time was with ANZ Trustees, and one day she came up to me and said 'have you ever heard of the Australian Association of Philanthropic Trusts?' and I had not, though I had heard of the comparable body in the United States, which did a very good job.

She said 'well, I've been asked to throw my hat into the ring, becoming chief executive, and I'm thinking about a name change, what do you think?'. I said: go for it. I thought she would be able to do a wonderful job, as it so transpired that she did. Because of that association, from the time that Liz took it on, I developed a very close relationship with Philanthropy Australia and eventually had the great pride of being named patron. Mostly that's meant keeping in touch with the chief executive, keeping in touch with the annual general meeting, and other special meetings from time to time, and of course reading your wonderful publications.

## Over those 30 years, what milestones stand out for you?

Looking backward, I have to confess a passionate fondness for the Felton Bequest. I had the honor to be the chairman of the Felton Bequest for 30 years, finally retiring from the chair in the 100th anniversary of Alfred Felton's birth. So permeating right through my life in philanthropy is the steady drumbeat of trying to make the Felton Bequest really good.

In terms of the most memorable development. I think the wonderful work that the Prime Minister's Community Business Partnership, with Liz Cham at the helm, did to get the tax incentives – that's been a very significant move, with Prescribed Private Funds up around the 600 mark now. Lady Southey did an outstanding job, corralling people, making them work together, providing inspired leadership herself. Putting her shoulder to the wheel.



*Sir Gustav Nossal with Lady Southey in 2004.*

## What do you think the future looks like for philanthropy?

Well, I'm going to surprise you, because I think the future is very global. When I think about philanthropy, I think about more than Philanthropy Australia, much though I value Philanthropy Australia. My focus at the moment is global health and the impact philanthropy can have in this field, particularly scientific and medical research – the big three, malaria and HIV/AIDS and TB, but there's also diarrheal diseases and acute respiratory diseases, and it's also very much about nutrition.

More specifically in Australia, I would like to see philanthropy being promoted to people of small to medium wealth. I think we've got the exemplars in the Pratts, Myers and Smorgons, these wonderful families, that now will be self-sustaining. There will be more people thinking about this sector and creating new foundations. Aussies are good givers – very generous to the Red Shield Appeal, the Royal Children's Hospital Good Friday appeal – but I

think more could be done as the baby boomers age and they're thinking about wealth transfer. Many people now have benefited from this incredible appreciation of their assets: houses, shares and superannuation funds. And finally they come to a stage where they realise 'gosh, I'm not sure if my kids need all that'. So I think there's a lot to be done with small to medium-sized Aussie fortunes.

## How?

Firstly, getting more good news stories getting out there and encouraging people to realise that you don't need half a million dollars in order to be philanthropic, that really two thousand dollars, five thousand dollars, for this or that cause, can do quite a lot. And secondly, get those people to identify whatever it is that they're doing. I would like to see Philanthropy Australia having a high profile; publicising itself and publicising the sector. You've got a wonderful leader in Bruce Bonyhady; he's very much in-tune with these things.



### What does the future look like for you personally?

The main thing that I'm doing with my time now is with a global initiative, I have the great privilege of being a senior advisor to the Bill and Melinda Gates Foundation.

I was fortunate enough in 1997, when the Foundation was still quite small, to be named as the Founding Chairman of the Strategic Advisory Council of the Bill and Melinda Gates children's vaccine program, as it was then called. I rotated off that in 2003 but in point of fact they won't quite let me go! My work now mainly is in strategic advice and in reviewing – they get tremendous numbers of grant requests in the health and medical research field and they use a lot of outside advisors. A big grant might be US\$20 million over five years, and the documentation for that grant might be 130 pages, plus appendices – and you've got to do it properly, for that sum of money!

I know that the Gates Foundation is the 900-pound gorilla with which people really don't want to compare themselves, because, since Warren Buffet has pledged his great fortune to it, the assets of the Foundation are now around US\$80 billion! Their spend rate in 2008 will be \$3.5 billion per annum and going up. Now, that perspective has made me realise that relief of poverty and health and education in the third world is possible. And that in turn has confirmed for me that for our own indigenous situation, which is a third-world population in our midst, reform is possible; hard but possible. So in the context of thinking about my efforts now, in terms of philanthropy in Australia, it will mainly be directed towards our indigenous brothers and sisters.

### What is needed to solve those problems?

To use a favourite phrase: 'the era of patronage is over, the era of partnerships has begun'. We have to go into Indigenous affairs and policy. Listening to our Indigenous leaders: you'll notice they don't all think alike – Noel Pearson, Marcia Langdon, Galarrwuy Yunupingu, Patrick Dodson. Whatever we do it must be in partnership, particularly in partnership with communities on the ground. We've got a lot to learn. I'm not against the present intervention by the Prime Minister, because I think

things have rather reached a point that called for such a drastic step. We've been telling the Government for 10 years that this stuff is going on and what needs to be done. It's a pity that it had to reach such a flagrant crisis point that one had to bring in the army. I would put Aboriginal and Indigenous matters very

### Are you still engaged in research here?

No. I retired from research in 1996 after 40 years at the laboratory bench and now I'm trying to put my main effort into this international health care. And I have to let you in on one secret, one rather joyous thing: they decided to

"...tithing, which essentially means giving 10 per cent of everything away. ...wouldn't it be fantastic if every Australian of adequate means, middle-class and up, would give 10 per cent of their annual income to charity? We could actually transform things."

high on the agenda for philanthropy in this country.

Now, beyond that, of course, there's the traditional trio – education, health, and social welfare – and they're all important.

### Has the balance changed?

The health sector, particularly the medical research sector, has had a very, very good run. Now, it's an amazing thing for a medical researcher to say, but I don't think support for medical research by philanthropy needs expansion, I think it's okay at its present level.

On the other hand education, particularly education in state schools, definitely needs to be improved. That's why I'm so bullish on the Education Foundation, which seeks to give the kids in the state school system the same ancillary privileges and benefits that children in private schools take for granted. So I think there's a lot to be done in education.

Now, there is also a lot more to be done in the social welfare field. Now, I've got to mention Berry Street Victoria, the work they do with the hardest of the tough kids has been one of the best things we've done at Felton. Their work on the socially maladjusted child who is at risk of becoming a socially maladjusted adult, is crucially important.

fund a new institute of international health at the University of Melbourne and they've chosen to give it my name, so it's now the Nossal Institute for Global Health, and is just getting off the ground. It's a very exciting new initiative. They've got a dear colleague of mine, Professor Graham Brown, as their founding director, and staff of about 20 at the moment, focusing on teaching, research, and program delivery. A lot of graduate students come here from developing countries to learn about international health.

### If the 'philanthropy fairy' granted you one wish, what would you wish for?

Tithing. I had a visitor come through recently with a very ambitious project in Indonesia that she was supporting. It had to do, of all things, with waste disposal, because waste disposal in the developing countries is a very real problem – waste breeds flies and mosquitos, which in turn breeds disease. I was intrigued but dared to ask "How will you fund this?" and she said, "It's very simple, I'm Jewish, and we believe in the principle of tithing," which essentially means giving 10 per cent of everything away. Now, if the fairy were to be a really strong fairy, wouldn't it be fantastic if every Australian of adequate means, middle-class and up, would give 10 per cent of their annual income to charity? We could actually transform things.

# Voices of philanthropy



David Gonski AC, Chair,  
The Gonski Foundation.

## What are the rewards of philanthropic giving for you?

For some time now I have been very conscious that the life I lead as a merchant banker and company director is one which essentially could be categorised on an index of social impact as being low. It is a life of involvement but one which is very beneficial to me and not necessarily so to the community at large.

Philanthropic giving has allowed me to change this balance. This giving both in money and in time has given me a feeling that I am giving back to my community; that I am involved better in the world that surrounds me and finally, the effect of my work has a more enduring and sustainable effect.

## What would you name as the biggest milestone in the last 30 years of the sector?

I have not been involved in the sector for the whole of the 30 years.

However, I believe that in the last eight years the biggest milestones that I have

seen are amendments to the Income Tax legislation allowing for the establishment of private philanthropic funds, the effectiveness of workplace giving and the carry forward of tax deductions arising from giving into subsequent years.

I believe also that the prosperity which Australia has had over the last 12 years has also been a significant factor in stimulating the sector.

## Which philanthropic project that you have been involved in means the most to you?

I would reply that pretty well all of the philanthropic projects I have been involved with have meant a lot to me. If I am permitted I would single out three, namely:

- (a) The rebuilding of the Belvoir Street Theatre was in my view not only a desirable project but also one of the best carried out fundraising programs I have seen in the arts and for that matter elsewhere.
- (b) The second was the raising of monies to bring to fruition Arthur Boyd's dream at Bundanon. This was complex given the location of Bundanon but thanks to the generosity of so many ended up with a wonderful complex for children to have a Bundanon experience (many of these under privileged); artists to have a place to refine their craft on a longer term basis as artists in residence in a magnificent environment and careful storage

categorisation and general care of the art which Arthur Boyd kindly donated to Australia.

- (c) Thirdly perhaps the most exciting is the current philanthropic project for the establishment of an endowment to fund the Centre for Social Impact at the Universities of New South Wales, Melbourne and Swinburne. This would establish a centre where people can learn how to give, how to get and how to deal with gifts when given.

## How would you like to see the sector develop in the next 30 years?

My hope is that both philanthropy and corporate social responsibility become inculcated into the thinking and planning of all individuals and corporations that have the resources to participate.

It should move from an option to a must.

The joy of giving and the satisfaction of being involved in communities should be available to all and widely enjoyed.

## If the 'philanthropy fairy' granted you one wish to improve the charitable and philanthropic sector, what would you wish for?

General and unargued acceptance that philanthropy is a part of life, a commitment of those who are successful or wish to be and a joy sought and nurtured by all in a position to give.



Tony Howarth AO, Director,  
Western Australian Community Foundation

## What are the rewards of philanthropic giving for you?

Really contributing and being part of the community. We all want to live in a strong and healthy community and be part of it.

## What would you name as the biggest milestones in the last 30 years of the sector?

Firstly, recognition of the concept of partnerships and that there is mutual

self interest for business and community organisations and the community in which they operating – there is a real win/win.

Secondly, the movement away from just writing a cheque and that being my contribution, to becoming really engaged, particularly that of business providing engagement for their staff.

## Which philanthropic project that you have been involved in means the most to you?

The establishment of the 'Walk for the Cure' event for the Juvenile Diabetes Research Foundation in Western Australia. I was the inaugural chairman. It is a really big community event around a problem that touches so many people in the community. We really focused on business and their staff members and we were overwhelmed by the response. It has continued for over 10 years and keeps getting better and better.

## How would you like to see the sector develop in the next 30 years?

I'd like to see an increase in professionalism of the sector. We need to learn to focus on efficient allocation of resources without taking away initiative and entrepreneurship, striking that balance for a common outcome. But we have to be careful not to stifle innovation. I also hope that this sector will continue to grow with less of looking to government for support. I would hate to see the government regulate the sector to mediocrity.

## If the 'philanthropy fairy' granted you one wish to improve the charitable and philanthropic sector, what would you wish for?

My wish is not necessarily that people give more but rather more people give.

# Embracing information and communications technology for philanthropy's sake – using ICT to strengthen and grow the sector

*By Emily Turner, Web & Communications Administrator, Philanthropy Australia*

On 18 May 2007 Philanthropy Australia announced that we had secured a capacity building grant from the Macquarie Group Foundation, to undertake our KnowledgeBank project. Six months later, we are making another exciting announcement, the first fruits borne of the Macquarie Group Foundation grant – the launch of the PhilanthropyWiki!

As exciting as these announcements are, in some ways the real story of our capacity building is hidden behind the dollar figures and launch dates. While we have created some fantastic new tools for the sector, the behind-the-scenes developments have been just as rewarding.

## Website

Websites are always evolving. Stage 1 of our KnowledgeBank project involved creating a brand new website for Philanthropy Australia, launched January 2006. It was a huge success, based as it was on the knowledge-sharing model – instead of locking our information and resources away for Members only, we opened the website up to everyone, with only a few particularly sensitive documents requiring login access.

This also gave me the opportunity to work closely with my co-workers, to share my knowledge of the technology with them so they could better understand (and help me to understand) the way technology could be a vehicle for storing and sharing the knowledge of the sector they had – a base of knowledge that was far richer than my own. This kind of working relationship was one that couldn't have existed with a third-party IT firm, which was our alternative option for building a new website.

We realised the sector needed to be encouraged to share the information it had. The entire sector – and subsequently its constituents – would benefit from learning from one another's successes and mistakes, not to mention making more widely available the knowledge held by the sector's experts, including Philanthropy Australia's own staff!

Not least of all were the benefits to our constituents in other parts of Australia – Members in Perth, for example, now had access to the same information and many of the same opportunities in as timely a manner as Members in Melbourne or Sydney. The efficiency in our own office went ahead by leaps and bounds: by archiving all the knowledge we were able online, much time has been saved in answering (often exactly the same) enquiries from grantseekers, journalists and other rookie researchers. Not to mention the benefits of those seeking information in the sector being able to empower themselves with their own research, especially when they may not be confident in asking questions of experts directly.

A year after we launched our new website our organisation had been transformed, in terms of our research and information services. We had a new confidence in our ability to deliver important information to our Members

and other constituents, and had successfully converted this into an international public image of being reliable and progressive.

I was exceedingly proud of the organisation when they decided to give me a position title that reflected the role I'd carved out for myself: Web & Communications Administrator. The pride was mainly due to the fact that the position now existed – the organisation has come so far in such a short period of time, acknowledging that a position solely for the development and management of information and communications technology (ICT) ought to exist is a huge step forward, one that many non-profits are reluctant to make. The concept of ICT as complex and expensive is a huge hurdle to get over, especially when it seems many IT firms servicing businesses have cultivated (and foster) an attitude of mystery and complexity around technology.

Philanthropy Australia is not alone in the recognition of the important part ICT has to play for the philanthropy (and wider not-for-profit) sector. In early 2007, we received a major grant from the Macquarie Group Foundation to take the next step in developing more information resources. We had developed a model with the working title of 'KnowledgeBank' that incorporated a number of components for archiving, organising and making accessible the

vast body of knowledge held by staff, trustees and other stakeholders in the philanthropy sector.

Julie White, Head of the Macquarie Bank Foundation, identified the Foundation's reasons for supporting KnowledgeBank in its entirety:

"The *Giving Australia* report commissioned by the Prime Minister's Community Business Partnership in 2005 identified three key factors that were necessary to build capacity in the not-for-profit sector – financial resources, knowledge and expertise.

"In the past 18 months, the Macquarie Group Foundation has established a new category of funding specifically designed to build capacity in the not-for-profit sector. The KnowledgeBank initiative, which creates an infrastructure underpinning the not-for-profit sector, fits those objectives precisely.

"Through the development of an extensive information service, KnowledgeBank has the potential to significantly build the profile of philanthropy in Australia, facilitate partnerships between community organisations and donors and increase the skills base within the not-for-profit sector."

In working to constantly improve our ICT, including the projects we're building through the KnowledgeBank, we're constantly on the look out for existing open-source software that we can adopt and customise to serve our own needs. In the case of our philanthropyOz Blog and our new PhilanthropyWiki, existing Web 2.0 software has helped us fulfil these goals in ways that have astounded us in their efficiency (both in saving our time and financial resources).

## Blog

Our philanthropyOz Blog had been our first step forward into the often intimidating area of Web 2.0 technology but we were keen to reap what this type of technology had to offer – first and foremost, the way it is able to give individuals control of the information they both access and share on the internet, in a format any layman can understand.

Though the term 'blog' often provokes anxiety, I encouraged my co-workers to put aside the preconceptions of what they understood a 'blog' to be:

an opinion column, something that required a particular language and level of exposure, something updated very frequently. With that model, it was a daunting prospect: it would result in a huge time commitment for us, not to mention the perceived risk and responsibilities that would be involved in publishing a voice of 'opinion' for the organisation.

We overcame these anxieties about blogging by separating the preconceptions of what a blog is from what a blog is built with. For me, a blog is a piece of software that one accesses through a web browser – the software itself doesn't dictate what kind of writing I publish with it, it's simply a framework which I can manipulate and structure for our own needs. We decided to use the features provided by the blog software to step back from the traditional 'opinion column' concept, instead take advantage of the features such as discussion and subscription to better serve our audience. Using the built in RSS ('Really Simple Syndication') of our blogging software, visitors to our website are able to subscribe to be notified of any updates we make, or subscribe to particular type of updates (for example: sector news, workshops). There's also an in-built comment feature, allowing discussion on any of the posts that we make.

Understanding that Web 2.0 tools are something that we can mould to our own purposes, and that will evolve to suit our needs of the time, we're now considering participating more in the 'blogosphere' with occasional opinion posts from our staff. The discussion forum of the philanthropy blogosphere connects us on a global scale, starting conversations with a diverse range of players, not to mention bringing all that topical opinion, knowledge, ideas and expertise within the reach of our own constituents.

## PhilanthropyWiki

Whereas we consider the philanthropyOz Blog a dynamic part of our website, our first major more independent component of the KnowledgeBank is the PhilanthropyWiki. The PhilanthropyWiki is based on open source software that allows visitors to contribute their own material. This is the primary characteristic of 'wiki' software; in our case we have customised the software to allow only our Members and other experts to contribute, and added our own vetting

and editing process. The wiki software also allows us to organise material in an easily-searchable, encyclopaedic fashion.

Just as I had to guide my co-workers into using and understanding ICT effectively instead of forcing them, so too we need to gently introduce these new tools to the wider sector. It's not a simple matter of "if we build it, they will come". In fact, that phrase holds little thrift – because 'it' is never entirely 'built' – tools and resources created with ICT are (ironically) organic, never complete or static, always growing and evolving to suit the needs at the time. We're exploring the different ways we can share and store information, and can only discover what works by seeing it in practice – and then continually tweak it to make it work better and better.

Just this month we've once again re-evaluated our website. It is time for our ICT to evolve another step – we're combining our working title of 'KnowledgeBank' with the long-standing 'Resource Centre' to draw all our research and information services together as the 'Knowledge Centre'. The Knowledge Centre brings together all our new and old ICT components in an organised, accessible section of our website, and drawing in the threads of our offline research and information work as well.

My conviction still stands firm that the progress we have made can be made by anyone – you don't need years of technical training, just the understanding that it's easier than you think, and by and large, you have more to gain than lose. Looking forward, I anticipate continuing to demystify ICT and helping the sector realise the huge potential that lies in embracing it; both at Philanthropy Australia, leading by example and guiding our Members; and personally – even if it's one person at a time, as I stand behind my co-workers' desks and direct their mouse clicks.

*More info on the KnowledgeBank:*

<http://www.philanthropy.org.au/research/knowledgebank.html>

*philanthropyOz Blog:*  
<http://blog.philanthropy.org.au>

*PhilanthropyWiki:*  
<http://www.philanthropywiki.org.au>

*Coming soon: Knowledge Centre:*  
<http://www.philanthropy.org.au/knowledge>



# Figures in philanthropy: Lady Southey



Much has been written by and about Lady Southey in this journal over the past six years, which is an indication of the outstanding contribution that she has made to the sector. Lady Southey was awarded an AM in 1999 for her service to the community in the support of health care, medical research and the arts. In January 2001, she was appointed Lieutenant Governor of Victoria, and in 2006 she was the recipient of an Order of Australia, Companion in the General

Division, for service to the community, and as an influential contributor to the development of philanthropy in Australia, and for leadership and governance.

In his speech to farewell her as Lieutenant-Governor, Victorian Premier Steve Bracks commented that Lady Southey "is the only vice regal appointee I know who moonlights as a Red Cross ambulance driver", referring to her volunteer work driving a Red Cross ambulance for polio patients from the Austin Hospital, work she has been involved with for over 25 years. Lady Southey's other community service includes many years as a major supporter of the Australian Ballet. She is also a Life Member of the Nuffield Farming Scholars' Association, having been particularly instrumental in the establishment of farming scholarships for women, and a supporter of Birds Australia.

Lady Southey was director of the Myer Family Companies from the mid 1950s until she retired in 1999. She was also President of The Myer Foundation from 1998 to 2004, during which time she guided the Foundation through some major changes, including the establishment of the G4 Fund to provide a practical and mentored introduction to philanthropy for the fourth generation of Myer family members.

Lady Southey's six and a half years as Philanthropy Australia's President saw some remarkable changes to the organisation. Membership doubled during her tenure, and the category of Leading Member was established.

In recognition of her unwavering commitment to Philanthropy Australia Lady Southey became a co-Patron, with Sir Gustav Nossal, in 2007, much to the delight of all our Members.

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## Voices of philanthropy



*Sarah Stegley, Trustee,  
The Stegley Foundation.*

### **What are the rewards of philanthropic giving for you?**

To have been involved with the brave, free, unattached dollar. Not church or state or corporate. The money and or time that was given without strings attached to anything other than good outcomes around changing what was unfair, unjust or even just plain foolish. Peoples lives and aspirations were central to our aims, and the real reward was to see the work and the dollars we put in assist in peoples lives, as they worked with us.

### **What would you name as the biggest milestones in the last 30 years of the sector?**

A wider and deeper understanding by society of what philanthropy is all about. Corporate, family and philanthropy in general, is not the misunderstood 'charity model' that it was 30 years ago when we started.

### **Which philanthropic project that you have been involved in means the most to you?**

We funded an Aboriginal health worker at the Children's Hospital to liaise with the aboriginal women in the Maternity Ward. There was an obvious need for this, as the Aboriginal community were avoiding the hospital and the very good services offered there. They were putting themselves and newborns at risk because of distrust. This distrust was born of their own mothers experiences, of having had their children taken away from them after birth. The project worked, the hospital took up the ongoing funding of the aboriginal liaison worker and healthier aboriginal babies and mothers were the outcome.

### **How would you like to see the sector develop in the next 30 years?**

I would like to see philanthropy develop over the next 30 years by being pro-active around the 'big question of growth'. Growth for who, for why and at what cost?

Capital has to be seen differently, as does growth. Independent work needs to be done to quantify how much more growth Australia can sustain. Water is a resource that will, by its scarcity, cause terrible hardship. Philanthropy should play a leading role around 'growth'.

How foolish is it to keep on growing? The need for a cap on water use, makes no sense to thinking citizens, when there is no cap on growth of cities and population. Over population is not a mistake Australia needs to make. Clever use of available resources in a well balanced environment should be the preoccupation of Australian Philanthropy for a long time to come.

### **If the 'philanthropy fairy' granted you one wish to improve the charitable and philanthropic sector, what would you wish for?**

If my wishes were able to be met for the future of philanthropy in Australia, then the fairy will have to look overseas. She will see the poverty and corruption of vast areas of Africa, South America, Asia and elsewhere. She will return to the shores of Australia and tell us to beware, to act now, not wait any longer, to put fairness and clever generosity first. Since the Second World War we have seen Australia grow and get rich. We will always have issues around those that have, and those that have more. My wish is that philanthropy concentrates on those that do not have enough to make a good, happy and healthy life.

Given the generous nature of wishes; this will all come to pass as forests grow again, rivers flow in fullness and the sky glimmers with clarity.

# Driving forward whilst looking into the rear vision mirror

*By Professor Myles McGregor-Lowndes, Director, The Australian Centre for Philanthropy and Non-profit Studies, QUT*



Shortly before Christmas 1993, the assistant treasurer announced that the Industry Commission, now the Productivity Commission, was to depart from its usual fare of tariffs, white goods and car industry inquiries to bring its piercing economic scrutiny to bear on charities and related philanthropic activities. The inquiry marks a waypoint in the recognition that activities carried on outside government, business or the family spheres were of vital significance to Australian economic and social life. Since then, its 31 recommendations appear to have had minimal direct impact. The introduction of The New Tax System in 2000 with a GST brought a significant part of the sector into a national regulatory regime for tax purposes, contrasting starkly with mostly benign state government indifference. The new national taxation arrangements triggered the Charities Definition Inquiry which examined the maze of definitions used to preference certain non-profit organisations in the national taxation system.

This recognition of the importance to society of a vibrant Third Sector has continued to mature in recent times, aided by the growing adoption of corporate social responsibility (CSR) and cause-related marketing concepts by business. Citizens continue to engage with the sector, but in altering patterns: for example, the declining membership of some large iconic organisations such as the faith-based organisations, RSL, unions and youth organisations and the upswing in Australian's episodic personal volunteering and giving patterns.

Although there are inherent dangers in looking in the rear vision mirror to navigate a route on the highway of the future, a review of the unresolved inquiry recommendations leads to the conclusion that we may be coasting along a low road. This is to be compared with the progress that can be made when key actors, here or in other countries, champion a course of positive action to enable and preference the Third Sector.

Clearly the Prime Minister's personal attention to the encouragement of philanthropy and particularly corporate engagement with communities has encouraged greater levels of philanthropy. The Prime Minister issued a press release on 26 March 1999 announcing various income tax measures to encourage greater corporate and personal philanthropy in Australia. This was significant in its own right, but what followed was the most extensive philanthropic tax preferencing legislative reform in Australia's history. A summary of these new measures includes:

- establishment of Prescribed Private Funds (PPFs);
- deductibility for gifts of property over \$5,000;
- deductibility for gifts of shares under \$5,000;
- five year averaging of donations;
- streamlined deductions for workplace giving;
- deductibility of conservation covenants;
- capital gains tax exemption under the Cultural Gifts Program;
- deductions for contributions to fundraising dinners and similar events;
- increased limits for political contributions;
- establishment of educational scholarship funds;
- dividend imputation rebates for charitable entities;
- rapid expansion of the list of specially listed tax deductible entities; and
- establishment of health promotion charities.

Over a seven year period, these measures informed and refined by commissioned independent research, have made a difference. There is evidence that these tax incentives combined with the good economic times and a general mood towards giving has resulted in greater levels of philanthropy. The PPFs appear to have been the 'vehicle of the year' every year since their introduction to the market. Continued revision of some measures, such as educational scholarship funds and donation of property which are performing below expectations, will improve overall performance.

What is also significant, but not often recognised, is that Australia has managed to largely avoid the abusive tax behaviours that have accompanied such tax preferencing in jurisdictions such as the United States and Canada. Whilst not perfect, Treasury has adopted prudent policy safeguards to counter such opportunities for abuse. The ATO has delivered, compared to international standards, significant educational assistance to improve compliance with prudential requirements rather than employ blunt and usually counter-productive command and control punitive sanctions. As noted above, some of these restrictions due to tax probity issues are inflexible and the balance needs to be recalibrated.

However, as identified by the Industry Commission and the Charity Definitional Inquiry, the sector comprises more than individual giving, volunteering and philanthropic intermediaries. Non-profit organisations play an important role. For example, under the Australian taxation regime most philanthropic organisations are restricted to granting to charitable organisations, rather than worthy individuals, businesses, governments. If those organisations are not up to the task, then increased giving and volunteering may not be the expected boon to society.

Both the Industry Commission Inquiry in 1995 and the Charity Definition Inquiry in 2001 made recommendations after

significant consultation and research with a wide range of stakeholders. Only a few recommendations have found their way into government policy or the adoption by the sector. The reasons for this are beyond the scope of this short article. Even if the solutions suggested were found wanting, the issues identified have not disappeared. Just because a solution could not be agreed upon does not mean that the issue disappears.

The Industry Commission issues that have only partially been addressed include:

- construction of user-driven accounting standards;
- national fundraising legislation;
- national corporate form for non-profit organisations;
- reform of restrictive state-based trust legislation;
- framework for the collection of sector statistics on a regular basis;
- encouragement of independent research into sector sustainability;
- encouragement of peak bodies and their activities; and
- development of government funding and accountability mechanisms for the purchase of human service delivery, including:
  - consistent and agreed quality management regimes;
  - full cost funding taking into account management administration, training, and risk costs;
  - payment regimes based on outputs and outcomes rather than inputs;
  - standardisation of grant agreements and processes; and
- taxation reforms such as:
  - widening tax deductible status categories for the sector;
  - altering the threshold of tax deductible gifts;
  - reform and expansion of Fringe Benefits Tax;
  - national input tax standardisation; and
  - accumulation of foundation assets.

Recommendations that have been largely taken up by government include dividend imputation, charitable bequests and capital gains tax, as well as ATO review of taxation status of entities.

International Aid Organisations have, to their credit, adopted recommendations about their improved accountability through their self regulated code of conduct.

The Charity Definition Inquiry's 27 recommendations have scarcely been addressed. The definition of charitable bodies for federal purposes was slightly expanded to include child care, self help groups and closed religious orders. The bulk of recommendations and more importantly the issues from which they arose from remain. These are:

- the multi-tiered definitional maze of charitable institutions, funds, public benevolent institutions, deductible gift recipients that only the most 'life deprived lawyer or treasury official' can conceptually grasp, that is at odds with the rest of the developed world;
- the modernisation of classes of charity to include amateur sport, promotion of civil and human rights, prevention (not merely treatment ) of poverty;
- reform of the 'public benefit test' to accord with modern social policy;
- reform of advocacy of the political boundary;
- reform of the boundary lines between government, business, family and non-profit organisations; and
- creation of national administration and accountability mechanisms.

While Australia was first out of the gate with a 400th anniversary review of the 1601 regulation of charity law (large parts of which are reflected in the later charity law reform proposals in England, Wales, Scotland, Ireland, New Zealand, Singapore and Canada) little more has progressed in this country.

These issues are not easily addressed. They will require courage from all stakeholders, as there will be some losers in the process where unwarranted

preferences are stripped from organisations (as is coming to light in the UK). However, good policy for Australia and the bulk of the Third Sector will be crucial for the development of more engaged and resilient civil society behaviours.

It is not merely a domestic issue either. If you take your eye off the cluttered rear vision mirror of unaddressed inquiry issues and look out the windscreen to our neighbour's vehicles, some are accelerating out of sight. There is New Zealand with its Charity

"Just because a solution could not be agreed upon does not mean that the issue disappears."

Commission, innovative legal structure to accommodate Maori civil society associations and tax reforms. Singapore was until recently in the slow lane with an antiquated charity law taxation and regulatory regime that served to constrain voluntary action and keep philanthropic funds under tight government scrutiny and direction. It is now streaking ahead with modern accountability reforms, new non-profit accounting standards, and deliberative policies to become the philanthropic funds management centre of Asia. It is driving towards becoming the preferred hub for the burgeoning diaspora of Chinese philanthropy that may in time come to overshadow the golden years of American philanthropy. Australia is increasingly losing its natural attraction as a stable base camp for global philanthropy that wants to operate in Asia.

Australia has shown its ability to achieve positive outcomes for the Third Sector when powerful advocates are engaged, as demonstrated by recent initiatives in philanthropy and business community responsibilities. The challenge is to address the wider issues that are crowding the rear vision mirror and drive purposefully into the future.

# Finding our strength

By Rhonda Galbally AO, Co-founder and CEO, Our Community

Civil society in Australia relies on a dense network of community groups – school councils, churches, hospitals, unions, community theatres, sporting clubs, and self-help groups – to do the things that the market won't provide. Historically, it's been the space in Australian lives where we've been able to practice the civic virtues of trust, respect, and commitment – where we've found friendly exchanges, tribal rituals, and, eventually, meaning in our lives.



partnerships involving the exchange of goods, services and human capital along with (or instead of) the cash.

The vast majority of grant dollars continue to flow to the community sector from federal and state governments, with local government increasingly coming on stream as well. Meanwhile, philanthropic foundations quite rightly remain the major source of risk and innovation investment. Even so, community innovation remains difficult to fund in Australia. Many good ideas generated by Australian community organisations bite the dust because too much philanthropic funding goes to endeavours that would or should be funded by government or through fundraising from the general public.

The sector as a whole has also been affected by such pressures as the greater emphasis society now places on risk management, and the demand in many areas that volunteers now take on responsibilities previously placed only on paid professionals. The result is increased threat of litigation, oppressive insurance premiums, stressful conditions and tighter budgets.

Meanwhile, new technologies are offering community groups immense potential benefits, but at a deeper level the changes they foreshadow in how Australians interact with each other and how they see the world present the sector with immense challenges. Will the next generation be able to relate to social needs that don't text message them?

The community sector makes up an enormous swathe of our economy, in the form of organisations ranging in size from a few people sitting around a kitchen table to large charitable powerhouses with enormous budgets – there are 700,000 such groups, with about 32,000 of them employing 12 per cent of private sector employees and spending 5 per cent of GDP. Community organisations make up 5 per cent of GDP, the agricultural sector 3 per cent.

Yet the sector's voice doesn't seem to be being heard.

Our Community's annual 'Communities in Control' conferences show a general appreciation of the potential of an organised, cooperative, and engaged community sector. The resultant Community Manifesto proposes a directed policy that focuses on the value of community networks and groups. What is needed is social policy that acknowledges the central importance of inclusive, participatory community groups.

Some things the community sector can do for itself, some call for support from other sectors:

1. **Showing the value:** Australia needs a well-funded top-level socio-epidemiological research capacity to generate good large-cohort data at the local level to assess and show the value of participative community.
2. **More understanding:** Community groups should be assessed on the totality of their and their sector's contribution to service consumers, participants, the sector, and the broader society, rather than on narrow economic criteria.

But there's no guarantee that these organisational forms and these social relations will endure. Australia's demographics are shifting. More women work, more people live alone. Australians are richer and older, but more apprehensive, more calculating, and more focused on their own private satisfactions.

The nature of community in Australia is changing rapidly as we move from being defined by our affiliations – church, union, sporting group – to being defined by our choices – shopping, hobbies, coffee shops.

The pressures on this sizeable and highly valuable sector are changing – some for the good and some quite problematic.

On the positive side, Australian donors are giving more to good causes (though probably still not as much as they could or should), and are rightly seeking more transparency in how that money is spent.

Positive too are the new funding relationships slowly evolving between Australian companies and Australian community groups. These relationships are beginning to extend beyond the simple donation of dollars to the chairperson's favourite causes to include thoughtful, respectful, sustained



3. **Better technology:** Community groups need to adopt new technologies to improve their efforts in administration, advocacy, networking, and social support.
4. **More diversity:** Community groups need to reach out to new – including disadvantaged – populations to expand, revive and refresh their membership.
5. **Reinvigoration of Boards:** The Boards of community groups need significant upgrading in their functioning so that they learn to balance safety with dynamism in order to maintain relevance and legitimacy.
6. **Infrastructure:** More concrete support is needed to find innovative approaches to physical and back office sharing of infrastructure and equipment.
7. **Organisational capacity-building:** Support needs to be provided to encourage improvement of organisational skills, systems and operations.
8. **Financial recognition:** Tax law must change to expand the number and types of groups eligible for deductible gift recipient (DGR) status so that we are encouraged as individuals and as philanthropy to fund the groups that allow people to join in and join up – because this is a proven health promotion strategy.
9. **Cooperation and collaboration:** All levels of government, not-for-profit organisations, and business must not only value and support one-on-one service delivery to individuals; they must also help to build social wellbeing by supporting participative community groups.
10. **Leadership for the future:** Our aim must be to produce community leaders with the courage to advocate for social development, take risks, and promote pioneering positions.

Funders, governments, and the public need to appreciate that community groups do more than just provide places for people to meet, play a game, learn as an adult, worship, sing, plant trees or provide social services. While they're doing that they also build community.

Community groups bring those all-important elements of trust, authentic interaction, and social meaning to our lives.

*Rhonda Galbally is the co-founder and CEO of Our Community, a world-leading social enterprise that provides 15 Knowledge Centres – spanning all aspects of running a community group and comprising a range of resources, training, advice and tools – for Australia's 700,000 community groups. [www.ourcommunity.com.au](http://www.ourcommunity.com.au)*

## Voices of philanthropy



Liz Gillies, Grants Executive,  
Helen Macpherson Smith Trust.

### What are the rewards of philanthropic giving for you?

It is a privilege to be able to learn from and work with the many people interested in better community outcomes from across the not-for-profit community, within government and increasingly from the corporate sector.

Intrinsically, I believe that all in the community have the right to participate – to be given every opportunity to have a good life – and I find the small contribution that I make in working towards this very rewarding.

Philanthropy is also uniquely placed to encourage a broad range of groups to work together – it can be tough to mediate these partnerships, but the outcomes are usually worth it.

### What would you name as the biggest milestones in the last 30 years of the sector?

I am so encouraged by the great insight of many philanthropists over the decades – their legacy has had a huge impact on both Victorian and Australian life and I continue to learn from their practice.

I've only been working in the philanthropic sector for the past five years – during this time the most significant milestone for me has been the establishment of hundreds of PPF's – this offers the most wonderful possibilities – both in terms of a growing whole-of-community commitment to a better society and in terms of the partnership possibilities – all those PPF's have resources at their disposal, are well networked and will hopefully relish the opportunity to work with us for better community outcomes – and their example will encourage others to get involved.

### Which philanthropic project that you have been involved in means the most to you?

At the Helen Macpherson Smith Trust we work along the grantmaking spectrum. There are too many projects to name that have meant a lot to me – a small amount of money that meets an immediate need can go a long way.

Similarly complex, strategic projects, although sometimes fraught, offer the most in terms of learning and impact.

In my five years I've been particularly proud of the work we've done to support mentoring, human rights and rural and regional communities in Victoria.

### How would you like to see the sector develop over the next 30 years?

I would like us to get smarter and more sophisticated in terms of our mediation and brokering skills. Philanthropy is not the answer – however we can support the space within which the answers can be found.

The community, not-for-profit sector, governments and corporates all hold part of the solution – our job is to support the thinking space, innovations and projects which lead to better whole-of-community outcomes.

### If the 'philanthropy fairy' granted you one wish to improve the charitable and philanthropic sector, what would you wish for?

More conversations about good philanthropic practice and social change models. Better and more efficient ways to share knowledge and insight. A greater whole of community commitment to ameliorating disadvantage.

# Prescribed Private Funds – a new era for philanthropy

By John McLeod, Director of Philanthropic Services, Goldman Sachs JBWere

In a little over six years, Australians have put aside over \$1 billion into this new philanthropic vehicle and have distributed an estimated \$200 million to a wide range of deductible gift recipients (DGRs). As wealth and intergenerational trends continue and as advisors' knowledge in the area grows, Prescribed Private Funds (PPFs) are showing their potential to create a new and exciting era for Australian philanthropy.

A record 159 new PPFs were established in the June 2007 financial year, taking the total to 599 since the Nelson Meers Foundation became the first in June 2001. The establishment of PPFs as a new vehicle for giving came out of a number of recommendations from The Prime Minister's Community Business Partnership established in 1999. Prior to this it was necessary for funds of this type to be 'public funds' and for the public to both contribute to and participate in the administration of the fund. While this suited many potential donors, it was considered by Government to be a disincentive to private philanthropic giving. A proposal to amend the existing legislation permitting the creation of PPFs was announced in March 1999 and guidelines and a model trust deed were released in April 2001 allowing the first 22 funds to be established by June 2001. The founders of a number of this first group of PPFs were instrumental in the behind the scenes lobbying to have the legislation amended.

While there are many reasons why a person might choose to establish a PPF, generally a desire to do something philanthropic will be at the top of the list. One of the other main attractions of a PPF to a potential donor is the control it gives in terms of the separation in timing of donations to the fund versus the long term potential giving from the fund to DGRs. Normally this allows donors to put aside far greater amounts for philanthropy than they might have considered making in a one-off direct donation. In addition, while there does

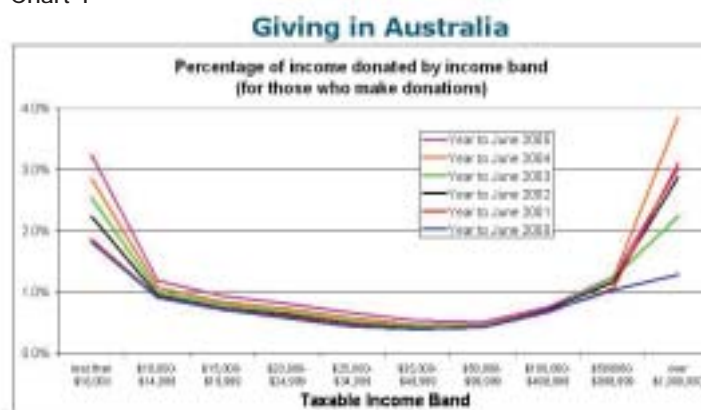
need to be an external 'responsible person' included in the trustee group of the PPF, there is greater control held by the donor/trustee than in the case of a public fund or other ancillary fund. The extended giving period, often perpetuity, also invites having other family members, especially children, participate in choosing which non-profits to support. When combined with a tax free investment environment, the structural advantages of using a PPF for philanthropy have become obvious to more donors.

One of the more telling statistics around PPFs has been the change in levels of giving to DGRs from the very high income band of taxpayers before and after PPFs. Chart 1 shows the percentage of income donated to DGRs at different tax levels in 2000 (before PPFs) and in 2005 (with PPFs). At the highest income band, above \$1million, the giving has gone up three fold giving Australia the same 'hockey

stick' shape of giving as seen in the US (although not yet at the same levels). Another exciting element to this PPF phenomena is that much of it comes from people new to 'organised' philanthropy. Nearly all PPF founders have been regular donors in the past, but not at this scale and not with the degree of thought they are now employing to maximise the impacts of their new giving. PPF grants to DGRs totalled \$110 million from 2001 to 2005 and is estimated to have added another \$100 million to June 2007. One of the great benefits PPFs bring to the sector is added diversity. They have encouraged new people with new money and new ideas to take a greater interest in the sector.

It is important to recognise that most PPFs are still quite young. In fact they are much like the well-known philanthropic institutions of today when they first started. The vast majority don't

Chart 1



Source: Queensland University of Technology (QUT), Australian Taxation Office (ATO)

have administrative or grantmaking staff and are still learning about the range of their giving options. As the number of donors and the size of their giving increases, demand for giving information will increase. This will be both a challenge and an opportunity for DGRs. International trends suggest a growth in advisory services and the development of new donor tools and language (e.g. social returns) will emerge. Chart 3 shows the anticipated growth in PPF assets, possibly reaching \$2 billion and annual grants reaching \$100 million in the next five years.

When combined, this new energy in the sector and the fast growing pool of funds now being set aside for philanthropy in perpetuity, it is easy to suggest that we may be seeing the creation of an exciting, new era in Australian philanthropy.

Chart 2

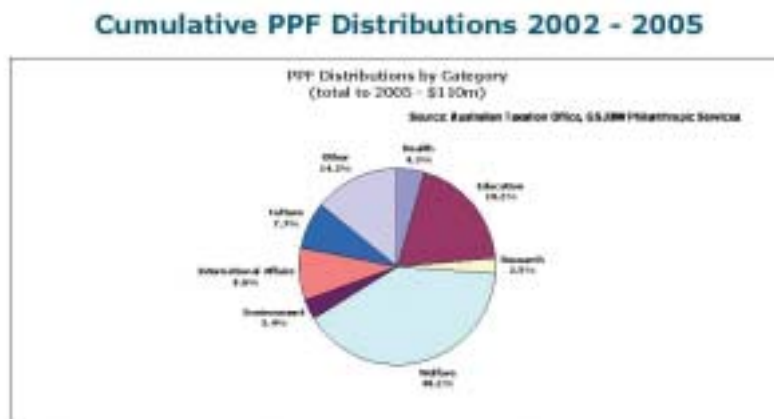


Chart 3



## Voices of philanthropy



*Lady Potter AC, Life Governor,  
The Ian Potter Foundation.*

Australia has seen philanthropy grow steadily and surely over the last years and become more widely known to the community in general. A great deal of this due to the input of Philanthropy Australia and its dedicated staff. People with a smaller capital and a desire to participate in charitable giving, now have the opportunity to do this through the various community foundations that have been formed.

The Ian Potter Foundation has grown enormously since it was formed by my husband in 1964, and has supported so many causes that it is hard to identify particular ones, however I would have to include the Florey Institute of Medical Research, the Potter Farmland Plan The Childrens Garden at the Royal Botanic Gardens in Melbourne, the Nganampa Health Council Program for Indigenous Mothers and Babies, The Murray River Conservation, The Smith Family, Lizard Island Research Station, and the many grants Australia wide to universities for both educational and research projects, and of course the major grants to the National Gallery of Victoria, The National Library and the Australian Portrait Gallery.

On a personal level, I attach great importance and get much satisfaction in supporting emerging young talent

and helping them to achieve their potential and recognition both here and on the international stage, knowing that we have helped, be it in the arts, music, research, science etc.

Public trust should never be overlooked by either Government or grant makers, and I think that there is a need to be watchful at the growing tendency of governments to expect philanthropic bodies to shoulder what should be the government's responsibility.

Given that so many grants are made via universities and other research bodies as the tax entity and the provider of facilities, I also have some concerns on the subject of intellectual property!

# From chequebook charity to engaged philanthropy – promoting a new culture of giving

By Michael Traill, Chief Executive, Social Ventures Australia

As part of the work I do in building the funding base of Social Ventures Australia (SVA), I attend many events and lunches to speak with potential supporters.

At one such lunch, hosted by a respected business leader well known for his philanthropy, the conversation veered onto the sometimes controversial issue of the giving levels of Australia's burgeoning community of wealthy individuals. The catalyst was a question I frequently get asked: "How generous are wealthy Australians compared to wealthy Americans?"

The answer I gave – based on the available evidence – is 'not very'. The graph below highlights the facts.

When I quoted the data at the lunch, the response was intriguing.

'Ah, yes', said one individual, who I knew certainly fitted into the top wealth bracket, "of course it's very different in America. People in Australia do things on the quiet. They don't seek to be known for their generosity in the same way that Americans do."

I remember thinking: that giving is obviously so quiet that it doesn't even show up in the data!

The discussion then split into two themes: "Americans are different because of tax and cultural reasons" versus "Wealthy Australians really need to step up and show the generosity of spirit their wealth allows."

Where does the truth lie?

First, the data is irrefutable. Despite the explosion of wealth at the top end of the income distribution map, our giving levels have not grown at a pace commensurate with the accretion of wealth. Recent analysis supported by the Petre Foundation shows in the 10 years to 2005, mean household income for Australia's affluent population has increased by 36 per cent while charitable giving increased from just over 0.36 per cent to just over 0.45 per cent of taxable income in the same period.

Second – and this is based very strongly on our experience at SVA – there is a huge and mostly untapped opportunity for the not-for-profit sector to access much more significant funding from private and corporate philanthropic sources. In an environment of unprecedented wealth creation and accumulation, many individuals and families with a social conscience are seeking ways to constructively donate part of their wealth.

For this to happen, they need to see evidence that their giving will make a difference. They need the opportunity to connect meaningfully to the organisations they are supporting. And they need to be explicitly and appropriately invited to make social investments in the Australian community.

This is 'engaged philanthropy' and in its practice is the solution to building and nurturing a culture of more significant and outcome-focussed giving.

Kingsley Aikins, President of The Ireland Funds and a globally respected commentator on philanthropic trends, describes it as a move from older style 'chequebook charity' to a model of engaged philanthropy. Aikins believes that western nations around the world, reflecting both the massive accumulation of wealth and an imminent \$40 trillion transfer of intergenerational wealth, are on the cusp of a golden age of philanthropy.

He envisions a new wave of philanthropists who will not simply be satisfied with writing a cheque for a charity. They are curious. In many cases they have, or make, the time to get close to the organisations they support. They want to see change. The table below summarises this shift, and it applies directly to the generation of





baby boomers who have been on the receiving end of two decades of unprecedented economic growth. Our relationships with SVA's social investors reflect this. They are passionate about creating the highest possible social impact with their philanthropy. We use the term 'social investor' very deliberately because we expect a return on their investment – a social return.

SVA brings the strengths of the 'venture capital model' (and its inherent disciplines of careful selection, strong mentoring and a focus on outcomes) to help us identify and evaluate social ventures that are likely to achieve sustainable long term change. We join with our social investors in deciding the social need into which their funding is directed over a three year period and we introduce them to the social entrepreneurs and their ventures within the portfolio.

We set out to build enduring relationships of trust, understanding and respect, not just with SVA, but with the social entrepreneurs being supported. We are also systematic and disciplined in keeping social investors regularly informed in ways that meet their needs. This includes measurement of the social

results in supported ventures with succinct six monthly reporting on their progress. Our social investors tell us that this sort of accountability is very important to them.

We also work hard to ensure our social investors have the opportunity to personally connect with the people behind the ventures they support. The connection of head and heart is critical for the emerging new philanthropists. While accountability is significant, so too is the ability of the social investor to see and understand the quality and integrity of the people behind the ventures and the powerful impact of their work.

We know this model of engaged philanthropy is working. Most of SVA's social investors fund over a three year cycle, and we have just been through the process of inviting a number of our early supporters to consider a recommitment. We have had a positive response from over 95 per cent and in many cases they have significantly increased their level of social investment. We believe this is happening because they have connected head and heart – accountability and engagement.

But back now to the lunch conversation and its controversial topic of whether Australia's wealthy have the capacity to give more. I look with great optimism at the opportunity before us to rapidly grow our giving levels from those who have been on the receiving end of two decades of unprecedented economic growth. I believe there is a very strong Australian tradition of equality of opportunity and 'fair go', and that those who have done extremely well financially are looking for ways to make a real difference.

They certainly have the capacity to do more. An estimated 7,000 Australian individuals or families now have net worth in excess of \$10 million. Simple maths tells us that if this group committed an additional 1 per cent of their wealth to philanthropy, it would result in more than \$1 billion extra into the not-for-profit sector.

The way to capture this bonanza is to build relationships for these prospective social investors that reflect the principles of engaged philanthropy – trust, engagement and accountability that connects their heads and hearts.

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## Historical snapshot: Meriel Wilmot

*Excerpted from an interview with Meriel Wilmot, from the third edition of Australian Philanthropy 1989 (then titled simply Philanthropy)*

### How do you see the development of the philanthropic sector in Australia today [1989], compared with a few years ago?

Ten or even eight years ago, it was very much an individualistic performance, with everyone playing their cards extremely close to their chests. That's why it was difficult to get trusts to go into the Director (of Philanthropic Trusts) for example, or to come into the Association (Australian Association of Philanthropy). They all wanted to do their own thing, believing they knew exactly how it should be done.

I think that's changing now. It has certainly change with regard to perhaps the 10 major trusts, who are far more prepared to co-operate and to look at

philanthropy as a profession as well as an industry but there's a very long way to go with the vast majority of smaller trusts.

### A recent conference pointed to the difficulty that grantseekers sometimes have in getting information about trusts and foundations. Why do you think that is?

Basically, I suppose if people know I've got money to give away, they're going to ask me for it. I think this is why so many trusts and foundations refuse to go into the Directory. And they're still knocking us back. I'm sitting on the committee which is planning the next Directory. Marion Webster (Executive Directory of AAP) is receiving letters

from people not just saying they don't want to be included, but how did you find my name in the first place – and please don't write to us ever again. These trustees fail to appreciate that once they receive the benefit of tax deductibility for their philanthropy, the money ceases to be private money – it becomes public money.

### What do you feel about the future of the Association?

I'm certainly hopeful about it having a very positive role. At the moment it is being funded privately by various trusts and foundations who I believe are both generous and farsighted. Of course the real future of the Association is its strength as a lobby group. It needs to be a strong, united body.

# Philanthropy Australia's first Affinity Group: Finding a common path towards reconciliation

By Gemma Gamble, Cooperative Change Pty Ltd, for Rio Tinto Services and Philanthropy Australia. A full version of the paper can be accessed from the Philanthropy Australia website.

Ten years ago, during the 30th anniversary of the 1967 referendum, a group of corporate and private philanthropists came together to work collaboratively in support of Indigenous issues.

Initiated through a chance encounter between the chairpersons of two corporate and private philanthropic foundations, this first meeting established the loose network of trusts, foundations and individual donors which was to culminate in Philanthropy Australia's first Affinity Group.

A serendipitous meeting between Paul Wand of the Rio Tinto Aboriginal Foundation and Jill Reichstein of the Reichstein Foundation at the Victorian College of the Arts struck the first spark for a coalition of interests around Indigenous issues. Each discovered a shared interest in collaborative funding and a mutual desire to overcome the challenges of attracting and identifying Indigenous projects.

Being approached for funding when the requested amount is beyond one's means is a common occurrence in philanthropic circles. Having discussed this issue in relation to a particular project, Jill Reichstein and Paul Wand decided to bring a group of philanthropic representatives together to explore a collaborative funding arrangement. The project was to support a 'Link Up' program that would provide family tracing, reunion and support for forcibly removed children and their families in the Kimberley Region.

Coinciding with the 1997 Reconciliation Conference and the famous tabling of the *Bringing Them Home* report in parliament, this first meeting was a timely expression of a nascent network of corporate and private funders working in the area of Indigenous issues. The 'Link Up' project, coordinated by the Kimberley Land Council, became the first joint funding initiative in the lead up to the formation of the group. For some participants, it was their first ever grant into Indigenous issues.

The 'Indigenous Issues Affinity Group', as it was first named, grew organically through informal meetings, with hosting



Participants in the Parents and Learning (PaL) program.

being shared between participants, some of whom opened up their homes as meeting spaces. Some 'differences in emphasis within the group' emerged, and some members became wary of 'cosying up to corporates'. However a decision was made to retain corporate involvement, as most saw an opportunity to have a concerted dialogue with different philanthropic groups.<sup>1</sup>

Philanthropy Australia approached its American sister organisation, Council on Foundations, for information on its affinity groups and protocols so that a formal mechanism could be established. Affiliation with Philanthropy Australia was seen as central to raising the profile of the group within the wider philanthropic network, and a way of extending Philanthropy Australia's role: according to Grant Hooper [then Membership Manager], the group introduced a new concept and a working model which could be built upon for subsequent interest groups.

The Indigenous Affinity Group was fertile ground in its formative days, with a busy program of activities, including a series of 'Indigenous Issues Seminars' on the themes of education, health and the arts. These seminars not only opened doors for members into distinct funding areas, but highlighted the gulf that existed between non-Indigenous grantmakers and Indigenous

grantseekers, and the need for a stronger Indigenous voice within the sector.

Whilst nowadays the Philanthropy Australia Affinity Groups conduct themselves more as a forum for co-learning than a mechanism for co-funding, there was a strong focus on collaborative grantmaking in the early days of the group. The combined pooling of resources and information proved useful for members with limited allocations of funds and helped to avoid a frustrating 'merry-go-round' for grantseekers.

Some members were active in brokering and entering into joint funding arrangements. These reflected a strategic approach to philanthropy, or what founding members describe as a shift from a 'charitable to a philanthropic view' of giving: they sought longevity for programs by developing demonstration projects, building an evaluation framework so that learnings could be captured, and seeking government resources so they could be replicated elsewhere.

An example joint project of the Indigenous Affinity Group was an ante- and post-natal health program run by the Townsville Aboriginal and Islander Health Service. Known as the *Mums and Babies* project, it empowered Indigenous mothers in health-related matters and improved the health and weight of their babies, who are more than twice as likely as non-Indigenous babies to be born premature or underweight. The program led to noticeable reductions in low birth weight babies and perinatal deaths. The Commonwealth Office of Aboriginal and Torres Strait Islander Health took over full implementation of the project in 2002.

The Indigenous Affinity Group also played a 'brokering role' in bringing other funders on board to replicate the Napranum pre-school Parents and

Learning (PaL) elsewhere in Australia. This program fosters community involvement in early childhood education by engaging parents and families to assist with their children's learning in the home. The Department of Education, Science and Training (DEST) has since taken on further expansion of the program in Queensland.

Cautious of exhausting its members' time and energy by offering a 'one stop shop' for grantseekers, the Indigenous Affinity Group had to be selective with its audience whilst maintaining a conduit for information between grantseekers and grantmakers. It coordinated and participated in projects that sought to promote the involvement of Indigenous people and organisations in the philanthropic sector. This included the establishment of a national funding directory, the *Australian Indigenous Guide to Philanthropy*, a nationwide program of grantseeker workshops, and an Indigenous internship position shared between member organisations.

An Indigenous Affinity Group was established in Sydney, which brought together religious order trusts, corporate foundations and more recently, Prescribed Private Funds (PPFs). In an area perceived to be fraught with risks, the Sydney group was instrumental in establishing a safe learning environment for a growing network of new entrants to the Indigenous funding arena.

Indeed, founding members saw the Indigenous Affinity Group as playing a catalyst role in attracting funders to the Indigenous arena. It continues to provide a 'safe space' that connects new funders with more experienced members and an 'entry point' for novices to this complex area. It is also a forum for better cultural engagement with Indigenous groups, from cross-cultural training to ensuring funding guidelines give preference to projects initiated by Indigenous communities.

The establishment of the Indigenous Affinity Group was a first for Australian philanthropy, with few known prior attempts at formal collaboration between corporate and private philanthropic bodies, particularly around Indigenous issues. It represents a shared approach to understanding Indigenous issues, promoting funding of Indigenous projects and overcoming the informational and cultural divides that can exist between grantmakers and grantseekers, particularly Indigenous and non-Indigenous participants in the philanthropic sector.

1. Jenny Tretheway, Consultation paper on the Indigenous Issues Affinity Group, funded by the Bokhara Foundation, 1998.

## Philanthropy Australia's Affinity Groups

*By Grant Hooper, past Membership Manager, Philanthropy Australia*

At their core, Philanthropy Australia's special interest groups – affinity groups and networks – are organisations founded by funders who have common interests or share common characteristics.

The first affinity groups that we are aware of were formed in the early 1980s in the United States and provide opportunities for grantmakers with common interests to meet each other, share knowledge and encourage collaborative funding. Some affinity groups in the States have been formed around the identity of the population served. Some have been formed around particular grant issue areas and still others have been formed around position and function.

Since the establishment of the Indigenous Issues Affinity Group (now simply the Indigenous Affinity Group) in Australia, Philanthropy Australia has supported the establishment and ongoing operation of a number of other special interest groups:

- Ageing Futures Affinity Group;
- Agricultural and Rural Affairs Affinity Group (closed 2004);
- Arts Affinity Group;
- Corporate Network (chapters in Melbourne and Sydney);
- Disability Affinity Group;
- Early Intervention Affinity Group (Melbourne);
- Early Intervention (Children and Young People) Affinity Group (Sydney);
- Gifts User Group Network;
- Great Minds Review Network;
- Indigenous Affinity Group (chapters in Melbourne and Sydney); and
- PPF (prescribed private fund) Network.

By providing forums for people funding in similar areas (affinity groups), or people operating in similar roles or seeking to address issues that cross program borders (networks) the groups provide some of the few forums in the philanthropic sector for peers to come together to share knowledge to inform and enhance their own practice.

Meetings tend to take place once a quarter and usually involve 10-20 participants. The membership of the majority of the groups is drawn from the Full Members of Philanthropy Australia. Each group has a Chairperson (some

have Co-Chairs) drawn from the membership of the group. These positions are usually rotated every one to two years. Together with the members of the group the Chairperson agrees the purpose of the group and sets the group's forward agenda in line with their mission including the identification of any guest presenters. Philanthropy Australia assists the groups by helping to organise meeting venues and catering as well as attending the meetings to take summary notes which are then circulated to members. Space is also provided on the Philanthropy Australia website (and PhilanthropyWiki) for the groups to exhibit information about themselves and other information that may of interest to others of like interests.

A number of the groups have also sought to achieve tangible outcomes of their work through sponsoring the development of various resources such as:

- publication of the Australian Indigenous Guide to Philanthropy (driven and funded by members of the Indigenous Affinity Group) – a tool to assist Indigenous communities and organisations better understand and attract philanthropic support;
- publication of the Supporting Leadership Opportunities report (commissioned and funded by members of the Disability Affinity Group) – a research report (also produced in an Easy English version) that provided information and recommendations to philanthropic bodies on the leadership needs and leadership education opportunities for people with disabilities in Victoria; and
- publication of the *Ageing Futures in Australia* discussion paper (developed and funded by members of the Ageing Futures Affinity Group) – a publication that identified 'drivers for change' and 'critical issues' for the future of ageing in Australia, and some opportunities for philanthropy to engage with these issues, that was presented at a session of the Philanthropy Australia conference in 2005 and built upon in a seminar the group held in 2007 (the updated paper will be available through the PhilanthropyWiki and the Ageing Futures Affinity Group page on the Philanthropy Australia website).

*Members interested in finding out more about the groups (including how to participate) are encouraged to contact Philanthropy Australia's Membership Services Managers or to visit the Philanthropy Australia website – [www.philanthropy.org.au/affinity/index.htm](http://www.philanthropy.org.au/affinity/index.htm) and [www.philanthropy.org.au/network/index.htm](http://www.philanthropy.org.au/network/index.htm)*



# Corporate Community Investment: From benevolence to enlightened self-interest

*By Dr Noel Purcell, Group General Manager, Stakeholder Communication, Westpac Foundation*



Corporate giving is going through a sea change. In the last decade there has been a shift from cash donations to a more strategic, value-adding approach to philanthropy; today's corporate philanthropist is driven not simply by benevolence but by 'enlightened self-interest'.

Australian notions about the role of corporations in society display elements of both British and American approaches. High levels of philanthropy in the US were due in part to the limited role of government, with successful individuals such as Rockefeller 'giving back' to the communities which spawned their success. In Britain company licenses were bestowed by the Crown and came with a sense of social obligation to the public.

Early Australian philanthropy was the domain of non-government groups and wealthy individuals. In 1879 Thomas Buckland, the then Chief of the Bank of New South Wales, donated a portion of his salary to establish a fund to support families of deceased bank officers. In 1934 Sidney Myer bequeathed one 10th of his estate to the community in which he'd made his fortune. Today their legacies live on as important grant giving funds: the Sidney Myer Fund and the Westpac Foundation.

Corporate philanthropy was originally characterised by small, ad hoc, one-off cash donations; a pool of funds at the discretion of the company chairman or, as was often perceived, his wife.

Modern corporate philanthropy is more complex due to changing societal conditions. Some believe it is the duty of organisations to make up the gap left by Government. Indeed the Australian Government actively encourages corporations to increase their philanthropic role – as the introduction of employee pre-tax payroll deductions, as well as the establishment of The Prime Minister's Community Business Partnership all attest. But this raises the question of how well corporate philanthropy aligns with the duty of business.

Some hold the view that corporations should not engage in altruistic donation for worthwhile causes simply because they are worthwhile. In 2003, the National President of the Australasian Sponsorship Marketing Association said "Giving is philanthropy. It's for individuals. You don't expect a return. That's not in line with corporate practice"<sup>1</sup>. This view is based on the argument that the fundamental fiduciary responsibility of boards of directors is to shareholders. This means ensuring the financial viability of their businesses and maximizing value for shareholders.

While it is certainly not appropriate that organisations should simply give away money with no concern for the interests of their shareholders, it does not follow that displaying a social conscience via corporate giving is contrary to the interests of shareholders. Nor does it follow that when companies accept

their social obligations in contributing to building social capital, there is no resultant shareholder value.

Deregulation and globalisation have resulted in a material shift of power and influence to corporations. As a result, there is now an increased expectation that companies take a more balanced approach to the way they do business. The rise of the Corporate Responsibility agenda has brought an increased awareness of the role of business in society and companies must show that they are using this power, perceived or otherwise, for the benefit of all stakeholders.

The fact is that businesses cannot be sustainable if the communities in which they operate are not successful and prosperous. Recognition of this is what has contributed to companies like Westpac shifting towards a more strategic approach to giving<sup>2</sup> which takes business as well as societal goals and interests into account.

This more strategic approach to giving is described in several ways: Corporate Social Investment, workplace giving, community involvement, corporate citizenship etc. At Westpac, we refer to it as Corporate Community Investment<sup>3</sup> (CCI), a collective term encompassing traditional philanthropy as well as community sponsorships, community partnerships, employee volunteering, and in-kind support such as pro bono support. The wider adoption of CCI is





evidence of organisations moving away from purely altruistic giving to acting out of 'enlightened self-interest'.

In recognition of this shift in the traditional understanding of philanthropy, the Prime Minister's Community Business Partnership takes a broader view of philanthropy: "more than just the provision of financial handouts to the disadvantaged and needy. In its broadest sense philanthropy can be viewed as an act of giving for community benefit, encompassing both giving of money/property and volunteer activity"<sup>4</sup>.

With this broader understanding of how business can contribute to society, we see a corporate sector in Australia that is very active in this space. A recent report, *Corporate Community Investment in Australia*, commissioned by the Prime Minister's Community Business Partnership finds that "most companies now see CCI as an integral component to strategy and the corporate business model, with a quarter of firms now requiring a business case with which to focus their investment and engagement in the community". To put it bluntly, if the business case for the CCI is not there, it is difficult to justify that the company is acting in accordance with their fiduciary responsibilities and longer-term interests of all stakeholders. If linked to a company's prosperity, through enhanced reputation and brand or improved staff morale for example, then it is more readily justifiable.

Aligning the company's interest in strengthening its social license with the interests of its stakeholders is central to CCI. This focus on getting the balance right for all stakeholders has resulted in leading corporations re-examining their community programs and in particular philanthropic activities over the past decade.

At Westpac for example, we were an early adopter of this broader approach to community involvement following a critical moment in our history where we lost touch with what mattered to our stakeholders and the community. For us CCI is now part of core business with a dedicated team and a target to maintain our total community investment above 1 per cent of pre-tax profits. This shift to core business has seen the rise of a number of specialist organisations advising on corporate community strategy and investment.

In simple terms CCI can be broken into three categories: Corporate Philanthropy, Community Partnerships and Sponsorships, and Employee Involvement.



Community partnerships are a key element of Westpac's CCI. Long term partnerships reflecting the diversity of our footprint in the community are at the core. These relationships are deep and integrated, focused on creating mutual value and broader social benefit. Benefits to us include: improved brand

We recognise that our best asset, and one that can make a tangible difference in the communities in which we operate, is our people. They know more about local challenges and issues than the corporate head office. That's why we put such focus on encouraging and facilitating employee involvement via a



perception (which may lead to improved customer satisfaction) and the creation of high levels of employee attraction, retention and commitment. Benefits to our community partners include: raising awareness through brand association, extending their reach through our stakeholder network, and having access to our employees for their skills, expertise and fundraising.

The Westpac Rescue Helicopters, for example, have delivered great brand value and a vital community service since 1973. Since 2001, our partnership with Indigenous Enterprise Partnerships has seen more than 300 employees working in Cape York to help create economic independence for the local community. These partnership activities, rather than straight cash, are the kind that brings real change and real benefits.

paid community day, flexible working conditions, matching their donations dollar for dollar to any charity of their choice, and making it easier for our people to get involved through volunteering or pro-bono support.

This shift from traditional philanthropy to CCI is also reflected in the trend to non-financial reporting on sustainability and citizenship.

There is a growing understanding between not-for-profit (NFP) organisations and business, and a developing appreciation of the values and skills of the other. As companies take a more strategic view and a keen interest in how and where their money is spent, so NFPs have had to become more savvy and business aware, learning

by utilising the expertise of their business partners. Organisations like Westpac consequently provide additional support to their NFP partners through capacity building and financial literacy.

Under the CCI model, there is a need for even greater NFP capacity building because NFPs need to know how to develop strong business cases to unlock corporate resources.

It is heartening to see a number of CEOs and boards taking a lead in the CCI space. Increasingly CEOs are providing leadership in setting overall strategic directions for their company's CCI activities and promoting the social responsibilities of corporations. But there is clear potential for further growth

in this area as more organisations recognise the growing community expectation of them and the benefits from responding. This would also be supported with more formal recognition of CCI, both in business and management schools, reflecting its increasing status as a core business activity. And greater collaboration between business, Government and the NFP sector can only lead to better outcomes.

Well executed CCI offers a win-win outcome for business and community alike. Enabling a balance between altruism and profits; giving and receiving. Proving that companies can do good and do well.

1. AFR Magazine, March 2003.
2. A study released by ACCPA and the BCA in 2000 found more traditional forms of business–community engagement, such as corporate philanthropy and ad hoc grant making, were being superseded by more strategic approaches.
3. CCI was also used in *Corporate Community Investment in Australia*, a report by the Australian Centre for Corporate Public Affairs (ACCPA) in conjunction with the Business Council of Australia (BCA), commissioned by the Prime Minister's Community Business Partnership.
4. From the Prime Minister's Community Business Partnership website ([www.partnerships.gov.au](http://www.partnerships.gov.au)).

## Voices of philanthropy



Robin Hunt, Chairman of Trustees,  
The Sunshine Foundation.

### What are the rewards of philanthropic giving for you?

I don't see what I do as 'giving' but 'facilitating'. (The actual 'giving' was done by earlier generations of my family when they established the H.V. McKay Charitable Trust (1926) and the Sunshine Foundation (1955)). For me, the rewards relate more to being able to carry out the intentions of my great grand father and those of his three children to the general benefit of the community. Participation in the activities of the Trust and of the Foundation links later generations of the McKay family. Members of the fourth generation are now starting to take up their responsibilities and third cousins are meeting each other around the Board table. Over my 30 years' of participation, I have seen many changes and yet I am amazed at the enthusiasm shown by younger family members to find better and more effective ways to give.

### What would you name as the biggest milestones in the last 30 years of the sector?

1. The establishment of Philanthropy Australia Inc with full time (as opposed to honorary) staff was a major step forward in terms of the development of professionalism in our industry. Likewise, the employment of professional staff by the larger foundations and trusts adds so much to the sector.
2. Getting our franking credits back has made a major difference to the amount of money we can disburse to the community. It also removed an iniquitous anomaly that led to trusts investing in companies that paid little tax! Likewise, being able to spread tax deductions for major gifts over five years (doesn't apply to me!) has had a major benefit to the community.
3. The advent of community foundations and their steady growth had provided a new and cost effective approach to philanthropy.

### Which philanthropic project that you have been involved in means the most to you?

Being on the Council of PAI (then AAP) for a number of years and, for a while its Vice President, gave me an overview of the sector that I found most useful (and I hope that I, in turn, was able to add something to leadership of our industry). My attendance at the US Council on Foundations 'Family

Foundations' meeting in Chicago in the mid 1990s was incredibly stimulating – so many family members talking about intergenerational transfer of wealth and responsibility; so many passionate family trustees – all having the same problems that we face in Australia (but without the isolation).

### How would you like to see the sector develop in the next 30 years?

1. Keep government (i.e. the tax burden) off our backs.
2. Keep overheads down as a percentage of corpus – and we won't be able to do this if a federal government implements a 'Charities Commissar' who then charges X per cent of our corpus for the 'privilege' of registering us!
3. See the intergenerational transfer of wealth from the baby boomers and their parents to GenX and GenY lead to major sums being directed to philanthropic endeavours.
4. Pressure governments at all levels to 'think strategically' i.e. see beyond the next election and articulate plans to save the earth for future generations.

### If the 'philanthropy fairy' granted you one wish to improve the charitable and philanthropic sector, what would you wish for?

I would wish for more people to become philanthropic; for them to become involved and help share the load.

# Trustee companies

By Mary Borsellino, Assistant Editor, Australian Philanthropy

The first trustee company in Australia, Trustees Executors and Agency Company, was formed in 1878. Before that, the estates and Wills of the wealthy had been executed by individuals and the move to allow a company to play the same role required a special act of parliament in order to make it a reality. One of the reasons trustee companies were introduced was to allow trusts to be managed in perpetuity, with no one person's lifespan and abilities acting as limits; this aspect is one of the key reasons why trustee companies have been such an asset to the philanthropic sector.

Other trustee companies began to form in the years leading up to the twentieth century, such as Trust in 1885 and the Perpetual Trustee Company in 1886. The Bank of Australasia merged with the Union Bank of Australia to form ANZ Bank in 1952, combining the works of both banks into a single entity. The structure of these organisations, with their extensive knowledge of monetary matters and of administration, made their eventual move into philanthropy a natural fit.

The risk-averse nature of the investments favoured by trustee companies has long provided stable returns, and the for-profit nature of such organisations offered the opportunity for partnership between the charitable and corporate sectors many years before the potential benefits of such relationships was widely recognised.

Today, a substantial portion of Australia's philanthropic wealth is managed and distributed by trustee companies. In the 2005-06 financial year, the charitable trusts administered by trustee companies

distributed about \$160 million, while the 12 largest foundations in Australia not managed by a trustee company distributed \$70.6 million during the same time period.

There are a variety of options associated with trusts and foundations managed by trustee companies. Donors may be living or may arrange for a trust to be established after their death. If the donor is alive, the fund may be discretionary or non-discretionary; discretionary funds leave the specific grant distribution decisions to the trustees, within the bounds of the trust deed, while non-discretionary funds require the donations be made to the organisations named by the donor. Trustee companies can act as the sole trustee or as the co-trustee in conjunction with others.

A recent development in the ongoing evolution of trustee companies is the introduction of umbrella trusts and foundations. This system allows donors to contribute to general funds, or to create sub-trusts with more specific aims. This system allows more flexibility for trusts wishing to conserve their funds in order to grow their core amount, as the umbrella method means that the overall trust can distribute each year even as single sub-funds remain untouched.

By including philanthropy as one facet of a business designed primarily for wealth management, trustee companies present a powerful psychological message on the role of social and ethical investment within the financial world, and the need for specialised and professional knowledge when engaging in the business of giving.

## My experience with a trustee company

By Louise Gourlay OAM, Chair, The William Buckland Foundation

As a trustee of a charitable foundation, 'invaluable' is the only word to describe the support and assistance I receive from the ANZ Trustees Philanthropy Partners.

The William Buckland Foundation was originally administered by Trustees Executors and Agency Limited, who were acquired by the ANZ Bank in the early 1980s. Since that time, with the administrative skills of ANZ plus the sound financial and commercial experience of my predecessors, together with outside 'funds management' advice, the Foundation has become a significant player in the philanthropic community of Melbourne and Victoria.

Recently The William Buckland Foundation acquired the services of the Philanthropy Partners research team who provide extensive advice, excellent background material to grant applications. Their wisdom concerning the not-for-profit sector and trusts in their care is always helpful in making important financial decisions, resulting in ongoing benefits to the people of Victoria.

Personally, I believe that the long association with this trust company has been hugely beneficial to the success of The William Buckland Foundation and particularly helpful to the trustees.

## Historical snapshot: Pat Feilman

Excerpted from an interview with Pat Feilman, from the third edition of Australian Philanthropy 1989 (then titled simply Philanthropy)

### Is it unusual for foundations or trusts to go out and seek projects?

Not in any other country, but it is in Australia. Most tend to be reactive rather than pro active. There are exceptions to that but it's fairly unusual.

### Does funding depend on a large degree on the interpretation of the charter of a trust or foundation?

Yes, I suppose. Education, for example, is a very broad field – as long as a

piece of string, really. Nobody could have guaranteed the grounds well after the Farmland Project or even that it would succeed anyway. There were huge possibilities that it wouldn't. There are great risks in trying to make it happen. That really is what foundations ought to be about: a bit of risk taking. What's the point of just going in and backing something that someone else says is great? If it's not chancy and it's

good, it ought to be being backed by government anyway.

### Is there a key to success for projects chosen for funding?

Success or otherwise really revolves around the people. You can have the best project in the world, but if you can't get good people to run it, it won't work. And you don't know that at the start of the project.



# The David Thomas Challenge: Three points of view



*David Thomas.*

The Thomas Foundation was established in 1998 by David Thomas and his wife, Barbara. Initially, the Foundation focused on education, the arts, and conservation. Now the Foundation concentrates its support on conservation. In November 2006, Mr Thomas committed \$10 million to The Nature Conservancy through the David Thomas Challenge, with the aim of encouraging new private philanthropy in support of nature conservation in Australia. The Thomas Challenge offers individuals the opportunity to have their gifts to conservation matched up to 100 per cent with funding directed to The Nature Conservancy or one of its partner organisations: Australian Wildlife Conservancy, Bush Heritage Australia, Greening Australia, or Trust for Nature. Response to the challenge thus far has resulted in \$3.9 million in matching funds allocated. Below are three points of view on the David Thomas Challenge, including the challenge donor, the head of a conservation organisation benefiting from the challenge, and a donor responding to the challenge.

## **Making the challenge**

*By David Thomas, founder of The Thomas Foundation*

Our Foundation has supported The Nature Conservancy since 1998, but in 2004 I heard about The Bob Wilson Challenge in the United States. Bob put up US\$100 million and offered to match gifts to The Nature Conservancy anywhere in the world up to \$1 million a year for three years.

This was too good an offer to refuse and we put up \$3 million. Sure enough The Nature Conservancy in the US matched us and that \$6 million went to support conservation priorities to

be executed by TNC's partner, Bush Heritage Australia.

Ideas work in funny ways. I thought I'd been quite clever in getting the best end of the deal – it's not often that I've had the chance to double my money. And then one day the thought dropped into my mind – could I create my own challenge? What if I put up, say \$10 million available as \$2 million a year for five years? Would this attract new gifts of \$10 million from others, and so bankroll \$20 million for Australian conservation?

The more I thought about it the more certain I was that it would work. I decided to limit the matches to individuals or their family foundations as a way of encouraging new and budding philanthropists. My target was people like me that had started their own companies and made lots of money – let's be honest, more than they'll ever need for themselves and their families.

We set the level of the minimum gift at \$10,000 believing that anyone giving this amount will have the capacity to give more in the future. This belief is squarely based on my own experience – our first gift to TNC was \$10,000. The next was \$100,000. Then \$500,000, then \$1 million and so on to \$10 million.

We made that first \$10,000 grant after doing some years of detailed due diligence on The Nature Conservancy; and the increasing levels of subsequent grants are based on careful review of results achieved from each grant during this time. It's a bit like continuing to buy shares in a good company as its earning-per-share increases.

We launched the Thomas Challenge in November 2006 and I'm pleased to say that the response has been overwhelming. New philanthropists have emerged, and existing ones have dramatically increased their levels of giving.



*Tawny Frogmouth at Yourka.  
(Photo: Wayne Lawler).*

My greatest hope is that someone will come along soon and trump me by making a \$50 million Challenge Grant. Is there a good chance of this happening? Is the need perceived as urgent? Do Australians feel that their lands and waters are threatened? Are they worth saving? I believe the answer to all these questions is yes. The new level of awareness about global warming has done much to move public opinion on these questions. The danger is that this will create a feeling of hopelessness amongst individuals. The answer is, I believe, to support the protection of the most important regions of biodiversity. Biodiversity is the currency of conservation and the good news is that Australian conservation scientists (who are amongst the finest in the world) are agreed on these regions and the priorities for protecting them.

The Nature Conservancy and its four Australian partners are all skilled strategic thinkers and planners, and all their work is science based. This means that anyone wanting to support nature conservation can write a cheque to any of these organisations with the confidence that their money will be well invested and produce significant returns.

And there is no question of the capacity to give. There are probably thousands of blokes like me who can afford \$10 million or more. My guess is that many of them will go down the same road as I have – they'll start with \$10,000 and end up passing the \$10m mark to go on to higher levels.

Looking back, how do I feel all about this? Bloody wonderful is the answer! I feel as if having first turned work into money, I am now turning money into something that will benefit all Australians and future generations. My advice to others with the capacity to give? Give with a warm hand now.



*Northern Quoll. (Photo: Eric Vanderduys).*





*Pelican waterhole at Wongalara. (Photo: Wayne Lawler).*

### Putting the challenge to work

*By Atticus Fleming, Chief Executive, Australian Wildlife Conservancy*

David Thomas, like most Australians, may never see a Northern Quoll or a Gouldian Finch in the wild. By establishing the David Thomas Challenge, however, he has made a groundbreaking contribution to the conservation of both species, helping to provide a more secure future for them and a diversity of other endangered native animals.

Most Australians are not aware of the sad plight of our native wildlife. Australia has the worst record of mammal extinctions in the world. Over 1,500 surviving native animal and plant species are listed as threatened with extinction. It is clear that new and innovative approaches to conservation are required.

David Thomas has played a critical role in meeting this challenge by helping elevate private sector conservation in Australia to a new level. While the sector is still relatively young, the Thomas Challenge has had a dramatic impact, inspiring a significant increase in support for organisations like Australian Wildlife Conservancy (AWC) and Bush Heritage Australia.

For Australian Wildlife Conservancy, this increase in support has been directed toward three key projects:

- the acquisition of Wongalara on the edge of Arnhem Land;
- the proposed acquisition of Kalamurina, a vast desert wilderness that links Lake Eyre and the Simpson Desert; and
- the management of Mornington Wildlife Sanctuary in the central Kimberley – a stronghold for threatened species such as the Northern Quoll and the Gouldian Finch.

The generosity of David Thomas and the many Australians who took up his challenge has thus made a difference where it really matters – in the field.

Importantly, the Thomas Challenge has also helped build the capacity of organisations like AWC: for example, by acting as a catalyst for donors to give to conservation for the first time.

The sheer scale of the Thomas Challenge (\$10 million over five years) has also encouraged many existing donors to increase their level of giving. A combination of the example set by David Thomas, and the leverage offered by the challenge, help to ensure a more powerful fundraising proposition.

The Thomas Challenge has arrived at a critical time in the development of environmental philanthropy and the emergence of private conservation in Australia. Together with other pioneers in this field, David Thomas is helping generate new hope for Australia's threatened wildlife. Our mission now is to build on the momentum established by the Thomas Challenge.

Whether or not David ever sees a Northern Quoll or a Gouldian Finch in the wild, the Thomas Challenge is helping ensure our children and grandchildren have that opportunity. It is a wonderful gift to all Australians.

### Responding to the challenge

*By Graham Turner – Founder and Chief Executive Officer of Flight Centre Ltd*

My wife Jude and I heard about the Thomas Challenge and decided to come on board, making a donation which David Thomas matched. We directed our giving to Bush Heritage Australia.

I've been interested in Bush Heritage Australia since the mid 1990's, not long after it started. It's important to protect our natural assets, and Bush Heritage has a tangible and practical approach to doing this.

There are some things which a flexible, non-government organisation can do really effectively – in this case: buying land on the market, then managing its



*Sarah Legge with visitors at the Mornington Wildlife Sanctuary. (Photo: Australian Wildlife Conservancy).*



*Researchers at Mornington Wildlife Sanctuary. (Photo: Mark Godfrey).*

conservation values well, and working in a very pragmatic way with other landowners. Protecting land is something which will last for hundreds of years and beyond. Supporting Bush Heritage makes a real and lasting contribution to preserving our natural wonders and learning about the critters being protected.

The David Thomas Challenge, with a generous match of our donation, provides a powerful incentive to both give a significant amount, and pledge it for several years. The unprecedented size of the Challenge when it was announced has obviously encouraged many people who are able to give larger amounts, to respond.

I own several rural properties myself, and I've learned that planning good conservation management doesn't happen overnight and needs to be a long term consideration. I think that The Thomas Foundation's decision to extend its matches over up to three years is important. I know that Bush Heritage has a systematic approach to identifying properties which it hopes to buy for conservation in its chosen regions (three of these in my home state, Queensland). Being able to count on some of the funds for this several years ahead is hugely important.

Bush Heritage has used the first part of our donation and the matching amount towards buying what is now the Yourka Reserve in far-north Queensland. That's over 43,000 hectares of spectacular landscape, and its plants and animals, protected. Jude and I are thrilled to be a part of this inspiring work.

# Imagine the world without philanthropy: why the human spirit drives economies and innovation

By John Bloom, Director, Organizational Culture at RSF Social Finance. This article was first published in onPhilanthropy, and is reprinted with their permission. ([www.onphilanthropy.com](http://www.onphilanthropy.com)) Copyright © Changing Our World, Inc. 2007 All rights reserved

Imagine, if you would, what our world would be like without the presence of philanthropy. Certainly, we would continue to produce and consume. We would continue to save or invest any surplus generated out of basic economic activity. Likely, investments would continue to grow and be reinvested. The 'economy' could continue to grow. At the same time, organizations that depend upon gift support and volunteer time would suffer unless they became somehow profitable. Any activity or service – such as education, research, and the arts – whose purpose or end is other than producing a profit would basically be headed for extinction. The conventional economist might acknowledge the social consequences of this, but register no economic ones. This is why it should come as no surprise that philanthropy, the art and science of giving, is not to be found in classic economics text books.

As one of the primary means of support for education or any field connected with renewing the human spirit, philanthropists know that philanthropically-funded activities actually have a very important place in the economic cycle, from a social as well as economic standpoint. Philanthropic gifts are generative in nature. That is, without charitable gifts there would be no economic activity at all. Proof: In the history of mankind, gifting processes notably preceded all other forms of economic trade transactions and monetary systems. Cultures have found ways to meet all the basic human needs without any monetary systems at all. In addition to physical needs such as food and shelter, these economies valued the non-commodity aspects that conventional economics cannot fathom, like caring and learning, imagining, inspiring. Yet these are the very things that really matter most to us day-to-day. Such intangibles fall outside the quantifiable world of modern social science. They are nice but not economic. Rather, it has been left to philanthropy, which is primarily motivated by these intangibles, to make whole the fragmented and generally inhuman picture of economics. Given this encompassing perspective, I would posit that gifting is the most

"I would posit that gifting is the most important and productive component of the economic system."

important and productive component of the economic system.

In the world of risk and return, a gift is 100 per cent risk while the returns on the gift are immeasurable, so rich are they in the experiential and qualitative aspects of life, so laden with potential for the future. The fascinating thing is that charitable activities are actually structured to consume, even burn up, excess capital. Through this transformative process, they produce new human capacity (education), new insights and breakthroughs (research), and cultural innovation (the arts), all of which often lead to economic renewal. It should come as no surprise that these three areas (and there are others of course) are primarily supported by gifts and taxation, a form of mandatory gifts.

Philanthropists know that accumulated capital is the most vital source of gifting. Money 'ages,' becomes more disconnected from human initiative as it accumulates. As soon as that money is given away it leaves the sphere of investment and is given new economic life by being used for purchase to accomplish a charitable mission by the recipient. Thus the linkage is established between the generation of surplus capital and the renewal of that capital through philanthropy. The logic here is one of functional integration rather than cause and effect. Historically, philanthropy is something you are privileged to do because of your financial success. This may be considered something of the 19 Century industrial model. But that too is shifting. More corporations and individuals are structuring their philanthropy as part of their present financial activity rather than putting it off pending the results of a career. For example, the dramatic increase in young people's interest in philanthropic

activity is a result of activism and engagement; they want to make a difference with their lives now rather than viewing the accumulation of resources as a measure of accomplishment. This sense of social responsibility and integration is but one reflection of a much larger, though just now barely visible, sea change in the emerging field of social finance.

Social finance holds that the purpose of money and finance is to support human initiative and to foster the evolution of new community. Social finance recognizes that in the context of a global economy, we are fully interdependent. It is no longer possible to stand outside this reality, regardless of political boundaries, accumulated wealth, or dire poverty. Social finance recognizes the human and environmental consequences of economic activities. In this paradigm, for example, socially responsible businesses are capable of bringing about needed changes in our culture through fair labor practices and the charitable distribution of a portion of profits. This is just one emergent approach in which gifting is integral to the whole economic cycle. It presents a picture of a healthier sustainable future – and one which leaves behind the industrialist model of philanthropy that lives so strongly in the mythology of American history.

<http://www.rsfsocialfinance.org/>  
*Inspired by the work of Rudolf Steiner, RSF Social Finance provides socially responsible investors, donors, for-benefit organizations, and social enterprises innovative investing, lending, and philanthropic services to promote environmental, social, and economic sustainability. John Bloom can be reached at [john.bloom@rsfsocialfinance.org](mailto:john.bloom@rsfsocialfinance.org)*

# Philanthropy Australia historical record of Council Members and officeholders

## Past Presidents

John Howard	1978-1979
Keith Dawson	1980-1981
J.W. (Bill) Ramsay	1982
Father Vince Kiss	1983
Darvell Hutchinson	1988
Father Vince Kiss	1989
Michael Liffman	1990-1991
Martin Carlson	1992-1993
Jill Reichstein	1994-1995
Ben Bodna	1996-1998
Eve Mahlab	1999
Lady Southey	2000-2006

## 1980 – Council Members

Mr R.E. Gregory	Sidney Myer Charity Trust
Miss M Wilmot	The Myer Foundation
Mr J.H. Stephens	Trustees Executors & Agency Co Ltd
Mr K Dawson	Perpetual Executors & Trustees Association of Australia Ltd
Miss P E Feilman	The Ian Potter Foundation
Mr J.E. Howard	Lance Reichstein Charitable Foundation
Mr J.W. Ramsay	The R.E. Ross Trust
Mr H.S.W. Fordyce	The Lord Mayor's Fund
Miss S.A. Stegley	The Stegley Foundation
Mr T. Purcell	Law Foundation of NSW
Mr L.R.F. Crane	Kazembe Vestates

## 1982 – Council Members

Mr R.E. Gregory	Sidney Myer Charity Trust
Ms Rhonda Galbally	The Myer Foundation
Mr V. Kiss	Trustees Executors & Agency Co Ltd
Mr K Dawson	Perpetual Executors & Trustees Association of Australia Ltd
Miss P E Feilman	The Ian Potter Foundation
Mr J.E. Howard	Lance Reichstein Charitable Foundation
Mr J.W. Ramsay	The R.E. Ross Trust
Mr H.S.W. Fordyce	The Lord Mayor's Fund
Miss S.A. Stegley	The Stegley Foundation
Mr T. Purcell	Law Foundation of NSW
Mr L.R.F. Crane	Kazembe Vestates
Ms Jill Reichstein	The Reichstein Foundation

## 1988

President	Darvell Hutchinson
Vice President	Father Vincent Kiss
Immediate Past President	John Sullivan
Secretary	Jill Reichstein
Treasurer	Michael Liffman
Council	Jenny Florence Rhonda Galbally Trevor Jacobs Philip Norman Sarah Stegley

## 1989

President	Father Vincent Kiss
Vice President	Sarah Stegley
Immediate Past President	Darvell Hutchinson
Secretary	Jill Reichstein
Treasurer	Michael Liffman

## Council

Martin Carlson  
Rhonda Galbally  
Nevil Jackson  
Trevor Jacobs  
Philip Norman  
Loula Rodopoulos  
John Sullivan  
Marion Webster

## Executive Director

## 1990

President	Michael Liffman
Vice President	Jill Reichstein
Treasurer	Trevor Jacobs
Council	Martin Carlson Darvell Hutchinson Lisa Trood Judy Whiteman Nevil Jackson Ian Roach John Sullivan Hass Dellal Marion Webster
Executive Director	

## 1991

President	Michael Liffman
Vice President	Jill Reichstein
Secretary	Lisa Trood
Treasurer	Trevor Jacobs
Council	Martin Carlson Darvell Hutchinson Judy Whiteman Ian Roach Rupert Myer Max Dumais
Consulting Manager	

## 1992

President	Martin Carlson
Vice President	Robin Hunt
Secretary	Jill Reichstein
Treasurer	Adolph Hanich
Council	Rupert Myer Marion Webster Margaret McCaffrey Darvell Hutchinson Michael Liffman Max Dumais
Consulting Manager	

## 1993

President	Martin Carlson
Vice President	Robin Hunt
Secretary	Jill Reichstein
Treasurer	Adolph Hanich
Council	Rupert Myer Lyn Gearing Darvell Hutchinson John Sullivan Max Dumais
Consulting Manager	

## 1994

President	Jill Reichstein
Vice President	Robin Hunt
Secretary	Fleur Spitzer
Treasurer	Adolph Hanich
Council	Ben Bodna Anne Riches

Ex-Officio Executive Officer	John Sullivan Jennifer Webb Martin Carlson Max Dumais
<b>1995</b>	
President Vice President Secretary Treasurer Council	Jill Reichstein Ben Bodna Fleur Spitzer Adolph Hanich Martin Carlson John Sullivan Robin Hunt Don Aitken Ulrike Schuermann Elizabeth Cham
Executive Director	
<b>1997</b>	
Patron President Vice President Treasurer Immediate Past President Council	Professor Emeritus Sir Gus Nossal Ben Bodna Fleur Spitzer Bill Moyle Jill Reichstein Don Aitken Prof David Danks Eve Mahlab Ulrike Schuermann Graeme Wise Elizabeth Cham
Executive Director	
<b>1998</b>	
Patron President Vice President Treasurer Immediate Past President Council	Professor Emeritus Sir Gus Nossal Ben Bodna Eve Mahlab Bill Moyle Jill Reichstein Prof David Danks Dur-e Dara Brian Scanlen Ulrike Schuermann Lady Southey Graeme Wise Elizabeth Cham
Executive Director	
<b>1999</b>	
Patron President Vice President Treasurer Immediate Past President Council	Professor Emeritus Sir Gus Nossal Eve Mahlab Lady Southey Alan Schwartz Jill Reichstein Ben Bodna AM Barry Capp Dur-e Dara OAM Frances Davies Prof Tom Healy Graeme Wise Elizabeth Cham
Executive Director	
<b>2000</b>	
Patron President Vice President Treasurer Council	Professor Emeritus Sir Gus Nossal Lady Southey Ben Bodna Prof Tom Healy Ian B Allen OAM Barry Capp Dur-e Dara OAM Dr WT (Tim) Duncan Peter McMullin The Hon Warwick L Smith Ms Jan Cochrane-Harry Elizabeth Cham
National Director	
<b>2001</b>	
Patron President Vice President Treasurer	Professor Emeritus Sir Gus Nossal Lady Southey Dur-e Dara OAM Prof Tom Healy

Council	Ian B Allen OAM Barry Capp Dr WT (Tim) Duncan Peter McMullin The Hon Warwick L Smith Ms Jan Cochrane-Harry Elizabeth Cham
National Director	
<b>2002</b>	
Patron President Vice President Treasurer Council	Professor Emeritus Sir Gus Nossal Lady Southey Dur-e Dara OAM Prof Tom Healy Ian B Allen OAM Ben Bodna AM Barry Capp Peter McMullin Royce Pepin AM Elizabeth Cham
National Director	
<b>2003</b>	
Patron President Vice President Treasurer Council	Professor Emeritus Sir Gus Nossal Lady Southey Dur-e Dara OAM Prof Tom Healy Ben Bodna AM Barry Capp Jan Cochrane-Harry Peter McMullin Samantha Meers Royce Pepin AM Noel Purcell Elizabeth Cham
National Director	
<b>2004</b>	
Patron President Vice President Treasurer Council	Professor Emeritus Sir Gus Nossal Lady Southey Dur-e Dara OAM Prof Tom Healy Barry Capp Jan Cochrane-Harry Peter McMullin Samantha Meers Royce Pepin AM Noel Purcell David Ward Elizabeth Cham
National Director	
<b>2005</b>	
Patron President Vice President Treasurer Treasurer Council	Professor Emeritus Sir Gus Nossal Lady Southey Dur-e Dara OAM Tom Healy (ret April 2005) David Ward Barry Capp Jan Cochrane-Harry Peter McMullin Samantha Meers Terry Macdonald Noel Purcell Christopher Thorn Elizabeth Cham Gina Anderson (wef 14 November 2005)
National Director Chief Executive Officer	
<b>2006</b>	
Patron	Professor Emeritus Sir Gus Nossal
President Vice Presidents	Lady Southey AC Bruce Bonyhady Dur-e Dara OAM Samantha Meers
Treasurer Council	David Ward Chris Arnold Jan Cochrane-Harry Terry Macdonald Noel Purcell Christopher Thorn
Chief Executive Officer	Gina Anderson (wef 14 November 2005)



# Members of Philanthropy Australia

## New Members

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

## Full Members

T. Fairfax  
The Royal Agricultural Society of NSW Foundation

## Associate Members

Great Barrier Reef Foundation  
Indigenous Enterprise Partnerships  
MS Society NSW/VIC  
UCA Funds Management

Philanthropy Australia would like to acknowledge the support of:  
Freehills

## Council Members

### President

Mr Bruce Bonyhady (The William Buckland Foundation)

### Vice President, Victoria

Ms Dur-e Dara OAM (Victorian Women's Trust)

### Vice President, New South Wales

Ms Sam Meers (Nelson Meers Foundation)

### Treasurer

Mr David Ward (ANZ Executors & Trustees)

## Council Members

Mr Chris Arnold (Melbourne Community Foundation)

Mr Terry Macdonald (Lord Mayor's Charitable Fund)

Dr Noel Purcell (Westpac Foundation)

Mr Christopher Thorn (Goldman Sachs JBWere Foundation)

Mr Tim Fairfax AM (Vincent Fairfax Family Foundation and Foundation for Rural & Regional Renewal)

## CEO

Ms Gina Anderson

## Leading Members



Colonial Foundation Trust



JBWere Foundation



THE MYER FOUNDATION

*The*  
WILLIAM BUCKLAND  
FOUNDATION  
wBF

## Life Members

Ben Bodna AM  
Patricia Feilman AM  
Dame Elisabeth Murdoch AC DBE  
Jill Reichstein OAM  
The Stegley Foundation  
Meriel Wilmot

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Lady Southey AC

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Allico Foundation  
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The Andrews Foundation  
Andyinc Foundation  
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Annemarie & Arturo Gandioli Fumagalli Foundation  
ANZ Trustees Philanthropy Partners  
ANZ Staff Foundation  
Australia Business Arts Foundation  
Australia Council  
Australia Post  
The Australian Elizabethan Theatre Trust  
Australian Respiratory Council  
AXA Australia  
BB Hutchings Bequest  
BHP Billiton Community Trust  
The Ballarat Foundation  
D. & S. Bardas  
Bennelong Foundation  
Besen Family Foundation  
Bill & Jean Henson Trust  
The Body Shop  
Boeing Australia Holdings  
Bokhara Foundation  
Border Trust  
Bruce & Joy Reid Foundation  
Buderim Foundation  
CAF Australia  
The CASS Foundation  
The Caledonia Foundation  
Calvert-Jones Foundation  
Capital Region Community Foundation  
Cardinia Foundation  
The Charles Bateman Charitable Trust  
The Christensen Fund  
Clayton Utz  
Coles Group  
Collier Charitable Fund  
Colonial Foundation  
Commonwealth Bank Foundation  
Community Enterprise Foundation  
Community Foundation for Bendigo & Central Victoria  
Community Foundation for Tumut Region  
The Cubit Family Foundation  
The Dafydd Lewis Trust  
W. Daniels  
The Danks Trust  
Davis Langdon  
The Deloitte Foundation  
Diana Elizabeth Browne Trust  
Donkey Wheel Ltd  
DOXA Youth Foundation  
Education Foundation  
Equity Trustees  
ERM Foundation Australia  
The Ern Hartley Foundation  
Ethel Herman Charitable Trust  
The Feilman Foundation  
The Flora & Frank Leith Charitable Trust  
The Fogarty Foundation  
Foster's Group

Foundation Boroondara  
 Foundation for National Parks & Wildlife  
 Foundation for Rural & Regional Renewal  
 The Foundation for Young Australians  
 M. & M. Freake  
 Freehills  
 The GM & EJ Jones Foundation  
 Gandel Charitable Trust  
 Geelong Community Foundation  
 Geoffrey Gardiner Dairy Foundation  
 George Alexander Foundation  
 Goldman Sachs JBWere Foundation  
 Gonski Foundation  
 GrainCorp Foundation  
 The Greatorrex Foundation  
 The Grosvenor Settlement  
 The Gualtiero Vaccari Foundation  
 H V McKay Charitable Trust  
 G. Handbury  
 M. & C. Handbury  
 Harold Mitchell Foundation  
 HBOS Australia Foundation  
 Helen Macpherson Smith Trust  
 Hewlett Packard Australia Pty Ltd  
 The Horizon Foundation  
 The Hugh Williamson Foundation  
 The Hunt Foundation  
 Hunter Hall International  
 The Ian Potter Foundation  
 Ilhan Food Allergy Foundation  
 Inner North Community Foundation  
 The Invergowrie Foundation  
 IOOF Foundation  
 The Jack Brockhoff Foundation  
 Jack & Ethel Goldin Foundation  
 Jobs Australia Foundation  
 John T. Reid Charitable Trusts  
 John William Fleming Trust  
 KPMG  
 The Keir Foundation  
 King Family Foundation  
 Kingston Sedgefield (Australia) Charitable Trust  
 The Kirk Foundation  
 LEW Carty Charitable Fund  
 Law & Justice Foundation of NSW  
 Lawrence George & Jean Elsie Brown  
 Charitable Trust Fund  
 Ledger Charitable Trust  
 Lord Mayor's Charitable Fund  
 Lotterywest  
 The Mackay Foundation  
 Macquarie Group Foundation  
 Mallesons Stephen Jaques  
 Maple-Brown Family Charitable Trust  
 Margaret Augusta Farrell Trust  
 Margaret Lawrence Bequest  
 Mary MacKillop Foundation  
 The Mary Potter Trust Foundation  
 masoniCare  
 Matana Foundation for Young People  
 mecu  
 Melbourne Community Foundation  
 Mercy Foundation  
 Michael Craft Memorial Fund  
 Microsoft Pty Ltd  
 The Miller Foundation  
 Minter Ellison Lawyers  
 Morawetz Social Justice Fund  
 a sub fund of the Melbourne Community  
 Foundation  
 The Mullum Trust  
 Mumbulla Foundation  
 The Myer Foundation  
 Myer Community Fund  
 National Australia Bank  
 National Foundation for Australian Women  
 Nelson Meers Foundation  
 Newcastle Permanent Charitable Foundation  
 Newsboys Foundation  
 The Norman Wettenhall Foundation  
 Northern Rivers Community Foundation  
 Paul Edward Dehnert Trust  
 The Percy Baxter Charitable Trust  
 Perpetual  
 The Perpetual Foundation  
 Pethard Tarax Charitable Trust  
 Petre Foundation  
 Pfizer Australia  
 Pierce Armstrong Foundation

Poola Foundation  
 Portland House Foundation  
 PricewaterhouseCoopers Foundation  
 Queensland Community Foundation  
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## **Philanthropy Australia Inc**

Assn. No. A0014980 T  
ABN 79 578 875 531

### **Head Office**

Level 10, 530 Collins St  
Melbourne Victoria 3000  
Australia

Tel (61 3) 9620 0200  
Fax (61 3) 9620 0199

[info@philanthropy.org.au](mailto:info@philanthropy.org.au)  
[www.philanthropy.org.au](http://www.philanthropy.org.au)

### **Sydney Office**

Suite 402, Level 4  
105 Pitt Street  
Sydney NSW 2000

Tel (61 2) 9223 0155  
Fax (61 2) 9223 0877

[l.burton@philanthropy.org.au](mailto:l.burton@philanthropy.org.au)  
[www.philanthropy.org.au](http://www.philanthropy.org.au)

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