

1. INTRODUCTION

On Boxing Day, 26 December 2004 an earthquake classified as 9.3 on the Richter Scale (McKee, 2005, p. 1) erupted in the Indian Ocean triggering a tsunami that devastated parts of Indonesia, notably Banda Aceh on the north west end that took the full force of the giant wave, the east coast of Sri Lanka, an area on the south coast of India, and Thailand reaching also to the east coast of Africa (McKee, 2005, p.1). Despite a massive clean up operation it seems that the true toll of this disaster may never be known, although Ian Smith (2005) found that “about 232,010 died in eleven countries bordering the Indian Ocean” (p. 20).

Aid agencies such as World Vision, Care Australia, Oxfam, and Médecins Sans Frontières launched fundraising drives to support their relief work in those areas. In an arguably unprecedented response from many sections of the community, some of the agencies found themselves with more funds than they could use effectively and so began “winding down” their appeals (Paulson, 2005, p. 1). UN figures indicate that private donations came to “about \$5.3 billion” (Smith, I, 2005, p. 20). The success of this drive raises questions about the motivations of givers; whether corporate, institutional or individual. While it may be readily seen that the urgency and immediacy of the need would have constituted a key factor in triggering the response, there are fundraising campaigns for a wide variety of purposes running all of the time, and so this thesis explores and analyses first, the motivations behind responses to fundraising efforts, whether in response to urgent needs or for longer term projects, and second, the techniques givers use to make their gifts.

1.1 Study Aim

The aim of this study is to extend knowledge in the areas of corporate philanthropy, the conduct of fundraising and funds management. It will look especially at motivations for giving and the techniques employed in the exercise of philanthropy. The investigation is intended to reveal new insights and generate new theories that may be developed and tested by both individuals and groups involved in fundraising and fund management in Australia, and perhaps beyond. The written material should be of value also to corporate boards and management as they pursue ‘corporate social responsibility’, or the ‘Triple Bottom Line’ (Hill, 2000, p. 5). This work builds on an earlier MA work (Smith, P. D.,

2000a).

In over 35 years in the business of fundraising¹ the researcher has conducted fundraising work in Australia, New Zealand, England, Scotland, Wales, Ireland, Eire, Poland, Hong Kong and The Netherlands. This thesis is seen as a contribution to the body of knowledge to be made available to professional fundraisers in Australia through the Fundraising Institute of Australia, through Philanthropy Australia and through ADAPE (Association of Development and Alumni Professionals in Education). This work focuses on the ‘supply’ side of philanthropy and, like the earlier work is still exploratory, therefore it was understood that other issues will arise during the study, both from the literature review and from the participants. In addition the effect of the Prime Minister’s Round Table (referred to from hereon as ‘PM’s Round Table’) and the ongoing work of the Prime Minister’s Community Business Partnership (referred to from hereon as ‘PM’s Community Business Partnership’) will continue to impact upon this study. It will complement the ongoing work of Professor Mark Lyons and his colleagues at the University of Technology, Sydney relating to the ‘demand’ side of philanthropy and will hopefully be of value to business executives whose companies are

¹ Over 35 years experience in the fundraising industry, especially in the capital arena, assisted the author to obtain and interpret the material from insiders and from industry sources. During that time she came to know personally many key people in industry and commerce, and in philanthropic circles, and has been able to call upon them for material for this work. Some of the organisations she has advised are:
Adelaide Festival Centre, South Australia (renovations and additions)
Buckingham University, United Kingdom (business studies building)
Bunbury Regional Theatre, Western Australia (new theatre complex)
Friends of the Amman Hospital, Jordan (funding for disadvantaged patients)
Gordonstoun School, Moray, Scotland (building additions)
Hornerheide Asthma Centre, Hornerheide, The Netherlands (swimming complex)
Institute for International Health, Sydney, New South Wales (health research)
Malvern Girls College, Malvern, United Kingdom (additional buildings)
MS Society of Victoria, Melbourne, Victoria (new building complex)
ORBIS, Hong Kong (aerial operating theatre)
Oriental College, Oxford, United Kingdom (renovations and additions)
St Mary’s Cathedral, Limerick, Ireland (restoration),
St Paul’s Cathedral, London, United Kingdom (restoration),
The Art Gallery of Western Australia, Perth, Western Australia (new gallery building), The King’s School, Tynemouth, United Kingdom (new classrooms),
The Royal Artillery Museum, London, United Kingdom (new museum),
The Royal Australasian College of Physicians, Sydney, New South Wales, and Adelaide, South Australia (scholarships and fellowships for rural and disadvantaged medical practitioners),
The Shakespearean Theatre, Gdansk, Poland (replica of the original Shakespeare Theatre in London),
and
The Wesley Hospital, Brisbane, Queensland (equipment for treatment of cancers).
In addition the researcher has had the experience of establishing and managing her own family trust. She has served on a number of NPO boards and is currently a board member of United Way South Australia, a member of the Advisory Committee to Wheelchair Sports (SA) and is mentoring fundraising staff at Circus Oz, Melbourne.

seeking to be good corporate citizens.

Given her long experience in the fundraising business it would be easy for the researcher to take the cynical view that corporations in Australia in general seem to lack a degree of sophistication in their decision-making about charitable gifts, and about providing other practical support to not-for-profit organisations (referred to from hereon as NPOs). Corporate decision makers may make decisions about gifts, or sponsorships on the basis of their personal values in what appears to be an absence of corporate values in this regard. While a company and its executives may make business and economic decisions on the basis of complex aspects of their field, it seems that they do not have the experience or knowledge to make those types of determinations about charitable giving, even though considerable thought may be given to corporate gifts. The requests they receive for gifts may be for applicant organisations to ‘plug a gap’ in their welfare funding, and this seems to be the explanation for relatively small gifts by comparison with the overall cost of a project, although that gift may make a disproportionate difference by providing the amount that completes the required funding and allows the project to go ahead as planned. The requests are more numerous since government has reduced welfare funding, as was attested by a number of the participants in this study.

Those who study this phenomenon may be left with the notion that benefactors should look more closely at the policy environment they are operating in so that their gifts may make the most difference possible. It may be argued that it is their money and therefore their choice as to what they do with it, but at the same time it would be rather strange if they did not want to get the most possible out of their ‘investments’ in the community.

Corporate leaders appear to struggle with the notion that corporations should give something back to the community while at the same time preserving the goodwill of their shareholders. Most of the corporate participants in this study, and others contacted in the course of the researcher’s business, pointed out that their responsibility to shareholders acts as a retardant to giving. However this may be perceived rather than real. On the other hand, it must be noted that many shareholders are themselves large corporations with investors to please. What seems to be lacking is some kind of ‘policy map’ to guide them, and this could be a further role for the Philanthropy Australia organisation as either opposed to using one of the consultancies that appear to be

emerging in this field, or in partnership with them. Philanthropy Australia should be well placed to take on this role given its wide ranging contacts throughout the philanthropic community that embraces both the giving and the receiving sides of philanthropy.

The Commonwealth Government appears to have some difficulty in understanding philanthropy, as evidenced by the reports from the PM's Community Business Partnership. For both corporations and government it would seem that the line between judicious business investment and philanthropy is somewhat blurred. In addition corporate executives seeking guidance on formulating strategies for discharging their perceived responsibility to return some of their profits to the community through philanthropy are faced with a lack of literature on the subject.

To sum up, policy making and management are twin concerns for this thesis. The challenge for corporate philanthropy is to make decisions that will enable unmet needs to be addressed effectively. The welfare state has been replaced by a post welfare mentality where residual as opposed to universal needs are met. In this environment the private sector and non government sectors play a greater role because the state has shifted responsibility to other sectors. Corporate philanthropy can decide if it will make decisions based on the personal choices of members of its board and executive, or if it will work closely with policy researchers to decide how best to meet the policy concerns raised. This has management implications, such as the need to work with a range of stakeholders to coordinate decision making. Accountable corporate philanthropy in the future will need to consider all the stakeholders and the diverse social, political, economic and environmental life choices of Australians. Triple bottom line accounting and accountability needs to be adapted to address the concerns of corporate philanthropy.

1.2 Dearth of Research

It seems that the "dearth of definitive research into Australian corporate philanthropy" noted in the earlier work (Smith, P. D., 2000a, p. 3) still applies. It was mooted that the PM's Community Business Partnership, set up in the aftermath of the PM's Round Table would address the need identified by the Round Table to research and set up a national data base of corporate philanthropy in Australia. Originally titled "Collect Australia" (PM's Round Table, 1998, p. 1) a working group was set up to advise the

Government on “what information and research....was available, what further information should be collected,...the most efficient way of collecting the necessary data....and the most effective mechanisms for disseminating information” (PM’s Round Table, 1998, p.2).

More recently the PM’s Community Business Partnership announced that “To promote the objectives of the Partnership and the wider spectrum of corporate social responsibility three streams have been identified; financial, environmental and social responsibility components” (Hill, 2003, pp. 3, 4). The PM’s Community Business Partnership has more recently commissioned “major research on Australian philanthropy and the fundraising and development capacity of the not-for-profit sector” (Philanthropy Australia, 2005a, p. 37). The project is planned to expand on the ABS Survey of Individual Giving (1997) and the ABS Business Generosity Survey (2000-2001). It is anticipated that the research to be carried out by the Philanthropy Research Development Collaboration² will provide information about the culture of philanthropy, the levels of individual, family and corporate giving, help measure the effectiveness of tax incentives introduced to encourage philanthropy, as well as the current and potential capacity of community organisations to raise funds and build their resources (p. 37).

The final report on this work will be launched at the Philanthropy Australia Conference in October, 2005 and according to Lady Southey, President of Philanthropy Australia “the information will be of enormous value to our work” (Philanthropy Australia, 2004c, p. 6). However this remains to be seen given the fundamental difficulty cited in the previous thesis (Smith, P. D., 2000a, p. 68) and supported by de Crespigny in the present work (refer Ch. 5, Section 5.8.4, pp. 227-229), that is, that there is “a lack of agreement as to what may be counted as philanthropic giving” (Reark, 1991; Lyons, 1991; Leat, 2000). Therefore, as pointed out in the earlier work, “Reliable Australian comparisons are not possible. Agreement on definitions, and inclusions and exclusions is necessary for such comparisons to be possible” (Smith, P. D., 2000a, p. 68), this is the challenge faced by the Philanthropy Research Development Collaboration. However, the report will almost certainly be welcomed by those researching and practising, or aiming to practise corporate philanthropy in Australia.

² A consortium comprising the Australian Council of Social Service (ACOSS) as the lead partner, Queensland University of Technology’s Centre of Philanthropy and Nonprofit Studies, the University of Technology Sydney’s Centre for Australian Community Organisations and Management, Roy Morgan Research, McNair Ingenuity Research Pty Ltd, and the Fundraising Institute of Australia (Philanthropy Australia, 2005a, p. 37).

1.3 Reliable Comparisons Difficult

Not only is it difficult to formulate reliable comparisons relating to corporate giving in Australia, but there are difficulties in comparing Australian giving with other countries, such as the USA and the UK. McGregor-Lowndes confirms this as he encountered difficulties when he studied how the Australian Taxation Office measures philanthropy and found that comparison with the USA and the UK was “not a revealing activity...with methods of data collection and taxation treatment showing major differences” (Smith, P. D., 2000a, p. 17). In addition it should be noted that such comparisons are problematic also in that different countries make their calculations in different ways with different inclusions and exclusions, “their statistics are not collected, collated, or analysed on exactly the same basis as Australian data, or indeed other countries’ data” (p. 83). This type of comparison “may be impaired also due to the difference between tax and social welfare systems in different countries. Government support seems to vary, it is difficult to allow for cultural differences” (p. 83).

Despite all of this the figures below do give an idea of the individual giving in the three countries, and also give some credence to the notion expressed by participants in both this study and the earlier study that Americans are more generous than Australians. Tables developed for the earlier thesis indicated that per capita charitable and community giving as a proportion of GDP (Gross Domestic Product) in Australia in 1988-89 was A\$99 (Lyons, 1991), in the UK A\$175 (Charities Aid Foundation, 1991), and in the USA A\$583 (AAP, 1991)³.

In 1997 Philanthropy Australia was citing average charitable giving in Australia per household at \$445 per year with total giving reaching \$2.8 billion (Lyons and Hocking, 1998, p. 20). By 2000 individuals in Australia claimed \$209.68 each on average for tax deductible donations while the amount given to religion (including churches) was 37.2% of total giving in the country (Australian Taxation Office, 2004a). This may be compared with the USA where in 1998 individuals gave 77.3% of total giving amounting to \$174.52 billion, and corporations gave just 5.1% of the total. Of the total 43.6% was directed to religious organisations (American Association of Fund Raising Counsel, 1999, p. 1).

³ These figures are based on indicative exchange rates for amounts of A\$100,000 and over as at 18 October, 1999, US\$0.6430 and UK£0.3941 (developed from Industry Commission Report, 1994, p. 195).

Relevant also to this study is the amount of philanthropic giving in Australia and the sectors to which it is directed compared with the USA and the UK. Tables compiled for the previous study indicate that:

If comparisons are made on a per capita population basis and using the available statistics then it will be seen that individual Australians are less generous than individuals in both the USA and the UK, and that USA individual giving outstrips both the UK and Australia (Smith, P. D., 2000a, p. 82).

As noted in the earlier thesis the comparisons are quite different when it comes to corporate giving, with Australian companies responsible for 13.7% of total giving compared with the USA at 5.7% and the UK at 2.5%⁴ (Industry Commission Report, 1995). McGregor-Lowndes (2003) points out that in the USA:

the range of nonprofit organisations to which donations can attract tax deductions is much wider than that allowed in Australia and includes religious organisations and advocacy groups; almost all of the organisations we know as charitable or tax exempt in Australia would qualify (p. 4).

Likewise in Canada tax deductions are allowable to a considerably wider range of organisations than in Australia. Those organisations include “churches and religious groups and a wider range of overseas charities” (p. 6). Brisbane-based O’Keefe and Partners have been producing an annual statistical report entitled *Giving Trends in Australia* for the past fifteen years and in the year 2000 “identified that corporate philanthropy is at its lowest level ever – down some 20% since 1998” (O’Keefe and Partners, 2000, p. 5). At the same time they were citing a figure of \$1.63 billion in cash donations “an increase of 12.4% over the previous year” (p. 5). By 2005 O’Keefe was indicating that “the general consensus is that corporate philanthropy in its purest sense – i.e. charitable giving with no expectation of commercial or in-kind return – is virtually extinct” (2005, p. 6). Nevertheless they claimed an average gift per Australian adult of \$133 in “any typical year” (p. 5) and attributed a perceived increase to intensified marketing by NPOs, record donations for international aid crises, and the impact of more strategic revenue raising (such as pledge programs) for long-term support. Despite O’Keefe’s assertion, his senior partner, Julie Clements (n.d.), writes, “What we are seeing now is a reinvention of a new corporate philanthropy tied in with corporate citizenship” and “A growing awareness of the triple bottom line is evident in the business sector” (p. 1). It should be noted that O’Keefe and Partners are a fundraising

⁴ Local authority, central government and European Union funding along with investment income was excluded from the UK percentage.

consultancy and therefore any material they produce should be seen as promoting their business rather than providing material that has been subjected to rigorous checking.

Much more could be written about this topic including suggestions as to areas of change that could be considered by the Australian Government but that is beyond the scope of this thesis that focuses on corporate philanthropy.

It needs to be said however that the situation encountered throughout this work, and throughout the earlier work, is that of lack of clear definition of 'corporate philanthropy' as well as the difficulty of determining inclusions and exclusions. This seems simply to point to the continuation of difficulties of comparison pointed out by McGregor-Lowndes (2000, p. 17) and in the earlier thesis (Smith, P. D., 2000a, p. 68).

In the meantime it is still difficult to find major publications relating to corporate philanthropy in Australia. One new work by Denis Tracey from the Asia-Pacific Centre for Philanthropy and Social Investment at Swinburne University of Technology, Melbourne, has emerged. It is not academic research as such but in Tracey's own words is "...a collection of stories about people who do good." (2003, p. vii) About sixty individuals and families, mostly from Sydney and Melbourne, contributed their stories (p. vii). However Tracey was led to comment, "Philanthropy in Australia remains largely unexplored territory. A few researchers are doing useful work in quantifying the amounts given and to whom, but little or no study has been made of what motivates Australia's private and family donors" (p. viii).

The APPRN (Australian Public Policy Research Network) holds Internet discussion forums about matters relating to public policy. During April and May 2004 the discussion centred on a research paper written by Dr Gianni Zappala (2004) entitled 'Corporate Citizenship and the Role of Government: the Public Policy Case', and this has provided a little more material to peruse, especially in the area of policy options relating to corporate citizenship.

Aside from all of this some useful statistics concerning 'Australian Social Trends' have been obtained from the Australian Bureau of Statistics Census Web site⁵. The hope is first that, despite the difficulties cited above, this work will assist corporate leaders, trust and foundation executives and individual philanthropists to improve the efficacy of

⁵ Australian Bureau of Statistics. 2004, 'Australian Social Trends', <http://www.abs.gov.au/ausstats/abs@nsf/2.6.4?OpenView>, accessed 7 April, 2005.

their charitable funds distribution systems. In other words, to make every dollar given to charity count as much as possible. Second, it is hoped that professional fundraisers, whether in-house employees or outside consultants, may gain information and practical material that will aid them in enhancing their efforts on behalf of their employees or clients. Third, the work also has something to offer organisations seeking funds from the above givers in terms of how they frame their applications and to whom they make application.

1.4 Sustainability of the Welfare State

It is not the purpose of this thesis to go in great detail into the functioning and sustainability of the welfare state, but rather to consider how philanthropy in Australia has managed its response to reduced government support and the emergence of new needs. It would seem that global market forces have acted to encourage, if not compel, many corporations to make the move from single line accounting and accountability to triple bottom line accountability with the aim of building social and environmental capital for the community. Certainly the PM's Community Business Partnership reports from the 'Corporate Community Involvement' survey that 75% of companies surveyed indicated that for them "sustainability is clearly aligned with the long-term commercial viability of a business. It is the key for maintaining community and stakeholder trust, support and legitimacy (Centre for Corporate Public Affairs, 2000, p. 11).

However, it is relevant to look briefly at the debates about the sustainability of the welfare state. As argued by Mitchell (1997):

... our current social policy efforts have fallen prey to the 'assumption of uniformity' resulting in the creation of a policy agenda which ... bears little relation to the specific social and economic problems facing Australia (p. 53).

Cass (1996), Hamilton (1996), and Pfaller, Gough and Therban (1991) have expressed their concerns about whether governments can adapt sufficiently to cope with "the social consequences of globalisation" (Mitchell, 1997, p.53). Jamrozik (2001) has portrayed:

... an Australian society that continues to be successful economically but less successful socially. The fruits of economic gains are not shared equally. On the contrary, inequality in the distribution of and access to economic resources has been increasing through the period of 30 years or so examined here leading to a growing gap ... between affluence and poverty – creating a two-tiered society (p. 263).

The ageing of the Australian population has placed a more immediate burden on government resources, which were needed also to combat unemployment and support needy groups, such as single parents. Reekie (1997) thought that “a large part” of the problem of welfare funding “appears to be increasing levels of state assistance to single parents” (p. 20). However it is worth taking note of the words of Sir George Turner, a past Premier of Victoria, used during the historic debate on the first Old Age Pension Bill in 1899 when he said, “The poor will be always with us” (Jones, 1990, p. 59). Himmelfarb (1984) in speaking of the persistence of poverty in the community said “The poor have remained with us and poverty has continued to be a social problem” (p. 532).

There seems to be a conflict about providing welfare support that may allow a form of safety net for those contemplating the break-up of their families (McGuinness, 1995), while Arndt (1996) made what seems to be a radical proposal that single mothers consider giving up their children for adoption rather than trying to survive on the Sole Parent Pension.

In March 1997 OECD statistics indicated that “Australia’s expenditure on both income transfers and public health care (as a percentage of GDP) is currently one of the lowest in the OECD and, according to recent projections, will remain in the bottom third of OECD nations well into the next century” (Mitchell, 1997, p. 55). The National Audit Commission Report (1996) indicated “an inescapable crisis in government expenditure on pensions and health care” (in Mitchell, 1997, p. 55).

The above is an introduction to the issues that have led to a questioning as to whether we are seeing, or about to see, the end of the welfare state in Australia. Decreased government funding for welfare pushes the burden in different directions, not least of which is towards the corporate sector. The 1994/1995 Industry Commission Inquiry into Community Social Welfare Organisations stated that, “the government-sector relationship needs to be rethought and improved” (p. L). In March 1998 the PM’s Round Table was held and resulted in the establishment of the PM’s Community Business Partnership in 1998 (refer Ch. 1, Section 1.2, pp. 4-5). This represents one of the government attempts to spread the welfare burden. This thesis investigates not only that phenomenon but other aspects of the welfare equation, including individual and trust or foundation philanthropy, the work of Philanthropy Australia, the role of professional fundraisers and the views of representatives of organisations that are

recipients of these forms of philanthropy. One of the aims is to develop a theory relating to the management of corporate philanthropy in Australia.

1.5 New Data

This new study addresses the lack of research into corporate philanthropy by identifying motivations and techniques employed by a selection of private and family donors, as well as corporate donors and trust and foundation grantors. The new data for this thesis has been collected from eight major sources:

1. Chairmen and Managing Directors of major Australian companies,
2. Individual private philanthropists,
3. Managers of trusts and foundations,
4. Senior executives of trustee companies,
5. Senior professional fundraisers,
6. Senior representatives of recipient organisations,
7. The Australian Bureau of Statistics, and
8. Philanthropy Australia.

It should be noted that one of the difficulties encountered in this research is that of distinguishing between corporate and individual giving, particularly in the cases where the individual who either established or developed the company makes a corporate gift or grant. In some cases the recognition goes to the company, in others to the individual. It would seem that tax deductibility of donations is a factor in the decision to give personally or via the company. An executive on a top level income would probably be paying income tax at the rate of 47% as opposed to corporate tax of 30%. It should be noted in this context that the earlier study revealed that “Not one company surveyed cited income tax deductibility as a benefit of, or motivation for, corporate philanthropy, although two corporate representatives (2.7% of companies surveyed) said it was important overall. It is here that an individual’s opinions may influence their beliefs as a corporate executive” (Smith, P D., 2000a, p. 126). Over the years a considerable amount of individual giving has been directed into trusts and foundations either during

the donor's lifetime or by bequest, but the detail is unclear and "due to a lack of public reporting requirements for Australian grant makers there is no accurate comprehensive data on number of foundations, or total size of assets or giving" (Philanthropy Australia, 2003a). In explanation:

Philanthropy Australia is the national peak body for the philanthropic sector. It promotes and protects the interests of private, corporate and community giving within Australia. Its purpose is to advance philanthropy and the common theme uniting its members is their commitment to the development of philanthropy. At present more than 150 trusts, foundations and corporate giving programs are members of Philanthropy Australia (Philanthropy Australia, 2003c, p. 1).

The word 'philanthropy' seems to be appearing in the popular and the business press with greater frequency in recent years. This phenomenon may be traced back to the advent of the PM's Round Table held in March 1998, and the subsequent establishment of the PM's Community Business Partnership. The PM's Round Table brought together representatives of business and the community (Appendix A) with a brief "to see whether it might be possible to develop more effective partnerships between government, the community sector and the corporate sector so that some of the goals that we as Australians have in common as we go towards the 21st century might be more effectively realised" (Prime Minister, 1998, p. 1086). In addressing the Round Table the Prime Minister explained that the government had convened the meeting because members believed that "in the 1990s there was a better balance in the Australian community towards the respective roles of the government, the corporate sector and the community sector" (p. 1086) and this he saw as in contrast to the 1960s and 1970s when "there was a view that the government, by excessive intervention, could solve every problem" (p. 1086). By the 1980s he saw that possibly in "an overreaction to what has been loosely called the me generation" (p. 1086) public opinion rejected that view. The community of the 1990s he thought was ready for "a practical partnership between the government, the philanthropic sector and the community sector" to "maintain the social security safety net in full" (p. 1086).

1.6 Crisis of the Welfare State

A vital question that has arisen concerns the current status of the welfare state. One of the first writers to introduce the idea of 'crisis' was O'Connor (1973) followed by others such as Offe (1984), Mishra (1984) and more recently Esping-Andersen (1996). Other writers such as Jamrozik (2001) and Gilbert (1995) have suggested that there is

no longer a welfare state at all. On the surface this would appear to be a sweeping statement as the evidence gathered for this work (refer Ch. 1, Section 1.4, pp. 9-10) indicates that the welfare state still exists but in a modified form. Gilbert (1995) proposes that the welfare state is being replaced by the “enabling state” (p.154) that links rights to obligations, increases indirect expenditures, focuses more on the family and delivers welfare through private agencies. The following discussion grapples with this question from the literature, and these issues will be revisited in the discussion of the findings from this research.

1.7 Defining the Welfare State

First it is important to determine what is meant by the term ‘welfare state’ and before attempting to define ‘welfare state’ it is necessary to determine what is meant by ‘welfare’. The word itself conveys a considerable range of meanings and implications. Jamrozik (2001) has suggested that:

In common usage it conveys the notion of wellbeing, a desirable social and economic condition, even a ‘good society’. In studies of social policy the term has been interpreted in a variety of overlapping concepts, such as access to the rights of citizenship; the provision of conditions of wellbeing; conditions of social justice; mechanisms for equitable, if not exactly equal distribution and redistribution of societal resources generated in the economy; or measures for relieving extreme poverty (p. 2).

The roots of the welfare state may be traced back at least to the Hammurabai, an ancient Babylonian king who in the Code of Hammurabai entreated his subjects “...to see that justice is done to widows, orphans and the poor”⁶. For the purposes of this investigation note is taken of the English Poor Law of 1601, a landmark in the history of the United Kingdom. It provided for what would be called today welfare assistance to the poor and disadvantaged (Philanthropy Australia, 1999a, pp. ii, iii). The preamble to the 1601 Act set out these purposes for, or objects of, welfare assistance:

For relief of aged, impotent and poor people;

For maintenance of sick and maimed soldiers, mariners, schools for learning, free schools and scholars in universities;

For repair of bridges, ports, havens, causeways, churches, seabanks and highways;

⁶ Eagle Communications Trust. 1998, ‘Charity: The History of Philanthropy Goes Back Many Thousands of Years’, <http://www.auscharity.org/inde2.htm>, accessed 23 March, 1998.

For education and preferment of orphans;

For or towards relief, stock or maintenance of houses of correction;

For marriages of poor maids;

For support, aid and help of young tradesmen, handcraftsmen and persons decayed;

For the relief or redemption of prisoners or captives; and

For aid or ease of any poor inhabitants (Philanthropy Australia, 2000, p. 7).

Goodin (1988) focuses on “six moral values which welfare states have traditionally been supposed to serve:

- promoting economic efficiency;
- reducing poverty;
- promoting social equality;
- promoting social integration and avoiding social exclusion;
- promoting social stability; and
- promoting autonomy” (p. 22).

They suggest that the list be compared with the one provided by the Commission on Social Justice (1994):

- Prevent poverty where possible and relieve it where necessary.
- Protect people against risks arising in the labour market and from family change.
- Redistribute resources from richer to poorer members of society.
- Redistribute resources of time and money over people’s life-cycles.
- Encourage personal independence.
- Promote social cohesion” (p. 8).

Simply put, a welfare state is one that provides social services to its citizens, and the

social security system is “the core of the welfare state” (Bryson, 1996, p. 36) or as Kenny (1994) says:

The concept of the welfare state rests on the view that responsibility for the well-being of citizens does not, and should not, lie essentially with the individual, private entrepreneurs or corporations, the family, or voluntary associations. It is the role of governments to ensure the security and prosperity of their citizens by establishing protective structures, processes and institutions, such as a universal medical insurance scheme like Medicare, and providing residual back-up, whereby individuals in need are supported through public housing and social security mechanisms such as unemployment benefits and income supplements (p. 95).

The welfare state, developed over the 20th century in capitalist societies, featured attempts to secure social equality for all. The problem of social inequality could really only be solved through government intervention in the allocation of resources such as funds and services. This was to be achieved through “income transfers plus social wage benefits (like free education and subsidised medicine)” (Castles, 1985, p. 56). Income was redistributed to “...those in need – the old, the infirm, the sick, families etc”. So, need was the criterion for receiving such assistance “rather than capacity to pay” (p. 56).

It should be taken into account in any discussion about the welfare state that as Pierson (2001) has pointed out, the range of welfare coverage is from “very narrow (United States) to quite broad (Australia)” and that:

... as a consequence of the failure of the welfare state to meet demands for social provision, private sector activity in pensions and social services such as child care (as well as health care in the United States and New Zealand) is extensive. In many cases, tax expenditures subsidise private provision for the upper middle class...these welfare state arrangements operate in the context of liberal market economies (p. 432).

1.8 Australian Welfare State

In Australia critics such as Saunders (1987), Harding (1984) and Jones (1990) have argued that the Australian welfare state is “far less developed than European systems” (p. 242) because “Australian benefits are usually means tested and are flat rate, not earnings related” (p. 242) so Jones argues that “Australia has a selective, residual, welfare state” (p. 242). Against Esping-Andersen (1990), Castles and Mitchell (1992) have argued that:

... a strong labour movement and the early achievement of a measure of equality through the central control of the employment system, set Australia

(and New Zealand) apart from other liberal welfare states, such as those of the USA, the United Kingdom and Canada (in Bryson, 1996, p. 38).

They have suggested that Australia:

... represents a 'radical' version of the liberal welfare state, which normally assumes responsibility only when the market has failed. Economic rationalist policies have set in train the deradicalising of the Australian welfare state (in Bryson, 1996, p. 38).

Jamrozik (2001) in outlining "the theoretical framework that guides the analysis of social policy" (p. 13) explains:

It has advanced the view that the use of the term 'the welfare state' no longer reflects the social reality, as social policies in the industrialised countries are now formulated on different principles and are influenced, if not entirely determined, by the increasingly powerful capitalist market forces operating globally and impinging on the sovereignty of states, especially the weaker ones (pp. 13, 14).

For him the welfare state seemed to be about ensuring security of income for all citizens, along with good working conditions and security of employment (pp. 263, 264). To these two planks of the welfare state he adds, "...universal access to such services as health, education and family services" (pp. 263, 264). He suggests that the welfare state has been "replaced by a period of uncertainty that may be defined as the post-welfare state" and wonders if "the post welfare state is a transitional period or a blueprint for the future?" (p.15) In writing about the challenges faced by social democracy in attempting to maintain the welfare state Pierson (1991) thought that what is being faced is not so much the end of the welfare state but rather the necessity of developing a 'restructured' welfare state. Bryson (1996) suggests that rather than 'restructuring' the welfare state it has been transformed through "a veritable revolution with virtually no provision remaining unchanged" (p. 36). Pierson sees "two alternative responses to this impasse" (p. 195). First, through enhancing the principle of citizenship or regenerating a civil society, and second, by "some form of socialization of the investment function" (p. 195).

The Whitlam Labor government, and later the Hawke/Keating Labor government, had moved quickly after years of conservative government to bring into being a welfare state that would ensure social equality for all citizens. Jones (1990) points out that:

... the most poorly anticipated event in modern Australian history...: the large-scale welfare state that now dominates Australian public finance and increasingly, the political system was created in the Whitlam era from 1972 to

1975. A new major effort to eliminate poverty and expand the middle-class welfare system was started in this period (p. 1).

In reality there is a basic incompatibility between conservatism and the functioning welfare state. Even before the Whitlam government had begun enacting legislation that it believed would reduce inequality in Australian life, the welfare state was moving into crisis. One of the major forces at work is the ageing of the Australian population with people encouraged to retire early to make way in the work force for younger people (Starick, 2004, p. 3). At the same time high marginal tax rates could have made retirement with leisure and welfare benefits more attractive than remaining in the work force. This could be seen as tantamount to encouraging welfare dependence, particularly for those workers on low incomes who found that they were in fact better off with welfare benefits and leisure than being in paid employment.

Such a life must have been far from the mind of then Federal Treasurer, J. B. Chifley when on 13 February, 1943 he foreshadowed the establishment of a national welfare scheme. Chifley outlined the structures of an Australia welfare state that we have with us still. Chifley would probably have agreed with Sir William Beveridge who in supporting social security in Britain said that “social security is neither socialist nor capitalist. It is simply common sense” (Watts in Kennedy, 1982, p. 225). Attitudes developed during the period from 1973 on are now difficult to reverse while trying at the same time to encourage welfare recipients to seek work and become self reliant.

In addition the Australian welfare system is means tested and this surely would discourage citizens from saving for retirement. In fact Australian’s poor record for saving is regularly pointed out in the media. A further factor was the promotion of immigration at the time seen as increasing and enhancing the Australian work force but later to be scaled back, particularly by the Howard government, as more of the existing population found themselves dependent on welfare. The difference is clear from the following statistics. At the beginning of the Whitlam era for every person in the work force, full time or part time, there were 21.3 people who depended on Commonwealth social-security benefits (Jones, 1990, p. 1), by 1988 this ratio of dependency had risen to 40.6 after reaching a peak during the 1983 recession of 47.1 (Department of Social Security, 1988, p. 7). Despite modern statistical tools it seems that governments did not anticipate the rapid development of the welfare state.

As Pierson (1991) put it, the establishment of the welfare state was “the final act in

the process of civilising the brute forces of industrialisation” (p. 1). However during the latter part of the 1960s and early 1970s forces were already at work that would bring into question the sustainability of a welfare state in Australia, New Zealand, the United Kingdom, the USA, and in certain European and Scandinavian countries. The “economic reversals and social upheavals” (p. 2) inevitably brought about political changes and interestingly “Elements of both the New Left and the New Right found common ground in identifying the incompatibility of a working market economy with the state provision of welfare”. With the changed attitudes underpinning Thatcher’s and Reagan’s leadership economic rationalism became popular and from then on, the welfare state was seen by some to be in crisis” (p. 2). Globalisation in a sense made the world a smaller place in that the effects of decisions made by the larger powers, such as the USA, China and Indonesia, had an effect on smaller countries (in population terms) like Australia. Since Australia has been subjected to the forces of the ‘free’ market it has felt the impact of:

... the dominant influence on social policies in the industrialised Western countries the neoclassical economic theory applied by international capital in a rigorous form of economic rationalism. The focus of this interest is on the individual and individual interests rather than society and common interests” (Jamrozik, 2001, p. 266).

According to authors like Jamrozik economic rationalism demanded that efficiency should be vigorously pursued, people encouraged to ever higher rates of consumption, and the nation’s corporate executives to be involved in a continual striving for ever greater corporate profits. (p. 266). Naturally, economic rationalism had to result in inequality in a society with some people advantaged and some disadvantaged as the gap between the ‘haves’ and the ‘have nots’ widened. Thus came the beginning of the end of the welfare state. While one may point to the influence of global changes in social and economic thought as a major driver of this change, the role of the Australian government was pivotal.

Even before the Whitlam Government (1972-1975) had begun its moves towards legislation that would increase welfare provisions in Australia, it was believed by writers such as Jamrozik (2001, p. 264) that a post-welfare state was emerging. In reality there is a basic incompatibility between conservatism and a functioning welfare state. The question that might well be asked is, if the welfare state evens out social and income inequalities why is there still a need for philanthropy? Personal experience over

more than 30 years of participating in, and observing the need for, the work of a wide range of welfare organisations has indicated that there are always those citizens who miss out in one way or another. For example, there are the poor money managers who will never be able to make ends meet even with welfare assistance, and those who are on low incomes face a number of contingencies, such as divorce, family violence, loss of work and ill health. Then there are citizens with multiple handicaps such as mental and physical disabilities combined with lack of education and life skills within the family that would enable them to be gainfully employed. The researcher's personal experience in welfare enables her to say that generally poor management skills exacerbate the welfare recipient's problems (P. D .S., *pers. comm.*, 1970-2004).

Leonard (1997) has pointed out:

Throughout Western countries, it seems now self-evident that the role of the state as the provider of a wide range of public services rooted in the promise of dramatically evening up the life chances of individuals and populations is coming to an end. In education, housing, social services and social security support, the state is rapidly drawing back from previous levels of commitment, and even in the field of health care, the most supposedly inviolable part of the 'welfare state', the same story can be told (p. 265).

The move in Australia is to encourage, even compel citizens to develop their own private pension plans. This places people at the mercy of financial institutions, the property and financial markets, and many of those citizens are ill-equipped to deal with these highly professional bodies. From personal experience severe reversals in the financial markets in the early part of 2005 have seen many pension plans eroded, thus putting at risk the living standards of older Australians, although in more recent times the market has recovered. The exodus of more affluent people from government collective provisions strikes at the foundations of the welfare state (Esping-Anderson, 1996, p. 14). Baumann (1997) sounds the alarm that a "side-effect of the progressive untying of the individual freedom of choice is the ever more profound division between the haves and the have-nots" (p. 204) and Jamrozik (2001) has warned that the growing gap between the affluent and the poor would create "a two-tier society" (p. 263), or as Baumann suggested "a two-nations society" (p. 204). Jamrozik (2001) expects this trend to continue as welfare continues to be eroded with the "new and rather outdated taxation regimen" (p. 264) further increasing inequality in Australian society. Members of both the 'New Left' and the 'New Right' appear to have moved towards a centre position as they found "common ground in identifying the incompatibility of a working

economy with the state provision of welfare” (Pierson, 1991, p. 2). This has led to a rather confused welfare scene “without any clearly sustained direction” (Jamrozik, 2001, p. 267).

To summarise what George called “the unfulfilled promise of the welfare state” (p. 22), the following reasons would seem to clarify how this has happened:

1. faster growth in demand for welfare services,
2. a significantly changing social environment with people becoming more affluent, better educated, healthier, living longer, and at the same time demanding better quality welfare services, and seeking a say in the provision of those services,
3. changes in family patterns from what was the traditional male and female parents with two to four children,
4. the need to adapt to different working patterns,
5. the economy becoming more at the mercy of international capital and transnational corporations,
6. growth in consumerism, and
7. a growing uneasiness that rising levels of public expenditure would not decrease the seriousness of problems of crime, poverty and drug addiction (George, 1996, pp. 22-27).

The move from policies that focussed on the collective good to policies that focussed on individual good put what was actually happening to people at odds with the collective focus of the welfare state. In an economic rationalist economy it seems that the only role open to social policy is to put in place supportive and remedial measures (Miller, 1985, p. 62), in other words social welfare is left to pick up the pieces after the economy has exerted its influence on various citizens from the very young to the elderly, the sick and disabled.

It may even be suggested that the welfare state was stillborn because other forces in Australian society worked against it from the beginning. It seems unlikely that ever in the foreseeable future will government alone be able to fulfil Whitlam’s (1973)

optimistic promise of equality for all through extensive social reform (Emy, 1993, p. 16). There were many societal changes that began in the late 1960s and into the 1970s that make it appear almost as if the welfare state was working against itself. For example, changes in family patterns of living resulted in young women becoming single mothers, and the welfare state provided financial and other support such as health care, child care and vocational training.

At the same time free tertiary education introduced under the Whitlam Government led to a better educated community. It was also a healthier community due in part to universal access to Medibank, and later Medicare (Emy, 1993, p. 16). Labor sought to “maximize the welfare of all” (Elliott and Graycar, 1979, p. 89) and Hayden, then Minister for Social Security:

... had three major welfare programmes in mind: a national superannuation scheme to cover all employees, a national compensation scheme to cover all accident-caused injuries and a national health insurance scheme which would supersede the private health funds (p. 94).

However, only Medibank was implemented before the conservatives were returned to office late in 1975 with the intention “to cut back on government activity and spending” (p. 97).

In addition, as George (1996) highlights, “the economy of every country now was far more at the mercy of international capital and particularly transnational corporations” (pp. 22-27). Then the community began to exhibit concerns that despite increased welfare provisions crime and drug addiction continued to rise along with the levels of poverty, as the gap between the wealthiest and poorest members of society continued to widen. Sociologists such as Jamrozik (2001) and Castles (1992) began to speak and write of the demise of the welfare state, and started to analyse the emerging post-welfare state.

1.9 The Changing Welfare State

The features of the emerging, or as some writers would have it, the disappearing post-welfare state are:

- gradual dismantling of universal health care,
- the reintroduction of university fees,

- the introduction of certain fees for primary education,
- the watering down of family support services,
- strict control of immigration,
- a reduced public service, and
- far-reaching changes to industrial policy that have eroded workers' rights.

Jamrozik (2001, p. 267) goes so far as to suggest in regard to industrial policy that “employer-employee relations have now acquired the features of the 19th century employers right to hire and fire”.

Welfare organisations are vital in assisting those citizens disadvantaged by the changes to the welfare state and experience indicates that they must be feeling the pressure, so corporate and private philanthropy is more important to them than ever before. One of the aims of this thesis, beyond the management of corporate philanthropy in Australia is to provide research that may to some degree assist the efficiency and effectiveness of welfare organisations in searching for funding for their programs. These programs are being operated in what McDonald and Marston (2002, p. 3) describe as “an extremely turbulent, unstable and highly contested contemporary environment”. The work in this milieu demands a high level of efficiency and effectiveness to make the best possible use of the available resources.

1.10 Industry Commission Impact

The impact and influence of the 1994 Industry Commission inquiry into Charitable Organisations in Australia should be noted here. The Inquiry sought “to strengthen the contribution which the charitable sector makes to Australian Society” (Industry Commission, 1994, p. XIX). During its course it was natural that attention should be given to fundraising as most organisations rely on a mix of government and private funding, and in the case of a number of larger organisations, commercial operations are promoted during “sophisticated marketing and promotional campaigns” (p. 187) to carry out their charters. In the course of the inquiry submissions were heard from a number of charitable bodies and recommendations were drafted relating to the removal of “restrictions on the accumulation of income by charitable trusts, and requirements in

older wills, established under inheritance legislation since repealed, restricting the organisations which may receive moneys from charitable trusts” (p. 217).

In addition there were seven draft recommendations relating to taxation arrangements for community social welfare organisations (pp. 219-266). These recommendations need not be elaborated here, but it should be noted that ultimately some changes were made following recommendations from the Taxation Working Group of the PM’s Round Table (Philanthropy Australia, 1999b, p. 9).

Following on from the PM’s Round Table selected members were appointed to membership of PM’s Community Business Partnership governing body, and some new members were added. The PM’s Community Business Partnership ultimately:

... comprised of a group of prominent Australians from the community and business sectors, appointed by the Prime Minister in 1999 to advise and assist the Government on issues concerning community business collaboration. The Partnership aims to develop and promote a culture of corporate and individual social responsibility. The Partnership’s role is advocacy, facilitation and recognition of corporate social responsibility and partnerships between business and community organisations in Australia (PM’s Community Business Partnership, 2003, p. 1).

At the recommendation of the PM’s Round Table the following five working groups were established according to the key areas of discussion carried out by participants:

1. Information Gathering and Dissemination,
2. Education,
3. Facilitating Best Practice Partnerships,
4. Recognition, and
5. Taxation (Outcomes of Meeting, 1998).

In assessing the impact of the PM’s Round Table one of the key witnesses has been Elizabeth Cham (P. D. S., *pers. comm.*, 20 May, 2003), a member of the Round Table and Executive Director of Philanthropy Australia. She says:

... the influence of the Prime Minister’s Community Business Partnership has been huge. The Prime Minister’s statements are like a megaphone. The Round Table has led to tax changes that advantage givers through trusts and foundations. There have been 91 new private prescribed funds established which may be totally attributed to tax changes.

The reasons given for establishing prescribed private funds as articulated by Cham

and ANZ Trustees (refer Ch. 5, Section 5.10.1, pp. 250-255), as well as the insights into motivations and techniques gained through this researcher's consulting work will provide useful comparisons. This thesis will investigate in detail some of these new funds along with already-established funds in an attempt:

- to determine the motivations behind them,
- the techniques they use in deciding where and how to place their gifts or grants,
- the recognition they seek, and
- how the relationships between the funds and the gift or grant recipients are managed.

1.11 Prime Minister's Community Business Partnership

Previous research by this writer has highlighted the gap between the understanding of philanthropy by prospective donors, particularly corporations, and the understanding of the applicant charities (Smith, 2000a, pp. 69, 70). It does appear from the current work that the gap has been closed somewhat as this investigation will show. The change seems to be mainly due to the impact of the PM's Community Business Partnership and also to discussions about, and adoption of the 'Triple Bottom Line' by some companies. Elkington (1998) in writing about the 'Triple Bottom Line' said that "Driving companies towards sustainability will require dramatic changes in their performances against the triple bottom line" (p. 70), and likens the task to that of the Trojans in "dragging the wooden horse through the great gap torn in the walls of their besieged city" (p. 70). He suggests that the problems to be solved go beyond the economy and the environment to raising "social, ethical and political issues" (p. 71) and cites Hart (1997) who concluded that the roots of what he saw as a crisis are "political issues that exceed the mandate and capabilities of any corporation" (p. 71). Hart recognised the paradox that only corporations have "the resources, the technology, the global reach, and ultimately, the motivation to achieve sustainability" (p. 71). The foregoing introduces a major topic well beyond the scope of this thesis but one that must be noted.

At the time of the PM's Round Table in 1998 the term 'corporate social responsibility' was being used by corporations and their professional bodies in referring to their community gift giving and sponsorship arrangements. However the 'Triple Bottom

Line' along with the 'Third Way' (Giddens, 2000) seems to be a preferred description now. The term 'Triple Bottom Line' indicates an extension of the thinking that led to companies taking up corporate social responsibility, in that it clearly states that financial results are not the totality of a company's worth in the community, but rather account needs to be taken of the company's performance in supporting the community where it does business and of its performance in the environmental arena as well, thus three bottom lines. A search of corporate Web sites, annual reports and other corporate publications has indicated that shareholders and other stakeholders in companies are being encouraged to understand what the 'Triple Bottom Line' is, how it can work and what benefits will accrue to the company, and ultimately to them, from its pursuit.

1.12 The Beginning of Change to Welfare Provisions

Since the Howard Government took office in March 1996 there have been considerable changes to the way welfare is administered in Australia to the point that Bryson (1996) has been led to comment, "When we look to the social security system, the core of the welfare state, we find that there has been a veritable revolution with virtually no provision remaining unchanged" (p. 36). These changes began at least 30 years ago and heralded a period of "rapid and widespread socio-economic changes" (Cahill, 1994, p. 8) in Western capitalist nations including Australia. According to Jamrozik (2001) "inequality in the distribution of and access to economic resources has been increasing throughout the period of 30 years or so ... leading to a growing gap between different lifestyles and life chances, between affluence and poverty" (p. 263). To understand what has changed and its effect it is necessary to look back at least to the legacy of the Fraser Conservative Coalition government and the Hawke and Keating Labor Governments. According to Bryson (1996):

This legacy is clearly contradictory. Some moves have certainly been made towards more just policies, particularly in relation to the very poor, women and Aboriginal Australians. However if we consider the broader policy canvas we find the fabric of society has been changed in a manner, which though admittedly more gender neutral, is likely to presage a future increasing rather than decreasing inequality (p. 35).

The rhetoric of equality was still in vogue with the Commonwealth government in 1993-94 when its Social Justice Strategy was developed. In his introduction the then Deputy Prime Minister and Minister for Housing, Local Government and Community Services, the Hon. Brian Howe (1993), stated:

The Federal Government's vision of social justice is that of a fairer society in which we seek to achieve a more even distribution of income and access to key services, particularly where there is demonstrable need. Our policies and programs are designed to give people access to services which enable them to participate as active citizens of Australia (no p. no)⁷.

The legacy of the Whitlam years was a welfare system welcomed by many but that would ultimately, as the population aged, cost more than government revenues could stand. This has led to increased pressure on welfare organisations, not always well equipped to raise the additional funds needed. The 1994/1995 Industry Commission Inquiry Into Community Social Welfare Organisations titled *Charitable Organisations In Australia* drew out a quite considerable body of evidence about the funding and functioning of Australia's welfare state and made a number of recommendations relating to almost every aspect of charitable organisations, but did not offer a lot under the heading of 'fundraising' focussing rather as might have been expected on government funding.

Pertinent to this discussion is the adoption by the Labor government of 'economic rationalism' (Pusey, 1993, p. 2) or economic pragmatism, a version of 'economic liberalism' as practised by other OECD (Organisation for Economic Co-operation and Development) countries. It was an interesting course to be taken by a Labor government and the policy was "tempered by some of the more traditional agendas of the political left" (Bryson, 1996, p. 35). This course of action featured market deregulation and privatisation of a number of operations previously the preserve of government, such as railways, power and water supply. Allowing free play in the market in this way led to wages and conditions of work being more determined by free market forces, but more important, so far as welfare was concerned, it saw cutbacks in government expenditure, or what was euphemistically called 'welfare reform'. This reform was a major factor in achieving the goal of economic competitiveness as prescribed by the OECD (2000). McDonald and Marston (2002) suggested that, "A common feature of reform is the introduction of greater contestability in service provision and the individualisation and privatisation of social risk. The establishment of the Job Network by the Federal Government in 1998 is an example of this shift" (p. 5).

A number of strands in welfare reform in Australia can be identified. One of the most far-reaching reforms came about as a result of the 1989 Social Security Review

⁷ The introduction to the Commonwealth's Social Justice Strategy (1993-94) by the Hon. Brian Howe did not have page numbering.

with the ‘work’ test being replaced by the ‘activity’ test (McDonald and Marston, 2002, p. 5), a very different concept in which the unemployed were compelled to provide evidence of their job-seeking efforts. A further major shift particularly relevant to this thesis was the transfer of certain welfare obligations from the government to the community (Reference Group on Welfare Reform, 2000) thus requiring the involvement of the corporate sector in funding welfare beyond what it had done in the past. As explained earlier in this chapter (pp. 1-6) the establishment of the PM’s Community Business Partnership was a key plank in the move to increasing corporate funding of welfare activities.

The Keating Labor Government was faced with the necessity of determining where and how best to make cuts that would not do “too great a violence” (Bryson, 1996, p. 38) to one of Labor’s key policy planks, namely social welfare. Means testing was introduced to the determination of Family Allowance payments. This was along with the reintroduction of fees for higher education, and the more far reaching changes affecting aged pensions, where a compulsory employer and employee contributory scheme building from 1% per annum to 9% per annum was established with the aim of ultimately making the age pension “a fall back pension” (Bryson, 1996, p. 36).

The Government made an effort to ‘get people off welfare’ through job creation programs. At the same time an emphasis on education and training took up some of the unemployed. The phasing in of a rise in the age pension eligibility age for women from 60 to 65 years began to keep women in the work force longer. The effect of these and other measures placed different and in some cases additional burdens on welfare agencies. Ultimately:

... when we look to the social security system, the core of the welfare state, we find that there has been a veritable revolution with virtually no provision remaining unchanged.Indeed one of the most important changes to be started by Labor is a move to what Bruce Bradbury (1995) has called a ‘post-dependency’ form of entitlement. This means that the individual’s work status (with the definition extended to include caring as well as paid work), becomes the basis of income support entitlements rather than dependence on one’s spouse. This is a change which simultaneously serves social justice and efficiency goals (Bryson, 1996, p. 36).

In addition increasing drug dependency and the growth of AIDS has resulted in a new dimension of support being required from welfare agencies. Neither of these is a cause likely to become popular with corporate or private benefactors. At the same time marriage breakdowns have cast more people onto the welfare system. As a counter to

that, a greater percentage of women are now in the work force up from 37% of the total labour force in 1980 to 44% in 2000⁸ and this has in turn led to the growth of use of child care centres, for four year olds up from 11.8% in June 1993 to 25.1% by June 2002⁹.

1.13 The Triple Bottom Line and Corporate Social Responsibility (CSR)

At the same time as the PM's Community Business Partnership has been developed, some companies have been paying more attention to their 'corporate social responsibility' by discussing and applying what has come to be known as the 'Triple Bottom Line'. Addressing the John Stuart Mill Society in Adelaide on 13 June 2000 Senator the Hon. Robert Hill, then Minister for the Environment and Heritage, said:

If we are to move our economy to a truly sustainable basis, we must bring about a change in culture within both Australian industry and the broader community. As liberals, we must develop a culture where the environmental value and social value aided by an action is as significant in assessing its worth to the nation as the economic value it brings" (p.2).

An important question about CSR is whether it actually advances the donor company's business. Philanthropy Australia has recently reported on a paper delivered to the 22nd IEG Sponsorship Conference in Chicago by Lynne Anderson of S-COMM Australia on "the growth in importance of the role and bottom-line value of corporate social responsibility (CSR)" (Philanthropy Australia, 2005b, no p. no.). Anderson writes that it was "impossible to miss...the seismic shift in many companies with regards to their corporate responsibility". Her view was supported by John Alexander of Whirlpool North America who explained how Whirlpool had established a corporate philanthropy program in response to market research, and how it had become "a valuable brand asset" (*Philanthropy Review*, Issue 12, 7 July 2005, no p. no.).

Corporate boards have found themselves grappling with the meaning of 'philanthropy' in relation to 'corporate social responsibility' (CSR) and 'sustainable development'. As Ryan (2003) wrote "Corporate social responsibility is the motherhood issue in today's business environment. But there's still plenty of room for a brawl over

⁸ The World Bank Group, 2005, 'Summary Gender Profile', <http://genderstats.world.bank.org/genderRpt.asp?rpt=profile&cty=AUS,Australia&hm>, accessed 10 March, 2005.

⁹ Australian Bureau of Statistics, 2005, 'Year Book Australia: Education and training: Early childhood education', <http://www.abs.gov.au/Ausstats/abs@nsw/0/B467CD2Bff7A231ACA256F7200932F7>, accessed 20 June, 2005.

how it plays out” (p. 24). She points out that a key debating point is “around the measurement of a company’s reputation” (p. 24) with one side represented by Nahan of the Institute of Public Affairs, believing that the whole idea is “a sting” with a mix of altruism and guilt used to make money. The other side represented by Hewson, former leader of the federal opposition, points out that, “The corporate sector has always reacted negatively when there is a major community challenge to what they do” (p. 24). Hewson was a member of the Reputex Advisory Committee until August, 2004 and yet writing in the *Financial Review* at that time he suggested that:

One of the latest fads in the business debate is the so-called concept of corporate social responsibility. While many in the business community have accepted this and are already market leaders, there are so many, including leading members of the Business Council of Australia, who think it will compromise their bottom line and are therefore not interested.

Under pressure from various stakeholders, driven by ‘short-termism’, they want to maximise their profit forecasts to maximise their short-term share price and, as executives, they want to maximise the value of their package, and their share options (p. 82).

He concluded that “inevitably corporations and governments will not be able to do anything without what I would call a social responsibility rating” (p. 82). He points to other issues, such as workplace safety, training, quality control, just-in-time manufacturing and environmental standards that corporations believed would be costly for them but in the end benefited their bottom line (p. 82).

The Reputex Social Responsibility Ratings is a product developed by Reputation Management for the purpose of assisting business to “define, measure and manage their reputations and stakeholder relationships and enhance associated decision making by investor, consumer and employee publics”¹⁰. The ratings assess an organisation’s performance in the areas of governance, workplace practices, social and environmental impact¹¹. According to Diane Sisely, Managing Director of Reputex Asia-Pacific Region, “Social responsibility is about brand value and reputation, the reputation of the company...about recognising, managing and minimising social risk” (2004, p. 1). She sees corporate social responsibility as managing that risk over the four key areas of corporate governance, environmental impact, social impact, and workplace practice (pp.

¹⁰ Reputex, 2003, ‘Group Profile: Reputex® Social Responsibility Ratings’, <http://www.reputex.com.au/reputex.html>, accessed 14 October, 2003.

¹¹ Reputex, 2003, ‘Group Profile: Reputex® Social Responsibility Ratings’, <http://www.reputex.com.au/reputex.html>, accessed 14 October, 2003.

1, 2). Sisely suggests that the current interest in corporate social responsibility has been brought about by “some disastrous failures” (p. 2) in recent times, not just in Australia but in other parts of the world. A global survey conducted by Deloitte found that while “86% of respondent companies had confidence in their financial reports, only 34% were confident of how non-financial factors were measured” (p. 3).

Interestingly, Westpac was the only company to receive an AAA rating and also to take a leadership position in the international Dow Jones Sustainability Index (Cohn, 2003, p. 2). Further the heavy industrial sectors, metals and mining, utilities, energy and transportation, were strong performers in a range of categories. Cohn notes that these are all high impact industries. At the same time the health care, pharmaceuticals, biotechnology, media, hotels, restaurants and leisure sectors did not perform “adequately” (p. 2). Of further interest is the fact that “government owned corporations have outperformed Australian Stock Exchange Listed corporations and subsidiaries of multinationals” (p. 2).

It is important to note the difficulties faced by any corporation attempting to plan, implement, and then measure and evaluate its social responsibility performance. These difficulties include a lack of common platforms or frameworks, and a lack of agreement on what is sustainable development (Cohn, 2003, p. 1). It follows therefore that the questions that investment analysts, customers, shareholders and employees might like answered “often remain either unclear or unanswered” (p. 3). Black (2003) suggests that the procedure for determining and then actually accommodating the expectations of both external and internal stakeholders may take time to develop and test (p. 3). He points out also that the short term nature investment analysis as it is carried out today works against this due to longer term corporate plans (p. 3).

The James Hardie Corporation, when faced with large claims from former employees who have developed mesothelioma from working with asbestos found that it was not prepared either financially or in terms of corporate social responsibility procedures for such a situation. It went into damage control mode “hiving off its asbestos liabilities” (Gettler, 2004, p. 6). The chief executive and another executive have resigned in the wake of these claims and the ensuing publicity, but have received salary and superannuation payouts in the millions. At the same time the amount of money devoted to the fund set up by the company to cover compensation payouts to victims has been questioned as being insufficient. This has raised the ire of the victims,

their families, and shareholders and has brought corporate social responsibility on to the front pages of newspapers. This issue has “raised questions about James Hardie’s corporate governance, such as whether its directors knew that the foundation set up in 2001 had a limited amount of funds to look after asbestos victims” (p. 6). The outcome could possibly have been more positive if the necessary procedures had been in place.

Another example of conflict involving corporate governance and CSR is the case of Shell and the Brent Spar oil rig fiasco (p. 6). Shell later “admitted that it had lied about its oil reserves” (p. 6). Then a study funded by Shell found that the company “feeds the violence in Nigeria in the way it awards contracts, gains access to land and deals with community representatives” (p. 6). One might be tempted to ask whether these are typical of the dealings of large corporations, and whether, as Gettler suggests, “the dysfunction lies at the heart of corporations themselves” (p. 6). While it is not within the scope of this study to go further into this matter, it would seem to be an important one for a future study that might look at the dilemmas such as these faced by large corporations, their capacity to deal with them and whether in fact a company can really be a good corporate citizen and make a profit for its shareholders.

To return to corporate social responsibility and what the future may hold, Trinca (2004) writes that corporate social responsibility “seems set to go mainstream after years of struggling to hit the front page” (p. 20). She points out the conflict between “calls for more responsible capitalism” (p. 20), the demands of the market place for “rapid returns” (p. 20) and “the need to create shareholder value” (p. 20). She suggests that corporate social responsibility is “about being a good corporate citizen, adopting the mores of the community and being alert to how these change over time” (p. 20). Once again enlightened self interest is spoken of and company boards still struggle to be responsible, to carry out responsible management of risk and at the same time protect investments. Trinca concludes with “the gap between community expectation and corporate behaviour appears to be too wide to dismiss” (p. 21).

The World Business Council for Sustainable Development not only defines ‘corporate social responsibility’, but in so doing indicates that the matter has come to the fore in corporate thinking. The definition is:

... the continuing commitment by entities to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as the local community and society at large¹².

Sustainable development involves a commitment to avoiding harm to the environment and community through the actions of the entity, and a responsibility to repair damage caused, to protect the rights of individuals and to give back to the community (PM's Community Business Partnership, 2003, p. 2).

In October 2004 Cittadinanzattiva (LEED Partners) and the Frascati Group convened an international seminar on 'Taking Corporate Social Responsibility Seriously' in Frascati, Italy Its summary of corporate social responsibility is very relevant and is worth including here because it states the case in very frank terms:

Taking corporate social responsibility seriously means taking care of it besides mere market or communication logics, writing in the corporate balances true facts, avoiding cheating with certificates, being coherent starting from the attitudes inside the company (the so-called business ethics), building policies and matters of social responsibility taking into consideration the stakeholders, having a strategy, being aware of having even public responsibilities for the defence of general interests. But most of all, it means doing all these things together.¹³

Business and society scholars in the USA offered "three solutions to the question of business's community role" (Frederick, 1998, p. 24) during the 41st annual conference of the Midwest Division of the Academy of Management in Kansas City, Missouri. The solutions provide a useful summary in the context of this thesis. First, social responsibility expands on businesses accepted civic role with "the stakeholder theory of the firm, which requires corporations to pay some attention to everyone in the community who has a 'stake' in what the company does" (p. 4). Second, it was felt that:

... voluntary social responsibility proved too weak and ineffectual during the 1960s and 1970s to confront and solve troublesome social problems attributed to business (e.g., racism, sexism, consumerism, pollution, war-and-peace, etc.), government and politics were called on to put the social reins on big (and small) business. Therefore, business's community role was to be defined by public policy guidelines, laws, and regulations, all enforced by the courts" (p. 4).

Third, the scandals of the 1980s relating to the ethics of "Wall Street junk-bond kings, the savings and loans debacle, rampant Me-ism" (Frederick, 1998, p. 4) meant

¹² World Business Council for Sustainable Development. 2005, 'Sustainable Development', http://www.bp.com.au/news_information/sp...OForum, accessed 2 September, 2005.

¹³ Frascati Group. 2004, 'Taking CSR seriously', <http://www.oecd.org/dataoecd/57/59/33708600.pdf#search='Frascati%20Group>, accessed 16 May, 2005.

that corporate executives had to be in a sense retrained in the ethics of business. There is “impressive research literature” (p. 4) supporting each of these ways of looking at the social role of business (Clarkson, 1998; Swanson, 1995; Wood, 1991).

Body Shop founder, Anita Roddick (1996) has long championed the preservation of the environment by researching, developing and producing the many environmentally friendly personal care products sold in Body Shops around the world and by putting money into environmental causes. She sees the “emerging perils of globalization” (Roddick, cited by Elkington, 1998) arguing that “Free trade holds much of the blame for continued international conflict.” Roddick says:

Markets are said to possess wisdom that is somehow superior to man. Those of us in business who travel in the developing world see the results of such Western wisdom, and have a rumbling disquiet about much of what our economic institutions have bought into (p. 109).

Margolis (2004) writes that, “Corporate social responsibility sounds like something we should all want. Yet history shows there have always been critics who argue that making money is the sole objective of the corporation”¹⁴. He discerns “four central criticisms of corporate social responsibility”¹⁵ and points out that such criticisms lead to more searching questions about the way corporations do business. His criticisms bear serious consideration in the context of this thesis. He writes about his concern “that managers use corporate resources by diverting them from their rightful claimants, whether those are the firm’s owners or, sometimes, employees”¹⁶, and the potential for mistakenly allocating corporate resources where they are not really able to make a good match. In addition he points out the possibility of impinging on what is rightfully the role of governments and thus abrogating authority that really belongs to “elected officials and bodies answerable to the public”¹⁷, he worries about efforts to discharge corporate social responsibility distracting managers from their key objective of making and keeping the company profitable to provide a return to shareholders.

These criticisms would seem to have some validity. Looking at them individually, while the concern about corporate resources being diverted from their rightful claimants

¹⁴ Margolis, J. 2004, ‘CSR: Arguments against’, Harvard Business School, USA, <http://curtain@apprn.org>, accessed 18 May, 2004.

¹⁵ Margolis, J. 2004, ‘CSR: Arguments against’, Harvard Business School, USA, <http://curtain@apprn.org>, accessed 18 May, 2004.

¹⁶ Margolis, J. 2004, ‘CSR: Arguments against’, Harvard Business School, USA, <http://curtain@apprn.org>, accessed 18 May, 2004.

¹⁷ Margolis, J. 2004, ‘CSR: Arguments against’, Harvard Business School, USA, <http://curtain@apprn.org>, accessed 18 May, 2004.

may be legitimate, an argument could be made that charitable causes may have also some claim on corporate resources. For example, causes that may assist employees of the firm to do a good, or better job, such as local health, education and sporting facilities, could have a right to support from the company.

The argument about mistaken allocation of corporate resources is surely not sufficient for the company to decide not to support anything charitable. It would be the responsibility of the company to ensure that corporate resources are allocated where they are able to make a good match. This argument may have its roots in the past when influences not necessarily related to the business were brought to bear on boards to make charitable gifts. One of the informants in this study, Klingberg (refer Ch. 5, Section 5.8.8, p. 239) made the point that in the past undue influence was on occasions brought to bear on boards to make such gifts.

Again, the argument about impinging on what is rightfully the role of governments should not have validity, as the board members have a responsibility of governance that should make them ensure that this is not the case. Likewise concern about distracting managers from their key objective should not be a worry where the board or the chief executive officer has appointed competent managers. Over all it appears that these criticisms are readily answered and should not be a problem to a well run company.

Corporate boards have been grappling also with defining the encompassing 'Triple Bottom Line' comprising financial, environmental and social responsibility components (Hill, 2000, pp. 3, 4). More recently the Commonwealth Government has recognised the need for 'Triple Bottom Line' reporting and to that end has released the publication, *Triple Bottom Line Reporting in Australia: A Guide to Reporting against Environmental Indicators* (2003a) derived from John Elkington's seminal 1998 work, *Cannibals with Forks: the triple bottom line of 21st century business*. According to Elkington the fork of sustainability has three prongs, "economic prosperity, environmental quality, and social justice" (p. ix). He sees that the political agenda emerging more recently calls for business to determine how to integrate these three aspects into its programs (p. ix) leading to the emergence of "new age capitalism in which the boundary between corporate and human values is beginning to dissolve" (Elkington and Burke, 1987, p. xi).

This study is being undertaken at a time when governments, both State and

Commonwealth are continuing, even accelerating the trend noted in the earlier study towards “moving the responsibility for certain social services back to the community” (Smith, 2000a, p. 1). Anecdotal evidence from extensive industry experience suggests that this trend to retreat by the government has meant that some of the pressure has been transferred to the corporate sector as charities work to raise funds to, not only maintain existing services, but to establish new services in response to community need. As charities have become more importunate in seeking gifts from corporations, so notions of ‘corporate social responsibility’ and the ‘Triple Bottom Line’ have been more seriously explored.

Another important aspect as Cave (2002) points out is that “For corporate Australia...the focus has turned from the employee’s pay packet to the company’s ability to prove its mettle as a corporate citizen” (p. 32). Cave suggests therefore that “The search to give workers meaning is one of the drivers behind corporate citizenship. By associating themselves with community issues companies demonstrate their concern for the community, which has internal and external benefits” (p. 34). The belief as expressed by Zappala and Cronin (2002) is that companies need to develop a culture where staff can be proud to be involved with the company.

At the same time as companies are facing these new challenges, trusts and foundations are reporting increasing numbers of applications for grants to fund both existing and new services. A number of trusts and foundations researched for this work have reviewed their procedures and some have opted to be more proactive by seeking out organisations that they may wish to fund, rather than simply processing the unsolicited applications they receive. In the present thesis research interviews with executive officers and senior staff of Australian trustee companies and of Australian trusts and foundations has aimed to gain a picture of the general trends in charitable funding, and to confirm both the increase in grant applications and the reasons for the decision by some to be more proactive.

The earlier exploratory study of *Corporate Philanthropy in Australia: Principles and Practice* (Smith, 2000a) included the results and interpretations of discussions with chief executives and senior managers of 73 companies operating in Australia, with overseas comparisons. This new work replicates and extends those findings, and is focused on documenting and analysing the results of discussions conducted with a range of parties interested in the management of corporate philanthropy. These key informants

include:

- Australian philanthropists,
- chief executives of Australian companies,
- executive officers of Australian trusts and foundations,
- senior representatives of major gift and grant recipients,
- focus group of senior professional fundraisers, and
- senior staff of Philanthropy Australia.

1.14 The Third Way

Important to this discussion is an understanding of the theories of the ‘Third Way’¹⁸. Giddens (2002) thought that rather than a variety of theories, there are a variety of Third Ways rather than a single one. He referred to the “polder model” (p. 4) of The Netherlands, the “reformed welfare state path” (p. 4) in Sweden, and the “statist path” as taken up by the French Socialists (p. 4). Perhaps elements of each may be identified in the model used by ‘New Labour’, for example, the Blair government in the UK and the Rann government in South Australia.

Briefly, the ‘polder model’ came about as a response to the poor state of the Dutch economy in the late 1980s that led to cuts in social security and the introduction of measures to increase labour market flexibility (Giddens, 2002, p. 4). Sweden came to its crisis in the early 1990s when unemployment was escalating and the country was facing a huge budget deficit. So cuts were made in social services, taxes on business were reduced and a move was made away from direct taxes to consumption taxes. In one respect the moves worked because Sweden now has the lowest level of income equality in the European Union. However there has been a fall in workforce participation and relative economic prosperity has declined (pp. 4, 5). Despite the downsides of these changes Esping-Anderson (2002) “argues that there is a win-win welfare model for social democrats, but only if we are prepared to accept a different version of equality from that traditionally favoured by the left – essentially an opportunity-based view” (p.

¹⁸ The word “theories” is used rather than the singular ‘theory’ because there is a range of definitions available.

9). Giddens (2002) uses two terms to describe this new way, “new social democracy” or “new centre-left” (p. 11). He argues that irrespective of the terms used, there are two succinct main characteristics of this new way, he says it recognises the need for profound rethinking of leftist doctrines, and concentrates on conditions necessary for electoral success (p. 11).

George and Miller (1994) thought that:

Affordability is not the only issue, as Fukujama (1992) points out, the welfare conundrum of the twenty-first century is now pretty clear. Can generous social provisions be combined with low taxation at times of low or even modest rates of economic growth, or is the new affordable welfare state likely to become increasingly unaffordable? (p. 21)

...while capitalism may be capable of creating enormous amounts of wealth, it will continue to fail to satisfy the human desire for recognition, or isothymia In prosperous democracies, the problem of poverty has been transformed from one of natural need, into one of recognition (p. 292).

The Third Way seems to sit between socialism and capitalism in a time when both, but especially socialism, are subject to attack. As Giddens (2000) puts it speaking of the emergence of the term ‘third way’ during the Cold War period, when “many saw social democracy itself as a third way, distinct from American market liberalism on the one side and Soviet communism on the other” (p. 1). The notion of a middle pathway between socialism and capitalism has been around at least since Pope Pius XII called for a third way between socialism and capitalism at the end of the 19th century¹⁹. Halpern and Mikosz note that the term is similar to Harold Macmillan’s “Middle Way”²⁰, that Tony Blair has used the term extensively²¹ and that Bill Clinton used it on a number of occasions, most notably in his President’s State of the Union speech:

We have moved past the sterile debate between those who say Government is the enemy and those who say Government is the answer. My fellow Americans, we have found a Third Way. We have the smallest Government in 35 years, but a more progressive one. We have a smaller Government, but a stronger nation²².

Nevertheless the Blair government would have had to make a choice, as suggested

¹⁹ Halpern, D. and Mikosz, D. (eds.). 2003, ‘The Third Way summary of the NEXUS on-line discussion’, <http://www.netnexus.org/library>, accessed 4 December, 2003.

²⁰ Halpern, D. and Mikosz, D. (eds.). 2003, ‘The Third Way summary of the NEXUS on-line discussion’, <http://www.netnexus.org/library>, accessed 4 December, 2003.

²¹ Halpern, D. and Mikosz, D. (eds.). 2003, ‘The Third Way summary of the NEXUS on-line discussion’, <http://www.netnexus.org/library>, accessed 4 December, 2003.

²² Halpern, D. and Mikosz, D. (eds.). 2003, ‘The Third Way summary of the NEXUS on-line discussion’, <http://www.netnexus.org/library>, accessed 4 December, 2003.

by Judis (2002) between “easing inequality and discouraging growth, and between fulfilling social needs through government spending and meeting budgetary targets. Blair clearly faces a dilemma in trying to finance an improvement in Britain’ health-care system. But it is not as if a centre-left government can avoid these choices²³. Prior to the emphasis on the Third Way there was a neat division between two broad political camps relating to the business of state. As Glendinning, Powell and Rummery (2002) saw it:

Those on the left saw their political goals as an extension of public ownership of the means of production and distribution, at its most ambitious, with responsibility for social welfare and other social provisions being an absolutely minimum article of faith. Those on the right, in contrast, sought to limit public responsibility by promoting private ownership and responsibility, privatizing or restricting state provisions of all sorts wherever possible (pp. 194-195).

The Third Way could be seen also as sitting between the market and state principles, or between the models favoured by the US and Europe, or between the Old Left and the New Right (Gamble and Kelly, 2003, p. 5). Alternatively it could be that the Third Way will transcend both capitalism and socialism, only time will tell. Kelsey (1995) has pointed out that in a Third Way system with the state playing the role of ‘enabler’, workers find themselves with less power than under the social democratic model. Latham (2001) is more optimistic because he sees that the Third Way is “modernising” (p. 25), serves the “collective interest” (p. 26) and, “gives contemporary expression to the lasting cause of the left” (p. 25). It could be that the Third Way will also in some measure satisfy the human need for recognition as pointed out by Fukujama (1992, p. 22).

In considering why the Third Way has taken so long to come to the fore again it is necessary to look at the political landscape. It seems that many of the old political certainties of conservatism and labour are now obsolete. In the UK, Germany and New Zealand promotion of Third Way ideals was valuable electorally to Prime Minister Blair, Vice Chancellor Schroeder and Prime Minister Clark. Blair and Clark were faced with needing to break the conservative hold on power as their parties had been out of office for some time. The state in both countries, as well as in Australia has progressed from being the ‘nanny state’ as characterised by economic rationalists, to being an ‘enabler’ (McDonald and Marston, 2002, p. 7) that points the way for citizens to be

²³ Judis, B. 2002, ‘Below the Beltway: Is the Third Way Finished?’, <http://www.prospect.org/print/V13/12/judis-j.html>, accessed 12 April, 2003.

more responsible for caring for themselves, in a partnership between the government and the community. Hence the Australian Government's establishment of the PM's Community Business Partnership, and the Prime Minister's rhetoric about working together in this way for the benefit of all²⁴.

The underlying problem seems to be that the welfare state in the form promoted in Australia by the Whitlam Government in the 1970s is not sustainable financially, particularly with an ageing population, and there seems to be little chance of this situation changing in at least the next 40 years, according to the Treasurer, Peter Costello (Starick, 2004, p. 3). At the same time the work force is declining as the population ages and thereby causing heavier demands on welfare resources, and as a consequence, has brought about a government push for people to stay in the work force longer (p. 3). George and Miller (1994) used a fashionable phrase "squaring the welfare circle" (p. 6) to describe the struggle faced by governments "in all advanced industrial societies" (p. 6) as they seek:

... first, to meet the increasing public demand for high quality welfare provision; second, to meet the simultaneous public demand for limiting levels of taxation; third, to maintain and raise rates of economic growth; and fourth, to maintain and improve their electoral chances (p. 6).

McKenzie (2002) in his MA thesis explained his belief that there are new ways to be found of achieving the old social democratic aims. He says that New Labor apparently still wishes to look after people but promotes a different way of doing this through 'meritocracy'²⁵ or 'work for what you need or want'²⁶. Giddens (1998) in writing about "The Social Investment State" has pointed out that "a radically meritocratic society would create deep inequalities of outcome, which would threaten social cohesion" (p. 101). While equality or "egalitarianism at all costs" (Giddens, 2001, p. 178) may sound attractive to those of the Left it surely must be an unachievable ideal, as Walzer (1995) has put it:

Simple equality of that sort is the bad utopianism of the old left ... political conflict and the competition for leadership always make for power inequalities and entrepreneurial activity always makes for economic inequalities...None of this can be prevented with endless tyrannical interventions in ordinary life. It was an historical mistake of large proportions, for which we [on the left] have paid heavily... (p. 50).

²⁴ PM's Community Partnership. 2003, 'PMCBP The History - The Challenge, <http://www.partnership.zip.com.au/intro.html>, accessed 10 September, 2003.

²⁵ 'Meritocracy', a neoliberal model based on equality of opportunity.

²⁶ Quoted at the Third Way Forum, Auckland, 11 December, 2003.

Giddens (2002) would still have a meritocratic society, but not radically so. He suggests that:

We should want a society that is more egalitarian than it is today, but which is meritocratic and pluralistic; where the devolution of government is further advanced, but within a unitary nation; which is marked by a deepening environmental consciousness; and where there is a restoration of the public sphere and public power (p. 38).

He sees that such an ideal needs to be driven by a talented and well rewarded public service, and he thinks there will have to be “difficult trade-offs” (p. 38). The ultimate goal, “the true mark of a meritocratic society” (p. 40) is that there is mobility from bottom to top throughout the work force.

Allen (2001) is not sure about the Third Way “concept and its political implications” seeing it as elusive as soap in the bath” (p. 280). He thinks that,

Third way politics is ambitious and radical in seeking to reconcile conventional polarities, to marry equity and efficiency, economic individualism and social solidarity, private enterprise and corporate responsibility (p. 280).

Another colourful description of attempting to understand the concept of the Third Way comes from *The Economist* (1998, pp. 47, 49) and is quoted by Etzioni (2000) “Trying to give an exact meaning to this political philosophy is like wrestling with an inflatable man. If you get a grip on one limb, all the hot air rushes to another”. Ryan (1999) argues that the third way “isn’t an innovation” because it is really “New Liberalism” which “emerged in British politics about a century ago” (p. 13).

1.15 Rationale

The preceding discussions of ‘The Triple Bottom Line’ and ‘Corporate Social Responsibility’ (Ch. 1, Section 1.13, pp. 28-36), ‘The Third Way’ (Ch. 1, Section 1.14, pp. 36-40) and the ‘Australian Welfare State’ (Ch. 1, Section 1.8, pp. 15-21) were to provide background for an analysis of the new data obtained for this thesis. The data has been collected from the major sources listed in Ch. 1, Section 1.13, p. 36).

It is important to make clear from the beginning that this research aims to understand and document corporate philanthropy from the point of view of corporations and organisations, although, unlike the earlier work, it has extended the scope of the results by seeking both data and views from gift recipients, in almost every case not-for-profit organisations (referred to hereafter as NPOs) and fund managers. However this

thesis follows the earlier work (Smith, 2000a) in that the idea for this further exploration of corporate philanthropy in Australia grew out of a personal and professional interest in the management of corporate and individual charitable giving, and a desire to make a further useful contribution to the fundraising industry through academically supervised and documented empirical research. The backdrop to this work has been reflections from many years serving initially as an in-house fundraiser, and later as a managing fundraising consultant (refer footnote 1, p. 2), thus providing the opportunity of observing, facilitating, participating in, and promulgating gift relationships between businesses, organisations, individuals, and NPOs, as well as preparing, submitting and speaking to applicants' detailed submissions for government funding at federal, state and local levels.

It was clear too from the earlier work that in many cases there was a considerable gap between the understanding of corporate philanthropy expressed by corporate representatives and that displayed by the supplicants, that is the representatives of NPOs (Smith, 2000a, p. 29). This gap was described by Lupi (1998) in these terms: "...the corporate sector and the NPOs are like two trains passing on adjacent lines but never meeting" (Philanthropy Australia Grantseekers Workshop, 1998). One of the main aims of this work is to assist in closing the gap or, using Lupi's language, getting the trains to meet at an appropriate junction without crashing into each other and doing damage. The 2002 report from The Allen Consulting Group on "A Not-for-Profit Council?: Discussion of Need and Options for the Way Ahead" researched the views and needs of both funding organisations and welfare agencies. The following quotations point out the different requirements of the two types of bodies, a way of describing Lupi's two trains on adjacent lines. The first quotation is from a "Funding Organisation":

A not-for-profit peak body can raise awareness of the not-for-profit sector generally. A peak must have a strong advocacy role which includes being the voice of the sector, being the primary point of contact with state and Commonwealth governments and regulatory bodies (The Allen Consulting Group, June 2002, p. 1).

The second quotation is from a "Welfare Agency":

I am generally supportive if the approach is around generic capacity building for the not-for profit sector. I support the membership being wider than welfare. The Challenge is to define the brief and clearly stick to it, not crossing into the territory of other organisations (p. 1).

Analysis by The Allen Consulting Group led them to conclude "that two areas of

distinct need exist, and that it would be desirable to seek to meet them with separate initiatives, even though both types of bodies already had various initiatives” (p. 1). First, a Not-For-Profit Council was proposed with the twin aims of “enhancing capacity building” and “facilitating access to capacity building support” (p. 1). Second it was proposed that a Roundtable type of organisation was needed to be “A high level co-ordinating “voice” to represent the not-for-profit sector (broadly defined) in public discussion, and in advocacy on public policy issues” (p. 1). It was thought that the latter should be an association embracing existing peak councils and extending to other areas not represented by peak councils. However appealing this notion might be, experience suggests that there will be some obstacles in the way of establishing a Not-For-Profit Council, especially in identifying and recruiting an initial leadership group. It will require a strong ‘driver’, a person of stature among not-for-profit organisations who is not seen as partisan, and it will need to gather in existing representative bodies such as ADAPE (Association of Development and Alumni Professionals in Education Australasia Inc.).

This time of government retreat from the provision of welfare is also a time of changing welfare needs, especially the increase in support required for a growing number of single parents, victims of AIDS and other social diseases, as well as the long-identified ageing of the Australian population. These additional demands make it even more vital for all involved to leverage the limited resources most effectively through co-operative effort.

According to Tracey (2003) “Philanthropy in Australia remains largely unexplored territory” (p. viii). Some progress has been made since the MA investigation, especially in the establishment and operation of the PMs Community Business Partnership, and the establishment of new trusts and foundations (D.S., *pers. comm.*, 20 May, 2003). Hooper (2003) in his recent PhD thesis on *The development of philanthropy in Australia, focusing on the recent promotion of venture philanthropy* (pp. 24-26) makes the point that “The ‘new’ discourses of strategic and venture philanthropy have undoubtedly challenged the mainstream of philanthropic practice” (p. 25) and “the initial research findings suggests that philanthropic discourse and practice are in a state of flux (p. 26). He found too that “there is also abundant evidence of a ‘business as usual’ approach among many trusts and foundations. Many grant makers are continuing to utilise the grant by application approach to fund a range of projects” (p. 25). It is still

the case that “It is not easy to gain a clear picture of the status and practice of corporate philanthropy in Australia due to the lack of reliable data” (Smith, 2000a, p. 5). It is hoped that this piece of research will make a further modest contribution to the data and to clarify the extensive anecdotal evidence relating to corporate philanthropy in Australia.

Tracey’s book, *Giving it away: in praise of philanthropy*, is “a collection of stories about people who do good” (Tracey, 2003, p.vii). The stories represent “about 60 individuals and families....most of them come from Melbourne and Sydney” (p. vii) and provide fascinating insights into their backgrounds, as well as their motivations and the techniques they employ in giving money away. However, at the time of this research no other academic work on the management of corporate philanthropy was evident in literature searches. Tracey’s and Hooper’s work will be useful for comparisons with the material obtained from the interviews, focus group, and literature review conducted for this work.

Mark Lyons from the University of Technology, Sydney continues research work begun in 1989 into the ‘demand’ side of philanthropy in Australia and has published a number of papers on the subject, as referred to in this thesis. However he still pointed out that the research undertaken to date is “limited in scope” (1999, p. 71). This work concentrates on the ‘supply’ side of philanthropy. Lyons (2003) distinguishes between the demand and supply sides of philanthropy in this way:

The supply side encompasses volunteering and giving – by individuals, by foundations and by companies. The demand side focuses on those organisations, mostly nonprofits, that seek this support; that are, in the sense that they depend on volunteers for their boards and committees, fundamentally dependent on it (p. 1).

1.16 Definitions Relating to Philanthropy

The definitions that follow are fundamental to this work and are distinct from the background discussions of the Triple Bottom Line and Corporate Social Responsibility (refer Ch. 1, Section 1.13, pp. 28-36) and The Third Way (refer Ch. 1, Section 1.14, pp. 36-40). Figure 1-1 (refer p. 45) (Smith, P. D., 2000a, p. 94) sets out a continuum running from altruism to enlightened self-interest and indicates all of the variations of the meaning of the word ‘philanthropy’ in the order in which they were seen in relation to each other. An amended continuum (Figure 6-2) based on the research that follows appears on p. 294 of this thesis.

1.16.1 Philanthropy

It is crucial at the beginning of this work to have an understanding of what is meant by ‘philanthropy’. To facilitate such an understanding the diagram below drawn from the earlier work (Smith, P. D., 2000a, p. 94) is cited as a starting point, and to aid further discussion, especially in the area of ‘motivations’ and ‘techniques’, the main thrust of this thesis.

With the renewed interest in, and publicity for, philanthropy a number of people have offered definitions such as this from Peter Goldmark, president of the Rockefeller Foundation, “Philanthropy is the practice of applying assets of knowledge, passion and wealth to bring about constructive changes” (Thorn, 2002, p. 15). There is some resonance here with Andrew Carnegie’s views written in the last century as ‘The Gospel of Wealth’ (1889, cited in Kirkland, 1962, p. 25)²⁷.

²⁷ Carnegie’s article was published originally in the *North American Review*, CXLVIII, June, 1889, pp. 653-4, and CXLIX, December, 1889, pp. 682-698. The original title was simply ‘Wealth’. The heading ‘The Gospel of wealth’ was supplied by William T. Stead, editor of the *Pall Mall Gazette*.

**Literally “Love of Mankind”
Conceptual Continuum**

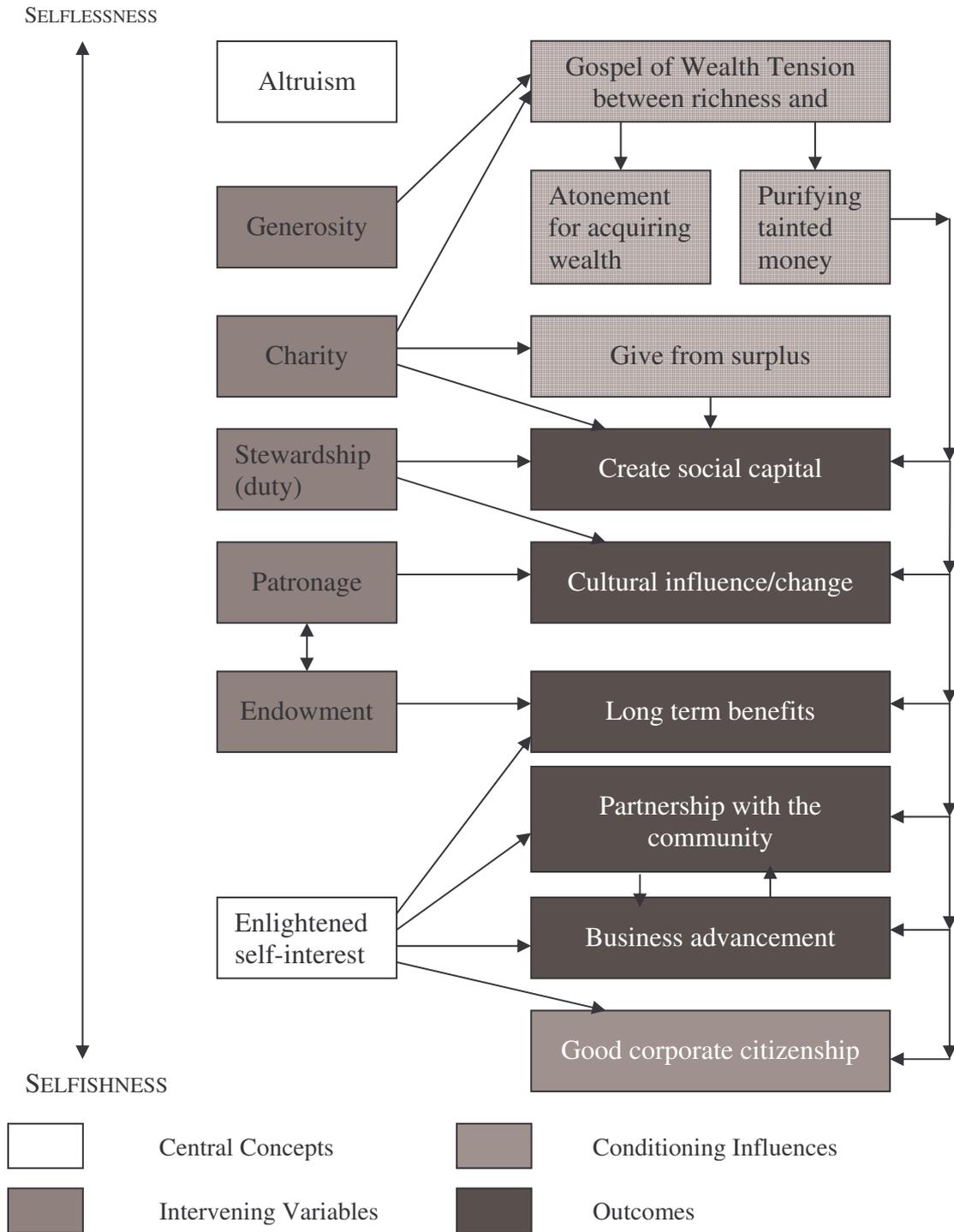


Figure 1-1 The Meaning of Philanthropy (Fig 4-4 in earlier work)

Pointing to the changes brought by civilisation during the 19th century, Carnegie referred in particular to the manufacture of products from the time when articles were made in the home to modern industry where mass produced articles are of better quality

and available at much lower prices. He saw that a man of wealth had a duty to “consider all surplus revenues that come to him simply as trust funds, which he is called upon to administer” (p. 25).

The Asia-Pacific Centre at Swinburne University would extend the meaning of philanthropy beyond ‘giving’ by encouraging new forms of social investment, in which commercial enterprise is being shaped by social as well as financial goals, to create innovative models of sustainable community services, environmental protection and social development, as well as new business opportunities²⁸.

Lyons (2001) offers by way of definition of philanthropy, “... voluntary gift of time or money to advance the public good” (p. 91). Kennedy (1982) “argues that there has been little difference between charity and philanthropy. He points out that charity refers to Christian love, but in the Middle Ages it became almsgiving to save one’s soul (in Kenny, 1994, p. 29). Relevant to this thesis is his suggestion that “while the ideal of philanthropy was based on love of humanity, it has been used by those in power to save their property by buying off the poor” (p.29). In similar vein, Josiah Mason, a Birmingham industrialist and philanthropist of the 19th century, worried that industrialisation and urbanisation had forced many people who were illiterate, sick or poor, to depend on charity (Swain, 1996, p. 23), and that these circumstances would lead to social revolution. To counter this concern he used his wealth to establish orphanages and almshouses and the Birmingham Homoeopathic Hospital (Jones, 1995, pp. 4, 56-103).

In the climate of more recent interest in the Triple Bottom Line and The Third Way, the Asia-Pacific Centre for Philanthropy and Social Investment at Swinburne University, Melbourne proposes that:

The meaning of philanthropy is being extended beyond giving by encouraging new forms of social investment, in which commercial enterprise is being shaped by social as well as financial goals, to create innovative models of sustainable community services, environmental protection and social development, as well as new business opportunities²⁹.

The Centre proposes that there are now two fields of philanthropy, “traditional

²⁸ Asia-Pacific Centre for Philanthropy and Social Investment, 2003, ‘Social Investment’, <http://www.swinburnephilanthropy.net/social.htm>, accessed 14 October, 2003.

²⁹ Asia-Pacific Centre for Philanthropy and Social Investment, 2003, ‘Social Investment’, <http://www.swinburnephilanthropy.net/social.htm>, accessed 14 October, 2003.

philanthropy” and “social investment”³⁰.

1.16.2 Altruism

As indicated in Figure 1-1 (refer above p. 45) the continuum of philanthropy runs from ‘selflessness’ to ‘selfishness’. Right at the top of ‘selflessness’ stands ‘altruism’, alone and not connected to any of the other meanings of ‘philanthropy’. The earlier work and the more recent literature review indicated a considerable body of literature on the topic, revealing a broad range of views on meaning, quite some confusion in the discussions, and a lack of agreement on its meaning. Some writers thought that true altruism was not possible for human beings because of the driving force that self-interest exerts on human behaviour (Mansbridge, 1990, pp. ix, 133; Elster, 1989, pp. 53-54; Warrender, 1957, pp. 200-221; Hobbes, 1887, pp.65-79³¹; Smith, A., 1776/1937). Titmuss (1971), in the study he did of the motivations of blood donors in the US, pointed out that many different notions are exemplified in the making of any kind of gift. These include moral, social, psychological, religious, legal and aesthetic beliefs (p. 71).

Participants in this study revealed various understandings of ‘philanthropy’ and spoke of ‘giving’ in the same breath. ‘Altruism’ was not a word that was found to be commonly used by respondents. Professional fundraisers mostly opted for ‘giving without expecting any return’ (Focus Group, Sydney, 25 March, 2003) as an acceptable meaning. The key here is the fact that returns are not expected even if they are received on occasions. As will be expanded upon further, individual givers were not seeking returns but at least one thought that “a letter of thanks is nice” (D.S., *pers. comm.*, 3 March, 2003).

At least one participant was adamant that it is not possible to apply the term ‘philanthropy’ to corporate giving in any form, because he thinks that corporations always seek a return, therefore “giving will inevitably be related to business” (de Crespigny, 5 March, 2003). His view is supported by Dienhart (cited in Yankey, 1996-97, pp. 12-14) who “would not allow altruism any place in corporate philanthropy”. Both he and Drucker (cited in Yankey, 1996-97, p. 14) have the view that “donations should be treated as investments, and businesses should expect a return from those investments as from any other investment” (Smith, 2000a, p. 48). A pertinent example

³⁰ Asia-Pacific Centre for Philanthropy and Social Investment, 2003, ‘Social Investment’, <http://www.swinburnphilanthropy.net/social.htm>, accessed 14 October, 2003.

³¹ Hobbes (1588-1679) had *Leviathan* published in 1651. This edition was printed in 1887.

of 'enlightened self-interest' from the public arena is Normandy Mining's major gifts to programs for Aboriginal welfare and education in Australia, and for the preservation of Aboriginal history and artefacts at the South Australian Museum (P. D. S., *pers. comm.*, 5 March, 2003). Normandy Mining Limited is "Australia's premier gold company, a leading zinc producer and an active explorer" (Normandy Mining, 2000). The company had recently "joined Quadrem, the Mining, Minerals and Metals eMarketplace as a Founding Shareholder" (Normandy Mining, 2000). While this company's gifts may accrue benefits for indigenous people and for the community generally, they should probably not be regarded as altruistic. There are benefits for the company in supporting indigenous projects because such support assists in developing a suitable public relations climate in which to negotiate the use of potential mine sites, as well as maintaining co-operative relations with the traditional owners regarding existing mining operations. At the same time Normandy is able to discharge its corporate social responsibility. An interview with the founder of Normandy, Robert de Crespigny sheds further light on the philosophy behind the company (refer Ch. 5, Section 5.8.4, pp. 227-229).

Other views expressed by McKean (1975) and backed up by Collard (1978, p. 13) present the notion "that the market-exchange system requires a considerable amount of mutual trust and so he likened developing trust between people to altruism, which he thinks is incremental" (Smith, P. D., 2000a, p. 48). The theme of trust occurs in much of the literature about 'corporate social responsibility' and the acquisition of 'social capital' so it is useful here to take note of Fukuyama's (1995) definition of trust in this way:

Trust is the expectation that arises within a community of regular, honest and cooperative behaviour, based on commonly shared norms, on the part of other members of that community. Those norms can be about deep 'value' questions like the nature of God or justice, but they also encompass secular norms like professional standards and codes of behaviour (p. 26).

Collard (p. 3) believes "that human beings are not completely selfish, even in their economic dealings, even though he concedes that textbooks are dominated by cases relating to the rational self-interested economic man" (p.3). Mansbridge (1990, p. 133), Elster (1989, pp. 53, 54) and Monroe (1996, p. 3) thought that "self-interest was necessary for there to be altruism and that it provided a point from which to explain, not so much altruism, but altruistic behaviours" (Smith, P. D., 2000a, p. 49).

It is important throughout these discussions on the meaning of philanthropy to consider what it is that drives humanity. Fukuyama (1992, p. 337) argues, following Plato, that the drivers of humanity are reason, desire and self-esteem. He compares his view with that of Nietzsche (in Fukuyama, 1992, p. 335) and argues that Nietzsche believed only self-esteem and our own meanings and values drive us on (p. 337). This is a major discussion that impacts on our understanding of democracy and the power of people within democratic nations but it is not a debate that needs to form part of this thesis, although it does have some relevance to the discussions on motivation.

1.16.3 Generosity

In considering ‘generosity’ the question comes to mind as to how it differs from ‘charity’, the next block on the continuum of philanthropy. Both relate to the Carnegie’s theory of the Gospel of Wealth (1889 in Kirkland, 1962, p. 25) in that givers could feel the tension between richness and goodness. For example, Helen Macpherson Smith, formerly known as Helen M. Schutt (Philanthropy Australia, 2002, p. 89) was described by Swain (1996, pp. 22, 23) as “generous” with her inherited wealth. The Trust that bears her name lists an annual disbursement of \$3,200,000 to education, health, medical research, culture and social welfare in the state of Victoria (Philanthropy Australia, 2002, p. 89).

Sidney Myer was ‘generous’ with the fortune he created from the Myer Emporiums, the forerunner of today’s Coles Myer chain of retail stores, but he used the word ‘philanthropy’ rather than ‘generosity’ and “always stressed that he wished to confront the cause of poverty, not the effect, and as a consequence much of his philanthropy was directed at providing work and educational opportunities not otherwise available” (Cromie, 1998, p. 78). However, it can be readily seen that it would be unlikely that a giver would refer to himself as ‘generous’ while other people may well do so. One of Sydney Myer’s biographers, Ambrose Pratt, concluded his book with the words, “His life ended, an unfinished symphony of generosity” (Pratt, 1978, p. 167). Philanthropy, charity or generosity, the fact remains that the Myer Foundation today has an “annual disbursement of \$6,000,000” (Philanthropy Australia, 2002, p. 125), and lists among its priority interests “growth of philanthropy” (p. 125). A significant aspect of Sidney Myer’s legacy is not just the growing fund available to carry out its purpose “to build a fair, just, creative and caring society by supporting initiatives that promote positive change in Australia, and in relation to its regional setting” (p. 124), but that the Myer

Foundation now involves more than 40 family members, some of whom are fourth generation (P. D. S., *pers. comm.*, 13 March, 2003) and a number of these have established their own personal charitable trusts, and thus are carrying on Sidney Myer's concern with "root causes" (Cromie, 1997, p. 78). At his death Sidney Myer "was still a millionaire. But he left one tenth of all he possessed to charity and culture" (Pratt, 1978, p. 167).

Overall the Myer family gives away "between \$9 and \$10 million annually" (P. D. S., *pers. comm.*, 13 March, 2003). Much more could be written about this subject but suffice it to say most gifts are made from surplus (P. D. S., *pers. comm.*, 1975-2004). This raises the question as to what is "surplus", as one would have to believe that it means different things to different people, but that is not a question vital to this thesis.

Compton (1995) thought that 'generosity' and 'philanthropy' were "powerful partners" (p. 114) and in the ensuing text seems "to be saying that giving money away is a means of atoning for acquiring wealth" (Smith, P. D., 2000a, p. 55). In a number of personal discussions Compton reiterated this view and explained how he managed the consequences of this belief (P. D. S., *pers. comm.*, 1989-1994). A not dissimilar view was expressed by at least one of the individual philanthropists interviewed for this study (P. D. S., *pers. comm.* 3 March, 2003), a further indication that thinking such as Carnegie's is not as out of date as one might be tempted to think, and therefore relevant to this research.

Note should be taken also of another notion emanating from the Gospel of Wealth, that is 'purifying tainted money'. "General William Booth, founder of the Salvation Army was reputed to accept gifts from any source" (Smith, P. D., 2000a, p. 55) saying "if the money is dirty, well then, we will wash it in the tears of the widows and orphans, and lay it on the altar of humanity" (Booth-Tucker, 1898, pp. 102-106 cited in Tooley, 1898, Temple). The notion of 'tainted money' is like most, if not all, of the blocks in Figure 1-1 (p. 45), a subject for a thesis by itself.

1.16.4 Charity

Associated with the understanding of 'philanthropy' is the definition of the recipient of philanthropy, which is usually a 'charity', although in Figure 1-1 'charity' is a verb, not a noun. An Inquiry into the Definition of Charities and related Organisations conducted in 2001 for the PM's Community Business Partnership was chaired by the Hon. Ian

Sheppard AO QC with members Robert Fitzgerald AM and David Gonski.

The Treasurer, The Hon. Peter Costello, in “releasing the Government’s response to the Report” (2003) stated, “The legislative definition of a charity will closely follow the definition that has been determined by over four centuries of common law, but will provide greater clarity and transparency for charities” (p. 1). The details of the core definition are that a reference in any Act to a charity, to a charitable institution or to any other kind of charitable body, is a reference to an entity that is:

- a not-for-profit entity; and
- has a dominant purpose that:
- is charitable; and
- unless subsection (2) applies is for the public benefit; and
- does not engage in activities that do not further, or are not in aid of, its dominant purpose; and
- does not have a disqualifying purpose; and
- does not engage in, and has not engaged in, conduct (or an omission to engage in conduct) that constitutes a serious offence; and
- is not an individual, a partnership, a political party, a superannuation fund or a government body. The entity’s dominant purpose need not be for the public benefit if the entity is:
 - an open and non-discriminatory self-help group; or
 - a closed or contemplative religious order that regularly undertakes prayerful intervention at the request of members of the public (Commonwealth Government, 2003b, p. 3).

In his Press Release on the matter the Treasurer highlighted the addition of the following types of bodies “to be charities”:

... not-for-profit child care available to the public, self-help bodies that have open and non-discriminatory membership, and closed or contemplative

religious orders that offer prayerful intervention for the public (Treasurer, 2003, p. 1).

In addition the Prime Minister announced two changes recommended by the PM's Community Business Partnership aimed at "making Australia's taxation system friendlier to companies and individuals who want to give, helping tax deductible gift recipients attract donations." (2003, p. 1) The changes are first, as announced on 11 December 2001, "the spreading of deductions for cash donations over five years" (p. 1), and second the Government has moved to change the situation where "if a deductible gift recipient holds a fundraising dinner, none of the cost of attending the dinner is deductible even if some of the payment is intended as a donation" (p. 1). As from 1 July 2004 "people will receive a tax deduction for the donation component of any payments to a deductible gift recipient." (p. 1).

Of importance to this study is the Treasurer's request to the Board of Taxation "to consult widely with the charitable sector on an exposure draft of the legislation" (Board of Taxation, 2003, p. 1). The Board was asked to "report back to the Government by the beginning of December 2003" (p. 1) and the Terms of Reference were made available over the Internet. Submissions were invited from "interested charitable organisations" and the closing date was 30 September 2003 (Australian Taxation Office, 2003, p. 1). Terms of Reference 2 relates particularly to this thesis in that the Board was asked to "specifically consult on whether the public benefit test in the Charities Bill 2003 should require the dominant purpose of a charitable entity to be altruistic, as recommended by the Report of the Inquiry into the Definition of Charities and Related Organisations." (p. 2.) The Treasurer has stated that "The new definition will apply from 1 July 2004" (p. 1).

On 1 July 2004 the Australian Taxation Office made "a statutory extension to the common law meaning of charity to allow:

- Organisations providing non-profit child care available to the public,
- Open and non-discriminatory self-help bodies that are for charitable purposes only, and
- Closed or contemplative religious orders that offer prayerful intervention for the public

to be treated as charities for the purposes of all Commonwealth legislation” (Australian Taxation Office, 2004).

From 1 July, 2005 new endorsement arrangements will begin:

Charities will need to be endorsed by the Tax Office in order to access income tax, fringe benefits tax (FBT) and goods and service tax (GST) charity concessions. Currently, charities only need to be endorsed to access income tax concessions.³²

Following on from adopting the new definition, the Government is establishing “a new category of deductible gift recipient for charities whose principal activities promote the prevention and control of harmful and abusive behaviour among humans”³³.

As to the work of The Board of Taxation, Chairman Warburton has argued that the Board “should not make tax policy” because “I share the widely held view that Australia’s tax laws are too complex and would benefit from input by tax professionals and other community stake holders.” (Warburton, 2001, p. 59) He proposes therefore that the principal areas of focus for the Board be on:

- achieving effective community input into tax laws,
- assessing the quality and effectiveness of the laws, and on
- acting as a lightning rod for Government to discern the community’s priorities and concerns regarding the tax system (Warburton, 2001, p. 1).

1.16.5 Stewardship

Stewardship may be carried out from a sense of duty (Smith, P. D., 2000a, p. 58). Block (1993) puts it this way: “stewardship asks us to be deeply accountable for the outcomes of an institution, without acting to define purpose for others, control others, or take care of others” (p. 18). “Stewardship in a Christian sense views everything a person owns as really belonging to God and only on loan to an individual for the period of their earthly life” (Smith, P. D., 2000a, p. 58), and ultimately they will be “required to give it all back or to pass it on” (Brady, 2000, p. 1). Olford (1972, p. 40) supports Brady’s view, while Block (1993, p. 18) regards stewardship as accountability, but not control.

³² Australian Taxation Office, 2004a, ‘New tax measures for charities and assistance available from the Tax Office, <http://www.ato.gov.au/print.asp?doc=content/46622.htm>, accessed 14 September, 2004.

³³ Australian Taxation Office. 2005a, ‘Harm prevention charities and tax deductible gifts’, <http://www.assist.ato.gov.au/nonprofit/content.asp?doc=content/47611.htm&pc=001/0...>, accessed 4 August, 2005.

Block's view is a spiritual view and points also to the need for Christians in using what has been given to them "to pursue purposes that transcend short-term self-interest" (p. 18).

Another way of viewing stewardship is when the steward is really an agent acting on behalf of the owner. According to Scripture a high ranking man gave each of ten servants a gold coin and asked them to see what they could earn with it while he was away. The one who made money for his master was given even more (*Good News Bible*, St Luke, 19:12-26), while the one who simply guarded the money was castigated for being lazy. This has some resonance with today's corporate view of social responsibility, where such responsibility involves control by the governing body and the management of the various corporations seeking to fulfil this perceived responsibility. It may be seen then that stewardship is rightly placed at a level nearer to the self-interest end of the continuum than to charity.

1.16.6 Patronage

In the earlier work 'patronage' was linked with 'endowment' and referred to renaissance practices. During the Renaissance patronage was vital for poor aspiring musicians, composers, artists and architects to provide them with a living while they did their work and was also "a key to social status for both parties"³⁴. They "could not have achieved the success they did without funds supplied by patrons who recognised their talent"³⁵. For example, Galileo had two patrons and Pope Julius II was Michelangelo's patron, resulting in his achieving "near-divinity status" (*A Brief History of Patronage*, 1996, no p. no.).

In modern usage patronage has been considerably diluted from its earlier meaning. Today it more often means those who financially support worthwhile human endeavours, often in the arts field. Their support often attracts public recognition by way of naming rights, dedicated gifts and other forms of acknowledgement. Some Australian examples that may be cited are the Moran National Portrait Prize named for Doug and Greta Moran of The Moran Health Care Group; the Bond University on the Gold Coast, Queensland named for Alan Bond; and the Adler Synagogue in Double

³⁴ *A Brief History of Patronage*. 1999, http://es.rice.edu/ES/humsoc/Galileo/Student_Work/Florence06/jessdave/patronage.html, accessed 30 December, 1999.

³⁵ *Renaissance Patronage*. 1999, <http://www.southsomerset.gov.uk/bob/essay05.htm>, accessed 30 December, 1999.

Bay, Sydney named for the Adler family (Cromie, 1998, pp. 73-75). Another modern day and reasonably common meaning of patronage is where a prominent person lends their name, with or without a monetary gift, to give credibility to a particular organisation or event. As Figure 1-1 (p. 45) indicates, patronage is most closely linked to cultural influence or change, although it may also be traced back to the Gospel of Wealth.

1.16.7 Endowment

‘Endowment’ is not dissimilar to ‘patronage’ and may be interchangeable with it in some contexts. However it seemed to carry more of a self-interest meaning than patronage. Whether in the form of a bequest through a will or whether by providing monetary support during the donor’s lifetime, endowment usually is aimed at long term benefits and may be carried out in partnership with the community in the same way as are projects developed through the PM’s Community Business Partnership. However it should be noted that endowment is still related to the Gospel of Wealth. The term is used at times to refer to various forms of giving, especially such bestowals as those made to educational and professional institutions and associations in the form of scholarships and fellowships. It may refer also to larger gifts to establish or support certain institutions of an educational or cultural nature such as the Felton Bequest works of art exhibited in major Australian Art Galleries (P. D. S., *pers. comm.*, 1999), the Lowy Library at the Australian Graduate School of Management in Sydney (Cromie, 1997, p. 37), the Michell Technology Centre at Prince Alfred College in Adelaide (P. D. S., *pers. comm.*, 1999), the Shahin family’s support of “the development of Australia’s biggest mosque and Islamic Arabic Centre in Adelaide” (Cromie, 1998, p. 75), or any one of the many other examples evident in the community.

1.16.8 Enlightened self-interest

‘Enlightened self-interest’ was a phrase used by some participants in this study to explain why they supported or encouraged their companies to fund particular projects. Some of the enterprises funded through arrangements facilitated by the PM’s Community Business Partnership would seem to qualify as cases of ‘enlightened self-interest’. For example, the partnership between Adelaide Central Mission Small Business Emergency Service (SBES) and the Accountant Network, a group of accountancy firms who have offered their expertise to the SBES to assist in the

provision of “a free, confidential telephone counselling service for small business operators who are in crisis” (Prime Minister’s Community Business Partnership, 2001, p. 6). The Institute of Chartered Accountants in Australia and the Australian Society of Certified Practising Accountants provide the Accountant Network (Prime Ministers’s Community Business Partnership, 2001, p. 6). Callers to the telephone counselling service may be referred to a member of the Accountant Network “for a variety of reasons including a second opinion, an assessment of the viability of their business, or further strategies to address the problems they are facing. This service is free to the client” (p. 6).

Procter and Gamble Australia Pty Ltd, the Australian subsidiary of the UK company Procter and Gamble, developed a partnership with the Save the Children organisation that brings the employees of the company into the partnership, again facilitated by the PM’s Community Business Partnership. It is entitled ‘Better Start’ and the project aims to “address the needs of Australia’s most vulnerable children while allowing the company to give back to the community” (PM’s Community Business Partnership, 2001, p. 11). These are examples of partnerships that assist “low-income and unemployed youth” (p. 7), and “indigenous and non-indigenous community groups in the Northern Territory and throughout Australia” (p. 8). The Broken Hill community will benefit from a partnership between Broken Hill Community Inc., Broken Hill Chamber of Commerce, Broken Hill City Council and South Broken Hill Rotary Club, facilitated by the Prime Minister’s Community Business Partnership “in an effort to revitalise and prepare the community for the last mine closure in 2006” (P M’s Community Business Partnership, 2001, p. 9).

Examples of ‘enlightened self-interest’ abound, in fact the topic could be the subject of another thesis. It may be seen too that ‘corporate citizenship’ or ‘corporate social responsibility’ comes into the realm of enlightened self-interest, but may still be linked back to the Gospel of Wealth, because the community benefits from these efforts. Business advancement is a good reason for being a good corporate citizen. Corporate social responsibility is often aimed at advancing the donor company’s business, but an interesting study for the future could be to research the connections between the two to test that statement.

If philanthropy encompasses all of the meanings set out in Fig. 1-1 (p. 44) then the question must be asked as to what acts of generosity are not philanthropy. It seems that

the answer to this question may depend upon one's point of view. For example, Sir Eric Neal would not include corporate sponsorship in philanthropy because he sees it as advertising (refer Ch. 5, Section 5.1, p. 158), but there were those participants, such as Westpac, that included sponsorship within the bounds of their philanthropy. As Lupi (Smith, 2000) stated "Westpac wants value for its charity dollar" (p. 109). In another example, BHP Billiton speaks of "sustainable community development" (refer Ch. 4, Section 6.1, p. 133) to which the company has a target of contributing "in aggregate, one per cent of our pre-tax profit on a rolling three-year average" (p. 133) thus smoothing out the unevenness of annual profit results. Another mining company, Rio Tinto, through Rio Tinto WA Future Fund states that it aims to invest "in genuine external relationships" (refer Ch. 4, Section 6.4, p. 138) in addition to "the corporate philanthropy and sponsorship activities of individual businesses within Rio Tinto" (refer Ch. 4, Section 6.4, p. 138). The Fund's literature indicates a desire for "a genuine exchange of benefits other than the usual sponsorship offerings" (refer Ch. 4, Section 6.4, p. 138).

Other examples within this thesis include the National Australia Bank Group that reports a total corporate community investment for the year 2004 of \$12 m. with the breakdown showing \$1.4 m. for "charitable gifts" (refer Ch. 4, Section 6.5, pp. 140-1. Shell Australia has tackled the matter in a different way, by setting up the Shell Foundation Australia that aims "to meet both social and business interests in the wider area of social performance" (refer Ch. 4, Section 6.2, pp. 135, 136). Major conglomerate Wesfarmers seems to have clear goals for its corporate philanthropy indicating "enlightened self-interest" as "the key reason for giving, because it had been pointed out that philanthropy would enhance the company's reputation" (refer Ch. 5, Section 5.1, p. 158). De Crespigny was clear that "it is not possible to apply the term 'philanthropy' to corporate giving in any form" because as he explained companies will always seek a return (refer Ch. 1, Section 16.2, p. 46).

Without recapping similar statements from other companies studied it may be pointed out that, while 'corporate citizenship' or 'corporate social responsibility' may be seen as 'enlightened self-interest', "the community benefits from these efforts" (refer Ch. 1, Section 16.8, p. 55). Thus arises a dilemma for those who would define 'corporate philanthropy' as to where corporate social activities fit on the amended Conceptual Continuum, The Meaning of Philanthropy (Fig. 6-2, p. 294). It is suggested

that a line may be drawn under ‘endowment’ on the figure so that ‘enlightened self-interest’ becomes the only concept not included in philanthropy, but then corporate representatives may argue that philanthropy is all-encompassing. It is this researcher’s view that all concepts may be included in the meaning of philanthropy, with the proviso that they must benefit the community. In the earlier work a similar, although less refined view was expressed thus, “For the purposes of this project it was decided to include all corporate contributions of all types to NPOs as corporate philanthropy” (Smith, P. D., 2000, pp. 153, 154). Clearly further research is needed, but even when that is completed doubt will probably still arise as to whether the dilemma is capable of resolution, due at least in part to the diversity of ethos of the corporations, as well as the wide-ranging experience and aims of their chief executives, board members and executive staff.

1.16.9 Motivations

The preceding ‘Conceptual Continuum’ on the meaning of philanthropy would seem to lead to the question as to what motivates people to participate in philanthropy at these various levels. Looking at the work of Maslow (1954) it may be noted that the key lies in his discussion of an Hierarchy of Needs (Fig. 1-2 below), beginning with the basic physiological needs such as oxygen, water, food, rest and sleep and through to self-actualisation needs or “growth motivation”. The hierarchy moves ever higher through physiological, safety, belonging and esteem or “deficit needs” to “being” or “self-actualisation” needs. He suggests that once the lower level basic physiological needs are satisfied people move to the next level of safety needs and so on through to self-actualisation. His hierarchy of needs is set out in pyramid form and the discussion is extensive and well beyond the scope of this thesis. However it should be said that givers to charity could well be seeking to meet any of the three higher levels of needs, viz. belonging, esteem and self-actualisation.

However it is important to have a view on the meaning of ‘motivations’ in this context, and this search leads to ‘social identity theory’. Tajfel (1984) in writing about ‘The social dimension of goal-directed action’ from a European perspective wrote, “Actions depend in part upon pre-established plans, but at the same time they are

continually developed and adjusted to take account of social circumstances. And who

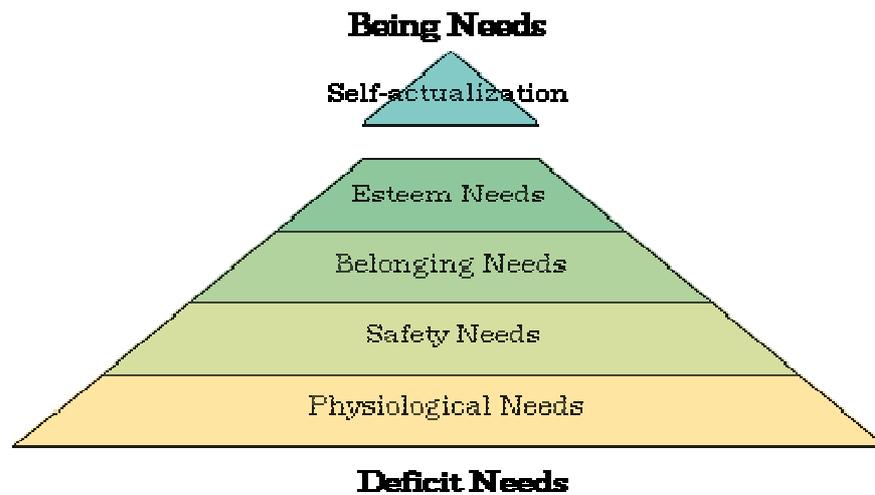


Fig. 1-2

Maslow's Hierarchy of Needs³⁶

can doubt that they arise from motives and are accompanied by emotions?" (p. 287). He believed that any theory that might be developed would have to "take into account, or at least allow for, many diverse influences and processes" (p. 287). In addition Billig (1996) thought that Tajfel's psychological work reflected his own background and was in doing so "making the general point that social history conditions thought" (p. 339,340). Bandura (1995) makes a not dissimilar point when he says that "beliefs are systematically varied, and are consistent in showing that such beliefs contribute significantly to human motivation and attainments" (p. 3).

A further aspect that is worthy of mention in the context of this thesis is that while individuals may have a sense of self-efficacy, there are those challenges in life relating to common problems that call for group effort. As Bandura(1995) writes:

Many of the challenges of life center on common problems that require people working together to change their lives for the better. The strength of families, communities, social institutions, and even nations lies partly in people's sense of collective efficacy that they can solves the problems they face and improve their lives through unified effort (p. 35).

Ng (1996) seemed to agree when he made the point that social identity theory confirmed his "cultural belief in the values of the 'group' to the lives of its members"

³⁶ Boeree, G. Abraham Maslow, 1908-1970, 'Personality Theories: Abraham Maslow', <http://www.ship.edu/%7Ecgboree/maslow.html>, accessed 23 January, 2006.

(p. 191). He introduced a further relevant point when he wrote also that “social identity theory distinguished power from status...it should also treat power as an equally, if not more fundamental dimension than identity, social comparison, and both intra- and inter-group differentiation” (p. 192). According to Stryker (2000):

Although interest in the concept of collective identity has grown dramatically among movement scholars in recent years, work in this area remains conceptually muddy at best” (p. 62).

Another aspect that seems to relate well to philanthropic acts is put forward by Owens & Aronson (2000) when they purposefully link “aspects of self-esteem and identity to the impetus to become involved in social movements” (p. 191). Involvement in social movements may mean putting money in to forward the cause and they point out that “rational choice accounts argue that individuals are rational actors who judge and act on the potential benefits and costs of participation” (p. 192).

While there is much more literature on ‘motivations’ and ‘social identity theory’ that could be pursued it is considered the above selections are most appropriate to the purposes of this thesis. In summary the following points are highlighted:

- using Maslow’s Hierarchy of Needs givers may be categorised at three levels viz. belonging, esteem and self-actualisation.
- actions are developed to pre-established plans but are continually being adjusted to allow for social circumstances.
- There is little doubt that actions arise from motives and are accompanied by emotions.
- There are many diverse interests and processes at work in developing social identity.
- Social identity may relate to individuals or to groups.
- Aspects of self-esteem and identity may lead to involvement in social movements, and to giving money to the particular cause.

1.17 Other Important Definitions

1.17.1 Not-for-profit sector

Turning to other important definitions, the NPO Sector in Australia is not easily defined due to the wide variety of organisations that may be included. It is a loose grouping with some common characteristics, one of which is tax deductibility of donations. Among those who have attempted to define membership of the group is the Allen Consulting Group (2002) that has stated “They (NPOs) are characterised by great diversity in revenue sources, activities, governance and structure, but also by commonalities in the challenges that they face” (p. 36).

The Australian Bureau of Statistics includes the for-profit sector and government providers along with the Not-for-profit Sector under the heading of “Community Services” (Australian Bureau of Statistics, 2001, Cat. 8696.0).

The Industry Commission, in referring “charitable organisations in Australia to the Commission for inquiry” (1994-1995, p. XV), provided a lengthy definition of what they titled Community Service Welfare Organisations (CSWOs) selected from the larger NPO Sector. This definition did not include health and education service providers that did not have any other purposes, nor were the religious activities of organisations that provide welfare services included.

Lyons (2001), in whose extensive research on the Third Sector in Australia, defined the Third Sector alternatively as consisting of:

1. “all those organisations that are not part of the public or business sectors; or
2. those private organisations that are formed and sustained by groups of people (members) acting voluntarily and without seeking personal profit to provide benefits for themselves or for others; that are democratically controlled; and where any material benefit gained by a member is proportionate to their use of the organisation” (p. 5).

Lyons found common features among Third Sector organisations that included: “centrality of values, complexity of revenue generation, reliance on volunteers, difficulty in judging performance, accountability and Board/staff conflict in relation to economic contribution” (Allen Consulting Group, 2002, p. 36). It could be tempting to undertake one’s own definition here but given the diversity of the sector and the

difficulties encountered by the above, it seems to be too complex for this purpose, and in fact could be a thesis in itself. In discussing this matter with participants during this research it appeared that, in general, income tax deductibility was a major criterion for gaining financial support and that mostly gifts are not made to organisations that do not enjoy tax deductibility status, unless there is a particularly strong connection between giver and receiver. For the purposes of this thesis the definitions as understood by the participants seem to be the most appropriate.

1.17.2 Corporation

It appears that common usage tends to be that the word ‘corporation’ refers more to larger companies. The legal definition used in the Corporations Act 1989, Section 57A, p. 2602 would seem to be the most useful in this context. It states that a corporation is:

- any body corporate, whether incorporated in this jurisdiction or elsewhere, and
- a company; and
- a recognised company; and
- an unincorporated body that is formed outside this jurisdiction; and
- under the law of its place of formation, may sue or be sued, or may hold property in the name of its secretary or of an officer of the body duly appointed for that purpose; and
- does not have its head office or principal place of business in this jurisdiction.

Technically therefore, smaller companies could be included in the research (Smith, 2000a, p. 8).

1.17.3. Gift or giving

If we look to the origins of gift giving we will find a major area of study that it is not practical to explore thoroughly in a thesis such as this. However it is useful to take note of Mauss’s study (Translated by Cunnison, I., 1970) of primitive and archaic societies for a clue to the origins of the practices associated with gift giving. It should be noted that the communities that he writes about include Samoa (pp. 6-8), Maori (pp. 8-10), the Andaman Islands (pp. 17, 18), Melanesia (pp. 18, 19), northwest America (pp. 31, 32), as well as Ancient Rome (pp. 47-53), the Hindu Classical Period (pp. 53-

59) and Germanic societies (pp. 59-62). Mauss writes of 'prestations', a French word that has no convenient English translation, but is taken to mean "any thing or series of things given freely or obligatorily as a gift or exchange and includes services, entertainments, etc., as well as material things" (p. xi), and proposes that "a gift always looks for recompense" (*Havamal*, translated by Clarke, D. E. M., 1923, vv.145). Mauss suggests that in "total prestation" (p. 10) the process really becomes a form of contract as there is an obligation to repay gifts received, an obligation to give presents and an obligation to receive those presents. Further he suggests that the obligation attached a gift itself "is not inert. Even when abandoned by the giver, it still forms part of him" (p. 10). It is worth noting that Mauss's thesis was "that gifts are complex social practices governed by particular norms and obligations" (p. 76). He along with Jacques Derrida (1977) argued "that all gifts arrive burdened with obligations, and hence a truly free gift is impossible" (in Osteen, 2002, p. 2). Gudeman seems to agree but has a different argument from the reciprocity standpoint when he writes that "status lies behind reciprocity" (p. 470), or in Bourdieu's terms "symbolic capital" (p. 470). Mauss makes a further point when he suggests that some gifts are given altruistically and others are not, and the nature of a transaction may change while it is in progress, or from one prestation to another (in Osteen, 2002, p. 6). He refers then to Parry's (1986) work on the 'Indian gift' noting that such a gift, in the beliefs of theorists such as Sahlins (1972), is one "for which an equivalent return is expected" (p. 455), and to Mauss's repeated stress that in a gift there may be "a combination of interest and disinterest, of freedom and constraint" (p. 456). Komter's (1996) research into "The social and psychological significance of gift giving in the Netherlands" indicates a "moral cement" approach and emphasises the unifying effects of gift giving, and gifts' capacity to forge or solidify social bonds (pp. 107-118). He concludes that while most givers may believe that they are acting out of altruism, in fact "balanced reciprocity remains the most common paradigm for gift transactions, and that mixed motives - both generosity and a desire to be recognized generally characterize both gift givers and receivers (pp. 110, 117). In the earlier study this researcher proposed that "Self-interest may be detected in even what appear to be totally altruistic actions" (Smith, P. D., 2000, p. 49). It was thought that donating blood might be seen to be altruistic as the donor never meets the receiver and the donor gains "nothing but some short-term pain and a drink afterwards" (p. 49). However it was considered that the motivations of the donors could provide a clue as to why they decided to give blood. This researcher speculated that "the motivations of

donors are probably mixed, ranging from empathy, to duty, to self-interest in that a donor may offer their blood because they in turn may need someone else's blood some day" (p. 71). In his 1971 study of the motivations blood donors in the US Titmuss pointed out the "many different types of ideas embodied in making any kind of gift including moral, social, psychological, religious, legal and aesthetic notions (p. 71). This researcher suggested that "considered in the light of any of these notions one can detect self-interest even in altruism" (Smith, 2000, p. 49).

It is important to note here that while one could continue researching the diverse literature relating to gifts it would hardly be profitable in the context of this thesis where the general understanding of all participants was that of a gift for charitable purposes under the terms set out by the Australian Taxation Office below. As with the earlier research the words 'gift' or 'giving' seem to mean different things to different people with some informants adopting a stricter meaning than others in that some would have included staff voluntary service in their total gift to a charity, while others thought that a gift had to be financial (P. D. S., *pers. comm.*, 2003). It would seem sensible to adopt the leading test of what a gift is as used by the Australian Taxation Office. It uses the case of *FC of T v. McPhail* (1968) 117 CLR 111 (Australian Taxation Office in Reark, 1991, pp. 12, 13). "There are two limbs to this test and if either of the two is not established then a grant of any kind is not considered to be a gift. The first limb requires that the grant is transferred voluntarily by the grantor to the grantee" (p. 12) it cannot be the result of a prior contractual obligation. This limb ensures that sponsorship, cause-related marketing, gifts in kind and other variations of these forms of charitable support may not be regarded as gifts for taxation purposes.

The second limb of the test is that "the grantor may not receive an advantage of a material character by way of return in making the grant" (pp. 12, 13). This is "regardless of whether the advantage is of less value than the grant." (Smith, 2000a, p. 8). This two part test is vital in correctly determining, for the purpose of seeking income tax deductibility, whether any grant at all is a gift.

More recently the Australian Taxation Office has offered some further definitions and explanations to assist donors in determining whether a payment is a gift. First, there are four requirements:

1. the payment must be truly a gift,

2. it must be made to a DGR,
3. it must be a gift of money or property that is covered by a gift type, and
4. it must comply with any relevant gift conditions.³⁷

Examples of payments that are not gifts are the cost of attending fundraising dinners, even if the cost exceeds the value of the dinner; purchases of raffle or art union tickets; purchases of chocolates, pens etc.; membership fees; payments to school building funds as an alternative to an increase in school fees; and payments where the person has an understanding with the recipient that the payments will be used to provide a benefit for the ‘donor’³⁸.

1.17.4 Civil society

Writings on the subject of ‘civil society’ abound from as far back as the time of Socrates, Plato and Aristotle through to de Tocqueville, Marx, Hobbes and more recently scholars such as Fukuyama (1995), and Rawls (1999). On one hand it seems that the term ‘civil society’ is self-explanatory but on the other hand understanding may be based on what a person already knows and thinks about it.

Civil society according to Fukuyama (1995) comprises “a complex welter of intermediate institutions, including businesses, voluntary associations, educational institutions, clubs, unions, media, charities and churches” (p. 4) and it “builds, in turn, on the family, the primary instrument by which people are integrated into their culture and given the skills that allow them to live in broader society and through which the values and knowledge of that society are transmitted across the generations” (pp. 4-5). The major elements of a civil society according to O’Brien (1999) are meeting individual needs while also achieving collective ends. “It is supposed that this happens best when people in a society treat each other in a civil manner”³⁹.

The mission statement of Civil Society International states in part, “the keystones of civil society: limited government, popular elections, and the rule of law; free association and expression; regulated, but open and market-oriented economies; aid to the poor,

³⁷ Australian Taxation Office. 2005b, ‘Making tax deductible donations’, <http://www.ato.gov.au/nonprofit/content.asp?doc=content/8568.htm>, accessed 20 March, 2005.

³⁸ Australian Taxation Office. 2005b, ‘Making tax deductible donations’, <http://www.ato.gov.au/nonprofit/content.asp?doc=content/8568.htm>, accessed 20 March, 2005.

³⁹ O’Brien, R. 1999, ‘Civil Society’, <http://www.web.net/~robrien/papers/ci>, accessed 2 February, 1999.

orphaned, elderly, sick or disabled, and finally, civic cultures that value pluralism and individual liberty but also respect human needs for community and shared visions of the common good”.⁴⁰

Cox in delivering the 1995 Boyer lectures spoke of the “The Companionable State” arguing “that government, particularly in Australia, is a major player in creating a civil society. It should not act merely as a safety net in the last resort, caring only for those who cannot care for themselves. Trust is an important element of a civil society. Cox thought that the power of the state should be used “to build trust, contain the powerful, and encourage the powerless”.⁴¹

UN Secretary-General, Kofi Annan speaking of ‘Partners in Civil Society’ says, “The United Nations once dealt only with Governments. By now we know that peace and prosperity cannot be achieved without partnerships involving Governments, international organizations, the business community and civil society. In today’s world, we depend on each other”⁴².

Picking up on the issue of dependence upon each other, it should be pointed out that a civil society ought to be one where the concept of ‘trust’ and ‘mutual obligation’ is prime currency (Misztal, 1996, p. 3). Misztal sees civil society as primarily in “the sphere between the state and the family” (p. 46). She “claims that the revival of interest in civil society emerged in part from the recognition that the legal formulas of citizenship do not necessarily promote participation or solidarity, or explain satisfactorily the need for the public sphere” (p. 46). Further she suggests that “the decline of socialism/communism as an argument for class-based solidarity has left a space that liberalism fails to fill” (p. 46). According to Misztal “the institutions of civil society are the chief counters to the promotion of communication, marketization, and privatization by the market and the neo-liberal state” (pp. 46, 47).

The World Bank (2004) makes some important points about civil society. First, a strong civil society has the potential to hold government and the private sector accountable, and second, civil society gives a voice to the people, elicits participation,

⁴⁰ Civil Society International. 2004, ‘Our Mission’, <http://www.civilsoc.org/>, accessed 20 May, 2003.

⁴¹ Cox, E. 1995a, ‘The Companionable State’, Boyer Lecture No. 4, <http://www.abc.net.au/rn/boyers/boyer11.htm>, accessed 27 June, 2003.

⁴² NGOS & Civil Society & the UN. 2004, ‘The United Nations: Partners in Civil Society’, http://www.un.org/partners/civil_society/home, accessed 20 May, 2003.

and can pressure the state⁴³.

1.17.5 Globalisation

Possibly the best understanding of globalisation is demonstrated by Giddens (2000). In a discussion with Will Hutton he makes salient points about the meaning of the term. First he points out that the term is relatively new and yet he doubts if:

... there is a single country in the world where globalisation isn't being extensively discussed. The global spread of the term is evidence of the very changes it describes. Something very new is happening in the world (p. 1).

The “something very new” he refers to becomes clearer if we take his point that it is not just a “single set of changes” (p. 1), but rather involves “a number of overlapping trends” (p. 1). Sweeping improvements in communication have been made possible by satellites, the establishment of the World Wide Web or, as it is mostly referred to ‘the Internet’, and other telecommunications facilities.

A second big change is that the new ‘knowledge economy’ operates on vastly different principles from its forerunner, the ‘industrial economy’. The growth and scope of financial markets is one of the main factors contributing to this change.

Third, all this has happened since 1989 and following the fall of communism in the Soviets and their consequent inability to compete in the ‘knowledge economy’.

In addition there have been other major transformations, particularly the “growing equality between women and men” (p. 2) and the consequent changes in the family that has been regarded as the basic unit of society. At the same time the divide between the wealthy and the poor has increased markedly with just a few people holding the majority of the wealth in the world. All of these things are marks of globalisation (p. 2).

1.18 Social Capital

All of the notions of philanthropy indicated in Figure 1-1 (p. 45) are connected to social capital because, whatever lies behind philanthropic acts in terms of motivation and expectations, gifts made in such a spirit usually create social capital. It is important then to understand the meaning of ‘social capital’. There has been considerable discussion and debate about what is really meant by the term ‘social capital’ and many scholars

⁴³ The World Bank Group, 2004a, ‘Social Capital and Civil Society: Social Capital and Civil Society Can Strengthen Democracy or Promote Change’, <http://www.worldbank.org/poverty/scapital/sources/civil2.htm>, accessed 30 January, 2004.

have written about it, so a selection has had to be made from both competing and complementary definitions that may aid understanding of the term.

Winter (2000) thought that social capital is a “contested concept” (p. 31), and means different things to different people depending upon their particular perspective. A company chairman or managing director will probably see it in terms of the benefits to the business in which they are engaged, while charitable gift recipients will almost certainly see it in terms of benefits to the clients of their organisation and others in like welfare situations. Members of a community, or group within a community may see social capital in terms of improvements to, or services for their community. Winter (2000) traces the lineage of the term ‘social capital’ back to a 1916 article by L. F. Hanifan, a West Virginian school reformer who thought that social capital is “those tangible assets that count for most in the daily lives of people: namely good will, fellowship, sympathy and social intercourse among the individuals and families who make up a social unit” (p. 18, 19). He proposes as a working definition, “social relations of mutual benefit characterised by norms of trust and reciprocity” (p. 38). He takes his definitions of ‘reciprocity’ from Taylor (1982), “short term altruism and long-term self-interest” (p. 106 in Winter, 2000), and de Tocqueville (1969, p. 513), “self-interest rightly understood”.

As identified by White (2002, p. 257) there seem to be two competing perspectives on the meaning of social capital represented by the views of Coleman (1990) and Putnam (2002). According to Coleman (1990) social capital began with informal family and community activities but has been embraced more recently by governments in a formal way (p. 304). He appears to consider social capital more as an individual thing, albeit within a family or group, and emphasises the importance of relationships of trust within society, thus building “bonding capital” (p. 257), so his definition is, “Social capital...is created when the relations among persons change in ways that facilitate action...Social capital and human capital are often complementary” (p. 257). On the other hand Putnam (2002) saw social capital as operating at a higher level than individuals and as a feature of social organisation building “bridging capital” for the good of the community (p. 257). He wrote (1995) that “Social capital refers to features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (p. 2) and “trust and engagement are two facets of the same underlying factor - social capital” (p. 6). Then in almost a

contradiction, he concludes that “social capital is a durable and dynamic advantage gained by an individual or a group of individuals only through social interaction” (p. 258). It seems that trust is the key to a reciprocal systemic relationship that produces social capital.

Stewart-Weeks and Richardson (2000) emphasised the role of the family in this way, “The family of origin was an important source for learning about trade in social capital. Where parents provided good role models of social capital at work, children were also more likely, both now and in the future to be engaged in social capital-promoting activities.” This definition begs the question about whether there is really a role for government (pp. 32-33).

1.18.1 Social capital and government

The current Federal Government has embraced the concept of social capital in the context of its policies relating to families and the community (Winter, 2000, p. 71). An Australian Bureau of Statistics Discussion Paper points out that some may argue with Winter’s definition but nevertheless uses it as a working definition for the purposes of the Paper. In an apparent contradiction the Bureau indicates that, “The ABS is adopting the OECD definition of social capital: ‘networks, together with shared norms, values and understandings which facilitate cooperation within or among groups’”⁴⁴. The ABS offers yet another definition on its Web site:

Social capital relates to the resources available within communities as a consequence of networks of mutual support, reciprocity, trust and obligation. It can be accumulated when people interact with each other in families, workplaces, neighbourhoods, local associations and a range of informal and formal meeting places⁴⁵.

1.18.2 Creation and networks

Lin (2004) takes up the Marxist definition saying that social capital is seen:

... as a part of the surplus value captured by those who control production means, in the circulations of commodities and monies between the production

⁴⁴ Australian Bureau of Statistics, 2003a, ‘Social Capital: ABS Draft Social Capital Framework Diagram: Rationale’, <http://www.abs.gov.au/CA25670D007E9EA1/0/6256A9B6352B3B2FXCA256C22007EF57>, accessed 27 June, 2003.

⁴⁵ Australian Bureau of Statistics, 2003b, ‘Measuring Social Capital: current collections and future directions’, <http://www.abs.gov.au/852563C30080E02A/0/6CD8B1F3F270566ACA25699F0015A02>, accessed 20 June, 2005.

and consumption process.... The basic assumption behind social capital is that there are investments in social relations with expected returns⁴⁶.

Further, Lin builds “a network theory of social capital”⁴⁷ and suggests that there are “three explanations as to why social relationships enhance the outcomes of actions”⁴⁸. These explanations are first that “it facilitates the flow of information”, second that “these social ties may put forth influence on the people who have an important role in decisions”, and third that “social tie resources, and their acknowledged relationships to the individual may be viewed by the organization as social credentials or resources”⁴⁹. Coleman (1990) said that social capital “is created when the relations among persons change in ways that facilitate action...Social capital and human capital are often complementary” (p. 304). He sees social capital as “very much a property of social interaction, thus not something that can be held by individuals”, nor does he see it as being able to be held by organisations (p. S102).

In the 1995 Boyer Lectures on *A Truly Civil Society*, Cox laid out a plan for raising social capital and stated that, “Social capital is the store of trust, goodwill and co-operation between people in the workplace, voluntary organisations, the neighborhood, and all levels of government” (Cox, 1995c, p. 1). This involves the three core elements of political and social systems, “state, market and society” or “politics, economics and society” (Loughlin, 2004, pp. 15, 16). Loughlin points out also that in a welfare state system, although all three are congruent in theory, the state is usually dominant and trying to a certain extent to “control society and market in a top-down manner” (p. 16). However in the neo-liberal paradigm the market is on top. While it would not seem necessary to go into these relationships in detail for this work it seems that social capital will be created in some way in any case. If there were no social capital created at all then the society would become unworkable.

Giddens (2000) also took up the notion of ‘trust’ when he wrote, “Social capital refers to trust networks that individuals can draw upon for social support, just as financial capital can be drawn upon to be used for investment. Like financial capital,

⁴⁶ Lin, N. 2004, ‘Building a Network Theory of Social Capital’, <http://poverty.worldbank.org>, accessed 2 February, 2004.

⁴⁷ Lin, N. 2004, ‘Building a Network Theory of Social Capital’, <http://poverty.worldbank.org>, accessed 2 February, 2004.

⁴⁸ Lin, N. 2004, ‘Building a Network Theory of Social Capital’, <http://poverty.worldbank.org>, accessed 2 February, 2004.

⁴⁹ Lin, N. 2004, ‘Building a Network Theory of Social Capital’, <http://poverty.worldbank.org>, accessed 2 February, 2004.

social capital can be expanded; invested and reinvested” (p. 78).

Elkington (1998) also discusses ‘trust’. He said that social capital is “A measure of the ability of people to work together for common purposes in groups and organizations. A key element of social capital is the sense of mutual trust.” (p. 397). Norton (1998) also has offered a definition of social capital described by Winter (2000, p. 30) as “neutral”. Norton’s definition is very simple and capable of broad interpretation, “relations between people with an on-going productive capacity” (p. 41).

The World Bank (2004) on its Web site suggests that social capital “has quickly entered the common vernacular of our discussions about the connectedness of citizens to their community”⁵⁰. The Bank answers the question, “What is Social Capital?” in this way: “Social capital refers to the institutions, relationships and norms that shape the quality and quantity of a society’s social interactions”⁵¹ and refers to social capital as “the norms and networks that enable collective action”⁵².

The Bank acknowledges the value of social capital. It figures as one of the four indicators, in its “wealth accounting system” along with natural capital, produced assets and human resources (Tanner, 1999, p. 83; Winter, 2000, p. 17). The Bank provides the following definition: “Social capital refers to the norms and networks that enable collective action” and adds, “Increasing evidence shows that social cohesion – social capital – is critical for poverty alleviation and sustainable human and economic development”⁵³. A further statement is appealing, it runs “Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together”⁵⁴.

Bourdieu (1997) thought that:

Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationship of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing

⁵⁰ The World Bank Group, 2004b, ‘Social Capital: A Multifaceted Perspective’, <http://lysander.worldbank.catchword.org/v1=1999037/cl=15/nw=1/rpsv/~7351/v1n1/s1/pl>, accessed 20 June, 2005.

⁵¹ The World Bank Group, 2004c, ‘Social Capital for Development’, <http://www.worldbank.org/poverty/scapital/index.htm>, accessed 30 January, 2004.

⁵² The World Bank Group, 2004c, ‘Social Capital for Development’, <http://www.worldbank.org/poverty/scapital/conferen.htm>, accessed 30 January, 2004.

⁵³ The World Bank Group, 2004d, ‘What is Social Capital?’, <http://www.worldbank.org/poverty/scapital/whatsc.htm>, accessed 20 June, 2005.

⁵⁴ The World Bank Group, 2004d, ‘What is Social Capital?’, <http://www.worldbank.org/poverty/scapital/whatsc.htm>, accessed 20 June, 2005.

of the collectivity-owned capital, a 'credential' which entitles them to credit, in the various senses of the word. These relationships may exist only in the practical state, in material and/or symbolic exchanges which help to maintain them" (p. 51).

Bourdieu (1986) does not deny the accrual of social capital by groups, but points out that it may be gained by individuals as well because it relies on relationships between people (p. 250). Putnam (1993) and Woolcock (1998) seem to agree.

Bourdieu (1997) also suggested that there are three forms of capital; economic, cultural and social (p. 47). In his view economic capital refers to money and property, while cultural capital may be "convertible, on certain conditions, into economic capital and may be institutionalized in the form of educational qualifications" (pp. 46-58). Social capital according to Bourdieu may be made up of "social obligations" or "connections" (Richardson, 1986 cited in Bourdieu, 1997, p. 47). He proposes that social capital may be built through a network of connections or relationships "the produce of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly usable in the short or long term" (p. 52). He suggests that, in the case of educational qualifications, these may be affected by the amount of financial investment that families are able to make so that "the economic and social yield of the educational qualification depends on the social capital, again inherited, which can be used to back it up" (p. 48), and in "class-divided societies" (p. 49) the amount available varies according to economic and cultural means. Somewhat in agreement, Latham (1997, p. 16) and Fukuyama (1992, p. 292) point out that social capital involves a need for recognition of effort.

It is not the purpose of this thesis to present detailed information and views about social capital, the World Bank Group alone has "hundreds of abstracts of documents on social capital"⁵⁵. However consideration should be given to at least one other, not so much a different, as an explanatory definition of social capital, that of Szreter (2001):

Social capital flows from the endowment of mutually respecting and trusting relationships which enable a group to pursue their shared goals more effectively than would otherwise be possible. Social capital therefore depends on the quality of the set of relationships of a social group. It can never be the possession or attribute of an individual. It results from the communicative capacities of a group – something shared (p. 291).

1.18.3 The downside

⁵⁵ The World Bank Group. 2004c, 'Social Capital for Development', <http://www.worldbank.org/poverty/scapital/conferen.htm>, accessed 30 January, 2004.

All that has been written above points to social capital as a positive asset or force in the community, but there may be also a negative side brought about through misuse. For example, a group of people may come together for a purpose that is not in the best interests of the community, such as the Ku Klux Klan's anti-black activities⁵⁶, or less spectacular and less dangerous versions of those activities.

However Portes and Landholt (1996, pp. 18-21) point out an important "downside" where isolated and parochial communities along with drug cartels and corrupt organisations and administrations, can in reality "hinder economic and social development"⁵⁷. Portes (1985, in Winter, 2000) pointed out another potentially negative effect in that the norms of social capital "may limit capacity for individuals and groups to move across social boundaries" (p. 108).

The words 'trust' and 'trusting' recur throughout the literature reviewed and it seems that without trust there would be no, or very little, social capital accrued. Szreter (2001) gathers up a number of strands of thought in his statement:

Social capital flows from the endowment of mutually respecting and trusting relationships which enable a group to pursue their shared goals more effectively than would otherwise be possible. Social capital therefore depends on the quality of the set of relationships of a social group...relationships among the participants must be un-coerced and set on a basis of formal quality and mutual respect (p. 291).

It seems that social capital may be a group rather than an individual asset, although an individual may benefit from the social capital held by the group. Onyx and Bullen (1999, pp. 105-113) are emphatic that "Community is essential" because "Social capital draws much of its philosophical underpinning from a communitarian position" (Etzioni, 1988, Taylor, 1982). This holding of social capital may be formal or informal depending on relationships, provided there is trust among the individuals involved. For example, a formal holding may belong to a community association such as a kindergarten, while an informal holding may benefit people comprising a looser group, such as people who are interested in a specific activity like gardening for instance. A Post-World War II example may be found in the ethos of the Home Builders' Clubs that developed around Australia. Faced with a shortage of labour and long waits for much needed homes men banded together contributing their labour to build each other's

⁵⁶ Ku Klux Klan, 2004, <http://www.kkk.com>, accessed 15 February, 2004.

⁵⁷ The World Bank Group, 2004d, 'What is Social Capital?', <http://www.worldbank.org/poverty/scapital/whatsc.htm>, accessed 20 June, 2005.

homes. Every hour they put into working on another's home was credited to them in hours that could be spent by the group on building their home. This enabled them to build larger and better homes within an agreed time frame at a lower cost⁵⁸.

Further from home there is the example of the Grameen Bank in Bangladesh which works something like a credit union providing "credit to the poorest of the poor in rural Bangladesh without any collateral"⁵⁹. The Bank was established by Professor Muhammad Yunus, Head of the Rural Economics Program at the University of Chittagong in 1976. It is 10% owned by the government and borrowers hold the remainder of the shares⁶⁰. Specifically the aim was to encourage and support men and in particular women, in establishing small businesses. Today 95% of the 2.4 million borrowers are women⁶¹. The Bank has had a "positive impact on its poor and formerly poor borrowers"⁶². As in other examples of social capital, trust is the major component of the dynamics of the Grameen Bank, a group project.

It appears that another facet of social capital could be a capacity to resolve conflicts within communities as people work together to build up and preserve their social capital. Narayan and Pritchett (1997) writing about the building of social capital at village level noted that at the same time household incomes are raised (p. 602). Clearly, whatever definition one chooses social capital is "at the very heart of contemporary political debate in democratic welfare states" (Winter, 2000, p. 31), and also in some post-welfare states. It should be understood that very little is static and therefore changes in social capital will take place "beyond movement in the indicative variables" (Latham, 1997, p. 16).

In the face of this variety of meanings it seems appropriate to offer this personal definition as an attempt to isolate and highlight key aspects:

Social capital is not an individual thing, although naturally it involves individual, as well as group, effort. It is an accumulation of benefits, both

⁵⁸ Anecdotal evidence from the researcher's experience supports this, for example, friends of the researcher built a quality home in Ascot Park, South Australia at a considerably reduced cost through the Club.

⁵⁹ Grameen Bank, 2004a, 'Grameen Bank', <http://www.grameen-info.org/bank/index.html>, accessed 18 February, 2004.

⁶⁰ Grameen Bank, 2004b, 'A short history of Grameen Bank', <http://www.grameen-info.org/bank/hist.html>, accessed 18 February, 2004.

⁶¹ Grameen Bank, 2004a, 'Grameen Bank', <http://www.grameen-info.org/bank/index.html>, accessed 18 February, 2004.

⁶² Grameen Bank, 2004a, 'Grameen Bank', <http://www.grameen-info.org/bank/index.html>, accessed 18 February, 2004.

material and intangible, built up by communities of all types, and comprising all types of people, through working together in a spirit of sharing, trust and mutual understanding for the betterment of those communities. It may involve corporate and government support.

1.18.4 Measuring social capital

A further debate centres round the measurement of social capital. Winter (2000) asks the question as to whether it is possible to measure it at all (p. 35). Putnam (1995) in his studies in Italy found the keys to measurement of social capital to be “degree of civic involvement”, “voter turnout”, “newspaper readership”, “membership in choral societies and football clubs, and confidence in public institutions” (p. 66). The World Bank through its “Social Capital Initiative” is funding “10 social capital projects which will help define and measure social capital, its evolution and its impact”⁶³. Supported by a grant from the Government of Denmark “the double goal of the Initiative is to explore whether the presence of social capital improves the effectiveness of development projects, and whether, through select donor-supported interventions, it is possible to stimulate the accumulation of social capital”⁶⁴.

Onyx and Bullen (2000) who were interested mainly in identifying the sources of social capital thought that it was “social relations of mutual benefit, characterised by norms of trust and reciprocity” (p. 105). They thought it was possible to measure social capital and in a study of five communities in New South Wales, identified eight factors that they considered useful for measuring social capital:

1. participation in the local community,
2. proactivity in a social context,
3. feelings of trust and safety,
4. neighbourhood connections,
5. family and friends connections,
6. tolerance of diversity,

⁶³ The World Bank Group. 2004e, ‘Social Capital Initiative’, <http://www.worldbank.org/>, accessed 30 January, 2004.

⁶⁴ The World Bank Group, 2004f, ‘Purpose of Social Capital and Poverty Reduction Conference’, <http://www.worldbank.org/poverty/scapital/conferen.htm>, accessed 2 August, 2002.

7. value of life, and
8. work connections (in Winter (ed.), 2000, pp. 35, 6).

Putnam (2000) determined “a core principle” (p. 415) namely, “No single source of data is flawless, but the more numerous and diverse the sources, the less likely that they could all be influenced by the same flaw” (p. 415). While it is beyond the scope of this thesis to go further into the measurement of social capital, it should be noted that the ABS is working on a survey entitled ‘Measuring Social Capital’ (Australian Bureau of Statistics, 2002). The data being collected is intended to “assist with policy development and evaluation” (Davis, 2004, p. 37).

1.18.5 Summary

The following summary aims to gather up all of the differing, but not necessarily conflicting, views on the meaning of social capital. It seems that it had its roots in informal family and community activities developing to the point where today those activities may be formal or informal. Of importance is that it appears to be seen usually as a group asset, even though an individual or sub group may benefit from the social capital created by the whole group. This may happen when a particular issue arises that can not only bring people together to deal with it, but also change the relationships between members of the circle that has been formed. Such a gathering may begin informally and become formal to enable group action. For example, it might be a protest group such as those who came together originally to tackle environmental issues, like oil drilling on the Great Barrier Reef, the Sydney Green Bans, and the fight to save Lake Pedder, and ultimately became the Australian Greens political party (Downes, 2005, pp. 1, 2).

As has been seen, there are at least three forms of capital of interest to this thesis: economic, cultural and social. Social capital as a whole may often be seen as complementary to human capital. It comprises networks, norms, social trust and importantly reciprocity that may be involved in achieving mutual benefit. Mutually respectful relationships may develop between members of a group and thus store up trust, goodwill and potential for cooperation. Social obligations may be part of the mix where favours or services are given and therefore owed.

An example from personal experience concerns the researcher’s farmer father. He

ran a mixed farm more or less on his own when the children were young. Occasionally, if he could afford it, he would hire labour, but more often he worked cooperatively with other farmers in the district. He would arrange to give a neighbour a day or several days' work, perhaps helping them to bring in the hay, then they would repay the perceived debt or social obligation by doing the same for him, although it could be a different task like digging potatoes. When other farmers came to assist my father I had the job of taking meals out to them in the paddock and running messages back to the house where there was a telephone. This was my part in building the social capital of our well knit community.

Such an arrangement required mutual trust and engagement, and it was a way for communities to make the best use of the resources available within a community, thus creating social capital for that district. Trust must be the key. Nevertheless it can be seen also as self-interest at work, and shows that self-interest is not necessarily a negative thing but rather a positive for the community. It creates wealth for the group that may be monetary or material, but not inevitably depending on the success or otherwise of the particular project. These activities may be seen as a type of glue that holds that community together as suggested by the World Bank⁶⁵. It may result as well in education for the newer or younger members of the community, in farming practice, and also in working together. In a way the newer or younger ones would gain some of their farming credentials, or personal social capital, in this way, and they would see their effort recognised by the return of labour.

It must be acknowledged that there can be a down side of such arrangements if corrupt people or organisations become involved as Portes and Landholt (1996) have pointed out (refer Ch. 1, Section 1.18.3, p. 67). The person instigating the arrangements needs to be alert to this potential, hence the need for the development of that key element in building social capital, trust.

It seems worthwhile now to note Fukuyama's (1995) definition of 'social capital', "a capability that arises from the prevalence of trust in a society or in certain parts of it" (p. 85). He follows up by suggesting that "It is a measure of the ability of people to work together for common purposes in groups and organizations" (p. 85).

The ongoing debate about social capital will require careful scrutiny while the ABS

⁶⁵ The World Bank Group. 2004c, 'Social Capital for Development', <http://www.worldbank.org/poverty/scapital/conferen.htm>, accessed 30 January, 2004.

survey (refer Ch. 1, Sections 1.2, p. 5 and 1.18.4, p. 66) should shed further light on the subject. Whatever is revealed it appears that the building of social capital is a positive action for any community.

1.19 Social Entrepreneur

Although there are various definitions of a ‘social entrepreneur’ there seems to be less divergence than has been found in relation to some other terms, notably ‘social capital’ (refer Ch. 1, Sections 1.18.1 and 1.18.2, pp. 62-66), so just two definitions are offered.

According to the Social Entrepreneurs Network, “Social entrepreneurs are passionate about creating positive social change in communities around the world”⁶⁶ while MacPherson from the Canadian Centre for Social Entrepreneurship offers, “a social entrepreneur combines the heart of business with the heart of the community through the creativity of the individual”⁶⁷.

Ashoka, founded by Bill Drayton, a former McKinsey and Co. consultant and assistant administrator at the Environmental Protection Agency, described as “a lifelong social entrepreneur” has a mission “to develop the profession of social entrepreneurship around the world”⁶⁸. Drayton regards social entrepreneurship as a job and says that the job is “to recognize when a part of society is stuck and to provide new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution and persuading entire societies to take new leaps”⁶⁹. Ashoka should know what it is talking about as it “has invested in more than 1,500 Ashoka Fellows in 53 countries. Those Fellows have transformed the lives of millions of people in thousands of communities worldwide”⁷⁰.

1.20 Prescribed Private Funds

The Australian Taxation Office (2004b) provides the following overview of prescribed private funds:

⁶⁶ Canadian Social Entrepreneurs Network. 2005, ‘Who are we’, <http://csem.ca/whoarewe/htm>, accessed 4 August, 2005.

⁶⁷ MacPherson, G. Canadian Centre for Social Entrepreneurship. 2005, ‘Social Innovation through Entrepreneurial Activity’, <http://www.csem.ca/whoarewe/htm>, accessed 4 August, 2005.

⁶⁸ Ashoka, 2005, ‘Ashoka’s Mission’, http://www.ashoka.org/what_is/mission.cfm, accessed 12 January, 2005.

⁶⁹ Ashoka, 2005, ‘Ashoka’s Mission’, http://www.ashoka.org/what_is/mission.cfm, accessed 12 January, 2005.

⁷⁰ Ashoka, 2005, ‘Ashoka’s Mission’, http://www.ashoka.org/what_is/mission.cfm, accessed 12 January, 2005.

A prescribed private fund is a trust to which businesses, families and individuals can make tax deductible donations. It is prescribed by law. The fund may make distributions only to other deductible gift recipients that have been either endorsed by the ATO or are listed by name in the income tax law.

To be a Prescribed Private Fund the fund must comply with the Government's requirements set out in 'Guidelines for Prescribed Private Funds' [Appendix M].... Gifts made to a prescribed private fund on or after 1 July 1999 can be allowable tax deductions⁷¹.

1.21 New Investigation

The aim has been to interview a minimum of ten persons from a range of organisations and roles in each category. In each case the most senior person possible has been involved in a discussion with the researcher, either in person or by telephone, fax or e-mail. Each participant was asked to also provide corporate or organisational documentation. A variety of material has been collected in this way. This material comprising annual reports, corporate social responsibility publications, brochures, leaflets, and financial statements has all been included in the literature review and perused prior to discussions. Corporate and organisational Web sites were consulted as well and this assisted in the formulation of specific, additional or different questions to be put to individual participants. The material thus obtained has been included also in the literature review collection. Professional fundraisers participated in a focus group and in e-mail discussions. As with others these discussants provided printed material for review. Government information has been obtained mainly from departmental Web sites and from government publications, including the Australian Bureau of Statistics, the Department of Prime Minister and Cabinet, and from Treasury.

The researcher's membership of Philanthropy Australia has provided access to the wealth of material held by the organisation. It has also allowed access to expert comment and advice from senior staff members, Elizabeth Cham, Vanessa Meacham, and Grant Hooper. A personal discussion⁷² with Elizabeth Cham, Executive Director was conducted in Melbourne according to a set of questions especially developed for her situation (Appendix K). Her comments on the motivations of givers to charitable causes provide a useful comparison with givers' own responses to the survey questions (refer Ch. 5, Section 5.11, pp. 263-268).

⁷¹ Australian Taxation Office, 2004b, <http://www.ato.gov.au/nonprofit/content.asp?doc=/content/9724.htm>, accessed 13 December, 2004.

⁷² She along with many others was not reticent about being named, indeed some insisted that they be named, while others were pleased to offer their knowledge and disclosure freely.

2. RESEARCH METHODOLOGY

2.1 The Experience and Approach of the Participant Researcher

Initially it is important to understand that the researcher is part of the subject matter of this thesis and cannot be divorced from it due to her many years of experience in the field of fundraising in Australia and overseas (refer Ch. 1, Section 1.1, p. 2). So it is important to give an overview of her experience and the approach to this research.

The researcher's life's work has encompassed all facets of fundraising including direct giving, sponsorship, gifts in kind, grants, cause-related marketing, government grants, employee and franchisee fundraising or workplace giving, and pro bono work. Her emphasis over the past fifteen years has been on capital fundraising for a wide range of institutions such as universities, schools, hospitals and medical causes, museums, art galleries, theatres and theatre complexes, sporting. Capital fundraising efforts are usually referred to as 'campaigns' as they require organisation not unlike that of a military campaign. The aim is always to raise the largest amount of money possible in as short a time as possible from as few donors as researcher has raised many millions of dollars in association with many different people from many different charitable bodies and community organisations in many different places.

The researcher entered the fundraising field as an in-house fundraiser for the Adelaide Central Mission in 1977, moving on to become Executive Director of the Australia Day Council of South Australia (1981-86) and then to be National Director of the National Australia Day Council (1987-89) where she was involved in planning, organising and working with people to raise the funds required for local, state, national and international projects. In 1989 she joined Compton International as a Campaign Manager and in 1992 was appointed Deputy Manager for Australia and New Zealand. She was appointed European Manager in 1989 and was based in the UK for the same Australian consultancy. After a two year stint in the UK she returned to become Manager for Australia and New Zealand and Deputy Manager of the international company. This work was high profile and required meeting and negotiating with members of the community at the highest level. In Australia this meant working with Prime Ministers, Governors-General, State Governors and Premiers along with local authority, business, health and education leaders as well as leaders of community organisations. In the United Kingdom it meant working with government leaders,

health, education, community and church leaders and managers, and included involvement with members of the Royal Family. For example, the researcher found herself teaching fundraising method to HRH Princess Anne at Gordonstoun School in Scotland; to the Dean, Chapter and a business leaders advisory group at Westminster Abbey that included the immediate past Governor of the Bank of England; to former Prime Minister, Bob Hawke for the International Diabetes Institute in Melbourne and The Hawke Centre at the University of South Australia, and to Australia's leading physicians in the various capital cities in search of funds for the Royal Australasian College of Physicians program of scholarships and fellowships for rural, remote and older physicians. Countries where philanthropic work and training have been conducted include New Zealand, England, Scotland, Wales, Ireland, Eire, Poland, Hong Kong, and The Netherlands. At the same time the researcher developed and taught courses in all aspects of fundraising management for the initial and ongoing training of campaign managers for both established and specially-recruited fundraising committees. She played a prominent and leadership role in the Fundraising Institute of Australia at both state and national level and was involved with the corresponding body in the UK.

It would seem natural then that any higher degree research would draw from this experience and utilise the relationships developed in the course of the work. The notion of doing this particular piece of research came as an extension of an earlier work (Smith, P. D., 2000a). A number of issues and topics for further research arose both as a result of the earlier work, and of discussions in more recent times with professional fundraisers, executives of charitable bodies, business and community leaders, as well as those matters raised in professional fundraising and other publications. In reflecting on the earlier work (Smith, P. D., 2000a) and thinking about the most appropriate methodology for this thesis a range of methods have been considered and several dilemmas confronted.

2.2 Issues and Questions

The issues to be focused on in this work have come from the researcher's experience in fundraising augmented by issues raised by participants in the study. Converted to questions the issues are:

- What motivates individuals to give money away?

- How strong is background and family influence?
- Why do companies give money away? If, and how companies are influenced in their giving by individuals within the company?
- What effect do individual beliefs and interests have on gift giving?
- How do people give money away?
- How do individuals/companies/trusts and foundations determine the amount they will grant or give?
- What form do relationships between givers and receivers take?
- What acknowledgments do individuals/companies/trusts and foundations like/demand?
- How do philanthropists determine the timing of their gifts, and how important is it?
- Is there any pure philanthropy?
- How do funds managers manage the trusts and foundations for which they are responsible?
- What changes are taking place in this arena?

As raised in the earlier work (Smith, P. D., 2000a, p. 22), there could be a need for a formal organisation for corporate philanthropy along the lines of such organisations in other countries eg. Business in the Community, UK (1997, p. 1), Imagine, Canada⁷³, New Zealand Businesses for Social Responsibility (1998, p. 1), and the Philippine Business for Social Progress.⁷⁴

⁷³ Imagine, 1998, 'About Imagine: A New Spirit of Community: The Challenge of the 90's', <http://www.we.net/imagine/about/whatis.html>, accessed 28 May, 1998.

⁷⁴ Philippine Business for Social Progress, 2005, 'Philippine Business for Social Progress (PBSP)', <http://www.pbsp.org.ph>, accessed 30 July, 2005.

2.3 Developing the Action Research

2.3.1 Participative Action Research and Grounded Theory

Having identified the issues, and taking note that other issues would arise during the study, it was fundamental to determine how to explore those issues, what data needed to be collected, and how such a collection would be formulated and ultimately analysed. Taking note of Ezzy's (2002, p. xii) belief that establishing relationships with people, places and performances is the best way to do qualitative research, it seemed sensible to follow the course of using grounded theory as "developed by Glaser and Strauss (1967)" and is "grounded in data and observation" (p. 7). Years of working directly with philanthropists, philanthropically-inclined companies, trusts and foundations, professional fundraisers, and gift seekers meant that there was a resonance in Ezzy's (2002) writing, especially:

The best qualitative researchers do not separate their lives from their research, as if people could be understood through distancing ourselves from them. Qualitative research, and qualitative data analysis, involves working out how the things that people do make sense from their perspective (p. xii).

Whyte (1991) felt that not everyone needs to be involved in the design and management of the inquiry but rather that "... some of the practitioners participate actively throughout through the research action from project design to the implementation of conclusions" (p. 273). A more recent work by Bredhauer, Johnson and Northey (2004) describes 'action research' in this way:

Research that involves people and projects in learning about their environment and in this way contributes information that can be acted upon. When used by projects people will be able to use what they learn as they go along to further enhance the project work (p. 54).

2.3.2 Co-operative inquiry

In any inquiry there would appear to be a residual effect on the participants, with them gaining either positive or negative views on the inquiry subject, or a better understanding of the subject, but not necessarily committing themselves to a particular course of action. According to Heron and Reason (2001):

Co-operative inquiry is a way of working with other people who have similar concerns and interests to yourself, in order to: (1) understand your world, make sense of your life and develop new and creative ways of looking at things, and (2) learn how to act to change things you may want to change and find out how to do things better (p. 179).

The point is made that, "Research is usually thought of as something done by people

in universities and research institutes. There is a researcher who has all the ideas, and who then studies other people by observing them, asking them questions, or by designing experiments” (p. 179). Heron and Reason offer the belief that “good research is research conducted with people rather than on people” (p. 170). The current work for this thesis has been done ‘with’ people.

This investigation may be described also as “co-operative inquiry” (p. 177) as it involved a sharing of ideas during the interviews where participants were able to take advantage of the researcher’s experience and vice versa. It should be noted that the participants made an active contribution to the discussions. Although the aim may be to learn about the beliefs, activities and ideas of participants, almost inevitably the researcher will inject some of her own beliefs, simply in the way she phrases the questions and in the way she takes part in the discussion. This applies to the focus group convened and facilitated for this project jointly with Jenni Elliott of the Garvan Institute in Sydney. This group allowed a free interchange of ideas amongst senior professional fundraisers. At times the exchanges were quite strong and were backed up with examples from their own experience (refer Heron and Reason, 2001, p. 179). This process of PAR (Participatory Action Research) contrasts sharply with the conventional model of pure research in that the participants were actively involved in the project, not only through discussions but through reviewing and providing feedback on the reporting of those discussions as set out in Figs. 2-1 (p. 90), 2-2 (p. 96) and 2-3 (p. 97) of this thesis.

Given this researcher’s professional involvement that could be described as “participant observer” (Jorgensen, 1980) it was important also to guard against closeness to the subject clouding objectivity. Some comfort with the researcher’s stance could be taken from Cook and Reichardt (1979), Strauss and Corbin (1990) and Addelson (1993). Addelson wrote:

Theories are interpretations made from given perspectives as adopted or researched by researchers. To say that a given theory is an interpretation – and therefore fallible – is not at all to deny that judgments can be made about the soundness or probable usefulness of it (p. 119).

2.3.3 Considering qualitative research

Initially note was taken of Ezzy’s work on the practice of qualitative research (2002, p. xii) as well as the work of Glaser and Strauss (1967), Lofland (1971), Cook and

Reichardt (1979), Jorgensen (1989), and similar work in evaluation methodology such as Lincoln and Guba (1985), Caulley (1994) and Isaac and Michael (1995). The open-ended approach developed by Glaser and Strauss was described by Strauss thus, “The methodological thrust of the grounded theory approach to qualitative data is toward the development of theory, without any particular commitment to specific kinds of data, lines of research, or theoretical interests” (Strauss, 1989, p. 5). Cook and Reichardt (1979) thought that qualitative research was “for discovering or generating theories” (p. 17), one of the aims of this study.

Guba (1978) argued that “naturalistic inquiry offers a more congenial and responsive mode of evaluation than any other practiced today” (p. 81). Certainly the willing responses of the participants indicated to some extent the suitability of this type of inquiry for determining the motivations of the givers and their techniques for giving. Writing about field work, Fine and Weis (1996) point out that, “Methods are not passive strategies. They differently produce, reveal and enable the display of different kinds of identities” (p. 267) while Brewer and Hunter (1989) thought that “Qualitative research is inherently multi method in focus” (p. 38).

However, as this particular piece of research involves over ninety personal interviews carried out in the field and by electronic means, a number of follow up discussions with participants, and many document analyses, further study involving more recent literature was undertaken in an effort to clear the fog as it were, and to aid a decision on the most suitable method. It was felt that this is a case where the researcher is a “resource person, facilitator, consultant” (Guba and Lincoln, 1989, p. 22).

Bateson (1972) provides a description of the dilemma faced by this researcher when he wrote:

on the one hand the scientific perspective has taught us the value of critical public testing of what is taken as knowledge, another consequence has been to place the researcher firmly outside and separate from the subject of his or her research, reaching for an objective knowledge and for one separate trust (in Reason, 1994, p. 324).

In this research it is acknowledged that the researcher is part of the subject matter.

2.3.4 Potential for Participative Action Research

It was noted that according to Torbert (1981) “research and action, even though analytically distinguishable, are inextricably intertwined in practice ... Knowledge is

always gained in action and for action ...” (p. 330). The realisation of the particular stance of the researcher led in turn to a consideration of the possibility of ‘action research’ with the definition proposed by Jennings (1996) having some appeal:

Action Research is usually carried out by groups of people focusing on a specific problem in a shared context. Together they share the problem and work through a process to gain a better understanding. Action Research groups come together to improve a situation (p. 7).

The attraction of ‘action research’ is that it enables the researcher to enter “...a real world situation and aims both to improve it and to acquire knowledge” (p. 9). The other appealing aspect that may be associated is “co-operative inquiry”, described by Heron and Reason (2001) as “...a way of working with other people who have similar concerns and interests to yourself...” (p. 179). Calhoun (1993) in discussing whether researchers are researchers or facilitators offers his view that action research is “disciplined inquiry (research) which seeks focused efforts to improve the quality of people’s organizational, community and family lives” (p. 62).

However the proposed work could only go part way in that direction, especially as, with the exception of the focus group that met in Sydney, the participants were widely scattered. It was important therefore to look also into the history of action research and assess the variations on the method advocated by some of the leaders in the field. Despite the work of Lewin, Lippett and White (1939) and according to Gustavsen (2001), it was not until the 1960s that field experiments of the type they proposed emerged in Norway (Emery and Thorsrud, 1969) and also in Sweden (Sandberg, 1982), Denmark (Agersnap, 1973), Germany (Fricke, 1975) and the USA (Duckles, Duckles and Maccoby, 1977). It is worth noting the perception of Habermas (1973) that the creation of theory and the development of practice are rather different activities. He says that when “constructing theory the aim is to reflect the truth or, with less pretensions towards being scientific, create the most adequate interpretation” (cited in Reason and Bradbury, 2001), while “the aim in developing practice is to achieve success in the real world” (p. 18), another of the goals of this thesis. Other writers such as Lincoln (2001, p. 124, 5) and Greenwood and Levin (1998, pp. 85-106) suggested that justification for using action research may be found in the “... seeming inability of social science research to provide incontrovertible answers to persistent social problems...” due to the rigid requirement of academia for objectivity” (Lincoln, 2001, p. 124) leading to the failure of conventional inquiry to “achieve significant program

improvement or change” (Guba and Lincoln, 1981, 1989; Lincoln and Guba, 1985). The point is that this research project aims to “uncover different kinds of realities from those limited to conventional inquiry” (Lincoln, 2001, p. 125).

Habermas (1973) suggests that the relationship between theory and practice may be seen “as a relationship between three different but interdependent discourses – a discourse on theory, a discourse on practice and a mediating discourse on how to link them” (p. 18). He sees the risk run by the action researcher of being locked into the practical side too strongly to be able to objectively participate in a theoretical discourse. This risk had to be considered in the case of this thesis given the researcher’s already long involvement in the practical side of the topic through her fundraising consultancy work. It is argued that this does not prevent objective participation in theoretical discourse, but rather provides considerable background and experience to enlighten the work. Nevertheless it is a caution that needs to be borne in mind throughout the process.

Resonance with the view expressed above was discovered in Reissman (1990a) who found “that grounded theory methods were insufficient to respect her participants and portray their stories” (in Denzin and Lincoln, 1994, p. 521). Both Reissman (1990b) and Conrad (1990) thought that “fracturing the data” in grounded theory research might limit understanding because grounded theorists aim for analysis rather than portrayal of subjects’ experience in its fullness (in Denzin and Lincoln, 1994, p. 521). In his early work on action inquiry Torbert (1981) argued that “research and action, even though analytically distinguishable, are inextricably intertwined in practice...Knowledge is always gained in action and for action” (p. 145). Lienert (2002) seemed to share this view, writing that “Action research is tied to action or change; action research usually involves everybody who has a stake – it is participatory and collaborative” (p. 4).

It is worth taking note here of Pike’s (1967) tagmemic model that aimed to assist the study of culture from the perspectives of both anthropology and social science. He made a distinction between the ‘emic’ or significant variants, and ‘etic’ or non-significant variants in the use of vocabulary and language. Guba and Lincoln (1989) in writing about ‘The Methodology of Fourth Generation Evaluation’ (pp. 182-227) preferred to describe the distinction as between the insider view and the outsider view that would be reflected in the emerging “joint construction” (p. 182). It was suggested that the researcher and the respondents should jointly and collaboratively judge the viability of that construction (p. 182). In reaching this methodology they drew on the oriental “yin-

yang” relationship where yin is the female aspect and yang the male aspect with each complementing and yet mirroring each other. and yang are “mystically intertwined; to separate them invalidates both” (p. 182). From these writings the researcher has extracted the notion of interactive and procedural support that may describe the way in which this study has been conducted. The values, understandings and judgments of the participants interact and are combined with those of the researcher, so there is no clear division between the two.

The issue of rigour is always before the researcher so the arguments put forward by Branigan (2002) and Swepson (2000) are attractive. Branigan contends that “rigour is evident in research when the methods used are those that can represent the fullest, most detailed, rich and expressive picture of a particular situation” (p. 1), while Swepson thinks that “a more appropriate criterion of rigour is the degree of the relevance of the methodology to the problem; the one which best allows the researcher to conduct systematic inquiry in order to present a warranted assertion – that is, the methodology is fit for a given function” (p. 8). Dick and Dalmau (1999, p. 1) and Caro (2000) in writing of the “wide range of information gathering strategies used in action research” (p. 14) point out that “The rigour comes in choosing and applying the method that is most appropriate to the situation, then using another method and another one until a rich body of information is gathered that puts together a comprehensive picture” (p. 14). This fits with an aim of this study that is to produce a broad picture of the motivations, techniques and management of corporate philanthropy in Australia.

It has been noted too that Reason (1994) identified a number of methods of participatory research but chose three that “start from quite different premises and emphasize different aspects of the participative inquiry process” (p. 325). He suggests that the three approaches, co-operative inquiry, participatory action research, and action inquiry, “complement each other, so that together they stand as the beginnings of a robust paradigm of research with people (p. 325). The following Figure 2-1 (p. 89) sets out the three approaches and what each offers the researcher. All three approaches “hold strongly the vision that people can learn to be self-reflexive about their world and their action within it” (Reason, 1994, p. 333). Reason pointed out that the three types of research have “developed in separate communities with little cross-fertilization of ideas” (p. 336), but also he expressed his hope that his work might “provide a stimulus for some future dialogue” (p. 336).

A distinction needs to be made here between research with people and research on people. This work could be categorised as ‘research with people’ or ethnography, “a social science method which relies heavily on up-close, personal experience and possible participation (ie. not just observation), using a blend of historical, observational, and interview methods, with an end product of a narrative description of the group studied”⁷⁵. Typically it utilises “three types of data collection; interviews, observation, and documents”⁷⁶ leading to the production of three kinds of data; “quotations, descriptions, and excerpts of documents”.⁷⁷ The end product is “narrative description”⁷⁸. Despite the differences between the three approaches described above they complement each other. Reason (1994) describes them as “cousins in a family of participative research” (p. 335) and describes how the “major strengths of each approach” (p. 335) may be knitted together. Aspects of all three approaches have been integrated into the process of this piece of research.

Tandon (1989) developed a critique of monopolistic research and his argument for participative action research summarises how it assist people in real world situations. He says that participative action research:

Values people’s knowledge, sharpens their capacity to conduct their own research in their own interest, helps them appropriate knowledge produced by the dominant knowledge industry for their own interests and purposes, allows problems to be explored from their perspective, and, maybe most important, liberates their minds for critical reflection, questioning, and the continuous pursuit of inquiry, thus contributing to the liberation of their minds and development of freedom and democracy (pp. 5-15).

In his description of action research Stringer (c1996) points out that action research is “not just for local group, family and community settings” (p. 16) but has other applications. The group involved in this study could be called ‘the Australia-wide philanthropic community’. The research itself is as Stringer describes, “non-competitive, non-exploitative and enhances the lives of all those who participate” (p. 18), especially their professional lives. Revans (1984) would seem to agree, he “stressed the importance of action. He argued that there could be no learning without action, and

⁷⁵ IAwiki. 2004, ‘Ethnographic Research’, <http://www.iawiki.net/EthnographicResearch>, accessed 22 September, 2004.

⁷⁶ IAwiki. 2004, ‘Ethnographic Research’, <http://www.iawiki.net/EthnographicResearch>, accessed 22 September, 2004.

⁷⁷ IAwiki. 2004, ‘Ethnographic Research’, <http://www.iawiki.net/EthnographicResearch>, accessed 22 September, 2004.

⁷⁸ IAwiki. 2004, ‘Ethnographic Research’, <http://www.iawiki.net/EthnographicResearch>, accessed 22 September, 2004.

no action without learning” and that “the aspects of knowing and doing or reflecting and acting are inextricable. It is a symbiotic process where people learn from one another” (cited in Jennings, 1996, p. 10).

While it may be true that participants in this piece of research learnt from one another, they did not absolutely immediately put what they had learnt into practice as seems to be the case with ‘action learning’. Gee (1991) provides a framework for examining both ‘action research’ and ‘action learning’ and points out places where the two possibly converge as both are tools for change (p. 144). Bawden and Zuber-Skerritt (1991) argue that where people are part of an action learning project they may find “learning sets can be incorporated into Action Research” (in Jennings, 1996, p. 9). The history of both action research and action learning indicates that each discourse is unique (p. 9) and therefore separate.

Advocates of action research such as Checkland and Holwell (1998), Reason and Bradbury (2001), Gustavsen (2001), Lincoln (2001), Flood and Jackson (2001), Heron and Reason (2001), and Heron (2001) have highlighted the flexibility of action research in circumstances such as those pertaining to this study. Investigation of the writings of arguably “The main ‘pioneer’ of action research - Kurt Lewin” (Gustavsen in Reason and Bradbury, 2001, p. 17) served to confirm this researcher’s emerging view that this work could be suited for a variation on action research, using some of the elements melded with some aspects of qualitative research including action learning on the part of the researcher and the participants. The outcomes that might be expected from such an exercise would be, for the participants, new potential givers, other methods of fundraising and opportunities for further sharing, thus enhancing their professional lives. For the researcher the same outcomes could be expected in addition to the obvious one of obtaining material of value to this thesis. Lewin (1948) along with Lippett and White (1939) saw action research as doing experiments in the field rather than in the laboratory. In this way the experiments became an expression of a theory rather than the other way round as in ‘grounded theory’, where experiments are conducted and a theory derived from the results of those experiments. Thus “there is a one-to-one relationship between the concepts of the theory and the variables of the experiment” (Gustavsen in Reason and Bradbury, 2001, p. 17).

A further contribution to the debate comes from Stringer (c1996) who makes the point that in action research the stakeholders determine what is important (p. xi). This

was achieved in the current work through three different routes; the first being telephone discussion about what the researcher was seeking and what the participant would like to gain from the exercise; second written confirmation of the proposed discussion questions with a further opportunity to add their own interests and problems in particular, and third an opportunity during the conduct of the focus group to add additional topics that were of interest to the participants. Stringer wrote:

That action research may not conform to conventional criteria of research rigor is much less important than that it takes a more democratic, empowering, and humanizing approach; assists locals in extending their own understanding of their situations; and helps them to resolve the problems they see as important (p. xi).

Further he sees an added dimension to the research in the form of a “hidden curriculum” (p. xvi) whereby researchers may become facilitators in what Calhoun (1993) describes as “disciplined inquiry (research) which seeks focused efforts to improve the quality of people’s organizational, community and family lives” (p. 62). Kincheloe (1991) has a similar viewpoint but uses the term “teacher-as-researcher” (pp. 62-65). Nevertheless he “...seeks to engage subjects as equal and full participants in the research process” (p. 9).

It may be seen therefore that action research, “a user-friendly approach to investigation” (Stringer, 1996, p. 15) may be applicable in this case where the investigator is a ‘participant observer’, in that she not only makes the arrangements on behalf of and with the group, but participates fully in its discussions, while at the same time observing the interplay between participants. Opportunities for feedback and clarification further extend the investigator’s opportunities to participate fully. This provides an opportunity for the researcher to act the additional role of “teacher-as-researcher” (Kincheloe, 1991) seeking “to engage subjects as equal and full participants in the research process” (Stringer, 1996, p. 9). According to Guba (1996, in the foreword to Stringer, 1996, p. i) all of those participating in action research are “participants/stakeholders”. Stringer strikes a chord with this researcher when he writes that the fact that action research may not conform to conventional criteria of research rigor is much less important than that it takes a more democratic, empowering, and humanising approach; assists locals in extending their own understanding of their situations; and helps them to resolve the problems they see as important (p. xi), and further that:

... rational arguments do exist for the practice of a kind of inquiry that many practitioners have intuitively felt to be right (for them) but about which they have felt insecure on the grounds of rigor or objectivity (p. xiii).

He points out that action research picks up common themes from different authors. They all acknowledge fundamental investment in processes that are rigorously empirical and reflective (or interpretive); engage people who have traditionally been called “subjects” as active participants in the research process; and result in some practical outcome related to the lives or work of the participants (p. 17).

It is worth considering Stringer’s (1996) summary of the action research process that points out that it is democratic, equitable, liberating, and life enhancing (p. 10). A colleague wrote to him in these terms “the difference with your work is you expect something to actually happen as a result of your activities” (p. 11), another goal of this work. A similar result was experienced by this researcher in that participants not only gained further insights into the work they do, but they gained practical ideas to put into action within their own organisations, and they obtained additional contacts within the fundraising industry.

2.3.5 Melded research

As this is an exploratory study it seemed sensible also to think about the potential for melding qualitative research with “participatory action research” (Sarantakos, 1993, p. 8), “action inquiry” (Reason, 1994, p. 335) and “co-operative inquiry” (p. 335), in which the view is more of “shared life experience” that “should be taken jointly into account” (Borda, 2001, p. 30). Melding the forms of research in this way overcomes what Fine and Weis (1996) described as the “triple representational problem” (p. 120) where certain needs should be confronted. First, the need to present ourselves as researchers; second, the need to present the narrators (referred to in this work as participants or informants); and third, the need to represent the views of “others” (p. 120). A melded approach meets the criterion of “mutual respect and appreciation among participants...in order to arrive at a subject/subject horizontal relationship with participants” (p. 120).

Lincoln (2001, pp. 126) says, “The shift in relationships between researcher and researched in both action research and constructivism is so pronounced as to make ‘researcher’ and ‘researched’ nearly archaic terminology”. Zuboff provides an example of action research where she used multiple qualitative methods such as participant observation, open-ended interviews and small group discussion (1988, p. 427). This research similarly combines methods and at the same time makes a methodological

contribution.

In fact the focus group and discussions with professional fundraisers; the individual discussions with corporate, individual and organisational givers carried out for this study were more like professional people co-learning through sharing experiences, information, ideas and solutions for problems. After the material was analysed the researcher sent the analysis to each of the participants via email and sought their comments, amendments and additions that had resulted from their reflections on the exercise. If no response was received telephone contact was made to ensure that the participant concerned had another opportunity to respond. Then the material as it actually appears in this thesis was emailed to each participant, again with an opportunity for them to make comments, amendments and additions.

Perhaps in this case Lincoln (2001) would call for a new terminology. As she says, “The division of the powerful and the powerless has dissolved into egalitarianism between researcher and participants, a genuine sharing of interests and nominations of salience which permit research (evaluation, policy analysis) to reposition itself at the site of community need and community interest” (pp. 126, 127). In conventional research, the researcher drafted the questions and wrote up the findings, while the participants were offered the opportunity only to dispute errors of fact, and thus were powerless to alter the thesis. Perhaps this proposed melded method as above should be named simply ‘co-operative research’ to indicate the sharing that takes place. The Iterative Research Spiral Figure 3-1 (p. 111) shows the process in detail. However before looking at that, Figure 2-1 (p. 90) shows various aspects of the three methods, including those that have been combined for this study. Figure 2-1 has been named ‘The Three Cousins’ to pick up on Reason’s discussion (1994, p. 336) about the close relationship between the three methods⁷⁹.

Taking ‘action inquiry’ first, it is important to note that this method appears to be more suited to those who are participating in the project as individuals. The ‘Governing Variables’ of Reason’s “Model II” (p. 335) seem to fit this project in all three ways. The information obtained is valid because of the status and authority of the participants. They made a free choice to participate as they simply responded to a telephone call, fax, email or letter from the researcher inviting them to take part. Their choice was informed

⁷⁹ It should be noted that Reason investigated a number of other inquiry cultures but chose to follow through on these three because of their close relationship, hence the title ‘The Three Cousins’.

because they were provided with appropriate background material as set out in Ch. 3, 'Collecting the Data', as well as having a prior discussion with the researcher. Their commitment was not in doubt in any way.

Participants' knowledge about the territories of purposes, strategy, behavioural choices and the outside world was in most cases more than adequate. The data they provided was recorded in writing entirely and as explained in Ch. 3 and the Iterative Spiral (Figure 3-1, p. 111) fed back to them several times as described on the previous page, thus providing plenty of opportunity for them to amend delete or add to the material. The data was based on and included considerable personal experiences and idiosyncratic expression as was suggested by Torbert (1991, p. 221) to be important. As noted in Figure 2-1 Torbert thought that action inquiry is "consciousness in the midst of action" thus describing how action and inquiry may work together.

The diagram (Figure 2-1, The "Three Cousins", p. 90) draws together the three methods of research identified by Reason (1994, p. 336) and picks up on his discussion about the close relationship between the three methods (p. 336)⁸⁰.

⁸⁰ It should be noted that Reason investigated a number of other inquiry cultures and chose to follow through on these three because of their close relationship, hence the title 'Three Cousins'.

Action Inquiry	Participatory Action Research (PAR)	Co-operative Inquiry
<p>More for individuals (Reason, 1994, p. 335)</p> <p>Model II</p> <p>Governing Variables:</p> <ol style="list-style-type: none"> 1. valid information 2. free and informed choice 3. internal commitment <p>Territories:</p> <ol style="list-style-type: none"> 1. knowledge about: 2. purposes (framing) 3. strategy (advocacy) 4. behavioural choices (illustration) 5. outside world (inquiry) <p>Data:</p> <p>almost entirely formally recorded reports of discussions includes a whole range of personal experience and idiosyncratic expression (Torbert, 1991, p. 22)</p> <p>Major difficulties:</p> <ol style="list-style-type: none"> 1. defensiveness of human beings compounded by “governing variables” (above) 2. assumptions that “lie behind or inform the strategy” (Argyris, Putnam and Smith, 1985, pp. 61, 84) <p>Action inquiry is “consciousness in the midst of action” (Torbert, 1991, p. 221)</p>	<p>“serves the community” (Reason, 1994, p. 336) *</p> <p>Starting points:</p> <ol style="list-style-type: none"> 1. “effort on part of people to understand the role of knowledge as a significant instrument of power and control” (PRIA, n.d.) 2. lived experience of people, often in oppressed groups (Reason, 1994a, p. 328) 3. authentic commitment <p>Four dimensions of conversation:</p> <ol style="list-style-type: none"> 1. framing 2. advocacy 3. illustration 4. inquiry (Torbert, 1991) <p>Double objective:</p> <ol style="list-style-type: none"> 1. Produce knowledge and action directly useful to group of people ** (Reason, 1994, p. 328) and 2. empower people at a second and deeper level through the process of constructing and using their own knowledge <p>Involves three broad ways of knowing – thinking, feeling, and acting (Tandon, 1989), and a whole range of expressive forms, radically egalitarian (Rahman, 1991, p. 20)</p>	<p>Serves the group (Reason, 1994, p. 335)</p> <p>Roots in humanistic psychology (Heron, 1988; Maslow, 1968; Rogers, 1961; Rowan, 1976)</p> <p>Phases of action and reflection:</p> <ol style="list-style-type: none"> 1. Agree on area for inquiry, identify initial research propositions (propositional knowing) 2. Apply ideas and procedures in everyday life and work (practical knowing) 3. Become fully immersed in activity and experience 4. Modify original hypotheses, reformulate, reject, adopt new hypotheses (propositional knowing) (Reason, 1994, pp. 326, 327) <p>Defensive tendencies countered by cycling and recycling (Heron, 1988; Reason and Rowan, (eds.) 1981).</p> <p>Rests on collaborative encounter with experience (Reason and Rowan (Eds.), 1981)</p> <p>Requires critical subjectivity (Reason, 1994, p. 327)</p>

* Fals-Borda and Rahman (1991, p. vi) suggest that the primary task is the “enlightenment and awakening of common peoples”.

** this is achieved not only through research, but through adult education, and sociopolitical action. It also empowers people “at a second and deeper level through the process of constructing and using their own knowledge” (Reason, 1994, p. 328).

Figure 2-1 The Three “Cousins” (Reason, 1994, p. 336)

2.4 Relationships between the Three Cousins

In ‘co-operative inquiry’ Heron and Reason propose a “co-operative relationship, so

that all those involved work together as co-researchers and co-subjects. Everyone is involved in the design and management of the inquiry” (2001, p. 179). Distance and other commitments precluded such an approach to this investigation at all stages of the research, but it was possible during the interviews for participants to explore relevant areas of interest to them and their particular institution, and also for them to suggest other fields of inquiry that might be fruitful for the researcher.

While the ‘action research’ proposed for this study does not completely meet the requirements for “co-operative inquiry” as expounded by Heron (2001, pp. 333-338), Gustavsen (2001, pp. 17-24), Borda (2001, pp. 27-36) and Heron and Reason (2001, pp. 179-187), it does go much further than half way. Their emphasis is spiritual and therefore they expect primary outcomes as described by Heron (2001, p. 337) to be “the transformations and competencies of the participants”. However this research seems to be a good fit for Heron and Reason’s description (refer Ch. 2, Section 2.3.2, p. 78). Where there is a departure, but probably not a crucial one, is that Heron and Reason see co-operative inquiry as a way to “...understand your world, make sense of your life and develop new and creative ways of looking at things” (Heron and Reason, 2001, p. 179) while fundraising consultancy work is aimed at providing understanding of situations and problems, and devising creative methods for the client to raise funds in partnership with the consultant and their associates, rather than for any one person alone. Nevertheless there should be a personal benefit in terms of increased job competency and future work opportunities for all of the participants in the focus group.

Heron and Reason (2001) see action research as preferable to traditional research because:

... the kind of thinking done by researchers is often theoretical rather than practical. It doesn’t help people find out how to act to change things in their lives. We believe the outcome of good research is not just books and academic papers, but is also the creative action of people to address matters that are important to them (p. 179).

The first part of the above quotation may be paraphrased for corporations thus:

The kind of thinking done by researchers is often theoretical rather than practical. It therefore does not help companies find out how to act in practical ways to change things within their companies, and at the same time to change their public image (Smith, P. D., 2004, p. 1).

In the present study (refer Ch. 2, Section 2.3.2, p. 78) the focus group was a “co-operative relationship” (Heron and Reason, 2001, p. 181) in that it provided an

opportunity for the expression of views, discussion of those views and debate about them. It was possible also to some extent to repeat the cycle between reflection and action by feeding back to both participants and focus group members the information and views gained from them, and inviting them to correct any misunderstandings, or to add to what had been said. It was mutually understood that any one of us could express further views, clarify what had been said, or raise new questions at any time during the period of the development of the thesis.

Considering ‘action inquiry’ it is important to note that this method is most suited to those participating in the study as individuals. The “Governing Variables” of Reason’s (1994) “Model II” (p. 335) seem to fit this project, likewise the knowledge about the four territories of purposes (framing), strategy (advocacy), behavioural choices (illustration) and outside world (inquiry).

The major difficulties identified by Reason did not seem to apply in the case of the focus group convened for this study, probably due in the main to the shared professional knowledge and experience of all participants. Likewise the participants from the corporate world, from trusts and foundations and from the various charitable bodies did not appear to be defensive at all, possibly due again to a shared professional interest, even though such interest began from different points; nor did the governing variables seem to have any major impact on the free flow of discussions. The third major difficulty, “assumptions that lie behind or inform the strategy” as identified by Argyris et al (1985, pp. 61, 84) is one that it would be hard to avoid because those assumptions would be generated from corporate policy, as well as personal knowledge and experience.

So far as PAR was concerned the starting points were not quite so relevant to this study in that it was not dealing with oppressed groups, except at a distance through the gift recipients, and even then only a few of the recipient charities could be described as representing oppressed groups. It seemed that most participants from the corporate sector were well aware of and understood “the role of knowledge as a significant instrument of power and control” (PRIA, n.d., p. 1) as also did the individuals and the trust and foundation representatives. The latter in particular seemed to be very conscious of the power they wielded, along with their boards, in the allocation of funds to community projects, making comments such as, “we do not allow people to call personally at the office” (P. D. S., *pers. comm.*, 14 March, 2003) and “we do site visits

to check their systems” (P. D. S., *pers. comm.*, 14 March, 2003). Interestingly, the representatives of recipient charities displayed the characteristics of ‘supplicants’, seeming to be somewhat in awe of the prospective donors. One participant said, “It is an unequal power relationship (between foundations and recipient organisations). Recipients are supplicants and therefore cannot criticise the giver” (P. D. S., *pers. comm.*, 20 May, 2003). Another comment was, “the relationships definitely need improving...through site visits and giving advice...the relationship needs to be more open” (P. D. S., *pers. comm.*, 20 May, 2003).

The double objectives of PAR should be fulfilled by this work as there was considerable sharing of knowledge, background information and methods throughout, although most notably during the focus group. The earnestness of the discussions at all times indicated an authentic commitment to getting the best out of the project for all concerned. The participants were able to take that knowledge away with them and use it to become more efficient and effective supplicants, thus they were “empowered” (Reason, 1994a, p. 328).

The phases of action and reflection as proposed by Heron and Reason (2001, p. 180) had some resonance for participants but again this work does not conform exactly to those phases. It is important here to refer to the Iterative Spiral (Figure 3-1, p. 111) to see how the phases were adapted for this research, with the cycling and recycling countering any defensive tendencies). Reason and Rowan (1981) make the situation clear when they point out that ‘co-operative inquiry’ “rests on collaborative encounter with experience” (p. 93).

When the findings from the whole study were brought together and analysed it seemed that the work would “generate theory, not ... verify it” (Charmaz, 2000, p. 513). Her description of ‘grounded theory’ is worth quoting as it points out how ‘grounded theory’ methods may be used to legitimate research such as this:

Essentially, grounded theory methods consist of systematic inductive guidelines for collecting and analysing data to build middle-range theoretical frameworks that explain the collected data. Through the research process, grounded theorists develop analytic interpretations of their data to focus further data collection, which they use in turn to inform and refine their developing theoretical analyses. Since Glaser and Strauss developed grounded theory methods, qualitative researchers have claimed the use of these methods to legitimate their research (p. 509).

It seemed necessary then to determine whether the grounded theory created in this

way was 'constructivist' or 'objectivist'. This thesis takes the constructivist view in that the "viewer creates data and ensuing analysis through interaction with the viewed" (p. 522). If it is considered that the "viewer" is the researcher and "the viewed" are the participants then the meanings of the data are jointly determined and refined by the two parties (pp. 524-525). By contrast the 'objectivist' view will "adhere more closely to positivist canons of traditional science" (p. 524).

2.5 Consultancy Work Effect

The consultancy work referred to earlier has demanded an objective stance by the writer. To explain, before commencing any type of fundraising campaign a feasibility study conducted by the consultant is vital to determining if the required funds and the most influential leaders and workers to gather those funds are available to the particular organisation. During the feasibility study face-to-face in-depth interviews were conducted with opinion leaders, including members of the governing body of the particular organisation, business and community leaders, government representatives at all levels, potential individual givers, representatives of prescribed funds and other interested parties. The aim is, not only to gain their views on the feasibility of raising funds for the particular purpose, but also their possible commitment to making a gift and to being involved in the fundraising campaign either as a leader or team member.

Follow up contacts were almost always necessary to clarify and expand on both the qualitative and quantitative data gathered during interviews. Documentary analysis research and a literature review is carried out to gain the views of other potential givers, leaders, workers and other potentially interested parties. It is vital that these interviews are conducted in such a manner that the accuracy and credibility of the ensuing report is beyond question, as it will be subjected to the scrutiny of the governing body of the particular institution, and must comply with the ethics of the fundraising industry's professional body, the Fundraising Institute of Australia.

2.6 Democratic Dialogue

The notion of democratic dialogue led to the development of sets of dialogue criteria for this work, and note has been taken particularly of those developed by Gustavsen (1992) and Gustavsen and Engelstad (1986). These criteria were adapted for this work with the resulting points below becoming the basis for the discussions:

- The principle of ‘give and take’ is important thus making the communication two way rather than one way as in more traditional research,
- everyone involved had something to offer the discussion and therefore could participate actively,
- the background experience of all participants was relevant to the topic and each was able to expose a different facet of the subject,
- everyone involved understood the topic as far as they were able,
- all arguments presented during dialogue were represented by a participant,
- all participants understood and accepted that other participants would and did have arguments different, or even better than their own,
- issues relating to the work roles of the participants were allowed in the discussion and this was one of the points at which the two way dialogue was most effective, and
- disagreement was welcomed as stimulating to the discussion and debate
(adapted from Gustavsen, 1992, pp, 18, 19).

Participants were not involved in the whole process of developing the questionnaires in what might be called true action research style, but were given the opportunity of making comments and asking for other issues to be included. They were interviewed also in a discursive style that enabled them to put forward critical viewpoints and explore them with the researcher. They were given an opportunity to answer the question, “Is there anything else you think is important that you would like to say?” in the concluding phase of each interview, and during the review session of the focus group. A number took up this opportunity by making further written or oral contributions that they considered to be relevant to the topic. In addition, all participants have been given an opportunity and to provide additional insights on the section or sections of this thesis that refer to their input (refer Iterative Research Spiral, Figure 3-1, p. 111). It should be noted that real world situations such as this are continually evolving; therefore the researcher has had to determine when to call a halt to receiving new information. Ultimately this was at the stage of amending the draft thesis when it

became clear that strong themes had emerged. According to Checkland and Holwell (1997), “The AR (action research) process accepts that ‘themes’ have to replace ‘hypotheses’ (p. 16). This means that the way of working is “practice-driven” (Gustavsen, 2001, p. 24) in that participants gained knowledge and fundraising ideas that could be put into practice in their own organisations, rather than simply “theory-driven” (p. 24), thus developing a new basis for tackling the questions that arose. The whole process could be described as co-learning with the opportunity for input from all of the participants. The diagram below (Figure 2-2, p. 97) sets out the foregoing in graphic form.

In order to ensure that the work was carried out in logical sequence a chart (Figure 2-3, p. 98) was drawn up and followed throughout with some flexibility allowed for overlaps. Occasionally, because of the availability of a particular interviewee, the sequence was not followed exactly. However all questions were covered and all participants agreed to answer further questions and provide additional information to clarify and add to their initial responses if and as required.

An initial examination of the material collected from verbal and written sources indicated the need to follow through on certain aspects not just with the participants, but by consulting further sources, both documentary and personal. Documentary sources were important as much information was obtained prior to the discussions and the focus group from World Wide Web sites, annual reports, brochures and other corporate and organisational documentation. An extensive literature review looked into hundreds of books, journals and other printed matter. By comparison with the earlier work an improvement in both the quantity and the quality of information available from these sources was noted and should enhance this work. This could point in part to the new interest in philanthropy in Australia generated in part by the PM’s Round Table and the PM’s Community Business Partnership, and in part to world wide interest in corporate social responsibility and the Triple Bottom Line.

All this information was augmented with data from the researcher’s company and personal records. It was commented upon also in the light of the professional experience of the researcher in dealing with both gift givers and gift receivers (D.S., *pers. comm.*, 1970-2004), taking note that Ezzy (2002) wrote:

The best qualitative researchers do not separate their lives from their research, as if people could be understood through distancing ourselves from them.

Qualitative research, and qualitative data analysis, involves working out how the things that people do make sense from their perspective (p.xii).

When all of the discussions were complete the findings indicated a wide range of understandings and views which could be said to make up a multicoloured “quilt of stories” as suggested by Fine and Weis (1996, p. 119), but not just stories, rather philosophies of philanthropy almost as varied as the informants themselves.

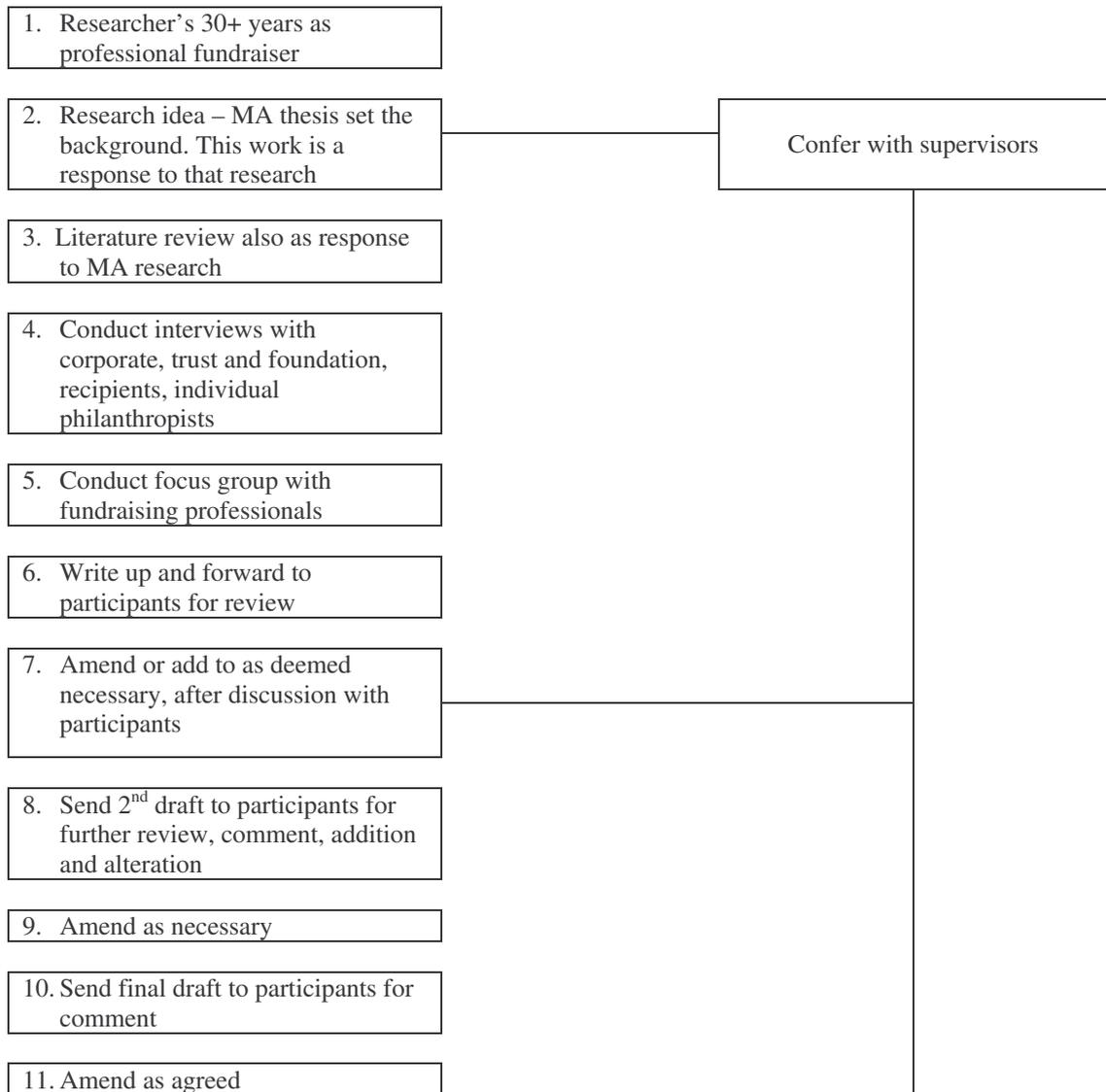


Figure 2-2 Genesis of Research

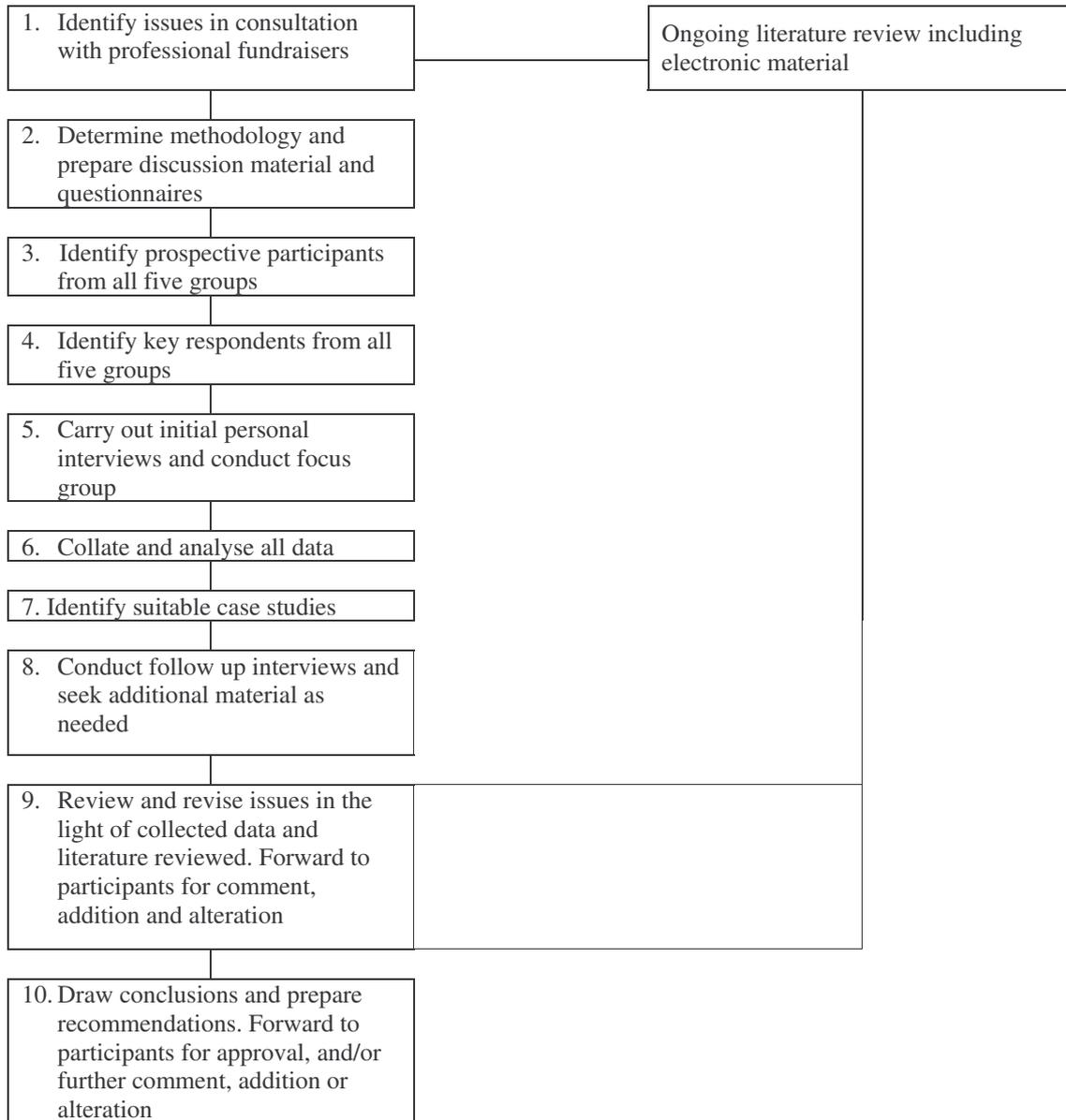


Figure 2-3 Practical Sequence of Research Chart in line with Figure 2-2

3. COLLECTING THE DATA

3.1 Personal Contact

Upon reflection it was considered that the most appropriate way to achieve the objectives of this piece of research would be to contact a range of prospective participants personally. The initial contact in all cases was by telephone, as it was considered important to take time to renew acquaintance with those personally known to the researcher, and to establish an understanding of the project and what would be required. The telephone call was followed immediately by a letter of invitation with attachments comprising letter of introduction from the supervisor, Dr Colin Sharp (Appendix L), study proposal summary (Appendix J), relevant questionnaire and consent form for signature and return (Appendices C, D, E, F, G, H and P). Each set of questions was amended where necessary to suit the participant's organisation, and in the case of Elizabeth Cham from Philanthropy Australia a special set of questions was developed (Appendix K). The initial telephone call was made to those potential participants known personally to the researcher as it did not seem appropriate to simply write a letter to those people. This proved to be time well spent because ultimately only four prospective discussions were not carried out. In three cases the key person was not available but another senior executive agreed to take part on behalf of the company. In the one other case an interview was not possible simply due to the great age of the prospective respondent, but the researcher was pointed to a considerable amount of written information both on the Internet and in published works. In any event in all of these cases considerable suitable information was obtained from documentary sources, such as books, Web sites, annual reports and other publications thus allowing their views to be included in this piece of research. While the data for these four sources may be criticised for lacking the personal touch, the available biographies and autobiographies proved to provide quite personal views. As against this factor, some of the interviewees in all groups either knew the researcher or knew of her work and reputation in the fundraising industry. While those who knew her may have been more at ease and able to speak more freely during the discussion, it was possible also that they could have said what they thought she wanted to hear. The fact that the information used in this thesis has been fed back to the participants for their verification should assist in mitigating this potential problem (refer Figure 2-3, p. 97). In all cases

interviewees were afforded freedom to make additional comments and raise further questions if they wished.

The type of relationship between participants as described above meant that the researcher was able to incorporate a form of “snowball sampling” (Babbie, 1998, pp. 194-196), a “nonprobability sampling technique” (Rubin and Babbie, 1997, p. 271) whereby participants suggested or recommended other suitable participants. In some cases the participants made quite strong representations about the suitability of certain possible informants and these were all followed through. In the case of the recipient informants almost all were recommended by individual participants or by those who were representing a company or an organisation. Those not mentioned were extracted from annual reports and other literature. Babbie (1998) says that “Snowball sampling is appropriate when the members of a special population are difficult to locate” (p. 195). It is a “process of accumulation” (p. 196) that was found to be most useful for this piece of research. The notion of asking the participants to suggest or recommend others almost ensured a useful contact would be made. However a caution that should be exercised in this case is that donors could hardly be expected to recommend recipients who were not satisfied with the gift arrangements. However, one donor recommended a recipient who had been disappointed that the particular funding had not been continued.

3.2 Primary Data

To gain the views of the main stakeholders it was determined that the primary data for this study would come from the following major sources within Australia:

- Senior company managers, where possible the Chief Executive Officer, or if more appropriate the senior person responsible for corporate giving,
- Individual philanthropists,
- Senior managers of trusts and foundations,
- Senior representatives of gift recipient bodies,
- Professional fundraisers, both in house and consultant, and
- Personal experience over more than 35 years as a professional fundraiser and fundraising consultant.

In addition the Executive Director of Philanthropy Australia, the national membership body for Australian philanthropic trusts and foundations, was a key informant.

Potential members of the above groups of participants were identified by reference to the following:

- Personal fundraising records,
- Company fundraising records,
- The Business Review Weekly lists of donors (2003),
- The Australian Directory of Philanthropy 2003/2004 and 2004/2005,
- Material obtained through personal membership of Philanthropy Australia,
- Fundraising colleagues,
- Fundraising clients, and
- Recipient charities (for names of suitable donor respondents).

3.2.1 Senior company managers

Interviews were sought with the person of highest authority within the particular company, usually the Chief Executive Officer, although several corporate chairmen participated in the study. These senior company managers were identified with the aim in mind of targeting mostly larger companies or corporations operating in a variety of fields of commerce and industry. It was intended also to spread the respondents over the different states of Australia as far as possible in case regional differences became important. In the event the following types of national and international companies were chosen:

- Building and engineering (all states and territories of Australia and international),
- Commercial motor vehicles (South Australia),
- Electronics (all states and territories of Australia),

- Food (all states of Australia),
- Finance (international),
- Health (New South Wales),
- Life assurance and superannuation (all states and territories of Australia and international),
- Meat production (Western Australia).
- Media (all states and territories of Australia and international),
- Mining, operating nationally and internationally (South Australia and Victoria),
- Packaging (all states of Australia),
- Rural supplies (Western Australia),
- Shopping centres (all states and territories of Australia and international), and
- Telecommunications (Australia).

Questions were designed in general form initially then adapted for each of the groups of givers, that is individuals, trusts and foundations, and trustee companies (Appendices C, D, E). In the case of the professional fundraisers different questions were needed because of their particular perspective and also because they were taking part in a focus group (Appendix G). These questions were adapted for those professional fundraisers who were willing to assist, but unable to attend the focus group (Appendix H).

Representatives of recipient charitable organisations required a different set of questions altogether coming as they did from the ‘demand’ side (Lyons, 2003, p. 1) of fundraising (Appendix F). Some respondents elected to send their answers and their signed consent form back by either email or fax. In these cases phone calls were made to acknowledge receipt of their answers, and for further discussion and clarification of their statements where required.

Perusal of annual reports, brochures and other publications supplied by participants revealed both quantitative and qualitative information, although amounts given away by

way of philanthropy were rarely distinguishable from other expenses. Information obtained from corporate Web sites was verified by a senior representative of the company concerned and updated where necessary.

3.2.2 Individual philanthropists

Individual philanthropists were not as easy to identify as senior company managers. It was the case also that some of the individual philanthropists were still active within the companies they had established. Others had died and had willed large sums to either a trust or a foundation in their own right, or in combination with members of their families. The list of fields of commerce and industry above includes also the fields of interest and concern of the individual philanthropists who took part in the project. In all cases interviewees were afforded freedom to make additional comments and raise further questions if they wished.

3.2.3 Trusts and foundations

Interviewees in the trusts and foundations group comprised managers or executive officers of three of Australia's major trustee companies, and of some of Australia's largest and most unique trusts and foundations. The trustee companies involved are responsible between them for the management of nearly 2,000 trusts and foundations. Thus their inputs and views are of considerable importance to this thesis. They are ANZ Trustees, Perpetual Trustees, and Trust Company of Australia⁸¹.

The individual trusts and foundations were selected from personal knowledge and by consulting *The Australian Directory of Philanthropy* (Philanthropy Australia, 2002/2003, 2003/2004 and 2004/2005). In every case the discussion was conducted with the most senior person possible. The initial contact was made by telephone, and in only one case did it prove difficult to obtain agreement to a discussion. This was due to certain changes taking place within the organisation. Ultimately the participants represented the following trusts and foundations:

- CEPA Trust,
- Helen Macpherson Smith Trust (formerly Helen M Schutt Trust,
- The Ian Potter Foundation,

⁸¹ Trust Company of Australia has now been amalgamated with Permanent Trustees to form a new company named Trust.

- James N Kirby Foundation,
- McLeod Foundation,
- The Myer Foundation,
- The R E Ross Trust,
- The Reichstein Foundation,
- The Sylvia and Charles Viertel Foundation, and
- The Walter and Eliza Hall Trust.

Suitable questions (refer Appendices D and E) were prepared and tailored to the participants as appropriate. Each person received the same supporting material as other participants. It should be noted that the researcher did not use a tape recorder due to her years of experience at interviewing without taking notes, because note taking might inhibit responses in fundraising studies. However notes were written immediately following each discussion. Any uncertainty or lack of recall was mitigated by feeding the appropriate portion of this thesis back to the respondent for verification (see Iterative Spiral Figure 3-1, p. 111).

Managers of individual trusts and foundations provided significant insights also into the philosophies of their founders and their hopes and aspirations, as well as to how the particular trusts or foundations operate today.⁸²

3.2.4 Philanthropy Australia

As already indicated (refer Ch. 1, Section 1.10, pp. 23-24) Elizabeth Cham, Executive Director of Philanthropy Australia, has been an important source, not just because of her involvement with many philanthropists and philanthropic trusts and foundations, but also because of her involvement in the PM's Community Business Partnership. In addition her present role involves assisting in the establishment of new private prescribed funds. It is worth noting that the total of new private prescribed funds set up since the prescribed private fund (PPF) tax changes introduced in 2001, has now grown to 142 with a further 17 approved by the tax office in February, 2004 (Bawden, 2004, p.

⁸² Comment is made in Chapter 5 on the perception gained from these participants that a transition is taking place within the industry.

67).

Cham said that the motivations for establishing private prescribed funds are quite diverse. The main ones she has identified seem to be centred round personal values. Reasons given included a family history of giving, wanting to give something back because they have had successful lives, and wanting to be known for something other than their success in business. Migrants who have found a good home in Australia indicated that they wanted to give back to their adopted country. Some people do not wish to just leave all their money to their children, and these people leave only what they regard as sufficient, because they believe that their children need to learn for themselves. There are those people who simply wish to feel that they've done something good in their life, and still others who have religious beliefs that either inspire, or obligate them to make charitable gifts (P. D. S., *pers. comm.*, 20 May, 2003).

As with the MA thesis (Smith, P. D., 2000a), Cham provided access to staff members of Philanthropy Australia and to the organisation's library.

3.2.5 Others

In the course of this research a number of other organisations were noted and each of these had some data or philosophy relating to the motivations and techniques of corporate philanthropy. It was determined therefore that the findings from these organisations should be included in the analysis. As there is no confidentiality involved they are listed below:

- AMP Foundation,
- BHP Billiton Welfare Trust for Newcastle,
- CMI Foundation,
- Foundation for Rural and Regional Renewal,
- Law and Justice Foundation of New South Wales,
- The Also Foundation,
- The Australian Business Arts Foundation,
- The Foundation for Development Cooperation,

- The Foundation for Young Australians, and
- The ResMed Foundation.

3.3 Gift Recipients

It was considered important to attempt to understand the other side of the philanthropic process by considering the point of view of representatives of gift recipient bodies. In a snowballing technique all of the corporate, individual, trust and foundation representatives were asked if they were willing to name three or four recipients who might be willing to participate in order to gain a perspective of their side of the gift or grant arrangements, including the application process. Not all were willing to do this but from the recommendations of those who were willing a useful list emerged. Each recipient was contacted first by the participant to ensure they were willing to be interviewed and to provide bona fides for the researcher. Ultimately the interviewees were from New South Wales, Victoria, Western Australia and South Australia. All recipients contacted were willing to discuss their relationship with their donors. However it is important to note that it is hardly likely that a benefactor would name a recipient organisation where there had been a negative experience. Those contacted for discussion represented the following organisations:

- Alfred Hospital, Melbourne, Victoria,
- Art Gallery of Western Australia, Perth, Western Australia,
- Bayley House, Brighton, Victoria,
- Cottage by the Sea, Queenscliff, Victoria,
- Good Shepherd Youth and Family Service, Melbourne, Victoria,
- Leeuwin Sail Training, Perth, Western Australia,
- Moreland Community Health Service, Victoria (Y Glam and Generation Q),
- Polly Farmer Foundation, Perth, Western Australia,
- Rotary International, Sydney, New South Wales,
- Ted Noffs Foundation, Sydney, New South Wales,

- The Smith Family, Sydney, New South Wales,
- United Way, Adelaide,
- Upper Murray Family Care, Wodonga, New South Wales and Victoria,
- Western Australian Opera, Perth, Western Australia, and the
- Western Women's Domestic Violence Support Network, Victoria.

All of those contacted followed up our discussion by forwarding organisational documentation including annual reports, brochures and leaflets outlining their work, their mode of operation and their finances. This material was read for any mention of the particular benefactor, program or other relevant matters. The financial reporting while not vital to this thesis was read for mention of the benefactor, and to identify any obviously unusual items.

3.4 Professional Fundraisers

A group of key informants who were professional fundraisers was brought together in a focus group, and what became a critical reference group facilitated through personal contacts within the fundraising industry. They were self-selecting. Initially an invitation was sent to members of the South Australian Chapter of the Fundraising Institute of Australia, but there were only two responses. These two people who were from the same organisation were interviewed personally face-to-face and their comments have been included in this thesis.

It was decided therefore to set up a group in Sydney. Contact was made with Jenni Elliott, then Executive Director of the Garvan Institute in Sydney and a fundraiser of both national and international experience. She agreed to convene a focus group of leading fundraising professionals in New South Wales to be attended and facilitated by the researcher. An invitation was sent to members of the New South Wales Chapter of the Fundraising Institute of Australia selected for their seniority in the industry and the positions they held; in all cases they were chief executive officers. All of those contacted were interested in the project but some members were unable to attend on the arranged day so it was agreed that a discussion would be held with them personally by telephone. Ultimately discussions with the researcher were held in this manner with ten

respondents while seven fundraisers joined the focus group. This group proved to be quite fruitful due in part to the fact that participants represented mostly larger charities and their Sydney head offices.

Facsimile and email exchanges also formed part of the process. Every participant agreed to be available for further discussion if required. All participants were sent an early copy of the relevant area of this thesis for review as described on the previous page thus providing them with an opportunity of validating and augmenting the information and comments attributed to them. Those who were interested and willing to participate but unable to be present at the focus group were interviewed by the researcher individually by telephone. The discussion questions prepared for the group were circulated prior to the meeting and those who were interviewed by telephone received the discussion questions together with the same material as all other interviewees. A conducive venue for the focus group meeting was provided at the Garvan Institute in Sydney and two full hours were allowed for the discussions. This time limit was somewhat exceeded due to the interest and willingness of the participants. Members of the group were enthusiastic about the research, and energetic and knowledgeable in their participation with willingness to debate issues as they arose.

Organisations represented in this exercise were:

- Alzheimers Association,
- Anglicare,
- Australian Cancer Research Foundation,
- Children's Medical Research Institute,
- Flinders University Foundation,
- Garvan Institute,
- Good Shepherd Centre,
- House with No Steps,
- Life Education,

- North Shore Heart Research Foundation,
- Opportunity International,
- Red Cross Society,
- Riding for the Disabled,
- Royal Flying Doctor Service,
- Royal Institute for Deaf and Blind Children,
- Sydney Symphony Orchestra,
- The Fred Hollows Foundation, and
- The University of New South Wales.

3.5 Secondary Data

Anecdotal and secondary sourced data was obtained from main sources that included Australian and overseas literature, biographies and autobiographies, corporation documentation, and the World Wide Web (www)⁸³.

An extensive literature review involving over 800 different sources was conducted and almost daily reference was made to Web sites. To this was added material from the researcher's experience in the fundraising industry gleaned from files and other records. The latter experience has comprised literally hundreds of discussions with management of a range of corporations both large and small, as well as executives of NPOs. These discussions took place on site in the course of carrying on the international fundraising business referred to earlier (refer Ch. 2, Section 2.1, pp. 75-76).

Biographies and autobiographies have been valuable sources for determining the motivations of givers, and for explaining the techniques they use in determining to whom they will make grants, how much they will grant, over what period the grant will be made, and what they will require from the recipients. A number of biographies and autobiographies and biographical extracts were perused.

⁸³ It should be noted that the World Wide Web has become a major source for this thesis as almost all informants or discussants assumed that their Web pages would have been researched prior to our discussions. This was done in all cases, hence extensive references to Web pages.

3.6 Analysis

In this phase of the project all of the data collected from various sources, including the literature review was collated and analysed to support this thesis. The exercise enabled the researcher to conduct a thorough review of all of the work done over a period of several years and to draw conclusions from it. The issues originally identified (refer Ch. 2, Section 2.2, pp. 76-77) were then reconsidered in the light of the analysis of the data. Further anecdotal material came from fundraising industry and general contacts as well as additional literature review. In fact the literature review, rather than being an exercise completed prior to writing the thesis, has been ongoing throughout, as new light has been shed or new facets of the topic revealed.

3.7 Follow Up

The initial analysis had revealed some gaps in the information and stimulated some additional questions for the interviewees. They were recontacted to close these gaps and provide additional knowledge about some of the issues. In this way further action was taken to counteract personal bias that may have compromised the conclusions. This exercise meant also that further issues were raised for additional analysis and research and so the procedure continued as long as it was proving to be profitable for this project. The process would seem to be a mix of elements from both the Apollonian and Dionysian inquiry cultures as described by Heron and Reason (2001) with a “process of cycling between reflection and action. Each reflection phase is used to reflect on the data from the last action phase, and to apply this thinking in planning the next action phase” (p. 183).

At the same time the whole course of action throughout was “spiralling” (p. 183) and it was possible, and at times necessary, to travel both up and down through the spiral. Figure 3.1 (p. 111) adapted from Dey (1993, p. 65) aims to explain this process in graphic form. The process has ensured that everything attributed to informants has been double checked by them and approved. Likewise information obtained from corporate and trust and foundation literature.

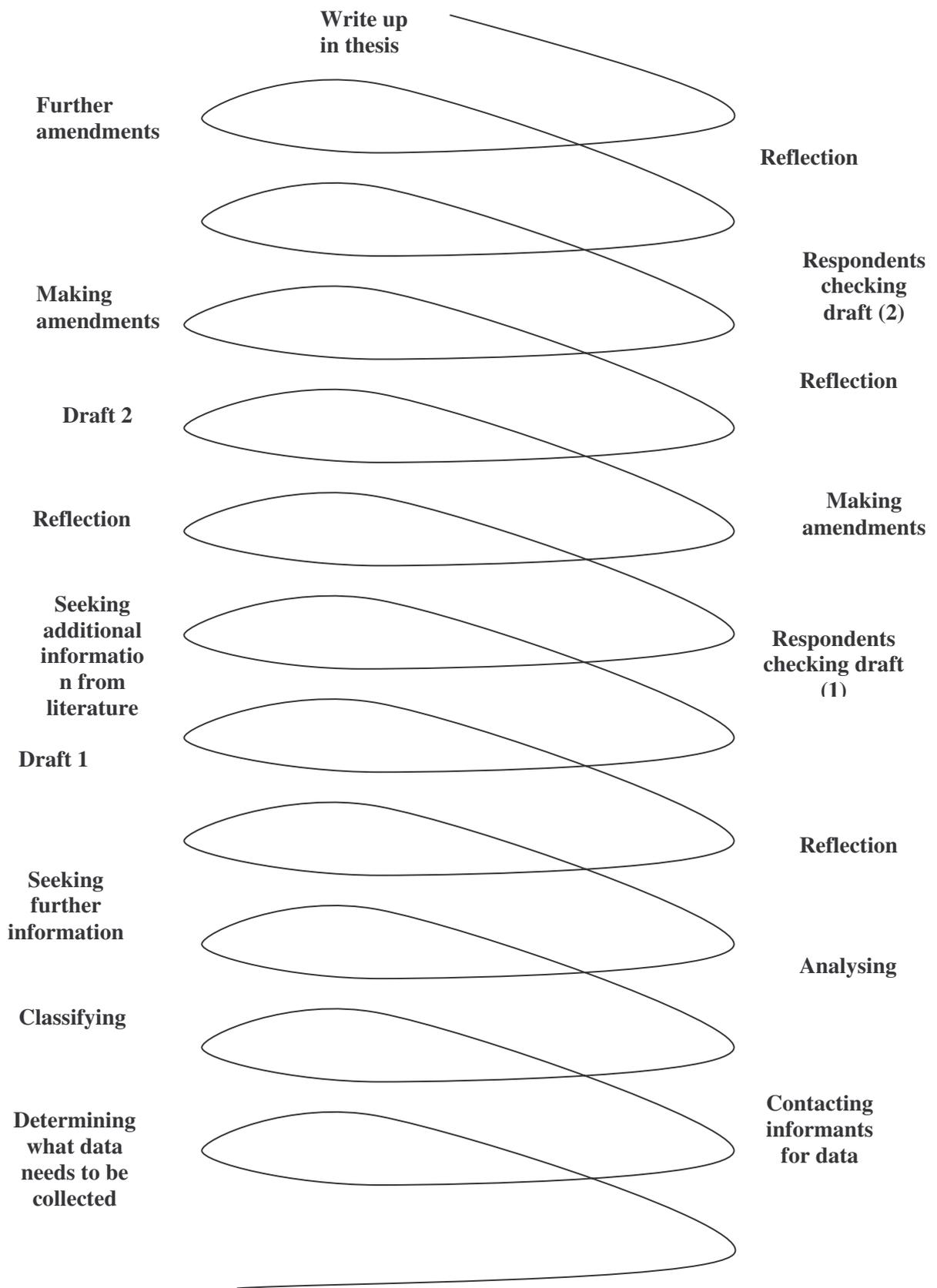


Figure 3-1 Iterative Research Spiral

3.8 Conclusions and Recommendations

The last step was to settle on what would be the final conclusions and to formulate recommendations for further research. As has been said, it is intended that the data obtained and the conclusions drawn from this inquiry be made available via the Fundraising Institute of Australia and other professional bodies such as ADAPE (Association of Development and Alumni Professionals in Education) as a contribution to the knowledge of professional fundraisers and others who work in the fundraising industry. The hope is that this work will be useful to them in formulating submissions to companies, trusts and foundations, and individuals. Hopefully companies, individuals, and trusts and foundations too will benefit through greater understanding of the industry and the motivations and techniques of others. It is hoped that over all this work may make a contribution to the efficacy and efficiency of the fundraising industry in Australia.

3.9 Guide to Where Research Questions are Answered

The following guide indicates that the research questions (refer Ch. 2, Section 2.2, pp. 76-77) have been answered by showing where the answers may be found.

Table 3-1 Guide to Answers to Research Questions*

Research Questions	Topics	Relevant References Chapter/ Section/ Sub- Section	Page Nos
What motivates individuals to give money away?	Charity Sir Eric Neal PPFs	1.16.4 5.8.2 6.11.7	50-52 221-223 309
How strong is background and family influence?	Rationale Democratic Dialogue Philanthropists Philanthropy Australia Individual Motivations towards Philanthropy	1.15 2.6 4.4 5.11 Fig. 6-1	40-43 94-96 124-125 264-267 290
Why do companies give money away? If, and how are companies influenced in their giving by individuals within the company?			Refer list 1 below
What effect do individual beliefs and interests have on gift giving?	New Data Altruism Cooperative Inquiry Philanthropy Australia Concepts Extracted from Literature Review Corporations Wesfarmers Individual Motivations Topics for Further Study	1.5 1.16.2 2.3.2 3.2.4 4.8 5.1 5.5.1 6.1 7.4	11 47-49 78-79 104-105 148-151 152-153 157-163 310-314 319-323
How do individuals/companies/trusts and foundations determine the amount they will grant or give?	Introduction Foundations and Charities Stockpiling Assets George Peabody BHP Billiton Concepts Extracted from Literature Review Wesfarmers Sylvia and Charles Viertel Charitable Foundation Helen M Smith Trust Colonial Foundation Limited Robert Champion de Crespigny The Walter and Eliza Hall Trust ANZ Trustees Trust Trustee Companies Trusts and Foundations	1 4.3.2 4.5.3 4.6.1 4.8 5.5.1 5.5.10 5.5.11 5.5.13 5.8.4 5.8.6 5.10.1 5.10.2 6.3 6.6.6	1 123-124 126 132-135 148-151 157-163 198-199 200-202 204-206 227-229 231-234 250-256 256-259 293-295 302

What form do relationships between givers and receivers take?	Rationale	1.15	40-43
	Relationships between the Three 'Cousins'	2.4	90-94
	BHP Billiton	4.6.1	132-135
	The Pratt Foundation	5.5.7	184-189
	Robert Champion de Crespigny	5.8.4	227-229
	Perpetual Trustees Australia	5.10.3	260-265
	Gift Recipients	5.13	273-274
	Methods of Giving	6.4.1	295-296
	Relationships between Givers and Receivers	6.5	300
	Professional Philanthropy	6.8	303-304
What acknowledgement do individuals/companies/trusts and foundations like/demand?	Patronage	1.16.6	54-55
	Wesfarmers	5.5.1	157-163
	The Myer Foundation	5.5.6	180-184
	The Ian Potter Foundation	5.5.9	191-198
	The Helen M Smith Trust	5.5.11	200-202
	Robert Champion de Crespigny	5.8.4	227-229
	Philanthropy Australia	5.11	264-267
	The Ted Noffs Foundation	5.13.7	282
How do philanthropists determine the timing of their gifts, and how important is it?	Characteristics of Givers	5.12.1	269-271
	Decision Making and Timing	6.4.2	297-298
Is there any pure philanthropy?	Philanthropy	1.16.1	46-47
	The Myer Foundation	5.5.6	180-184
How do funds managers manage the trusts and foundations for which they are responsible?			Refer List 3 below
What changes are taking place in the philanthropy arena?	Charity	1.16.4	50-53
	Globalisation	1.17.5	61-62
	Philanthropy Australia	3.2.4	104-105
	Tax Measures	4.1	118-119
	Shareholders Views	4.3	122-123
	Philanthropists	4.4	124-125
	Trusts and Foundations	5.3	154
	Wesfarmers	5.5.1	157-163
	The Reichstein Foundation	5.5.5	176-180
	The Pratt Foundation	5.5.7	184-189
	Recent Changes in Technique	5.7	215-216
	Sir Eric Neal	5.8.2	221-223
	The R E Ross Trust	5.8.7	234-239
	Trust	5.10.2	256-258
	Philanthropy Australia	5.11	263-267
	The Future of Trusts and Foundations	6.12.3	310
	Limitations	7.2	314-316

* This chart contains **key** references, not **all** references.

List 1 Influences on Company Giving

Ch./ Sections	Topic	Page No.
1.2	Dearth of Research	4-5
1.4	Sustainability of the Welfare State	9-11
1.5	New Data	11-12
1.11	PMs Community Business Partnership	24-25
1.13	The Triple Bottom Line and Corporate Social Responsibility (CSR)	28-36
1.15	Rationale	40-43
1.16.4	Charity	50-53
1.16.8	Enlightened Self-Interest	55-56
1.17.2	Corporation	58
2.1	The Experience and Approach of the Participant Researcher	75-76
2.4	Relationships between the Three Cousins	90-94
2.6	Democratic Dialogue	94-96
3.2.1	Senior Company Managers	101-103
3.2.2	Individual Philanthropists	103
3.2.3	Trusts and Foundations	103-104
3.8	Conclusions and Recommendations	112
4.4	Philanthropists	124-125
4.5.5	The William Buckland Foundation	128-129
4.6	Corporate	132
5.1	Study Results: Corporations	152-153
5.3.6	Trustee Companies (1)	156-157
5.5	Discussions with Corporate Informants	157-212
5.8.3	Dick Smith	223-227
5.8.4	Robert Champion de Crespigny	227-229
5.8.5	Janet Holmes a Court	230-231
5.8.7	The R E Ross Trust	234-239
5.10	Trustee Companies (2)	250-254
5.11	Philanthropy Australia	264-267
5.12.1	Characteristics of Givers	269-271
6.1.1	The Meaning of Philanthropy	291-292
6.2	Corporate Motivations v. Social Activism	292-293
6.3	Trustee Companies (3)	295
6.4.2	Decision Making and Timing	297-298
6.4.3	Gift Seeking	300
6.5	Relationships between Givers and Receivers	300
6.6	Techniques of Giving	300-303
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6.12.10	Workplace Giving (2)	311
6.11.2	Voting Rights for Donors	307
6.11.9	Decision Making	309
6.12.7	Proactive v. Reactive	310
7.4	Topics for Further Study	319-321

List 2 How Money is Given Away

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1.16.3	Generosity	49-50
1.16.6	Patronage	54-55
1.16.7	Endowment	55
1.17.1	Not-for-Profit (NFP) Sector	57-58
1.17.3	Gift or Giving	58-59
1.18	Social Capital	62-63
1.20	Prescribed Private Funds (PPFs)	73
4.1	Tax Measures	118-119
4.3.1	Measuring Benefits of Gifts	123
4.6.1	BHPBilliton	132-135
4.6.5	National Australia Bank	140-141
4.6.9	Australian Charities Fund	145-146
5.1	Corporations	152-153
5.5.1	Wesfarmers	157-163
5.5.3	James N Kirby Foundation	165-168
5.5.4	CEPA Trust	168-175
5.5.6	The Myer Foundation	180-184
5.5.10	The Sylvia and Charles Viertel Charitable Trust	198-199
5.7.2	Decision Making	217
5.8.1	Dame Elisabeth Murdoch	219-221
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5.8.6	The Walter and Eliza Hall Trust	231-234
5.10.1	ANZ Trustees	250-256
5.10.3	Perpetual Trustees	259-264
5.12.1	Characteristics of Givers	269-271
5.13.7	Ted Noffs Foundation	282
5.13.8	Upper Murray Family Care	283-284
6.1	Individual Motivations	289-291
6.4.3	Gift Seeking	298-299
6.5	Relationships between Givers and Receivers	300
6.6	Techniques of Giving	300
6.6.1	Direct Gifts and Grants	300
6.6.6	Trusts and Foundations	302-303
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List 3 The Management of Trusts and Foundations

1.13	The Triple Bottom Line and Corporate Social Responsibility (CSR)	28-36
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5.3	Trusts and Foundations	154-155
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6.6.6	Trusts and Foundations	301-302
6.11.5	Proactive or Reactive	308-309
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7.2	Limitations	316-318

4. FINDINGS FROM LITERATURE REVIEW

4.1 Questions about Social Identity

In addition to the more simple research questions⁸⁴ answered through the interviews and discussions (refer Ch. 3, Section 9, p. ?) a number of relevant questions relating to the motivations of givers arose from the literature review. These apply in particular to ‘social identity’ and are related to the ‘Hierarchy of Needs’ developed by Maslow in his ‘Germinal Papers’ and edited by Lowry (1973). These are set out below and have been applied to the findings from the interviews and discussions. It should be noted that many more questions concerning gifts, gift giving and social identity arose from the literature review so a decision had to be made as to how far this aspect should be explored, particularly given that this thesis is of a practical nature in its aims. The following questions have been pursued and answers will be attempted in the conclusions and recommendations contained in Ch. 6 (pp. - -). However it should be noted that a thorough exploration of these matters could be in the nature of a thesis in itself and therefore beyond the scope of this work.

The basic question raised through a study of Maslow’s Germinal Papers as edited by Lowry (1973) concerns which of the needs contained in his five-tier hierarchy applies to the motivations of gift givers as individuals, and as individuals who make decisions on behalf of corporations. As suggested previously (Ch. 1, Section 16.9, p. ?) givers may be categorised under any one or more than one of the higher three levels of belonging, esteem and self-actualisation.

Did the actions of givers come partly in response to “pre-established plans ... continually developed and adjusted to take account of social circumstances” as proposed by social identity theorists such as Tajfel (1984), Billig (1996) and Bandura (1995)? If this was so did the givers therefore have a sense of self-efficacy? Did their plans require them to be involved in a group in order to solve problems common in the community as suggested by Bandura (1995) and Ng (1996) to name just two theorists whose work related to groups.

⁸⁴ The research questions addressed to participants were kept uncomplicated in deference to the level of understanding of philanthropy that it was anticipated could be displayed by them. The researcher was aware of this possibility through her work in the fundraising field.

Owens & Aronson (2000) propounded that givers make their decisions on a rational basis appraising first the benefits that may accrue from their gift and what it will really cost them to make the gift (p. 192). So, in this context are the givers interviewed for this study acting in this way. Relevant to this question is Mauss's (Trans. By L. Cunnison, 1970) proposition that gifts are complicated transactions that are ruled by "particular norms and obligations" (p. 76), and Derrida's (1977) argument that free gifts are not possible because they all "arrive burdened with obligations" (in Osteen, 2002, p. 6). The key question is whether this study confirms or denies the Mauss and Derrida propositions that gifts always seek recompense?

This raises the questions as to whether the arrangements between givers and receivers amount to forms of contracts that carry an obligation to give and an obligation to receive, and if so, how do these relationships work in practical terms? Along with the obligations to give and to receive Mauss (1970, p. 10) suggests an obligation to repay the gift is part of the contract, do the gift receivers see it this way?

Finally, although many more questions would be asked in a more extensive study of the matter, is there evidence from this study that gift giving is unifying and does it have the capacity to forge or solidify social bonds as put forward by Komter (1996, pp. 107-118)?

4.2 Tax Measures

Philanthropy Australia has an agenda for tax reform that it regards as central to its "advocacy role" (Philanthropy Australia, 1999). The following are the changes to taxation law that affect trusts and foundations:

1. Refund of excess franking credits from the Australian Taxation Office,
2. Taxpayers making cash gifts to tax deductible organisations are able to claim income tax deductibility over a period of up to five years,
3. Businesses, families and individuals now have more flexibility in starting their own trust funds (Prescribed Private Funds) for philanthropic purposes.
4. Landholders who make perpetual conservation covenants with tax deductible organisations at no cost to the Receiver are able to claim income tax deductions along the same lines as the existing gift provisions in taxation law as applying to donations of land and other property (p. 9).

Philanthropy Australia claims in regard to franking credits that, “as a result of this change, there will be additional millions of dollars available for charitable distribution annually”⁸⁵. The averaging provisions (refer point 2. above), according to the Prime Minister, “will make it more attractive for individuals and businesses to make donations to DGRs (deductible gifts recipients) sooner”⁸⁶.

Other changes that took effect as from 1 July, 2004 relate to the definition of a charity and extend the meaning of bodies that “meet the public benefit test”⁸⁷ to include:

- Open and non-discriminatory self-help groups, and
- Closed or contemplative religious orders that regularly undertake prayerful intervention at the request of members of the public⁸⁸.

4.2 Strategic and Venture Philanthropy

Hooper’s (2004) work on strategic and venture philanthropy has pointed to the perception that those involved in grantmaking are finding that the current approach is “insufficiently targeted to have the maximum impact in the community” (p. 24) and suggests that “a scatter gun approach is employed”. While this thesis points to some lack of targeting it does not seem that an across the board judgment such as this gives the true picture as that is considered to be more complex, and also still to be in the development phase. There are those who question if Australia has the resources for venture philanthropy, and in fact whether the country is ready for it (Simons, 2002, p. 3). Simons points to a Report called Unleashing New Resources and Entrepreneurship for the Common Good carried out in the USA by the Kellogg Foundation in 1998. The Report posed questions about the resources and readiness for venture philanthropy in the USA that may well be directed to the Australian situation. Simons asks “whether or not the history of corporate social responsibility in Australia has evolved to the point where CSR is sufficiently mature and strong to sustain the further development of

⁸⁵ Philanthropy Australia. 2003b, ‘Advocacy’, <http://www.philanthropy.org.au/advocacy/11-01-taxation.htm>, accessed 30 June, 2005.

⁸⁶ Prime Minister. 2002, ‘Press Release’, http://www.pm.gov.au/news/media_releases/2002/media_release2032.htm, 30 June, 2005.

⁸⁷ ATO. 2004, ‘Non-Profit News Service No.0015 - Charities Definition Inquiry: Government response released’, <http://www.ato.gov.au/nonprofit/content.asp?doc=/content/24374.htm>, accessed 7 September, 2005.

⁸⁸ ATO. 2004, ‘Non-Profit News Service No.0015 - Charities Definition Inquiry: Government response released’, <http://www.ato.gov.au/nonprofit/content.asp?doc=/content/24374.htm>, accessed 7 September, 2005.

generating the venture capital of social investment” (p. 3).

Two relatively recent developments have been the establishment in 2001 of the Social Entrepreneurs Network and in 2002 of Social Ventures Australia (referred from hereon as SVA) (p. 2). The Social Entrepreneurs Network attracted more than 500 delegates to its inaugural conference in Sydney. SVA aims “to integrate the Australian public, corporate and social sectors to create entrepreneurial, innovative and results-driven solutions to Australia’s social problems”⁸⁹, and bears more than a passing resemblance to ‘Venture Philanthropy Partners’, a Washington based organisation that began with initial financial commitments from three concerned people and makes its philanthropic investments in “the core developmental, learning, and educational needs of children from low-income families in the National Capital Region”.⁹⁰

The Community Foundation Silicon Valley claims that the phrase ‘venture philanthropy’ was coined there in 1984 by Somerville and subsequently promoted by Letts, Ryan and Grossman (1997) through an article in the *Harvard Business Review* entitled ‘Virtuous Capital: What Foundations Can Learn from Venture Capital’. Their argument was that “many grant-making foundations gave too little attention to helping nonprofits build efficient, self-sustaining infrastructures and increased capacity to deliver services” (p. 5). In an argument that appeals to this researcher due to her long experience in the nonprofit sector, they write, “The failure (to give enough attention) forced nonprofits to spend too much time hunting for new grants” (p. 3). They thought that foundations should “have an ongoing role in helping the nonprofit attain its goals” (p. 3). Several foundations in Australia seek this ongoing role, in particular the Reichstein Foundation (refer Ch. 5, Section 5.5.5, p. 176-180) and The Myer Foundation (refer Ch. 5, Section 5.5.6, pp. 181-184).

Another appealing aspect of Letts, Ryan and Grossman’s (1997) concept is their suggestion that venture capital techniques could be applied to foundations, for example, in better risk management and better ways of determining the recipients’ performance⁹¹ Foundations following this path need to seek organisations able to receive a benefit

⁸⁹ Social Ventures Australia, 2005, ‘Social Ventures – what are they?’
<http://www.socialventures.com.au/ventures/>, accessed 12 January, 2005.

⁹⁰ Venture Philanthropy Partners (VPP), 2005, ‘About Us’
<http://www.venturephilanthropypartners.org./about/index.html>, 11 January, 2005.

⁹¹ Wharton. 2004, ‘Venture Philanthropy Embraces Key Strategies of Venture Capitalists: Beating the S & P 500’, <http://www.knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&id=769>, accessed 13 January, 2005.

from the giver's expertise and that try "to improve their overall results by building a portfolio of recipients that complement one another" (p. 3). Herron and Bailey⁹² think that "most of the tools used by VCs (Venture Capitalists) in for-profit businesses can and should be used in philanthropy" using the same measure of success, that is, return on investment. However they concede that while "financial return on investment is elegant and simple, social return on investment is vague and complex"⁹³. Nevertheless they believe that "If we really know what it costs to have a homeless child in our society, we might insist on a better product to get that child loved, housed and raised"⁹⁴. In the experience of this researcher it is not so difficult to calculate the actual costs of various welfare activities by taking into account such items as cost of accommodation and salaries.

This type of funding would seem to require longer term commitments than the more usual one to three years encountered in personal experience. Croson has studied charitable organisations and says that "hundreds of organizations claim to be using venture philanthropy principles" and "there is usually a more intense ongoing relationship"⁹⁵. However a survey carried out by Washington-based Venture Philanthropy Partners found only "42 pure venture-philanthropy organizations, making grants totalling about \$50 million 2001, less than 0.2 percent of all grants in the country that year"⁹⁶. It seems therefore that only time will tell whether venture philanthropy, along with social entrepreneurship, strategic philanthropy and e-philanthropy, is really new or just a new term for programs and principles that have been in use for some time; whether donors will respond in greater numbers and with larger gifts when approached in this way, and whether this 'new approach' being used by "many mainstream

⁹² Herron, J. and Bailey, C. 2000, 'Venture Philanthropy: An Oxymoron Whose Time Has Come', *The Business Monthly*, http://www.bizmonthly.com/11_2000/page16.html, accessed 11 January, 2005.

⁹³ Wharton. 2004, 'Venture Philanthropy Embraces Key Strategies of Venture Capitalists: Beating the S & P 500', <http://www.knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&id=769>, accessed 13 January, 2005.

⁹⁴ Wharton. 2004, 'Venture Philanthropy Embraces Key Strategies of Venture Capitalists: Beating the S & P 500', <http://www.knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&id=769>, accessed 13 January, 2005.

⁹⁵ Wharton. 2004, 'Venture Philanthropy Embraces Key Strategies of Venture Capitalists: Beating the S & P 500', <http://www.knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&id=769>, accessed 13 January, 2005.

⁹⁶ Venture Philanthropy Partners. 2003, 'Venture Philanthropy Embraces Key Strategies of Venture Capitalists', Public Policy and Management, Wharton, <http://knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&id=769>, accessed 13 January, 2005.

foundations”...“has changed the pitch being made to potential donors”⁹⁷. So, is it really working?

The Venture Philanthropy Partners study concludes that progress towards keeping the promise of venture philanthropy is “real but not yet revolutionary”.⁹⁸ However there are critics who argue “that venture philanthropy is just a fancy name for practices that well-run charities and foundations have always employed”.⁹⁹

These concepts probably also bear comparison with cause-related marketing (CRM) promoted pioneered in the USA in 1983 by Jerry Welch and promoted in Australia since around 1997 by Cavill and Co (Smith, P. D., 2000a, pp. 114, 115).

According to Hero (2000), the characteristics of what was claimed to be “a new philanthropy” (p. 1) include workplace-based networks of giving, the emerging role of capital assets in giving by both individuals and corporations, increasing convergence between corporate community involvement and individual giving, the role of the Internet as a charitable resource, and the emergence of regional initiatives designed to make individual giving more measurable and collaborative (p. 1).

Matching mentors to social ventures is one of the key activities of SVA. It aims through its ‘Mentor Match’ program to connect “high quality mentors from the corporate, social and government sectors, with social ventures that have the capacity to create high impact social change”.¹⁰⁰

The questions that arise revolve around whether strategic or venture philanthropy is different to corporate philanthropy. It perhaps ought not to be different but in practice would seem to be. Traditional corporate philanthropy has simply been regarded as the giving of cash gifts, sponsorships and *pro bono* work while strategic or venture philanthropy is more targeted and more involving. Here is yet another area for research in what is demonstrably an under researched field.

⁹⁷ ‘Venture Philanthropy Embraces Key Strategies of Venture Capitalists: Beating the S & P 500’, Public Policy and Management, Wharton,

<http://knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&id=769>, accessed 13 January, 2005.

⁹⁸ Venture Philanthropy Partners. 2003, ‘Venture Philanthropy Embraces Key Strategies of Venture Capitalists’, Public Policy and Management, Wharton,

<http://knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&id=769>, accessed 13 January, 2005

⁹⁹ Kramer, M. R. 2002, ‘Reinforcing Basic Principles’, *The Chronicle of Philanthropy*, 2 May, 2002,

<http://knowledge.wharton.upenn.edu/index.cfm?fa=viewArticle&id=769>, accessed 13 January, 2005.

¹⁰⁰ Social Ventures Australia. 2005, ‘Social Ventures – what are they?’

<http://www.socialventures.com.au/ventures/>, accessed 12 January, 2005.

4.3 Shareholders' Views

The earlier study indicated that shareholders were not a strong influence on corporate giving although the matter was not studied in detail; however a change seems to have been coming over the area with major investors such as superannuation funds, consumer groups and shareholder groups making their views known. This has been particularly so in relation to the perceived exorbitant salaries being paid to some corporate executives who have subsequently been required to resign their positions due to poor performance. For example, Batchelor former head of AMP who departed after falling out with his chairman over the “poor disclosure of AMP’s United Kingdom capital woes and moves to preserve some valueless share options” was paid a performance bonus after barely a year in the job and purchased for \$2.5 million Terrace Vale, a vineyard in the Hunter Valley, NSW¹⁰¹.

Interestingly, the ‘Shareholders’ Project Survey’ conducted by Irving Saulwick and Associates in 2001 “indicated that 20 per cent of Australian shareholders believe that contributing to community wellbeing should be a company’s top priority, even above making money” (Cham, 2004, p. 1). Shareholders now look to have different wishes beyond simply obtaining the best possible return on their investment, again an area that could be considered for future study.

4.3.1 *Measuring benefits of gifts*

Many of the informants in this study expressed their difficulties in measuring the benefits of gifts, and were much more at ease with sponsorships as these were usually monitored, either closely or loosely depending on the size and inclination of the company, and therefore more capable of analysis. Some informants thought that their company had an obligation to make smaller gifts to ‘good causes’ in the community even though they could not be sure of their effectiveness. Retailers in particular were happy to settle for better brand recognition, while others said that they wanted to be recognised as a “good corporate citizen” (P. D. S., *pers. comms.*, 2002-2004).

4.3.2 *Foundations and charities stockpiling assets*

An issue that came to the fore both from the literature review and during discussions with informants was that of foundations or trusts stockpiling earnings on their assets.

¹⁰¹ Deans, A. 2002, ‘CEOs under the Gun’, <http://bulletin.ninemsn.com.au/bulletin/EDDesk.nsf/All/B64ABAB48CEC6FCACA256C>, accessed 3 October, 2002.

Just three examples from many are The Ian Potter Foundation (refer Ch. 5, Section 5.5.9, pp. 191-198), the James N Kirby Foundation (refer Ch. 5, Section 5.5.3, pp. 165-168) and the H M Smith Trust (refer Ch. 5, Section 5.5.11, pp. 200-202).

The Ian Potter Foundation was set up in 1964 with capital of \$1 million. By 1994 this had grown to \$50 million, a bequest in Potter's will lifted the capital to \$100 million in 1995 and by 2003 the capital base was in excess of \$200 million (refer Ch. 5, Section 5.5.9, p. 193). Established in 1967 the James N Kirby Foundation began with \$2 million, today its annual disbursement is around \$400,000 (refer Ch. 5, Section 5.5.3, p. 167). In each case grants are made from interest on the investments.

Helen M Smith began her trust with a \$350,000 endowment and left instructions that during the first 21 years of its life the capital was to be allowed to accumulate and after that time the interest was to be disbursed. The consequence of this instruction was that by 2003 the value of the trust was around \$62 million (refer Ch. 5, Section 5.5.11, p. 200). The instructions given by these three people may be seen in several ways. Preservation of the capital meant that the amount available for distribution depended on market forces but on the other hand if the capital had been eroded by distributing more funds, but the life foundation or trust would have been limited.

Two of the trusts studied stated from the beginning that they were to have a limited life, dying with the donors or before. The Stegley Foundation was set up as a limited life trust to last 30 years but both Stegleys died prematurely and so their children were left to manage the trust. Nevertheless their instructions were adhered to and the foundation closed down on 31 July, 2001 (refer Ch. 4, Section 4.5.4, pp. 126-128). Feeney's CEPA Trust was set up to do good during his lifetime and he devoted all but \$5 million of his multi billion dollar fortune to it (Ch. 5, Section 5.5.4, pp. 168-175). He believes "in the importance of Giving-while-Living" (p. 169). He is keen to deal with today's problems, leaving tomorrow's to the next generation (refer Ch. 5, Section 5.5.4, p. 169).

4.4 Philanthropists

In addition to those philanthropists interviewed personally for this thesis, it was considered important to research others, both past and present, in order to more finely draw the overall picture, and to determine what support there is for the various views expressed by the participants. It was decided to include just a few overseas examples for

the purpose of comparison, however it would be impossible in a thesis such as this to explore all of the potential comparisons within Australia let alone overseas. This activity could be the subject of a major study involving a number of researchers¹⁰². The mix of philanthropists is somewhat eclectic relying on material already held by the researcher and other contacts made during the course of the study.

It was clear quite early in the study, from the literature review and initial discussions, that philanthropists are very much individuals. The researcher had reached this view through experience but it was important to either confirm or change that view through academic research. The philanthropists studied had made their way in the world, often through hard work and in a number of cases in face of considerable adversity. Their backgrounds were varied and the influences on them as diverse as the sources of their wealth. They were all found to have strong views on the business of philanthropy.

4.5 Individuals

The following cameos have been selected from a number studied during the research for this thesis. Each represents a different facet of philanthropic giving.

4.5.1 Stan Perron

Described as “unassuming” (Philanthropy Australia, 2005b, p. 23), Stan Perron is a long standing Western Australian philanthropist who “aims for personal donations of around \$1 million a year yet still would never call himself a philanthropist” (p. 23). More than 25 years ago he set up the Stan Perron Charitable Trust “as part of the estate planning for his company and family” (p. 23). The funds come from the profits made by his property and mining interests along with his “highly successful” (p. 23) Toyota dealership.

The Stan Perron Charitable Trust is run with three volunteer directors and has attracted honorary professional services so that all of the income gained from its investments in property and equities may be distributed, although this is not the case because the Trust is building a capital base for future grantmaking. Perron says that it is

¹⁰² Philanthropy Australia has published The Australian Directory of Corporate Community Involvement 2003. The material was obtained from a 2001 study of 165 Australian private and public companies carried out by the Corporate Citizenship Research Unit at Deakin University. It should be noted that 661 companies were originally selected from a mix of the BRW top 500, listings in Dunn and Bradstreet and the top 100 ASX listed companies (Philanthropy Australia, 2003c, p. 8).

his intention that the trust continues giving to the community long after he is no longer in charge. It supports “seriously ill children and people with disabilities as well as...research and health promotion around cancer and heart disease” (p. 23). A keen Rotarian Perron says that he would like to see more young people becoming involved with service clubs. Despite his Rotary work he says he would “much rather give money than have to ask for it” (p. 23).

This is an example of a simply designed arrangement intended to remain simple in its operation well into the future.

4.5.2 Andrew Mellon

Although not an Australian, Andrew Mellon is included because of what was considered to be his particular motivation for giving. Mellon gave all of the money for the construction of the East Liberty Presbyterian Church which stands on a busy street in Pittsburgh, Pennsylvania. Although he had not been known there “as a particularly active layman” (Panas, 1984, pp. 103-104)¹⁰³ his tomb is in the Church. While Panas was not able to point to a clear motivation for Mellon’s gift he recorded that the church is “commonly referred to as Mellon’s Fire Escape” (p. 104), suggesting that the gift was made out of guilt. It was not because a church was needed in that area as there was already a large church there (pp. 103-104).

Panas interviewed a number of philanthropists in the course of doing the research for his book and found that not one of his interviewees “mentioned guilt as a major factor in their giving” (p. 104). Of the participants in this study, only one mentioned guilt. It would seem that the mention of guilt would be difficult and although it might exist it would probably be given another name.

4.5.3 George Peabody

George Peabody was also not an Australian, but he is of interest because his fund was considered to be the first of its type, and because of its aim. The Peabody Fund was established in 1867 with an initial amount of US\$2 million. It was, according to Whitaker (1974) “the first recognizably contemporary foundation” (p. 41). Its aim was “to aid the stricken people of the South by helping to educate the young there of both races” (p. 41). Interestingly the establishment of this Foundation was:

¹⁰³ From his research Panas produced an extensive list of “Reasons People Give” (pp. 216-231). These have been referred to during this project for comparisons with the reasons Australians give.

... met by denunciations from some blacks, as missionary-like attempts by paternalistic northern whites to following a 'separate but equal' policy and to re-subjugate the blacks by training them to think what is desired of them (p. 41).

The question as to whether there are underlying purposes such as this behind various forms of philanthropy has some resonance with modern day giving in Australia, and possibly the United States, as may be seen in the reports of some of the companies studied, again a subject beyond the scope of this thesis.

4.5.4 The Stegley Foundation – Brian and Shelagh Stegley

The Stegley Foundation, in common with many of those researched during this project was based in Melbourne¹⁰⁴. It was established by “successful businessman, Brian Stegley, and his equally successful wife Shelagh, as a limited life trust designed to fund community projects for a maximum of thirty years”¹⁰⁵. However neither of them were able to see the results of their idea as they “both died prematurely in the mid-1970s, leaving the management of the trust to their children”¹⁰⁶.

The Foundation closed down on 31 July, 2001 but at least two of the projects it began are still in operation; The Stegley Foundation Social Justice Research Award administered through Social Science and Planning at the Royal Melbourne Institute of Technology and the r.u.MAD project (Melbourne Girls College MAD Foundation) that aims to “raise consciousness in Australia about the importance of giving, and particularly to help young people to ‘give back’ to the community”¹⁰⁷. While the trio of David Zyngier, Claire Brunner and Trudy Wyse were mainly responsible for the development of program materials it was:

... a collaborative exercise with financial and in-kind support from a range of philanthropic and education groups including The William Buckland

¹⁰⁴ The historical reason for so many of Australia’s foundations having Melbourne, or more rightly Victoria, as their base relates to “death taxes levied in Victoria in the nineteenth century. This particular benefit lasted for about seventy years and was to the effect that if a deceased person’s estate was used to set up a charitable foundation for the benefit of the people of Victoria no death duties would be payable” (Meachen, 1999, p. 1).

¹⁰⁵ Radio National, 2004, ‘Stegley Foundation Winds Up’, <http://www.abc.net.au/rn/talks/lm/stories/s341532.htm>, accessed 23 September, 2004.

¹⁰⁶ Radio National, 2004, ‘Stegley Foundation Winds Up’, <http://www.abc.net.au/rn/talks/lm/stories/s341532.htm>, accessed 23 September, 2004.

¹⁰⁷ The Stegley Foundation, 2004, ‘Stegley Foundation’, <http://www.users.bigpond.com/stegley/contacts.htm>, accessed 23 September, 2004.

Foundation, The Myer Foundation, Reichstein Foundation, CEPA, Philanthropy Australia and a range of organisations and individuals¹⁰⁸.

The Foundation has been selected for comparison in this thesis because of its stated purpose:

... supports initiatives which contribute to social change. Our purpose is: to find new pathways for people's self-determination and participation in community and civic life; through partnerships with community organisations, and with other funding bodies and donors, to achieve outcomes that will challenge inequitable social and economic policy and structures; with local communities or communities of interest, to tackle the root problems of disadvantage and discrimination and work towards a more just and fair society (Philanthropy Australia, 2000, p. 132).

Its priority interests are important because they emphasise not just working with local communities but “to ensure that local government addresses issues of social justice and equity” (p. 132). The Foundation chooses as its Target Groups: “People with disabilities; aboriginal communities; disadvantaged women; youth and older people” (p. 132). This is another foundation that has adopted a proactive approach rather than only responding to applications.

4.5.5 William Buckland Foundation

William Buckland (1900-1964) earns a place in this thesis because when he died in 1964 it was found that he had left “bequests to his family and some favourite causes” (The William Buckland Foundation, 2003, p. 1), but the “bulk of his large estate – four million pounds” (p. 1) was to establish a foundation, and the income from the foundation was to be used, in his own words, “to benefit a wonderful country and a wonderful people. Australia and Australians” (p. 1).

Buckland was “a highly successful businessman and pastoralist of the middle years of the Twentieth Century” (p. 1). Born in Mansfield, Victoria he worked in Melbourne as a young man and realising “the potential of the fledgling motor industry” (p. 1), he obtained the franchise in Australia for Ford spare parts, and this laid the foundation for his future. He set up a number of businesses within the motor industry and added significant pastoral holdings (p. 1), and his “greatest financial successes came in the 1950s when he sold the various parts of his extensive enterprises to larger public companies in return for their shares” (ANZ Trustees, 2003a, p. 1). His trustees seem to

¹⁰⁸ The Stegley Foundation, 2004, ‘Stegley Foundation’, <http://www.users.bigpond.com/stegley/contacts.htm>, accessed 23 September, 2004.

have exercised careful stewardship because the original legacy now generates over \$3 million each year to be distributed for charitable purposes (p. 1). To date the Foundation has distributed a total of over \$47 million to the two sectors named in the Trust Deed established by his Will; “public hospitals, public benevolent institutions or public benevolent societies in Victoria”, and the other half to “public scientific or public educational purposes in Victoria” (The William Buckland Foundation, 2003, p. 1). He indicated several preferences, that in distributing income from the first half his trustees would “favourably consider charities for children” (p. 1) and for the other half that they would “give preference to agricultural and related pursuits” (p. 1).

One of the major Buckland projects for 2003 is co-funding the State Orchestra of Victoria in association with The Ian Potter Foundation (refer Ch. 5, Section 5.5.9, pp. 191-198) and The Myer Foundation (refer Ch. 5, Section 5.5.6, pp. 180-184) and the Helen Macpherson-Smith Trust (refer Ch. 5, Section 5.5.11, pp. 200-202). It seems that The William Buckland Foundation provided a large degree of support for rural projects in the area where he made his fortune. For example, major funding was provided in 2003 for the Ballarat Health Services to work with the Department of Palliative Medicine at Monash University to “establish a model for the development of rural research and education that integrates city and country services and can be replicated in other rural areas (The William Buckland Foundation, 2003, p. 2).

In an eclectic mix of beneficiaries The William Buckland Foundation made grants to such organisations as Care Ring, Collins Street Baptist Benevolent Society, Consumer Law Centre Vic Ltd, Epilepsy Foundation of Victoria Inc., Marie Stopes Australia, Spina Bifida Foundation and Volunteering Australia.¹⁰⁹ In 2000 the board of The William Buckland Foundation decided to transfer the Foundation’s funds to professional managers, thus the Foundation no longer holds direct equities (the William Buckland Foundation, 2003, p. 14). The Foundation is now “starting to explore the questions which will be the focus of our (Philanthropy Australia) 2005 Conference - what is the role of a foundation/philanthropy in a modern democracy?” (Philanthropy Australia, 2004a, p. 7).

4.5.6 Sir Edward Hallstrom

Edward Hallstrom (later Sir Edward) left school at the age of thirteen and worked in a

¹⁰⁹ These are just a few of the 64 grants listed for 2003.

furniture factory in Sydney. While still young he established his own works making ice chests and later cabinets for refrigerators. Next, he began manufacturing low price refrigeration units to go in the cabinets to make the ‘Silent Knight’ refrigerator. He took out his own patents and built up a thriving business in refrigerator sales that boomed after World War II.

A regular visitor to Taronga Park Zoo he became one of its benefactors, in fact it was claimed that he was the Zoo’s “greatest benefactor”¹¹⁰. It is on record that in one year alone, 1947 he donated “more than 1500 animals and birds” (p. 249) to the Zoo. It is necessary to remember that Hallstrom carried out his philanthropy in a bygone era before today’s approach to the preservation of wild life and its habitat had begun. He was chairman of the Taronga Park Trust from 1948 to 1959 and later became an honorary director (p. 249).

Other causes of interest to Hallstrom and to which he made monetary gifts included “medical research projects and the establishment of an experimental sheep-breeding station in the highlands of Papua New Guinea” (Whitley, 1970, p. 249). Writing in *The Australian Zoologist* Whitley records that “he gave large sums of money towards research into cancer, tuberculosis and heart disease; to hospitals, clinics, homes for children and other causes too numerous to mention” (p. 404). One of Hallstrom’s biographers, Emily Hahn (1968) wrote that he “had an inquiring habit of mind and a keen interest in wild life. And he has made his mark...Zoo people outside Australasia depend heavily on Hallstrom for supplies from that region” (p. 164). In addition Hallstrom was credited with development in Sydney, particularly the Northbridge area where the family lived (Hill, n.d., p. 1). Hallstrom Park “adjacent to Willoughby Road and Small Street” (Lesley and Michaelides, 1988, p. 150) was named for him as he “gave £3,000 toward the costs of improving the land for public recreation and enjoyment and the building of a playing field for the use of his employees on weekdays” (p. 150)¹¹¹.

4.5.7 James Wright

Dr James Wright, real name John Knight, is a TV doctor who has set up his own charity, named Medi-Aid Centre. He has adopted a different approach in that he “has

¹¹⁰ Grolier Australian Encyclopaedia V.3, 1979, ‘Edward Hallstrom’, <http://auth.grolier.com/cgi-bin/authV2?bfs=N>, accessed 30 June, 2005.

¹¹¹ Sir Edward’s refrigerator factory was established on the opposite side of Willoughby Road to what became the playing fields.

spent more than \$20 million buying 150 apartments at Surfers Paradise” (Cunningham, 2002, p. 1) to rent out at half normal rentals to people in need. His generosity came to public attention when he assisted a homeless elderly couple by providing them with a unit after their daughter and her husband evicted them from their house at Helensvale on the Gold Coast. The couple had helped to pay for the house, but the relationship “went sour” (p. 2) and they were evicted by police. Wright saw their story on Channel Seven’s *Today Tonight* and says that “he felt compelled to help” (p. 2).

4.5.8 Albert Bensimon

Born in Egypt, Albert Bensimon discovered his love of jewels as a teenager at Christian Brothers College in Sydney when he began collecting gem stones and “soon realised there was money to be made” (*The PowerPack*, 2004, p. 7). He settled in Adelaide in 1977 and developed a chain of jewellery stores in South Australia and Western Australia. Today he is the Managing Director of Transworld Jewellery (Howlin, 2005, p. 90). His twin passions are art and books, so he has set himself “a goal to donate two per cent of his income each year to the arts” (p. 7).

4.5.9 Alfred Felton

Visitors to the National Gallery of Victoria will be aware of the Felton Bequest because half of the bequest established by Felton (1833 – 1904) was to purchase artworks for the gallery (ANZ Trustees, 2004a, p. 1). Felton was the son of a leather currier in East Anglia, UK who trained as a watchmaker (Poynter, 2004, p. 5) and came to Australia from England in 1853. He became a partner in “a highly successful pharmaceuticals importing and manufacturing firm¹¹², he also had several grazing interests in Victoria and NSW” (ANZ Trustees, 2004a, p. 1). His properties included Murray Downs, a vast property in the Riverina (Poynter, 2004, p. 5). He was a keen art collector hence his bequest to the National Gallery of Victoria, claimed to be “an institution housing a collection of international significance” (ANZ Trustees, 2004a, p. 1) with two major recent (2002) purchases being Howard Hodgkin’s *Night and Day*, a contemporary British work, and a 15th Century engraving *Primo Mobile*, the oldest print to be held in a public collection in Australia (p. 1). The Gallery estimates that over the 100 years of the bequest works valued at around \$1,000 million, comprising 80% of the finest artworks in the gallery, have been purchased through the Felton Bequest (p. 1).

¹¹² Originally Felton set up as a wholesale druggist making a good living from sales of Chlorodyne and Felton’s Quinine Champagne (Poynter, 2004, p. 5)

According to Sir Gustav Nossal, “in world terms, Alfred Felton is truly one of the greatest art benefactors of the 20th Century”¹¹³. His bequest to the National Gallery of Victoria provided “works of incomparable value and quality, transforming the collections of the NGV in every conceivable way”¹¹⁴. The significance of the acquisition funds provided by the Felton Bequest made by understood when one learns that they were greater “than those of London’s National and Tate galleries combined”¹¹⁵

Income from the other half of Felton’s bequest provides “annual scholarship awards and a mentoring program to around 50 Koorie (Aboriginal) secondary students as well as the Mirabel Foundation to care for children who have been either orphaned or abandoned by drug using parents”¹¹⁶.

This section about the Felton Bequest has been included in this thesis because of the magnitude of the funds provided. It is interesting also to note that like others quoted in this thesis, such as Viertel (refer Ch. 5, Section 5.5.10, pp. 198-199) he believed in self-help and independence, but also in private charity (Poynter, 2004, p. 5).

4.5.10 The Mary Kibble Trust and The John and Mary Kibble Trust Fund

These two trusts earn inclusion in this thesis because they are the only ones researched that devote their income to the benefit of animals. Kibble “had a successful management career” (ANZ Trustees, 2004b, p. 1), and regularly made gifts to assist veterinary research, particularly into canine medicine (p. 1). Recent research projects include various aspects of canine health; diseases affecting pure bred dogs; safe anaesthesia for dogs, and multi-drug resistant infections to which dogs are vulnerable” (p. 1).

4.6 Corporate

The information in this section regarded as relevant to this thesis was obtained through corporate literature and from corporate Web sites. The aim was to find material about companies both in preparation for the personal discussions with informants and for

¹¹³ The Felton Society. 2005, ‘Alfred Felton’, <http://www.ngv.vic.gov.au/feltonsociety/html>, accessed 1 September, 2005.

¹¹⁴ The Felton Centenary Symposium. 2005, ‘Private Philanthropy and Public Art Museums in Australia’, <http://www.ngv.vic.gov.au/feltonsociety/symposium.html>, accessed 1 September, 2005.

¹¹⁵ The Felton Society. 2005, ‘Alfred Felton’, <http://www.ngv.vic.gov.au/feltonsociety/html>, accessed 1 September, 2005.

¹¹⁶ Mirabel Foundation. 2005, ‘What Does the Mirabel Foundation Do?’, <http://www.mirabelfoundation.com>, accessed 17 August, 2005.

comparison with other material obtained during the discussions. It should be noted that some of it is almost as extensive as that obtained through those discussions. Considerable material was obtained unsolicited as this work became known. Several contacts said that they were “anxiously awaiting the findings” of this study (P. D. S., *pers. comms.*, 2004).

4.6.1 BHP Billiton

This company was selected for the study because of BHP’s Australian origins and the researcher’s knowledge of their long standing efforts as contributors to community welfare in the areas where the company operates. BHP Billiton states its commitment to “sustainable development and aims to be a valued member of the communities in which we work”¹¹⁷ and “Our target is to contribute, in aggregate, one per cent of our pre-tax profit on a rolling three-year average to sustainable community development programs”.¹¹⁸ It is worth noting the averaging of pre-tax profit allows the company some hedging against years with poor returns, and that in the first three years the target was exceeded (BHP Billiton, 2003c, p. 8).

In 2002/03 the company spent US\$42.4 million on community programs made up of cash, in kind gifts and management time amounting to 1.4% of the company’s pre-tax profit (p. 8). In 2003 the company carried out a twelve month pilot scheme of an “innovative Matched Giving Program at selected sites in Australia (the Bowen Basin and Townsville in Queensland), the United Kingdom and South Africa” (Cahill, 2004, p. 8). The program was built upon the experience with similar programs of corporations in the USA, the UK and Europe. The BHP program “matches volunteering time and fund-raising efforts and personal donations” (p. 8). A review of the pilot program showed that “employees particularly appreciated the matching of their volunteer time. For example, 100 hours of volunteering at a local community organisation by an employee results in a payment to the community organisation of \$1,000” (p. 8) or \$10 per hour. BHP Billiton regards the program “as part of its commitment to sustainable development” (p. 8). The company has found that measuring the social impact of their activities is neither easy nor simple, as was attested to by a number of other informants

¹¹⁷ BHP Billiton, 2003a, ‘Community’, <http://www.bhpbilliton.com/bb/sustainableDevelopment/community/hom.jsp>, accessed 10 August, 2003.

¹¹⁸ BHP Billiton, 2003a, ‘Community’, <http://www.bhpbilliton.com/bb/sustainableDevelopment/community/hom.jsp>, accessed 10 August, 2003.

in this study, and by those considered during the literature review. This is an extensive study for the future that would require the involvement of a considerable number of researchers.

BHP Billiton manages the majority of its community support at the local level and in many instances through community foundations often comprising “community representatives to ensure community priorities are identified and appropriate projects supported. The company has foundations in five countries; the Escondida Foundation in Chile, the Escondida Foundation in Peru, the Billiton Development Trust in South Africa, the San Isidro Foundation and the Montelibano Education Foundation in Colombia, and the Mozal Foundation, Mozambique¹¹⁹.

In Newcastle the BHP Welfare Trust was established to “assist and support those affected by the closure of its Newcastle steelworks”¹²⁰. The Trust had capital of \$1.5 million to help former employees and contractors “by funding a jobs summit, emergency relief, mentoring, employment assistance and training, chaplaincy services and business development”¹²¹. The BHP Welfare Trust complemented the work of the “\$10 million Newcastle Structural Adjustment Fund, established by the Australian Government to facilitate employment growth in the Hunter region”¹²².

The BHP Billiton Community Programs are extensive with the report titled *Yesterday Today Tomorrow* (2003) citing many examples of the work done. There is not space in a thesis such as this to cover them all, nor is it appropriate, but the following provide some indication of how the programs are assisting people around the world:

- Careers seminars in Victoria initiated by the BHP Billiton Minerva Project,
- Indigenous traineeship program in Western Australia,
- Hydroponic training farm in South Africa in conjunction with the Zululand Chamber of Business Foundation,

¹¹⁹ BHP Billiton. 2003a, ‘Community’, <http://www.bhpbilliton.com/bb/sustainableDevelopment/community/hom.jsp>, accessed 10 August, 2003.

¹²⁰ BHP Billiton, 2003b, ‘BHP Billiton Welfare Trust for Newcastle’ http://www.pm.gov.au/news/media_releases/media_Release492.html, accessed 10 August, 2003.

¹²¹ BHP Billiton, 2003b, ‘BHP Billiton Welfare Trust for Newcastle’ http://www.pm.gov.au/news/media_releases/media_Release492.html, accessed 10 August, 2003.

¹²² BHP Billiton, 2003b, ‘BHP Billiton Welfare Trust for Newcastle’ http://www.pm.gov.au/news/media_releases/media_Release492.html, accessed 10 August, 2003.

- Training in agriculture and small business development in Djuba, Mozambique
- New school building at Antofagasta, Chile, and
- Literary skills and self-confidence building at Ekati Diamond Mine, Canada (pp. 1-14).

While it might be argued that funding programs such as those listed above is ‘enlightened self-interest’ for BHP Billiton, it may also be seen as building social capital in the communities concerned. As suggested by Bourdieu (refer Ch. 1, Section 1.18.2, p. 66) education creates social capital that benefits the community. The issue of the ethics of such programs is relevant, although without studying them in detail it would be difficult to make a judgment. This could be a topic for future research. Such research could include consideration of the case of Shell and its activities in Nigeria where the company’s own study found that Shell’s style of business was feeding violence in the country¹²³. This is interesting given the public relations nature of the publication that reported on these programs.

In addition the company has a Corporate Community Program based in Melbourne (p.1). Due to the fact that the company operates in so many different countries and cultures it does not administer its community programs under one set of guidelines, but consideration is generally given to the principles of sustainability, long term relationships, specific projects, leverage and employee involvement (p. 8). The Program contributes varying amounts to the community under the following seven categories:

Education	28.6%,
Sport and Recreation	2.9%,
Community welfare	31.0%,
Environment	5.7%,
Health	12.5%,
Arts	3.6%
Other	15.7% (p. 9).

4.6.2 Shell Foundation Australia

Shell in Australia is part of the Royal Dutch/Shell Group and has been included here by

¹²³ The Royal Dutch/Shell Group of Companies. 2003, ‘Business Principles’, <http://www.countonshell.com/welcome/policies/business.html>, accessed 24 June, 2003.

way of comparison with other large groups such as Wesfarmers, ANZ, Westfield and BHP Billiton. The Australian company reports that it adheres to the “general business principles”¹²⁴ set out by the group including No. 7, “relating to the community”¹²⁵ where it states that:

Opportunities for involvement – for example through community, educational or donations programs – will vary depending upon the size of the company concerned, the nature of the local society and the scope for useful private initiatives¹²⁶.

Shell in Australia indicates its aims as follows:

... to meet both social and business interests in the wider area of social performance. It is the voluntary use of our funds and resources to deliver benefits beyond Shell in ways that are not primarily for our direct commercial gain¹²⁷.

Among the company’s programs are ‘Shell Livewire’ a program set up in co-operation with Rotary and all state and territory governments to “encourage youth entrepreneurship”¹²⁸. Over 8,000 “budding young entrepreneurs”¹²⁹ have been involved in the program with around 250 of them establishing successful businesses. There are Shell Coastal Volunteers where Shell in Australia has invested some \$1.3 million “to protect and rehabilitate our precious coastline”¹³⁰ and Shell Earthwatch Fellowships that offer Shell employees the opportunity of working with “scientists and environmental experts on field research projects in different parts of Australia”¹³¹.

Other programs are the Shell Questacon Science Circus, sponsorship of the Darwin Symphony Orchestra, a \$1 million collection of art given to the National Gallery of Victoria and Project Better World¹³². The latter “creates opportunities for Shell

¹²⁴ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹²⁵ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹²⁶ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹²⁷ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹²⁸ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹²⁹ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹³⁰ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹³¹ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹³² Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

employees to make positive contributions to the communities and environment in which we live” (p. 27). Shell is also one of the companies that operate an employee payroll deduction scheme to assist charities such as the Salvation Army, World Vision, United Way, Kids Help Line, the Brotherhood of St. Lawrence, the Cancer Council Australia and Red Cross¹³³. It may be thought that the material in this paragraph sounds like an advertisement for Shell, although it may be argued that advertising takes many forms and companies continually seek a competitive advantage over the rivals.

4.6.3 3M

3M is one of the companies researched that states clearly its understanding of sustainability in these terms:

We are committed to helping meet the needs of society today while respecting the ability of future generations to meet their needs – that is what we mean by sustainable development or sustainability.¹³⁴

In addition 3M demonstrates an understanding of why the company needs to be committed to sustainability as its Web site states:

3M recognizes that the company’s long-term success springs from adopting and implementing the principles of sustainable development: stewardship to the environment, contributions to society, and to the creation of economic value and worth. At the same time we recognize that only by continuing to be a viable and successful enterprise can we continue to be a positive contributor to sustainable development.¹³⁵

Thus 3M indicates a tension between implementing sustainable development and keeping the business profitable, possibly faced by most corporations and businesses seeking to develop CSR.

While a number of companies were not clear about evaluation of their sustainability performance, 3M states its environmental, social and economic progress in unequivocal terms. Its social progress for 2002 is expressed in this way:

- Employment to 68,744 people in more than 60 countries,
- \$5.256 billion in worldwide employee pay and benefits,

¹³³ Shell in Australia. 2003, ‘Shell in Australia’, <http://www.shell.com.home>, accessed 20 October, 2003.

¹³⁴ 3M, 2003a, ‘3M’s Progress Toward Environmental, Social and Economic Sustainability’ <http://www.3m.com/intl/au/about3m/corporate.html>, accessed 19 November, 2003.

¹³⁵ 3M, 2003a, ‘3M’s Progress Toward Environmental, Social and Economic Sustainability’ <http://www.3m.com/intl/au/about3m/corporate.html>, accessed 19 November, 2003.

- \$8,263 per U.S. employee for medical benefits, and
- \$43.7 million contributed by 3M and the 3M Foundation for education, social, environmental and other community needs in the U.S.¹³⁶

Their Corporate Contributions program delivers donations of cash and products in four key areas:

1. Education focusing on maths, science and business,
2. Health and human services focusing on strengthening families and youth development...,
3. Art and culture focusing on organisations with strong education and community outreach programs and cultural diversity, and
4. Environment focusing on bio-diversity and climate change¹³⁷.

3M is a prime example of a company that has a clear-cut understanding of how it wishes to discharge its corporate social responsibility and a method of measuring the results in terms of social progress.

4.6.4 Rio Tinto

One of the world's mining giants, Rio Tinto re-formed its corporate citizenship program in 2001 when it set up the Rio Tinto WA Future Fund in response to the parent company's "global emphasis on partnerships" (Philanthropy Australia, 2005b, p. 30), and following a review of its corporate citizenship that led it to take "a very considered and comprehensive approach based less on brochures or advertising and more on investing in genuine external relationships" (p. 30). The Fund has a \$2 million annual budget in addition to the corporate philanthropy and sponsorship activities of individual businesses within Rio Tinto, such as Hammersley Iron, Argyle Diamonds, Comalco and HIs melt (pp. 30-31).

In a move somewhat akin to that of a number of foundations described in this thesis the company wished to "move beyond the traditional (and typically passive), donor-

¹³⁶ 3M, 2003a, '3M's Progress Toward Environmental, Social and Economic Sustainability', <http://www.3m.com/intl/au/about3m/corporate.html>, accessed 19 November, 2003.

¹³⁷ 3M, 2003b, 'Corporate Contributions Program', <http://www.3m.com/intl/au/about3m/corporate.jhtml>, accessed 19 November, 2003.

recipient model to one based on a relationship and genuine exchange of benefits other than the usual sponsorship offerings” (p. 30). The Fund has developed a program of regular workshops with all of its partners. These workshops have proved to generate “new insights into how partnerships can not just stay relevant but actually grow more valuable for all involved” (p. 30). A recent workshop saw discussions centring around:

- Measuring and communicating success,
- Planning for program sustainability after a partnership agreement expired,
- How Rio Tinto could be more flexible in its definition of partnership to allow for greater evolution during a project,
- The strengths and weaknesses of formal partnership agreements,
- The pros and cons of increased professionalism within cross-sector partnerships, and
- The perennial challenge of how to do more with limited resources (p. 30).

The Rio Tinto Future Fund has already provided support for a considerable range of community partnerships. Some examples are ‘Kids’ Science State’, a program building on an existing relationship with the Scitech Discovery Centre. The program aims to reach and inspire “teachers, parents and children with science and technology” (p. 31). This program focusses on a “larger number of small communities than ever before achieved in Western Australia” (p. 31); The Smith Family’s ‘Learning for Life’ program that includes an innovative grandparents initiative in the Girrawheen and Kwinana areas (p. 31); a four year partnership with Conservation Volunteers Australia to create the ‘Future Volunteers’ program in the NorthWest of Western Australia (p. 31); and ‘Designing Futures, “a four-year integrated industry development program for the craft and design sectors in Western Australia” (p. 31), in partnership with Form (formerly Craftwest) that aims to raise international exposure, develop local skills and create support strategies as well as a new industry leadership program (p. 31).

Another major program costing \$5 million is the Rio Tinto Child Health Partnership that operates not only in Western Australia, but also in the Northern Territory and Queensland. Partners include Comalco, Argyle Diamonds, Rio Tinto Ore, ERA and the

Rio Tinto Aboriginal Foundation and the Future Fund, the Alcohol Education and Rehabilitation Foundation and the Telethon Institute for Child Health Research (p. 31). There are three core projects in this program, “modelling aboriginal child health data”; programs “to reduce exposure to smoking and alcohol during pregnancy”; and focussing on “increasing community capacity to shape and deliver child health initiatives” (p. 31).

As with most of the other partnerships studied, it was clear that considerable thought, planning and work must go into them. Tania Hudson, Rio Tinto Future Fund Manager, says that “partnerships are not the soft option that many people think they are – in fact this is a much more difficult approach to do well than passive philanthropy” (p. 31). However it is clear from this and other partnerships studied that the companies regard their partnerships as much more focussed, and much more directly related to their businesses, thus discharging their corporate social responsibility in the most beneficial way.

4.6.5 National Australia Bank Group

This banking group indicates its commitment to CSR on its Web site, stating that it “is about conducting our business in a transparent and ethical way that enhances value for all of our stakeholders” and importantly, “we recognise that this is a journey and best practice is continuously evolving”.¹³⁸ Regional operations throughout Australia, New Zealand, the United Kingdom and Ireland “have a range of community partnership and philanthropy programs which help support the communities in which we operate”.¹³⁹

In 2003 the bank published a comprehensive ‘Stakeholder Scorecard’ as part of its annual report (National Australia Bank, 2004a, p. 2). The report “is based on the Global Reporting Initiative (GRI) framework, the global standard for reporting on issues of concern to stakeholders” (p. 3). It seems that the bank recognises the need to balance stakeholder needs against its responsibility in the social arena and so has established a CSR Global Council to govern its CSR activities.

Under the heading of ‘Corporate Community Investment (CCI) 2004’ (p. 21) the bank indicates the following breakdown:

¹³⁸ National Australia Bank. 2004, ‘Corporate Social Responsibility’, <http://www.nabgroup.com>, accessed 1 October, 2004.

¹³⁹ National Australia Bank. 2004, ‘Community Involvement’, <http://www.nabgroup.com>, accessed 1 October, 2004.

Charitable Gifts - intermittent support to charities that is not linked to the Group's community or commercial strategies	\$1.4 m
Community investment – long-term strategic investment in community partnerships to address specific issues	\$2.6 m
Eco projects – support for bio-diversity	\$0.8 m
Commercial initiatives in the community – activities in the community to directly support the success of the Group	\$3.3 m
In-kind/Volunteering	\$2.4 m
Management costs	\$1.5 m
Total	\$12 m

Some of the examples of organisations the group or its national businesses support through the above programs include the Public Interest Legal Clearing House (PILCH), a community-based organisation that facilitates pro-bono legal services to people who may be socially or economically marginalised, such as the Homeless Person's Legal Clinic Project. The Bank supports also the Ovarian Cancer Research Foundation in Australia, the Kiwi Recovery Trust (p. 21) and the Bank of New Zealand Katherine Mansfield Awards for creative writing (p. 29) in New Zealand, the Garvan Institute of Medical Research in Australia, and Money Talks which is the Northern Bank's financial literacy program (p. 21). The aim of the latter is "to support issues that matter equally to the community and to our business, with a primary focus on numeracy as a core life skill and its relationship to financial capability" (p. 27).

In Australia the bank encourages employees to carry out community service by allowing time off to be taken for volunteer work without loss of pay or entitlements. In addition its Wealth Management section has a Workplace Giving Program whereby employees may donate directly to their chosen charity through a deduction from their fortnightly salary.

Much more could be written about the bank's corporate social responsibility efforts but it is considered that the above summarises its report on the work.

4.6.6 The Foundation for Development Cooperation (FDC)

The FDC warrants inclusion in this work in particular because of its beginnings. It was in 1990 that K William (Bill) Taylor established the Foundation in Brisbane, Queensland as an outcome of his personal and financial commitment to “greater Australian involvement in efforts to promote sustainable development and poverty reduction in the Asia and Pacific regions”¹⁴⁰. With both Kofi Annan and James Wolfensohn pointing to a connection between poverty and international terrorism in its new and frightening forms, the FDC has taken up the challenge to find modern methods to deal with this major world problem. Bill Taylor’s vision is of communities working on sustainable development in “true development cooperation partnerships”¹⁴¹. In addition to regional cooperation, the FDC is particularly supporting microfinancing through the establishment of the Banking with the Poor (BWTP) Network in nine Asian countries. BWTP is a network of cooperating community organisations and financial institutions using the latest digital “information and communication technologies to reduce poverty”¹⁴². Priority areas for FDC are microfinance through the BWTP Network, the information and communication technologies as above through IC4D, and productive partnerships in areas such as water¹⁴³. Much more could be written about FDC and about other ventures that provide overseas aid, but that is another study in itself.

4.6.7 Bluescope Steel

BlueScope Steel listed on the Australian Stock Exchange on 15 July, 2002 having evolved from “the coming together of three pioneer companies in the Australian steel industry, The Broken Hill Proprietary Company Limited. John Lysaght (Australia) Pty Ltd and Australian Iron and Steel Limited together with the more recent acquisitions of New Zealand Steel and Butler Manufacturing”.¹⁴⁴ This global company operates in Australia and New Zealand; Vietnam, Brunei, Singapore, Indonesia, Malaysia and Thailand in South East Asia; in Taiwan, China and Sri Lanka in Central/North Asia; in

¹⁴⁰ The Foundation for Development Cooperation. 2003a, ‘Year in Review 2002-2003, From the Chairman’, <http://www.fdc.org.au>, accessed 5 April, 2005.

¹⁴¹ The Foundation for Development Cooperation. 2003a, ‘Year in Review 2002-2003, From the Chairman’, <http://www.fdc.org.au>, accessed 5 April, 2005.

¹⁴² The Foundation for Development Cooperation. 2005, ‘Who we are’, <http://www.fdc.org.au/about/>, accessed 5 April, 2005.

¹⁴³ The Foundation for Development Cooperation. 2003b, ‘From the Executive Director’, <http://www.fdc.org.au>, accessed 5 April, 2005.

¹⁴⁴ BlueScope Steel. 2005, ‘Our History’, <http://www.bluescopesteel.com/corp/navajop/display.cfm/objectID.39C9D53D-ED03-4...> accessed 9 January, 2005.

Fiji, Vanuatu and New Caledonia in Oceania, and in the USA¹⁴⁵. The Web site indicates a pride in being a “good corporate citizen” in response to a recognition of the company’s social responsibilities involving “health, safety, environment and community”.¹⁴⁶ Some of the eclectic mix of case studies offered relate to:

- support for families left homeless following floods that devastated north-east Thailand in August, 2001,
- the significance for the Maori people of the Waikato North Head Mine in New Zealand,
- joining the international humanitarian effort to rebuild East Timor by donating 120 Tonnes of steel roofing and 4.6 tonnes of nails,
- a First Anniversary gift to the Mornington Peninsula community in Victoria for the development of the Pelican Park Aquatic Centre at Hastings,
- safer classrooms for more than 3000 children in the state of Gujarat ravaged by earthquake,
- donating goods, equipment and lessons for some of the poorest children in Thailand, and
- a Young Driver Safety Program.¹⁴⁷

In November 2004 BlueScope Steel launched a major Workplace Giving Program to provide an opportunity for its Australian employees “to donate a proportion of their pay to charity. BlueScope Steel will match employee donations, up to \$200,000 this financial year”.¹⁴⁸ An employee survey selected eight charities to participate in the program, they are:

¹⁴⁵ BlueScope Steel. 2004a, ‘Our Company’, <http://www.bluescopesteel.com/corp/navajo/display.cfm/objectID.EAF80B9A-4E1C...> accessed 22 December, 2004.

¹⁴⁶ BlueScope Steel. 2004b, ‘Bluescope Steel’s Community Beliefs’, <http://www.bluescopesteel.com/corp/navajo/display.cfm/objectID.3267BDF9-139D-4...> accessed 22 December, 2004.

¹⁴⁷ BlueScope Steel. 2004c, ‘BlueScope Steel’s Community Initiatives’, <http://www.bluescopesteel.com/corp/navajo/display.cfm/objectID.8C1045C6-5855-40...> accessed 22 December, 2004.

¹⁴⁸ BlueScope Steel. 2004d, ‘Bluescope Steel Launches Australian Workplace Giving Program’, <http://www.bluescopesteel.com/corp/navajo/display.cfm/objectID.71A2D777-04EC...> accessed 22 December, 2004.

- Australian Bus Heritage Fund,
- Australian Red Cross,
- Cancer Council Australia,
- RSPCA,
- Salvation Army,
- Surf Life Saving Australia,
- The Royal Children’s Hospital at Westmead (NSW), and
- The Royal Children’s Hospital, Melbourne.¹⁴⁹

A feature of the program is that employees choosing to donate to nominated charities may do so from their pay before tax so that they receive an immediate tax deduction rather than keeping receipts and waiting until the end of the year.¹⁵⁰

4.6.8 Major World Disaster

As stated in the introduction (Ch. 1, Section 1.1, p. 1), it is important to note that during the course of the thesis a major world disaster in the form of an earthquake and tsunami in Asia has caused devastation that will take billions of dollars for reconstruction and medical care. The National Australia Bank has donated \$1 million to the relief work as has the Commonwealth Bank and Westpac (Elliott, 2005), while the ANZ has provided \$1.425 million in a mix of bank and personal giving by the CEO (Channel 9)¹⁵¹.

Commenting on what was seen by some business people such as Judy Slatyer, chief executive of travel publisher, Lonely Planet, as a poor response by corporate Australia, Kate Lahey, Chief Executive of the Business Council of Australia said, “It is something quite new to Australia as exemplified by the reaction of the ASA” (Elliott, 2005, pp. 27, 31). Lonely Planet contributed \$500,000 “representing up to 10 per cent of the

¹⁴⁹ BlueScope Steel. 2004d, ‘Bluescope Steel Launches Australian Workplace Giving Program’, <http://www.bluescopesteel.com/corp/navajo/display.cfm/objectID.71A2D777-04EC...> accessed 22 December, 2004.

¹⁵⁰ BlueScope Steel. 2004d, ‘Bluescope Steel Launches Australian Workplace Giving Program’, <http://www.bluescopesteel.com/corp/navajo/display.cfm/objectID.71A2D777-04EC...> accessed 22 December, 2004.

¹⁵¹ Other individuals and companies have also donated \$1 million each. They include Richard Pratt and Visy, Westfield, Qantas, News Limited, Telstra, and Fosters.

company's profits" (p. 27) while the spokesman for the ASA, Stephen Matthews "sparked community outrage yesterday when, in an interview on ABC Radio's *AM* program, he said corporations should only give to the tsunami appeal if they could derive a benefit out of it" (p. 31). Despite criticism of the size of the corporate response to the appeal, early reporting indicates that business has given a far larger percentage of the total tsunami relief effort to just one of the agencies involved, Care Australia, than the 13.7% (refer Ch. 1, Section 1.3, p. 7) of all giving that business contributed in 1998 to all charities in Australia combined. According to Dalton (2005) businesses have given \$4.8 million out of the \$17 million donated to Care Australia (p. 8). However included in the \$4.8 million is \$1 million from News Limited and \$1 million from Dick Smith. By 14 May, 2005 the total raised by "Australia's biggest aid agencies" was \$304 million. The funds will be spent over ten years (p. 5).

The issue of benefit for giving runs throughout this thesis and may still remain an unresolved issue for corporate Australia, although there are cases of companies, many included in this work, that have resolved the issue by separating sponsorship and other activities that benefit their business from charitable giving. Even then for many charitable giving goes only into the areas where their business or businesses are conducted. No doubt the debate on this matter will continue for some time to come as corporate consciences are examined and shareholders put their point of view possibly more forcefully than ever before.

4.6.9 Australian Charities Fund

BlueScope has joined with "more than twenty Australian companies operating Workplace Giving programs in association with the Australian Charities Fund"¹⁵². In fact more recent information indicates that there are now 27 Australia companies involved with Workplace Giving programs.¹⁵³ It is interesting and relevant to this thesis that the Australian Charities Fund (ACF) was initiated by a team of Bain International consultants while working on a pro-bono project for the Garvan Institute of Medical Research "established to facilitate the development of Workplace Giving programs, and associated community involvement programs, within large employer organisations. Its

¹⁵² The Australian Charities Fund, 2005, 'Results', <http://www.australiancharitiesfund.org.au/index.cfm?pagename=about&pageobject=23...> Accessed 9 January, 2005.

¹⁵³ The Australian Charities Fund, 2005, 'Results', <http://www.australiancharitiesfund.org.au/index.cfm?pagename=about&pageobject=23...> Accessed 9 January, 2005.

mission is to 'facilitate unprecedented levels of Australian giving'. According to the ACF Web site:

The team researched charitable giving in other developed countries and observed that individuals in those countries give as much as three to six times more than the average Australian. The team reasoned that Australians are naturally generous in supporting others in our community, so something must be missing. We believed that the missing feature was a program that enabled Australians to donate regularly to the charity of their choice in an easy, low cost and tax effective manner.¹⁵⁴

In this researcher's experience workplace giving programs are simple to operate, the giving is not painful because people give what they can afford, and in a number of cases the company concerned will match the employees' giving thus providing a double gift to the charities concerned. A further advantage to the charities is that they will receive a regular and fairly predictable income stream and minimise administrative costs as they may process the donations in batches rather than as individual donations.

However there is a downside to employee giving programs in that small gifts are mostly the norm when some of the contributors could possibly give far more. A task for the inhouse fundraisers to carry out is to service the employee giving or payroll deduction programs by ensuring that new employees are given the opportunity to join, existing members are given regular opportunities to upgrade their gifts and companies are invited to match their employees' gifts if they are not already doing so.

It should be noted that there is a cost to the employer in the computer entries and bank transfers required to operate the scheme, but this must be minimal in the overall corporate finances, particularly where large companies are concerned. However one of the obstacles is the lack of employees willing to initiate discussions with other employees and management about a proposed scheme. United Way is an organisation that assists businesses to set up payroll deduction schemes and passes the monies raised through to the charities selected by the employees. United Way is able to pass on 100% of the gifts due to its own efforts at raising funds to cover the organisational costs. It will be interesting therefore to trace the further development of the ACF which should in time, along with United Way and possibly other similar organisations provide a thesis topic.

¹⁵⁴ The Australian Charities Fund, 2005, 'History', <http://www.australiancharitiesfund.org.au/index.cfm?pagename=about&pageobject=23...>, accessed 9 January, 2005.

4.7 The Gambling Sector

Lotteries, casinos and other forms of gambling are contributors to community services and projects and therefore demand a mention in this thesis. The principles behind these operations are varied although they also have much in common.

4.7.1 Lotterywest

Lotterywest claims to be “unique in Australia” (Philanthropy Australia, 2005c, p. 20), it had its beginnings in a scheme aimed at raising funds to assist destitute people during the Great Depression of the late 1920s and early 1930s. The entity was enshrined by legislation passed in 1932. Today it is “the state’s largest philanthropic organisation, returning \$150 million last year to a wide range of beneficiaries” (p. 20). CEO Jan Stewart says that Western Australia accounts for “18% of the nation’s lottery sales and the highest per capita sales nationally” (p. 20).

Lotterywest has set out funding principles to guide its community grants program, titled ‘Grants and Community Development’ and these should be of interest to all those involved in philanthropy whatever the form. The principles are:

- being responsive,
- being developmental,
- balancing needs,
- being flexible, and
- complementing, not owning (p. 21).

These principles are not dissimilar to those established by foundations such as the Reichstein Foundation (refer Ch. 5, Section 5.5.5, pp. 176-180), The Myer Foundation (refer Ch. 5, Section 5.5.6, pp. 180-184) and the Potter Foundation (refer Ch. 5, Section 5.5.9, pp. 191-198). The developmental approach, the balancing of needs and the aim of “strengthening the community sector in Western Australia” (Philanthropy Australia, 2005c, p. 20) has resonance with the work of the above foundations.

4.7.2 Lotteries Commission of South Australia

Following a successful referendum on the establishment of a State lottery in South Australia in November, 1965, the State Parliament passed a bill to establish the Lotteries Commission of South Australia and the first lottery tickets went on sale in May 1967. The Bill provided for the profits from SA Lotteries to be applied to community health via the State Hospitals Fund and since that time over \$1.42 billion has been injected into the health system. SA Lotteries is also a contributor to the State

Recreation and Sport Fund and provides sponsorship for a range of community cultural and sporting organisations such as the Jacob's Creek Tour Down Under (a bicycle race), the SA National Football League Magarey Medal, the Adelaide Symphony Orchestra, the Art Gallery of South Australia, the Australian Dance Theatre, the Migration Museum, the State Opera of South Australia and the State Theatre Company of South Australia.¹⁵⁵

4.8 Concepts Extracted from the Literature Review

A considerable number of concepts, opinions and beliefs were gained from the foregoing literature review and the following have been selected as relevant to the topic of this thesis.

Hooper (2004) contrasted the targeted approach to corporate philanthropy through venture or strategic philanthropy with the “scatter gun” approach currently employed by many companies (p. 2). It is not clear whether venture or strategic philanthropy, are really any different to what is currently known as corporate philanthropy. However, the issue is complex due to the diversity of ideas, principles and aims involved. These ‘new’ methods may be in a development phase. Australia in comparison with countries like Canada (Imagine), the UK (Business in the Community), and the Philippine (Business for Social Progress) is relatively new to the organised corporate philanthropy arena as the PMs Community Business Partnership was only established in 1998, while those countries have long standing similar organisations with tried and tested formulae (Smith, P. D., 2000a, pp. 78-87). In addition Australia now has the Social Entrepreneurs Network (refer Ch. 1, Section 1.19, p. 73). It will undoubtedly take time for the concept to mature and for venture or strategic philanthropy to grow in Australia, if indeed it does.

Some of the trusts and foundations, and trustee companies researched indicated that they either wished to or had already gone beyond simply handing out grants, as they perceived a need for longer term engagement with the recipient NPOs to assist them to reach their goals. To do this all agreed that they needed to make fewer and larger grants over a longer period of time. They were concerned also about effective ways to measure the results (P. D. S., *pers. comms.*, 2003-2005). To this end some of the givers had made

¹⁵⁵ SA Lotteries. 2005, ‘Sponsorship’, <http://www.salotteries.sa.gov.au/aboutus/sponsor.asp> accessed 17 March, 2005.

arrangements for visits to the projects they were funding, and some such as The Myer Foundation (refer Ch. 5, Section 5.5.6, p. 180-184) were requiring written reports or assessments.

Workplace giving or payroll deduction schemes are not new but the concept has seemed to be slow to 'catch on'. This may simply due to the lack of resources to promote and manage it. It was noted that BHP has a pilot 'Matched Giving Program' in place (refer Ch. 4, Section 4.6.1, p.133), while Shell has an established scheme linked with the giving of time to charities (refer Ch. 4, Section 4.6.2, p. 135-136).

The matter of soliciting funds via the Internet was raised by some informants although there do not seem to be good examples of successful fundraising by this means. The current Tsunami Appeal is using this method so in time there will be an analysis that should give an indication of its usefulness.

It was noted that some trusts and foundations, and companies, especially where shareholders were involved, wished to see "high impact social change" as a result of their grantmaking and giving (refer Ch. 4, Section 4.2, p. 122).

Shareholder involvement in corporate philanthropy did not seem to be at a high level, although it will be interesting to see if shareholder involvement in this area grows in the years ahead in line with the way it grown in inclusion has in the objectives of companies.

A number of corporate informants said that their company had an obligation to make smaller gifts to 'good causes' in the communities where they operate. However those who commented on this issue said that they could not be sure of the effectiveness of this small giving and did not consider it a good use of resources to monitor this aspect.

Others were not sure of the effectiveness of their larger gifts. For example, Klingberg who said that corporate philanthropy was "a pain in the neck" (refer Ch. 5, Section 5.1, p. 153). His remark was in contrast to Cheney from Wesfarmers who was clear about the results they were achieving and cited consumer research to back his assertion (refer Ch. 5, Section 5.5.1, pp. 157-163).

The contrast between trusts and foundations that are stockpiling assets and increasing the amounts of their grants in accordance with the earnings, and those, fewer in number, who were of the giving-while-living persuasion was quite marked.

What came through throughout the study was that individual philanthropists and corporate leaders are very much just that, individuals with differing background and notions about philanthropy, and this affects the way they give, the amounts they give and how they follow up. Some givers had marked out clear areas for support and these were generally broad, like ‘the arts’, ‘education’, ‘health and medical research’ and ‘overseas aid’. Others had an eclectic mix of beneficiaries. This was the case with some of the trusts and foundations where the original benefactor had died. One of the different ones was Hallstrom (refer Ch. 4, Section 4.5.6, pp. 129-130) whose main beneficiary was the Taronga Park Zoo in Sydney, and also the Kibbles (refer Ch. 4, Section 4.5.10, p. 132) who supported animal causes.

It seemed that some companies gave support regardless of their financial results, but there were those such as BHP Billiton (refer Ch. 4, Section 4.6.1, p. 132-135) that allocates 1% of pre-tax profit, although the 2003 giving was 1.4% of pre-tax profit, and Visy that gives 3% of its world pre-tax profit (refer Ch. 5, Section 5.5.7, p. 184-189).

3M is a company that seems to be clear about its corporate social responsibility and sustainability objectives providing data about its evaluation of the social progress achieved by its giving. The company states its belief that sustainability is important to its long term success (refer Ch. 4, Section 4.6.3, p. 137-138).

Rio Tinto (refer Ch. 4, Section 4.6.4, p. 138-140) has held workshops covering a wide range of related topics with its sustainability partners to enhance the understanding between the two and develop the relationship. The Rio Tinto representative pointed out that partnerships such as they have developed are not the “soft option” (refer Ch. 4, Section 4.6.4, p. 139) that some people think they are. They require considerable work by both parties, but the representative considered that the rewards were worthwhile.

The National Australia Bank (NAB) has developed a “Stakeholder Scorecard’ to indicate the scope and extent of their corporate philanthropy (refer Ch. 4, Section 4.6.5, pp. 140-141). The ‘Scorecard’ is included in their annual Corporate Sustainability Report based on the GRI framework. It was noted that the NAB included \$2.4 million worth of ‘volunteering’ in the \$12 million devoted to corporate sustainability (refer Ch. 4, Section 4.6.5, p. 141). In addition the NAB allows time to be taken off to do volunteer work without loss of pay and entitlements. It also has a Workplace Giving Program (refer Ch. 4, Section 4.6.5, p. 141).

While the issue of benefits received for giving runs throughout this thesis it was noted that it seems to be an issue that generally has not been resolved by corporations in Australia, although a number of companies have separated giving from sponsorship. One of the companies that has established a major Workplace Giving Program is BlueScope Steel. The company matches employee donations up to a limit of \$200,000 (refer Ch. 4, Section 4.6.7, pp. 143-144). BlueScope also allows the donations to be deducted from the pay packets before tax so that there is an immediate tax benefit for the employee. The Australian Charities Fund has been established in recent days to promote Workplace Giving and its efforts should be monitored closely to determine the efficacy of their efforts (refer Ch. 4, Section 4.6.9, pp. 145-146).

Another interesting issue raised is that of the way that the gambling industry supports charity through giving part of its profits to community welfare, notably public hospitals as is the case in South Australia (refer Ch. 4, Section 4.7.2, pp. 147-148), and to assist destitute people as is the case with LotteryWest in Western Australia (refer Ch. 4, Section 4.7.1 p. 147).

The issues above raised through the literature review almost all came to the fore also during the personal discussions with participants, and are taken up in the analysis of those discussions in Chapter 5.

5. STUDY RESULTS

5.1 Corporations

As set out in Ch. 3, Sections 3.1 and 3.2 (pp. 100-106), the aim of this section of the current study was to investigate and conduct personal discussions with corporate givers involved in different fields of business around Australia, and to explore:

- their beliefs about corporate giving,
- the principles that underlie their giving,
- their attitudes to the practice of corporate giving, and
- how those beliefs, principles and attitudes affect their corporate giving,

in terms of a range of questions that had arisen from the literature review, from the experience of leading fundraising professionals, and from the researcher's own experience.

At the same time it was considered important to understand and then "explain to readers the position from which informants speak" (Denzin and Lincoln, 2000, p. 127). Another major requirement was that an atmosphere of trust be established between the researcher and the informants. There was not at any stage of the discussions with the informants any indication that there was not a reasonable degree of trust in the relationship. This was reinforced by the researcher sending a draft to each participant to verify what was said and reported. In addition to making any alterations or additions participants were given the opportunity of updating information. One informant emphasised the trust between him and the researcher by saying that he did not wish to read either the draft or the final submission paper because he trusted the researcher to record his views in a fair manner (P. D. S., *pers. comm.*, 3 March, 2003).

The proposed informants were contacted for discussion after the initial literature review had been carried out because it provided the background material for both for the first contact and for the discussion. The literature review involved perusing corporate documentation obtained from libraries, and material obtained from the corporations themselves, such as annual reports, brochures and leaflets, and from their Internet sites. Further material was obtained during the discussions, and afterwards.

This material was usually that recommended by participants.

Only three informants did not agree to discussions, due in two cases, simply to availability because of pressure of business, and in one case due to the age of the informant. All of the participants in this category were company owners, shareholders, chief executive officers, and board chairpersons; in some cases these roles were combined, for example where a chief executive officer was also a shareholder. The majority of informants did not require confidentiality, so their name and that of their organisation, if applicable, appears at the head of the particular section. It should be noted also that with increasing amounts of corporate material appearing on the Internet it was important to check that source before speaking with participants to indicate to them first, that the researcher had 'done her homework' and second, that she respected their time constraints. However it was important not to form any conclusions at that stage.

An important characteristic of the participants was that they expressed their views frankly, ranging from those who declared being driven by ideals through to those who saw philanthropic giving more as a duty, and Klingberg who said, "It's a pain in the neck" (P. D. S., *pers. comm.*, 5 March, 2003). He pointed out also that in the past influence could be brought to bear on board members by people such as large customers and even "the chairman's wife who had a pet charity". He said all of this was difficult for a board trying "to make a profit from a low margin business" (P. D. S., *pers. comm.*, 6 April, 2005).

As a corporate fundraiser the researcher can attest to teaching professional fundraisers and members of boards and fundraising committees to use whatever influence is available to them to gain the biggest gifts possible for their particular cause or project. The aim encapsulates the method thus "Achieve the largest gifts possible, in the shortest possible time, from the smallest possible number of givers" (Smith, P. D., 2000a, p. 1).

5.2 Individual Philanthropists

Some difficulty was encountered in determining whether a particular informant should be categorised as an individual philanthropist or a corporate philanthropist because in many cases the two were linked. For example, take the case of Lance Reichstein (refer Ch. 5, Section 5.5.5, pp. 176-180) who made his wealth through business but dispersed

it as an individual, or of Charles Viertel (refer Ch. 5, Section 5.5.10, pp. 198-199) who made his fortune through the stock market but dispersed it as an individual, including his wife in the title of the foundation, or R. E. Ross (refer Ch. 5, Section 5.8.7, pp. 234-239) who also made his wealth through business but willed a business (a working quarry) to his trust, along with personal wealth. This dilemma has not yet been solved, but it seemed appropriate to make a personal judgement based on the information obtained, as to in which section to place a particular discussion.

5.3 Trusts and Foundations

Trusts and foundations may belong to one of at least six categories and sub groups may be identified within some of the categories. For example, private foundations may be set up by a living person such as Robert Champion de Crespigny (refer Ch. 5, Section 5.8.4, pp. 227-229), or through a will as was the case with the Sylvia and Charles Viertel Charitable Foundation (refer Ch. 5, Section 5.5.10, pp. 198-199). Or there is the case of The Walter and Eliza Hall Trust (refer Ch. 5, Section 5.8.6, pp. 231-234) set up by Eliza Hall after the death of Walter with funds he left to her in his will. One can only speculate as to whether the subject was discussed during Walter's life time.

There were those executive officers and boards that did not wish the researcher to make personal contact with applicants, although personal contact was established by them once a grant was envisaged or made. There were those who encouraged personal contact from the beginning of the application process and even assisted the supplicants formulate their applications, thus enabling the trust or foundation executive officer to begin sorting out appropriate potential grantees right from the beginning of the process. Others accepted applications, but in addition were proactive in choosing organisations that would fit their particular trust or foundation's guidelines, thus reducing the number of unsuitable applications received. Some of these, and others, indicated that the board had changed its policy from one of making many smaller grants, as little as \$500, to making just a few larger grants, so that they could "make a difference" (P. D. S./board representatives, *pers. comms.*, March, 2003). All felt that they were doing what the donor or bequestor wished or would have wished had they been able to consult them.

5.3.1 Individual foundations

These are usually established by an individual or individuals and often through a bequest, although it appears that today more are being established by living persons or

by corporations. These foundations are administered by their trustees who select appropriate grantees at certain intervals ranging from one month to one year, usually based on priorities established by the donor. In several cases where trusts or foundations were established through a bequest the trustees indicated that their task was made more difficult by not being sure of the priorities that the bequestor might set as there were no specific instructions to this effect in the will.

Examples of private foundations included in this work are The Ian Potter Foundation (refer Ch. 5, Section 5.5.9, pp. 191-198), the William Buckland Foundation (refer Ch. 4, Section 4.5.5, pp. 128-129), the R. E. Ross Trust (refer Ch. 5, Section 5.8.7, pp. 234-239) and the Helen M. Smith Trust (refer Ch. 5, Section 5.5.11, pp. 200-202). Grants made by these trusts and foundations may be limited to certain geographic areas or to particular interests. An example is The Walter and Eliza Hall Trust (refer Ch. 5, Section 5.8.6, pp. 231-234) where half of the grant funds go to New South Wales applicants, and a quarter each to Victoria and Queensland.

5.3.2 Family foundations

These are private foundations also but they are established by a particular family and often administered by family members, sometimes members of the family of the original donor. Another alternative is where the family members administer the foundation in association with a trustee company. Examples within this thesis of this type of foundation are The Myer Foundation (refer Ch. 5, Section 5.5.6, pp. 180-184) and the Reichstein Foundation (refer Ch. 5, Section 5.5.5, pp. 176-180).

5.3.3 Community foundations

Community foundations may receive contributions from a number of donors and are usually administered by a board of local people. Their aim is “to create an endowment by fundraising from a variety of sources (individuals, companies and groups) with a common interest in the welfare of a particular geographic area” (Philanthropy Australia, 2004b, p. 1). The Queensland Community Foundation (refer Ch. 5, Section 5.9.3, pp. 245-247) and the Melbourne Community Foundation (refer Ch. 5, Section 5.9.2, pp. 244-245) are examples of this type of enterprise. Community Foundations of Australasia (CFA) was established in 2000 by “leading members of Melbourne Community Foundation frustrated by lack of awareness of the community foundation concept and the failure to far of any other body to push for their development” (Leat,

2004, p. 24). Philanthropy Australia came to the rescue appointing a Community Foundation Taskforce with Andrew Lawson as Executive Officer and by 2003 Lawson was reporting to the Philanthropy Australia Conference considerable progress over the past three years and pointing out the necessity of working on “donor development and growth of the gift fund” (p. 3).

5.3.4 Corporate foundations

Corporate foundations are usually established as separate entities from the parent company. The funds will come primarily from the company’s profits but some raise funds from outside the company as well or through employee fundraising. The ties between the foundation and the parent company are usually close but the organisation remains independent. An example is The AMP Foundation (refer Ch. 5, Section 5.5.2, pp. 163-165).

5.3.5 Government initiated foundations

These foundations obtain their income from “government directed funds, via various routes, from the general public or sections of it, for example, funds from gambling, levies on tobacco etc. (Philanthropy Australia, 2004a, p. 2). The Law Foundation of New South Wales, the Victorian Women’s Trust and the Lotteries Commission of Western Australia are examples of this type of foundation.

5.3.6 Trustee companies

“Trustee companies were created in the late 19th century to offer total management of money and risk averse investment, offering a low but steady return”¹⁵⁶. They are “the only corporate entities authorised to administer deceased estates. They currently hold wills for well over one million Australians”¹⁵⁷. It seems natural then that trustee companies are the most suitable bodies to manage charitable trusts and foundations as they are already providing “tax advice and will-making services”¹⁵⁸. Some of the trusts and foundations managed in this way include the Sylvia and Charles Viertel Charitable Foundation (refer Ch. 5, Section 5.5.10, pp. 198-199) where the General Program is managed by ANZ trustees along with two appointed individual trustees; the Adolph

¹⁵⁶ Trustees Corporations Association of Australia. 2004, ‘Independence of Australian Company Auditors’, <http://www.trustcorp.au>, accessed 23 October, 2004.

¹⁵⁷ Trustees Corporations Association of Australia. 2004, ‘Independence of Australian Company Auditors’, <http://www.trustcorp.au>, accessed 23 October, 2004.

¹⁵⁸ Trustees Corporations Association of Australia. 2004, ‘Independence of Australian Company Auditors’, <http://www.trustcorp.au>, accessed 23 October, 2004.

Basser Trust managed by Perpetual Trustees (Philanthropy Australia, 2004a, p. 17), and The Percy Baxter Charitable Trust managed also by Perpetual Trustees (Philanthropy Australia, 2004a, p. 171). It should be noted that trustee companies are themselves “not-for-profit businesses that...offer management services to foundations. They can legally administer estates, the property of minors, or the affairs of those needing assistance to manage their own financial affairs” (Philanthropy Australia, 2004a, p. 2)¹⁵⁹. The trustee companies charge a management fee for this work.

5.4 National Bodies

There is a national representative body for the trustee company industry, the Trustee Corporations Association of Australia formed in 1947. Seventeen organisations are represented by the Association including the seven State and Territory Public Trustee Offices, and ten of the private statutory trustee corporations. Members of the Association either manage or hold in trust for beneficiaries “assets worth around \$300 billion”¹⁶⁰.

Changemakers Australia is being established in Melbourne to work actively “to encourage a greater proportion of philanthropic dollars in Australia to be directed towards those organisations working for positive social change for people experiencing disadvantage and discrimination within our community” (Reichstein Foundation, 2004a, p. 1). It is in its establishment phase so it will need monitoring to assess its progress and ultimately its effectiveness.

5.5 Discussions with Corporate Informants

5.5.1 *Wesfarmers*

Michael Chaney, former Chief Executive Officer, Wesfarmers, now Chairman, National Australia Bank

Chaney was one of those, not unlike 3M (see Ch. 4, Section 4.6.3, pp. 137-138), that exhibited a clear understanding of his company’s philanthropic aims and activities, and was able to plainly articulate its goals in those areas.

¹⁵⁹ Perpetual Trustees representative points out that “trustee companies are not ‘not-for-profit’ organisations - Perpetual for example is a publicly listed company” (Prindable, email, 27 April, 2005).

¹⁶⁰ Trustees Corporations Association of Australia. 2005, ‘Introduction’, <http://treasury.gov.au/documents/480/PDF/TCA-12-11-02.pdf#search='Trustees%20Corporations%20of%20australia'>

The company was established in 1914 as a co-operative that grew and later took over another not dissimilar group. The diversified industrial conglomerate today is one of Australia's largest public companies (Wesfarmers 2003/2004 Annual Report, p. 3) with seventeen individual companies or divisions involved in broad interests throughout Australia. Operating revenue for 2003/2004 was "\$7.7 billion+" (p. 4). It changed its structure over two decades to the point where it was publicly listed in 1984. It operated only in Australia until recently but has now branched out into several other countries. It should be noted that quotations from companies' own material while of necessity being accurate would put the information in the most positive light, and could therefore be regarded as public relations material.

Both from reading corporate literature, particularly annual reports and its Web page, and conversing with the chief executive, it was plain that this group was in general unequivocal about its beliefs and objectives in relation to corporate philanthropy, stating that he "... believes companies ought to contribute to society above and beyond the economic benefits that flow from their successfully run business operations" (P. D. S., *pers. comm.*, 27 February, 2003). Nevertheless the group annual report states, "The primary objective...is to provide a satisfactory return to shareholders" (Wesfarmers, 2004a, p. 3). The group has published a separate report on its approach to, and performance in relation to environmental and safety issues. It states that the decision to produce the report had been made "in recognition...of the growing demand for non-financial accountability by companies"¹⁶¹. Wesfarmers also produces a separate social responsibility report, stating in the 2003-04 report that, "We believe that companies should make a contribution to the community above that which flows from the jobs they create and the returns they deliver to shareholders" (Wesfarmers, 2004b, no p. no.).

During the interview with Chaney he said that a former chairman of the group had been "keen" on corporate philanthropy and his philosophy had been carried through to the present day (P. D. S., *pers. comm.* 27 February, 2003). He said that enlightened self-interest was the key reason for giving because it had been pointed out that philanthropy would enhance the company reputation. In a more recent article written for *The Age*, (2004, p. 9) he said also that "there is growing evidence that social responsibility improves a company's competitive advantage".

¹⁶¹ Wesfarmers. 2003c, *Annual Report, 2002*, <http://www.wesfarmers.com.au> accessed 27 February, 2003.

A recent survey was cited to back up this point. However, it was important to Wesfarmers to be able to see that their gifts would “make a difference” (P. D. S., *pers. comm.*, 27 February, 2003). The largest gifts have been in the \$500,000 to \$1,000,000 range. Small gifts have been stopped altogether, in line with the objective of making a difference in the community. However group employees are involved in philanthropy at a community level. Some examples of the projects carried out include a donation of guernseys to a football academy, the participation of more than 3,000 company team members in the juvenile Diabetes Research Foundation’s ‘Walk for The Cure’ that raised more than \$60,000, and access by community groups to the company’s stores for fund raising through sausage sizzles.

This interview gave a clue to a change that seems to have been coming over corporate philanthropy for around a decade or so whereby the company does not simply wait for requests but is proactive in seeking out suitable projects to fund. A similar change seems to be coming over the grantmaking process as will be seen from the section on trusts and foundations (refer Ch. 5, Section 5.3, pp. 154-157).

Corporate sponsorship was clearly distinguished from corporate or business philanthropy with separate budgets allocated to each. In his *Age* article (2004, p. 9) Chaney expressed his view that the term ‘business philanthropy’ “is a little out of date” and so he divides the process up into “business donations”, “business sponsorships” and “Community Business Partnerships”. Donations, he says, are “given without expectations of returns”, sponsorships “usually have defined marketing outcomes” and partnerships are “usually the result of a solid business case for longer term engagement” (p. 9). However the group Web site states that, “The overall objective of the group’s donations and sponsorship policy is to enhance its reputation as a good corporate citizen by making direct contributions to the community in addition to the general economic benefits flowing from its activities”¹⁶². Personal knowledge indicates that a number of companies and groups, particularly those that deal directly with large numbers of customers, such as those in retailing, have developed community interaction programs that involve staff in making donations through payroll deduction schemes¹⁶³, or through

¹⁶² Wesfarmers. 2003d, ‘Community: Donations/Sponsorship’,

<http://www1.wesfarmers.com.au/company.asp?ID=27>, accessed 14 January, 2003.

¹⁶³ Payroll deduction schemes (known also as workplace giving) enable employees to make pay day gifts either to charities or community services of their choice, or to those endorsed by the company or group, through a direct deduction from wages or salary. The company or group administers the scheme without

in-store or community fundraising, or through personal time commitments to do voluntary work for charities.

In the case of Wesfarmers' corporate philanthropy the annual amount is determined as .25% of Profit Before Tax (PBT). The group's sponsorship is part of its marketing program and is both actively monitored and managed by the General Manager, Public Affairs. The gifts are at the discretion of the Board and balanced between six sectors titled:

1. Country/rural,
2. Charitable,
3. Indigenous,
4. Medical,
5. Education, and
6. General community¹⁶⁴.

It was pointed out, and confirmed by Internet search, that the group strongly emphasises achieving sustainable development along with protection of the environment, and has a commitment to respond to the "attitudes and expectations of the communities in which it operates"¹⁶⁵. The Board decisions are made in the context of criteria it has developed and in line with the categories above. It was made clear that the group has one single objective and that is to provide a satisfactory return to shareholders. Nevertheless the corporate giving and resultant image building is seen as contributing to the achievement of that goal.

The conglomerate's "extensive community interaction program"¹⁶⁶ has its own

charge to either the employee or the recipient body, and may make a matching or individually determined gift from corporate resources.

¹⁶⁴ Wesfarmers Limited. 2003a, *Annual Report 2002*, 'Investor Relationships', http://www1.wesfarmers.com.au/investor_relationships/annrep2002/qq/q1.html, accessed 27 February, 2003.

¹⁶⁵ Wesfarmers Limited. 2003a, 'Investor Relationships', *Annual Report 2002*, http://www1.wesfarmers.com.au/investor_relationships/annrep2002/qq/q1.html, accessed 27 February, 2003.

¹⁶⁶ Wesfarmers Limited. 2003a, 'Investor Relationships', *Annual Report 2002*, http://www1.wesfarmers.com.au/investor_relationships/annrep2002/qq/q1.html, accessed 27 February, 2003

separate title and operates in rural and regional areas of Australia. The program provides “education scholarships, sponsorships for national and state country week sporting carnivals and teams, as well as the support of key agribusiness associations”¹⁶⁷. In addition the program has a seven year commitment to a co-operative research centre at coal mining company, CRC, that is for “Plant-based Management of Dryland Salinity involving a number of Australian universities and government agencies”¹⁶⁸, and also the Australian Coal Association Research Programme “aimed at delivering better greenhouse and general environmental outcomes through improved efficiency and waste management”¹⁶⁹. A further program operating in the environmental arena is ‘Greenhouse Challenge’, “an important part of the Commonwealth government’s policy directed towards reducing greenhouse emissions”¹⁷⁰. In that same environmental area one of the divisions sponsors an ‘Australian Coal Association Research Programme’ based on an aquafarm where “evaluation of acidity treatments for such areas will help in their future use for value-adding activities such as recreation and aquaculture”¹⁷¹. In addition Wesfarmers CSBP sponsors the Chair of Cleaner Production at the John Curtin International Institute of Western Australia¹⁷².

The company has established some long term partnerships over time and recently one of the partners, the Art Gallery of Western Australia offered to the company the opportunity to be “Principal Partner 2004 in commemoration of Western Australia’s 175th anniversary” (Art Gallery of Western Australia, 2004b, p. 16). The partnership was established and is considered to be “the result of a long and diverse history of association between the organisations” (p. 16) and the Art Gallery claims that the 15 year relationship “has evolved and diversified into a partnership distinctive for its collaborative ventures and for the range and depth of benefits enjoyed by both parties”

¹⁶⁷ Wesfarmers Limited. 2003d, ‘Community: Donations/Sponsorship’, <http://www1.wesfarmers.com.au/company.asp?ID=27>, accessed 27 February, 2003.

¹⁶⁸ Wesfarmers Limited. 2003e, ‘Contributing to an Improved Environment’, http://www1.wesfarmers.com.au/investor_relationships/annrep2002/qq/q1.html, accessed 27 February, 2003.

¹⁶⁹ Wesfarmers Limited. 2003e, ‘Contributing to an Improved Environment’, http://www1.wesfarmers.com.au/investor_relationships/annrep2002/qq/q1.html, accessed 27 February, 2003.

¹⁷⁰ Wesfarmers Limited. 2003b, ‘Greenhouse Challenge’, *Annual Report 2002*, <http://www1.wesfarmers.com.au/company>, accessed 27 February, 2003.

¹⁷¹ Wesfarmers Limited. 2003e, ‘Contributing to an Improved Environment’, http://www1.wesfarmers.com.au/investor_relationships/annrep2002/qq/q1.html, accessed 27 February, 2003.

¹⁷² Wesfarmers Limited. 2003e, ‘Contributing to an Improved Environment’, http://www1.wesfarmers.com.au/investor_relationships/annrep2002/qq/q1.html, accessed 27 February, 2003.

(p. 16). Wesfarmers indicated that it had “enjoyed a vast array of sponsorship benefits through its relationship with the Gallery” (Wesfarmers, 2004c, p. 7). These would seem to be worth listing here as an example of the type of benefits that corporate partners, including some involved in this thesis, may receive:

- Acknowledgment as Principal Partner,
- Gallery naming rights – Recently renewed for an additional 15 years,
- Naming rights to a range of public programs and tours,
- Logo placement on a range of educational programs,
- Logo placement in the Gallery’s quarterly publication ‘Preview’ until 2007 with a print run of 25,000 per quarter,
- Access to Gallery audiences,
- Access to Director and curatorial staff,
- Acknowledgment by the Director at official openings,
- Invitations to exclusive events,
- Access to opinion and government leaders,
- Hospitality and networking opportunities for staff and clients,
- Exclusive Wesfarmers breakfast-in-the-Gallery events for staff and families,
- Five perpetual double concession passes to pay exhibitions until 2007, and
- Logo recognition linked to exhibitions (p. 7).

A further important facet of this relationship is that it is “organic and continually evolving” (p. 9). It began with what was the first cash donation to the Gallery’s Foundation established in 1989 and grew as the organisations realised that they shared target audiences and core values as well as “the shared belief in the importance of their respective cultural collateral to the community” (p. 9).

The partnership won the Outstanding Long-term Partnership category in the 2004

State Arts Sponsorship Scheme Awards 2004 (P. D. S., *pers. comm.*, 22 November, 2004) as “prestige partners” (Wesfarmers, 2004c, p. 1). It was one of the longest corporate partnerships found during this research, although there were long standing partnerships between some of the trusts and foundations and particular charities.

The techniques normally used by this company are to make three to five year commitments, both as givers and as sponsors. They do not closely monitor the use of the gifts although they like to receive a report from the recipient organisation, but they do closely monitor the course of sponsorships.

In summary, it seems that while the origin of this company’s corporate philanthropy lies with an earlier chief executive, it is clearly in the ‘enlightened self-interest’ of today’s conglomerate to support, and be seen to support, community organisations both by way of direct gifts, and by way of sponsorships and community partnerships. The group is clear about what it wishes to achieve through its philanthropy and, as stated on its Web site “values highly its reputation as a responsible corporate citizen”¹⁷³.

5.5.2 AMP Society

Established in 1849¹⁷⁴ the AMP Society has a long history of commitment to community financial support. For example, one of its early employees founded a major city mission in an Australian capital city with the company’s support. This researcher can attest to a number of gifts obtained from this company for a variety of causes across Australia and New Zealand.

In 1992 the company established a corporate foundation, extending its activities to New Zealand in 2000. Since its establishment the AMP Foundation has “invested more than \$20 million in a wide variety of Australian non-profit organisations”¹⁷⁵. The company supports the community through “community partnerships” with NPOs. Recently it has been particularly concerned with “the areas of community involvement

¹⁷³ Wesfarmers. 2003f, ‘Community’, <http://www.wesfarmers.com.au/company.asp?ID=84>, accessed 19 May, 2005.

¹⁷⁴ AMP Society. 2003a, ‘Who we are’, <http://ampgroup.com/2column/0,2445,CH941%5FN13493%5FSI3,00,html>, accessed 19 November, 2003.

¹⁷⁵ AMP Foundation. 2005, ‘Community’, <http://www.amp.com.au/group/2column/0,2445,CH937%255FN115792%255FS13,00.html>, accessed 2 April, 2005.

and youth employment”¹⁷⁶. This made the philanthropic process more scientific. In 2003 the foundation “underwent a process of reviewing and refining its investment strategy” (Denmeade, 2004, p. 29). As a result the foundation took the decision “to direct the bulk of its investment into two key areas – Community Involvement and Youth Employment”. Some of the organisations with which they have established partnerships are Social Ventures Australia, the Beacon Foundation, The Smith Family and Planet Ark¹⁷⁷. In addition to these areas, the company has established ‘AMP Personal Best Program’. Launched in 2003, the program is “a grass roots community initiative focused on helping Australians achieve their personal best in their chosen sport”¹⁷⁸. The program includes Personal Best Coaching Clinics; Personal Best Grants available to sport clubs or teams in Australia; and Search for a Community Hero to recognise people who “work behind the scenes to support their chosen sport in their communities across Australia”¹⁷⁹.

According to Denmeade (2004) the Foundation believes that adopting a focused approach will generate greater social returns on its community investments (p. 29). The motto of the foundation today is “Supporting those who make a difference”¹⁸⁰. The company Web page indicates that “we believe we have a responsibility to operate so our actions today are appropriately balanced against the needs of future generations”¹⁸¹. Accordingly the foundation has set up ‘The...Youth Boost!’ project that “will concentrate on funding programs that encourage young people to finish school and support their transition from school to work” (Denmeade, 2004, p. 29).

In December, 2000 the board agreed to implement, as part of its corporate social responsibility program sustainable development practices right across its operations. At

¹⁷⁶ AMP Foundation. 2005, 'Community', <http://www.amp.com.au/group/2column/0,2445,CH937%255FNI15792%255FSI3,00.html>, accessed 2 April, 2005.

¹⁷⁷ AMP Foundation. 2005, 'Community', <http://www.amp.com.au/group/2column/0,2445,CH937%255FNI15792%255FSI3,00.html>, accessed 2 April, 2005.

¹⁷⁸ AMP Foundation. 2005, 'Community', <http://www.amp.com.au/group/2column/0,2445,CH937%255FNI15792%255FSI3,00.html>, accessed 2 April, 2005.

¹⁷⁹ AMP Foundation. 2005, 'Community', <http://www.amp.com.au/group/2column/0,2445,CH937%255FNI15792%255FSI3,00.html>, accessed 2 April, 2005.

¹⁸⁰ AMP Foundation. 2004a, 'Introducing the AMP Foundation', <http://www.amp.conz/foundation/mainfoundation.html>, accessed 7 July, 2004.

¹⁸¹ AMP Society. 2003b, 'Community: AMP making a difference in the community', <http://ampgroup.com/2columnPreBody/0,2442,CH937%5FNI3570%5FSI3,00.html>, accessed 19 November, 2003.

the time the company was having considerable financial and other problems but when a new chief executive officer took up his appointment in October, 2002 he began a series of changes to overcome market difficulties. In January, 2004 the company set out a new grantmaking strategy “based on proactive seeking, and partnering with, community organisations whose activities are aligned with the values and vision of AMP”¹⁸². One of the key aspects of this new strategy is that the company no longer accepts applications for funding, but seeks out projects itself, a course in which it follows a similar strategy to that of Wesfarmers (refer Ch.5, Section 5.5.1, p. 157-163).

In summary, this long established company now has a clear understanding of how it delivers its corporate social responsibility and how it makes grants to fund community organisations. The techniques are simple and direct involving the board in determining areas for support and then seeking out appropriate organisations to support. It is early in the program yet but it could be anticipated that these techniques will be found to be in line with what may become general corporate practice. The motivations have not changed but have been refined and updated over the years in response to changes in the market place.

5.5.3 James N. Kirby Foundation

Jocelyn Sinfield, Executive Assistant, Executive Assistant

Sir James Kirby’s life, philosophy and philanthropy would seem to make a useful comparison with that of Lance Reichstein (refer Ch. 5, Section 5.5.5, pp. 176-180). Beran’s (1993) biography of Sir James highlights a quote from the speech he made on the occasion of the official launch in Canberra of the James N. Kirby Foundation on 17 October, 1967, “I’ve come up the hard way and I suppose it is because of that I feel I should plough something back” (fly leaf). On the same occasion Kirby acknowledged also that “Australia has been very good to me. I want to give something back to Australia” (p. 78). His gift to start up the Foundation was “a couple of million” (p. 78), at the time “the fifth largest personal foundation in Australia, the others being the Felton Bequest, the William Buckland Foundation, the Power, and Walter and Eliza Hall Trusts” (p. 78).

In the sixty years from 1924 to 1984 The James N. Kirby Group of Companies,

¹⁸² AMP Foundation. 2004b, ‘Grants in 2004’, <http://www.amp.conz/foundation/mainfoundation.html>, accessed 7 July, 2004.

along with associated companies and others in which Sir James had a management or controlling financial interest, produced a large number of products and components ranging from washing machines, refrigerators and air-conditioners to large press tools and moulding dies, as well as aircraft engines branded Pratt and Whitney and Rolls Royce (pp. 94-95). James Kirby joined the company founded by his father in 1946. Along with his younger brother, Raymond, he gained factory floor experience and they were both “fast-tracked and mentored” by their father (Scott, 2003, p. 44). James Kirby held many directorships over the years, including C.S.R. Chemicals, A.G.E. Pty. Ltd., Nuffields (Aust.) Pty Ltd., Tecnico Ltd., Fisher and Paykel, Imagineering, Barclays Australia, and Qantas Airways (Beran, 1993, p. 89; Scott, 2003, p. 44). He was on occasions described as “the Lord Nuffield of Australia” (p. 4). At his funeral service tribute was paid by the late Sir Leslie Herron, then Chief Justice of New South Wales who said:

He believed in honesty to a scrupulous degree, measured in the finest tolerances, illustrated by his trademark, the micrometer ... his greatest quality of mind was his sound judgment. He knew instinctively what was a true course to pursue and what was the future of engineering technology. He was a fine scholar, a lover of home and family, a generous benefactor, a distinguished businessman and, above all, at all times a courteous gentleman (p. 4).

The Sir James Kirby Awards made by the Institution of Production Engineers were begun in 1956 and recognised papers on their specialist work by such eminent people as Sir Mark Oliphant [‘The possibilities of Thermonuclear Power and its significance for Australia’], Sir Ian McLennan [‘Steel and Australian Development’], Sir Henry Bolte, later Premier of Victoria [‘The Future of Industry’], Sir Arvi Parbo [‘Opportunities for Manufacturing Industry from Mineral Projects in the 1980s’], and Senator the Hon. N. Button [‘The Regeneration of Australian Manufacturing Industries’] (Beran, 1993, pp. 92-93).

During this study it has been seen that personal interests often figured largely in determining the areas of the community to be funded by the particular trust or foundation. Kirby was no exception. At the launch of The James N. Kirby Foundation in 1967 he said that it “was likely to give particular assistance to my own speciality – technical fields in secondary industries” (p. 78). He pointed to the need in Australia for qualified engineers and technicians “to keep pace with the technological developments in advanced countries” (p. 79). On Kirby’s death his place was taken by his son, Kevin. It is worth noting that Kevin seemed to carry on the business in much the same way as

his father because it was recorded that “his concept of business leadership differed sharply from many media headlines about so-called business leadership today. He thought leadership was a privilege which carried great responsibility, not least to give something back to the community and to help make Australia a better place” (Scott, 2003, p. 44), whereas Kirby Senior had said, “I regard it as sheer national self-preservation for Australian business to help Australian industry” (Beran, 1993, p. 79).

Returning to The James N. Kirby Foundation, during its first year it made grants to educational activities, social welfare, technical and managerial training, medical research, and art and cultural activities, as well as what was at that time (1968) a major grant of \$40,000 to the Duke of Edinburgh’s Third Commonwealth Study Conference (p. 79). In an extensive list of grants over the years recorded by Beran are included two major grants to faculties of engineering, one for a Chair of Production Engineering at the University of New South Wales [\$686,436], and the other for a Faculty of Engineering Development Fund at the Sydney University of Technology [\$305,000] (pp. 99-100).

In addition to the above major grants, the Foundation has made sizeable gifts to medical and hospital projects; schools and educational programs, and indigenous education; universities; orchestras, ballet and opera; wheelchair sports; cultural gardens, and such programs as Special Olympics, Starlight Children’s Foundation Australia, Technical Aid to the Disabled, Very Special Kids Inc., and the Australian Centre for Christianity and Culture (James N. Kirby Foundation, 2002, pp. 8, 20-30). In general, the grants range from a minimum of \$1,000 up to a maximum of \$100,000 with an average grant of \$5,000. Grants of \$10,000 up to \$100,000 are usually spread over two to five years (p. 31).

The James N. Kirby Foundation today indicates a “broad charitable and community welfare interest” (Philanthropy Australia, 2004a, p. 122), and still lists “technology/science” in its extensive schedule of priority interests (p. 122). Its annual disbursement is around \$400,000. In contrast to most other trusts and foundations studied, applicants are required to provide an endorsement letter before their application can be considered, but as with many others, the applicant organisation must have DGR status. In attempting to discern Kirby’s philosophy of giving Beran (1993) writes:

Sir James never spelt out his philosophy, but his actions, the way he built his company, and guided his staff are evidence of a forward-thinking pragmatist,

with a deep-seated belief in Australia's future. He recognised opportunities and, through consultation with his peers, learned how best to make use of these opportunities. At the same time he knew when to terminate a project. This flexibility was a major factor in his company's ability to weather fluctuations in the economy and to adapt to changes in technology (p. 5).

Asked about the future of charitable gift giving in Australia Sinfield said, "unlike the United States where philanthropy is a way of life I believe that giving in Australia is done on the quiet and there are more people doing it as a way of life and not for recognition" (P. D. S., *pers. comm.*, 24 March, 2003). This seems to be in line with Scott's words, "Kirby didn't like fuss" (Scott, 2003, p. 44). It is worth noting that during Kevin Kirby's later years he "spent a lot of time meeting and visiting beneficiaries of Kirby Foundation funds" (p. 44).

Applications for funding to the James N. Kirby Foundation must be on a form supplied by the Foundation and applications are checked first to determine if they conform to the published guidelines. Once a grant is made the successful applicant must sign a letter of contract stating that the monies will be used solely for the project stated in the application. Should a project collapse then the Foundation requires the grant monies to be refunded (P. D. S., *pers. comm.*, 24 March, 2003).

In summary, similarly to Reichstein (refer Ch. 5, Section 5.5.5., pp. 175-180), Kirby was a successful engineer and industrialist who created a range of products and developed a business that became the source of funds for the Foundation established during his lifetime to assist many charities and other organisations to carry out a considerable range of projects and programs. His motivations are not clear but seemed to relate to his belief in the future of Australia.

5.5.4 CEPA Trust¹⁸³

Ron Clarke, CEO

Philanthropy Australia has in recent years identified and included in the *The Australian Directory of Philanthropy* published annually some international foundations that fund projects in Australia. However it does not include the CEPA Trust established with funds supplied by Charles (Chuck) Feeney of Atlantic Philanthropies in the USA. Feeney:

¹⁸³ CEPA stands for Centre for the Encouragement of Philanthropy in Australia.

... made the bulk of his multi-million dollar wealth through Duty Free Shoppers. Along with business partner, Robert Miller, who he had met at Cornell, they began the duty free shopping phenomenon in Hong Kong in the mid-1960s, and from there took over the world, turning their company into an international retail colossus¹⁸⁴.

In the early 1980s Feeney decided to make over almost all of his over \$5 billion fortune to a philanthropic organisation he set up The Atlantic Philanthropies, “keeping just \$5 million for himself”¹⁸⁵. He stipulated that “the money must be spent within his lifetime. In other words, he wants his organisation to disappear with him”¹⁸⁶. The Web site states it in this way:

We decided to be a limited life philanthropy because our founder believes in the importance of “Giving-while-Living”. In particular he wants to concentrate our resources on the problems of today because he is confident that the next generation of philanthropists will address the issues of the future¹⁸⁷.

In this Feeney may be compared with Brian and Shelagh Stegley who had a similar goal (refer Ch. 4, Section 4.5.4, pp. 126-128), that is they allowed for their foundation to run for thirty years only, believing that would be to the end of their lives, in the event they both died prematurely. The Feeney organisation was titled The Atlantic Philanthropies and its recently redefined purpose is stated as “To bring about lasting changes that will improve the lives of disadvantaged and vulnerable people”¹⁸⁸.

Its Australian connection came about through a personal friendship begun in 1965 between Feeney and former Australian Davis Cup tennis player, Ken Fletcher. Fletcher had moved to Hong Kong in 1964 after he was banned by the Lawn Tennis Association in Australia because he, along with four other top players, had wanted to play in overseas tournaments for cash prizes. It was there that he met Feeney.

When Fletcher returned to live again in Brisbane in 1991 Feeney came to Australia

¹⁸⁴ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁸⁵ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁸⁶ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁸⁷ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁸⁸ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

with him to see Ken's home town and to inspect a property on Stradbroke Island owned by one of his companies. As a result of a meeting with the then Lord Mayor of Brisbane, Jim Soorley, Feeney was introduced to Professors Laurie Powell and John Hay from the University of Queensland. Feeney indicated to them that he could be interested in financing some projects at the University. As a result the \$200 million Queensland Bioscience Precinct was funded. It was housed in a large new building at the front entrance to the University.¹⁸⁹ Feeney put in \$10 million, the CSIRO put in \$50 million, and the remainder of the funds came from state and federal governments through the Federation Fund¹⁹⁰.

In addition the cancer research facility at the Royal Brisbane Hospital "was made possible through an original donation of \$20 million from Atlantic Philanthropies in 1998"¹⁹¹. Interestingly, Feeney then insisted that the naming rights to the building be sold to raise more money. Clive Berghofer, a former Mayor of Toowoomba put in \$5 million to have the building named the Clive Berghofer Cancer Research Centre¹⁹². The University of Queensland received a further \$20 million grant from Atlantic Philanthropies for the purpose of creating and establishing the Queensland Brain Institute¹⁹³. Other gifts from Atlantic included "\$3-4 million for the Queensland Institute of Medical Research to support the establishment of a cell-based cancer therapy centre there; \$22.5 million to the Queensland University of Technology for the construction of the Health Sciences Building; \$17.5 million to the University of Queensland for a laboratory complex for the Institute of Bioengineering and Nanotechnology; \$15 million for the Institute for Molecular Bioscience: \$2.235 million for bright minds; \$5 million to convert the University of Queensland's Main Hall into an art gallery and cultural facility; \$5 million for a stroke unit at the Royal Brisbane

¹⁸⁹ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁹⁰ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁹¹ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁹² Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁹³ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

Hospital; and the Brain Research facility, \$20 million, is also another that they're putting money into"¹⁹⁴. In each case Atlantic Philanthropies is either in partnership with the Queensland Government or with the institution involved¹⁹⁵.

Soorley described Feeney's upbringing by saying that he was born to working class parents in New Jersey, growing up in the small town of Elizabeth during the Depression. His grandparents were Irish and Soorley says, "He's an Irishman. Don't let anyone tell you that he's not. Chuck Feeney is Irish from the tip of his toes to the bottom of his nose"¹⁹⁶. Apparently he is proud of being Irish but is also, again according to Soorley, "a citizen of the world. He is highly read, highly intelligent and probably has one of the best critical analyses of what's going on in the world, that you would meet"¹⁹⁷. He personally owns no property at all. Neither does he own a car. He regularly uses public transport and flies economy class. He wears an inexpensive watch, and in his one interview said, 'You can only wear one pair of shoes at a time'¹⁹⁸. In this he may be compared with Lance Reichstein (refer Ch. 5, Section 5.5.5, pp. 176-180) whose daughter Jill said that her father would go to the Gold Coast for a holiday and then catch the bus into the city to do business (Tracey, 2003, p. 177), and with Charles Viertel, founder of one of Australia's biggest foundations (refer Ch. 5, Section 5.5.10, pp. 198-199).

Clarke has known Feeney since 1982 and says he was Feeney's front man for the \$300 million eco resort named Couran Cove, built on South Stradbroke Island. He claims that Feeney has been "a strong influence on me" (P. D. S., *pers. comm.*, 13 March, 2003). President of CEPA since 2001 Clarke operating out of Melbourne has been responsible for dispersing an initial \$7.5 million grant from Atlantic Philanthropies. He says that his own interest and involvement in philanthropy came

¹⁹⁴ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁹⁵ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁹⁶ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁹⁷ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

¹⁹⁸ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

from his father who “was a unionist and taught us the idea of sharing”. Part of his brief was to persuade Australians to make gifts to Atlantic Philanthropies. He says that the exercise was successful:

... but not to the degree I wanted it to be. It was a three year trial and I have to say that at the end of it I’m disappointed that the response wasn’t better. It was good, but nowhere near as good as it should have been (P. D. S., *pers. comm.*, 13 March, 2003).

Atlantic Philanthropies originally would withdraw funds from grant recipients if they revealed the source, but has relaxed that provision in more recent times. However they do require continuous reporting from recipients, especially where they are being assisted over a number of years. Initially the limit to a grant was three years, but now they will continue funding beyond that time albeit at a lower level, and they require professional evaluation of the project. Grants are determined four times per year. Just some of the multi-million grants made over the past three years have gone to:

- The Walter and Eliza Hall Institute of Medical Research, Melbourne,
- The Royal Children’s Hospital Foundation, Melbourne,
- The Royal Melbourne Institute of Technology,
- The Baker Heart Research Institute, Melbourne, and
- Melbourne University¹⁹⁹.

A different type of program supported by CEPA and deemed worthy of mention here because of its potential wide reaching effects is r.u.MAD? The program claims to be helping “kids to change their world. By identifying problems and challenges in their school, local or global community, students and teachers set out to Make a Difference in realistic and achievable ways”²⁰⁰. As an example, Melbourne Girls College received a grant in 2002 that combined with their own fundraising efforts enabled them to establish their own foundation, Melbourne Girls College MAD Foundation as a means of “making a difference in the community” and at the same time having some control

¹⁹⁹ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

²⁰⁰ Melbourne Girls College MAD Foundation 2005, 'Latest news', <http://www.rumad.org.au/home.htm>, accessed 18 April, 2005.

over where the funds went and how they were spent²⁰¹. The foundation is run and managed by the students and is the first of its type in Australia²⁰². Their core values and “areas of passion” are interesting, developed as they were by a group of teenage girls:

- Equality,
- Compassion,
- Trust,
- Loyalty,
- Truth,
- Respect,
- Honesty,
- Community and family²⁰³.

The areas of passion are:

- Safety in the community,
- Depression and suicide,
- Homelessness and poverty, and
- Equal rights²⁰⁴.

The girls made their first grant in 2002 to a local community group, the Brosnan Centre that helps young people settle back into the community after release from prisons and juvenile justice centres. Founded 25 years ago by Father John Brosnan, the

²⁰¹ Melbourne Girls College MAD Foundation. 2002, 'Melbourne Girls College MAD Foundation', http://www.rumad.org.au/fo_mgc-2.htm. accessed 14 October, 2002.

²⁰² Melbourne Girls College MAD Foundation. 2002, 'Melbourne Girls College MAD Foundation', http://www.rumad.org.au/fo_mgc-2.htm. accessed 14 October, 2002.

²⁰³ Melbourne Girls College MAD Foundation. 2002, 'Melbourne Girls College MAD Foundation', http://www.rumad.org.au/fo_mgc-2.htm. accessed 14 October, 2002.

²⁰⁴ Melbourne Girls College MAD Foundation. 2002, 'Melbourne Girls College MAD Foundation', http://www.rumad.org.au/fo_mgc-2.htm. accessed 14 October, 2002.

Centre has grown to employ twenty full time staff and many volunteers²⁰⁵.

CEPA is not the only supporter of r.u.MAD?, other key supporters include The Ian Potter Foundation, Perpetual Trustees, The R E Ross Trust, The Foundation for Young Australians, and the Telstra Foundation²⁰⁶.

CEPA on behalf of Atlantic Philanthropies does not allow personal asking for grants, nor does it respond to letters requesting funds. There are three sources of funds used by CEPA; overseas sponsorship (Atlantic Philanthropies); private citizens, and the business sector. CEPA indicated that it would consider “a range of health, welfare, education, research, arts, culture and environment projects...for financial support” (Heasley, 2001, p. 1). Atlantic Philanthropies subsidises CEPA’s operational costs and other expenses thus ensuring that it meets its guarantee “That all donations received go to selected charities undiminished in any way”²⁰⁷. Another organisation in Australia known to this researcher that guarantees that one hundred per cent of all donations will go to the selected charities is United Way. United Way operates in all Australian states and is an offshoot of the long established American United Way. As a board member of United Way South Australia and a long time admirer of the United Way system this researcher can attest to the verity of this claim.

In addition, donors to CEPA may take part in a Designated Gift Program that allows them to direct their gifts through Atlantic to eligible charities of their choice²⁰⁸. Another aspect of CEPA that appears to be unusual, if not unique in Australia, is that donors receive voting rights as to how the donations are spent. This would seem to be a rarity shared only so far as this investigation is concerned with The Walter and Eliza Hall Trust which has members (see Ch. 5, Section 5.8.6, pp. 231-234). “Every \$10 donated attracts one vote for projects that will be considered by the trust’s advisory council” (Heasley, 2001, p. 1). As well, although there are some fifty eminent Australians on the Advisory Council, CEPA still has its many applications analysed outside of the Council,

²⁰⁵ Brosnan Centre. 2005, 'The Brosnan Centre - 25 years of Support', <http://www.jss.org.au/media/news/HTML12/01.HTM>, accessed 18 April, 2005.

²⁰⁶ Melbourne Girls College MAD Foundation. 2005, 'Latest news', <http://www.rumad.org.au/home.htm>, accessed 18 April, 2005.

²⁰⁷ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

²⁰⁸ Atlantic Philanthropies. 2004, 'About Atlantic', http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

by the Asia Pacific School at Swinburne University, Melbourne, and in addition all applicants are personally interviewed at their premises. CEPA claims also to be “a unique Club – the only one in Australia in which members receive no benefits from their annual donation other than the infinite joy of helping others” (CEPA, 2001, p. 3).

As to Feeney’s motivations it appears that there are a number of theories about this. One comes from Professor John Hay who says that whether people know Feeney well or only slightly they all speak of the same kinds of issues:

... a passionate and lifelong commitment to helping people less well off, whether in terms of giving them assistance through scholarships, or through making a difference to people or nations²⁰⁹.

Following the 1987 bombing at Enniskellen in Northern Ireland when 11 people were killed, Feeney became determined to stop the killing. Through Niall O’Dowd he became a member of a “select group of influential American Irish who made peace in Ireland their mission. Through the ‘90s they played an integral role in bringing about the IRA ceasefire in Ireland, and the 1998 Good Friday Agreement”.²¹⁰

The extensive code of ethics for Atlantic Philanthropies sets out its values, and one might assume that they would reflect Feeney’s values. They are as follows:

Humility, modesty, and personal and institutional selflessness are core Atlantic values. These values developed over many years of anonymous giving, and they remain in full force today...We will not boast about our work or seek credit or recognition for supporting our grantees for Atlantic or ourselves...Atlantic will take a more forward role, however, when it is clear that public communication or other action will aid our grantees and help us achieve our program goals²¹¹.

The Code states also that Atlantic “will not accept gifts, awards, or honors from a current or prospective grantee”²¹².

²⁰⁹ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 October, 2004.

²¹⁰ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

²¹¹ Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

²¹² Atlantic Philanthropies. 2004, ‘About Atlantic’, http://www.atlanticphilanthropies.org/about_atlantic/about_atlantic.asp, accessed 14 September, 2004.

5.5.5 *The Reichstein Foundation*

Christa Momot, Executive Officer

Lance Reichstein was, like many, if not all of the philanthropists researched, an individual with strong views. Thompson (1989) wrote in the foreword to Anderson's (1989) life history of Reichstein that:

Lance Reichstein was a big man and deserves to be recorded as such. He was big in stature, in intellect and in accomplishment, and, like all such men; in his idiosyncrasies (p. 4)...He was an advocate of old-fashioned virtues: an industrial Australia, self-sufficiency and defence capability. Frugal in his habits, intolerant of waste, inefficiency and idleness, terrifying in his anger and not given to waste words, he had always been willing to put money into new ventures, to provide an inexhaustible font of ideas, and to give responsibility to those who succeeded (p. 4).

Reichstein was the grandson of Prussian migrant farmers who settled in Lyndoch in the Barossa Valley of South Australia. Lance's father was the fourth of ten children. He settled in Morchard, near Orroroo on marginal farming land bordering on Goyder's Line of rainfall. His family "seemed to have placed a high premium on education" (p. 13) with Lance winning first a scholarship to Peterborough High School, then an Adelaide high school, and on to a scholarship to the University of Adelaide (pp. 13, 14) where he studied "machine design, drawing, electrical engineering, mechanical engineering, hydraulics and surveying" (p. 15). He was a top student gaining "eight first class honours, two second class honours, and one third class" (p. 15).

After working briefly at two different jobs he obtained the position of head of mechanical and electrical engineering at Gordon Institute of Technology in Geelong, Victoria in 1924 (pp. 17-19). Within four years he had registered Industrial Service Engineers Pty. Ltd. (ISE) later known for its Servex brand, as a partnership with A. G. Appleby while continuing to work at Gordon, and even organised an overseas study trip, at his own expense (pp. 26-28). It was not until 1935 that he relinquished his position at Gordon, the partnership with Appleby having been dissolved in the previous year, to concentrate on his group of companies, Industrial Engineering Limited (IEL) (p. 31). The business flourished, was floated on the Stock Exchange in 1946 and continued to grow and expand in the succeeding years (p. 37). Ern Mollard, Sales Manager for ISE and later IEL from 1938 until his retirement indicated that Lance Reichstein had "his compassionate side well concealed beneath a tough business exterior" (p. 57).

The Reichstein Foundation was inaugurated in 1970 and endowed in early 1971 with 28,000 of Reichstein's shares in IEL (Anderson, 1989, p. 57). Thus commenced a learning curve for Reichstein and his trustees, he "had not been a conspicuous philanthropist before the establishment of the Foundation" (p. 57). Growth was modest until his death when the Foundation "inherited a substantial part of his estate, including a one third equity in Industrial Engineering Limited (IEL)" (p. 58). Interestingly, IEL was taken over within a few years of Reichstein's death and its assets sold (p. 57).

In its early years the Foundation made grants mainly to "those charities and public works that traditionally attract philanthropic support, such as hospitals, and general welfare agencies" (p. 58). The Foundation has continued to evolve and in recent years "a new view of philanthropy has started to gain currency" (p. 58) and the Foundation:

... has been in the vanguard of this newly-emergent stream of philanthropic enterprise. A core tenet of this new philanthropy is the view that funding should favour those projects which encourage empowerment and discourage dependency, and which have the capacity to be self-sustaining in the long term (pp. 58-59).

Further the Reichstein Foundation Web site states:

The Reichstein Foundation funds projects which effect structural change to benefit disadvantaged communities. Projects designed to challenge and change systems (such as policies, laws and practices) are our priority. Reichstein Foundation is not a charity but a philanthropic foundation committed to systemic advocacy. We work in partnership with community organisations to improve, maintain or restore human rights and social justice²¹³.

Today the Foundation has an annual disbursement of \$600,000 to which is added donor partnership grants. There is a clear and extensive 'Summary of Purpose' reflecting the Foundation's commitment to social change, and its view that projects to be supported should:

1. effect structural change to redress the disadvantages experienced by particular communities,
2. attack perceived root causes of problems²¹⁴ rather than alleviate symptoms,
3. be community organisations within the state of Victoria,

²¹³ Reichstein Foundation. 2005, 'About the Reichstein Foundation', <http://www.reichstein.org.au>, accessed 28 March, 2005.

²¹⁴ While it was not articulated by the respondent it seemed from the literature that the root causes of particular social problems would be researched by Foundation staff in order to report to the Board.

4. empower people to challenge the policies, institutions and attitudes fostering inequality and inequity,
5. effect long term social change supporting people to work towards environmental sustainability, peace, justice, equality and democratic participation,
6. break down barriers based on race, class, age disability, sexual orientation and culture, and
7. improve, maintain or restore human rights and social justice (Philanthropy Australia, 2004a, pp. 182-183).

The Foundation “gives priority to applications from organisations which involve consumers in the management of, or on the steering committee for, the project” (Reichstein Foundation, 2004a, p. 1). One of the latest Reichstein projects entitled Geographic Information System (GIS) Project is being carried out by Friends of the Earth with funding from the Reichstein Foundation and Precision Engineering (Friends of the Earth, 2004, p. 11). The aim is “to create a database of environmental information useful to land management and forest campaigns and to help environmental non-government organisations...to access this data” (p. 11). Some funding has been set aside for future projects, including publication of a Goolengook National Park Proposal (p. 11). Both the current and the future projects appear to fit well with both the original and the current objectives of the Reichstein Foundation alike and match also to Reichstein’s own interests.

In a further area different altogether from the preceding, the Reichstein Foundation has formed a collaboration with the Gay and Lesbian Foundation of Australia (GALFA) and has hosted a “forum about the role philanthropy can play in addressing issues affecting the same sex attracted community” (Reichstein Foundation, 2004b, p.1). To this end the guest speaker was the Executive Director of Funders for Lesbian and Gay Issues, based in New York.

Lance Reichstein’s daughter, Jill, is chair of the Board of Trustees of the Reichstein Foundation and presides over a grantmaking process that gives away around \$600,000 each year (Tracey, 2003, p. 86) to projects that are in line with the ‘Summary of Purpose’ (Philanthropy Australia, 2004a, pp. 182-183) and fit with the ‘Priority Interests’ (p. 183). The ‘Summary of Purpose’ is lengthy but worth including here as an

example of the work of a modern foundation:

The Reichstein Foundation supports projects which effect structural change to redress the disadvantage experienced by particular communities. We believe that progressive philanthropy is characterised by its insistence on the root causes of problems rather than the alleviation of their symptoms. Our grantmaking programs support community organisations in Victoria that empower people to challenge the policies, institutions and attitudes fostering inequality and inequity. Guided by the mission of ‘change not charity’, our grant programs work for long term social change – more equitable distribution of resources and the elimination of barriers that prevent people from participating more fully in society. Social change is not based on ideology but on the heart felt desire for all to be treated with dignity and respect. Social change philanthropy supports people to work towards environmental sustainability, peace, justice, equality and democratic participation. The Foundation directs resources to break down barriers based on race, class, age, disability, sexual orientation and culture. We work in partnership with community organisations to improve, maintain or restore human rights and social justice. The Foundation provides grants to community groups who: 1. Actively work towards the pursuit of human rights and social justice for disadvantaged members of the community; 2. Involve consumers in the management and decision making structures of the group; 3. Use community development processes to address issues. Structural change projects are our priority (pp. 182-183).

The motto of the Foundation provides a clue to Jill Reichstein’s views about philanthropy, it is “Change, not charity” (Philanthropy Australia, 2004b, p. 182). Jill says that “the best thing I get from my philanthropic activities is knowing that I have made people’s lives better (p. 86). She cites The Women’s Circus:

... started by a group of women from Williamstown, some of whom had been beaten by their husbands. They got together to do some courses to improve their self-esteem and, with the help of an \$8,000 grant from Reichstein, started to learn circus tricks. Eventually they founded The Women’s Circus and this has absolutely changed their lives (p. 86).

Jill Reichstein also told Tracey (2003, p. 30) that she is “not comfortable with being called a philanthropist. I see myself more as a social activist” (p. 30) and “I am committed to a more inclusive and just society” (p. 30). Beside The Women’s Circus two other examples of Reichstein’s interest and motivation are the funding of Survivors of Torture (p. 86) and a group to oppose child prostitution in Southeast Asia” (p. 141). It was on 25 October, 2001 that Chris Jones, a board member of Disability Justice Advocacy Inc. was killed by a train when his wheelchair became stuck in a poorly maintained section of the Nunawading Rail Level Crossing and as a result of subsequent meetings the Safe Transport Action Group was formed. On 12 December of the same year Irene G. was killed when her wheelchair became stuck at the Noble Park

railway crossing²¹⁵. The Victorian Government then set up a taskforce to look into the matter of wheelchair safety at rail level crossings. In March 2002 the Reichstein Foundation granted the Safe Transport Action Group \$5,000 so that it could employ a part-time campaign coordinator and a transport activist with experience in the disability sector was appointed to the position²¹⁶. On 7 May, 2002 the Victorian Government made a commitment to provide “\$12.5 million over four years to improve the safety of railway crossings for wheelchair users”²¹⁷. In July 2002 the Reichstein Foundation made a grant of \$19,000 per year for two years to assist the advocacy work of the Safe Transport Action Group²¹⁸.

In making applications to the Reichstein Foundation, as with many other foundations researched, Income Tax Exempt Charity (ITEC) and Deductible Gift Recipient (DGR) status are required. In a recent move the Foundation has abolished closing dates for funding applications for the reason that “this enables grant seekers to apply for funding as they need it”. The Reichstein Foundation is one of those studied that makes site visits to grant applicants and more recently has invited its members to take part in such visits as well as to subsequently receive a summary of notes taken²¹⁹.

In summary, the Reichstein Foundation grew from the concerns of a successful engineer and industrialist. It continues to build on its founder’s and his daughter’s interests and concerns while taking up more innovative ways of effectively using its income, especially where it encourages self-sufficiency as advocated by Lance Reichstein. In this view he was not unlike R. E. Ross (refer Ch. 5, Section 5.8.7, pp. 234-239) and Ian Potter (refer Ch. 5, Section 5.5.9, pp. 191-198). A question that arises is whether the work done by the Reichstein Foundation would be better described as social activism rather than philanthropy in line with Jill Reichstein’s comment that she sees herself more as a social activist (refer Ch. 5, Section 5.5.5, p. 179).

²¹⁵ Safe Transport Action Group. 2005, 'Our History', http://www.logy.org/~alana/stag/our_history.htm, accessed 7 May, 2005.

²¹⁶ Safe Transport Action Group. 2005, 'Our History', http://www.logy.org/~alana/stag/our_history.htm, accessed 7 May, 2005.

²¹⁷ Safe Transport Action Group. 2005, 'Our History', http://www.logy.org/~alana/stag/our_history.htm, accessed 7 May, 2005.

²¹⁸ Safe Transport Action Group. 2005, 'Our History', http://www.logy.org/~alana/stag/our_history.htm, accessed 7 May, 2005.

²¹⁹ As a member of Philanthropy Australia the researcher receives these invitations.

5.5.6 *The Myer Foundation*²²⁰

Peter Winnecke, CEO; Charles Lane, Immediate Past CEO

The Myer family fled the pogrom in Russia and settled in Melbourne where they established a drapery. Sidney Myer was the son of that family and it was he who became responsible for the establishment of the Myer Emporium throughout Australia. One of his biographers, Ambrose Pratt (1978) stated that “one of the strongest ruling principles of Sidney Myer’s life was the idea that he was a transitory guardian and trustee for others of his wealth” (p. 138). While he gave generously to support institutions that assisted the sick and the poor, “he was nevertheless profoundly distrustful of all charities that he considered likely to pauperise the recipients and sap their sense of independence...he hated indiscriminate almsgiving as fiercely as he hated poverty which he believed had no right to exist in Australia and could and should be banished by a wise government” (p. 138). His view was that poverty could be cured through “right education and enough diverse employment” (p. 138). Right education for him was a system that gave every child equal opportunity “of developing to the uttermost any special talents” (p. 139).

One of Myer’s earliest major gifts made in 1926 was 25,000 shares in the Myer Emporium Ltd to the University of Melbourne. He made numerous gifts to support a variety of causes and much could be written about the effect of those gifts on the institutions he supported as his philosophy of giving evolved. For example, he believed in giving quietly and did not seek recognition, but as his benefactions grew he found it very hard to maintain this stance (p. 152). He steered the Myer Emporium through the Great Depression and continued to build the business and his personal wealth. When he died it was learnt that he had left a bequest of one tenth of all he had to charity and to culture. It was this wealth that went to establish The Myer Foundation and the Sidney Myer Fund.

Clearly Sidney Myer was yet another unique individual. Pratt called his life “an unfinished symphony of generosity” (p. 167). He had set an example for other men and women of wealth to follow if they chose. The Myer Foundation today continues Myer’s generosity and has developed its own unique ways of managing the wealth, in that a large number of Myer family members, 48 at last count (P. D. S., *pers. comm.*, 13

²²⁰ This informant has left the Myer Foundation since our original discussion but has sighted this material and agreed that it is accurate. Its accuracy has also been confirmed by the current CEO.

March, 2003), are not only members of the foundation board and on the grants committees, but have themselves established foundations.

Along with the Sylvia and Charles Viertel Charitable Trust (refer Ch. 5, Section 5.5.10, pp. 198-199), The Ian Potter Foundation and The Ian Potter Cultural Trust (refer Ch. 5, Section 5.5.9, pp. 191-198), the Helen M Smith (Schutt) Trust (refer Ch. 5, Section 5.5.11, pp. 200-202), and The Colonial Foundation Limited (refer Ch. 5, Section 5.5.13, pp. 204-206), The Myer Foundation has one of the largest corpuses of funds in Australia. At the end of the financial year of 2002 its net assets were \$40,231,178 (The Myer Foundation, 2002a, p. 33). Total annual grants are between \$9 and \$10 million. Myer is different from many other foundations in that it does not only make grants to DGRs. This is possible because it is a company limited by guarantee. However applicants “must be charitable, and must be incorporated” (P. D. S., *pers. comm.*, 13 March, 2003).

The Foundation’s Mission Statement reads:

The Myer Foundation works to build a fair, just, creative and caring society by supporting initiatives that promote positive change in Australia, and in relation to its regional setting (The Myer Foundation, 2000b, p. 2).

Grants may be made over a period of three years and there have been some made up to five years, but most are single grants. Main Myer grants are in the range of \$200,000 to \$1 million, while sub-committees of the Board may make grants up to \$50,000. As was explained to the researcher “The size of the grant depends on the scale of the project, what other contributors there are, and how strategic the project is in relation to Myer stated objectives” (P. D. S., *pers. comm.*, 13 March, 2003). Myer family members “often contribute to The Myer Foundation. These contributions may range from \$10,000 to \$100,000” (P. D. S., *pers. comm.*, 13 March, 2003). Government regulation requires that all of the income from Prescribed Private Fund investments be given away (Commonwealth of Australia, 2004, pp. 4, 5). The Foundation has appointed specialist advisers to its grant making committees in order to “keep us informed about the issues and help us to forge collaborations” (The Myer Foundation, 2002, p. 5).

Like a number of other trusts and foundations researched for this thesis The Myer Foundation does not respond to appeals or letters. However they have open access at their office for intending grantseekers, and they also initiate some applications themselves. In common with the R. E. Ross Trust (refer Ch. 5, Section 5.8.7, pp. 234-

239) they are both reactive and proactive. The Myer Foundation does not pay GST so the gift must be unencumbered and they may not seek acknowledgment. However they do execute a grant agreement, and they require a narrative report at the conclusion of the activity or project, as well as a statement of account signed off by a senior officer. Once a year they ask grant recipients to send testimonies along with photos to be used in the Foundation's annual report. On occasions Myer grants extra funds to an applicant in order to cover the cost of evaluation of the project. Each of the four Myer funds has three grant rounds per year, and these are decided at regular meetings to fixed deadlines.

The committees charged with the responsibility of determining grants are:

- The Arts and Humanities Committee,
- Beyond Australia Committee,
- Social Justice Committee, and the
- Water and Environment Committee.

In addition there is the G4 fund comprising members of the fourth generation of the Myer family, and also the Directors' Allocations, while the Sidney Myer Fund makes grants in the areas of:

- Cultural Development and The Arts,
- Education,
- Health and Safety: Personal Services,
- Science and Technology, and
- Societal and Organizational Development (The Myer Foundation, 2002b, pp. 27-28).

Additionally, "as a mark of respect for Baillieu Myer AC as retiring Chairman, the Trustees of The Sidney Myer Fund allocated \$1 million for a special program addressing a significant social issue as nominated by the Chairman" (pp. 29-31). In 2001/2002 the field selected was Aged Care. The informant said that Myer grants are "pure philanthropy" and involve "social entrepreneurship, corporate citizenship and

social ventures” (P. D. S., *pers. comm.*, 13 March, 2003).

In 2003 The Myer Foundation began a collaboration with the Australian Conservation Foundation and Environment Victoria:

... to establish Waterkeepers Australia, a national network of local community-based organisations protecting their local waterways. The overarching aim is to support the work of biodiversity and water quality monitoring, community education and communication (The Myer Foundation and Waterkeepers Australia, 2004, p. 12).

Lane said that he felt optimistic about the future of the Myer Funds because “young people are involved” (P. D. S., *pers. comm.*, 13 March, 2003). In summary, The Myer Foundation is one of the largest, if not the largest in terms of corpus of funds, in Australia, and appears to have a well-oiled system for dealing with both applications and applicants. It is unique in terms of the number of family members involved in management of the funds, but also in terms of the number of family members who have established their own grantmaking bodies.

5.5.7 The Pratt Foundation

Ian Allen on behalf of Richard Pratt

Pratt Industries’ core company was founded by Richard Pratt’s parents, Leon and Paul Pratt and his uncle Max Plotka. It was named Visy Board and operated in a tiny shop front in Melbourne²²¹. Richard Pratt in his Chairman’s Message on the group’s Web site explains that they “started making cardboard boxes with a home made corrugator, a boiler, one customer and a handful of employees who did not know the meaning of the word impossible”.²²² He is the only Australian businessman among the top money makers to keep total control of his business by retaining the entire enterprise in a private company (Kirby, 2004, p. 3) and, arguably, is “Australia’s only world-class industrialist” (p. 3).

Today Visy is “the world’s largest private owned recycled packaging company”²²³, and is one of the Australian companies committed to sustainable development. The company has produced a 24 page document about sustainable development which states

²²¹ Visy. 2003, ‘Visy: Community: Pratt Foundation’, http://www.box.com.au/community_foundation.aspx, accessed 14 February, 2003.

²²² Visy Industries. 2003, ‘Chairman’s message’, <http://www.visy.com.au/overview/pratt.asp>, accessed 14 February, 2003.

²²³ Visy Industries. 2003, ‘Chairman’s message’, <http://www.visy.com.au/overview/pratt.asp>, accessed 14 February, 2003.

that “we are starting a dialogue on the social, financial and environmental impacts of our activities and our products on our employees and communities” (Visy Industries, n.d. p. 5). Pratt’s personal belief is that “every business should engage with the community” (p. 4). The requirements for a sustainable society are set out under an introductory definition, “sustainable development is about being able to meet the needs of the present generation without compromising the ability of future generations to meet their needs” (p. 7). One of Visy’s more significant environmental activities, part of a multi-million dollar sponsorship of the Sydney Olympics was “to help ensure delivery of the Green Games. Visy Special Events offered a closed loop approach to recycling during the Games recycling approximately 3,000 tonnes of waste from more than 100 venues” (p. 16).

As well as sponsorships from Visy, “the Pratt Foundation donates around \$10 million to various causes, which is more than 3% of world wide pre-tax profit” (p. 19). In a testimony to the wisdom of corporate philanthropy, Richard Pratt says, “It’s amazing, the more money we give away, the more money the company makes. Generosity works” (p. 19). In addition the Pratt family has created four philanthropic trusts; The Pratt Foundation established in 1978 by Richard and Jeanne Pratt with the vision of supporting a wide range of charities; The Pratt Family Foundation; the Pratt Group Scholarship Fund and Visy Cares (P. D. S., *pers. comms.*, 12 February, 2003, 31 March, 2005).

The Mission Statement of the Pratt Foundation is interesting to non-Jews, but well understood by Jews, that along with the words that might be expected such as “to enrich the lives of our community” it says, utilising a quote from the Biblical Jeremiah that it works to fulfil this aim in a spirit of “kindness, justice and equity”²²⁴. In a speech to Masada College in 1998 Pratt “divulged some of his core principles that stem from his roots as a Jewish immigrant to Australia. He said, we owe Australia something special for its freedom, its tolerance and its welcoming haven, so we have to be generous in giving back” (Kirby, 2004, p. 42).

The Pratt Foundation is largely recognised as “one of the largest sources of philanthropy in the country. Every year the foundation gives around \$10 million to organisations in the Australian community” (Visy, 2002, p. 20). Kirby suggests that

²²⁴ Visy. 2004, ‘Visy: Community: Pratt Foundation’, http://www.box.com.au/community_foundation.aspx, accessed 14 October, 2004.

Pratt's philanthropy is more US style (p. 81).

Visy Cares assists disadvantaged communities in the areas where the company has major operations, including Dandenong, Springvale, Reservoir, Meadow Heights, and Shepparton in Victoria, where "low-income residents have fewer opportunities than the rest of society" (p. 42). Pratt says, "You can't measure the full impact of these things in dollars...sometimes you can achieve a connection that is simply priceless" (p. 43). The communities are assisted to establish major community capital assets. Negotiations are in train for similar programs in Footscray and Sunshine in Victoria; Fairfield in NSW; Brisbane, Queensland and Staten Island, USA.

The chairperson of Pratt philanthropy is Richard and Jeanne's daughter, Heloise Waislitz and she explained that the foundation:

... continues to be a work in progress. For example, in the past few years we have decided to focus much more of our giving on youth and family welfare, indigenous health, community tolerance and the environment, while still funding many of the Foundation's traditional philanthropic areas in the arts, education and medical research²²⁵.

Some examples of this changed approach include a partnership set up in 2001 between the Pratt Family Foundation and Monash University's Department of Psychiatry "to develop a Youth Psychosis Early Intervention Program"²²⁶ in the hope that:

this program, which elevates the role of psychotherapy in the treatment and rehabilitation of young psychosis sufferers, will fill a gap in the therapeutic community's approach to mental health, initially in Victoria but eventually throughout Australia²²⁷.

It continues to say that "If the definition of philanthropy as 'social venture capital' is relevant, and we believe it is, then this is one such case"²²⁸. Waislitz points out too that while involvement in the business of philanthropy has great responsibilities, it also is "a great privilege to be involved in activities which are aimed at enriching the

²²⁵ Visy. 2004, 'Visy: Community: Pratt Foundation', http://www.box.com.au/community_foundation.aspx, accessed 14 October, 2004.

²²⁶ Pratt Foundation. 2005a, 'From the Chairperson', <http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

²²⁷ Pratt Foundation. 2005a, 'From the Chairperson', <http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

²²⁸ Pratt Foundation. 2005a, 'From the Chairperson', <http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

communities in which we live”²²⁹.

Other examples in a wide range of projects supported by the foundation are the Microsurgery Unit at the Bernard O’Brien Institute of Microsurgery at St. Vincent’s Hospital in Melbourne with three years funding²³⁰; three year support of the employment of health-worker educators at the Nganampa Health Council, “an Aboriginal controlled health service of the Anangu people in the far north-west of South Australia, covering some 100,000 square kilometres”²³¹; Goodcompany aimed at inspiring and educating young professionals in the 25 to 40 age range to give something back to their communities, begun as an eight week pilot program it led to 30% of the initial participants getting involved in projects in their communities²³²; Kiryat Yam Drop-in Centre in Israel where in partnership with the Jewish community of Boston the Foundation has funded a pilot project that aims to assist the elderly in the mornings, mothers and children in the afternoon when the Centre becomes a child play centre, and young people in the late afternoon and evening as a place for them to meet and to do their homework²³³; CARE Australia’s emergency relief and development work in Vietnam; and the World Wildlife Fund to assist in managing the Gwydir wetlands in northern NSW²³⁴. In addition to the \$1 million given to the appeal for victims of the Asian tsunami 2004, the Pratt Foundation is also matching Visy employee donations to the tsunami appeal.

There are many more projects supported by the Pratt Foundation, such as research into illegal fishing in the Antarctic that is affecting the Patagonian toothfish and albatross populations; the Wilderness Society’s campaign to protect 25,000 hectares of the Wongungarra Wilderness in the North East of Victoria; the Trust for Nature’s booklet to help Victorian farmers identify and manage grasses on their properties; and research on the endangered Leadbeater’s Possum in Victoria (Visy, 2002, p. 20), but there is not the space to include them all in this thesis. Over all the Pratt family donates

²²⁹ Pratt Foundation. 2005a, ‘From the Chairperson’,
<http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

²³⁰ Pratt Foundation. 2005a, ‘From the Chairperson’,
<http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

²³¹ Pratt Foundation. 2005a, ‘From the Chairperson’,
<http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

²³² Pratt Foundation. 2005a, ‘From the Chairperson’,
<http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

²³³ Pratt Foundation. 2005a, ‘From the Chairperson’,
<http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

²³⁴ Pratt Foundation. 2005a, ‘From the Chairperson’,
<http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

more than 3% of their world wide corporate pre-tax profit, not including sponsorships such as that of the Green Games (refer Ch. 5, Section 5.5.7, p. 200).

Even though none of their philanthropic trusts are listed in The Australian Directory of Philanthropy, Pratt philanthropy still receives unsolicited submissions each year (P. D. S., *pers. comms.*, 13 March, 2003, 31 March, 2005). Pratt philanthropy bodies are all bound by Australian tax law to make grants only to entities that have DGR status. The Pratt philanthropic trusts were among the first to be proactive in choosing their own projects as well. During the years from 1989 to 2003 alone the Pratts granted in excess of \$140 million directly to charities not only in Australia, but also in the United States and Israel (P. D. S., *pers. comm.*, 31 March, 2005). In addition the Pratts open their home 'Raheen' in Melbourne to hundreds of organisations that seek to raise funds, and also provide active fundraising leadership themselves in the fields of the arts, medical research, education, mental health²³⁵. Richard Pratt is Patron of AbaF (The Australia Business Arts Foundation) and on their Web site makes this comment about the importance of supporting arts and culture, "Australia's arts and cultural life is critical in helping to define who we are as a nation. Who we are and how we see ourselves matters enormously in developing our businesses and generating wealth²³⁶. Many years ago Pratt decided to spend the funds that might have comprised an advertising budget for Visy "on building relationships through patronising and sponsoring the arts, sports and other community activities" (Kirby, 2004, p. 49). Between 1993 and 2000 more than \$6 million was donated to the Victorian Arts Centre (p. 51). However his commercial plan for the Centre prepared by Visy senior executives proved controversial (p. 51), and was not taken up.

Pratt philanthropic organisations do not accept unsolicited submissions for funds. They make their own decisions to support projects in fourteen priority areas. Their strategy today is to "achieve more than short-term benefits" (p. 86). For example, a donation of \$40,000 to Melbourne's "plush Wesley College" (p. 86) is in fact to ensure that students who are disadvantaged financially may go to the School's country camp, an extra cost for students (p. 86). Likewise \$10,000 donated to the Harvard Club of Australia is really to provide a scholarship to Harvard University for people working for

²³⁵ Pratt Foundation. 2005b, 'From the CEO', <http://www.prattfoundation.com.au/flash/01Chair.html>, accessed 22 March, 2005.

²³⁶ The Australia Business Arts Foundation. 2005, 'Welcome to AbaF - The Australia Business Arts Foundation', http://www.abaf.org.au/public/hom/hom_toc.html, accessed 5 April, 2005.

Australian NPOs (p. 87). Contributions made to political parties both in Australia and the US “ensure Richard Pratt’s voice is heard on key issues” (pp. 28, 30). Pratt supported Swinburne College and was chancellor for eight years that “saw him operate in a very sophisticated area of patronage where he encouraged the development of technology in Australian industries” (p. 55). It is worth noting in this context that Pratt was a student of Niccolo Machiavelli’s political treatise *The Prince* and “once had tape recordings made so that he could listen to it while driving” (Hooper, 2006, p. 11). According to Alan Hancock, “a former employee and associate of 12 years” (p. 11), “he has many brilliant sides to him. It is unbelievable. But he has a fixation on the dark side. You either have to be controlled and needed and looked after or you have to be destroyed. That comes from his study of Machiavelli” (p. 11). Hancock points out that the value of this philosophy in Pratt’s business life as he had learnt the “adept use of influence” (p. 11).

Like the Lowy’s and Westfield (refer Ch. 5, Section 5.5.8, p. 189-191) and the Myer family funds (refer Ch. 5, Section 5.5.6, pp. 180-184) the Pratt philanthropy is still family driven. Their motivation seems to be an appreciation of the benefits of success and a desire to share them. According to Allen this comes from their ‘Jewishness’, while the Visy programs are more in the nature of doing good business.

5.5.8 Westfield Shopping Centres

Frank Lowy, CEO

The man behind Westfield Shopping Centres in Australia, the United States and Britain is Frank Lowy, a Jewish migrant from Budapest. While not unwilling to take part in this project his staff explained that he just did not have the time to do so (P. D. S., *pers. comm.*, 26 February, 2003) so they directed the researcher to the Westfield Web site and to Jill Margo’s book *Frank Lowy: pushing the limits* (2001) which has been a valuable resource. In Margo’s book James Wolfensohn, President of the World Bank (1993) wrote in the Foreword:

During the persecution of the Jews in the Second World War, the streets of Budapest were the training ground for survival for Frank Lowy as a child. The renowned Golani Brigade and the war to establish the State of Israel in 1948 moulded his character as a young adult.

Lowy migrated to Australia with his brother John in 1952, arriving in Sydney penniless having taken out a loan for his flight (p. 53). After working at a variety of

jobs, through delivery work he met the late John Saunders and together they established a continental delicatessen in Blacktown, opening in March, 1955 (pp. 53-66), a partnership that was to last thirty years (p. 67). From that venture grew Westfield Shopping Centres. By 1999 Lowy was “Australia’s highest-paid public company executive with an annual package of \$7.6 million” (p. 139), by 2003-4 his package had almost doubled with his total remuneration for the year being \$14.70 million (Cummins, 2004, p. 1). Alongside these statistics it should be noted that in 2002 *The Australian Financial Review* reported that he gave away a large part of his then \$11 million annual income to celebrate the 50th anniversary of his arrival in Australia (Tracey, 2003, p. 1).

His success and wealth is a matter of public record and so he has many requests for assistance. Some of the eclectic mix of projects that he has supported include his old unit, the Golani Brigade Museum, Israel; the Tel Aviv University; the synagogue at Moriah College in Sydney; the Frank Lowy Library at the Australian Graduate School of Management, also in Sydney; the Art Gallery of New South Wales; the Victor Chang Heart Research Institute, Sydney; the Frank Lowy Centre for Organic Culture, Negev, Israel; Westmead Children’s Hospital, Sydney; the Australian Institute of Music, Sydney; the Bondi Surf Life Saving Club; and the Israel Democracy Institute (p. 351)²³⁷. Interestingly the Frank Lowy Library based at the University of New South Wales was financed by Westfield but named for him. This indicates a distinction between companies with diverse senior executives and one run by a single family. The Library has a commercial arm, The AGSM Information Services drawing clients from the Asia Pacific region, the United States and the United Kingdom²³⁸ and is claimed to be “the region’s leading business reference resource”²³⁹. Westfield also contributed \$2 million to the Westfield Premiers Education Scholarship Scheme²⁴⁰.

The Westfield Group has a foundation described as:

²³⁷ Westfield. 2003, ‘About Westfield’, <http://www.westfield.com.au/au/corporate/about/community>, accessed 2 April, 2003.

²³⁸ Australian Graduate School of Management. 2002a, ‘Information Services’, <http://www2.agsm.edu.au/agsm.web.nsf/Content/InformationServices-BusinessInformat...>, accessed 25 September, 2002.

²³⁹ Australian Graduate School of Management. 2002a, ‘Information Services’, <http://www2.agsm.edu.au/agsm.web.nsf/Content/InformationServices-BusinessInformat...>, accessed 25 September, 2002.

²⁴⁰ Australian Graduate School of Management. 2002a, ‘Information Services’, <http://www2.agsm.edu.au/agsm.web.nsf/Content/InformationServices-BusinessInformat...>, accessed 25 September, 2002.

... a non-profit corporation dedicated to creating opportunities for youth that will promote good citizenship, scholarship, benevolence, competitive spirit and outstanding ethical conduct through a variety of competitive sports and other organized learning experience²⁴¹.

The Westfield Foundation is located in the United States and is the major sponsor of the Westfield Junior PGA Championship. Currently it is fundraising for a Westfield Agent's Association Pavilion with a Walk of Champions and an agency recognition area²⁴².

As to Lowy's motivation for giving beyond the necessity for a company such as Westfield with close ties to local communities to financially support those communities, it would seem that it comes from his Jewish heritage. Margo gives a clue when she writes, "Although Lowy's life is steeped in materialism and geared to the pursuit of commercial success, running through it is a strong current of faith" (2001, p. 340). She gives examples of various projects he has funded (see above). Researching the Frank Lowy Centre for Organic Agriculture in the Negev in Israel she writes that Lowy "was shown round an experimental station that was growing organic produce bursting with health and colour from the bleak desert sands" (p. 340) and this visit led him to offer to fund the Centre. Likewise funding a school for overseas students at Tel Aviv University according to Margo:

... appealed to him because of the importance he placed on cross-fertilisation between Jews of the diaspora and those in Israel. But the gift had conditions, he wanted to be involved with the school to ensure the money was used appropriately (p. 340).

In seeking to define Lowy's motivations it may be useful to turn to the dust jacket of Margo's book which displays these words "it reveals an ultra-determined, hyperkinetic and fascinating individual for whom failure is not an option". At the launch of the book the Vice Chancellor of the University of New South Wales, Professor Mark Wainwright said that Lowy's life was one "of awesome effort, generosity, and philanthropy way beyond the Australian benchmark in such things"²⁴³.

5.5.9 The Ian Potter Foundation and The Ian Potter Cultural Trust

²⁴¹ Westfield. 2003, 'About Westfield', <http://www.westfield.com.au/au/corporate/about/community>, accessed 2 April, 2003.

²⁴² Westfield Group Foundation. 2004, 'Westfield Group Foundation: Creating opportunities for young men and women', <http://www.westfieldgroupfoundation.com/pages/390177/index.htm>, accessed 30 June, 2004.

²⁴³ Australian Graduate School of Management. 2002b, 'Frank Lowy Library', <http://www2.agsm.ed.au/agsm/web.nsf/Content/InformationServices-FrankLowyLibrary>, accessed 25 September, 2002

Pat Feilman, former Executive Director; Dorothy Scott, former Executive Director

While Dorothy Scott and Pat Feilman were the key informants regarding The Ian Potter Foundation and The Ian Potter Cultural Trust, much of the background information that follows was obtained from existing literature.

Ian Potter was the son of immigrants from the United Kingdom and was educated in England, Scotland and Australia. Despite his father's wish that he become a lawyer, he graduated Bachelor of Economics from the University of Sydney in 1929 and was recommended to Edward Dyason, a Melbourne stockbroker, thus becoming "one of the first economists to be engaged in stockbroking" (Denton and Ryan, 2004, p. 2). He bought a seat on the Melbourne Stock Exchange and after two years as economic adviser to R. G. Casey, the then assistant treasurer in the Commonwealth Government, set up as a sole trader in Melbourne, founding Ian Potter and Co. in 1936 (p. 2). He was able to take advantage of the opportunities afforded in post-war Australia, particularly following the removal of capital issues controls in 1949 (p. 4). Glezer (1988), the biographer of *Australian Financiers*, a collection of biographical essays commissioned by the Reserve Bank of Australia as part of its contribution to Australia's Bicentennial celebrations, commented that "Potter's role as a catalyst pervaded most of the important developments in the financial sector in the two decades after 1945" (p. 402), and "backed by his partnership, Potter became the pre-eminent Australian financier from the early 1950s to the late 1960s" (p. 420).

The investment firm Potter established, Australian United Investment Company Ltd (AUI) was to become the main source of his personal wealth. From AUI grew Australian United Corporation formed in 1960 "in conjunction with Morgan Grenfell Ltd and Lazard Brothers of the UK and J. P. Morgan of the US" (p. 7). According to Denton and Ryan, "This organization became the major Australian merchant bank of the '60s and '70s" (p. 7). It gave financial stimulus to the rise and growth of some of Australia's principal industrial, commercial and media corporations, and of resources companies such as Conzinc Rio Tinto and Hamersley Mining (p. 7). Potter was a director and in a number of cases chairman of the Australian boards of a considerable number of overseas corporations (pp. 7, 8).

By 1964 he had acquired considerable personal wealth and had established the Ian

Potter Foundation with an initial gift of \$1 million (Goode, 2003, p. 4) as a “vehicle through which his personal philanthropy could quietly be contributed and given continuity, with a Board of Governors, of which he was one, to husband its growing assets and set the direction of its grants” (Denton and Ryan, 1997, p. 10). At the time of Potter’s death in 1994 “the corpus of assets accumulated by the Foundation, from Ian Potter’s donations and from returns from investments, had risen to some \$50 million; a bequest in his will took total assets to \$100 million in 1995” (p. 10). By 2003 the capital base was in excess of \$200 million, and the interest it earns provides the funds for the annual grants²⁴⁴ In addition, The Ian Potter Cultural Trust was set up specifically to give grants to individuals for cultural purposes. These grants are capped at \$5000 and are funded by The Ian Potter Foundation²⁴⁵.

The Denton and Ryan memoir (1997) list a large number of grants made by the Ian Potter Foundation to universities, scientific endeavours, medical research, libraries, museums, churches, arts and cultural projects, and charitable organisations such as the Salvation Army, The Smith Family and Foodbank Victoria, as well as the Zoological Board of Victoria; the Children’s Garden at the Royal Botanic Gardens, Melbourne; and the Royal Botanic Gardens in Sydney (pp. 10-12). Potter also made personal gifts and contributed “by direct application of his personal skills” (p. 12), particularly to arts and cultural enterprises.

The Ian Potter Foundation has also granted \$25,000 to the Denmark Environment Centre on the south coast of Western Australia for its “Effective Biosphere Management in the South West” program (p. 6). This was in addition to past smaller grants in recognition of the work of the centre with “old growth forests...spectacular wild coast lines and river systems, and major National Parks” (p. 6). A further \$20,000 has been granted to The Earthwatch Institute Science and Conservation Volunteer Challenge Program aimed at encouraging young Australians “to pursue careers in science by providing hands-on experience...to promote the value of volunteering amongst younger people...to provide young people with career models in the sciences and open their minds to concepts of global citizenship and individual responsibility” (p. 6).

²⁴⁴ The Ian Potter Foundation. 2003a, ‘Distribution Report 2002-2003’, <http://www.ianpotter.org.au>, accessed 31 August, 2004.

²⁴⁵ The Ian Potter Foundation. 2003a, ‘Distribution Report 2002-2003’, <http://www.ianpotter.org.au>, accessed 31 August, 2004.

In an early philanthropic venture in support of science, Ian Potter joined Ken and Baillieu Myer to assist in financing “a state-of-the-art laboratory building” at the Howard Florey Laboratories of Experimental Physiology and Medicine at the University of Melbourne (p. 13). The Ian Potter Foundation supported the Academy of Science at the Australian National University in Canberra and was recognised as a Fellow of the Academy (p. 15). Among many honours he was accorded he was knighted in 1962, and in 1973 the University of Melbourne bestowed on him an honorary degree of Doctor of Laws (p. 17). Despite these accolades he was said to have avoided publicity and “was never known to grant an interview with any newspaper” (Adamson, 1984, p. 137). On the occasion of the 20th Anniversary of the Ian Potter Foundation in 1984 he said during his speech that:

I had the option of investing to produce further income or of doing what I realised was inevitable at some time, i.e. distributing the funds, or the resultant income, through charitable or educational avenues and so becoming personally involved in the end use of the funds during my lifetime²⁴⁶.

On the occasion of the opening of the Ian Potter Centre: NGV Australia, a new gallery devoted exclusively to Australian art, Charles Goode, Chairman of The Ian Potter Foundation said that “the track record of the Ian Potter Foundation in relation to the management of its investments, the quality of its grantmaking and its low operating costs, has led some individuals to approach us about making substantial donations or bequests to the Foundation” (Goode, 2002, p. 4). One of those following through on his inquiry was the late Alec Sewell who left a bequest of over \$4 million to the Potter Foundation capital base to be used “to make grants in his name for disadvantaged children” (p. 4). Goode pointed out also that the Foundation is a Public Benevolent Fund and is therefore “able to receive tax deductible donations and we will do so in a manner which honours the memory, and is in keeping with the interests of the donor” (p. 4).

Goode, as recorded in the Denton and Ryan Biographical Memoir (1997) said that gifts from the Foundation “tended always to be made discreetly, to the point of anonymity” (p. 10). Another clue to the Potter personality comes from Denton’s eulogy delivered at the memorial service held in St. Paul’s Cathedral, Melbourne. He said that Potter had continued an active interest in the Howard Florey Laboratories at the

²⁴⁶ The Ian Potter Foundation. 2002a, ‘20th Anniversary’, http://www.ianpotter.org.au/6.0_pubs/6-02-03-potter.html, accessed 4 January, 2003

University of Melbourne (p. 30) and “lent his weight to their incorporation in 1971, by Act of Parliament, as an independent institute affiliated with the University” (p. 13). When this step was proposed Potter commented: “We don’t want any university sherry party committee we want responsibility” (p. 13).

Dr Dorothy Scott who was seconded to the Ian Potter Foundation from the University of Melbourne highlighted the work of the Foundation in this way, “Intelligent philanthropy seeks to have the maximum impact over time, and involves carefully combining financial, intellectual and social capital in order to advance the well-being of society” (The Ian Potter Foundation, 2002b, p. 5).

While institutions in his home state of Victoria would have received the bulk of the annual funding from The Ian Potter Foundation it should be noted that its interests extend beyond the Victorian border with grants going to the Australian National University School of Art, Canberra; the Bathurst Regional Art Gallery, NSW; the Art Gallery of New South Wales; the Queen Victoria Museum and Art Gallery, Tasmania; Griffith University, Queensland; the University of Western Australia; the University of South Australia; the Menzies School of Health Research, Northern Territory; Green Skills Inc., Western Australia; and the Royal Zoological Society of S.A. Inc. Although the trust deed does not allow either the Foundation or the Trust to fund programs outside Australia, through the Royal Melbourne Institute of Technology and Murdoch University in WA the Foundation did fund a peer tutoring and mentoring scheme in Israel not dissimilar to Perach (P. D. S., *pers. comm.*, 21 April, 2005), a scheme whereby Israeli students were enabled to reduce their student fees “in return for a few hours work” (Buckell, 2002, p. 38).

The Ian Potter Foundation made its first major grant to an environmental project known as The Potter Farmland Plan, in 1984, supporting the scheme through to 1988:

Its aim was to prove, through the use of demonstration farms, that by addressing land degradation through a process of whole-farm planning, agricultural methods that were both economically and ecologically sustainable could be achieved. The Land Care program which now receives significant government support across Australia, was based on the outcomes of this project (The Ian Potter Foundation, 2003a, p. 23).

Environmental projects funded by Potter must meet criteria worth including here as they indicate the contemporary issues that the projects must aim to address:

1. To develop partnerships with communities, government and the private sector to

help prevent irreversible damage to the environment and to encourage the maintenance of biodiversity,

2. To support programs and policies which are committed to the economic and ecologically sustainable development of land, and the preservation of species,
3. To foster a broad public awareness of the environmental challenges facing urban and rural Australia, and
4. To assist communities which are threatened with serious economic hardship due to the degradation of land and water resources, to develop policies to manage the social, economic and cultural changes need for survival (Mugavin, 2004, p. 6).

The work of The Ian Potter Foundation in developing Landcare is recognised in Jared Diamond's recent book, *Collapse: How Societies Choose to Fail or Survive* (Cham, 2004, p. 7).

Other foundations not studied in detail for this work that should be mentioned for supporting forward looking projects in the environmental arena are the Norman Wettenhall Foundation that disburses \$100,000 annually "to support and encourage research, education, recording and publication of all aspects of the natural living environment" (Philanthropy Australia, 2004b, p. 166), and along with the Victoria Trust for Nature Property is involved in a project aimed at "protecting diversity at Ned's Corner Station west of Mildura" (p. 7); the George Alexander Foundation for 'Bringing Students to the Bush' (p. 8); the Mullum Trust for projects in Jabiru and other areas of Northern Australia (p. 9); the Centre for Australian Ethical Research (CAER) for green electricity (p. 11); as well as those environmental projects already mentioned as being supported by the Reichstein Foundation (refer Ch. 5, Section 5.5.5, pp. 176-180) and the Myer Foundation (refer Ch. 5, Section 5.5.6, pp. 180-184).

The Ian Potter Foundation's broad interests may be categorised into the following eight areas:

1. Arts,
2. Education,
3. Environment and Conservation,

4. Health,
5. Medical Research,
6. Science,
7. Social Welfare, and
8. Travel²⁴⁷.

Aside from the major CEPA project (refer Ch. 5, Section 5.5.4, pp. 168-175), The Ian Potter Foundation and The Ian Potter Cultural Trust, along with the Myer Foundation and the Myer family trusts, the H M Schutt Trust, and more recently the Sylvia and Charles Viertel Foundation, may be regarded as a pioneer of professional philanthropy in Australia and as a leader in modern proactive philanthropy. Pat Feilman who was Executive Secretary of The Ian Potter Foundation for 36 years says, “I think it is true to say that in its early years, really until the mid 1980s, Potter, like most foundations, operated in a reactive mode. At this stage it was felt that:

... we had sufficient money and experience to go out, look around and seek out those with whom and with which we wanted to work. The staff didn't sit around waiting for something to come across the doorstep²⁴⁸.

Feilman spoke of “the relative isolation in which the Potter staff worked”²⁴⁹, talking only to representatives of the Myer Foundation and explained that this situation “inspired the establishment of the Australian Association of Philanthropy (now Philanthropy Australia). The aim was to increase the level of professionalism, to ensure exposure to what was happening elsewhere”²⁵⁰.

During a discussion with Scott in 2003 the researcher learnt that The Ian Potter Foundation looks for applications that are for “projects of national significance” in the areas listed in The Australian Directory of Philanthropy (see above) and the applications are assessed according to how they fit with that list (P. D. S., *pers. comm.*, 14 March, 2003). In addition they call on expert knowledge in the particular field to assist the staff

²⁴⁷ The Ian Potter Foundation. 2005, 'Areas of Interest', http://www.ianpotter.org.au/4-0_areas/print/4-0-p.html, accessed 21 April, 2005.

²⁴⁸ The Ian Potter Foundation. 2003b, 'News & Publications: Pioneer of Australian Philanthropy', http://www.ianpotter.org.au/7/6-0_pubs/6-02-02-feilman.html, accessed 19 February, 2000.

²⁴⁹ The Ian Potter Foundation. 2003b, 'News & Publications: Pioneer of Australian Philanthropy', http://www.ianpotter.org.au/7/6-0_pubs/6-02-02-feilman.html, accessed 19 February, 2000.

²⁵⁰ The Ian Potter Foundation. 2003b, 'News & Publications: Pioneer of Australian Philanthropy', http://www.ianpotter.org.au/7/6-0_pubs/6-02-02-feilman.html, accessed 19 February, 2000.

and trustees in assessing particular applications, and in some circumstances they may seek formal external evaluation. This applies “if the project is innovative or could be a model”. Interestingly the Foundation makes also “small donational grants”. These go to small community based organisations with limited resources, especially those that support voluntarism, as this is a national priority for the Foundation. Through The Ian Potter Cultural Trust small grants are made to early career people in arts and related fields. It should be noted that the Trust was created to enable such grants to be made, as the Foundation by law could not make grants to individuals. Thus the Trust is one of the few such bodies that make grants to individuals. Summing up the Foundation’s aims Scott said succinctly that they wish to “innovate, evaluate and disseminate”.

Reporting on the use of the funds is a condition of Potter grants and she indicated that reports are received “from 83% of grantees”. Acknowledgment is usually offered when the application is made or in response to receiving a grant, but it is mostly declined. Exceptions have been a large grant to the National Gallery of Victoria and an earlier one to the Academy of Science in Canberra where Ian Potter House was named.

In searching for Potter’s motivations it seems that the establishment of The Ian Potter Foundation came about more because Potter himself found that he had to do something with his wealth (refer Ch. 5, Section 5.5.9, pp. 191-198) and it seemed sensible initially to support those organisations with which he was already involved.

5.5.10 Sylvia and Charles Viertel Charitable Foundation

Brian Gibbon, Trustee (deceased)

Arguably one of the largest foundations in Australia the Sylvia and Charles Viertel Foundation was established through Charles Viertel’s will in 1992, Sylvia having predeceased him (Sylvia and Charles Viertel Foundation, n.d. p. 1).

One of eleven children from a poor family with a German father and an English mother, Charles “graduated dux of the Brisbane Central Technical High School and was later awarded a Bachelor of Commerce degree from the University of Queensland” (p. 1). He made a fortune from share trading (P. D. S., *pers. comm.*, 6 October, 1988) and gave donations quietly, not looking for public recognition (Sylvia and Charles Viertel Foundation, n.d. p. 1). One of the major gifts he made during his lifetime was to assist in the establishment of a Chair of Ophthalmology at the University of Queensland (p. 1). His interest had been sparked because his wife suffered from “a debilitating eye

disease” (p. 1).

The Viertels married late in life and did not have any children. As he approached the end of his life he needed to make a decision about what to do with the \$60 million fortune he had amassed. He discussed this with Brian Gibbon, now deceased, one of his managers and a personal friend of this researcher, and Gibbon proposed a foundation as a way of putting his wealth to work for the community after his death. Viertel agreed and the foundation was established through his will with Gibbon, George Curphy and ANZ Trustees as the three trustees. In similar vein to Reichstein (refer Ch. 5, Section 5.5.5, pp. 176-180) he “had a strong commitment to helping those who helped themselves” (p. 1), so it was not surprising to learn that along with the instructions he left in his will for the establishment of what became the Sylvia and Charles Viertel Charitable Foundation that, although he left his trustees “full discretion” (p. 1), he declared that their policy would be “to disregard those charities with high administrative expenses” (p. 1). The funds were left for general charitable purposes in Australia, with interest and preference expressed for medical research into diseases and the alleviation of hardships of the aged and infirm.

The trustees have set up Senior Medical Research Fellowships and Clinical Investigatorships. The Fellowships are for “outstanding researchers who are medically qualified or graduates of another scientific discipline, with recognized postdoctoral achievements seeking to establish a research career in Australia”²⁵¹, while the Clinical Investigatorships go to applicants who are “actively engaged in clinical work and pursuing health and medical research...who have completed both their clinical and research training” (p. 2). Other conditions apply but it is deemed not necessary to include them in this thesis, except to note that they have a bearing upon the tenor of applications for funding.

In terms of corpus of funds the Sylvia and Charles Viertel Foundation may be compared to The Ian Potter Foundation (refer Ch. 5, Section 5.5.9, pp. 191-198), although their purposes are quite different. Perhaps the best way to compare them would be in terms of what has been, and is being achieved for the Australian community, although even that would be subjective and raise the whole question of the

²⁵¹ Sylvia and Charles Viertel Charitable Foundation. 2004, ‘The Founders, the Foundation and applying for a financial grant or award’, <http://www.alfredresearch.org/external/viertel.htm>, accessed 7 October, 2004.

measurement of philanthropy beyond simply considering amounts of cash given away. This is another research topic that could be pursued should the appropriate researcher emerge. Both foundations are professionally managed, Viertel by its trustees, and Potter privately.

5.5.11 Helen M Smith Trust

Darvell Hutchinson, Chairman of Trustees; Barry Cook, Manager

Helen Macpherson Smith was born in Scotland in 1874 and was the only child of a Scottish father and an Australian mother of Scottish descent. The family emigrated to Melbourne and it was there that Helen married William John Schutt, a barrister and later a Judge of the Supreme Court of Victoria. There were no children of the union. They travelled widely (Sandilands, 2001, p. 2). Helen had attended school in Scotland, Europe and Australia and lived in Europe from late in 1923 until she died in Cannes in 1951, William having predeceased her in 1933.

Helen lived a comfortable life “secure in the financial and social legacy of a family of entrepreneurs in land, farming and timber” (p. 2) including her Smith inheritance and land William acquired in Fitzroy, East Melbourne, Carlton and other parts of Victoria. This became Helen’s on his death and when she died she left the larger part of her by then not inconsiderable wealth to set up a philanthropic trust to support charities in Victoria. Originally named the Helen M Schutt Trust the name was changed in 1991 to the Helen Macpherson Smith Trust to reflect new information from cemetery records in Cannes that indicated her name as ‘Helene Smitts’. The correct name remains a mystery today (p. 4).

Of importance to this work is the size of the bequest and the instructions Helen left as to how the funds were to be used. The original endowment was near to £350,000. By the time the 50th anniversary of the trust was reached in 2001 the capital had grown to a market value of over \$50 million. By 2003 the market value of the corpus had grown to \$62,364 million, although the book value was quoted at \$45,610 million (p. 34). Her instructions to the trustees had been to “accumulate the major part of the income derived for the first 21 years of the Trust, and thereafter to distribute all income for the benefit of Victorian charitable organisations that qualified for a grant” (p. 34). By 30 June 2000 a total of \$34.5 million had been granted to charities (p.34). These included:

- The Lost Dogs’ Home,
- Royal Children’s Hospital,
- Royal District Nursing Service,

- The Mission to Seamen,
- The Royal Society for the Prevention of Cruelty to Animals, and
- The Royal Victorian Institute for the Blind (p. 34).

It should be noted that in all of these cases the beneficiary organisations were concerned with the effects of social issues, rather than the causes. The other matter of note is that rather than nominating particular areas of concern, such as health, animals, or the blind, the Trust has distributed funds to specific organisations such as those above.

With the benefit of the new taxation legislation effective from 1 July 2000 that allows refunds to philanthropic trusts for the value of their franking credits on dividends derived (refer Ch. 4, Section 4.1, p. 118) the level of total grants has reached “around \$3.5 million per annum” (Helen M Schutt Trust, 2003, p. 34).

It may be seen that the trustees therefore have quite a weighty responsibility in dispersing the funds. They indicated to the researcher that they feel that trusts set up in the giver’s lifetime are simpler to manage because by the time of death, the trust’s methods have been “fine tuned”. In determining grants they have found that it is “not a precise science” but they rely on “group wisdom” and “a bit of intuition and a bit of experience” (P. D. S., *pers. comm.*, 13 March, 2003). There is an unwritten priority given to rural projects because the original money was made off the land. Contrary to some other trusts and foundations the Helen Macpherson Smith Trust does accept such acknowledgments as naming rights and recognition in publicity material if it is offered. One example is the Helen M Smith Fellowship at the University of Melbourne. Grants range in size from as little as \$500 for a small community project through to \$650,000 granted to the Royal District Nursing Service in 1996 to establish its new head office, the Schutt Trust Building, in St. Kilda, Victoria (Helen M Schutt Trust, 2003, p. 34). In addition there are a number of organisations across Victoria that “now have buildings, wings, departments or rooms carrying her name” (p. 34).

The trustees, in considering applications for grants, take into consideration the size and merit of the project and its anticipated impact on the community, preferring a longer term relationship with grantee organisations so that mutual trust may be built up. As the trust invests on the Stock Exchange the amount available for grants at the thrice

yearly meetings of trustees varies (P. D. S., *pers. comm.*, 13 March, 2003).

To celebrate the 50th anniversary of the trust on 19 April, 2001 a large number of special grants were made out of an Anniversary Fund of \$5 Million especially set up for the purpose (Helen M Schutt Trust, 2001, p. 1). In the event \$5,044,531 went out in grants to nearly 50 organisations including the selection below that shows just how broad is the scope of the trust:

- The State Library of Victoria,
- The National Institute of Circus Arts,
- The Zoological Parks and Gardens Board,
- The International Diabetes Institute,
- Women's Health Victoria Inc,
- Sunraysia Residential Services Inc, Mildura,
- Alzheimer's Disease and Related Disorders Association Victoria Inc,
- The Baker Medical Research Institute,
- Surf Life Saving Victoria,
- University of Melbourne, Faculty of Fine Arts,
- Lyndoch Warrnambool Inc (aged care),
- Geelong Gallery,
- Very Special Kids, and
- Cottage by the Sea, Queenscliff (pp. 1-3).

The Helen Macpherson Smith Trust seems to be one of the more traditional bodies in terms of its approach to managing the legacy. The trustees made it clear that the trust is “not an agent of social change” as are others, such as the Reichstein Foundation that they mentioned in particular (refer Ch. 5, Section 5.5.5, pp. 176-180). It seems their interests lie in particular organisations, rather than in particular areas of need or

development. They see the future of the trust as being in social partnerships involving government. Despite the above comment about the trust being traditional one of the informants said that Helen “must have been a visionary” (P. D. S., *pers. comm.*, 29 October, 2003).

5.5.12 Price Waterhouse Coopers Foundation

The Price Waterhouse Coopers Foundation (PwC Foundation) is one of the newer foundations being just two years old. According to their written material, it is “about connecting PwC people with our local communities” (PwC, 2004, p. 1). The Foundation is able to report that 18% of their staff now contribute through regular workplace giving to raise a total of \$2.19 million in donations (PwC Foundation, 2004, p. 1), estimated “to account for approximately seven per cent of total funds given through all workplace giving programs in Australia” (p. 1). One third of their staff has participated in a team volunteering day. In addition they have shared their expertise to deliver “some 15,600 hours of their time to more than 290 community activities” (p.1).

According to the Foundation chairman, Tony Harrington, the foundation was launched “to connect our people with local communities and help charitable organisations” (p. 1) and therefore its commitment is to “community organisations that support causes our people are passionate about:

- disadvantaged youth,
- children,
- health,
- poverty, and
- environmental conservation” (inside cover).

The funding, resources and expertise come from five initiatives within the company. These are:

- PwC in the Community,
- PwC People Giving,
- PwC Pro Bono,

- PwC Corporate Community Leadership, and
- PwC Foundation Trust” (inside cover).

A day spent “painting ceilings and feature walls of The Smith Family Learning Centre in Perth” brought this commendation from Norm King of The Smith Family, “We are just over the moon. I hope you all realise how valuable PwC’s community service initiative is” (p. 2). In a similar venture twelve PwC consultants in Adelaide spent a day renovating a Mission Australia shelter, painting, sanding and varnishing, mowing, pruning and removing dead trees (p. 3). The Report continues with a number of stories of a wide variety of work done for drug abusers, children with cancer, indigenous youth, people with intellectual disabilities, Foodbank’s breakfast program, the Leukaemia Foundation’s 2004 World’s Greatest Shave for a Cure, and young people in prison.

Funding has been provided too for a range of helping organisations including Anglicare, Camp Quality, Landcare Australia, Heart Foundation, Inspire Foundation, Life Line Australia, Starlight Children’s Foundation, World Vision Australia and World Wild Life Fund Australia (p. 9).

This workplace program has grown quickly and seems to have the potential to extend its reach much further still. As to motivation, it is seems that the initial ‘push’ came from the original ‘Foundation Partners’ so that now “The Foundation has a great base. We must take it forward in a truly connected fashion” (Millen, 2004, p. 1).

5.5.13 Colonial Foundation Trust (Colonial Foundation Limited)

Andrew Brookes, Executive Officer

The Colonial Foundation is a new foundation set up in 1997 but it emerged from a long established company, The Colonial Mutual Life Assurance Society Limited that was demutualised in 1996 after 123 years as a mutual life insurance society, and was “listed on the Australian Stock Exchange as Colonial Limited” (Colonial Foundation, 2004, p.1). In June 2000 Colonial Limited was merged with the Commonwealth Bank of Australia and the Colonial Foundation Limited became a “fully independent body” (p. 1).

The Board of the Foundation felt that as it had “a sizeable base” (p. 2), total current assets as at 30 June, 2004 were \$142,874,000 (P. D. S., *pers. comm.*, 20 December,

2004) it “could really make a difference by concentrating on relatively few grants in limited areas rather than many grants across the very broad charitable sector” (Colonial Foundation, 2004, p. 2). The Board decided also that “for the time being” (p. 4) funding would go to the following areas in the community:

- Community health, including Aboriginal health,
- Education and vocational training,
- Migrant community welfare,
- Disadvantaged people in our society,
- Community quality of life, including the arts and cultural activities; and
- Research in relation to any of these areas (p. 4).

Community health has accounted for over half of the funds available in the years 1998-99 to 2003-04 with the second largest amount going to disadvantaged people.

Major grants have been \$12,500,000 over five years to the ORYGEN Research Centre in Melbourne. The Centre grew out of the Early Psychosis Prevention and Intervention Centre “which has been acknowledged as the source and catalyst for a worldwide change in approach and attitude to young people with emerging psychotic disorder” (p. 7) The University of Queensland has been the beneficiary of a \$2.2 million grant over five years for “early detection and treatment at community level” (p. 10) of chronic diseases in Aboriginal people in a bid to reduce the high level of premature deaths from this cause. The work comprises major research support and two chronic disease programs for Aboriginal Adults at Bega Garnbirringu in Kalgoorlie in addition to the small grant as above, and Broome in the north west of Western Australia. A third current major grant of \$1,400,000 over two years is going to the Turning Point Alcohol and Drug Centre for the Drug Policy Modelling Project and its “established team of Australian and international experts” (p. 10). In addition the foundation has made a grant of \$5 million over five years “to help youth who have dropped through the net with a variety of challenges to re-engage with society” (P. D. S., *pers. comm.*, 20 December, 2004).

The foundation also makes a number of smaller grants to an eclectic mix of

organisations within the bounds of the areas listed above, such as \$18,500 to Bega Garribirringu Health Services at Kalgoorlie, \$10,000 to the Victorian Homeless Fund and \$14,130 to Derby Hill Blue Light Youth Camp. The board decided to make also a number of “smaller” grants although by comparison with some of the other foundations researched for this work, even those are not really small. Another aspect was that in addition to providing funding to selected projects the foundation determined to accept also applications to its Grants Program. This program is envisaged to make grants up to \$100,000 per year, although the report states that applications for larger grants will be considered. Like a number of other foundations studied, along with those listed in *The Australian Directory of Philanthropy 2004/2005*, there are exclusions including:

- Areas considered to be the direct responsibility of government,
- General fund raising projects or appeals,
- Travel, study or conferences (unless incidental to a project being funded),
- Individuals,
- Other foundations, trusts and philanthropic organisations to fund their general objectives,
- Intermediate fund raising agencies,
- General maintenance or overhead expenses (unless a part of a specific project),
- Mainstream school-based educational work²⁵², and
- Funding deficits (Philanthropy Australia, 2005d, p. 32).

This foundation makes clear its objectives, its requirements for applications and how decisions are made about applications, as well as what areas are excluded. The foundation does not normally conduct interviews with applicants although on occasions it may invite a presentation. Decisions are not subject to review and “reasons for decisions may or may not be given” (p. 35).

²⁵² An example of an educational program that was not excluded under this provision is the Ardoch Youth Foundation at Albert Park College, Melbourne to support school aged children who are “homeless or living in severely disadvantaged conditions” (Colonial Foundation, 2004, ‘Annual Report 2003-2004’, Dunham Bremmer Australia, Melbourne).

5.5.14 Telstra Foundation

Herb Elliott, Chairman

Yet another new foundation is the Telstra Foundation established in April, 2002 with two main grant giving programs – the *Community Development Fund* and the *Telstra Kids Fund*. Both funds “support not-for-profit organisations that help Australian children and young people” (Telstra Foundation, 2004, inside front cover). During its first two years of operation the foundation has made grants totalling “more than \$8.6 million 1,452 projects involving children and young people across the country” (p. 3).

Recently the foundation has determined to focus its efforts on early intervention projects, particularly in the age range of 0-8 year olds. The thinking behind this decision seems to be that early intervention to deal with problems or potential problems with young people gives them “a great chance for success later in life. Current research shows that 75% of a child’s brain development is in the first five years of life” (inside front cover). The foundation has taken up “the area of gifted and talented children - previously not widely supported or well recognised in Australian philanthropy” (p. 2). The point is made those gifted and talented children who are not identified and supported early in life “often suffer from depression and are a loss of huge potential to the community” (inside front cover). Programs funded have included \$40,000 to the Australian Association for the Education of the Gifted and Talented for practical support in the form of a website, newsletter and media workshops presentations; and \$40,000 to Flinders University of SA Centre for the Gifted to provide research, counselling and professional development support; and other grants to the University of New South Wales Gifted Education Research, Resource and Information Centre and the University of Sydney for “investigating and promoting teaching strategies to motivate and challenge gifted learners in primary school classrooms” (pp. 16, 17), as well as a project run by the University of New England in partnership with Catholic Education Office to identify and provide ongoing support to under-achieving gifted Aboriginal children (p. 17). Another area is childhood obesity, with research programs and healthy lifestyle programs such as that run by the Western region Health Centre in Melbourne entitled ‘Fresh Kids’ (p. 17).

As well as the above the *Telstra Kids Fund* granted \$675,065 to over 590 projects of which 37% were in rural and regional areas (p. 18) through “a broad range of initiatives

and projects for not-for-profit organisations and activities in the following areas:

- Arts/Culture,
- Community building,
- Disability,
- Education,
- Environment,
- Health,
- Sport and recreation, and
- Valuing cultural diversity (p. 18).

Foundation literature makes it plain that the board is keen to support projects “that address the underlying issues or causes of a problem, rather than the symptoms” (p. 29). This seems to be a trend not applying only to new foundations, but also to some of the longer established ones, such as the Reichstein Foundation (refer Ch. 5, Section 5.5.5, pp. 176-180), the Myer Foundation (refer Ch. 5, Section 5.5.6, pp. 180-184) and the R E Ross Trust (refer Ch. 5, Section 5.8.7, pp. 234-239).

The Research Report ‘Early Learnings’ contains the results of an overall evaluation of the Telstra Foundation funding program carried out by a team from the Stronger Families Learning Exchange at the Australian Institute of Family Studies in Melbourne. The Institute “is an independent authority which originated in the Australian Family Law Act (1975)” (Telstra Foundation, 2004, inside back cover). Established by the Commonwealth Government in 1980, the Institute “promotes the identification and understanding of factors affecting marital and family stability in Australia by:

- researching and evaluating the social, legal and economic wellbeing of all Australian families,
- informing government and the policy making process about Institute findings,
- communicating the results of Institute and other family research to organisations concerned with family wellbeing, and to the wider general community, and

- promoting improved support for families, including measures which prevent family disruption and enhance marital and family stability (inside back cover).

Formal interim evaluation of the Telstra Foundation programs at the end of their second year of operation was carried out by a team from the Stronger Families Learning Exchange at the Australian Institute of Family Studies in Melbourne. The report on the evaluation had of necessity to be selective, so fourteen of a total of 172 projects supported by the foundation are described in some detail. The selected projects were:

- Community Connect for Kids: Good Beginnings Latrobe,
- East End Community Project: St Lukes Anglicare Mildura, VIC,
- First Five Years: The Benevolent Society Waterloo, NSW,
- GREAT Kids: Australian Childhood Foundation, VIC,
- Mentor Mothers in the Community: Partnership at all levels,
- National Self Help Network: Australian Association for Families and Children with Disability, VIC,
- Operation 180°, Wesley Mission, Quakers Hill, NSW,
- Siblings Australia: Women's and Children's Hospital, Adelaide, SA,
- Substance use in Pregnancy and Parenting Service: Barnardos South Coast, NSW,
- Supporting Children: The Mirabel Foundation, VIC,
- At Home with Books, Marymead Centre Child and Family Centre, Canberra, ACT,
- Babies Love Books Too, Peninsula Community Health Service, Hastings, VIC,
- Support at Home for Early Language and Literacy (SHELLS), The Smith Family and University of Newcastle, Wyong and Windale, NSW, and
- Centre for Community Child Health, The Smith Family, Melbourne (pp. 11-49).

All of the projects made interesting reading, and the evaluation revealed that, while some of the projects were able to “demonstrate substantial changes in the lives of families and children” (p. 5), in most cases practice models were still being developed or refined, along with finalisation of a “more formal research outcome” (p. 5). Key findings relevant to this thesis included:

- “trust and respect are cornerstones” (p. 5), and developing relationships demonstrating these qualities “can take time and patience” (p. 5),
- “developing partnerships is worth the effort” (p. 5) and these partnerships need to be “based on trust and openness to change” (p. 5),
- “leadership guides the way and maintains energy” (p. 5) and two main leadership styles emerged – visionary and determined/steadfast optimism (p. 5), and
- “change often takes time” (p. 5) so “patience and perseverance are essential qualities” (p. 5).

Comments from participants have a place in this thesis because, as with other recipient comments they “give a taste of the issues faced by the community projects that are funded in this way” (p. 51) and “it is recognised that the projects that became part of the study were projects that were interested in being showcased. Therefore they were largely very positive about their experience with the Telstra Foundation” (p. 51). This is a limitation that applies also to other recipient comments as it could be expected that it would hardly be likely that a recipient would make negative comments about a funding body. Nevertheless it is contended that the comments have a useful place in this work, comments such as:

- “the Telstra Foundation staff’s been critical as a catalyst. It’s got us really off and running. We’ve been able to attract other funding”.
- “They visited and were genuinely interested”.
- “their process of application isn’t onerous which a lot of foundations are...They were always available and the on-line application process is great. They had clear expectations”.

- “Community projects know that it takes time to make a change...Thus not having more than two years funding was a source of frustration”.
- “Funding helps projects but it often does not solve all their immediate financial and resource issues...Even though they are very generous with their funding we still actually relied on volunteer help”, and
- “Projects appreciated a flexible approach by trusts that allows for innovation and also enables the project to respond to its environment and to incorporate learning as it develops...it is a formative process” (pp. 51, 52).

Given the newness of the Telstra Foundation it would seem that much has been achieved for children already, but the true evaluation will come after more time has elapsed.

5.5.15 Tabcorp

Described in its publicity material as “a diversified entertainment group”, Tabcorp manages the Star City and Jupiters casinos, the TAB, Tabaret, Keno and TAB Sportsbet in Australia. The company supports local communities through sponsorships granted to sporting groups and community services, in addition to major funds contributed to state community benefit funds in Victoria, New South Wales and Queensland²⁵³. Its broad sponsorship program provides funds for the key areas of education, community health and well-being, safety, community development, and youth.

Its preferences in funding go to projects and activities that have a significant benefit to the community where Tabcorp and its partners operate; are directed at solving problems in a sustainable way for the long-term; ‘fit’ with Tabcorp’s values of teamwork, integrity, innovation and performance; and provide opportunities for the involvement of Tabcorp’s employees, or the employees venue partners, properties and facilities, customers and the broader community²⁵⁴. It looks for organisations that have “a proven track record in managing sponsorships or major community projects”²⁵⁵.

Applications that will not be eligible for consideration by Tabcorp are listed here

²⁵³ Tabcorp. 2005, ‘Community: Sponsorship Guidelines’, http://www.tabcorp.com.au/community_sponsor.aspx, accessed 7 January, 2005.

²⁵⁴ Tabcorp. 2005, ‘Community: Sponsorship Guidelines’, http://www.tabcorp.com.au/community_sponsor.aspx, accessed 7 January, 2005.

²⁵⁵ Tabcorp. 2005, ‘Community: Sponsorship Guidelines’, http://www.tabcorp.com.au/community_sponsor.aspx, accessed 7 January, 2005.

because they are generally representative of the exceptions of a number of the organisations studied:

- Individuals seeking support for overseas travel or academic study,
- Religious organisations or campaigns,
- Political organisations or campaigns,
- Programs or events that represent ‘marketing’ to minors or children’s events,
- Requests for print or online advertising,
- Activities that offend and/or discriminate against individual groups,
- Programs that may present a hazard to the community or the environment,
- Requests for recurrent or ‘rolling’ funding,
- Requests to sponsor events/organisations that are already supported by a competitor, and
- Programs that contribute to the financial gain of an individual or business²⁵⁶.

In this regard it is worth noting that in this researcher’s experience there are organisations that will not accept gifts from gambling organisations, and companies that produce alcoholic products. Tobacco companies have been ‘outlawed’ by most charities for some years.

The company’s philosophy in relation to giving is very broad and must be capable of wide interpretation:

Tabcorp recognises the important role it plays as a key member of the community and is committed to becoming respected and valued as a responsible member of the community in which it operates²⁵⁷.

²⁵⁶ Tabcorp. 2005, ‘Community: Sponsorship Guidelines’, http://www.tabcorp.com.au/community_sponsor.aspx, accessed 7 January, 2005.

²⁵⁷ Tabcorp. 2005, ‘Community: Sponsorship Guidelines’, http://www.tabcorp.com.au/community_sponsor.aspx, accessed 7 January, 2005.

5.6 Motivations and Techniques

Table 5-1 below sets out the motivations and techniques discovered through this research with the aim of to presenting them in a way that may be useful to other companies either involved in, or planning to become involved in corporate philanthropy. At the same time it is hoped that it may provide some clues for fundraising committees and professional fundraisers around Australia and possibly in other parts of the world.

Table 5-1 Summary of Motivations and Techniques - Corporate*

Motivations of Givers	Techniques Used by Givers
<p>A “passionate and lifelong commitment to helping people less well off”</p> <p>Desire to “bring about lasting changes that will improve the life of disadvantaged and vulnerable people”</p> <p>Wish to give while alive so all funds to be dispersed within short time</p>	<p>Designated Gifts</p> <p>Donors to the fund earn voting rights</p> <p>Applications are analysed outside the fund</p> <p>Personally interviews applicants</p>
<p>Commitment to “sustainable development/protection of the environment”</p> <p>competitive advantage”</p> <p>Desire for “long term partnerships”</p> <p>Desire to “enhance reputation as good corporate citizen”</p> <p>Need to “make a difference”</p> <p>Provide “general economic benefits</p> <p>Response to growing evidence that social responsibility improves return to the community”</p>	<p>Board decides on gifts</p> <p>No small gifts, but staff involved at community level</p> <p>Does not respond to letters requesting funds</p>
<p>Committed to “change not charity”</p> <p>Concern to “attack root causes”</p> <p>Desire to break down barriers viz. race, age, class, sexual orientation and cultural</p> <p>Desire to empower people, discourage welfare dependency</p> <p>Improve, maintain and restore human rights</p> <p>Supports projects that demonstrate the “capacity to be self-sustaining in the long term”</p> <p>Wish to “effect structural change to benefit disadvantaged communities” through “systemic advocacy”</p>	<p>Grants</p> <p>Foundation Board makes decisions</p> <p>Strong liaison with applicants and recipients</p>

<p>Connect company with local communities and help charities</p> <p>Involve staff through workplace giving</p> <p>Supports causes “our people are passionate about”</p> <p>Initial “push” came from Foundation partners²⁵⁸</p>	<p>Decisions made by board</p> <p>Gives staff time to voluntary community activities</p>
<p>Develop partnerships with communities, government and private sector to prevent irreversible environmental damage and encourage biodiversity</p> <p>Felt he had to put the wealth he had acquired to work</p> <p>Philanthropy practised throughout his life</p> <p>Projects “of national significance”</p>	<p>Avoided publicity</p> <p>Calls in expert knowledge as required</p> <p>Contributed personal skills as well</p> <p>Described as “intelligent philanthropy”</p> <p>Grants made through his foundation</p> <p>Makes small “donational grants”</p> <p>Made also personal gifts during his lifetime</p> <p>One of few to fund travel grants</p>
<p>Gives unwritten priority to rural projects as her wealth came from rural interests</p> <p>Had no children and supported many charities during her life time</p> <p>To make an impact on the community through the grants</p>	<p>Decisions made by board on advice from the executive officer</p> <p>Does not give interviews but visits applicants and recipients</p> <p>Traditional</p> <p>Will instructed to accumulate income for first 21 years and then distribute for the benefit of Victorian charities</p>
<p>Had no children, lived frugally, wife predeceased him, and he did not know what to do with his wealth</p> <p>Supported research and treatment of eye disease because his wife had suffered a “debilitating eye disease”</p> <p>Wished to help only those who helped themselves</p>	<p>Disregards charities with high administrative costs</p> <p>Sought advice from one of his managers who consulted this researcher</p> <p>The result was the foundation was divided into two – a medical fund and a general fund</p> <p>Decisions are made by the trustees in association with ANZ Trustees, managers of the estate</p>
<p>Fill a gap in the therapeutic community’s approach to mental health</p> <p>Adding value to its philanthropy</p> <p>Committed to:</p> <p>Desire to share the benefits of success</p> <p>Jewish heritage</p> <p>Regards it as a privilege to be involved in activities “aimed at enriching our communities”</p> <p>Supports areas where the company operates</p> <p>Supports international research eg. Illegal fishing of Patagonian tooth fish</p> <p>Sustainable development</p>	<p>Decisions made by boards</p> <p>There are four foundations/trusts both business and private</p>
<p>Create opportunities for youth</p> <p>Jewish heritage – “strong current of faith”</p> <p>Support projects in home country of Israel</p>	<p>Grants made through a foundation but makes many decisions himself</p> <p>Has placed conditions on some gifts eg. Personal involvement in program funding overseas students to attend Tel Aviv University to ensure money used appropriately</p>

²⁵⁸ This Foundation is just two years old.

Make a difference with relatively few grants in limited areas ²⁵⁹	Half of the funds are committed to community health Is both reactive and proactive
Forward- thinking pragmatist with a deep-seated belief in Australia's future Not clear, but seems to be a desire to give back to the community that made him wealthy and to assist his own speciality viz. engineering and manufacturing	Grants Foundation Board makes decisions
Desire to promote positive change Regarded himself as a transitory "guardian and trustee for others of his wealth" Wanted all children to have equal opportunity Wished to assist "to build a fair, just, creative and caring society"	Family members have established their own funds Does not respond to letters requesting funds Family members involved in decision making regarding the management and distribution of the funds Mostly single grants, over 3 years to 5 years
Desire to support those "who make a difference" Seeking social returns on their community investments Support sustainable development	Foundation Board makes decisions Grants

* A dilemma was encountered in distinguishing between corporate informants and individual informants because in a number of cases there was an overlap in that the wealth had been created through business, but was being dispersed by an individual as for example, the case of Lowy and Westfield.

It should be noted that the material in the table is 'hard' data extracted directly from the records of the discussions with informants and from background material relating to their company or organisation.

5.6.1 *Comparison with Maslow's Hierarchy of Needs*

The question arises as to whether the corporate, and individual, motivations described in the foregoing may fit into Maslow's Hierarchy of Needs (Fig. 2-1, p. ?). It would seem that this may aid understanding of corporate philanthropy if one considers that individuals not only make decisions on behalf of the company, but also influence decisions made on behalf of the company by members of the board of management, executives and members of staff. Reference to Table 5-3 (p. ?) and Figure 6-1 (p. -) has revealed a considerable number of aspects that may fit. Discounting the basic physiological and safety needs as not fitting, it may be seen that the belonging needs are well served for givers in a number of areas. First, it should be noted that the categorisation below is the researcher's and may be debatable. Such a debate would be desirable because it may open the way for further deeper study of giving and finer categorisation in a philanthropic context.

A comparison should be made also with the views of professional fundraiser

²⁵⁹ This Foundation is just four years old.

participants as set out in Ch. 5, Section 12.2, p. 272. It is noted that all of these were proposed also by the individual and corporate participants.

5.6.2 *Belonging Needs*

The ‘belonging needs’ expressed by participants in this study seem to fall into three main categories; religious, family and community. Those who cited religious needs spoke of a background in the Christian church and the concomitant learning about stewardship, and giving back to the community. Some said that they felt that they did not own their wealth but rather were transitory guardians or trustees of it. Those who were Jewish spoke more of their heritage within their faith. Some spoke of a feeling of compulsion about giving but it was not necessarily from their religious base with family background and heritage being cited as providing that compulsion. There were those who decided to give because of the personal impact of a particular disease or problem or because of their personal relationship with the recipient organisation usually brought about by that impact. A memory of help given to them in the past by a particular organisation thus leading them to develop an attachment for that body.

It may readily be seen that there is an overlap between the three categories cited above. For example, the religious needs may have been created within the family although this need not necessarily be so. A decision was made to include empowerment of people, particularly the youth of Australia under the heading of ‘family’, but again this could be in a religious, or even in a community context.

A community may support equal opportunity for all, but this may also be supported and reinforced within the family, expressed by some participants as teaching children about giving. Likewise a desire to encourage self-help could come from the community or from the family or from religion. There were those who spoke of such more general aims as adding value to the community; building a fair, just, creative and caring society; fostering civic pride; breaking down barriers between groups in the community; following through on a concern about a particular issue; and improving, restoring and maintaining human rights. A number of companies wished to connect their organisation with the local community. They wished to develop partnerships with communities in order to meet a higher concern, such as prevent irreversible damage to the environment and to encourage biodiversity. This applied in particular to those companies, such as retailers that are in direct contact with the local community and depend upon for the

success of their businesses. These companies and others involved their staff in their philanthropy through workplace giving and in several cases through staff actually working on community projects in company time. Some trusts and foundations also exhibited concern for the environment. Of those concerned about the environment there were those who were most interested in projects of national significance dependent upon the scope of their stated purpose. Several others stated that they wished to give back to rural interests because their wealth had been gained from rural ventures.

Emergency situations and natural disasters such as fire and flood were cited by participants as eliciting extraordinary community response. The community support for appeals to assist tsunami devastated regions must come into this category (refer Ch. 1, p. 1).

5.6.3 Need for esteem

Maslow (1954) proposed that there were two levels of esteem that human beings need, the need for the respect of others and the need for self-respect. Personal values and personal responsibility were powerful motivators for some givers. It was considered that those people who had no children to inherit their wealth made gifts in order to receive the esteem of others. There were those who were looking for recognition, prestige and kudos and this might apply to both individuals and companies. Some sought media exposure for the similar reasons. The desire to make a difference to the world motivated some of the informants, while still others believed that they were privileged and that such privilege brought with it the responsibility to assist others not so well off.

Relationships were important in that some people gave because they were asked by someone they knew and respected, while in another twist some givers felt that they owed the asker a favour. Choice of recipients is influenced in some cases by the giver's perception that the organisation does good for others.

5.6.4 Self-actualisation

Reasons for giving cited by participants that it is thought belong in this category include the notion that the giver has a debt to the community to discharge and must therefore give back to it.

Others had what may be termed more high-minded notions such as a desire to act as an agent of change and to attack the root causes of community problems such as poverty. Their hope was that they would succeed in effecting structural change

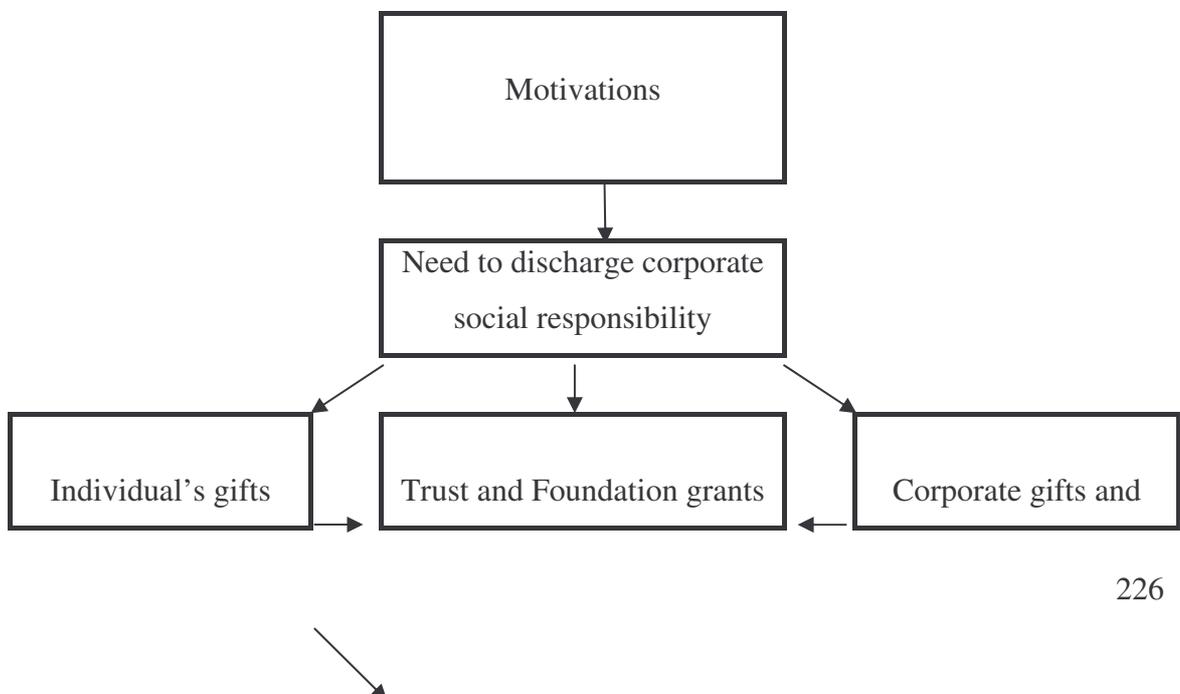
Despite the overlaps described above it is still considered that the categories are of interest and may be expanded upon in any future study.

5.7 Recent Changes in Technique

5.7.1 Reactive/Proactive

A number of noticeable changes in technique from those identified in the earlier study were found during this study. One of the most prevalent changes was the move by a number of trusts and foundations, as well as corporate givers, to a proactive rather than a reactive mode, or a combination of the two. This has important ramifications for both the giver and the hopeful receiver. The giver has greater control by selecting projects that may be more in line with the expressed wishes of the original donor and the approved guidelines, although it must be conceded that this may be a matter of interpretation of those wishes. Trustees have found themselves grappling with changing community needs and in some cases with very little specific guidance from the original donor. This may be understood in that some of the donors expressed the desire to provide general guidelines to leave the process more open. One of the informants made the point that he felt the task would much easier where there was a donor who lived at least while guidelines were being established. An example of this is the CEPA Trust where the donor is still alive and involved and wishes the money to be distributed in its entirety during his lifetime (refer Ch. 5, Section 5.5.4, pp. 169).

The links between corporate givers' motivations and the social capital outcome are expressed in Figure 5-1 below.



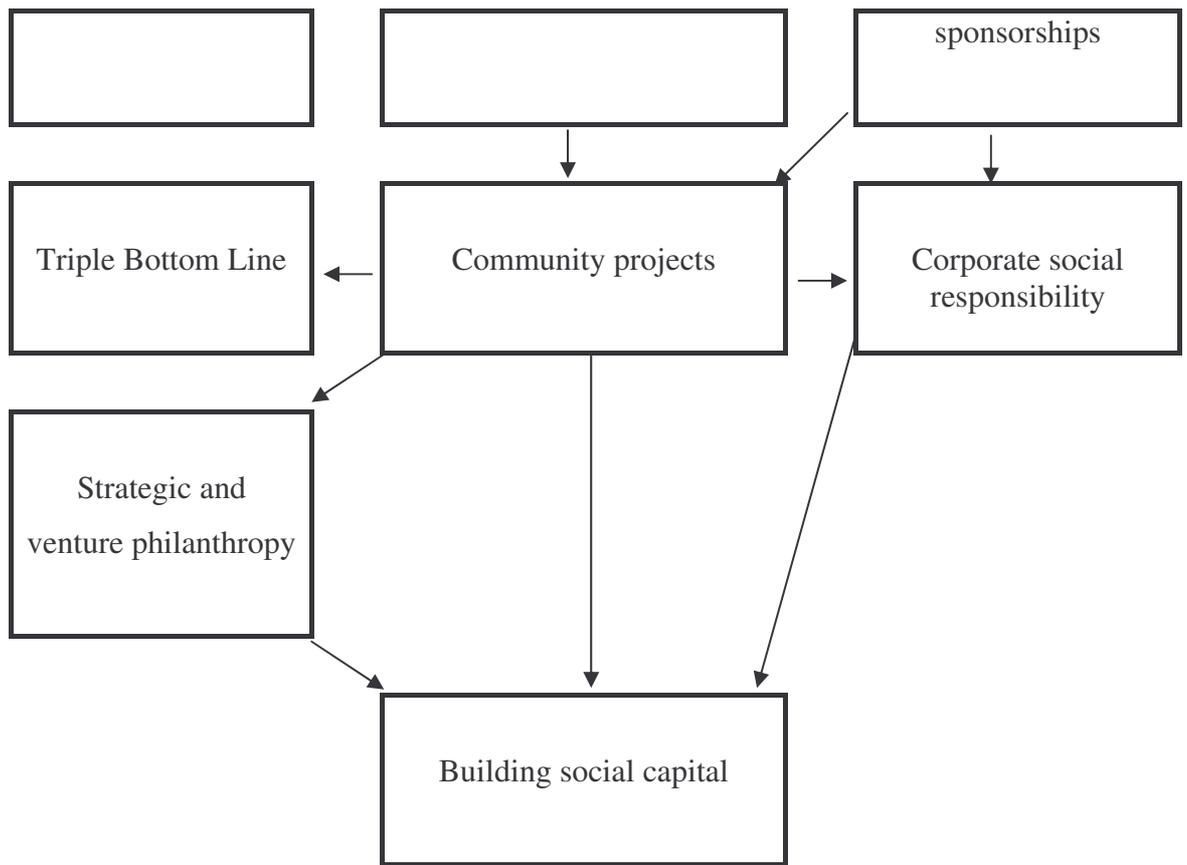


Figure 5-1 Connections between Motivations and Social Capital Outcome

5.7.2 Decision making

The earlier study revealed some quite subjective decision making regarding gifts (Smith, P. D., 2000a, p. 129-131). This researcher has taught fundraising practitioners to arrange for the person considered to have the most influence to solicit for gifts via the person with most authority in the company, such as the chairman of the board or the chief executive officer. In the interim a shift has been detected to less personal and more prescribed decision making. A considerable number of companies now have set out guidelines for gift or sponsorship applications that should sift out frivolous applications, and at the same, time ensure that the company receives applications from organisations they would wish to support. In another move, a growing number of companies have established foundations to manage their gift giving, and thus have removed the decision making from the corporate board to the foundation board. At the same time some foundations have vested less decision making power in their executive officer and involved their board members more personally. These shifts were confirmed by fundraiser informants during this study.

5.7.3 Staff involvement

While the earlier study noted efforts by companies to involve their staff in community fundraising events, and in providing *pro bono* services (Smith, P. D., 2000a, pp. 112-114), this new study notes an increase in such involvement. For example, the day's volunteer work done by Price Waterhouse Coopers Adelaide staff in cleaning up a Mission Australia house for the homeless. It was relatively simple work, painting, repairing, mowing, pruning and removing rubbish but it was described by the Mission Australia representative as "overwhelming" in dedication and energy (Price Waterhouse Coopers Foundation, 2004, p. 3). As an accountancy firm it was not surprising that the work was quantified in this way, "Since 2002, our people have collectively devoted some 15,600 hours of their time to more than 290 community activities. And when you take into account the pro-bono services we offer, like our financial audit of Landcare Australia, their contribution becomes even more significant" (Harrington, 2004, p. 1). Eighteen percent of Price Waterhouse Coopers employees contribute financially to charity partners through the PwC People Giving program (p. 1).

5.7.4 Making a difference

A number of the informants used the phrase "make a difference" or a version of it when

speaking about the motivations for their giving. This had led to a change in policy from making a large number of small grants to making a smaller number of large grants to enable them to meet their aim. A notable exception was The Walter and Eliza Hall Trust (refer Ch. 5, Section 5.8.6, pp. 231-234) that makes many small grants, some as low as less than one hundred dollars. This policy may be understood through reading the list of grants recipients for 2002 and seeing items such as \$199 towards a pram; \$180 for a mortgage repayment; grants for water, electricity and travel costs; expenses for staying in Sydney while family member sick; and accoutrements such as a bed blocks chair raiser, sleep apnoea equipment, breast prosthesis, a refrigerator and a bed (The Walter and Eliza Hall Trust, 2003, pp. 1-12). Executives of the trust indicated that these amounts can make a considerable difference to the ability of the recipients to cope with their often “very sad situations” (P. D. S., *pers. comm.*, 24 March, 2003).

5.7.5 *Change not charity*

A meaningful shift in attitude by some of the trusts and foundations in more recent years has been noted. While there are those that still speak of charity there are a number, notably The Reichstein Foundation (refer Ch. 5, Section 5.5.5, pp. 176-180), The Myer Foundation (refer Ch. 5, Section 5.5.6, pp. 180-184), The Ian Potter Foundation (refer Ch. 5, Section 5.5.9, pp. 191-198), and the CEPA Trust (Ch. 5, Section 5.5.4, pp. 168-175) that speak more of being agents of change. In fact the motto of The Reichstein Foundation as was pointed out earlier is “Change, not charity” (refer Ch. 5, Section 5.5.5, p. 176).

5.7.6 *Exclusions*

It was noted that the areas of grant exclusions cited by most foundations were similar, including projects that were considered to be the responsibility of governments; general fundraising appeals; travel, study and conferences; overhead costs and general maintenance; mainstream education and deficits. Religious and political organisations were excluded by many along with discriminatory activities, hazardous programs, and programs already being supported by a competitor. Yet there were a number of situations where several trusts joined together to fund a project either partly or in total. For example, in addition all but three of those trusts and foundations studied exclude funding to individuals.

5.8 Individual Philanthropists

5.8.1 *Elisabeth Murdoch*

The wife of the late Sir Keith Murdoch, Elisabeth was educated at St Catherine's in Toorak, Victoria, and at Clyde, an independent girls boarding school in Mount Macedon, Victoria. She credits Clyde with beginning her lifelong interest in philanthropy. As she says:

We were put firmly on the track at school of believing that we were very fortunate and that there many other people who, through no fault of their own, were suffering or were underprivileged, and because we had this opportunity to be educated we must go out into the world and do what we could (Monks, 1994, pp. 55-56).

While at school she knitted woollen singlets for babies at the Melbourne Children's Hospital and was able herself to visit the Hospital. This made a great impression on the young student who would years later become such an important figure in the development and growth of the Hospital (p. 56).

Her life of privilege continued with her marriage to Keith (later Sir Keith) Murdoch, already the editor of the *Herald* newspaper in Melbourne and the founder of the Murdoch media empire. She became Lady Murdoch in 1933 when her husband was knighted. With domestic help at home in 1933 she joined the committee of the Royal Society for Prevention of Cruelty to Children, even though she was already supporting the Free Kindergarten at Port Melbourne. She found that she had "almost a full-time voluntary job" (p. 111), and it seems that the critical illness of her third child cemented her support for the Royal Children's Hospital. She played a vital role in developing the Hospital's Research Committee into a Research Foundation of which she became the founding chairman. The Foundation later became the Murdoch Institute for Research into Birth Defects to which the Murdoch family contributed an initial \$5 million, at that time "one of the largest private family contributions to research in Australia's medical history" (p. 263). Today the Institute is known as the Murdoch Children's Research Institute and has "over 450 staff and more than 100 honours and post-graduate students"²⁶⁰. Now Dame Elisabeth Murdoch in her own right she remains as patron of the Institute. Current areas of research at the Institute include "cerebral palsy, cancer, muscular dystrophy, diabetes, asthma, allergies, deafness, infectious diseases, genetic

²⁶⁰ MCRI (Murdoch Children's Research Institute). 2003, 'Welcome', http://murdoch.rch.unimelb.edu.au/index_2.html, accessed 2 April, 2003.

conditions, depression and behavioural problems”²⁶¹.

She was recognised as a good gardener and put her garden to work for charity. For 27 years she was a member of the Maud Gibson Trust “established in recognition of the contribution made by Miss Gibson to the Melbourne Botanic Gardens” (Monks, 1994, pp. 234-235), and she was the original Patron of the Australian Garden History Society where her work was recognised with the Dame Elisabeth Murdoch Californian Garden in Melbourne’s Royal Botanic Gardens. Her other interests included the Victorian Tapestry Workshop and the McClelland Gallery. Elizabeth Cham, Executive Director of Philanthropy Australia and a participant in this project said on the occasion of a special function at the Melbourne Town Hall on 29 April, 2003 to honour Dame Elisabeth:

Elisabeth is an outstanding example not only in the philanthropic sector but also within the wider Australian community. Over the past 70 years she has had an involvement in countless numbers of organisations which have in turn made a difference to virtually every aspect of Australian life²⁶².

The motivation towards charitable work sparked off during her school days at Clyde continued throughout her life, as the President of Philanthropy Australia, Lady Southey said at the 29 April event:

Those who know Dame Elisabeth are well aware that she is a woman who carries out her philanthropic work because she genuinely cares about and is interested in the causes²⁶³.

Dame Elisabeth was a supporter of The Australia Business Arts Foundation, the Foundation’s Web site records this comment from her, “Our leaders in business and the arts need each other, and are more and more appreciating that patronage of the arts is not only rewarding for them both, but very important for Australia’s culture”²⁶⁴.

Her techniques involved her personally in a ‘hands-on’ way, as well as in making monetary gifts in her own right, and persuading her husband and her son, Rupert to provide financial support for the projects she was interested in and concerned about. Asked about her being a philanthropist she said that she didn’t speak about herself in

²⁶¹ MCRI (Murdoch Children’s Research Institute). 2003, ‘Welcome’, http://murdoch.rch.unimelb.edu.au/index_2.html, accessed 2 April, 2003.

²⁶² Philanthropy Australia. 2003d, ‘What’s On – Dame Elisabeth Murdoch to be Honoured For Lifetime Commitment to Philanthropy’, <http://www.philanthropy.org.au/whatson/agm.htm>, accessed 14 May, 2003.

²⁶³ Philanthropy Australia. 2003d, ‘What’s On – Dame Elisabeth Murdoch to be Honoured For Lifetime Commitment to Philanthropy’, <http://www.philanthropy.org.au/whatson/agm.htm>, accessed 14 May, 2003.

²⁶⁴ The Australia Business Arts Foundation. 2005, ‘Welcome to AbaF - The Australia Business Arts Foundation’, http://www.abaf.org.au/public/hom/hom_toc.html, accessed 5 April, 2005.

those terms but as she knew other people did “so I suppose I probably am. I think a philanthropist is a person who wants to share his or her good fortune, but does it wisely” (Tracey, 2003, pp. 28, 29).

5.8.2 Sir Eric Neal, Chancellor, Flinders University

During the researcher’s discussions with Robert de Crespigny he recommended that the Chancellors of the University of South Australia and of the Flinders University be invited to take part in the project as they could be expected to add valuable material to this work. He therefore contacted each of them suggesting that they take part and they both agreed. The interview with the Chancellor of the University of Adelaide, Robert de Crespigny may be found in this chapter in Section 5.8.4, pp. 227-229, and with the Chancellor of the University of South Australia, David Klingberg also in this chapter, Section 5.8.8, p. 239.

Sir Eric’s history is a matter of public record. He became chancellor of Flinders University shortly after completing a five year term as Governor of South Australia. Previously he had a “successful career in industry culminating in 14 years as Chief Executive Officer and Managing Director of Boral Ltd, and as a Director of its subsidiaries in Australia, the UK, the USA and the Pacific Islands”²⁶⁵. He qualified in engineering both in Australia and in the UK, and in addition was awarded honorary doctorates from the University of Sydney, the University of South Australia and Flinders University.

He has served on a number of corporate boards over the years, and on government advisory bodies on “defence, prices and incomes, water resources and the sugar industry”²⁶⁶, as well as chairing organisations supporting the arts, and the re-education of youth at risk. Local government experience came from his term as Chief Commissioner of the City of Sydney from 1987 to 1988, while he was involved also in the Duke of Edinburgh’s Award Scheme in Australia as National Chairman from 1984 to 1992, and was a trustee of The International Award Association from 1986 to 1997. He had further involvement with the Duke of Edinburgh’s Award Scheme when he chaired the Organising Committee for The Duke of Edinburgh’s Sixth Commonwealth

²⁶⁵ Flinders University. 2003, ‘About Flinders: Chancellor’, <http://www.flinders.edu.au/about/officers/chancellor.html>, accessed 26 March, 2003

²⁶⁶ Flinders University. 2003, ‘About Flinders: Chancellor’, <http://www.flinders.edu.au/about/officers/chancellor.html>, accessed 26 March, 2003.

Study Conference in 1986²⁶⁷. In 2003 the Government of South Australia in appointing him to head up the Road Safety Advisory Council acknowledged the value of his opportunity as Governor to meet “most of South Australia’s local government and community leaders”²⁶⁸. The Road Safety Advisory Council is playing a major role in efforts to achieve “the State Government’s commitment to halving South Australia’s road toll by 2010”²⁶⁹.

As may be seen from the above Sir Eric has had broad experience both in commerce and industry, and in the community, and that experience is still being built upon today. At the beginning of our discussion he said it was important to make the distinction between individual and corporate philanthropy. As he said, “Individuals are independent and may do as they wish. Corporations have different rules because they are dealing with shareholders’ money” (P. D. S., *pers. comm.*, 17 April, 2003). In his early corporate experience he learnt that gifts were made in response to requests often supported by board members. For example, he said that the chairman’s wife may have a “pet charity” that the board would support. This practice he says has now “largely disappeared”. However the researcher can attest to the fact that influence is still a key to successful fundraising, as she actually taught people to use this type of influence to obtain charitable gifts, especially major ones. In fact this is still the method she and other professional fundraisers teach today, as no better way seems yet to have come to light. However it must be conceded that there is a place for other forms of fundraising depending on the amounts required and the circumstances of the particular organisations involved. It must be noted too that the establishment of corporate foundations to deal with gift giving has somewhat distanced the process from boards.

Sir Eric dates the change to several decades ago when shareholders began to urge corporations not to give money away unless there was “a benefit for the business” (P. D. S., *pers. comm.*, 17 April, 2003). He pointed also to the change in Australian tax laws that has reduced the top corporate tax rate to 30%, and sought to make a clear distinction between corporate sponsorship and corporate philanthropy. He sees sponsorship really as advertising, while corporate philanthropy is “giving back to the

²⁶⁷ Flinders University. 2003, ‘About Flinders: Chancellor’, <http://www.flinders.edu.au/about/officers/chancellor.html>, accessed 26 March, 2003.

²⁶⁸ Flinders University. 2003, ‘About Flinders: Chancellor’, <http://www.flinders.edu.au/about/officers/chancellor.html>, accessed 28 September, 2004.

²⁶⁹ Flinders University. 2003, ‘About Flinders: Chancellor’, <http://www.flinders.edu.au/about/officers/chancellor.html>, accessed 28 September, 2004.

community” (P. D. S., *pers. comm.*, 17 April, 2003). A hypothetical example he cited was that of a chemist at Broken Hill, for example, who wants to put something back into the town, so decides to sponsor a local basketball team. Such a sponsorship would assist the team, and the town, while at the same time giving the chemist local advertising exposure.

He thought that there had to be a “trigger” for giving, and that it could be that the giver felt they “had a debt to discharge to the community for the benefits they were enjoying”. His advice to charities is that they should be looking harder at achieving bequests because “more people are not marrying and not having families” (P. D. S., *pers. comm.*, 17 April, 2003), and sometimes those that do have families, find that in addition to leaving money to their family in their wills, they are able to leave money also to worthy causes (Neal, 2005, p. 2). He and his wife are personal givers to a range of charities, it seems because they think it is the right thing to do.

5.8.3 Dick Smith

This researcher is able speak personally about Dick Smith because as National Director of the Australia Day Council from 1986 to 1989 she was responsible for all arrangements relating to Australians of the Year, conceiving the idea and implementing an Australian of the Year National Tour of Honour. Dick Smith was named Australian of the Year 1987 and therefore she had personal contact with him. He willingly agreed to be part of this study and does not require confidentiality, nor does he wish to read this material, so his name has been used throughout.

As a young man Dick Smith asked his parents “about people giving money away” (P. D. S., *pers. comm.*, 3 March, 2003), and they gave him the example of Sir Edward Hallstrom, a director and benefactor of Sydney’s Taronga Park Zoo (refer Ch. 4, Section 4.5.6, p. 129), and that was one of his inspirations.

He had two interests as a teenager, the bush and radio. He “studied electrical engineering at Sydney University and at a technical college but failed to finish either course”²⁷⁰. His grandfather was “the celebrated photographer, Harold Cazneaux”,²⁷¹ and

²⁷⁰ Aviation. 2004, ‘Richard Harold Smith’, <http://www.dinkumaussies.com/MUSIC/./AVIATION/Dick%20Smith.htm>, accessed 28 September, 2004.

²⁷¹ Aviation. 2004, ‘Richard Harold Smith’, <http://www.dinkumaussies.com/MUSIC/./AVIATION/Dick%20Smith.htm>, accessed 28 September, 2004.

Dick who gained his amateur radio licence when he was seventeen²⁷² had the opportunity of working on radios in his grandfather's workshop. "By 1961 he was repairing and installing taxi cab radios"²⁷³. He established Dick Smith Electronics in 1968, developing it into a business successful enough to sell out to "Aussie-owned" Woolworths in 1982 for \$25 million (Gotting, 2002, p. 1).

As he explained he had "enough money to live on comfortably" (P. D. S., *pers. comm.*, 3 March, 2003) so turned to his interests in flying and exploring and by 1983 he had founded the *Australian Geographic* magazine. In 1986 this researcher met with him in the *Australian Geographic* offices in Terrey Hills, NSW to invite him to accept the award of Australian of the Year 1987 from the National Australia Day Council. Like Dick Smith Electronics, *Australian Geographic* was a successful venture and he was able to sell out to Fairfax in 1995 for \$41 million, but he did not keep any of the money for himself, it has seeded his extensive philanthropic program. *Australian Geographic* of which he is still chairman also gives money away to science and scientific projects, many of which are recorded in the magazine. For example, the restoration of Antarctic explorer, Sir Hubert Wilkins' family homestead at Mt Bryan East in South Australia (Scott-McNab, 2001, pp. 36-41); Don and Margie McIntyre's purchase of an icebreaker ship to be used for exploration, discovery and adventure in Australasian and Antarctic waters where Dick Smith Foods is a major sponsor²⁷⁴; and recumbent cyclists Chris Hatherly and Tim Cope's 10,000 kilometre 14 month long trip through Russia, Siberia, Mongolia and China (Hatherly and Cope, 2001, p. 42).

By 1990 Dick Smith was Chairman of the Civil Aviation Authority and more recently described the work on his Web site as "a damned-if-you-do and damned-if-you-don't job"²⁷⁵. At the end of March 1999 he quit the position saying, "I have become a target for some sections of the aviation industry and this has stalled the reform

²⁷² Aviation. 2004, 'Richard Harold Smith', <http://www.dinkumaussies.com/MUSIC/./AVIATION/Dick%20Smith.htm>, accessed 28 September, 2004.

²⁷³ Aviation. 2004, 'Richard Harold Smith', <http://www.dinkumaussies.com/MUSIC/./AVIATION/Dick%20Smith.htm>, accessed 28 September, 2004.

²⁷⁴ Dick Smith Foods. 2002a, 'Sir Hubert Wilkins Icebreaker/Don and Margie McIntyre', <http://www.dicksmithfoods.com.au/dsf5/sponsorships.htm>, accessed 8 October, 2002.

²⁷⁵ AVIATION- Dick Smith. 2004, 'Richard Harold Smith', <http://www.dinkumaussies.com/MUSIC/./aviation/Dick%20Smith.htm>, accessed 28 September, 2004.

process”²⁷⁶. Despite this personal assessment, in 1999 he was made an AO, Officer in the General Division of the Order of Australia in recognition of his services to industry, business and aviation.

He founded Dick Smith Foods in 1999 taking as the company’s slogan “We’re As Australian As You Can Get”. In its Mission Statement Dick Smith Foods states:

While many companies use the “Australian Made” logo, quite often they are totally foreign owned and all the profits and wealth created goes overseas...Dick Smith Food products are Australian Made by Australian Owned companies because we believe this is important for Australia. Australian Made, because it employs Australians and Australian Owned so that the profits remain here creating wealth and helping the future of our country. We aim for maximum Australian ownership as well as content. We are currently running at an average of 90% Australian made content with over 95% Australian ownership²⁷⁷.

In a 2004 news release about new products Dick Smith stated that:

I am as committed as ever to retaining a balance in ownership of our food brands by providing an Australian alternative. This helps to support Australian farmers and manufacturers and keep the profits in this country to create jobs and safeguard the future for our children....Since February 2000 Australians have voted with their wallets by purchasing more than \$200 million worth of Dick Smith Foods products. The profits from Dick Smith Foods are used to help Australians in need. Over \$2.1 million has already been donated to charitable and worthy causes within Australia²⁷⁸.

A lengthy list of donations and sponsorships provided by Dick Smith Foods appears on the company Web site, including major gifts to The Exodus Foundation, The Smith Family, the Salvation Army, and Care Australia²⁷⁹. In addition Dick and Pip Smith make considerable personal donations, such as over \$1 million given “to the nation to mark its 100th birthday on 26 January, 2001” and “to say thank you to Australia”²⁸⁰. This gift was spread over 17 different organisations including The National Museum of Australia, The National Library of Australia, The Australian Institute of Aboriginal and

²⁷⁶ AVIATION- Dick Smith. 2004, ‘Richard Harold Smith’, <http://www.dinkumaussies.com/MUSIC/./aviation/Dick%20Smith.htm>, accessed 28 September, 2004.

²⁷⁷ Dick Smith Foods. 2002b, ‘Australian made and Australian owned’, <http://www.dicksmithfoods.com.au/dsf5/mission.htm>, accessed 8 October, 2002.

²⁷⁸ Dick Smith Foods, 2004b, ‘Media Release: Comment from Dick Smith’, <http://www.dicksmithfoods.com.au/dsf/mediaprint.php?d=media&p+29may03b>, accessed 23 March, 2005.

²⁷⁹ Dick Smith Foods, 2004a, ‘Dick Smith Foods: As Australian as you can get: Donations & Sponsorships’, <http://www.dicksmithfoods.com.au/dsf/index.php?d+main&p+bio>, accessed 8 October, 2004.

²⁸⁰ Dick Smith Foods. 2002c, ‘Donations & Sponsorships’, <http://www.dicksmithfoods.com.au/dsf5/donations.htm>, accessed 8 October, 2002.

Torres Strait Islander Studies, The Australian Ballet, the Muscular Dystrophy Association of NSW, the Fred Hollows Foundation, the Lord Howe Island Museum Trust and the Australian Bush Heritage Fund²⁸¹.

In 2002 Dick Smith “granted a 10-year licence to the Sanitarium Health Food Company to run the everyday business of his food label from July 1...he has granted the 10-year licence without charge on condition that profits go to charity” (Gotting, 2002, p. 9). He said that Sanitarium would continue the Dick Smith Foods philosophy by supporting “Australian-owned businesses and Aussie farmers” (p. 9). Products manufactured locally and sold under licence with the Dick Smith logo attract a royalty to Dick Smith, all of which he donates to charities. More recently in an advertisement, he announced that Dick Smith Foods was changing direction:

We now propose to become a proper commercial business. Initially we will reinvest the majority of our profits to expand and actively compete with the foreign owned multi-nationals.

Over the next few years our aim is to increase the company profits with a plan to go public in five years time. If we can build a successful track record then Aussies will be able to become shareholders in our Australian company and further support quality Australian produce from Australian owned companies. Most importantly, the profits will stay here ensuring a future for our children and grandchildren²⁸².

The advertisement states that Dick Smith Foods has given away “over \$3 million since we began” and says that while the company will be taking “a completely new direction”²⁸³ it will still be donating a percentage of its profits to charity.

Personally Dick Smith says that he likes to give so it hurts, then he does not have guilt about his wealth (P. D. S., *pers. comm.*, 3 March, 2003). He is not religious, but does believe in karma so that his reward for giving is “feeling good”. He was the only participant in this study who said that he didn’t need any more money because he has enough, living on the funds from the sale of Dick Smith Electronics. In a profound and deeply spiritual comment he said that neither he nor his wife, Pip wish to have their names on buildings even though it has been offered, because he feels it would “take

²⁸¹ Dick Smith Foods. 2002c, ‘Donations & Sponsorships’, <http://www.dicksmithfoods.com.au/dsf5/donations.htm>, accessed 8 October, 2002.

²⁸² Dick Smith Foods, 2004a, ‘Dick Smith Foods: As Australian as you can get: Donations & Sponsorships’, <http://www.dicksmithfoods.com.au/dsf/index.php?d+main&p+bio>, accessed 8 October, 2004.

²⁸³ Dick Smith Foods, 2004a, ‘Dick Smith Foods: As Australian as you can get: Donations & Sponsorships’, <http://www.dicksmithfoods.com.au/dsf/index.php?d+main&p+bio>, accessed 8 October, 2004.

away the satisfaction and the pain” if his gifts were publicised in that way. He says that feeling an obligation to put something back into the country beyond taxes “seems normal” to him.

Dick and Pip Smith receive hundreds of requests for gifts each year, and “about 70% are refused” because there are too many. They donate where they think the money will be the most useful and do the most good thus revealing a utilitarian bent. All of the letters received Dick reads personally, makes decisions about them, and the matter is dealt with immediately. Although large gifts are made they also give a lot of gifts in the \$2,000-\$5,000 range. Only two other participants in this study accept requests from individuals and they make grants in the range of \$250-\$1,000. However they did not want their names mentioned because they do not want any more applications (P. D. S., *pers. comm.*, 5 March, 2003). Dick prefers to give single donations rather than being committed to any particular charity. However he does make ongoing gifts to the Wesley Mission in Sydney, especially to support the Wayside Chapel work.

An example from this researcher’s personal experience of one of the ways he likes to give happened when was on his Australian of the Year Tour of Honour. In each capital city he visited he invited questions and there would usually be a question about how to raise money for certain projects, he answered the question with useful advice and then gave around \$7,000 on the spot to the scheme that appealed to him.

In summary, Dick Smith has had an almost lifelong commitment to philanthropy for altruistic reasons, although he does not articulate those reasons in this way, and maintains a personal involvement in the process of giving. His motivations are clear and his techniques would seem to be well honed.

5.8.4 Robert Champion de Crespigny

Robert de Crespigny is the man who founded a major mining company in 1985 with just \$2 million in capital and turned it into “a gold mining colossus, which was capitalised at \$5.2 billion when he sold it to a US-based mining company last year”²⁸⁴. Currently he is chairman of the Economic Development Board in South Australia, an advisory board created by the Premier, Mike Rann in 2002, and is charged with the responsibility of “delivering recommendations and overseeing the implementation of

²⁸⁴ Ham, P. 2004, ‘What I have learned: Mine Over Matter’, <http://www.icaa.com.au/services/index.cfm?id=A106309443>, accessed 29 September, 2004.

changes to the South Australian economy”²⁸⁵. He was also chancellor of the University of Adelaide, a position he has announced he will relinquish²⁸⁶ as well as chairman of several other companies and holds “substantial dairy farming interests”²⁸⁷.

When he sold the mining company he formed a family foundation to manage his personal philanthropy. He says that there were two influences that caused him to become a philanthropist. His father, Jim had a great influence on him “in terms of being a giver, but equally life has been good to me and I feel an obligation to give back” (P. D. S., *pers. comm.*, 5 March, 2003). Paul Ham (2004) spoke of him as “the man with the golden touch”. He told Ham that he began work “with some special people who helped me and promoted me early”²⁸⁸. The biggest influence on his early career as an accountant was the late Richard Prestney who told him, “you can improve everything”²⁸⁹. Others mentors who guided his business life included Sir Frank Espie “one of Australia’s greatest engineers, and the fellow who built Bougainville”²⁹⁰, his own father, who “advised him to leave Melbourne and go west”²⁹¹, and Harry Oppenheimer “who was a tremendously supportive Normandy shareholder”²⁹².

Early in his discussion with this researcher, in similar vein to Sir Eric Neal (refer Ch. 5, Section 5.8.2, pp. 220), de Crespigny made the distinction between corporate giving and individual giving. He would not use the word ‘philanthropy’ in relation to company giving despite widespread use of the term ‘corporate philanthropy’. He gave the example of a mining company that gives large amounts of money to Aboriginal cause, because it is important for the company to be able to carry out its mining and exploration activities that it has a good relationship with the traditional owners of the land. However he agrees that the term, philanthropy, “is right for individual giving” (P.

²⁸⁵ Ham, P. 2004, ‘What I have learned: Mine Over Matter’, <http://www.icaa.com.au/services/index.cfm?id=A106309443>, accessed 29 September, 2004.

²⁸⁶ The University of Adelaide. 2005, ‘Robert Champion de Crespigny AC to hand over Chancellor reins’, <http://www.adelaide.edu.au/news/print821.html>, accessed 23 August, 2005.

²⁸⁷ Ham, P. 2004, ‘What I have learned: Mine Over Matter’, <http://www.icaa.com.au/services/index.cfm?id=A106309443>, accessed 29 September, 2004.

²⁸⁸ Ham, P. 2004, ‘What I have learned: Mine over Matter’, <http://www.icaa.com.au/services/index.cfm?id+A106309443>, accessed 29 September, 2004.

²⁸⁹ Ham, P. 2004, ‘What I have learned: Mine over Matter’, <http://www.icaa.com.au/services/index.cfm?id+A106309443>, accessed 29 September, 2004.

²⁹⁰ Ham, P. 2004, ‘What I have learned: Mine over Matter’, <http://www.icaa.com.au/services/index.cfm?id+A106309443>, accessed 29 September, 2004.

²⁹¹ Ham, P. 2004, ‘What I have learned: Mine over Matter’, <http://www.icaa.com.au/services/index.cfm?id+A106309443>, accessed 29 September, 2004.

²⁹² Ham, P. 2004, ‘What I have learned: Mine over Matter’, <http://www.icaa.com.au/services/index.cfm?id+A106309443>, accessed 29 September, 2004.

D. S., *pers. comm.*, 5 March, 2003). All of his giving these days, he says, may be described as philanthropy.

He says he gives because he thinks he should, especially to the schools his children attend, and to his alma mater, Trinity College in Melbourne. He had a particular word of commendation for Ron Radford, former Director of the Art Gallery of South Australia and for Tim Flannery, former Director of the South Australian Museum because they ask for gifts “the right way that is through people of influence”. He cites as an example of that method working successfully, the Reconciliation Walk where it was hoped to raise \$250,000 but ended up with \$2 million because of the way they asked for gifts. This researcher would endorse that view from her experience.

His foundation reviews its policies each year so it is important for would be askers to keep up to date. The foundation will not answer letters from professional fundraisers because as he said, “I will not give a fundraiser money, they take a percentage” (P. D. S., *pers. comm.*, 5 March, 2003). However he did say that if someone writes a letter and then follows it up they will receive a response via his secretary. It was made clear that there will only be a response if the letter is followed up. Each year the total amount to be given away is “a judgment call” (P. D. S., *pers. comm.*, 5 March, 2003), but each year for the past three years the Foundation has given away \$250,000 to \$1 million. Gifts are not usually less than \$10,000, although there are some smaller grants. Decisions about applications for funds are made twice a year. The foundation will not make ongoing commitments, but will accept subsequent applications from successful applicants. It was noted that Normandy Mining Ltd gave away around \$10 million per annum in its later years (de Crespigny, 2005, p. 3).

Asked about acknowledgment of grants he indicated that this aspect is “monitored loosely”, but he does like to receive a thank you letter because that is “common courtesy” (P. D. S., *pers. comm.*, 5 March, 2003). However he does like to develop close relationships with the recipients of larger gifts in the range of \$50,000 to \$200,000. He cited Port Power football club and the Wheelchair Sports Association as organisations that do well at keeping touch with the giver. Several other charities he named as being “bad at acknowledgment” but it does not seem appropriate to name them here.

He says he is “bullish” about the future of philanthropy in Australia. In this context

he indicated that he does not think Australian giving should be compared with giving in the USA because “our wealth is different and our tax regime is different” (P. D. S., *pers. comm.*, 5 March, 2003). This is a rider that must always be added when comparing the two, or when comparing Australia with the UK.

In summary, de Crespigny is very clear about his motivations, the influence of his father and other key figures, along with the fact that he feels that life has been good to him and therefore it is incumbent upon him to give back to the community. His techniques have been sharpened through experience and are kept up to date through regular reviews.

5.8.5 Heytesbury Pty Ltd.

Janet Holmes à Court, Chairman

Janet Holmes à Court chairs one of Australia’s largest private companies. She took over running the family businesses when her husband, Robert died prematurely in 1990, leaving debts amounting to \$350 million. She has restructured the businesses and today she is chairman of Heytesbury Pty Ltd, “a family-owned company with extensive business interests in Australia”²⁹³. A former science teacher, she came from a politically active family with a mother who was involved with Aboriginal education and world peace. In 1995 she received an Order of Australia in recognition of her “service to business, arts and the community”²⁹⁴. Holmes à Court chairs The Australian Children’s Television Foundation, The Black Swan Theatre Company and The West Australian Symphony Orchestra, and was a delegate representing the Australian Republican Movement at the Constitutional Convention in Canberra in February, 1998²⁹⁵.

Holmes à Court’s belief is that “philanthropy is just another way to be a participant in life, rather than just a spectator” (Philanthropy Australia, 2005b, p. 33). She believes also that “it is important to be guided by where your contribution will be most useful” (p. 33), and that this, “inevitably will be where your own passion and interests lie” (p. 33), hence her significant involvement both financially and personally in the arts.

On sponsorship she says, “I believe sponsorship dollars should be spent on extras -

²⁹³ Heytesbury Beef. 2005, ‘Company Profile’, <http://www.heytesburybeef.com.au/main.asp?sectID=1&subsectID1>, accessed 16 March, 2005.

²⁹⁴ Janet Holmes a Court. 2002, ‘Janet Holmes a Court (1943 -)’, <http://www.abc.net.au/btn/Australians/acourt.htm>, accessed 16 March, 2005.

²⁹⁵ Constitutional Convention. 2005, ‘Elected Delegates’, <http://www.aph.gov.au/hansard/conv/con0202>, accessed 16 March, 2005.

icing on the cake, if you like, enhancements to activities. At the moment, a lot of sponsorship dollars go in to making operations possible” (Holmes à Court, 2005, p. 1). While “generally optimistic” (Philanthropy Australia, 2005c, p. 33) regarding the future for philanthropy in Western Australia, she is concerned about what she sees as a lack of vision demonstrated by both State and Federal Governments. She thinks that government should “play a stronger facilitative role with initiatives such as greater tax incentives to attract more people into giving, and those already giving to give more” (p. 31). This is despite the ongoing efforts of the Prime Minister’s Community Business Partnership (refer Ch. 1, Section 1.1, p. 2).

She is concerned also about the government response to organisations that are successful at fundraising, and says,

They use that as an excuse to withdraw more and more public funding until organisations like WASO (Western Australian Symphony Orchestra) cannot even turn the lights on without philanthropy. This renders fundraising success very much a doubled-edged sword. Too much reliance on philanthropy and sponsorship leaves an organisation very fragile and vulnerable to outside forces. You only need one big sponsor to pull out and you can be in dire straits. The dependency it creates is not good for any of the parties involved – short or long term. For example, it can make corporate or private donors wary of entering new partnerships where base-level funding is not in place (Philanthropy Australia, 2005c, p. 33).

Her concerns, in the experience of this researcher, are relevant for many not-for-profit organisations and would be echoed by many leaders in Australia’s philanthropic sector.

5.8.6 The Walter and Eliza Hall Trust

David Duchesne, Secretary

The Walter and Eliza Hall Trust was established on 24 May, 1912 by Eliza Rowden Hall in memory of her husband, Walter Russell Hall who was already a well known philanthropist, as a vehicle to continue their philanthropy to the community (The Walter and Eliza Hall Trust, 2003, p. 1). The start up capital was £1,000,000 out of the £2,915,513 Eliza inherited in the three Eastern states of Australia. According to King (1939, p. 168) she had to be persuaded to include her own name in the title of the Trust. Their money had been made from two sources, gold mining at Mount Morgan and coaching through their investment in Cobb and Co.

Walter came to Australia from Kington, Herefordshire, England in 1852 at the age

of 21. His early ventures in gold mining were not lucrative, but later he “reaped huge rewards in dividends” (Kerr, 1982, p. 1) from his interest in the Mount Morgan Gold Mine in Queensland. He became an agent for Cobb and Co (King, 1939, p. 168), the coaching firm, where he proved his organising abilities and built his wealth. However he “retained a weakness for mining” (Kerr, 1982, p. 22) and when funds were needed to mine the second discovery of gold on Mount Morgan the developers turned to him (p. 22).

He and Eliza had two homes, one in Melbourne and the other, ‘Wildfell’ in Sydney where they were reported to live quietly. When Walter died in 1911 at the age of 81 he was “still a director of both Mount Morgan and the Mercantile Mutual Insurance Company and active on the governing board of the Australian Jockey Club in Sydney” (p. 144).

Walter and Eliza did not have any children and during their life time made “many generous and often anonymous donations” (p. 168) to individuals and charities. Among the individuals to benefit from the Trust have been a number of students who obtained “post graduate travelling and research fellowships – some have had distinguished careers and made valuable contributions to the Australian community” (p. 168). In the past the Trust made grants also for clergy training in the Anglican Church, but today instead it assists poorer dioceses in the Anglican Church.

The Trust Deed reflected their concerns and provided for the income from the Trust to be disbursed one half to New South Wales and a quarter each to Victoria and Queensland. The Deed stated that the areas to be supported were the relief of poverty, the advancement of education, the general benefit of the community and the advancement of religion in accordance with the tenets of the Church of England, (Philanthropy Australia, 2003b, p. 177).

Probably their best known gift was to found The Walter and Eliza Hall Institute of Medical Research, established in 1916 in conjunction with the University of Melbourne and the Royal Melbourne Hospital (The Walter and Eliza Hall Trust, 2003, p. 168) with “a large part of Victoria’s share of trust funds” (p. 168). Bequests and other donations have “greatly enlarged this institute which over the years has made notable contributions to medical knowledge” (p. 168).

In 1986 the trustees established an additional trust, The Walter and Eliza Hall

Supplementary Trust as a vehicle for givers to make tax deductible gifts “to continue the ideals of the original Trust begun in 1912” (The Walter and Eliza Hall Supplementary Trust, n.d., p. 1). A gift of \$10,000 entitles the giver, either individual or corporate, to become a Member of the Supplementary Trust and also to send a representative to the Supplementary Trust’s meetings. Donors to the Trust through named funds are Sir Vincent Fairfax, the Fairfax Family Fund, Dr Hudson Lennox and Margaret Augusta Farrell (P. D. S., *pers. comm.*, 24 March, 2003). All of these have representative members and continue to contribute financially to the Supplementary Trust. Donors to the Supplementary Trust may choose how their contribution is used by having the capital amount invested and only the income disbursed:

This also allows for a percentage of the yearly income to be capitalised thus increasing the original amount year by year, or the total given can be disbursed in its entirety for a particular need under the heads of charitable causes. Any distributions from the Named Funds are sent to recipients with the individual or corporate donors name mentioned (The Walter and Eliza Hall Supplementary Trust, n.d., p. 1).

The Trust has also established a separate fund to provide equipment such as wheelchairs and dialysis machines (P. D. S., *pers. comm.*, 24 March, 2003).

Perusal of the Application Fund Report of 30 May, 2002 reveals a large number of grants ranging from “\$60.85 to pay telephone account for cancer sufferer and \$71.10 for board at the Queen Mary Hostel” (The Walter and Eliza Hall Trust, 2003, pp. 2,3) to an upper limit of \$500 for such purposes as “essential oxygen equipment; cot and mattress; plumbing for dialysis machine; triplet pram; funeral baby daughter; glasses and contact lenses; dental work; and wig for cancer sufferer” (pp. 3-5).

Contrary to quite a few other trusts and foundations, The Walter and Eliza Hall Trust does not provide grants for buildings or other capital works. Its other exclusions are more in line with other trusts researched in that they do not fund films, videos, books; conferences; political organisations; core operating costs; salaries; general fundraising appeals; travel; and vehicles (Philanthropy Australia, 2004a, p. 223). Another matter of interest is that the Trust does not publish an annual report and does not have a standard application form, except for those applications relating to financial assistance (p. 223). While DGR status is not required, applicants must be “a registered charitable organisation, an accredited church or a public hospital” (p. 223).

This Trust is very interested in the needs of the poorest of the poor. The informant

told the researcher that they encounter “some incredibly needy cases” (P. D. S., *pers. comm.*, 24 March, 2003). In these cases applications may come via Centre Link where the staff may assist the applicant in completing the forms. Sometimes the trust will assist with payment of utility accounts, thus saving disconnection and the resulting reconnection fee. Occasionally one of these recipients repays the money, although staff members admit they do at times “get cynical” about some applicants. The Trust does not receive visitors and prefers not to receive telephone enquiries.

The Walter and Eliza Hall Trust has endured for nearly one hundred years doing the work for which it was set up by the Halls. While one might remark on the large number of small grants up to the ceiling of \$500 it seems that those comparatively small amounts make a difference to the lives of ordinary people in times of difficulty. It is worth noting too, Lyons’ comment that despite trusts such as Hall and the Felton Bequest Australian foundations have “failed to grow as the American foundations did and, more importantly, failed to inspire initiators” (Lyons, 2001, p. 92).

5.8.7 The R E Ross Trust

Sylvia Geddes, Executive Officer

Roy Everard Ross (6.7.1899 – 1.11.1970) was an engineer, quarryman, investor, and philanthropist who, although married had no children to inherit his wealth (P. D. S., *pers. comm.*, 14 March, 2003). For 25 years he was Shire Engineer in West Gippsland, Victoria and “developed a reputation for competence and efficiency” (Sandilands, n.d., p. 5). At the same time “he was seen by many as aloof and a hard man and by the very few who became close to him, as warm and fun loving and fond of children” (p. 5). According to Sandilands (n.d.), “the other side of Ross was his big head, selfishness and bad temper” (p. 29). One his fellow card players said that Ross was “not particularly generous, spending little on himself and influenced by his wife’s frugality” (p. 29). He worked long hours and justified this work pattern by saying that he could not stop because he was “paying too much tax” (p. 30). Ross was a “keen bushman who had an extensive knowledge of native plants and trees, and made a study of the habits of birds and their calls” (The R E Ross Trust, n.d., p. 1).

He established Bayview Quarries in 1959 and, when it was taken over by Boral Ltd. in 1968, he became a partner with Tom Maw in what became Hillview Quarries at Dromana (Sandilands, n.d., p. 5). Ross became also “the largest individual shareholder

in Western Mining” (p. 5) and those shares became “the major part of the legacy he left to establish The R. E. Ross Trust” (p. 5). The Trust was established in Victoria in 1970 as a perpetual charitable trust under his will (Geddes, 2003, p. 1). Unlike a number of other trusts and foundations studied for this work, Ross’s will did not require applicant organisations to be DGRs. He specified both “charities and charitable purposes” (p. 2) and thus made it possible for grants to be made to organisations that “might be charities under Commonwealth or State laws but which are carrying out charitable purposes according to the English and subsequently Australian common law” (refer Ch. 1, Section 1.7, p. 14). Provision was made in the Ross will for five trustees to operate the Trust and he gave them “absolute discretion” (Sandilands, n.d., p. 49). They meet monthly because they “have the onus of managing the Trust’s assets” (P. D. S., *pers. comm.*, 14 March, 2003).

Today the Trust operates on income from “assets acquired following the disposal of the Western Mining shares and from the earnings of Hillview Quarries” (Sandilands, n.d., p. 5). The Trust is unique in that “it is the only Australian trust that owns a quarry as one of its investments” (p. 5). The composition of the Trust’s portfolio of assets and investments has changed over the years “including by the addition of units in property trusts” (p. 58). Unsolicited applications for grants are accepted from eligible organisations in Victoria and the Trust also “initiates and supports major and special projects” (Geddes, 2003, p. 1). All grants must be made for a purpose which is charitable in the legal sense”.

The annual distribution from the Trust is around \$2 million and it goes to purposes in line with Ross’s wishes as expressed in his will that includes using the money to purchase “high conservation value land...to meet difficult environmental needs” (Philanthropy Australia, 2004a, p. 181). However in the year 2003-04 the Trust distributed just under \$3.9 million, and during the year grants totalling over \$5.8 million were approved, including 53 grants that would be paid in future years (The R. E. Ross Trust, 2004, p. 56). Up to February 2003 the Trust had spent \$6.5 million on buying land to be made into state national parks (P. D. S., *pers. comm.*, 14 March, 2003). This activity began in 1974 when the Trust purchased approximately nineteen acres at Mallacoota Inlet to form part of the Mallacoota National Park, and also two blocks to form part of the Brisbane Ranges National Park. There have been other acquisitions in the interim but the latest purchase was through a grant to enable the Trust for Nature to

buy the 30,000 hectare Ned's Corner Station in Northwest Victoria. The property is considered to be of "immense significance to conservation in Victoria" (Geddes, 2003, p. 4), especially as it includes fourteen kilometres of River Murray frontage (p. 4).

The first trustees saw difficulties in setting up a mechanism that would enable them to carry out Ross's wishes regarding conservation while at the same time complying with relevant legislation. However in 1972 the Victorian Conservation Act was passed in State Parliament and so the R. E. Ross Trust was enabled to work with the Victoria Conservation Trust established under the legislation "to ensure the integrity of the conservation values of the properties for which it provides grants for purpose of their purchase" (p. 4).

The Trust receives thousands of unsolicited requests each year (P. D. S., *pers. comm.*, 14 March, 2003). In *The Australian Directory of Philanthropy 2004/2005* the priority interests are described in these terms:

... assisting communities of people to help themselves and others in ways that can be sustained into the future. The Trust favours projects which attract volunteers and where there are expectations and plans for the project's positive impact to be sustained beyond the grant period, including through the efforts of those participating in the project.

Specific priorities are:

projects designed to develop, test and implement creative solutions to persistent, difficult social and environmental needs and problems; and

requests for small grants to enable smaller community organisations to begin or continue to make a positive difference in their communities (Philanthropy Australia, 2005d, p. 180).

Each year the Trust considers making grants "for some major projects which meet high priority needs. These grants are not open to general application" (Geddes, 2003, p. 1). There are three ways that the Trust selects organisations for major grants: by commissioning a special project from an individual organisation with special expertise; by inviting a limited number of organisations with expertise and interest to apply to undertake a special project; or by inviting applications through public advertisement to undertake a special project defined by specified outcomes (p. 1).

Currently the Trust is supporting major projects in the areas of "Emergency Relief and Material Aid for poverty alleviation, and Early Intervention" (p. 1). In addition to what are termed 'major projects' the Trust supports a number of 'special projects' that

have a feature in common, namely that they “continue to receive grants over long periods of time” (p. 1). The current special projects are of interest in that the first two trace their origins to the will of R. E. Ross in that he wished “that in paying or applying the said income my Trustees shall, having regard to the circumstances prevailing from time to time, give consideration to the desirability of the provision of funds for the education and maintenance of foreign students in Australia” (p. 2). The two projects are The Ross Trust Regional Fellowship Program and the Ross Trust Travelling Scholarship. The third special project chosen by the trustees came about because they wished to “reach small communities of people in rural and regional Victoria and also to work in partnership with other trusts and foundations” (p. 2). Entitled ‘Small Grants for Small Rural Communities Program’ the project receives contributions from a number of other trusts and foundations including The Foundation for Rural and Regional Renewal (refer Ch. 5, Section 5.9.1, pp. 240-243) to which the R. E. Ross Trust also makes a grant.

The Trust’s entry in *The Australian Directory of Philanthropy 2004/2005* when considered alongside its Web site provides a list of further priorities such as abuse, disability, family breakdown, and substance abuse, suggesting ways in which solutions may be sought. These include such matters as cultural, recreational and sporting activities; education and training; and publication and dissemination of knowledge and information (Philanthropy Australia, 2005d, p. 180). The site indicates the settings in which the projects might be carried out, and these include schools, prisons, community service agencies, home-based settings and workplaces (p. 180).

Another project of interest is ‘The Early Years’ designed to assist local communities “to refocus existing family and children’s services...so that they provide emphasis on prevention, early detection and early intervention; and...provide an integrated network of family-centred services in Victoria”²⁹⁶. The Trust in the past has provided also some support for arts and cultural activities, but now currently focuses on support for the annual Ross Trust Playwright Script Development Awards²⁹⁷.

Traditionally, and as determined by the first trustees, the R. E. Ross Trust has worked in the area of social welfare, including a contribution to the establishment of a

²⁹⁶ The R E Ross Trust. 2003a, 'Major Projects', <http://www.rosstrust.org.au/projects.html>, accessed 7 January, 2004.

²⁹⁷ The R E Ross Trust. 2003b, 'Special Projects', http://www.rosstrust.org.au/projects_special.html, accessed 7 January, 2004.

Chair of Social Studies (social work) at the University of Melbourne; nature conservation; and education of foreign students with particular regard to students from Melanesia (Sandilands, n.d., p. 59). It made some changes following a history and policy review in 2001. At that time it invited a number of charitable organisations “to share grants totalling \$200,000 each year for three years to be used in areas of high need and underprovision”²⁹⁸.

An example of projects longer than just one year is the ‘Nobody’s Clients’ project at Odyssey House that was funded with \$200,000 over two years. It is a major project being carried out through collaboration between organisations that have worked with Odyssey to address the needs of “children whose parents are receiving treatment for their drug or alcohol misuse”²⁹⁹. In another major project the Trust began in 2001 to fund Emergency Accommodation and Support Enterprise Inc. (EASE) for its ‘Solving the Jigsaw: Changing the Culture of Violence’ project. In this it has been assisted by the William Buckland Foundation³⁰⁰.

The R E Ross Trust has funded the Australian Council for Children and Youth Organisations to the extent of \$100,000 towards its establishment and operation. The objective of the Council is:

To ensure that not-for-profit organisations working with children and young people comply with minimum standards for client safety, client rights and responsibilities and quality of care and provide services which are effective and the outcomes of which can be measured through a publicly transparent process³⁰¹.

Beginning in 2002, the Trust started making a grant of \$55,000 each year to the Foundation for Rural and Regional Renewal (refer Ch. 5, Section 5.9.1, pp. 240-243) for a collaborative program supported also by Perpetual Trustees (refer Ch. 5, Section 5.10.3, pp. 260-265) and the Myer Foundation (refer Ch. 5, Section 5.5.6, pp. 180-184). Its intent is to enable better use of funds, and make application simpler for projects that

²⁹⁸ The R E Ross Trust. 2003a, 'Major Projects', p. 1, <http://www.rosstrust.org.au/projects.html>, accessed 7 January, 2004.

²⁹⁹ The R E Ross Trust. 2003a, 'Major Projects', p. 5, <http://www.rosstrust.org.au/projects.html>, accessed 7 January, 2004.

³⁰⁰ The R E Ross Trust. 2003a, 'Major Projects', p. 5, <http://www.rosstrust.org.au/projects.html>, accessed 7 January, 2004.

³⁰¹ The R E Ross Trust. 2003a, 'Major Projects', p. 6, <http://www.rosstrust.org.au/projects.html>, accessed 7 January, 2004.

improve access for rural and regional communities³⁰².

A further venture worthy of mention is the 1981 acquisition of Royston House. It was renamed Ross House in 1987 and the intent was to provide accommodation for small charities and thus reduce their overheads through not only sharing facilities but sharing administrative support (Sandilands, n.d., p. 61).

While it does not seem useful to list grant exclusions in every case it is worth noting that the R. E. Ross Trust indicates among the projects “less likely to be successful...Projects deemed to be the responsibility of governments and their agencies” (Philanthropy Australia, 2004a, p. 181).

Applicants are required to read the Trust’s guidelines before making a grant submission. They may also have a discussion by telephone or email with a member of the Trust’s staff prior to making a submission. Staff of the Trust make site visits to discuss grant applications where this is appropriate (Geddes, 2005, p. 1).

Trusts and foundations in general require reports from grant recipients, sometimes interim reports in the case of long term projects, but almost always a final report at the conclusion of the project. An example of what is required by the R. E. Ross Trust is provided by its form that appears as Appendix O.

Geddes said that there is basic generosity in the community, and the challenge for would-be givers is to create the right opportunities and the right vehicles for them to give both time and money. She says that corporate philanthropy in Australia is “only a drop in the ocean” (P. D. S., *pers. comm.*, 14 March, 2003), and this comment is borne out by the previous research where it was revealed that individual giving for the year 1997 was \$1.39 billion (49.64% of the total) while corporate giving amounted to only \$386 million (13.79% of the total). The remaining 36.57% came from bequests, and trusts and foundations (O’Keefe and Partners, 1998). However it should be noted that whatever the source social capital is still accumulated through the gift.

5.8.8 David Klingberg

Chancellor, University of South Australia

Formerly involved in a major Adelaide business, Klingberg said that his experience of corporate philanthropy had been difficult for a number of reasons. First, the business

³⁰² The R E Ross Trust. 2003c, 'Small Grants for Small Rural Communities Program', <http://www.rosstrust.org.au/projects.html>, accessed 7 January, 2004.

was one that had “low margins”. Second, it had years of good returns and years of poor returns and yet the demand for gifts did not reduce in the poor years. Third, approaches for gifts were directed to the chairman, not to the board, and the exercise was “not logical” because it depended on “who knows who” (P. D. S., *pers. comm.*, 27 February, 2003). The chairman’s wife would have charities that she was supporting as well and so these requests bypassed the board. As he said, people respond to people they know. He was pleased to be able to note that the process is “now more scientific”.

Asked about how the amounts of the gifts were determined, he said that it depended on how much was requested and if the gift were made it would be for that amount, and in some cases it was spread over two to three years. The company made gifts in kind sometimes and these gifts might be the use of printing or photocopying and other company facilities.

5.8.9 An embarrassment of riches

It was interesting that several of the informants found themselves somewhat embarrassed by their wealth and some of those were at a loss as to what arrangements to make for its future after their death. One could speculate that this embarrassment is cultural and comes from their upbringing, thus providing another subject for a future thesis for an aspiring researcher. However Dick Smith (refer Ch. 5, Section 5.8.3, pp. 223-227) did not seem to associate his embarrassment over his fortune with his upbringing, although he did say that he came from a family of modest means. Potter (refer Ch. 5, Section 5.5.9, pp. 191-198) seemed not to be embarrassed, but rather just did not know what to do with the money he had amassed.

5.9 Community Foundations

5.9.1 Foundation for Rural and Regional Renewal

The Foundation for Rural and Regional Renewal (referred to from hereon as FRRR) has been selected for inclusion in this thesis because of its rural and regional role. It claims to be “Australia’s only national philanthropic foundation dedicated to rural and regional Australia” (FRRR, 2005). Not only is the foundation of interest because of its rural and regional emphasis but because of the way it taps into the motivations of a range of givers, and also because of the leveraging techniques it uses.

The foundation commenced operations in 2000 setting up in Dudley House,

Bendigo, Victoria. It was a partnership between the Sidney Myer Fund (refer Ch. 5, Section 5.5.6, pp. 180-184) and the Commonwealth Government of Australia via the Department of Transport and Regional Services³⁰³. Its role is:

To work in partnerships with the private sector, governments, community organizations and philanthropy to champion the economic and social strength of Australia's regional, rural and remote communities³⁰⁴.

Today the foundation has financial support from funding partners, The Myer Foundation, Perpetual trustees, R E Ross Trust, The William Buckland Foundation, Sylvia and Charles Viertel Charitable Foundation and The Pratt Foundation (Admans, 2005, p. 1). The foundation counts among its board members the Rt. Hon. Ian Sinclair, Sidney Myer, Tim Fairfax and Bill Kelty.

During its first few years the foundation has been able to allocate \$5.5 million to rural communities around Australia and in addition has leveraged off that a further \$50 million to go also into rural and regional Australia³⁰⁵. It states its desire to support projects which stimulate the renewal of whole communities and which address some of the following issues:³⁰⁶

- The development of innovative business ventures and/or the use of advanced information technology and electronic commerce to enhance or create business opportunities,
- Support youth to remain in secondary and tertiary education, and/or reduce unemployment and enhance youth leadership skills,
- Support indigenous Australians to realize their economic and social aspirations,
- Support people to access education and training which will lead to improved job prospects, especially in new or expanded businesses,
- Recognize and enhance the role of women in rural community building, farm management and business development,

³⁰³ FRRR. 2005a, 'About FRRR: Who is FRRR', <http://www.frrr.org.au/aboutUs.asp>, accessed 21 April, 2005.

³⁰⁴ FRRR. 2005a, 'About FRRR: Who is FRRR', <http://www.frrr.org.au/aboutUs.asp>, accessed 21 April, 2005.

³⁰⁵ FRRR. 2005b, 'FRRR Projects', <http://www.frrr.org.au/FRRRProjects.asp>, accessed 21 April, 2005.

³⁰⁶ The full list of issues is given to indicate the range of work being done by FRRR.

- Recognise and enhance the role of volunteers in building the capacity of rural communities,
- Environmental projects which add value to existing products, demonstrate best practice in natural resource management and sustainable development and/or create jobs in new or emerging environment related businesses,
- Cultural projects which result in an increase sense of belonging to the local community and/or create employment,
- Health or community services projects, which address a key issue in a rural area,
- Projects which enhance the community wellbeing of a region through the improved use of community resources,
- Establishment of regional community foundations, and
- Rural capacity building projects³⁰⁷.

The most recent funding round indicated the themes of retention of young people in rural and regional Australia; technology and equipment; resettlement of immigrants in rural Australia; and community hardship in drought affected areas. Organisations supported included the Allora Community Kindergarten, the Apex Club of Murtoa, the Biloela Local Ambulance Committee, the Boomi Amateur Thespian Society, Lochiel Progress Association, Mount Beauty Toy Library, Ravenshoe Meals on Wheels and the Wilderness Bike Ride Association (Admans, 2005, p. 1).

In addition to the above there are a number of what might be termed ‘motherhood’ statements to be found on the foundation’s Web site, but it would seem more appropriate to this thesis to concern ourselves with the funding and outworking of some of the projects in an attempt to deduce both the motivations behind the foundation and the techniques it uses.

The ANZ has partnered the FRRR in the ‘Seeds of Renewal: Sustaining Rural Communities’, a program to offer small grants to small, rural communities³⁰⁸ in

³⁰⁷ FRRR. 2005b, FRRR Projects’, <http://www.frrr.org.au/FRRRProjects.asp>, accessed 21 April, 2005.

³⁰⁸ The population limit to qualify as a small regional community is 15,000.

Australia. The total on offer is \$250,000³⁰⁹ and individual grants may be up to \$10,000 each. Rural NPOs are invited to apply for funding for an activity that will assist sustainability in their community. They must have an ABN. The criteria are broad and simple: education, youth, employment and training, including financial literacy, and health. The stated aim is to make the process simple and straight forward and to advise the outcome of applications quickly³¹⁰. Another of the founding partners, has given \$1 million “to address the fundamental issue of water supply, its availability, distribution and, where necessary, desalination”³¹¹ through the Pratt/FRRR Water Management Fund.

Not only does FRRR fund projects itself, but it also supports the development of community foundations around Australia. The reason given for this is that “Regional community foundations are recognized as a flexible and responsive vehicle for bringing together a diverse range of stakeholders in rural communities and providing them with resources and tools to initiate key rural and regional renewal activities”³¹².

The definition of a community foundation has been taken by FRRR from the ‘International Community Foundation Support Organization’ (1998) and reads thus:

An independent philanthropy organization working in a specific geographic area which, over time, builds up a collection of endowed funds from donors, provides services, and makes grants and undertakes community leadership and partnership activities to address a wide variety of needs in its service area³¹³.

Australia can now boast 29 community foundations³¹⁴ with Australian Tax Office endorsement for tax deductibility (P. D. S., *pers. comm.*, 8 November, 2004), and others in various stages of formation; such as the Albury Wodonga Community Foundation that was launched in May, 2005³¹⁵. Some of the community foundations are being developed in collaboration with Philanthropy Australia.

³⁰⁹ FRRR. 2004a, ‘About FRRR: Annual Funding Program’, <http://www.frrr.org.au>, accessed 7 November, 2004.

³¹⁰ FRRR. 2004a, ‘About FRRR: Annual Funding Program’, <http://www.frrr.org.au>, accessed 7 November, 2004.

³¹¹ FRRR. 2004a, ‘About FRRR: Annual Funding Program’, <http://www.frrr.org.au>, accessed 7 November, 2004.

³¹² FRRR. 2004b, ‘Community Foundations: Community Foundations & Regional Development’, <http://www.frrr.org.au>, accessed 5 November, 2004.

³¹³ FRRR. 2004b, ‘Community Foundations: Community Foundations & Regional Development’, <http://www.frrr.org.au>, accessed 5 November, 2004.

³¹⁴ There are 9 foundations in NSW, 7 in Victoria, 5 in Queensland, 5 in South Australia, 1 in Western Australia, 1 in the ACT and 1 in Tasmania.

³¹⁵ Albury Wodonga Community Foundation. 2005, ‘The Community Foundation for Albury Wodonga Region’, <http://www.philanthropy.org.au/community>, accessed 4 August, 2005.

FRRR in conjunction with Philanthropy Australia commissioned a research report into “the barriers in forming community foundations in Australia”³¹⁶. The barriers to be overcome seem to be mainly in the legal and regulatory areas. The research report was funded by the Charles Stewart Mott Foundation in the USA, a foundation that “supports efforts that promote a just, equitable and sustainable society in the areas of civil society, the environment and poverty” (Philanthropy Australia, 2004a, p. 233). Two examples of community foundations are given below.

5.9.2 *Melbourne Community Foundation*

Trudy Wyse, Manager Community and Donor Services

The Melbourne Community Foundation claims to be “Australia’s first independent public foundation” (Melbourne Community Foundation, 2004a, p. 1) and summarises its mission as “generating and distributing philanthropic resources to address emerging social issues and meet the needs of our communities”. It manages a number of donor named funds and theme funds, 62 as at April, 2005, as well as its own General Fund (Wyse, 2005, p. 1). Its priorities therefore are diverse and fall mainly in the areas of interest set out in Table 5-2 below. It indicates a considerable number of exclusions from eligibility, some of which such as individuals, political organisations, religious organisations, core operating costs, deficit funding, salaries and travel may be found to be similar to a number of other trusts and foundations (Philanthropy Australia, 2004a, p. 150). At present the Foundation does its own research for suitable projects and is not driven by submissions (p. 150).

Table 5-2 Melbourne Community Foundation - Grant Distribution

Category	Percentage of total
Education and training	40
Community services/welfare	17
Indigenous	10
Overseas aid	9
Medical research/health	7
Community development/advocacy	5
Environment and animals	2
Disability	1
Administration	9

Operating for just seven years the foundation now has a corpus of \$14 million under

³¹⁶ FRRR. 2004a, ‘About FRRR: Annual Funding Program’, <http://www.frrr.org.au/aboutUs.asp>, accessed 7 November, 2004.

management and in that time has distributed over \$4 million to a range of charities in Victoria. In the year 2003-04 the foundation distributed \$662,000 in 78 grants to 55 different recipients (Melbourne Community Foundation, 2004b, pp. 5, 9) in the categories set out in Table 5-2 above. At its 2004 Board retreat, the Foundation adopted a more proactive and strategic approach to building social capital and supporting efforts to tackle serious social issues. It agreed to undertake a number of strategic initiatives in the areas of “youth at risk, ageing, and education innovation at the primary level” (Melbourne Community Foundation, 2004a, p. 1). The foundation encourages people to become involved first by becoming a donor or supporter and later by leaving a bequest. It points out that a donation made to the foundation “becomes a perpetual investment in the community so it continues to give over time” (p.1). Named sub-funds can be opened with \$5,000 (p. 1) and funding may be directed to those areas requested by the donor (p. 2). Donations may also be made to the general Fund, and these are generally directed towards the projects being funded through the Foundation’s strategic initiatives (Wyse, 2005, p. 1). Sub funds may be established by individuals, families, groups, charitable organisations or corporations. They provide the advantages of professional management and being part of an investment group.

An example of interest is ‘The Curlew Fund’ which supports “street level projects or projects that target small grass roots organisations which are not popular causes, and may not be receiving or in a position to attract mainstream funding” (Melbourne Community Foundation, 2004c, p. 3).

A different type of fund altogether is the ‘APT Conservation and Charitable Foundation’ established by Australian Pacific Touring Group (APT) “to support processes, events and activities that resolve problems and address issues that make a positive, measurable difference to selected causes in Australia and New Zealand” (p. 3).

Melbourne law firm, Slater and Gordon has been a donor for some time and has now established a new fund, ‘the Slater and Gordon Asbestos Research Fund’ with an initial commitment of \$500,000 over five years. The fund will support research aimed at finding “a cure for asbestos-related diseases, particularly mesothelioma” (p. 3) and “sharing of information amongst health professionals with respect to the prevention, treatment and palliation of asbestos-related disease” (p. 3).

5.9.3 *Queensland Community Foundation*

Mike Ahern, Chairman; Annie Kirwan, Executive Officer

The establishment of the Queensland Community Foundation (QCF) came about through a group of like-minded people with philanthropic intentions, who aimed to provide an accessible system for citizens and organisations to create a source of perpetual funding for charities and NPO's (Kirwan, 2005, p. 1). Similar to the Melbourne Community Foundation it is "a public charitable trust set up to serve the State's communities by providing a permanent funding source for charity"³¹⁷. It was established by the Public Trustee of Queensland in 1997 "as a unique charitable organisation. It unites the government community and business to progress the cause of philanthropy in Queensland and beyond"³¹⁸. However, despite enjoying bipartisan support, the Foundation does not receive any government funding (Kirwan, 2005, p. 1).

Its Mission Statement reads:

To build a community foundation providing the most efficient, effective and secure permanent trust fund (Queensland Community Foundation, 2003, inside cover).

The Premier of Queensland, The Hon. Peter Beattie, commends the foundation for its work and says, "I am proud of this Foundation, which exemplifies the Government's vision of a fairer society in the Smart State of Queensland" (p. 1). As its publicity material points out the original donation is retained intact, only the interest earned is distributed. The Chairman of the Foundation, former Premier Mike Ahern, has pointed out that the services provided by the Foundation go beyond "encouraging people to make wills or raise funds for the 90 or so Named Funds...The QCF is committed to adding value to the not-for-profit sector in any way that it can" (Queensland Community Foundation, 2003, p. 1).

Where the Queensland Community Foundation differs from the Melbourne Community Foundation (refer Ch. 5, Section 5.9.2, pp. 245-245) is in its management as The Public Trustee of Queensland has that responsibility, although there is a voluntary Board of Governors chaired by Mike Ahern. Each donation is directed by the giver to the charity of their choice and thereby provides ongoing funding for that

³¹⁷ Queensland Community Foundation. 2005, 'About: History. Board Members: About QCF', <http://www.qcf.org.au/about.html>, accessed 23 April, 2005.

³¹⁸ Queensland Community Foundation. 2005, 'About: History. Board Members: About QCF', <http://www.qcf.org.au/about.html>, accessed 23 April, 2005.

organisation. There are “no legal or set-up charges” due to the administrative support provided by The Public Trustee of Queensland, partnered by the Queensland Investment Corporation to manage the funds, and Anglo Coal Australia as the three major sponsors (Queensland Community Foundation, 2003, pp. 4, 5). It is worth noting too that the members of the Foundation’s board of governors give their services voluntarily; they are community leaders from a range of fields³¹⁹. The QIC (Queensland Investment Corporation) manages the Foundation’s investments, “the funds are invested to balance capital growth and income receipts” (p. 2).

Since the Foundation was set up in 1997, 77 charities and NPOs have joined. By 30 March, 2005 the invested value of the fund had reached \$10.1 million. It had also received bequests valued at \$220 million, but no tracking is available as yet on private will writers (Kirwan, 2005, p. 2). The Foundation provides for individuals to establish named funds in a similar way to the Melbourne Community Foundation (refer Ch. 5, Section 5.9.2, pp. 244-245) either via a will or during the person’s lifetime (Queensland Community Foundation, 2003, p. 2), and for companies to establish a “charitable trust fund” (p. 2) through a relatively simple process. Among the 77 registered charities with named funds is a wide range of organisations from the Abused Child Trust Foundation, Australian Coast Guard Queensland Trust Fund, Lifeline Brisbane Foundation and the Nurses’ Fund of Queensland to the Wesley Research Institute Foundation, the Susannah Roberts Charitable Trust, the UQ Chemical and Environmental Engineering Foundation, the Royal Flying Doctor Services of Australia (Queensland) Foundation, and the Mount Lofty Foundation (Queensland Community Foundation, n.d.).

Another aspect of the Foundation’s work is that it makes awards to companies for their exemplification of community social responsibility (Queensland Community Foundation, 2003, p. 6), and sponsors the annual WA Lee Equity Lecture (p. 11). The 2003 Community Social Responsibility Award was made to Qantas for its work following the Bali terrorist bombing (p. 6).

The involvement of charities in the Queensland Foundation has aims relevant to this thesis in that one of its goals is to “encourage charities to provide for their future funding by establishing a perpetual income through investments” (Queensland Community Foundation, 2004, p. 1).

³¹⁹ Queensland Community Foundation. 2005, ‘About: History. Board Members, QCF’, <http://www.qcf.org.au/about.html>, accessed 23 April, 2005.

5.9.4 *Western Australian Community Foundation*

Kathryn Sydney-Smith, CEO

The Western Australian Community Foundation (WACF) was launched in June 2004 as a response to the growing community foundation movement, but with a difference made necessary by the “small highly dispersed population (only 10% of the nation’s people spread over more than 30% of its land area)” (Philanthropy Australia, 2005c, p. 5). Its mission is, “To support and strengthen Western Australian communities by: growing and distributing endowed funds, and encouraging the sharing of knowledge, to meet emerging needs”³²⁰. A key point made by its first CEO, Kathryn Sydney-Smith is that the WACF “is not a charity and is certainly not out to compete with existing charities for funds...(it) is about taking a very long term approach to providing communities with resources to choose their own future” (Philanthropy Australia, 2005c, p. 5). However it needed start up funds and these have been supplied by a mixed group of major benefactors including the Department of Local Government and Regional Development, The Myer Foundation, Alcoa, St. John of God Health Care, and Rio Tinto (p. 5). In addition to this group WACF has gained a number of “Cornerstone Partners” including Alcoa, Rio Tinto, Ernst and Young, Freehills, and the Myer Foundation as well as local “friends”³²¹.

The WACF is looking also to bequests and business-community partnerships as major growth areas in its fundraising (Philanthropy Australia, 2005c, p. 5). Givers may determine the area to which they wish their gift applied or they may opt to ask WACF to determine the area of greatest need. Current projects support education, health care, social services, the arts, economic development and environmental protection.

Already the WACF has established a core service that aims to enable “communities to establish future capital accounts. So far this includes geographic communities like the tiny-but-dynamic wheatbelt town of Hyden (home of the famous Wave Rock), as well as community sector organisations such as the award-winning Botanic Parks and Gardens Authority’s Friends of Kings Park group (p. 5).

The benefits cited for community based groups, individuals or corporations include:

³²⁰ Western Australian Community Foundation. 2005a, ‘Our Mission, Values & Goals’, <http://wacf.org.au/mission.asp>, accessed 25 April, 2005.

³²¹ Western Australian Community Foundation. 2005b, ‘Western Australian Community Foundation Cornerstone Partners’, <http://wacf.org.au>, accessed 25 April, 2005.

- Donations made to future capital accounts can be tax deductible,
- Reduced administration and management costs at a local level,
- Resources are shared with other community groups and organisations,
- Access to skills and expertise of the WACF and other communities through mentoring,
- Increased investment opportunities and outcomes from pooled funds,
- Exemplary leadership and governance,
- Education and skills-based learning and sharing opportunities,
- Provision of marketing and communication materials, and
- Streamlining of grant-making processes and procedures³²².

The Governor of Western Australia, His Excellency Lieutenant General John Sanderson is patron and a keen supporter of the WACF. He makes an interesting distinction between what are in his view charity and “good philanthropy”. He sees charity as important but with a focus on the shorter term, while philanthropy “should be about investing in long term opportunities” (Philanthropy Australia, 2005c, p. 6).

The above are just three of the community foundations, old and new, operating in Australia. A future study that could be of value would investigate the philosophies, operations and achievements of community foundations across Australia.

³²² Western Australian Community Foundation. 2005c, ‘Sharing the Benefits’, <http://www.org.au/sharing.Asp> accessed 25 April, 2005.

5.10 Trustee companies

5.10.1 ANZ Trustees

ANZ Executors and Trustee Company (ANZ Trustees) based in Melbourne “currently administers over \$1.5 billion in assets and has over 100 years experience”³²³, thus possibly making them one of Australia’s largest companies in this field. Their literature claims that ANZ Trustees “manages more than 400 charitable foundations with over \$545 million in charitable funds under management, making us one of the largest charitable services providers in Australia” (ANZ Charitable Trust Australia, 2003, p. 1). The charitable foundations managed by ANZ Trustees have a range of values from \$100,000 to \$100 million (p. 1), and they have “distributed more than \$17 million to approximately 1,250 grant recipients in the financial year to 30 June, 2002” (p. 1). In the financial year to 30 June 2003 the amount grew to more than \$18 million although the funds went to a smaller number of charitable organisations, 1,164 NFPs. The sectoral breakdown of the 2003 distribution shows where the major amounts are directed as well as the spread of recipients. It may be noted that there is a considerable bias to health, welfare and medical research.

Health, Welfare and Medical Research	9,120,741
Community and Organisational Development	3,188,037
Education, Employment and Training	1,679,212
Cultural Development and the Arts	1,293,257
Housing and Accommodation	1,050,939
Animal Welfare	312,084
Law, Justice and Civil Rights	285,775
Environment	249,519
Recreation, Leisure and Sport	82,799
	Total\$18,262,363

(ANZ Trustees, n.d.(b), p. 1)

Philanthropists may establish their own fund through ANZ Trustees, rather than a foundation, with just \$50,000. These are donor advised funds and may be for special or general purposes (ANZ Trustees, 2005a, p. 3). Figure 5-2 (below) is useful in

³²³ ANZ Executors & Trustee Company Limited ("ANZ Trustees"). 2005c, 'ANZ Trustees Programs', <http://www.anz.com/aus/fin/Trustees/guPrograms.asp>, accessed 19 April, 2005.

explaining the process when a donor establishes a fund under the ANZ Charitable Trust Australia structure. The amount that goes out in grants each year is driven by the earnings of the particular trust, as the Australian Tax Office guides foundations to distribute 100% of their earnings each year, with certain flexibility (ANZ Trustees, 2005a, p. 1). They have a quarterly funding round in line with the quarterly meeting of trustees, and carry out an initial analysis of the applications. The company receives applications every day and many of them “emphasise the dollar rather than how the project will create value for the community” (P. D. S., *pers. comm.*, 14 March, 2003). It was noted that a few trusts managed by ANZ Trustees do allow payments to be made out of capital³²⁴.

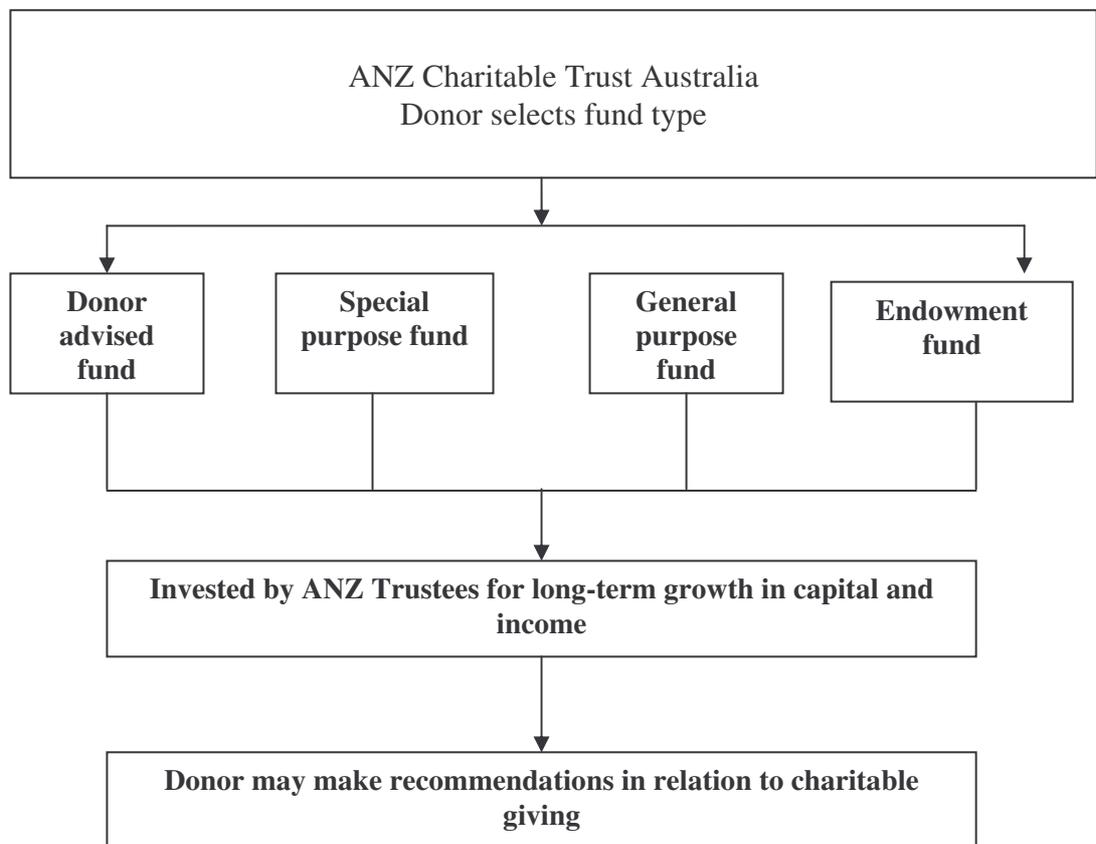


Figure 5-2 Overview of Donation Process

Generally, recurring costs will not be funded. However trusts managed by ANZ Trustees do make continuing grants, usually over not more than three years. An innovation that may take up to three years to build up is more likely to be funded. The

³²⁴ ANZ Executors & Trustee Company Limited ("ANZ Trustees"). 2005c, 'ANZ Trustees Programs', <http://www.anz.com/aus/fin/Trustees/guPrograms.asp>, accessed 19 April, 2005.

emphasis on innovation should be noted. The amount that goes out in grants each year is driven by the earnings of the particular trust, and by other considerations, as the Australian Tax Office guides foundations to distribute 100% of their earnings each year, with certain flexibility (ANZ Trustees, 2005a, p. 1). They have a quarterly funding round in line with the quarterly meeting of the trustees.

External grant researchers are employed to carry out an initial analysis of the applications. Potential grants are checked out by internal legal counsel before grant offers are made, so the time taken over the process is between three and four months. It was noted that a few trusts do allow payments to be made out of capital. The process used by ANZ Trustees in determining charitable gifts claims to be “rigorous and thorough and incorporates in depth analysis and review in consultation with you as donor” (ANZ Trustees, 2003b, p. 5).

All projects funded are subject to ongoing monitoring, and an acquittal report must be presented at the end of the funding period. Interestingly, in some cases ANZ Trustees may fund the evaluation. As was pointed out ANZ is looking for leverage, where the community may learn from the particular project. They will be interested in funding a project if they know that “learnings” will come out of it, and also if it can be seen that those “learnings” will spread across the particular sector (P. D. S., *pers. comm.*, 14 March, 2003). An important point to note in this context is that the government in Victoria has been setting up primary care partnerships where only one point of entry into the welfare system is provided³²⁵. It would seem that co-operation and partnerships such as are promoted by the trustee companies would add value to any sector of the community.

ANZ Trustees provide general grant guidelines for programs and projects under the following headings:

1. National Charitable Initiative,
2. Charitable Purposes Victoria,
3. Charitable Purposes in Regional Victoria,
4. Charitable Purposes in Tasmania,

³²⁵ ANZ Trustees. 2004b, ‘Charitable Grants: ANZ Trustees Programs’, <http://www.anz.com/australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

5. Strategic Impact in Victoria,
6. Young Indigenous People in Victoria,
7. Community Inclusion for the Disabled in Victoria,
8. Accommodation and Care of Older People in Victoria,
9. Health and Well Being of Older People in Victoria (currently not accepting applications),
10. Disaster Relief in Victoria, and
11. Medical Research in New South Wales³²⁶.

The National Charitable Initiative is intended to “assist a national strategic approach to an issue of need in the community”³²⁷ by providing seeding grants of between \$12,000 and \$20,000.

Charities applying for these grants must be an ITEC. Some of the aspects that will make an application more likely to succeed include a statement of “outputs and outcomes and strategic impacts, and the measures that will assess whether these have been achieved, appropriate evaluation, timeliness or ‘ripeness’ of conditions, leverage potential, contribution to knowledge and practice in the sector of operation”³²⁸.

Support for families, especially those “with complex needs”³²⁹, building the community’s capacity to strengthen and support both the family and the community, and assisting “the vulnerable and disadvantaged to gain access to, or participate in cultural programs or events in the arts, music, dance and theatre” are among areas of interest³³⁰. Again applicants must be an ITEC, and also a DGR to be eligible to apply for grants in the approximate range of \$5,000 to \$25,000 (ANZ Trustees, 2002, p. 30). There is also a program of this type for regional Victoria, but preference is given in the

³²⁶ ANZ Trustees. 2005d, ‘Programs and Projects that are applied to using the Grant Guidelines’, <http://www.anz.com/aus/fin/Trustees/guPrograms.asp>, accessed 19 April, 2005.

³²⁷ ANZ Trustees. 2004c, ‘Programs’, <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

³²⁸ ANZ Trustees. 2004c, ‘Programs’, <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

³²⁹ ANZ Trustees. 2004c, ‘Programs’, <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

³³⁰ ANZ Trustees. 2004c, ‘Programs’, <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

Will to “organizations in and around the Goulburn Valley”³³¹. The terms of the first will in the program provide for Junior Legacy, hospitals, charities that support the community, and accommodation that benefits older people³³². The second will in the program supports organisations with a current connection with the Barwon Heads and Ocean Grove area³³³.

The Tasmanian program will fund projects “for general charitable purposes in Hobart, Tasmania with the following aim: To address an identified area of need in the community”³³⁴. The Strategic Impact Program funds “pilots or trials, or provides seeding grants for 2-year projects in Victoria that aim to achieve considerable community benefit and have a strategic impact in the selected area of need”³³⁵. Grants in this program may be as high as \$400,000 paid over two years, and applicants must be ITECs³³⁶.

As to the amount of individual grants beyond those stated above, the guidelines from the particular trust may state what is a reasonable amount to request, so there would not be any point in an applicant applying for a larger amount. By way of contrast, the R. E. Ross Trust (refer Ch. 5, Section 5.8.7, pp. 234-239) lists an annual disbursement of “around \$2 million” (Philanthropy Australia, 2004a, p. 18) so an application might be for example, the Inger Rice Foundation, provided the project fits Ross’s guidelines and is among their listed “priority interests” (refer Ch. 5, Section 5.8.7, pp. 234-239). In the case of the Sylvia and Charles Viertel Foundation, the full amount required for a project will not be granted because their trustees believe, in line with Charles Viertel’s expressed view that organisations “need to engage the community, and find some funds themselves” (P. D. S., *pers. comm.*, 14 March, 2003). The wishes of the donor that established the trust or foundation are almost always to the fore in making decisions about funding, although it was found during the study that there are some trusts and foundations, often longer established ones where the trustees

³³¹ ANZ Trustees. 2004c, 'Programs', <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

³³² ANZ Trustees. 2004c, 'Programs', <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

³³³ ANZ Trustees. 2004c, 'Programs', <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

³³⁴ ANZ Trustees. 2004c, 'Programs', <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

³³⁵ ANZ Trustees. 2004c, 'Programs', <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

³³⁶ ANZ Trustees. 2004c, 'Programs', <http://www.anz.com/Australia/charitabletrusts/guPrograms.asp>, accessed 11 October, 2004.

have needed to move away from the wishes of the deceased original donor to meet changing community attitudes, needs and priorities.

Some trusts and foundations, again including the Sylvia and Charles Viertel Charitable Foundation (refer Ch. 5, Section 5.5.10, pp. 198-199), as well as The William Buckland Foundation (refer Ch. 4, Section 4.5.5, pp. 128-129) and the Felton Bequest (refer Ch. 4, Section 4.5.9, p. 131-132) are established in perpetuity while there are others such as the Stegley Foundation (refer Ch. 4, Section 4.5.4, p. 126-128) and the CEPA Trust (refer Ch. 5, Section 5.5.4, pp. 168-175) that were set up to have a limited life.

ANZ Trustees has grouped a number of smaller trusts together “to ensure a stronger focus on the charitable areas nominated by the benefactors. Each program provides specific support” (ANZ Trustees’ Charitable Services, 2002). The groupings below give some indication as to the purposes of the smaller trusts and it may be seen that their purposes are in some respects similar to those of the larger trusts and foundations:

1. Family and community support program,
2. Arts and culture projects,
3. Older people accommodation and care,
4. Medical research and technology in Victoria,
5. Charitable organizations in Tasmania, and
6. Smaller grants in Victoria (assists smaller charitable organizations in their activities),
7. People, including children with disabilities,
8. Strategic Impact Program, and
9. Community foundations (ANZ Trustees’ Charitable Services, 2002).

Unlike individual philanthropists and corporate philanthropists it is not possible to determine all of the motivations of those who provide the funds for the large number of foundations managed by ANZ Trustees. However it would seem to be safe to say that

their motivations would be in line with those already identified in this thesis. As to techniques for distribution these should be determined by the trustee company.

It may be noted here that individuals, corporations or organisations wishing to establish tax deductible charitable trusts may be assisted to set up their own trust or they may decide to make a tax deductible contribution to one of the existing funds.

Another point worthy of mention is that ANZ Trustees promote Workplace Giving Programs to support worker-nominated charities and highlight the fact that the tax deductions benefit being obtained immediately (ANZ Trustees, 2003b, p. 4).

5.10.2 Trust

Richard Morrison, Manager Charitable Trusts and Client Services

Trust was formed in December, 2002 as the result of a merger between “two of Australia’s oldest companies” (Sweeney, 2004, p. 8), Trust Company of Australia (Trust Company), a publicly listed company established in 1885, and Permanent Trustee Company Limited (Permanent) established in 1887. These forerunners are The combined body has assets under its administration in excess of \$1.1 billion, of which \$335 million is in charitable monies under trusteeship, including Trust Foundation (pp. 9, 15). Trust’s commitment is to support the following areas:

1. Health,
2. Education,
3. Culture and Arts,
4. Medical Research,
5. Scholarships,
6. Community,
7. Aged Care,
8. Youth Services, and
9. Disabled Persons (P. D. S., *pers. comm.*, 7 April, 2005).

Key programs financially supported by Trust worth noting for their diversity and

geographical spread include:

1. Dolphin Research Institute,
2. Howard Florey Institute,
3. Life Education Victoria,
4. Queens College,
5. Royal District Nursing Service,
6. State Library of Victoria Foundation,
7. World Vision,
8. Muscular Dystrophy Queensland,
9. National Stroke Foundation,
10. Reach Foundation,
11. Queensland Institute of Medical Research,
12. Ride for Life,
13. Salvation Army Cyber Cafes, and
14. The Shrine of Remembrance, Melbourne, Education Programs

(P. D. S., *pers. comm.*, 7 April, 2005).

A large number of other organisations are supported with grants in excess of \$5,000. In addition, Trust acts as trustee for a number of major awards and scholarships, such as the Miles Franklin Literary Award; the Marten Bequest Travelling Scholarship awarded to six young people as individual scholarships over a two year period; and The Portia Geach Memorial Award for excellence in portraiture by a female artist (Sweeney, 2004, p. 17).

The researcher's first discussion in this area was held with Richard Morrison of Trust Company Australia on 7 April, 2003 and elicited information and comments

about Trust Company Australia which has for many years managed a range of trusts and foundations, either set up under wills or during the lifetime of the person. A further discussion with Morrison by telephone on 7 April, 2005 updated the information.

Morrison says that people setting up trusts or foundations are “a combination of philanthropists and people with families who may have been associated with a particular charity” (P. D. S., *pers. comm.*, 7 April, 2005). He was “not aware of family or other influences on people setting up trusts”. Some trusts and foundations are directed to a particular project such as for example, “\$3 million (now grown to \$14 million) left in a will to provide for residences for the frail elderly in hospitals, hostels etc. The funds were for building and maintenance Victoria wide” (P. D. S., *pers. comm.*, 7 April, 2005). Another trust worth \$50 million was set up to assist with “ear, nose and throat ailments”. In the case of universities and schools where scholarship trusts have been set up they are usually the result of the person having attended the particular university or school (P. D. S., *pers. comm.*, 7 April, 2003).

In all cases only the income from the trust, “never the capital” (P. D. S., *pers. comm.*, 7 April, 2003) is allocated out in grants. The grants are always in cash and some are made over a period of time. Each year the trusts under Trust Company Australia management up until the merger generated around \$6 million. Up until 2002 the company was granting small amounts ranging from \$2,000 to \$5,000 to as many applicants as possible, but in 2003 it changed its policy and began selecting between eight and ten charities for major grants because they wanted to be able “to make a difference” (P. D. S., *pers. comm.*, 7 April, 2003)³³⁷. In 2003 the maximum grant became \$50,000 per annum for three years for which annual evaluation was required. The largest grant was \$150,000 paid over three years from that trust to support the aged. Applicants must have an Australian Business Number (ABN), an ITEC and a DGR certificate. Grants are not made to individuals and all grants made are “subject to satisfactory progress” (P. D. S., *pers. comm.*, 7 April, 2003). Morrison said that as they were both managers and trustees, company staff generally had a close relationship with the recipients, now better facilitated due to the smaller number of grants made.

The company responds to letters from charities when a response is necessary and,

³³⁷ It may be noted here that the O’Keefe & Partners consultancy has stated a similar aspect of individual giving claiming a change in patterns with donors deciding to “restrict their giving to two or three charities, rather than spread their generosity over smaller amounts” (Clements, n.d., p. 1).

whilst it requires a written application for a grant, it does encourage callers to the office or over the telephone. Applications are reviewed on receipt and considered for a grant when the annual allocations are made by the board.

Morrison could foresee pressure on trusts and foundations increasing as governments retreat from welfare areas, especially the care of the aged. This view is in line with opinions expressed earlier (refer Ch. 1, Sections 1.5-1.7, pp. 11-15).

5.10.3 Perpetual Trustees Australia Limited

Paul Prindable, National Manager - Property and Technical Services

Perpetual Trustees Australia Limited, a publicly listed company, “is one of Australia’s most respected financial service institutions that has been building and protecting the wealth of Australians for more than 118 years”³³⁸. Perpetual Philanthropic Foundations is “a specialist division of Perpetual Private Clients and is responsible for assisting individuals, families or organizations to establish new charitable foundations; the administration of all charitable foundations for which Perpetual is trustee or co-trustee, including The Perpetual Foundation; and the distribution of income from charitable trusts and foundations to the eligible beneficiaries”³³⁹.

Perpetual’s mission statement is interesting in that it reads that Perpetual “aims to be Australia’s leading charitable gift fund”³⁴⁰ and, along with what may be regarded as the norm for such funds, it wishes to “work co-operatively with other charitable foundations to develop strategic gifting partnerships, increasing total value to the Australian community” and to “encourage philanthropy for the benefit of the Australian community”³⁴¹.

Its activities in the philanthropic arena have been extended in more recent years through the Perpetual Foundation established in 1997, “a public charitable trust which was set up to provide support to Australian charities and to build an enduring financial

³³⁸ Perpetual. 2004a, 'About Perpetual', <http://www.perpetual.com.au/subject.asp?subject=about>, accessed 11 October, 2004.

³³⁹ Perpetual. 2004a, 'About Perpetual', <http://www.perpetual.com.au/subject.asp?subject=philanthropy>, accessed 11 October, 2004.

³⁴⁰ Perpetual. 2004b, 'Mission', <http://www.perpetual.com.au/pcgf/mission.htm>, accessed 11 October, 2004.

³⁴¹ Perpetual. 2004b, 'Mission', <http://www.perpetual.com.au/pcgf/mission.htm>, accessed 11 October, 2004.

base for worthwhile causes for future generations”³⁴². This makes Perpetual “trustee of a large and diverse number of charitable trusts and foundations”³⁴³. Income is distributed annually towards a considerable range of charities and charitable purposes within the Australian community. The areas supported are similar to those supported by ANZ Trustees (refer Ch. 5, Section 5.10.1, pp. 250-256) and Trust Company Australia, now incorporated in Trust, and are listed thus:

1. Social and Community Welfare,
2. Education,
3. Medical and Scientific Research,
4. Environment, and
5. Arts and Culture³⁴⁴.

The Perpetual Charitable Gift Fund as it is titled was, according to a ‘Report from the Chairman’ established in perpetuity to:

... ensure that gifts made today continue to benefit the community, and that over time the financial benefit to charitable enterprises is greater than the original donation. It is the intention of Perpetual, as a trustee of The Perpetual Foundation, to build a foundation as a prominent vehicle to facilitate growth in philanthropy in this country³⁴⁵.

The Fund claims to be “unique” in that “it brings together in a public foundation, the generosity of private contributions with the expertise and resources of Perpetual Trustees Australia Limited (Perpetual) in the management of charitable funds”³⁴⁶. It is income tax exempt and the income earned, as is the case with the other trustee companies researched, is distributed annually to charitable bodies that have DGR status with the ATO³⁴⁷. Figure 5-3 below (p. 262) may assist in understanding the

³⁴² Perpetual. 2004b, 'Mission', <http://www.perpetual.com.au/pcgf/mission.htm>, accessed 11 October, 2004.

³⁴³ Perpetual. 2004b, 'Mission', <http://www.perpetual.com.au/pcgf/mission.htm>, accessed 11 October, 2004.

³⁴⁴ Perpetual. 2004b, 'Mission', <http://www.perpetual.com.au/pcgf/mission.htm>, accessed 11 October, 2004.

³⁴⁵ The Perpetual Foundation. 2003a, 'Charitable Gift Fund', <http://www.perpetual.com.au/foundation/AnnualReport.htm>, accessed 26 March, 2003.

³⁴⁶ The Perpetual Foundation. 2003a, 'Charitable Gift Fund', <http://www.perpetual.com.au/foundation/AnnualReport.htm>, accessed 26 March, 2003.

³⁴⁷ Perpetual. 2004c, 'Recommending Gifts', <http://www.perpetual.com.au/pcgf/beneficiaries.htm>, accessed 11 October, 2004.

relationships between the different bodies and groups within the Gift Fund orbit.

There are a number of separate funds within The Perpetual Foundation³⁴⁸, including Donor Advised Gift Funds for “individuals or families, or social, professional or community associations”³⁴⁹. According to Prindable, the recent tax ruling TD (Tax Determination) 2004/23 “has severely affected the concept of donor advised gift funds” Taxation Determination TD 2004/23 indicates that if a trustee of a public fund under Item 2 of the table in section 30-15 of the Income Tax Assessment Act 1997 “has an obligation or gives an assurance to apply funds in accordance with requests from a donor” then “a separate fund is created which does not satisfy the requirements for a public fund to which tax deductible gifts may be made. The separate fund is not entitled to be endorsed as a deductible gift recipient”³⁵⁰. Perpetual Trustees have stated that “This determination puts paid to the concept of a donor advised gift fund sitting underneath a public fund such as those set up by large corporates... This has removed the option for an easy entry point for clients who want to start effective charitable giving during their life while at the same time benefiting their preferred charities. It was a relatively cheap ‘off the shelf retail’ opportunity” (Perpetual Trustees, n.d., pp. 1, 2).

The discussion leads to Perpetual advising clients that “prescribed private funds are really the only effective vehicle available “for them to achieve their charitable wishes during their lifetime and beyond their death” (p. 7). The point is made that “Establishing a prescribed private fund offers you the opportunity to create a lasting gift, one that will benefit and support your chosen purpose in perpetuity” (Perpetual Trustees, 2005, p. 1). It should be noted too that the taxation determination TD2004/23 may also affect the operation of the Perpetual Foundation, another area that will need to be updated on the Web site³⁵¹.

However, Corporate Gift Funds³⁵² may set up with a minimum donation of

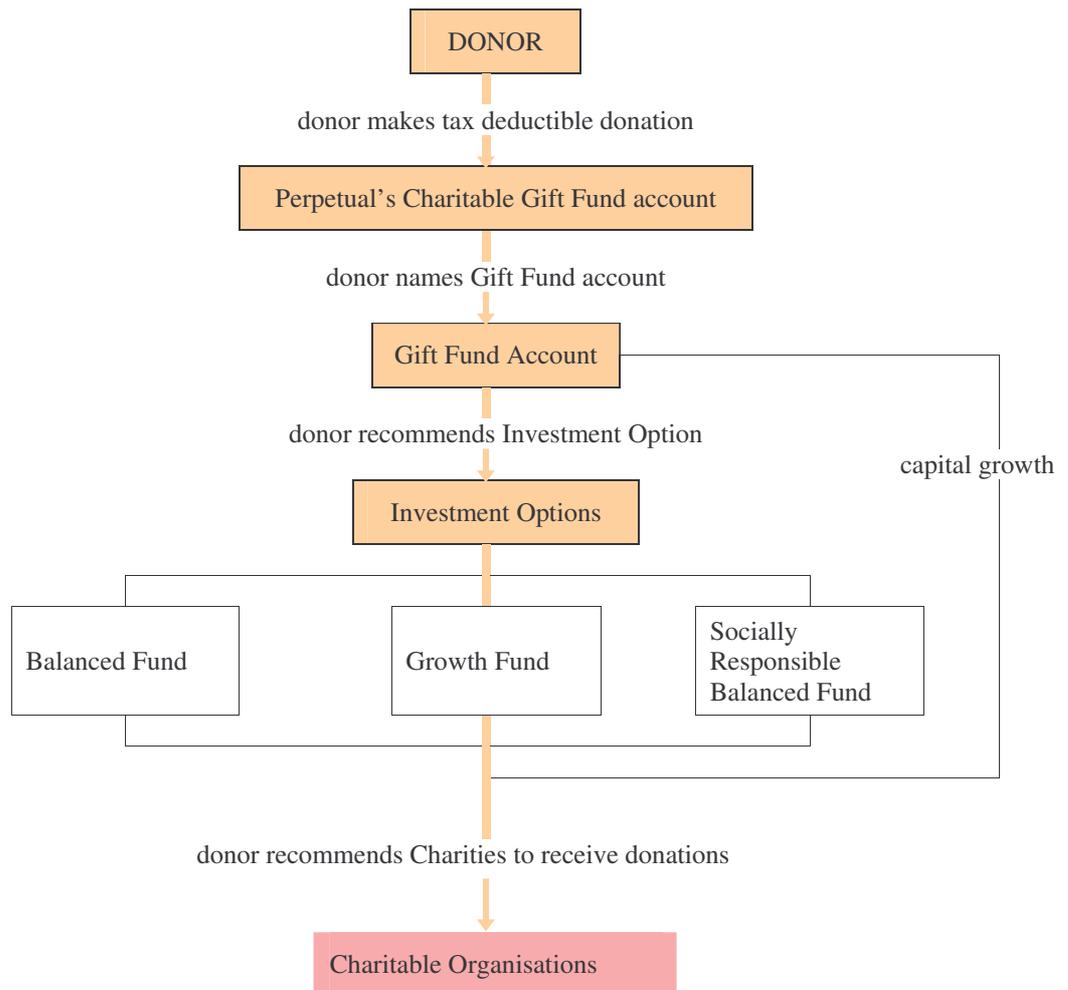
³⁴⁸ The Perpetual Foundation. 2003b, 'Charitable Gift Fund: Donor Advised Gift Funds', <http://www.perpetual.com.au/foundation/DonorAdvised.htm>, accessed 26 March, 2003.

³⁴⁹ The Perpetual Foundation. 2003b, 'Charitable Gift Fund: Donor Advised Gift Funds', <http://www.perpetual.com.au/foundation/DonorAdvised.htm>, accessed 26 March, 2003.

³⁵⁰ ATO Legal Database. 2005, 'TD 2004/23: Taxation Determination', <http://law.ato.gov.au/atolaw/view.htm?find=%22TD%202004%2F23%22&docid=TX....>, accessed 8 May, 2005.

³⁵¹ In May, 2005 Prindable advised the researcher that finalization of the update of the Perpetual Web site “could be some months off”.

³⁵² The Perpetual Foundation. 2003c, 'Charitable Gift Fund: Corporate Gift Funds', <http://www.perpetual.com.au/foundation/CorporateGift.htm>, accessed 26 March, 2003.



Source: Internet, accessed 26 March, 2003

Figure 5-3 Overview of Gift Fund

\$500,000, that may be a once only donation or may be comprised of ongoing contributions³⁵³

There are also Charitable Organisation Gift Funds requiring \$250,000 to establish a “new stand-alone discretionary foundation”³⁵⁴. Such a fund may be established either through a major giver to the particular charity or through funds taken from the “charity’s own reserves”³⁵⁵. Examples of this type of fund are the Starlight Children’s Foundation Charitable Gift Fund, the Create Foundation Charitable Gift Fund, the

³⁵³ The Perpetual Foundation. 2003c, ‘Charitable Gift Fund: Corporate Gift Funds’, <http://www.perpetual.com.au/foundation/CorporateGift.htm>, accessed 26 March, 2003.

³⁵⁴ The Perpetual Foundation. 2003d, ‘Charitable Gift Fund: Charitable Organisation Gift Funds’, <http://www.perpetual.com.au/foundation/CharitableOrg.htm>, accessed 26 March, 2003.

³⁵⁵ The Perpetual Foundation. 2003d, ‘Charitable Gift Fund: Charitable Organisation Gift Funds’, <http://www.perpetual.com.au/foundation/CharitableOrg.htm>, accessed 26 March, 2003.

Australian Drug Foundation Charitable Gift Fund, and CanTeen³⁵⁶.

Perpetual Trustees Australia Limited makes an annual donation to the Trustees Gift Fund in order “to give tangible expression to Perpetual’s own commitment to be a respected corporate citizen and to contribute to the welfare of the Australian community³⁵⁷. The 2001-02 financial year donation amounted to \$600,000 bringing the fund total to \$2.3 million. Since its inception the Fund has distributed over \$850,000 to charitable organisations throughout Australia divided among the five sectors listed above (refer Ch. 5, Section 5.10.3, p. 259-260). The pie chart below (Figure 5-4) indicates the proportions that were granted to each sector. It is worth noting that over one third of the distribution was to social welfare.

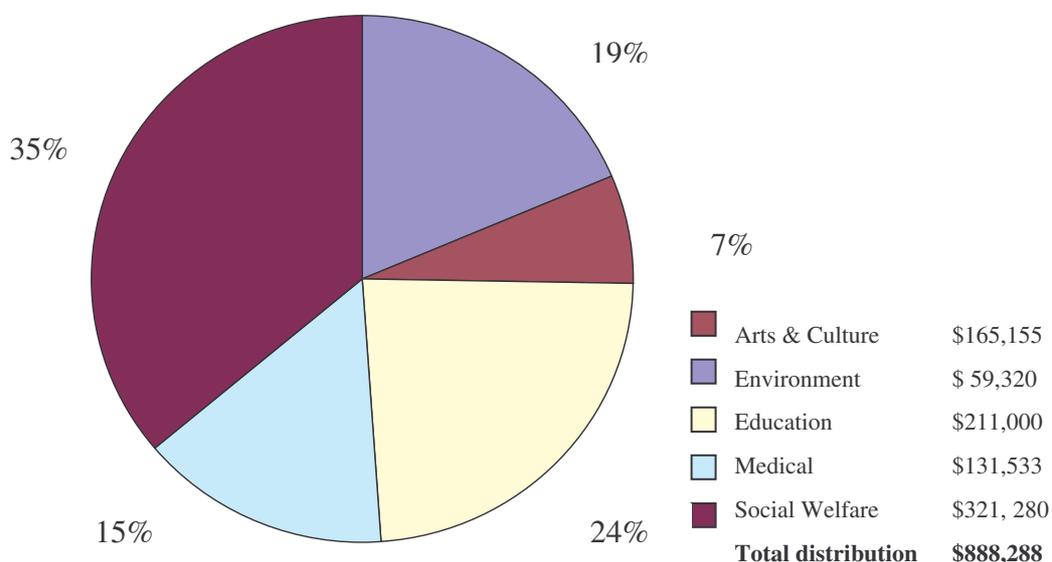


Figure 5-4 Perpetual Distribution to Charitable Bodies

With the exception of applications to the Clive and Vera Ramiciotti Foundation set up to fund biomedical research within Australia (Philanthropy Australia, 2004a, p. 56), applications to Perpetual Trustees must be made on the Internet application form and applicants do not need to apply to a specific trust.

Foundations may have their own limitations. Perpetual takes on the task of ensuring that all appropriate trusts and foundations consider any particular proposal. This may

³⁵⁶ The Perpetual Foundation. 2003d, ‘Charitable Gift Fund: Charitable Organisation Gift Funds’, <http://www.perpetual.com.au/foundation/CharitableOrg.htm>, accessed 26 March, 2003.

³⁵⁷ Perpetual. 2004d, ‘Trustees Gift Fund’, <http://www.perpetual.com.au/pcgf/trustee.htm>, accessed 11 October, 2004.

result in funding for a particular project coming from more than one trust or foundation. Applications must be made on the Internet application form and applicants do not need to apply to a specific trust (Philanthropy Australia, 2004a, p. 56).

5.11 Philanthropy Australia

Elizabeth Cham, National Director

“Philanthropy Australia is the national peak body for the philanthropy sector. It promotes and protects the interests of private, corporate and community giving within Australia. Its purpose is to advance philanthropy within Australia”³⁵⁸. From the beginning of this project discussions were held with Elizabeth Cham, the National Director of Philanthropy Australia. It was considered that she would be particularly knowledgeable about the motivations of givers and this proved to be the case. The intention is to set out below those motivations and then carry out a comparison with the material obtained through the researcher’s personal discussions with the people who took part in the project, including the focus group of professional fundraisers, as well as the researcher’s own experience.

Cham has divined givers’ motivations stemmed from their personal values, and that they are guided by passion (P. D. S., *pers. comm.*, 20 May, 2003). She said that some givers have a religious base, and many have a sense that they have enjoyed successful lives and therefore they want to be known for something more than that, so philanthropy seems to be a valuable way for them. Some had a family history of philanthropy but others did not, so it was seen that other factors could be at work. Some philanthropists express the wish to feel that they “have done something good” in life (P. D. S., *pers. comm.*, 20 May, 2003). She says that sometimes people are influenced by someone they admire. While it was not spelt out it would seem that such a view could be looked in at least three ways; first that prospective givers are influenced by another giver that they admire, or it could be that they admire another person’s approach to, or handling of their illness or disease, or third it may be the example of the founder of the particular organisation. The business of giving is about “what touches people” according to Cham. Some have been personally affected by death or illness, while others are emulating a person they admire. Sometimes a gift is made because the giver

³⁵⁸ Philanthropy Australia. 2003a, Home Page, <http://www.philanthropy.org.au/>, accessed 14 May, 2003).

has been personally affected by death or illness from a particular cause. For example, Viertel's gift for a chair of ophthalmology was out of concern about his wife's eye disease (refer Ch. 5, Section 5.5.10, pp. 198). In another example, one of the researcher's own recipient organisations is the Spina Bifida and Hydrocephalus Association of South Australia, for the reason that she has a nephew who suffers from spina bifida, and she is therefore keen to support both services that assist him, as well as research that may find a cure.

Cham said that those givers who were migrants indicated to her that they had found a good home in Australia and therefore they wanted to give something back to their adopted country. This was very clear in the cases of the Lowy Family (refer Ch. 5, Section 5.5.8, pp.189-191) and the Pratt Family (refer Ch. 5, Section 5.5.7, pp. 184-189). There were those who did not have any children to inherit their wealth, and there were those who had children but left them only sufficient for their needs, because they believed that their children needed to learn for themselves to make their own way in life.

Table 5-3 (below, p. 267) is an attempt to bring together the different motivations expressed from Cham's experience, the researcher's interviews, Clements of O'Keefe and Partners fundraising consultancy, from the focus group of professional fundraisers and from personal interviews with individual professional fundraisers (refer Ch. 5, Section 5.12, pp. 268-273).

Categorisation and comparison of these motivations proved difficult possibly due to the different understandings, different experiences and different backgrounds of the informants. This could be the subject of a further study as to date, other than Tracey's work (2003) no such investigation appears to have been carried out.

It may be useful to compare the results in Table 5-3 (p. 267) with those obtained through the earlier work (Smith, P. D., 2000a, p. 122). That work indicated only broad categories of benefits and motivations with nearly half of those interviewed unable to clearly state them as below:

	%
Acknowledgment	17.8
Good corporate citizenship	35.6
Require full credit	16.4
Other	4.1
Not stated	47.9

It is interesting that those company representatives involved in the above survey had notions of ‘good corporate citizenship’ that were described by the researcher as “admittedly vague” (p. 122). This experience formed part of the motivation for the current work.

Cham said also that until recently virtually nothing has been known about the sources of funds bequeathed or placed in charitable trusts or foundations. She says, “We are slowly learning about this, but it is still virgin territory”. She made the point also that the donor/receiver connection is “an unequal power relationship” as the prospective receivers will always be in a supplicatory position. Research for this work has delved into giver motivations and has found some answers (refer Table 5-3 below, p. 267), nevertheless it would probably still be true to say that it is ‘virgin territory’. A study into this aspect of giving as suggested above would almost surely be a groundbreaking work that would have value for professional fundraisers, but also for those contemplating gifts or bequests.

On the PM’s Community Business Partnership Cham said that its “influence has been huge. The PM’s statements are like a megaphone,” she said (P. D. S., *pers. comm.*, 20 May, 2003). The tax changes that have followed have advantaged those who give through trusts and foundations. At that stage 91 new private prescribed funds had been established, by the time Cham wrote her National Director’s Report for the Philanthropy Australia Annual Report 2004 the number had grown to 248 (Philanthropy Australia, 2004c, p. 7). This trend she says may be “totally attributed to tax changes”. Her statement, she says has been confirmed by McGregor-Lowndes who had said that most of the increase in giving through prescribed private funds was due to the tax changes introduced by the government in June 2001. ANZ Trustees believe that “a new breed of charitable foundations is on the rise” (ANZ Trustees, 2004a, p. 1) due to the Australian Government’s introduction of Prescribed Private Funds (PPF’s). These have been:

... very popular with those wishing to give something back, especially entrepreneurs and successful business people. They find PPF’s an attractive and viable proposition because they enable them to play an active role in deciding the directions and activities of what is essentially their own charitable foundation” (p. 1).

Table 5-3 Giver Motivations * +

Motivation	No. of informants cited
Way of giving back to the community, or a debt to discharge, notion that privilege brings responsibility, feeling of compulsion, supporting equal opportunity for all, adding value, civic pride	18
Looking for recognition, prestige and kudos	10
Personal impact of problem or disease, emotional appeal, anticipated personal need eg. homes for the aged	7
Religious base, being a good steward	6
Deep attachment to institution, usually a college or university, respect for what it has done	6
Perception that the organisation does good, media exposure	6
Childless marriage	5
Asked by someone they know and respect and/or to whom they owe a favour	5
Family history and influence (in several cases this went back a number of generations)	4
Feeling of doing good, wishing to make a difference	4
Wish to encourage self-help	4
Wish to be an agent of change	3
Teaching children about giving	2
Competence of organisation, concern for issues it addresses	2
Desire to be known for other than success in life	1
Memory of being helped in the past	1
Memory of involvement in their youth#	1
Emergency situations and natural disasters	1

* Some informants cited several motivations. One cited two and said they were equally important.

+ Some may have had similar meanings in mind but expressed them in different ways that may possibly reflect their background.

** Clements makes the point that “NPO’s should not overlook the fact that they can have a great deal of control over most of these factors” (n.d., p. 2).

Junior Red Cross was cited.

ANZ Trustees make the point too that the people establishing PPF’s are often very successful in life and therefore “are often keen to use their knowledge and experience to make sure that the funds they donate to charity make a sustained and lasting difference (p. 1).

The advantages of PPF’s as articulated by ANZ Trustees include 100% tax deductibility of donations without the need to raise funds from the general public, so all foundation income and capital gains is tax exempt. They indicate that PPF’s are easier and less costly to establish, manage and administer than a public foundation because there is no obligation to raise funds from the general public. Further, subject to ATO

approval, initial capital can be invested with a view to achieving a target corpus of funds that can then generate income for annual distribution. Eligibility to apply for a tax refund of imputation credits on dividends received by the PPF due to its charitable status, which can increase income (adapted from ANZ Trustees, 'Prescribed Private Funds - Actively making a difference, 2004a, p. 2).

Individuals, families and companies are discovering that PPF's are "a less restrictive way of donating" as they can be "tailored to suit their individual concerns and objectives". Another point about PPF's is that they are relatively simple to establish requiring only formal establishment through an instrument of trust, and an application for PPF status to the Australian government. Cham has pointed out that the PM's Community Business Awards "have been valuable in encouraging and gaining attention" for philanthropy, both individual and corporate (P. D. S., *pers. comm.*, 20 May, 2003).

Cham considered that much more research is needed in the whole area of philanthropy and suggested that one topic could be 'generational change'. An example of the effect of generational change may be detected in the Reichstein Foundation where Jill Reichstein is backing innovative projects around issues such as gay and lesbian rights (refer Ch. 5, Section 5.5.5, pp. 176-180).

5.12 Professional Fundraisers Focus Group

This group was convened with the aim of gaining another perspective on the management of philanthropy in Australia by consulting directly with professional fundraisers. Initially the group was planned to meet in Adelaide in which case it would have comprised mostly professional fundraisers with state responsibilities. In the event this did not come about and the venue was moved to Sydney. This proved to be fortuitous as several of the members of that group had national fundraising responsibilities. Five of the group members met together with the researcher at the Garvan Institute in Sydney on 25 March, 2003. Twelve other members were involved in personal telephone discussions with the researcher. The sets of questions (Appendices G, H) provided the focus for the discussions. The organisations represented by group members are listed in Chapter 3 (Section 3.3, pp. 106-107). Five other prospective group members agreed to take part but three failed to respond despite a number of contacts and reassurances that they wished to do so, a fourth withdrew on the order of

his chief executive, and the other retired from work in the interim and felt therefore that her information would not be current enough. The sense of the matter conveyed by the first three of the five was that their non-participation was simply due to pressure of work, in the researcher's observation a common difficulty among professional fundraisers.

5.12.1 Characteristics of givers

Most members of the group agreed that the most important influence on people's desire to give and their choice of a recipient organisation was the personal impact of disease or particular social problem. Some group members thought that the influence of the personal experience and example of the asker was paramount and therefore networking was important, although at least one member did not place such a high priority on personally knowing people of influence. Where tertiary education was concerned the respondents said that they received few contributions other than from alumni who "have a deep seated attachment" to the institution, corporations that have a relationship with the institution, and companies that are "relevant targets for individual programs" (Focus Group, 25 March, 2003).

The representative of one of the major worldwide charities involved in the study said that the organisation did not have 'major donors' but they did have donors who were asset rich and this had an implication for the bequest area of their fundraising. As to motivations she said that their donors tended to be "elderly" and remembered being assisted by the organisation during World War II. A large percentage of the senior female donors had been members of the organisation's junior wing in those days³⁵⁹. Other donors had indicated that they gave because the organisation "was always there", was honest and did good work, although generally they were not really sure about what the organisation did beyond one or two high profile programs.

Group members agreed that to achieve large gifts it is of prime importance that the asking is done personally, especially for the smaller less well known charities. Second, they said that it is vital to meet the needs of the giver whatever they are, and those needs may simply be a desire for recognition. It was suggested that the best way to ensure their needs were met was to ask the giver or prospective giver what they would like by way of recognition, and to confirm understanding of this in writing. Their experience

³⁵⁹ The junior wing is still operative.

had taught them that prestige and kudos of the organisation are strong motivating factors, and they all agreed that it was important for the supplicant organisation to appear successful because “success breeds success”.

It was interesting that they said that the nature of human beings is to say that they do not wish to receive recognition for their gifts, when they really do desire it. They said, “Don’t take it as gospel when they say they don’t want it”. This researcher can attest to the validity of this claim through a personal experience of one particular donor of a major gift who indicated quite strongly that he and his wife did not wish to have recognition, but when it was coming to the end of the fundraising campaign, and the project was becoming a reality, indicated that he had changed his mind. He did not give a reason nor was he asked for one, but it seemed that he had realised that either it would look to the residents of the town as if he had not given, or that it would be good for his business to be recognised.

Their views on corporate giving confirmed that as one group member said, “Corporations are becoming more defined about how they give”. Some companies liked staff to be involved through payroll deduction schemes (workplace giving) or in-house fundraising. An example of staff involvement such as this may be found in this thesis (refer Ch. 5, Section 5.5.12, p. 203). Price Waterhouse Coopers has a Volunteer Day when staff work for charity but are still paid by the company as has been noted earlier in this thesis. Some group members thought such schemes were philanthropy, but others thought they would not qualify. However they thought that each company was a “different challenge” with companies like AMP stating “strict guidelines” and others like Westpac requiring staff involvement.

It was considered that in the US “the belief is that corporate philanthropy is good for business” and that Australia was moving that way, with special mention made of the PM’s Community Business Partnership (refer Ch. 1, Section 1.1, p. 2). They cited also the New Zealand organisation Businesses for Social Responsibility; Business in the Community long established in the UK; and the Imagine organisation in Canada.

They regarded research on the target company as vital in achieving gifts, and emphasised that “preparation is everything”. It was their view that if an appointment could be obtained with a senior representative of the target company then that was “50% proof that they will listen”. They were clear that there is a need during such

approaches and the ensuing negotiations to “manage corporate egos”. This was not put in a derogatory manner but rather as a statement of fact. At the same time they were saying that there are “no hard and fast rules” about how to carry out approaches to corporations. It was agreed that the timing of “asks” is crucial as it will relate to the state of the budget. Sometimes they said the work had to be done the previous year to enable the gift to be provided for in the next year’s budget.

Inevitably the discussions turned to the success or otherwise of various methods of fundraising, the key points are included in this work as they are thought to be relevant to the management aspect. For example, timing was raised particularly relating to the “first direct ask” and it was thought that this was important as it set the tone for the whole future of the donor/receiver relationship. The researcher sensed that the relationship was perceived to be quite an unequal one with the supplicant needing to make adjustments and compromises not required from the donor. This point was raised also by Cham (refer Ch. 5, Section 5.11, pp. 264-267).

5.12.2 Techniques

As to the techniques employed by the professional fundraisers, most were utilising a mix of direct giving through personal asking, direct mail, sponsorship and events. One participant indicated that his organisation did its fundraising mainly through direct mail. Most of the informants’ organisations received income through bequests, but had found this unreliable in terms of budgeting, although the amounts were usually larger than gifts achieved in other ways. Only some actively sought bequests beyond advertisements placed in journals such as *Pro Bono*. Few employed payroll deduction as a method of fundraising and this may explain some of the success of the United Way organisation referred to earlier (refer Ch. 4, Section 4.6.9, p. 146).

While CRM has gained some currency in Australia in more recent times the group thought that it was a method suitable only for some charities, and for some companies. Examples given were of the arrangements made between Optus and the Royal Hospital for Women; between the Savings and Loans Credit Union and the Women’s and Children’s Hospital in Adelaide; and between Mutual Community and Adelaide University in partnership with the University of South Australia. In all of these cases it was considered that the givers were more certain of their return than the receivers, but it was noted that this must be expected when dealing with companies subject to the

vagaries of the marketplace. They said too that CRM is really sponsorship by another name.

All of the group members recognised the importance of the involvement of members of the board of the supplicant organisation in fundraising, but indicated that the lack of support and effort from the board was one of the greatest weaknesses in the Australian fundraising scene. As one participant put it “there is a lack of access from the top”. One of the group gave members of her board a skills matrix and a job description and these are reviewed annually to keep the matter to the fore. Another important aspect agreed upon was that they should evaluate their board’s potential for fundraising as well as for gift giving, and that they should evaluate each major approach after the event. However they said that they knew this should be done, but they do not do it very often because they are “just too busy”.

Another issue that was raised concerned mergers between foundations, such as in a case cited where the chief executive of one organisation had decided it would be best to merge his organisation’s foundation with another foundation in a certain specialist area and as a result closed down the existing foundation. Unfortunately the planned merger did not eventuate and fundraising lapsed. The organisation is now faced with planning to begin fundraising again. The following lists summarise the information obtained from professional fundraisers, both in the focus group and as individuals. To this have been added aspects from the researcher’s personal fundraising experience that were inserted into the discussions. In this way the focus group in particular proved to be a learning and sharing experience for both the participants and the researcher. The exercise would have met the requirements of Action Research (refer Ch. 2, Section 2.3.1, p. 78). The list is roughly in the order of importance agreed by the participants, but it must be noted that this is quite subjective and for practical purposes must take into account other factors, such as what is known about the potential giver; the existing relationship, if any, between the potential giver and the asker; and what has been learned through research. The list of reasons for giving compiled from their input is:

1. They were asked by someone they know and respect, or to whom they owe a favour,
2. The personal impact of the particular disease, disability, other problem or community service,

3. They have a deep attachment to the institution,
4. They have a memory of being helped by the organisation,
5. They have a memory of earlier involvement with the organisation,
6. Their perception that the organisation is honest and is doing good work,
7. They are looking for prestige and kudos, and
8. They wish for recognition as a good citizen.

This list is compared with Giver Motivations as perceived by Cham and the researcher (Table 5-3 p. 267) and it is clear that there are considerable differences between the perceptions of each, in fact they are almost three quite different lists, although there are places where the three touch, such as in “desire to be known for other than success in life” and “looking for prestige and kudos” (refer Table 5-3, p. 267). ‘Values’ as listed in the table could possibly apply to all of the other motivations expressed, in the same way that one could say that the reasons for giving as expressed by the professional fundraisers are really personal or corporate values. Nevertheless it seems that there is a gap here that needs to be bridged and it is hoped that this work may go some way towards doing so. To bring together all of the views expressed by informants, other than the gift recipients, the House of Philanthropy has been devised (Figure 5-5 p. 274).

5.13 Gift Recipients

This study has sought to define another aspect to charitable giving relationships by gaining the views of gift recipients. The exercise was carried out by inviting the company, organisation or individual interviewed in their role as a ‘giver’ to select three or four gift recipients for the researcher to contact, in each case following a commendation from the company or discussion to ask them to take part. Some were unable to assist due to time constraints, with others it was simply a perception of the researcher based on experience that the discussion should not be extended. However of those who were asked, only one did not wish the researcher to contact any of their gift recipients. Getting in touch with the recommended gift recipients proved quite a lengthy

Pathway to House of Philanthropy

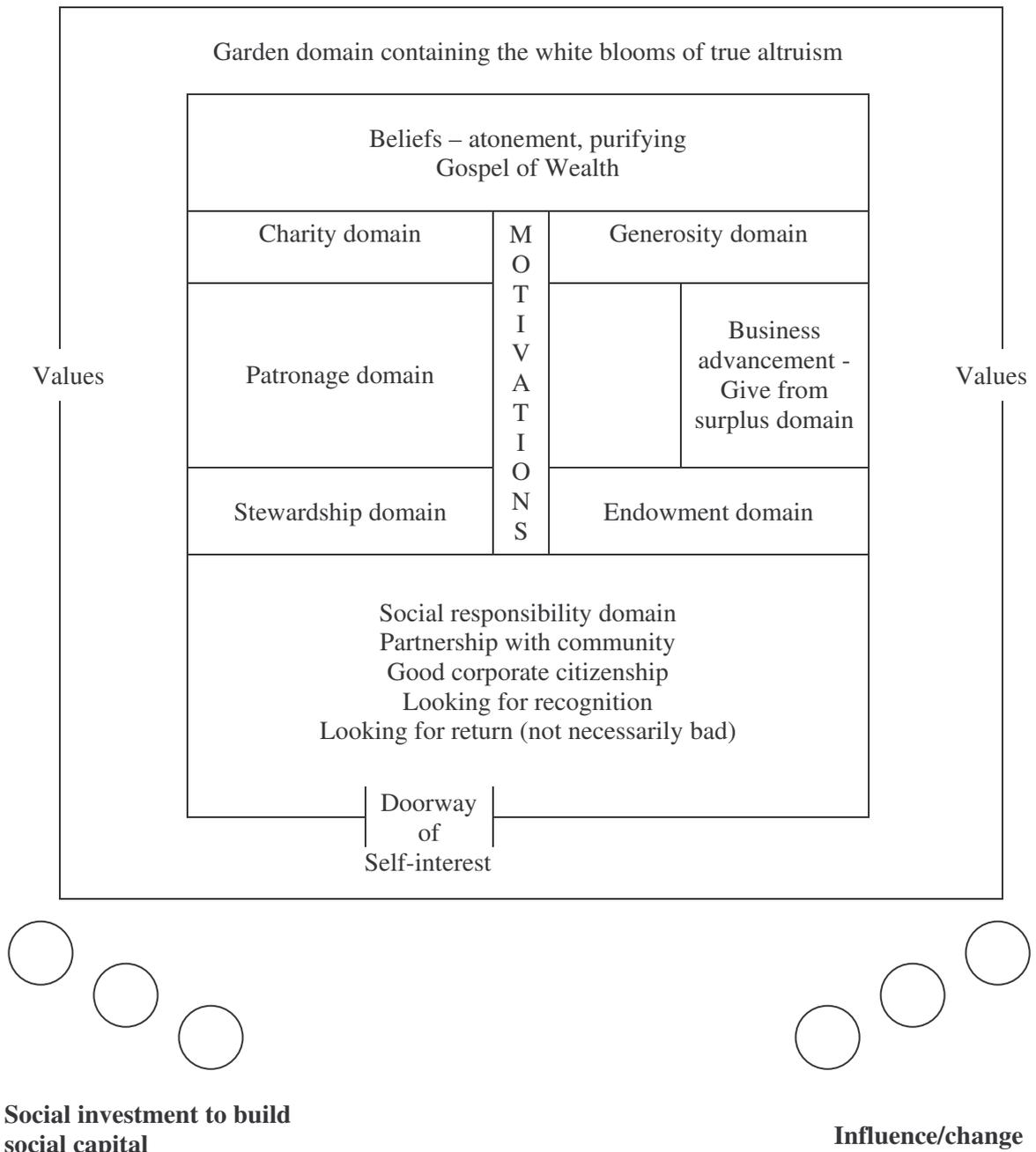


Figure 5-5 The House of Philanthropy

process with a considerable number of follow up calls required. It is suspected this may have been because such a discussion would be low priority for them. In the event, ten gift recipient organisations responded by both discussing the questions and forwarding supporting information to the researcher. These discussions opened up, as had been hoped another perspective on the business of corporate philanthropy.

5.13.1 Good Shepherd Youth and Family Service

Jemma Mead

This discussion was out of the usual range as the funded programs supported by the giver organisation are aimed at supporting same sex attracted and transgender young people aged from 14 to 25 years. It was noted up front in the discussion that the particular giver foundation was one of the first to place support of same sex attracted young people as a priority. Three other foundations joined the first in providing a total of a couple of hundred thousands of dollars either once off or over a three year period. The foundation representatives met with Good Shepherd Youth and Family Service representatives and then discussed the matter with each other making it a “really supportive process” (P. D. S., *pers. comm.*, 24 June, 2003).

The program leaders provided written reports each year to the givers and also they were invited to forums. External evaluation carried out by a university representative concluded that the recipient valued the input from the foundations and were pleased that it also made them both involved and aware.

5.13.2 Bayley House

Peter Lee

The H M Smith Trust has supported a building project for Bayley House, the 53 year old Helping Hand Association of Intellectually Disabled Incorporated institution for intellectually disabled adults. The organisation provides day care programs for around 100 clients aged between 18 and 72 years; live in houses for around 30 permanent residents; and a respite house to allow families to take a break from caring. The respite house assisted 60 families in 2003 and at the time of the discussion in June, 2003 bookings had been made through to June 2004. It was pointed out that the big issue for these families is that elderly parents can get ill and then there is often no one to care for the intellectually disabled family member. However there is some support from the local community including a nearby private school that releases their music master to play for the residents and other staff (P. D. S., *pers. comm.*, 24 June, 2003).

The operation is 72% government funded and regards the assistance given by the H M Smith Trust as a “Godsend”. It seems that the relationship between the trust as the giver and Bayley House is close as a representative of the Trust performed the official opening of the new room. Lee spoke of the value of the work and said, “We are proud

of our service”.

5.13.3 Australian Rotary Health Research Fund

Terry Davis

Established in 1986 this fund has been involved with health research areas such as cot death, the health of the elderly, and has established an Adolescent Health and Family Health program. All of these programs have “been acclaimed internationally”³⁶⁰. More recently Australian Rotary has been supporting research into mental illness in Australia in response to these statistics: “It is estimated that mental health problems and mental illness will affect more than 20 per cent of the adult population in their lifetime, and 10 to 15 per cent of young people each year”³⁶¹.

Their largest donation came from Dick and Pip Smith and Davis said that the size of the gift “surprised me” (P. D. S., *pers. comm.*, 29 September, 2003). Rotary Health Research seems to understand that the need for research funds is unlimited and so they aim to have a corpus of \$20 million in the fund early in the 21st century. Rotary has taken this project right across their organisation so that it is “an ongoing part of every club’s community service activities” (P. D. S., *pers. comm.*, 29 September, 2003). Rotary has been fortunate in a sense that the Dick Smiths do not wish to have a close relationship with the organisation, preferring to leave them to manage the program in their own way.

5.13.4 The Smith Family

Peter Edwards, Corporate Partnerships Manager (Victoria)

In this case the researcher was initially referred to The Smith Family Web site for information to be followed by a personal discussion for clarification and additions. It became clear that while The Smith Family may be known for its program of practical assistance, it is fully involved with its clients as well, providing an education process to enable them “to gain the knowledge, the skills and the confidence to exercise realistic life choices”³⁶². Their vision is of “a more caring, cohesive Australian community”³⁶³ to

³⁶⁰ Australian Rotary Health Research Fund. 2005a, ‘Australian Rotary Health Research Fund, <http://www.arhrf.org.au>, accessed 19 August, 2003.

³⁶¹ Australian Rotary Health Research Fund. 2005b, http://www.arhrf.org.au/mental_illness/mental_frameset.htm, accessed 19 May, 2005.

³⁶² The Smith Family. 2004a, 'The Smith Family: About Us: Our Vision', <http://www.smithfamily.com.au/content.cfm?randid=774794&oid=774794>, accessed 10 October, 2004.

be achieved through a mission stated in this way: “Together with caring Australians, The Smith Family will unlock opportunities for disadvantaged families to participate more fully in society” (The Smith Family, 2003, p. 4).

The Smith Family is an Australian organisation established in New South Wales in 1922, and is “non-religious and non-political”³⁶⁴. The original founders were five individuals who “saw a need”³⁶⁵. Their story bears telling here. It was just before Christmas in 1922 when the five businessmen were returning from a trip to the Blue Mountains town of Katoomba, and as it was a hot, dusty day stopped for a drink at the Woolpack Hotel in Parramatta. Talking about the successful year they had enjoyed and “their good fortune in being able to buy Christmas presents for their children”³⁶⁶, they began to talk about others who were not so well off and so decided to take action immediately to make Christmas Day brighter for some other people. On Christmas Eve they took a car loaded with toys and sweets to the Carlingford Home for Boys where they personally gave out the presents. When they were leaving the Matron asked one of the men his name so that she could send a letter of thanks. Seeking anonymity he said that his name was Smith and when the Matron asked about the other four men he said, “They’re Smiths too. We’re all Smiths, we’re the Smith Family”³⁶⁷ and that is how The Smith Family began. Initially named The Smith Family Joyspreaders, their work grew, and in 1935 they formed a company limited by guarantee and changed the name to The Smith Family.

The organisation now operates in 60 locations in Victoria, Queensland, South Australia, Western Australian and the ACT as well as New South Wales. They receive a small amount of government funding only, “less than 4%...came from governments in 2001-02”³⁶⁸, and generate profits from their commercial enterprises (\$4.2 million in 2003) to cover administration costs but “rely largely on the support of our donors and

³⁶³ The Smith Family. 2004b, 'The Smith Family', <http://www.smithfamily.com.au>, accessed 10 October, 2004.

³⁶⁴ The Smith Family. 2005b, 'The Smith Family: About Us', <http://www.smithfamily.com.au/search.cfm>, accessed 15 April, 2005.

³⁶⁵ The Smith Family. 2005a, 'About Us: The Beginning', <http://www.smithfamily.com.au/content.cfm?randid=692035>, accessed 15 April, 2005.

³⁶⁶ The Smith Family. 2005a, 'About Us: The Beginning', <http://www.smithfamily.com.au/content.cfm?randid=692035>, accessed 15 April, 2005.

³⁶⁷ The Smith Family. 2005a, 'About Us: The Beginning', <http://www.smithfamily.com.au/content.cfm?randid=692035>, accessed 15 April, 2005.

³⁶⁸ The Smith Family. 2005c, 'About Us: Key Facts', <http://www.smithfamily.com.au/content.cfm?randid=657&oid=657219>, accessed 15 April, 2005.

volunteers”³⁶⁹. The work done by The Smith Family has changed over the years in response to changing needs. They have assisted in times of crisis such as the Great Depression of the late 20s and early 30s, the rheumatic fever epidemic, the Brisbane floods of 1974, Cyclone Tracy in 1974, the Nyngan floods in 1989 and the bushfires on the New South Wales Central Coast in 1994³⁷⁰. To support the work financially they established a chain of recycling shops that is now a “multi-million dollar business”. A second benefit is that the shops provide cheap surplus clothing to the public and thus assist those who are not so well off³⁷¹.

The Smith Family indicates its belief that “education is the key to the future”³⁷², and confirms this with programs such as ‘Learning for Life’, ‘Student2Student’, ‘The School Years and Beyond’ and ‘Indigenous Students’. The ‘Learning for Life’ program was begun as a pilot program in 1988 when The Smith Family supported 60 students. In 1991 a sponsorship program was introduced and by the end of January, 2004 over 21,500 students were involved in the program³⁷³. Supporters provide the funds for sponsorships and scholarships, with sponsorships ranging from \$324 per annum for primary children up to \$2,000 for tertiary students, while scholarships range from \$250 per annum for primary children up to \$2,000 for tertiary students³⁷⁴. Education Support Workers (ESWs) seem to be the vital link in this program. ESWs are tertiary-educated employees of The Smith Family who look after scholarship students. They meet with the families and also keep in contact by telephone. They may also represent the student or the family at school or in other educational matters, and provide advice and referrals to family support agencies. In addition they are responsible for approving payments from the Learning for Life program to students as well as ensuring that the money is used for educational expenses³⁷⁵.

Another important program developed and managed by The Smith Family is ‘Let’s

³⁶⁹ The Smith Family. 2005c, ‘About Us: Key Facts’, <http://www.smithfamily.com.au/content.cfm?randid=657&oid=657219>, accessed 15 April, 2005.

³⁷⁰ The Smith Family. 2005d, ‘About Us: Responding to Change: Distributing Emergency Aid and Clothing’, <http://www.smithfamily.com.au/content.cfm?randid=576440>, accessed 15 April, 2005.

³⁷¹ The Smith Family. 2005e, ‘About Us: Responding to Change’, <http://www.smithfamily.com.au/content.cfm?randid=692035>, accessed 15 April, 2005.

³⁷² The Smith Family. 2005e, ‘About Us: Responding to Change’, <http://www.smithfamily.com.au/content.cfm?randid=981314>, accessed 15 April, 2005.

³⁷³ The Smith Family. 2005e, ‘About Us: Responding to Change’, <http://www.smithfamily.com.au/content.cfm?randid=743121>, accessed 15 April, 2005.

³⁷⁴ The Smith Family. 2005f, ‘Learning for Life’, <http://www.smithfamily.com.au/content.cfm?randid=743121>, accessed 15 April, 2005.

³⁷⁵ The Smith Family. 2005e, ‘About Us: Responding to Change’, <http://www.smithfamily.com.au/content.cfm?randid=743121>, accessed 15 April, 2005.

Read', "a comprehensive early literacy program that promotes the importance of reading with young children from birth to 5 years, and has been specifically designed to address the needs of disadvantaged communities" (The Smith Family, n.d., p. 1). The two main interrelated components of the program are the provision of training and resources for professional people in the field of early childhood education, and a package to support development of the program locally. 'Let's Read' has been developed in response to a "national study (ACER 1997)" that propounds the finding that "over 25% or around half a million Australian primary school children may lack appropriate reading skills, and that "Grade 3 children from disadvantaged homes were three times more likely to fail to achieve the required performance standards than children from well to do homes" (The Smith Family, n.d., p. 1).

VIEW (Voice Interests and Education of Women) Clubs is another venture began in 1960 at Balgowlah, NSW to provide a support network for women as it was considered that the female influence on society was very valuable. Today VIEW boasts 25,000 members and 408 clubs around Australia (The Smith Family, PowerPoint presentation, 2004c, p. 3). Among their many community activities are 'Each-One-Teach-One (EOTO) to assist migrant women to learn conversational English; while EDU-CATE (now 'Learning for Life') established following a survey of clients in 1987 assists students from primary school through to tertiary studies and a subsequent career choice³⁷⁶.

5.13.5 Cottage by the Sea

Tony Featherston, General Manager

Cottage by the Sea was established in 1890 to provide "care and accommodation for children recovering from illness" (2002, p. 7) and has now evolved to provide "short term relief care" (p. 7) in the form of holidays for underprivileged children of primary school age. The children are referred by government agencies, schools and welfare. Their stories are poignant and can be upsetting, such as the "mother who was knifed in a street argument and is now confined to a wheelchair" (Cottage by the Sea, 2002, p. 3), or "grandmother, who has experienced severe ill health, has custody of her three young grandchildren and endeavouring to bring them up in a caravan" (p. 3) and "Ten year old boy, now under guardianship, feels aggrieved (tried to electrocute himself) and displays

³⁷⁶ The Smith Family. 2005e, 'About Us: Responding to Change', <http://www.smithfamily.com.au/content.cfm?randid=981314>, accessed 15 April, 2005.

inappropriate behaviour” (p. 3). These three are typical examples and are allied with quotations extracted from letters from the children themselves saying how much they enjoyed their holiday. They are included here to indicate the type of work that trusts and foundations may support.

The cottage does not receive any government funding and requires around \$750,000 annually to operate. About half of that funding is obtained from trusts and foundations. One trust that supports this particular work has been involved since 1983 and Featherston indicated that the annual grant was “essential” (P. D. S., *pers. comm.*, 15 May, 2003). Funds are used for the children’s care and supervision, including meals, excursions, toys, play equipment, beach gear, art and craft materials, and general maintenance of the property. Reporting takes the form of acquittals for funds spent throughout the year with a broader report presented at the end of each year.

Cottage by the Sea representatives were pleased to be approached by Cathy Freeman who wished to become their patron. Featherston said that he is “trying to get to know members of all the trusts that support them”. He invites them to visit and maintains telephone contact as well. As pointed out earlier many organisations applying to trusts and foundations for funding must almost of necessity cast themselves as supplicants trying to gain support from those who are better off. From experience it is difficult to see how this situation may change, or indeed whether change is necessary.

5.13.6 The Graham (Polly) Farmer Foundation

John Cunningham, CEO

This foundation has an interesting history being named for Graham (Polly) Farmer, one of Australia’s great Aboriginal footballers who won “two Sandover Medals and was ten times named his club’s fairest and best player (The Graham (Polly) Farmer Foundation, 2003, p. 2). Stephen Hawke, son of former Prime Minister Bob Hawke, wished to write a biography of Farmer and so it was agreed that Graham Farmer would assist in return for assistance in setting up a foundation for the purpose of helping Aboriginal young people reach their potential by achieving, especially in education. So the foundation was established in 1995.

As the informant said, “We were a bunch of do-gooders with no funding” (P. D. S., *pers. comm.*, 19 April, 2005). The Department of Education Training and Youth Affairs in Western Australia gave the Foundation a small start-up grant which enabled

the Foundation to become established. The Foundation gained tax deductibility status. They identified a need for an educational support program for Indigenous students as one that had the potential to be of real and ongoing benefit. A three year pilot program ensued with selected year 8 to 10 students from local high schools in Karratha and Roebourne. The project was supported by Hamersley Iron, Woodside Energy, Dampier Salt, and State and Commonwealth Departments of Education (Cunningham, 2005, email). Overall the programs have been so successful that the Commonwealth Minister for Education, Training and Youth Affairs wrote in 2000 that it is “the most successful Indigenous education model I have seen” (The Graham (Polly) Farmer Foundation, 2003, p. 7), and from Marshall Smith, Community Elder and Project Co-Leader, “This project has been very worthwhile for Aboriginal students, giving a support structure that has not only brought them together, but given them a better understanding of the importance of education” (p. 7). Many private industry companies now support the Foundation’s growing number of projects. There are projects now operating not only in Karratha/Roebourne but in Kununurra, Port Hedland, Newman, Fitzroy Crossing, Tom Price, Carnarvon, Kalgoorlie, and Mandurah in Western Australia.

Wesfarmers (refer Ch. 5, Section 5.5.1, pp. 157-163) have been major supporters, while the Sidney Myer Foundation funded the Kalgoorlie program, and BHP supports the Port Hedland and Newman projects. Cunningham made the point that a reason for the foundation’s success could be that it “is careful about what it promises because it needs to build and guard its reputation” (P. D. S., *pers. comm.*, 19 April, 2005).

A clue to the motivations of the sponsors comes from their reports of “significant benefits including an increased number of indigenous graduates from school, TAFE and university, who are local to the area, and who are successfully applying for apprenticeships, traineeships and tertiary scholarships with sponsor companies; indigenous employees who are self-disciplined and reliable and who act as role models to others in the community; and improved relations between Indigenous and non-Indigenous people in the workplace and community” (Cunningham, 2005, p. 7).

5.13.7 *Ted Noffs Foundation*³⁷⁷

Matthew Noffs

The Ted Noffs Foundation has been operating for over 30 years and Dick and Pip Smith have supported it since the beginning. Dick Smith knew Ted Noffs, probably best recognised for his work in establishing the Wayside Chapel in Kings Cross, Sydney as a refuge and treatment centre for lonely, homeless and abused people (Dick, 2004, p. 1), and for co-founding the Life Line telephone counselling service with the Rev Dr Alan Walker, Then Superintendent of the Wesley Mission in Sydney. The Wayside Chapel today runs the Palm Program, a residential adolescent (14-18 years) life management and drug rehabilitation program; works in schools and provides legal services to those who cannot afford them (P. D. S., *pers. comm.*, 29 September, 2003).

The informant said that Dick and Pip Smith's gifts have been, and are "very important, being among the largest, and also being ongoing" (P. D. S., *pers. comm.*, 29 September, 2003). Some of his gifts have been for specific programs while others have been "across the board" (P. D. S., *pers. comm.*, 29 September, 2003). One of the specific programs that has considerable reach is the Life Education Centres around Australia that are aimed at preventing alcohol and drug abuse. The informant said that Dick Smith is "strong and generous" (P. D. S., *pers. comm.*, 29 September, 2003), an accolade that it could be presumed he would appreciate.

Today funding for the programs comes from a range of fundraising vehicles, including corporate and individual giving, events, payroll deduction, and bequests. The foundation offers naming rights to programs and residential homes as its major form of acknowledgment, but is involved also in CRM, and offers opportunities for volunteering. The foundation uses media advertising to raise funds as was the case with their 'Doing Something Youthful' campaign, where they claimed to not only use "a wide range of media and boosted The Ted Noffs Foundation profile, but we also challenged the notion of using the traditional 'doom and gloom' approach to prove a point or to raise a buck"³⁷⁸.

³⁷⁷ Originally the Wayside Foundation established in 1971, it was renamed the Ted Noffs Foundation following his death in 1995.

³⁷⁸ Ted Noffs Foundation. 'Ted Noffs Foundation', <http://www.noffs.org.au>, accessed 29 September, 2003.

5.13.8 Upper Murray Family Care

Luke Rumbold

Upper Murray Family Care was established in 1979 and serves the communities of “The North East of Victoria, The Upper Murray, Cities of Albury/Wodonga, Wangaratta, Benalla and surrounding shires” (Upper Murray Family Care, n.d., p. 3).

Their vision is:

To touch the lives of all families across all generations, who come within our range of services, or geographical boundaries, through information support and advocacy. It will adopt a positive and respectful position recognizing different family types with a commitment to the wellbeing of their members (p. 6).

There are fourteen different programs run by around 80 staff serving some 5,000 families per year at a cost of \$4.5 million. There are waiting lists for almost all of their programs. They have found that their clientele has changed over the years to the point where assistance is required today for “more disturbed and damaged children and more profoundly dysfunctional families” (P. D. S., *pers. comm.*, 1 May, 2003). The informant has been a social worker for nearly 30 years and said that the greatest change he had seen over that time has been the “professionalisation of family welfare”, a good change in his view, but “the funding models have not reflected this change too well” (P. D. S., *pers. comm.*, 1 May, 2003).

Funding for this type of work he has found “invaluable” but “difficult to maintain”, (P. D. S., *pers. comm.*, 1 May, 2003), especially as, being rural, their operating costs are higher than they would be in the cities. The Helen Macpherson Smith Trust and its forerunner the Helen M Schutt Trust have supported this work beginning about five years ago when the trust provided a grant for the redevelopment of the Upper Murray Family Care offices in Wodonga. While one might wonder about the wisdom of providing trust funds for offices it may be seen that the offices are essential because the organisation must provide a central point for clients to come to see them. They obtained government funding for a large proportion of their running costs, but found that no government funds were available for the building project. The new facility provides a meeting room as well as offices, and the meeting room is used by other members of the community too. They were particularly grateful for the Trust support because “the vast majority of trusts exclude funds for capital works” (P. D. S., *pers. comm.*, 1 May, 2003). The informant says that his “fondness for the Helen Macpherson Smith Trust is

boundless” (P. D. S., *pers. comm.*, 1 May, 2003). Although the service receives some other gifts it seems that its sole major giver has been the Trust.

5.13.9 The Alfred Hospital

Leora Harrison, Director, The Alfred Foundation

Harrison from The Alfred Hospital in Melbourne indicated that the Helen M. Smith Trust had supported multiple projects at the hospital in a relationship that dates back to 1975. Particular support had been accorded to The Helen Macpherson Smith Burns Unit, “the only adult burns unit in Victoria” with funding of \$500,000 to the unit (P. D. S., *pers. comm.*, 29 October, 2003; and Best, 2005, p. 1). Some of the key projects to receive a funding boost from the Trust have been the radiotherapy cancer centre (seed funding), an echocardiograph, laparoscopy equipment, research projects, special operating table for seriously injured patients and many other projects. “Altogether the Alfred has been the fortunate recipient of grants well exceeding \$1 million from the Trust” (Best, 2005, p. 1).

Regular contact has been maintained over the years between the hospital and the Trust. Again this was a case where board members, who knew the trustees well due to the Trust’s visits to the hospital, met the trustees again to view the new multi trauma operating table donated by The Trust and to discuss its use with staff. The comment was that the Trust “fabulously” associated with the burns unit. “It has been a very responsive relationship”, Harrison said (P. D. S., *pers. comm.*, 29 October, 2003).

5.13.10 The Art Gallery of Western Australia

Alan Dodge, Director; Lyn-Marie Hegarty, Sponsorship Manager

The Art Gallery of Western Australia was established in Perth in 1895 when the “nucleus of an art collection”³⁷⁹ was purchased by the Perth Museum, so that the Art Gallery was opened as part of the museum. It was not until 1959 that the museum was separated from the gallery, and in 1978 the gallery was named The Art Gallery of Western Australia. In 1997 the art gallery, museum and library were again combined, together with other agencies, to form a Ministry for Culture and the Arts³⁸⁰. The Gallery’s vision is “To be a centre of excellence in the visual arts that contributes

³⁷⁹ Art Gallery of Western Australia. 2004a, 'History', <http://www.artgallery.wa.gov.au/history.htm>, accessed 17 November, 2004.

³⁸⁰ Art Gallery of Western Australia. 2004a, 'History', <http://www.artgallery.wa.gov.au/history.htm>, accessed 17 November, 2004.

regionally and internationally to a living culture in Western Australia”³⁸¹.

Wesfarmers has had a long-standing partnership with the Gallery through major sponsorship and this researcher’s reference to the Gallery came from Cheney. Currently Wesfarmers Arts is a “Principal Partner for 2004 in commemoration of the State’s 175th anniversary” (Art Gallery of Western Australia, 2004a, p. 8) and the Gallery indicated that “This sponsorship builds on a long and diverse history between the organisations” (p. 8) and from the Director, “This highly successful and longstanding relationship has been, and will continue to be, vital to the Gallery’s success” (p. 11). Wesfarmers has also has been accorded a position as one of the governors of the Council of the Art Gallery of Western Australia (p. 13).

The relationship has now been in place for over fifteen years during which time it has “evolved and diversified into a partnership distinctive for its collaborative ventures and for the range and depth of benefits enjoyed by both parties” (p. 16). In 2004 Wesfarmers Arts was given an award in the State Arts Sponsorship Scheme Awards in the category of “Outstanding Long-term Partnership” (Art Gallery of Western Australia, 2004a, p. 1). Sponsorship benefits enjoyed by Wesfarmers are possibly the most extensive of any investigated for this work. They are listed in Ch. 5, Section 5.5.1, pp. 157-163.

The sponsorship was inaugurated with the “very first cash donation to the Gallery’s newly established Foundation in April 1989” (Art Gallery of Western Australia, 2004a, p. 16). It is “monitored regularly through independent and internal evaluation programmes to provide ongoing feedback to both parties and to ensure opportunities can be identified to further enhance the partnership” (p. 9).

Wesfarmers objectives have been summarised thus:

1. gain and maintain a reputation as a supporter of the visual arts sector,
2. have access to key Gallery demographic groups: specifically the arts sector, government, community business and media leaders,
3. develop a Profile for the Wesfarmers Art Collection in the community and within the national museum sector, and

³⁸¹ Wesfarmers. 2004d, *Annual Report 2003-2004*
http://www1.wesfarmers.com.au/investor_relationships, accessed 17 November, 2004.

4. enhance employee development and corporate hospitality programmes (p. 10).

Both partners have expressed their satisfaction with the arrangements (P. D. S., *pers. comm.*, 17 November, 2004) and this is confirmed by the long term and continuing nature of the sponsorship. This is an example of what seems to be a more than satisfactory ‘match’ between a corporation and a community organisation.

5.13.11 *Western Women’s Violence Support Network – Duke Street Community House*

Set up in 1973 in the Melbourne suburb of Sunshine, the Duke Street Community House was to offer a place for the local community to meet, “learn new skills and share some fun times”³⁸². From the beginning the house operated on “the principle of providing programs to enhance social justice, access and equity to its community”³⁸³ and that principle is still intact today. The philosophy of the house emphasises its availability to all people regardless of age, gender, race or disability and its belief that “all individuals have a right to enrich their own lives, through access to social, community and education interaction”. The early days involved considerable work as the teachers and the Coordinator door knocked the area “to explain to parents the purpose of the community house and the advantages it would provide for students, the school and the area”³⁸⁴. The Reichstein Foundation has supported the Network for some time.

Further information was expected to be forthcoming but it has not arrived despite a number of contacts. It seems best to leave it there.

5.13.12 *Summary*

As might have been expected, all of the gift recipients spoke in positive terms about the gift givers. However they made different comments about the relationships. It seemed that the recipients interviewed were all very grateful for the financial support they had received from the donors. In the case of Cottage by the Sea no government funds are available for that type of program and they rely on trusts and foundations for half of

³⁸² Duke Street Community House. 2004a, ‘Our Background’, http://dukestcommunityhouse.org/about_us/about1.html, accessed 17 November, 2004.

³⁸³ Duke Street Community House. 2004b, ‘Our Philosophy’, http://dukestcommunityhouse.org/about_us/about1.html, accessed 10 November, 2004.

³⁸⁴ Duke Street Community House. 2004b, ‘Our Philosophy’, http://dukestcommunityhouse.org/about_us/about1.html, accessed 10 November, 2004.

their modest budget of \$750,000 annually. Several of the informants praised the trust or foundation giver for the way they conducted the relationship. For example Cunningham from The Graham (Polly) Farmer Foundation said that Wesfarmers “have been easy going” (P. D. S., *pers. comm.*, 22 July, 2003), adding that Rumbold from Upper Murray Family Care pointed out what is well known to professional fundraisers, namely that “to get funds you have to know someone” (P. D. S., *pers. comm.*, 1 May, 2003).

Featherston from Cottage by the Sea said that he spends time trying to get to know the members of the board of all of the trusts that support them, inviting them to visit the facility and maintaining contact by telephone. From experience, he was providing a good example of how such a relationship should be conducted in order for both parties to benefit as much as possible. Beckett from Diabetes Australia said that all of the foundations that fund the particular charity met together from time to time for morning tea and to have their questions answered. This he said was “a really supportive process”. However it seemed clear that the point made by Cham (refer Ch. 5, Section 5.11, p.265) about the “unequal power relationship” between the giver and the receiver is correct.

Salient points made by all of the informants in this section are tabulated in Table 5-4 below (p. 288). It is clear from the comments above that the recipients of these particular gifts are quite grateful, highlighting as they do the value the recipients obtain.

Table 5-4 Recipient/Giver Relationships

Name	Type of Program	Giver	Comments
Art Gallery of Western Australia	Acquisitions and exhibitions	Wesfarmers	A long standing partnership acclaimed by both parties.
Australian Rotary Health Fund	Health research	Dick Smith	Surprised by size of gift. Need is unlimited.
Bayley House	Residential for intellectually disabled	Reichstein Foundation	“a Godsend” “We have a close relationship with the trust”
Cottage by the Sea	Short term relief care for young people	H. M. Smith Trust	“Vital – half budget comes from trusts and foundations”
Good Shepherd Youth and Family Service	Same sex attracted and trans gender young people	Reichstein Foundation	“really supportive process” involving 4 foundations
Salvation Army	Welfare work	Dick Smith	Unwilling to comment
The Alfred Hospital	Multiple projects	H. M. Smith Trust	“a very responsive relationship”, “fabulous” association with the Burns Unit, “vital in wake of the Longford, Bali and 1983 fire disasters”
The Graham (Polly) Farmer Foundation	Scholarships for indigenous people	Wesfarmers Sidney Myer Foundation	“enormously important support”
The Smith Family	Practical assistance programs for the disadvantaged	Dick Smith	
Upper Murray Family Care	Programs for family welfare in rural areas	H. M. Smith Trust	“our fondness for the trust is boundless”
Wayside Chapel	Refuge for lonely, homeless and abused people	Dick Smith	“Important, especially valuable because it is ongoing”
Western Women’s Domestic Violence Support Network (Duke Street House)	Refuge for women subjected to domestic violence	Reichstein Foundation	

6. CONCLUSIONS AND RECOMMENDATIONS

In formulating the conclusions and recommendations from this study it is important to focus on the stated aims of the work, and so the researcher has returned to the original research questions set out in Chapter 2 (Section 2.2., p. 75-76), along with questions that have arisen in the course of the study; and has endeavoured to determine answers, or at least considered and discursive responses to those questions. First, to determine the motivations for corporate philanthropy, and second to ascertain the techniques used to carry out that philanthropy from the perspectives of the givers and the receivers.

It became clear from the first few interviews that it could be difficult to separate corporate philanthropy from individual philanthropy, because it seemed fairly clear that individual backgrounds, beliefs and practices carry over into business, so it seemed sensible to consider the two together as is shown in Figure 6-1 (p. 289) and Figure 6-3 (p. 301).

6.1 Individual Motivations

Individuals taking part in the study revealed a range of motivations for their philanthropic giving that appeared to be based on different beliefs, interests and circumstances. Yet they shared a desire to ensure that the money they had amassed would be used for good purposes after their deaths. Some made their intentions very clear, while others seemed to find it difficult to face up to the issue. For example, those who had no children were confronted with the reality of the money going to an unintended recipient if they did not leave clear directions in their will.

In cases where the giver or givers had been dead for some time the trustees of their foundations and trusts were finding that times had changed and they could not continue to give to the types of organisations spelt out in the will so they had to try to divine what the giver might have thought in that situation. As Cham suggested (refer Ch. 5, Section 5.11, pp. 263-267) the sources of funds bequested or placed in charitable foundations are still “virgin territory”.

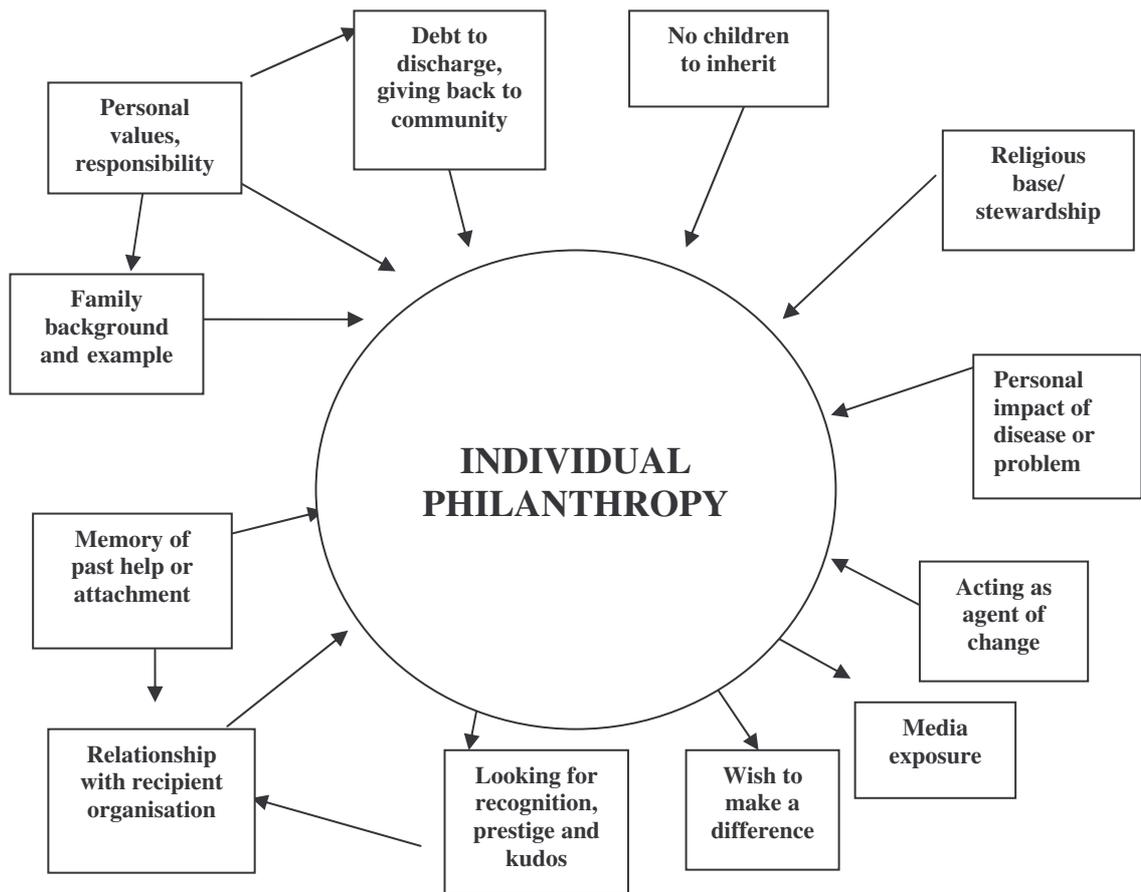


Figure 6-1 Individual Motivations towards Philanthropy

As might have been expected of people who had successful lives in terms of building businesses and making money, many of the individuals were strong characters used to solving problems and making decisions. This spilled over into the way they went about giving money away, whether personally or through their company. They felt indebted to the communities that had supported their businesses. Some saw philanthropy as the price of doing business, in other words a business cost. Others were more concerned with projects that had gained their attention during their lifetimes.

None of the participants mentioned that their gifts were to redress welfare gaps, that is to supplement government funding in particular areas to ensure that certain projects of value would go ahead. Most of the givers seemed to make decisions about their gifts based on their personal passions, personal preferences, and in response to their social consciences. No doubt their gifts are valuable, even vital, as has been attested to by a number of recipients, but only a few seemed to plan their giving, and this could be

attributed to the fact that they were responding to applications rather than seeking out worthy recipients for themselves, so that welfare and other community needs gaps could be closed. Those who do plan their giving in the main seem to be following personal preferences and one could argue that is legitimate, after all it is their money to do with what they wish.

Over time there would seem to have been changes in thinking about charity and the notion of helping those less well off. While earlier philanthropists might have made gifts to alleviate the effects of poverty, including poor health, lack of education, employment difficulties and general disadvantage. Some of the modern philanthropists may do this, but it would appear that some are expressing concern about the root causes of these and other community problems. However, despite this general assertion it should be noted that philanthropists back in the nineteenth century like Josiah Mason of Birmingham were concerned about root causes. Worried “that industrialization and urbanization had forced many people who were illiterate, sick or poor to depend on charity” (Smith, P. D., 2000a, p. 61), he set up facilities such as orphanages and almshouses to alleviate their suffering, made many gifts to the Birmingham Homeopathic Hospital and established a Science College (Jones, 1995, pp. 56-103). It is important to note that Mason seemed not to be altruistic, but rather feared the desperate circumstances of many people could lead to social uprisings (Smith, P. D., 2000a, p. 61). It should be noted too that there are still philanthropists today who operate in what might be termed ‘charity mode’ or ‘doing good mode’.

A distinction may be made between living donors still in charge of their affairs, and those who had died and left others in charge of disposing of their assets. Even if there was a will with clear instructions it still seemed that those who were left with the responsibility for managing the estate found some leeway in the provisions of the will to enable them to move with the times and respond to current community needs.

6.1.1 The meaning of philanthropy

The Conceptual Continuum of ‘The Meaning of Philanthropy’ (refer Ch. 1, Figure 1-1, p. 44) taken from the earlier thesis should be reviewed here to determine what changes, if any, have taken place over the past five years.

Conceding that the confusion in the discussion and lack of agreement on the meaning of ‘altruism’ cited previously (Smith, P. D., 2000a, p. 48) still applies, it is

worth noting that the word was not used by any of the informants in this study. This could mean that it is no longer fashionable to speak of altruism, or it could mean that it is such a high level of philanthropy that none of the informants aspired to it, or alternatively it could be that they would not like to call themselves ‘altruistic’ because others might see it as vainglorious and not the ‘Aussie’ way.

The notions of ‘atonement for acquiring wealth’ and ‘purifying tainted money’ were not generally put forward. However, Dick Smith’s need to “give until it hurts” so that he would not have guilt about his wealth would appear to be in that realm (refer Ch. 5, Section 5.8.3, p. 226). In a not dissimilar vein, both Robert de Crespigny and Kevin Kirby had said that they saw leadership in the corporate world as a privilege (refer Ch. 5, Section 5.5.3, p. 165).

The words ‘stewardship’ and ‘patronage’ were not used all by the informants in this study. They spoke more about supporting community projects, or supporting those who support them, or giving back, or seeking to effect beneficial change.

‘Endowment’ was referred to in the same context as in the earlier work, that is, it was concerned with developing long term benefits in partnership especially where companies and community organisations, such as welfare groups, arts and cultural organisations and environmental bodies worked together to solve problems through tailored programs, or to build structures for the care and benefit of people, and to improve the lives of citizens. The PM’s Community Business Partnership could be credited with bringing the concept of endowment to the fore, the word seems now to be more prominent in the business lexicon than at the time of the earlier study.

6.2 Corporate Motivations: Philanthropy versus Social Activism?

For some companies their motivations were clear, because they supported organisations in the areas where their businesses operate. Others, such as mining and resources companies saw their giving in like vein, but also more as a price for doing business in the area. Where mining was taking place on land where Aboriginals live or where they have Native Title, the companies put money into indigenous health, education, welfare, employment and training. For example, Rio Tinto (refer Ch. 4, Section 4.6.4, pp. 138-140) has set up the Rio Tinto Aboriginal Foundation and the Future Fund, the Alcohol Education and Rehabilitation Foundation and the Telethon Institute for Child Health Research with core projects relating to aboriginal child health. More recently Argyle

Diamonds, owned by Rio Tinto, has signed:

... a landmark agreement with aboriginal communities in WA's Kimberley. The Indigenous Land Use Agreement allows Argyle Diamonds to go ahead with the underground expansion of the mine when open-pit mining ends in 2008. It also includes employment opportunities and financial benefits for the indigenous community, plus sacred site protection and traditional owner access (Herbert, 2005, ABC Radio).

Argyle Managing Director, Brendan Hammond says "the agreement is unique, and although it wasn't necessary under Australian law, it was the right thing to do, morally and practically....its about establishing equity and justice" (2005, ABC Radio).

One of the informants, Jill Reichstein, wished not to be named as a 'philanthropist' but rather as a 'social activist' to more rightly reflect the work she does through the Reichstein Foundation (refer Ch. 5, Section 5.5.5, p. 176-180). While others such as R E Ross (refer Ch. 5, Section 5.8.7, pp. 234-239), may not claim this title, their work could perhaps be more properly described as 'social activism'. It is a moot point and possibly a further subject for another thesis.

The company representatives used a variety of terms to describe their philanthropy such as 'meeting the Triple Bottom Line', 'following the Third Way', 'carrying out corporate social responsibility' (CSR), 'taking up corporate social opportunity', 'being involved in the community', 'being responsible capitalists', or 'working on sustainability'. It seems that while there seems to be no general agreement about the terms, the intent is much the same, that is to run a profitable business giving a reasonable return to shareholders, while taking care of the environment and supporting the community where the business operates. Thus there is a fundamental difference between these corporate motivations and the notion of first doing policy research and then endeavouring to fill gaps. Once again we have Lupi's two trains running on adjacent lines, passing but never meeting (refer Ch. 1, Section 1.15, p. 41). The updated conceptual continuum on the meaning of philanthropy would look like Figure 6-2 (p. 294).

Conceptual Continuum

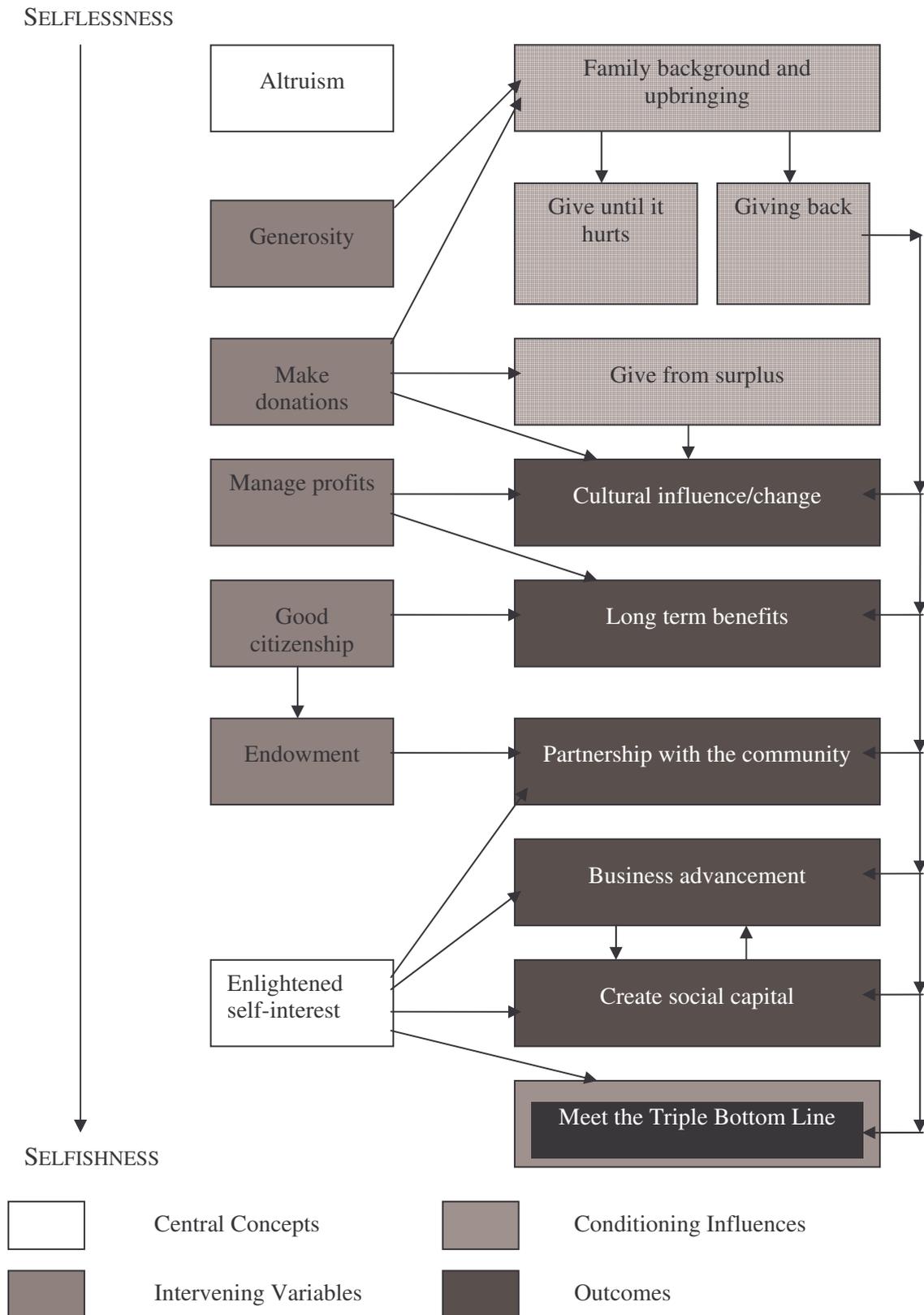


Figure 6-2 The Meaning of Philanthropy (Literally “Love of Mankind”) - updated from Figure 1-1, p. 46 and Figure 4-4 in the earlier work

6.3 Trustee Companies

Trustee companies along with trusts and foundations proved to require a different type of consideration as they act as intermediaries between givers and receivers. Representatives of trustee companies described their roles as twofold. First, efficient management of the funds entrusted to them, and second risk averse investment of those funds. It was noted that the amalgamation of Trust Company of Australia and Permanent Trust Company Limited to form a new company named 'Trust' had brought together two of Australia's oldest and largest trustee companies. The Trustees Corporations Association of Australia is an important player serving as it does seventeen members with assets under management totaling more than \$300 billion. The informants from this sector said that the trend is to reduce the number of grants to enable them to make larger grants that will make a difference in the community.

As the only corporate entities in Australia authorised to administer deceased estates the trustee companies between them hold more than 1,000 wills for Australians. The three largest companies; Perpetual Trustees, Trust and ANZ Trustees manage some billions in assets. They are therefore important players in the philanthropic scene. The amount these companies are able to put out in grants to charitable bodies each year is dependent on the earnings of the individual trusts they manage. The funds are directed in varying amounts to what would seem to be all of the major philanthropic causes in Australia.

Like some of the trusts and foundations as stated above philanthropists may establish their own fund through one of the trustee companies with a modest sum, in the case of ANZ Trustees it is \$50,000 for individuals. Perpetual manages Corporate Gift Funds that may be set up with as little as \$500,000. Normally grants are only made out of earnings on the capital sum although ANZ Trustees (refer Ch. 5, Section 5.10.1, pp. 250-256) does have a few trusts that allow payments out of capital. External grant researchers are used to assess submissions initially and potential grants are checked out by legal counsel. They may make continuing grants, but in general will not fund recurring costs. Grants are usually in cash and are from around \$5,000 and up.

6.4 Practical Aspects

6.4.1 *Methods of giving*

The question as to how people give money away produced a range of ways and variations on those ways not dissimilar to those revealed in the earlier work (Smith, P. D., 2000a, pp. 118-125). The simplest and most used way was direct giving where an individual or a company responded to a request to support a project with a cash grant paid once only or spread over a period of a few years. There were those who preferred to make one gift only and move on to support something different the next time around. These people were not so concerned about checking up or monitoring how the money was spent. Others preferred to have longer term associations with the gift recipients because they wished to build relationships and be able to see what their gifts were doing in the community.

In a change from what appears to have been the practice in the past there are now those companies and trusts and foundations that prefer to be proactive rather than reactive. These people and organisations spell out the areas they wish to support and then go out themselves to find suitable recipients that match their wishes. In some of these cases there are cooperative arrangements negotiated with other givers, especially with trusts and foundations that follow similar stated interests. Some individuals and organisations mix reactive and proactive giving, wishing still to support those who have traditionally turned to them for assistance. Others said they do not respond to letters or accept applications for funding preferring to follow their own interests and instincts. There were those givers who indicated that they had decided to give mainly large gifts because they wished to “make a difference” (P. D. S., *pers. comm.*, 2003-05).

This trend to more proactive giving provides a challenge for gift seekers and professional fundraisers as they cannot use channels of influence, such as board members and senior executives that they have used in the past. Only time will tell how well this method works, but on the positive side the gift makers pointed out that it gives them much more direction and control over the process. However it may then become even more difficult to raise funds for less popular causes. On the other hand, it will be interesting to discover how efficient proactive giving is in terms of value for money. This could provide a subject for a future thesis.

There were some cases where it seemed that the person presiding over or managing

the trust or foundation was exerting their own influence so that grants were going to organisations that it was difficult to imagine the original giver supporting. Examples are AIDS related organisations and those that support Gay and Lesbian causes. It could have been the case that the younger generation's view about support for some causes turned out to be rather different from that of the original giver. Another aspect of note from what might be termed 'left field' was the emergence of Chuck Feeney's Atlantic Philanthropies and the CEPA Trust to disperse large sums over a relatively short period of time, and Feeney's parsimonious attitude to his own spending (refer Ch. 5, Section 5.5.4, p. 171).

6.4.2 Decision making and timing

A study of Figure 6-1 (refer p.289) draws attention to the lack of sophistication exhibited by participants in this study in making decisions about gifts. None of them said that they had carried out policy research to determine where best to place their gifts for maximum impact in the form of community benefit. Most, but not all as will be noted (refer Ch. 6, Section 6.11.5, p. 308-309) were reactive, that is they responded to requests rather than responding to particular needs in society by searching out suitable recipients for themselves, in other words they are operating in a policy vacuum. While it might be argued, as pointed out earlier (refer Ch. 6, Section 6.1, p. 291), that it is their money and they may do what they wish with it, it might also be argued that they could provide better value to the community, and greater satisfaction for themselves, by paying attention to this aspect. For example, they may decide that their gift could make the difference between a much needed project going ahead or not, or including some much needed elements that would not otherwise be available. In other words they could supplement government funding, add to corporate giving or form a partnership with other individuals and at the same time increase the level of satisfaction with their philanthropy.

The methods varied somewhat between individual givers, corporations and trusts and foundations. As would have been expected individual givers in the main make their own decisions about gifts, although they may take advice from others who may be experts in the field. Corporate decisions are made by boards, or by special committees recommending to the boards, or by the boards of foundations set up by the companies for the purpose. Staff members would prepare background material for the boards or committees in the same way that they would for any other matters on the agenda. In

some cases outside expert advice would be sought.

While individuals were mostly autocratic in their decision making, corporations tended to be democratic, even though the chairman or the chief executive officer might wield more influence than other members of the board or committee. It was noted that it was evident that some CEOs were not as powerful as they may have been in the past in terms of decision making about gifts. For example, some companies, such as Telstra (refer Ch. 5, Section 5.5.14, pp. 207-211), display clear guidelines for intending askers.

In terms of time taken, individuals seemed to respond relatively quickly to requests for gifts, while corporations tended to work from board meeting to board meeting often at monthly intervals, while trusts and foundations, and trustee companies took longer to process applications, usually in the region of three to four months.

The other aspect of timing concerns the length of the period over which the gift is paid. Some individuals preferred to make once only gifts, others would consider spreading a gift over a period of two or three years, particularly when the project was too costly for them to have the resources to cover the gift in one year. Companies and trusts and foundations made similar variations. Corporate representatives mostly opted for no more than three years because of the volatility of markets, but there were longer term sponsorships negotiated, such as the long standing relationship between Wesfarmers and the Art Gallery of Western Australia (refer Ch. 5, Section 5.13.10, pp. 284-286). Klingberg (refer Ch. 5, Section 5.8.8, p. 239) made the interesting point that the demand does not change according to the profitability of the company. In fact in years that are generally poor for companies the demand accelerates because the charities are having poor years too, another pointer to the failure of gift seekers to do their research.

6.4.3 Gift seeking

Asking for a gift may be as simple as writing a letter outlining the need and detailing the project and its proposed management, along with supporting information about the gift seeking organisation. It seemed that individual givers preferred to keep the process simple, particularly where they dealt with the applications personally. Company and trust and foundation representatives explained how they like to be approached, some have specific formats for applications and require certain documentation. They pointed out that intending gift seekers should study the corporate Web site before preparing

their material.

Some of the trusts and foundations make specific contractual arrangements with grantees. Companies might not require contracts for gifts but where a sponsorship was involved or a mix of gift and sponsorship some form of contract, either formal or by letter was required. Some companies kept their gifts and their sponsorship apart with separate budgets.

6.4.4 Tax deductibility

Companies did not display any interest in income tax deductibility as their gifts are made under different accounts headings and become tax deductible in that way. Naturally individuals were most interested in tax deductibility, not just because of the tax deduction, but because a Deductible Gift Recipient (DGR) rating indicated a certain government approval of the organisation.

6.4.5 Government funding

Government funding for welfare and other community activities has been, and probably will continue to vary as to the types of organisations and programs funded; as to the total sum available from government for this type of underwriting; and according to the policies of the party in power. Some organisations were able to attract government funding at variable levels. For example, Bayley House (refer Ch. 5, Section 5.13.2, pp. 275-276) is 72% government funded, while The Smith Family (refer Ch. 5, Section 5.13.4, pp. 276-279) only receives 4% of its total income from government and Cottage by the Sea (refer Ch. 5, Section 5.13.5, pp. 279-280) does not receive any government funding. Investigation of this phenomenon could be the subject of another thesis.

Even before Whitlam's 1973 proposal for a welfare state became a reality there were those who saw that such widespread benefits would not be sustainable. Firstly, the birth rate was down, and second, Australia now had an accelerating ageing of its population. This led to a declining work force and the consequent increase in demand for welfare services to the point where the commonwealth government began to push for people to stay in the work force beyond the usual retiring age of 60 for woman and 65 for men. The retiring age for women was gradually lifted but this proved to be not enough. Another move the commonwealth made was to move the responsibility for certain social services back to the community, therefore increasing pressure on state and territory governments, on business, and on trusts and foundations.

6.5 Relationships between Givers and Receivers

Discussions with gift recipients indicated that in general they valued the gifts highly because they often made the difference between being able to proceed with, or maintain a project or not, or alternatively the gifts would allow enhancement of the project for the benefit of the clients.

Some of the trusts and foundations have developed quite close relationships with their grant recipients. This seemed to depend upon the individuals involved, the nature of the project being funded and the amount of the grant, likewise some companies, such as Wesfarmers, had formed close relationships with recipients of major grants.

6.6 Techniques of Giving

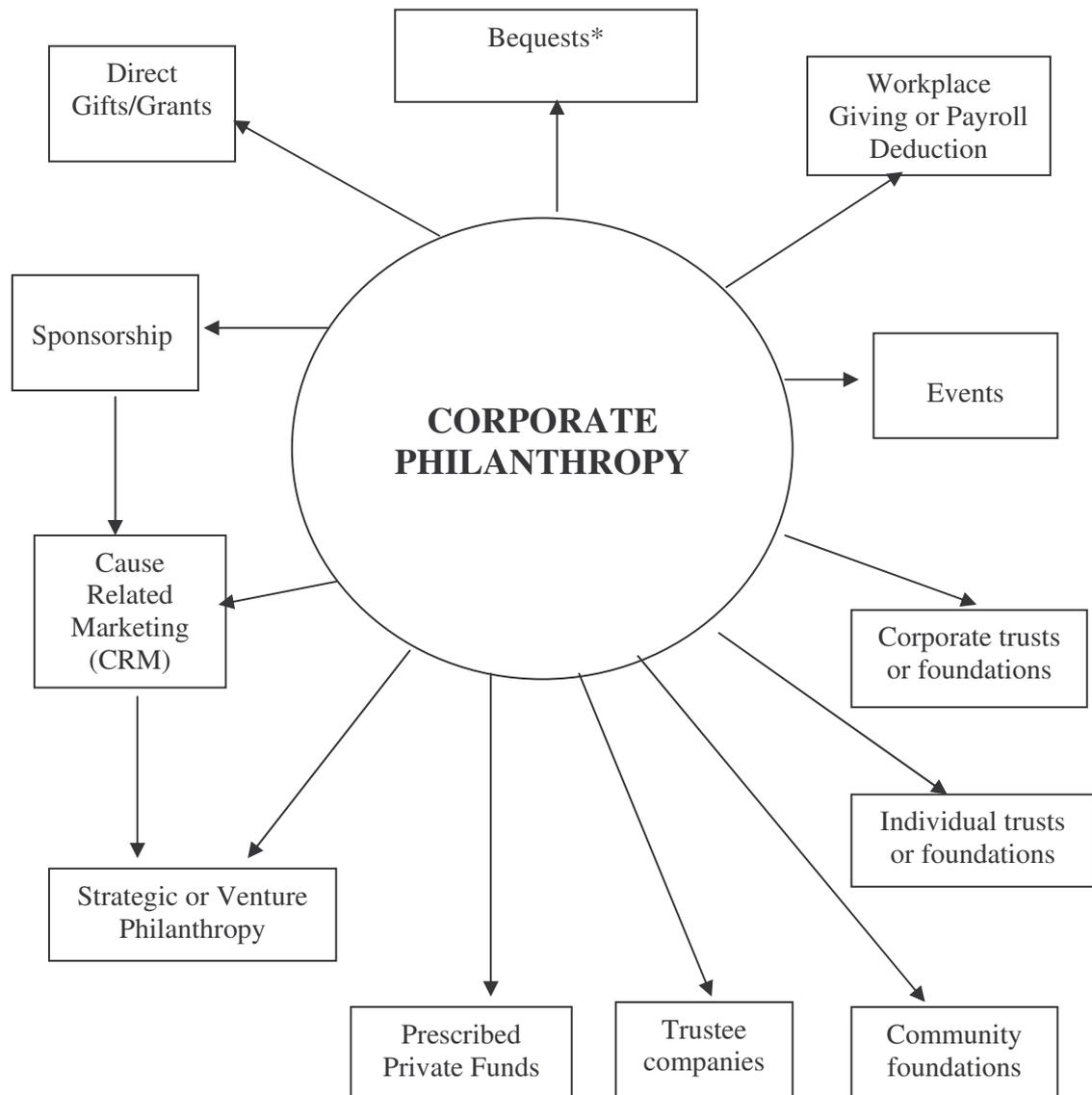
Consideration of the techniques for giving employed by both companies and individuals varied but seemed still to be close to those highlighted in the earlier study (Smith, P. D., 2000a, p. 106) in that direct gifts and sponsorship were the main methods used by the companies surveyed. As with the motivations there was an overlap caused through personal views influencing corporate decisions, hence the techniques in Figure 6-3 (next page) may apply to individuals, companies and trusts and foundations.

6.6.1 Direct gifts and grants

Direct gifts or grants are used by all of those although in some cases these may be made through an intermediary such as a prescribed private fund, trustee company, community foundation, individual trust or foundation. Some of the arrangements made between these organisations and recipients may be direct gifts with only minimal accounting requirements, usually where the sum is not large, or they may require regular reporting and, in some cases, outside assessment. It was noted also that some projects attracted joint grants from several trusts or foundations and companies. This is whole area is one where philanthropy could be perceived to have become more professional.

6.6.2 Bequests

Bequests seem to be an important part of the fundraising mix although as they are largely unpublicised it is difficult to determine how great a part they play. Although there are major trusts and foundations such as Potter, Viertel, Myer and Pratt with growing capital bases and increasing amounts of annual grants. These organisations' activities are well documented. It would appear that fundraising professionals would be



* Bequests are individual activities, nevertheless where a company has a trust or foundation an individual may decide to will a sum to that entity believing it will be well managed.

Figure 6-3 Techniques of Corporate Philanthropy

well advised to pursue this section of the market.

6.6.3 Sponsorship

Sponsorship is a valuable technique according to informants, although they were divided as to whether such activities constitute philanthropy or not. They pointed out that sponsors seek value, and sometimes obtain more for their money through judicious negotiating. An unsophisticated charity might find itself agreeing to provide benefits far

in excess of what should be the market value of the sponsorship. This researcher has seen examples of this situation but cannot name the companies and organisations here out of respect for the participants' good names. The Sydney Olympic Games of 2002 attracted large amounts of sponsorship, but at the same time informants indicated that this resulted in smaller amounts being available to other organisations.

CRM as well as strategic and venture philanthropy should be considered in the same vein as sponsorship with similar comments applying. As has been said (refer Ch. 4, Section 4.2, pp. 119-122) there were those informants who saw the four methods as being the same only with different names, while others contended that there were differences although it was difficult to understand those differences. Again, there is another subject for a thesis, or at least a paper to attempt to clarify the issues raised as it is beyond the scope of this work.

6.6.4 Workplace giving

Workplace giving or payroll deduction appears to be growing, sometimes allied with staff community activities, including running fundraising events or giving professional assistance, and sometimes accompanied by a matching gift from the employer. The question could be raised as to whether staff giving in a sense allows the employer to allocate less funds to corporate giving. Again it is the case that information is sparse unless a specific study is made of this area.

6.6.5 Events

Fundraising events seem to be less popular than they were at the time of the earlier study but that is a subjective judgment based on perceptions and comments from the informants. The main objections to mounting such events seemed to be the uncertainty of success and of the after costs returns.

6.6.6 Trusts and foundations vary

There are a number of facets to the topic of trusts and foundations varying from those established by corporations and run by a committee of the board, to those set up by individuals to manage their giving both during their lifetime and after, to community foundations established to encourage and manage philanthropy in usually a particular geographic area.

Some trusts and foundations are set up with an initial amount and that is all,

although investment of that amount without allocating all of the earnings through grants will cause the capital to grow. The questions may be posed as to whether trustees should allow this to happen or allocate all of the earnings. Those informants where this was discussed mostly thought more good could be done over a longer period by allowing the capital to grow and only allocating a portion of the earnings. However there were two organisations that had been set up to have a limited life. The Stegley Foundation was planned to have a 30 year life (refer Ch. 4, Section 4.3.2, p. 128). That has been exceeded and the foundation is no longer accepting applications although maintaining existing projects. Feeney's CEPA Trust is intended to give away all of the funds during his lifetime and already large sums have been granted (refer Ch. 4, Section 5.5.4, pp. 168-175). It will be of interest to monitor this organisation to ascertain if it achieves Feeney's objective.

Some trusts and foundations accept gifts to extend their work and thus allow those with smaller sums to give to participate in their philanthropy. Trustee companies may accept sums as small as \$5,000 into joint funds. Community foundations allow people with smaller sums to give to participate in worthwhile projects in their community.

6.7 Prescribed Private Funds

Prescribed private funds (PPFs) are the newest philanthropic vehicle on the market and according to informants are attractive to both individuals and businesses because they are less restrictive than other methods, and are flexible in that they may be designed to fit with individual charitable interests and aims. The number of PPFs established since tax changes in June 2001 made them viable was 91 by 2003 (refer Ch. 5, Section 5.11, p. 266) and had grown to 250 by June 2005 (Katz, 2005, p. 20). In commenting on this trend Gonski (in Katz, 2005, p. 20) says that "Giving is becoming more professional" and that "Individuals who have PPFs are becoming more particular with their generosity. They don't just want to send off a cheque, they would like to see the returns".

6.8 Professional Philanthropy

While these social changes were taking place those involved in philanthropy both as givers and as fundraisers felt the pressure of funding the gaps, and it would seem that trusts and foundations in particular began to see themselves not just as organisations

that ‘topped up’ government funding, but as organisations that needed to increase their professionalism in order to provide the best possible use of the benefactors’ money for the best possible good of the community.

Pioneers of professional philanthropy have been: The Myer Foundation and the subsidiary funds added later, along with those funds established by individuals within the Myer family (refer Ch. 5, Section 5.5, pp. 180-184); the H M Smith Trust (refer Ch. 5, Section 5.11, pp. 200-202); The Ian Potter Foundation (refer Ch. 5, Section 5.9, pp. 191-198); and the Sylvia and Charles Viertel Charitable Trust (refer Ch. 5, Section 5.10, pp. 198-199). One aspect that claimed the attention of this study was the way in which they evaluated the projects before, during and after funding. They began to require more formal evaluation and some began to use outside evaluators for all three purposes. A number began also to make fewer larger grants and develop closer relationships with the grantees. Some trustee companies opted for the efficiency and effectiveness of fewer, larger grants more closely monitored.

6.9 Social Capital Effects

A considerable number of definitions of ‘social capital’ were discovered (Ch. 1, Section 1.18, pp. 62-70) and these were summarised in seventeen different, but not necessarily conflicting points. The diagram (Figure 6-4) on the following p. 305 attempts to bring all of the views together and to show the relationships between them, along with the researcher’s own definition of social capital.

While social capital may be a concept capable of holding many different meanings as explored in Ch. 1 (Section 1.18, p. 62), it is important to understand certain aspects of it that result in some people being more empowered than others in the accumulation of their social capital. Coleman (1990) pointed to social relationships that are resources for individuals, but at the same time, that individuals cannot really act independently due to the influences exerted on them through the various networks in which they are involved. To obtain social capital it seems to be almost necessary to be part of a “durable network” (Bourdieu, 1997, p. 51) or group that is made up of “more or less institutionalised relationships of mutual acquaintance and recognition” (p. 51). The network for example, may be a family, a school, a class within a school, a tribe, an association, or a party. Each member has their own social capital to contribute to the group, but each gains also further social capital by right of being part of the group. The

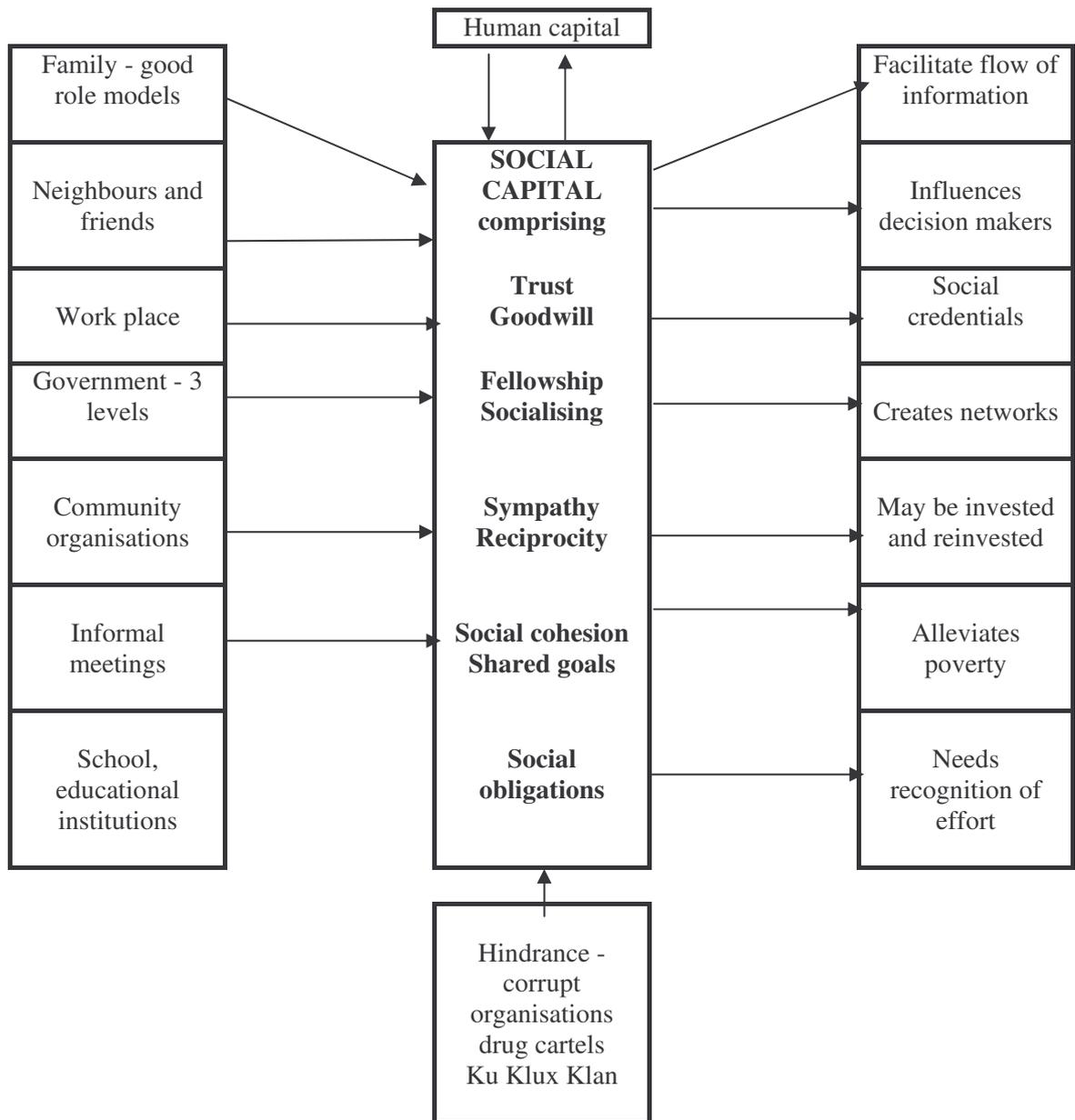


Figure 6-4 Creating Social Capital

amount of social capital held by individuals or by the group depends partly on size, but also on the exchanges, either material or symbolic, carried out by members. Closeness in physical or geographical terms is important as well as economic closeness or similarity and what Bourdieu terms “economic and social space” (p. 51).

Brown and Onyx (1999) studied the population of Marrickville, NSW to determine levels of social capital held by various seniors groups and found that social capital levels were highest for Greek and Arabic, followed by Portuguese and Vietnamese group members, while the Anglo seniors group had the lowest level (p. 62). A number

of explanations for this might be posited including the obvious one, that migrants need each other in a new land, but that is not within the scope of this thesis. The research is mentioned because it extends the examples of the development of social capital.

It should be noted too that information may be social capital that may be accumulated, for example, by students, businessmen, consultants and the media, to name a few. Self-interest that is foregone for the sake of the public good may also build social capital. At the same time the creation of social capital may be a by-product of certain actions that have not been aiming to directly invest in social capital. Examples are voluntary associations that produce public good, such as school parents' and friends' associations, strata titling property, volunteer work at hospitals, libraries and bodies such as the National Trust. Activities such as these give access to information that may become social capital to be shared with other organisations. Noteworthy too is that limits to membership are necessary to maintain the level of trustworthiness within the group.

Coleman pointed out that creating an obligation by doing a favour in this way can "constitute a kind of insurance policy" (1990, p. 310). It may also be seen that this reciprocal activity may apply to politics as well. It should be noted that certain norms or actions may constrain others. Coleman gives the example of an area where women may walk alone at night in safety and that in itself constrains those with criminal intent (1990, p. 311). For individuals to share in the resources of social capital held by a network or group it is imperative that they belong to gain access. Therefore those in the community without access to such networks are disempowered. For example, indigenous people may find access difficult due to remoteness, lack of employment or poor health. The social capital held by advantaged people in the community needs to be spread more widely to take in those who are disadvantaged, and this is one of the major difficulties faced by governments. It is suggested that in Australia wealth usually means power and access while lack of wealth usually means that the person has very little power and access is not available. Existing networks may exclude others by their norms or rules and thus embed the differences between both groups and individuals.

It is reiterated that trust is a key element in social capital as was pointed out in the case of farmers helping each other and then being obligated to reciprocate without any formal agreement (refer Ch. 1, Section 1.18.5, p. 70-71).

6.10 Assets Growth

One of the aspects of the grant making sector that has concerned this researcher has been the growth and stockpiling of capital. Just a few examples follow. The Potter Foundation was established in 1964 with a gift of \$1 million from Ian Potter, by 1994 the total capital had grown to \$50 million and in 1995 a bequest in Potter's will took the total to \$100 million and by 2003 the capital base had reached \$200 million (refer Ch. 5, Section 5.9, pp. 191-198)

As previously noted a bequest in the will of Helen M Smith (Schutt) of \$350,000 began the Trust that carries her name. The capital amount grew to more than \$50 million by 2001 and more than \$62 million by 2003 (refer Ch. 5, Section 5.5.11, p. 200). Charles Viertel left \$60 million to establish the Sylvia and Charles Viertel Charitable Foundation, by 2000 its value was \$100 million (refer Ch. 5, Section 5.10, pp. 198-199). It should be noted too that foundations established by corporations may have quite large corpuses of funds. The Foundation, formed in 1996 following the demutualisation of Colonial Mutual Limited, had a base of more than \$142 million by 30 June, 2004 (refer Ch. 5, Section 5.5.13, p. 204).

Trustees of these and other foundations now find themselves managing large capital and grant amounts, a considerable responsibility, and yet there seem to be few that are transparent in their financial dealings. As Brenchley (2001, p. 2) points out: "Charities and foundations gaining various tax exemptions face no regular reporting requirements on their grant process or recipients, or internal efficiencies". This led Elizabeth Cham, executor director of Philanthropy Australia to agree that the huge tax concessions, between \$30 and \$40 of every \$100 dollars that foundations and charities receive "impose obligations of transparency" (Brenchley, 2001, p. 3). Even allowing for inflation it would seem that the capital held may be excessive and perhaps not necessarily in line with the wishes of the original giver.

6.11 New Aspects and Trends

A number of aspects of wider community philanthropy emerged from this study, along with trends that were identified. They seem to be worth summarising here.

6.11.1 The community foundation movement

The community foundation movement began in Victoria. The Victorian Community

Foundation was set up by the ANZ bank in 1983 and the Melbourne Community Foundation has been operational for seven years, the Queensland Community Foundation was established in 1997, the Tasmanian Community Foundation in 1995 and the Western Australian Community Foundation in 2004, so the movement is comparatively new. Although by 2003 there were nearly twenty new community foundations being developed. All of the community foundations researched appear to be growing at quite a rate.

6.11.2 Voting rights for donors

Some of the organisations studied, notably the CEPA Trust and The Walter and Eliza Hall Trust accept donations and offer voting rights to those donors, commensurate with the amount invested. Trustee companies and corporations provide voting rights for shareholders at annual meetings, but it should be noted that many of these meetings are dominated by large investors holding the greater number of votes.

6.11.3 Shareholders

While this aspect was not studied in detail it seemed from the interviews with corporate executives that in general shareholders are more aware of their rights and are becoming more vocal at annual meetings, including exercising their rights to give an opinion on the company's philanthropic activities which impinge on the returns from their shares. Several corporate executives pointed out their duty to shareholders and their concern about their reaction to their philanthropic activities, but it would take another study to determine if that is due to concern about the amount of dividend they will receive on their shares, or if in fact they support the company acting philanthropically.

6.11.4 Environment

An increasing interest in making gifts and grants for the preservation and improvement of the environment has been noted, possibly this interest is being driven by publicity given to the greenhouse gas problem and the Kyoto Protocol. In this context the activities of the R. E. Ross Trust (refer Ch. 5, Section 8.7, pp. 234-239) bear further consideration.

6.11.5 Proactive or reactive?

The trend towards a proactive rather than a reactive approach to giving was clear, although some companies, individuals and trusts and foundations employed a mix of

proactivity and reactivity, thus enabling them to search out their own recipients in line with their stated interests, while at the same time responding positively to those organisations that they had supported over a period of time. There were still those, notably the Walter and Eliza Hall Trust (refer Ch. 5, Section 5.8.6, pp. 231-234), that made a considerable number of smaller grants.

6.11.6 Corporate foundations

Although it was beyond the scope of this research and so not possible to determine, classify and count them, the number of corporate foundations seems to have grown since the earlier study as business leaders have seen this as a more organised way of dealing with their corporate philanthropy. It has meant the establishment of guidelines and mechanisms for dealing with applications, but it has at the same time taken the pressure off the board by putting the business of giving at arms' length, which perhaps makes it more difficult for fundraisers to access their available funds. The corporate foundations deal with direct giving or grants while sponsorships and similar activities such as CRM are handled by departments with responsibility for marketing.

6.11.7 Prescribed Private Funds

Prescribed Private Funds could be described as one of the success stories of philanthropy. They provide an uncomplicated and tax deductible method of charitable giving that has been embraced by both individuals and corporations, and they are increasing in number quite rapidly, almost certainly due to the 2001 changes in Australia's tax laws.

6.11.8 Workplace giving

It appears that workplace giving or payroll deduction for charity is on the increase, although it would require a separate study to determine the volume, methods and directions it is taking. It would be important to research employee, employer and recipient aspects to gain a true picture of the phenomenon.

6.11.9 Decision making

Decision making about corporate gifts seems to have moved from chief executives and boards as was the case in the past to involve a more varied group of people. Some companies have established committees for the purpose of assessing the applications, or determining suitable recipients to be approached, and making recommendations to the

board. Other companies have established corporate foundations and handed the whole business of gift giving over to them along with annual injections of funds for distribution.

Some trusts and foundations and trustee companies use outside researchers and assessors. This has lengthened the process to three or four months but has provided the decision makers with a greater depth of understanding of the projects, the organisations, their needs and their operations.

6.12 Topics for Further Research

Throughout this work various topics for further research have been recommended. This section brings them all together for ease of identification. The first group as follows could be of more interest to the fundraising industry, although practitioners could wish to be informed about all of the topics.

6.12.1 Abundant Topics

It has been pointed out in Ch. 1, Section 16.8, p. 55 that there is an abundance of examples of ‘enlightened self-interest’ so that it could be the topic of another thesis. In particular it would be interesting to determine if, and how ‘corporate citizenship’ or ‘corporate social responsibility’ fits into the realm of ‘enlightened self-interest’. If the act of corporate social responsibility is aimed at advancing the donor company’s business interests, does that mean that it cannot be claimed as ‘philanthropy’? A statement that could be tested in this regard is “Business advancement is a good reason for a company to be a good corporate citizen” (p. 55).

6.12.1 Prescribed Private Funds

This fast growing field should provide ample material for an eager researcher to determine the size of the field in terms of numbers and funds, and to verify the impact of the funds in the community. It could be useful also to know just who and what are behind the establishment of the various funds.

6.12.2 Trend to fewer larger grants

This trend has been noted and commented on during the study with participants indicating their aim to make a difference in the community. It could be valuable to research the extent of the trend, the amount of money involved, the reasons for the

decisions to make fewer larger grants, whether any particular type of organisation leads the trend and if they are achieving their objective of making a difference, and if so, in what areas are those differences showing up.

6.12.3 Proactive v. reactive

Certain companies, individuals and trusts and foundations were noted during this work as tending to be proactive in seeking out suitable grant recipients rather than simply waiting for applications. It appears that this enables them to more nearly meet their guidelines, and perhaps to provide better value for money. If this trend continues it will have profound ramifications for all in the fundraising industry and therefore bears closer study.

6.12.4 Government funding

Why do some organisations succeed in gaining major government support, while others get little or none? This study identified a number of what appear to be anomalies in this area. For example, Bayley House has been steadily government funded and in the most recent report 72% of their income came from government sources (refer Ch. 5, Section 13.2, pp. 275-276), while the long established Cottage by Sea does not receive any government funding (refer Ch. 5, Section 13.5, pp. 279-280), and the large charity, The Smith Family, receives around 4% government funding (refer Ch. 5, Section 13.4, p. 276). The phenomenon may perhaps be traced to management, to existing support, to government or elsewhere.

6.12.5 CRM and related methods

While this study has concluded that CRM, strategic philanthropy, venture philanthropy and sponsorship are closely related and similar in activities and outcomes, it may be useful to determine if this is so, and if so, why, or alternatively that it is not so, and why. For example, is CRM just a marketing tool or is it really different to sponsorship?

6.12.6 Workplace giving

Call it Workplace Giving or Payroll Deduction, this seems to be a growing method of involving employees in giving to charity. Is it a valuable tool? Or is it just a way for companies to reduce the amount of community giving they carry out? A study of the existing programmes could reveal the answer and point the way ahead.

6.12.7 Events

While it may appear that fundraising events could be almost passé, there perhaps is a need in the community for this type of effort because it builds social capital and brings communities together. A study of events, large and small, in a range of communities from country to city and from state to state may provide some answers, especially for those who would like to know if it is really worth the work?

The following topics could be of more interest to the corporate sector and other associated organisations.

6.12.8 Community business organisations

The UK organisation ‘Business in the Community’, along with a similar Canadian organisation named ‘Imagine’, and ‘Business for Social Progress’ in the Philippines has been referred in this thesis. Each could contribute to a template for a similar organisation in Australia. Existing organisations in Australia that are relevant also are the PM’s Community Business Partnership, and the Social Entrepreneurs Network. Such a study could be instrumental in identifying and bringing together the best and most workable elements of all.

6.12.9 Prime Minister’s Community Business Partnership

The Partnership has been operative for seven years so this could be a suitable time to assess its activities through rigorous study. There are a considerable number of partnership projects either operating, or in the planning stages. Interviews with representatives of these businesses and organisations could be fruitful in terms of sorting out what worked and what did not, in identifying problems and solutions, and in determining what social capital has been accumulated, along with some determination of the potential for the future.

6.12.10 The future of trusts and foundations

With corporations increasing their activities in this field, and some of the longer established trusts and foundations undergoing change in response to changes in the community, a study of this area and its overall impact in the charitable arena could be of value to the organisations themselves, to government, to bodies like Philanthropy Australia and to professional fundraisers. An interesting aspect of such study could be consideration of the terms of the wills that provided the original bequests to establish trusts or foundations, why some trusts and foundations have had to modify their guidelines, and the challenges they face in the future.

6.12.11 *Philanthropy v. social activism*

Possibly led by Jill Reichstein (refer Ch. 5, Section 5.5, pp. 176-180), there are those who would not use the word philanthropy about their giving but prefer to talk about social activism. The study has pointed out also that certain foundations, such as the Myer Foundation (refer Ch. 5, Section 5.6, pp. 180-184) and The Ian Potter Foundation (refer Ch. 5, Section 5.9, pp. 191-198) may consider their work to be social activism. This appears to be a fairly recent phenomenon and could be a useful study for all of those involved.

6.12.12 Informed Giving

It appears that there is a need for, not only further research, but to address the policy vacuum in the area of determination of the most suitable gift recipients. Perhaps a type of template covering policy matters as well as community needs could be used by intending givers to aid them in making their choices in an informed manner. Such a template might look like Table 6-1 below.

Table 6-1 Considerations to Guide Philanthropic Decisions

GIVING TEMPLATE FOR..... (name)

My/our welfare interests	Government policy and support	Where to get information	What are the gaps	How much needed to close gaps	Potential partners
<i>Aged care</i>					
<i>Children</i>					
<i>Disabilities</i>					
<i>Medical research</i>					
<i>Drug addiction</i>					
<i>Social change</i>					
<i>?</i>					
Other interests					
<i>Sport</i>					
<i>Art and culture</i>					
<i>Overseas aid</i>					
<i>Animals</i>					
<i>Church</i>					
<i>?</i>					
<i>?</i>					

6.12.12 Comment

Studies such as those outlined above could hopefully provide some answers for the groups of people who have participated in this study that may guide their future efforts. From personal observation it seems that many of the people involved in these areas are far too busy to spend time studying or even evaluating what they are doing. It could be time well spent.

6.12.13 Themes

The above gave rise to the following themes:

1. Gifts are made in a number of different ways, and givers may seek various forms of acknowledgment.
2. There is an evident gap in understanding of corporate philanthropy from the points of view of givers and gift seekers.
3. Arbitrary methods of determining how to give and what to give are used by some companies and individuals, while trusts and foundations generally exhibit a more defined, rational and organised approach.
4. A number of other issues emerged, mainly from the literature review, but also from the meetings and electronic and telephonic discussions with participants. Those seen as particularly relevant to this topic have been addressed in this thesis as listed above.

7. REFLECTING ON METHOD AND ITS EFFECTIVENESS

7.1 Validity of the Research

Two key points made in the introduction to this work were first, that the researcher is part of the subject matter, and second that the work is exploratory. The researcher found herself in the role of a participant and an observer, that is, she is part of the subject matter (refer Ch. 2, Section 2.1, pp. 75-76). She also played the role of a teacher and co-learner as well as facilitator. This seemed inevitable due to her long experience in the fundraising industry as a consultant and teacher. These factors required a different approach to determine the most sensible method of analysis to employ that would enable her to be objective and at the same time to elicit the appropriate data to answer the research questions.

The focus group of professional fundraisers drawn from the Australia wide philanthropic community provided a real world situation with an opportunity for a symbiotic process in which the participants learnt from each other and from the researcher, both through inquiry and through dissemination of the data. Some of the conclusions reached from the data have been published under the title of 'Philanthropy on the Go' (Smith, P. D., 2005, p. 20).

The Iterative Research Spiral (Figure 3-1, p. 111) was developed to indicate the ebb and flow of the work from researcher to participants and back several times in order to achieve rigour and objectivity. It was important also to check that the original issues and themes along with the research questions and other issues that had come to the fore had been properly explored in the course of this study.

Although this work follows an earlier exploratory study (Smith, P. D., 2000a) the current investigation is still exploratory in that, so far as could be ascertained, no other work has been done on the 'giving' side of fundraising in Australia beyond that of Tracey (2003). The number and range of the topics for further research (refer Ch. 6, Section 6.12, pp. 310-313) that have been uncovered by this study is indicative of the scope for future inquiry.

Due to the factors explained above the quest for a suitable research method needed to go beyond traditional qualitative methods involving grounded theory. It was

determined that this work is ‘participative action research’ in that it is objective and is based on real world situations resulting in gains for all participants. The discussion seemed to constitute a ‘democratic dialogue’ along the lines described by Gustavsen (refer Ch. 2, Section 2.6, pp. 94-95), and also appears to fit with a number of elements of Reason’s Three “Cousins” (refer Ch. 2, Section 2.4, p. 90); that is ‘action inquiry’ for individuals, PAR for communities, and ‘cooperative inquiry’ for groups. All of the participants in the study rather than acting as subjects in the traditional way could be described as ‘participant stakeholders’ (p. 90) with active involvement in the research process. As Stringer (1996) pointed out this process may be more democratic and empowering than conventional research because it assists people to gain understanding and to resolve problems (p. xi).

It was important to note that there was no clear division between the emic and the etic variants, or insider and outsider views as described by Pike (refer Ch. 2, Section 2.3.4, p. 82), and by Guba and Lincoln (p. 82). This is a melded work that has been designated ‘cooperative research’ because it was conducted “with people” rather than “on people” (refer Ch. 2, Section 2.3.4, pp. 79-86). Adapting from Gustavsen (2001) the meetings were more discussions between equals than interviews, hence the researcher’s adaptation of Figure 2-1 (p. 88).

Thus the rigour of this work stems from the representative involvement of all interested parties; givers, receivers and facilitators, the status of the researcher in the fundraising industry, the relationships developed from her consultancy work, and from the way the iteration was carried out (refer Iterative Spiral, Fig. 3-1, p. 111; Genesis of Research, Fig. 2-2, p. 96). It is noted here that all of the participants in this study agreed for their names and the names of their organisations to be revealed in this thesis.

7.2 Limitations

A single researcher working on an exploratory study such as this must encounter certain limitations to the scope of the work despite making every effort to keep updated. Not all avenues opened up may, or should be pursued, but they provide a considerable number of topics for further research (refer Ch. 7, Section 7.4, pp. 319-322).

Another challenge came from the changes that have taken place in corporate sector philanthropy, individual giving, and trust and foundation giving over the period since the completion of the MA work in October, 2000. There appears still to be no clear

distinction between corporate and individual giving, especially where privately owned companies such as Westfield and Visy are concerned. It would seem that there has been some advance in understanding of the meaning of philanthropy as evidenced by the emergence of the Triple Bottom Line, CSR, and strategic and venture philanthropy. Although not clearly proven it appears that there has been growth in employee charitable giving through payroll deduction or workplace giving schemes matched, or at least financially supported by the company, as pointed out in Ch. 6, Section 6.11.8 (p. 309) this area could form the basis for another study.

The gap in understanding of the meaning of philanthropy between givers and receivers constituted a limitation, although the proactive giving now being practised by some companies, individuals and trusts and foundations would appear to be going some way towards mitigating this problem.

While it may be generally agreed that social capital is developed through giving to the community, it seems that it is difficult to measure and therefore to evaluate the degree of success of giving programs. An in-depth study of the origins, meaning and development of social capital around the world could be valuable, although it may be that it is too broad a topic and work should be done initially in one country or one area. In Australia for instance, there appears to be considerable data available, especially as has been found, more companies are engaging in Triple Bottom Line (TBL) reporting with some producing separate annual Corporate Social Responsibility (CSR) reports.

The limitation encountered in the earlier study of the fluid nature of companies still applies with even larger, and multi national, takeovers, projected takeovers, and mergers taking place.

Profitability of corporations and companies will affect a study such as this, but generally the period of the study has been one of profitable trading leading to the delivery of acceptable dividends to shareholders, who it has been noted have become more vocal in recent times. Nevertheless there has not been anything in this area to impact negatively on the value of this research. The patterns that have emerged in corporate giving could be also a topic for separate study.

Commercial confidentiality placed limits on attribution in the earlier study (Smith, P. D., 2000a, p. 161), but this difficulty was not encountered during the current study as by far the majority of those interviewed agreed to their name and that of their company

or organisation to appear in this thesis. This was despite the assurance given in the introductory letter (Appendix L). They indicated their agreement by signing a 'Consent Form for Interview' (Appendix P). The signed forms have been lodged with the Flinders Institute of Public Policy and Management.

The increased use of the World Wide Web has led to much more information being available than previously when it might have been limited to print material. However there is a limitation in that Web site information is subject to more frequent and sweeping change than printed material. Information gleaned from the Web in the early days of this study has been checked and updated as required through the iterative process. Nevertheless this means that Web site references may also change.

The researcher's long experience in the fundraising industry may be seen as a limitation to the validity of this research, but the contacts made through her work have been invaluable to this study as they have led to top level interviews. The process indicated in the Iterative Research Spiral (refer Figure 3-1, p. 111) has ensured the approval of all informants concerning the views and information attributed to them.

7.3 Effectiveness of Research Methodology

As described in Ch. 2, Section 2.3.5, p. 87, due to the range and type of the research questions, and taking note of the opinions of experienced investigators, the researcher decided to develop her own form of melded research titled 'cooperative research' by taking elements from Reason's (1994, p. 335) 'action inquiry', PAR and 'cooperative inquiry' (refer Figure 2-1, p. 90), involving the 'researched' with the researcher throughout as shown in the Iterative Research Spiral referred to above. The advantage of the 'cooperative research' method proved to be its capacity to deal with the whole gamut of informants, organisations and data available and produce coherent conclusions.

Figure 2-2 (p. 97) sets out the genesis of the research and led in turn to Figure 2-3 (p. 98) which sets out the practical sequence of the work. The sequence was followed through carefully and may be seen to complement the Iterative Research Spiral (Figure 2-1, p. 111). Few deviations proved necessary and these were comparatively minor, relating as they did to sequencing.

The ongoing literature review set the stage as it were for the selection and recruitment

of respondents, and the preparation of the questions in line with the research topic. The data obtained from the participants was augmented by the literature review, and combined with the knowledge and experience of the researcher as described in Ch. 2, Section The dearth of definitive research on corporate philanthropy in Australia and the consequent lack of relevant literature noted earlier (refer Ch. 1, Section 1, p. 4) was overcome somewhat as the project proceeded and more references became available especially through the World Wide Web (refer Ch. 7, Section 7.2, pp. 315-316). All of the companies, and many of the individuals that participated in the study, could be easily referenced, although not in detail, through studying their Web pages. A caution was expressed that commercial confidentiality may have limited the information available in some cases. Likewise public relations requirements meant that information was expressed in the most favourable light possible for the company or individual, although this does not necessarily mean that the information was inaccurate, it was most likely a matter of emphasis. Owners of their own companies would be expected to feel free to express themselves more frankly, and this proved to be the case. At the same time the researcher found a plethora of literature with a considerable amount of anecdotal material, although much of it lacked the definitive research component as noted above. As with the earlier study some overseas literature was accessed to determine the motivations and techniques of corporate philanthropy in other countries such as the USA and the UK. However, although it was not possible to study this in detail it appeared that Australia to some extent had closed the gap in understanding and usage noted in the earlier study (Smith, P. D., 2000a, p. 159).

As described in Ch. 2, Section 2.3.5, p. 871, due to the range and type of the research questions, and taking note of the opinions of experienced investigators, the researcher decided to develop her own form of melded research titled 'cooperative research' by taking elements from Reason's (1994, p. 335) 'action inquiry', PAR and 'cooperative inquiry (refer Figure 2-1, p. 90), involving the 'researched' with the researcher throughout as shown in the Iterative Research Spiral referred to above (Figure 2-1, p. 111). The advantage of this 'cooperative research' method proved to be its capacity to embrace the whole gamut of informants, organisations and data available, and still produce coherent and useful conclusions.

The practical sequence proposed via democratic dialogue as set out in Ch. 2, Section 6, p. 96 proved appropriate, enabling the researcher to ensure that views attributed to

participants met with their approval. Some approved the material without alteration, but some of the corporate informants had considerable amendments and additions due to changes within the company and its environment in the period since the interviews were first conducted. Few deviations from the sequence were necessary thus indicating its suitability for the purpose.

Ninety-four informants took part in the study, ranging from corporate leaders to individual givers, to managers of trusts and foundation, and trustee companies, as well as senior representatives of recipient organisations and professional fundraisers. Originally the aim was to enlist ten informants from each of the six groups along with informants from the Australian Bureau of Statistics and Philanthropy Australia, and as may be seen that number was exceeded by 31, due in the main to the interest of participants both in suggesting and in recruiting other suitable informants.. Every informant was contacted personally either face to face, by telephone or by email or fax, so all were primary sources. Only one proposed informant did not agree to take part.

It was deemed sensible to utilise both the researcher's experience and her wide range of contacts within both the corporate, NPO and fundraising sectors. The literature review, the researcher's experience and that of members of the focus group were drawn upon to formulate the questions for each group. Questions focussed on motivations for and techniques of giving in line with the research topic. The original questions then had to be adapted for each group of informants. In some cases additional questions were added as considered appropriate for the particular group or individual respondent.

If the questions seem somewhat simplistic this is due to the current status and understanding of corporate philanthropy in Australia, the "virgin territory" referred to by respondent Cham from Philanthropy Australia (refer Ch. 5, Section 11, p. 265). Questions such as the one about the length and closeness of the relationships between the givers and receivers had their genesis in the researcher's experience of the variety of ways that companies like to carry out their philanthropy. The answers to the question about companies' expectations of recipients in terms of gift acknowledgment should be enlightening, highlighting as they did the need for personal contact between the givers and the receivers. All of the answers to the questions should provide useful guidance for both amateur and professional fundraisers. For example, the question about whether or not a company responds to gift-seeking letters is important for those NPOs and community organisations that rely on this method.

The questions were submitted both to the researcher's supervisors and to professional fundraiser members of the focus group for comments and advice. Additions were made in some cases to elicit additional useful information, or in tailoring the interview to a particular informant's experience. All participants were given the opportunity to add questions of their own as the project progressed. The professional fundraisers proved eager not only to add relevant questions but also to include information of their own. The openness of all participants was an important factor in the smooth running of the process, and it could be said that the process was "in the spirit of co-learning" (refer Ch. 2, Section 6, p. 94).

A discursive style was adopted during the interviews to enable participants to address the topics critically, and to put forward their own viewpoints and experience. An offer to accept additional written or oral contributions relevant to the topic was taken up by a number of the participants with some putting considerable time and effort into their submissions. These were incorporated into this thesis as appropriate. All of the above aligned with the Iterative Research Spiral (Fig. 3-1, p. 111) thus ensuring the accuracy of the material cited.

Researchers considering pursuing the topic of 'corporate philanthropy in Australia' will find that there is much fertile ground still to be tilled. Some suggestions for topics for further study are given below. Aspiring researchers will need to put aside any preconceived ideas they may have in order to get at the heart of the topic.

7.4 Topics for Further Study

In the course of this study some interesting and possibly even necessary topics for further research have been identified and are noted here.

7.4.1 Growth and effect of CSR

As pointed out by Anderson (refer Ch. 1, Section 1.13, p. 28) there has been a "seismic" shift in many companies in regard to CSR. This could be an important area of future research to determine what has really happened, and whether CSR actually advances the donor company's business.

7.4.2 Shareholder attitudes

Shareholder attitudes came to the fore in a number of interviews and it seems that a useful study could centre on shareholder beliefs about, attitudes to, and expectations of,

corporate giving to the community. This could be extended through determining corporate understanding of shareholder wishes (refer Ch. 1, Section 1.11, pp. 24-25; and Ch. 4, Section 4.3, pp. 122-123).

7.4.3 Giver motivations

The views on motivations to giving discovered through this study were quite diverse, depending on the particular informant so it would seem that comparative study of the meaning and extent of these motivations that would also canvass additional motivations, or the finer points of those identified in this study, could be valuable for both corporate executives and professional fundraisers. A paper that could be useful in this context points to the need for the parties to work at the giving relationship for the best results (Smith, P. D., 2000b).

Companies, trusts and foundations and individuals should be included in such a study. It could be useful to determine if there are overlaps and what is the effect of them. References in this thesis that may be considered are Giver Motivations, Table 5-3, p. 267; Motivations and Techniques, Ch. 5, Section 6, p. 267; Recent Changes in Techniques, Ch. 5, Section 7, pp. 215-218; and Corporate Motivations: Philanthropy v. Social Activism, Ch. 6, Section 2, p. 292-293.

7.4.4 Sustainable Development

This is a large field, but an aspect that could be of interest would be the social impact of sustainable development. It could be particularly valuable if combined with a study of the impact of not carrying out sustainable development, with reference to world wide ramifications. Ch. 1, Section 1.4, pp. 9-11. Sustainability of the Welfare State could provide a starting point for such a study.

7.4.5 Development Co-operation

The Foundation for Development Co-operation is a growing organisation that could be worth studying to determine its areas of impact and the strength and quality of that impact. Similar organisations in Australia and overseas could be identified and compared. These might include the Foundation for Rural and Regional Renewal (refer Ch. 5, Section 9.1, p. 240).

7.4.6 Community Foundations

The phenomenon of the growth of community foundations was noted during this study

and it would seem that a study of these organisations around Australia could be of value, not only to the existing foundations, but for the future development of new foundations. It is noted that community foundations are being developed in communities of various sizes. It is thought that these organisations should provide considerable value to their communities in researching, funding and monitoring local NPOs. Community foundations particularly referred to in this thesis are the Melbourne Community Foundation (refer Ch. 5, Section 9.2, p. 244-245), the Queensland Community Foundation (refer Ch. 5, Section 9.3, p. 245-247), and the Western Australian Community Foundation (refer Ch. 5, Section 9.4, p. 247-249).

7.4.7 Themes

The following themes were detected through this work and they may provide starting points for further research:

1. Gifts are made in a number of different ways, and givers may seek various forms of acknowledgment (refer Measuring benefits of gifts, Ch. 4, Section 3.1, p. 123; Giver Motivations Table 5-3, p. 267; Recipient/Giver Relationships Table 5-4, p. 288; Techniques of Corporate Philanthropy Figure 6-3, p. 301. NPOs and companies should be interested in this topic as they seek to meet each others requirements.
2. There is evidently a gap in understanding of corporate philanthropy from the points of view of givers and gift seekers. It could be helpful to research this aspect in greater depth to assist both parties to gain some comprehension of the issues involved. References above (1.) should be useful, along with a paper on opportunities and risks in third sector partnerships presented to the *Partnership and Activism ANZTSR Fifth Biennial Conference* (Smith, P. D., 2000c).
3. Arbitrary methods of determining how to give and what to give are used by some companies and individuals, while trusts and foundations generally exhibit a more defined, rational and organised approach (refer Motivations and Techniques Ch. 5, Section 6, pp. 213-215; Characteristics of givers Ch. 5, Section 12.1, pp. 269-271; Techniques Ch. 5, Section 12.2, 271-273; Techniques of Giving Ch. 6, Section 6, pp. 300-303). Could this approach be usefully adapted for companies and individuals?

Other issues noted and listed for possible future research are:

1. Which companies are seriously pursuing the corporate social responsibility methods, such as the Triple Bottom Line, strategic and venture philanthropy, and why, and with what results? It could be useful to begin with a study of the section on Discussions with Corporate Informants (refer Ch. 5, Section 5.5, pp. 157-212) in this thesis.
2. Given the changes that may come with a change of Prime Minister, or a change of government, will the PM's Community Business Partnership prosper, be replaced by a different body, or simply disappear? Is its agenda the most suitable, or is there a new agenda to be developed? In other words, how does, and should the PM's Community Business Partnership operate? A reference in this thesis is in Ch. 1, Section 11, p. 24.
3. What has been the effect on philanthropy of the recent changes to tax laws in Australia beyond the growth of PPFs as described in this thesis? References are Ch. 1, Section 20, p. 73 and Ch. 6, Section 7, p. 303.
4. How will the philanthropic scene be changed by trusts and foundations identifying appropriate grantees for themselves, and will further trusts and foundations move to identifying suitable grantees for themselves, rather than relying on applications? A useful reference could be found in Ch. 5, Section 3, pp. 154-157 .
5. Will corporations take up the idea of seeking out prospective recipients of their giving in the same way as trusts and foundations, and what will be the effects? This could best be pursued by making personal contact with corporate leaders as has been done for this thesis. Such contact could begin with those reported on in Ch. 4, Section 6, pp. 132-144. Two reference papers that could be valuable for students of this topic are 'Asking for the Money' (Smith, P. D., 2000d) and 'It takes real leadership to give' (Smith, P. D., 2000e) as the first is written for the askers while the second is a challenge for givers.

As was pointed out in the introduction to this work, the whole area of philanthropy

is not quite devoid of research, but it is certainly a fertile field for aspiring researchers.

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APPENDIX A PRIME MINISTER'S ROUND TABLE: BUILDING BUSINESS AND COMMUNITY PARTNERSHIPS

Wednesday 25 March 1998

Attendees

The Hon. Warwick Smith	Chairman
Senator David MacGibbon	Deputy Chairman
Ms Margaret Bell	Volunteering Australia
Mr Cliff Breeze	Businessman, Rotary
Mr Ron Burke	National Australia Bank
Ms Elizabeth Cham	Philanthropy Australia
Mr Everald Compton AM	Everald Compton Pty Ltd
Mr John Fairfax AM	Marinya Media Pty Ltd
Mr Rob Ferguson	Bankers Trust Australia Ltd
Mr David Gonski	Wentworth Associates Pty Ltd
Mr Philip Hart	Association of Major Charitable Organisations
Mr Robin Holyman	Holyman Limited
Commissioner Norman Howe	Salvation Army
Mr Bob Joss	Westpac
Mr Frank Lowy AO AM	Westfield Holdings Limited
Professor Mark Lyons	Centre for Australian Community Organisations and Management
Ms Ann McCallum	Lend Lease Foundation
Mr Patrick McClure	Mission Australia Group and Sydney City Mission
Mr Sidney Baillieu Myer AC	Myer Foundation
Mr John Reid AO	University of NSW
Mr Fergus Ryan	Arthur Andersen
Mr Harry Sorensen AO MBE	Transcom International Limited
Mr Ian Spicer AM	National Disability Advisory Council

APPENDIX B TAXATION MEASURES

PM's announcement 26 March 1999

These measures evolved from recommendations made by a taxation working group established following the PM's Round Table held in March 1998:

1. Tax-free status for bequests to tax deductible charitable organisations and institutions (A donor's estate is currently liable for capital gains tax on any asset bequeathed to a tax exempt charity.)
2. Income tax deductions ... provided for donations of assets including land, equipment and shares with a market value above \$5000 regardless of when the item was purchased or acquired by the donor. (Currently the asset must be acquired within the previous twelve months.)
3. Private funds will be allowed tax-deductible status. These will need to meet all the criteria now required to qualify as a public fund, but without the need to seek contributions from the public. (Current law requires donations be received from the public in order to qualify for tax deductible status.)
4. Exemptions from capital gains tax for gifts of cultural items to public art galleries, museums and libraries (currently subject to a capital gains tax.)
5. Tax deductions on donations under the Cultural Gifts Program can be apportioned over five years. (These must now be claimed during the current financial year.)

APPENDIX C MOTIVATIONS AND TECHNIQUES: PERSONAL INTERVIEW QUESTIONS FOR CORPORATE GIVERS

A Study of Motivations and Techniques

PERSONAL INTERVIEW QUESTIONS FOR CORPORATE GIVERS

Why does your company involve itself in philanthropy? What influenced the company's decision to become involved in philanthropy?

How does your company determine the recipients of the company's gifts?

How does your company determine the method by which it will make a gift? Eg. Direct giving, annual giving, sponsorship, cause-related marketing, payroll deduction.

How does your company determine the amount of a gift?

Does the company prefer to make a one-off gift or to have a longer term involvement with the recipient?

Does your company have a close relationship with the recipients or not, and why?

What are the advantages to the company of this relationship?

What form of acknowledgement do you seek/hope for? Do you monitor this aspect and if so, how? Is it important to the company, and if so why?

What else does the company expect from recipients? Do they meet the company's expectations?

Does the company carry out an evaluation of the recipients' performance in terms of outcomes?

How does the company determine the total amount it will give away annually? What about the level of individual gifts?

Are you willing to tell me how much your company gives to charity annually? What have been the company's largest individual gifts, and why?

Does the company like to be asked personally for support via a visit to the appropriate officer or board member? If yes, who do you expect to do the asking? If the company does not wish to be asked personally, what alternative/s does it prefer?

Does the company respond to letters asking for money? If it does not, in what circumstances might the company respond?

Is timing of gifts an issue for your company, and if so why?

Does the company regard its giving as a business investment, or as pure philanthropy, or as a mix of the two?

Would you agree to my seeking to interview a selection of your gift recipients to gain a better understanding of their side of the relationship? If so, which ones, and why?

How do you see the future of charitable gift giving in Australia?

Do you have any other comments you would like to make?

APPENDIX D MOTIVATIONS AND TECHNIQUES: PERSONAL INTERVIEW QUESTIONS FOR TRUSTS AND FOUNDATIONS WITH PRIVATE GIVERS

A Study of Motivations and Techniques

PERSONAL INTERVIEW QUESTIONS FOR TRUSTS and FOUNDATIONS WITH PRIVATE GIVERS

Why did you become a philanthropist? Was there family/other influence that led you to become a giver?

How does your trust/foundation determine the recipients of grants?

If there is any variation from direct one-off grants, how does the trust/foundation determine the method by which grants will be made?

How does the foundation determine the amount of a gift?

Does the foundation prefer to make a one-off gift or have a longer term involvement with the recipient?

Does the foundation have a close relationship with the recipients or not, and why?

What are the advantages to the foundation of this relationship?

What form of acknowledgement does the foundation seek/hope for? Do you monitor this aspect and if so, how? Is it important to the foundation and if so why?

What else do you expect from the recipients? Do they meet your expectations?

Do you carry out an evaluation of the recipients' performance in terms of outcomes?

How do you determine the total amount the foundation will give away annually? What are the levels of individual grants?

Are you willing to tell me how much the foundation gives to charity annually? What have been its largest individual gifts and why?

Does the foundation respond to requests for grants made other than by the prescribed method? If it does, what circumstances might lead it to respond?

Is timing of grants an issue for the foundation and if so, why?

Does the foundation regard grants as an investment, or as pure philanthropy, or as a mix of the two?

Would you agree to my seeking to interview a selection of your grant recipients to gain

a better understanding of their side of the relationship? If so, which ones, and why?

How do you see the future of charitable gift giving in Australia?

Do you wish to make any other comments?

APPENDIX E MOTIVATIONS AND TECHNIQUES: INTERVIEW QUESTIONS FOR SENIOR REPRESENTATIVES OF TRUSTS AND FOUNDATIONS

A Study of Motivations and Techniques

INTERVIEW QUESTIONS FOR SENIOR REPRESENTATIVES OF TRUSTS AND FOUNDATIONS

What do you know about how and why the founders of the trusts and foundations you manage became philanthropists? Was there family/other influence that led them to become givers to charity?

How do the various trusts or foundations determine the recipients of their gifts?

Are gifts from the trust and foundations you manage always straight out cash grants or is assistance provided in other ways?

How do the trusts and foundations determine the total amount they will give away annually? What is the level of individual gifts?

How do the trusts or foundations determine the amount of a gift?

Do they prefer to make a one-off gift or have a longer term involvement with the recipients?

Do you as manager have a close relationship with the recipients or not, and why?

Do the trustees of the trusts and foundations like to have close relationships with the recipients or not, and why?

If so, what are the advantages to them of this relationship?

What form of acknowledgement do they seek/hope for? Do you monitor this aspect and if so, how? Is it important to you/the company and if so why?

What else do you expect from the recipients? Do they meet your expectations?

Do you carry out an evaluation of the recipients' performance in terms of outcomes?

Are the amounts granted to individual organisations published and if so may I have a copy of the latest list? What have been the largest individual grants you have handled, and why were they made?

Do you like applicants to call at the office to discuss their applications? If not, what alternative/s do you prefer?

Does the Trust Company respond to letters asking for money? If you do not what circumstances might lead you to respond?

Is timing of gifts an issue for the trusts and foundations, and if so, why?

Do you regard the grants made as pure philanthropy, or something else? If so, what?

Would you agree to my seeking to interview a selection of your grant recipients to gain a better understanding of their side of the relationship? If so, which ones, and why?

How do you see the future of charitable gift giving in Australia?

Any other comments?

APPENDIX F MOTIVATIONS AND TECHNIQUES: PERSONAL INTERVIEW QUESTIONS FOR RECIPIENTS

A Study of Motivations and Techniques

PERSONAL INTERVIEW QUESTIONS FOR RECIPIENTS

1. Please provide me with a brief background of your organisation's project/s supported by (name of trust or foundation)?

(It would be appreciated if you would follow this up by mailing to me useful printed material such as brochure, leaflet, annual report.)

2. What is the amount of the grants the project/s received from the (trust or foundation)?
3. What were the purposes for which the grants were used?
4. What other funding was obtained eg. Government, fundraising, other sources?
5. How important to the project/s is the support of the (trust or foundation)?
6. What contact did you have with the (trust or foundation), both during the application process and after the gifts were received?
7. Did representatives of your organisation personally know the (trust or foundation) representatives, or was the application "cold"?
8. How did you report to the (trust or foundation) on the use of grants? Is the reporting ongoing?
9. Will you be applying for further grants, and if so, what for?
10. Is there anything else you would like to tell me about the relationship between your organisation and the (trust or foundation)?
11. May I call you again if further questions emerge when I analyse the data I have obtained?

APPENDIX G MOTIVATIONS AND TECHNIQUES: QUESTIONS TO BE ADDRESSED BY THE FOCUS/REFERENCE GROUP OF PROFESSIONAL FUNDRAISERS

A Study of Motivations and Techniques

QUESTIONS TO BE ADDRESSED BY THE FOCUS/REFERENCE GROUP OF PROFESSIONAL FUNDRAISERS

What do you know about the characteristics of givers to your particular cause?

Their motivations?

The techniques they employ?

How does this knowledge influence the way you ask them to give?

What methods of seeking gifts does your organisation use:

Direct personal asking?

Letter requests?

Sponsorship seeking?

Cause-related marketing?

Payroll deduction?

Bequests?

Other?

How do you rate the methods in order of their success in money terms?

What other criteria for success do you use?

Is timing of your “asks” important, and if so, why?

How are gifts to your organisation recognised?

What other relationships do you have with your donors?

Do you carry out any evaluation of your organisation’s performance in terms of giver satisfaction? If so, what are the most recent results?

APPENDIX H MOTIVATIONS AND TECHNIQUES: QUESTIONS TO BE ADDRESSED BY PROFESSIONAL FUNDRAISERS

A Study of Motivations and Techniques

QUESTIONS TO BE ADDRESSED BY PROFESSIONAL FUNDRAISERS

What do you know about the characteristics of givers to your particular cause?

Their motivations?

The techniques they employ?

How does this knowledge influence the way you ask them to give?

What methods of seeking gifts does your organisation use:

Direct personal asking?

Letter requests?

Sponsorship seeking?

Cause-related marketing?

Payroll deduction?

Bequests?

Other?

How do you rate the methods in order of their success in money terms?

What other criteria for success do you use?

Is timing of your “asks” important, and if so, why?

How are gifts to your organisation recognised?

What other relationships do you have with your donors?

Do you carry out any evaluation of your organisation’s performance in terms of giver satisfaction? If so, what are the most recent results?

Is there anything else you would like to say about this topic?

How do you see the future of charitable fundraising in Australia?

APPENDIX I CORPORATE PHILANTHROPY IN AUSTRALIA: PRINCIPLES AND PRACTICE

ABSTRACT

A leading international fundraising professional, Compton (1995) highlighted the need for greater understanding by corporations in Australia of the philanthropic giving process. In the foreword to his book, *The Generosity of Profit*, Nicholson agreed, and wrote that there is too much vagueness about why companies give and what they should expect to get from their giving.

This exploratory and empirical research was conducted during a formative period (1996-1999) in the context of the build up to, and conduct of the Prime Minister's Round Table on Philanthropy (PM's Round Table) in 1998. It aims to identify and clarify key concepts relating to the principles and practices of corporate philanthropy in Australia. It is hoped that this work will make a contribution to corporate understanding of the giving process, and the development of their gift relationships with NPOs. It is important to note that the work focuses on the corporations (the 'supply' side), rather than the NPOs (the 'demand' side).

Multi method and multi case triangulation has been employed to provide reliable results. Both qualitative and quantitative data has been gathered from multiple sources. A literature review was conducted to identify the key issues and put together with the researcher's personal experience to determine the type of data required. Personal interviews and questionnaires were utilised as well as focus groups.

Seventy-three companies including the *BRW* (Business Review Weekly) Top Fifty, Guarantor Members of the Monash Mt Eliza Business School and selected companies were involved, together with twenty fundraising professionals. The companies represented most industry sectors.

The literature and data obtained was analysed to aid the formulation of a definition of corporate philanthropy. Figures were drawn to express the different notions and faces of both philanthropy and corporate philanthropy resulting from the research. Further work is needed to clearly define corporate philanthropy and determine the most effective processes. For the purposes of this project all corporate contributions by any method have been included in corporate giving on the basis that the community will

benefit regardless of the means.

It is shown that Australian companies provide a higher proportion of total giving for the nation than companies in either the US or the UK. However giving per capita is lower in Australia than in those countries. From the various sources it seems that the most popular forms of corporate giving in Australia were direct gifts, sponsorships and gifts in kind. Employee and franchisee fundraising were significant while CRM (Cause Related Marketing) was in its infancy and has certain limitations.

Data obtained indicated that corporate gifts were spread fairly evenly over health and medical research, education, arts, cultural and heritage, local community projects and welfare and general charities. There was less support for sport and the environment and much less for disaster relief and overseas aid. The main corporate decision-makers among the companies surveyed were corporate affairs departments, chief executives and board members. Tax deductibility of donations was not important to the surveyed companies. The main incentive to give more would be increased profits, and the main disincentive to giving more is reduced profits.

The companies surveyed fell broadly into two groups, those that only wish to be 'good corporate citizens' and those that seek real 'commercial advantages' from their giving. It was revealed that there was a need for greater understanding between the corporate sector and NPOs to make their gift relationships more mutually productive. Benchmarking of corporate giving was not yet established in Australia and will ultimately be an important component of this process. The trend to corporate foundations was growing but it was not necessarily good for business.

Key initiatives in train during the research period were reviewed, including the Community Business Partnerships Board and working groups formed as a result of the Prime Minister's Round Table on Philanthropy (Appendix A), the reform of the Australian taxation system (Appendix B), and the new interest in corporate social responsibility being demonstrated by companies.

The most significant recommendations relate to the need for the development of top corporate philanthropic leadership, the benchmarking of corporate giving towards best practice, and greater understanding of the gift process by both companies and NPOs.

A number of fields for future research have been opened up including the relationship between corporations and government especially in relation to preferential

letting of contracts, surveys of more and different companies, Australian philanthropists, staff involvement in fundraising, and the longer term effects of the PM's Round Table.

APPENDIX J STUDY PROPOSAL SUMMARY

Corporations in Australia in general seem to be fairly unsophisticated in their decision-making about charitable gifts, and about providing other practical support to not-for-profit organisations. Likewise the Commonwealth Government appears to have some difficulty in understanding philanthropy, as evidenced by the reports from the Prime Minister's Community Business Partnership (PM's Community Business Partnership).

For both corporations and government it would seem that the line between judicious business investment and philanthropy is somewhat blurred. In addition corporate leaders seeking guidance on formulating strategies for discharging their perceived responsibility to return some of their profits to the community through philanthropy are faced with a dearth of literature on the subject.

The aim of my proposed study is to extend knowledge in the areas of corporate philanthropy, the conduct of fundraising and funds management. Hopefully this study will generate new theories that may be tested by both individuals and groups involved in fundraising and fund management in Australia, and perhaps beyond.

This study will be based on "grounded theory" thus allowing a mix of quantitative and qualitative research hopefully leading to the emergence of new theory or theories for the guidance of corporate leaders, government, fund managers, managers of fundraising firms and gift recipients.

A literature review will explore available material from philanthropists and fund managers.

Quantitative material will be obtained from published Commonwealth Government data, Australian philanthropists themselves and from selected gift recipients. The latter two will provide also considerable qualitative material.

The data set developed from this exercise will enable questionnaires to be prepared for presentation to others from these groups to confirm the findings and add to examples extracted for reality testing.

APPENDIX K MOTIVATIONS AND TECHNIQUES: PERSONAL INTERVIEW QUESTIONS FOR ELIZABETH CHAM

A Study of Motivations and Techniques PERSONAL INTERVIEW QUESTIONS FOR ELIZABETH CHAM of PHILANTHROPY AUSTRALIA

I have visited your very informative website and obtained considerable useful data as well as ordering a copy of The Australian Directory of Corporate Community Involvement. Now I would like to get some more detail, and your personal perspective on some of the issues raised by my study to date.

I am interested in the influences behind and motivations of people who set up private or family trusts, as well as their techniques. To date I have interviewed representatives of the following:

Helen Macpherson Smith Trust

The CMI Foundation

The Pratt Foundation

ANZ Executors and Trustee Co

CEPA Trust

Perpetual Trustees

Trust Company of Australia

The Walter and Eliza Hall Trust

The RE Ross Trust

The Myer Foundation

The Reichstein Foundation

The Ian Potter Foundation

James N Kirby Foundation

I also have personal knowledge of the Charles and Sylvia Viertel Foundation

I have interviewed also the following philanthropists or their representatives:

Robert de Crespigny, former chairman Normandy Mining

Dick Smith

and am still negotiating with:

Janet Holmes a'Court

Frank Lowy (I have read the book *Frank Lowy: Pushing the Limits*)

Dame Elisabeth Murdoch (will be accessing the book *Elisabeth Murdoch: Two Lives*)

Laurence Freedman

Others I have interviewed are:

Michael Chaney, Managing Director and CEO of Wesfarmers

Sir Eric Neal, former company chairman, former governor of South Australia and now Chancellor of Flinders University

My literature review is ongoing.

Here are the questions I would appreciate you considering from your perspective:

12. What do you know of the influences behind Australian philanthropists?
13. Do you have a view on their motivations?
14. Do you know what influences guide them in their choice of recipient? And if so, what are those influences?
15. Can you say if Australian philanthropists seek to make one-off grants generally, or to have a longer term involvement with grant recipients? And, why?
16. What do you know about the sources of the funds bequested to, or placed in charitable trusts and foundations?
17. What is your observation of the relationships between trusts and foundations and their grant recipients?
18. Does that relationship need improving and if so, do you have a view as to how this could be achieved?
19. What influence on Australian philanthropy would you attribute to the Prime Minister's Community Business Partnership?
20. Beyond what is stated in official material how do you see the influence of Philanthropy Australia?
21. And what are your hopes for its future?

22. How do you see the future of trusts and foundations in Australia?
23. What about the influence on philanthropy of tax laws?

APPENDIX L LETTER OF INTRODUCTION

FLINDERS INSTITUTE OF PUBLIC POLICY AND MANAGEMENT LETTERHEAD

(Name)

(Title)

(Address)

Dear (Name)

This letter is to introduce Patricia Dawn Smith (known as Dawn) who is a PhD student at the Flinders Institute of Public Policy and Management at The Flinders University of South Australia. She will produce her Student Card, which carries a photograph, as proof of her identity.

Dawn is undertaking research leading to the production of a thesis and other publications on the subject of **THE MANAGEMENT OF AUSTRALIAN CORPORATE PHILANTHROPY: PERSPECTIVES OF DONORS AND MANAGERS: A Study of Motivations and Techniques.**

This project will extend the work and findings of her MA thesis on **CORPORATE PHILANTHROPY IN AUSTRALIA: PRINCIPLES AND PRACTICE**, in particular two avenues opened up by the MA study, *The Meaning of Corporate Philanthropy* and *The Faces of Corporate Philanthropy*.

This new study addresses the dearth of literature about corporate philanthropy in Australia with an in depth study of the motivations for, and techniques of, such philanthropy. It will seek also to develop a model that should be of practical value to all those engaged in the business of corporate philanthropy and fundraising.

Drawing on her personal knowledge and experience in the fundraising industry Dawn has nominated you as someone who could be willing to share their experience with her. She would be grateful if you would agree to spare some time, say 30 to 60 minutes, to assist in this project by, ideally granting a personal interview, or alternatively, a telephone interview or completion of a questionnaire which touches on certain aspects

of this topic.

Please be assured that any information provided will be treated in the strictest confidence and none of the participants will be individually identifiable in the resulting thesis or other publications. You are, of course, entirely free to decline to answer particular questions.

If you have any queries concerning this project please address them to me at the address given above or by telephone on 08 8201 2629, fax 08 8201 2273 or e-mail to colin.sharp@flinders.edu.au.

This research project has been approved by the Flinders University Social and Behavioural Research Ethics Committee. The Secretary of this Committee may be contacted on 08 8201 3513, fax 08 8201 3756 or e-mail Lesley.Wyndram@flinders.edu.au.

Thank you for your attention and assistance.

Yours sincerely

Dr Colin A Sharp

Principal Supervisor
Associate Professor of Management
Flinders Institute of Public Policy and Management
Faculty of Social Sciences

APPENDIX M GUIDELINES FOR PRESCRIBED PRIVATE FUNDS

Summary of changes Version 3 issued May 2004

Guidelines

The changes to the guidelines do not alter the Prime Minister's original guidelines in any material way. Rather, they serve to better assist both the applicants in satisfying, and the Tax Office staff in assessing, eligibility for prescription in the Regulations in accordance with the Government's requirements.

Several minor changes relating to procedures, terminology, formatting and sentence structure are also included in these revised guidelines but are not discussed here.

Control of the prescribed private fund

Paragraph 21 is amended to explicitly state that an employee of either the founder or a major donor, is not eligible to be nominated as the 'responsible person' (RP) notwithstanding that he or she may otherwise satisfy the definition of RP as set down in the model trust deed. This change is considered necessary because the definition of 'associate' as used in the model deed does not include corporate employees or donors.

A consequence of this change is that Major donors now defined in the model trust deed as any person who will have donated more than \$10,000 into the PPF. This is further discussed in attachment B (changes to the model trust deed).

Accumulation of capital gains

Discussed in paragraphs 29-32 and complements the existing sub heading Accumulation of money in the prescribed private fund (Para's 26-28).

Eligibility to receive a refund of imputation credit attached to franked dividends?

Discussed in Para 37 and is included to assist PPFs that may hold share portfolios.

Donations received from the public

Discussed in Para's 38 - 39. Whilst this issue is briefly discussed elsewhere in the guidelines it does warrant its own heading. The ATO receives queries and at times actual applications which when further examined, appear to be attempts to circumvent the public fund pre-requisite of having a controlling committee made up of members, the majority of whom have responsibility to the public.

Carrying on a business?

Discussed in Para 42.

Fiduciary responsibilities

Discussed in Para's 44 - 46.

Annual Information Return

Discussed in Para's 47-48

Attachment A to the guidelines - check list

Changes are:

* inclusion of a brief resume of the founder and or the major donors

* how a trustee qualifies for the position of 'responsible person'

<http://www.ato.gov.au/print.asp?doc : I content/ 325 87.htm> 22/09/2004

- * . names of proposed donors and the initial amount of their donations
- * confirmation that the PPF will not be carrying on a business
- * confirmation that the PPF will not be relying on donations from the public as its principal source of donations
- * confirmation that the trustee of the PPF is aware of its fiduciary obligations

Attachment B to the guidelines: Model Trust Deed (MTD)

Responsible person:

The definition in clause 2.1 of the MTD is amended to explicitly exclude an employee of the founder or a donor as being eligible for the responsible person role. This is necessary because a strict interpretation of the definition of 'associate' does not include an employee. Under version 2 of the MTD, it is possible for an employee of the corporate founder of a PPF to be eligible to be the fund's responsible person. This is inappropriate.

Major donor:

Related to the discussion above and to paragraph 21 of the guidelines, the concept of Major donor is introduced to overcome the problem of a person being disqualified in his/her role as the 'responsible person' because his/her employer makes a small donation to the PPF. For example, if the responsible person's employer makes a \$100 donation through a fund raising activity of the PPF, the way the Version 2 MTD was drafted would disqualify that person as the responsible person.

The threshold limit over the life of the PPF is set at \$10,000. This is considered high enough so that small donations by the responsible person's employer do not trigger disqualification. It is considered low enough so that it could not be construed that such a donor would be able to influence the independence of its employee who is the responsible person.

The amendments to the MTD to implement this change are reflected in the Definitions of major donor and responsible person.

Accumulation of receipts other than income

Clause 4.4 of the MTD is amended to include both receipts and income as subject to the accumulation plan approved by the Commissioner.

Qualification of trustees

Clause 7(c) is added to ensure that a trustee can be appointed in circumstances where there is no statutory power to replace a trustee or appoint a new trustee.

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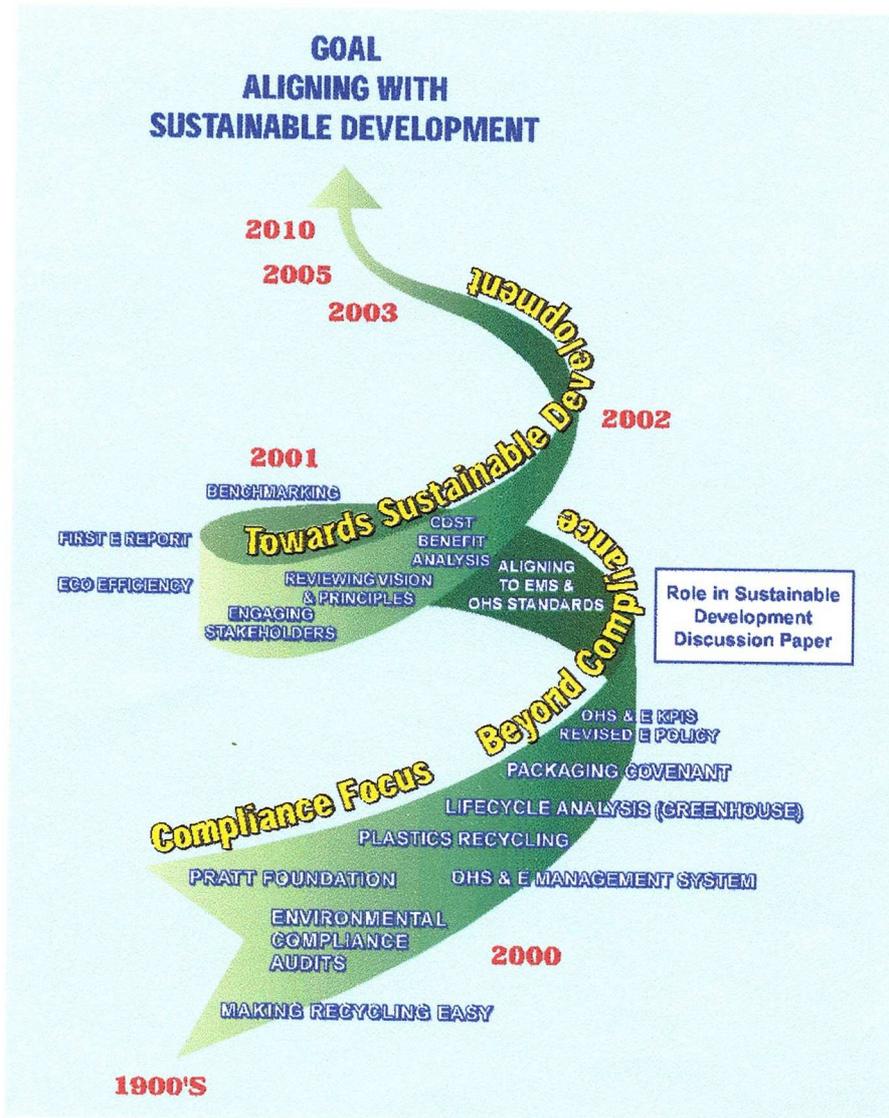
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<http://www.atof.gov.au/print.asp?doc=/content/32587.hbr2210912004>

APPENDIX N VISY - DIAGRAM RE SUSTAINABLE DEVELOPMENT

WHY A SUSTAINABLE DEVELOPMENT APPROACH?



APPENDIX O THE R E ROSS TRUST: FINAL REPORT TO TRUSTEES

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Internet: www.rosstrust.org.au
Executive Officer
Sylvia J Geddes
Trustees
Colin J Harper
George E Limb
Frank H Osborn
Eda N Ritchie
Ian A Renard

Final Report to the Trustees

The Trustees of The R E Ross Trust have stewardship responsibilities for the Trust. Targeting the grants made by the Trust to achieve high levels of public benefit is one feature of meeting those responsibilities. As part of their stewardship, the Trustees require organisations as a condition of their grant to provide a final report on completion of the project for which the grant was given. The reporting has two aims. Firstly to demonstrate the grantee's accountability for expenditure of the grant and secondly to provide a written account of the project which can be provided to interested others.

Format of the Report:

There are two components of the Final Report:

Section 1. Accountability and Section 2. Project Method and Outcomes.

In the interests of dissemination of information and replication of good projects, the Trust is willing to send a copy of Section 2. to up to 20 organisations/ individuals of your choice; it may also provide it to other interested parties and include it in publications and the web site of the Trust and its lead membership organisation Philanthropy Australia. Would you please note that if there are reports, publications etc. which are a major result of the project on which you are reporting, for example, a Training Manual, you should send the Trust only one copy of such materials.

SECTION 1. ACCOUNTABILITY

Name of the organisation which received the grant.

Name of the project for which the grant was received.

Date the organisation received the grant.

Details of the contact person for the project:

Name:

Street address:

Postal address:

Telephone number:

Fax number:

Email address:

The brief description of the project as submitted in the original application.

SECTION 2. PROJECT METHOD AND OUTCOMES.

Send the completed Section 2. report, with the completed Section 1. report, to The R E Ross Trust.

How to complete Section 2.

Please limit the length of the Report to two A4 size pages. The purpose of this Section of the Final Report is to provide a documented account of the Project which brings out the most important points and which can be provided to others who may find the information useful. The Trustees believe it is important that information about completed projects reaches those who would benefit from it. Many projects supported by grants from Charitable Trusts provide useful lessons for other agencies (including problems and mistakes), expand a body of knowledge, demonstrate good practice, enhance and extend networks of communication about good practice, and in some cases constitute ground-breaking approaches to meeting community needs.

You should complete a report of the Project using the headings as illustrated below.

Title - insert the title of your choice.

Summary paragraph - give a few short sentences to give an overview of the Project.

Conclusions - list the most important conclusions from the Project in a number of dot points.

Introduction/Background - write a paragraph outlining the background to the Project, including the reasons for undertaking the Project.

Results/Outcomes to be achieved - give one or two short sentences outlining the results which were sought from the Project

Methodology and Outcomes - write a description of how the Project was undertaken and the outcomes it achieved.

Future Directions - describe what action, if any, the organisation will be taking as a result of the Project, or the action it considers needs to be taken.

For Further Information - provide a name and contact details (your choice of address, telephone, fax, email) so that others can contact you.

Title

Introduction/Background

Summary paragraph

Results/Outcomes to be achieved

Conclusions (dot points)

Methodology and Outcomes

Future Directions

For Further Information

A brief description of the project now that it has been completed (if different from the original description).

A brief outline of any changes which were made to the project as described originally.

A brief outline of the reasons for any changes which were made to the project

Organisations/individuals to receive a copy of Section 2. of this Report

Please ATTACH a list of names and addresses (up to 20) to whom you wish Section 2. to be sent.

Statement of Expenditure

\$

Total amount of grant received: -----

Amount of grant expended: -----

Balance as at -----

Signed by:

[insert name]

Date:

APPENDIX P CONSENT FORM FOR INTERVIEW

THE MANAGEMENT OF AUSTRALIAN CORPORATE PHILANTHROPY: PERSPECTIVES OF DONORS AND MANAGERS: A Study of Motivations and Techniques

CONSENT FORM FOR INTERVIEW

PRIOR TO INTERVIEW:

I

being over the age of 18 years hereby consent to participate as requested in the needs analysis of management qualities for the research project by Dawn Smith.

1. I have read the information provided.
2. Details of procedures and any risks have been explained to my satisfaction.
3. I am aware that I should retain a copy of the Information Sheet and Consent Form for future reference.
4. I understand that:
 - I may not directly benefit from taking part in this research.
 - I am free to withdraw from the project at any time.
 - I am free to decline to answer particular questions.
 - Participation or non-participation, or subsequent withdrawal from the research will have no effect on employment with my organization.
 - While the information gained in this study will be published as explained, I will not be identified, and individual information will remain confidential.
5. If there are further queries the researcher may feel free to contact me by the following means.....

Participant's signature.....Date.....

I certify that I have explained the study to the volunteer and consider that she/he understands what is involved and freely consents to participation.

Researcher's signature.....Date.....

NB. Two signed copies should be obtained. The copy retained by the researcher may then be used for authorisation of Item 6, as appropriate.

SUBSEQUENT TO INTERVIEW:

5. I, the participant whose signature appears below, have read a transcript of my participation and agree to its use by the researcher as explained.

Participant's signature.....Date.....