

# impact

Philanthropy news from Perpetual

ISSUE ONE 2010

Investing for longevity

A family tradition of giving

Perpetual

Photo courtesy of Garvan Institute of Medical Research by Penelope Clay

message



Welcome to Impact – Perpetual's newsletter about philanthropy in Australia. In this issue we celebrate a family tradition of giving that has spanned 60 years. The Baxter family's charitable trusts are ideal examples of how one person's generosity can provide lasting and significant gifts to the community – a legacy which continues to be embraced by a new generation.

It is pleasing to see that despite tough economic times Australians, like the Baxter family, remain committed to philanthropy. We are currently seeing a number of our clients establish new private ancillary funds (PAFs) and Perpetual Foundation Gift Fund accounts for the purpose of charitable giving. In fact the Australian Taxation Office reports that there are now more than 800 PAFs in Australia, a number that is increasing year after year.

In this issue, we report on a number of activities that have been achieved as a result of philanthropic generosity. I hope you enjoy reading these inspiring stories.

David Deverall  
Chairman, Perpetual Foundation  
Managing Director and CEO, Perpetual Limited

## Investing for longevity

The Garvan Institute of Medical Research sees long-term investment planning as key to meeting its day to day operational needs.

The Garvan Institute of Medical Research (Garvan) is an independent organisation based in the St Vincent's Hospital Precinct Sydney. It is a world leader in its field, pioneering study into some of the most widespread diseases. With a focus on cancer, diabetes and obesity, immunology, inflammation and neuroscience, Garvan is now one of Australia's largest medical research institutions with over 500 scientists, students and support staff.

As a non-profit organisation, Garvan receives funding from the State Government, and the National Health and Medical Research Council for specific research projects and infrastructure. However, being on such a large scale, it also has significant operating costs. In 2009, operating expenses totalled \$44 million, with \$28 million alone going towards salaries. To fund these expenses, Garvan relies heavily on bequests, donations and income generated from its endowment funds.

### A long-term approach

Garvan's facilities and operations play an important role in enabling researchers to improve the health of people in Australia and internationally. So, to ensure that its endowment funds can be preserved to aid in funding their operations over the long term, Garvan's Investment Committee (a sub-committee of its Board) has a formal investment policy in place. The Committee meets regularly to monitor and make decisions about how the funds are invested and also has Perpetual as their investment adviser and manager.

Garvan's investment strategy is focused on generating capital growth and income over the long term, which is in line with the organisation's operational funding needs.

Stephen North, a financial adviser at Perpetual who specialises in providing advice to the philanthropic sector says, 'Non-profit organisations are feeling the pressure and grants are few and far between. That's why we are seeing more and more organisations putting strategies in place to build their endowment funds. This helps them become more self-sufficient'.

Stephen says that Perpetual's investment approach for charitable funds aims to do exactly that. 'We specifically devise investment strategies to suit an organisation's growth and income needs and their unique tax position. This generally includes investing in a diverse range of assets with an emphasis on Australian shares. Australian shares offer tax-free entities a refund for franking credits received, providing them with additional income. This approach aims to prudently generate returns and optimise tax concessions.'

### Diversification remains key

John Dakin, Garvan's Chief Operating Officer and also a member of their Investment Committee, says that diversification is a key element of their strategy. They invest in direct shares, managed funds and cash-based investments.

'We are willing to accept a level of volatility to achieve greater long-term investment returns. However, we have to balance that risk with our need for ongoing steady income from our investments. To achieve that balance, we need to diversify our investments with a mix of higher-risk growth assets such as shares and lower-risk income producing assets such as cash.'

That approach has served them well over the

years, but like most investors, the global financial crisis tested their attitudes. 'We became less willing to take on as much risk, so we reviewed our investment strategy and made some modifications. We've seen improvements in financial markets, and no doubt they will continue, but for now we maintain a diversified but cautious approach,' says John.

Regular reviews with Perpetual are a formal part of Garvan's investment process to ensure the investment strategy continues to meet the organisation's needs. Perpetual's advisers meet the Investment Committee regularly and report on performance, manage and review the portfolio and make recommendations to adapt their strategy when appropriate.

### The need for funding is increasing

One thing that hasn't changed is the constant need for funding and John says that attracting donations of a general nature has always been difficult.

'While we appreciate the funding we receive, it's not uncommon for us to have to dip into our endowment funds to make up the difference. That need is likely to increase in the future.'

These sorts of demands are always going to be a way of life for non-profit organisations. This is why good planning, good advice and a long-term approach are vital for an organisation to be sustainable.

Find out more about the Garvan Institute and their current research at [www.garvan.org.au](http://www.garvan.org.au)

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## what we do

We help philanthropists, non-profit organisations and their professional advisers:

## Philanthropists

- Tax-effective giving options.
- Charitable trusts.
- Private ancillary funds.
- Research on charities and causes.
- Matching your intentions with suitable causes.
- Distribution of funds to the community.

## Non-profit organisations

- Investment advice and management.
- Specialist investment options.
- Administration services, reports and receipts.
- Funding opportunities.
- Research.
- Workshops and training.

## Professional advisers

- Helping you meet your clients' philanthropic needs.
- Specialised investment options and advice.
- Workshops and training.

# Charities still feel the effects of global financial crisis

The effects of the global financial crisis (GFC) may be subsiding in Australia but charities are still feeling the impact as shown by the increasing number of applications for funding that Perpetual received for our 2010 funding round.

Each year, as trustee for more than 450 charitable trusts, we distribute funds to a range of causes. We invite non-profit organisations to apply for these funds each November through to February.

This year, we saw a continued increase in the amount of funding requested by charities and other non-profit organisations – 66% higher than in 2008, when charities first began to feel the effects of the GFC. The major growth in demand came from the social welfare and medical research sectors (see chart), with application amounts increasing 88% and 104% respectively since 2008.

Over the last couple of years charities and other non-profit organisations have seen demand for their services increase while they compete for ongoing support from corporations and individuals.

Andrew Thomas, Perpetual's General Manager of Philanthropy said as a result of the competition, he expects an improvement in the quality of the applications that Perpetual receives.

'More and more, there is an increasing professionalism demanded of the non-profit sector. One of our key objectives is to improve the overall level of governance, capability and accountability in the sector. Only that way can our donors be sure they are making a sustainable contribution to society,' he said.

## Governance and capability key

When distributing funds from the trusts we manage, we aim to match donors' intentions with suitable charities or projects. However, governance also plays a key role in our assessment process.

An organisation needs to demonstrate clear objectives, how they are going to achieve them and how they will measure the results. Our assessment criteria include:

- quality of an organisation's strategy
- leadership
- governance
- capability
- outcomes
- accountability.

Rather than focusing solely on the perceived worth of the program or project seeking funding, this assessment ensures the fundamentals of an organisation are there to achieve the best outcome.

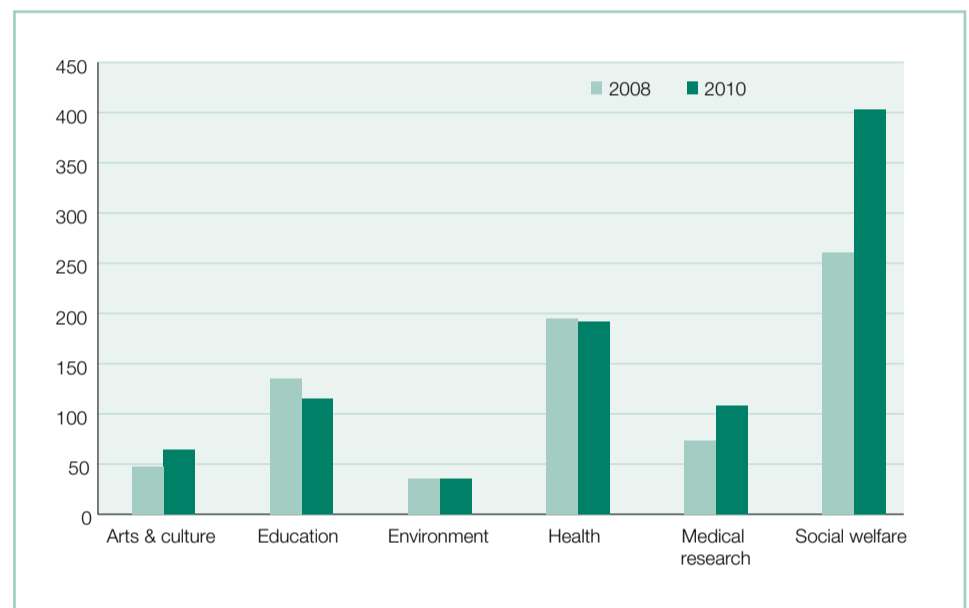
With so many charities in need, we believe this assessment process also gives peace of mind to donors knowing that their gifts are going to organisations that will have the biggest impact on the community.

Organisations seeking funding in 2011 should check our website from November 2010 for further details.

For more information about Perpetual's funding round, visit [www.perpetual.com.au/philanthropy](http://www.perpetual.com.au/philanthropy)

## Social welfare needs continue to rise

Number of applications Perpetual received by sector, 2008 and 2010



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## \$1 million grant for therapeutic research

A joint research team led by Professor Phillip Robinson and Professor Roger Reddel from the Children's Medical Research Institute, and Professor Adam McCluskey from the University of Newcastle, has been awarded the prestigious \$1 million Ramaciotti Biomedical Research Award to create the world's first 'Centre for Kinomics'.

The 'Centre for Kinomics' will provide the resources for 23 participating New South Wales research teams to analyse current therapeutic drugs and develop new, more effective ones.

The equipment funded by the Ramaciotti Biomedical Research Award will be located within two new custom-built research laboratories, one based at the Children's Medical Research Institute and the other at the University of Newcastle.

The \$1 million grant is made every two years by the Ramaciotti Foundations, thanks to a single gift made by Vera Ramaciotti in 1970. Managed by Perpetual, the Ramaciotti Foundations have grown from an original \$6.7 million investment in 1970, to over \$47 million, and over time have distributed more than \$47.5 million to medical research. In 2009 during the global financial crisis, the Foundations' financial position remained strong, so that they were able to distribute grants totalling around \$2.5 million – the largest annual distribution since its inception.



Above: Professor Roger Reddel

See more at [www.perpetual.com.au/philanthropy](http://www.perpetual.com.au/philanthropy)



## Operational activities also need funding

Bush Heritage, a non-profit organisation dedicated to protecting Australia's unique animals, plants and their habitats, has recently recruited a new regional reserve manager thanks to funding from a number of trusts managed by Perpetual.

The organisation, which owns and manages 32 reserves throughout Australia covering over 947 000 hectares, sees the new role as critical in achieving their immediate and long-term strategic objectives.

Chief Operating Officer, Doug Humann, says 'In addition to acquiring and managing the

reserves, part of our work involves building partnerships with other landowners to manage important areas of their land for conservation. This requires a lot of people, many of whom are volunteers'.

'When we acquire land to manage, it's very tangible for donors who support us – they can see the outcome of their funding. But the scale of the conservation we do also requires many people and resources. That means we also rely on donors willing to fund behind the scenes work such as capacity building and operational expenses,' he says.

The managerial role which is based in Canberra, oversees work in all of Bush Heritage's NSW and Victorian reserves and

land partnership projects. As a result, the organisation has been able to create greater engagement with supporters and volunteers, key stakeholder groups, individuals and the media.

'This is enabling us to expand our reach and conserve more of Australia's unique biodiversity,' Humann said.

For more information visit [www.bushheritage.org.au](http://www.bushheritage.org.au)

info

## Patrick White's legacy continues

When Patrick White won the 1973 Nobel Prize for Literature, he set up a trust with the proceeds for the purpose of establishing the Patrick White Literary Awards. The great Australian novelist saw it as a way of acknowledging Australian fiction writers, poets and dramatists who have made a substantial contribution to Australian literature but may not have received adequate recognition for their work.

As manager of the trust and administrator of the awards, we were pleased to present the 2009 Patrick White Literary Award, worth \$25,000, to Beverly Farmer. She is a novelist, short story writer and essayist whose publications include 'Milk', 'The House in the Light' and 'The Seal Woman'.

The judging panel said that Beverly had contributed significantly to Australian literature, was highly regarded by her peers and had evident potential to produce more innovative and engaging work.

For more information phone 1800 501 227 or email [philanthropy@perpetual.com.au](mailto:philanthropy@perpetual.com.au)

## Trekking for social change

It is 42 degrees, the air feels like you've just opened an oven door, there are 100 black flies on your back, your legs are scratched and you're 50 kilometres from the nearest town. This is just part of what a young team faces when they participate in the Operation Flinders program.

Operation Flinders is a wilderness adventure program for young offenders and young people at risk. The participants, aged between 14 and 18 years are taken on an 8 day, 100km trek in the Flinders Ranges in South Australia.

The program aims to give the participants a new direction in life and develop personal attitudes of self esteem, leadership, motivation, team work and responsibility. With the help of a team leader, volunteers and counsellors, they learn bush survival skills, sleep on the ground, prepare their own food and are taught about indigenous culture and the history of the Flinders Ranges.

The trek offers the opportunity for participants to move away from their past and grow as valued members of their community. In many cases, it's the first time in their lives that they feel they have achieved something.

The program has been honoured in the Australian Crime and Violence Prevention Awards and has also been independently evaluated as likely to act as a catalyst for positive social behaviour in the lives of those most at risk.



Since it began in 1991, Operation Flinders has received a number of grants from trusts managed by Perpetual, most recently from the Harry Leslie Howden Bequest Trust. The Trust provided a \$15,000 grant to fund the cost of a team of ten to complete the eight-day program.

For more information, see [www.operationflinders.org](http://www.operationflinders.org)

info



Helen Lempriere

## Sculpture by the Sea partners with Lempriere Awards

In December 2009, Perpetual named Sculpture by the Sea Inc. as the new manager of a series of scholarships funded by the Helen Lempriere Bequest.

The bequest, managed by Perpetual, was made by the late Keith Wood to honour his wife, Helen Lempriere. Helen was one of Australia's leading female artists in the mid 20th century, attracting national and international acclaim for her painting, printmaking and sculpture.

The new partnership will deliver an annual scholarship program in line with the wishes of the original bequest through *Sculpture by the Sea, Bondi*. This is the world's largest annual free outdoor sculpture exhibition, which transforms Sydney's Bondi Beach to Tamarama Beach coastal walk with over 100 sculptures, and is enjoyed by more than 400,000 visitors each year.

This year, each Australian sculptor who applies to exhibit in *Sculpture by the Sea, Bondi*, will be considered for one of three Helen Lempriere Scholarships. Each scholarship provides \$30,000 to assist with the advancement of the artist's career through study or research.

David Handley, Founding Director of Sculpture by the Sea Inc. said that the scholarships will provide considerable benefits for Australian sculptors which over time will have far reaching benefits for sculpture as an art form in Australia.

*Sculpture by the Sea, Bondi* will exhibit from 28 October until 14 November 2010.

For more information, visit [www.sculpturebythesea.com](http://www.sculpturebythesea.com)

info

# A family tradition of giving continues for 60 years



Photo by David Hahn

In 1949, Percy Baxter established a charitable trust to help the poor and disadvantaged in Victoria. Following his death in 1954, much of his estate went to the trust and his widow Hilda set up another to provide for causes Australia wide.

More than 60 years later, their children, grandchildren and great grandchildren continue Percy's legacy of giving to the community.

These days, the family meets every six months with Perpetual's philanthropic specialists to consider a number of applications from charities seeking funds. The meetings often include family members of multiple generations, which the family sees as a positive – bringing different perspectives together that result in more balanced decisions about how to distribute funding.

With a focus on health and education for people in poverty, the trusts make donations to a number of organisations each year and make a major grant of around \$1 million every few years to fund larger capital works. To help in the decision making process for the major grant, the Baxters often visit potential recipients with Perpetual's philanthropy team.

The family has a strong sense that they are not only helping the disadvantaged but that they are carrying on Percy's intentions and tradition of giving to the next generation.

Percy Baxter's estate was administered in 1954 by the late Keith Dawson who was a Trust Officer at Perpetual, and who later became Chief Executive Officer in the 1980s. Today, Perpetual continues to help manage the Baxter Family trusts as co-trustee and adviser.



FROM LEFT: Roger and John Baxter, their father Russel (Percy's son), and John's son Chris Baxter.  
ABOVE: Percy Baxter.

## Private foundations

A private ancillary fund (PAF) is a type of charitable trust that is ideal for families or organisations wanting to create a private charitable foundation. A PAF is usually established with an initial tax-deductible contribution of \$500,000 or more and offers a high level of flexibility and control for the founders. The founders determine the purpose of the fund and decide which charities to support.

The key benefit is that it provides a sustainable gift to the community which will keep giving long after the original founders are gone.

It's an ideal way of involving family, who can help make decisions, make tax deductible contributions to the fund and also carry on a legacy of giving to the community.

If you are interested in creating a family legacy, phone Perpetual Philanthropic Services on 1800 501 227.

## A new regime for private foundations

Since 1 October 2009, private ancillary funds (PAFs) have superseded prescribed private funds as the new legal structure for individuals and businesses to create a charitable foundation.

Kirriy Burgess, Perpetual's Melbourne-based Philanthropic Services Manager recently spoke at the 2010 Fundraising Institute Conference about private ancillary funds and how they operate. Kirriy believes that the new regime hasn't dampened Australians' appetite for giving and that with clearer regulation, PAFs offer important benefits for both donors and non-profit organisations.

### Key benefits of the new regime

- **Regulation.** PAFs are regulated by the Australian Taxation Office and provide a more robust system of compliance. This gives trustees and donors greater certainty in regard to their obligations and operating requirements and also ensures greater protection of philanthropic funds.
- **Planning ability.** Minimum distribution requirements are calculated on the asset value of the PAF at the end of the previous financial year. This provides an increased opportunity for planning for both donors and non-profit organisations.
- **Flexibility.** With no requirement for a capital accumulation plan, donations to a PAF are no longer capped nor required at regular intervals. This means donors can contribute whenever and however they choose and can grow their PAF indefinitely. This provides an even greater benefit to the community over the long term.

If you have any questions, please contact your Private Client Adviser or phone Perpetual Philanthropic Services on 1800 501 227.

### Private ancillary funds

- Provide benefits to deductible gift recipients
- For private giving (not public fundraising)
- Income tax exempt
- Donations tax deductible
- ATO regulated
- Must have a corporate trustee
- More than 800 registered in Australia

## Major giving in Australia under the microscope

New research from the Queensland University of Technology (QUT) about major giving in Australia highlights that there is still enormous scope for giving to increase.

In Australia's first empirical study of major giving in this country, QUT's Australian Centre of Philanthropy and Nonprofit Studies, tapped the views of nearly 50 players in this area.

Led by Dr Wendy Scaife, the research sought input from givers who had made charitable donations of wide ranging amounts – some donating \$10,000 annually, some more than \$1 million. The study also canvassed the experiences of fundraisers in both seeking and receiving major gifts. From the perspectives of both givers and charities, some common themes emerged:

- **Major giving in Australia has much room to grow.** Both givers and non-profits agreed that many Australians were capable of providing major gifts and given that many only gave minimal amounts, there was enormous scope for giving to increase.
- **Major gifts are in the eye of the beholder.** Participants said that although an organisation might consider a major gift to be at least \$250,000, an individual donor will have a subjective view of a major gift amount. This will depend on their own situation, giving capacity and past giving experiences.
- **The perception of charity management is poor.** While happy with charities' work and commitment, many givers perceived that leadership, feedback, accountability and courtesy all needed to increase in charities. Some notable comments from givers

included that 'nil productivity or business skills' for charities is an issue and that 'a lack of disclosure is a major problem'. Giving was also likened to an investment.

Other messages that emerged from the study centred around an Australian culture of giving and the impact of the global financial crisis (GFC). The GFC was seen to have prompted many donors to focus their giving towards local causes and social welfare.

The research also highlighted a desire for donors to network and a lesser tradition of giving from people of new wealth and from certain age groups. However, the importance of family culture and individual values in prompting giving was also clear. Many alluded to philanthropy being transformational in their lives and most had become involved in giving with the help or at the suggestion of a peer.

The QUT research was funded by the Perpetual Foundation, the EF and SL Gluyas Trust and the Edward Corbould Trust.

### Future impact

Youngcare is a non-profit organisation currently seeking philanthropic support to provide solutions to the issue of young people in aged care. Chief Executive Officer, Marina Vit, says that this QUT research provides valuable insights for the non-profit sector.



FROM LEFT: Marina Vit (Youngcare), Dr Wendy Scaife (QUT) and Andrew Thomas (Perpetual) at the 2010 Fundraising Institute Conference.

'For an organisation like Youngcare, these findings offer useful tips on the motivation and very importantly, the expectations of major givers. These will assist us, and many other non-profit organisations, in our planning surrounding philanthropic donations.'

Andrew Thomas, General Manager of Philanthropy at Perpetual, agrees saying that the research will give non-profit organisations the insights so they may increase their funding, and most importantly their impact in the community.

View the report at <https://wiki.qut.edu.au/display/CPNS/Major+Gifts>

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## upcoming dates

**Kibble Literary Awards for Women Writers**  
2 June 2010

**Ramaciotti grant applications close**  
30 June 2010

**Perpetual's 2010 funding round grant recipients notified**  
30 June 2010

