

ALFRED DEAKIN LECTURE SERIES 2008
THE NATION AND BEYOND: THE NEW PHILANTHROPY
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BMW EDGE FEDERATION SQUARE

It is a privilege to have been invited to participate in the Alfred Deakin Lecture series for 2008.

This Lecture series is a great event that honours the memory of Alfred Deakin, at first a great Victorian leader and later, due to the miracle of Federation that he was so instrumental in orchestrating, a great Australian and ingeniously Australia's second, fifth and seventh Prime Minister. I have seen Alfred Deakin referred to as "perhaps the finest speaker in the Australian Parliament's first century" and a man whose "love of learning informed his political life."¹ Deakin is also credited as "the political leader that effectively, institutionalised the Australian ideal of the 'fair go'".²

Many of you will be aware that Alfred Deakin's family have continued to play an important role in Australian public life. A number of family members are here this evening and, if I may, I would like to acknowledge, commend and thank them for the many significant ways in which they continue to serve the community.

Their generosity of spirit and Alfred Deakin's guiding principle of a 'fair go' provide an appropriate and elegant introduction to tonight's lecture, 'The Nation and Beyond: The New Philanthropy'. Philanthropy operates as a fundamental and practical expression of our humanity and, through its various manifestations, is involved in helping to deliver a 'fair go'. It is my contention that generosity of spirit should be at the core of all philanthropic activity.

This is not the occasion to speak at length about the statistics for philanthropy in Australia. Philanthropy Australia collects and presents much of what is known about the sector although they note that 'statistical data on philanthropy in Australia is difficult to obtain and is not comprehensive, as research is carried out only intermittently and as there are no public reporting requirements for many Australian organisations.'³

Notwithstanding these limitations, there is enough clear evidence to support the view that Australia has a strong philanthropic tradition which is often unacknowledged; a good deal of current philanthropic practice is thoughtful, considered and influential; there is now more of it, there are more participants in it and there is more coming but, even with the current well designed Government incentives, wealthy Australians and Australian corporations commit significantly less of their wealth to philanthropy than do their counterparts in other countries, particularly the United States. In this context, Daniel Petre noted recently how many Australians are now in a compelling position to make a substantial social impact and how this sudden interest in having a social impact seems to have us all talking about 'new' philanthropy".⁴ But what is in it that's new?

When I mentioned to my sixteen year old daughter that I was giving this lecture on philanthropy, her immediate response was to say, "How embarrassing". Her comment perhaps not surprisingly captured a Gen Y attitude and reaction to the grandeur of the term and the gravitas, solemnity and even pomposity that sometime accompany it. The word itself may inspire that response but the activity that it describes certainly should not, despite the psychology of giving being complex and sometimes not pretty. Her response is also a timely reminder that we should not be too smug or self-congratulatory about what is being done now nor too reverential about the efforts of our predecessors.

Wedged in the dictionary between philately and philanderer, philanthropy is from the ancient Greek and has a meaning which today might roughly translate as 'love of humankind'. While philanthropy is receiving renewed attention and a welcome surge of energy, reform and expansion including now over 600 Prescribed Private Funds with their lofty accumulation plans, much of what is called 'new' philanthropy has important but often overlooked antecedents in the history of philanthropy in Australia. Indeed, there are well established patterns and traditions of philanthropy that easily conform to the rather adolescent assertion of 'newness' that surrounds much of the current activity. This asserted 'newness' is part of a relentless search for labels and categories to describe long established behaviours and, in this instance, philanthropic motivation and practice.

On the question of motivation, I have a view that seems to be at odds with current views commonly expressed by commentators on philanthropy and indeed many people either self identifying or identified by others as philanthropists. That is, I do not subscribe to the view that philanthropy is about 'giving back'.

The phrase 'giving back' conveys a message to others that an act of benefaction is a considered act of obligation. This is not the language of generosity; it is the language of solemn duty. It reinforces a view held by some that, in order to 'give back'; something must have 'been taken' in the first place.

At best, 'giving back' reflects careless use of language. At worst, it establishes or reinforces in the minds of many a dubious motivation. My advice is to drop the phrase. There are plenty of people around with a dim view of private wealth in the first place, who will enthusiastically assert that philanthropy is just giving back.

Having said that, obligation is not a bad motivator and it certainly should not be overlooked. Doubtless, we feel some sense of responsibility for the schools and universities that we have attended and also to the hospitals and other institutions that have served us in some way throughout our lives.

My point is that obligation can only take anyone so far along the philanthropic journey and there comes a point where you may feel that you have given back, and in that context, further requests might generate resentment. It is at that point that you need to move from giving back to giving.

In these remarks, I have been speaking broadly of personal philanthropy, first person singular giving. But we know that philanthropy is a much broader activity. I do not intend to give an overview of the eco-system called the philanthropic sector. It is sufficient to reflect that some outside the sector might think that the term 'philanthropic sector' suggests a group of organizations operating in a uniform manner with similar objectives. It doesn't require much

thought to realise that this could not be the case. There is obviously a difference between one's own personal giving however organised and institutionalised, and the role that many of us play in the sector by administering someone else's philanthropic act. Within the latter category, there are significant differences between the ways of philanthropy as practiced by families, corporations, community and special purpose foundations as well as the trust company administered estates and government initiated philanthropic entities. However, it can be said that we all co-exist, usually quite happily, and unusually for such a dynamic sector, with a high level of collegiality and mutual support.

A common element is in the role of grant making itself as the core business for a Foundation. Where there is a corpus in place, those responsible for a Foundation have no choice other than to make grants. They have no discretion in the matter. How they choose to do so is what is of key interest to the grant seeking community and, in time, to their colleagues in the grant making community. Additionally, there are different levels of professional involvement in the sector, and in turn quite different capacities to research, evaluate and disseminate information.

Philanthropic entities do not have a completely free hand. They are governed by legislation, guidelines, wills, trust deeds, constitutions, governance policies, and regulations. These provide the mandate for their work and must be acted upon with a knowledge and deep understanding of their limitations and powers, and must be used as continual reference points for almost all decisions. However, most Foundations have the power to review and vary their focus areas from time to time.

There is an independence and neutrality about the philanthropic sector which means that it is ideally suited to be brave, even courageous, in funding risky projects or in drawing together, into a single process, participants who might traditionally be adversaries. In its non grant making activities, a Foundation can auspice meetings and discussions across the community sector, give amplification to voices that might not get heard, support advocacy for programs and activities and then use their project evaluations to support submissions to government and other funding agencies for longer term sustainable support. Along with traditional grant-making, this enabling, facilitating, mediating role is increasingly working in partnership with business, government, and academia to produce creative adjacencies with multiple outcomes. It is a role that is as well suited to the humanities as it is to the sciences and international affairs.

The term philanthropy is seldom left unadorned today: there is almost invariably a preceding adjective. Thus we have "strategic philanthropy" and "effective philanthropy", and "contemporary philanthropy", as well as "engaged and venture and 'new' philanthropy". This unnecessary but keenly sought precision partly reflects an awkwardness that the sector has in describing and explaining itself and partly reflects the previously described wide diversity of activities that occur across the sector. It carries the implication that musty, old philanthropy must mean something unremarkable like non-strategic, disconnected, responsive, cheque writing. Yet, often it is exactly this sort of philanthropy that most resolutely demonstrates generosity of spirit, the importance of which is absolutely critical to the tens of thousands of community organisations that need it and depend upon it.

The current emphasis in philanthropy on the big and the spectacular reminds me of a story that I read, courtesy of an unusually instructive midnight internet ramble, in an 1844 publication entitled 'Newly Revised Eclectic Reader' by a William McGuffey.

It is a conversation about philanthropy between a Mr Fantom and a Mr Goodman. Mr Fantom wants “to make all mankind good and happy”. Mr Goodman suggests that it might be wiser to start with one’s own neighbourhood. This is not for Mr Fantom. He is filled with the wrongs of the world and can only see reform on a grand scale.

When Mr Goodman suggests some modest local reform projects they can undertake, Mr Fantom rejects this, explaining that he is much too preoccupied watching for “great occasions” to prove his worth. But Mr Goodman cautions that if we look only for the “great occasions” and fail to take the many “smaller opportunities” to do good that are in our grasp, life passes and little improves.

Such views are widely shared yet in the ‘new’ philanthropy paradigm, inadequately acknowledged. Joel Fleishman in his highly regarded 2007 book *“The Foundation: a great American secret”* has commented that the terms “instrumental giving” and “expressive giving” are sometimes used to distinguish between giving with a specific policy objective in mind and that which “reflects a donor’s desire to show support for a cause or an organisation without necessarily expecting to achieve a noticeable impact through his or her gift.”

He argues that the latter tends to be more characteristic of smaller donors but this should not be undervalued. Many charities that work tirelessly for the disadvantaged benefit greatly from individuals and foundations that simply write a cheque for their cause.⁵

“The fox knows many things, but the hedgehog knows one big thing”. Isaiah Berlin apparently dined out on this fragment of verse by Archilocus using it to distinguish between those with a unifying central vision of reality (the hedgehog) and those who shun such a vision (the foxes). Foxes we all know are alert to diversity and curious about peculiarity.”⁶

I too believe that expressive giving still has a hugely significant place. I believe that all well supported “great occasions” risk being diluted and possibly wasted unless “smaller opportunities” get the oxygen of support on a timely basis, while other “great occasions” get planned.

One pattern that seems to have emerged from much of the recent philanthropic activity is a return to a concentration of effort towards particular needs. Over 100 years after its establishment, Alfred Felton’s Bequest, designed in the 19th Century, still remains a landmark philanthropic donation in the history of philanthropy anywhere. In common with the practices of its time, the Felton Bequest is specific by stipulating that half of the funds are to be used for charitable purposes in Victoria, with a primary focus on the physical and emotional health of women and children, and the other half used to purchase works of art, calculated ‘to raise and improve public taste’ for the National Gallery of Victoria.⁷

By contrast, in the 20th century, the approach to philanthropy seemed to be far less specific and favoured a “whole of humanity” focus. In 1913, the Rockefeller Foundation was founded for the ‘well-being of people throughout the world’ and in 1936, the Ford Foundation was created ‘to advance human welfare’. In Australia, the Sidney Myer Fund was established in 1934 for the ‘benefit of the community in which I made my fortune’ and the Myer Foundation in 1959 for the ‘good of mankind’.

In more recent times, it has been more common again for philanthropic initiatives to be established for such a central philanthropic purpose, often being aligned to the personal community interests of the founders. In 2000, the massive Bill and Melinda Gates

Foundation was established to 'help all people lead healthy and productive lives', with the issue of health being a very specific issue central to its purpose. Although quite different in scale, this greater specificity of purpose has been a characteristic of much recent philanthropic activity here. A prominent example of this has been the Gordon Darling Australia Pacific Print Fund which was established in 1988 to acquire prints for the National Gallery of Australia, support that has had a transforming effect on its collections. The Yulgilbar and Aranday Foundations, amongst the first PPFs to be established in 1999, are engaged mostly with very specific and targeted projects in the arts, rural communities and animal welfare. These patterns are being emulated by many newer Foundations and reflect the relative financial capacities, the nature of the ambition and a keenly felt desire to be highly participative in philanthropic practice.

A very recent example of this has been the Caledonia Foundation's funding of a film documentary on a Salvation Army hostel in Sydney. Called 'The Oasis, this was an example of philanthropy amplifying a core social issue by not just funding the production cost but by disseminating the research and conclusions, and engaging the public and policy makers in a broad debate. There is sometimes a view that only governments have the necessary resources to tackle the fundamental issues of poverty, for example. However, Foundations can do a great deal to champion discourse and policy development by, to quote Joel Fleishman again:

*"...focussing public attention on the severity of the problem, by generating empirical research about better ways of tackling it, and by pioneering solutions that governments could implement."*⁸

Collective memory in Australia gets a bit blurry about some of the very significant acts of benefaction which have occurred in the past. This is due in part to state boundaries which mean often that interstate acts of benefaction are seldom celebrated elsewhere as acts of Australian philanthropy, something that would disappoint Alfred Deakin.

We have not been particularly well served by a normally inquisitive media. In their present fascination with the 'new' philanthropy, assertions often get repeated without dispute that there is no culture of giving in Australia, or that there are no great examples of giving or that there are insufficient incentives to give or that substantial giving will only relieve government of its proper responsibility, or that giving requires a multitude of benefits for the donor. It is almost certainly lack of any real research or even curiosity that leads to this. Unfortunately, it is this unquestioning attitude and failure to celebrate our own traditions over long periods that have contributed to the often cited litany of excuses for why people of means choose to be unable to contribute to the same extent as in the past. They have read all of the excuses in the newspaper! We are still waiting for the great dollops of philanthropy that have occurred in the past. The argument often goes that we don't have the right Government incentives in place. This is ill-informed. Although there is still scope for some reform as suggested at the recent 2020 Summit, in the absence here of inheritance tax, many of the incentives for philanthropy overseas that are sometimes referenced simply have no relevance to us.

Curiously, until very recently with the announcement of John Kaldor's gift to the Art Gallery of NSW and the highly successful launch of the National Gallery of Victoria's 150th Anniversary Campaign, why was it never questioned that the three greatest living benefactors to our nation's publicly funded collecting institutions were themselves artists, namely, Margaret Olley, James Gleeson and Joseph Brown? Surely someone noticed?

Something else that should be noticed is the difference between a philanthropic act and a philanthropic intent. The latter, whilst deserving to be welcomed by the sector and wider community, is often accompanied by much fanfare and high visibility. However, the intention to give can be highly conditional leaving one to wonder – will it ever happen? Is it happening? Did it ever happen?

Perhaps a more widely used and agreed concept of philanthropy could be used to give greater clarity to present practice. A contemporary definition that is used by Philanthropy Australia is:

“The planned and structured giving of money, time, information, goods and services, voice and influence to improve the wellbeing of humanity and the community.”⁹

This definition seems very suitable to me and it demonstrates that philanthropy is indeed a very broad church. It can involve any or all of the activities mentioned, alone or in a multitude of different combinations. However, in much of what is observed as ‘new’ philanthropy, we seem today to want to narrow its meaning and its application.

Dr Michael Liffman of the Asia Pacific Centre for Philanthropy and Social Investment at Swinburne University has identified generational and attitudinal change as among the key drivers of what is being called the ‘new’ philanthropy. He has noted that:

“ There is considerable energy in this sector which continues to grow as a new generation seeks to apply its business skills and idealism to its philanthropic activities, in the face of a new sense of urgency and universality of such challenges as climate change.”¹⁰

Another local perspective is that offered by Gina Anderson, the CEO of Philanthropy Australia, who suggests that:

“New vehicles and structures and prosperity have brought many new players into philanthropy. New, well informed, sophisticated and confident donors are driving the professionalism of the sector, because they are unlikely to remain hands off and assume that good intentions will lead to good outcomes. They demand greater focus on the impact, value and effectiveness of philanthropy, and in some cases will wish to apply their own business skills to the organisation or project to which they are donating.”¹¹

The Director of the Ford Foundation’s Governance and Civil Society Program, Michael Edwards, has coined a new expression *Philanthrocapitalism* and in a recent pamphlet, ‘Just another Emperor?’ writes about three distinguishing features of the major new philanthropic funds:

“The first is very large sums of money committed to philanthropy.... The second is a belief that methods drawn from business can solve social problems... And the third is a claim that those methods can achieve the fundamental transformation of society”

These features lead him to be concerned that Foundation support for community organisations *could divert our attention away from the deeper changes that are required to transform society.* He warns the community sector that they ought not reduce their decision making to what is an *inappropriate bottom line, or set of bottom lines* or be led to ignore the costs and trade-offs involved in extending business principles into the worlds of civil society and social change...¹²

This perspective suggests that there is always a need for informed debate about rather than unquestioning admiration of philanthropy, a view that I support.

Returning for a moment to the characteristics of the 'new' philanthropy I noted a succinct, but I have to say a slightly disturbing, reference that Gina Anderson provides from a report from the UK organisation *nfpSynergy* titled 'The 21st Century Donor'. It says:

"Most donors want it fast, they want it big, they want a lot of impact, they want a lot of measurements, and they want it now".¹³

There is a risk that the expectations of new philanthropists are too high and that a premium will be placed on quick and tangible results, whereas the community would be better served by patient capital, a term well understood in the investment community. Social impact can be extremely complicated, unpredictable and susceptible to subtle nuances with outcomes that may not be known for a generation. Business techniques foisted on the non-profit sector will have benefits and are sometimes eagerly sought, but learning first about what these organisations do, the needs that they meet and the communities that they serve ought to come before dictating grant conditions, demanding granular measurement of outcomes and imposing tight timeframes for completion.

Amongst the more successful recent models of philanthropic support has been Social Ventures Australia whose core philosophy is to enhance the nexus between the non-profit sector and affluent Australians. SVA's CEO, Michael Traill, talks about the need for the non-profit sector to provide evidence to the grant-makers that giving will make a difference. He argues that organisations need to take a more strategic, results oriented approach and to provide their funders with engagement opportunities and an understanding of the social issues involved. SVA is finding that where these pre-conditions are met, grant-makers are more inclined to commit larger sums for longer periods and are prepared to take a long term view.¹⁴

Notwithstanding this, it is well to remember the complexity in attempting to measure results. Einstein, who knew a little about measuring the seemingly unmeasurable, had a sign in his office at Princeton that read:

"Not everything that counts can be counted and not everything that can be counted counts."¹⁵

The achievement of both generosity of spirit and an expectation of performance and measurable outcomes is no certainty. Amongst the preconditions for successful examples of philanthropy are careful consideration, research, preparedness to learn, conviction, hope, compassion and a bit of luck. The skills required to assess organisations and projects are more related to making judgements of character and attitude than an ability to scour carefully crafted proposals with flawless financial information. The philanthropic sector in its dealings can enjoy the independence that it has and, in its processes, be different to what government does rather than try to emulate it. A long established Foundation is probably most at risk of behaving like a government department. Where a considerable period of time has passed since the founder's philanthropic act, there is a risk that the spirit of generosity that motivated the founder will dissipate. Those who manage the founder's bequest may, in the interest of good governance, focus more on the process to the detriment of generosity.

This may be less of a concern where descendants of the founder are involved in the decision making process if they remain imbued with the same spirit. Similarly, Foundations with 'wind-up' clauses can sharpen thinking in these considerations. Regardless, it is good practice to ensure that those responsible for the foundation's giving policies, that is, those who have stewardship, thoroughly understand and earnestly endeavour to apply the principles expounded by the founder.

Whilst many will feel entitled to judge whether a Foundation is generous, and this might directly correlate to whether a grant application has been successful or not, there are indisputable ways in which a foundation can demonstrate generosity of spirit: By being approachable and accessible, that is, having an open door policy; by not being overly risk averse; by being conscious of not placing unnecessary hurdles in the way of those seeking assistance; and by having timely decision making and payment processes.

However, and despite all these apparent virtues, it is also salient to remember that philanthropy does not always enjoy universal approval.

Michael Liffman has noted:

*"Conservatives accuse (philanthropy) of sniping at government, promoting social complaint, and providing a platform for minority 'new class' professionals, rather than supporting direct 'hands-on', practical, charitable relief. Progressives fear that philanthropy uses tainted money to salve the consciences of the wealthy, fails to solve real problems, allows governments to shirk their responsibilities, and is directed less at the poor and disadvantaged than at the hobbies and status needs of the elites."*¹⁶

For all my apparent scepticism about some of the benefits ascribed to the 'new' philanthropy, I do support some recent positive changes, in particular the greater focus on the sector's governance, expenditure, accountability and transparency. It has been remarked that "Foundations have long been, for good and ill, the least accountable institutions in America."¹⁷

On the issue of transparency, I note that the Federal Treasurer, The Hon Wayne Swan MP, also embraces this view and has wasted no time in announcing his intention to introduce some new legislation mandating greater disclosure. He noted in his recent remarks that:

*The changes will, among other things, ensure regular valuation of assets at market rates, increase the size of compulsory distributions, and give the Australian Taxation Office greater regulatory powers.*¹⁸

Any developments that ensure good governance are to be welcomed provided that they continue to encourage the growth of the sector, do not deter its independence, become an end in themselves, or threaten a generosity of spirit. Good governance and generosity are not incompatible or at opposite ends of the philanthropic spectrum, but care is needed to not create an environment that is hostile and unwelcoming. However, it is reasonable that the major philanthropic entities ought to publish annually about their grant programs, guidelines and governance, and the media ought to be less blinded by assertion and more interested in transparency. It is quite possible to be brave and courageous without being unaccountable.

The great economist and my hero, John Maynard Keynes longed for the day when economists were no longer arch-theorists but would be consulted to solve everyday problems and give straightforward advice – rather like dentists. I believe that we could look to his advice for investing to give us some really good ideas about giving:

I am sure that he would advise that giving should be approached with a clear focus on the problem and with practical solutions.¹⁹ He would advise us to search for stunners, that small group of projects and organisations that might make a profound difference. He would encourage safety first, that is, take professional advice and understand as well as possible the likelihood of success and the risks of failure but he would caution us not to try to avoid risk. He would tell us to ‘lean in to the wind’ and run counter to conventional thinking. It is remarked of him that *‘in everyday life he delighted in paradoxes, opposed accepted wisdom and disliked all the common-or garden thoughts and emotions that bind men in bundles’*. He would urge us to keep quiet and not self aggrandise but promote the activity being supported. And finally he would encourage us to remain concentrated in a circle of competence and recognise the bounds of our knowledge but not to place all of our philanthropic eggs in one basket Franklin Roosevelt might usefully add to this checklist his challenge to Americans to pursue “bold persistent experimentation”.²⁰

Which brings me back neatly to another great leader, Alfred Deakin, generosity of spirit and a ‘fair go’. The philanthropic tradition is a long standing Australian tradition and this should be more freely acknowledged to inspire further great acts. What is purported to be ‘new’, is mostly not new at all. What is new is that there are many more participants wishing to make their philanthropic mark. This should not be done in the name of giving back but in the spirit of giving. When it is done with generosity, we should all cheer from the rooftops. We should also encourage grant-makers to give consideration to our community’s immediate needs as well as to the strategic directions for our society. The activities of the sector should be open and accountable and the engagement with government, business and academia should be alive to great possibilities. In its inclusive broad definition, the alchemy of philanthropy is that whatever our means and circumstances, we can all participate.

Rupert Myer

1 <http://primeministers.naa.gov.au/meetpm.asp?pmId=3>

2 Alfred Deakin (1856 -1919) was Australia's second Prime Minister. He was a man of letters, steeped in philosophy and literature and deeply spiritual. Many contemporary Australians however would continue to share Deakin's social vision, for it was Alfred Deakin, above all, who instituted the uniquely Australian idea of the "fair go", and put in place much of Australia's political and social infrastructure.

http://www.abc.net.au/rn/deakin/content/session_1.htm

³ <http://philanthropywiki.org.au/index.php/Category:Statistics>

⁴ “Australia lags the world in philanthropic giving but new opportunities emerge”

http://www.petrefoundation.org.au/docs/QUT_research_launch_MEDIA_RELEASE_DRAFT_MARCH08.pdf

⁵ Fleishman op cit p.26

⁶ Insole, C. "Informed tolerance" Times Literary Supplement February 1 2008 p3.

⁷ http://philanthropywiki.org.au/index.php/The_Felton_Bequest

⁸ Fleishman op cit p.11

⁹ <http://www.philanthropy.org.au/> (22/5/08)

¹⁰ Liffman, Michael, "The cultural and social history of philanthropy in Australia" Australian Philanthropy. Summer 2007 Issue 67 p5

¹¹ Anderson , Gina "From my perspective" Australian Philanthropy Summer 2007 Issue 67 p3

¹² http://www.youngfoundation.org.uk/just_another_emperor_news

¹³ Anderson op cit p3

¹⁴ "Australia lags the world in philanthropic giving but new opportunities emerge"

http://www.petrefoundation.org.au/docs/QUT_research_launch_MEDIA_RELEASE_DRAFT_MARCH08.pdf

¹⁵ <http://www.heartquotes.net/Einstein.html>

¹⁶ Liffman op cit.

¹⁷ Fleishman op cit p.xv

¹⁸ <http://blog.philanthropy.org.au/category/whats-new/> and at

<http://www.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2008/052.htm&pageID=003&min=wms&Year=&DocType=0>

¹⁹ Alex Damchev Time Literary Supplement July 13 2007 p 28 quoting Tim Harford from his book the *Undercover Economist* Abacus 2007.

²⁰ Shaeles, A Times Literary Supplement *Letters to the Editor* December 7 2007.p6