

AUSTRALIA LAGS THE WORLD IN PHILANTHROPIC GIVING BUT NEW OPPORTUNITIES EMERGE

Affluent Australians have the capacity to substantially increase the nation's philanthropic giving without any adverse impact on their security or their lifestyles, according to Petre Foundation Chairman Daniel Petre.

A new report commissioned by the Petre Foundation—*Good Times and Philanthropy: Giving by Australia's Affluent*—was launched today. The report, produced by the Australian Centre for Philanthropy and Nonprofit Studies based at Queensland University of Technology draws upon the latest research to examine giving trends by affluent individuals in Australia and how these compare with overseas counterparts.

Speaking at a briefing hosted by Social Ventures Australia in Sydney today, Petre Foundation Chairman Daniel Petre said: "On an asset basis affluent Americans currently give around 10%-15% percent of their net worth to philanthropy. Their Australian counterparts seem to be allocating less than 3% .

"On an income basis wealthy Americans allocate 3.8% of income to charities while average wealthy Australians give less than one half of one percent. The report shows that although the average household income of wealthy Australians rose by 36 percent over the last decade, their charitable giving over that time only increased by from 0.36% of income donated to 0.45% of income donated.

"If affluent Australians, those with total net assets exceeding \$30m, placed just 20 percent of their wealth in a private philanthropic foundation and used the income from this to support the charities of their choice, it would increase funding for charities between 40% - 100% overnight.

"More importantly, the givers would suffer no adverse affects either to their families' security or their lifestyles and they could still determine the way the funds were spent," he said.

Petre highlighted three conservative scenarios that could massively increase the total Australian philanthropic dollar:

- If Australia's 20 wealthiest families allocated 20 percent of their wealth to a private foundation, it would create a total of \$11.7 billion dollars generating income of around \$560 million a year.

- If we applied the same approach to the BRW Rich List, it would mean 200 private foundations totalling \$25 billion and generating \$1.3 billion a year.
- And, finally, if we expanded the approach to include those families with wealth of more than \$30 million, it would mean a total pool of \$42 billion generating around \$2 billion a year.

“The bottom line is that our affluent Australians are not pulling their weight in giving to charity, either compared to their counterparts overseas, or to the average Australian but are in a compelling position to make a substantial social impact,” Petre said.

“Australian entrepreneurs like Clive Palmer, [Andrew Forrest] and Greg Poche are inspirational examples of what can be done, as are luminaries like Bill Gates and Warren Buffet. But I believe we must encourage those who have benefited so much from Australia’s prosperity to follow their lead and increase their levels of giving.”

Responding to the report, Social Ventures Australia Chief Executive Michael Traill said the report articulated some very clear opportunities to enhance the nexus between the not for profit sector and affluent Australians.

“The non-profit sector must provide evidence that giving will make a difference. 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. At the same time, funders wanting their money to contribute to creating sustainable social and environmental change need to take a more strategic approach to their philanthropy.

“Our experience is that when this occurs funders tend to provide much larger amounts and for longer periods because they are prepared to take a long-term view and are clear about the social return on their investment. They are connecting their heads to their hearts.

“I see many generous givers adopting a ‘spray and pray’ approach: their giving is typically fragmented and involves relatively small amounts to a wide variety of organisations. In most cases they are not clear or they don’t have the time to understand how the non-profits are performing. It’s not surprising many of them lose interest.

“The good news is that the Australian philanthropic landscape is changing for the better. A growing class of smart givers are focussing on areas about which they are passionate, are selective in the programs they support and are clear about social outcomes that deliver real

impact. The challenge now is to capitalise on this emerging trend and harness the significant untapped potential that exists to increase the level of giving," he said.

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Definitions and Sources

- (1) Asset base definition: total net worth of an individual or family group
- (2) 10% - 15% US asset base giving levels source: Newsweek 2004 – *Overview of Wealthy and Philanthropy*
- (3) 3% highest annual donation by a wealthy Australian on an annual and regular basis of \$12m is expressed as being an income flow from an established foundation
- (4) Increase of potential 40%-100% in giving drawn from: Merrill Lynch Cap Gemini Wealth Report (referenced in the QUT report). The report cited that there are 1,200 families with this level of wealth in Australia. Previous data indicates there might be as many as 4,000 families with this level of wealth.

Total estimated cash philanthropic donations in Australia per year are around \$5 billion – source Giving Australia Report 2004.