

# Australian philanthropy finds purpose

By **Stirling Larkin**

A HIGHLY positive trend is emerging in Australia and Asia whereby philanthropy is becoming as much a central focus for ultra-high net worth (UHNW) individuals and families as it has been for their North American equals.

This transformative phenomenon is a challenge and responsibility considered equally as important as prudent wealth management and family governance. Also encouragingly, even though we are told that the role of the middle classes is diminishing in our developed economies, recent research in the US highlights that these individuals, defined as those earning between \$US50,000-\$US75,000 a year, contribute around 7.6 per cent of their incomes towards progressive social and environmental causes.

This highlights that philanthropy is not only an increasing focus of UHNW's but also of society at large. But here in Australia, important misconceptions continue about the difference between what is charity and philanthropy. Although instances of charity can be considered philanthropic, they are not, importantly, one and the same. In short, charity attempts to relieve the consequences of society's problems whereas philanthropy strives to solve those problems at their core.

More than mere semantics, this distinction is clearly important and acknowledges why both charitable giving and philanthropic efforts are of equal importance to society. Traditionally, there is a perceived contrast between philanthropy, which is seen as private initiatives for the greater good, and business, which is thought of as private initiatives for private good.

However, like most aspects of civic and commercial life, things aren't always black or white and there are new Australian pioneers seeking a third way.

The concept of "impact investing" has been introduced and is about doing good while doing commercially well. It endeavours to make sound investments which generate profitable returns as well as deliver social and environmental outcomes.

Ingrid van Dijken of the Impact Investment Group (IIG) believes that impact investing is reaching a tipping point. And she says: "We are seeing increasing demand from private investors, foundations and institutions here in Australia.

Our role is to create high-quality investment opportunities to meet this shift in demand.”

IIG is co-owned by chief executive Christopher Lock and Small Giants, the family office of Daniel Almagor and Berry Liberman. IIG recently purchased the prestigious global headquarters of Roy Morgan Research at 401 Collins Street in Melbourne and intends to execute a strategy to dramatically improve its overall energy performance.

As an active and ethical manager, IIG benchmarks its fees to the long-term performance of its assets. The distinction between the roles of philanthropy and government is also important and, wherein government should only embrace public initiatives for public good, philanthropists can address broader social problems from different angles.

This was exemplified by Andrew Carnegie, one of America’s greatest ever philanthropists, who became famous not just for the money he gave away and the example he set to other philanthropists but also for the way he prompted the American government to address education, civic programs and social reforms.

Here in Australia, this social activist tradition is being reinvigorated by the increasing support of UHNW and affluent contributors who are aiding transformative programs that are endeavouring to better society, humanity and our environment both directly and through the lobbying of government.

In relation to charities, according to Alex Ottaway, vice-president of the Animal Welfare League NSW, “in recent years, we have noticed an increased volume of inquiries from affluent prospective donors”. He goes on to say: “This has not yet translated into an increased volume of donations but we are optimistic about the near future.”

Internationally, of course, groups such as the Gates Foundation are championing these programs at an impressive scale never before seen. Chairman Bill Gates says that “the world is a far better place because of the philanthropists of the past and the US tradition which is the strongest and is the envy of the world”.

Gates also believes that both the beauty and the role of philanthropy is to pick different approaches to solving problems at their core that often governments and international organisations, such as the UN, cannot address.

Efforts led by the Gates Foundation and others have seen, for example, infant deaths before the age of five reduce globally from around 20 million per year in 1960 to fewer than five million today.

Gates credits this to a story of vaccines provided by his and other foundations, which together have near eradicated smallpox, measles and other comparatively curable diseases in the developing world.

Committing to rolling up their own sleeves and working with the foundation coupled with the devotion to give away 95 per cent of their wealth during their lifetime, Melinda and Bill Gates have personified what it is to be a modern-day philanthropist and global citizen.

Australian philanthropists are also continuing to increase their support for the arts and sciences. The benefactor of the arts, Cyril Stokes, recently announced that he would bequeath his world-acclaimed art collection to the people of Australia, which would then be our largest ever endowment.

Australian Standfirst, for instance, is committed to help save the silverback gorillas of western Africa by both charitable and philanthropic means. Unless reversed, it is said that by 2030 our nearest genetic cousins will be entirely wiped out and become extinct.

Encouragingly as well, the importance of philanthropy is beginning to be recognised in China, with the notable establishment of a new foundation by - Alibaba founder and chief executive Jack Ma.

Even though many UHNW Chinese are fearful of publicly acknowledging their affluence in what is still supposedly a communist society, the trajectory of this new trend is heartening and obviously should be supported.

As philanthropy continues to transform the world for the better, we should heed the words of the most significant philanthropist of all time, John D. Rockefeller, who said that we should not be afraid to give up the good to go for the great.

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