

## **AUSTRALIA**

### **Community foundations**

#### **History**

Australia's first community foundation, the Victorian Community Foundation, was established in 1983 by the ANZ Bank Trustees. This was not a traditional community-"owned" community foundation. The first public community foundation, the Tasmanian Community Foundation, was launched in 1995 and the Melbourne Community Foundation in 1997. In 2000, the Foundation for Rural and Regional Renewal (FRRR) was established with one of its specific objectives being the support and development of community foundations. This was done with funding to assist with feasibility studies and start-up in rural and regional Australia. Funding came from the Australian Government's Department of Transport and Regional Services and also the Sidney Myer Fund, ANZ Bank and the Pratt Foundation.

This initiative was in response to concerns that support and services in rural areas were declining with the focus by government on economic rationalism, service development in major cities, and governments reducing services in rural areas. People felt they did not have the ability to take control and have major input into their own lives, their communities and to have impact on improving the conditions of their communities and the lives of those people in need.

Also in 2000, Philanthropy Australia, the membership association for philanthropic trusts and foundations, made the support and development of community foundations one of its principal objectives.

Some early funding assistance came from the Charles Stewart Mott Foundation. Growth was quite rapid and in March 2008 there are 30 established community foundations in Australia with investigations at various stages for a further 9. One community foundation has recently been established in an urban area, covering three local government areas of Melbourne. Its initial donor is an employment service for disadvantaged job seekers.

Community foundations can be found in all the states and territories of Australia with the exception of the Northern Territory where the concept is under discussion. The Northern Territory is very sparsely populated with a high level of transience and a young average population age.

The reasons for starting community foundations in Australia remain very similar to those in 2000.

**Current situation: Facts and figures**

Number of community foundations <b>formally established in total.</b>	30
Number of community foundations established <b>in 2007.</b>	3
The number of community foundations <b>at early stages of development.</b>	9
<b>Percentage</b> of country's <b>territory</b> covered by community foundations.	70%
<b>Percentage of population</b> that has access to a community foundation.	80%
<b>Total number of people</b> with access to a community foundation.	15 million
Is the <b>rate of community foundation formation</b> steady/increasing/decreasing? Explain why in the box below:	Decreasing

With potential coverage of 80 percent of the population and limited funding for start-up and administration support, it is not easy to develop new foundations. What is being encouraged and more likely to happen is that suburban funds will form under established community foundations such as the Melbourne, Sydney or Western Australian Community Foundation. This will give the opportunity for people who are “notionally” covered by a community foundation to really engage with their regional fund and local community. There are several areas of rural Australia which are still investigating the community foundation concept and these might emerge. The major difficulty is a lack of an easily accessible source of seed funding for the first 5 to 10 years.

<b>Total sum of grants made</b> by community foundations in 2007	A\$7 million/ approximately US \$6,429,510
<b>Total number of grants</b> made in 2007.	527
<b>Total sum of the income/donations</b> in 2007.	A\$18 million/ approximately US \$16,535,000
<b>Single largest source of income</b> for community foundations	Donations from individuals. Bequests were the largest source of new funds. Investment growth in 2007 was very significant.
<b>Total sum of endowments</b> at the end of 2007.	A\$133 million/ approximately US \$ 122,160,685
<b>Community foundation</b> with the <b>largest endowment</b> at the end of 2007 and <b>size of its endowment.</b>	Greater Melbourne Community Foundation A\$ 85 million/ approximately US \$78,072,620

*Note: Currency conversion as of 31 March 2008.*

## **Complete list of community foundations**

For a listing of Community Foundations, go to: [www.philanthropy.org.au](http://www.philanthropy.org.au) , and then go to the Community Foundations Gateway to see the listing.

Or contact Mr. Andrew Lawson, Community Foundations Development Officer, Philanthropy Australia at: [ajlawson@bigpond.com.au](mailto:ajlawson@bigpond.com.au)

## **Community foundation staffing**

In Australia there is a mix of administrations for community foundations. Volunteer-run community foundations would be approximately 20 percent of the total, and usually the volunteers are on the board. The great majority have one or maybe two paid part-time staff members. Approximately 14 percent have one up to 4 paid full-time staff members. It is only these latter organisations that have specialists in fund development, grantmaking, administration, etc.

## **Community foundation income**

### Income

This information is currently in the process of being collected and collated. It would be a reasonable estimate to say that around 90 percent of new income to Australian community foundations came from individuals and families, 5 percent from corporate sources, and 5 percent from local foundations.

### Purposes

Grants for operating funding are very difficult to obtain in Australia. The Western Australian Community Foundation has been well-funded by corporates, but it is an exception. With regard to new income or gifts to the foundations, the split is around 65 percent for unrestricted grant making, 30 percent for donor advised grant making, and 5 percent pass through funding. As a general rule, community foundations are encouraged to seek unrestricted donations to enable grantmaking which responds to community needs, especially while they are small and in the start-up phase.

### Permanent funds/Sustainability

The estimate is that around 90 percent of new funds donated to community foundations in Australia go into endowment funds. If the few largest community foundations were removed from the calculation, the answer would be very different and a large percentage of funds donated to smaller community foundations would be for flow through grantmaking.

## **Environment for philanthropy**

### Local attitudes

There is a long history of philanthropy in many areas of Australia with some very old foundations/trusts in place that are very supportive of the whole range of charitable objectives as set down over the years by British charitable law.

The attitudes to community foundations are very good. However, there is major education program needed to ensure that the population and potential donors are aware of the community foundation movement and what it is capable of achieving. The message from major “not for profits” that have significant advertising budgets and have been raising funds for their programs over generations are often on the top of people’s consciousness when they consider bequests in their wills. The community foundation movement has a major education job to do to become one of the “charities of choice” for charitable/philanthropic people in our communities. In rural areas, community foundations have a better opportunity, in many cases, of getting their message through the competitive clutter of charitable demands, and these community foundations are having a very positive impact on their community’s attitudes towards philanthropy.

#### Legal and tax environment

In Australia community foundations that are both operating and grantmaking foundations have to live within a rather cumbersome structure of corporate trustee and a number of trusts. Not all donations to community foundations are tax deductible for donors. There has been extensive work in this area with the Federal Government, leading to the FRRR Community Foundation Budget Measure 2007 which enables FRRR to hold funds in Regional Donation Accounts. This will potentially have some benefits for rural and regional community foundations as they will be able to fund a broader range of charitable activities using (tax deductible) donated funds. The earlier work done in this area is being reviewed by the government of the new Prime Minister, Kevin Rudd, and further tax reform will be possible.

#### Changing attitudes and the national or local environment

Community foundations are playing an active role in developing the environment for community philanthropy. As more develop and operate in their communities of interest, the movement will continue to grow stronger and develop the overall health of the movement.

Philanthropy Australia and the Foundation for Rural and Regional Renewal are active in promoting the cause of the community foundation movement across Australia and fund an annual Forum for development and training of community foundation practitioners. These organisations also act as lobbyists with government agencies, as and when required. Community foundations are also beginning to work together on issues.

### **Community foundation activity and impact**

**Example 1.** The **Geelong Community Foundation** was launched in December 2000. Geelong is a regional port city in the State of Victoria. The Foundation has a region around Geelong, which covers four municipal areas and a population of approx 350,000 people.

In 1998, a feasibility study established that Geelong could support a community foundation and in 2000 the Foundation was launched. Since the launch, the foundation has grown to having a corpus of A\$6.5 million (approximately US\$ 5,933,530). It has made approximately 75 grants worth a total of over \$1 million (approximately US \$912,850) in 10 grant rounds since being launched. The Foundation is now acting as a networking link with other foundations in the region, as well as United Way, FRRR and some private foundations, to focus on the regional issues and leverage support for significant projects and programs.

The foundation has recently completed a regional needs assessment to compliment the work of the many agencies operating in the region. For further information on the Geelong Community Foundation see the website at: [www.geelongfoundation.org](http://www.geelongfoundation.org) . This is a case where a community foundation has worked to mobilise assets in the community, and to maintain and grow them as a source of value for addressing community needs.

**Example 2.** The **Wingecarribee Community Foundation** has been very successful with their programs for youth in their rural region. They have developed a Youth in Philanthropy program which gives young people the opportunity to engage in youth philanthropy work, fund raising, grantmaking, etc., and they have the opportunity to develop their ideas into action.

Another very successful program is the development of a youth community radio station in 2004. This station was established to benefit all young people in the region with the aim of training young people in all aspects of this media and operation of a radio station. The station is focused on providing service to the region's youth. Today the station operates for 24 hours a day, 7 days a week.

Both these programs are very innovative for this region. For details on both these projects go to: [www.wingecarribeecommunity.au/WCFProg.htm](http://www.wingecarribeecommunity.au/WCFProg.htm)

**Example 3.** The **Melbourne Community Foundation** has embarked on an initiative called “MacroMelbourne”. This is a partnership with the Committee for Melbourne, Melbourne Cares, Pro Bono Australia, the Victorian Local Government Association, the Victorian Council of Social Service, RMIT University, Deakin University and the Victorian Government. This strategic project started by looking at the available evidence in relation to disadvantage in Melbourne and then moved on to initiate projects aimed at addressing the issues identified. This project shows how a community foundation and a number of other agencies/government entities can put together a successful collaboration. For further details go to: [www.communityfoundation.org.au/MacroMelbourne.PDF](http://www.communityfoundation.org.au/MacroMelbourne.PDF)

**Example 4. Community Foundation Initiative Impacting on Sustainability.** In Australia, the tax regime requires that gifts that are tax deductible to the donor and made to a community foundation are pooled into one “Gift Fund Account”. These funds are then invested, or some of the funds may be in the form of “pass through” grant funding. Funds made as grants from corpus investment income have to be made to charitable organisations that have authorised tax deductible status.

This works very well in major cities and many rural regions. Problems arise however when a community foundation in a very rural area does not have established charitable agencies to make grants to for the delivery of required projects and programs in the community.

Realising this some 6 years ago, the community foundation movement made a major submission to the Federal Government to establish a way forward for these rural community foundations. After long and detailed negotiations, a method of grant making through the Foundation for Rural and Regional Renewal has been developed such that most of the initial impediments to the community foundation's operation have been removed. (This is also referred to in the Legal and Tax Environment section above). The finer details of this program are currently being spread through workshops with the community foundation movement country-wide.

In this way a collaborative effort by the community foundation movement changed government policy and enabled the movement to work across all areas of the country including cities, regional and very rural areas.

## **Current challenges and future developments**

### Major challenges facing community foundations

The Foundation for Rural and Regional Renewal has as one of its goals the development of community foundations in rural and regional Australia. Support comes in the form of funding for feasibility studies and some assistance with start-up funding. As indicated earlier in this report, the majority of community foundations have limited part-time paid staff, while some have voluntary staffing only to do their development, administration and grantmaking. There are approximately 6 community foundations having between one and four full-time paid staff members.

The issue of funding for administration staffing has always been and continues to be the major challenge for the developing and yet to be formed community foundations in Australia.

There is not a good source of funding for this work in community foundations, and it takes time to develop a corpus and resources that can sustain a foundation. Most of the established private foundations and estates in Australia do not see funding of administration for the development of community foundations as a role which they wish to be involved with.

With this being the case, a community foundation has to be started up by community people who are very committed to the cause of community philanthropy and wish to make it succeed in spite of the shortage of funding available to resource such a project. This means that foundations that do succeed have been grown in a rather harsh environment, so they are very strong in spite of this lack in resources.

The three major issues for community foundations in Australia are:

1. funding to ensure sustainability,
2. profile raising, and
3. minimal paid administration support.

### Areas for future community foundations development

There are a number of areas where community foundations will develop in the future. There will be new foundations and funds formed as part of existing foundations to cover many metropolitan regions of the major capital cities. The states of Victoria, Tasmania and Western Australia are becoming well served with established foundations. There is still significant scope for new foundations in some areas of New South Wales, Queensland and possibly the Northern Territory.

## **International links**

There is an annual community foundation Forum held in Australia. Over the years there have been speakers at these Forums and meetings in various states with representatives from a number of community foundations in the US and Canada. Visits have been made by Australian community foundation representatives to community foundation conferences and meetings in the US, Canada and Europe. Australia hosted the community foundation peer learning program for the Philippines some four years ago.

The Community Foundation Development Officer for Australia is the WINGS-CF representative for Australia and New Zealand. The Melbourne Community Foundation's Chair worked for a period as the CEO of the Community Foundation Network in the UK some years ago.

All of these exchanges have been beneficial as we seek in Australia to develop our community foundations and community philanthropy and ensure that our foundations are up with accepted best practice in all areas of their operations. A number of possible initiatives to increase links with peer community foundations are being considered and may develop in 2008.

## **Support Organization: Philanthropy Australia**

### **History and purpose**

Philanthropy Australia (PA) is the peak body for philanthropy in Australia and is a not-for-profit membership organisation. The members are trusts and foundations, families and individuals who want to make a difference through their own philanthropy and to encourage others to become philanthropists. Philanthropy Australia's mission is to represent, grow and inspire an effective and robust philanthropic sector for the community.

Philanthropy Australia is the membership organisation for community foundations in Australia. The part-time Community Foundation Development Officer is employed by PA. The sector is linked in to the PA board through a Director having specific oversight of the community foundation movement.

A Community Foundation Website is part of the PA website. For further information on PA go to [www.philanthropy.org.au](http://www.philanthropy.org.au)

### Other organizations that support and promote the development of community foundations

The Foundation for Rural and Regional Renewal has the support and development of community foundations in rural and regional areas as one of its objectives.

FRRR was formed in 2000 and has been a very good supporter of community foundations, with feasibility funding for communities looking at the possibility of starting a community foundation and start-up funding assistance for a number of community foundations which have moved from feasibility to start-up and development.

FRRR produced the Community Foundation Kit for communities exploring the idea of a community foundation and is a major funding supporter of the annual community foundation Forum.

FRRR gained initial capital funding from the Australian Federal Government and the Sidney Myer Fund and has since been supported by a number of other foundations and corporate organisations.

### **Structure and organization**

Philanthropy Australia has a number of full-time staff members consisting of the CEO with an Executive Assistant, a Manager for Membership Services based in Melbourne and one based in Sydney, a Manager for Communications and Knowledge, a Research and Training Manager, a part-time Community Foundations Development Officer, a Web and Communications Administrator, plus a Knowledge Centre Administrator. For details see "About Us" at [www.philanthropy.org.au](http://www.philanthropy.org.au)

The main sources of income are from members with the community foundations at this early stage of development contributing a small share of total income.

For details of the PA Council see "Council" on the website at [www.philanthropy.org.au](http://www.philanthropy.org.au) The council is elected by members of PA from member organisations. Two of the council members have close involvement with the community foundation movement in Australia.

At least four times per year a teleconference is held where all community foundations across Australia can join in to discuss issues of relevance and be brought up to date with matters of interest from PA, FRRR and projects of interest being undertaken by the community foundations.

### **Recent accomplishments**

1. While much of the detailed work was done by specialists, the successful outcome with the FRRR Community Foundation Budget Measure 2007 enables community foundations to operate in remote country areas through FRRR. This recent development is one which we have been involved with.
2. Recently we have worked with a consulting firm to do the feasibility study for the Southern Fleurieu Peninsula Community Foundation project. This project is in the hands now of this community to decide whether to go forward and launch a foundation.
3. We have obtained a grant from the Sidney Myer Fund and have installed the UK-designed DIGITS software at five community foundation locations in three states.
4. The annual community foundation Forum is an excellent way to spread the community foundation concept to potential new regions and to ensure that there is peer-to-peer contact on a nationwide basis at least annually. The Forum is used for training, as well as an opportunity to ensure good quality control on community foundation operations, attention to tax and legal developments etc.
5. The community foundation teleconferences, held at least quarterly, are a good way to update board members and community foundation staff on developments across the country in community foundation projects and programs. They also provide a valuable lead in to PA and FRRR for issues that require attention and an opportunity for FRRR and PA to give direct feedback to the members of the community foundation movement.
6. Over the past year we have given information to a number of indigenous groups across Australia who are interested in the community foundation concept as a way of preserving and investing current royalty payments. The aim will be to ensure that funds are available for use in developing alternative ventures to produce income when royalties decline and in some cases cease. To date these projects are still in the embryonic stage.

### **Current challenges/future developments**

1. As the resources available for support of community foundations are quite limited and administration funding hard to generate, we do not have major numerical targets for setting up new community foundations on an annual basis. It is most important that the foundations already in existence are firmly established to ensure ongoing sustainability. In cases where communities are interested and keen to develop a new foundation, the resources, information, advice and support are given to ensure that the community moves through a thorough feasibility process. If the community then moves forward to form a community foundation, an application can be made for limited start-up funding from FRRR.
2. In Australia, we are moving to the stage where there is sufficient community foundation coverage across Australia to ensure that a donor awareness campaign, if run, could be effective. At some stage in the coming year or so, an attempt will be made to mount this type of campaign in support of the community foundation development effort.

### **Additional resources**

For annual reports of individual community foundations, see the various websites of individual community foundations referred to during this report.

We are just now at the stage where all annual reports published by community foundations to cover the 2006/7 financial year are being consolidated to give a total picture of the movement across Australia.

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