President’s Report, Philanthropy Australia AGM, April 2011

Thank you, ladies and gentlemen. It is with pleasure that I present the President’s Report for 2010.

As in previous years, I have structured this report in two parts. First, I will report against the four areas of Philanthropy Australia’s strategic plan: Representation, Grow and Inspire, Effectiveness and Governance. Second, I will offer some remarks upon the state of Australian philanthropy today and some challenges for Philanthropy Australia.

To begin with an overview of 2010; Philanthropy Australia experienced both steady progress and great change. The major highlight was the Philanthropy Australia biennial National Conference which was held in Melbourne from 31 August to 1 September. The guest speakers included Dr Susan Raymond, Executive Vice President for Research, Evaluation, and Strategic Planning for Changing Our World; Professor Pat McGorry, Australian of the Year; and, Dr Michael Wesley Director of the Lowy Institute for International Policy. Their presentations were thought provoking and very positively received, while the panel discussions which followed gave delegates the opportunity to participate and explore some of the key issues affecting the philanthropic sector.

I would like to take this opportunity to thank the organising committee and the Philanthropy Australia staff for making this an outstanding event. I would also like to thank the organisations which sponsored the conference, hosted the stimulating site visits that were held immediately prior to the conference and assisted with the organisation of the Conference.

In September Philanthropy Australia bid farewell to Gina Anderson who was CEO for the previous five years. I wish to express the appreciation of Council for the dedication and verve with which Gina served Australian philanthropy while Chief Executive. Gina led the development of Philanthropy Australia into an organisation with a truly national focus and can be justifiably proud of the progress and achievements that Philanthropy Australia made under her leadership.

Dr Deborah Seifert took on the role of CEO in early October. She brings with her experience as a Trustee, a CEO and an educator. In the first six months of her incumbency she has been busy engaging with Members in order to familiarise herself with the sector’s diversity, begin thinking about challenges and opportunities ahead, meet with the chairs of Affinity groups and canvass ideas for Philanthropy Australia’s next Strategic Planning for 2012 to 2016.

The growth in membership of Philanthropy Australia continued, increasing from 392 in 2009 to 420 members at the end of 2010. This reflects not only the growth and evolution of philanthropy but also the continuing desire by trusts and foundations to connect with others in the sector and to work collaboratively. Supporting Members to connect with each other, and providing value-added information and resources, remains the lynchpin of Philanthropy Australia's services.

1. Representation

2010 was another year of intensive representation work. Philanthropy Australia continued to monitor and respond to emerging Government policies throughout the year, making a number of significant submissions on behalf of Members.

One key issue was the Henry Tax Review, which had the potential to adversely affect the philanthropic sector. Fortunately, following submissions from Philanthropy Australia and others, the Review, which was released in early 2010, recommended that gift deductibility should be retained at an individual's marginal tax rate. The Henry Tax Review also considered the future of dividend imputation, which contributes importantly to the income of foundations. The Philanthropy Australia submission argued strongly that company income should not be taxed twice and that this feature of the tax system should be retained, which the Review endorsed.

Philanthropy Australia also made a submission and other representations in response to a Treasury discussion paper on Public Ancillary Funds, which was released at the end of 2010 with very limited time for comment. A number of Full and Associate members provided comments and suggestions for this submission, and the expertise of the technical committee drawn from the Membership was invaluable in formulating the Philanthropy Australia response. Treasury then contacted Philanthropy Australia early in 2011 requesting clarification of some of the matters raised in the submission, and we are continuing to engage in other ways with the Federal Government on this important issue.

Philanthropy Australia also made a submission in response to the Tax Laws Amendment (Public Benefit Test) Bill, a private members' bill raised by Senator Nick Xenophon.

Philanthropy Australia Council and Management continued to work hard to strengthen relationships with Federal and State Governments in 2010 and, as a result, Philanthropy Australia is regularly consulted by governments and is seen as the leader in the sector. One example of this was in March, 2010, when Philanthropy Australia was one of only 20 leading non-profit organisations and peak groups which was invited to the launch of the National

Compact in Parliament House to be one of the initial signatories to this important document. There are now more than 550 signatories to the Compact.

The strength of Philanthropy Australia's relationship with Federal Government was further evidenced in mid 2010 when Philanthropy Australia was commissioned by Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to examine strategies to increase high net worth and ultra-high net worth giving.

Philanthropy Australia is currently represented on a number of key organisations and committees including the National Roundtable of Non-profit Organisations and the Victorian Advisory Board of the Centre for Social Impact. Philanthropy Australia is also a founding member of the Community Council for Australia.

The involvement of Philanthropy Australia management and staff in representing the organisation and philanthropic sector in the not-for-profit sector and the general community has been widespread and far-reaching. In 2010 it included participation in:

- The Millenium Development Lunch with Mohammed Yunis
- The launch of the Community Council for Australia
- The European Foundation Conference
- A meeting with a Chinese Delegation from the PRC Ministry of Civil Affairs hosted by the Australian Human Rights Commission
- The judging panel for the PWC Transparency Awards, and
- The London Benchmarking Group Conference in Melbourne

In 2010 Philanthropy Australia also conducted an online Membership Survey. The results from the Survey highlight the diversity of the sector and indicate that Members would like Philanthropy Australia to provide more services while also continuing all of the current range of activities. The Survey therefore highlighted the challenges facing the organisation in terms of maximising impact within a defined resource constraint, which interestingly is the same issue that Members highlighted as one of the major challenges in term of their own activities.

2. Grow and Inspire

Over the past twelve months Philanthropy Australia continued to develop and publish information for the wider community, as well as Members.

The Philanthropy Australia website continued to attract high usage. At the end of 2010, on average, up to 13,500 unique visitors used the website each month. The site remains Philanthropy Australia's key and growing interface with the public, as well as an important resource for Members. The PhilanthropyWiki visitor numbers increased over 2010 with on average 3,600 unique visitors each month, and the blog increased its popularity growing from 485 subscribers in December 2009 to 686 by the end of 2010.

Philanthropy Australia also created a Twitter account in August 2010 and by the end of December there were 200 followers. This "micro-blogging" medium has been a success in creating discussion, sharing knowledge and connecting with philanthropic counterparts across the globe. It also makes an instant and effective communication tool to draw attention to initiatives, meetings and developments.

To create a greater awareness of the role of philanthropy, Philanthropy Australia also continued to work collaboratively with a number of like-minded organisations. Throughout 2010 these included ArtSupport Australia, the Australian Women Donors Network; the Centre for Social Impact, the Australian Environmental Grantmakers Network, the Foundation for Rural and Regional Renewal (FRRR), the Centre for Philanthropy and Non-profit Studies at QUT and the Asia – Pacific Centre for Social Investment and Philanthropy at Swinburne University.

Philanthropy Australia also continued to maintain a high media profile with quotations and positive coverage for both philanthropy and Philanthropy Australia. Throughout 2010, management spoke regularly on radio, and at seminars, forums and events, representing the organisation very effectively and ensuring that the word "philanthropy" continues to grow in the public consciousness.

3. Effectiveness

In December 2010, Philanthropy Australia launched *A Grantmakers Guide* written by Vanessa Meachen. This guide was generously funded by The Westpac Foundation enabling Philanthropy Australia to provide the Guide on-line free of charge. The guide is written as a basic introduction for new grantmakers, to introduce them to the processes and challenges they might encounter, the terminology of the sector, and what further resources are available.

The immediate feedback was excellent, and the publication is now included in the recommended introductory reading for students participating in courses at Swinburne University's Asia Pacific Centre for Social Investment and Philanthropy.

Philanthropy Australia continued to conduct regular Grantseeker Workshops throughout 2010. As well as providing a source of income to help support the organisation's core activities, the Grantseeker Workshops help ensure that the not-for-profit community is aware of the needs, drivers and restraints of philanthropic entities and is able to write better submissions, while also minimising the time and effort in applying for funding.

The weekly media alert service, PRESSing Matters, which monitors print media from around Australia and lists articles related to the philanthropic and not-for-profit sectors, is one of the services most valued by Members. There were 1113 subscribers to PRESSing Matters by December 2010. Similarly the monthly on-line newsletter for Members*, Philanthropy Review*, achieved a wider readership with over 1205 subscribers. It is very well received, as evidenced by the instant response to events advertised in the Review after each issue is published. The Review was re-vamped in October and it is now easier to read and produce electronically.

Australian Philanthropy, the flagship journal written by and for Members, continued to provide stimulating analytical reports on sectorial developments. The three issues in 2010 were: *Maturing philanthropy: challenging complacency & learning from experience; Health, wellbeing and medical research philanthropy;* and *Outcome, outputs and impact.* The feedback from Members following the publication of each of these issues was very positive.

Philanthropy Australia continued with a full program of Member events in 2010. Philanthropy Australia co-ordinated more than 53 events in Victoria and 28 in New South Wales. These included Member events, Network and Affinity group meetings. Regional forums were also held in the Hunter Region, the ACT, and in South Australia.

A new Education Affinity Group was launched and Health and Medical Research Forums were held in Sydney and Melbourne. In addition to these new Groups there are Affinity Groups representing Members from the following sectors: Arts, Indigenous Affairs, Ageing Futures, Homelessness and Disability. Each is chaired by a Member and Philanthropy Australia is particularly appreciative of the energy, effort and dedication that all Chairs bring to their very important roles. Philanthropy Australia therefore thanks each of them on behalf of all Members

There are also well established network groups for the Corporate, CEO, Environment, Philanthropy Workers and Women Donors sectors. The Community Foundations network continues to thrive and to share and discuss issues via a very active email list. Philanthropy Australia conducted the Annual National Community Foundations Forum in Melbourne in November and held regional meetings in the Hunter region and the ACT. This involved utilising the expertise of Andrew Lawson – Philanthropy Australia's Community Foundations Development Officer, who is also a trustee of the Geelong Community Foundation.

An International Giving Forum was held in August when it became evident that many Members, especially generations X and Y as they embark upon global travels, would like to contribute in an effective manner in developing countries. There will be follow-up discussions in 2011 in this growing area.

Philanthropy Australia strongly believes in facilitating collaboration in the sector, and in 2010 supported the Polly & Me Screenings with the Caledonia Foundation, NAPCAN and Goldman Sachs; Gender Lens Workshops; the Tracey Gary tour organised by the Australian Women Donors Network, QUT research, and the Rio Tinto Aboriginal Fund.

4. Governance

Turning to Governance, six Trustee Seminars for staff and trustees of charitable foundations were held in Melbourne and Sydney during 2010. These workshops were conducted by Philanthropy Australia's Treasurer David Ward, building on the Trustee Handbooks for charitable trusts and for Private Ancillary Funds. Both Trustee Handbooks continued to be widely disseminated and were downloaded over 1,200 times during 2010.

With regards to Philanthropy Australia's own sound governance, The Council of Philanthropy Australia met six times during 2010, the Audit, Risk and Finance Committee met four times and the organisation recorded a small surplus for the year of $11,700 following a surplus of $6,500 in 2009.

Part Two

Let me now turn to the current state and future of Australian philanthropy. In doing so, I intend to focus on three areas. First, recent trends in giving and philanthropy in Australia, second, the High Court decision in the Aid/Watch case and, third, the review of Philanthropy Australia's Strategic Plan that is now underway.

In some respects, 2010 was a remarkable year, with some very high profile events and individuals providing opportunities for philanthropy to be discussed and promoted. The year began in the Australian philanthropic sector with general relief that the global financial crisis appeared to be over. However many foundations found their granting capacity was reduced due to delayed flow-on effects, as the major source of income for most foundations, corporate dividends, was cut.

The air of optimism was enhanced by significant reforms late in 2009 with new legislation for Private Ancillary Funds (PAFs), the Productivity Commission Review of the Not for Profit Sector and the formation of the Community Council for Australia.

There was also an air of drive and anticipation within the sector, with the growth of social organisations, renewed emphasis on evaluation of social impact, the development of new forms of social finance, including social impact bonds, and the return of more than 600 early childhood centres to the non-profit sector out of the shell of ABC Learning, through the formation of GoodStart, the joint venture between Social Ventures Australia, Mission Australia, the Benevolent Society and the Brotherhood of St Laurence.

In the USA, Bill Gates and Warren Buffett stepped up their efforts to persuade ultra-high net worth individuals to give much more generously, through the Giving Pledge, which invites the wealthiest Americans to give the majority of their assets to philanthropy.

The Giving Pledge and the publicity which surrounded it is particularly pertinent given the research into Australia's high and ultra high net worth individuals which Effective Philanthropy conducted on behalf of Philanthropy Australia during 2010. That research indicated that in general Australian HNW and UHNW individuals tend to give at a relatively low level, and as a percentage of taxable income they give only marginally more than lower income Australians. Australian HNW individuals give under 2% of their taxable income, compared to 3.2% in Canada and a range of 3.5% to 7% in the USA. Moreover, over the past decade, the giving of HNW individuals has failed to increase at the same rate as the 37% increase in the average household income for the HNW sector.

As many as you know, Philanthropy Australia has defined philanthropy as the "planned and structured giving of money, time, information, goods and services, influence and voice for the betterment of the community" and so our definition embraces much more than financial contributions. However, the financial contribution is both a vital enabler and is readily measurable.

Earlier this month the Australian Taxation Office released its Taxation Statistics for the 2008/09 financial year. These statistics show a pronounced drop in the decade-long trend of increased charitable giving. Not only did the total amount given and claimed decrease for the first time in a decade, the decrease was a substantial one of 10.8% compared with the prior year. Furthermore, the greatest decrease in the value of donations occurred amongst those individuals giving $25,000 or more per year – in other words, in all likelihood, high and ultra high net worth individuals.

When one considers that the majority of the $379 million raised in response to the 2009 Victorian Bushfires was given and claimed in this period, it is likely that the underlying giving rate fell even more.

At this stage, it is too early to consider the reduction in the rate of giving in 2008/09 as the start of a new trend, especially given a decade-long rise in giving. Indeed, the most likely explanation is that the reduction in giving reflects a seismic change in household saving behaviour in the wake of the GFC. Throughout the years from 2000, the household saving rate in Australia was around 2 per cent. In 2008/09 it jumped to 9.8 per cent, a level not seen since 1986/87.

The household saving ratio is usually seen as a measure of uncertainty, rising when consumer confidence is falling and vice versa. Clearly, as measured by in the household saving ratio, confidence weakened sharply in the wake of the GFC. It is not surprising that in this context that the rate of giving declined too. Indeed, given the very sizeable jump in the household saving ratio, it could be argued that giving held up remarkably well given the very sharp shift by households towards much greater risk aversion. It is also possible that uncertainties surrounding the review of PPFs at that time contributed to the decline in giving as few new funds were being established then.

However, it would be wrong to be complacent about trends in giving in Australia, especially amongst High Net Worth individuals. The FaHCSIA-funded research report produced by Philanthropy Australia and Effective Philanthropy identified a number of factors influencing HNW giving, including personal preferences, legal and regulatory environments and cultural expectations.

It then made a series of ten recommendations to form a strategy through which Government could promote HNW and UHNW giving. These recommendations included: appointing Philanthropy and Giving Ambassadors; establishment of a national Registrar for Community and Charitable Purpose Organisations; a structured promotional program aimed at aspiring HNW and UHNW groups and professional advisors; a research program to map philanthropic activity; and establishment of dedicated structures to improve communication between the ATO, Treasury and the philanthropic sector. The recommendations also included strengthening the philanthropic sector's capacity to promote and cultivate giving by supporting the development of Philanthropy Australia as a strong, sustainable national peak body and that Philanthropy Australia should be given DGR status.

The recommendations in the report are practical and achievable and Philanthropy Australia will continue to strongly encourage the Federal Government to adopt them as soon as possible.

Let me now turn to the Aid/Watch decision by the High Court in December last year, which in my view is potentially the most significant change to the definition of charity in Australia for many decades.

Aid/Watch Incorporated researches, monitors and campaigns in support of overseas aid. Its objective is ‘to promote aid programs that are environmentally sound and effectively delivered’. It does not provide aid directly itself.

Aid/Watch was endorsed as a charitable institution for a number of years before the ATO determined in October 2006 that it should not be considered charitable because of its purported political purpose.

The matter was initially heard by the Administrative Appeals Tribunal which found that Aid/Watch was primarily established to promote the relief of poverty. The means it used to achieve that end, such as conducting research and publishing the results with a view to influencing public opinion and ultimately government itself, were deemed charitable, notwithstanding that Aid/Watch did not distribute aid itself and that its activities involved criticism of government activities and advocacy for change in government activities and policies.

The AAT decision was challenged by the ATO in the Full Federal Court which found that the Tribunal was wrong in concluding that Aid/Watch's main purpose was not political and in holding that Aid/Watch was a charitable institution. The Court noted that the ‘natural and probable consequence’ of Aid/Watch's activities was an effect on public opinion and in turn, government opinion. The Court further ruled that relief from poverty was neither a natural or probable consequence of Aid/Watch's activities because governments have to take into account additional factors, such as public policy and foreign relations, factors which institutions such as Aid/Watch do not need to consider when determining their views on the delivery of aid.

In December, the High Court found that the Full Federal Court was wrong in concluding that Aid/Watch's main purpose was political and found that Aid/Watch was a charitable institution.

The High Court majority accepted Aid/Watch's submission that the generation of public debate, in relation to the relief of poverty, advancement of religion, advancement of education or the advancement of other purposes beneficial to the community, is a charitable purpose. Accordingly, the Court decided that Aid/Watch's generation by lawful means of public debate concerning the efficiency of foreign aid directed to the relief of poverty is itself a purpose beneficial to the community and is charitable.

The consequence of this decision for trusts and foundations is potentially enormous.

The comparative advantage of philanthropy lies in its capacity to innovate, while governments are in the best position to take new ideas to scale. In the past, it has been unclear whether the promotion of the results from innovative programs funded by philanthropy should be classified as public education, and hence charitable, or advocacy and so not charitable. This decision by the High Court removes any doubt; it is charitable for foundations to fund the dissemination, publication and advocacy for new ideas, so long as this promotion is itself lawful and the innovation will contribute in time to activities that are themselves charitable.

This decision by the High Court should also be seen in the context of the Federal Government's decision earlier in 2010 to establish the National Compact, which explicitly recognises the rights and duty of non-profit organisations to advocate on behalf of their constituencies and the removal of the so-called 'gag clauses' from Federal Government contracts.

As a result the potential for philanthropy to create leverage and maximise impact from the ideas and projects it funds through partnerships with non profit organisations has never been greater and there are many potential areas of work.

An example, if you would indulge me for a moment so that I can again mention an issue about which I am passionate, is the potential for philanthropy to contribute more to transformational reform is disability services from the current under-funded, inequitable and inefficient system, which is based on welfare and charity, to an insurance approach, through the establishment of a National Disability Insurance Scheme.

To date apart from three foundations which have been very careful to confine their activities to public education, the philanthropic sector has not engaged in this issue, even though many foundations support people with disabilities. In many cases these trusts are providing the most basic equipment and services that governments should provide such as essential wheelchairs or therapy. In other cases they are funding innovative program development but without sufficient government funding they will never be taken to scale.

The Productivity Commission has recently estimated that the shortfall between the current funding of disability services by Commonwealth and State governments and the ‘reasonable and necessary support’ people with disabilities and their families should receive is $6.3 billion per annum. Needles to say, this is a gap that philanthropy cannot fill. Indeed if every dollar distributed by trusts and foundations were provided to people with disabilities there would still be a sizeable shortfall.

Consequently, if philanthropy is to have any real impact in supporting people with disabilities it must contribute to systemic change and so at least in part engage in advocacy. Now the barriers to this type of activity have been removed not just in support of people with disabilities, but in support of all activities that are themselves charitable.

Therefore the decision by the High Court last December represents a very significant opportunity to increase the leverage and impact from philanthropy.

The only note of caution I would sound is the suggestion in the recent Treasury Discussion Paper on Reform of the Non-profit Sector that governments should legislate to establish a new and modern definition of charity. This is of course possible but the non profit sector will need to be very careful to ensure that this proposal is not designed to narrow the new and much improved definition of charity, almost before the ink has dried on the High Court’s decision.

The third issue I wish to address is the next Strategic Plan for Philanthropy Australia. The current Strategic Plan was developed in 2006 and 2007 and covers the period 2007 to 2011. The four key goals of Representation, Grow and Inspire, Effectiveness and Governance have been strongly relevant and have served the sector and the organisation well.

However, reflecting on Philanthropy Australia's performance over recent years, it is clear that the organisation has performed better in some areas than others.

Representation has been a strength, both in terms of an improved standing with government and in terms of advocacy on specific issues. The most important reform has been the development of new legislation governing Private Ancillary Funds and the current reviews of Public Ancillary Funds and Regulation of the Non Profit Sector.

Philanthropy Australia has also contributed to public discourse on the importance of philanthropy and so has contributed to the growth in philanthropy. The many resources that

Philanthropy Australia makes available to new philanthropists in the community also add to the growth of the sector, as well as increasing public understanding. However, to date the actions of Philanthropy Australia have been largely reactive and so there is an opportunity for Philanthropy Australia to become more proactive. For example, there is no regular coverage of philanthropy in the media, Philanthropy Australia does not put out press releases or have a list of Members ready to talk on key issues of the day, as is the case in other sectors seeking to maximise their public exposure and image. Today, the media's interest is generally restricted to large financial contributions, although Simon McKeon's appointment as Australian of the Year could mark a maturation in public attitudes and discourse as his key message is "find your passion, get involved and giving of yourself is a great joy".

Philanthropy Australia's activities in terms of effectiveness have continued in a very traditional way over the past five years, via Affinity Groups, the provision of information on the website, other electronic communications and publications. In recent years the philanthropywiki and Projects Pool have been established, in response to Member requests, but the hoped for direct contributions of Members to the information on these sites has been less than was expected at the time these initiatives were launched. In some respects, this is not surprising given that Members tell us that time is a critical issue and demands on individual foundations are increasing.

Philanthropy Australia has also contributed significantly to better governance through new trustee handbooks, which have been developed especially by David Ward, seminars and workshops. However, voluntary disclosure by trusts and foundations of their activities remains patchy and this is adversely affecting public perceptions of the sector.

A clear example of this was evident a few weeks ago, when Peter Winneke of the Myer Family Office was interviewed for The Age about the level of giving in Australia. The level of distrust of philanthropy in the public comments which followed seemed high. It is easy to dismiss such comments as attention-seeking or as the mutterings of a few discontented individuals, but to do so misses the point that public trust must be earned and reaffirmed and cannot be presumed. Without greater openness on the part of the sector public trust will remain less than is deserved and philanthropy will not reach its full potential as an agent for sustained positive societal change.

As a result, the goals of Governance and Grow and Inspire are linked. So, too, are all the goals, for example, Grow and Inspire, Representation and Effectiveness.

The decision a few years ago to unlock the Philanthropy Australia website to make it easier for Members to access and a public resource was necessary and right. Philanthropy Australia is now the leading source of information on Australian philanthropy. The website is well known and respected because of its comprehensive, objective information and data. However, considerable resources go into updating information and maintaining and increasing the underlying computing infrastructure to cope with new demands and information storage.

In a recent survey to gauge who is using the resources of Philanthropy Australia, 40 per cent of calls to the Melbourne office were from non-Members. On the website it is not possible to distinguish between Members and non-Members, but it would seem reasonable to conclude that non-Members are the predominant users of the site. This implies a very significant cross-subsidy between Members and non-Members, within the structure of Philanthropy Australia's membership fees.

Similarly, there is a cross-subsidy when Philanthropy Australia makes representations as it does so on behalf of the sector not just on behalf of Members. When these representations are successful, as was the case in the review of PPFs, Members and Non-Members benefit alike.

At the same time, Members are increasingly seeking more individualised support from Philanthropy Australia as part of their membership. Particularly new entrants to the philanthropic sector want to know what benefits they will receive from their membership. Being a Member of Philanthropy Australia, as part of a common cause, is not necessarily sufficient reason to join or continue as a Member.

Over the past five years the membership of Philanthropy Australia has grown by more than 60 per cent and as it has grown the interests and the needs of Members have become more diverse, reflecting different interests, different staffing structures, different stages on the philanthropic journey, and different geographies as Philanthropy Australia's national footprint has grown. As a result growth itself has added to the challenges of providing relevant and timely services to Members because it has created very few economies of scale.

Members are also seeking events and affinity groups where they can discuss issues without being solicited by either grant seekers or service providers. This limits the opportunities for sponsorship as a revenue source.

Philanthropy Australia is also alone among our peers in the Western world, in not receiving regular operational grants from Members. These counterparts, which include in the UK, US and Canada, have also expressed astonishment at the amount and quality of services and information that Philanthropy Australia provides from its limited budget, attesting to the efficiency of current operations.

Governments, for their part, recognise the vital importance of philanthropy in a modern democracy, but in practice provide only occasional support. This is why DGR status for Philanthropy Australia is so important as, then, the majority of Members who are prohibited by law from giving grants to Philanthropy Australia could do so and thereby provide a stronger underpinning to the organisation's resources.

There are also new challenges and opportunities. The NBN will make communications easier and virtual meetings will become commonplace. However, there will also be new challenges. Conversations not just at formal meetings but on blogs, over Twitter and on other social media sites have begun already and conventional philanthropy is not part of them. Looking ahead to the next generation, philanthropy will need to engage in these discussions if is not to be seen as distant, old-fashioned and, potentially, not relevant.

So the key issue in this strategic review is the business model of the organisation, which has operated largely unchanged for most of the past two decades. It is early days in the review, but two things are already clear: The need for high Member engagement in the review process and some careful judgements regarding future revenue sources and service priorities in the next five years.

As always I am optimistic about Philanthropy Australia and philanthropy: to be creative; to collaborate; to act for the common good; to spread the word; to share and showcase the sector's excellent work; to disseminate knowledge and experience widely; and to learn and acknowledge the need for improvements and change where it is necessary.

I am therefore very much looking forward to your ideas and contributions to the 2012-2016 Strategic Plan as it is developed over the balance of this year.

Thanks and Conclusion

In closing, there are a number of people and organisations I would like to thank.

First, I would like to thank our celebrated Patrons and Leading Members: Sir Gustav Nossal, Lady Southey, the AMP Foundation, the ANZ Banking Group, the Colonial Foundation, the Goldman Sachs/JB Were Foundation, The Myer Foundation and the William Buckland Foundation. Each of these foundations, their trustees and our patrons give generously to Philanthropy Australia and I wish to thank you all most sincerely.

Second, I wish to thank my fellow Council Members for your generous contributions and Deborah Seifert and her dedicated team. Deborah has taken over the leadership of Philanthropy Australia at an important time and the Council and I are looking forward to continuing to work with her and her team, who again in 2010 provided more services and information to Members and the community with fewer resources.

However, as is clear from my comments today the current business model for Philanthropy Australia will need to change and so we look forward to working with all our Members as part of the current strategic review and, more generally, contributing to a more vibrant philanthropic sector and more civic society.

Thank you.

Bruce Bonyhady AM

27 April, 2011