PHILANTHROPY 50

Paul Ramsay's dying gift created Australia's biggest charitable foundation. With more than $4 billion in assets, it tops our inaugural list of the country's biggest private givers.
The imposing offices of the Bill and Melinda Gates Foundation are in downtown Seattle, just opposite the city's famous Space Needle. It was here in the spring of 2015 that Paul Ramsay Foundation chief executive Simon Freeman, together with directors Michael Siddle and Peter Evans, began a tour of some of America's leading philanthropic foundations. With a bucket list that included the Ford Foundation, the David and Lucile Packard Foundation and the Silicon Valley Community Foundation, they were keen to see how the big US foundations operate and are resourced.

“What we took from that trip was a real understanding of what it actually means to be an engaged funder,” says Freeman, who criss-crossed the US to visit 10 foundations over the same number of days.

A year earlier, Freeman, Siddle and Evans had become the guardians of Australia’s largest philanthropic foundation, following the sudden death of billionaire Paul Ramsay from a heart attack. Ramsay, who had built the country’s largest private hospital group Ramsay Health Care, left the majority of his fortune, derived from his 32.2 per cent shareholding in Ramsay Health Care, to his eponymous foundation. The Paul Ramsay Foundation has at least $4 billion in assets, its value fluctuating with the Ramsay Health Care share price.

Ramsay’s generosity stunned the nation, but no-one was more shocked – and daunted – than Freeman. “It was like trying to do a start-up with a $4 billion balance sheet,” he says. The day before Ramsay died the foundation had about $5 million worth of assets. Overnight this grew into billions.

Freeman, an Englishman who studied to be a marine biologist but later became an accountant, had been managing Ramsay’s private family office for five years before the billionaire’s death in May 2014. “What we knew the foundation was going to be significant, I certainly didn’t realise how significant it would be,” he says. The foundation is Australia’s biggest by assets and among the top 50 philanthropic foundations globally.

Scale, however, would be only one of Freeman’s challenges. Ramsay left no instructions for the foundation beyond his desire that it should fund the establishment of a Western Civilisation academic centre at several of Australia’s east coast universities. “He didn’t leave any specific instructions apart from that one,” Freeman confirms.

Fortunately, Freeman was able to draw upon the expertise and knowledge of Siddle and Evans, Ramsay’s close friends and colleagues who had each served on the Ramsay Health Care board for decades. Forming the core of the foundation’s board, the trio set about defining its mission.

“The early part of that journey was to encapsulate the essence of Paul,” Freeman says. They decided to focus on areas in which Ramsay had a passionate interest: health, education and reducing social disadvantage. Later they would set the foundation’s strategy, deciding what kind of change it would facilitate and what programs to support.

The size of the grants it began writing 18 months ago have changed the course of giving in Australia, drawing the scrutiny of its peers as well that of the charity and not-for-profit sectors.

“Everyone is watching what the Paul Ramsay Foundation is doing,” says Louise Walsh, chief executive of the Future Generation Investment companies, which donate 1 per cent of their $700 million assets under management to causes for children at risk and youth mental health. “Ramsay will end up giving away each year more than double that of any other foundation. There’s a lot of pressure to perform, to be funding strategically and measuring impact.”

After initially being overawed by the foundation’s scale, Freeman has doubled down, embracing what it might be able to achieve.

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<thead>
<tr>
<th>Rank</th>
<th>Name</th>
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<tr>
<td>01</td>
<td>Paul Ramsay Foundation</td>
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<td>02</td>
<td>Ian Potter Foundation</td>
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<td>Graham and Louise Tuckwell</td>
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<td>Estate of John Fairlie Cunningham</td>
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<td>Myer Foundation and Sidney Myer Fund</td>
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<td>Greg Poche and Kay Van Norton Poche</td>
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**Paul Ramsay Foundation**

$45.8 million

*Cause: Mental health; medical research; education; disadvantage; Indigenous.*

**Ian Potter Foundation**

$40.8 million

*Cause: Variety of areas including the arts, community wellbeing, education, environment, health and disability, and medical research.*

**Minderoo Foundation**

$21.7 million

*Cause: Fighting modern slavery; Indigenous disadvantage; early childhood development; arts, culture and community; research and innovation in Western Australia.*

**Graham and Louise Tuckwell**

$20 million

*Cause: Education, part of $100 million towards scholarships and residences at the Australian National University.*

**The late James Fairfax**

$20 million

*Cause: Gift of his Retford Park home to the National Trust of Australia and an endowment for conservation, maintenance.*

**Lowy Foundation**

$17.8 million

*Cause: Mainly medical research and the Lowy Institute.*

**Kinghorn Foundation**

$17 million

*Cause: Medical research; poverty; Australian youth.*

**Estate of John Fairlie Cunningham**

$1.5 million

*Cause: Art Gallery of NSW for the acquisition of works.*

**Myer Foundation and Sidney Myer Fund**

$13.5 million

*Cause: Arts and humanities; education; poverty and disadvantage; sustainability and the environment.*

**Greg Poche and Kay Van Norton Poche**

$10 million

*Cause: Medical research at various universities through the Poche Indigenous Health Network.*

**Judith Neilson**

$10 million

*Cause: Arts and education, including University of NSW Chair in Architecture.*

**Clive Berghofer**

$10 million

*Cause: Part of a $50.1 million donation to the QIMR Berghofer Medical Research Institute.*
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<th>Rank</th>
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<th>Amount (Million)</th>
<th>Cause</th>
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<td>13</td>
<td>Neilson Foundation</td>
<td>$9.7 million</td>
<td>Improve access to arts and culture; assist organisations supporting mental health and crisis intervention.</td>
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<tr>
<td>14</td>
<td>Pratt Family Foundation</td>
<td>$9.2 million</td>
<td>Arts and culture; health; social services and the environment.</td>
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<tr>
<td>15</td>
<td>Geoff And Helen Handbury Foundation</td>
<td>$9.2 million</td>
<td>Arts and culture; health; social services and the environment.</td>
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<tr>
<td>16</td>
<td>Gandel Philanthropy</td>
<td>$9 million</td>
<td>Grants across arts and culture, education, health and medical research, community disadvantage, youth at risk, Jewish identity and leadership, and Indigenous issues.</td>
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<tr>
<td>17</td>
<td>Estate of Betty Eudora Laby</td>
<td>$8.9 million</td>
<td>To establish a professorship in physics at the University of Melbourne.</td>
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<td>18</td>
<td>Vincent Fairfax Family Foundation</td>
<td>$8.3 million</td>
<td>Mainly disadvantaged young people and rural and regional communities.</td>
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<tr>
<td>19</td>
<td>Sylvia and Charles Viertel Charitable Foundation</td>
<td>$8.3 million</td>
<td>Health and medical research.</td>
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<tr>
<td>20</td>
<td>Packer Family foundations</td>
<td>$8.2 million</td>
<td>Health, education, welfare, arts and culture.</td>
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<td>21</td>
<td>Dr Chau Chak Wing</td>
<td>$8 million</td>
<td>Part of $5.2 million for a new museum at the University of Sydney; part of $25 million for UTS business school.</td>
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<td>22</td>
<td>Estate of Paula Kinnane</td>
<td>$8 million</td>
<td>University of Queensland Art Museum and School of Music.</td>
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<td>23</td>
<td>Ainsworth Family Foundation</td>
<td>$7.5 million</td>
<td>Children’s Medical Research Institute; St Vincent’s Private Hospital; Neuroscience Research Australia; Sydney Children’s Hospital and University of NSW.</td>
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<tr>
<td>24</td>
<td>William Buckland Foundation</td>
<td>$7 million</td>
<td>Vulnerable and disadvantaged Victorians; housing and employment; health; education and agriculture.</td>
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“...the challenge for us at the moment is taking those areas of focus that we’ve identified and attacking them in a more holistic manner. We need to look at the system as a whole rather than just a specific issue,” he says. He mentions illicit drugs by way of example: “The causes and consequences of illicit drug use are numerous: educational disadvantage, health disadvantage, mental health issues, homelessness – all those things are interrelated.” It’s a fragmented landscape, he says, ticking off the areas of justice, policy, health treatment and prevention. “The challenge for us as a foundation is to try and break down that silo approach, where you’re simply funding on a one-to-one basis, and view the picture holistically to try and create that systemic change.”

Freeman’s ultimate goal may come as a surprise to the those involved in philanthropy and not-for-profits. “If we can inspire somebody else to make a similar gesture to Paul, and one day we’re not the biggest foundation in Australia anymore, then that would be a great measure of success.”

John McLeod, co-founder of the JBWere Philanthropic Services division and author of the Philanthropy 50 list, suspects it is only a matter of time. “Perhaps we’re already starting to see that with Len Ainsworth and Andrew and Nicola Forrest signing Bill Gates’s Giving Pledge, joining many of the world’s wealthiest individuals and families who have committed to dedicating the majority of their wealth to philanthropy.”

The Paul Ramsay Foundation sits atop the inaugural Australian Financial Review Magazine JBWere Philanthropy 50 list, which details the top private gifts across the country in the financial year to June 30, 2016. It gave away $45.2 million in the 2015/16 financial year. Its funding has gone to projects such as Lifespan, a Black Dog Institute suicide prevention program. Mental health and chronic disease are key areas of focus within the health component of Ramsay’s funding.

“The great thing for us about that was with the initial grant we funded four sites in NSW and the guys we funded then went to the federal government, who committed to doing another 12 sites nationwide. Then it was picked up by the Andrews government in Victoria,” says Freeman. “All of a sudden we’ve got 22 trial sites now running different variants of this framework, which is very targeted and the outcomes are very specific around suicide prevention.”

In education, Ramsay’s funding focus is on early learning, teacher quality and transitioning school leavers to employment. In Tasmania, it’s given to a program to improve year 12 completion rates. “It’s trying to break that cycle of intergenerational unemployment,” says Freeman. The foundation has also funded a leadership development program at Teach for Australia, which retrain people from non-teaching careers to become teachers, with the idea of putting high-performing, inspirational individuals into schools to engage students living in disadvantaged areas.

The Paul Ramsay Foundation’s grants are funded from the dividends of the Ramsay Health Care shareholding and will grow to $100 million annually in the near term.

McLeod says it illustrates how much bigger, bolder and more transparent Australia’s ultra-rich have become in their giving. Graham Tuckwell, who made his money in exchange traded funds, gave with wife Louise an estimated $20 million to the Australian National University in 2015/16, part of a $100 million multi-year donation. White Rabbit Gallery founder Judith Neelson pledged $10 million to the University of NSW for a Chair in Architecture. The Lowy Foundation, created by Westfield billionaire Frank Lowy, gave $17.8 million to medical research and the Lowy Institute think tank. Barry and Joy Lambert committed an estimated $6.7 million of a $33.7 million...
million pledge for research into medicinal cannabis to the University of Sydney. Their granddaughter suffers from a form of childhood epilepsy, Dravet syndrome, which cannabis is used to treat.

“Many of these major gifts have gone to things where people have had a particular passion or interest, or what they have been touched by,” says McLeod.

He observes that the richest foundations and individuals tend to direct their gifts towards universities, medical research and the arts. In contrast, the majority of giving in Australia, which totalled $11.2 billion in 2015, is focused on religion, welfare and international aid. McLeod estimates that Australia’s high net worth individuals and their foundations account for almost 15 per cent of the $11.2 billion given annually, with the balance coming from the public and companies. “The universities have built strong development offices in proportion to most other causes,” he says. “You find exactly the same trend both in the United Kingdom and the US, where universities dominate such lists.”

Also on the Philanthropy 50 list are well-known, long-established foundations such as the Ian Potter and Myer foundations, the Helen Macpherson Smith Trust and the Culler Charitable Fund.

The list is more comprehensive than anything that’s been done before, reflecting greater regulation of the not-for-profit and charity sectors, which has led to greater transparency around donors. Younger philanthropists are also more comfortable being public about giving than their predecessors.

“The visibility of giving in Australia has dramatically increased in the past few years,” says McLeod, adding that there nevertheless remains a “significant amount of major giving which is anonymous”. At least three donations above $10 million made in 2015/16 were excluded due to privacy. “I understand why they want to be private but I’m hopeful that the tall poppy syndrome is starting to disappear in Australia. They should be lauded for what they are doing.”

**There’s been a shift in philanthropy away from doling out**

generous donations “no questions asked” towards more informed, evidence-based gifting. This has been driven in part by younger philanthropists such as Berry Liberman and husband Danny Almagor, Artlassian founders Mike Cannon-Brookes and Scott Farquhar, and the younger members of the Salteri family’s CAGES Foundation. This newer breed of philanthropist takes an active and strategic approach to identifying which not-for-profits and programs are going to be most effective in moving the dial on a particular problem.

This means identifying charities and not-for-profits that have the rigour to check, measure and evaluate their work and its impact; that have defined explicitly what success would look like; and that report to donors regularly on their wins, fails or unintended consequences, good and bad.

McLeod agrees “there’s more being asked of charities in terms of how successful a gift has been rather than ‘thank-you and we’ll put a plaque on the wall’”. He notes Philanthropy 50 measures money not money’s effectiveness. “Measuring success helps guide the next lot of gifts. It’s actually a measurement of impact starting to happen and it’s important.”

Louise Walsh, a former CEO of Philanthropy Australia, says children are giving to areas quite different to their parents, with more of a focus on international aid, environment and Indigenous affairs, less on the arts and medical research. These differences, if not acknowledged between generations, can cause problems in intergenerational philanthropy, she says. On the flipside, philanthropy can bind a family together in a way the family business doesn’t, and can be a great business and governance training ground for younger family members.
With about 55,000 charities and 600,000 not-for-profits in Australia (the latter including sporting groups), knowing which to support and which to avoid is challenging. Still, it’s a two-way street for giver and receiver. A 2016 US Trust study of American high net worth individuals found that 54 per cent weren’t sure whether their donations achieved the impact they desired, partly because 78 per cent of wealthy donors didn’t monitor or evaluate the effectiveness of their giving. Yet it’s something American industrial-age steel baron Andrew Carnegie, considered the father of philanthropy, warned about more than a century ago: “It is more difficult to give away money intelligently than to earn it in the first place.”

Another trend has been venture philanthropy, or impact investing, in which there’s a promised financial and social return. Social Ventures Australia and its founding chief executive, Michael Traill, proved the success of this model with the turnaround of the childcare group Goodstart. Traill, who is on the board of the Paul Ramsay Foundation, wants to see more professionalism in the not-for-profit space.

“There’s a recognition that if we’re going to build serious, impactful, non-profit organisations, we need them to be run by high quality people who get paid appropriately, and they need marketing, finance and strategy expertise,” Traill says. “Some in the not-for-profit sector don’t think about funding strategically. They approach a conversation with somebody who they know might be well off. The framing of the conversation will be: ‘You’re rich. I’m running a good organisation. You kind of owe me and you need to give me money.’ For obvious reasons that’s not going to work.”

**Making the Bill and Melinda Gates Foundation their first stop in the spring of 2015 was, in hindsight, a mistake for the Paul Ramsay Foundation directors.** “In the States, the Gates Foundation is just a league apart and of a totally different scale to other foundations,” Freeman says. The Gates Foundation was set up with an endowment of almost $US40 billion ($53.2 billion). The directors visited other foundations with assets of $US4 billion to $US6 billion. “Other funders in the States don’t see the Gates Foundation in the same ballpark as them.”

In Australia, philanthropic foundations, charities and not-for-profits hold a similar view of the Paul Ramsay Foundation. Freeman expects his foundation to make individual grants this financial year in the order of $15 million to $20 million, which would extend over five to 10 years.

“There’s a real risk for us that we give money to organisations who can’t handle it. When you’re making a $10 million-plus donation over a number of years, you are asking some organisations to increase their operations by as much as 50 per cent. The consequences of them entering into an arrangement with us can be quite profound for them.”

Freeman identifies the David and Lucile Packard Foundation as a benchmark for Ramsay. However, where the Packard Foundation has staff of 130, the Paul Ramsay Foundation has eight. The Gates Foundation has about 1400 employees.

“We walked away from Packard and went ‘Wow, that’s what we’re looking at here’,” Freeman says. “Will we ever get to that size? I don’t think so. We’ll look to developing capacity outside as well as inside the organisation. A lot of these big foundations have in-house investment management, researchers, IT, lawyers.”

Freeman notes that some of the foundations they visited in the US had a “political flavour”. That’s one thing Ramsay won’t be pursuing. “We’ve taken the position we’ll use our influence in a quiet, thoughtful and considered manner to achieve the objectives of the organisation around health, education and disadvantage. Where we need to have those relationships it’s on a completely bipartisan basis.”