



The number and reach of Private Ancillary Funds (PAFs) continues to grow in Australia, and the impact of their combined giving is growing as well. Grants Management Quarterly spoke with Antonia Ruffell – CEO of Australian Philanthropic Services (APS) – about the state of play with PAFs.

Growing influence

PAFs continue to shape grantmaking and philanthropy

GMQ: Have PAF's reached a point where they are far enough removed from their establishment and set-up that they are really starting to make a difference? And if so, how?

Antonia Ruffell: When the Federal Government changed the legislation back in 2009 (to change PPFs into PAFs) the biggest reform was that PAFs had to give away a set amount, – 5% of the value of the PAFs assets – every year.

The changes in 2009 made a huge difference. Previously the calculations you had to do around what you were required to contribute were very complex.

But the changes under the PAF structure have made things a lot more straightforward, a lot simpler and a lot easier for people to get their heads around.

And overall, the statistics on PAFs show that (many) people give away more than 5%.

So it is not like people are working out 5% to the dollar and being precious about it!

GMQ: In the past there has been recognition that an obstacle to more PAFs being established has been their low-profile. Has this changed?

Antonia Ruffell: It is slowly getting better.

It is a slow and steady thing because I still think there are some people who may have looked at setting up a PAF back in the days when it was more complex, and who are only just realising it is now a lot more straightforward.

What we do at Australian Philanthropic Services is spend a lot of time educating financial advisors and accountants around these sorts of structures – encouraging them to have "that conversation" with their clients.

We see that as playing our part to spread the word.

GMQ: What role are PAFs playing in philanthropy right now? Hopes have long been that those establishing PAFs were from a different background to "traditional" philanthropists and would have a different viewpoint on philanthropy – has that occurred?

Antonia Ruffell: I think PAFs have definitely had an impact on the way people give. I think the biggest thing that setting up a PAF does is that it really changes people from being ad-hoc givers to people who are more ►

ABOUT APS

APS was launched in April 2012 and is the only not-for-profit provider of philanthropic services in Australia. APS administers both PAFs and public ancillary funds (PuAFs).

Antonia Ruffell became APS CEO late last year, and has more than 15 years experience in various roles with trusts, foundations and groups in the not-for-profit sector.

Recent roles have seen her establishing and administering PAFs, overseeing a Public Ancillary Fund (PuAF) and advising philanthropists on effective grantmaking.



structured in their giving.

Previously perhaps people might've given money if they had a bit left in the bank account at the end of the year – they might give it to a charity.

Once you set up a PAF you essentially become a compulsory giver. And when you have a PAF you have to make sure you have a plan to give away that compulsory 5% or more of the value of your PAF.

It changes people's thinking – from giving in an ad-hoc way to giving in a much more thoughtful and structured format. And this happens in a number of ways.

Often people end up getting more involved in the organisation they are giving to. This can lead to them actually giving away more money because they are donating with the long-term view in mind.

And because the giving is less ad-hoc, people have more time and ability to actually plan their giving.

GMQ: Has the PAF structure encouraged or allowed the freedom for unorthodox grantmaking?

Antonia Ruffell: I think philanthropy is such an individual thing that you do find that a lot of people who perhaps like the slightly riskier areas of philanthropy – innovation or social enterprise for example – are often more entrepreneurial themselves.

Certainly among our clients that is the case – they are entrepreneurial, strong business-minded people and naturally they take notice of social enterprise opportunities that are coming up, or they notice charities that are taking new approaches to old problems; maybe something like a microfinance program for example.

Those people, even if they might give directly to a charity, are often the sorts of people who are more strategic in their thinking; therefore setting up a PAF is something they are more likely to do.

The other thing that I have to say

setting up a PAF can encourage is the desire to get your family involved. Setting up a PAF can often be a vehicle to get the whole family together and having the conversation about giving.

So a lot of people look at this as a way to share their wealth, and to teach their kids the responsibility around the wealth they'll be inheriting – to encourage in their family and children the value of supporting the community.

GMQ: Is the idea of families setting up PAFs a common option?

Antonia Ruffell: It is actually quite difficult to tell.

Say I might set up my own PAF ... I might be the founder and one of the trustees, but the chances are that when it comes to grantmaking there is an actual grantmaking committee involved, or committee members – their kids, partners – involved.

I would say anecdotally there a ►



number of people with PAFs who have their families involved. It might be that they all come together and decide on grants, or it might be that they're giving the kids an allocation of the amount the PAF is granting for them to contribute to projects or groups they have an interest in.

GMQ: Is there now a "PAF community" out there? How does this help spread the word?

Antonia Ruffell: When people start out with PAFs they often end up talking to other philanthropists, getting other people involved. And that collaborative approach is something those new to philanthropy often seek out.

Also for people to talk amongst themselves about the grants, what works and what hasn't is important. For people who set up foundations in their early years, giving away money can be quite a difficult thing to work out how to do effectively.

For people who might be used to making decisions in their own particular business field, when they are suddenly faced with working out what makes an effective grant – it is a completely different set of challenges and processes to go through.

GMQ: Are PAFs also encouraging people to talk more about philanthropy?

Antonia Ruffell: I think attitudes overall are slowly changing.

People in Australia have been reticent about "big-ticketing" themselves, showing off about their philanthropy.

That's slowly changing as more and more people talk to each other. You have people like **Allan English** out there telling their story, you have other people doing the same.

It becomes more and more common, and more socially acceptable in a way, to talk about the good works you are doing in the community.

Another way this publicity is encouraged is through the grant recipients themselves. Some charities or not-for-profits are really good at working with their donors to talk about the donations being made.

I think the not-for-profit can really play a role in helping by saying to their donors: "You are really helping us by talking about your philanthropy, and through other people seeing you do it." There comes an expectation that people see you do it, and that it is a good thing to do.

And I think that PAFs can help people talk to each other. People like Allan English for example play a great role in

encouraging people to talk about their philanthropy.

GMQ: Where to from here? What do you believe the future holds?

Antonia Ruffell: I think one of the most exciting things that is emerging is that PAFs are encouraging a whole new generation of up-and-coming philanthropists, as well as encouraging businesspeople to get involved in philanthropy.

We've got people setting up PAFs who are financially successful at the moment, but as they get their kids involved they might have 10 years of structure and experience behind them. This means their kids will end up growing up with philanthropy as something they live and breathe.

Often it is the next generation that brings a fresh approach to philanthropy. And we are seeing more young people thinking about the structure of their philanthropy and what they might be able to do when they are younger and perhaps not quite at the peak of their wealth.

So they might be able to set up a sub-fund of a public ancillary fund, which you can do with a lot less money. Then ultimately when they get to a certain point they can apply to the ATO and transition that into their own PAF. ✖