
THE AUSTRALIAN
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Wealth

People

The radical plan to get tech founders to give away more money

Philanthropy may be rising in Australia, but it's not keeping pace with wealth and is well behind comparable countries. Daniel Petre, Antonia Ruffell and Peter Winneke have plans to change that.

Jemima Whyte [[/by/jemima-whyte-gkpilr](#)] Senior reporter

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Daniel Petre says he knows exactly what many old, rich men in Australia – his words – think of him. “They reckon I’ve given up on venture capital because I got too old, or it got too hard,” he says. “They think this is some kind of weird little thing I’m playing at ... they just don’t get that I’m as passionate and energetic about this as any job I’ve ever had.”

Petre, a former executive for [Bill Gates](https://www.afr.com/person/bill-gates-268) [https://www.afr.com/person/bill-gates-268] at Microsoft and then for Kerry Packer, last year scaled back his role at [Airtree Ventures](https://www.afr.com/technology/start-up-investment-booms-as-airtree-banks-biggest-aussie-vc-fund-yet-20220124-p59qv7) [https://www.afr.com/technology/start-up-investment-booms-as-airtree-banks-biggest-aussie-vc-fund-yet-20220124-p59qv7], the venture capital fund he co-founded in 2014. And the weird little thing he’s playing at? His long-running campaign to boost the amount that wealthy Australians give away to charity – sometimes by cajoling and sometimes outright shaming, crunching the numbers to show how the growth in philanthropy in this country is not keeping pace with the growth in wealth.



Daniel Petre and Antonia Ruffell are launching StartUpGiving. **Louie Douvis**

High-net-worth Australians' serial underperformance on the philanthropic front has been a worry of Petre's since he returned from the US in the early 2000s. "America, for all its ills, has a deep culture of philanthropy," he wrote in a feature [<https://www.afr.com/wealth/people/the-case-for-giving-why-it-s-time-the-wealthy-did-the-right-thing-20210513-p57rh6>] published in *The Australian Financial Review* in May last year.

"If you are wealthy and do not give considerable amounts to charities [in

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In a sector where most people publicly boost and praise rather than criticise, Petre stands out. Through the Petre Foundation, which he and his wife, Carolyn, set up in 2001 and into which they've placed 35 per cent of their wealth, he has commissioned research to quantify Australia's underperformance, and penned essays about the point at which excess wealth capacity kicks in.

He's made a habit of cross-checking the Financial Review Rich List [<https://www.afr.com/rich-list>], which tracks the wealth of Australia's 200 richest citizens, against the Philanthropy 50, which tallies up how much is given away each year by the country's 50 biggest private foundations. Both lists are published annually in this magazine and, but for a few notable crossovers – the Forrests, the Lowys, the Pratts, the Nielsons, the Gandels and Besens, the Packers, Terry Snow, Lang Walker, Paul Little, Harry Triguboff – they consist of different names. If giving by rich Australians does not increase, he's said, then perhaps it's time to introduce an inheritance tax.

And yet despite all this – with its echoes of US industrialist Andrew Carnegie's *The Gospel of Wealth* – Petre is the first to admit he's made no progress with the old guard. He says they have a fairly consistent response to his continuing calls to give. "In this club we make a lot of money," he says, aping their responses. "We're very powerful. And we keep the power and the money."

The numbers back it up. Even while total philanthropy has been increasing – including the amount tracked by the Philanthropy 50 –

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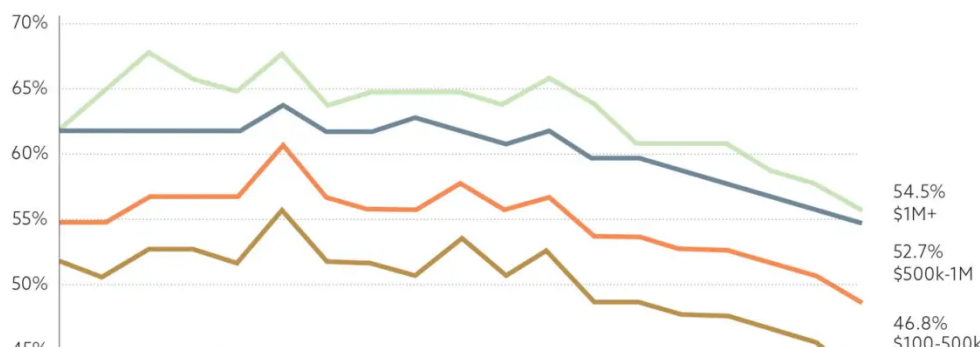
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percentage of those with taxable income above \$1 million a year who made tax-deductible donations in 2018, when the latest figures are available, was 54.5 per cent. This compares with 90 per cent who give in the same income category in the US.

If you track the size of the 10 biggest philanthropic gifts last year against the change in wealth enjoyed by the 10 richest people, it amounts to just 1.55 per cent in Australia compared with 5.16 per cent in the US and 7.27 per cent in the UK. Quietly, behind the scenes, there's some discomfort that the 2001 introduction of charitable trusts – known as private ancillary funds or PAFs – and their accompanying tax breaks haven't started more giving.

So for Petre it's out with the old, and in with a bold new plan. And his focus is in a space he knows well: founders of successful start-ups, together with their employees who joined early and have equity in the business. He says many in the start-up ecosystem see their wealth as disproportionate to their efforts to accumulate it.

PROPORTION OF TAXPAYERS WHO CLAIM A DEDUCTION FOR DONATIONS TO CHARITY (BY INCOME BRACKET)



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concede that the answer is probably not. He adds that they are a fertile hunting ground for tomorrow's philanthropists; tech types are often socially progressive, and many start-ups have social mission statements in place from their earliest days.

But getting these people to give now – right now – when their personal wealth is all tied up in paper valuations of their privately held tech firm? That's always been the catch. So Petre is setting up what he calls a “concierge service” to guide founders through the process of giving away a large chunk of their unrealised wealth.

If things don't happen today, bad s--- happens to good people.

— Daniel Petre

He's put aside about \$3 million of his own money to pay for it, and has recruited Antonia Ruffell, a former CEO of Australian Philanthropic Services, to run it. They have begun sounding out founders of successful businesses and hope to be up and running within months.

The first step is obtaining the tax and legal advice to determine the cleanest mechanism for founders to transfer their unlisted stock into a PAF. On his estimate, there are about 400 people involved in successful unlisted companies with a personal paper wealth of more than \$20 million. Once they transfer \$1 million, or more, of that scrip into a PAF, they then need to sell down 5 per cent of the corpus each year to meet the minimum distribution requirements

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The venture is called [StartUpGiving](https://www.startupgiving.com.au/) [https://www.startupgiving.com.au/], and the name is just one detail keeping Petre up at night. There are still more hurdles to overcome before the official launch – including tax implications and mechanisms for sell-downs, which are still being worked through. But even without a formal start date, both Bill Gates and Peter Singer, the famous ethicist, have already signed on to join StartUpGiving's advisory board.

Gates, through Petre's introduction, has already been helpful in guiding some of Australia's newest and most significant philanthropists, including Canva's Cliff Obrecht and Melanie Perkins. This year, [Obrecht and Perkins joined The Giving Pledge](https://www.afr.com/technology/why-canva-believes-most-venture-capital-investors-need-courage-20220223-p59zlg) [https://www.afr.com/technology/why-canva-believes-most-venture-capital-investors-need-courage-20220223-p59zlg], created in 2010 by Buffett and Gates, through which billionaires commit to give away at least half their wealth during their lifetime.

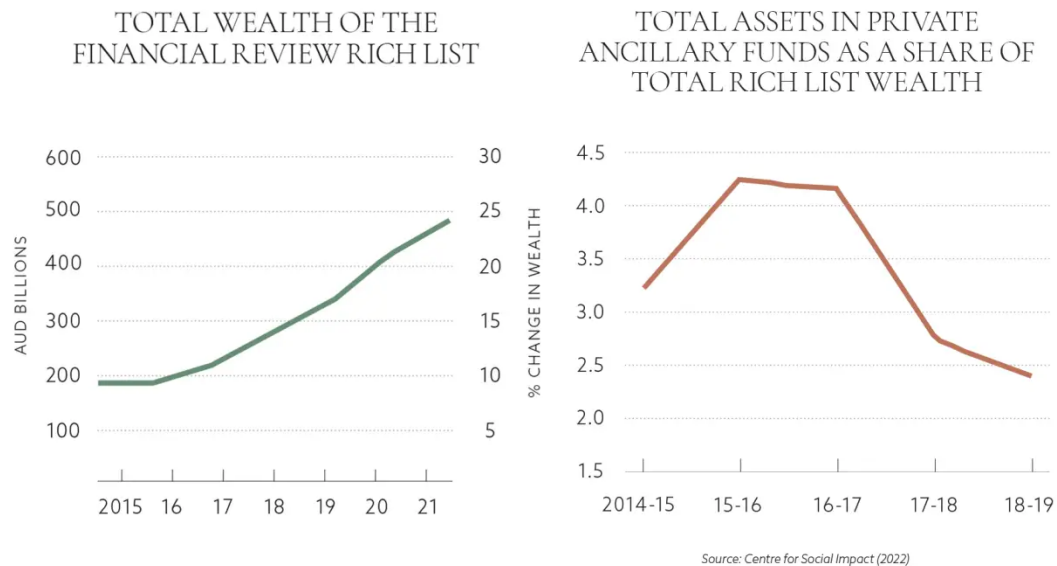
“What we are doing has not been done anywhere around the world,” Petre says. However, the model has [echoes of Pledge 1%](https://www.afr.com/work-and-careers/leaders/thankyou-group-donates-more-than-suncorp-brambles-qbe-and-mirvac-20211125-p59caf) [https://www.afr.com/work-and-careers/leaders/thankyou-group-donates-more-than-suncorp-brambles-qbe-and-mirvac-20211125-p59caf], an initiative that was founded by the likes of Salesforce, Atlassian and Rally, in which companies pledge 1 per cent of their equity, product and employee time to communities.

Petre's new plan to start the philanthropic effort comes at a time when there's a broader push for Australia, considered to have an immature philanthropic sector compared with the US and the UK, to develop its own culture of giving. It's about boosting giving levels – particularly among the

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You might wonder whether the Petre plan signals the top of VC valuations when people are using what are usually riskier private shares to fund philanthropic grants. Maybe it does, he agrees. But that's not the main point. What's important, he says, is that when you compare tax rates with the amount that people give away, wealthy Australians are among the least generous people anywhere in the world, and he wants to change that. Even more importantly, he wants to do so now.

"If a kid in West Africa doesn't get clean water today, they die," he says. "There's an asymmetry between the time frames in my world – the venture world – and the not-for-profit world, where if things don't happen today, bad shit happens to good people."

Building a culture of giving

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Peter Winneke: "It's a material number that in most cases won't change your lifestyle, But you'll get incredible satisfaction out of it." **Nicole Reed**

And while Petre has been openly critical of the weak culture of philanthropy in this country, Winneke's approach is designed to be uplifting and inspiring. "The wealth in this country has only been created in the last three to four decades," he says. "So we haven't built a culture of giving, which is not surprising because the wealth is new. And so, we need to inspire families with wealth. If you shout at people it doesn't work."

He says many people haven't cottoned on to the real benefits that come

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lower: he wants to sign up families and people with \$20 million or more of investable assets to give away 20 per cent during their lifetime or upon their death. Why not more? "It's a material number that in most cases won't change your lifestyle," he says. "But you'll get incredible satisfaction out of it."

Of the 231 signatories to the global Giving Pledge, just a handful are Australian: Nicola and Andrew Forrest; Len Ainsworth and Canva's Perkins and Obrecht. Winneke is targeting an initial 50 signatories to his local pledge, and hopes in the next two years a further 200 or so will be added. "That will then start to normalise material giving," he says, adding that interest has come from people who want to be more creative with their wealth. He's aware it's not for everyone.

"It is an opportunity to be a catalyst to change the giving culture in Australia," he says, adding that it is conceivable to gather 2000 families over the next decade. "We've got the wealth and intelligence to solve every issue in our community. We just need to be inspired to do so."

Australia's Giving Pledge – that's its working title – will be a type of giving circle, where people meet and discuss best-practice philanthropy, whether that's multi-year unrestricted funding or the benefits of "spend-down" funds where foundations have a set life.

They'll be a permanent secretariat and staff, funded by some of the initial signatories. Winneke has 35 signatories so far. The moment for this is now, he says, because while the not-for-profit sector still has elements of a

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So, are we on the cusp of the next big shift in Australian philanthropy? The part between cringing about trumpeting donations, but not yet being ostracised for not having a pet philanthropic cause? There are now about 1800 PAFs with assets totalling roughly \$7 billion.

Winneke and Petre hope to have at least a further 400 or so PAFs set up in the next five years. If the creation in 2001 of these tax-friendly structures was the first attempt to start the philanthropy sector, then what Petre and Winneke are planning perhaps represents the next wave.

As well as the money, Petre's plan for getting tech start-ups to shunt part of the business into a PAF has the potential to reshape the culture of giving in Australia. "I think that's where there's a real opportunity," says Antonia Ruffell. "To see what happens when you bring that young, energetic, progressive, socially conscious, hungry-to-learn, hungry-to-move-quickly mindset with money to the sector."

That younger mindset would set Australia apart from the United States' giving culture in particular. In the US, the country's largest foundations were set up generations ago, with the exception of The Gates Foundation and some established by Jeff Bezos and Buffett.

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Petre, right, with Bill Gates and Paul Keating in 1994. **Heide Smith**

In Australia, most of the country's largest foundations have been established by living people – think the Forrest family's Minderoo, the Judith Neilson Foundation and Craig and Di Winkler's Yajilarra Trust – and usually later on in their life. But that injection of even younger philanthropists would shift the giving culture.

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sitting on \$20 million of wealth in a quality company might go to \$15 million. But it will bounce back. It's not going to go from \$20 million to \$6 million."

Clare Ainsworth Herschell is the co-founder of Groundswell, a giving circle focused on combating climate change [<https://www.afr.com/life-and-luxury/arts-and-culture/groundswell-gives-everyone-the-chance-to-be-a-climate-activist-20211025-p592xk>]. She is already trying to engage donors who might have been left out of philanthropy in the past. She's also a director of the Art Gallery of NSW Foundation and a granddaughter of Len Ainsworth, the founder of Aristocrat Leisure. She says Groundswell is a way to inject new perspectives and energise the sector.

At Groundswell, donations are pooled to leverage impact, and each member – whether they give \$20 a week or \$10,000 as a lifetime member – has the same vote on which organisations they will support in each grant round.

Groundswell also offers gratis memberships to First Nations "change-makers" as recognition that First Nations people are on the front lines of climate change and have traditionally been excluded from decision-making processes about the distribution of philanthropic funding.

By bringing younger, more diverse donors into the system, Ainsworth Herschell says philanthropy can be more equitable and agile in its response. "We have students, single mothers, grandparents, farmers and First Nations leaders, seasoned philanthropists, famous fashion designers

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Since launching in 2020, Groundswell has raised \$960,000 for climate advocacy groups. Ainsworth Herschell contributed an initial \$140,000 to cover the first year's overheads and now more philanthropic partners are coming on board to expand the circle's reach and attract new members. It's yet another innovation in Australia's slowly evolving philanthropy sector.

Whatever form it takes, the endgame for Winneke, Petre and Ainsworth Herschell is the same. Says Petre: "We're all trying to move more money into the system."

The May issue of AFR Magazine [<http://www.afr.com/afr-magazine>], the Philanthropy issue, is out on Friday, April 29 inside The Australian Financial Review [<http://www.afr.com/>]. Follow AFR Mag on Twitter [<https://twitter.com/afrmag>] and Instagram [<https://instagram.com/afrmag/>].

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