

Emmanuel College

Papers

Philanthropy in Education

by

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Number 21 – August 2015



Emmanuel College
The University of Queensland
Enriching lives since 1911

Emmanuel College is Australia's ninth, and with St John's College, The University of Queensland's first residential college to gain affiliation. It was founded by the Presbyterian Church of Queensland in 1911 with the first students taking up residence in Wickham Terrace in 1912. As the Presbyterian Church moved towards partnership with other religious denominations during the 1970s, Emmanuel College also came under the auspices of the Uniting Church. Upon its inauguration, Emmanuel College was an all male residence but this changed in 1975 when women were admitted as collegians. Now, the College numbers around 340 students with half our population being female.

Further change was experienced by the College when it moved in 1956 from its original site in Wickham Terrace to its present location on the main university campus in St Lucia.

Since 1911, Emmanuel has stood for excellence in all round education and has had seven Rhodes Scholars during its history. Its graduates have gone on to make a major contribution to Australia in many areas, including as doctors, scientists, teachers, engineers, lawyers and judges, politicians, ambassadors and diplomats, and church leaders.

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Prior to that he was Head of Investment Banking for Credit Suisse First Boston in Australia and previously worked in New York and London.

He has worked in the corporate advisory industry for 30 years, and has advised on many of Australia's largest privatisations and corporate merger transactions.

John is also Chairman of the Australian Sports Commission, President of the Library Board of Victoria, a Trustee of the Rhodes Scholarship Trust at Oxford University, a director of the Melbourne Stars Cricket team, and a member of the Melbourne Grammar School Finance Committee. He is former Chairman of the Melbourne Cricket Ground Trust.

John holds an MPhil in Management Studies from Oxford University, and a Bachelor of Commerce with First Class Honours from The University of Queensland.

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This speech was delivered at the Philanthropy in Education Lecture held at Emmanuel College on 6 August 2015 and the College acknowledges the sponsorship of AskRIGHT.



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Philanthropy in Education

Most of us here tonight have benefited greatly from the foresight and philanthropy that has aided the education institutions that have nurtured us. That's certainly how I feel, having been launched into life from the springboard of amazing institutions like Brisbane Boys' College, The University of Queensland and the Rhodes Trust and Oxford University, which have given me opportunities and experiences that have surpassed my wildest dreams when I was the age of my children today.

A tradition of philanthropy has been vital to defining the history, capability, character and achievements of a great many educational institutions that have touched all our lives.

It was my particular good fortune to be a beneficiary from 1983 to 1985 of one of the most inspired, visionary, thoughtful and enduring acts of educational philanthropy of all time, the Rhodes scholarships established by Cecil Rhodes in 1903. This gave me a passion for the promotion of philanthropy in education that I have carried with me for the subsequent 30 years. As a consequence I have become involved, as a donor to, director of, and fundraiser for, some great educational philanthropic causes at a local, regional and global scale that are a joy and privilege to work with, and which I believe make a real difference to our community.

These include, as a donor:

- Organisations that help disadvantaged groups through education, such as Western Chances in Victoria, the Aurora Project, TimeHelp, the Indigenous Literacy Foundation and Australian Indigenous Mentoring Experience;
- Organisations that advance the cause of great teaching such as Teach for Australia;
- Initiatives aiming to achieve an educational and cultural impact, specifically a new Chair in Australian Literature at the University of Melbourne which my wife Myriam and I have endowed; and
- Educational institutions from which I have been a particular beneficiary – the Rhodes Trust, The University of Queensland and BBC.

They also include as a director of and fundraiser for:

- The Rhodes Trust, The University of Queensland through the UQ Endowment Fund established by Graeme Wood and Andrew Brice, and the State Library of Victoria, whose Board I am privileged to chair, which

provides free and accessible information for the whole community; and also

- The Foundation that Myriam and I have established in recent years, which allocates money to educational causes and projects of the type I've outlined, but which also supports a range of other causes, which means we make decisions regularly on the merits of educational philanthropy against other worthy programs.

Tonight I want to talk about the benefits of, and lessons from, these experiences. What I've learned as a director of educational institutions trying to raise money philanthropically. And what I've learned from the other side of the table as a donor.

The terrain I will traverse will be much broader than purely tertiary education philanthropy. But the tertiary sector should consider other educational philanthropic programs as its strategic ally, not competitor.

A dollar given to any meritorious educational cause, be it primary, secondary, tertiary, or targeted to indigenous or disadvantaged communities, benefits the entire sector. It promotes to the community at large the inherent worthiness of philanthropy in education, of whatever variety.

The endorsement and moral support it provides makes the cause of education and teaching a nobler and more attractive one for talented people to pursue as a career. It can help reduce social disadvantage and inequality at a time in history when inequality seems to be rising.

And it helps Australia consign to history the philosophy that has prevailed for generations towards the sector which has bedeviled the cause of philanthropy in it, namely "I pay my taxes", and education is and should be funded by Government.

Educational philanthropy of whatever variety is a rising tide that lifts all boats.

My central theme tonight is the power of leverage and ideas in educational philanthropy.

Education is a very big beast indeed financially and you can't compete with its Government funding sources or even make a material difference to it. You're just a rounding error financially. This is true even if your name is Bill Gates, Steve Schwarzmann or Andrew Forrest. Bill Gates has invested \$7 billion in his educational philanthropic trust and has admitted as much.

To illustrate, total Australian Commonwealth and State Government spending last year on education was around \$55 billion. Total philanthropic giving to the sector was estimated at \$300 million. That's around 0.5 per cent.

Looked at another way, an 0.1 per cent reduction in Government spending in real terms per year would cumulatively over five years negate the financial benefit of all philanthropic spending combined in the educational sector.

It's these mathematics that make me feel sometimes, when contemplating charitable donations to the education sector, a bit the same as I do standing in the ballot box on election day about to cast my vote. I feel it's the right thing to be there, but I know which candidate's going to be elected in my electorate, so this gesture of commitment to my community may be noble but isn't it all a bit pointless? At least on election day my misgivings are salved somewhat by the imminent prospect of a sausage sizzle!

But while your dollars may be small, your impact can be big, even if you're not or never will be a rich lister. By the strategic use of leverage; by the strategic implementation of ideas; by the strategic use of your networks.

No better example exists in the world of education than the Rhodes scholarships. With an endowment today of around £200 million, it's far from the world's most financially robust educational institution, especially when compared against the great Ivy League endowments such as Harvard's at US\$36 billion and Yale's at US\$24 billion. The annual investment return on the Harvard endowment is approximately the same as the total corpus of the Rhodes Trust endowment.

But it is and remains one of the most powerful concepts in world education, because of the force of its founding idea which was simple, bold and innovative.

An idea that in essence comprised three things:

- One, that educational attainment was about much more than academic achievement;
- Two, that service to the community is the noblest and most valuable form of personal achievement – of “fighting the world's fight” as Rhodes put it; and
- Three, that the world would be a better place if high potential young students from around the world came together during their formative years at a single outstanding university to study and increase their international understanding. It was a penetrating insight by Rhodes back

in 1903 of two concepts in wide currency today, called globalisation and the network effect.

In the subsequent 112 years, this idea has produced a US President, two Australian Prime Ministers, Nobel Prize winners, and countless leaders in science, medicine, academia, the law and non-Government organisations around the world. The leverage effect from this one inspired philanthropic idea has been immense.

Like any institution that's been in existence for that amount of time, the Rhodes Trust has had to change and evolve to adapt to changing times, without abandoning its core philosophy and values. The scholarships originally were not available to women, something that was fixed in the 1970s. The scholarships were devised in a geopolitical era when Commonwealth and English speaking countries dominated the world and its politics, a very different world to today. The Rhodes Trustees are today attempting to raise funds to allow the scholarships to be offered in emerging powers, particularly China, and in some key Islamic countries, not because of some egotistical desire to plant flags in new places but because the original vision of the scholarships would be enhanced by talented young students from these places coming together for a common and formative educational experience with students from traditional Western power countries. It's a way we see of continuing to make the world a better place through common understanding and relationships.

The Rhodes Trust has been under significant financial pressure in recent years due to rising university tuition fees at Oxford, changing scholar preferences towards longer and more expensive postgraduate courses, a very hard impact on the endowment from the global financial crisis, and a lack of any historic fundraising tradition that meant a total reliance on income from that endowment.

The reconstitution of the Trust about five years ago has taken it rapidly from having virtually no philanthropic fundraising capability to now having one of the best and most professional in the world. Sure enough, it didn't take them long to track down as targets the relatively small number of Rhodes scholars who'd pursued business careers here in Australia! I and other scholars were very happy to donate, to "give back" meaningfully, because of the enormous difference this scholarship made to our lives.

That term, "giving back", generates negative commentary from time to time, as though the wellspring of charitable acts is some sort of guilt trip or akin to

returning a borrowed library book. I have no difficulty with it whatsoever in circumstances like the Rhodes'. Tertiary education at Australia's or the world's best institutions has a public good attached to it, but it also conveys significant private benefit. Those who have the good fortune to do well in later years should return the favour, especially in times of real need for the institutions that shaped them. This was the Rhodes Trust's hour of need, and the unambiguously right thing to do was to "give back".

At this point you are probably thinking that this may be a fine scholarship program but it's an example of "top end of town" type philanthropy from an immensely successful businessman Cecil Rhodes who in today's economy would have been a billionaire – it's not an example of the leverage that can come from small dollars. Which is true. So let me give you some examples of the leverage benefits that can come in education from small dollar donations.

Myriam's and my Foundation supports a wonderful small educational charity called Timehelp, now called Ed Connect, that brings retirees with an interest in books and education and time on their hands together with young students in primary and secondary schools that need supplementary help in English language and reading skills. The retirees come in each week and read to the kids and help improve their English and reading. The retirees love it, the kids do too and so do the principals and teachers of the schools that benefit from it in Victoria, NSW and WA. It's targeted specifically in areas that are disadvantaged or have high immigrant communities, and there is clear evidence of positive outcomes. Like all great ideas, it's simple and powerful and this one's cheap as well as the retirees aren't looking to be paid, they're just wanting to help out.

Another charity putting a simple practical idea into effect is Western Chances, which provides income and other assistance to high performing students from the western suburbs of Melbourne who are attending secondary school, university or TAFE. Scholarships are awarded based on ability, achievement and need. The thing that's different about this program is that it's not a big scholarship program with a few people winning big each year with a fully funded university place or something like that; the prize for the students awarded scholarships is worth around \$1,000 on average, and usually comprises practical things like a laptop computer, textbooks and a myki transport card, things that families say make a small but important difference in allowing their children to focus on their studies rather than spend extra hours in part time work to support themselves and their families. And the pleasant surprise for the founders of this program has been the number of times they've been contacted by scholarship winners a few years down the

track to say that the receipt of the award was not just financially helpful, but it was also a massive boost to their self-esteem and confidence to be chosen for something prestigious like this and presented with the award at a big city venue. In the past 12 months, almost 600 scholarships have been awarded, 600 lives impacted.

Small dollars, large leverage.

Back in tertiary education land, we also support a fantastic program called the Aurora Project, which together with the Charlie Perkins Scholarship Trust and the Roberta Sykes Foundation, funds scholarships for Australian indigenous students to undertake a tertiary degree at the world's best universities, especially the Ivy League universities and Oxbridge. There have now been 26 of these students having this life-changing experience in the last five years courtesy of this program – all future leaders of our country or their communities. A great thing about the scholarship program is that the indigenous students have to earn their own entry against the best students in the world at these premier institutions based on their own abilities and achievements - which makes them all the more worthwhile to support when they do qualify, based on their own ability and hard work, against the best talent in the world in their age groups.

These young leaders who graduate from one of these great universities and return to Australia will provide inspiration and positive role models for many other indigenous youth, creating a very large ripple effect throughout the area of greatest structural disadvantage in Australian life.

The leverage principle applies equally to helping our teachers.

One program that does just that which we fund and like a lot is called Teach for Australia. It's a program that's starting to have a very positive impact in Victoria, the ACT, the Northern Territory and Western Australia and is now very keen to expand into all other states. TFA is a program that takes the best university graduates from any field with an average ATAR score of 95, gives them a short intensive training program as a teacher, and puts them into the most disadvantaged and challenging school areas. It's no real surprise that introducing motivated young high achievers into these schools can cause some amazing and positive things to happen in the classroom. What is a real surprise is how prestigious and competitive this program has become for students to gain entry to, everywhere in the world it has started.

Last year around 1,300 top graduates applied to become a trainee teacher at TFA and less than 10 per cent were chosen. This mirrors the experience with the main exemplar programs internationally, Teach for America and Teach First in the UK. Top quality employers have figured out that this program breeds outstanding young people who are motivated, fearless and resilient, and actively seek to hire program graduates after they finish their two year teaching programs. Teach First is now listed in the UK amongst The Times' top two or three graduate employers year on year. The truly impressive thing is that despite these attractive other career options, the majority of program graduates choose to stay in teaching in some form.

The results of this program are strong and clear both here and internationally.

The introduction of TFA cuts across traditional teacher training and entry systems so is not, shall we say, always embraced with the utmost enthusiasm by the education unions! We are actively supporting TFA in its efforts to gain Government support to commence here in Queensland.

The TFA program is all about leverage - improve teacher quality in disadvantaged areas, and raise the bar for not only the kids but also the other teachers and their school principals as well.

A program that helps to teach the teachers that's not currently in Australia but which we're studying closely is called the Woolf Fisher Trust Fellowships. It's been active in NZ for 40 years with great success and it's now regarded as the premiere award given to teachers in New Zealand. It provides \$40,000 fellowships to great school principals to undertake a term of study, usually a leadership development course similar to an executive MBA, at a leading international university as part of a study sabbatical overseas. People can't apply for a Woolf-Fisher Fellowship, they are nominated for it by the education department or interested parents, and so recipients are usually very pleasantly surprised when told they've won. Around seven are chosen nationally each year after an evaluation on academic attainment at their school adjusted for socio-economic factors and a range of other measures. The benefits of this program are many - the training and international exposure the school principals get, and the messages it sends about the value of high performing school principals and the merit of their profession.

Again, the smart thing about this program is its leverage - nurture, encourage and value great school principals, and the benefits will cascade down through the system with a significant multiplier effect. I know from my own personal

experience – I had a fantastic headmaster at BBC in the 1970s called Graham Thomson, and the lessons I learned from him have stayed with me through life.

Myriam and I have tried to achieve a different kind of leverage through a combined educational and cultural initiative in Melbourne, namely a new Chair in Australian literature that we have endowed at the University of Melbourne. Both of us love a good book and feel that Australia should be doing more to celebrate its literary traditions and artisans, and to promote an interest and pride in our young people in our indigenous literature. In a country that loves its sportspeople and their achievements, and now celebrates Anzac Day with fierce national pride, it's pretty poor that school and tertiary level study of Australian literature has been in decline for some time. This is despite the fact that our local writers give a voice to Australia that is in many ways more authentic and powerful than what is produced by the Australian film industry these days, and their works regularly achieve critical international acclaim and win prestigious global prizes.

Reversing this trend takes more than just putting on another writer's festival with a week of media coverage before the caravan rolls on. We felt it was important for the country's number one ranked academic institution Melbourne University to say, "this is important, we value this, and we're making this an academic priority". To give Australian literature a structured platform and a voice, and get our youth to know these people and their stories – not just the ones they commit to paper, but the personal stories of a pretty resilient lot of whom you couldn't say do the job for the love of money!

One of the things that really appealed to us was that it was so gloriously non-utilitarian. This wasn't just another chair in a vocational subject like engineering, law or commerce, or a scholarship program for good kids from predominantly middle class backgrounds. This is about ideas, cultural identity and national awareness of something important in an area that has little to do with money.

Such is the cultural or soft power of our leading educational institutions - they are held in a level of esteem and respect by the community that means they can achieve multiplier effects for great causes that few other platforms can do.

The final example of leverage I want to mention tonight is one of the most creative of them all. Which is no surprise given its creator is Julius Colman, a hugely successful businessman who's also a champion poker player, which probably explains his success in business! Julius has created, in partnership with the Victorian Government, an entirely new state school in a very needy

area of Melbourne called Doveton, near Dandenong, the third poorest non-country area in Australia. This ambitious concept seeks to significantly improve education in the area by giving it a fresh start with better resources. The financial leverage Julius has achieved in his partnership agreement with the Government is phenomenal – Julius agreed to invest \$6.8 million over ten years and in exchange the Government agreed to invest \$28 million towards building the school and to fund it in perpetuity.

It offers early learning through to year 9 - early learning years being the ones in which lifelong disadvantage in reading, literacy and communication skills can become entrenched. It offers high community engagement as a way of bringing parents into the educational project of their children, with free breakfasts, after school sport, dance, music and IT classes. The school building was built to high standards so it looked and was an attractive place to come and learn – corners weren't cut. And the school council composition provides for meaningful ongoing external input for the philanthropist and independent educational advisors.

The community has voted with its feet. Just three years after it was opened, it now has 840 students, academic standards seem to be improving although it's still early days, its early learning program is one of only 20 or so in Australia to have achieved an excellent rating, 100 parents are doing adult education at the school and many have been helped by this to land jobs.

Julius' example is a particularly powerful one of using private money in an intelligent way to pull through much greater co-investment by the public sector.

I have seen the same leveraged co-investment model used to great effect in other institutions that I'm involved with, such that I can say that from the standpoint of institutional fund raising in education, leveraged philanthropy is I believe nowadays the most effective and most direct route to success.

It means a matching arrangement whereby Government or even another philanthropist agrees to match in some ratio philanthropic dollars given by others.

It was decisive in the case of the current redevelopment project for the State Library of Victoria, a project which will cost around \$83 million and which was stuck in the queue with many other worthy cultural sector projects seeking Government support until we committed to raising one third of the total cost philanthropically on the basis Government would match those donations two

for one. Our offer of self-help was instrumental in getting Government over the line to support our project over others; and the promise of two for one matching by Government has greatly enhanced the atmospherics of our conversations with potential donors.

Likewise it has worked to great effect in the campaign to recapitalise the Rhodes Trust, with substantial matching commitments for donations from philanthropist John McCall MacBain and also Oxford University.

I'm going to conclude tonight by reflecting on some of the other lessons I've learned from my educational fundraising experiences in recent years, in particular what I've learned from the world class American fundraisers now sitting around the board table of the Rhodes Trust. These are the importance of:

1. Alumni engagement and recognition
2. Institutional relevance
3. Alumni participation rates in fundraising campaigns
4. Goalposts that don't move continually, and
5. Best practice processes for managing endowment funds

Together with the concept of leveraged philanthropy, they form the foundation for what I believe represents best practice in tertiary education fundraising programs today.

Taking them in turn briefly.

- 1. Strong and continued engagement with your alumni.** Engaging with your alumni will not be effective if it is, or feels, primarily transactional in nature to them, focused on a short term goal of raising money. In fact it may well be counterproductive. It also needs to be more than regular interaction through development staff, and more than regular invites to lectures and cocktail parties, which I think all potential donors nowadays understand are likely to be in the long term very expensive glasses of not very good wine. I don't think universities fully appreciate how much it means to their alumni to feel respected and valued by their alma mater for their achievements and capabilities, and not feel they're being looked upon like some sort of walking ATM machine. There are hundreds of ways to engage your alumni and make them feel valued without the cost and hassle of big awards ceremonies; it just takes a bit of imagination, effort, research and attention to detail.

- 2. Institutional relevance.** Universities today need to be able to demonstrate to potential donors that they are relevant, successful and capable of generating commercial revenue from their own IP. With tertiary education institutions in particular, I believe something of a “winner’s circle” mindset has emerged – the more a university is seen as capable of self-help and doesn’t just complain about fees or insufficient Government funding, and the more relevant it is in contemporary life and the more successful it is seen to be, then the more that potential donors will be drawn to it. Successful Americans with money like giving to Harvard or Yale even though those universities are ridiculously rich already because they’re attracted to success and like being around it and involved with it. They feel it reflects well on them and their own success to be giving money to such successful and prestigious institutions. This phenomenon is no longer uniquely American – the winner’s circle mindset is gradually extending its reach everywhere. The University of Queensland has recently enjoyed some sizeable and high profile commercialisation wins – I believe these will in the medium term stimulate, not reduce, interest in philanthropic giving to the university.
- 3. Broad based participation from alumni.** The first question that non-alumni generally ask when approached for support by an academic institution is “what is the support level from the alumni?” This is expressed very simply as a participation ratio. Large “impact” gifts are great, but donations don’t have to be big to count. High participation levels really do matter; they say to the world that the alumni likes the place, values it and cares about it – and they add up and make a real financial contribution.
- 4. Goalposts that don’t move continually.** Never-ending campaigns and targets that are reset to raise new money the moment an enthusiastic new VC or Head of Development arrives show a lack of institutional memory by institutions that should have one, and leave your alumni feeling jaded and disengaged. Don’t keep shifting the goalposts.
- 5. Excellence in managing donated funds.** This matters every bit as much as having a great fundraising capability. Australian universities have sharply improved their “front of house” fundraising skills in recent years, but paid less attention to achieving global best practice in their “back of house” management of endowment funds. Australian universities including The University of Queensland should look to what Oxford has done with its university and college money and pool the management of their endowment funds. Aggregating smallish individual pots of money

into a combined £2 billion Oxford University Endowment Management fund has produced better risk-adjusted investment returns for the university and its colleges with low volatility and very low fees. Even though OUEM is not a particularly large fund by world standards, it enjoys access to all of the best funds managers in the world because of one of the financial industry's great little secrets - all fund managers love to have prestigious universities as investors, it makes them look smart!


Imagine the market force of a combined Australian universities endowment management fund. Instead of universities, which in most respects have very similar investment risk profiles and yield needs, all managing their money separately either in-house or through external managers as they do today – the University of Sydney its \$1.4 billion, Monash University its \$600 million, The University of Queensland its \$200 million, the University of NSW its \$140 million, and so on - one combined Australian universities fund would have in all probability over \$5 billion of funds under management and would offer individual universities all the benefits that Oxford has realised: highly sophisticated investment processes, superior long term risk-adjusted returns, good diversification, low fees and a dedicated world-class investment team. You may have noticed that I did not mention Melbourne University's \$800 million endowment; this is because Melbourne University already gets the benefits of investment scale and diversification by having its funds managed by the \$50 billion public sector Victorian Funds Management Corporation.

Best practice in managing endowment funds matters not only because it can boost investment returns; it matters because large donors will be more likely to give if they are confident that money going into an endowment will be managed in a world-class manner and at least as well as they believe they could do themselves.

Of course, how to best manage the money is in some respects a nice problem to have! It all has to start in the first place with mobilising the community's public spirit to give.

And there can be no finer, more deserving philanthropic cause than that of education.

My message tonight is that there are right now literally hundreds of ways to get involved in well-run and innovative philanthropic programs across the



educational sector, where small financial contributions and a bit of imagination and effort can be leveraged into a large and positive impact.

After all, outside your family and your health, the best investment you can make is in education – particularly someone else’s education. Even more so when it’s to help someone in a less fortunate position than yourself.

I thank you for the honour you have extended me to address you here this evening, and wish The University of Queensland and Emmanuel College all the very best for what I’m sure will be an outstanding future for both institutions.



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