

Charities want private equity takeovers of trustees blocked

Private equity firms are moving to control Australia's charitable giving. The sector wants the ASX-listed trustee takeovers blocked.

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A takeover blitz set to put \$7bn worth of funds earmarked for Australian charities into the hands of private equity players has been branded “the worst nightmare for the charity sector”, as influential players lobby government and regulators to block the deals.

At stake is the future of two ASX-listed companies that are the commercial trustees of almost all charity bequest money in Australia.

[Perpetual Wealth is in the final stages of a takeover](#) by Bain Capital. Separately, [Equity Trustees is fielding rival bids from TPG Global and BGH Capital](#).

Danks Trust co-trustee Peter Danks, whose family once owned the Home Hardware chain before selling to Woolworths in 2009, is calling for regulators to step in and prevent the companies falling into private equity hands.

“It’s a nightmare because we really only have two huge companies left in this area and now they are both at risk ... we need these deals blocked,” Mr Danks said.

Perpetual and Equity Trustees were both founded in the 1880s with a primary duty to the community they serve. More than a century later, the financial world has changed immeasurably, but that underlying duty is still in place.

“A trustee’s duty is to maximise the distribution of funds, and that principle is fundamentally at odds with private equity funds,” Mr Danks said.

Both Perpetual and Equity Trustees manage the money left by wealthy individuals in wills and endowments.

Combined, the two companies manage more than 2000 trusts.

In most cases, the original donors behind the money in the trusts are long dead, leaving the trustees with great power over the money still left in trust. Put simply, the concern among charities is that private equity managers will be able to squeeze more fee income and institute cost-saving strategies with remarkably little oversight from regulators.

Private equity takeovers have already rattled most corners of the ASX. The recent [Insignia sale to CC Capital](#) threw up new issues around financial advice, as Insignia controls financial advice subsidiary Shadforth Financial. Separately, [Bain has already bought and sold aged-care group Estia Health](#), making a huge profit by selling it for \$2.5bn after purchasing it for \$830m in 2023.

But the sight of so-called “barbarians at the gate” moving on charitable funds might just be a bridge too far.

Rachael Rofo, an estate planning lawyer who spent more than a decade as head of the Australian Philanthropic Services foundation, said the takeovers were “highly significant”.

“When you move these funds from the ASX into the hands of private equity, it is highly significant because private equity has a very different timeline,” Ms Rofo said.

“They are designed to work on the companies and sell them again within a few years.

“You can’t run a forever asset on a five-year plan; something will give.”

As the tight-knit world of philanthropy tries to digest the risks now on the table for the trustee companies, the Charitable Alliance, a group that includes leading corporate and philanthropic players, has been [calling on the government to halt and review the takeovers](#).

Charitable Alliance spokesman Peter Winneke said the takeover of trustee companies was a crisis that captures issues that have been simmering in the sector for years.

“There are already terrible governance issues here, there is a lack of transparency, and there is real concern now with this escalation of the issue where you have the two biggest players in the sector on the block,” Mr Winneke said.

“It’s possible they could both soon be owned by offshore private equity funds. First, we need these deals blocked, and then we need to use this occasion to review the safeguards of the sector.”

Perpetual bidder Bain is Boston-based. Of the two bidders for Equity Trustees, TPG is based in Fort Worth, Texas, and BGH is Melbourne-based.

It’s now a race against time for the Charitable Alliance as the Perpetual deal is well-advanced while the battle for Equity Trustees could also close in the coming weeks.



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“We have petitioned every key area in government, but it really comes down to Assistant Treasurer Dan Mulino,” Mr Winneke said.

“He has the power to review the transfer of licences here. We’ve put it to him that if ever there was a time for him to use his power, this is it.”

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