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Trends in Giving
Western Australian Community Foundation
Friday 21 September, 2007
Gina Anderson, CEO



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Philanthropy Australia

What do we do?

Philanthropy Australia is the national peak body for philanthropy and is a non-profit membership organisation. Our members are trusts and foundations, organisations, families and individuals who want to make a difference through their own philanthropy and to encourage others to become philanthropists.

Our mission is to represent, grow and inspire an effective and robust philanthropic sector for the community.

www.philanthropy.org.au

Philanthropy

The planned and structured giving of money, time, information, goods and services, voice and influence to improve the wellbeing of humanity and the community.



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Changing landscape

Business is moving from short-term shareholder returns to include longer term stakeholder returns and social investment (staff and community)

Government is moving from providing welfare to the outsourcing and privatisation of welfare

Philanthropists are moving from grantmaking and welfare to social investment and community well-being

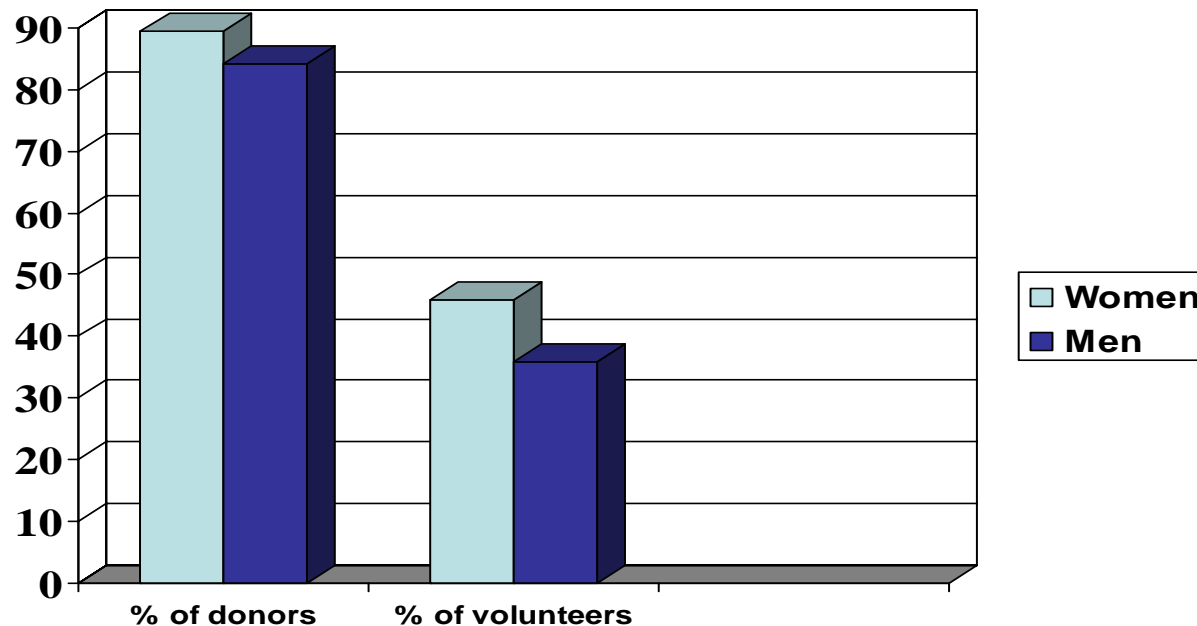
Not-For-Profit Organisations are moving from grant-seeking entities to become sustainable social enterprises that need to be properly capitalised and funded.



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Characteristics of individual givers

- More women give, men give more often. In 2004, on average, the annual amount given by women was \$377 and by men, \$477.
- Men tend to give more when they do give, reflecting their higher incomes
- More women volunteer and for longer than men.

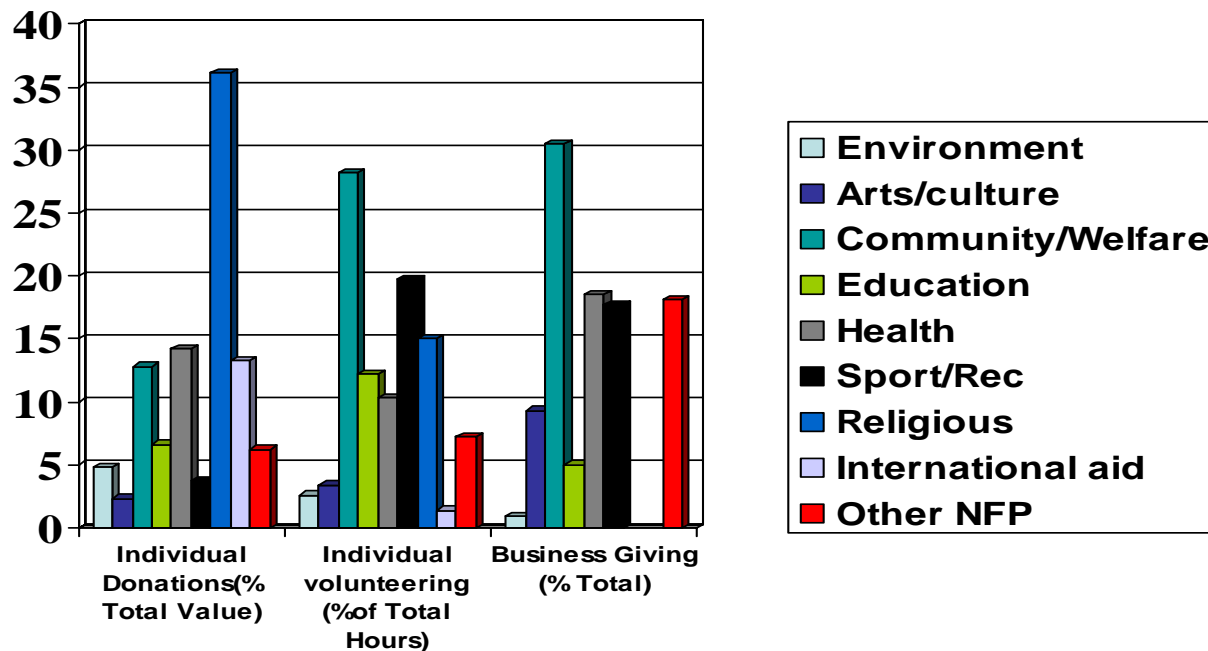




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Giving and volunteering in 2004 by recipient sector

- Giving by Individuals is approx \$5.7 billion pa in the 12 months to January 2005
- 13.4million Australians [86.9% of the adult population] made donations





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Donors

Over the past five to ten years a number of new players have come to prominence:

- Corporate Australia
- Prescribed Private Fund, a rapidly growing form of private foundation
- First generation of women who have made their own money
- Mass affluent

These donors have a number of characteristics in common:

- They are used to the concept of doing business globally
- They are business people and they understand the language of business
- They are well informed, sophisticated and confident
- They don't want to write a cheque and rely on the recipient to know the best way in which to use the money – they want to be provided with measurable outcomes for their donations.

They will fund projects and programs that are :

- Well articulated
- Well thought through
- Well researched
 - With plenty of evidence to back up the ideas



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Prescribed Private Funds (PPFs)

Prescribed Private Funds are the fastest growing form of philanthropy in Australia

In 2005:

- 312 PPFs
- \$505.8m under management
- PPFs distributed \$41.8 m to DGRs

By mid November 2006:

- 452 PPFs

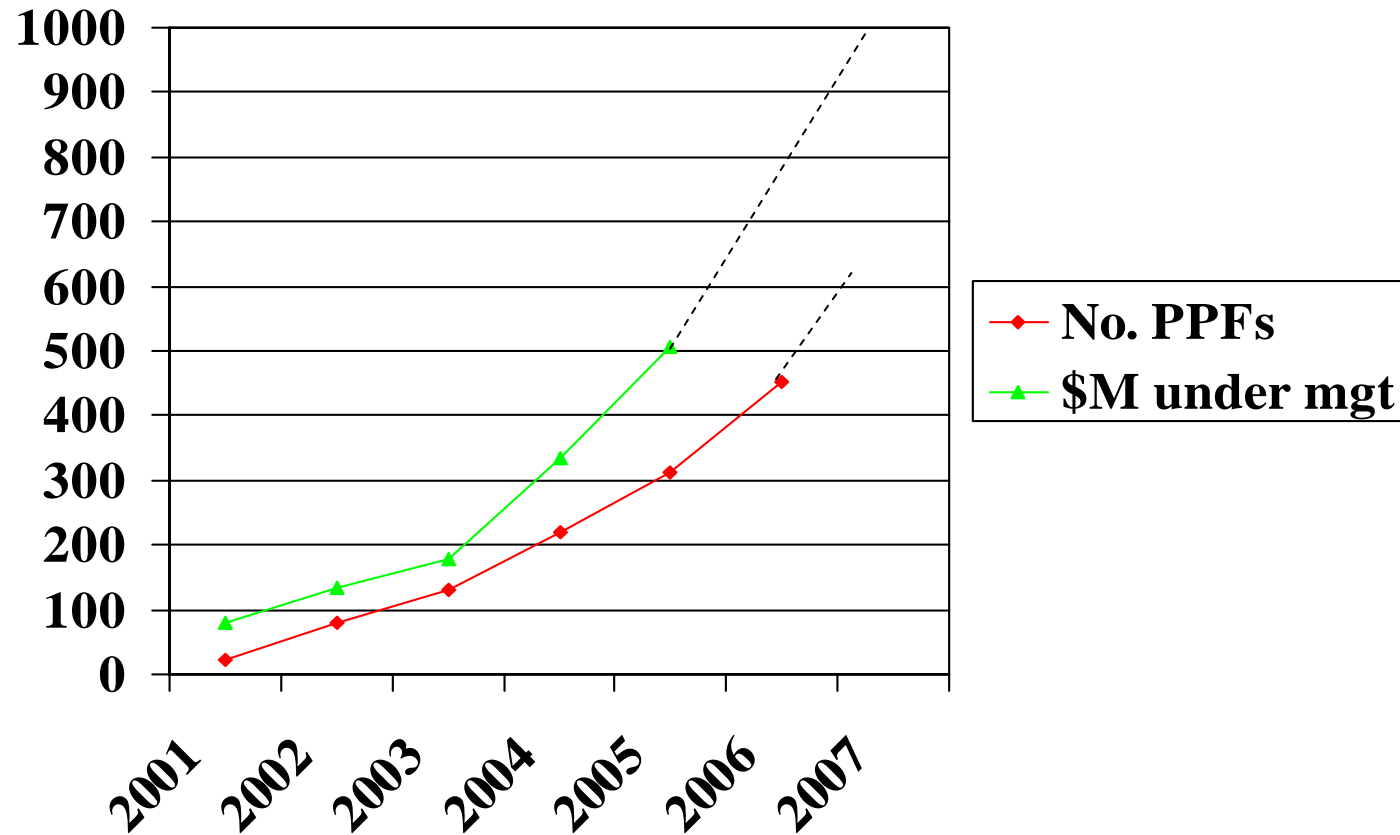
November 2007

- 600 PPFs???
- \$80m distributed to DGRs???



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Growth of PPFs

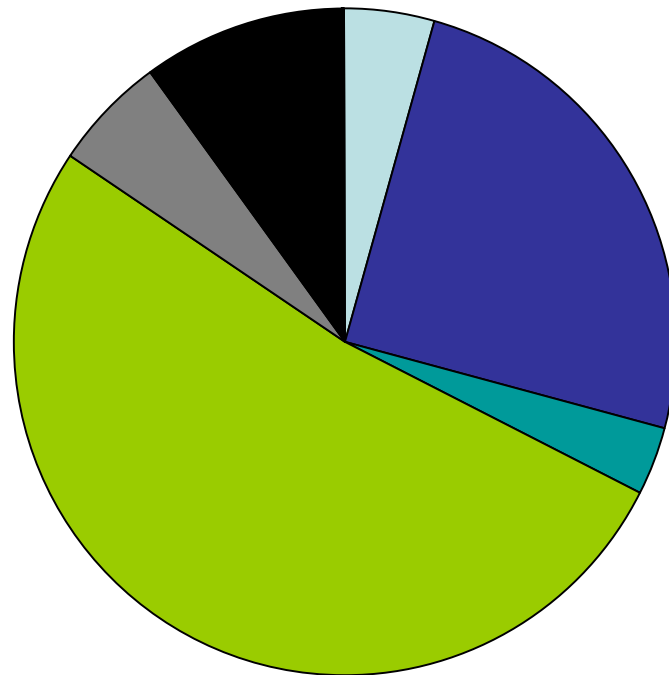


Source: Australian Tax Office PPF Annual Returns 2006



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Distributions by PPFs to DGRs by general category



Environment	4.37%
Education	24.92%
Research	3.13%
Welfare & Rights	51.85%
Health	5.6%
Cultural	10.08%

Giving Australia Report Individual Giving

Environment	4.8%
Education	6.6%
-	-
Community/Welfare	12.8%
Health	14.2%
Arts/Cultural	2.3%
Religious	36.1%
Sport & Rec	3.7%
International	13.3%
Other	6.2%



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The 21st Century Donor

nfpSynergy report: “The 21st Century Donor” September 2007

www.nfpsynergy.net

What are major donors concerned about?

And what can charities do?

“When you explain charity to donors, **they find the issues to do with risks and problems and challenges really fascinating.** Frequently we’ll put something in front of the donor and say this is a risky thing to fund and they’ll say “that’s why I want to fund it” and I think there’s been a traditional hesitance on the part of charities to talk about risk and problems.”

Martin Brookes, Director of Research at New Philanthropy Capital

“It’s about being responsive in terms of **proving information quickly.** Charities can be too slow, far too slow, and are going to have to be **much clearer in the information** that they provide, much more concise in the way that they do it and put much greater emphasis on results. And they shouldn’t emphasise the complexity or problems, even if that’s the reality on the ground – ways have to be found to articulate and **present results better and to measure results better too.**”

Martin Brookes, Director of Research at New Philanthropy Capital

“Major donors are very concerned about **whether their money will have an impact,** and this lack of confidence can prove a barrier to giving. One barrier to giving publicly is perceived negative media coverage of giving by the wealthy.”

Susan Mackenzie, Director of Philanthropy UK



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The 21st Century Donor

nfpSynergy report: The 21st Century Donor www.nfpsynergy.net

What do major donors want?

“The new philanthropists, who are choosing to give during their lifetime, want to be **engaged in their giving**. They don't want to just write a cheque and, especially if it's a significant cheque, they want to also give their expertise, to be involved. This doesn't necessarily mean that they want full control, but **they want influence**.”

Susan Mackenzie, Director of Philanthropy UK

“If we do see a major donor culture shift and a lot of money coming in there will be very interesting forces coming to bear on traditional ways of working. **Major donors want it fast, they want it big, they want a lot of impact, they want a lot of measurement, they want it now.**”

Mark Astarita, Director of Fundraising, British Red Cross

Demonstrating Need

“I think the press has driven the public to desire to know more about charities, know where the money's going, know how much is being paid in administration. They want **charities to be accountable**.”

Gwen Pearson

“Charities have to be able to present a **very solid case for support** that doesn't leave the donor feeling ambiguous about what the charity does.”

Ian McAndrew, The Legacy Marketing Group



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What does the ideal relationship look like?

“I think sometimes we give donors what we think they want and we sometimes **forget to ask them what they would like.**”

Ian McAndrew, The Legacy Marketing Group

“**Individual, close, informed and satisfied.**”

Anthony Bauman

Meeting individual needs

“I think it is that **deeply personal marketing** that to me is the future.”

David Brann, Director of Fundraising & Communications, Royal National Lifeboat Institution

“I think that’s become much more complex and much more about how we integrate ourselves with people’s lives, which is where the engagement thing becomes more interesting because **its about adding another dimension to people’s experiences.**”

Paul Farthing, Legacy Fundraising and Corporate Partnerships, UK Cancer Council



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What stops people donating?

Purpose and relevance

“It think the other thing is **relevance**. And although people might intellectually think that it’s bad that people are starving in the Sudan or something, it is not that relevant really (to their lives). I think that’s going to be a real struggle and particularly when you look at some needs, health care and things like that. I think people are going to say what is around me and my environment is going to be more important than that. So I think for the third world that is very bad news indeed.”

David Brann, Director of Fundraising & Communications, Royal National Lifeboat Institution

“**People don’t understand enough about what charities do and how they make a difference.**”

Alan Gosschalk, Director Fundraising, The Shelter

“Slightly confused position of charities in the public’s eye. I believe that probably now, as opposed to say ten or fifteen years ago, there is greater confusion and observing of ethics about what charities are there for; **are they agents of the state, are they conjugates of delivery of kind of services that normally or traditionally have been provided by the state or are they independent entities who are ploughing their own furrow and challenging the status quo?**”

Paul Amadi, Director of Fundraising, Sense



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What stops people donating?

Where's the evidence....

“Those charities that receive an increasing or significant proportion of their income even in the shape of fees or grants are increasingly going to be challenged in their fundraising efforts because there is an increasing **demand for clarity** about funding from the sector and I believe that what that's going (to mean is, people say) I don't think I'm going to give my hard earned cash because I'm already paying my taxes”.

Paul Amadi, Director of Fundraising, Sense

Impact and accountability

“So the charities have got to be able to demonstrate that they're doing the best possible job.....they can and then have **got to get better at articulating what is a reasonable expectation and what is an unreasonable expectation and demonstrating why that's so.**”

Tim Hunter, Deputy Director of Fundraising, NSPCC

“Do it by example and so you say to people this is what we are doing to use your money for and then provide to them that you have done it. **Show them the difference** that it has made.”

David Brann Director of Fundraising & Communications, Royal National Lifeboat Institution



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Messages from The 21st Century Donor

Major donors :

- They find the issues to do with risks and problems and challenges really fascinating
- They want to be engaged in their giving – they don't want control, but they want influence
- Major donors want it fast, they want it big, they want a lot of impact, they want a lot of measurement, they want it now

so

- Charities must get better at articulating what is a reasonable expectation and what is an unreasonable expectation and demonstrating why that's so

Relationship with Major Donors:

- Individual, close, informed and satisfied.
- Deeply personal marketing - its about adding another dimension to people's experiences



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Messages from The 21st Century Donor

Questions for Charities

- Demand for clarity
- People don't understand enough about what charities do and how they make a difference

What Charities need to do:

- Need to get much better at explaining what charities do and how they make a difference
- Provide information quickly
- Need to demonstrate to the major donor how their money will have an impact – show them the difference
- Much clearer in the information charities provide - to articulate and present results better and to measure results better too
- Charities to be transparent and accountable



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