

Executive Summary

This submission is made by Educate Plus on behalf of our membership of over 2,000 fundraising and Advancement professionals working in educational Advancement across the education sector.

The Terms of Reference for this Inquiry emphasise technical matters, such as tax and regulatory frameworks. Doubtless, there will be many other submissions highlighting opportunities to make changes of this type, to make fundraising and giving easier and more efficient. However, to achieve change on the scale envisaged – a doubling of giving by 2030 – our view is that three strategic needs must also be addressed:

1. Rapid growth in fundraising capacity across the not-for-profit (NFP) sector
2. Establishing giving attitudes earlier in life
3. Recognition of primary and secondary education as inherently good for society and deserving of DGR status

We make a number of recommendations, including:

- Creation of a professional development fund to accelerate the recruitment and training of fundraisers, especially specialists in major gifts and bequests
- Government grants specifically to assist and incentivise cross-sectoral collaboration on professional development
- Support for regular data benchmarking to encourage sharing of best practise and to enable evaluation of the impact of any Government initiatives introduced to support the sector
- Government support for initiatives to encourage young people to engage in philanthropy
- Automatic conferral of full DGR ‘as a whole’ status to all Government and NFP schools, to significantly increase philanthropic support for the education sector.

Increased Fundraising Capacity

Donations are rarely spontaneous and a wealth of data consistently supports the expectation that the more an NFP invests in fundraising, the more voluntary income it is likely to raise. Skilled and experienced staff are the single most important aspect of that investment. Organisations such as Educate Plus, CASE, FIA and IDPE are experienced in delivering professional development programmes, but to achieve the necessary scale and pace of capacity growth, we will need Government support and investment.

Increased major giving from a relatively small number of the wealthiest individuals and organisations presents the biggest opportunity for Australia. In the US, for example, approximately [90% of fundraising dollars comes from around 12% of donors](#). The [global trend](#) is towards fewer donors giving more. Here in Australia, there is a similar expectation that the great majority of funds raised in support of a campaign by a museum, gallery, university or school will come from a handful of major gifts. For example, it has been reported that the success of the University of Sydney’s \$1B fundraising campaign was largely due to fewer than 20 donors.

Whilst initiatives to widen participation and to incentivise and simplify public giving are welcome, they are unlikely to deliver the scale of impact being sought. If giving is to be doubled in Australia by

2030, NFPs must rapidly increase their skills and capacity for fundraising, and in particular their ability to secure major gifts and bequests.

These types of donations require a chain of actions which are all driven by human endeavour: the detailed preparatory work that goes into prospect research and formalising a proposal; the relationship and trust building over months and often years; the physical ask of the donor and the time that takes to conclude is then followed by management of the donation and stewarding the relationship with the donor afterwards. These require specialist skills that are currently in short supply. The primary restriction on growth in voluntary giving, therefore, lies with Australia's ability to recruit and retain talented, skilled fundraising professionals – not with the number of potential donors with the capacity to make big gifts.

We are not the only country to be experiencing this and, in fact, has been a systemic problem for many countries. This was noted in a series of reports commissioned in the UK by HEFCE (the Higher Education Funding Council for England) that considered how to achieve substantial growth in philanthropic income to universities, starting with the 2004 Thomas Report, the 2012 Pearce Report ("Review of Philanthropy in UK Higher Education: 2012 status report and challenges for the next decade"), and then "[An emerging profession: The Higher Education Philanthropy Workforce](#)".

In 2008, the UK Government implemented a highly effective £200M matched funding scheme for universities to incentivise investment in fundraising. CASE Europe successfully applied for some of that \$200M budget to be utilised to initiate a suite of training and development initiatives, to attract, upskill and retain fundraising professionals in the sector. That funding 'top slice' was specifically in recognition that the universities couldn't grow their fundraising revenue without suitably trained staff to do that work. It was a condition of the scheme that the universities had to participate in an annual benchmarking survey so that the impact of the Government's investment could be measured.

Annual fundraising benchmarking run for the Colleges of the University of Oxford unearthed an interesting outcome. Although they all operated within the same context and same regulatory framework etc there were huge differences in the philanthropic income each College was receiving. What was the number one reason for those differences? The biggest factor impacting the outcome was whether the College had recruited a professional fundraising team to go out and build relationships with potential donors and ask for gifts (especially major gifts).

Other benchmarking in the school and university sectors consistently shows a powerful correlation between philanthropic income and the scale of investment in fundraising (usually reflecting the number and/or level of experience of Advancement staff employed):

- An [IDPE](#) study from the UK showed how schools with newer Development Offices with an average of c.1.4 FTE fundraising staff were generating c.£140k per annum whereas older offices with bigger teams (average 3.6 FTEs) were raising an average of £835k. Tripling the number of staff paired with increased experience was associated with philanthropic income rising 6 times.
- Research conducted by CASE for the university sector (see [chart on p31](#)) also shows a powerful correlation between the number of fundraisers and the funds being raised in Australia, New Zealand and the UK.

Although these examples are from the education sector, this correlation can also be borne out in the charity sector and other NFP organisations. Reports produced by the ACNC’s [Australian Charities Report, FIA](#) and [Philanthropy & Fundraising International](#) have the necessary supporting evidence from the mainstream charities. These studies support the logical notion that more fundraisers lead to more funds raised, but if you delve into the data, they also show the importance of major gifts in maximising philanthropic income. This type of fundraising requires a very specialist and relatively rare set of skills that can, however, be taught by organisations like CASE, Educate Plus and the FIA.

Recommendations

1. The Inquiry specifically prioritise the scale and suitability of the fundraising workforce as a crucial factor that will impact on the growth of philanthropic giving in Australia. It is proposed that a **substantial Government fund** be made available to large NFP training and professional development organisations, to rapidly develop build capacity, implement new initiatives and significantly scale up existing programmes. Eligible activities might include:
 - Graduate trainee programs; training and professional development programs specifically to help attract more experienced people from other sectors and assist them in moving sideways into the sector
 - Other training and mentoring activities (eg expansion of resources to help public schools become more effective in attracting philanthropic support)

Ideally, this would be dealt with through a single strategic submission, rather than having to make lots of small, detailed requests for each activity. In a resource strapped industry, efficiency in accessing such funds will be crucial to faster capacity building

2. **Collaboration initiated and incentivised by government.** As current partners, CASE, FIA, IDPE and Educate Plus collaborate where possible to generally build and support philanthropy and very specifically, build capacity across our sectors – tertiary, charities and NFPs and schools. This partnership is a positive one and assists all our institutions to raise their capacity. If such collaborations could be supported by government and incentivised through access to a different suite of grants, the efficacy and impact could be vastly amplified
3. As the UK did when it introduced the match funding program for universities, we advocate for support for **recognised sector benchmarking initiatives** to help capture insights into changes occurring before, during and after such the Government initiatives.

In the 2012 Review of Philanthropy in UK Higher Education report, the conclusion looks to the landscape in 10 years’ time: *“The shortage of skilled fundraising professionals remains a bottleneck, however, and must be addressed, making workforce development a matter of priority”*. Unfortunately, not much has changed in this respect (certainly in Australia and in the current recruitment environment) and we are hopeful that this Inquiry can elevate this fundamental building block to enable greater output in fundraising across all sectors.

Establishing giving attitudes earlier in life

Helping Australians to better understand why it is important to give and how to give, far earlier in their lifetimes can, over time, significantly increase the overall philanthropy in our country. As Robert Slonim, Professor at the School of Economics at the University of Sydney described: *“Status quo bias is one of the most important behavioural insights in the last 40 years that can be applied to*

philanthropy. It suggests that if you have donated or volunteered in the past, you're more likely to donate later, as it's an established part of your identity. If someone has not given before, it will be harder to convince them to start."

This points to the significance of influencing a person to give earlier in their lifetime. While an individual's financial capacity to give early in their life may be low, experiences that raise awareness about community needs and the benefits of giving can strengthen the propensity to give over time. A 2019 report by the ACNC reported that 59% of Australians did not understand the meaning of the word 'philanthropy' nor did they understand the importance of supporting charities and NFPs or have knowledge about effective giving. If younger generations can be engaged early in a culture of giving, this is likely to build a stronger pipeline of future philanthropists.

Efforts to encourage giving could start as early as school, and there are a number of programs already running in Australia that address the value of building a culture of philanthropy in school-aged children, such as the Youth in Philanthropy initiative founded by the Lord Mayor's Charitable Foundation in Melbourne. Our membership base of schools, provides the perfect launching pad for initiating earlier giving habits. Many such programs are currently at a small scale, but evaluations have found them to be successful in fostering a culture of giving in school communities. With additional Government support, the best of these could be scaled up and adopted nationally, to the benefit of Australia as a whole.

Recommendations

4. Creation of a Government grant program to support:
 - (i) pilot initiatives aiming to encourage young people to engage in philanthropy and
 - (ii) the roll out of the most successful initiatives, for adoption at a regional or national level
5. Funding for education programs around the benefits of philanthropy amongst younger people (both students and younger parents)

Awarding DGR status to schools

In the US, education is the second biggest recipient of voluntary donations ([14%](#)), after religion. In Australia, education only receives half of that, about [7%](#) of the total. One factor that we believe inhibits philanthropic support for Australian schools is the restriction of DGR status to a limited set of funds (Scholarships, Libraries, Buildings).

The absence of DGR status for an activity disincentivises giving, both through the loss of the tax benefit to the donor, but also through the implication that the activity is not deemed socially desirable and worthy of charitable status. It seems arbitrary to completely exclude school sports, mental health and wellbeing initiatives, arts and cultural programmes. The requirement to establish and maintain multiple DGR Funds for activities that are currently deemed permissible also places an unwelcome additional administrative burden on schools and can create confusion for potential donors. This contrasts with the tertiary sector, where public universities hold 'whole of organisation' DGR status.

To elevate giving to primary and secondary education, and signal that society values our schools (and our educational industry) , we ask that whole of organisation DGR status be automatically given

to all NFP schools, and that consideration also be given to create a mechanism for extending this to Government schools, to enable them to receive donations directly.

Recommendations

6. Adjust DGR regulations so that NFP schools hold full DGR status by default

About Educate Plus

[Educate Plus](#) is a membership organisation of 2,080 members who work in the Advancement sector. These are non-teaching staff who work in Fundraising, Admissions, Alumni Development and Marketing and Communication in public, independent and faith based schools, a few universities and residential Colleges. They are spread across every state in Australia in metro and regional areas and institutions vary hugely in size and scale.

In educational institutions, Advancement teams are generally lean and work closely together to progress and develop their institutions' growth. The past 20 years has seen a huge increase in Philanthropy as a major driver of that growth for new facilities, scholarships and library funds. Most Heads of Schools now have dedicated key performance indicators attributed to fundraising and sophisticated programs with multi \$ million targets are being achieved. All aspects of philanthropy are being employed from Giving Days, Annual Giving programs, Capital campaigns and Bequest programs, often with small teams on limited budgets.

Of our total membership, 787 members (38%) have indicated that they are responsible for fundraising in their institutions but, interestingly, 211 of those also indicated that they had other areas of responsibility so were only managing fundraising as a part-time role. This goes to the crux of our submission – there are too few skilled fundraisers working in this area to significantly change the philanthropy landscape in the educational sector, let alone in Australia.

Most of our member institutions are registered as Not For Profit organisations and operate very much as For Purpose organisations in terms of their fundraising approaches and focus. The majority of our members are from schools in Australia who are playing an increasingly important role in the philanthropy landscape, both as recipients of philanthropic support and as drivers of giving:

- **Increasing philanthropic support for education**

Schools are a natural beneficiary of philanthropic support, particularly those in advantaged areas with access to further funds to invest in philanthropy in other areas such as health. Many schools are actively seeking donations from individuals, businesses, and foundations to fund projects such as new facilities, technology upgrades, and scholarships.

- **Encouraging student philanthropy (early start)**

Crucial to this point of the early start in activating a culture of philanthropy, are the many schools who are successfully encouraging their students to engage in philanthropy by participating in charitable activities or starting their own fundraising initiatives. By teaching students about the importance of giving back, schools are helping to create a new generation of philanthropists.

- **Fostering partnerships with businesses and foundations**

Schools are also forming partnerships with businesses and foundations to support their philanthropic efforts which again broadens the scope of how philanthropy flows on from one recipient to another and by collaborating, the outcomes are far more beneficial to both parties.

- **Embracing new technologies**

Schools are embracing new technologies to facilitate philanthropy such as online fundraising platforms, crowdfunding campaigns, and social media outreach. These tools make it easier for schools to connect with donors and encourage giving and they are exposing their communities to what it means to give, what the impact is and how making regular and increasing gifts, a collective community can achieve its goals.

Overall, schools are helping to create a more vibrant and effective philanthropic sector in Australia and they are significantly shifting the dial on embracing philanthropy. So, for these schools looking to fundraise, engaging early and for the long haul may well pay dividends. Engaging with local schools to build awareness, and with workplace initiatives to encourage employee giving and volunteering are activities already actively embraced in educational philanthropy. Small donations or volunteering earlier in a donor's life plants the seed for bigger donations to come.

Philanthropy, as we know, can make a significant impact on society, but this potential can only be realized with increased human resources, effective training programs and an early start to establish a pattern and culture of giving. Research and ongoing assessment can help to guide the development of effective human resources and training programs and ensure that philanthropy realizes its full potential to create a better world for all.

Glossary of Terms

[CASE](#) – Council for the Advancement and Support of Education

DGR – Deductible Gift Recipient

[FIA](#) – Fundraising Institute of Australia

[IDPE](#) – Institute of Development Professionals in Education

NFP – Not for Profit

Supplementary Material

Civil Society www.civilsociety.co.uk

Free Will www.freewill.com

Philanthropy & Fundraising International (UK) *Great Fundraising Report, 2019*

Philanthropy & Fundraising International (USA) *What makes fundraisers tick? 2022*

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