



## Philanthropy inquiry

Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

*Lodged online*

4 May 2023

Dear Commissioners,

Thank you for the opportunity to respond to the current philanthropy inquiry to better understand philanthropic trends and their underlying drivers, as well as opportunities and obstacles to increasing giving.

As one of Australia's newest community foundations we feel we have had considerable success in our almost two years of operation and want to share this as a live case study on the items you seek to further understand.

### History of Foundation SA

Foundation SA is a state-wide community foundation, launched in May 2021 to grow giving and positively impact the South Australian community and has a vision of, 'A *connected, resilient, sustainable South Australia where everyone belongs*'. It is intended that Foundation SA will operate in perpetuity and where this aligns with donor wishes, sub-funds will be contributing to community projects beyond the life of the donor.

Foundation SA operates a general fund which anyone can donate into and supports community via grant programs, as well as a donor-advised sub-fund model, where sub-funds are established and aligned with the donors wishes and intent.

[The Wyatt Trust](#), which has supported South Australians since 1886, saw the need for a vehicle that allowed donors to engage in supported and structured giving where the burden of regulatory compliance did not sit with the donor.

To enable the establishment to happen swiftly and with ease, two implementation partners support Foundation SA.

1. The Wyatt Trust provided some initial investment capital and still supports Foundation SA with ongoing operational funding, and the rigour, governance and experience of the Staff and Board
2. [Australia Communities Foundation](#) (ACF) is currently the Trustee of funds under management. ACF has supported Foundation SA to develop best practice



investment and grant making procedures and policies and will act as Trustee during our initial establishment and growth period.

Further information on Foundation SA's donors and grant making can be found in Appendix A.

### **What enabled us to grow so quickly?**

To assist the inquiry to identify and understand opportunities for growth in philanthropic giving, we share the following information that we believe has led to our initial success:

#### **1. An attractive giving model**

The Foundation SA sub-fund model removes some of the barriers to philanthropic giving. Donors do not need to focus on reporting, governance, investment management and compliance as all of this is managed by the Foundation. This in turn allows donors to focus on impact and where they would like to direct their support, providing a positive and often inspiring experience.

#### **2. Backbone support**

Partnering with trusted, established organisations reduced the risk involved in implementing a new philanthropic structure.

The open sharing of knowledge, practical tools and infrastructure was critical for the establishment of Foundation SA. Our two implementation partners provide both financial and in-kind support in a model that is focussed on giving Foundation SA the greatest opportunity to succeed.

This support does, however, come at a cost. Foundation SA's two implementation partners cover the backbone support for the Foundation, to give us the time to focus on sub-fund development and a path to sustainability. **For community foundations to thrive, this backbone support is essential.**

#### **3. Leveraged grants**

The South Australian Department of Human Services supported Foundation SA with a grant of \$270,000. This was used to grow giving in two ways:

- \$135,000 was invested to assist with the long-term corpus growth of the Foundation SA general fund
- \$135,000 was used to attract new sub-fund establishment through matching donations into sub-funds with grants out to eligible entities.

To 1 April 2023, 4 sub-funds have accessed this matching and \$57,000 in DHS grants have been granted to South Australian DGR 1 entities working in community.



Government matching grants are successful ways to leverage donations into perpetual vehicles.

## What would enable us to further grow?

### 1. Growing Bequest Giving

We know through the research and data on intergenerational wealth transfer that bequests could play a significant role in growing giving in Australia.

Foundation SA has worked with professional advisors (estate planning lawyers and accountants) to grow their understanding of philanthropic giving structures and bequest options. This has increased advisor knowledge of the sub-fund model and has led to 2 direct referrals.

If every community foundation is doing the same thing, this is inefficient and subject to the knowledge and resources of individual communities. **Growing bequest giving through a coordinated, national, education program for professional advisors would be advantageous to all.**

### 2. National Bequest Campaign

Community Foundations New Zealand ran a successful national bequest campaign called 'Big dreams can happen' – video [here](#). The impact measurement of the campaign is still underway, but bequest giving has grown along with awareness evidenced by articles like [this](#) from the NZ Law Society.

**A campaign promoting community foundations in Australia to the general public, as the ideal vehicle to administer bequests due to their perpetual nature and granting infrastructure, could significantly increase structured giving.**

### 3. Continued capacity support

Many community foundations are run solely by volunteers. Capacity building support in the form of operational funding for staff and resources, to enable sub-fund development and community engagement, would benefit every community foundation.

The inquiry has been tasked to look specifically at the ability of donors to assess and compare charities through a web-based comparison site. When we look at the grass-roots organisations and projects delivering work that has been directly identified as needed by the community, we struggle to see how their listing on a national website would highlight their effectiveness and impact.



Community work is often run by volunteers and the impact is evident, but the ability to develop formal evaluations and the data required by these kinds of comparison sites is beyond the realm of possibility except for larger, well-resourced charities.

**Investing in community foundations to have the capacity to be the vehicle for connecting donors to need will represent a far more nuanced and balanced offering than a comparison website.**

#### **4. Coordinated disaster relief funding via community foundations**

Community foundations are ideally placed to support communities in recovery post disaster. Their fundraising infrastructure, efficient grant making processes and connection to grass-roots non-profit organisations give them an advantage over government agencies.

Foundation SA established the [South Australian Disaster Recovery Fund](#) in early 2023 which has raised \$75,000 since February with donations from 4 private philanthropic foundations, 3 sub-funds and the general public. A [recent article](#) published by InDaily on the campaign highlights how a community foundation can bring donors together in times of natural disasters.

**Strengthening a community foundation's ability to play a coordination and connecting role would play an integral role in communities galvanising post-disaster.**

We are aware of different examples in other jurisdictions of state government support for disaster relief funding being delivered via community foundations. While each community and their needs are different, we remain steadfast in our belief that the model lends itself well coordinating disaster relief and providing positive benefits to impacted communities.

#### **How this benefits the community**

Community foundations are unique models that connect people with local and identified needs. There are variations between focus, geographic spread and methods of operating and this reflects the different needs and strengths of the communities in which they operate.

By listening to the community and those working on the ground, community foundations can develop responses that are hyper-local and high impact. The initiatives listed above would lead the strengthening and growth of the community foundation sector thereby increasing structured giving, and ultimately, support for local, high-impact initiatives.



## **Conclusion**

In closing, the community foundation model provides solutions to some of the issues being reviewed by the inquiry. Supporting community foundation growth and sustainability would provide a clear pathway for increasing structured giving.

We thank the Commissioners for reviewing this information and would be happy to provide further information and assistance as required.

Yours faithfully,

Stacey Thomas  
**Chief Executive Officer**  
**Foundation SA**



## Appendix A

### Donor overview

There are currently 20 sub-funds being managed by Foundation SA with a corpus of \$1.4m (as at 1/4/23).

Seven of these funds have known legacy plans in place.

The breakdown of funds is outlined below:



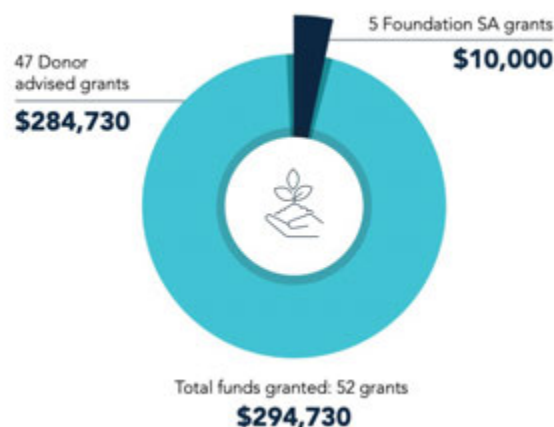
### Granting overview

In its first two years, Foundation SA has granted \$294,730, with 52 grants to non-profit organisations.

This includes:

- Supporting donors to make 47 grants to their chosen charities.
- Conducting a Foundation SA Neighbourhood Grants round in May 2022 awarding 5 grants to the total value of \$10,000.
- And currently running a disaster recovery grant round distributing over \$75,000 to non-profit organisations working in flood compacted communities.

A summary of grants over the past two years is outlined below:





## **Informed Grantmaking**

To assist donors with the process of assessing and comparing charities based on evidence, Foundation SA conduct research and due diligence on charities and community organisations.

This is done at an individual level where donors outline the areas they are passionate about and are presented with a shortlist of organisations that demonstrate evidence based results.

To provide donors with a broader community context, the Vital Signs model is used. The Vital Signs reports provide an overview of community health based on publicly available data, aligning to the Sustainable Development Goals.

The Wyatt Trust funded the development of Vital Signs reports for all 5 South Australian community foundations in 2021. These can be accessed [here](#).