

## [Productivity Commission Submission](#)

As the Productivity Commission evaluates options for doubling giving by 2030, I would like to share my belief—referencing primarily US-based giving circle momentum and publicly available data from Melbourne Women's Fund (MWF)—that the supported scaling of giving circles can play a valuable role in achieving this objective.

### [Background](#)

After their introduction in the United States in the 1990s and early 2000s with groups such as the [Washington Women's Foundation](#) (WWF) and [Impact 100](#), giving circles have become, and continue to develop as, a significant grassroots philanthropic movement overseas. According to [Philanthropy Together](#), over 2,500 giving circles exist in the US. Globally, giving circles have given over \$1.3 billion.

Inspired particularly by WWF and the potential for giving circles to expand Australia's philanthropic landscape, Patricia Burke OAM and Gillian Hund OAM founded Melbourne Women's Fund (MWF) in 2014. MWF is a charitable fund account within Lord Mayor's Charitable Foundation. As a giving circle, it pools its members resources—primarily in the form of their membership fees—and grants those funds to non-profits assisting vulnerable women and families in Melbourne. Its members determine where and how their funds will be used through a voting process.

Since its 2014 beginning, MWF has raised over \$1.2 million in new philanthropic funding. While this funding is worthwhile, of particular interest is the grassroots attraction that has generated that funding. MWF started with 80 members, some key sponsors and a granting pool of \$81,000. It has since grown into a community of 140+ givers, several organisational partners, non-member fundraisers and an annual granting pool exceeding \$140,000.

Other Australian giving circles exist that have exceeded those levels, further testifying to giving circles' potential to grow and contribute to building a culture of giving in Australia. However, available information about how many Australian circles currently exist, where they are, their focus areas, structural approach, nature and magnitude of funding support, is out of date.

Furthermore, although different philanthropic organisations offer varying levels of support for giving circles, Australia does not have a peak giving circle body, such as Philanthropy Together, that is a 'go to' for all the information—including a forum to share experiences—and tools necessary to help giving circles scale up and ultimately succeed.

### [Melbourne Women's Fund Research](#)

In April 2022, MWF conducted a survey of its membership to solicit feedback not just about its operations, but also to help it understand what its members value about MWF and how their membership has impacted their lives more broadly.

The results align with the benefits identified by [Philanthropy Together](#) amongst giving circles. Together, MWF's results reveal that giving circles can give concerned individuals an accessible, educationally engaging and democratised opportunity to make a meaningful contribution to community impact. Framed differently, these benefits offer agency, personal connection and community, three pillars recently identified by [Philanthropy Australia with Redbridge](#) as essential to giving.

Below are the top five benefits that MWF members value most about their membership. This survey had a 43% response rate.

#### **1) Amplifies the power of their individual donation: 86%**

Very few people have the high net income to donate funds of the magnitude that will, for example, significantly strengthen a non-profit's capacity to deliver its services in an area meaningful to them.

Through pooling their individual donations, members can become part of that magnitude of impact through the collective's financial power.

### **2) Supports disadvantaged women and families in Melbourne: 79%**

This cause area is specific to MWF. However, it indicates a broader benefit that giving circles offer—the opportunity to support a cause an individual group is passionate about and feels deserves greater support.

### **3) Ensures their giving is directed towards rigorously assessed organisations: 77%**

Like many other granting bodies, MWF assesses the calibre and potential of a potential grantee against a rigorous set of criteria. This removes the inhibiting uncertainty members might otherwise feel when considering how to support a cause they're passionate about.

### **4) Provides learning about non-profits assisting vulnerable women and families in Melbourne: 61%**

Throughout MWF's grants round, members are introduced to non-profits that assist vulnerable women and families, e.g. MWF's cause area. Not only does this make members more informed when they vote on which non-profits will receive MWF's funding, it also strengthens their capacity to be responsible and effective donors in their personal giving. Non-profit organisations also benefit by having a group of potentially interested donors become aware of them.

The implications of this broader knowledge for building a giving culture should not be underestimated. Of MWF's members, 93% have a greater understanding of issues affecting vulnerable women and families because of their membership and **51% have increased their other community giving**. In its 2018 study titled '[Giving Circle Membership: How Collective Giving Impacts Donors](#)', the US-based Collective Giving Research Group also observed this increased giving amongst giving circle members.

### **5) Provides voting on which non-profits receive MWF's annual grants: 59%**

This special democratisation of the philanthropic process provides members with an enhanced opportunity for engagement, control and satisfaction in driving how the giving circle makes a difference within the community.

#### **Scalability**

Giving circles possess a fundamentally scalable model. The concept of pooling funds to democratically support a cause a group is passionate about can be relatively straightforward to replicate with the appropriate knowledge and support. Beyond these basic characteristics, giving circles also offer flexible implementation based on their members' preferences. They can be large or a small group of friends, range in donation levels, be volunteer run, have professional staff and/or corporate sponsors, be part of a community foundation or be entirely independent.

#### **Impeding issues**

Running a sustainable giving circle presents a host of challenges. However, two risks stand out that can threaten a giving circle's sustainability: dependence on volunteers and member/donor recruitment.

#### **1) Volunteerism**

It's quite common for giving circles to be 100% volunteer. However, this makes them vulnerable to instability when key volunteers leave, some volunteers don't perform as needed, and certain key operational areas don't attract any volunteers. Additionally, dependence on volunteers can make it difficult to fulfill the increased operational requirements associated with growth.

#### **2) Member/Donor Recruitment**

In addition to being essential to filling volunteer staff roles, members often provide the lion's share of a giving circle's grant funding. However, sustaining this membership can be an ongoing challenge that becomes more acute during periods of economic downturn. Yet these are often the times when the cause a giving circle supports experiences increased service demand.

### Thoughts on how to support and scale up giving circles in Australia

#### **1) Conduct new research**

In July 2017, James Boyd and Lee Partridge issued a report titled '[Collective giving and its role in Australian Philanthropy](#)'. They undertook this report for the Department of Social Services to assist the work of the Prime Minister's Community Business Partnership.

The report addressed the characteristics of existing giving circles in Australia, lessons learned and considerations for their future. Seven years on, it's highly likely that Australia's collective giving landscape has changed and that another study would be worthwhile.

#### **2) Create a giving circle peak body**

MWF has spent considerable time creating policies, position descriptions, granting criteria, application and acquittal documentation and other tools from scratch to help ensure it operates smoothly.

Having a central body, perhaps like [Philanthropy Together](#) when it was still US-focused, that provides aspiring giving circles with this 'how to' knowledge upfront and a forum for Australian giving circles to share experiences would help remove barriers to set up and sustainability. Furthermore, it would reduce inefficiencies around duplicating time and effort—time and effort that risks undermining volunteers' motivation.

#### **3) Create alternative funding sources**

Alternative funding sources to member donations would be beneficial to the sustainability and growth of giving circles. This additional funding could reinforce their granting pools during periods of economic challenge. It could also create the possibility of paying key staff as a circle develops, mitigating against the risks posed by volunteer dependence.

How to develop these sources is trickier to address. DGR 1 achievement and its associated tax-deductibility status seem to be necessary to access broader funding sources, such as contributions from DGR 2 organisations. The pros and cons of having this status, how to attain it and the probability that a giving circle (being a relatively new entity in Australia's philanthropic landscape) will attain it, are not obvious. This uncertainty can create major barriers to set up and then sustainability as the giving circle grows.

### Conclusion

Giving circles have the potential to make a valuable contribution to increasing Australia's overall giving. Giving circles channel more funding into philanthropy and create a larger number of informed, engaged donors, turning collective giving into collective action for our community's benefit.

However, giving circles' potential has yet to be fully explored and supported within Australia. Hopefully, the Productivity Commission will evaluate this potential closely and address the important opportunity giving circles provide to further build a culture of giving in Australia.

With thanks for your consideration.