

Collective Giving

Growing Australian Philanthropy from the Grassroots

Chapter 10 of the Productivity Commission's Draft Report, *Future Foundations for Giving* (Nov 2023) addresses *increasing participation in giving*. Our submission emphasises the potential role of collective giving groups, and in particular giving circles, in supporting two initiatives discussed in that chapter: a public campaign and professional quality advice on philanthropy. In so doing, we also hope to elevate the realisation and acknowledgement of giving circles' potential power to help grow a culture of giving in Australia.

This submission also stems from a concern that by focusing on regulatory and legislative initiatives, the Productivity Commission risks understating opportunities, such as building a robust giving circle movement, to develop Australia's giving culture. With less than a third of taxpayers giving (pg. 313) and Australia's undeveloped giving performance compared to other major countries (pg. 98), proactive attention to igniting a grassroots swell in giving amongst individuals from a broad range of backgrounds—which giving circles can deliver—is essential.

1. Giving Circles

What are they?

A giving circle is a donor-initiated group of people who pool their individual donations and collectively decide how and where the funds will be dispersed. They typically provide an educational and/or community building component to their members/donors, such as information sessions and visits to local charities. Three broad structures exist in Australia:

- informal groups with no apparent structure (like a book club)
- hosted groups with a more formal structure established under a community foundation or the similar, and
- independent groups with their own non-profit and charitable status.

Groups are almost all operated by volunteers. With minimal administrative expenses, they are typically able to give close to 100% of funds raised to their selected charities.

Benefits

As described in the July 2017 report titled '[Collective giving and its role in Australian Philanthropy](#)' by James Boyd and Lee Partridge, and reinforced by membership survey results conducted by Melbourne Women's Foundation, giving circles' benefits and overall grassroots appeal stem from their ability to:

- Amplify the power of an individual's donation through the collective
- Support a cause an individual group is passionate about and feels deserves greater support
- Ensure their giving is directed towards rigorously assessed organisations
- Educate individuals about non-profits working in their cause area
- Enable a democratisation of the philanthropic process through voting and an accessible entry price

These benefits address several of the giving barriers identified by the Productivity Commission, in particular affordability and trust (pg. 121). By providing a more financially accessible entry point that amplifies the power of an individual's giving, giving circles offer a more affordable pathway into philanthropy. Through their assessment of not-for-profits (NFP) operating in particular cause

areas, giving circles also remove the uncertainty or distrust individuals might otherwise feel when considering how to support a cause they're passionate about.

The above benefits provide givers with engagement, control and satisfaction in driving how they can make a difference within their community. These benefits align with the agency, personal connection and community, three pillars recently identified by [Philanthropy Australia with Redbridge](#) as essential to giving. Participation in giving circles also helps generate the 'inner glow' and potential for peer influence flagged by the Productivity Commission (pp. 117-118).

Furthermore, evidence shows that giving circles not only provide a vehicle for giving through themselves, but also contribute to increasing giving more broadly. In its 2023 Annual Membership Survey, [Melbourne Women's Foundation](#) found that 68% of its members have increased their other community giving because of their membership. In its 2018 study titled '[Giving Circle Membership: How Collective Giving Impacts Donors](#)', the US-based Collective Giving Research Group also observed increased giving amongst giving circle members.

Scalability

Giving circles possess a fundamentally scalable model. The concept of pooling funds to democratically support a cause that 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.

Potential Power

Since 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.

Nobody knows how many collective giving groups exist in Australia. Boyd and Partridge surveyed 17. In 2022, Philanthropy Australia identified 14. It's likely that more exist now, operating independently of each other without the benefit of efficiencies offered by a peak body that could be a reservoir for evidence-based operational and governance policy and processes.

In a nation of over 26.5 million, it is almost certain the opportunity exists to significantly build the number of giving circles in Australia—a point emphasised in the Boyd and Partridge report. This would help develop a population of informed and engaged givers donating considerably more funding for the benefit of those in need. For example, Melbourne Women's Foundation, which concentrates on the Melbourne Metropolitan area, has raised \$1.4 million new philanthropic funding. Impact100 WA has raised \$2.4 million. Although small amounts taken individually, multiplying these amounts through scaling up to cities and other communities would result in a significantly increased level of grassroots giving and an enhanced giving culture overall.

There are also opportunities to apply the model in a corporate environment. Good2Give partnered with Westpac in 2019-20, to run a pilot program to test the concept of Giving Circles at Work. Utilising the Good2Give workplace giving platform, a group of Westpac employees formed seven giving circles and stepped through a giving cycle to make grants to their chosen NFPs, which were matched by their employer. [Evaluation](#) of the pilot by the Centre for Social Impact, Swinburne University of Technology, indicated clear benefits for the NFPs, employees and employers.

2. A national campaign and the supportive role of giving circles

With less than a third of taxpayers giving and Australia's undeveloped giving performance compared to other countries, awareness building about the importance of giving, plus about ways people can give, appears to be essential to shift the 'social norms, habits and expectations around giving and supporting the community' (PC, pg. 96) that are at the core of a giving culture.

The Boyd and Partridge report—which is the only comprehensive report on the state of collective giving in Australia—included consultations with collective giving leaders. These individuals work at the grassroots level with numerous others who have developed into givers. Their insights add to the appeal of a national campaign given they indicate:

- The public needs to be **inspired** to be philanthropic.
- Although important, tax deductibility alone is not a compelling motivator for people to be philanthropic. Motivating people to give requires the explanation of impact and the difference giving can make.
- Philanthropic giving in Australia is not 'top of mind'. A public campaign, government or sector driven, will build awareness of the importance of giving and the pathways for undertaking it.
- Widening access to high impact giving and increasing opportunity to participate in philanthropy at all levels of wealth would be effective.
- Growing awareness of giving across age ranges, socio-economic levels, cultural backgrounds, geographic regions, workplaces and causes areas is necessary to increase giving.

These insights, combined with the collective giving benefits outlined above, offer a compelling justification for a public campaign and to include the option of creating and/or joining a giving circle within it.

That said, the commission's reluctance to support this given the absence of evidence supporting success for other giving campaigns is understandable. But rather than dismissing the idea entirely, it might be worthwhile trialling a campaign in some test markets. This is a common tactic in the marketing world.

3. Philanthropic advice and the supportive role of giving circles

Although HNW individuals offer a significant opportunity for increasing philanthropic giving, community members from all backgrounds deserve access to, and awareness of, philanthropic advice.

Through the learning opportunities they characteristically offer, giving circles can be a means for providing some of this advice, specifically by helping build awareness of tax-deductible giving and the availability of more professional guidance regarding bequests and wealth management.

To further increase philanthropic giving, it would also be worthwhile for financial advisors to include giving circles when they discuss wealth management and estate planning with their clients. More broadly, Perpetual Trustees' suggestion that professional accreditation for advisers include training modules on charitable giving is very compelling. This would offer a targeted approach that potential advisors would be motivated to pursue for their careers.

4. Recommendations

Given the above, we recommend the following:

a. Conduct new research

James Boyd and Lee Partridge conducted their report in 2017 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. Six years on, it would be worthwhile to revisit the status of Australia's collective giving development to identify if and how their numbers have evolved, their activities, challenges and opportunities for growth.

Within this research, it would also be worthwhile to study the feasibility of a peak giving circle body.

b. Potentially create a giving circle peak or supportive body

US-based peak bodies exist, in particular [PHILANOS](#) and [Philanthropy Together](#), that provide aspiring giving circles with knowledge about how to set up and run a giving circle and deal with common challenges. They also provide forums to share experiences. In doing so, they help remove barriers to set-up and sustainability, while building philanthropic knowledge and nation-wide enthusiasm for giving.

Australia doesn't have a funded peak or supportive giving circle body and would benefit from having one. In addition to forming an Australian register of groups and potentially creating a cross group mentoring program where experienced group leaders encourage and support new group leaders, a peak body could create a national portal offering central guidance and tools for efficient, low-cost set-up (policy templates, banking services, etc.); donation collection and tax deductibility; donor management and stewardship; grant-management support; marketing, event management; and customer resource management software. The result would be many more giving groups and a meaningful swell in grassroots philanthropy.

Without this reservoir of experience and advice, giving circles also risk unnecessarily repeating mistakes and rediscovering solutions that other groups have successfully navigated. This is inefficient and potentially discouraging. Given these groups' strong dependence on volunteers, eliminating inefficiencies where possible is essential to their survival.

Already, the sparks of a peak body exist in Australia in the form of Collective Giving Australia. However, it is a small, informal group of volunteers with limited time and resources. This group would need to undertake further research, as mentioned above, to scope the feasibility of developing a peak body. Ultimately, that body would require investment to grow into a viable entity.

Conclusion

Giving circles and collective giving have the potential to make a valuable contribution to developing Australia's overall giving culture. Giving circles channel more funding into philanthropy and create a larger number of informed, engaged donors, turning collective giving into collective action for not just a community's benefit, but potentially the country's benefit as well.

Hopefully, the Productivity Commission will evaluate this potential closely and recommend support for their further development in Australia. A modest amount of support could leverage significant growth in community/grassroots philanthropy, but no support will achieve very little.

Support Material

- **Previous submissions by Christine Darcas and James Boyd**
- **US research by Jessica Bearman**
https://digitalcommons.unomaha.edu/cgi/viewcontent.cgi?article=1043&context=pubadfa_cpub
- **Australian research commissioned by the Prime Minister's Community Business Partnership** [Collective giving and its role in Australian Philanthropy](#).

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