



# STEADY ADVISORY

## INITIAL SUBMISSION

2023 Productivity  
Commission  
Philanthropy Inquiry

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**Att:** Productivity Commission  
C/- Associate Commissioner Seibert  
4 National Circuit  
Barton ACT 2600

**ELECTRONIC SUBMISSION ONLY**

5 May 2023

Dear Sir,

**Re: Productivity Commission Review of Philanthropy**

It is my pleasure to make this submission as the Founder and Principal Consultant of Steady Advisory. Steady Advisory is a specialist corporate governance advisory practice based in Launceston, Tasmania that partners with new and established charities and social enterprises to achieve maximum social impact, while also maintaining outstanding corporate citizenship. By way of personal background, I have been working closely in the philanthropy space for just short of a decade and have held numerous executive appointments within the not-for-profit sector. I note that my work between 2014-2018 as Company Secretary and Stakeholders Director with one of these not-for-profit entities, the I CAN Network, materially informs this submission and in the interests of transparency, the observations Steady Advisory makes herein reflect my personal experiences only and may not necessarily represent their views.

In this initial submission, we have elected to not comment on taxation and regulatory issues impacting charitable or in-kind giving, however we would be pleased to prepare a final submission discussing these aspects of the philanthropic environment in Australia in more detail if that would assist the Commission in its inquiry. **In this initial submission, we make the following recommendations:**

1. The Commission explore behavioural economics literature during the inquiry to best inform itself as to the environmental factors which may enable enhanced giving and contribute to improved donor engagement and retention outcomes;
2. The Commission explore and in turn make recommendations for social impact best practice across legal, technological and direct relief spheres, including how philanthropic funders can best enable effective, lasting impact outcomes; and
3. The Commission lend its support and voice to the 2023 Treasury "Measuring What Matters" consultation, with a view towards enhancing Australian native data literacy and analytics capacity.



We begin by acknowledging the criticality of philanthropy to the charitable or “third” sector in Australia, without whom many vital services could not be delivered to disadvantaged communities. Long gone are the days of charities and not-for-profits idly sitting about seeking recurrent government grants, immune to the innovative pressures the free market demands. Nowadays, the third sector is both vast and complex: while innovations in product and/or service alignment by contemporary social enterprises and B-Corps – sitting somewhere between charitable entities on one end of the purpose spectrum, and private/public for-profit entities on the other. These firms provide Australians with practical altruistic alternatives to the age-old fundraising appeal, yet few of these exist as legitimately self-sustaining entities and amongst those who publicly report their social impact outcomes, their impact may ultimately be opaque, misconceived, or at worst, counterproductive in practice. While Australians may choose to contribute to the *Thankyous* and *Who Gives a Craps* out there by purchasing consumer goods for social benefit, evidence demonstrates that we remain committed to giving financially and/or in-kind.

## 1. The (il)logical recurring giver

While it accepts the role of voluntary giving as a public good, conventional economic theory assumes that philanthropy suffers during periods of economic downturn – the logic being that as country-wide socio-political and economic conditions worsen, people tend to behave more conservatively, and give less of their time and/or money to causes they would otherwise support which increases the welfare role of governments in turn to meet the support gap. At the time of writing, this logic *generally* appears to be on the right track: benchmark national performance indicators have only just recently changed, inflation sits at around 7% and the cash rate target is now 3.85%. The Australian Bureau of Statistics reports that discretionary spending growth is slowing while non-discretionary spending is growing; driven in part by rising food and transport costs; painting a rather sobering picture of the country’s financial health going into the vitally important pre-tax time donation period. After all, why would one give more when the costs of living are going up?

Despite challenging conditions, charitable giving and domestic cause commitment remains high. Autism Spectrum Australia (Aspect)’s 2023 *Walk for Autism* fundraising campaign closed in early April, raising \$1,000,480 in 16 days. Meanwhile, The Starlight Children’s Foundation’s *Super Swim Challenge* raised a whopping \$5,213,207 in February 2023 – 12.5 times higher than its 2018 result of around \$400,000. So if economic conditions are so poor, and wallets are tighter than ever, how did this happen?

The answer, we suggest, comes back to intrinsic, altruistic motivations of individuals, which economics fails to grasp in a meaningful way; thus explaining the defiance of its logic. Indeed, beyond one-off transactional interactions with social causes (which historically, is the extent of what economic research literature considered), we argue that more habitual, longer-term relationships with charitable entities have been enabled and strengthened through:



- (a) regular, engaging campaigns which strategically leverage the magnetism of celebrities as a multiplier;
- (b) the embracing of new connector technologies such as fundraising platforms such as Raisley and funraisin; and
- (c) (c) greater leveraging of data via sophisticated consumer relationship management systems which provide for deeper analysis, targeted donor messaging and by extension, better stakeholder engagement than ever before.

### *Celebrity and the human condition as drivers of altruistic behaviour*

While we all like to think of ourselves as unique individuals, we all possess the same desire to achieve a level of social conformity with our neighbours and at a baser level, outperform them. Simply put, we are all vulnerable to peer pressure which is exacerbated by the advent of social media, and a predisposition towards tooting our own (in this case charitable) horns.

When it comes making to the loudest signals, those with significant public profiles tend to achieve the most reach and therefore often become drawn or attached to fundraising campaigns. These idolised types are usually assigned a role model moniker, like “Ambassador”, “Champion” or “Hero” depending on the verbiage of a particular charity or cause, which extends their social prestige even further. Campaigns such as YGAP’s *Polished Man* have successfully leveraged these prominent public personalities over close to a decade to generate a community movement and raise approximately \$8.5 million (by 2022) to combat violence against women and children based on nothing more than employing a painted fingernail as a conversation catalyst. By attaching numerous prominent personalities to charitable fundraising campaigns, causes like *Polished Man* can distribute influence across a much larger cross-section of society and articulate to would-be “peers” that they should become involved as well.

But it is too simplistic to conclude that star power automatically leads to fundraising success – a critical overdependence on celebrity to drive philanthropic efforts risks attaching charities’ goodwill to individuals who may or may not be suitable long-term investments; especially in “poverty porn”/“disaster tourism” contexts<sup>1</sup>. While many fundraising campaigns appeal to the motivations of the masses to belong and solidify their moral foundations through charitable giving, volunteering or challenge/game-type pursuits, effectively claiming “*we are just like you, and we support/fundraise for (cause [x])*”, the so-called masses only have so much social capital, or inherent capacity to influence others simply by being altruistic so the visibility of such behaviours may be limited. For example, when cash donations are solicited by collectors in physical settings such as a shopping centre, street-side or door knocking context, these are chance encounters not amenable to signaling to the world at large. By contrast, peer-to-peer

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<sup>1</sup> See Karen McVeigh ‘Ed Sheeran Comic Relief film branded ‘poverty porn’ by aid watchdog’, *The Guardian* (Internet News Article, 4 December 2017) <<https://www.theguardian.com/global-development/2017/dec/04/ed-sheeran-comic-relief-film-poverty-porn-aid-watchdog-tom-hardy-eddie-redmayne>>.



campaigns amplify altruistic motivations by engaging a different part of the human psyche, encouraging readily communicable, pro-competitive behaviours by individuals and/or teams to achieve (in challenge/goal-based campaigns) or simply raise more – thereby engaging pure and impure altruistic motivations *simultaneously*, and if pulled off effectively, *at scale*. We stress that the terms “pure” and “impure” in this context do not imply benevolent versus malicious intent, but simply mean whether the charitable giving/cause participation in question is solely for altruism’s sake, or whether other goals may be involved (for example, raising more than one’s friends or colleagues, or in the context of a team-based challenge, also completing a long-distance walking challenge such as the Oxfam Trailwalker event in the fastest time).

In a 2018 literature review, “*The Effects of Behavioral Interventions on Generosity: A Literature Review on the Behavioral Levers of Charitable Giving*” Rachel Binder-Hathaway for the Charitable Giving Consortium explores the above concepts in detail<sup>2</sup>. We commend the literature review to the Commission as the studies detailed therein provide some interesting insights into what behavioural economics says about *why* and *how* people give, as well as what factors may encourage greater charitable donations through environmental/behavioural manipulation effects of varying subtleties and corresponding significance. Factors that may have the opposite effect (cause avoidance) are also considered, speaking to the contemporary relevance and effectiveness of fundraising by direct solicitation.

**Recommendation 1:** The Commission explore behavioural economics literature during the inquiry to best inform itself as to the environmental factors which may enable enhanced giving and contribute to improved donor engagement and retention outcomes.

## 2. Paradigm shifts for effect

We’ve spoken so far about the motivations of the individual to contribute to charitable causes either through giving, volunteering or engaging in challenges to generate conversation and awareness. Technology is, in our argument, the single greatest barrier destroyer and multiplier in the philanthropy space - enabling social causes to not only direct their fundraising efforts into sophisticated online peer-to-peer-directed platforms to greatly extend their reach and total donor pool, some going so far as to build their entire web presence within them for free<sup>3</sup>. Never before have causes been able to centralise and build out so many stakeholder engagement functions in a streamlined, aesthetically pleasing and cost-effective way.

While charities and social enterprises have had websites for years and the technology behind them changes all the time, new fundraising platforms represent a paradigm shift in giving

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<sup>2</sup> Rachel Binder-Hathaway, ‘The Effects of Behavioral Interventions on Charitable Giving: A Literature Review’ (Literature Review, 19 November 2018) <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3336244](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3336244)>.

<sup>3</sup> For example, the MS Readathon has built a successful peer-to-peer campaign on fundraising platform funraisin <<https://www.msreadathon.org.au>>, while global charity Surf Aid has built its entire online presence on Raisely <<https://surfaid.org>>.



enablement. Around a decade ago, websites like GoFundMe, Pozible, Chuffed and GiveNow supported “crowdfunded” appeals in Australia – essentially Kickstarter-esque philanthropy with none of the sleek Silicon Valley cool factor. While their arts and technology project-obsessed cousin enjoyed clarity of purpose and first mover advantage over its peers, these fundraising sites lacked specificity and reach, were difficult to navigate (and for cause administrators, set up), and were unable to integrate with other technologies like payment platforms, customer relationship management systems (CRMs) and the like. While some of these are gradually making up lost ground and are far better technologies today than they were at their inception, ongoing advancement and innovation by the Raisely and funraisin platforms – both powered by the Stripe payments gateway provide them with a marked competitive edge and extension, market share.

In leveraging these latter two platforms’ full potential, causes can now open a number of fundraising channels without duplication. In 2014-2015, the Victorian-based Autism charity I CAN Network ran their 'I CAN' Mentoring Program and #Awegust for Autism fundraising appeals on Chuffed and Everydayhero (now JustGiving), raising just over \$10,000 and \$33,000 in support of its peer mentoring programs in school and camp environments respectively. These were simplistic fundraising appeals based on crowdfunding methods with stretch goals and intangible rewards but were limited in their flexibility and donor engagement capabilities. In 2016, the I CAN Network moved onto the first iteration of the Raisely platform to raise \$54,000 in a groundbreaking peer-to-peer campaign in the Australian Autism space, while also integrating stand-alone donation forms on their website. As engagement scaled, the net result was an increase in annual donations to \$159,619 in 2016-2017 – 3 times greater than the previous year, while fundraising transaction fees were voluntarily paid by donors; meaning the charity retained 100% of committed funds. While this is only one example, we refer back to the Starlight Foundation’s *Super Swim Challenge* which raised 12.5 times more than it did 5 years ago through effective peer-to-peer fundraising approaches.

While Steady Advisory does not endorse any fundraising platforms, we recognise their potential to transform giving and extend philanthropy channels for charities; particularly when they are coupled with effective storytelling<sup>4</sup>. Storytelling engages stakeholders and would-be donors’ empathetic reasoning, while also demonstrating potential cause-and-effect arguments in favour of philanthropic support. While appeals to donors’ sympathies have been part of philanthropy and volunteerism from the very beginning, what is shifting is the *genus* of story being conveyed to attract them. Instead of guilt-inducing tales of starving children, horrifying disease and relentless toil through crushing poverty, charities are now focusing on (a) individuals’ and communities’ potential, rather than their burdens<sup>5</sup>, and (b) how donations can create lasting, impactful change which (c) in some cases, may even be trackable – delivering

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<sup>4</sup> Scholars have established links between cause narration to engage stakeholders, compel action and ground theories of change – see Mairi Maclean et al, 'Identity, storytelling and the philanthropic journey' (2015) 68(10) *Human Relations* 1623.

<sup>5</sup> See, for example, the local capacity-building approach of Australian charity UnitingWorld in tackling poverty in Bali, Indonesia <<https://unitingworld.org.au/projects/poverty-alleviation-in-bali/>>.



both an immediate “warm and fuzzy” feeling from charitable giving, as well as a trailing reward incentive to boot. However, the benefits of trackable impact come with its downsides. For impact to be tracked it normally has to be fixed to a particular individual and/or location. Thankyou tracked the impact purchasers of its products had in disadvantaged communities for many years and this was a significant aspect of their early marketing appeal, however they later realised that given they administered funds to third parties to undertake very specific projects, this ultimately deprived impact partner organisations of choice and flexibility in how impact was delivered and in some cases, left communities demonstrably worse off, not better<sup>6</sup>. So while we praise the virtues of online giving and what technology can do to extend donor communities and amplify impact, we stress that charities must ensure program design does is not undermined by burdensome administration, restrictive conditions, or poorly tailored solutions to critical problems faced by those in need.

**Recommendation 2:** The Commission explore and in turn make recommendations for social impact best practice across legal, technological and direct relief spheres, including how philanthropic funders can best enable effective, lasting impact outcomes.

### 3. Data, data, data

A Californian management consultant and author of *Crossing the Chasm* Geoffrey Moore once said that without access to meaningful data analysis “companies are blind and deaf, wandering out onto the web like deer on a freeway”. The same logic applies to social causes, and while these critiques may seem harsh, are shared among third sector representatives as well. This January, Steady Advisory had the privilege of contributing to the 2023-2024 pre-budget submission of Social Enterprise Australia to Treasury and in particular, its recommendation that the Government invest in enterprise data initiatives and infrastructure to lead to better, evidence-based decision-making<sup>7</sup>.

Our concern in approaching this inquiry is that data literacy is critically poor in this country, especially compared to its peers in the OECD. Outside of the Social Entrepreneurship Evidence Space jointly run by a consortium of Australian universities, we have no central data centre for excellence charities and social enterprises can access. Meanwhile, the small number of pure mathematics graduates our universities produce go into consulting firms as graduates (or failing that, generally into roles outside of the third sector) – depriving charities and social

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<sup>6</sup> Thankyou, ‘The giving system is broken, and we helped break it’ (Web Document, 29 September 2020) <<https://thankyou.co/letterfromthetrustees>>.

<sup>7</sup> Social Enterprise Australia, ‘2023-24 Pre-Budget submission – A budget to unlock the impact of social enterprise’ (Web Document, January 2023), 9–10 <<https://www.socialenterpriseaustralia.org.au/s/Social-Enterprise-Australia-2023-24-Pre-Budget-submission.pdf>>. See also Social Enterprise Australia, ‘Measuring what matters submission’ (Web Document, February 2023) <<https://www.socialenterpriseaustralia.org.au/s/Measuring-what-matters-submission.pdf>>.



enterprises of invaluable analytics expertise. We therefore echo the recommendations of Social Enterprise Australia in their 2023-2024 pre-budget submission here: as a country, we need to collect data, build capacity to understand and apply it, and share outcomes widely. We submit that this argument needs to be taken one step further: a love for maths must be rediscovered within a K-12 environment and expertise to enable the nurturing of that appreciation made more widely available. Without it the third sector risks being unable to effectively understand their impact, meaningfully engage with stakeholders and communicate value for money; leaving donors and funders more conservative in the opening of their collective purse strings and impact beneficiaries worse off in the long term.

Earlier in this submission we spoke about the I CAN Network and its escalating fundraising successes through the effective use of online platforms. In 2015, the I CAN Network was also in the early stages of developing its impact evaluation process as the criticality of data as a continuous improvement and stakeholder engagement tool was universally accepted amongst its board and management team. The charity's 2015 pilot program evaluation was largely informal, employed focus group and interview-based data collection methods, and centered on the experiences of 9 predominantly autistic student mentees at Marymede Catholic College in Melbourne's North together with their 3 assigned teacher supervisors<sup>8</sup>. However, the study was very limited in its scope given the capacity of the school to accommodate the exercise, and the methods employed to gather and report on data were suboptimal; meaning the final evaluation report was a starting point only. Continued effective post-study engagement with State Government stakeholders in 2015-2016 led to the Centre for Health and Social Research at the Australian Catholic University ("**ACU**") being engaged and funded to run an in-depth program evaluation which was delivered in March 2017, while a further review was conducted by the ACU's Research Impact Unit in 2022 which focused on the charity's school-based and online mentoring programs. Both extolled the virtues of the charity's programs and recommended they be further expanded in schools across Victoria<sup>9</sup>.

The key point being made here by delving into the evaluation experiences of the I CAN Network is that they provided a strong dual benefit that remains demonstrably absent in the third sector to this day. It has created a significant point of difference and competitive advantage for the charity which commenced its first pilot program in 2015 and now operates in more than 100

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<sup>8</sup> Nicola Wemyss, "A travelling second home" – Pilot Mentoring Program Evaluation, Marymede Catholic College" (Evaluation Report, 2015) <<https://icannetwork.online/wp-content/uploads/2020/08/2015-Impact-Study-on-I-CAN-Schools-Pilot-at-Marymede-Catholic-College-by-Nicola-Wemyss-1.pdf%C2%A0>>.

<sup>9</sup> Centre for Health and Social Research, Australian Catholic University, 'I CAN (and you can too): Evaluation of a whole school and community program that embraces Autism' (Evaluation Report, 31 March 2017) <<https://icannetwork.online/wp-content/uploads/2020/08/2016-Evaluation-of-I-CAN-Schools-by-Australian-Catholic-Universitys-Centre-for-Social-and-Health-Research-1.pdf>>; Research Impact Unit, Australian Catholic University, 'Independent Evaluation: I CAN Network Mentoring Programs' (Executive Summary, 15 December 2022) < <https://icannetwork.online/wp-content/uploads/2022/12/ACU-Independent-Evaluation-Executive-Summary-15-Dec-2022-1.pdf> >.





Victorian schools in 2023. Simply put, impact data brought their stakeholders on a journey and transformed them into cause advocates and strategic enablers.

Transforming supporters into advocates en masse is the messaging goal of any charity in connecting with its supporter base. However common experience tells us that the capacity of the sector to do this effectively varies dramatically and we posit that the appreciation of data and the ability to leverage it effectively is the key to growth: making the difference between a charity or social enterprise achieving significant impact, or persisting through an entity lifecycle defined by desperate grant-chasing, fiscal uncertainty, limited opportunities for mission success and eventually, the difficult choice of whether to pursue a merger, amalgamate or wind up entirely.

Impact data tells a story to stakeholders ("*this is what we've done*"), validates theories of change and establishes thought leadership ("*what we've done has made a difference*") and feeds into marketing, communications, and stakeholder relationship management efforts ("*this is why you should continue to support us*"). It's the last of these which when expertly leveraged not only engages third parties but has the potential to habitualise giving and create an environment of ongoing donor retention. While this used to involve large telephone banks and the deployment of considerable people resources in fundraising appeals, the game has now changed with the advent of connected and sophisticated CRM technologies.

While the two fundraising platforms we've spoken about in this submission, Raisley and funraisin, provide CRM functionality they either rely on third-party app integrations (such as Salesforce) or charge a premium to go beyond a very limited "freemium" model, which respectfully, is of doubtful worth to any serious charitable concern. These platforms unlock significant stakeholder engagement capacity when employed strategically, however the charities using the systems have to understand their potential and be skilled enough to pilot them for this to be possible. This in turn demands that users appreciate how to make the best use of data in the first place which ultimately returns us back to the point: we as a society need to invest in data gathering, evaluation and reporting capacity so that Australia's third sector can truly thrive. This investment must start early with an appreciation of STEM and the potential it has to explain the world and solve problems beyond school walls. Whether that movement is Government-led or industry-led is irrelevant – this inquiry gives the Commission the opportunity to lend its own voice to the discussion on the value of data and how improved education can play a far bigger role in Australia's future than giving us a few nuclear submarine crews<sup>10</sup>.

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<sup>10</sup> Neil Martin, 'Three tiers and more than 8000 new engineers: what it will take to deliver AUKUS nuclear submarine program' (Web Article, 31 March 2023)  
<<https://newsroom.unsw.edu.au/news/science-tech/three-tiers-and-more-8000-new-engineers-what-it-will-take-deliver-aukus-nuclear>>.



**Recommendation 3:** The Commission lend its support and voice to the 2023 Treasury “Measuring What Matters” consultation, with a view towards enhancing Australian native data literacy and analytics capacity.

#### 4. Conclusion

In Australia, we enjoy a reputation of being well-meaning folks who strive to give a fair go for all. Our propensity to support charitable causes and social enterprises is resilient to economic pressures, while behavioural economics goes to great lengths to explain how our altruistic motivations are manipulated and magnified by the social and physical environments around us. Meanwhile, the advent of new and improving fundraising technologies promises so much for us in eroding barriers to participation in social causes and when leveraged effectively, the potential for these fundraising platforms to help third sector scale in size and impact is immense. However, the promise of enhanced fundraising performance is only available to those with the commitment and skills to make the best use of increasingly sophisticated technologies and the stakeholder engagement tools they provide.

For us to maximise social impact in the future, we must invest in our data literacy and analytics capacity, and whether these efforts come from Government, the private sector or our universities matters little. We should collectively strive to understand and communicate that the true importance of data extends beyond surveys and spreadsheets; underpinning cause storytelling and reinforcing stakeholder engagement. If we succeed in these efforts, we believe the Australian philanthropic environment will thrive, attract outstanding talent, and be far better prepared to make a lasting social impact for those who need it most.

We commend this initial submission to the Commission and invite any questions or comments you may have.

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