

Philanthropy at a pivotal cross-roads: Why we need to foster an inclusive Australian philanthropic culture.

Australian International Development Network
Submission to Philanthropy Productivity Commission
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Contents

p2	Summary of submission
p3	The current climate and culture of philanthropic giving in Australia
p4	A large-scale public campaign to foster an enhanced and inclusive culture of philanthropic giving in Australia
p5	A) Why people give;
p5	B) The on-the-ground impact of philanthropic giving;
p6	C) Highlighting the effectiveness of, and the regulatory and compliance work that strengthens Australian philanthropic giving.
p7	Conclusion

Summary of submission

In 2022, the Australian Government committed to working with the philanthropic, not-for-profit (NFP) and business sectors to double philanthropic giving by 2030. In 2023, it asked the Productivity Commission to undertake an inquiry to analyse motivations for philanthropic giving in Australia and identify opportunities to grow it further. The inquiry coincides with other government policy development processes related to the NFP sector and philanthropy.

The Terms of Reference have assigned the Commission with three broad tasks:

1. Analyse trends in philanthropic giving in Australia and the drivers of these trends;
2. Identify opportunities for, and obstacles to, increasing philanthropic giving in Australia; and
3. Recommend ways to respond to these opportunities and obstacles.

In this document, the Australian International Development Network (AIDN) draws on its experience and seeks to respond to the Productivity Commission's call for submissions, with a particular focus on points 2 and 3 above.

AIDN's primary purpose is to advocate for more and better international giving and investing from Australians. Our aim is to raise the case for global giving with a particular focus on private capital mobilisation and impact investing to achieve the Sustainable Development Goals (SDGs). Acting as a neutral and connective film across the Australian international development sector, we encourage collaboration, highlight the good and urgent work being done in the sector and create an environment for the exploration of what 'better' and 'more' giving means today. We do this through coordinating, encouraging and facilitating initiatives between the private sector, corporate, government, philanthropists and investors ultimately leading to greater international engagement from Australia.

Whilst AIDN has a focus on international giving, we champion an environment that supports increased outbound Australian overseas philanthropy to complement domestic giving and Government ODA. Consequently, we see any rise in philanthropic giving as a win for all. In this submission, we build upon our three key advocacy pillars:

Government: We advocate for an increase in the percentage of GNI contributed to the Australian Government's Official Development Assistance (ODA);

Philanthropy: We champion an environment that supports increased outbound Australian overseas philanthropy to complement domestic giving and Government ODA; and

Investment: We argue that there is a need for more innovative and unified impact investing mechanisms in the Australian market whereby AIDN can play a key role in acting as a conduit for private capital in tandem with the Australian Government.

For more information on our core pillars please see our Submission on Australia's International Development Policy 2022 ([Submission 2022](#)).

However, in this document we advance a key further submission: *the need for stronger communications, creative strategies and campaigns to maintain, foster and enhance the overall culture of giving in Australia*. We envision this goal being achieved through a large-scale public campaign, led by the Australian Government but supported by key stakeholders from the Charity/NFP/Philanthropy sector including AIDN. In particular, we propose a campaign that highlights: the reasons why people give, the on-the-ground impact of philanthropic giving, and the effectiveness of, and the regulatory and compliance work underpinning and strengthening Australian philanthropic giving. Drawing on our own observations that there is a growing appetite for giving in Australia, our submission is geared towards getting *all* Australians fired up and to foster an enhanced and inclusive culture of giving in Australia. Ultimately, our submission seeks to support AIDN's core ethos of increasing Australia's overall net philanthropic giving.

AIDN positions our submission as responding to the following key segments of the Commission's Terms of Reference:

- 1. Explore the use of public strategies to enhance the status of giving, including successful public strategies in other jurisdictions — across business, NFPs and philanthropic sectors — that have enhanced the status of giving or the level of philanthropic activity;*
- 2. Examine opportunities to increase philanthropy from a community-wide perspective, considering the costs, benefits, and distributional effects;*
- 3. Explore the ability of donors to assess and compare charities based on evidence of effectiveness, including through impact evaluations and making comparisons across charities and overseas impact evaluation comparison sites;*
- 4. Respond to the Commission's emphasis on philanthropy beyond the common perception of philanthropy only pertaining to high-net worth individuals.*

The current climate and culture of philanthropic giving in Australia

Australians should be proud that we continue to sit in the top 5 of the most generous countries globally in terms of charitable giving (see infographic overpage) ([World Giving Index, Charities Aid Foundation 2022](#)). In fact, the total value of donations in Australia has almost doubled over the past decade from \$2 billion to \$3.8 billion (ATO 2022 in Productivity Commission ToR [2023](#)). Our political and economic system is also such that the culture of large-scale philanthropic giving is held to high standards - with donor's motives rarely associated with negative motivations (Blinco [2016](#) Times Higher Education). Australians have the capacity to give, and we care. We have consistently shown that when we want to rally together we will. This was never more clear than in 2020, when Australia's public swiftly responded to the devastating bushfires, Black Lives Matter and the COVID-19 crisis through charitable individual giving and organisations (UN Youth Australia [2020](#)).

However, whilst the value of tax-deductible donations has increased over the past decade, recent data from the ATO suggests that Australia is becoming less generous, with the

actual number of people claiming tax deductible donations falling to its lowest level since the 1970s ([Social Ventures Australia 2021](#), ATO). Essentially, fewer people are giving, but those who are giving are giving more ([Productivity Commission ToR 2023](#)). This shift has not come at a good time. With serious global environmental and social issues mounting daily, in addition to a complex contemporary economic and social situation in Australia (including rising house prices, inflation and health care), the Australian philanthropic sector is at a crucial crossroads. More people than ever are unlikely to be in a position to give, but more people than ever will be required to give if we are to support those in our community who need it the most. In this context, Australia's culture of philanthropic giving must be fostered and actively maintained. Moreover, we must embed a culture of ongoing acts of charity as opposed to reactionary giving. The question is: how can an enhanced and inclusive culture of giving be fostered in Australia?

World Giving Index 2022 at a glance

40%

A record 40% of the global population took part in charitable actions in 2021

5%
RISE



MOST GENEROUS COUNTRIES

1. Indonesia
2. Kenya
3. USA
4. Australia
5. New Zealand
6. Myanmar
7. Sierra Leone
8. Canada
9. Zambia
10. Ukraine

A large-scale public campaign to foster the culture of philanthropic giving in Australia

In addition to the three key pillars that AIDN consistently advocates for (Government, Philanthropy, Investment), at AIDN we believe that a large-scale public campaign (or enhanced communications), led by the Government but supported by key NFP stakeholders including AIDN, could have a significant impact on fostering the culture of philanthropic giving in Australia.

Indeed, as the Commission's own Terms of Reference aptly explains, for a conventional market to work effectively, consumers need adequate information about the price, quality and characteristics of goods and services on offer, and confidence that they will get what they paid for. Donors also need adequate information to feel secure when they give (Productivity Commission ToR [2023](#)). Consequently, we envision a campaign that responds to the 'consumer' (donor) market and ensures that the Australian philanthropic market feels both excited and confident to give - and then to give again. In particular, we propose a campaign that highlights three key themes: the reasons why people give, the on-the-ground impact that giving can have, and the effectiveness of and the rigorous regulatory and compliance work that underpins and strengthens Australian giving.

Ultimately, our submission is geared towards getting all Australians fired up to give, to increase Australia's overall net philanthropic giving. Importantly, we believe that this should be a democratic process that celebrates giving of all sizes. Whilst philanthropy may traditionally have connotations of large-scale giving from high-net worth individuals, AIDN is passionate about democratising and enhancing the collective power of all Australians to give ([OnImpact 2023](#)). We envision an Australia where giving is embedded into our culture and is not simply for an elite class.

A) Why People Give

First, we believe that the campaign must celebrate the array of responses to the perennial question *why do people give?* Donors can have multiple and mixed motivations for giving and these can vary over time (Becker and Murphy [2000](#)). A person's motivations may be underpinned by a sense of morality and ethics. They can also be motivated by a belief in a specific cause, or be highly individual, such as personal values and life experiences. Or their sense of giving might be related to family or faith and religion (Charities Aid Foundation [2013](#)). The amount people give can also reflect financial incentives, such as personal income tax. In sum, the reasons are varied and diverse.

Importantly, however, it is also clear that giving is a social process that both connects us to but is also impacted by the actions of our community. For example, Peter Singer explains that *'one of the most significant factors in determining whether people give to charity is what others are doing. Those who make it known that they give to charity increase the likelihood that others will do the same'* (Singer, Guardian [2008](#)). On the other hand, it has been shown that public campaigns may be more effective if they appeal to the donor's self-interest and good feelings triggered by giving (List et al. [2021](#)). Consequently, we believe that one of the best strategies to enhance a culture of giving in Australia is to transform philanthropic giving into a large-scale and social event. We envision a campaign that highlights the multiple, diverse and important reasons that Australians donate. This will allow Australians to be inspired by and connect with others on their own philanthropic journeys.

B) The Impact of Philanthropic Giving

Second, we believe that a campaign that emphasises the on-the-ground impact of giving will be critical to allow Australians to emotionally connect with philanthropy and feel compelled to give. A key part of AIDN's work is highlighting the inspiring work being done in the international development

sector. Through this work we have become increasingly aware that Australians want a personal connection to their giving. For example, David Lipari, Director of Financial Advice at ANZ Private Bank, recently explained that high-net worth philanthropic families are progressively seeking a personal connection to the cause they're supporting: *'People don't want to give money into a sort of charity 'black box' - they want their money to go to solve problems they're familiar with'* (Lipari, ANZ, [2023](#)). Similarly, in a recent webinar hosted by AIDN, that explored the concept of democratising the Australian Impact Investing market, this point was further emphasised by leading impact investing organisations. Tom Dawkins, Co-Founder of Lend for Good, explained that as individuals are already making impact investments with a lower rate of return because they care about the cause - then the intimate connection with the cause must be fostered and highlighted (OnImpact [2023](#)). Moreover, it has been consistently shown that people are more likely to give when they feel connected to the plight and experience of one or two individuals, as opposed to a charity-at-large (Lee and Feeley [2015](#)).

Consequently, we believe that there is an opportunity for this proposed public large-scale campaign to tap into the work and communications that Australian charities and NFPs are already undertaking. The campaign simply needs to amplify their voice. With a particular emphasis on case studies with on-the-ground impact, this will reaffirm to our Australian consumer (donor) market that philanthropy is and will continue to be crucial to addressing social, environmental causes in our society. It should also be noted that we also envision a broad definition of impact beyond fiscal donations from high-net individuals. Instead, impact should be something that all Australians can achieve - whether through a donation of \$2 million, \$2, or 2 hours of their time.

C) The Effectiveness of Giving

Third, at AIDN we have observed that issues persist within the philanthropy sector regarding the public's perception of the efficacy of charities. This extends to both the efficacy of the actual programs and efficacy of charity operations. Therefore, we believe that a campaign that seeks to dispel charity 'myths' and showcase the available sources that detail the efficacy of charities will further allow the 'consumer' (donor) market to feel confident to give - and then to give again.

For example, for Monash University's Professor Hall there are three types of givers. First, are people who trust that the Australian charity system is well-regulated. The second group, 'reason donors', are likely to conduct research on charities and expect charities to demonstrate how their money has been used. A third group, 'emotional, passionate donors', are emotionally invested in the cause they're contributing to. However, this means that they are often sceptical about how charities spend donations (Hall, [ABC 2022](#)). AIDN has also found that such issues persist in overseas giving. For example, as charities abroad don't necessarily meet the same reporting and disclosure requirements as Australian charities it is harder for donors to understand the efficacy of the charity (Anita Toy, [Give2Asia 2021](#)). Unfortunately, when

the dual pairing of scepticism and lack of information persist - the amount of public philanthropic giving becomes ham-strung. To remedy this, we envision a campaign that highlights the numerous resources available to evaluate the effectiveness of charities, such as GiveWell or ChangePath. We believe this will empower individuals and the public to feel confident to give more.

Second, we believe that the regulatory and compliance work underpinning and strengthening Australian giving should be communicated to the public. Indeed, there is considerable regulatory and compliance work being undertaken in the philanthropy sector, such as this very Productivity Commission, but public awareness of this remains low. For example, the ACNC maintains a searchable public database that provides a range of information including whether organisations are up to date with their reporting obligations, the names of the people managing a charity's governance, their current sources of funding and size. Ultimately, such resources enhance public trust, confidence, and awareness in the sector by giving prospective donors an understanding of a charity's accountability and purpose (Productivity Commission ToR [2023](#) p.21). As the Commission itself has noted, *'the collection and publication of data is not costless'* to either NFPs or Government. Accordingly, communicating the important and rigorous work - that is already being done - is a win-win situation. Whilst this is not an 'emotional' topic to convey to a public audience, we still believe that it could be an impactful strategy to assist the public to feel more secure in philanthropic giving.

Conclusion

In this submission AIDN advocated for *the need for stronger communications, creative strategies and campaigns to maintain, foster and enhance the overall culture of giving in Australia*. Our submission is geared towards getting *all* Australians fired up and to foster an enhanced and inclusive culture of giving in Australia.

AIDN looks forward to supporting a large-scale public campaign such as this in the future.