

4 May 2023

Productivity Commission

GPO Box 1428
Canberra, ACT 2601

SUBMISSION TO THE PRODUCTIVITY COMMISSION'S PHILANTHROPY INQUIRY

PREPARED BY AUSTRALIAN COMMUNITIES FOUNDATION

Enquiries regarding this submission can be directed to:

Maree Sidey

Chief Executive Officer

Dear Commissioners

Australian Communities Foundation (ACF) is pleased to have the opportunity to respond to the Productivity Commission’s inquiry into growing philanthropic giving.

Growing giving is ACF’s reason for being and we have been enthusiastic contributors and supporters of Philanthropy Australia’s *Blueprint to Grow Structured Giving* (2021) and, based on our own growth and success in attracting new givers, we believe wholeheartedly in the viability of doubling giving in Australia by 2030.

We endorse the submissions of Philanthropy Australia and Community Foundations Australia and hope that the sector’s response to this inquiry and the action that follows, will help unleash the potential of giving in Australia.

At Australian Communities Foundation we see four opportunities for government to bolster philanthropy in this country:

1. Promoting structured giving
2. Continued investment in regulatory guidance
3. Taxation and policy reforms
4. Convening and facilitating.

See **Recommendations** at the end of this document for more details.

We look forward to following the progress of the inquiry, and would welcome the opportunity to meet with the Commission to discuss our submission.

Maree Sidey

Chief Executive Officer

ABOUT US

Australian Communities Foundation (ACF) is a non-profit organisation that inspires smarter giving for greater impact.

Our core purpose is to activate a nation of givers to create a fairer and more sustainable Australia, and we do this through the five pillars of our strategy (see Appendix A: 2023-25 Strategy).

More specifically, we pursue this mission by setting up giving infrastructure (donor-advised funds and private ancillary funds); providing philanthropic support services to new and existing funds and foundations; and by inspiring giving amongst a nation-wide community of philanthropists that includes individuals, families, corporate and not-for profit organisations and advisory firms.

As one of Australia's fastest growing philanthropic foundations, and the country's only nationally focused community foundation, we are home to more than 500 funds and foundations. Each year we find and support hundreds of new people into giving.

In 2021/22, our giving community distributed \$18.5 million (16% of corpus) via 1,240 grants to 716 organisations and individuals, despite the difficult economic conditions caused by the pandemic and multiple natural disasters.

With more than 25 years of experience in catalysing positive social and environmental change, ACF has proven itself to be uniquely placed to get more Australians involved in structured giving. Over the last three years, we have run extremely successful digital campaigns to introduce people all over the country to the benefits and accessibility of structured giving.

As the number of enquiries generated by our campaigns has grown year-on-year, so too has our conversion rate with more Australians choosing to establish their own fund or foundation with ACF's support. ACF is one of the fastest growing foundations in terms of first-time structured givers, spanning the middle classes through to ultra-high net wealth givers.

ACF's expertise spans donor engagement, philanthropic strategy and grant making, and collective giving. As we look to the future, we see tremendous opportunities for legacy giving, new generation giving spurred by the unprecedented amount of intergenerational wealth transfer and the continued rise of corporate giving.

In 2021 and 2022 ACF was named a Responsible Investment Leader by Responsible Investment Association Australasia (RIAA) which recognised our leadership and commitment to responsible investing. This recognition was yet another milestone in our journey to 100 per cent responsible investing after we became the only foundation in Australia to be a signatory to the UN Principles for Responsible Investment (UNPRI).



OUR POSITION AND EXPERIENCE

GOVERNANCE

ACF is an independent, not-for-profit, non-faith-based charitable foundation. Our Trustee is Australian Communities Foundation Ltd, a company limited by guarantee and a registered charity with the Australian Charities and Not-for-profits Commission.

We are governed by a voluntary [Board](#) with a broad range of skills and community experience. Board members include lawyers, accountants, finance experts, community workers, CEOs and company directors.

We hold over \$140m in funds under management and have our entire Investment portfolio [responsibly invested](#) through the assistance of our investment advisors [Brightlight](#) – Australia’s leading specialist advisory firm in responsible investing.

HOW WE GROW GIVING

As Australia’s only national community foundation and most progressive intermediary foundation, we are home to Australia’s largest community of funders.

As a community/public foundation we offer our infrastructure to support the philanthropic objectives of many different individuals and organisations across the country. This includes our donation processing, grant making and compliance expertise, technology and back-end systems, corpus investment and management, office and events space, co-design capability, innovative workshops, and sector leadership.

Since our establishment in 1997, we have developed deep regulatory expertise and far-reaching connections with civil society organisations.

Our purpose-built back-end system is cutting-edge, modern and user-friendly for donors, grantors, assessors, and grantees alike. Through this system we receipt and allocate public donations into Named Funds (donor-advised funds) and support tailored processes by which these funds are invested and/or redistributed out into the community.

We work with fund holders and clients to design best-practice granting programs and decision-making frameworks. Once design is finalised, we build out the back-end forms and processes to support these tailored programs.

Where relevant, grant applicants can submit, edit and manage their application and reporting requirements in a streamlined way. The system also supports fund holders and external stakeholders to work together to assess applications and make collective decisions. Once grant decisions are made, we oversee all grants management, contracting and follow up.

The grant rounds we design and the processes we put around them are widely recognised best practice. We have won three Philanthropy Australia awards for our partnerships and programs, including Best Grant Program in 2021.

As an intermediary foundation, we are committed to delivering and maintaining the highest level of service. We have invested in cutting-edge grant making systems, but most importantly we have cultivated deep philanthropic expertise through our people, our community knowledge, and our commitment to evaluation and learning. By offering a wide range of



philanthropic services, tailored through smart design skills and supported by comprehensive and efficient systems, we are growing giving rapidly.

OUR UNIQUE ROLE

As the country's only national community foundation, our purpose is unique: to activate a nation of givers for a fairer and more sustainable Australia. We play an integral role in growing giving by virtue of our unique knowledge and experience of:

- where and how to find new givers
- the early support and structure a new giver requires
- inspiring not just more giving, but more strategic giving
- supporting givers to fundraise and meet compliance requirements
- connecting givers with changemakers
- designing great grant programs
- developing technology and infrastructure required to support effective giving
- attracting and supporting specific demographics of givers, e.g.
 - individuals and families
 - collective givers
 - corporate and NFP givers
 - next gen givers
 - legacy giving
 - scholarship giving
 - lived experience giving e.g. First Nations, disability, domestic violence, etc.



TRENDS, MOTIVATIONS AND VEHICLES FOR GIVING

FASTEST GROWING GIVING SEGMENTS

Donor-advised funds, established by the following cohorts, are the fastest growing fund type at Australian Communities Foundation:

- Individuals and families
- Non-profit organisations
- Corporates
- Collective giving groups
- Next gen

Figure 1. Growth in donor-advised funds at the Foundation

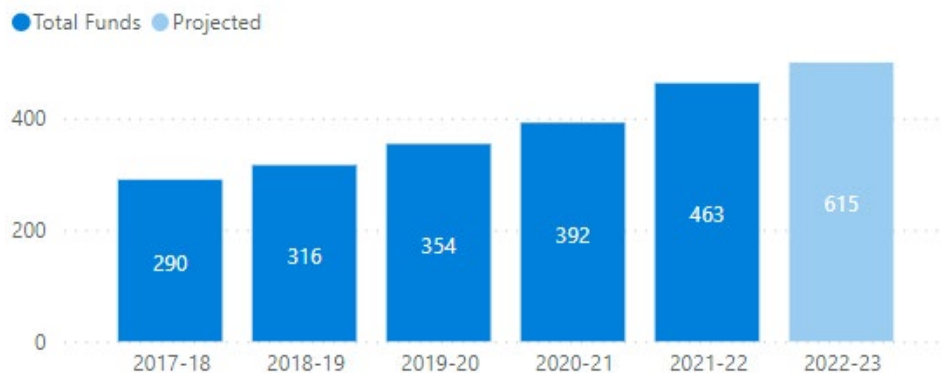
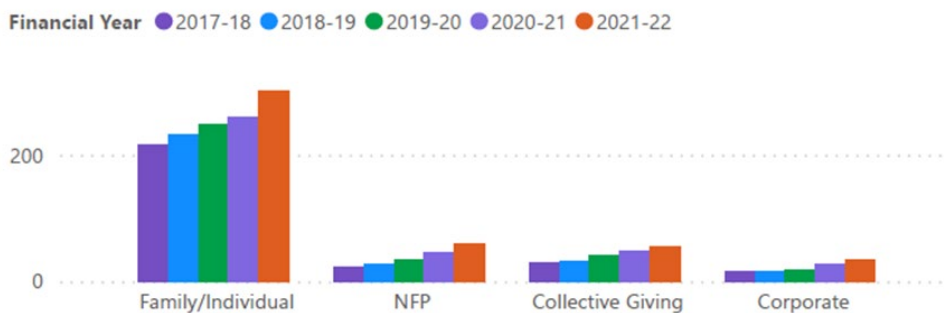


Figure 2. Donor-advised funds by fund type



Australian Communities Foundation has averaged 17 per cent growth in donor-advised funds over the past five years. While individual and family funds remain the largest group of donors at ACF, we have seen recent strong growth in funds opened by NFPs (27%) and corporates (24%). The growth in corporate funds is consistent with findings from [JB Were's Corporate Support Report](#), which indicates that corporate giving is one of the fastest growing segments of funding in the nation.



Community foundations worldwide are a natural home for collective giving groups as we are skilled at working with many donors and can provide the infrastructure required to support such entities. ACF houses 44 collective giving groups and total donations attributable to collective giving groups at ACF grew from 5 per cent in 2017-18 to 24 per cent in 2021-22.

Where collective giving differs from traditional philanthropy is in its approach to democratising giving and its focus on bringing together groups of people to jointly fund social change. Research has shown that donors engaged in collective giving groups reported a greater understanding of philanthropic processes and awareness of community needs leading to an increase in their giving.

In addition to housing a range of donor-advised collective giving funds, ACF operates two Trustee-led collective giving funds: the Impact Fund and the National Crisis Response Fund.

The Impact Fund is a Trustee-led initiative funded by donor bequests. The organisation uses the Impact Fund to raise money from within the donor community to support strategic national initiatives in four impact areas: Tackling Inequality; Strengthening Democracy; Supporting First Nations Self-Determination; and Safeguarding the Environment. Each year, the Trustees allocate distributions from the Fund and invite our giving community to co-fund with us. For every dollar allocated from the Fund, we leverage five dollars in return. This way, we distribute well in excess of \$1 million each year to support tackle significant issues of national concern, demonstrating the power of giving together.

The Foundation's second Trustee-led initiative, the National Crisis Response Fund, facilitates collective funding to direct relief to communities in times of crisis. Established in 2020, the Fund has raised over \$1.5 million and provided over 100 grants to grassroots organisations supporting communities affected by the 2019-20 bushfires, Covid-19 and recent flood events across the country.

Younger givers are re-shaping the philanthropic landscape globally and the growing number of young people in Australia who have benefited from wealth and class privilege will do the same here. This cohort is very active and has higher expectations of philanthropy as a vehicle for redistributing wealth and power rather than making passive financial donations. There is little structural support for members of this demographic nationally. ACF is at the concept development stage of a pilot accelerator program that will effectively nurture and support the philanthropic ambitions of this next generation of progressive givers.

GIVING CASE STUDIES

ACF has a long-established and well-developed practice of sharing the stories from within and beyond our community of givers to help grow knowledge about giving practices, inspire others to act, and demonstrate that anybody can be a philanthropist. We are delighted to share the following case study stories that illustrate the different journeys and approaches to giving in Australia.

Individual and family giving

[Taking innovation to transformation: Ellen Koshland](#)

['You've got to be optimistic': The Melliodora Fund](#)



Collective giving

[Giving together for women-led environmental and climate action: WELA giving circle](#)

[Action as the antidote to despair: Groundswell](#)

[Together we can give, learn and change more: Impact100 Sydney North](#)

Corporate giving

[A smarter approach to workplace giving: FG Advisory](#)

[Next-level corporate giving with APT Travel](#)

Next gen giving

[Making a difference doesn't take millions of dollars: Linh Do](#)

[Nurturing the next step for First Nations Artists: Adam Briggs](#)

[Using our position for good: Pollinate Fund](#)

Legacy giving

[A Centenarian's view of giving: Meriel Wilmot-Wright](#)

[Creating a lasting legacy: Dennis Altman on leaving a bequest](#)

Memorial funds

[Turning pain into a positive: The Lana Wilson Memorial Fund](#)

[Keeping our beautiful girl's name alive: Morgan Mansell Fund](#)

Scholarship giving

['Sometimes you just need someone to believe in you': Fellowship for Indigenous Leadership](#)

[Breaking down barriers to university: Jude Fox Bursary Fund](#)

Not-for-profit Future Funds

[Unlocking cultural ambition: Regional Arts Australia](#)

[Finding strength in community: Dragons Abreast Australia](#)

ACF-led Funds

[Impact Fund](#) | [Making Change Together: Report on first five years of the Impact Fund](#)

[National Crisis Response Fund](#)



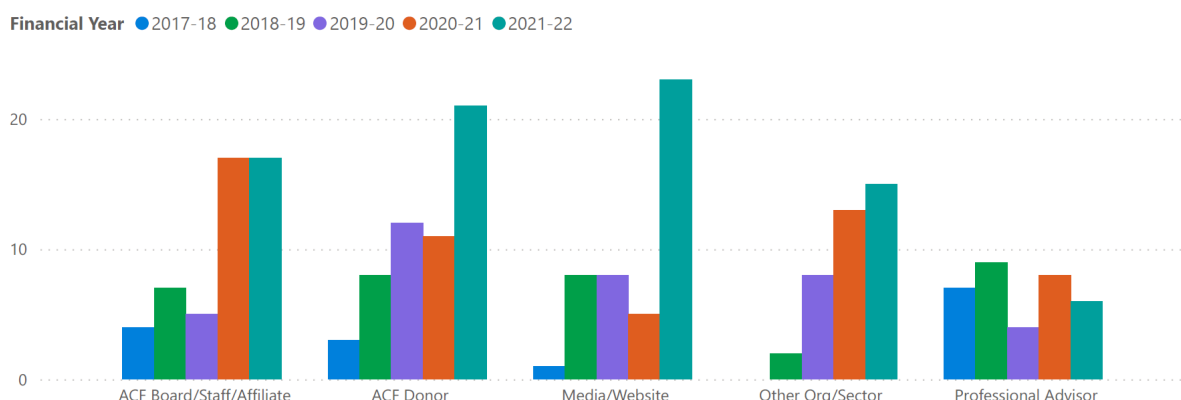
FINDING NEW GIVERS

REFERRALS

Current donors and professional advisers are two key referral sources for Australian Communities Foundation. Our experience over many years shows that trusted friends and advisers are an important gateway to giving and can often fast track an individual’s journey from prospect to philanthropist.

Professional advisers are a key referral source, and ACF has recently completed research into the needs of advisers and their clients. While in Australia some advisers will never initiate a conversation on giving, it is likely that more than a third would have the conversation on giving goals with the right support. Confidence, information and an efficient approach which increases client loyalty are paramount. Our research indicates that advisers who give themselves are highly likely to introduce clients to giving. Finally, data from numerous sources indicates that wealthy people would welcome more opportunities to discuss giving with their advisers.

Figure 3. Growth in referrals by type at the Foundation



ENQUIRIES

Over the last three years, Australian Communities Foundation has moved beyond relying solely on warm referrals, to undertaking targeted outreach campaigns to find prospective new givers via our marketing and communication activity.

Our experience of introducing the concept of structured giving to new audiences has confirmed that as a category, awareness and understanding of philanthropy is very low. As a result, we’ve learned that messaging needs to be even more direct, simple and benefits-driven than the sector would generally provide.

These messages are then supplemented by donor voices and stories which provide context and real-world experience which have proven to be very compelling for prospective donors.

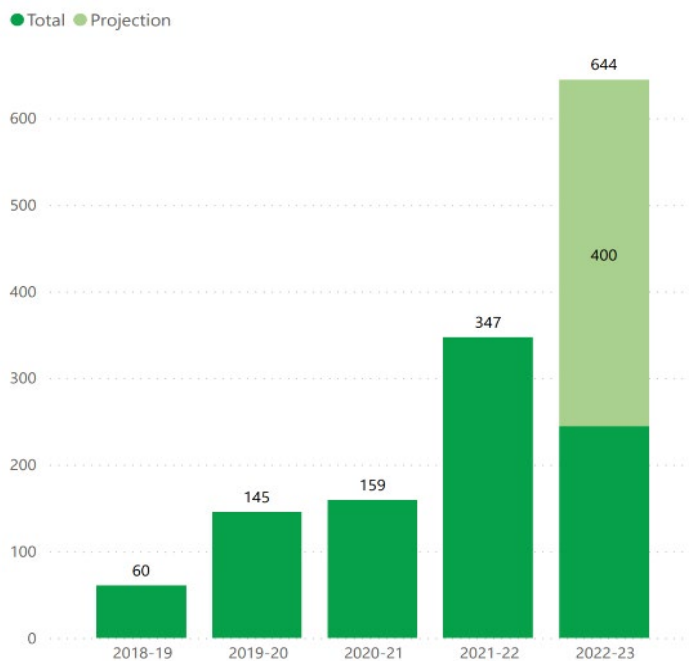


After trialling a range of approaches that included traditional print advertising and media partnerships, our experience has shown that the most effective avenue for reaching new audiences is a dynamic mix of paid socials and Google (search and display).

Our results have been so consistently strong that we have now developed an integrated, always-on 12-month digital campaign that is upweighted at key calendar opportunities (EOFY and Dec/Jan).

Since launching digital campaigns, annual enquiries about structured giving have grown by 139% and are projected to grow 344% by the end of 2022/23.

Figure 4. Growth in enquiries at the Foundation



SHARING STORIES

Australian Communities Foundation’s experience has shown that sharing stories of giving is another powerful way to introduce new and prospective donors to the possibility of structured giving. For many newcomers to philanthropy, ‘you can’t be what you don’t see’ but reading or hearing the stories of peers and like-minded community members provides real-world examples about the accessibility of philanthropy and the impact donors can have in their chosen interest areas.

Our storytelling spans written and video formats and has proven to be a highly effective engagement tool in our digital marketing campaigns.

In many respects, our stories are embraced as giving case studies that showcase the spectrum of donor motivations, the uses and benefits of different giving structures, the wide variety of approaches to giving strategy, emerging trends and more.

Our stories are regularly re-shared within and beyond the ACF giving community to include the domestic and international philanthropy sector.



BUILDING INFRASTRUCTURE AND ADDITIONAL SUPPORT FOR GIVING

Growing giving is part of Australian Communities Foundation's DNA. To that end, we have developed a number of additional initiatives to support and connect our sector and our donors.

- Community of Giving: co-located philanthropic hub
- First Nations Advisory Group
- Giving inspiration
- Foundation Support Services

COMMUNITY OF GIVING

In 2018, Australian Communities Foundation (ACF) established the [Community of Giving](#) as Australia's first co-located philanthropic hub – a space for donors, non-profits and philanthropic sector colleagues to meet, collaborate, network, and attend events.

Today, the Community of Giving houses 13 philanthropic entities, including foundations, funder networks, intermediary and evaluation organisations. The resulting cost efficiencies of sharing the space has afforded smaller philanthropic organisations access to facilities they may otherwise miss out on.

Collaboration at the Community of Giving has so far included co-funding, partnering on events, and cross-promotion and participation in one another's initiatives. With tenants specialising in a variety of areas, the hub enables some of Australia's leading philanthropic organisations to learn from one another and foster best practice for the sector.

FIRST NATIONS ADVISORY GROUP

In 2022 Australian Communities Foundation established a First Nations Advisory Group (FNAG) to advise and support the Board and our giving community with funding in the area of First Nations self-determination. This has been an important initiative and the FNAG now has full determination over ACF's discretionary funding in this area with the support of the Board.

GIVING INSPIRATION

Our experience has taught us that an important step for encouraging more giving from those who are already engaged with philanthropy is to provide regular giving advice and inspiration. At ACF we call this donor organising and advisory work (ACF-advised). Through the key activities outlined below we have significantly grown our overall grant making (level of giving) to four or five times above the minimum distribution required for a Public Foundation.

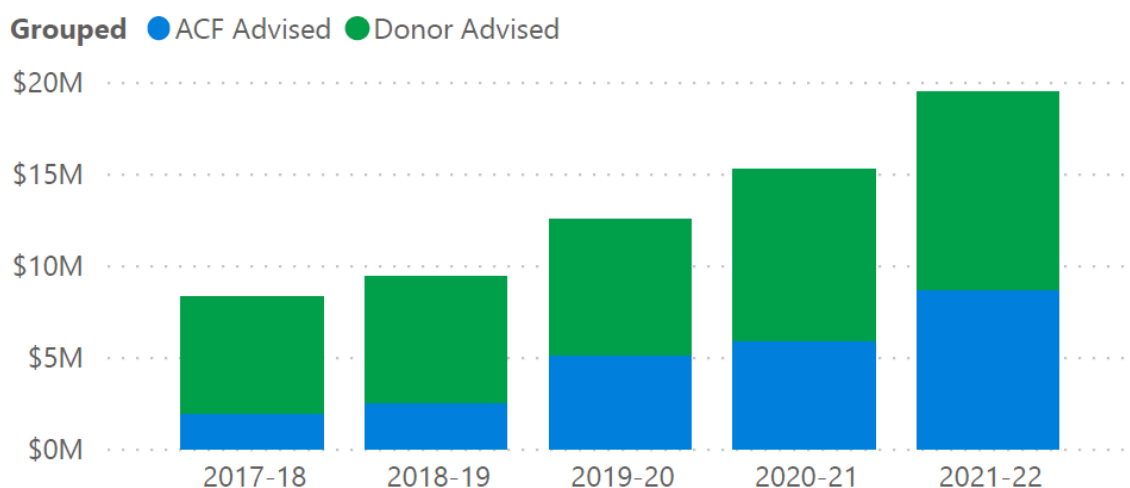
- **National Funding Portal:** In 2019 as a response to Covid-19, ACF established a National Funding Portal on our website to act as a clearinghouse for funding opportunities. Community organisations can post their funding request, together with information about their organisation/initiative and donors are able to search the site to



gain giving inspiration. In 2022, the [Funding Portal](#) received 60,000 page views across project pages and the associated funding form, making it a key platform for encouraging giving both within our giving community and across the sector (it is publicly available).

- **Learning Circles & Events:** ACF holds more than 30 learning circles and events each year to engage and support new and existing givers. These events are important as they help build confidence, provide information, encourage strategic grantmaking, and crucially, they are an opportunity for people who give to meet with and learn from the changemakers and community leaders who are doing important work. See this [link](#) for an overview of the types of Learning Circles and events we support.
- **Newsletters and Electronic Direct Mail (EDM):** When new givers join the ACF community we ask them to identify their giving interest areas. They are then tagged on our database as a particular type of funder e.g. Arts and Culture Funder, Education Funder, Women and Girls Funder etc. Each month all donors and funders receive a newsletter that profiles general granting opportunities and targeted EDM's that profile specific granting opportunities.

Figure 5. Grants distributed: ACF-advised vs donor-advised



FOUNDATION SUPPORT SERVICES

ACF has a growing number of clients (15 as at May 2023) who have their own giving structure (PAF, Trust, Public or Corporate Foundation) and want to use ACF's services to strengthen and hone their giving capacity and or build the capacity of their own staff/foundation. We provide the following services:

- **Compliance:** Support with compliance obligations including preparation of annual accounts and liaising with auditors and investment advisers.
- **Administration:** Administrative support including preparation of trustees' papers and secretariat services.

- **Grant Making Services:** Support for all things grant making, including cause area research, grant processing and evaluation.
- **Grant Rounds:** End-to-end design and delivery of grant rounds large and small through our cutting-edge grants management software.
- **Philanthropy Strategy Workshops:** Tailored workshops that help funders at all levels clarify their philanthropic goals and build their knowledge of the tools and strategies for best-practice giving, including workshops for families.

Case studies

[Building a life, not just building worth: V&F Housing Enterprise Foundation](#)

Compliance, Administration, Grant Making

[Enabling positive social change for Queenslanders: The Shepherd Family Foundation](#)

Compliance, Administration, Grant Making

[The power of philanthropic partnerships: Paul Ramsay Foundation](#)

Grant Making, Grant Rounds



RECOMMENDATIONS

Both government and philanthropy play an important role in growing giving in Australia. While government facilitates giving through the tax system and public policy, philanthropy builds social capital, strengthens communities, and covers government spending gaps.

At Australian Communities Foundation we see four opportunities for government to bolster philanthropy in this country:

1. Promoting structured giving

The government has the largest media platform in the country and its public commitment to doubling philanthropic giving by 2030 in Australia is undoubtedly a step in the right direction. An additional financial commitment to support regular National Giving Campaign/s to raise awareness amongst Australians of what support is available will be key. The experience of ACF tells us that campaigns should be targeted at the HNW as well as the UHNW and they require different strategies and approaches. There is clear evidence that despite the overall decrease in direct giving, there is significant uplift and opportunity in structured giving (donor-advised funds and private ancillary funds) for individuals, families and groups, and corporates/NFPs.

2. Continued investment in regulatory guidance

The ACNC plays an important role in not only ensuring good governance amongst charities but also promoting public trust and confidence in the industry. Both these factors have proven to be key drivers in motivating people to give. Continuing to invest in the ACNC will ensure it remains a robust and responsive regulator for the sector.

3. Taxation and policy reforms

Introducing taxation reform which addresses barriers to giving existing in areas such as fundraising, superannuation and the deductible gift recipient (DGR) framework. In addition to taxation reform, the government must continue to protect the rights of charities to advocate to government on changes to policies.

4. Convening and facilitating

There are multiple opportunities for government to collaborate with the philanthropic and not-for-profit (NFP) sectors when addressing social issues. In its role as convener, government can ensure the right people are at the table and that they reflect the diversity of Australian society.



Our Purpose

To activate a nation of givers to create a fairer and more sustainable Australia.

Our Role

As a broker of change, we enable, support and amplify giving. We connect those who can give with those making positive change.

Our Promise

We are an organisation built on strong values, using capital as a means of achieving impact.

Our Values



Inclusion



Courage



Agency



Fairness

WHAT WE'RE DOING

ACTIVATING a nation of givers

We support individuals, families and groups across the country to give to the causes they care about. As we look to the future, we will continue to help grow giving in Australia, with a particular focus on helping a new generation get started with giving.

Objectives

- Getting more people involved in giving
- Engaging and supporting younger givers



INVESTING for impact

We put our values at the centre of everything we do, which is why 100 per cent of our portfolio is responsibly invested. We will continue to help lead the way on investing that achieves both financial returns and positive outcomes for people and planet.

Objectives

- Building our impact investment portfolio
- Showcasing the value of ethical investing



SUPPORTING, enabling and amplifying impact

As one of Australia's largest public foundations, we have a significant role to play in growing the size and impact of our sector. We will continue to leverage our infrastructure to support, enable and amplify the impact of other funders across Australia.

Objectives

- Supporting other foundations
- Collaborating on grantmaking



HOW WE'RE DOING IT

BUILDING our culture, capability and sustainability

The work we do is strengthened by who we are as an organisation. As we work towards a fairer and more sustainable Australia, we will continue to support our giving community by investing in our people, our culture, and the organisation's capacity into the future.

Objectives

- Strengthening diversity, equity and inclusion with a particular focus on First Nations justice
- Building our capacity by continuing to invest in our people and infrastructure and supporting sustainable practice

WHAT IT'S ALL FOR

ADVANCING social, environmental and cultural justice

Together with our funders and partners, we play a key role in helping to create a fairer and more sustainable Australia.

We will continue on this journey by engaging our giving community, advocating for positive social and environmental change, and growing and measuring our community's impact across five focus areas.

Objectives

- Building a community of engaged givers
- Supporting changemakers working across our focus areas
- Advocating for change (in philanthropy)
- Understanding our impact

