

Submission to the Productivity Commission Review of Philanthropy From More Growth Pty Ltd

About More Growth

More Growth is part of More Strategic, Australia's leading fundraising research, insights and strategy consultancy. Over the past 14 years we have worked with over 150 not-for-profits to develop effective fundraising strategies, better understand their supporters and more deeply engage people in their mission.

We are evidence based and fascinated by why people do what they do. In the past 2 years we have run 50 research projects, hearing the views of 147,141 Australian donors.

Through our sophisticated benchmarking service, we have robust data about the profitability of each type of fundraising and how this has changed over time.

We are proud, professional, experienced fundraisers with a commitment to collaboration to enhance fundraising in Australia. We regularly form coalitions of leading not-for-profits to better understand the factors that impact giving, including research into: Bushfire Appeals; COVID; Mid Value Donors; Trust in charities and Cost of Living impacts.

Martin Paul: Australian Fundraiser of the Year 2020, Fellow Fundraising Institute Australia, 30 years' experience leading fundraising programs at Cancer Council NSW, Heart Foundation, WWF and National Trust.

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Executive Summary

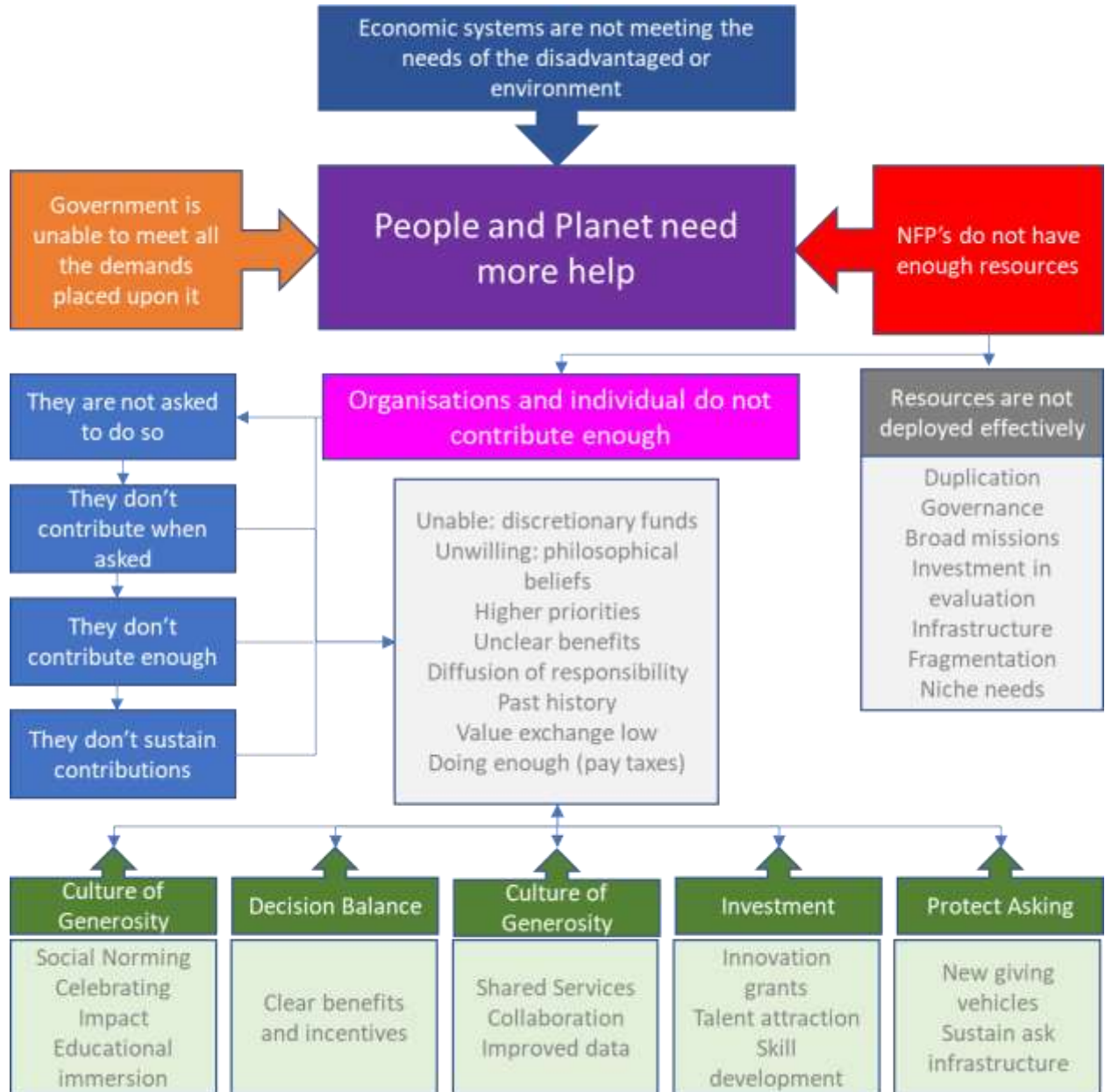
Doubling philanthropy is a noble and achievable goal. Australians are caring and responsive to requests for help, especially during a crisis. However, the scale of the issues not-for-profits are seeking to address is far beyond their scope to do so.

This document contains a variety of resources that we hope will assist the Commission with understanding the context of fundraising (focused on mass market research) in Australia to help form policy initiatives that embrace all types of giving from all types of people.

We believe, by addressing the following issues the Commission can steer Australia towards a level of giving commensurate with our wealth:

- **Support and encourage gifts in wills to not-for profits:** it is the highest return area, the demographics are favorable, yet it is a vast and relatively untapped potential.
- **Normalise and incentivise higher value giving** inspiring the wealthy to give a greater proportion of their wealth will have a profound impact.
- **Understand different donors:** giving is a very personal, and often emotional decision. To influence philanthropic choices, we must understand the *why* of giving and how it differs.
- **Build capacity in the sector:** not-for-profits will need an injection of skills, technology and capital to seize on opportunities to double giving.
- **Strengthen corporate -community relationships:** there are great benefits from broader exchanges of value between the commercial and not-for-profit sectors, yet the incentive to do so is often lacking or imbalanced.
- **Embrace innovation:** we will not double giving by doing what we have always done. Not-for-profits will benefit from being released from the shackles of risk aversion and need for high and immediate payback.
- **Celebrate impact:** the difference not-for-profits make is extraordinary but often invisible and taken for granted. To inspire more giving requires trust and trust comes from showing the difference a donation made, not just for an individual organisation but across society.
- **Protect effective asking:** we must balance consumer protection with the fact that, unfortunately, people must be asked. Few people initiative giving without being asked and whilst it can be uncomfortable saying no, the issues not-for-profits address are so important, we must continue to respectfully ask for help.
- **Share:** there is greater scope for the sharing of knowledge, resources and services between not-for-profits to improve efficiency without diminishing autonomy

The Problem



Opportunities

Information Request 8: Other measures to support potential donors.

Aside from those mentioned so far, any other opportunities for government to improve philanthropic giving in Australia.

Social Marketing Campaigns to reassure donors and inspire giving.

Our team have worked on successful social marketing campaigns to change public attitudes towards smoking, sun protection and leaving a legacy to a charity. We can see the benefits of similar approaches to doubling philanthropy and supporting the initiatives of individual organisations. At this point we see three potential strands:

Demonstrate impact: we need to move the conversation about not-for-profits on to one that is about the difference organisations make not how little they spend trying to make it. We know people have greater trust in not-for-profit integrity than impact, yet every day not-for-profits are transforming people's lives, protecting the planet and building civil society. We, as a nation, need to recognise, celebrate and inspire more people to be more involved.

Increase gift value: there are likely to be much greater returns from supporting those who already give, the believers, to do more, than to persuade rejectors to start giving. As such we need campaigns that make higher value giving more visible and to normalise giving expectations. People have no benchmark of what a reasonable amount is to donate, and our research suggest very few are genuinely sacrificial donors (who give up something in order to donate, it is largely discretionary). Recent research suggests that average Australian is donating less than 0.25 % of their income to not-for-profits. The capacity to do so changes throughout someone's life and a simple concept of 1% for every decade could anchor giving at an acceptable level. Tax incentives should reward large gifts (either absolute or as a percentage of income).

Include a charity. The simplest way to double giving will be through bequests as they make up a large current source of revenue yet leaving a gift in a will is still done by less than 10% of the population. This established campaign has a track record of success despite modest funding entirely from within the not-for-profit sector. Yet increasing the number of people who include a percentage of their estate as a gift in their will is the single biggest factor that will double philanthropy (though perhaps not by 2030). The Productivity Commission report into the intergenerational transfer of wealth highlights several opportunities to double giving by supporting greater legacy giving:

- We have an ageing population and a greater proportion of child free women (who are much more likely to leave a gift to a charity in their will)
- Older Australians will hold a greater proportion of wealth and their wealth is increasing during retirement.
- Most of the transfer goes to adult children but the number will decrease due to decreasing family size.

- The amount to be transferred will increase fourfold.
- The recipients of the funds are usually in their 50's and in least need of the funds so tend to invest them.
- The majority of wealth at the point of death is in property and people are dying with a large proportion of the wealth they held at retirement intact.

Exploration could be undertaken to identify ways to resolve three interconnected issues: housing mobility and affordability; doubling of philanthropy and release of locked up capital. Is there a model where future realised home value can be leveraged to fund social impact returns?

Tax Aid

One simple and transformative concept to double giving is to make it simple for donors to give their tax benefit to the charity and / or allow the charity to claim it on their behalf. This could be achieved through a simple opt in/out tick box on an annual tax return. Would you like to donate the tax benefit from your donations to the organisations you supported?

Alternatively / additionally, those not claiming donations could allow the charity to claim on their behalf.

Make Workplace Giving Work

There is a blurring between the roles and expectations people hold about businesses and not-for-profits. Companies are expected to adhere to an increasing social licence to operate whilst not-for-profits are becoming more sophisticated and commercial in their outlook. And yet partnerships between the two are too often imbalanced, transactional and of narrow scope. The whole engagement model between commercial and community ventures needs reimagining, supporting and driving. Workplace giving is failing to deliver the scale of engagement required to double giving through low penetration, uptake and indirect asking.

Support effective asking and stewardship.

Most donors need to be asked to give. There is a balance between consumer protection and effective solicitation that must be navigated. Seemingly unpopular activities such as personal requests for regular donations have been transformative for larger not-for-profits over the past 20 years. Just from our benchmarking data of 23 not-for-profits regular giving (largely driven by face-to-face recruitment) contributes \$268m, 40% of the non-bequest total. Ensuring not-for-profits can ask effectively whilst increasing norms and rewards for those that give will be necessary to double giving.

Deepen engagement and mobilise younger people.

Our research shows that many not-for-profits are overly reliant on older supporters, and we are not capturing the imaginations of younger people appropriately. Younger people want to engage in different ways, through different channels and for different reasons. Not-for

profits need to give younger people more voice, innovate in social fundraising channels and offer opportunities for micro-volunteering.

Investment and innovation support

Not-for-profits often struggle to justify risks in investing in new initiatives or acquisition of new donors as they are “spending donor’s money”. This attitude hinders the adoption of best practice and the discovery of new opportunities.

Innovation grants for fundraising: funding of individual or collaborative ventures to explore, test and launch new fundraising initiatives would harness the intellectual capital of the sector and release organisations from the fear of failure and accusation of waste that limits innovation.

Investment right-offs whereby the cost of acquiring a new supporter could be written off against some of their future value may help accelerate scale of investment and returns in acquisition.

Fundraising Training and development

Greater support for training across fundraisers, boards and volunteers to make more informed decisions about long term successful fundraising may help encourage innovation, considered investment and improved governance. Budgets for training are usually limited and many organisations cannot access the skills they need, especially to address digital transformation of giving and engagement.

Incentivise collaboration and consolidation.

The public believes there are too many charities and that by giving to one you get asked by others. The Charity Commission in the UK has successfully supported merging of not-for-profits, though the majority were still financial rescues rather than visionary merging. As giving becomes more borderless there remains substantial duplication of costs across Federated organisations (multiple databases and teams) and like-minded organisations. A mechanism that encouraged the development of more shared services between not-for-profits may help not only reduce costs but more accelerate adoption of best practice (especially in data management and analytics)

Talent

The not-for-profit sector has always faced competition for talent from commercial entities with better rewards, this has been exacerbated by the current staffing shortages and cost of living pressures. Whilst the non-monetary benefits of working for a not-for-profit are substantial and desirable to people at either end of their employment careers it remains a challenge to find, keep and grow talented fundraisers. We need to be able to attract more of the right people to move from the commercial to not-for-profit sector (and vice versa, perhaps), yet even with FBT benefits cannot compete with commercial packages.

What fundraisers say are the biggest issues.

Taken from our Fundraising Success Survey, that has provided comment from 812 Australian fundraisers in the past 6 years, the key issues are listed below, in answer to the question “And finally, what do you see as the greatest challenge for fundraising today?”

By a significant margin, the most common challenge identified was:

Competition and differentiation: many organisations, fundraising in similar ways, targeting the same people, with similar messages across an increasing number of channels and occasions. The market is seen to be mature, saturated and limited. This leads to donor fatigue, a sense of overwhelm and increasing costs. It has been exacerbated by digital fundraising, COVID and large-scale emergency appeals.

Roughly, *in order* the following were also recognised as significant challenges:

Cost effectively acquiring and retaining donors: finding the right channel and message to attract support and then having the resources, technology and sophistication to sustain their support for years to come (through tailored supporter experiences).

Innovation: with limited resources and time and a risk averse approach to spending donors’ money, changes to identify new mechanisms are few and far between (and rapidly copied).

Scarcity: not only of potential supporters but of resources, time and talent to lead fundraising programs.

Expectations: the focus on the cost of fundraising and lack of public appreciation for the investment in professional, effective fundraising to drive social change. Managing expectations internally around realistic levels of return and payback periods.

Future proofing: many organisations have an ageing donor base and need to connect with young people in different ways (see Next Gen research study for more info)

Integration: creating stronger connections across and within organisations and between different constituent types

Technology and systems: keeping up with changes and justifying investments in supporting technology to enable effective fundraising (especially supporter retention)

Media coverage and confidence: the continued focus of media coverage on costs of fundraising and messages that undermine public trust and confidence in fundraising.

Board level understanding: lack of understanding by senior volunteer leaders of the mechanics, drivers and measures of effective fundraising

Measuring and communicating impact: showing the difference donors made, at scale, with evidence not anecdote.

Uncertainty: comments since 2020 also capture the impact of COVID and cost of living on people’s capacity and willingness to give.

Regulatory requirements: creating additional cost and burden, especially for those working across multiple jurisdictions.

Evidence and commentary to support Information Requests

Information Request 2: Vehicles, trends and motivations for giving.

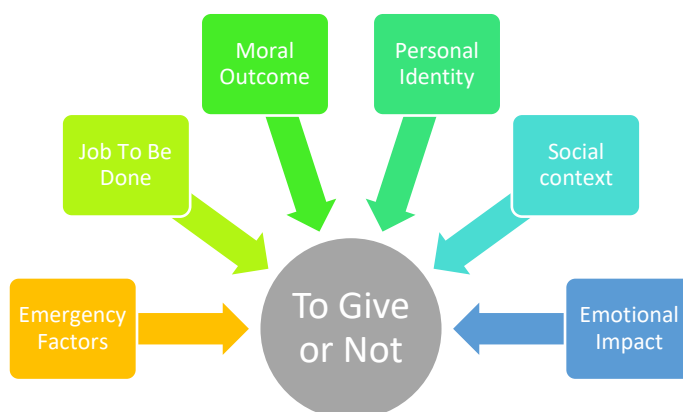
Motivations

Any data, in addition to what is publicly available, on giving by donors who have different characteristics, such as age, gender or income.

Australian-specific data, case studies or other insights regarding motivations of donors who have different characteristics, including elasticities of giving if available.

Over the past 15 years we have conducted many research projects to understand public and known supporter attitudes towards not-for-profits, charities and causes. A list of projects and available data is provided at the end of this section and can be provided to the Commission as raw deidentified data or, in most cases summary reports.

Why people give?



There are multiple dimensions that inspire giving, in the diagram above, developed for understanding sustained support for emergency appeals we posited 6 factors that go beyond capability:

Emergency: the dimensions of scale, viscerality, proximity, in/out group, media framing, source of emergency, suddenness, ambiguity, tangibility and location that determine whether people respond

Job to be Done: based on the work by Clayton Christensen from the US we have developed 13 things that giving does for the donor (rather than for society)

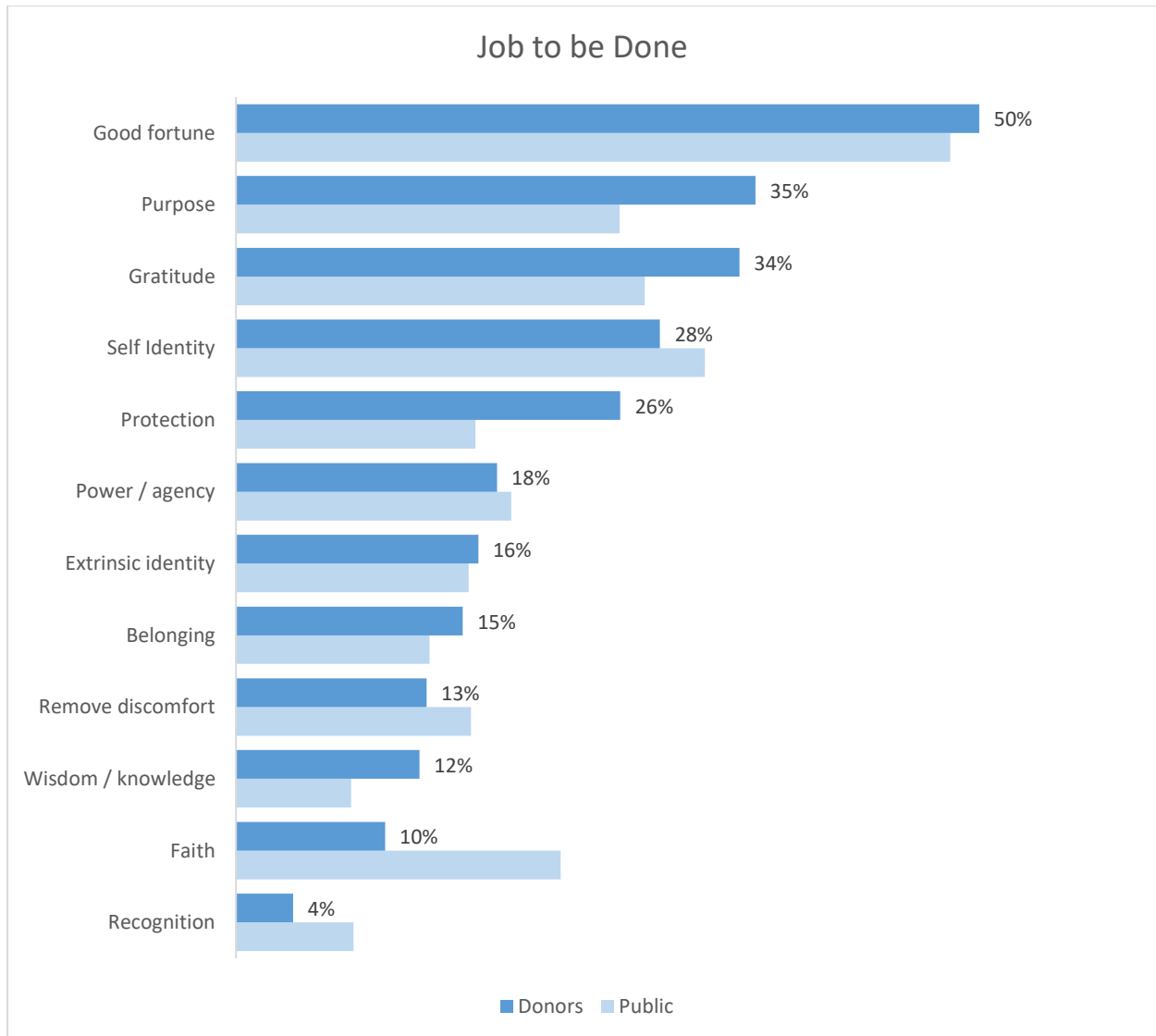
Moral outcome: the reason people choose to act and the outcome they hope to see.

Personal identity: extensive work undertaken by Adrian Sargeant and Jen Shang in philanthropic psychology shows how powerful affirming identity can be in giving.

Social context: the role of others in influencing giving is demonstrably strong in some channels (social fundraising / high value philanthropy) and more subtle in others (bequests)

Emotional impact: effective fundraising provokes an emotional response and giving is part of the emotional journey for a donor.

Job to be Done.

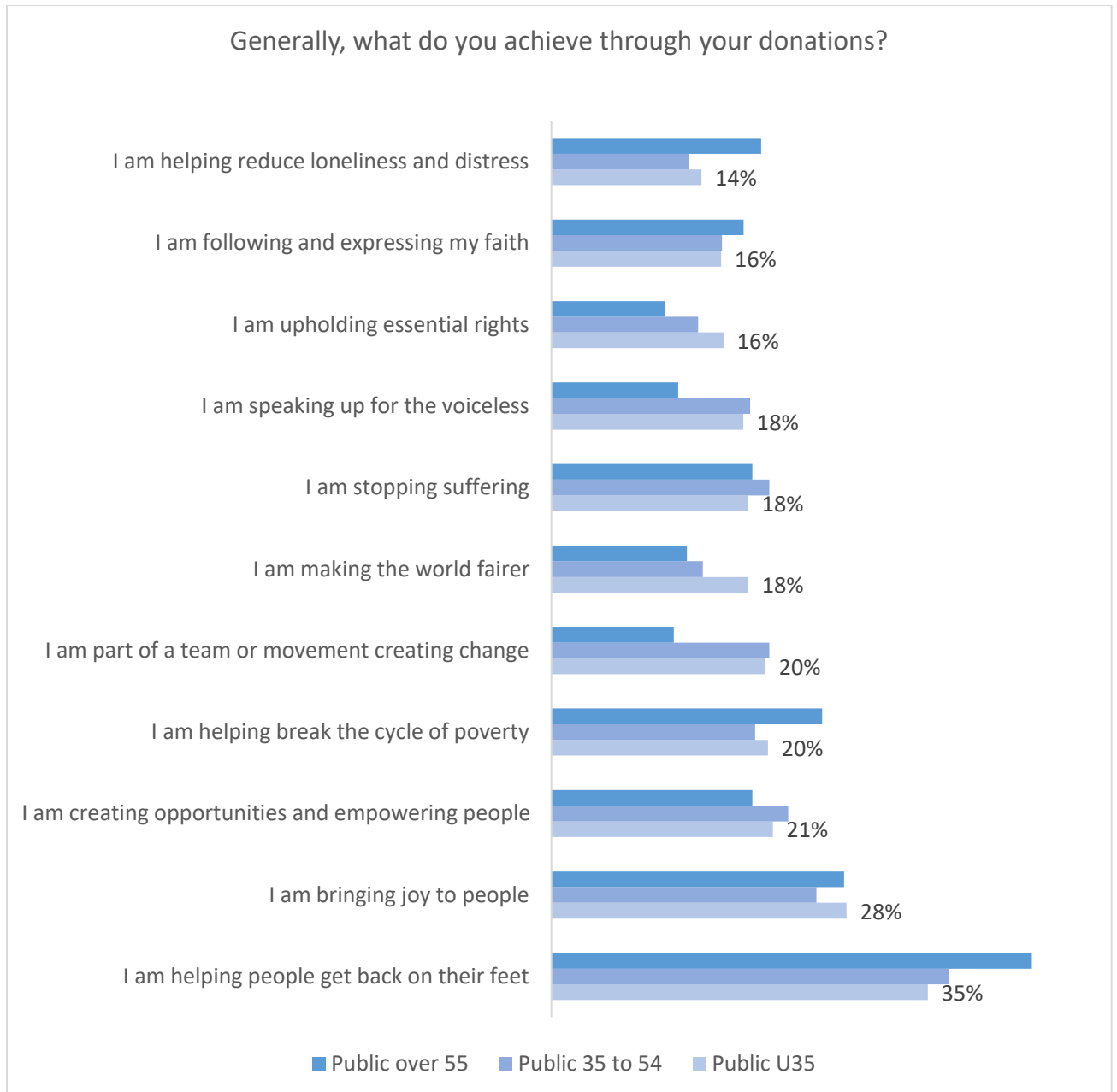


Source: 12,476 Responses to surveys conducted for 8 not for profits between June 2022 and March 2023 compared to 1,500 members of the public from May 2022. Respondents were asked to select up to 3 from a list of 13 options.

The most cited “benefit” from giving, amongst donors were the selection of the following three statements:

- ✓ It reminds me how fortunate I am in to be in a position to help others.
- ✓ It provides purpose and meaning, a sense that what I do matters.
- ✓ It expresses my gratitude for the commitment and efforts of others to create change.

Moral Outcome



Source: Representative sample of 1500 Australians weighted response May 2022

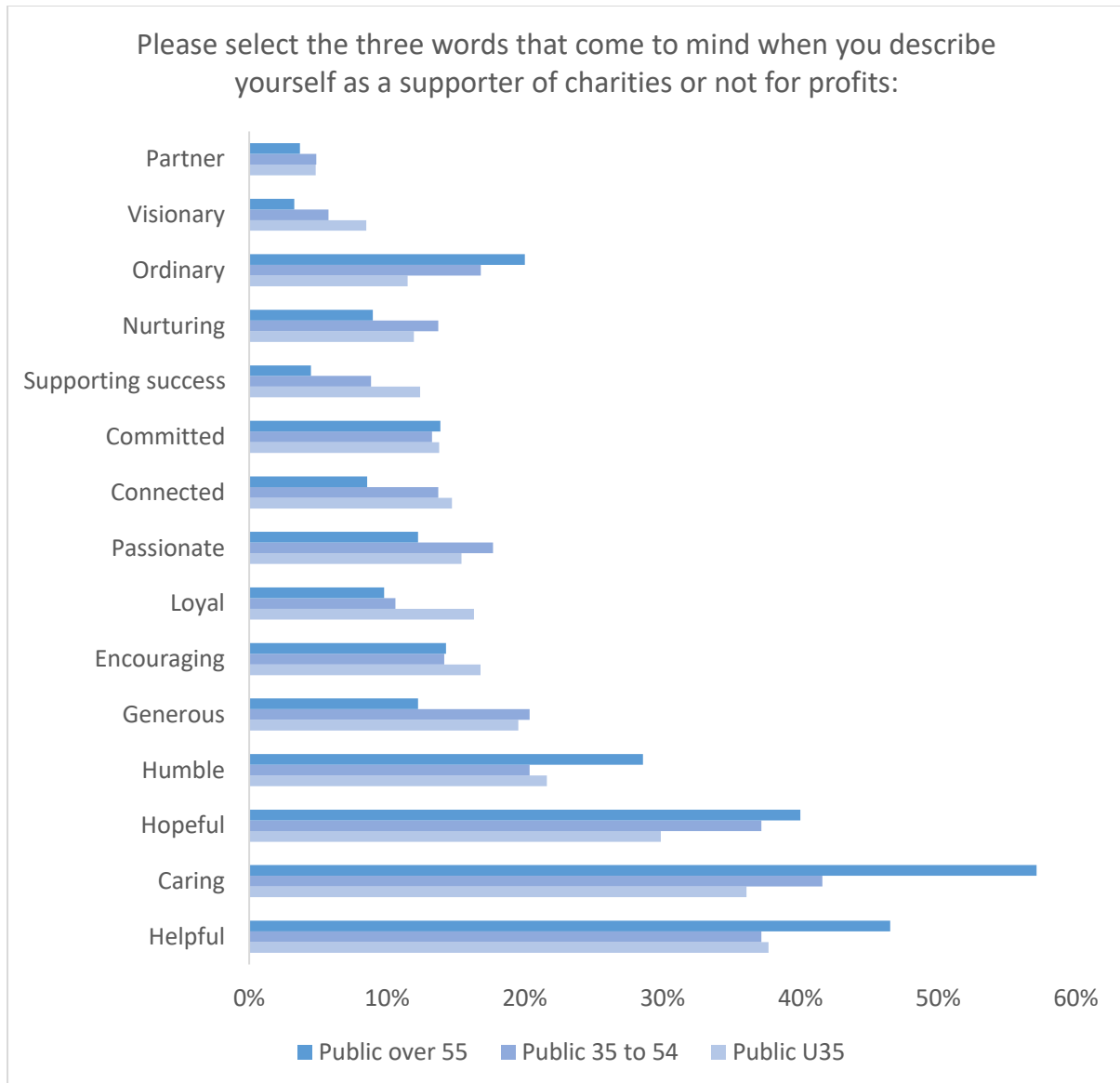
There are subtle differences between the priorities of different generations, though.

✓ Helping people get back on their feet.

✓ Bringing joy to people

Were consistently selected by each age group.

Personal identity



Source: Representative sample of 1500 Australians weighted response May 2022, Respondents could select up to 3 identities

Variations of this question have also been completed in research studies with our not-for-profit partners with a wider variety of terms dependent on the cause and organisation. However, across all the studies there are a few commonly selected terms that people use to describe themselves:

- ✓ Caring
- ✓ Compassionate
- ✓ Supportive
- ✓ Hopeful
- ✓ Helpful

Social Context

Our studies have explored the role of social context in 3 situations:

- Sponsoring friends through “peer to peer” online fundraising events
- Making decisions around gift amounts for higher value donors
- Deciding whether to include a gift in a will to a charity.

Social norming is a powerful influence in each of these situations, though in bequests and mid value giving the “norms” are not known and need to be exposed.

In peer-to-peer fundraising people tend to give a “norm” of \$50. 72% of people thought they gave about the same as everyone else, despite very few saying they decided the amount based on what they thought others were giving. Those that gave more considered themselves to be more generous than others, those that gave less recognised they were probably less generous than others. In this situation making a norm visible or priming a gift ask by linking it to a tangible outcome has proven effective.

Source: Study of City to Surf Fundraisers 2011

In bequest marketing providing testimonials from people who are like the potential donor has been shown to increase likelihood to consider such a gift.

Source: Change for Better Ch 11 M Paul and K Armstrong

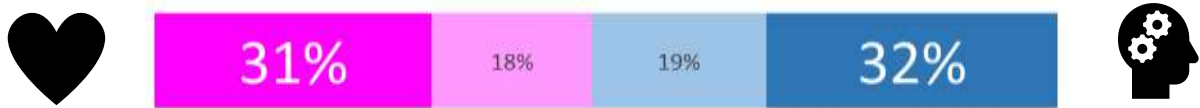
In higher value giving people are largely unaware of what a “normal” amount to donate is. There are few societal expectations and given the fear of self-promotion, people are very private in talking about how much they donate. Most people do not calculate what percentage of their income they donate.

Source: study into attitudes and motivations of people who donate more than \$500 to charity May 2019

Emotional impact

Giving is ultimately an emotional decision, though many people do like to affirm their self-image as making a rational decision when they give. Across all our research we see a very even split between the rational and emotional self-image decision makers.

I donate with my heart to make things better: I see my donations as an investment in a better world

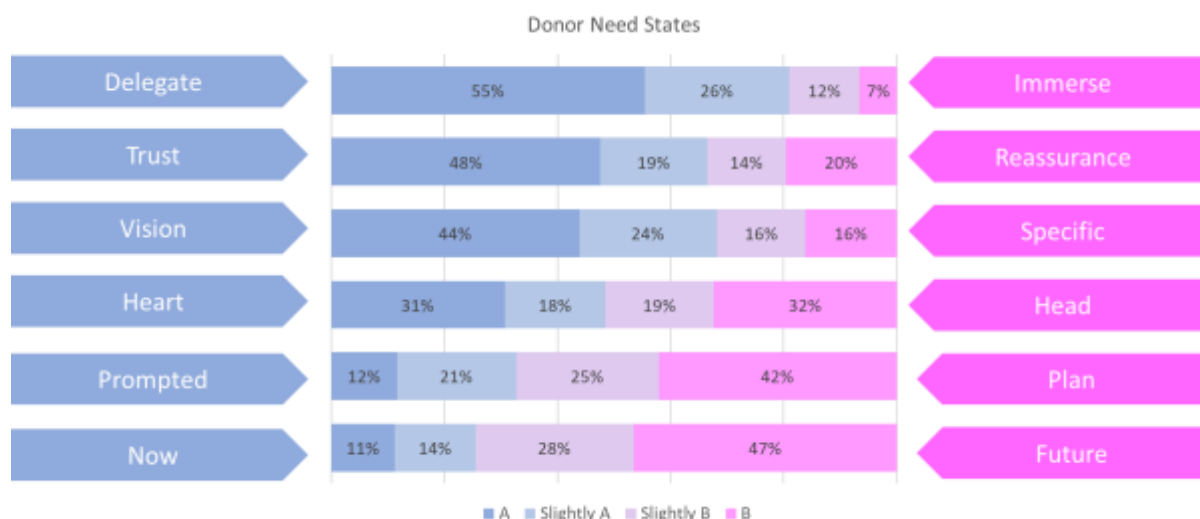


Source: 28,903 respondents to supporter surveys for 19 not-for profits between Jan 2020 and March 2023

The precise emotion that is evoked and resolved through giving varies significantly from organisation to organisation ranging from: anger, outrage and disappointment to distress, helplessness and anguish to hope, joy and delight.

Donor Needs and Differences

From our extensive research we have identified 6 “need states” that influence how people decide and what they need from a not-for profit



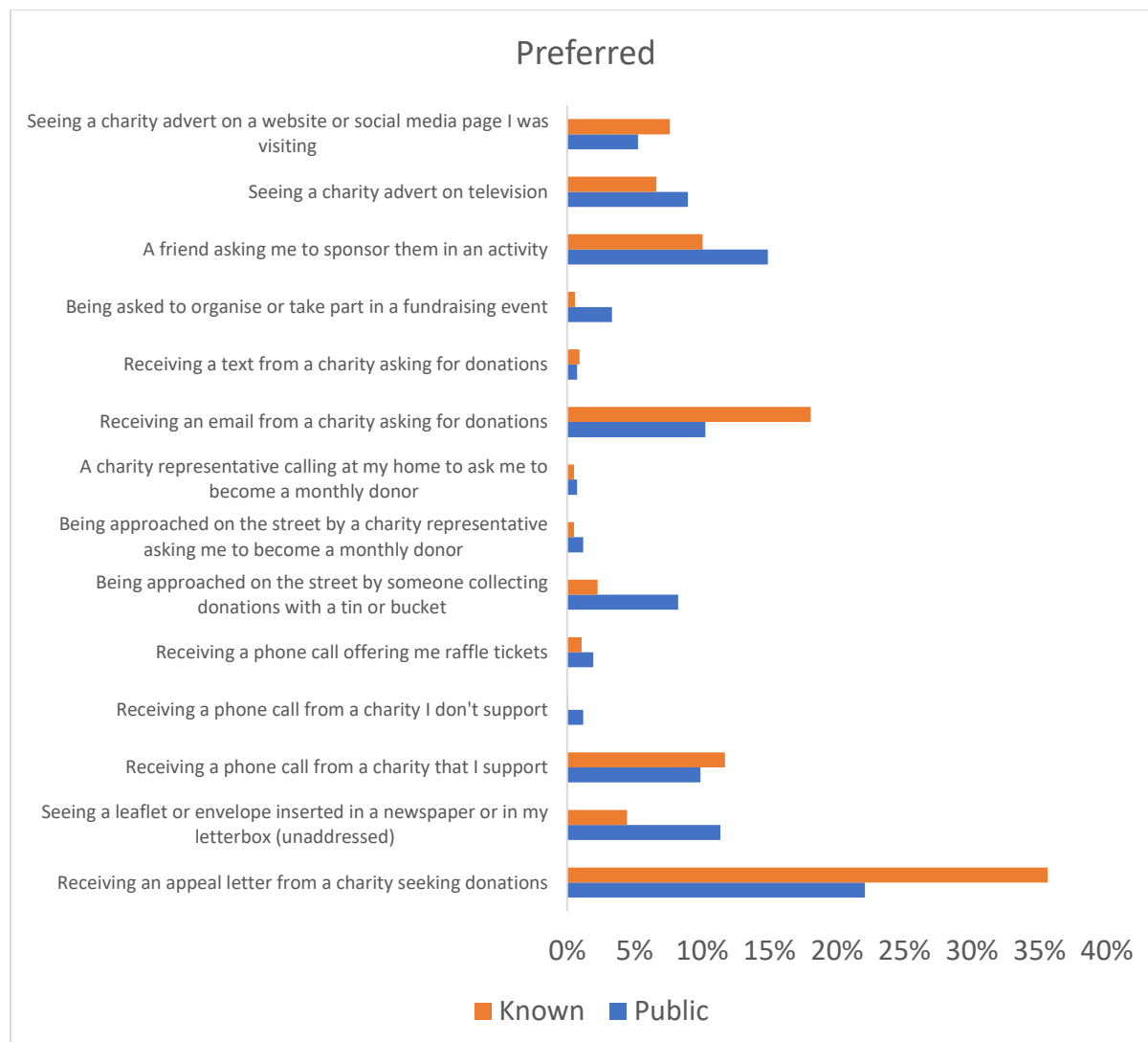
Source: 28,903 respondents to supporter surveys for 19 not-for profits between Jan 2020 and March 2023

This reveals that the majority of (mass market donors) see themselves in the following ways:

- ✓ I am happy for the charity to "get on with it" on my behalf.
- ✓ I have high trust in them to do the right thing with my contributions.
- ✓ Supporting the vision of the charity
- ✓ I have a plan for when and how much I will give.
- ✓ I want to see long term solutions.

Whilst we know people say they plan their giving; we also know that people must be asked to give. Relatively few people initiate a donation – it’s usually in response to an effective request from a not-for-profit. It is a fine balance to uphold consumer protection whilst also supporting effective asking. The reality is that if not-for-profits do not ask, they will not receive donations. However, asking can make people feel uncomfortable, as saying “no” goes against their self-image as a kind and caring person. To overcome the negative feelings from not giving, people may seek information to support or justify their choice not to give, this can include concerns about how much of a donation “gets to the cause”, the salary of the CEO, the way and frequency with which they are asked and reflections on media coverage of charities.

Preferred ways to give.

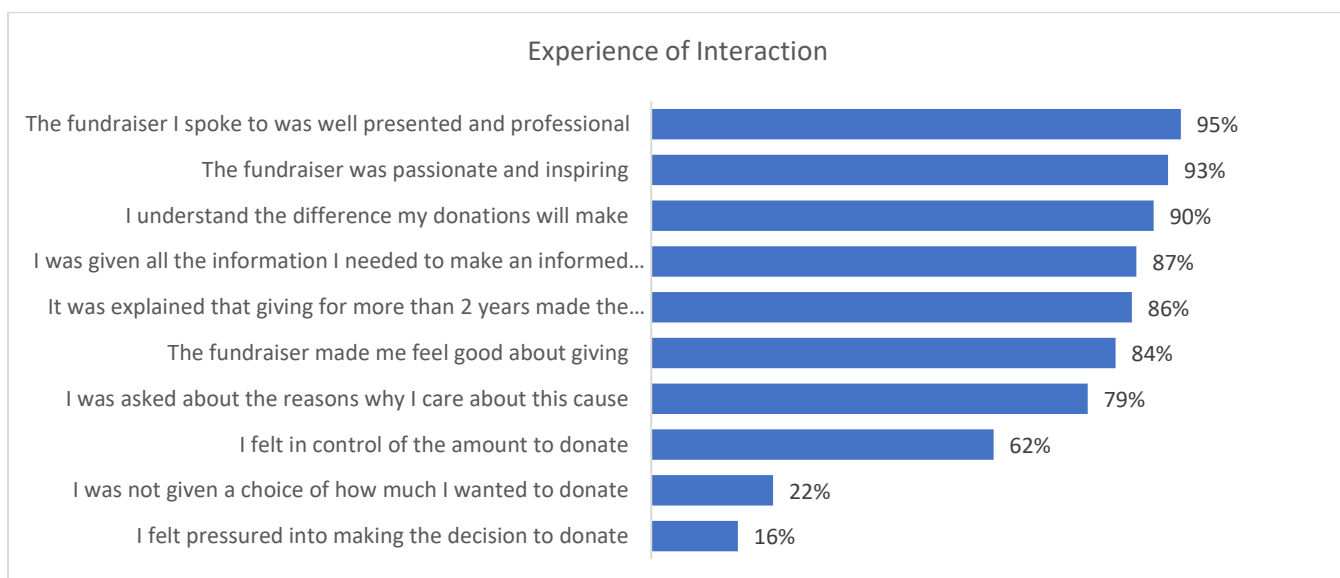
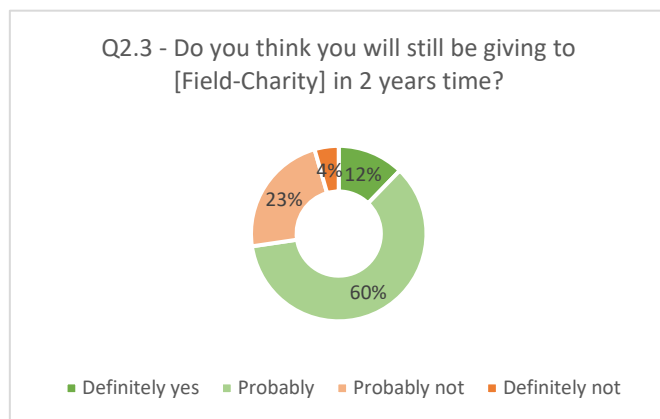


Source: Sector Sustainability Study 1178 representative Australians and 1497 existing donors to 6 not for profits May 2017

Australians are exposed to, and respond to, many requests for donations (the in-depth research from this study and a more recent Nov 2022 project show the exposure and response rather than preference). The study also explored acceptability of different ways of asking. We can draw a few potential conclusions:

- ✓ People prefer less intrusive requests that are easier to ignore.
- ✓ Asking by friends is most acceptable.
- ✓ Cold calling by an unknown organisation is least acceptable.
- ✓ There are significant differences by generation (see Next gen study)
- ✓ Many donors feel overwhelmed by the number of requests.

Donor Delight

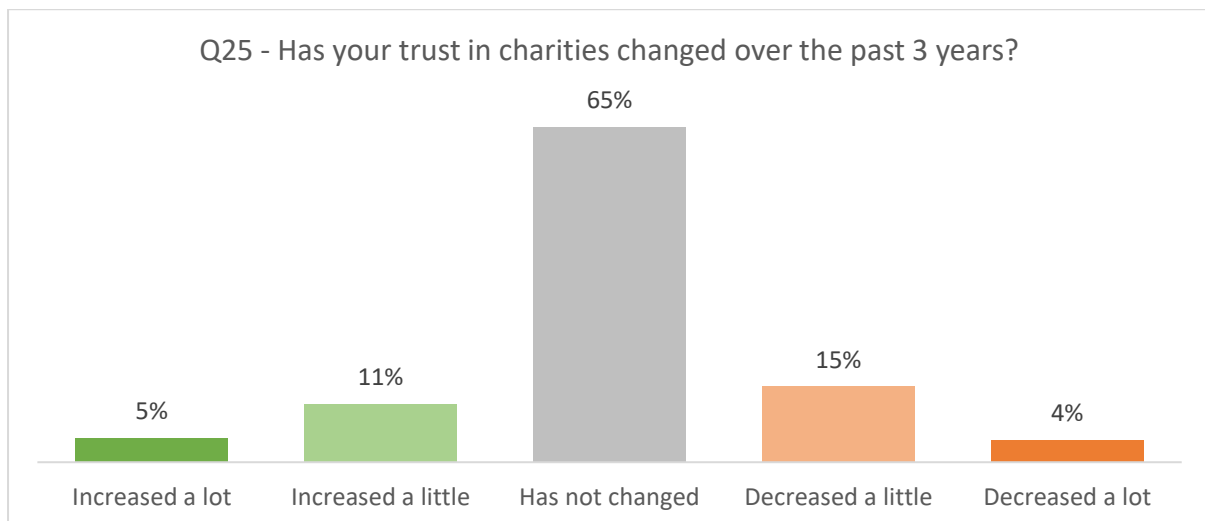
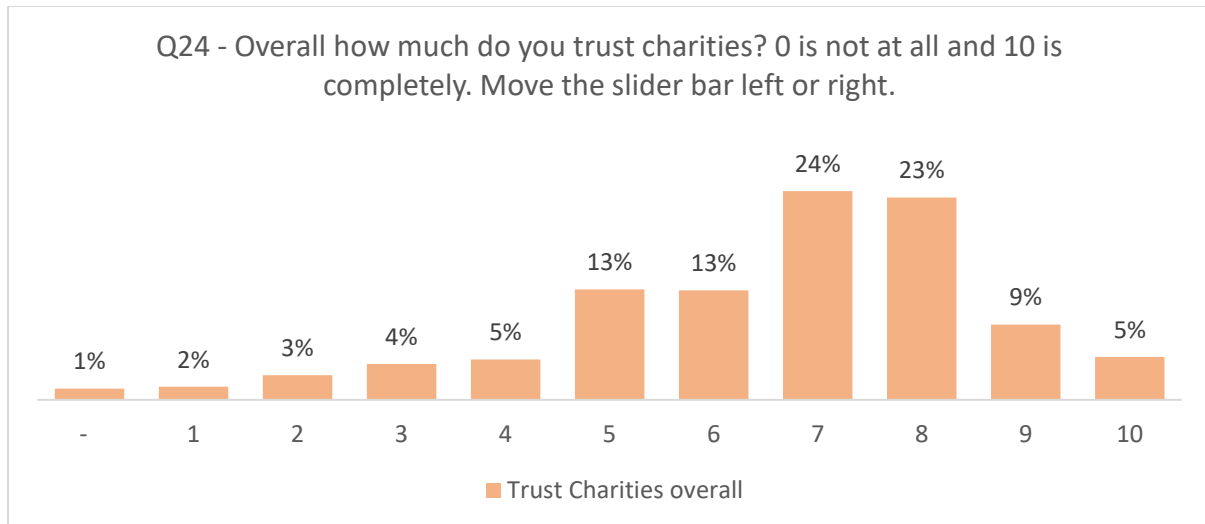


Source: Daily surveys conducted with 23,351 new donors between 1018 and March 2023

Supporting effective solicitation and donor stewardship is essential if we are to double fundraising. Face to face fundraising, as it is known in not-for-profit parlance, where an agent for an organisation requests (regular) donations on the street, in shopping centres or at home has been transformational for the charity sector over the past 20 years. Yet it can be subject to critical media coverage and restrictive regulation. Through the work of the PFRA and FIA standards are in place to uphold quality interactions and protect vulnerable donors.

Our research shows that the vast majority of people who sign up to support a cause in this way have a positive interaction with the fundraiser and are committed in their support.

Trust in not for profits



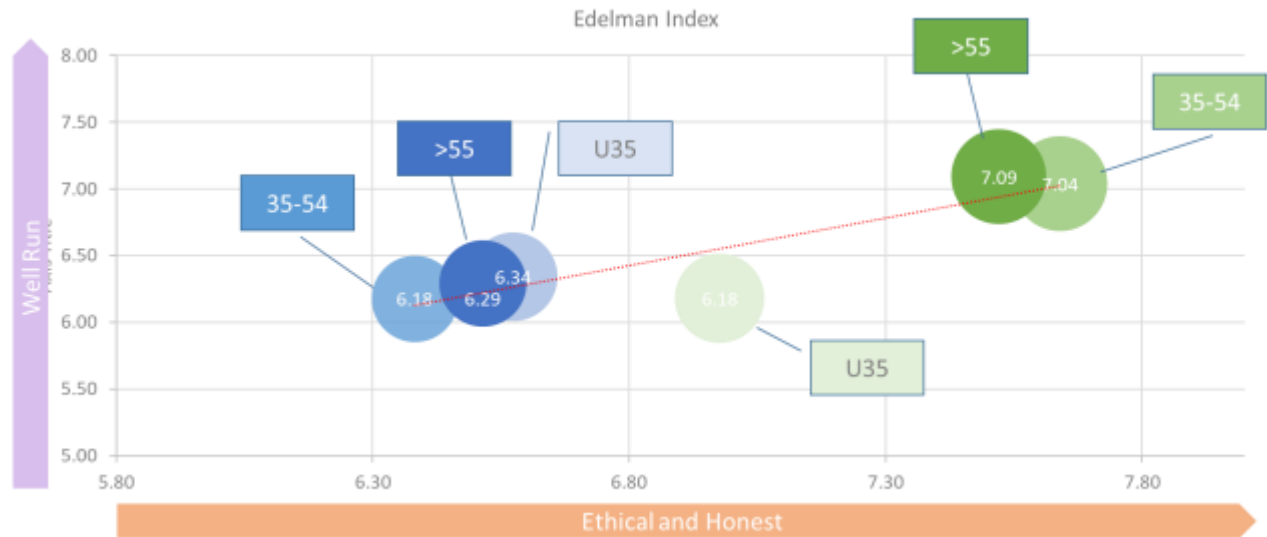
Source: 1031 representative Australians (Nov 2022)

There are numerous studies about the levels of trust in not for profits and we draw your attention to the work undertaken by Dr Cassandra Chapman of University Queensland Business School.

From our research and experience we suggest that:

- ✓ Trust remains relatively strong and unchanging.
- ✓ Trust is much greater the more people give.
- ✓ Trust is a necessity for giving but not a driver of donations.
- ✓ Trust is fragile and easily eroded.
- ✓ Trust is collectively shared across organisations: when one organisation fails to meet public expectations, even if unrealistic, trust in the sector is diminished.

Drivers of Trust



Our research shows that trust is driven by a combination of being ethical and being effective, replicating a well-known Edelman study which showed that business was seen as competent but unethical; not-for-profits were seen as ethical but not competent, and government was seen to be neither!

From our research and experience we suggest that:

- ✓ Donors score not-for-profits higher on both dimensions – though the direction of causality is unclear.
- ✓ Younger non donors have better views than their older peers, but younger known donors are slightly less convinced open both dimensions.
- ✓ There is a greater trust deficit arising from the impact of not for profits than their integrity.
- ✓ People are more likely to believe that not-for-profits are trying to do the right thing than believe that they are likely to succeed.
- ✓ Social marketing campaigns that celebrate and demonstrate the efficacy of not-for-profits may uphold public trust and remove a potential barrier to giving.

Data / information available to the Commission upon request:

- A. Report and / or raw data from study amongst **donors giving \$500+** to a selection of 9 large charities (May 2019)
- B. Report and / or raw data for representative public research into donor attitudes and experiences from the **Black Summer bushfires** (Feb 2020)
- C. Report and / or raw data for representative public research into the impact of the **pandemic on giving** (Sept 2020)
- D. PowerPoint presentation and / or raw data for representative public research into the impact of the **cost of living on giving** (Nov 2022, next wave May 2023)
- E. Briefing on results from survey responses from **60,000+ charity supporters** across 20 studies conducted in the past 2 years with breakdown by age, gender, gift value and supporter type.
- F. Report and / or raw data **Sector Sustainability Research** April 2017 based on 1,178 members of the public and 1,497 known donors to 6 not for profits.
- G. Interpretation or raw data of representative public research conducted in May 2022 into **generational attitudes** and motivations for giving. Series of seven publications covering:
 - 1. Money and meaning – how financial upbringing and attitudes influence giving decisions.
 - 2. Influencing and being influenced – including attitudes to ability to influence NFP's government, friends and businesses.
 - 3. Motivations and needs – the job to be done, moral outcomes, identities and relationship to giving.
 - 4. Trust and impact – beliefs around the changing levels of trust in not for profits, their impact and ethical behaviour
 - 5. Who and how to help – the social concerns people have the most effective way to help (direct giving or via a not-for-profit)
 - 6. Social Media power – the use and role of social media in creating societal change.
 - 7. Bequest drivers – attitudes and behaviours towards leaving a gift in a Will to a not-for-profit

Costs of sourcing revenue

Data on the costs to not-for-profit (NFPs) organisations of sourcing revenue through different approaches, including:

- data on the rate of return of these different methods
- data comparing fundraising costs with costs of other funding sources, such as securing grants from governments or corporate partnerships.
- how these costs are changing over time.

In our work we extract information from the ACNC website to assess the investments made in fundraising as a proportion of funds raised. However, we have limited confidence in the data charities report in annual reports regarding fundraising costs.

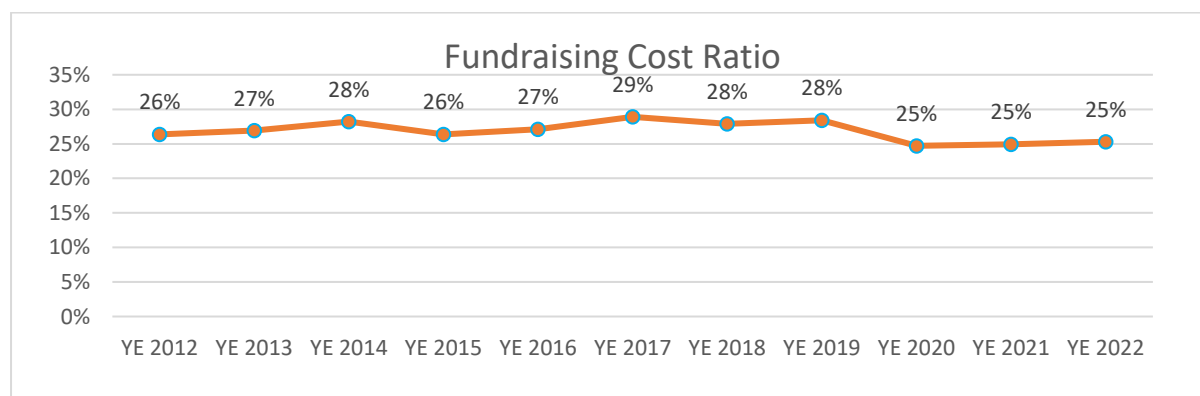
Income is often but not always, broken down between fundraising and bequest income. Anything more granular is rarely provided.

Fundraising costs are somewhat opaque. Whilst explicitly stated by organisations that are members of ACFID or fundraising in NSW it remains unclear and probably inconsistent as to what costs are included, as:

- Organisations may bundle fundraising and marketing costs.
- Organisations may not identify fundraising as a separate expenditure line.
- Organisations may allocate staff costs to a general staffing line rather than within fundraising.
- Costs of recruiting new donors can be extracted as a separate line that may not be clearly attributed to fundraising.

Whilst a consistent accounting standard would make this clearer, it may also put yet more focus on the amount organisations have to spend on fundraising rather than the impact of the funds that are contributed.

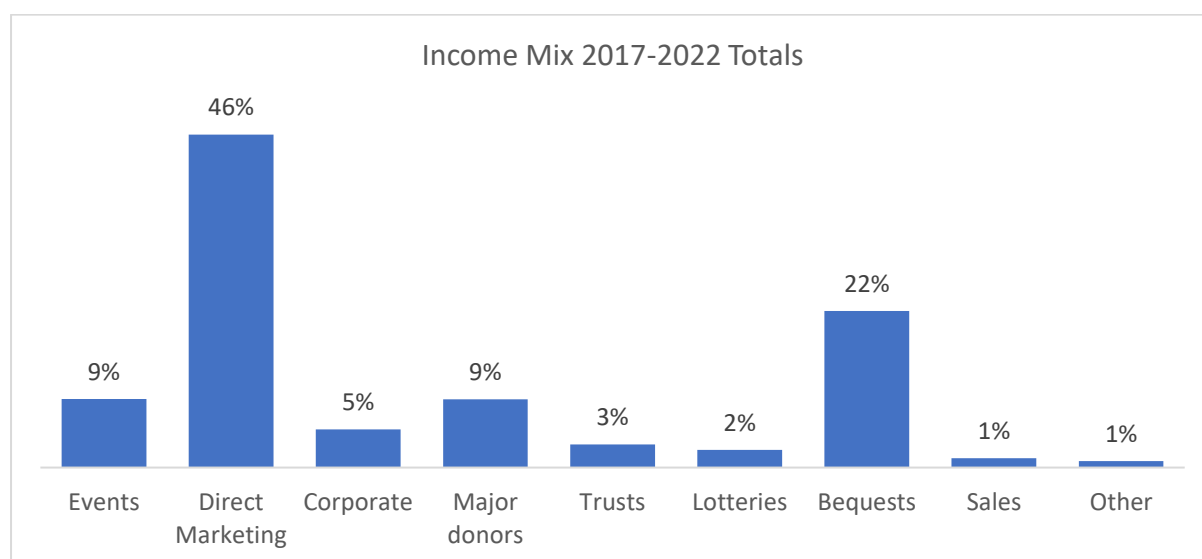
Using annual report data for a common cohort of 34 organisations that do identify their fundraising income and associated costs over the past 10 years we can see that the overall rate is between 25% and 28%



Fundraising Multiplier

We collect, compare and report on the profitability of different types of fundraising each year for a range of not-for-profit organisations. By providing 5 years of data, broken down by fundraising program, direct and salary costs we can track the sources of revenue, multiplier and associated trends.

The Macro Data set consists of \$6.4b of income from 81 larger not-for profits (range \$1m to \$123m of fundraising income) over the past 6 years. It is robust and useful to look at non-trend-based data.



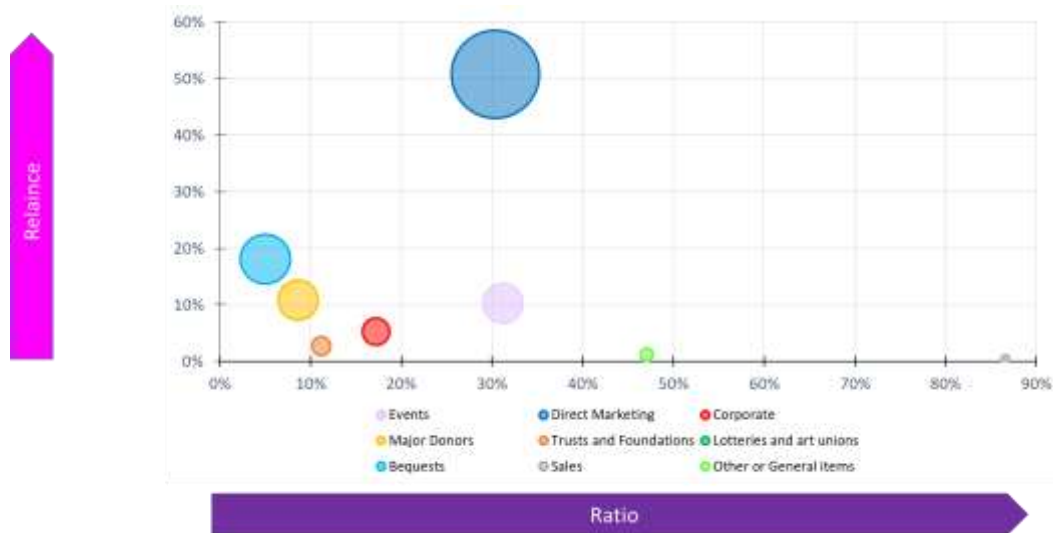
Source: More Profitability Benchmarking Macro data set 2017-2022

We can, if requested, share confidential data on the return from each type of fundraising (as listed above) for the past 5 years.

The trend data looks at the changes across a common cohort of participating not-for-profits, in this case 23 organisations who have supplied YE 2022 data as of 22nd March 2023. This allows us to look at growth in income, costs and salaries by revenue stream.

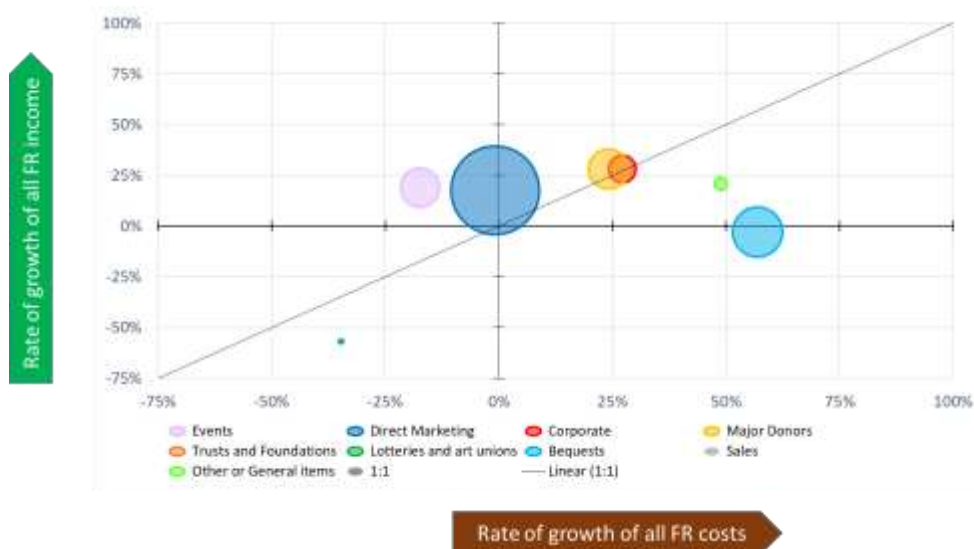
Ratio – Reliance Chart

This illustrates the challenge for not-for-profits, outside of bequests, the bulk of the money (as indicated by the size of the bubble) is coming from relatively high-cost ratio activities. To double philanthropy will mean significantly increasing income from corporate, trusts and major donors.



Accelerator chart

By plotting the rate of growth of income compared to the rate of growth of investment we can identify the areas where organisations are getting improving or diminishing marginal returns.



Multiplier Trends

The fundraising multiplier has improved during the pandemic as many organisations reduced costs associated with their direct marketing programs, bucking the trend of the previous 7 years where return rates had been diminishing. Bequest income, which as we have seen above, makes up just under a quarter of all income significantly improves the overall multiplier as the returns are so strong.

It must be noted there are significant variances in the multiplier depending on:

- The mix of fundraising undertaken by the organisation
- The maturity of their direct marketing program
- The level of investment made, over what time period in recruiting new donors
- The size of the organisation
- The sector served

Information Request 7: Consumer information on the effectiveness of not-for-profit organisations

Information donors would value on the effectiveness of not-for-profit (NFP) organisations but cannot access and why.

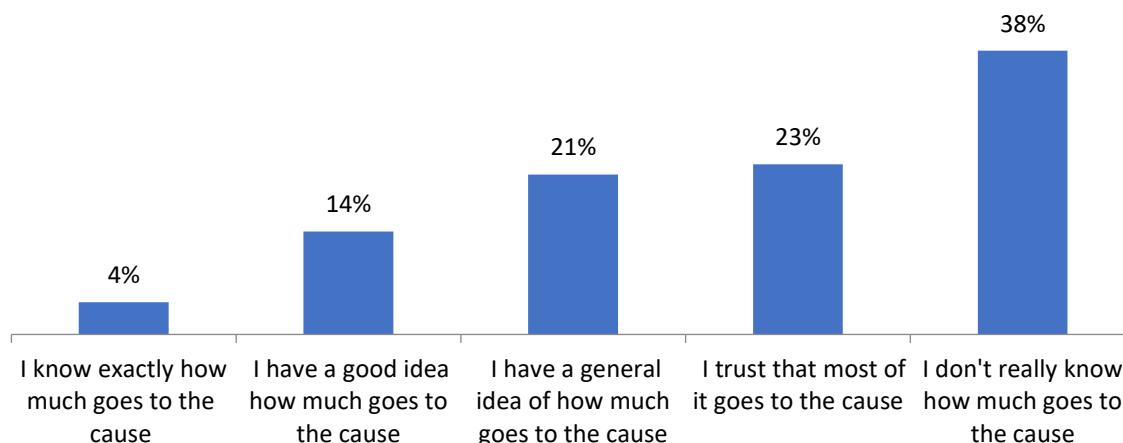
Weakness or gaps in existing data sources relating to the effectiveness of NFPs that limit their reliability and usefulness or create perverse incentives by focusing on metrics that may be easier to collate but do not provide an accurate measure of effectiveness.

The extent to which providing information on the effectiveness of NFPs influences decisions made by donors, including decisions not to give.

Public Perceptions of Costs of fundraising

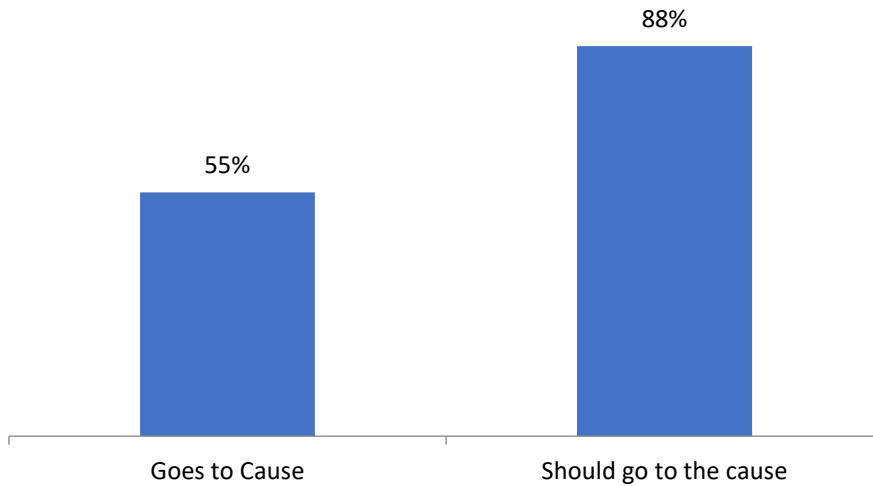
There is often a demand for transparency in fundraising, but usually this is focussed on the cost of fundraising rather than the impact donations have. However, our research suggests that people really make their descions about supporting causes based on a myriad of values based decisions and the cost-ratio is a “hygene” factor about which they give relatively limited consideration at the time of giving.

Thinking about the charities you like to support, which of the following best describes what you know about the proportion of your donation that goes to the cause



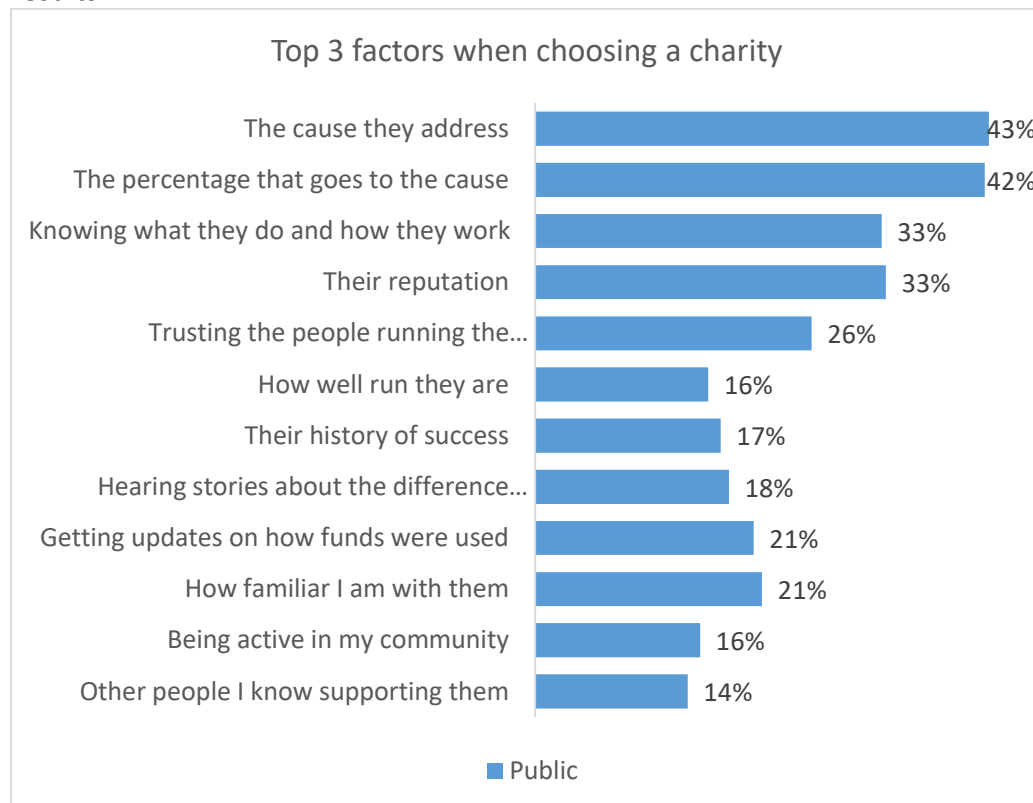
Source: Public research 2013

When you give to charity what proportion of your donation do you think goes to / should go to the cause?

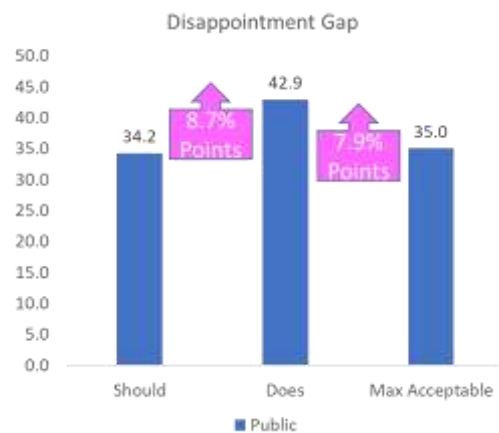
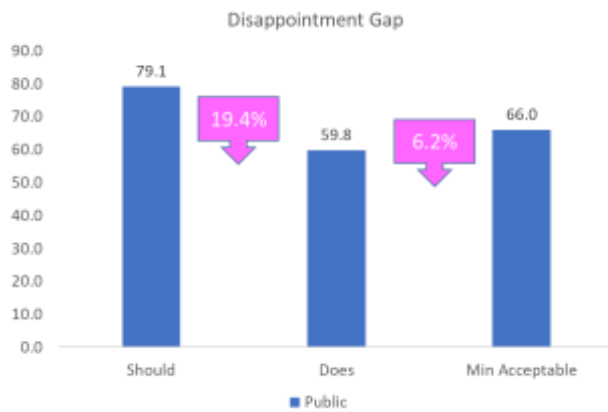


Source: Public research 2013

The 2013 study was revisited recently with another public and donor panel with similar results:



Source: Public Panel Aug 2021



Source: Public Panel Aug 2021

Interestingly the amount people allocated to the “cause” was much greater when asked how much should go to the cause than when asked how much should go to admin and fundraising – and the gaps were smaller between the “should” and “does” figures.

We can draw the following conclusions from our research and experience

- ✓ The proportion that goes to the causes is stated as being important, but is rarely known. It is in some ways seen to be a sensible and perhaps the easiest way to compare performance in the absence of meaningful impact measures.
- ✓ Expectations from donors are much higher than the reality of how much is invested and their estimates of how much does get there are lower than the amount that does.
- ✓ The amount that gets there can be used as a justification for not donating
- ✓ People have limited understanding of how fundraising works, the long term nature of investments in growth
- ✓ People do not like to think that organisations need to spend money on asking them to donate – it goes against their self image as initiating donors and their desire for their money to be used on the frontline.

Information Request 10: Public strategies to increase the status of giving.

Public strategies or initiatives that have proven cost-effective in increasing philanthropy in other countries and evaluations conducted on those initiatives.

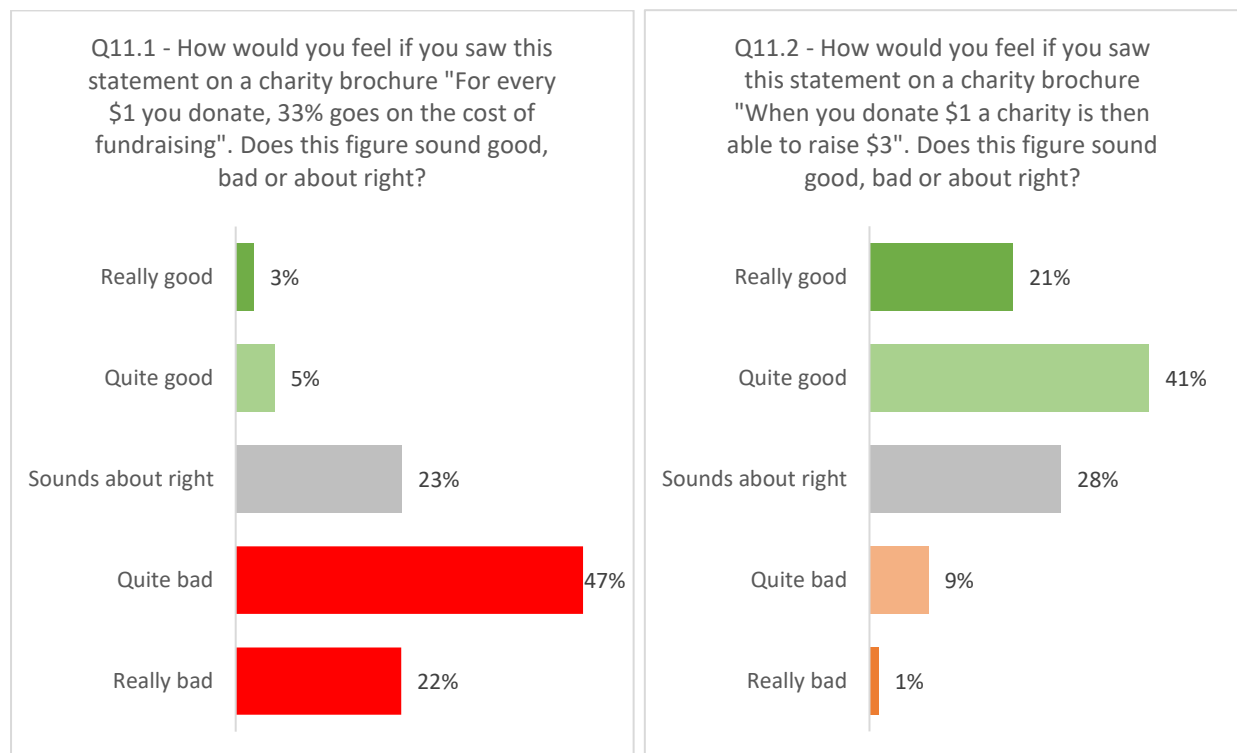
Developments in behavioural economics and other social experiments in ‘nudging’ and engaging new donors and volunteers.

Other approaches that could be used to attract new donors and different demographics into philanthropy.

Message Frame Nudging

We have conducted many nudge experiments in our research and interactions with supporters, especially around influencing decisions regarding gifts in wills. However, one of the most influential tests we ran was remarkably simple and based on changing the loss-gain framing around fundraising costs.

Public respondents were randomly shown a different way of expressing the investment in fundraising with demonstrably significant results.



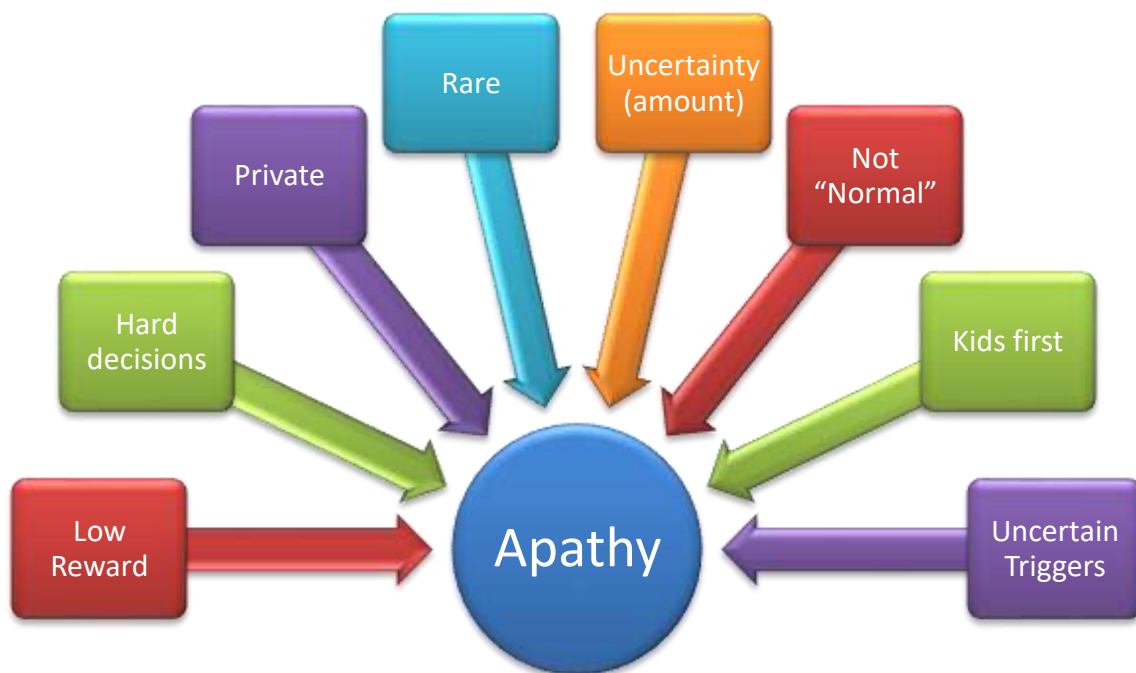
Source 1,381 Public respondents May 2017

A simple inversion of the traditionally used “cost-income ratio” into a fundraising multiplier would be a powerful way to shift the conversation from leverage not-for-profits achieve rather than the cost of achieving it.

Include a Charity Campaign

The campaign was developed in 2007 in response to the recognition that the barriers to leaving a gift in a will to a charity are not directly associated with *which* charity to include but whether to include *any* charity.

There are considerable barriers to overcome to inspire more people to include a gift in their will.



The campaign focussed on normalising leaving a gift in a will and has more recently shifted to encourage the leaving of a percentage of an estate over rather than a fixed amount, as the financial rewards for society are nearly 28 times greater.

Now run under the auspices of Fundraising Institute Australia, the Include a Charity campaign is a collaborative venture supported by nearly 100 not-for-profits and has measurably improved public attitudes and intentions towards leaving a gift in a will.

Initiatives such as this could play a significant role in doubling income – if fully funded and rolled out at a much greater scale.

We have conducted extensive research into the attitudes, behaviours and drivers of bequest giving in Australia over the past 10 years and would be delighted to brief the Commission.

Workplace Giving

In partnership with Good2Give we have completed 2 studies of the attitudes of workplace donors towards workplace giving programs. Copies of the first report can be made available to the Commission and the unpublished draft of the second could be requested from Good2Give.

However, our opinion, informed but not entirely based on the research is that workplace giving is not delivering the potential that it should, either in financial or engagement terms.

Whilst convenient, the model has some flaws that are limiting uptake and proactive marketing:

- The “sales” process does not ask directly enough, make a strong emotional case or justify investment of effort by not-for-profits.
- The numbers of donors are relatively small and do not warrant special stewardship even if the not-for-profit is able to contact them.
- Business has, especially over the past 2 years, had more pressing staff retention and adjustment issues to manage.
- Companies are unsure what choice model to offer: free choice may maximise uptake but fragment servicing and reduce alignment with corporate objectives; whereas defined choice can exclude people for supporting causes they are passionate about.
- Few not-for-profits invest in the channel as there is an unclear relationship between investment and return.
- Not-for-profits have limited influence over the effectiveness of the program.

However, there are many factors that make workplace giving extremely attractive:

- Frequency of matched gifts from companies increases income.
- Retention of regular donors is generally much better than those acquired through other channels.
- The costs are low and relative returns high.
- The program and stewardship are low maintenance.
- Other opportunities may arise from the donors and companies.

Nudging has been proven to work. Opt-in is known to work. Matching works. Yet across industry uptake is very low.

Workplace giving needs to be seen in a much wider context of corporate – community partnerships which deliver greater social, staff and NFP benefits.