



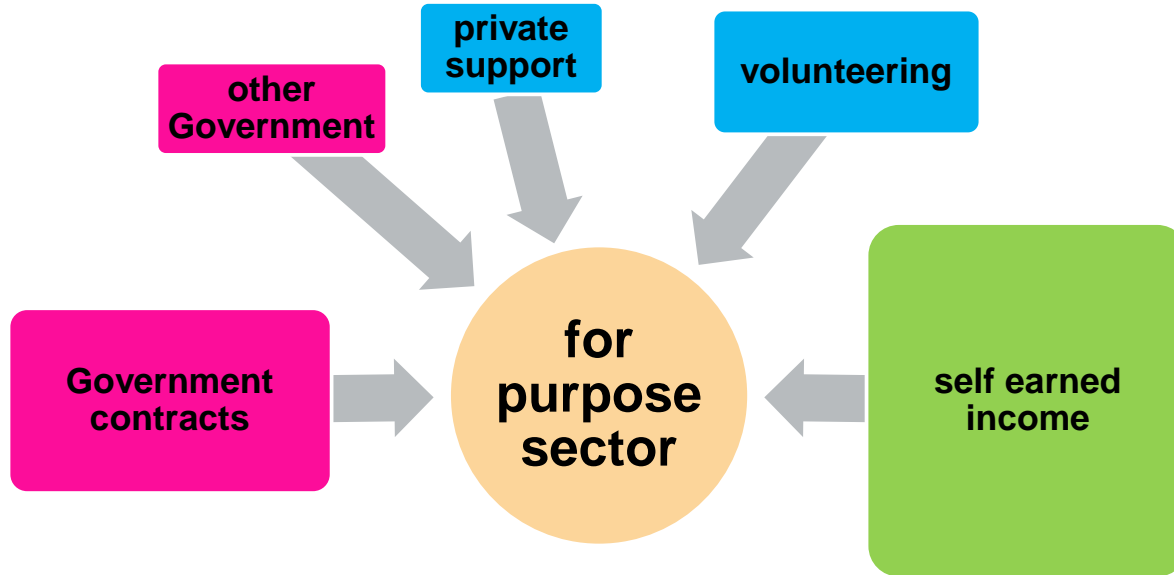
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Australia's Big Ticket Philanthropy Trends

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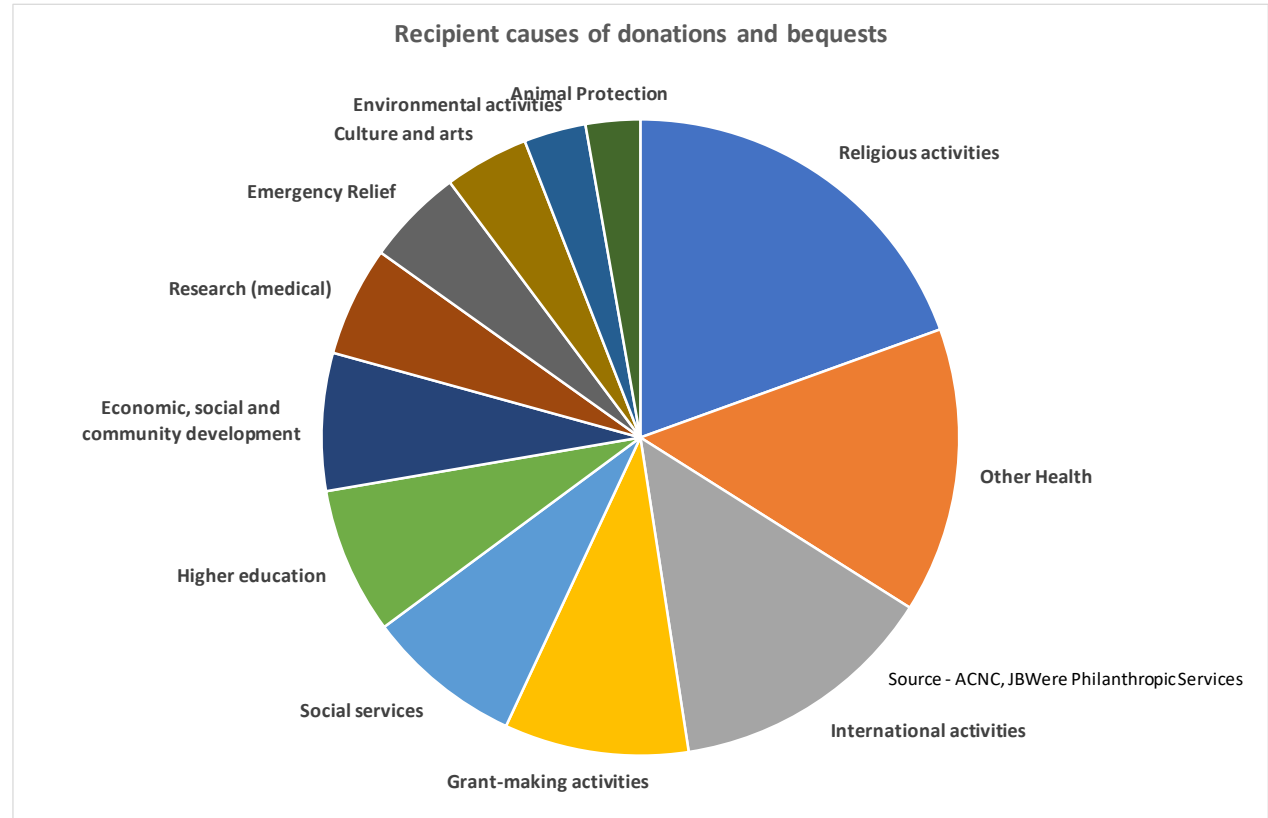
August 2023

Support for the sector comes from a variety of sources



Philanthropy provides around 7% of sector income but is different to the other dollars. Volunteering is also a vital part of the total charity sector operating model.

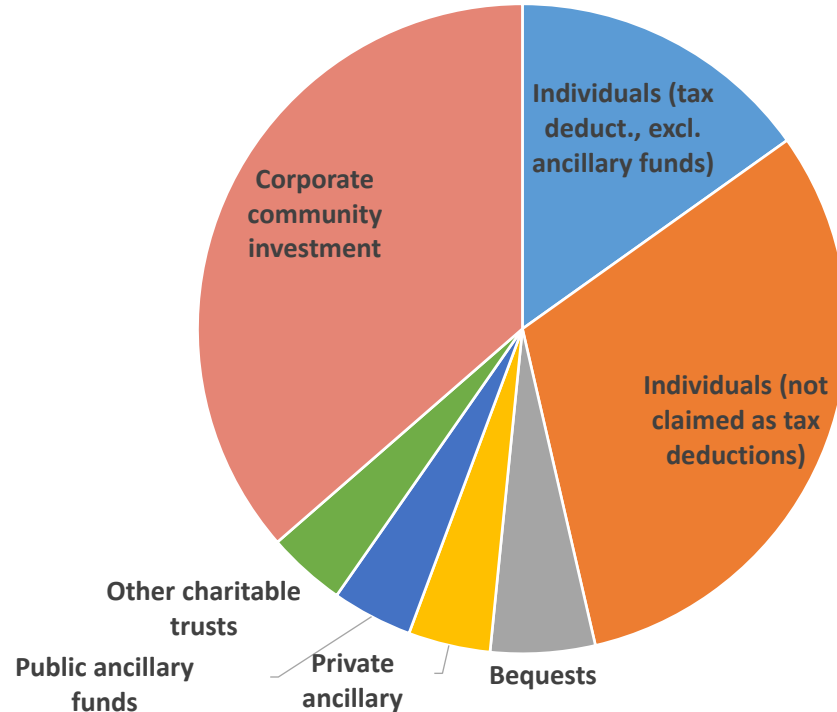
- **For the recipients of support, similar to many countries, religion is the largest.**
- **We have higher shares for international aid but lower for Universities.**
- **The fastest growing has been grant making**



The shape of financial support

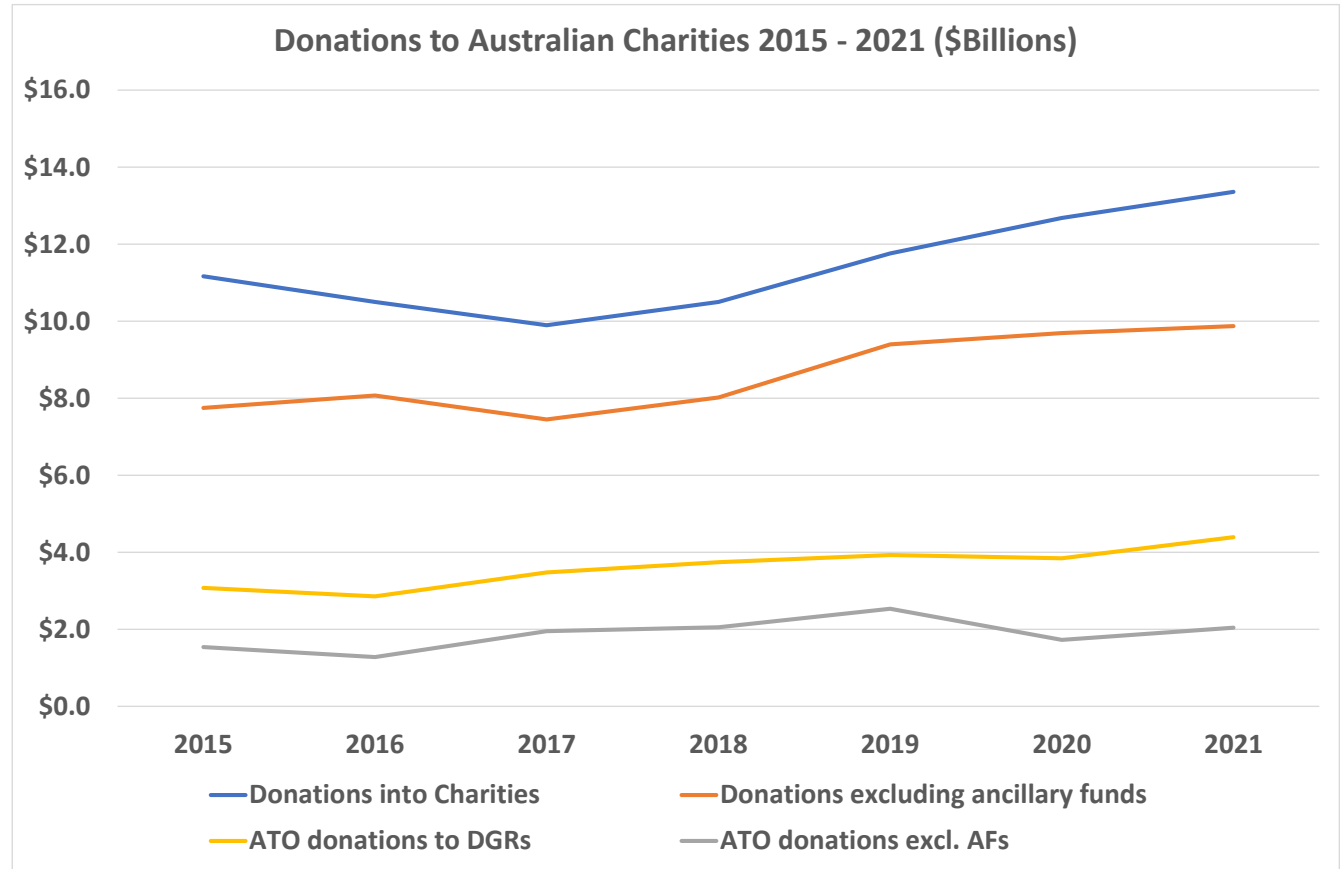
- Giving comes from a wide range of donors
- Motivations and causes are different
- Growth rates are also expected to vary considerably

Contributions to Australian philanthropy



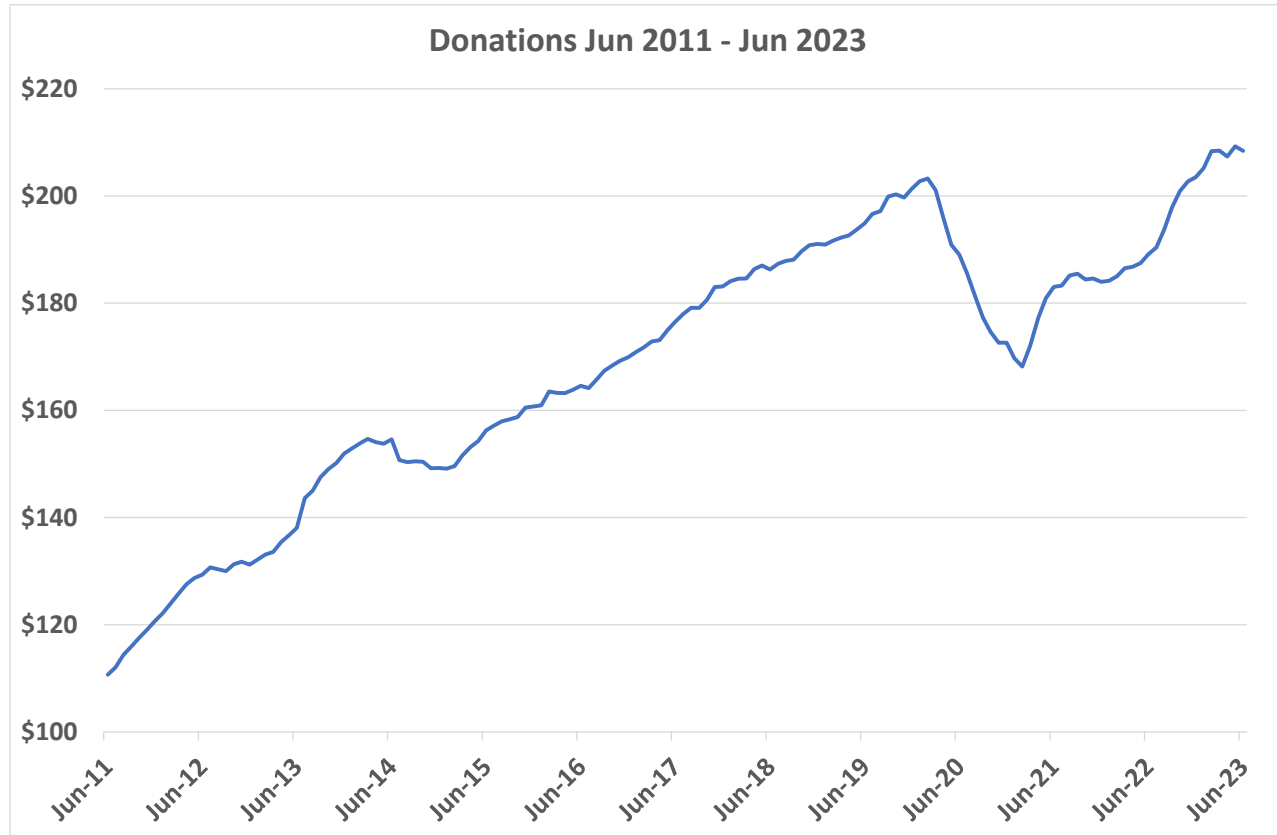
What the ACNC shows us for recipients

- **Overall donations have risen steadily, however removing both private and public ancillary funds shows a much slower trend**
- **Comparing to ATO data for donations to DGRs is even slower**
- **Fundraising costs are rising as well**



The current state of mass market giving

- **After strong bushfire support to Feb 2020, we saw a dramatic fall due to COVID halting events, taking us back almost 5 years.**
- **There was a fast recovery from Dec 2020 but it stalled.**
- **Economic concerns as interest rates and cost of living rose, have caused a plateau in mass market giving.**
- **This is happening in the UK and USA as well.**



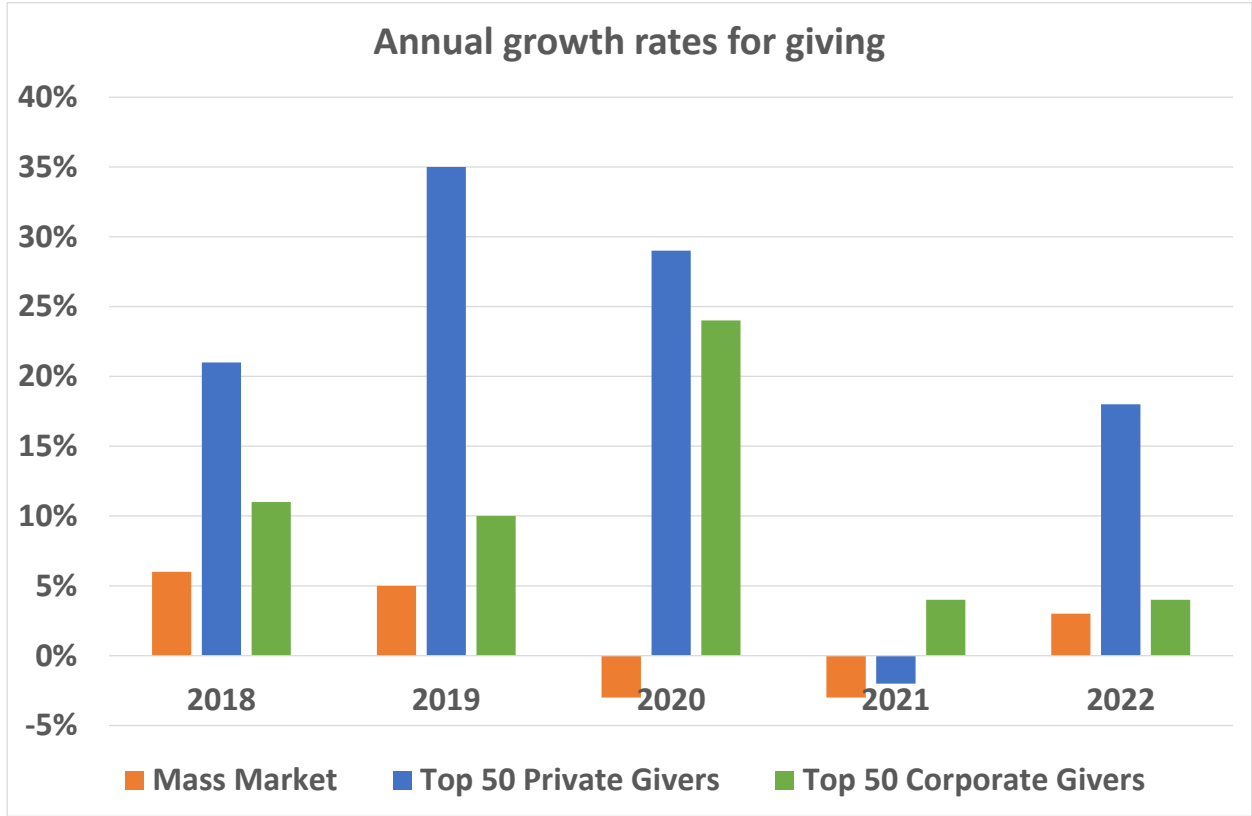
But where was COVID at the top end?

- Large scale private philanthropy in Australia has risen strongly
- The two fastest growing areas of community support are HNW giving and corporate community investment.
- At the top end totals for the 50 largest are similar for individuals and for corporate giving



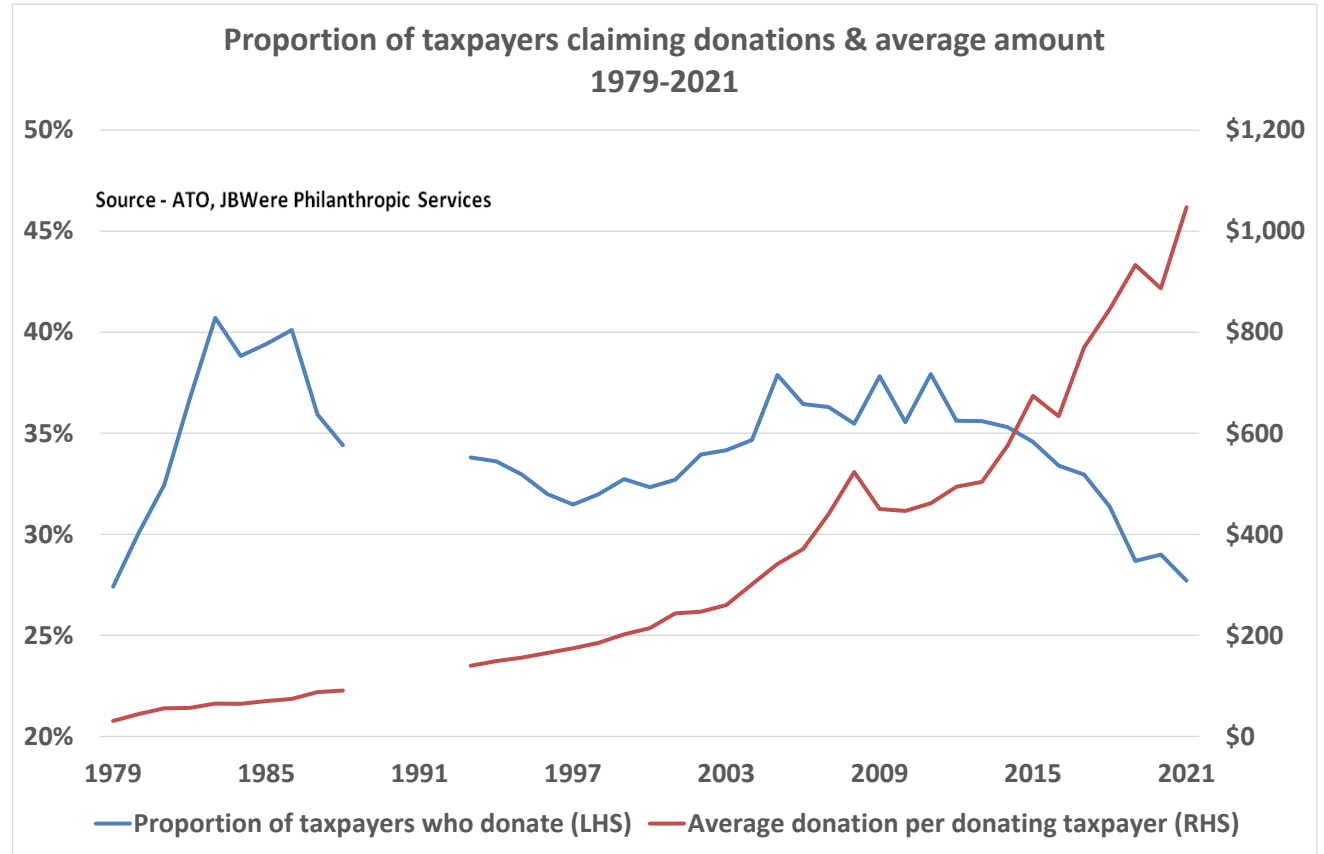
What's happening with giving in Australia

- There are stark differences in the growth rates between different donor segments
- This faster growth is likely to continue
- The causes supported by each varies considerably



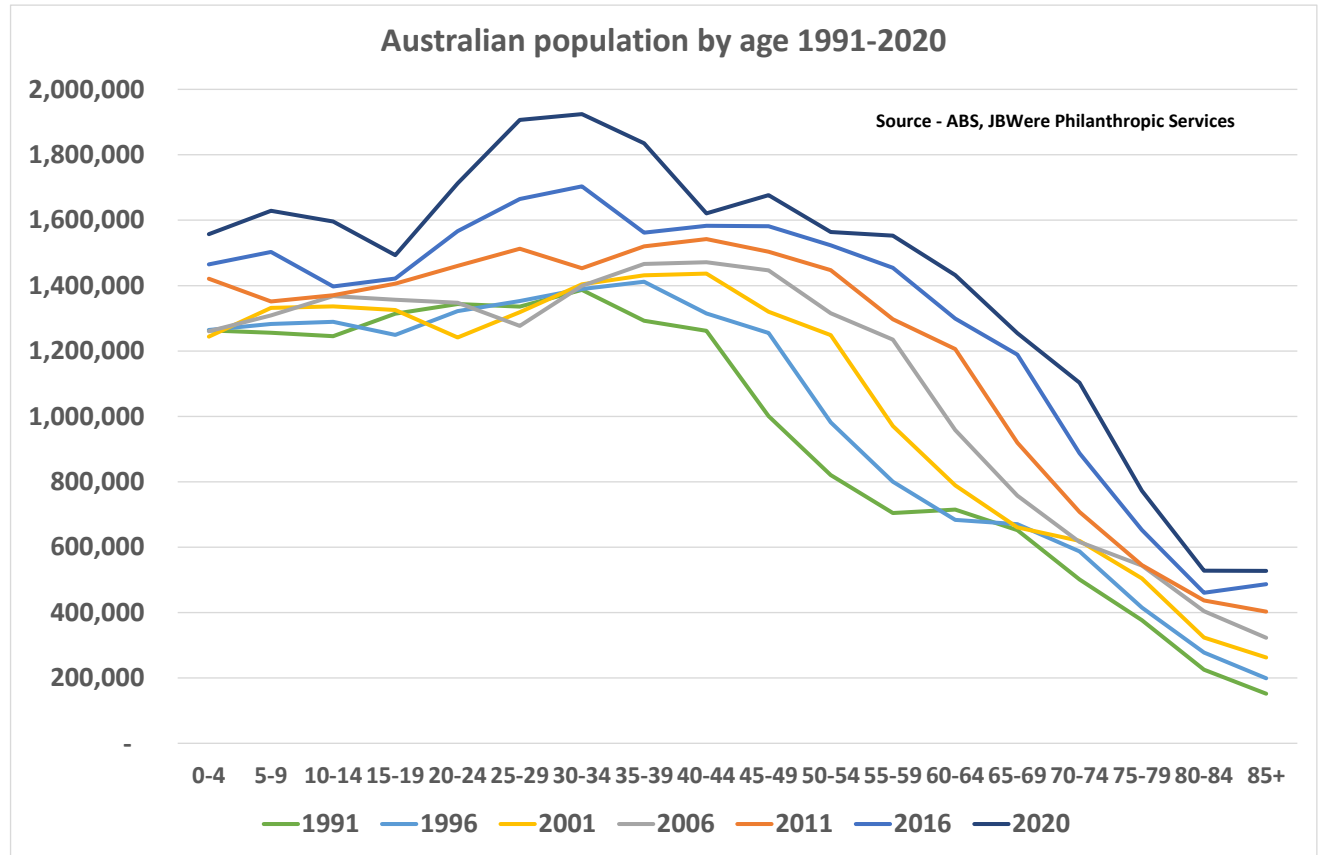
Fewer but more generous donors

- **The long term trend is of a falling proportion of taxpayers claiming a deduction for donations.**
- **However, the average claimed has risen fast.**
- **Volunteering has strong parallels**



Bequests will get bigger and perhaps substantially so

- **The shift in demographics and high asset prices are positive for bequests.**
- **Even better if we could get a “living bequest” proposal approved to encourage even more giving from the \$2.6 Trillion intergenerational wealth transfer over the next 20 years.**



Large scale giving is strong

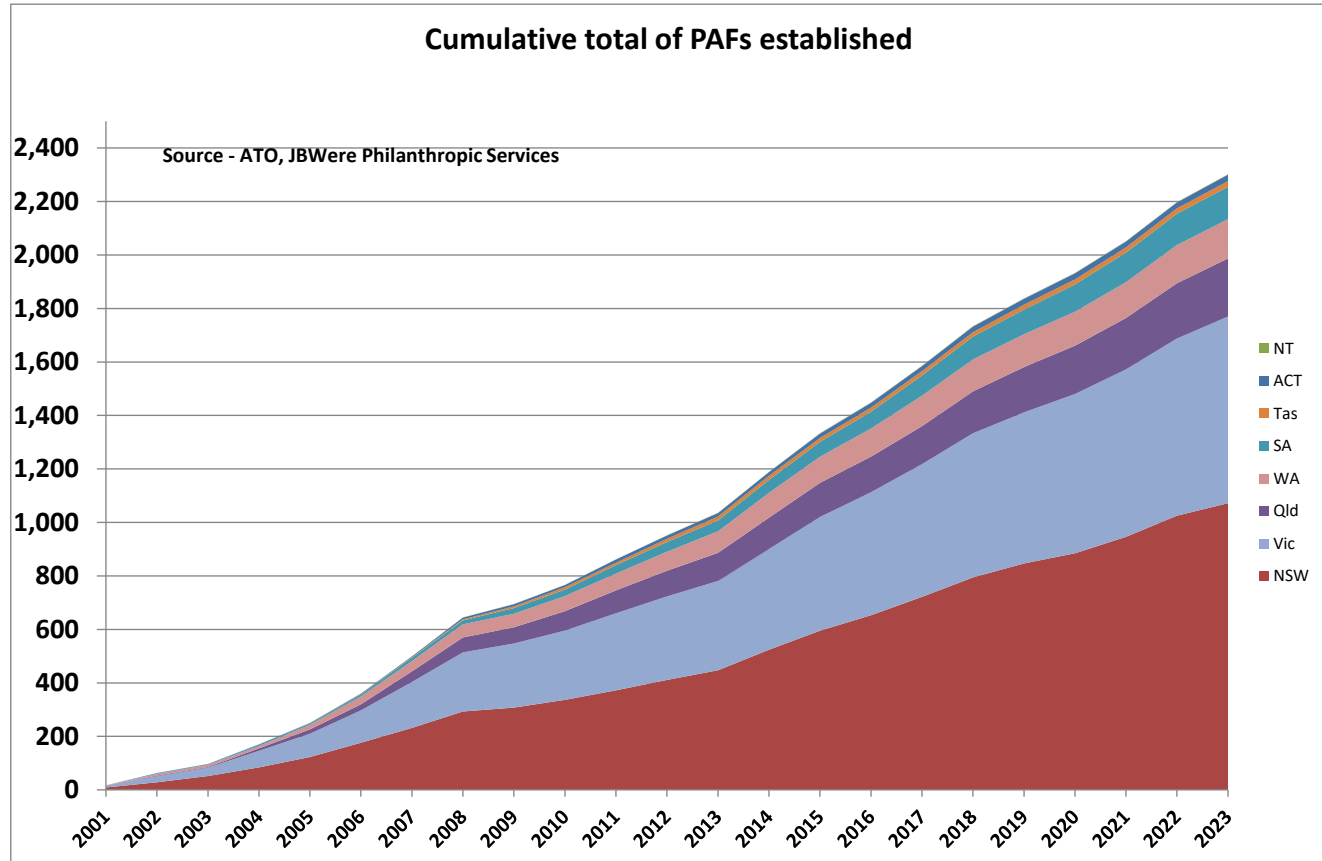
- **Ultra high net worth giving is growing strongly in Australia.**

		Total (\$m)	Annual Change	Average gift (\$m)	Largest (\$m)	Smallest (\$m)	No. of bequests
	2016	\$471		\$9.4	\$45.2	\$3.0	7
	2017	\$459	-3%	\$9.2	\$83.1	\$3.3	1
	2018	\$554	21%	\$11.1	\$85.8	\$3.6	0
	2019	\$748	35%	\$15.0	\$153.0	\$4.3	5
	2020	\$964	29%	\$19.3	\$168.9	\$4.0	3
	2021	\$942	-2%	\$18.8	\$143.1	\$4.4	5
	2022	\$1,115	18%	\$22.3	\$165.0	\$5.0	4

- **While cause areas are expanding, Universities, arts, medical research and environment still dominate.**

- **We are finally catching up to the USA, ready or not...**

- It's now over 20 years since PAFs commenced in 2001.
- There are currently around 2,200 distributing over \$500m pa.
- There should be 30,000. It is still early days. We need to promote them even more.



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Where are the PAFs?

	PAFs at June 2022	% on ACNC	PuAFs at June 2022
NSW	958	75%	485
VIC	635	82%	431
QLD	201	81%	206
SA	118	84%	153
WA	135	84%	108
TAS	24	92%	28
ACT/NT	18	83%	33
Total	2089	79%	1444

What is the role of private philanthropy

Government money has certain boundaries and a lower risk tolerance. Corporate philanthropy should be somehow aligned to the business.

Without these constraints what options are available for private philanthropy?

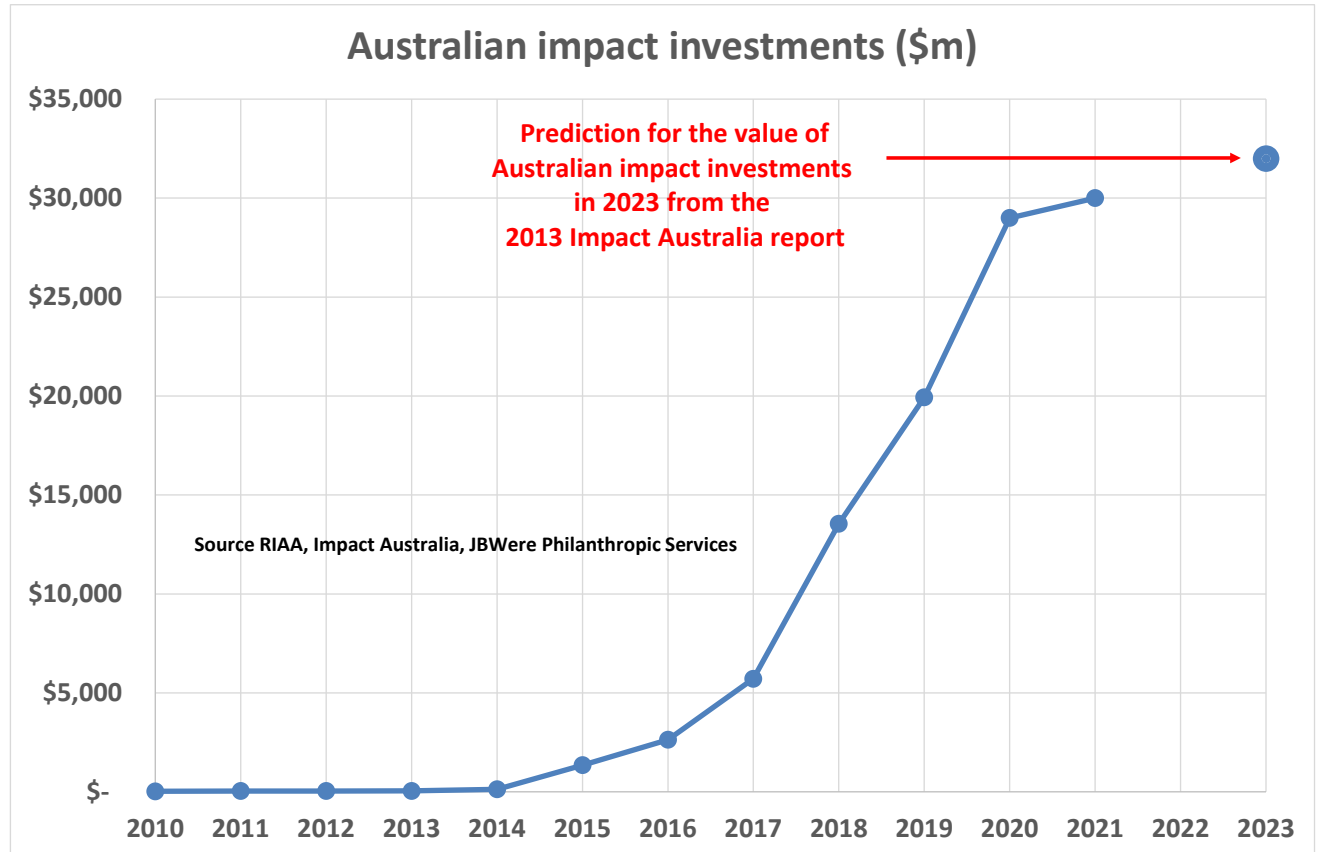
- Complementary – fill the gaps
- Substitution – take on areas that Government is retreating from
- Redistribution – higher to lower incomes
- Innovation – exploring & promoting new ways of solving long term problems

- The opportunity is to do what others can't

- **What does that mean recipients need to think about in their offerings?**

The potential and interest in impact investing is growing

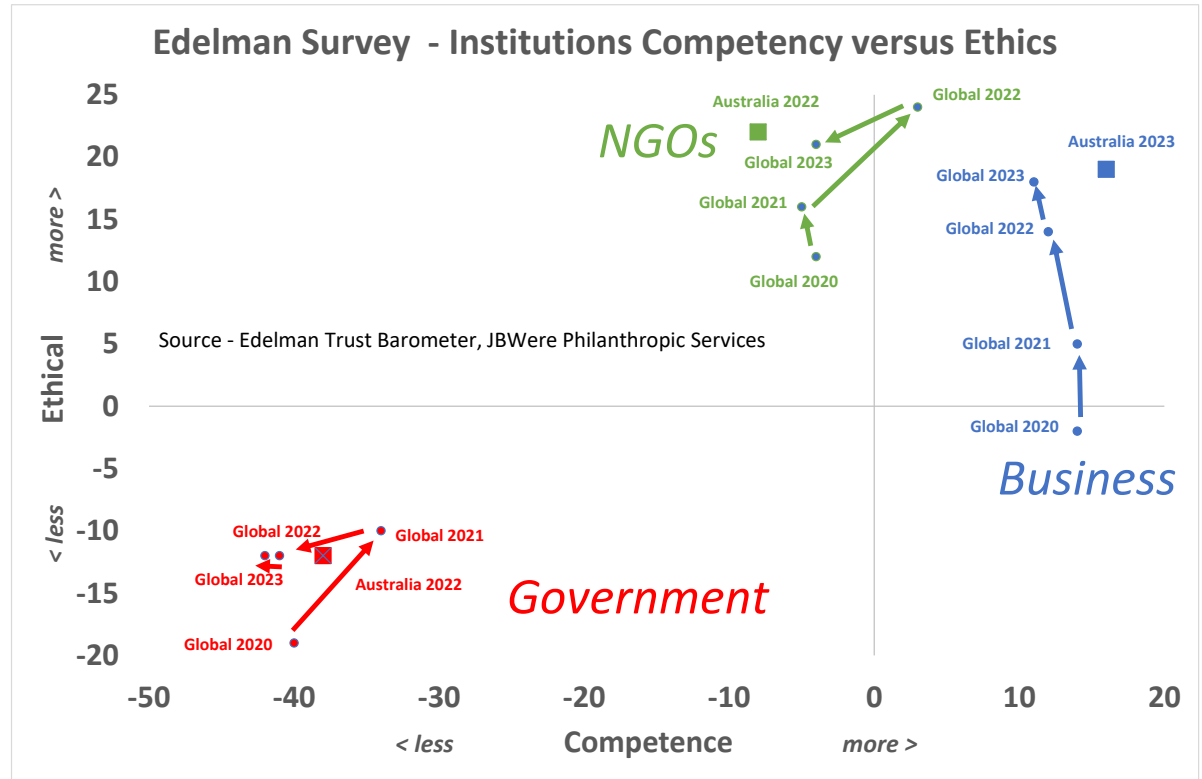
- **Impact investing has finally taken off in Australia**
- **Interest from large philanthropists is growing**
- **Currently, green bonds are most common**
- **What could you offer?**



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Timeline in the growth and evolution of
corporate community investment



- Large population surveys have registered this change
- The search for purpose from corporates is accelerating as they try to attract staff and customers and appeal to shareholders driven by ESG measures
- What external partners or skills might they need for success

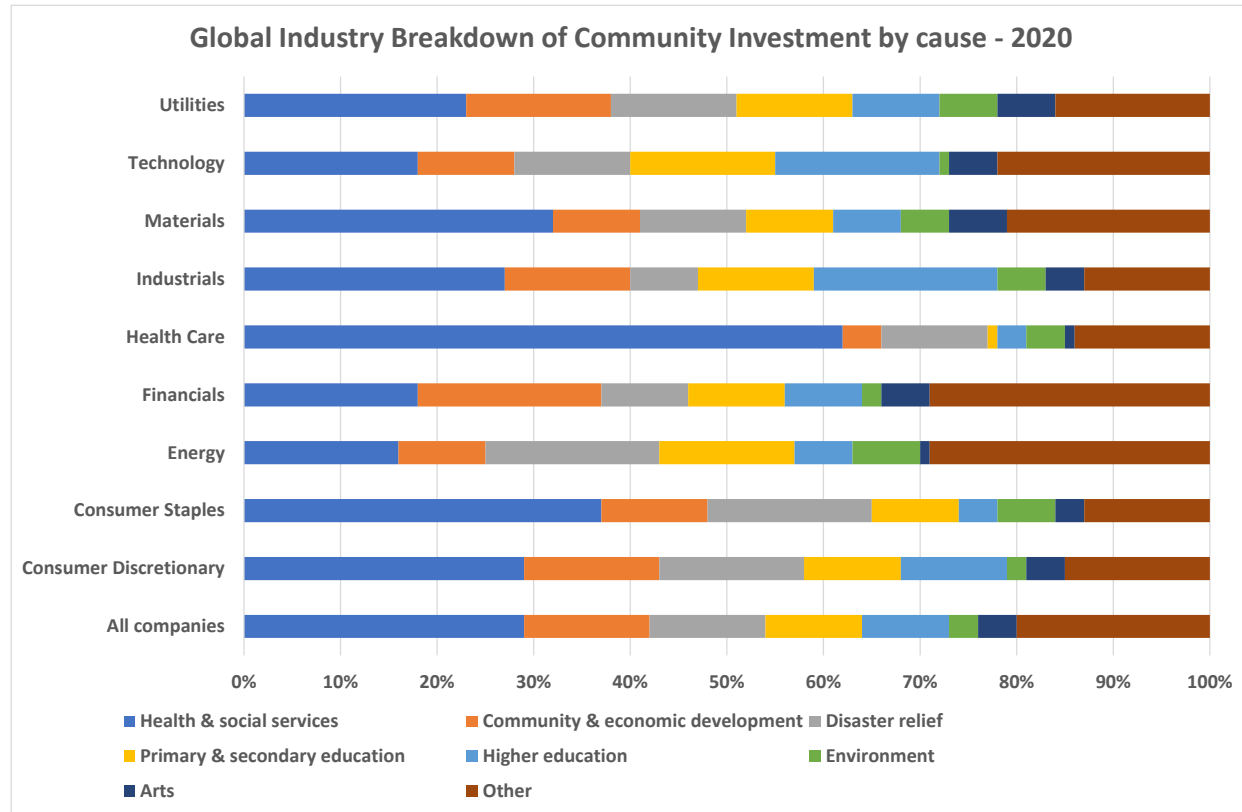


Considerations for SMEs and family business

- **Most of the reasons for engaging in corporate community investment are the same for smaller and private family businesses.**
- **However, there is often an added element of private philanthropy to be considered.**
- **Motivations and causes will often be driven by a combination of private and business desires.**
- **Groups such as Cotton On and Bakers Delight have combined both elements.**
- **A large international survey found 50% did philanthropy through the business and 40% through a family foundation or trust.**

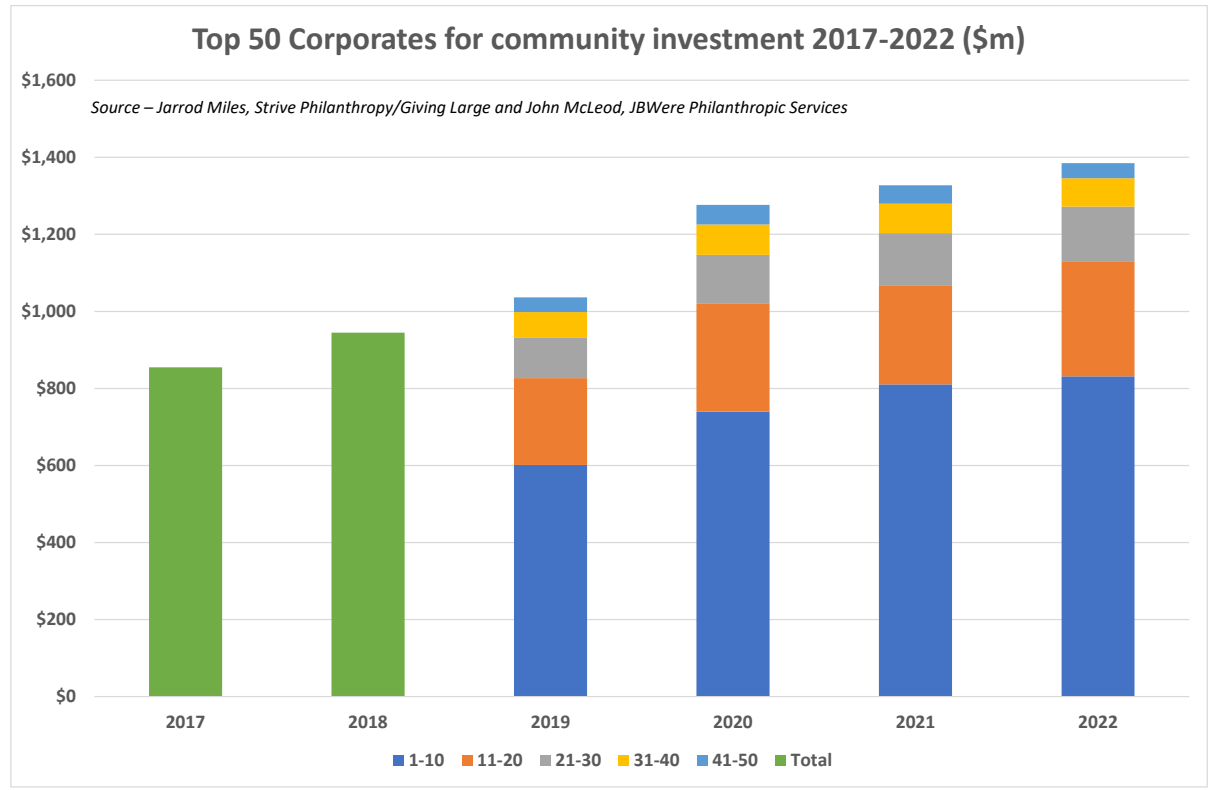
Where corporates give internationally

- There are large differences in the cause areas supported by different industries
- Health and social services does well with almost 1/3 of support
- Do your research




Considerations for community & for-purpose groups

- Understand this is NOT normal fundraising.
- What do we and our cause want from the relationship. Think beyond a cheque.
- How to approach the potential partnership. What do we offer beyond helping a good cause.
- Can we manage the relationship
- What concerns should we have



Summary and the future

- **Large scale philanthropy is growing strongly but is still in catch up mode**
 - **There is plenty of room for growth, aided by intergenerational change**
 - **The Productivity Commission inquiry into philanthropy is an important opportunity**
 - **The motivation for HNW philanthropy is usually more about change and impact than emotion or private preferences/interest**
 - **While corporate community investment is large and also growing, the drivers are different**
 - **Successful fundraisers need to develop distinct strategies each donor segment**
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Beyond



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