

The evolution of philanthropy

Philanthropy is evolving rapidly in Australia, changing the nature, size and destination of donations and bequests – not to mention volunteering. That means recipients will need to rapidly evolve too, if they want to continue to attract support. Research from JBWere Philanthropic Service's *The Support Report* analyses the changing landscape of giving.

What does giving look like today?

Donations and bequests are a small but essential part of charities' total income. Importantly, there are few strings attached.



Donations and bequests make up around 8% of Australian charities' total income.

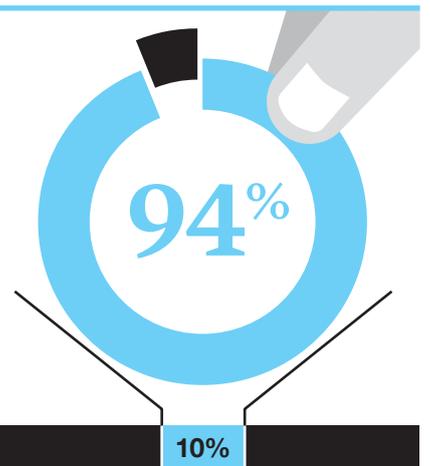
Volunteering is a big part of the picture that's often overlooked.



When financially valued, volunteering makes up about 65% of Australian charities' total philanthropic support.

But there's a sizeable difference in the support various charities receive.

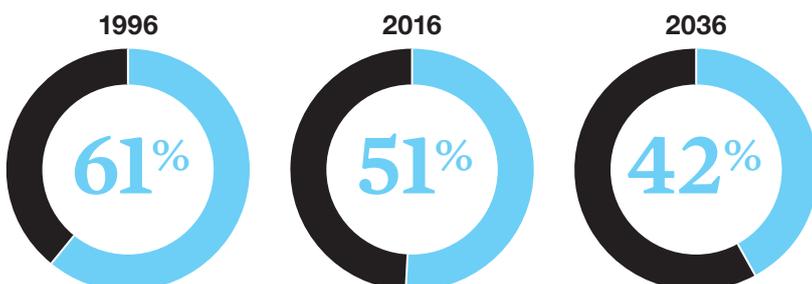
The top 10% of organisations get 94% of all donations and bequests.



The face of giving tomorrow

Nevertheless, who gets what could well change over the next two decades. Volunteering is likely to decline and, while donations and bequests will remain strong, their mix will vary.

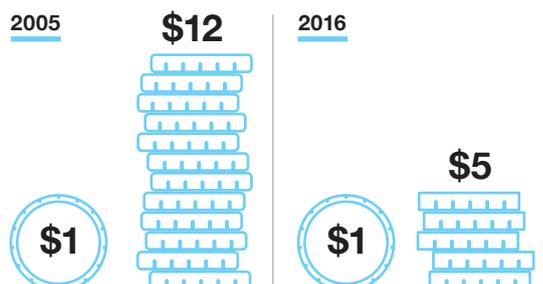
Mass market donors as a proportion of all donations and bequests



The numbers are falling

The proportion of people who make tax-deductible donations is falling in every state in Australia – and so are the financial returns on investment in fundraising.

Funds raised for each \$1 spent



Who gives what

The proportion of people donating, and the amounts they give, increase in line with their level of income.

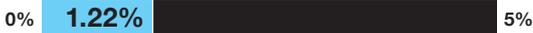
Giving as a % of taxable income



Australians earning \$50,000-\$100,000 p.a. give 0.25% as a group



Australians earning \$1 million+ p.a. give 1.22% as a group¹



1. Refers to taxable income

But this is as much about bracket creep as it is about generosity. And while the amount donated may grow impressively as income rises, the proportion donating is disappointing in Australia.

People on \$1 million+ a year claiming a tax deduction for donations has room for improvement

Australia

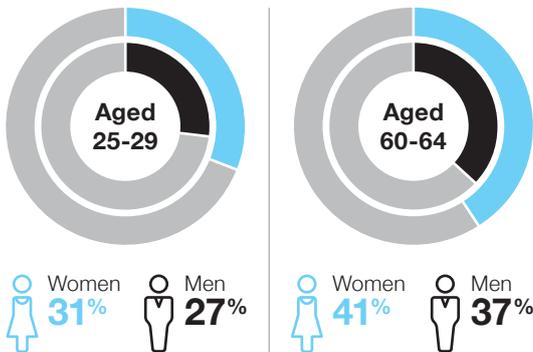
United States



Gender matters

There's a big difference in giving when it comes to gender. More women donate than men – whatever their age bracket.

Proportion of Australians who donate



However, due to lower levels of income, the dollar value of their support is ultimately less.

Age matters, too

Both women and men donate more as they age. Up to 65 years, there's a steady increase in terms of how much people donate as a proportion of their income. After this it rises dramatically.

Amount donated by age

Aged 30-34

Women: \$268
Men: \$352

Aged 60-64

Women: \$688
Men: \$950

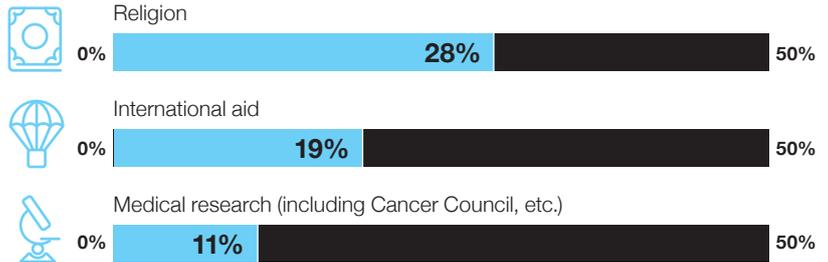
Aged 75+

Women: \$2,494
Men: \$3,633

Which causes attract the most support?

When it comes to mass market donors, religion is the clear winner – for now. Data shows religion's dominance has fallen and will likely fall still further. International aid may also face tougher times ahead.

Top causes supported by the mass market today



The importance of bequests

The largest gift most people will ever give is in their will.

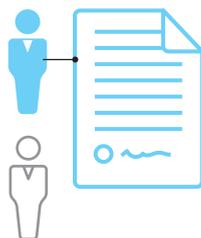
\$450 million

Estimate of total bequest size in Australia p.a.

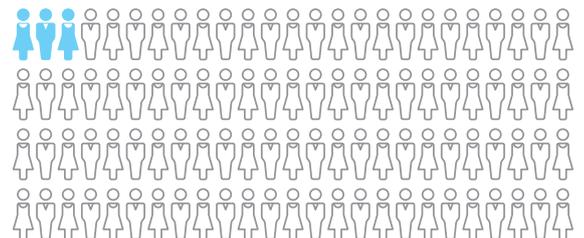
Bequests are likely to increase due to an ageing population and a spike in house values. But the overall number of people who include a bequest in their will remains extremely low.

Australians' last wishes in 2016

About 1 in 2 have a will



About 3 in 100 leave a bequest



What about high net worth individuals (HNWI)?

Australia's wealthiest are giving more due to the evolution of private ancillary funds (PAFs) and the more public face of giving. But their focus differs from mass market donors.

HNWI: top causes



1 Universities



2 Arts and culture



3 Health and medical research

Significant support from corporates

Corporate Australia offers considerable support to a range of causes.

\$4.5 billion+

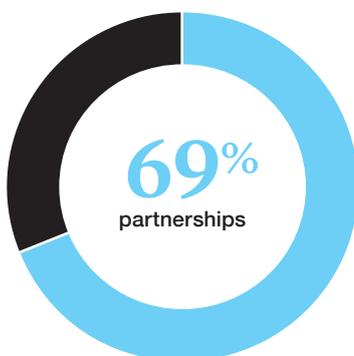
Estimate of total company contributions p.a.

How and where businesses give

While most businesses prefer to give cash, how they choose to do so differs vastly depending on the size of their organisation.

Business giving strategies

Large businesses



SMEs



It's worth noting that SMEs also favour goods and services.

Why volunteering matters

Volunteering is a big part of the support charities receive.

Volunteering = 1.7x the financial value of donations and bequests

But it's likely peaked and will continue to decline.

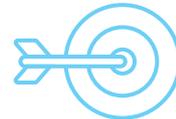
Some reasons for the fall in volunteers



Time pressures



Growing regulation



A growing desire for skills-based/'meaningful' work



Lack of financial incentives

Preparing for the future

Support over the next 20 years will increase.

Donations and bequests 2016-2036: **↑6.5%** p.a.

But who gets what will change

Potential winners

Thanks to a rise in corporate partnerships, HNWI, PAFs and bequests

 Higher education

 Medical research

 The environment

 Arts and culture

Potential losers

Due to less volunteering, a decline in corporate sponsors and fewer mass market donors

 Sport

 Religion

 International aid

 Welfare

Every for-purpose organisation should analyse its own funding pie as a matter of urgency to identify both challenges and opportunities – and evolve its strategy so it can prosper.

To see how JBWere can help you or your organisation please contact us via phone 1300 263 166 or email philanthropic.services@jbwere.com, www.jbwere.com.au

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