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A BLUEPRINT TO GROW STRUCTURED GIVING

EXECUTIVE SUMMARY

April 2021

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Acknowledgements

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A Blueprint to Grow Structured Giving

Executive Summary

▶ Australia is a generous nation. This generosity plays a vital role in supporting the diverse, vibrant and innovative charities, not-for-profits and community groups that form the ‘social capital’ that strengthens communities right across our nation.

▶ To strengthen philanthropy’s critical role in Australian society, Philanthropy Australia has led the development of a Blueprint which outlines how the philanthropic, not-for-profit, business and government sectors can work together to double structured giving by 2030.

WHAT IS STRUCTURED GIVING?

Structured giving involves using a vehicle designed to enable giving, such as private or public ancillary funds, sub-funds and giving circles, testamentary or other legacy trusts. Structured giving can also occur without using a dedicated vehicle, through corporate cash donations, or larger scale and planned contributions from individuals and families. Structured giving accounts for around 20% of total annual giving in Australia. It is a critical component in our philanthropic landscape because it encourages higher giving levels by donors, builds a culture of giving, and facilitates a more ‘strategic’ approach to giving.

WHY A BLUEPRINT NOW?

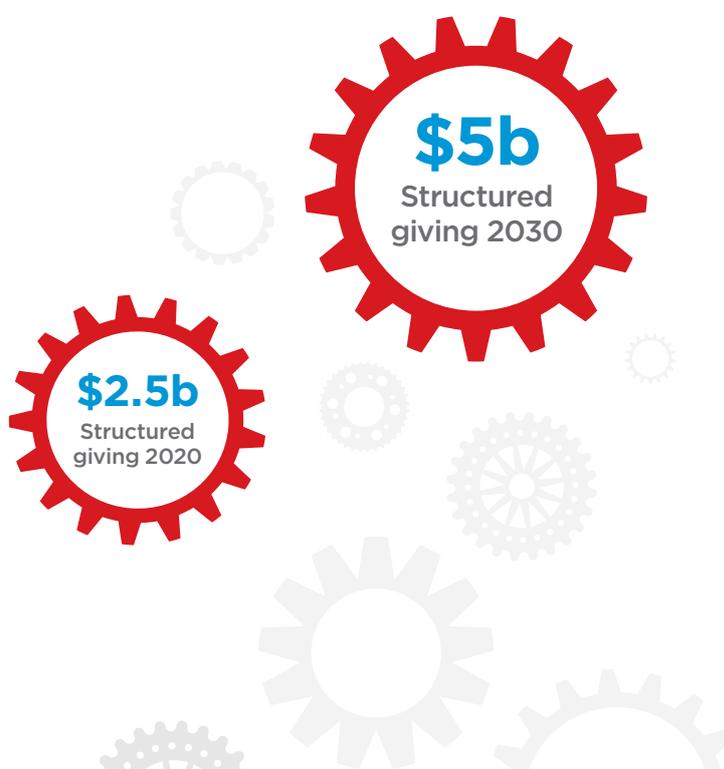
There are several high potential opportunities to grow giving in Australia.

- Australia is expecting **an unprecedented transfer of \$2.6 trillion in intergenerational wealth** to be passed from baby boomers to their children in the next two decades. If harnessed for philanthropy, this could supercharge giving in Australia by 2030.
- **Australia’s corporate giving is at an all-time high** – \$1.1 billion in 2020 and a 17% increase on the previous year. We can build on this momentum.
- **The proportion of Australians who give has been trending down** for 15 years – arresting this decline could save as much as \$16 billion in “lost” donations by 2030.
- **The number of wealthy Australians is increasing, but the proportion of wealthy Australians who donate is decreasing.** In 2017-18, just 54.5 percent of people earning over \$1 million p.a. claimed tax deductible donations, compared to 90 percent in the United States. Lifting the percentage of wealthy donors will have dramatic impact.
- Research shows that **attitudes towards giving are established early in life** and can be difficult to change once formed. We need to act now to build a pipeline of givers.
- Community responses to the 2019-20 bushfires and COVID-19 pandemic reinforced the **increasing importance of community and place-based philanthropy** which can be leveraged now for future growth and benefit.

THE BLUEPRINT PROCESS

Development of this Blueprint has been evidence-based and involved extensive cross-sector consultation. Stage 1 of the Blueprint has identified 10 specific initiatives to support the key strategic priorities. Stage 2 of the Blueprint will involve further design, planning and fundraising to prosecute these initiatives along with the development of additional promising initiatives identified in stage 1.

▶ Our aspiration will see Australia’s structured giving reach \$5 billion in 2030, double the quantum of giving estimated for 2020.



Blueprint on a page

OUR ASPIRATION

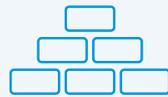
Double structured giving by 2030

OUR STRATEGIC PRIORITIES



Protect

Protect the foundations of philanthropy that work well today



Enhance

Enhance the building blocks of giving in Australia



Target

Target specific opportunities with high potential to grow giving

Priority 1: Protect existing frameworks which work effectively and support giving

Priority 2: Support public trust and confidence in charities

Priority 3: Introduce new structures and incentives

Priority 4: Increase awareness and education about philanthropy

Priority 5: Continue to build the evidence base

Priority 6: Capture a share of the intergenerational wealth transfer

Priority 7: Engage more of Australia's well-resourced and High Net Worth (HNW) individuals

Priority 8: Grow giving from Ultra High Net Worth (UHNW) individuals

Priority 9: Build a pipeline of next generation and new givers across wealth levels

Priority 10: Increase community and place-based giving

OUR INITIATIVES

The first stage of the Blueprint has identified ten initiatives which will play a key role delivering these priorities. There are a further ten potential initiatives that may be further developed in the next stage of the Blueprint.

1. Remove barriers to donating excess superannuation
2. Reform the DGR framework
3. Introduce a Living Legacy Trust structure
4. Champion stories of diverse philanthropic giving
5. Develop a research agenda to extend the evidence base
6. Support professional advisors to engage with clients about philanthropy
7. Introduce a bi-annual report on HNW giving
8. Support UHNW philanthropists to engage peers in giving
9. Cut red tape to enable more place-based philanthropy
10. Facilitate community and place-based philanthropy

ENABLERS

A Coalition of the Giving • A cross sector group to drive, champion and lead the initiatives

Enabling support • Provided by Philanthropy Australia, with other organisations able to join as part of a collaborative effort

Funding • Many initiatives will require funding or other commitments of support, including from Government

OUR INITIATIVES TO GROW STRUCTURED GIVING

1. Remove barriers to donating excess superannuation	Enable individuals to use a binding death nomination to nominate charities with DGR status to which excess superannuation can be bequeathed. Remove the current tax penalty for such bequests to charities from super.
2. Reform the DGR framework	Broaden and simplify access to DGR status for charities, improving access for philanthropy and better positioning charities to support future community needs.
3. Introduce a Living Legacy Trust structure	Establish a new tax incentive, where mature age donors can place their capital in a trust for the benefit of a charity upon the donor's passing.
4. Champion stories of diverse philanthropic giving	Promote stories of philanthropy from diverse donors to demonstrate its value to potential givers and foster a culture of giving in Australia.
5. Develop a research agenda to extend the evidence base	Work collaboratively across the philanthropic sector to prioritise research which continues to build and demonstrate the case for philanthropy and how it can grow.
6. Support professional advisors to engage with clients about philanthropy	Work with professional advisors so they have the incentives, tools and knowledge to recommend philanthropy to their clients, to grow structured giving including through bequests.
7. Introduce a bi-annual report on HNW giving	A first of its kind report to plug a significant gap in knowledge of HNW giving in Australia, leveraging data from wealth advisory firms, to build greater transparency of the extent of giving in this cohort and stimulate additional giving.
8. Support UHNW philanthropists to engage peers in giving	Better enable existing philanthropists to share their personal giving stories and the benefits of giving, with their peers, to increase giving amongst Australia's wealthy.
9. Cut red tape to enable more place-based philanthropy	Community Foundations are critical for place-based giving. However, the current DGR framework imposes red tape which constrains their work. Removing this red tape will catalyse their growth.
10. Facilitate place-based philanthropy	Facilitate growth of place-based philanthropy including by building awareness, supporting early stage development, government matched fundraising, and supporting initiatives to access local assets.

Other potential initiatives identified and to be further developed in Stage 2 include:

- Implementing a National Giving Campaign
- Strengthening the fundraising capacity of charities
- Supporting workplaces to encourage soon-to-retire HNW employees to consider philanthropy at retirement
- Encouraging workplace volunteering, as a pathway to giving
- Establishing a fundraising challenge targeted at companies
- Working with the media to encourage reporting of stories of UHNW giving
- Supporting programs that teach children about philanthropy at school
- Engaging with migrant HNWs, including the Asian Australian diaspora
- Fostering the next generation of philanthropists

WHERE TO FROM HERE?

There are three critical next steps as we move to stage 2 of the Blueprint.

A COALITION OF THE GIVING

Bring together a coalition of leaders and change agents from across the philanthropic, social, business and government sectors to own and drive the aspiration to double structured giving by 2030.

FUNDING STRATEGY AND PLAN

Develop a plan and funding strategy to support the next stages of work, including the provision of backbone enabling support along with the levels of investment needed to prosecute the key initiatives already identified and progress the others initiatives under consideration.

ENABLING SUPPORT

Secure ongoing enabling support for Philanthropy Australia. This enabling support is just as critical as it is to set a clear aspiration, articulate the strategic direction and develop the roadmap. To deliver on our aspiration, enabling support for Philanthropy Australia is needed to progress the work, and specifically to ensure that the day-to-day effort of catalysing, sustaining and tracking activity and outcomes across the scope of the Blueprint is appropriately resourced.

We welcome expressions of interest from individuals and organisations looking to support stage 2 of the Blueprint. For questions or further information, please contact us at blueprint@philanthropy.org.au.

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