



PHILANTHROPY
Australia

‘A more giving Australia’

Philanthropy Australia’s
Strategic Plan 2012 – 2014

Philanthropy is the planned and structured giving of time, information, goods and services, voice and influence, as well as money, to improve the well-being of humanity and the community.



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1 EXECUTIVE SUMMARY

Philanthropy Australia's Strategic Plan 2012-2014 (the Plan), has been developed by the Council of Philanthropy Australia in response to the transformative changes in the philanthropy sector over recent years and its determination to lead, grow and strengthen the sector. It will form the blueprint to guide Philanthropy Australia over the next three years.

The Plan is titled '*A More Giving Australia*', which has become the new vision for Philanthropy Australia. It represents a progression from our past vision for '*A giving and caring nation*' and reflects the Council's view that Philanthropy Australia should not only continue to fulfil the peak body role for which it is recognised today, but in future should take a stronger leadership position and become a catalyst for greater giving at all wealth levels.

Supporting the new vision for a more giving Australia is a new mission, namely '*To lead an innovative, growing, influential and high performing philanthropic sector in Australia*'. The renewed emphasis on leading, innovating and high performance reflects Council's views that given the fundamental changes in the sector, Philanthropy Australia needs to be at the forefront of the diffusion of innovations and best practice, and must provide the tools and connections that all types of philanthropy practitioners seek to be more effective.

Beyond the vision and the mission, the Plan has at its core three specific goals for Philanthropy Australia. The Council is convinced that to be judged a success in making a material difference, Philanthropy Australia will need to proactively and successfully: lead the sector; grow the sector; and strengthen the sector. Lead, grow and strengthen are consequently the new core goals for Philanthropy Australia. The Plan incorporates detailed strategies, activities, measurements and KPIs against each of these goals.

A snapshot of the Plan is set out in Table 1 below and the detailed strategies and measures are at Attachment 1.

The context and background which informed the development of the Plan is set out in the following sections. In particular, the Council spent considerable time researching and considering the changing landscape of philanthropy in Australia. Key amongst the findings were:

- The growth rate of philanthropic contributions over the past decade has been in the order of 10 per cent per annum. Growth has slowed since the Global Financial Crisis of 2008, but a return to growth in philanthropic giving in the next five years is predicted.
- A much more diverse philanthropic sector has emerged in Australia in the past decade with traditional trusts being joined by almost 1,000 PAFs, a significant number of individual and family foundations with living donors, community foundations, corporates with community investment programs, and many organisations that promote workplace giving, in-kind giving and volunteering.
- The Australian Charities and Not-for-Profits Commission (ACNC) will commence operations in 2012, and its operation and broader powers will be of significance.



The Council also reviewed Philanthropy Australia's strategic journey and looked at areas of unmet needs, weakness and the implications for the future in developing the Plan. Key findings were:

- While Philanthropy Australia has succeeded in representing Members and the sector more broadly as a peak body, important gaps exist:
 - In terms of growing and inspiring, most activities have been reactive and this remains a major challenge as well as an opportunity.
 - Philanthropy Australia has been very effective in representing and promoting philanthropy to Government but much less so to the media and public.
 - Philanthropy Australia needs to address unmet needs of philanthropy practitioners in respect of grantmaking collaboration and tools for impact assessment.
- There remain important segments of the sector, both inside and outside Philanthropy Australia's membership with 'unmet needs'.
- Whilst the Philanthropy Australia Council has worked diligently to make Philanthropy Australia successful and viable, it has been suggested that the Council can be more proactive and embrace change.
- It is time to review the branding and name of Philanthropy Australia as the name may not be seen as relevant by all stakeholders and the next generation of givers.
- There is a need to broaden and deepen the financial base, with a view to diversifying income streams.
- Philanthropy Australia needs to strengthen its national footprint.
- The boundaries between grant-makers, grant-seekers and service providers are often blurred.

In order to achieve the goals set out in the Plan, Philanthropy Australia will need to undergo a number of important changes.

These include:

- Reviewing the branding of Philanthropy Australia, to make it more relevant, especially to encourage more giving and engage with aspiring philanthropists
- Acting as a catalyst for growth in philanthropic giving
- Confirming Philanthropy Australia's purpose as being for public benefit and seeking Deductible Gift Recipient (DGR) status



- Evolving the value proposition for Members to recognise that they are supporters of the organisation and its community contributions as well as receiving services
- Diversifying revenues from member fees, to include more donations, more fees for value-added services, new subscriptions and more programs such as professional development, events and conferences
- Developing new propositions for high-net-worth individuals and families and their foundations
- Providing stronger thought and practice leadership
- Building stronger links and partnerships, especially internationally, to extend the influence and reach of Philanthropy Australia
- Building Philanthropy Australia's national footprint and reach through increased use of technology including the internet and social media
- Recognising that effective and engaged philanthropy is built on close partnerships and blurred boundaries with grant-seeker organisations and that the Associate Members of Philanthropy Australia are a unique strength through which to build increased effectiveness
- Strengthening communications, media and marketing skills to broaden and deepen media engagement to increase public awareness of growing philanthropy and Philanthropy Australia
- Seeking support from Members in the form of time, information, goods and services, voice and influence as well as financially, as these pro bono resources can make a significant difference, as recognised in the Philanthropy Australia definition of philanthropy
- Committing the Council to play a key role in the change program and continued good governance of the organisation

In developing this Plan, the Council had discussions and sought input from a number of people and organisations involved in the philanthropic sector. The Council would like to thank them all for their generous time and suggestions. The Council was also greatly assisted by Mr Rob McLean AM in developing this Strategic Plan. Rob gave generously of his time in facilitating a number of strategic planning workshops for the Council and in guiding and assisting the Council in its deliberations. The Council would like to specifically thank Rob for his invaluable assistance.

Finally, the Council also recognises the dedicated work of the management team and staff at Philanthropy Australia which greatly assisted in developing this Plan. On behalf of the Council and management we look forward to working with all stakeholders to build a stronger philanthropic sector towards *A Giving Australia*.



Table 1. Strategic Plan 2012-2014 Snapshot

Vision:	<i>A more giving Australia</i>	
Mission:	<i>To lead an innovative, growing, influential and high performing philanthropic sector in Australia</i>	
Goals:	1. Lead	<ul style="list-style-type: none">▪ <i>Be the leader and principal representative of a vibrant philanthropic community</i>▪ <i>Pro-actively contribute to cutting-edge thinking, discussions and practice</i>
	2. Grow	<ul style="list-style-type: none">▪ <i>Inspire a larger and stronger philanthropic sector</i>▪ <i>Encourage all Australians to increase their giving and philanthropy</i>
	3. Strengthen	<ul style="list-style-type: none">▪ <i>Maximise the philanthropic sector's effectiveness and impact</i>▪ <i>Increase Philanthropy Australia's effectiveness and resources</i>▪ <i>Encourage and practise effective and transparent governance</i>



2 THE CHANGING LANDSCAPE OF PHILANTHROPY

2.1 Introduction

The changes that have occurred in the philanthropy sector over the past decade are transformative.

Philanthropic giving now has a large and growing dimension which occupies an important place in Australian society. There is significant innovation in who gives and how they give; the sector has more participants in a great variety of roles; there is a growing expectation for philanthropy to complement or augment government services; and the sector is becoming much more closely regulated.

Each of these developments has a bearing on how Philanthropy Australia is positioning itself for the future.

The performance of Philanthropy Australia during the period of the previous Strategic Plan, 2007 to 2011, confirmed the organisation's role as a peak body and its capacity to represent the sector to Government.

The pace of organic change and a new era of significant regulatory changes mean that the next Strategic Plan will be for a shorter period (three years: 2012 to 2014).

2.2 Philanthropic giving: a large and growing sector

Individual Australians gave over \$2 billion in tax deductible contributions in 2008/09.¹ The growth rate of philanthropic contributions over the past decade has been in the order of 10 per cent per annum. However it has slowed in the past few years since the Global Financial Crisis of 2008, as individuals have seen their asset values crimped and foundation assets have been negatively affected by share market declines.

The income growth projected for Australia in the next five years should see a return to growth in philanthropic giving.² The factors behind this growth include the vast wealth creation occurring with the resources boom, increased participation by Australians in philanthropic giving, an increasing culture of philanthropy, as measured by the growth in the number of Private Ancillary Funds (PAFs), and the baby boomer generation dispersing a share of their assets through charitable giving.

¹ 'Taxation statistics 2008-09'

from: http://www.ato.gov.au/content/downloads/cor00268761_2009CH10CDG.pdf

ii ABS projections



2.3 Innovation in who gives and how

Philanthropy in Australia remains closely associated with foundations and trusts established through Wills. However, in the past decade these traditional trusts have been joined by a significant number of individual and family foundations with living donors, community foundations, corporates with community investment programs, almost 1,000 PAFs, and many organisations that promote workplace giving, in-kind giving and volunteering.

As a result a much more diverse philanthropic sector has emerged in Australia. Not only are the dimensions of the sector changing, the ways in which people give are also changing. Increasingly, donors are 'giving while living', and giving in a highly engaged way, whereby relationships and partnerships are central to philanthropy. There is now a spectrum of funding that runs from simple cheque-book donations to investments that yield a return. The rise of 'social finance' as it is called in the UK or 'impact investing' as it is termed in the US, is giving rise to a range of financial instruments that generate returns like bonds, shares and options. There is also a spectrum of pro bono philanthropy, from one-off donations of goods in-kind, to substantial commitments of time, expertise and skill donated for the public benefit.

2.4 Growing servicing of the sector

As the philanthropic sector has grown, the number and range of service organisations in the sector has also evolved. Service providers such as Trustee Companies, family offices, asset management firms and private banks assist in setting up foundations, managing investments and making disbursements. Accounting firms offer tax and accounting services to foundations and charities, and some now specialise in establishing philanthropic foundations.

There is a new stream of advisors and consultants who offer research and management services to review and measure impact, or assist with grant-making. Not surprisingly, the need for professional development in this sector has seen universities expand their courses and research relating to philanthropy and social impact, reflecting the growth in size and interest in organised giving.

2.5 Sector regulation on the horizon

The Australian Charities and Not-for-Profits Commission (ACNC) will commence operations in 2012. It has a broad charter and will have significant powers relating to the operation of not-for-profit and philanthropic organisations. How this new organisation will operate alongside Treasury and the Australian Taxation Office will be of significance to Philanthropy Australia and its Members.

Philanthropy Australia supports the move towards a more accountable and effective philanthropy sector. Associated reforms, particularly the introduction of a statutory definition of charity and the shift of emphasis in what is considered charitable to a public benefit test will have a marked effect on the not-for-profit and philanthropic sectors. It will be essential that the reforms incorporate the decision in the Aid Watch case, as has been foreshadowed.



3 PHILANTHROPY AUSTRALIA'S EVOLVING STRATEGIC JOURNEY

3.1 Review of the Strategic Plan 2007-11

In the previous Strategic Plan 2007-11 the Council adopted a Vision of 'A giving and caring nation' and a Mission 'to represent, grow and inspire an effective and robust philanthropic sector for the community.'

As part of the Plan four specific goals were set supporting the Mission: Representation, Grow and Inspire, Effectiveness, and Governance. The review of the 2007-2011 Strategic Plan reflected on the Mission and Goals, the extent to which they have been achieved and whether they remain the right goals for the next period.

The conclusions reached by the review are that Philanthropy Australia has had success in achieving key parts of its Mission, and has built an organisation that is uniquely qualified to lead the sector, but that it now needs to develop strong value propositions to reach the emerging segments of philanthropic giving and contribute more proactively to the growth of philanthropy and the culture of giving in Australia.

3.2 Mission success and achievement of goals

Philanthropy Australia has succeeded in representing Members and the sector more broadly as a peak body. This is acknowledged by Member surveys and conversations Philanthropy Australia leadership has had with various sections of Government.

At times of important legislative developments, such as the changes to Prescribed Private Funds (now Private Ancillary Funds) in 2008/09 and Public Ancillary Funds in 2011, government officials have sought Philanthropy Australia's views, resulting in positive influence on outcomes. Philanthropy Australia has played a key role in galvanising and coordinating responses from the philanthropic sector through policy alerts, technical committees and submissions to Government.

In terms of how well Philanthropy Australia performed in helping to grow and inspire philanthropic giving, there has been progress, but most activities have been reactive and this dimension is seen as a major challenge as well as an opportunity.

As shown in the 2011 Member Survey, Members overwhelmingly believe Philanthropy Australia has been very effective in representing and promoting philanthropy to Government, but much less so to the media and public.

How to make philanthropy more effective is a crucial issue, as was reflected in the third Goal in the 2007-11 Strategic Plan. Members surveyed ranked 'Evaluating the impact of grant-making'



as their biggest challenge by far. Interestingly they rate 'Collaborating with other funders' as their second biggest challenge.

The desire for collaboration was expressed strongly when Members were asked which of three issues is most important to philanthropy - leveraging resources to maximise impact, improving legislation/tax relating to philanthropy and research into giving and effective philanthropy.

Leveraging resources to maximise impact was ranked highest as the key issue. This is not surprising given the level of investment required to fund innovative programs in arenas including medicine and social welfare, particularly in scaling-up pilots or replicating small scale programs. This flags the importance of Philanthropy Australia in addressing unmet needs of philanthropy practitioners in respect of grant-making collaboration and tools for impact assessment, even though these are already considered matters of high importance by all Affinity Groups.

3.3 Unmet needs

It is imperative to understand both the needs of Members and Associates, and the needs of those philanthropy practitioners who remain outside the organisation, those who, for whatever reason, have not joined Philanthropy Australia. Research needs to be undertaken into various 'untapped' segments of the sector, with a view to increasing the strength and growth of philanthropy and also to increasing membership of Philanthropy Australia.

Some of those segments with 'unmet needs' are easy to identify: - corporate foundations; aspiring philanthropists (i.e. those who are giving in the tens of thousands as individuals but do not yet have a formal structure); fledgling and start-up foundations, including PAFs; trustee companies; professional advisors; researchers and students of philanthropy. Other segments may prove more of a challenge to identify and engage, such as diaspora giving or giving by and to specific cultural or religious groups.

Philanthropy Australia was engaged by the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to explore strategies to encourage greater levels of giving among Australia's high and ultra-high-net-worth individuals. The resulting report³, researched and written by Effective Philanthropy, produced ten recommendations for strategies to engage this cohort and drive increased giving, some of which will be adopted in this new Strategic Plan.

These kinds of initiatives, which deepen understanding of the philanthropic sector and challenge us to be responsive and flexible, are indicative of the way forward, with a sound evidence-base and a collaborative framework.

³ "Strategies for Increasing High Net Worth and Ultra High Net Worth Giving", researched and written by Effective Philanthropy for Philanthropy Australia, prepared for the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs. Approved for Publication 17 February 2011. The report can be downloaded from <http://www.philanthropy.org.au/pdfs/papersreports/PA-High-Net-Worth-Giving-Report-170211.pdf>



3.4 Governance and transparency

The final goal in the previous Strategic Plan related to the governance and transparency of the philanthropic sector and of Philanthropy Australia itself.

The governance of the sector has been considerably enhanced through the development by Philanthropy Australia of Trustee Handbooks⁴ and through regular governance workshops, as part of a broadening range of professional development opportunities. The Trustee Handbooks are publicly available on the Philanthropy Australia website: the general guide to governance for trustees has been downloaded more than 4,700 times, while the handbook specifically for PAF trustees has been downloaded more than 5,500 times.

The Council, Management and staff have worked diligently to continue to make Philanthropy Australia successful and viable. This has been reflected in an increase in Full and Associate membership from 265 in 2007 to 413 in 2011; a substantial rise of 56 per cent. However, reflecting changes in the composition of revenues and a desire to minimise cost increases to Members, total revenues were relatively constant at around \$1million per annum throughout the five year period.

The recent review also tapped input from key influencers in the sector who suggested that the Council can be more proactive in addressing sector issues and embracing change, and this also points to the need for fine-tuning in the Strategic Plan and its execution.

3.5 Branding

When Philanthropy Australia was formed on 1 December 1977 it was known as the Association of Australian Philanthropic Trusts. The name was later changed to the Australian Association for Philanthropy and in 1998 the current name, Philanthropy Australia, was adopted.

While the term ‘philanthropy’ appears in each of these names, and many people feel comfortable with it, others find the term too exclusive. Some prefer the universality of ‘giving’, while others prefer the term ‘social investment’ with its focus on impact and return.

Philanthropy was defined by Philanthropy Australia in 2007 as ‘the planned and structured giving of money, time, information, goods and services, voice and influence to improve the well-being of humanity and the community’. This definition remains relevant today, modified slightly to read:

The planned and structured giving of time, information, goods and services, voice and influence, as well as money, to improve the well-being of humanity and the community.

⁴ Philanthropy Australia has published a suite of governance handbooks, including *Trustee Handbook: roles and duties of trustees of charitable trusts and foundations in Australia*, and *Private Ancillary Funds (PAF) Trustee Handbook*, both written by David Ward.



However, if the name Philanthropy Australia is not seen as relevant or accessible by all stakeholders in the sector, and by the next generation of givers yet to be engaged, this could inhibit attainment of the key goal of Growth.

It is therefore time to review the branding and name of Philanthropy Australia, from the perspective of both current and prospective Members. If a name change is to be adopted, this would be a matter for wide discussion and on which Members would need to vote at an Annual General Meeting or Extraordinary General Meeting.

In the meantime, while retaining the name Philanthropy Australia, increasing prominence will be given to the term 'giving', in order to broaden the appeal of Philanthropy Australia's key messages.

3.6 Updating the Vision, Mission and Goals

The Philanthropy Australia Council has reviewed the Vision and Mission against the changing landscape and believes some sharpening is needed.

The updated Vision is:

A more giving Australia

The updated Mission now reads:

To lead an innovative growing, influential and high performing philanthropic sector in Australia

The updating of the Vision and Mission statements reflect the aim that Philanthropy Australia will not only continue to fulfil the peak body role for which it is recognised today, but in future will:

- take a stronger leadership position
- become a catalyst for giving at all wealth levels
- be at the forefront of diffusion of innovations and best practice
- provide the tools and connections that all types of philanthropy practitioners seek to be more effective

The Council has reviewed the four goals in the last Strategic Plan and believes that they too should be tightened to support the refocused Mission.

This Strategic Plan incorporates just three goals: Lead, Grow and Strengthen.



3.7 Well positioned to lead the sector

As noted earlier, Philanthropy Australia has grown to a total of 413 Members over the period from 2007 to 2011 and simultaneously embraced a more diverse membership: including small and large foundations, community foundations, corporate foundations, individuals and trusts.

This includes a diverse group of Associate Members, including organisations which are service providers, advisors, researchers, academic institutions and grant seekers. Together the Associates and Members extend the reach of Philanthropy Australia.

The mix of Members who are grant-makers and grant-seekers is unique, providing potential opportunities for dialogue and engagement to lift the performance of both not-for-profit and philanthropic organisations.

Philanthropy Australia also has extensive reach and influence in the sector through its conferences, publications, affinity groups, courses and communications. The unique visitors to the Philanthropy Australia website now average more than 9,000 per month, as well as more than 4,000 visits per month to the Philanthropy Wiki, and ongoing interest in the PAF and Community Foundation specific sites.

Philanthropy Australia is in a unique position to harness the extraordinary knowledge and expertise in its Membership, Council and Staff to provide thought leadership for the sector.

Philanthropy Australia activity and membership is strongest in Sydney and Melbourne with Members in all capital cities, as well as regional and rural areas. However Council acknowledges that more needs to be done to engage the Queensland market in particular, and to increase Philanthropy Australia's national footprint.

Philanthropy Australia has a strong and collaborative partnership arrangement with Giving West in WA, and also has close links with organisations representing specific segments of the philanthropic sector such as the Australian Environmental Grant-makers Network, Australian Jewish Funders and the Australian Women Donors Network. These collaborative relationships are indicative of the way forward for the organisation, embracing and building upon the collegiate spirit in philanthropy.

3.8 Strong value propositions

Diversity in membership results in varying expectations of the value of membership and services. Members who took part in the annual survey in 2011 all indicated they would recommend Philanthropy Australia to other individuals or foundations. This metric is regarded in consumer surveys as the most important question of customer loyalty and retention.

When asked whether there is good value for money from membership there was some ambivalence between those who believed there is and those who believe this to be less so, with a smaller group of 10 per cent who believe Philanthropy Australia provides excellent value. The 'value for money' question weighs benefits in relation to member fees.



The value of benefits and service provisions has been discussed at length by Council, and there is a requirement to better understand the needs of various segments in the sector. For example, Philanthropy Australia has Members ranging from individuals who are giving \$10,000 per annum, PAFs giving on average \$100,000 per annum, and larger foundations distributing over \$1 million per annum. Clearly the needs and expectations of these member segments vary greatly, hence the need to define more sharply the value propositions for different market segments.

As mentioned, the macro environment during the period 2007-2011 has been difficult for foundations, philanthropic individuals and corporate donors, as the value of assets has been reduced in many cases. This has led to pressure to closely examine all expenditure, including grants and donations. Through this period Philanthropy Australia has lost some members but the lapse rate remains below 10 per cent per annum overall, which is a strong outcome and better than the Plan target.

3.9 The need to broaden and deepen the financial base

Over the period 2007-2011 Philanthropy Australia's income was flat in nominal terms and declined in real terms. This is not surprising in light of the macro environment but it constrains the organisation's ability to expand and provide the resources, activities, services and influence that Members are seeking.

Moreover, the income base is almost totally dependent on member fees. The Philanthropy Australia Council aims to achieve a broader financial base beyond member fees. The lesson from sister organisations overseas, as well as other membership organisations in Australia, is that significant revenue can be earned from fee-for-service offerings, tailored programs, conferences and events. In the past 12 months, the slow process of building capacity and diversifying revenue streams has begun. New professional development seminars, such as Philanthropy 101, have been established and these will be expanded through the next Strategic Plan.

The last Philanthropy Australia biennial Conference was a financial success, for the first time in Philanthropy Australia's history. It is hoped that this will continue and be supplemented with other more targeted events, such as the Melbourne Symposium held in 2011. However, in part, these will be dependent on sponsorships and this in turn will depend on the overall economic environment.

3.10 DGR Status: Does Philanthropy Australia exist primarily for Members or for public benefit?

Philanthropy Australia's lack of DGR status is a major inhibitor to its ability to source income to resource a broadening of activities for public benefit.



Philanthropy Australia is unique amongst peak organisations in that, while it can accept membership fees from both grant-makers and grant-seekers, it cannot seek grants or donations from the vast majority of foundations, as they can only give to DGRs.

This also creates a distortion in the composition of revenues for Philanthropy Australia compared with overseas counterparts, all of whom can receive donations and grants as well as membership fees from the philanthropic sector. In recent times the taxation status of Philanthropy Australia has therefore been a matter of high importance to Council and Management.

Internal focus on this issue has coincided with a period of rapid change in government policies and regulation of the not-for-profit sector, including philanthropy. The most important of these changes, from the perspective of the taxation status of Philanthropy Australia, is the proposed new definition of charity, which will make the primary test of charity (and, it is believed, DGR status) whether or not an organisation exists for public benefit.

It is clear that Philanthropy Australia already undertakes many of its activities for public benefit. The website, for example, provides extensive information to the general public. Considerable staff time and resources are expended answering numerous enquiries from the public about philanthropy, especially from aspiring new philanthropists, from those seeking funding, and also from the media.

It is also clear that the representation work undertaken by Philanthropy Australia is on behalf of the sector and for the benefit of the whole community, not just Members. It may therefore be argued that Philanthropy Australia already exists for public benefit, even though this may not have been clearly articulated to date.

However, with the new definition of charity and the continuing importance of DGR status to Philanthropy Australia's future resources, it is essential to try to seek a consensus amongst Members as to whether the primary purpose of Philanthropy Australia is for the benefit of the not-for-profit sector across Australia, or for the benefit of Members.

As part of this assessment it may also be useful to consider the terminology used to describe Members and to begin considering whether the relationship between Philanthropy Australia and its Members would be better reflected in the term 'Supporters'.

The distinction between 'Members' and 'Supporters' is particularly important in terms of expectations. Members expect to derive individual benefits at least equal to membership fees. In contrast, Supporters willingly contribute to the organisation because they believe in its work, as well as deriving benefits from its overall effort.

The attainment of DGR status for Philanthropy Australia is important to the future of Philanthropy Australia, to the health of the philanthropic sector and for overall community benefit.

In time, after consultation with Members, it may be prudent to more formally consider defining Members, for the purposes of the Constitution, as 'Supporters' and also review the term



Associate Members in the Constitution, via resolutions at an Annual General Meeting or Extraordinary General Meeting.

3.11 Philanthropy Australia's national footprint

Since its formation more than 30 years ago, Philanthropy Australia has sought a strong national presence.

Progress towards this goal has been somewhat mixed in the past five years. Successes include the establishment of a stand-alone office in Sydney and the development of a South Australian Philanthropy Network based in Adelaide.

It has been more of a challenge to engage practitioners in other States, but Philanthropy Australia now has collaborative links with the newly established Giving West in WA, and a fledgling Queensland philanthropy network. This Strategic Plan will build on current efforts to strengthen the national footprint.

Professional development seminars have been held widely across the country including in some regional centres.

Some of the Affinity Groups have become national, such as the Corporate Network, the Health and Medical Research Working Group and the Rural and Regional Affinity Group, and there is potential for other Affinity Groups to become national using teleconferencing technology.

More generally, one of the areas in which Philanthropy Australia has made great progress over the past five years is in its use of technology. The website and electronic communication have become the main mechanism for communication. More recently, access to technology to enable 'virtual' meetings across Australia via webinars has become available to the organisation and will be implemented as part of the new Plan. In future, there is also potential to access international speakers using this technology.

Ongoing advances in information and communications technology raise questions about the most effective way for Philanthropy Australia to build on its national footprint. In this new Strategic Plan, Philanthropy Australia will therefore accelerate the shift to communicating predominantly in electronic formats. Not only will this maximise accessibility from around Australia, it is good practice environmentally and will reduce costs.

It also seems prudent to consider the optimal location for the offices of Philanthropy Australia. The ambition to have offices throughout Australia, which was part of the last Strategic Plan, will be replaced in this Plan by increased investments in technology as new resources become available, including a new strategy of utilising local people in a volunteering capacity. There is much scope to harness existing talent and energy in philanthropy across Australia to promote giving. This could involve an ambassador program or a range of partnerships with local agencies with a presence on the ground where Philanthropy Australia currently has minimal reach.



3.12 Blurred Boundaries between stakeholders

While the purpose of Philanthropy Australia is to serve the philanthropic sector, the distinction between grant-makers (Full Members) and grant-seekers (Associate Members) which lies at the heart of the Constitution of Philanthropy Australia continued to be challenged over the course of the last Strategic Plan.

The traditional boundaries which characterised philanthropy for much of the last century, such as grant-seeker and grant-maker, are blurring. Not only are organisations becoming more diverse, often with a mixture of functions such as grant-making and providing services to grant-makers, but the individuals who represent these organisations as Trustees, Directors and staff often have multiple roles too. With one hat on they may be seeking funding, and with another hat they represent a service provider or a grant-maker. There are also a growing number of intermediaries who have expressed interest in becoming part of Philanthropy Australia, but do not identify as either grant-maker or grant-seeker, but as advisor, social entrepreneur, researcher, consultant or student.

Some Members are comfortable with this ambiguity, while others wish Management to uphold the singularity of purpose and exclusiveness contained in the current Constitution.

As the Australian philanthropic sector becomes more and more dominated by living donors who are increasingly engaged in their philanthropy in a range of ways, it will become even more urgent for the simplistic distinction between grant-seeking and grant-making to be reviewed and revised. Engagement includes using voice and influence to further a cause. More generally, engaged philanthropy encourages conversations between, for example, grant-makers and social entrepreneurs, grant-seekers and advisors, as part of a shared purpose.

This points to the need for reconsideration of membership categories to more openly embrace all types of practitioners in philanthropy, as well as a discussion of Philanthropy Australia's 'no solicitation' policy at certain events, and the restricted membership of Affinity Groups and Networks.

4 NEW DIRECTIONS FOR A BROADER LEADERSHIP ROLE

For Philanthropy Australia to respond to the changes in the philanthropy landscape, expectations of Members and aspirations reflected in the Mission, the organisation must embark on some new directions.

As well as continuing to lead as a peak body in working with Government and the regulator, Philanthropy Australia must also embrace the following: broaden the base of supporters to reflect the changing landscape by offering more tailored value propositions to different segments; lead the notion of a Giving Australia and understanding of philanthropic impact; communicate the spectrum of opportunities of philanthropic investment; and build diverse revenue streams that reflect the value different segments place on convening groups, informing Members and the public, or sharing projects that will enhance effectiveness.



The strategy set out above involves a choice for Philanthropy Australia. The choice the Council considered is between focusing the organisation on the peak body role or building on strengths to undertake a broad leadership role. The Council's preference is to play a broad leadership role as it offers greatest potential for benefits. This strategy will require additional resources to be successful.

4.1 Lead the philanthropic giving sector as a peak body

This is the heartland of Philanthropy Australia and an arena which will continue to require representation not just on behalf of Members, but on behalf of the entire sector.

The Government already has a very full reform agenda for the not-for-profit sector, including the philanthropic sector. The Government's aim is to make the sector more transparent and more accountable while also recognising philanthropy's very important contribution to the economy and society.

Looking ahead, it is clear that the Federal Government will continue to see the need for changes in how the philanthropic sector operates. Dialogue on an issue basis will continue. Philanthropy Australia will propose regular forums to meet with the relevant arms of Government, including the ACNC, to represent the sector and share perspectives.

4.2 Further broaden the base of Philanthropy Australia supporters among newer segments

Philanthropy Australia has high penetration of older and larger foundations established by Wills and also public ancillary funds, community foundations and corporate foundations. These organisations have been and remain crucial to Philanthropy Australia's success.

Philanthropy Australia has only modest penetration among high net worth philanthropists, those who have PAFs and the individuals and their foundations who are making philanthropic gifts of \$5 million or more. Engaging this segment requires having value propositions that are tailored to the needs of particular segments. For example Philanthropy Australia could facilitate bringing together high-level donors for collaboration, exchange of approaches and sharing of views. For aspiring philanthropists packaging the tools for various aspects of operation could be made available on a user-pays basis.

Offering differentiated value propositions Philanthropy Australia will seek to minimise increases in base membership fees. To these will be added premium offerings including conferences, seminars and other events priced on a user-pays basis.

4.3 Offer services that address unmet needs and that can be delivered effectively at scale through the internet and social media

Philanthropy Australia brings many philanthropists together through briefings, workshops, conferences and Affinity Groups. Members have expressed a desire to be part of conversations



to share and learn. With geographic challenges across Australia, the internet and social media are clearly the vehicles that ideally complement face to face experience. In the same way that many PAFs have DIY superannuation funds, many are keen to pursue a DIY approach to philanthropy by marshalling the appropriate advisors and tool-kits.

The opportunity for Philanthropy Australia is to offer a suite of services to Members and subscribers on a user-pays basis. They could take several forms, including:

- Make available previously created content such as Philanthropy 101, Grant-making and Trustee Governance as online materials
- Offer timely perspectives on key topics through webinars, podcasts and online forums
- Provide platforms that allow members to collaborate and share funding proposals
- Video story telling of philanthropic impact that highlight donors and the organisations they support
- Evaluation tools that support effective grant-making

4.4 Promote the notion of a Giving Australia to embrace segments uncomfortable with being viewed as philanthropists

As powerful a word as philanthropy is, it does not sit comfortably with everyone in Australia or elsewhere. For example, in a survey of 33 high net worth philanthropists in the US one-third did not think of themselves as philanthropists despite giving an average of \$1 million per annum.⁵ Also, some investors in this sector are looking for some financial return on their investment. If this is also reflected in Australia, Philanthropy Australia needs to lead a broad umbrella of giving, thus embracing those involved in philanthropy, giving, and social investment. In other words Philanthropy Australia wishes to embrace those who eschew the term 'philanthropy' but actually give generously.

There is an opportunity to run campaigns around the theme of *A Giving Australia* that highlights the extraordinary impact of philanthropic giving in our society and the joy of giving. Any campaign would be guided by the advice of professionals on how to create and execute a strategy to grow and inspire giving and build awareness of Philanthropy Australia's role.

4.5 Promote Philanthropy and Philanthropy Australia through Members

The actions of Members to improve Australia's well-being are explored regularly through the journal, *Australian Philanthropy*. It has always been positioned as being 'for the Members, by the Members', however, its reach is currently quite limited.

There is potential to establish a pool of philanthropists and senior experts working in the sector to be available to talk to the media, as a contribution to a richer and more informed discussion

⁵33 High Net Worth Philanthropists Discuss Their Approach to Giving; Centre for High Impact Philanthropy, University of Pennsylvania



of key issues affecting the well-being of Australia and Australians. This would then supplement and enrich the views provide by Management and Council of Philanthropy Australia.

4.6 Build diverse income streams to extend offerings and reduce reliance on member fees

For the Council of Philanthropy Australia to meet the goals of the new Strategic Plan requires rounding out a number of offerings. It also requires building capabilities in communications and marketing. Accordingly additional income will be required to cover the cost of proactive media engagement.

Strategies for building diverse revenue streams include growth in membership; subscriber fees for valued tools like the Australia Directory of Philanthropy; donations and project grants to fund new initiatives, sponsorship of conferences and events; user-pays fees for other Philanthropy Australia created content. It will be important for partners and supporters to underwrite initiatives in areas of mutual benefit.

5 CHANGE PROGRAM REQUIRED TO ACHIEVE GOALS

If Philanthropy Australia is to play a broader leadership role and fulfil its mission, new skills, processes and partnerships are required. The initiatives build on each other and amount to a change program for the organisation.

The following sections sets out the scope of the change program and how the initiatives are to be sequenced.

The major change initiatives are as follows:

5.1 Strengthen communications, media and marketing skills. Philanthropy Australia Members and the Council believe that the organisation can do a better job of communicating its work to the media and the public. These are important specialised skills that Philanthropy Australia needs to draw on from top-tier professionals. The organisation can reallocate some resources away from current initiatives but the task requires additional resources. Steps will be taken to draw on probono communications, media and marketing support. As IT infrastructure underpins the organisation's internet and social media presence, so support will be needed here also.

5.2 Develop new value propositions for different segments: bundles of services priced to reflect value to Members and subscribers and the cost to Philanthropy Australia of providing them. This will lead to some changes in provisions for membership and separating out those services that carry a user-pay price. This happens to some extent today, for example Trustee workshops. This principle will be extended to more of Philanthropy Australia's content and programs. The aim of this initiative



is to reach segments where Philanthropy Australia has low penetration. Special pricing initiatives such as an introductory offer to demonstrate the benefits of engagement with Philanthropy Australia will also be considered.

5.3 Provide additional opportunities for donors and sponsors to support

Philanthropy Australia and its programs. Besides the biennial conference there are opportunities to seek sponsorship for specific services, for example aspiring philanthropists, high-net-worth individuals, or PAFs. There is also the opportunity to work with content sponsors for webinars or on line forums. The aim is to strengthen and diversify the finances of Philanthropy Australia and diversify them. This way the dependence on member fees can be reduced and fees can be kept as low as possible in order to encourage membership.

5.4 Commit the Council to playing a stronger role in the change program beyond monitoring the performance of management.

The Council of Philanthropy Australia plays an important role in securing resources from affiliations and contacts. This role will be of even more importance with the need to fund capabilities including communications and marketing and new initiatives around collaboration and effectiveness. To demonstrate best practice for the philanthropic sector, Council will commit to regularly reviewing its performance as a board. The process of Council rejuvenation will also continue, in order to bring additional skills and experiences to the leadership of Philanthropy Australia.

5.5 Create a range of partnerships to support reach and influence. Philanthropy Australia can have in a more diverse philanthropy landscape. Philanthropy Australia already has links with sector groups like Artsupport and the Australian Environment Grant-makers Network. These can be extended for the benefit of Members in a number of areas. Links with international organisations undertaking research on the effectiveness of philanthropy, as this is likely to be of great interest to all Members and supporters. Philanthropy Australia will also look to form partnerships with intermediaries including advisors, Trustee Companies, financial planners and family offices.



6 MEASURING PERFORMANCE

The final part of the 2012 – 2014 Strategic Plan involves the key goals and how to judge the results. The new Goals and key priorities are set out below.

Table 2. Strategic Goals and Priorities

1. Lead	<ul style="list-style-type: none">▪ <i>Be the leader and principal representative of a vibrant philanthropic community</i>▪ <i>Pro-actively contribute to cutting-edge thinking, discussions and practice</i>
2. Grow	<ul style="list-style-type: none">▪ <i>Inspire a larger and stronger philanthropic sector</i>▪ <i>Encourage all Australians to increase their giving and philanthropy</i>
3. Strengthen	<ul style="list-style-type: none">▪ <i>Maximise the philanthropic sector's effectiveness and impact</i>▪ <i>Increase Philanthropy Australia's effectiveness and resources</i>▪ <i>Encourage and practise effective and transparent governance</i>

Clearly, Philanthropy Australia can and will influence some dimensions of philanthropy and the key priorities set out above, but there are many beyond the control of Philanthropy Australia.

Accordingly the measures of success are best defined by how well Philanthropy Australia plays the role of a leadership organisation in philanthropy and the not-for-profit sector.

Council will review the progress of the Strategic Plan by examining progress on each of the priorities, asking questions and setting measures, including the following:

1. *Does the regulatory framework for trusts and foundations, introduced as part of the ACNC, reflect best practice as recommended in Philanthropy Australia's submissions?*

The metric for this is comparing the points made in Philanthropy Australia submissions with the final outcome adopted by Government/ACNC.

2. *Has Philanthropy Australia achieved DGR status?*

Once the new definition of charity and the operations of the ACNC are finalised this will become a high priority.



3. *Has Philanthropy Australia successfully diversified its revenue streams?*

More fee-for-service, professional tools and resources, programs and events will be introduced over the course of the Strategic Plan, with a target of 30 per cent of revenues from sources other than Member fees.

4. *Has Philanthropy Australia reached significant penetration of newer segments in philanthropy as donors and as Members?*

One aim is to see very significant increases in the engagement of the media and the public in giving. A second aim is to engage untapped cohorts, for example PAFs, aspiring and HNW philanthropists as Members, at conferences and at seminars and workshops.

5. *Do Members and subscribers overwhelmingly see value for money in belonging to Philanthropy Australia?*

Renewal of membership will continue to be the primary gauge of satisfaction and value for money, and going forward the aim will be to meet or better the current membership renewal rate of more than 90 per cent. The Membership Survey will also assist in understanding and measuring member satisfaction, with a target of 80 per cent. In part, success in reaching this objective will depend on changing Member perceptions to foster a greater appreciation of public benefit.

6. *Is Philanthropy Australia attracting widespread interest from government, media and the public in the organisation's professional views and tools?*

The current member Survey measures Member's views on how well Philanthropy Australia is attracting interest. PRESSing Matters is one actual measure of media attraction, together with ongoing monitoring of activity on the Philanthropy Australia websites and comparison with the other peak bodies in the not-for-profit sector in Australia. Regular monitoring of references to Philanthropy Australia in the media also contributes to measuring reach and influence.

7. *Are Philanthropy Australia's processes, effectiveness and governance regarded as among the best in the not-for-profit sector?*

Council evaluation and Member surveys will address this question.

8. *Are the organisation's finances strong, with growing income streams and an ample cash buffer?*

The growth rate of income and progress towards increasing the net equity of Philanthropy Australia into the range of 3 to 6 months of expenses are the measures which will be reviewed annually to assess progress.



7 CONCLUDING COMMENTS

Philanthropy Australia is committed to being accountable and Council and Management believe the Goals, and Priorities as set out in this Plan will provide a strong strategic direction.

This is a time of great change and opportunity in philanthropy and the metrics and progress against them will clearly signal whether there is renewed energy and success at Philanthropy Australia.

Philanthropy Australia is poised and well positioned to respond to and help shape the changing landscape by playing a stronger leadership role in the philanthropic sector and to promote giving.

On behalf of the Council and management we look forward to working with all stakeholders to build a stronger philanthropic sector towards *A Giving Australia*.

However, in setting the new directions for Philanthropy Australia it is important to remind ourselves that philanthropy exists, not as an end in itself, but to support the work of the community groups and charities which directly serve society.



ATTACHMENT 1

Detailed Strategies / Activities / Measures / KPIs

1. Lead

- ***Be the leader and principal representative of a vibrant philanthropic community***
- ***Pro-actively contribute to cutting-edge thinking, discussions and practice***

Strategies / Activities:

- Proactively make representations to government and the Australian Charities and Not-for-Profits Commission (ACNC)
- Monitor legislative and policy developments on behalf of the sector and respond as the peak body. Take a leadership role in the sector to inspire giving, drive innovation, leverage cross-sectoral support, increase philanthropy's influence and build wider recognition of the unique role of philanthropy in a modern society
 - Facilitate collaborative efforts in philanthropy
 - Commission, write and publish research and commentary on philanthropy, and engage high-level critical and analytical thinkers to enrich commentary
 - Create programs to offer development opportunities to emerging leaders and for thought leadership
- Support the Lead activities through a new communications strategy, including clearer branding and proactive media engagement

Measurement / KPIs:

- Evidence of being the pre-eminent organisation for information and comment on philanthropy
- Outcomes of legislative changes reflecting Philanthropy Australia's views and submissions
- Generation of sector discussion and debate, public understanding and response
- Positive media coverage
- Widespread interest by government, media and the public in the views of Philanthropy Australia as reflected in Member survey and monitoring of website activity and media references



2. Grow

- *Inspire a larger and stronger philanthropic sector*
- *Encourage all Australians to increase their giving and philanthropy*

Strategies / Activities

- Grow philanthropy
 - Develop the concept of *A Giving Australia* to embrace segments uncomfortable with the term philanthropy
 - Embrace the knowledge capital of Members and sector leaders
 - Establish a pool of philanthropists, trustees, CEOs and senior researchers and advisors working in the sector to be available to talk to the media about philanthropy
- Act as a catalyst for growth in philanthropy
- Work with service providers to grow philanthropy and its effectiveness
- Work with grant-seeker organisations who are Associate Members, as they are a unique strength
- Celebrate the impact and successes of philanthropy to inspire others to give by telling the stories of philanthropy, including through new media
- Foster a richer public discussion of giving, philanthropy and social investment

Measurement / KPIs

- Increased levels of giving
 - Annual giving statistics, including amount of money claimed as donations in annual tax returns
 - Growth in number of foundations and the amount distributed
- Raised awareness and media profile of giving and philanthropy
- More and deeper partnerships with intermediaries and organisations which share the vision of a more giving Australia
- Improved public understanding and support for philanthropy



3. Strengthen

- *Maximise the philanthropic sector's effectiveness and impact*
- *Increase Philanthropy Australia's effectiveness and resources*
- *Encourage and practise effective and transparent governance*

Strategies / Activities

- Build capacity in the philanthropic sector
 - Educate the sector by providing guides, tools, and seminars
 - Provide guidelines and standards for best practice
 - Monitor and disseminate national and international trends and developments to inform the sector
 - Add to national and international conversations and discussions
 - Facilitate professional networking and sharing events
- Build capacity of Philanthropy Australia
 - Retain strong relationships with and support for Members, while confirming Philanthropy Australia's purpose as being for public benefit
 - Obtain DGR status and consider review and updating of the Constitution because of blurring of membership categories
 - Increase and also diversify revenue streams from member fees, to include more donations, more fees for value-added services, new subscriptions and more programs such as professional development, events, and conferences
 - Develop new propositions for segment is not well represented in the current membership, including high-net-worth and ultra-high-net-worth individuals and families in their foundations
 - Review the rebranding of Philanthropy Australia to make it more relevant
 - Develop a stronger IT and social media platform
 - Strengthen communications, media and marketing skills
 - Strengthen national footprint
 - Implement Council succession planning, with Council to play a stronger role in change program and review Staff skills

Measurement / KPIs

- Increased member numbers and continued retention rates of 90%
- Member satisfaction rating of at least 80% in the Membership Survey
- Increased attendance at education workshops, affinity groups, etc.
- Increased visits to and downloads of guides from the website



Measurement / KPIs (cont)

- Publication and adoption of toolkits, guidelines and standards
- DGR status obtained
- Growth in income, cash reserves equal to 3 to 6 months expenses and 30% of revenues from non-membership fees by the end of the Plan
- Philanthropy Australia's effectiveness and governance measured as amongst the best in the not-for-profit sector by Council and Member surveys

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