

Philanthropy Australia

Community Case

December 2022

- In the wake of natural disasters and the effects of COVID19, people across Australia are more supportive and open to the idea of donating their income and time to charities. This renewed sense of compassion and need for community has created an opportunity to reverse the last decade's trend of decline in the proportion of people giving to charity and deliver on the government's commitment to double charitable giving by 2030.
- Research undertaken by The RedBridge Group has confirmed there is wide community support for an increasingly compassionate approach by government and society more generally toward vulnerable groups.
- Charitable organisations are widely perceived to make a positive contribution to society, with many people believing charities' ability to focus on a specific problem and connect more directly with the people they are helping gives them an advantage over government in addressing specific problems.
- Philanthropy Australia is proposing several policy-based measures that:
 - a. Will provide the control and choice people demand when making donations
 - b. Eliminate regulatory obstacles that deter people from making bequests from superannuation
 - c. Will ultimately allow more people to donate more to the causes they believe in

RedBridge research indicates these measures resonate strongly with Australians who are in a position to charitably give, with:

- Net 69% agreement on bequests from superannuation
- Net 68% agreement on expanding Deductible Gift Recipient status (allowing donations to be tax deductible) to all charities
- Net 61% agreement on implementing an tax return 'nudge' to donate
- Net 58% agreement of changing tax laws to create more incentive for giving
- Net 58% support for a national giving campaign

Net = (Agree v disagree v neutral/not sure)

Background

In recent years, floods, fires and the impacts of COVID19 across Australia have brought the idea of charitable giving into sharp focus, as communities across our nation come together in highly public ways to help those who are struggling.

Whether it's using a canoe to rescue someone surrounded by flood water or buying an extra coffee to help the local business struggling to survive, offering help when it is needed is particularly prominent in many Australians' minds as they continue to struggle with the uncertainty caused by social and economic legacies of the COVID pandemic (and other global crises).

However, contrasting this backdrop of the fundamentally Australian value of helping a mate (or neighbour) when they need it, a Roy Morgan survey found that Australia has seen a drop in the proportion of people giving to charity (from 70 per cent to 61 per cent between 2011 and 2018).

Philanthropy Australia estimates giving in Australia (0.81 per cent of GDP) lags substantially behind New Zealand (1.84 per cent) and the United States (2.1 per cent).

And while the number of wealthy Australians is growing (in fact the pandemic has turbocharged wealth at the top end, with the combined wealth of Australia's billionaires over 50 per cent higher than it was in December 2019), giving levels among the wealthiest Australians are not increasing at the same rate.

The percentage of those earning over \$1 million who make tax deductible donations is now 54.5 per cent in Australia. This compares to 90 per cent in the United States.

In December 2021, Philanthropy Australia released its pre-election statement, calling for a national strategy to increase charitable giving, with an aim to double philanthropic giving by 2030.

Dr Andrew Leigh and Australian Labor effectively endorsed this call by committing to the 2030 target prior to the May Federal Election, promising that Treasury would undertake a collaboration with 'philanthropic, for-purpose and business sectors to set a strategic direction for philanthropy in Australia'.

Post-pandemic, we're acutely aware of the need to help others

"I think it comes to the heart of who we are as Australians. We're people that like to help out our mates." - research participant

Extensive qualitative and quantitative post-pandemic research undertaken by the RedBridge Group has found that the pandemic has left behind a desire for care and compassion from political leaders and from everyday Australians, while the work done by charities looms large in participants' minds, leaving participants more amenable to the idea of giving.

These focus groups demonstrated that donating time and money to community causes is core to Australians' sense of self and national identity. To be Australian is to embrace the essential component of 'mateship' - to be there for others when they are in difficult circumstances.

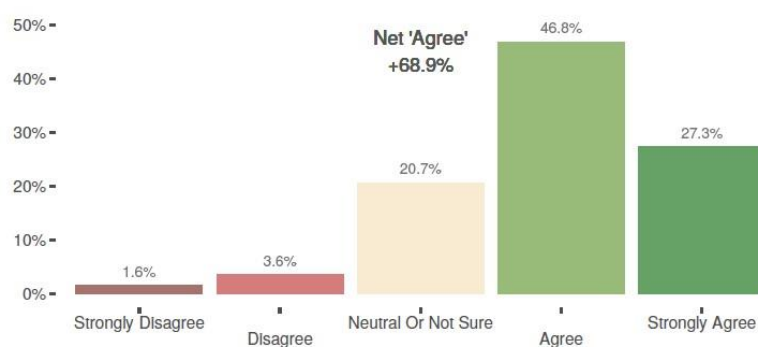
Throughout the focus groups, almost all participants were animated by the recurring themes of care, compassion and community, demonstrating a post-pandemic societal shift that is becoming increasingly evident in various RedBridge research projects: vulnerable groups are seen to be needing care and compassion from both political leaders and ordinary Australians.

Depending on the cohort, the sentiment was framed in different ways, such as 'that could have been me', 'put yourself in their shoes', or 'it's in all our interests to help them because it makes our quality of life better.' Yet all cohorts were well disposed to the idea of charitable giving, with three common motivations becoming apparent. They are:

- A personal connection – people are motivated to give where they have an emotional connection to a personal experience or something that affected loved ones.
- A sense of agency – people were particularly motivated to give where they could choose to give on their own terms, including when and how much they give
- A sense of community – allowing the giver to show that they care for or feel connected to others

3.6 Agreement: Giving Brings People Together

Do you agree or disagree with the following statement? Giving for a good cause brings people together and strengthens our sense of community.



The sense of community was a powerful driver for many participants and survey respondents, particularly in relation to giving of their time, which was seen as not only contributing to society, but also participating in the local community and connecting with other people.

Indeed, participants broadly saw charitable organisations themselves as integral to the good functioning of society: that charities are able to respond quickly and nimbly to profound need in the community where Government might be cumbersome or inflexible. These themes were often linked to the themes of personal connection and a sense of agency, or control, within an uncertain world.

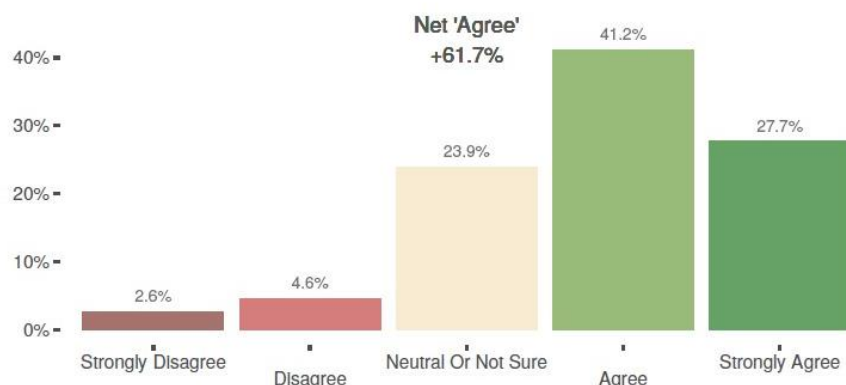
We want government to care, but they can't do it all

“I think charities fill important gaps where the government can't.” research participant

“There's a lot of people in a lot of need, and when they're absolutely desperate, and they're thinking they've got no reason to go on, there's always some charity somewhere that will help them.” research participant

4.10 Agreement: Best Way to Support Cause

Would you agree or disagree that: Giving to a charity provides a better way for getting money directly to a cause you care about compared with relying on government to fund such a cause from taxes.



For many participants, donating to a charity was seen as a more direct way to support a cause important to them, rather than hoping and trusting the government to invest their taxes in the 'right' causes.

The quick response of charities in some instances during recent natural disasters was also cited as one of the key advantages charities have over government in delivering services to people in need. Participants readily agreed that lack of red tape/paperwork meant quicker

support, something government might not be able to match during an unexpected event, such as a flood or fire.

Some participants were particularly animated on this point. “[It can be] really hard to prove you were impacted by this event - that must be really stressful for people who have been through natural disasters or have had absolute devastation happen to their lives.”

“And then to try and prove that they should be eligible to receive it, waiting for sometimes weeks on end, to actually get a response. So you're relying on other small, homegrown grassroots charities to support you while you're waiting on the Government.”

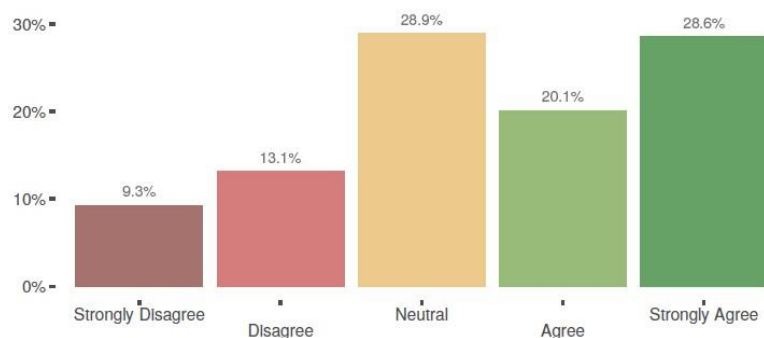
Similarly, participants identified charities’ capacity for human connection as key to their ability to respond quickly and effectively, contrasting this human element with the often cold and impersonal nature of Government assistance.

Even among those participants who were adamant that it is incumbent on Government to provide services for those in need, there was nevertheless the sense that charitable giving was a good in itself - something that contributes to social cohesion.

However, there was also strong support from group participants and survey respondents for government to do more to encourage more Australians to give to charities (see graph below).

4.5 Government Should Do More

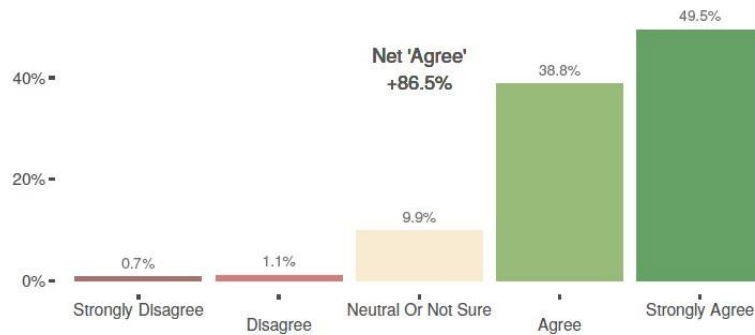
Do you agree or disagree with the following statements? The government should be doing more to encourage Australians to give to help those in need.



How does government increase charitable giving?

3.5 Agreement: Give on Own Terms

Do you agree or disagree with the following statement? When thinking about giving to charity or a cause, it is important to me to be able to give on my own terms - being able to choose when I give and how much I give.



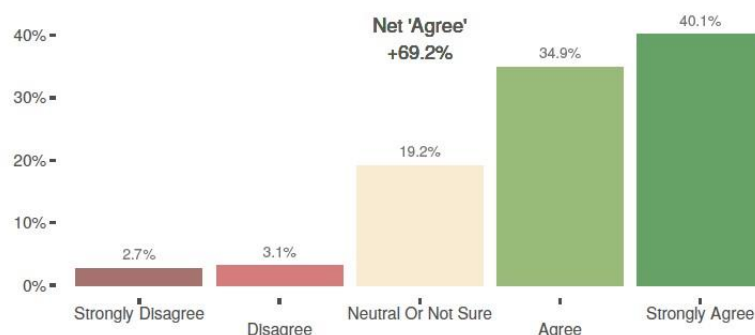
Throughout the quantitative and qualitative inquiries, it became clear that the concept of agency plays a key role in an individual's choice to donate, with respondents overwhelmingly supporting free choice, with emphatically negative responses to any suggestion of interference or loss of control over their choices on how to give.

In addition to the joy that most participants experienced as a result of giving, was the sense of self-improvement, and pride, they derived from the act: "It's good for the soul, you feel better for it," and, "It makes me a better, more connected person."

Philanthropy Australia has suggested a range of policy reforms to increase charitable giving.

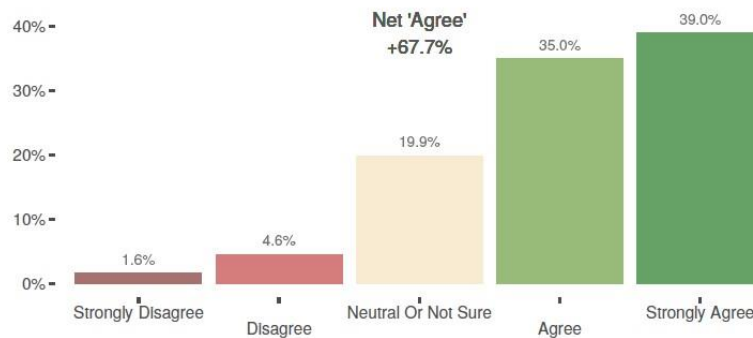
4.7 Ability to Donate Unspent Super

Currently, if you want to leave money to charity after you die from any of your unspent superannuation, there is a complicated legal process to follow and the government taxes the donation you make by up to 17 per cent. Do you agree or disagree that: Australians should be able to give a simple instruction to leave to charity as much of their unspent super as they decide, without a tax penalty?



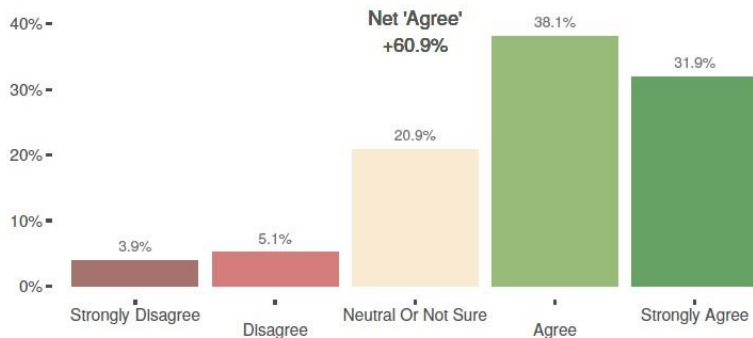
4.8 Agreement: Tax Deductible Donations

To ensure responsible use of funds, Australian charities are registered and regulated by the government. Even though all registered charities are recognised to be undertaking charitable activities, only around half of charities can receive tax deductible donations under current rules. That means that if you donate to the other half, you can't claim a tax deduction for your donation. Do you agree or disagree that: Donations to all registered Australian charities should be tax deductible, not just donations to some.



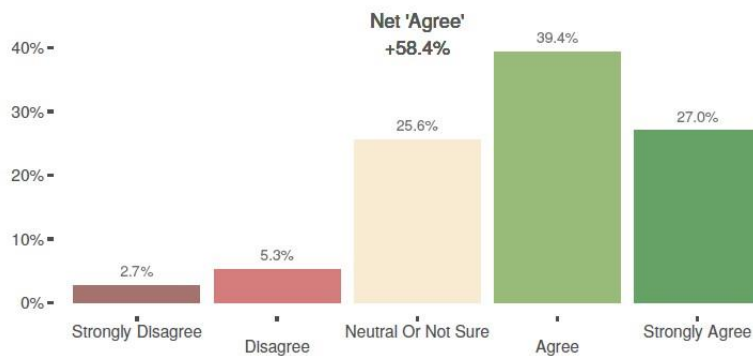
4.9 Agreement: Donation in Tax Return Process

One way in which the Australian Government could make it easier for people to give is by providing an option to donate to a charity of their choice when they are completing their tax return. Specifically, a question would pop up that asks if you would like to donate some or all of your tax refund to a charity of your choosing, and allows you to easily and quickly state which charity you would like that donation to go to. It would be completely optional, and you would be under no obligation to make any donation. Do you agree or disagree that: the Australian Government should introduce a simple and easy choice to make a donation to charity into the tax return process?



4.11 Agreement: Changing Tax Laws

Overall, would you agree or disagree that: We should change our tax laws and other regulations to create more incentive for people to give to charity.



4.12 Grassroots Campaign for Donating

A challenge many people face is that they may want to give, but they lack information on how to give, who to give to, and how to make sure their donation makes a difference. Do you agree or disagree that: As a nation, we need a grassroots campaign led by the not-for-profit sector to provide the Australian public simple, practical information on how and why to give to charity, so all Australians are empowered to donate and make a difference to the cause they care about.

