

Insights from Australian Philanthropy's Response to the COVID-19 Crisis

27/02/2023

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The project was funded by the Nunn Dimos Foundation in order to examine how COVID-19 influenced philanthropic behaviour in Australia, with the hope that this will influence philanthropic practice in the longer-term.

Philanthropy Australia thanks the Nunn Dimos Foundation for funding this project, and for its ongoing support and commitment to supporting better philanthropy.



Philanthropy Australia respectfully acknowledge the First Nations Peoples and their Elders past and present, who are the Traditional Owners of lands and waters across Australia. We thank them for their continuing connection to ancestors, culture and heritage.

Executive Summary

The COVID-19 crisis has impacted almost every facet of Australian society, with wide ranging ramifications that are still to be fully understood. The crisis resulted in a surge in demand for the services provided by Australian charities, whilst also disrupting their operations. Philanthropy itself was impacted, but it also was called on to step up and support charities and their work in the community during this unprecedented time.

As the peak body for philanthropy, Philanthropy Australia realised the significance of the moment. In keeping with our purpose 'To inspire more and better philanthropy', we worked closely with our members and stakeholders more broadly to shape the sector's response:

1. We published a joint statement co-signed by a cross-section of our members, the Australian Philanthropy Pledge, committing signatories to a range of best practice responses aiming to support grantees and their work in the community.
2. We worked with the Australian Communities Foundation to launch a COVID-19 National Funding Platform.
3. We convened an online COVID-19 Peer Network to bring funders together to collaborate and learn from each other as they changed their practices in response to a changing environment.
4. We proactively engaged in advocacy, to influence the Australian Government's policy responses focused on charities and philanthropy.
5. We conducted two surveys of our members during 2020 as part of measuring the impact of these efforts, in particular any shifts associated with the Australian Philanthropy Pledge.

We were fortunate to receive a grant from the Nunn Dimos Foundation, which assisted with our evaluation of how philanthropy responded to the crisis. The grant enabled us to conduct the third survey of members, in the first half of 2021, and to prepare this report.

The purpose of this report is to set out the findings from the surveys, as well as document broader trends within philanthropy during the crisis. As part of this, it seeks to identify whether shifts in practice arising from the crisis may embed themselves in the medium to long-term, to inform Philanthropy Australia's broader efforts to promote best

practice in philanthropy and contribute to debate and discussion about the evolution of the sector's role and approach.

Key Findings

A summary of the key findings is provided below, linked to the section of the report that goes into more detail.

COVID-19 Funder Response Survey Findings

Demand upsurge – supply crunch

- Around **70%** of respondents could see an increase in demand being a significant challenge for fund-seekers
- Over **80%** of surveyed funders experienced a decline in their funding assets (corpus) due to the economic instability following the COVID-19 pandemic's impact

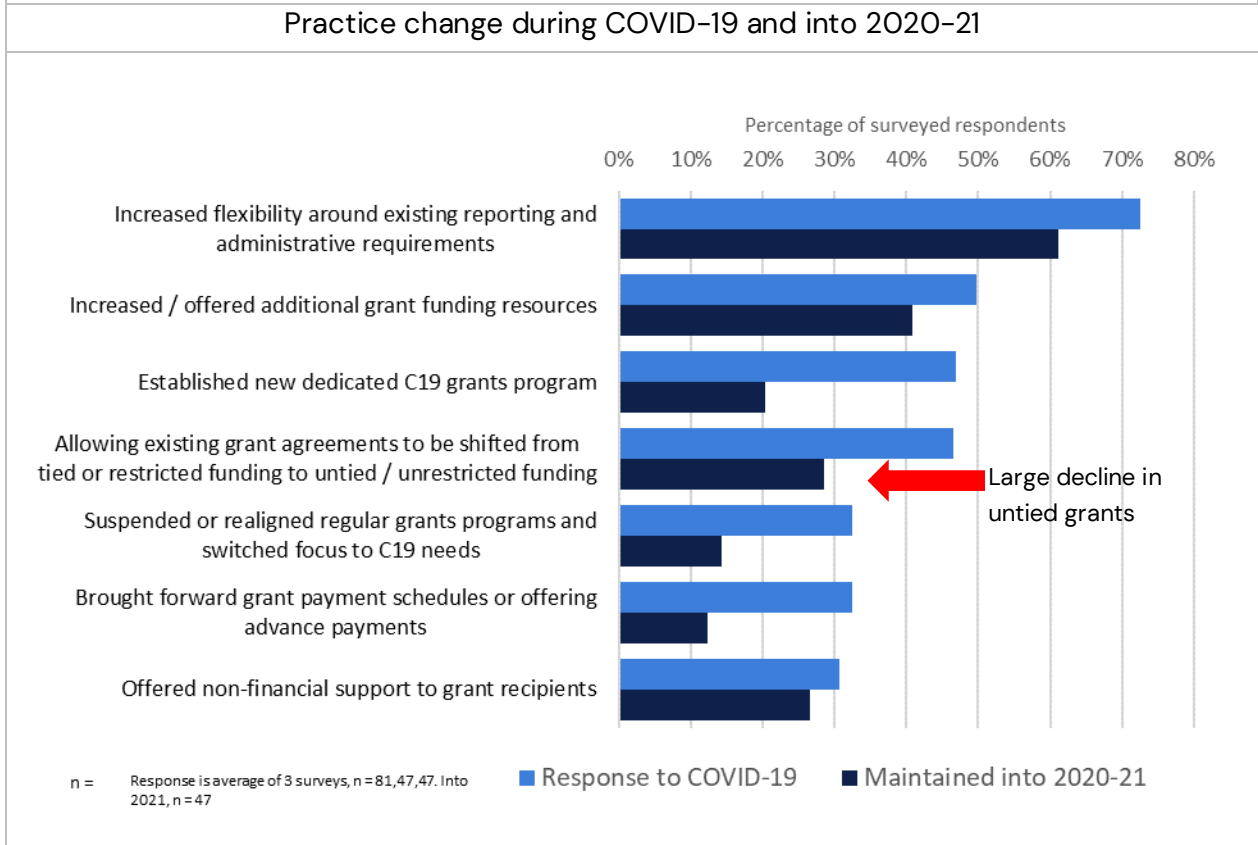
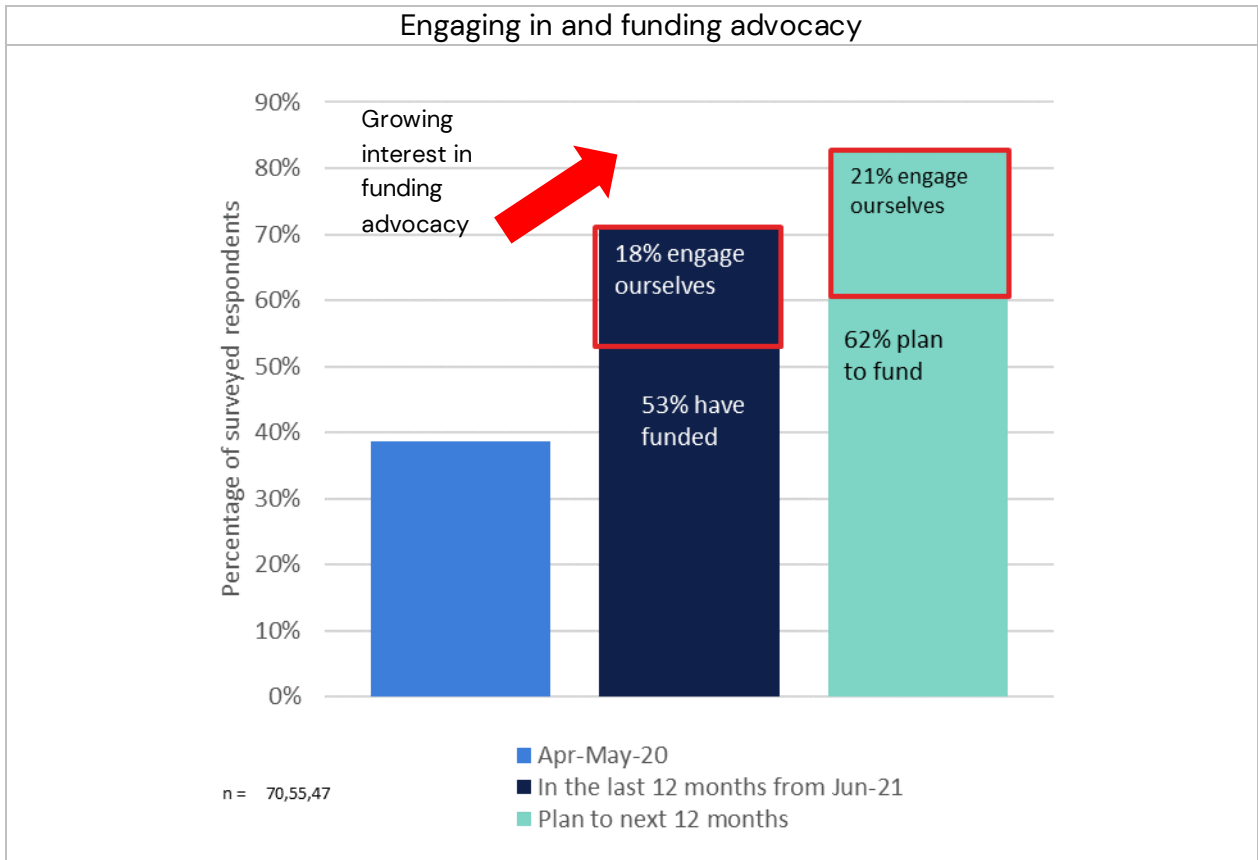
Increased grant making response

- But **60%** were able to maintain or increase funding levels
- Over **50%** of those surveyed increased their distribution by 15% or more over the minimum requirement in 2019-20
- By 2020-21, around **51%** increased their giving compared to previous year

Decreased grant making response

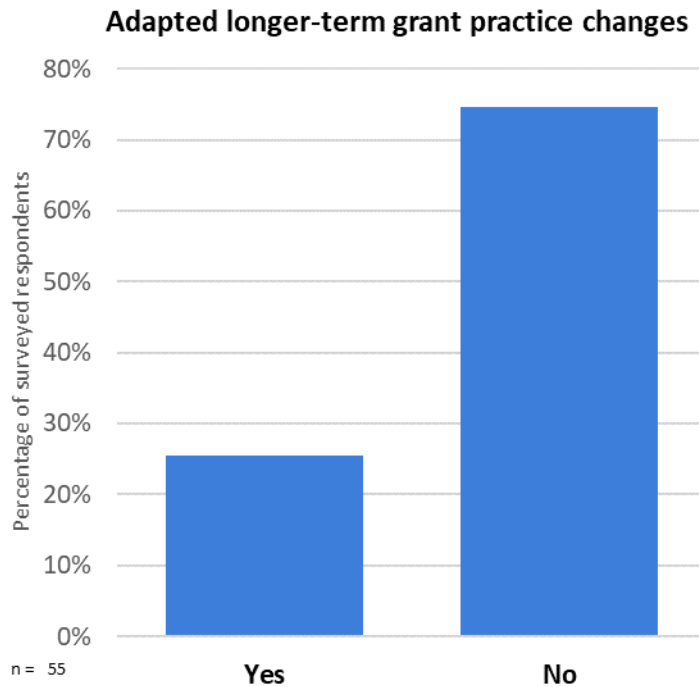
- However, almost **a fifth** of the respondents decreased 2020-21 distributions by more than 6%

- A lot of options were considered by funders at the start of the pandemic, but the [most important thing needed for fund-seekers was cash](#).
- [Many respondents did not maintain practices](#) they made in response to COVID-19 but there was one clear change – **growing interest in advocacy**.

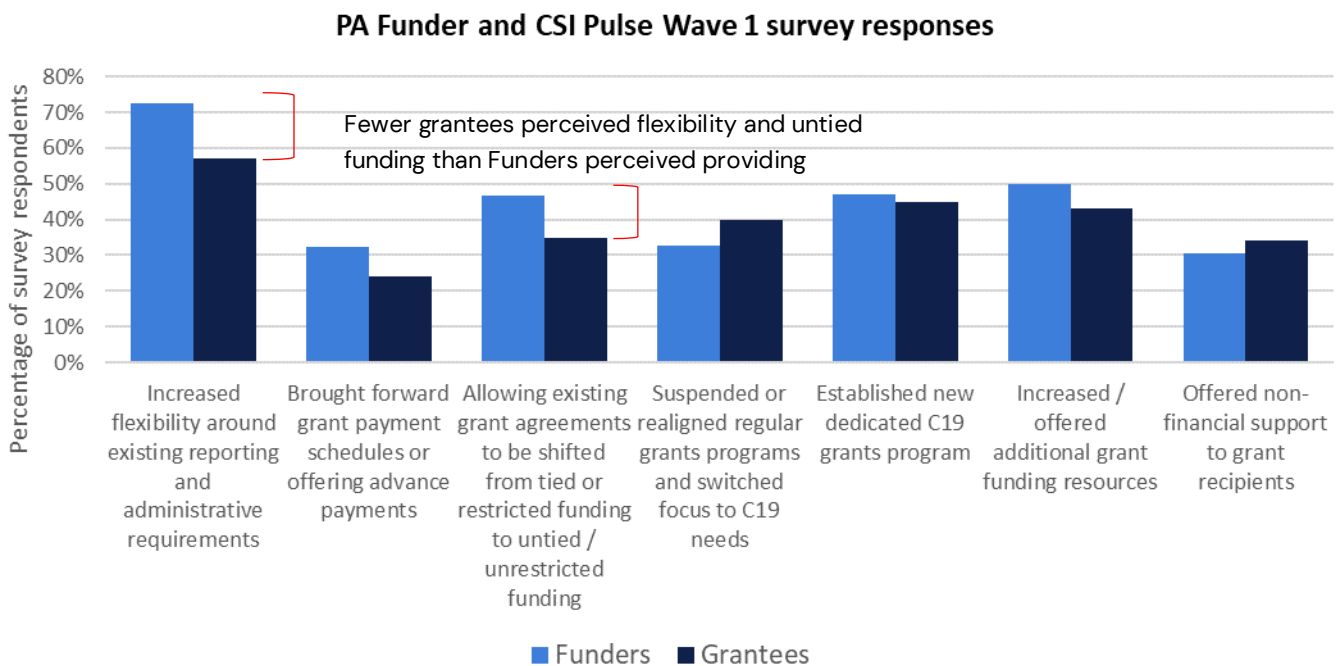


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- Appears to be relatively [low commitment to longer-term grant practice change](#) considering the initial response to COVID-19 pandemic such as funding levels, untied funding, flexible reporting and admin and advance payments.



- There was [discrepancy between the perceptions](#) of the pandemic response **between funders and grantees** on reporting flexibility and untied/unrestricted funding.



Grantmaking in Australia

- Over [half the general population](#) supported charities in the early stages of the **pandemic**.⁷ Those less likely to cut back on donations were higher value donors and those with more optimistic views about their future financial situation.
- [Total grants and donations](#) in Australia **grew fast by \$2.8 billion** in the three years up to the onset of the COVID-19 pandemic in 2020.
- [Donations from the general population fell during 2020](#), but there has been a **recovery since** the end of 2020. **Corporate giving remained steady**.
- The number of [private ancillary funds \(PAFs\)](#) has been growing fast every year for the last ~20 years with 88 new PAFs established in 2019–20, followed by a **36% annual increase in 2020–21** with 120 new PAFs.¹³
- Findings from in-depth interviews highlight the [importance of long-term equitable funding](#) in infrastructure and resilience.

Why This Matters and What to do Next

Australian philanthropists made a Pledge to commit to better practice when the COVID-19 pandemic began.⁵ There is no reason to stop. This commitment to better practice philanthropy should continue.

This Report serves as a reminder – published three years after the COVID-19 pandemic started – that better practice philanthropy must be committed to long-term. Only a quarter of the survey respondents plan on implementing longer-term changes to their grant making process despite over 85% making changes in response to the COVID-19 pandemic. Around 70% of respondents could see an increase in demand being a significant challenge for fund-seekers. The need for good outcomes is great and will continue into the future with the challenges of high inflation and greater cost-of-living pressures.¹

¹ Accessed November 2022: <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/speeches/budget-speech-2022-23> and <https://www.rba.gov.au/speeches/2022/sp-dg-2022-11-09.html>

So, a quarter of philanthropists committing to long-term change is not enough. All philanthropists – from small funders to large – should commit to better practice.

This study provided a detailed look into the response over the first 16 months of the COVID-19 pandemic. In simple terms, four key lessons unfolded:

1. It shouldn't take a crisis to commit to better philanthropic practice.
2. But when a crisis did happen Australian philanthropy committed to and demonstrated better practice.
3. Better practice ultimately leads to better relationships and better outcomes.
4. Better outcomes won't last if better practice is not committed to over the long-term.

A commitment to better practice will mean taking the lessons learned from the early stages of the COVID-19 pandemic into the long-term, strengthening the relationships between funders, government and fund-seekers to generate better outcomes for all.

Context

In response to the onset of COVID-19, a range of restrictions were introduced across Australia from March 2020 onwards. Alongside these developments, the Australian Government introduced numerous economic and social support measures, the most significant being JobKeeper and JobSeeker.² Targeted packages were also developed for specific sectors.

At the same time global markets experienced a severe downturn, as economic conditions and confidence levels declined. Australia felt the force of this, with the ASX All Ordinaries (comprising the 500 largest ASX listed companies) falling below 5,000 – the lowest level since 2013.³ The impact on the financial markets is relevant as structured giving entities such as ancillary funds may hold a substantial proportion of assets in listed investments.

As the impacts of the crisis spread within the community, there was increased pressure on many charities, as demand for their services increased whilst donations and volunteering took a hit.⁴



Figure 1. The COVID-19 National Funding Platform

Around the world, philanthropic infrastructure organisations were rapidly pivoting in order to coordinate philanthropic responses to these developments, and Philanthropy

² COVID-19: A chronology of state and territory government announcements (up until June 2020), Parliament of Australia, accessed March 2022: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2021/Chronologies/COVID-19StateTerritoryGovernmentAnnouncements

³ Market Index, accessed March 2022: <https://www.marketindex.com.au/all-ordinaries>

⁴ 'Really Struggling': COVID-19 puts Australian charities at risk just when they are needed most, The Guardian, 24 May 2020, available here: <https://www.theguardian.com/business/2020/may/24/really-struggling-covid-19-puts-australian-charities-at-risk-just-when-they-are-needed-most>

Australia quickly shifted focus towards shaping the sector's response in Australia. This included implementing a range of actions and initiatives, such as:⁵

- Building the evidence-base of how philanthropy responded to a crisis and informing best-practice philanthropy by undertaking this research study.
- Launching a COVID-19 National Funding Platform, in collaboration with the Australian Communities Foundation, to identify funding needs and connect funders and not-for-profit organisations (as shown in Figure 1)
- Convening an online COVID-19 Peer Network, to bring funders together to collaborate and learn from each other as they changed their practices in response to a changing environment
- Engaging in advocacy and participating in not-for-profit sector forums such as the Charities Crisis Cabinet, to influence the Australian Government's policy responses focused on charities and philanthropy

In addition, a key element of Philanthropy Australia's response involved drafting a statement that set out a range of best practice responses aiming to support grantees and their work in the community. Released in March 2020, the 'Australian Philanthropy Pledge' built and expanded upon similar statements that had been issued by peer organisations in other countries. It was co-signed by a cross-section of our members (as shown in [Figure 2](#)).

⁵ Philanthropy Australia's COVID-19 resources are available here: <https://www.philanthropy.org.au/tools-resources/philanthropy-and-covid-19/>; and the actions and initiatives it took are discussed in further detail in Seibert, K., Williamson, A. and Moran, M. (2021) Voluntary Sector Peak Bodies during the COVID-19 Crisis: A case study of Philanthropy Australia, Voluntary Sector Review, 12(1), pp.143-154, DOI: 10.1332/204080520X16081188403865



A Call to Action - Australian Philanthropy's Response to the COVID-19 Crisis

Australia's diverse not-for-profit sector has been hit hard by the COVID-19 crisis, and the rapidly evolving situation is having major impacts on their work in the community.

As leaders in Australia's philanthropic sector, we are determined to step up and act with urgency and purpose, to stand alongside our grantees and partners, and the people and communities dealing with the deep and enduring challenges of COVID-19. The following principles are offered as a guide for grantmakers and supporters of the not-for-profit sector and equip us to respond to this unparalleled challenge so that the organisations we fund can continue their important work in our communities during and after the crisis.

We invite all members of Australia's philanthropic sector to adapt these principles to their own context and join us in their implementation by signing on to this joint statement.

Australian Philanthropy's Pledge.

<p>Proactively consult and listen Understanding the impact COVID-19 is having on grantee and partner operations, the ability to deliver services and the increased needs to which they are responding.</p>	<p>Offer funding loans and impact investments Using assets to assist cash flow and preserve operations where possible.</p>
<p>Reduce or remove restrictions on current grants Converting project-specific grants to untied funding where possible.</p>	<p>Offer support in addition to funding Sharing skills, expertise and/or technology to assist with modifying business models in response to the changing environment.</p>
<p>Make new grants as unrestricted as possible Providing additional funding that can be used more flexibly.</p>	<p>Provide support to emergency and other relief efforts Working to promptly respond to initiatives seeking to address areas of immediate need.</p>
<p>Adopt more flexible reporting arrangements Adopting more flexible reporting requirements including adjusted reporting timetables and conditions.</p>	<p>Amplify community voices Supporting efforts to inform and influence public policy in the wake of the pandemic's impact on communities.</p>
<p>Communicate effectively and proactively Being open and transparent and providing clear and timely information.</p>	<p>Learn from this crisis Using the lessons from this crisis as an opportunity to change and evolve our practices to support social change in Australia.</p>
<p>Maintain or increase grant funding Fulfilling existing grant commitments and increasing the funding available for new grants where possible.</p>	

Figure 2. The Australian Philanthropy Pledge

The Australian Philanthropy Pledge had two aims. Firstly, it sought to set a benchmark for best practice philanthropy in the context of COVID-19 and built momentum for its wider adoption by funders. Secondly, it sought to send a signal to key stakeholders, including grantees and the broader not-for-profit sector as well as government, that philanthropy was 'stepping up' and adjusting its approach to reflect the gravity of the crisis and the needs of grantees and those they serve in the community.

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In order to measure the impact of the Australian Philanthropy Pledge on the practices of funders, Philanthropy Australia conducted two surveys of our members during 2020, and a further survey in 2021. In addition, in order to understand perceptions of philanthropic practices within the broader not-for-profit sector, researchers at the Centre for Social Impact were provided with questions to include in their 'Pulse of the Not-for-profit Sector' surveys.⁶

[Figure 3](#) sets out a timeline showing when the Australian Philanthropy Pledge was published and the surveys were undertaken, as well as other key developments during this period.

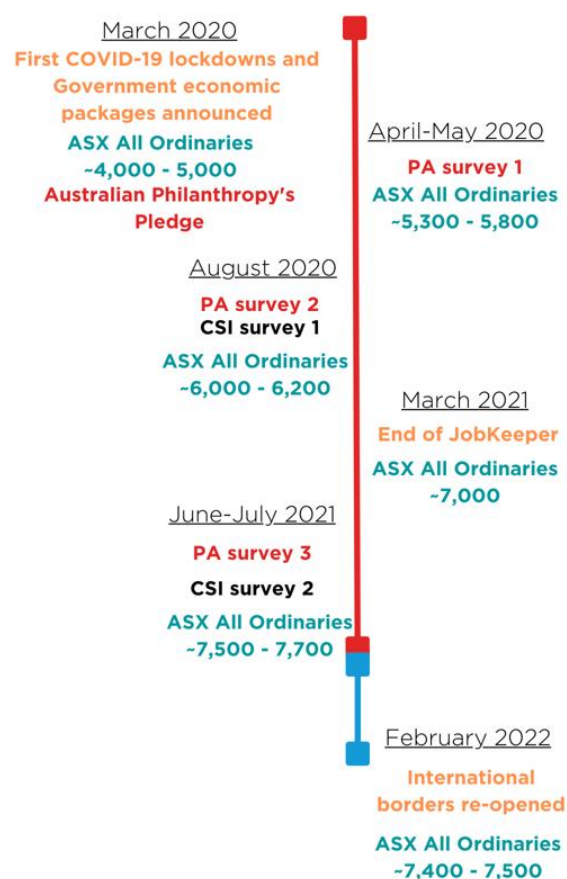


Figure 3. Timeline of events following the publication of the Australian Philanthropy Pledge

⁶ See: <https://www.csi.edu.au/research/project/pulse-of-the-for-purpose-sector/>

Key Findings

Grantmaking in Australia

Over half the general population supported charities in the early stages of the pandemic.⁷ Those less likely to cut back on donations were higher value donors and those with more optimistic views about their future financial situation.

About 53% of the general public donated during the COVID-19 pandemic in 2020 to specifically support organisations addressing the impacts of the pandemic.⁷ This included new charities as well as those the donors have supported before. In response to the financial stress and uncertainty caused by the pandemic, people generally cut back on about five other expenses before cutting back spending on charities (out of 12 options provided).

However, high value donors (\$500 or more) were much less likely to cut back on charity donations. Future expectations of giving more or less were closely tied to expectations about future financial situation. Those that held more optimistic views of their financial situation over the next 12 months stated that would also donate more over this period. Generally, the younger generation (under 44 years) and higher value donors were more optimistic that their financial situation would improve.

The research findings showed differing intentions to give by generation. A higher proportion of the younger generation were intending to increase regular charitable giving in the future rather than decrease. In contrast, more of the older generation were intending to keep their level of donations the same or reduce.

⁷ More Strategic, 2020, 'Public Attitudes to Giving in the Pandemic, Insights from national opinion poll 16-18 September 2020', Fundraising Institute Australia

Total grants and donations in Australia grew fast by \$2.8 billion in the three years up to the onset of the COVID-19 pandemic in 2020.

Total grants and donations made within and outside Australia have grown at an average annual rate of 13.1%, from \$6.4 billion in 2017 to \$9.2 billion in 2020.⁸ Around 75%–80% of the value of these grants are made for use within Australia. The [ACNC data](#) presents the breakdown by charity size.

While 'extra large' charities unsurprisingly grant the most funds in dollar terms, the largest annual increase in granting in 2020 in percentage terms was from the 'extra small' charities (annual revenue less than \$50,000). This suggests an extraordinary response by small, local charities to the upsurge in demand due to COVID-related impacts by increasing their grantmaking expenses. This cohort of approximately 5,300 to 5,500 charities increased their expenses of grants and donations by about 28% in 2020 relative to 2019, equivalent to about \$30 million dollars.

From 2019, the level of granting from 'extra large' charities – which account for only about 0.4% of the total number of charities – surpassed \$3.6 billion. Between 2019 and 2020, grants from extra-large charities increased by about \$64 million, around a 1.4% annual increase.

The larger charities (annual revenue \$1 million plus) have maintained their cost expense on grants and donations to under 5–10% since 2017. In contrast, the smaller charities have materially increased the proportion of their expenses towards grants, reaching 38% in 2020 for 'extra small' charities.

⁸ Australian Charities and Not-for-profits Commission (ACNC), 2020, 'Australian Charities Report 2017'

Australian Charities and Not-for-profits Commission (ACNC), 2020, 'Australian Charities Report 2018'

Australian Charities and Not-for-profits Commission (ACNC), 2021, 'Australian Charities Report 7th Edition'

Australian Charities and Not-for-profits Commission (ACNC), 2022, 'Australian Charities Report 8th Edition'

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Donations from the general population fell during 2020, but there has been a recovery since the end of 2020. Corporate giving remained steady.

Findings from data analysis of NAB bank transaction data show pre-COVID-19 giving levels had been trending up strongly since 2014.⁹ In 2020, the giving index fell back down to mid-2016 levels. However, a bottoming and recovery appeared to be occurring around the end of 2020 and the first half of 2021.

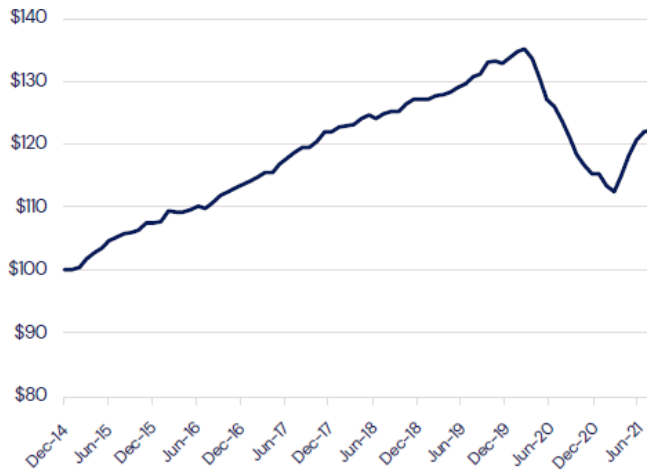


Figure 4. Index of total donations Dec 2014 – July 2021, 12 month moving average. Sourced from JBWere and NAB.⁹

Compared to these ‘mass market’ donations, giving from Australia’s top 50 philanthropists held up, totalling \$942 million in 2020–21, only 2 per cent lower than the prior year.¹⁰

Community Investment from the top 50 corporates actually continued its strong upward trend in 2020 reaching \$1.28 billion from approximately \$850 million in 2017 with a 24% annual increase from 2019 levels.¹¹

The number of private ancillary funds has been growing fast every year for the last ~20 years with 88 new PAFs established in 2019–20, followed by a 36% annual increase in 2020–21 with 120 new PAFs.¹²

An effective and growing form of structured giving is through Private Ancillary Funds (PAFs) and Public Ancillary Funds (PuAFs). PAFs are charitable trusts set up by individuals, families or associations which donate money, property or other assets to

⁹ JBWere and NAB, January 2022, ‘JBWere NAB Charitable Giving Index’.

¹⁰ Australian Financial Review, May Issue 2022, Philanthropy 50 list 2020-21.

¹¹ JBWere, 2022, ‘The Corporate Support Report’

¹² Analysis from ABN Lookup DGR Listings

charities with DGR status. PuAFs are also trusts and raise money from the public to donate to charities with DGR status. Every year, PAFs and PuAFs must distribute at least 5% and 4% of the value of net assets, respectively.

As shown in the [Private and Public Ancillary Funds data](#), since inception in 2000 the number of PAFs in Australia have risen to 2,060 as at June 6 2022.¹² The number of PuAFs has declined slightly since 2011-12 from 1,437 to 1,373 in 2019-20.¹³ PAF's average annual increase has been relatively large at 6.6% since 2017. The latest financial data is from 2019-20, reporting about \$7.6 billion in net assets.¹³ Accounting for the fall between 2016-17 and 2017-18 (largely due to the Paul Ramsay Foundation ceasing to be a PAF after it received a specific listing as an Item 1 Deductible Gift Recipient), the net assets of PAFs in Australia more than tripled in nominal terms over the decade up to 2019-20. Similarly, the net assets of PUAFs have more than doubled to \$4 billion in 2019-20 from around \$1.7 billion in 2011-12.

Ancillary funds are important partners for change by committing over the long-term. A separate study found that short grants of 1 and 1-3 years are the most common, but overall longer-term commitment increased between 2017 and 2021.¹⁴ Those making or receiving 1-5 year commitments increased from 20% to 33%. Grants of 5+ years remain rare (14%), yet 72% of grantseekers described them as 'very important'. These long-term grants provide certainty for recipients and enable deeper relationships to form. The programs targeting 'systemic' or 'catalytic' change – a model of philanthropy that aims to achieve measurable impact and sustainable solutions to long-term social problems by catalysing and funding partnerships and collaborations among multiple parties – are better supported by long-term programs.

¹³ Australian Taxation Office, Taxation statistics 2019-202 Charities Table 4B. Accessed November 2022: https://data.gov.au/data/dataset/taxation-statistics-2019-20/resource/f19bba2f-c9e1-426b-a7b8-85bd38d20190?inner_span=True and ABN Lookup DGR status for Private Ancillary Funds. Historical data availability differs between Private and Public Ancillary Funds.

¹⁴ Gillies, L, York, J, McKegg, K, 2021, 'Philanthropy: The continued journey to real impact and better practice', Menzies Foundation, Asia Pacific Social Impact Centre Melbourne Business School, The Knowledge Institute

Figure 5. ACNC data⁸

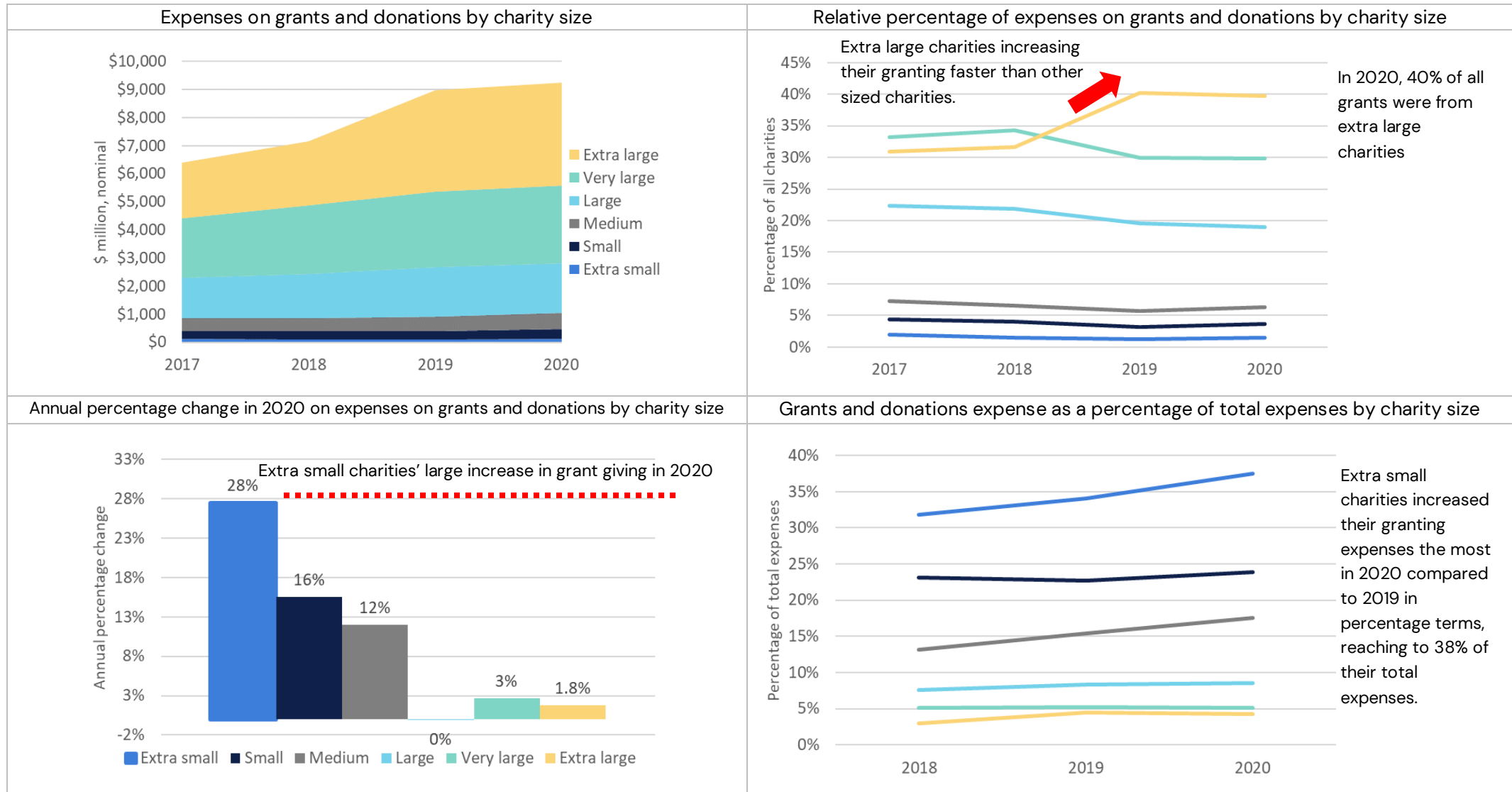
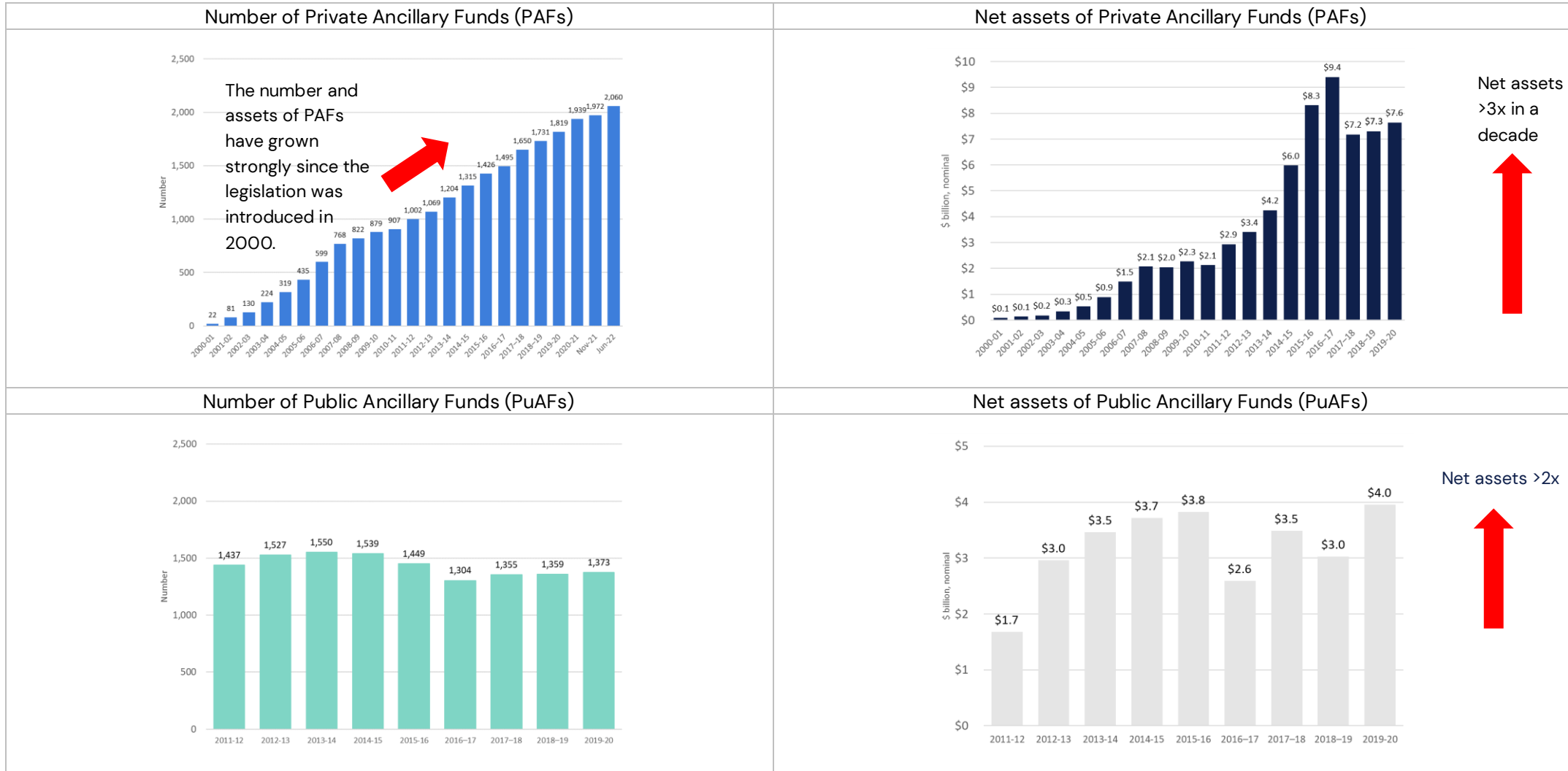


Figure 6. Private and Public Ancillary Fund data^{13,13}



COVID-19 Funder Response Survey Findings

The funder surveys revealed the challenges of a huge upsurge in demand for the goods and services charities provide at the onset of the COVID-19 pandemic. Funders responded reasonably well by changing their grant making practices and increasing distributions.

Demand upsurge – supply crunch

- Around **70%** of respondents could see an increase in demand being a significant challenge for fund-seekers
- Over **80%** of surveyed funders experienced a decline in their funding assets (corpus) due to the economic instability following the COVID-19 pandemic's impact

Increased grant making response

- But **60%** were able to maintain or increase funding levels
- Over **50%** of those surveyed increased their distribution by 15% or more over the minimum requirement in 2019-20
- By 2020-21, around **51%** increased their giving compared to previous year

Decreased grant making response

- However, almost **a fifth** of the respondents decreased 2020-21 distributions by more than 6%

These figures were similar to the experience for some grant makers in the UK during 2020-21. In the UK, 55% of grant makers increased their grant spend by 10% or more compared to the average of the three previous years, while 20% of funders saw a decrease.¹⁵

¹⁵ 360Giving, December 2021, 'UK Covid relief and recovery grants: Data analysis', covidresearch.threesixtygiving.org

A lot of options were considered by funders at the start of the pandemic, but the most important thing needed for fund-seekers was cash.

Increased flexibility around existing reporting and administrative requirements was a critical change grant makers chose to do during the pandemic (73% of surveyed respondents). However, this wasn't the most immediately obvious choice at the start of the crisis for those that were considering their options. There was a fairly even proportion between considering:

- flexibility (34%),
- loosening tied funding restrictions (32%),
- establishing a dedicated COVID-19 Fund (30%) and
- providing non-financial support (30%)

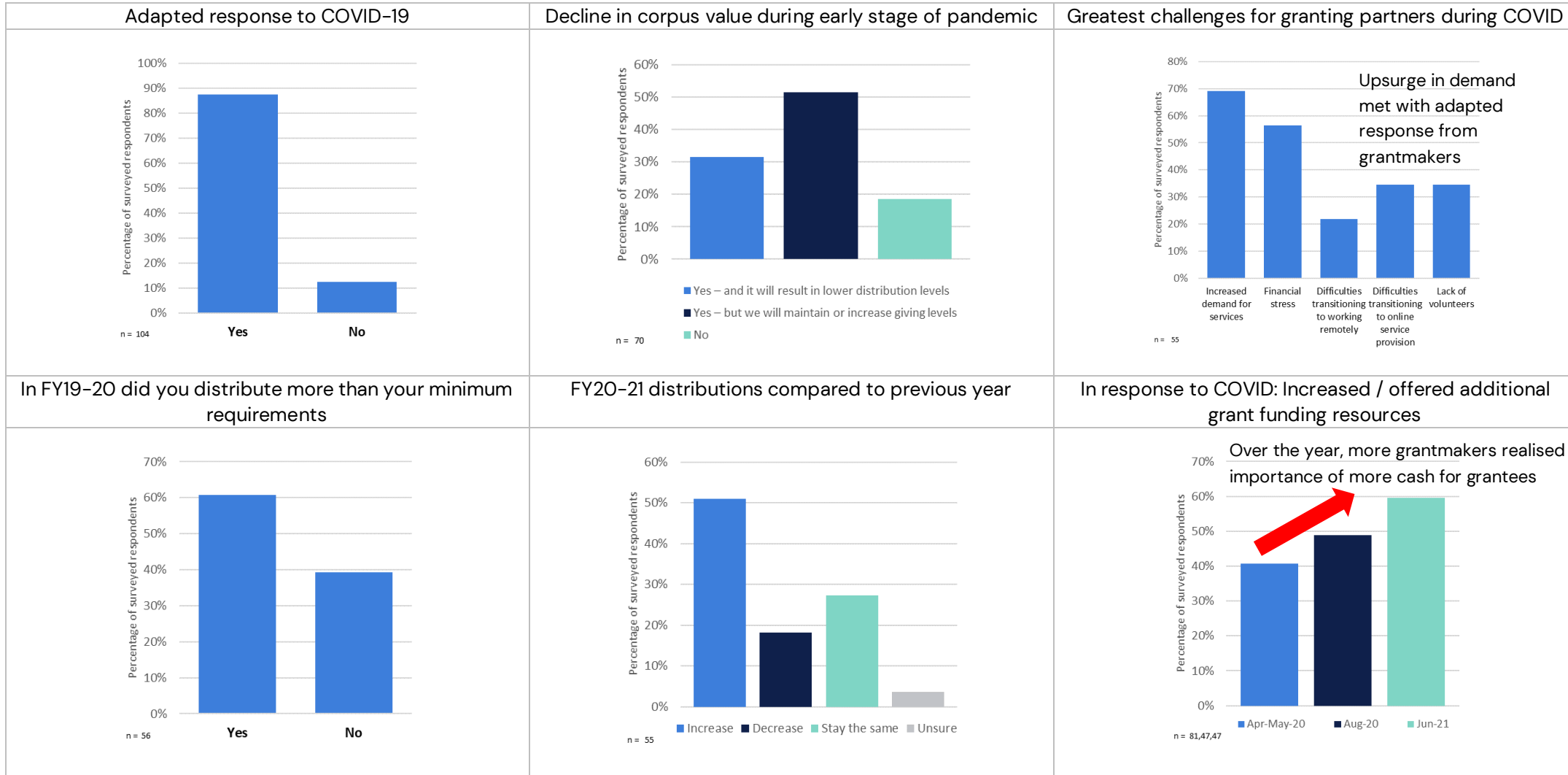
As the pandemic progressed over time, it became more evident that providing additional funding was more important than initially anticipated. About 60% had increased their funding in the survey conducted in June 2021, higher than any time since the start of the pandemic (at around 40% - 49% in earlier surveys).

This huge need for cash was also found by the ACNC. Revenue from the Government increased by \$10 billion dollars in 2020 (including JobKeeper payments). More cash was needed by more charities: there was also an increase in the proportion of charities receiving revenue from government to 47%, increasing from 37% in 2019.¹⁶

Donations and bequests to all charities increased by 8% to \$12.7 billion in 2020. This is positive growth but didn't increase the total size of the cash pool given it was not quite enough to offset the loss of investment revenue (around \$900 million). Additionally, these donations were not spread equitably across all charities in Australia. The donation revenue was concentrated to the fewer, larger charities with the top 10 charities accounting for 17% of the entire sector's revenue from donations and bequests. The size of the recipients was not considered in PA's Funder surveys but this highlights the uneven supply of donations across charities overall in Australia and the need for greater and more inclusive giving in Australia.

¹⁶ Australian Charities and Not-for-profits Commission (ACNC), 2022, 'Australian Charities Report 8th Edition', Australian Government

Figure 7. Survey data (1)



Many respondents did not maintain practices they made in response to COVID-19 but there was one clear change – growing interest in advocacy.

The percentage of respondents maintaining the practice changes made in response to the COVID-19 into 2021 decreased for all practices, shown in the [table](#) and [figure](#) below.

There was a relatively large decline in allowing untied or unrestricted funding despite it being so important at the beginning of the pandemic. The percentage of respondents maintaining untied/unrestricted funding in 2021 fell from 47% to 29%. This appears to be a reversion back to similar levels found in a separate study of funders undertaken in 2017.¹⁷

Table 1. Practice changes during COVID-19 and into 2021

Practice	Changed in response to COVID-19	Maintained going into 2021	Change (% point)
Increased flexibility around existing reporting and administrative requirements	73%	61%	-11%
Increased / offered additional grant funding resources	50%	41%	-9%
Established new dedicated C19 grants program	47%	20%	-26%
Allowing existing grant agreements to be shifted from tied or restricted funding to untied / unrestricted funding	47%	29%	-18%
Suspended or realigned regular grants programs and switched focus to C19 needs	33%	14%	-18%
Brought forward grant payment schedules or offering advance payments	32%	12%	-20%
Offered non-financial support to grant recipients	31%	27%	-4%

Average percentages calculated on results across the three surveys for the changes in response to COVID-19 (n=81,47,47). Maintained going into 2021 was asked in survey 3 only, n = 47.

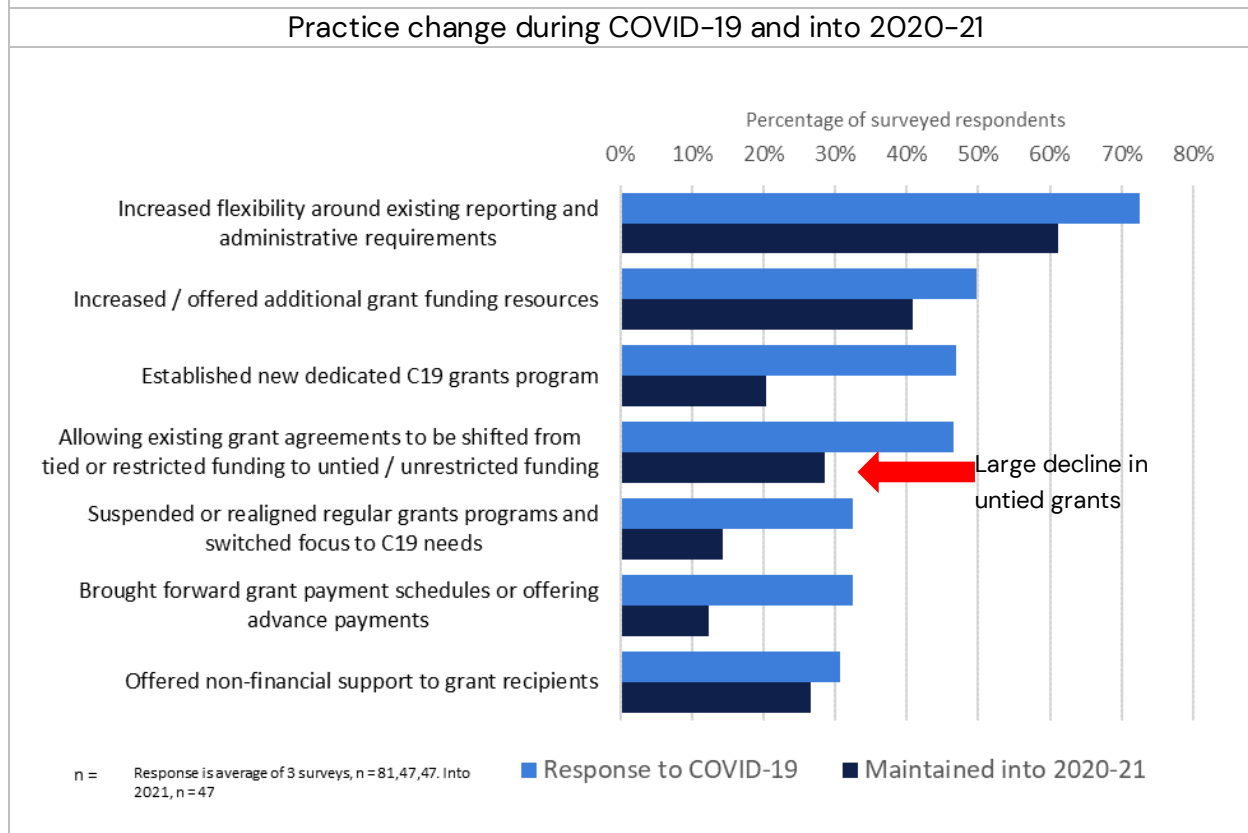
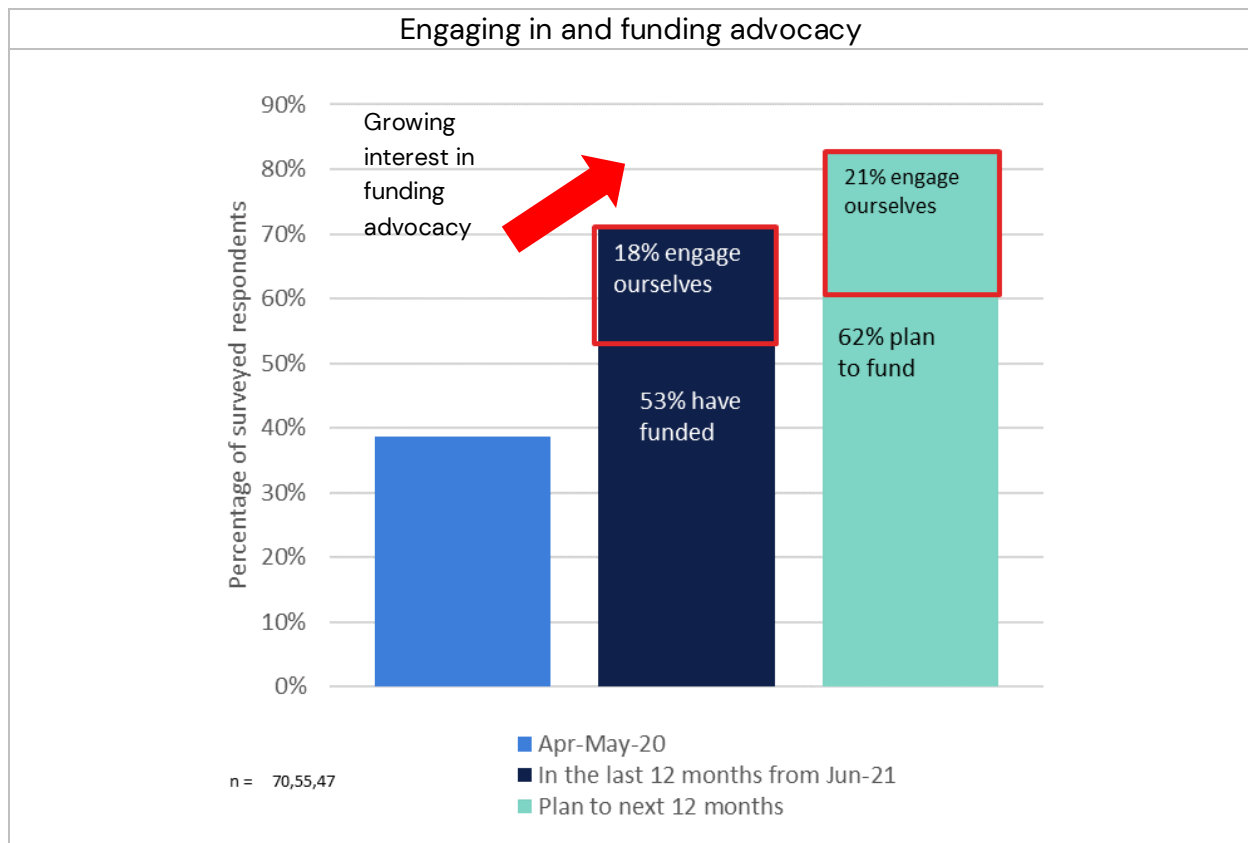
Providing non-financial support was the practice that reduced the least between the COVID response and ongoing response into 2021 (only a four percentage point decline in respondents). It is encouraging to see commitment to a practice change but it doesn't appear

¹⁷ Gillies, L, York, J, Minkiewicz, J 2017, 'Philanthropy: Towards a better practice model', Asia Pacific Social Impact Centre Melbourne Business School

to be a top-priority for fund-seekers with around 17% of fund-seekers considered this as one of their top priorities during the pandemic.

Interest in engaging or funding advocacy doubled among the respondents across the three surveys taken over the first 16 months of the COVID-19 pandemic, shown in the figure below. Slightly under 40% of respondents engaged in or funded advocacy when asked in the first survey taken in April-May 2020. By June 2021 70% of the respondents engaged in or funded advocacy in the prior year and over 80% planned to over the next 12 months. Some respondents also engaged and plan to engage in advocacy themselves, with about 18% and 21% respectively.

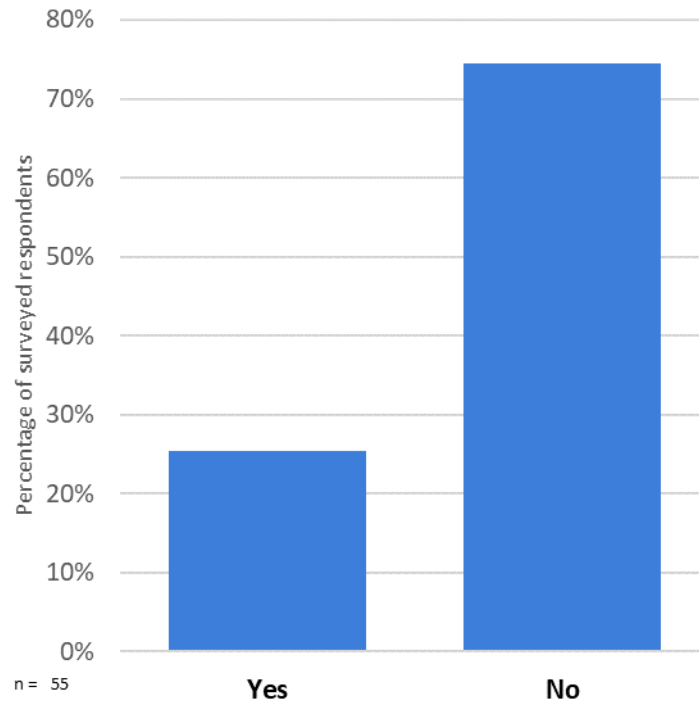
Figure 8. Survey data (2)



Appears to be relatively low commitment to longer-term grant practice change considering the initial response to COVID-19 pandemic such as funding levels, untied funding, flexible reporting and admin and advance payments.

Only a quarter of the respondents plan on implementing longer-term changes to their grant making process despite over 85% making changes in response to the COVID-19 pandemic.

Figure 9. Retaining grant making practice changes longer-term



There was discrepancy between the perceptions of the pandemic response between funders and grantees on reporting flexibility and untied/unrestricted funding.

Grantees and grant makers perceived changes in grant practices differently during the onset of the COVID-19 pandemic. The following section compares a survey of funders with a survey of grantees/fund seekers: one of funders (Philanthropy Australia’s Funder surveys) and grantees/fund seekers (CSI’s Pulse Wave 1 survey (Pulse survey) completed in December 2020).¹⁸

¹⁸ Muir, K., Carey, G., Weier, M., Barraket, J., Flatau, P. (2020). Pulse of the For Purpose Sector Final Report: Wave One. Centre for Social Impact. Sydney. <https://www.csi.edu.au/research/project/pulse-of-the-for-purpose-sector/>

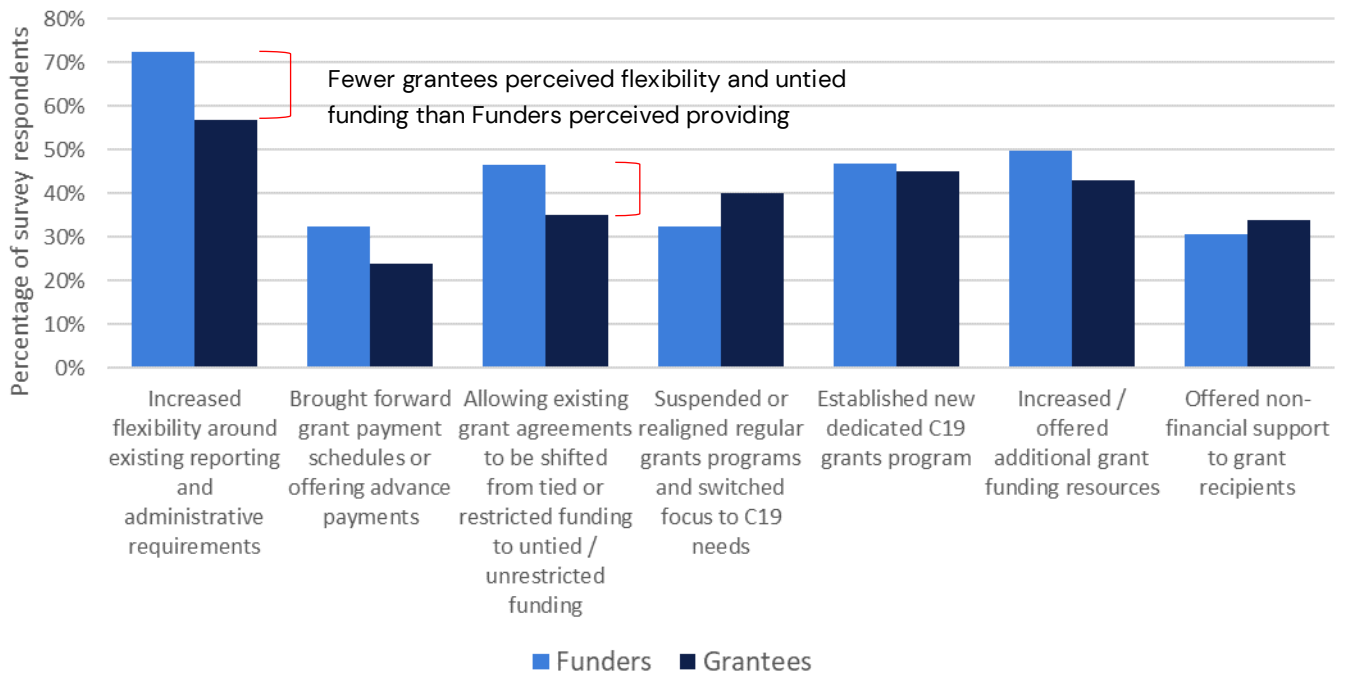
CSI launched its 'Pulse of the For-Purpose Sector' research in mid-2020 with the objective to understand and support the short-term needs of the for-purpose sector and supply evidence needed for the longer term to help the sector re-tool for a more inclusive and sustainable future. Over 524 organisations – 411 which were registered charities – participated in the study undertaken July–August 2020. There were 173 organisations participating in the survey that were grant recipients.

Similar to the high levels of demand found in PA's Funder surveys, the Pulse survey reported 8 in 10 organisations experienced an increase in demand for services and supports during the pandemic. Over three-quarters (77%) of organisations in the Pulse Survey either agreed or strongly agreed that recent events in Australia, such as the 2019–20 bushfires, followed by the COVID-19 pandemic, have put considerable strain on their organisation's financial operations.

The greatest difference in perception regarding funding practices between funders and grantees were around increasing flexibility around reporting and administration requirements and allowing untied/unrestricted funding. Fewer grantees said they experienced grant flexibility and untied/unrestricted funding from their funders than the proportion of funders that said they made these changes. Averaging across the PA Funder surveys, 74% of funders stated they increased flexibility, while in the Pulse survey, 57% of grantees reported this. Allowing untied/unrestricted funding was a practice an average of 47% of funders across the Funder surveys reported doing, contrasting with only 35% of grantees in the Pulse survey.

These results inherently reflect differences in sampling between the participants in the surveys, however, given the relatively similar proportions for the other practices, the disparity in these two areas is obvious. These findings suggest the experiences of changed grant making practices in response to the COVID-19 pandemic around reporting flexibility and untied funding varied widely across grant makers and grantees. In other words, what was 'best practice' given the circumstances was not uniformly applied.

Figure 10. PA Funder and CSI Pulse Wave 1 Survey Responses



Note: Funders result is the average across all three PA Funder surveys

Findings from in-depth interviews highlight the importance of long-term equitable funding in infrastructure and resilience.

Findings from in depth interviews undertaken during this study point to the needs in Australia relating to areas such as:

- social, physical and digital infrastructure,
- community development,
- community resilience,
- access to services and support,
- the great needs abroad that were able to be supported by local grant makers.

Interviewees found making strategic allocative financial decisions were required to ensure they could maintain giving. Allowing decisions about funding specific and immediate needs – which were evolving quickly – were best left to the recipients.

The early stages of the pandemic also created opportunities to build closer relationships with people in their networks. Frequent communication and ‘check-ins’ not only alleviated the

consequences of social distancing and lockdown measures but also meant conversations about collaboration opportunities could emerge.

The spotlight fell on the importance of funding capacity-building to support the resilience of charitable organisations. The impacts of events like bushfires and pandemics will last for years and 'building back up' is compounded by the weaknesses in the capacity of critical charitable organisations that existed before the events occur.

Why This Matters and What to do Next

Australian philanthropists made a Pledge to commit to better practice when the COVID-19 pandemic began.⁵ There is no reason to stop. This commitment to better practice philanthropy should continue.

This Report serves as a reminder – published three years after the COVID-19 pandemic started – that better practice philanthropy must be committed to long-term. Only a quarter of the survey respondents plan on implementing longer-term changes to their grant making process despite over 85% making changes in response to the COVID-19 pandemic. Around 70% of respondents could see an increase in demand being a significant challenge for fund-seekers. The need for good outcomes is great and will continue into the future with the challenges of high inflation and greater cost-of-living pressures.¹⁹

So, a quarter of philanthropists committing to long-term change is not enough. All philanthropists – from small funders to large – should commit to better practice.

This study provided a detailed look into the response over the first 16 months of the COVID-19 pandemic. In simple terms, four key lessons unfolded:

1. It shouldn't take a crisis to commit to better philanthropic practice
2. But when a crisis did happen Australian philanthropy committed to and demonstrated better practice
3. Better practice ultimately leads to better relationships and better outcomes.
4. Better outcomes won't last if better practice is not committed to over the long-term

A commitment to better practice will mean taking the lessons learned from the early stages of the COVID-19 pandemic into the long-term, strengthening the relationships between funders, government and fund-seekers to generate better outcomes for all.

¹⁹ Accessed November 2022: <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/speeches/budget-speech-2022-23> and <https://www.rba.gov.au/speeches/2022/sp-dg-2022-11-09.html>

Appendix A Methodology and data

Given the number of respondents able to participate in the PA Funder surveys the results do not represent the totality of grant making in Australia during the onset of the COVID-19 pandemic. The survey sample details and survey questionnaire are detailed below.

Appendix table 1. Survey sample details

Date survey run	Method	Sample size (n)
April-May 2020	Online	104
August 2020	Online	64
June 2021	Online	66

Appendix table 2. Survey questionnaire

Survey	Question number	Question
1	1	Have you changed or adapted your granting and operating approach in response to C19?
1	2	If no, are you planning to?
1	3	If you have already changed your approach for your existing grant partners, what have you done (please tick as many as appropriate)
1	4	If you are considering how you might change your approach, what are you considering?
1	5	Are you offering grants to new grant partners around C19?
1	6	What are you planning to do for your FY19-20 distribution / grant amounts?
1	7	What are you planning to do for your FY20-21 distribution / grant amounts?
1	8	Are you considering using your balance sheets / capital to offer non-grant financial support?
1	9	Has the value of your corpus declined as a result of the economic instability resulting from C19?
1	10	Is your foundation engaging in advocacy in behalf of particular groups as part of your C19 response?
1	11	Are you interested in pooling resources or combining processes with other Foundations in response to C19?
1	12	As part of several Covid-19 policy options, Philanthropy Australia is working in partnership with other key stakeholders, to consider a tailor-made NFP Recovery Fund providing low-cost, longer term loans to a cohort of charities that could demonstrate an ability to repay. The Fund would have philanthropists and the Federal Government accept first losses up to an agreed amount, with an interest at the cash rate and repayment in 5 - 7 years. Would you be interested in knowing more about this or interested in providing first loss support, through your balance sheet?
1	13	Any other comments?
1	14	Contact details. If you answered yes to Q.11 and / or Q.12, then please leave your contact details so that we can follow up with you:
2	1	Have you changed or adapted your granting and operating approach in response to C19?
2	2	If YES, what have you done (please tick as many as appropriate)?
2	3	Are you offering grants to new grant partners around C19?
2	4	Re your total FY19-20 distribution / grant amounts, did you distribute more than your annual minimum required (however that may be calculated)?
2	5	If YES, by approximately how much did you increase above (in addition to) the minimum required?
2	6	What are you planning to do for your FY20-21 distribution / grant amounts?
2	7	If you are planning to increase your distributions, what is your estimated increase?
2	8	If you have increased your distributions in FY19-20, and/or plan to increase in FY20-21, have you been influenced by the Government's incentive to distribute more than the minimum requirement?
2	9	If YES, do you plan to take advantage of the credits to adjust (lower) your distributions in future years?
2	10	If you are planning to decrease your FY20-21 distribution amounts, what is the estimated decrease?
2	11	Are you considering using your balance sheets / capital to offer non-grant financial support?
2	12	As we move out of a 'response' phase, and turn our minds to recovery, are you considering any longer-term changes to your grant making practices and approaches?
2	13	If YES, what changes are you considering (select as many as apply)

2	14	Is your foundation engaging in advocacy in behalf of particular groups as part of your C19 response?
2	15	If we repeat this survey in a few months, is there anything else you would like us to ask?
2	16	Any other comments?
3	1	How would you describe your organisation?
3	2	Where is your head office located?
3	3	Did you change your grant making approach in response to COVID-19?
3	4	If YES, what things did you change (tick as many as appropriate)?
3	5	Which of these changes, if any, have you maintained going into 2021?
3	6	Have you made any longer-term changes to your grant making practice?
3	7	What, if anything, have your granting partners communicated to you as their top priorities during COVID-19?
3	8	What, if anything, have your granting partners communicated to you as their greatest challenges during COVID-19?
3	9	How will your FY20-21 distribution/grant amounts compare to the previous financial year?
3	10	If you have increased your distributions, how much have you increased by?
3	11	If you have decreased your distributions, how much have you decreased by?
3	12	In the past 12 months, has your foundation funded advocacy by your partner organisations OR engaged in advocacy on behalf of particular groups?
3	13	If yes, will your foundation continue your advocacy engagement over the next 12 months?
3	14	Are there any other learnings or new practices your organisation took from COVID that you would like to share (that would be helpful for sector development)?E.g. using your balance sheets/capital to offer non-grant financial support; co-funding; spending down your corpus over the next 10-20 years.
3	15	If you would like to be considered as a case study for our COVID-19 Insights Report, please leave your organisation name and contact below. If you skip this question, your answers will be anonymous.



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