



Better Philanthropy Telescope

December 2022

**PHILANTHROPY
AUSTRALIA**



ACKNOWLEDGMENT OF COUNTRY

Philanthropy Australia acknowledges the Australian Aboriginal and Torres Strait Islander peoples as the first inhabitants of the nation and the Traditional Custodians of the lands where we live, learn and work. We pay our respects to Elders past and present.

WITH THANKS TO

Philanthropy Australia would like to thank our partners at the Paul Ramsay Foundation for their support of our thought leadership work.

Welcome to our Better Philanthropy Telescope

Foreword by Jack Heath, CEO, Philanthropy Australia

In late 2022, Philanthropy Australia was keen to take the pulse of the sector to help identify the trends, issues and opportunities that will shape the giving agenda in 2023. The simple insight that inspired this initiative is that there is much wisdom and leadership residing across Australia's philanthropic space which should be collected and shared.

The survey was open for individual responses to ensure a breadth and diversity of insights. We explicitly sought responses from individuals with various levels of experience, backgrounds, and roles, and from both funders and for purpose organisations. We are grateful to the over 100 people, from across Australia and from various organisations, who contributed.

A central message from respondents is that they have a heightened ambition that is grounded in a desire for philanthropy to become even more effective in serving communities and driving change locally, nationally and globally. There is not agreement as to how this is best achieved, and we look forward to bringing out these debates. Respondents did, though, have a shared expectation that philanthropy can and will become more confident, more reflective, and ultimately more impactful through improving practice, stronger collaboration,

greater innovation and a willingness to better engage with the not for profits they fund and many others.

The survey also picks up themes we saw emerging from Philanthropy Australia's National Conference in September. Particularly, to consider who is not in the room, why and how we ensure their voices are heard. It is with this in mind that we present the Telescope. We are not claiming it is the full picture, speaks to Australia's diversity, nor covers all the issues our members are addressing. It is a pulse check – and a benchmark that we can use in the future – to inform the conversation and motivate us to do better.



Jack Heath
CEO
Philanthropy Australia

Shaping the agenda

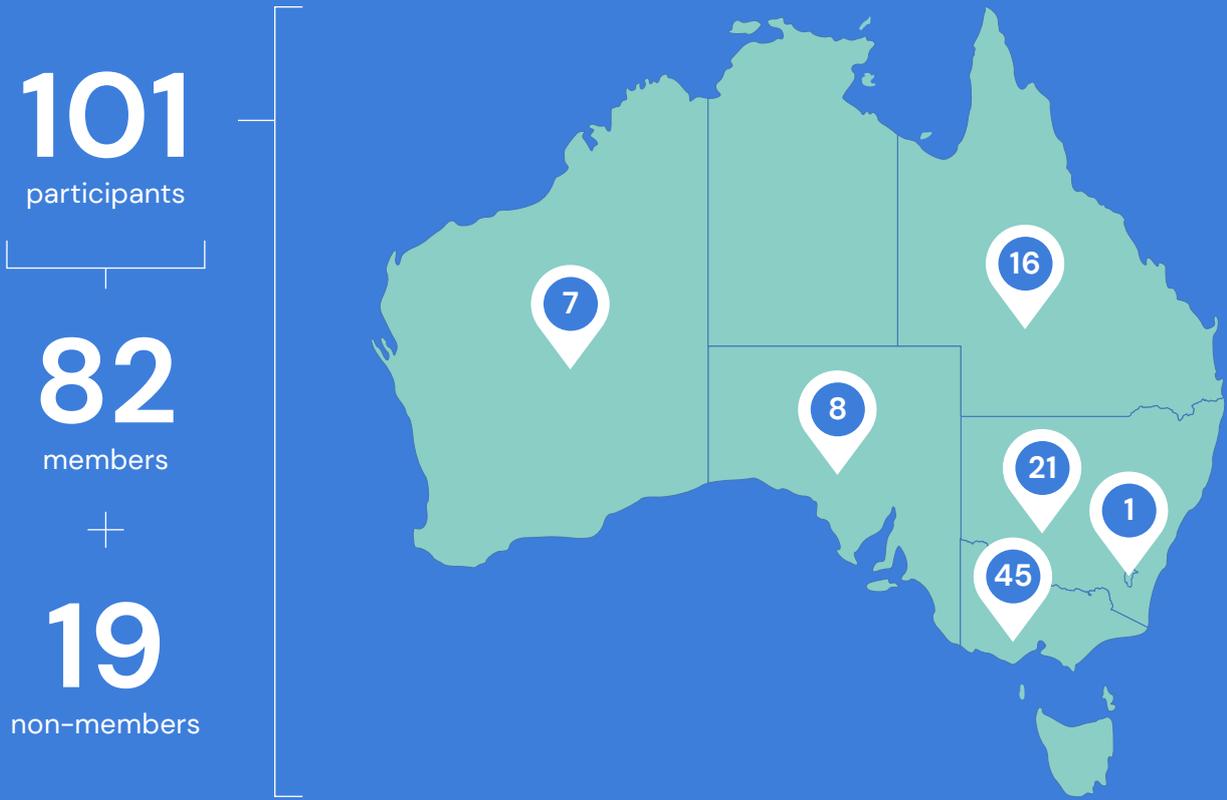
The Philanthropy Australia Better Giving Telescope is a community created report driven by Philanthropy Australia's members.

We produced a survey that asked 6 open questions. Individuals were invited to complete the survey, with responses being anonymous. 101 people participated, drawn from across Australia. Participants were from a mix of organisations – funders, non-funders and professional advisors. The 2022 survey has been run as a pilot and we anticipate the Telescope becoming an annual and more in-depth initiative.

Disclaimer: Please note that the views in this document are those of survey respondents, not necessarily Philanthropy Australia.



Survey participants



Types of organisations represented



10 ideas that will matter

1

Addressing power imbalances

“ *A further shift in the dynamic and power relations between funders and grant recipients so that a truer sense of partnership is created.* ”

Many respondents referenced the need for a greater distribution of power, others referred to the need to decolonialise wealth.

2

Building capacity

Despite the challenges of the current environment with not for profits facing rising costs and increase demand for services, and funders seeing reduced investment returns, there is growing recognition that organisational capacity should not be under-invested in.

3

Deepening collaboration

Funders desire opportunities to learn from other funders. This was particularly true for family foundations. Funders and not for profits share a desire for improved relationships based on openness and a desire to

“ *transition from transactional relationships to longer term partnerships.* ”

4

Including beneficiaries' voices

Respondents highlighted the need for

“ *engaging those impacted by the problems we are trying to solve in the problem solving,* ”

recognising that having lived experience expertise in philanthropy roles, in leadership and on boards is integral for the future.

5

Investing for social impact

“ [We are] thinking more seriously about impact and where to direct our funds.

Foundation, peak body and corporate respondents expressed wanting to see

“ more foundations to put their corpus to full use.

6

Measuring impact

Measuring impact is of growing interest with consistency across the sector and how to effectively measure highlighted:

“ we have a desire to assess impact, and therefore ensure the strategy enables assessment of impact.

Some challenged this, suggesting too much fixation on impact measurement.

7

Paying what it takes

Both not for profits and funders referred to the importance of the “Paying What It Takes” report. One not for profit described that it “features in their new strategy”, while several funders noted that it will shape their giving practices in the future.

8

Engaging government in philanthropy

While there as a sense of overall optimism regarding the policy environment, participants desire to see

“ government policy change to reflect the effort in philanthropy.

Areas of focus include the challenges that DGR1 restrictions present and the need for Capital Gains Tax exemption reform.

9

Shifting funding strategies

“

...more untied giving. It's time to move on from the 'project mentality' and for us donors to back the do-ers.

Funders are shifting how they allocate grants becoming more focused on specific issues such as climate change, along with a move to giving a smaller number of larger grants. There were numerous calls from respondents for there to be more innovation in funding strategies.

10

Vocalising philanthropy's place

Respondents want to see a broader engagement with philanthropy across Australia. Philanthropy should be positioned as “everyone's responsibility” with better storytelling to inspire people, especially younger generations. Beyond advocating for giving, a philanthropic voice on social issues was a recurrent theme.



Big world issues in 2023 and why they matter



Affordable Housing

“ Affordable Housing must be solved and it will need a cross sector approach

“ More impact on foundational needs such as housing

Climate Change

“ The biggest influence on my giving strategy is the climate emergency

“ [We are] determining how to integrate climate awareness into our funding approach

Economic Downturn

“ The looming recession will place more stress on the most vulnerable and disadvantaged groups

“ The economic downturn [means] that Foundations have less funds to allocate to projects

First Nations

“ Finally recognising the value of First Nations Peoples and their knowledge and connection with the land that we call home

“ There seems to be an understanding the First Nations people have the expertise to design and deliver services within their communities (and beyond) however funding processes and decision making often don't match the rhetoric around self-determination

Systems Change

“ Advocacy for systems change which addresses the underlying causes of economic inequality and poverty

“ [We see] the value and impact of systems change but the challenge is how to do it effectively and show short term output and outcomes

What you're saying

1

What were the biggest influencers and restrictors on giving strategies and on your philanthropy in 2022?

● INFLUENCING ISSUES

For many survey participants the ongoing impact of COVID-19 has influenced giving as has the change in federal government. The COVID-19 influences include an increase in funding to current recipients and that

“ Covid created a new narrative and urgent need for support.

The COVID gathering restrictions was cited by many as a key restrictor. Other influences on giving raised include the urgency of climate change, the cost-of-living crisis, the war in Ukraine and natural disasters, with DGR1 requirements and the economic downturn cited as further restrictors.

● INFLUENTIAL VOICES

Respondents report that organisations are listening to community partners and program beneficiaries to learn what their needs are. Funders are placing increased emphasis on learning from their peer and on research-informed approaches.

● INTERNAL ORGANISATIONAL INFLUENCES

More prominence is being given to organisational mission and strategy in giving decisions, linked to a shift to multi-year funding. A number of funders commented on the need for greater internal capacity.

2

What will be the most pressing challenges facing you and your partners in 2023?

● GLOBAL CHALLENGES

The economic downturn will present a considerable challenge to the philanthropic sector, due to rising costs for organisations and community members along with reduced support from funders. Along with the global economic crisis, climate change presents a challenge for many donors and organisations wanting to make an impact for future generations.

● PHILANTHROPIC CHALLENGES

While many respondents see the change of federal government in 2022 as a positive for philanthropy, some see challenges due to changes in government focus and therefore funding allocations.

“...learning the priorities of a (relatively) new government and how that may shape our funding.”

Competition for funds, funding constrains and growing funder expectations generating more of a workload were also articulated as concerns.

● ORGANISATIONAL CHALLENGES

“Lower returns and capital growth are likely to mean less money is available for philanthropy.”

Alongside available funds, staff shortages and turnover are anticipated as presenting the greatest internal challenge in 2023. Respondents also spoke to the challenge they anticipate in how they advocate and communicate with their stakeholders.

3

What opportunities might help you and your partners advance their work?

● EXTERNAL OPPORTUNITIES

The four opportunities most shared by respondents come from the response to climate change, the role of First Nations communities and voices and changing attitudes towards them, the changing policy context and a better understand of the need for systems change.

● PHILANTHROPIC OPPORTUNITIES

Two major themes stood out for respondents. The first comes from the double giving agenda and the opportunities to shift the national giving culture particularly through sharing stories of giving and philanthropy's role and positive impact on society. The second theme relates to the shifts in funding strategies with the growing focus on multi-year untied funding, as well as greater appetite for aligning investments with mission through impact investing.

● ORGANISATIONAL OPPORTUNITIES

There is a clear appetite amongst funders to drive their own practice through exploring more collaborative funding and learning opportunities, lean into growth and innovation thinking and to give more time to organisational strategy. A number of respondents also anticipate internal staff-capacity building needs to be explored.

4

How do you expect your philanthropic practice to change in the next 12 months?

FUNDING PRACTICES

“ A focus on larger multi-year funding, building relationships for longer term

was a typical response to the survey with funders and not for profits alike anticipating bigger grant allocations to a smaller number of recipients than in the past. This target approach is leading some to consider more co-funding opportunities and for others to consider funding more advocacy. More than 20% of respondents stated they will not change their giving practices in 2023. For some this was because they were already in funding cycles or in the midst of a current strategic plan. While some will not change their practices, they aim to give more and expand their impact.

ORGANISATIONAL PRACTICES

Funders described wanting to improve their grant application and allocation processes in the coming year. As one explained

“ [we are] continuing to iterate grant application processes to improve accessibility and process transparency and improved participatory decision making around funding.

Some not for profits are making changes in order to be more strategic and efficient in the grants they apply for, and to improve relationships with funders.

TOPICAL FUNDING

The issues of climate change, First Nations and systems change were prevalent responses across the survey.

5

What are the big ideas that will matter for philanthropy in 2023?

“ If philanthropy hopes to make an impact on the social, political and environmental challenges that currently face us then we need to partner and be part of the change, guided by and in support of those with relevant expertise. We cannot be the focus for this change to occur, we need to embed ourselves as a lever

“ Finding a healthy balance of grassroots-up and top-down approaches to funding; in order to both lead from a science/expert perspective and be responsive and supportive to those at the front-line and with lived experience

“ Evaluating philanthropy: not just expecting grant partners to report on the impact of their work but applying an evaluative lens to our internal processes, ways of working and enabling conditions we can create

The survey reveals ten big philanthropic ideas and five big world issues that respondents think will matter in 2023 which are presented above.

6

What is the biggest change you would like to see occur in philanthropy in 2023?

Survey respondents hope to see a shift in what is funded, how funding is allocated and who is engaged in philanthropy. Many desire to see a shift in national culture towards giving and philanthropy by all, not just high net-worth individuals. Several participants expressed that philanthropists, government and organisations need to support responses to climate change. Others raised hopes for more support towards First Nations, particularly support for a “yes” vote on an Indigenous Voice to Parliament.

There was a strong hope for changes to legislation, specifically DGR1 and Capital Gains Tax exemption reform.

“ *DGR-1 status is a big issue for many of the small organisations we fund.* ”

Various respondents emphasised a need for increasing collaboration and partnership across the sector in order to see funders ‘paying what it takes’.

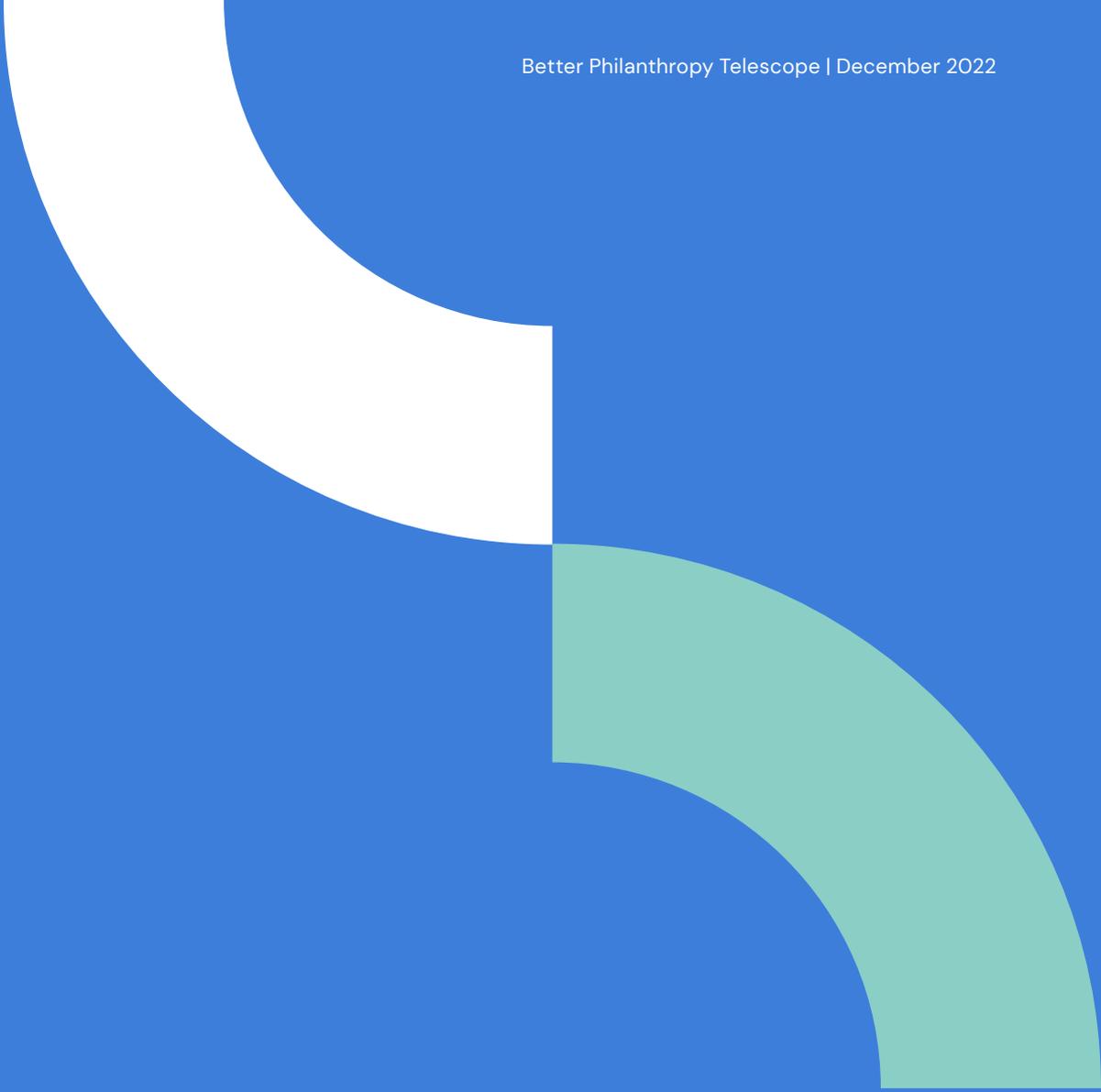


A lens into 2023

Recent years – not least in philanthropy’s response to COVID-19 – have demonstrated how philanthropy shows leadership, can step into the breach and use its unique position to take risks, innovate and build connections that help shift perceptions and drive change.

The Telescope findings highlight some of the ways these features can stick. The findings also articulate a deep motivation across the sector to ensure this occurs.

2023 promises to be a pivotal year for philanthropy as we drive forward the double giving agenda and as philanthropy responds and adapts to changing realities. For Philanthropy Australia we will use the Telescope’s findings to shape our content and programs focus as we support our members in our collective endeavour to inspire more and better philanthropy.





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