

Charity and Giving



Edited by Justin Healey

ISSUES
IN SOCIETY

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 **THE SPINNEY PRESS**

First published by



PO Box 438 Thirroul NSW 2515 Australia
www.spinneypress.com.au

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Title: Charity and Giving / edited by Justin Healey.

Series: Issues in Society, Volume 461.

ISBN 978-1-922274-22-9 (paperback)

ISBN 978-1-922274-23-6 (PDF)



A catalogue record for this
book is available from the
National Library of Australia

Cover images courtesy of iStock.

CONTENTS

CHAPTER 1	TRENDS IN GIVING	
	Australian communities: giving to the charities and not-for-profit sector	1
	Giving behaviour	4
	Nearly eight in ten Australians believe not-for-profits are good for the country	7
	Fewer Australians give more to charities	8
	Snapshot of giving in Australia	9
	How the world gives during a time of social dislocation	10
	Record donations to bushfire victims	11
	Impact of COVID-19 on charities	12
	Global giving trends	13
CHAPTER 2	CHARITIES AND EFFECTIVE GIVING	
	Australian Charities Report shows importance of the sector	14
	Are there too many charities in Australia?	16
	There are more useful questions to ask than whether Australia has 'too many' charities	19
	Picking a 'good' charity to donate to and making the most of it with your tax return	21
	Charities and fundraising	23
	Donating to legitimate charities	26
	Fake charities	28
	How to give to charity so your donation really counts	29
	Donating and volunteering	31
	Giving effectively: how can you do the most good with your donation?	32
	The many ways you can give to charity	33
	How to give during the COVID-19 crisis	34
	An ethical guide to responsible giving	38
	Ethics explainer: on charitable giving	40
	Five ways to become a really effective altruist	42
	What is philanthropy?	44
	The light and the dark sides of philanthropy	45
	Australia's biggest benefactors	45
	Dear baby boomers: Australian philanthropy needs your help	47
	Exploring issues – worksheets and activities	49
	Fast facts	57
	Glossary	58
	Web links	59
	Index	60

INTRODUCTION

Charity and Giving is Volume 461 in the 'Issues in Society' series of educational resource books. The aim of this series is to offer current, diverse information about important issues in our world, from an Australian perspective.

KEY ISSUES IN THIS TOPIC

As a nation, Australians can be a generous people. In addition to direct financial giving, many Australians donate goods to charities and not-for-profits, or volunteer their time, become involved with fundraising for a specific charity, or advocate and raise awareness for a cause or unmet need. In Australia there are over 50,000 registered charities which make up a diverse sector working across a broad range of areas, including health, education, social welfare, religion, culture, human rights, the environment and animal welfare.

How do you choose the right charity to match a righteous cause, so that your donation really does count? Why do people give, and how can it be done responsibly and effectively? What is philanthropy – could wealthier Australians do more to support the not-for-profit sector?

This book explains the latest trends in giving and explores the effectiveness and ethics of legitimate charities. In times of great need, what can we do to make a positive difference?

SOURCES OF INFORMATION

Titles in the 'Issues in Society' series are individual resource books which provide an overview on a specific subject comprised of facts and opinions.

The information in this resource book is not from any single author, publication or organisation. The unique value of the 'Issues in Society' series lies in its diversity of content and perspectives.

The content comes from a wide variety of sources and includes:

- Newspaper reports and opinion pieces
- Website fact sheets
- Magazine and journal articles
- Statistics and surveys
- Government reports
- Literature from special interest groups

CRITICAL EVALUATION

As the information reproduced in this book is from a number of different sources, readers should always be aware of the origin of the text and whether or not the source is likely to be expressing a particular bias or agenda.

It is hoped that, as you read about the many aspects of the issues explored in this book, you will critically evaluate the information presented. In some cases, it is important that you decide whether you are being presented with facts or opinions. Does the writer give a biased or an unbiased report? If an opinion is being expressed, do you agree with the writer?

EXPLORING ISSUES

The 'Exploring issues' section at the back of this book features a range of ready-to-use worksheets relating to the articles and issues raised in this book. The activities and exercises in these worksheets are suitable for use by students at middle secondary school level and beyond.

FURTHER RESEARCH

This title offers a useful starting point for those who need convenient access to information about the issues involved. However, it is only a starting point. The 'Web links' section at the back of this book contains a list of useful websites which you can access for more reading on the topic.

Australian communities: giving to the charities and not-for-profit sector

EXECUTIVE SUMMARY FROM A REPORT BY **MCCRINDLE RESEARCH** WHICH EXPLORES SOCIAL LICENCE, TRUST AND THE NEXT GENERATION OF DONORS

With a rich history in Australia, the charities and not-for-profit sector is core to Australian communities. While this remains true today, societal shifts, demographic realities and generational donor transitions are shaping a different giving landscape.

Charities are a pathway to fulfil social responsibility
Both Australian givers (61%) and charity workers (68%) strongly/somewhat agree that charities and not-for-profits provide an essential pathway for Australians to fulfil their human duty of providing hands-on help to others in need. Half of givers (50%) believe Australians have a responsibility to partner with charities and not-for-profits to bring about change. Charity workers are even more likely to agree, with almost three in five (58%) believing Australians have a responsibility to partner with charities and not-for-profit organisations.

The rise of the need responder

Charitable giving remains strong in Australia, with four in five Australians (82%) giving to charities or not-for-profit organisations. The way in which Australians are giving, however, continues to change. Today almost half of givers (46%) are need responders, being most likely to give when they hear about a need or an issue. In 2016 this was three in ten (30%), thus rising 16 percentage points in four years.

Growing nationalism in giving

More than two in three Australian givers (67%) are more inclined to support Australian charities with a local/national focus as they believe it is important to look after their own backyard first. In fact, one in five givers (21%) only support charities with a local/national focus.

This preference is reflected in the top causes givers support. In 2020 the top three causes Australian givers are highly motivated to support are disaster response in Australia (54%), animal welfare and wildlife support (47%) and children's charities (44%). The rise in rank from fourth to first for disaster response in Australia is likely because of the 2019/2020 summer bushfires in Australia.

In the last 12 months there has also been a notable rise in the number of givers choosing to support organisations associated with the environment, moving from the 12th most likely cause to support in 2019 to the seventh most likely cause in 2020.

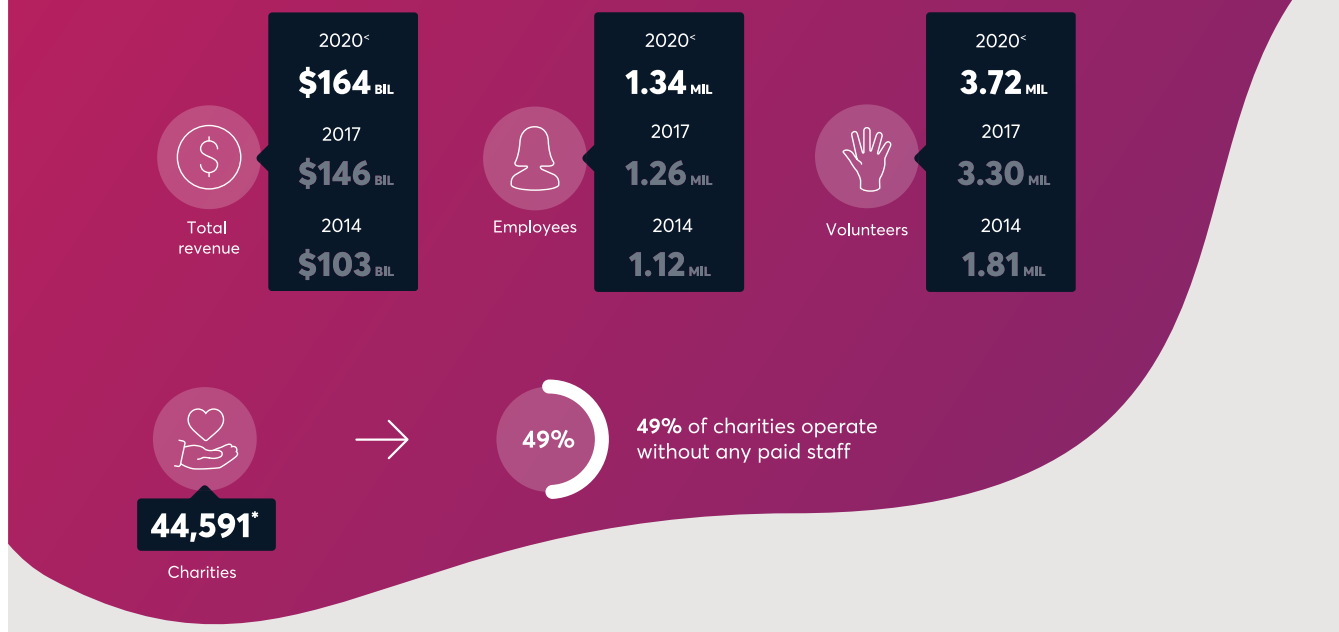
Giving declines in times of financial hardship

In the current economic environment, there is a sense of uncertainty among many Australians which may

Charitable giving remains strong in Australia, with four in five Australians (82%) giving to charities or not-for-profit organisations. The way in which Australians are giving, however, continues to change.



Snapshot of the charities and not-for-profit sector



impact their willingness to give. If Australian givers were to experience financial hardship, more than half (54%) believe the frequency and amount of their giving would decline.

Interestingly, more than half of Australian givers (55%) believe Australians should give less than 10% of their income to help those in need. In fact, two in five (41%) believe it should be less than 5% of their income.

Building social licence

Positive public sentiment towards an organisation is essential for it to maintain its social licence. Although the sector has experienced some trust challenges, there is still public permission to operate because of the role

charities/not-for-profits play in society. To maintain and build social licence it is increasingly important for organisations to communicate the purpose of the organisation and prioritise transparency and accountability.

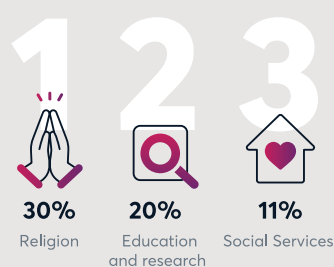
Not-for-profit leaders believe in the importance of transparency and accountability but are concerned about the impact this expectation has on the everyday life of the organisation. Balancing public desire for transparency with limited resources to deliver both transparent reporting and delivering impacts to the community is a challenge for charities/not-for-profits.

Younger donors strengthen social licence

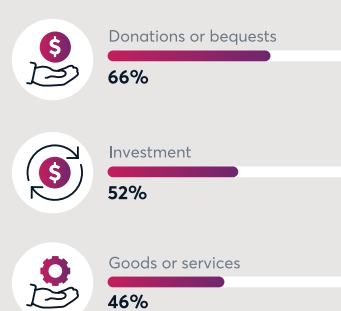
Social licence for the charities/not-for-profit sector is on the rise, and more than charity workers expect. This is largely being driven by younger donors. More than a third of Gen Z (35%) and three in ten Gen Ys (28%) have increased their support for charities/not-for-profits to operate, compared to 16% of Gen X, 12% of Baby Boomers and 7% of Builders.

In the current economic environment, there is a sense of uncertainty among many Australians which may impact their willingness to give.

Top 3 sectors NFPs

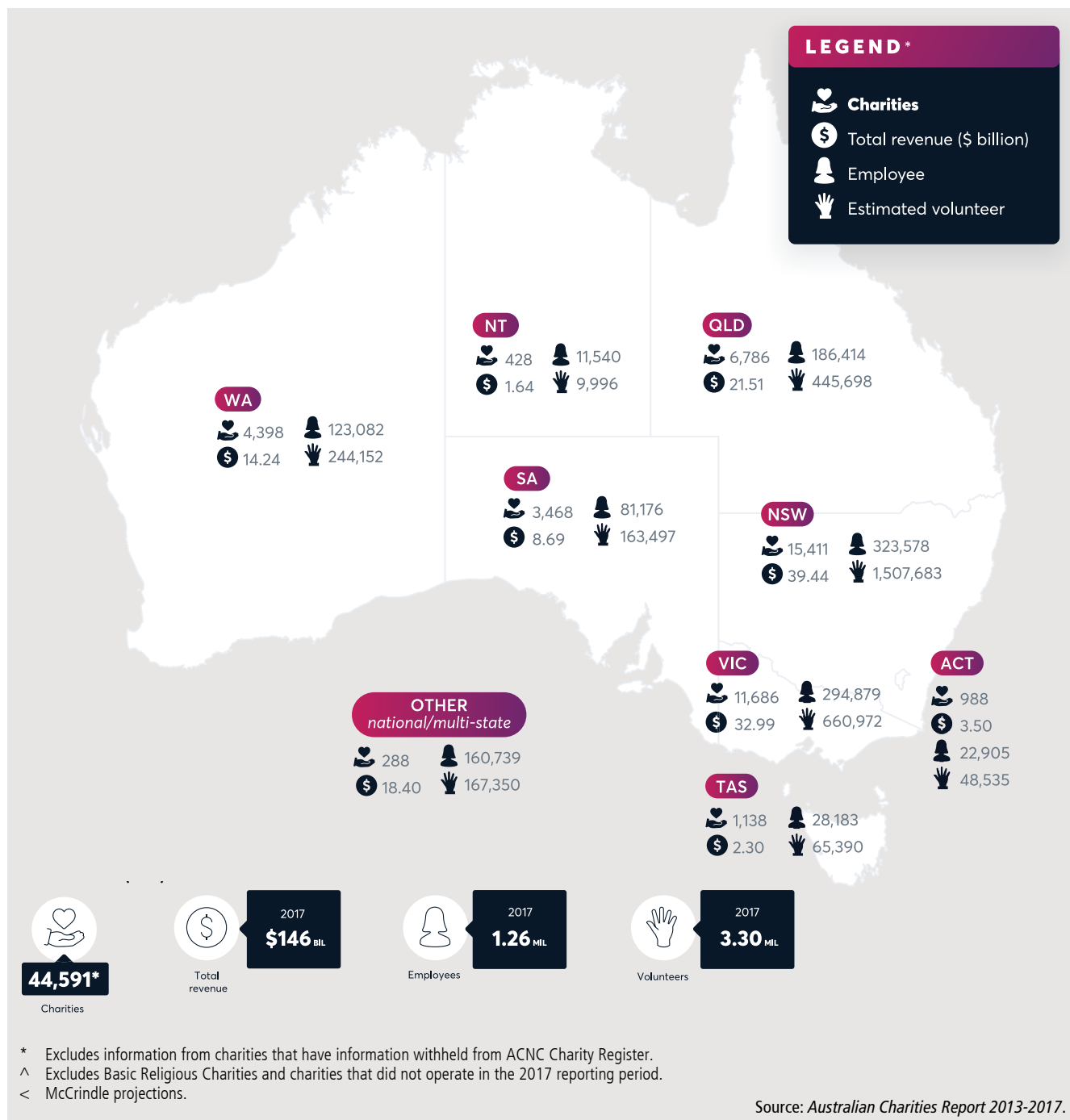


Charities receive revenue^ from



NFPs are funded by





Building trust is a journey

In a time of decreasing trust in many societal institutions, a personal connection is key to engagement. More than four in five Australian givers (84%) definitely/somewhat trust the charities/not-for-profits they support to use their money wisely.

Australian givers and charity workers agree the best ways to build trust in the charities/not-for-profit sector are transparency (72%, 76%), integrity (64%, 73%), reputation (61%, 71%) and delivering strong outcomes (60%, 70%, Australian givers and charity workers respectively).

Commercial organisations operating for purpose and profit create opportunities for partnership

Society's expectations are shifting. The public expects corporates to not just operate for profit, but for the triple bottom line of people, profit and planet. This

context provides opportunities for charities and not-for-profits to partner with commercial organisations to help them fulfil their corporate social responsibility.

Not-for-profit leaders are optimistic about corporate partnerships as they can increase an organisation's impact. A word of caution is given, however, that partnerships must be formed on shared values, not just financial benefit, to allow organisations to stay true to their original mission of building a stronger society.

© McCrindle Research Pty Ltd. *Australian Communities 2020 – Exploring social licence, trust and the next generation of donors*, Executive summary, pp. 4-7. Retrieved from <https://mccrindle.com.au> on 29 October 2020.

GIVING BEHAVIOUR

FOUR IN FIVE AUSTRALIANS GIVE FINANCIALLY, ACCORDING TO THESE SURVEY FINDINGS BY MCCRINDLE RESEARCH

Charitable giving remains strong in Australia with four in five Australians giving to charities or not-for-profit organisations (82%). There has been a slight decline, however, in those who give at least annually. Today just over seven in ten Australians (72%) give at least annually compared to more than three in four (77%) in 2019. One in four Australians (24%) give at least monthly while more than one in six (18%) do not give at all.

Giving is not just financial

In addition to giving financially, more than three in five Australians (64%) have donated goods to charities/not-for-profits in the past 12 months. A third of Australians have volunteered (33%) while more than one in five have been involved with fundraising for a specific charity (23%) or advocating and raising awareness (21%).

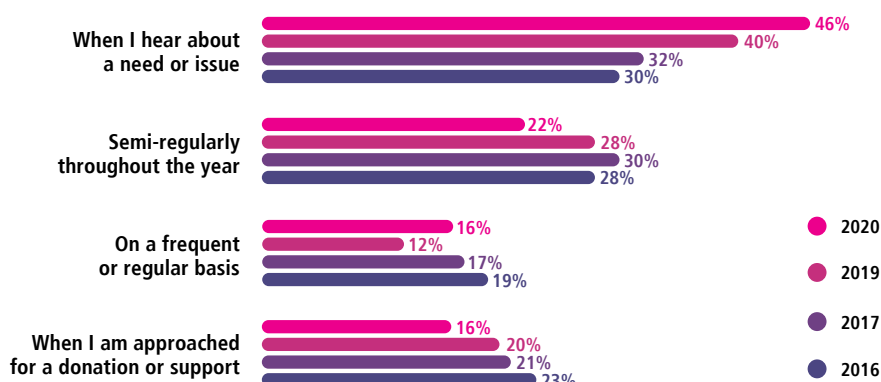
Almost half of those who volunteer (48%) do so at least once a month while more than a quarter (26%) volunteer at least once every few months.

Consistent with previous years, young givers are more likely to advocate and raise awareness than their older counterparts (33% Gen Z cf. 12% Builders).

Australians giving as need responders continues to grow

Since 2016 the proportion of Austr-

WHEN ARE YOU MOST LIKELY TO GIVE TO A CHARITABLE ORGANISATION?



WHEN ARE YOU MOST LIKELY TO GIVE TO A CHARITABLE ORGANISATION?

	Gen Z 18-25	Gen Y 26-40	Gen X 41-55	Boomers 56-74	Builders 75+
Hear about a need or issue	59%	54%	42%	36%	35%
Semi regularly throughout the year	18%	20%	22%	28%	22%
Approached for a donation or support	18%	15%	17%	14%	16%
Frequent or regular basis	6%	10%	19%	22%	27%

alians who are most likely to give when they hear about a need or issue has risen by 16 percentage points (46% cf. 30% 2016). The proportion of those who give semi-regularly throughout the year, however, has declined since 2016 (28% cf. 22% 2020).

Younger Australian givers are driving the rise in need responders, being more likely than their older counterparts to give when they hear about a need or an issue (59% Gen Z, 54% Gen Y cf. 42% Gen X, 36% Baby

Boomers, 35% Builders).

Older Australian givers are more likely to be regular givers than their younger counterparts (27% Builders cf. 6% Gen Z).

Australians highly motivated to give to disaster response in Australia

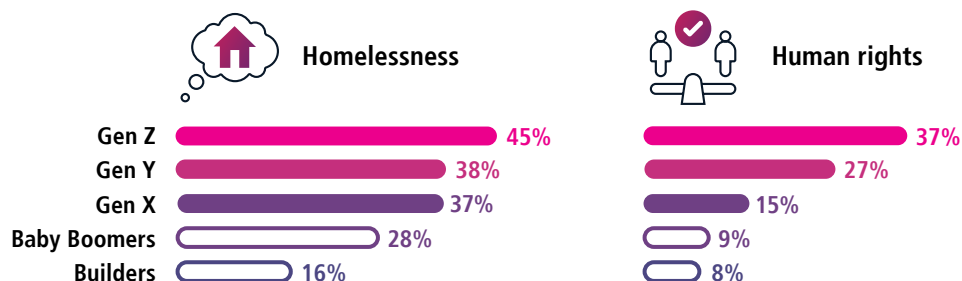
In light of the 2019/2020 summer bushfires in Australia, more than half of Australian givers (54%) are highly motivated to give money to or volunteer for organisations associated with disaster response in Australia. This makes it the number one area Australians are motivated to give to and increases its rank from fourth in 2019.

Animal welfare and wildlife support remains the second most likely cause Australians are motivated to support (47%). This is followed by children's charities (44%) and medical and cancer research (43%), both of which have seen a decline in ranking since 2019.

WAYS OF GIVING

	Gen Z 18-25	Gen Y 26-40	Gen X 41-55	Boomers 56-74	Builders 75+
Donating goods	61%	58%	63%	70%	71%
Volunteering	38%	33%	30%	36%	31%
Advocating and raising awareness of a specific issue or cause	33%	29%	18%	12%	12%
Fundraising/promoting for a specific charity	26%	33%	20%	14%	12%

YOUNGER GIVERS ARE ALSO MORE LIKELY TO SUPPORT ORGANISATIONS FOCUSED ON HOMELESSNESS AND HUMAN RIGHTS



Rise in environmental giving

Australians' motivation to support organisations associated with the environment is increasing, moving from the 12th most likely cause to support in 2019 to the seventh most likely cause in 2020.

Younger givers are driving the rise in support for the environment, being more likely than their older counterparts to give to organisations with an environmental focus (41% Gen Z, 34% Gen Y cf. 26% Gen X, 21% Baby Boomers, 13% Builders).

Australians prefer to support organisations that directly assist and respond to issues

"Aussies are a fairly practical group. When they see something happening practically, that has an impact on the ground to everyday people I think they are drawn to that rather than something ethereal or academic. They warm to something that is making a difference."

– Tim Hanna, outgoing CEO, Compassion Australia

The data supports this, with the proportion of Australians preferring to support organisations that are directly assisting and engaging in responding to an issue increasing since 2016. Today almost half of Australian givers (47%) much/slightly prefer to support organisations who are directly assisting and responding to issues. This has risen from 32% in 2016 and 38% in 2019. The proportion of Australian givers who prefer to raise awareness, on the other hand, is decreasing (25% cf. 32% 2016).

Although, overall, younger givers prefer to support organisations who are directly assisting and engaging in responding to issues, they are more likely than older generations to prefer to raise awareness. Almost

two in five Gen Z (39%) and Gen Y (37%) much/slightly prefer to support organisations which are focussed on raising awareness of an issue compared to one in five Gen X (19%), one in ten Baby Boomers (11%) and 13% of Builders.

Growing sense of nationalism

More than two in three Australian givers (67%) only support or prefer

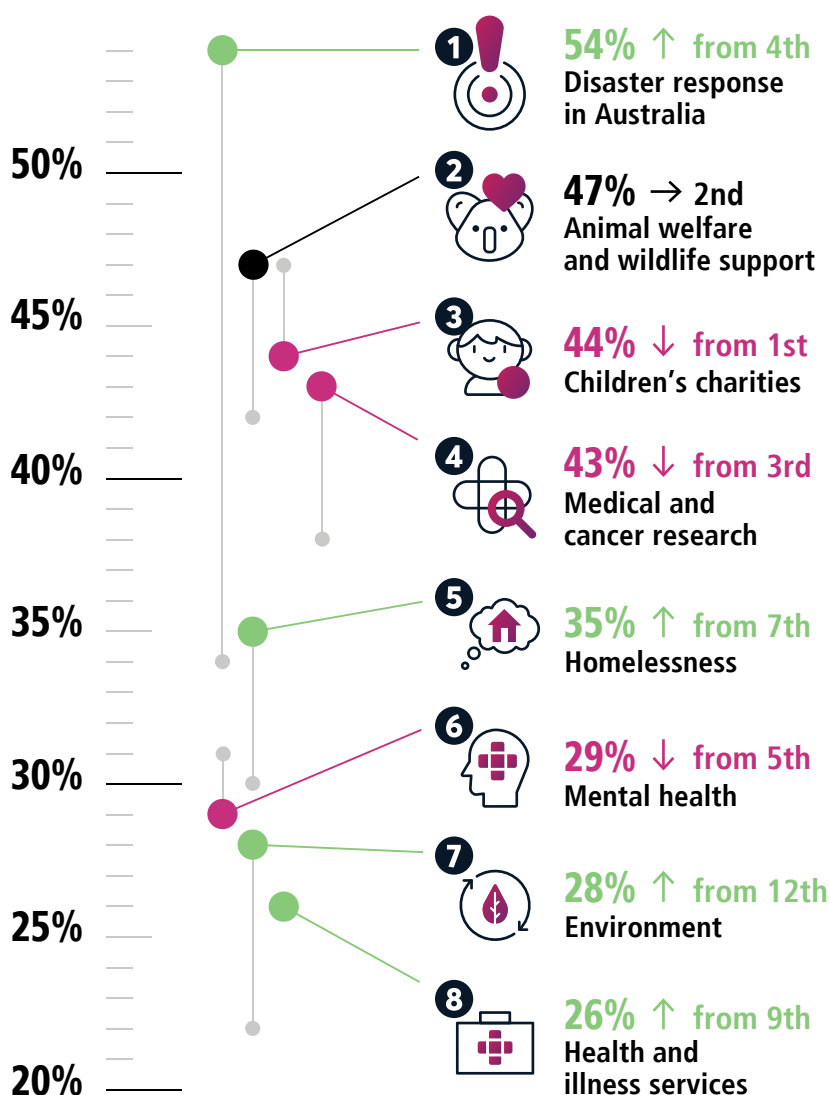
to support Australian charities with a local/national focus as they believe it is important to look after their own backyard first.

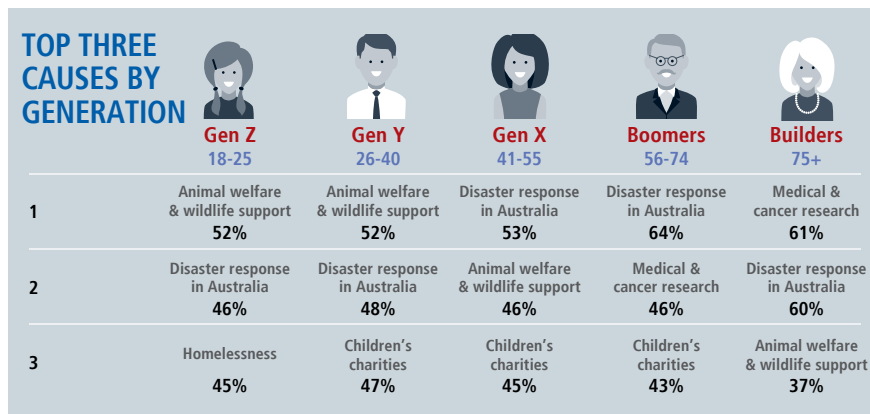
In fact, one in five givers (21%) only support charities with a local/national focus. Almost three in ten (28%) have no preference, while 5% only support or prefer to support charities overseas where there is the greatest human need over and above

TOP 8 CAUSES

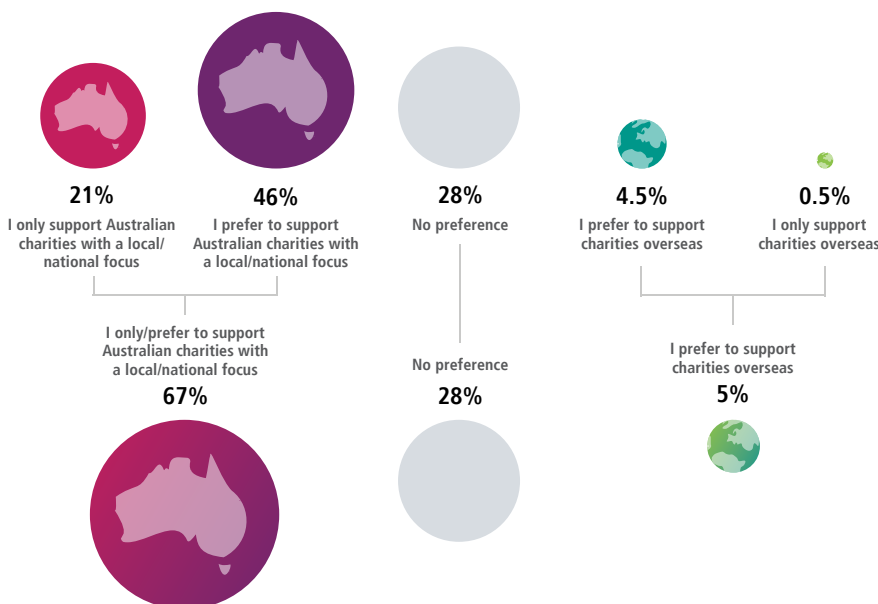
% who are highly motivated to support

- Rank up from 2019
- Rank down from 2019
- No rank change
- % change from 2019





WHICH OF THE FOLLOWING BEST DESCRIBES YOU?



Australian charities.

Although still only a small proportion, Gen Z and Gen Y show they are globally minded generations, being more likely to only support or prefer to support organisations overseas (7% Gen Z, 6% Gen Y cf. 3% Gen X, 5% Baby Boomers, 2% Builders).

Australian givers choose to support charities with a local/national focus because they believe charity begins at home. There are many who want to put Australia first and support the many needs that are present within Australian society.

Givers who prefer to support organisations with an overseas focus do so because they believe Australia is a rich country and other countries need it more.

© McCrindle Research Pty Ltd. *Australian Communities 2020 – Exploring social licence, trust and the next generation of donors*, Executive summary, pp. 14-17. Retrieved from <https://mccrindle.com.au> on 29 October 2020.



Nearly eight in ten Australians believe not-for-profits are good for the country

CHARITIES AID FOUNDATION RELEASES A REPORT ON GIVING IN AUSTRALIA

A major new report says that when it comes to charities and not-for-profits (NFPs), Australians are a positive bunch

Around three quarters (73%) believe they have a positive influence on their local community, and slightly more (78%) say they have a positive impact on Australia as a whole. 68% believe that NFPs have a positive impact internationally.

That's according to the *Australia Giving* report, released by Good2Give, an affiliate to the CAF Global Alliance of organisations. This report is the first of its kind in Australia, analysing giving behaviours across a wide range of metrics and forming part of a global assessment of how different countries engage with the not-for-profit sector.

The positive impression that millions of Australians have of NFPs is echoed by the recent *Edelman Trust Barometer*, which found that 56% of the general public trust NGOs (non-governmental organisations), higher than Business at 52%, the Government at 42% and the Media at 40%.

Other key findings of the 2019 Australia Giving report include:

- Three quarters (74%) of Australians have taken part in a charitable activity in the past 12 months, such as volunteering or donating money; half (49%) say they have done so in the last four weeks
- Two thirds have given money in the past 12 months (68%) and supporting children is the most popular cause
- A third (35%) have volunteered in the past 12 months; as with donating money, supporting children is the most popular cause (21% of volunteers)
- Younger Australians are more likely to have volunteered in the last year; 47% of 18-24s did so, compared with just 28% of the over 55s.

Methodology

- This report is based on data collected by YouGov on behalf of CAF.
- In Australia, 1,023 interviews were completed online between 2nd and 31st August 2018. The survey was conducted using the YouGov panel.
- The sample is nationally representative and is weighted to known population data on demographics including age, gender, and region.
- Differences are reported at the 95% confidence level (the level of confidence that the results are a true reflection of the whole population). The maximum margin of error (the amount of random sampling error) is calculated as $\pm 3\%$.

41% of Australians also stated that they would be likely to donate more money, time or goods over the next 12 months if they knew for sure how their money is spent. More transparency in the sector and knowing that the sector is well regulated are the joint third reasons why people might give more in the coming year (both 23%), demonstrating that although Australians generally trust NFPs, more could be done for good causes if there was a higher level of perceived transparency.

Caring about the cause is the most common reason given by donors as to why they gave money, with more than half (54%) saying this. Helping people less fortunate than them (41%) is the second most cited reason, and realising they can make a difference (33%) the third, implying that Australians are much more likely to give for altruistic reasons, as opposed to motivations such as tax incentives.

Commenting on the report, Lisa Grinham, Chief Executive of Good2Give adds:

ENGAGING IN CIVIL SOCIETY

**JUST OVER
TWO FIFTHS**
have taken part
in at least one
civil activity



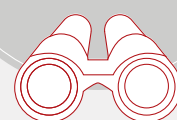
THE IMPACT OF CHARITY

Most think
charities have a
**POSITIVE
INFLUENCE**
in Australia



THE FUTURE OF GIVING

47%
would donate more
if they had more
money



Fewer Australians give more to charities

Analysis of the latest available tax figures by the **Australian Centre for Philanthropy and Nonprofit Studies** at QUT, found that those who are giving to charity are giving more, but fewer people are giving

Individual Australians significantly increased their giving in the 2017-18 financial year, with a total of \$3.75 billion donated – nearly an 8% increase, or \$265 million, on the previous year. The yearly report produced by ACPNS takes a deep dive into the Australian Taxation Office statistics on tax-deductible giving in 2017-18. A key finding is that the total tax-deductible donations made by Australians far exceeded inflation. Other highlights from the report include:

- The average tax-deductible donation made in 2017-18 was \$845.73, which is an increase of nearly 10% on the year before.
- Despite the increase in monetary terms, the actual number of people giving decreased from 4.52 million in 2016-17 to 4.43 million in 2017-18.
- Women were more likely to give than men (2.24 million female taxpayers compared to 2.19 million male taxpayers) and on average, female Australian taxpayers who claimed donations gave approximately 0.46% of their taxable income compared to 0.41% for Australian males. However, men claimed tax-deductible donations amounting to \$2.15 billion while women's donations amounted to significantly less at \$1.60 billion.
- Largest proportion of donations in 2017-18 came from New South Wales, followed by Victoria then Western Australia.
- Western Australian taxpayers claimed the largest average

tax-deductible donation at \$1,469.61, compared to the national average of \$845.73.

- Australia's wealthy gave the most: taxpayers earning over \$1 million donated 2.06% of their taxable income compared to the national average of 0.43%.

ACPNS Director, Assoc. Prof. Wendy Scaife said that the nation's well-off have increased their giving significantly over the past decade. Before that, the gap at the top end of earnings meant that 44% of Australians who earn more than \$1 million per annum did not seem to give much away at all. Could it be that natural disasters, financial crisis and other catastrophes experienced over recent years have compelled more of our nation's wealthy to give?

"The reason people get involved in giving is often to do with personal circumstances. Sometimes it takes that thunderbolt to jolt people into expressing that need and the non-profit sector works in a wonderful way to fulfil that need. It will be particularly interesting to see what the effects of COVID-19 will have on future giving; will we see an increase or decrease in giving over the next few years, and will it change who is giving? Only time will tell."

The full report, *An Examination of Tax-Deductible Donations Made By Individual Australian Taxpayers in 2017-18*, is available online at: <https://eprints.qut.edu.au/204319>

Australian Centre for Philanthropy and Nonprofit Studies (28 September 2020). *Australian giving takes a step up in 2017-18*. Retrieved from <https://research.qut.edu.au/australian-centre-for-philanthropy-and-nonprofit-studies> on 29 October 2020.

"This is our first year producing the Australia Giving report, and it's been encouraging to see not only how the vast majority of Australians trust the not-for-profit sector, but also how millions of Australians engage by donating their time and money to causes they care about.

"Charitable institutions will never take this for granted, and we'll do our utmost to promote transparency across the sector. This way, we can build a more trusting, long-lasting relationship between not-for-profits and the Australian public."

ABOUT GOOD2GIVE

Good2Give is a not-for-profit that makes it easy for businesses and their employees to support the communities and causes they care about. Committed to building a more giving society, Good2Give provides innovative technology solutions to help businesses, donors and charities connect. As well as advising businesses on how to engage with charities, Good2Give's market-leading technology platforms allow for the efficient and secure processing of around a million donations annually. Since 2001, Good2Give has facilitated over \$200 million to more than 7,000 Australian and international communities. Good2Give is an affiliate to the CAF Global Alliance of organisations that work to grow giving and strengthen civil society. Being part of a global family of organisations spanning the United Kingdom, the United States, Canada, Russia, India, South Africa, Brazil and Bulgaria is integral to our heritage and allows us to build our expertise to ensure maximum impact in Australia and New Zealand.

ABOUT CAF

The Charities Aid Foundation (CAF) is a leading international charity registered in the United Kingdom. CAF exists to make giving go further, so that more lives and communities around the world can be transformed. CAF is a charity and a champion for better giving, and for over 90 years has helped donors, companies, charities and social organisations make a bigger impact. Through CAF Bank, it offers simple and straightforward day-to-day banking, designed exclusively for charities.

ABOUT CAF GLOBAL ALLIANCE

The CAF Global Alliance is a leading international network of independent, locally led organisations working at the forefront of philanthropy and civil society. It is a champion for better giving and civil society and harnesses local knowledge and expertise to help donors, companies and civil society make a bigger impact. Last year more than 70,000 charities received over £500m in donations in more than 100 countries.

Download *Australia Giving 2019: an overview of charitable giving in Australia* here at:

www.cafonline.org/docs/default-source/about-us-publications/caf-australia-giving-report-2019-16master.pdf

This article was written by George Young, Senior Media Relations Officer, Charities Aid Foundation (CAF).

Charities Aid Foundation (13 March 2019). *Nearly eight in ten Australians believe not-for-profits are good for the country*.

Retrieved from www.cafonline.org on 29 October 2020.



SNAPSHOT OF GIVING IN AUSTRALIA

A 2018 report by **Koda Capital** offers a clearer picture of giving and philanthropy in Australia – with good and bad news

- The report, *A Snapshot of Australian Giving*, shows that the traditional fundraising charity model is facing multiple threats and that the simple act of donating to traditional charities may have peaked. Australians are becoming less charitable and less trusting of charities, despite 3,000 new charities joining the sector every year.
- Corporate giving is healthy but the days of chequebook charity is over. Australian businesses give \$6.2 billion in donations, \$7.7 billion in community partnerships and a further \$3.6 billion in non-commercial sponsorships.
- Workplace giving is struggling – employees are giving less via workplace giving and the average amount given is also falling, down from \$43 million to \$35 million in 12 months.
- Private Ancillary funds (PAF) are growing at a rate of 8%, with 1,284 PAFs now in existence. PAFs now distribute \$457 million a year to Australian charities, tripling in the space of six years. However, they remain mysterious and elusive to most charities.
- The report notes that a small cohort of wealthy Australians giving large amounts is influencing the level of giving in our country. This masks two issues: a failure to grow the proportion of Australians who give in a meaningful sense and a reduction in the level of support that charities can expect from everyday Australians.
- Women are also a powerful force in philanthropy. Despite earning 15% less than men, Australian women donate more of their income to charity, spend more time

volunteering, and are more likely take part in workplace giving than men. Each year women donate 0.39% of their income to charity, compared to just 0.34% for men.

Other findings include:

- The causes most favoured by givers are: religion, international, then health.
- 33% of Australian taxpayers make a donation to charity and claim a deduction; the total amount claimed has decreased 7.2% from \$3.1 billion to \$2.9 billion. Those that do, claim 0.036% of their income.
- Australians spend five times more on alcohol than they claim in charitable donations.
- 78% of Australians dislike being asked for money over the phone, yet 24% give when asked.
- 48% of people give when asked by a friend via social media.
- Trust and confidence in charities is falling and 14% of Australians now 'outright distrust' charities.
- Charities' expenditure has increased by approximately 11.6% since 2015; This is faster than revenue growth in the sector.
- Employee costs represent 55% of all charity expenditure.
- Charities are heavily reliant on free labour – Australian charities have 2.9 million volunteers and 1.3 million employees.
- Only 47% of employees in businesses with workplace giving take advantage of it, down from 49%.

SOURCE

A Snapshot of Australian Giving (October 2018), by David Knowles Partner, Head of Philanthropy & Social Capital, Koda Capital.

HOW THE WORLD GIVES DURING A TIME OF SOCIAL DISLOCATION

To come together to weather the immediate storm, a different approach to giving is needed, writes **Emma Sakellaris**, pointing to a rise in direct giving

The ubiquitous presence of the coronavirus in people's lives has challenged social conventions across the world in ways many of us have never seen. From virtual medical appointments, to entire industries shifting to remote working, we have even seen large-scale gatherings disappear overnight and, indeed, now be considered unacceptable.

Notwithstanding the fundamental dislocation and the effects of uncertainty playing out across communities, it is an interesting period for charitable giving and providing support to the most vulnerable. During a time of social dislocation, many are looking towards online and more direct means to provide such support.

At our core, Australians are good givers. More than 21 per cent of the population answered "yes" in the 2016 census to engaging in volunteer work, with Australian charities comprising at least 3.3 million volunteers, who help provide essential services to the community.

In recent years, structured giving has grown as the number of private ancillary funds, typically used for strategic long-term giving, has grown above pre-global financial crisis rates. This is predicted to rise to around 17 per cent of all giving by 2036, up from 7 per cent in 1996, according to research by JBWere.

To come together to weather the immediate storm, a different approach to giving is needed – one which allows Australians to practice social distancing while

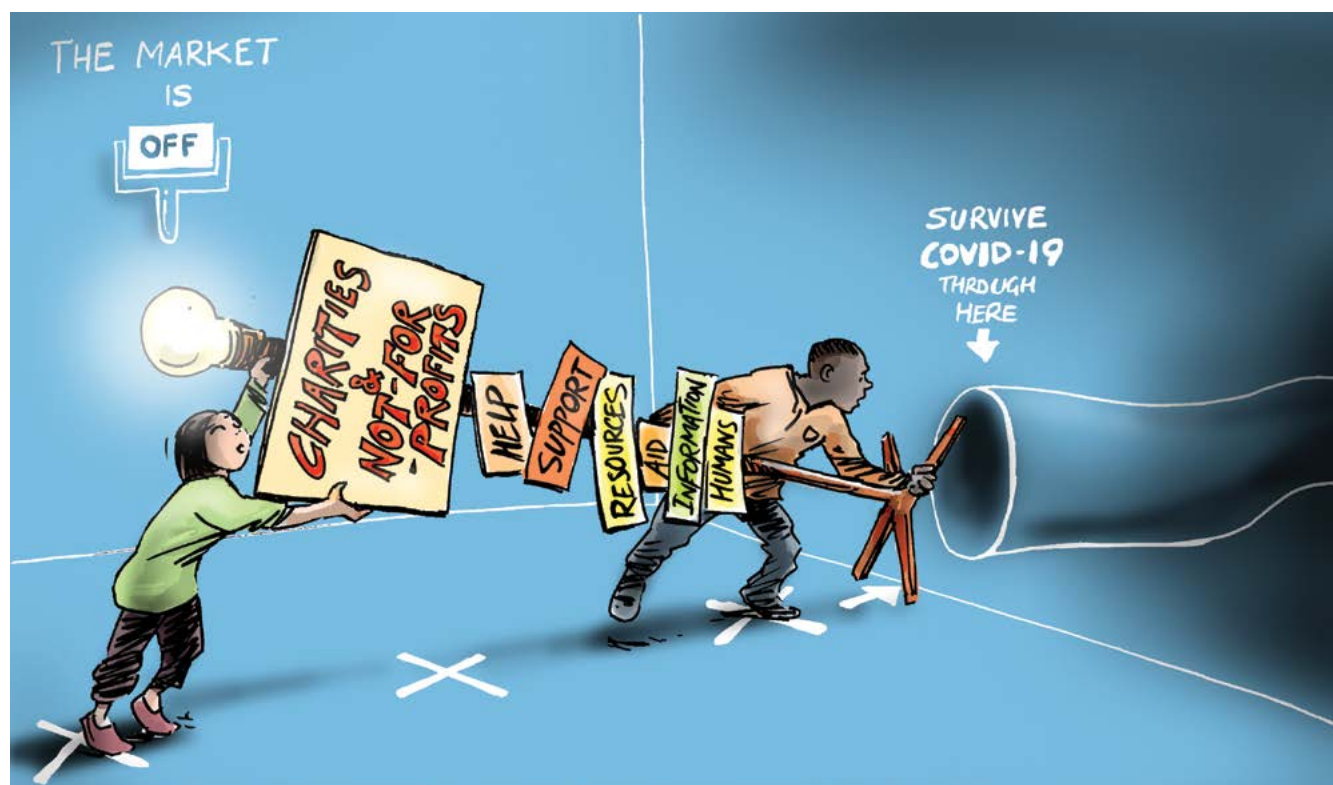
actively supporting the delivery of urgent responses and sustainable solutions through grassroots philanthropy.

In a world in which people feel more isolated than ever, social media has the power to not only keep people connected but to also support giving and delivery of critical services to the most vulnerable across our communities.

If we look to our counterparts in the US, social media has already enabled a shift towards direct giving. Outpourings of generosity following the coronavirus outbreak have created a peer-to-peer model of charity whereby people donate directly to those who have lost income or are unable to pay bills.

This is being facilitated by individuals calling out on their social media platforms for those facing financial hardship to get in touch. Due to the nature of social circles on these platforms and with many people impacted as livelihoods are affected, the gift often goes to the donor's close friends or family.

Crowdfunding is also on the rise, allowing people to extend beyond their own social circles to organised groups responding to the pandemic, charities, and others in need. In fact, worldwide crowdsourcing platform GoFundMe has seen a jump in donations in recent weeks with more than 22,000 coronavirus-related fundraisers collecting some \$40 million from more than 630,000





donations across the world.

As the global reverberations from the pandemic continue and entire communities are forced indoors, we can expect direct forms of giving to keep rising in

popularity. Furthermore, as the impacts of coronavirus become more acute, the difference one person can make, and the ripple they can create, should not be undervalued.

Record donations to bushfire victims

Over the 2020 summer fire season, the world watched in horror as large parts of Australia burned, and 3,000 homes were lost around the nation. Many people responded by donating millions of dollars to bushfire victims to rebuild their homes and get on with their lives in the aftermath of so much devastation. However, this generosity has not been without its controversy.

- Landmark reviews (released 24 October 2020) by the Australian Charities and Not-for-profits Commission (ACNC) found high-profile charities acted appropriately in responding to the 2019-20 summer bushfire disaster.
- *Bushfire Response 2019-20 – Reviews of three Australian charities* focused on the Australian Red Cross, the Trustee for NSW Rural Fire Service and Brigades Donations Fund and NSW Wildlife Information Rescue and Education Service Incorporated (WIRES).
- All three charities received substantial donations, attracting attention and generating high public expectations. Overall, more than \$640 million dollars for relief and recovery efforts was raised through generous public donations.
- The ACNC conducted the reviews and made the report public to address concerns there was a gap between the public's expectations of charities and the reality of responding to the disaster.
- The reviews found the charities acted legally and responsibly, allocating funds to bushfire response programs and their delivery and protecting donations from fraud. The charities balanced immediate relief with the need to supply funds for the long-term recovery phase.
- The ACNC found that the charities also faced challenges in being able to deliver relief quickly, which affected the perception of their effectiveness. These challenges

included changing demand and donation levels, difficulty identifying legitimate fire victims, the need to combat fraud and the messages of third-party fundraising campaigns that were out of the charities' control.

- In addition, the massive increase in funds required greater planning and stricter governance processes as well as enhanced fraud protection measures.
- In a separate crowdfunding case, the comedian Celeste Barber nominated the NSW Rural Fire Service (RFS) and Brigades Donation Fund for the \$51.3 million raised through her record-breaking Facebook fundraiser in January 2020.
- In May 2020, a judge ruled that millions of dollars raised by Celeste Barber's bushfire campaign could not be distributed to other charities or states but can be given to injured firefighters. The deed governing that trust only allows money to be spent on purchasing and maintaining equipment, training and administrative costs.
- The court's decision excluded causes which many donors expected their money to go towards, including the Australian Red Cross and animal welfare group WIRES.

SOURCES

- ACNC (24 October 2020). 'Landmark regulator reviews find bushfire charities managed funds responsibly despite concerns'.
- Henderson, A, (10 June 2020). 'Bushfire donations topped \$282 million between three major charities – almost half's still in the bank', *ABC News*.
- Kontominas, B and McDonald, P, (4 May 2020). 'Red Cross and Salvation Army still experiencing delays in getting donations to bushfire victims', *ABC News*.
- McKinnell, J, (25 May 2020). 'Celeste Barber's \$51 million bushfire money can't be distributed to other charities', *ABC News*.

Compiled by The Spinney Press.



Testament to this is the recent response to the devastating bushfires, when only two months ago the world came together to rally around impacted communities. Donations, big and small, flowed from every corner of the globe to generate a remarkable response.

As we face the greatest challenge of our lifetime, now is the time to support the most vulnerable in our community and to connect with each other, albeit online or over the telephone, with kindness and

compassion and a focus on delivering critical need assistance and support.

Emma Sakellaris is the Executive General Manager at Australian Unity Trustees.

Sakellaris, E (8 April 2020). *How the world gives during a time of social dislocation*. Retrieved from <https://probonoaustralia.com.au> on 12 May 2020.

IMPACT OF COVID-19 ON CHARITIES

According to a new report by **Social Ventures Australia** and the **Centre for Social Impact**, charities could lose 20 per cent of their revenue due to COVID-19

- Charity workers are facing a fundraising shortfall and a rising caseload of struggling Australians, and fear the worst is yet to come as the economic fallout of the coronavirus pandemic continues.
- With fundraising events cancelled and face-to-face campaigns forced online, the report forecasts a massive revenue drop and more than 200,000 job losses in the charity sector.
- The report predicts thousands of charities will struggle to cope with demand when supports like JobKeeper, loan deferrals, and the increased JobSeeker payments come to an end.
- The Salvation Army's iconic Red Shield Appeal – normally held face-to-face by 40,000 volunteers on footpaths, front doormats, sports fields and in shopping centres – has so far raised half the funds it had this time last year, as COVID-19 restrictions forced the charity to instead run a

'digital doorknock' campaign.

- Other charities have also reported funding gaps emerging as the pandemic and recession take hold of the economy.
- Social Ventures Australia is also calling for simplified fundraising laws, incentives for people to make philanthropic donations to charities, and a "charities transformation fund" to help organisations adapt to the digital world.

KEY FINDINGS

- 20% fall in revenue for charities; 88% of charities would immediately be making an operating loss
- 17% of charities at high risk of closing their doors within six months, even when taking their reserves into account
- More than 200,000 jobs could be lost as a result of cost-cutting and organisational closures.

SOURCE

Social Ventures Australia and the Centre for Social Impact (June 2020). *Will Australian charities be COVID-19 casualties or partners in recovery? A financial health check*. Social Ventures Australia.

GLOBAL GIVING TRENDS

Giving by individuals in some of the world's richest countries is now lower than it was in the aftermath of the Global Financial Crisis (2007-2008), according to the annual *World Giving Index*, produced by the Charities Aid Foundation

- The index examined a decade's worth of survey results from 128 countries to determine the 10 most generous, and least generous, nations. People were surveyed on whether they had helped a stranger, given money or volunteered for a good cause in the last month.
- America ranked as the most generous country over the past decade, scoring 58% overall.
- Seven of the world's wealthiest countries were also listed in the top 10, including New Zealand in third place and Australia in fourth place. The less affluent nations of Myanmar (second), Sri Lanka (ninth) and Indonesia (10th place) nabbed a spot in the top 10.
- The report showed there was no real trend in terms of types of countries that were likely to appear high up on the index, with the top three countries coming from three different continents, varying levels of income levels and prevalent religions. Indonesia was the only country to improve its giving levels over the course of the index.

Key findings include:

- Worldwide, more than 2.5 billion people helped a stranger over the past decade, with African countries accounting for seven of the top 10 places where people are most likely to do so
- Half of the countries that have risen the most are from Asia, with Indonesia leading the way

- People from Myanmar are the most likely to have donated money to charity (note: 99% of Myanmarese are followers of the Theravada branch of Buddhism which mandates giving)
- Globally, nearly 20% of all adults volunteer; Sri Lanka reported the highest rate of volunteering in the world.
- Among countries with long histories of philanthropy and household charitable giving (including the UK, America, Canada, Ireland and the Netherlands), levels of individual giving had dropped to a lower level than in the aftermath of the Global Financial Crisis.
- America's giving levels peaked in 2014, but then saw a steady decline in the next three reports, reaching as low as 56%. There was a very slight increase to 58% in 2018, still lower than the period between 2013 and 2016.
- Australia ranked well for its share of financial donors: over the decade an average of 68% of Australians donated to charity during the previous month. However, a report released earlier in the year found the percentage of taxpayers who were giving to charity had dropped by 32% in Australia, as charities relied on big donors to prop them up.
- For the first time, CAF revealed the lowest scoring countries on the index. China ranked the lowest overall (16%), followed by Yemen, the State of Palestine and Bulgaria.
- China was the only country to appear in the bottom 10 for all three measures surveyed.

SOURCE

Charities Aid Foundation (October 2019). *World Giving Index (10th Edition)*. Retrieved from www.cafonline.org on 29 October 2020.



CHAPTER 2

Charities and effective giving

AUSTRALIAN CHARITIES REPORT SHOWS IMPORTANCE OF THE SECTOR

BY GARY JOHNS, THE COMMISSIONER AT THE **AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION**

Charities fulfil an important role in our society. They deliver vital services, respond to disasters and address a wide range of community needs. They have a unique capacity to respond to specific issues and conditions that aren't addressed by mainstream services or systems – local causes or rare conditions can find advocacy and support through a charity, often championed by individuals driven to make a difference.

Charities also represent the spirit of giving and helping – an outlet for our best intentions and a channel for our desire to reach out to others and support our communities.

The importance of the sector cannot be underestimated and is demonstrated in the findings of the latest edition of the *Australian Charities Report*, which we published last week.

The report shows that charity sector revenue grew over 6%, three times the rate of the Australian economy during the same period. Alongside an increase in revenue to more than \$155 billion, donations were up \$600 million, totalling \$10.5 billion across the sector. And, importantly, charities provided employment to over one million people.

The charity sector is the little engine that could. Beyond the big numbers, there are tens of thousands of charities, the majority small, that work day in and day out to meet the needs of Australians, often with volunteers alone.

These numbers point to an economically significant sector. But in many ways, the charity sector is the



little engine that could. Beyond the big numbers, there are tens of thousands of charities, the majority small, that work day in and day out to meet the needs of Australians, often with volunteers alone. The *Charities Report* shows that half of all charities operated with only volunteers and the sector is underpinned by a volunteer contribution of 3.7 million people.

Charities improve the lives of millions of Australians every day.

The sector would not be what it is without the dedication of its millions of volunteers. While the majority of charities reported benefitting the general community, it is in the detail that we see the range of causes that they serve; helping wildlife and the environment, fostering Aboriginal culture, assisting communities in drought, refugees or veterans and their families are just some of the hundreds of causes reported in the sector.

Charities improve the lives of millions of Australians every day. One of the aims of this report, aside from providing valuable data back to the sector and the public, is to analyse the state of Australia's charities: Are they flourishing? What factors underpin financial viability? Is the sector robust and adaptable?

And due to recent events, these questions are more pressing now than ever. We have just been through a nationwide bushfire crisis that prompted unprecedented giving and now are dealing with a global pandemic that has seen demand for charity services increase while charities themselves struggle to stay afloat.

Many charities may have been able to survive a downturn with assets and investments and diversified sources of income. We have seen charities adapt to deliver services online and change to meet new needs arising out of the pandemic. However, we will no doubt see some charities fall.



In truth, the charity sector is a collection of thousands of parts working for thousands of causes and many more people. It is an engine room for essential services for both the many and the few. The *Charities Report* reinforces its contribution and importance.

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Johns, G and Australian Charities and Not-for-profits Commission (4 June 2020). *Australian Charities Report shows importance of the sector*. Retrieved from www.acnc.gov.au on 7 July 2020.

AUSTRALIAN CHARITIES REPORT

KEY FINDINGS

- In the 2018 reporting year charity revenue grew by over 6%, significantly more than the Australian economy in the same period (1.9%).
- Australia's charities, overall, operated at a surplus, supported by substantial assets.
- Revenue was up by \$9.3 billion, from \$146.1 billion in 2017 to \$155.4 billion in 2018.
- Donations rose to \$10.5 billion, an increase of \$600 million from the previous year.
- The largest charities (0.4% of all charities) reported revenue of over \$100 million.
- Assets increased by \$18.7 billion to \$323 billion.
- Almost half of charity revenue came from Government (47%), and over a third (34%) was generated by providing goods and services (some of which are subsidised by government funding).

- Most charities were small (66%) generating less than \$250,000 in revenue, followed by large (18%) with revenue of over \$1 million, and medium (16%) with revenue of \$250,000 or more but under \$1 million.
- Charities employed more than 1.3 million people.
- Volunteer numbers across Australia's charity sector increased to 3.7 million, up 12% on the previous year's figure of 3.3 million.
- Half of all charities operated without any paid staff.
- Charities spent \$81.1 billion on employee expenses, up 8% on the previous year's figure of \$74.8 billion.
- The most common activities for charities included religious activities, primary and secondary education, grant-making, social services and aged care services.

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Australian Charities and Not-for-profits Commission (4 June 2020). *Australian Charities Report 2018*, Key findings, p.2. Retrieved from www.acnc.gov.au on 7 July 2020.

Are there too many charities in Australia?

The **Australian Charities and Not-for-profits Commission** is frequently asked whether or not there are too many charities in Australia. Many members of the public are surprised by the large number of charities on the ACNC Charity Register – 56,000 and growing at almost 4 per cent per year. A number of charities, stretched for resources, wish there were fewer.

The ACNC takes the view that there will be the right number of charities in Australia when those who want to support charitable causes have enough information to decide whether and who to support, and charities are free to form and reform so as to achieve their charitable ends most efficiently. This information sheet explains why.

Background on the number of charities in Australia

In Australia there are approximately 56,000 registered charities. They make up a diverse sector working across Australia and internationally in a broad range of areas, including health, education, social welfare, religion, culture, human rights, the environment and animal welfare. The precise number of registered charities changes from day to day as new charities are registered and others wind up, merge, or even have their registration revoked.

The number of registered charities also includes many organisations that people may not think of as charities: universities, aged care centres, child care centres, surf life-saving clubs, non-government schools, and religious institutions, to name a few.

The graph above (*Registered charities in Australia 2013-2022*), indicates the growth of charities in Australia. It takes into account new registrations and organisations that have had their charity registration revoked for whatever reason. It shows that charity registrations in Australia are growing by about 4 per cent per year – a rate that is faster than population growth and business formation.

Having a large number of small charities can lead to innovation, new ways of tackling complex issues, local solutions to local problems, and specialised expertise for niche issues.

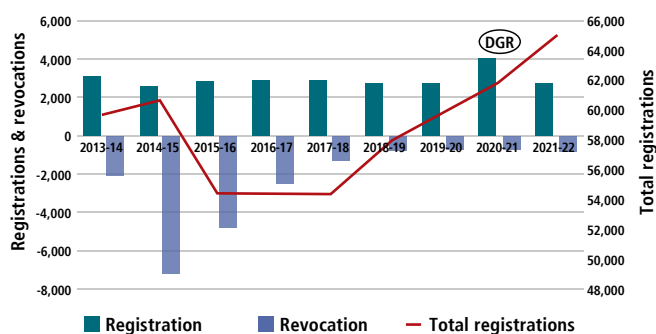
The demand for new charities, the green columns in the graph, is strong and steady. The number of organisations that have had their registrations revoked, the blue columns, has declined following the clean-up of the organisations transferred to the ACNC from the Australian Taxation Office in 2013. Next year, four other registers that list organisations with Deductible Gift Recipient (DGR) status will be transferred to the ACNC.

The result is a steady growth in charities and a prediction that the growth will continue, under certain assumptions, in the foreseeable future.

Freedom of association

The law in Australia does not set a limit on the total

Registered charities in Australia, 2013-22



* The calculation of an annual rate of change assumes: 1. the same number of annual registrations post DGR as occurred in the preceding years; 2. that revocations remain as low as for the 2018-19 period and subsequent periods; and 3. a discount of the once-off DGR cohort, which are entities held on other Commonwealth Registers and to be transferred to the ACNC Charity Register.

number of charities that can be registered, nor does it limit the number of charities that can be registered with the same or similar purposes.

Citizens have a right to freedom of association and this is something that we value in our society. Charities and not-for-profits are often the vehicles that citizens use to form associations and undertake activities. They are rightly independent of the state and a cornerstone of civil society.

As the regulator, the ACNC needs to have legitimate grounds on which to refuse a charity application. If an organisation applies to be registered as a charity and it is eligible, the ACNC must register it.

Duplicated efforts

Discussions about this issue show that it is not only the total number of charities that concerns people. In many cases, the underlying concern that people have is with the number of charities they feel are doing 'the same thing', duplicating efforts and competing for the same donations and funding.

The ACNC understands that there are instances where charity resources could be used more effectively for better outcomes. The ACNC supports an effective, robust, vibrant, independent and innovative charity sector, and recognises that there is often room to improve.

Charities should regularly assess their efficiency and effectiveness, which may mean collaborating on projects or even merging with other charities to achieve better outcomes. Such decisions, though, should be made by the charities themselves, rather than being dictated by the regulator.

However, cutting back on charity services for the sake of arbitrary numbers does not serve communities well. And there are a number of benefits of having a diverse charity sector that comprises many charities.

The benefits of a diverse sector

One of the important facts to note is that around two-thirds of Australia's registered charities are small organisations with an annual revenue of less than

\$250,000 and operations in only one state.

Having a large number of small charities can lead to innovation, new ways of tackling complex issues, local solutions to local problems, and specialised expertise for niche issues. Also, small charities are often effective fundraisers through local networks and can engage local volunteers eager to help their community.

A diverse charity sector also brings consumer choice and competition. While some refer to competition for funding as a negative thing for charities, competition may encourage better evaluation of outcomes, increased transparency, and more effective performances. As competition in the private sector is encouraged and accepted, similarly, competition can benefit the charity sector.

Sharing, collaborating and merging

Research shows that charities, in general, are adaptive and capable of responding well to changes in funding, donation levels and market forces.

In August 2016, the Australian Institute of Company Directors (AICD) released its 2016 NFP Governance and Performance Study which found that close to half of not-for-profit directors surveyed had either been involved in merger discussions in the preceding year, were currently involved in a merger, or had just completed a merger. The research also found that 70% of those surveyed reported collaborating with others to advocate for the sector or beneficiaries, 43% subcontracted some services, and 39% had arrangements to refer or service clients.

These figures illustrate an awareness in the sector of the need to adapt to use charity dollars efficiently and effectively to continue to achieve outcomes.

Organisations that make up Australia's charities

The charity sector is made up of organisations that differ in size, location, reach, purpose and methods. In reality, what we call the 'charity sector' isn't really a single homogenous 'sector' at all; it comprises a variety of industries, causes, services and organisation types. Charities range from tiny, volunteer-run groups with no funding or revenue, to very large organisations with complicated business structures and operations.

Many people would be surprised to learn that a significant proportion of the 56,000 registered charities are organisations that they would not ordinarily think of as charities. In fact, many organisations and services commonly found in towns all over Australia are registered charities: from local religious groups, rural fire services and Returned & Services Leagues (RSLs), to surf life-saving clubs, child care groups and private hospitals.

These are just some examples of the types of organisations registered as charities in Australia:

- Religious organisations
- Parents and citizens committees or associations
- Universities and research organisations
- Non-government schools

- Animal welfare organisations
- International aid agencies
- Family violence support organisations
- Aged care centres and child care groups
- Cultural institutions such as museums and galleries
- Environmental protection groups
- Legal aid centres.

While some refer to competition for funding as a negative thing for charities, competition may encourage better evaluation of outcomes, increased transparency, and more effective performances.

It is also worth noting that some organisations consist of multiple separately registered charities. These individual entities may fall under a larger parent body, but they each have their own ABN and are registered as separate charities.

Some examples include:

- The Salvation Army – 33 separately registered charities
- Melbourne University – 10 separately registered charities
- Surf Life Saving Australia – 264 separately registered charities
- Lifeline – 32 separately registered charities
- RSLs – over 500 separately registered charities.

You can find out more about the diversity of the charity sector in the *Australian Charities Report* and explore the details with its interactive dataset.

The size of Australia's charities

Almost two-thirds of Australia's registered charities (63%) are classified as small, with annual revenue of \$250,000



or less. Of this majority, approximately one-third is very small, with annual revenue of less than \$50,000. Also, just under half of Australia's registered charities (44%) employ no staff and are entirely volunteer-run.

Only a minority of charities are medium (17%) with annual revenue between \$250,000 and \$1 million or large (19%) with annual revenue of \$1 million or more.

Many charities are small, grassroots organisations comprising volunteers that have come together to service a local or specialised need – for example, groups undertaking conservation work near a local creek, or services for a local religious congregation. In most cases, these charities are not competing with others for the same funding dollars.

Charities range from tiny, volunteer-run groups with no funding or revenue, to very large organisations with complicated business structures and operations.

The locations of Australia's charities

Australia is a large country, with a geographically dispersed population – 31% of Australians do not live in one of the major cities. Some charities feel that they better meet the needs of the community if they are located in remote, rural or regional areas.

The distribution of charities is similar to the population – just under two-thirds of charities are located in major cities (65%), while a substantial proportion (31%) are registered in regional locations, and a smaller minority (4%) are based in remote areas.

Multiple charities doing the same thing?

Most charities are meeting a community need and generally not doing the same thing in the same area as another charity. However, there are instances where there is duplication. Undertaking the same charitable activities to serve the same beneficiaries in the same area can be inefficient and a duplication of effort and funds. In such cases, it may be best for the charities involved to consider whether it would be beneficial to collaborate, or even merge.

A charity's committee or board should always consider the best ways to fulfil its purposes. It may be that continuing to run the charity is still the best way for it to fulfil its purposes, or it may be more effective to merge or wind the charity up and transfer the funds and assets to another charity.

Competing for donations

Some organisations are protected from local competition, for example, pharmacies, but generally, such restrictions are not allowed by law. No one stops coffee shops from opening if there are others in the same area – the best ones will succeed and the rest will fold. Should charities have similar freedoms? Does the difference between private and public funding make a difference?

There is a difference in that charities are the stewards of donated funds, philanthropic grants or

government contracts which are provided to be spent for the public good. However, charities also raise their own funds through trading, fees and investments. There is an onus on a charity to be able to demonstrate efficient and effective use of its money which can lead to continued or increased support. In this context, competition for donations or grants is a good thing as it is likely to motivate a charity to better demonstrate its impact and effectiveness.

Charities and mergers

There has been much debate about whether charities that do similar work in the same area should merge. In some cases merging will bring efficiencies and expand the breadth of a charity's service, but it may be not be the right answer for every charity.

Mergers may be more likely if donors, and other charities, are aware of charities operating in the same field and servicing the same area. The ACNC aims to provide a level of visibility on its Charity Register to assist this process.

The responsibility for deciding to merge sits with a charity's Responsible People (its committee or board). There are no requirements or conditions that dictate a charity must merge or consider merging, and when charities do merge, it is often to consolidate resources or take advantage of new funding arrangements or contracts. In some cases, charities may collaborate on projects or share resources as a way to improve efficiency and effectiveness.

Registering a similar charity

Before starting and registering a new charity, we strongly recommend checking the ACNC Charity Register to see what charities are already operating for similar purposes. It is likely that there will be a registered charity already doing what you are thinking about doing. In such a case, giving funds to the established registered charity may be the best thing to do.

There are a range of ways you can contribute to a cause without necessarily starting a new charity. You may be able to give funds to a charity on 'special trust', for example, in the name of a loved one, and you may even be able to have a steering committee for the trust. You may be able to set up a sub-fund within a community foundation to help pursue your goals.

Starting and running a new charity is hard work, and raising funds is difficult. This may not be the best way to achieve your objectives.

OTHER RESOURCES

- ACNC Charity Register
- Australian Charities Report
- Australian Institute of Company Directors: 2016 NFP Governance and Performance Study: Raising the Bar.

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Australian Charities and Not-for-profits Commission. *Are there too many charities in Australia?* Retrieved from www.acnc.gov.au on 6 April 2020.

There are more useful questions to ask than whether Australia has 'too many' charities

The question of how many charities Australia should have is a recurring topic of debate. But it is not necessarily clear that it is really the key question to be asking. A better one may be: what do we want the sector to look like and why? By **David Gilchrist** and **Penny Knight**

TOO MANY CHARITIES, AND WHY START A NEW ONE?

It is an attractive proposition to say we would gain significant efficiencies if there were a limited number of major not-for-profit and charitable providers of government-funded human services.

If we had such an arrangement, the argument goes, fewer charities would mean less resources spent on overheads, such as CEOs, accountants, auditors and other expenses necessary to manage an organisation.

This is logically sound. The fewer organisations, the higher the economies of scale, the less administrative capacity required. The same could be said of many areas of the economy. But a market economy values competition and diversity in its commercial providers.

Another argument is that establishing new charities should be made more difficult, and that those proposing to establish a new charity should first demonstrate that a similar charity does not already exist.

This discussion assumes charities are inefficient service providers and not fully responsive to market forces, and that charities are economic and social “cost centres”, draining the economy, whereas their commercial cousins are important “profit centres” generating wealth and GDP.

It is a widely held belief that charities are not as efficient as other providers. However, there is no evidence of a correlation between an organisation's efficiency and whether it is a for-profit or a not-for-profit business. Instead, efficiency and productivity have been found to be dependent on many factors that affect both charities and commercial organisations.

There is also no evidence that larger organisations are always more efficient than smaller ones. An organisation's optimal size is determined by a range of factors. Many are related to its operating environment, client base and resource costs. It is about being fit-for-purpose.

The reality is that smaller organisations, including small charities, can often meet the needs of small and unique communities of people better than larger organisations.

Small charities can be closer to the community, can have capacity to respond to need more quickly, and be tightly focused. Larger charities (like large for profits) can struggle to meet localised or niche demand as they are not so closely entwined with the community.

For example, Southcare Inc, a small aged-care charity operating in suburban south Perth, has a very close

The reality is that smaller organisations, including small charities, can often meet the needs of small and unique communities of people better than larger organisations.





The real question is not whether we have too many charities, but rather, whether they are fit for purpose in the context of the mission and the services or products they offer. And are our charities achieving the highest return for their beneficiaries for the assets they use?

connection with local communities.

New charities, like new commercial businesses, are the result of entrepreneurial activity. They are built on the passion and energy of their sponsors to react to a deficiency or demand that might not be apparent to existing providers. They use their energies to develop new ways of doing things.

Charities, like all entities, buy and use resources (including employing staff) to produce outputs. If they succeed, they will attract resources and grow. If not, they will eventually be wound up.

As in the commercial sector, this is part of the renewal and regeneration that is necessary to drive continuous improvement. New charities often invoke new ways of doing things, but rarely do we ask the question whether its establishment is justified.

FIT FOR PURPOSE?

So, the real question is not whether we have too many charities, but rather, whether they are fit for purpose in the context of the mission and the services or products they offer. And are our charities achieving the highest return for their beneficiaries for the assets they use?

Answering these questions requires charity boards, CEOs, and those donating to, or contracting with,

charities to have high expectations and to challenge charities to ensure their resources are achieving the outputs and outcomes needed by their beneficiaries now and in the future. If not, they should ensure their assets are transferred to an organisation that can.

If we continue to base our views of the charity sector on incorrect assumptions and perceptions we run the risk of doing considerable damage to a national asset that contributes substantially to Australia's economic and social prosperity.

Like the commercial and public sectors, Australia's not-for-profit sector is not perfect. But, overall, it is pretty good – and Australians have much to be proud of.

DISCLOSURE STATEMENT

David Gilchrist receives funding from various organisations for research into the Third Sector. He is chairman of Nulsen Disability Services, a member of the ACNC Advisory Board, and a member of the Chartered Accountant Australia and New Zealand Not-for-profit Advisory Group. Penny Knight consults to a range of NFP organisations and receives funding for research from the Public Sector, NFP Sector and various peak bodies. She is a member of the board of directors of Therapy Focus and Nulsen Disability Services.

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THE CONVERSATION

Gilchrist, D, and Knight, P (27 March 2017). *There are more useful questions to ask than whether Australia has 'too many' charities*. Retrieved from <http://theconversation.com> on 29 October 2020.

Picking a 'good' charity to donate to and making the most of it with your tax return

Deciding what charities and organisations to donate to can involve a lot more than just picking a feel-good cause. By Carol Rääbus for **ABC Life**

Donating to charity gives you that warm, fuzzy feeling, and it can also have the added bonus of boosting your tax return – in some circumstances. With the end of financial year on June 30 right around the corner, now is the perfect time to squeeze in those last few donations.

But deciding who to donate to and knowing if you can claim that in your tax return isn't always straightforward. So *ABC Life* checked in with some experts to find out how to pick the right charitable organisation and help you navigate this part of the MyGov form.

How much do we give?

According to the *2019 Australian Communities Trends Report*, Australians are pretty generous. Five out of six Australians give to charitable organisations. In 2017-18 we were most likely to donate cash to a children's charity or animal welfare and wildlife support cause, but we also like to give to things like medical research, disaster relief and mental health.

Tracking how much Australians donate per year is hard. No one wants to count all the change in all the charity tins, but a report in 2018 found the average annual claim for tax deductible donations was \$633.72.

That's averaging out claims by the likes of Twiggy Forrest donating \$400 million with someone claiming the \$10 they stuck in a Guide Dogs plastic pup.

How to pick a 'good' charity

If you want to help your local homeless puppies, how can you be sure that your \$5 will actually be used for frontline services? While there's no enforceable standard on what proportion of donations need to be spent on actual services as opposed to administration costs, the Australian Charities and Not-for-profits Commission (ACNC) does play an oversight role.

Catherine Willis is acting commissioner at the ACNC, which runs a voluntary register of charities in Australia.

"We've got almost 58,000 charities registered on our charity register," she says.

"Our register is a free online database ... that the public can search for information on the charity."

Charities and not-for-profits don't have to register with the ACNC, but those that do can be found on the website where you can easily find info like the full name of the charity, where they're located and if their reporting is up to date.

You can also find their annual returns to see how they're spending their money.

"We have a thing called a charity tick, and if they have a charity tick it means they're up to date with all

their reporting and compliance," Ms Willis says.

If you want to donate to an organisation working overseas, it's worth checking the Australian Council for International Development website before giving. And you can also check the Scamwatch website for any fake charity reports, or to report a scam yourself.

For a donation to be tax deductible, the organisation has to be "endorsed" by the Australian Tax Office (ATO) as a Deductible Gift Recipient (DGR).

Questions to ask before giving a donation

Ms Willis says you should always do due diligence before giving money to anyone to make sure they're legitimate.

Ask things like:

- What is the cause, exactly?
- What does this organisation do for the cause?
- Where is the charity or organisation based?
- What are donations used for?
- Are you affiliated with other charities or organisations?

If you want to verify the details of an organisation, ask for the full name of the business, their corporate registration number, such as an Australian Business Number (ABN), and their physical address so you can look them up for more info.



Reducing your income tax with donations

You've probably seen the old line of "donations of \$2 or more are tax deductible". But it's important to note that not all donations to charities are tax deductible and not all tax deductible donations are to charities. Got it? Great. Not quite? OK, let's break it down a bit.

A tax deduction is something you claim in your tax return form that reduces your assessable income, meaning you pay less income tax and therefore get a bigger tax return (or reduce your tax bill). Deductions can include things like equipment you have to buy to do your job, the cost of paying an accountant to do your tax return for you, and certain donations you might have made to not-for-profit organisations.

Donations to crowdfunding appeals often aren't tax deductible because you often get some reward, the fundraising might be for a number of people or groups, or it's for medical costs.

John McLaren is a senior lecturer in taxation at the University of Tasmania. He says working out if you can legally claim a donation as a tax deduction "tends to be one of the big problems".

For a donation to be tax deductible, the organisation has to be "endorsed" by the Australian Tax Office (ATO) as a Deductible Gift Recipient (DGR).

Organisations have to apply to the ATO to get DGR status, so not all charities are on that list and there's lots of non-charities on the list, such as universities, schools and hospitals, for example. Dr McLaren says you should always check if the organisation you're about to give money to is a DGR before you make a claim.

You can look up details yourself on the ATO website.

Why you can't claim raffle tickets or most crowdfunding donations

If your chosen charity is on the DGR list, that doesn't necessarily mean you can claim your donation on your tax return. A spokesperson for the ATO says you can only claim tax deduction on "gifts".

"A gift is voluntary and the donor must not receive any material benefit in return," the ATO spokesperson says.

If you get something in return for your donation, such as a raffle ticket, thank-you card or ribbon, it's not considered a gift and you can't claim it.

Donations to crowdfunding appeals often aren't tax deductible because you often get some reward, the fundraising might be for a number of people or groups, or it's for medical costs. If the crowdfunding appeal was set up by an organisation that is a DGR, you might be able to make a claim, but you should check with the organisation and ATO first.

Claiming donated goods on tax

There are some circumstances where you can make a

tax claim on stuff you've given to charity, but it can be complicated. To make a claim, the donated goods need to have been bought within 12 months of when you donate them, they have to be donated to a DGR entity and you can't make a tax claim on anything you haven't personally paid for – so if you won a prize and donate it, you can't claim that in your tax return.

If you're a business owner wanting to donate stock, or you have something like a new car you want to donate, it's best to get advice from a tax specialist before you claim it as a tax deduction, as it can be complicated.

Always keep receipts and get advice for the big bucks

The ATO says you should keep records of donations to DGRs for five years after lodging a claim in your tax return, as they can request proof from you in that time frame.

"When you make a donation, the DGR will usually issue you with a receipt – but they don't have to. If this is the case, in some circumstances, you can still claim a tax deduction by using other records, such as bank statements," the ATO spokesperson says.

"The only exception to this is if you made donations of \$2 or more to bucket collections conducted by an approved organisation for natural disaster victims. You can claim a tax deduction equal to your contribution without a receipt, provided the contribution does not exceed \$10."

Of course, you should always ask for personalised advice from a professional if you need help. You can get free tax advice at Tax Clinics which are run by some universities around Australia (check your nearest uni if they run one) and the ATO offers Tax Help for some eligible Australians.

This article contains general information only. You should obtain specific, independent professional advice in relation to your particular circumstances and issues.

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Rääbus, C (27 June 2019). 'Picking a 'good' charity to donate to and making the most of it with your tax return' (Updated 1 October 2019), ABC News. Retrieved from www.abc.net.au/life on 29 October 2020.

CHARITIES AND FUNDRAISING

People raise concerns with the **Australian Charities and Not-for-profits Commission**, as the national charities regulator, about charity fundraising. Concerns are often about the tactics used by fundraisers and marketers working for charities. We also get questions about how much money charities can spend on fundraising and other activities.

The ACNC is not a national fundraising regulator (there are many agencies that regulate fundraising), but we can take action in certain situations.

How can charities raise funds?

If a charity complies with relevant fundraising or other regulatory requirements, it can raise funds in any way it chooses.

Charities often raise funds through:

- Membership fees
- Grants from grant-making bodies and funders (such as government agencies and philanthropic trusts and foundations)
- Corporate sponsorship or partnerships
- Fee-for-service work
- Public donations (such as through door knock appeals, or street collections)
- Public events with admission fees
- Fundraising events (sometimes in partnership with others, such as a fun run or gala dinner)
- Raffles (or other games such as bingo), or
- Running opportunity shops or selling items (such as merchandise or having a bake sale).

In an ever-changing environment, charities – like all enterprises – may need to look at generating multiple streams of income to ensure their sustainability.

Newer approaches to raise funds can include social investment (social or environmental impact) or social impact bonds, community funding (crowdsourcing) and micro-financing, and campaigns through social media and digital tools.

Charities need to ensure they retain their not-for-profit status and that their fundraising goes towards furthering their charitable purpose, particularly if there is a commercial element involved.

Charities must comply with any relevant fundraising laws in the state or territory they raise funds in, not just where they operate.

Can charities spend money on fundraising activity?

Yes. It is legitimate for a charity to spend money to raise money (that is, incurring expenses while undertaking fundraising activities), as long as this is in line with its charitable purpose. Decisions about how a charity will raise and use funds are made by the charity's governing body.

Why do charities use commercial fundraising firms?

Sometimes charities outsource fundraising to external agencies, or they may rely on volunteer fundraisers. Because of the resources involved in large-scale fundraising, it may be appropriate and cost-effective for a charity to outsource this work, especially for larger charities.

However, there have been examples of commercial fundraisers using questionable tactics to get donors



to commit to regular ongoing donations, which can seriously affect public goodwill and the charity's reputation.

Who is responsible for a charity's fundraising?

Ultimately, a charity's board, committee of management or trustees (its 'governing body') has responsibility for fundraising activity, whether it is outsourced or not. The board has the overall responsibility for the charity's actions. Board members must have a clear understanding of how money is raised, including any fundraising operations, and they must ensure there are appropriate and lawful processes in place to manage any money raised.

They must ensure that the charity generates funds in a way that is in the charity's best interests. This includes considering the charity's charitable purpose, its beneficiaries and the impact on the public and other potential donors. For example, information collected from donors must be appropriately stored and used in ways that comply with relevant privacy laws. Some boards choose to adopt fundraising policies, or codes of conduct, like those developed by the Fundraising Institute of Australia.

No matter how charity funds are raised, the board must ensure that the money, less reasonable expenses, is put towards pursuing the charity's charitable purpose.

Statements about charity fundraising and what donations are used for

Charities should ensure they are not misleading the public in relation to their administration costs and fundraising. This includes statements regarding the use or destination of contributions as well as the need for donations.

For example, a charity should not solicit donations with a statement that '100% of contributions will benefit those in need' if, in fact, a portion of donations will go towards the administrative costs of the charity.

Charities should also not be misleading when referring to studies or statistics to support the need

for donations. For example, a charity should ensure there is a reasonable basis for any statistics quoted or research referred to for the purposes of soliciting donations.

Charities should also be transparent in relation to their fundraising arrangements, particularly where this impacts where contributions end up. If charities make false or misleading statements – or act in a way that creates a false or misleading impression – they may contravene the Australian Consumer Law. This, in turn, may be a breach of the ACNC Governance Standards. Further information on the Australian Consumer Law for charities and not-for-profits is available on the ACCC website.

What action can I take if I am receiving unwanted calls, emails or letters from a charity?

Contact the charity using the details on its website, or details on the ACNC Charity Register, rather than telling the caller or charity collector on the street. This will make sure the charity itself gets the message directly. Ask the charity directly to have your details removed from its mailing and contact lists.

As part of the request to be removed, include:

- The name of the person who wants to be removed from the charity's list
- The phone number being called or location that an approach was made (residential or on the street)
- The postal or email address if the approach was made by mail or email
- The number of times contact has been made.

Also, find out if the charity is a member of the Fundraising Institute of Australia (FIA). Members of the FIA must meet fundraising standards and principles, and the Institute can investigate complaints about its members.

What should I do if a charity fundraiser approaches me on the street?

The decision to donate is always yours. If you do not wish to donate, you do not have to and you should not be made to feel obligated to donate. You can communicate this to the fundraiser. Fundraisers can use a variety of tactics to appeal to you and encourage you to donate, but it is always your right to politely decline. If you feel uncomfortable saying no on the spot, you can say that you will do your own research and donate another time. If you feel harassed, consider contacting the charity directly to let them know.

I'm on the Do Not Call Register – why do I keep getting calls from charities?

Charities are exempt under the law from the Do Not Call Register. This exemption means they can call people even if they are listed on the Register. However, reputations are important for charities and if you have concerns about any calls you are receiving, you should raise them directly with the charity. It may be able to remove you from any contact lists that it uses.



What if I don't like a charity's fundraising advertising?

If you are offended by a charity's campaign messaging, or are otherwise concerned about it, it is best to speak to the charity directly about it. You can also contact the Australian Communications and Media Authority at www.acma.gov.au, or the Advertising Standards Bureau (voluntary standards).

What if I am concerned about the privacy of my information?

If you are worried about how a charity is handling your personal information, we recommend speaking directly to the charity. Charities should have policies in place to ensure personal information is managed in accordance with the applicable privacy law obligations, this includes storing information securely.

If you are not satisfied with the charity's response to your concern, you may be able to lodge a complaint with the Office of the Australian Information Commissioner (the OAIC). Please note that a charity may be subject to both state and federal privacy laws, and the OAIC may only investigate complaints about the federal *Privacy Act 1988* (Cth). Information about other privacy jurisdictions can also be found on the OAIC website.

What can the ACNC do if I am unhappy with a charity's fundraising?

The ACNC does not have responsibility for fundraising regulation (this is generally regulated by state and territory agencies).

Which state or territory agency do I need to contact about a charity's fundraising?

If your charity undertakes fundraising activities, it needs to comply with the fundraising legislation of the states or territories it raises funds in. Generally, charities need to register to undertake fundraising activities and may need a permit or licence. They may also need to provide a report on any funds raised to the state or territory government regulator. In some states and territories, special arrangements apply to charities that undertake fundraising through gaming activities such as raffles or bingo. See our list of regulators that may affect charities at acnc.gov.au/regulatorlist.

When will the ACNC intervene?

The ACNC has investigation powers and will be particularly concerned where it is alleged that a charity has not met its obligations to the ACNC, for example it has failed to keep or provide required information (including financial information), or failed to meet the governance standards.

We require charities to comply with a set of Governance Standards (which cover things such as working towards charitable purposes, being accountable to members and making sure board members are aware of their financial and other duties to their charity). A charity that conducts fundraising through related parties (such as through an entity associated with board or committee members) may be at risk of breaching

Governance Standards. If the ACNC detects fundraising issues, such as abnormally high fundraising costs, we may look into the matter.

The ACNC will assess the level of risk to:

- A charity's compliance with ACNC Governance Standards or other obligations,
- To loss of public trust and confidence in the charity, or in the sector more broadly, and
- Loss of confidence among donors when deciding what action to take.

Fundraising issues that may trigger ACNC intervention (possibly in collaboration with another Australian regulator) are:

- Failure to protect and account for all funds raised
- Weak governance oversight of the charity's activities or resources
- Commercial participation or professional fundraising arrangements which do not comply with the law and which cannot be shown to be in the charity's best interests
- Damage to public trust and confidence caused by
 - The charity's fundraising activities
 - High fundraising costs
 - Serious risks to a charity's reputation or assets
 - Methods of fundraising which would be a breach of the governance standards
- Where conflicts of interest and private benefit have not been properly controlled
- Serious or frequent failures in the conduct of fundraising (for example, persistent unlicensed fundraising or failure to provide required information) which put charity funds at risk, and
- Criminality which exposes related concerns about misconduct and mismanagement in the administration of a charity – for example fraud, theft, false accounting, tax fraud or failing to obtain legal authority to fundraise.

If there are allegations of fraud or other criminal behaviour these should be referred to the relevant police force. If there are allegations of breach of state or territory fundraising laws, these should be referred to the relevant state or territory regulator.

If you are concerned about a charity's financial management, including how much is spent on fundraising activity you may be able to raise a concern with the ACNC.

Has the charity met Australian Taxation Office (ATO) requirements?

If the charity is endorsed by the ATO as a deductible gift recipient (DGR), then it will also have requirements it must meet for the ATO. Refer to the ATO's website for more information.

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Australian Charities and Not-for-profits Commission.
Charities and fundraising. Retrieved from
www.acnc.gov.au on 6 April 2020.

DONATING TO LEGITIMATE CHARITIES

*Australians are among the most generous people in the world per-capita when it comes to making donations to worthy causes. But with so many good causes, how do you know that your money is going to the right place? Advice from the **Australian Charities and Not-for-profits Commission***

Donating is voluntary and always your choice. You might decide to make a donation or you may be asked – by letter, email, phone or in person – to donate. Before you commit to a donation, there are some things to consider to help you make sure your donation is going where it is intended.

1. CHECK THE CHARITY'S NAME

Just because you may not have heard of a charity, it does not mean that it is not legitimate. The first step you can take is to search for the name on the ACNC Charity Register. This is a free online database of charities registered with the ACNC and contains useful information, including charities' operating locations and annual reporting.

The Charity Register is designed to promote public trust and confidence in charities, by increasing the transparency of the information available about charities. And although it does this, it is important to realise that the Charity Register doesn't note any of the obligations a charity may have to other agencies (for example, an incorporating or fundraising regulator) and, as such, doesn't display any registration statuses or licences it may have – or not have – with other regulators.

If the charity is listed on the Charity Register, you can be sure that it is registered and regulated by the ACNC. However, as registration with the ACNC is voluntary, there may be some organisations that choose to not be on our register. It is a good idea to also check the registers of state or territory fundraising regulators for the names of an organisation asking for donations.

2. ASK FOR IDENTIFICATION FROM ANYONE SEEKING A DONATION

You can ask the person who is making the request for:

- Some kind of identification, and
- Evidence of authority (issued by the charity) to act on the charity's behalf. If the person is a member, or working for a charity that is a member, of a professional fundraising association (for example, Fundraising Institute Australia or Public Fundraising Regulatory Association), you can check the person's or the charity's membership with that association.

You can call the charity itself to verify the identity of the fundraiser. If you feel pressured to donate, you can say that you will decide later and ask for information





and contact details from the person. Being pressured to make a donation can be a warning sign. If the person fundraising for a charity is in your home and you feel pressured or uncomfortable, you should ask them to leave. It is also a good idea to report any intimidating fundraising tactics directly to the charity that the fundraiser is working for.

Exercise the normal care when giving out your personal information (your name, address and bank or credit card details) to anyone you do not know, or cannot verify.

3. BE CAREFUL OF ONLINE REQUESTS FOR DONATIONS

If you receive a request online, be particularly careful, especially if you are asked (by email, for example) to click on a link provided by someone you do not know. If you think an email is suspicious, it is safer to not open the message and to just delete it. Again, checking the Charity Register is a good start in figuring out the legitimacy of a charity and emails sent in its name.

Even well-known charities can be the subject of scammers – fake sites and campaigns have been set up to divert money away from legitimate charities and causes, particularly in the aftermath of natural disasters.

You can take some precautions online. Search for the charity's official website, if it has one, and before you donate online, check that it is secure – make sure the web address begins with 'https' and there is a closed padlock symbol next to the web address in the address bar. Avoid sending your personal information by email, or wiring money to someone you do not know.

Even well-known charities can be the subject of scammers – fake sites and campaigns have been set up to divert money away from legitimate charities and causes, particularly in the aftermath of natural disasters.

4. NO TAX DEDUCTION DOESN'T MEAN THE CHARITY IS NOT A LEGITIMATE ONE

Only certain types of charities are endorsed by the Australian Taxation Office (ATO) to offer tax deductions on donations – called deductible gift recipients (DGRs). In fact, the majority of registered charities don't have this DGR endorsement. Not being able to offer a tax deduction for a donation as a DGR is not an indication that the charity is illegitimate or that its work isn't valuable – DGR endorsement is just a tax concession that some charities are entitled to. For some people, being able to claim the donation back on their personal tax is important in making a decision to donate, but for others it isn't.

From the the Charity Register, you can check a charity's listing on ABN Lookup to see the tax concessions it has and whether it is endorsed as a DGR. If you donate to a charity with DGR endorsement then you can claim the amount back as a tax deduction (if it is \$2 or more). The ATO has more guidance for individuals about deductions and gifts.

It is important to note that not all organisations endorsed as DGRs are charities. There are some DGR types that are not charities and, while they are themselves legitimate organisations, they will not appear

FAKE CHARITIES

Scammers impersonate genuine charities and ask for donations or contact you claiming to collect money after natural disasters or major events, according to this advice from **Scamwatch**

How this scam works

Fake charities try to take advantage of your generosity and compassion for others in need. Scammers will steal your money by posing as a genuine charity. Not only do these scams cost you money, they also divert much needed donations away from legitimate charities and causes.

Fake charity approaches occur all year round and often take the form of a response to real disasters or emergencies, such as floods, cyclones, earthquakes and bushfires.

Scammers will pose as either agents of legitimate well-known charities or create their own charity name. This can include charities that conduct medical research or support disease sufferers and their families. They may also pose as individuals needing donations for health or other reasons. Scammers may also play on your emotions by claiming to help children who are ill.

Fake charities operate in a number of different ways. You may be approached on the street or at your front door by people collecting money. Scammers may also set up fake websites which look similar to those operated by real charities. Some scammers will call or email you requesting a donation.

Warning signs

- You've never heard of the charity before, or it is well-known but you suspect the website, email or letter may be fake. A fake website may look almost identical to a legitimate charity site, changing only the details of where to send donations.
- The person collecting donations on behalf of the charity does not have any identification. Remember, even if they do have identification, it could be forged or meaningless.
- You are put under pressure or made to feel guilty or selfish if you don't want to donate.
- You are asked to provide a cash donation as they don't accept cheques. Or, they want the cheque to be made out to them rather than to the charity.
- You are not given a receipt. Or, they give you a receipt that does not have the charity's details on it.

Protect yourself

- Approach charity organisations directly to make a donation or offer support.
- Check the organisation's name and look them up. Check the website address to make sure it's the same as what you searched for.
- Legitimate charities are registered – you check an organisation's credentials on the Australian Charities and Not-for-profits Commission (ACNC) website to see if they are a genuine charity.
- Never send money or give personal information, credit card details or online account details to anyone you don't know or trust.
- If you are approached by a street collector, ask to see their identification. If you have any doubts about who they are, do not pay.
- If you are approached in person, ask the collector for details about the charity such as its full name, address and how the proceeds will be used. If they become defensive and cannot answer your questions, close the door.
- Avoid any arrangement with a stranger that asks for up-front payment via money order, wire transfer, international funds transfer, pre-loaded card or electronic currency, like Bitcoin. It is rare to recover money sent this way.

Have you been scammed?

If you think you have provided your account details to a scammer, contact your bank or financial institution immediately.

We encourage you to report scams to the ACCC via the report a scam page. This helps us to warn people about current scams, monitor trends and disrupt scams where possible. Please include details of the scam contact you received, for example, email or screenshot. We also provide guidance on protecting yourself from scams and where to get help. Spread the word to your friends and family to protect them. If you have a concern about a registered charity, you can contact the ACNC on 13 2262 or email advice@acnc.gov.au.

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Australian Competition and Consumer Commission. *Fake charities*. Retrieved from www.scamwatch.gov.au on 29 October 2020.

It is wise to exercise caution but do not let the need to do so prevent you from giving. Take the time to verify charitable information and ask questions rather than choosing not to give at all. Your support is needed and important.

on the Charity Register. If you are unsure about the organisation in such cases, you may want to check with the state or territory fundraising regulator.

5. FIND OUT MORE ABOUT HOW THE CHARITY SAYS IT USES DONATIONS

Do your own research – ask friends or family, or research online. Visit a charity's website, read its annual report

and find out more about its activities, its mission and its financial situation.

You can also look at a charity's financial reports (if they are required to provide them – not all are) on the Charity Register. This may give you an indication of its revenue and expenditure.

It is wise to exercise caution but do not let the need to do so prevent you from giving. Take the time to verify charitable information and ask questions rather than choosing not to give at all. Your support is needed and important.

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Australian Charities and Not-for-profits Commission. *Donating to legitimate charities*. Retrieved from www.acnc.gov.au on 6 April 2020.

HOW TO GIVE TO CHARITY SO YOUR DONATION REALLY COUNTS

A **CHOICE** GUIDE ON GIVING RESPONSIBLY BY ANDY KOLLMORGEN

With so many charities calling and asking for money these days, weighing up whether or not to donate can be a stressful and emotionally draining experience. Even if you took the time to do the research, it's not easy to know whether the charity in question is worthy of your donation. The sector has long suffered from a lack of transparency.

And charities are not shy about getting in touch. The findings of a CHOICE research project released in September 2016 showed that a quarter of Australians receive calls from charities at least once a week, and 90% of the recipients find them pretty annoying. Older Australians are a particular target.

Overall, 89% of Australians receive at least one charity call in a given six-month period. One question that may spring to mind on such occasions is whether you can trust the person on the other end of the phone or, for that matter, out on the street.

You want to give, but you don't want people taking advantage of your good nature.

It doesn't help that charity callers are exempt from do-not-call registers, or that charities operating in Australia now number in the tens of thousands.

HOW DO I CHOOSE A GOOD CHARITY?

It really comes down to which causes matter to you most, and which organisations you think will be the most effective.

Charity checklist:

- For domestic charities and commercial fundraisers, ask if they're a member of Fundraising Institute Australia (FIA) and are registered with the Australian Charities and Not-for-profits Commission (ACNC), and verify that they are.
- Check that the charity is licensed by its state or territory regulator. Each state has different exemptions. In some states, religious organisations don't need to be registered, for example.
- Do your own calculations by looking for the annual reports of charities online. You'll need to flick to the end of annual reports for the figures. Compare fundraising revenue with fundraising costs and read the notes to financial statements to see how ratios are calculated. But bear in mind that high overhead costs doesn't necessarily mean it's a bad charity.
- If you're making a donation to an overseas aid organisation, check that it's a member of ACFID and, more importantly, a signatory to its Code of Conduct.

HOW TO AVOID GETTING SCAMMED

- Be aware that scammers often pose as legitimate,

well-established charities.

- Scammers also come up with their own charity names, and pretend to be victims of natural disasters.
- Scammers will cold-call and direct-message people and create fake websites and pages on social media to fool donors.
- Avoid fundraising pages on platforms that fail to verify the legitimacy of the fundraiser or that fail to guarantee your money will be returned if the page is determined to be part of a scam.
- Crowdfunding requests can also come from scammers. Check the terms and conditions of funding platforms and ensure you are dealing with official organisations. If you are unsure, make your donation to an established charity instead.
- If you think you have paid money to a scammer, contact your bank immediately and ask for a chargeback on your payment card.

It really comes down to which causes matter to you most, and which organisations you think will be the most effective.



WHO'S MAKING MONEY FROM YOUR DONATION?

Worst of all, it's rarely the actual non-profit charity that's doing the calling, but rather a for-profit charity marketing firm whose revenue depends on getting people to donate.

One of the biggest such firms operating in Australia, Appco Group, became the subject of a class action lawsuit in 2016 made up of about 8,000 former workers who claimed to have been severely underpaid, overworked and subject to degrading workplace rituals if they didn't meet their weekly fundraising targets. Another firm that raised money for Amnesty International and Wesley Mission, Australian Sales and Promotions, copped a substantial fine in 2016 for paying workers below minimum wage.

It's these for-profit firms, and these allegedly exploited workers, who are usually the ones calling to ask for money, not the charity itself. It makes deciding whether or not to give that much harder.

NATIONAL REGULATOR ON THE SCENE

In a positive development for the sector, a national regulator – the National Charities and Not-for-profits Commission (ACNC) – was launched in 2014. Previously, charities were regulated by a mishmash of state and territory agencies, and to some extent they still are.

The ACNC's mission is to provide a central, Australia-wide repository of information on charitable organisations. At last count, there were 57,514 charities registered with the regulator. Charities that take part in the scheme must keep records, comply with certain governance standards and provide a report to the ACNC every year.

HOW DOES THE ACNC HELP CONSUMERS?

While the ACNC doesn't pry open the doors of charities to let you see exactly where each dollar you donate is going, it does let you verify that a charity is a legitimate organisation with obligations to a national regulatory body – something that was previously lacking.

Thousands of charities that failed to meet the ACNC's annual reporting obligations after it launched were kicked off the register, thereby losing their access to federal tax concessions that let donors claim a credit for donations.

If you have questions or concerns about a charity, we recommend that you check to see if it's registered with the ACNC as well as with the relevant state and local agencies. Since December 2016, charities registered with the ACNC have carried an ACNC tick of approval.

If it's not on the ACNC register, it's probably a good idea to find a charity that is more demonstrably worthy of your donation.

HOW MUCH OF YOUR MONEY IS GOING TO THE NEEDY?

One of the most vexed questions for consumers around charitable giving is how much the charitable organisation gets versus how much the downstream recipients get.

Administration costs and other overheads – including the salaries of the people who work for the charity – can eat up large portions of the money you donate.

IS IT A BETTER CHARITY IF A BIGGER CUT GOES TO THE NEEDY?

Not necessarily, and it's really not feasible to compare administrative versus service costs between charities, because each measures such expenditures in different ways. Uniform standards have long been lacking in this area.

As the ACNC says:

"The main problem with using administrative costs to inform decisions about which charities to support is that the information is an unreliable indicator of the extent to which actual donations make a difference in the community."

"Some charities make a real difference in the community and have relatively high administration costs, and some charities may be less effective but have low administration costs."

Some urban-based charities may pay higher rent for their headquarters, for instance, and some may spend more money than others on measuring the impact of their work, leading to better outcomes for recipients.

Still, the numbers can be jarring. Earlier CHOICE research revealed that some charities receive as little as 10% of the money raised at fundraising events after total costs are taken into account.

On the flip side, we've found examples where close to 100% of the money donated made its way to the cause (often because the charity's fundraising costs are being subsidised by another part of its operations or business).

While considerations of administrative versus service costs (if you can find such information) shouldn't unduly influence your choice of a charity, consumers are understandably interested in such matters.

In an earlier CHOICE survey, 81% of respondents didn't know how much of their donation reached a charity's beneficiaries after fundraising costs and overheads were subtracted. But over 90% of respondents said they wanted to know.

Our research has found major inconsistencies in the cost breakdowns given to charity donors – if they're communicated at all. Sometimes the stats simply aren't available, and there are no regulations in place (in Australia, at least) to make sure charities use a standard reporting method.

Donating essential items rather than money is one way to help make sure your generosity is reaching the right people – though cash donations are sometimes what's needed most.

It seems fair to say that donors have a right to know how much of their money reaches beneficiaries, and to be able to compare charities. But unless and until standardised reporting is introduced, you'll need to do your own research.

One straightforward way to do this is to access a charity's annual report online, scroll to the back, and have a look at the financial figures. The report may also discuss overhead versus service costs.

Because of the lack of uniform reporting standards, there are unlikely to be moments of blinding clarity. But you can get a pretty good sense of a charity's commitment to transparency compared to other charities from these documents.

CLAIMING TAX DEDUCTIONS

Charity donations can be claimed on your tax return if your charity is registered as a Deductible Gift Recipient (DGR). This doesn't affect the amount of money the

charity actually receives, just what you're entitled to deduct at tax time.

There are conditions about what you can claim. Donations must be at least \$2 and you'll need a receipt. Some gifts to DGRs – such as tickets to a charity dinner or ball – are generally not eligible.

You can check if an organisation is a DGR via the ABN lookup website. There's also information about the deductibility of donations at the ATO.

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Kollmorgen, A (15 January 2020). *How to give to charity so your donation really counts*. Retrieved from www.choice.com.au on 2 April 2020.

DONATING AND VOLUNTEERING

Australian Charities and Not-for-profits Commission explains how you can help charities through either giving money or your time

What should I consider when deciding which charity to support?

Think about the causes you want to support and find out about the charities working in these areas.

- Focus on the nature of the charity's work, its beneficiaries and the impact the charity is having in the community.
- Is it clear what the charity is trying to achieve and how its activities work towards its objectives?
- Would you like to spend your money, or time if volunteering, to support these objectives?
- Is the charity being transparent about its activities?

If a charity is registered with us, it has met the requirements under the *ACNC Act*. Its listing on our register contains information that may help your decision, such as a charity's purposes, past and future activities, where it operates, who it helps, and financial information. Many charities also have more information on their websites about their objectives and the work that they do.

Donating

You may donate:

- Money
- Goods – canned food, clothing, and furniture are commonly accepted.

It is a good idea to contact a charity directly and ask what help it may need. Some charities will need specific goods and some may have a surplus of particular goods. Each charity is different and it is worth asking what they need most as a way of making sure your donation is effective.

If you want to make a big donation, or leave money or gifts through your will, consider getting professional advice, such as from an accountant or lawyer, to make sure your donation or bequest gets to the right place.

How to make a tax deductible donation

Only organisations that have been endorsed by the Australian Taxation Office (ATO) as deductible gift recipients (DGRs) are able to accept tax deductible gifts and contributions. If you donate to a DGR then you may be able to claim a tax

deduction for any donations you make of \$2 or more.

You can use the ACNC Charity Register to find out if a charity is a DGR. From the charity's listing on the Charity Register, click on the button in the top right-hand corner that asks the question about whether a donation is tax deductible. This will take you to information about the charity's tax concessions, including DGR endorsement, on the Australian Business Register (ABR).

Not all organisations endorsed as DGRs are charities. Non-charitable DGRs are not listed on the ACNC Charity Register.

Volunteering

Volunteers help charities in many ways – from preparing food or visiting elderly people, to being a board member. If you want to volunteer, make sure:

- The charity's purpose and the way it works matches your values
- The charity needs the skills and experiences you can offer
- You are realistic about what you can contribute and understand what is expected before you commit.

If you are a volunteer, your charity has a responsibility to ensure a healthy and safe environment. You can ask whether the charity has insurance cover for volunteers.

Here are some external websites that aim to match people with volunteering opportunities:

- Australian Volunteers program, an Australian Government initiative with opportunities for Australian volunteers overseas, www.australianvolunteers.com
- Goodcompany, a not-for-profit skilled volunteering portal, www.goodcompany.com.au
- GoVolunteer at Volunteering Australia, the national peak body for the volunteering sector, <https://govolunteer.com.au>
- Volunteer Match at Pro Bono Australia, <https://probonoaustralia.com.au/volunteer>

© Commonwealth of Australia.

Australian Charities and Not-for-profits Commission. *Donating and volunteering*. Retrieved from www.acnc.gov.au on 29 October 2020.

Giving effectively: how can you do the most good with your donation?

EFFECTIVE ALTRUISM AUSTRALIA EXPLAINS HOW TO MAXIMISE YOUR GIVING

Your money goes further overseas

Food, services, medical supplies and other basic resources are far cheaper in most countries outside Australia. Distance can make it harder to empathise, but we believe location should not be morally relevant to who deserves our help.

In the poorest parts of the world, some of the problems preventing people from overcoming poverty can be improved with simple and cheap solutions. A child may die of malaria for lack of a \$3 bed net, or of diarrhea for lack of a 5 cent packet of nutrients. That means your donation can have a much larger impact if targeted at cost-effective interventions operating in developing countries.

Not all charities are equal

Consider two charities, Charity A and Charity B, both of which aim to save lives. Say you donate \$100 to Charity A, but later find out that Charity B is 100x more effective. That means you could have had the same impact by donating just \$1 to Charity B. Given that both charities are saving lives, the best decision is obvious.

Now consider the following five interventions, all aimed at preventing or treating HIV and AIDS:

1. Surgical treatment for Kaposi's sarcoma (an AIDS-defining illness)
2. Antiretroviral therapy for infected people
3. Prevention of HIV transmission from mother to child during pregnancy
4. Condom distribution to prevent sexual transmission
5. Education for high-risk groups such as sex workers.

Whilst the world's strategy to combat the harm caused by HIV will necessarily include all of these interventions, the most powerful way for an individual donor to add value is at the margin. Rather than replacing a complex health system, it makes sense to add as much additional value as possible.

Accurately determining and comparing the impacts of interventions can be very difficult, however there is a large evidence base assessing the success and



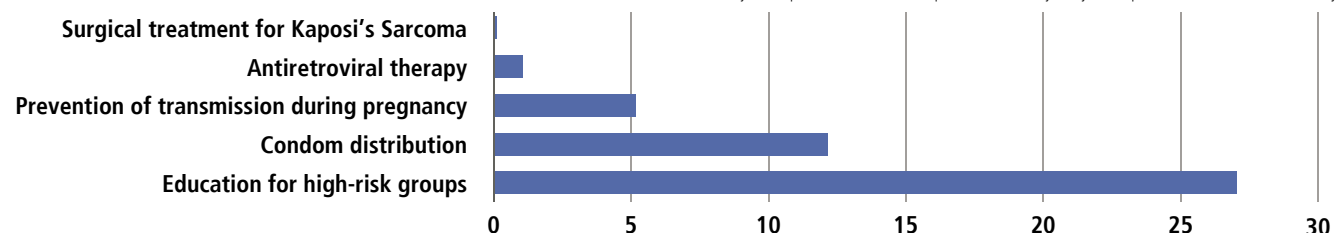
Cost-effectiveness is a crucial factor to consider when figuring out how to make our resources go as far as possible.

cost-effectiveness of many interventions aimed at reducing poverty, particularly with regards to health. It turns out that some interventions are much more cost-effective than others. The chart below reveals the wide range of health benefit produced (measured in disability-adjusted life years) for each HIV intervention.

As you can see, education for high-risk groups brings about 1,400 times as many health gains as treating Kaposi's sarcoma. This doesn't mean that it isn't important to also provide treatment for this disease, but by investing to prevent HIV infection, we can prevent many more people from ever acquiring the disease and needing such treatment.

Cost-effectiveness is a crucial factor to consider when figuring out how to make our resources go as far as possible. Read more about cost-effectiveness at: <https://forum.effectivealtruism.org/posts/2X9rBEBwxBwxAo9Sd/the-moral-imperative-towards-cost-effectiveness>

COST-EFFECTIVENESS: DALYS PER \$1,000



DALYs = Disability Adjusted Life Years

Sum of years of potential life lost due to premature mortality and years of productive life lost due to disability.

The many ways you can give to charity

GIVING ISN'T ONLY ABOUT MONEY. THERE ARE LOTS OF DIFFERENT WAYS YOU CAN GIVE TO WORTHY CAUSES AND PEOPLE IN NEED

HELPING STRANGERS

Be kind to a stranger – hold a door open, give up your seat on the train/bus or smile for someone you don't know.

Teach kids about giving – get kids involved by talking to them about the importance of giving, e.g. giving unwanted toys to those less fortunate, visiting a sick relative.

Donate blankets and clothes – help those who are homeless or in temporary accommodation.

School mufty days – encourage kids to wear mufty to raise gold coins for good causes.

GIVING UP YOUR TIME

Donate blood – a great way to ensure that you're giving back to those who need it.

Volunteering – e.g. in a soup kitchen or homeless shelter. It's also a good way to meet new people and develop skills to use at work or university.

Take part in a charity run – completing a charity run is a rewarding social event which can also help a good cause.

Get involved with awareness raising – if you're a guy, why not ditch your routine and grow a beard for charity? Fun initiatives like Movember raise vital funds and awareness for causes like men's health.

Sell/donate unwanted gifts – sell unwanted presents online and donate the proceeds to a charity of choice.

ENCOURAGING OTHERS TO GIVE

Promote causes on social media – raise awareness and encourage support for a worthy cause online.

Hold a fancy dress or mufty day – go fancy or mufty at work and charge your colleagues to get involved.

Hold a charity raffle for charity – raffle unwanted stuff for charity.

Charity shop Secret Santa – agree with family, friends or work colleagues to buy your gifts from a charity shop.

Workplace charity partnership – encourage your employer to get involved in partnering with a charity.

DONATING MONEY

Money always helps – donate to a favourite cause with cash, credit, debit card or PayPal.

Sign up for workplace giving – if your employer offers a workplace giving program, you can donate from your pre-tax salary and benefit from the full income tax relief.

Throw an office party for charity – pass around a donation tin to collect donations for your favourite cause, encourage your employer to match your contributions.

Support national giving days – e.g. GivingTuesday is on one day each year, when individuals, communities and business come together to give time, money, goods or voices, to celebrate and thank Australia's not-for-profits.

MAKING MORE OF YOUR MONEY

Shop Fairtrade – help communities in developing countries by buying unique and sustainable Fairtrade items as gifts.

Give as you shop – sign up to a retail website which donates to charity every time you shop with them.

Send charity Christmas cards – increase your charitable giving by sending a charity Christmas card.

Leave a legacy to charity in your will – allows you peace of mind, knowing that your giving will live on to help others after you have gone.

SOURCE

Based on '25 ways to give to charity', Charities Aid Foundation (CAF), www.cafonline.org

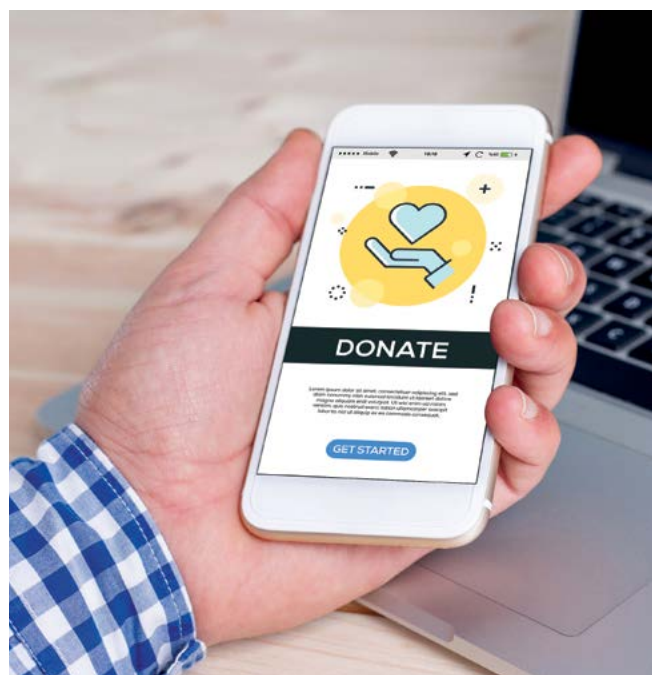
Compiled by The Spinney Press.

Finding effective charities can be the difference between transforming lives and accomplishing nothing

Even charities working within developing countries can have dramatically varying degrees of cost-effectiveness, depending on their intervention. A charity can be well-funded and successfully implement their program, yet still fail to achieve a positive impact. Good intentions and flashy marketing don't prove a charity is effective, and can lead to a significant amount of wasted charitable giving.

Luckily, independent charity evaluators such as GiveWell are devoted to seeking out interventions that are backed by evidence. Choosing to donate to one of our partner charities assures your donation will fund programs that are actually proven to effectively improve lives.

Effective Altruism Australia. *Giving effectively*. Retrieved from <http://effectivealtruism.org.au> on 29 October 2020.



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How to give during the COVID-19 crisis

As millions of people are thrown out of work, entire industries collapse and the world braces for the medical ramifications of the COVID-19 emergency, if you have your job and your health, there's no doubt you're in a better place than most right now. An article by **Kathy Richardson**, executive director of Our Community, a group which provides advice, connections, training and easy-to-use tech tools for people and organisations working to build stronger communities.

The crisis may drag on for many months; the ramifications may be felt for years. It may help you feel less guilty about your good fortune, more in control of what is undoubtedly an uncontrollable situation, and more comfortable that your giving will have the greatest effect, if you develop a giving strategy to take you through till the crisis ends.

Your Giving Plan can be short or long, detailed or very simple. The important thing is to go through a process of thinking about your giving, so that you can be certain you're giving as much as you can, and making the difference you want to make.

We recommend you jot down answers to all the questions below. Take your time. You don't need to decide anything right this minute. Try to be specific. If you can't help everyone (and you can't) you're going to have to make some choices.

STEP 1: WHY DO YOU WANT TO GIVE?

A good starting point is to ask yourself why you want to give (or give more) right now. What's troubling you most about the current situation?

Ask yourself: If you could change three things about what's happening during this crisis, what would they be? Write them down. Try to be as specific as possible. Use these answers to frame your response to all the other questions below.

STEP 2: WHAT ARE YOU GIVING ALREADY?

Take stock of your current donation habits. Review last year's records (log into your My Giving Account if you have one), or jot down the people and groups you remember giving to last year.

Presumably these are groups that you already know and trust. Ask yourself:

- Are any of them doing the work you identified in step one? Do they need more help right now? Could you step up your contribution?
- What's missing? Thinking about the needs you identified in step one, where else could you focus your giving? (See also Step 7).

STEP 3: HOW MUCH CAN YOU GIVE?

Giving doesn't have to be only about money, though let's be blunt: money is what many people and groups desperately need right now so if you have some spare,

please do consider contributing financially.

How much should you give? We can't tell you that. What we can tell you is that you should get a clear-eyed view of your capacity and you can do that by checking on your income and expenditure over recent months, factoring in whether that is likely to go up or down during this period, and then working out what's left over.

Be conservative in your estimates of what you can give (for starters, at least); no one wants you to give so much that you join the ranks of the needy (well, some would say you should "give until it hurts" – it's up to you which approach you want to take).

Some rules of thumb if you really have no idea how much you should be giving:

- **Tithing:** Tithing dates to biblical times but is still practised by many. Traditionally, tithing involves giving away one-tenth of your income (in the old days you'd give that to the church; these days we recommend instead that you give it to a good cause, or a consortium of good causes).
- **Effective altruism:** Australian philosopher Peter Singer, founder of the 'Effective Altruism' movement, has calculated that if everyone gave within their abilities, we could cure some of society's worst ills while having a barely noticeable impact on most people's current standards of living. He has created a calculator that allows you to receive an estimate of how much you should give based on your income – use it here: www.thelifeyoucansave.org.au/take-the-pledge/

STEP 4: WHAT ELSE COULD YOU GIVE?

If you don't have money to spare, or if you want to give more than money, there are lots of other ways you can give. Check out this list: www.givenow.com.au/otherways. It includes information on how to give everything from bikes to blankets to medical supplies to furniture – and even corks and hair!

Some COVID-19-specific giving ideas include:

- **Giving blood** – the Blood Bank is urging any blood donors to keep their regular appointments if they are fit and well enough to do so – see more information here: www.donateblood.com.au/page/coronavirus-update. Of course, if you do go out to give blood make sure you keep your distance from others (and wash your hands).
- **Getting to know your neighbours** – local networks are more important than ever right now. Drop a note in your neighbours' letterboxes with your phone number letting them know you're around to help (or chat) if needed, and/or consider joining your local Good Karma Network or a Kindness Pandemic Group (or forming your own).
- **Share what you have** – don't join the ranks of those buying more than they need. This does

nothing but empty the shelves and is particularly disadvantageous to people on small incomes who are unable to stock up. Instead of hoarding, consider sharing what you have with others (if you had a rush of blood to the head and suddenly found yourself with a surplus of toilet paper or pasta, perhaps offer some to your neighbours?)

- **Volunteer from home** – if you find yourself with some time on your hands right now, it could be a good time to see if you have skills people need. See if you can find some virtual volunteering opportunities via Volla, Seek or GoVolunteer.
- **Start a crowdfunder** – now could be the perfect time to start training (in a solitary fashion) for that marathon you always wanted to run or to grow that enormous beard. Set yourself a challenge and invite your friends to support you in your quest, while supporting a good cause at the same time.
- **Stay at home** – staying at home (and keeping your distance from others when you absolutely can't do that) is the most precious gift you can give to your community right now.
- **Wash your hands** – please, please, please, please wash your hands with soap (or sanitiser if you don't have soap handy) every time you touch something. Do it right now.

STEP 5: WHEN WILL YOU GIVE?

This crisis is unlikely to be over quickly. You should be prepared to play the long game with your giving.

Pace yourself. Remember the “continuous note” analogy – a choir can hold a beautiful note strongly and

continuously for a very long time, even while people drop out to take a quick breath when needed, provided there are enough voices left to carry the note on. Right now we need as many of us as possible to be adding our voices to the choir, but we should take time to step out when we need a rest. (Do make sure you come back when you're able to do so, though.)

Many groups favour smaller, ongoing donations over larger one-off donations as it allows them to more accurately forecast their income (which allows them to plan better). Consider setting up a monthly donation if you think your own situation is likely to be stable over the next 12 months or so (though taking into account Step 9 – we recommend you review your giving plan regularly).

STEP 6: HOW WILL YOU GIVE?

This is always a hard question to answer; even more so when the need is so great. Here are some questions to ask yourself to help you find the right approach.

Personal or anonymous?

Do you want to help individuals or families that you know personally? Or would you like to help those *most in need*, even if they are strangers?

You may feel that your giving will have the most visible impact if you give close to home. You are more likely to see first-hand the need for and benefits of your gifts, and you will be better able to investigate or engage in the activities of a local organisation.

On the other hand, your donation may have a bigger impact in a community with less government



support. Your definition of “community”, whether it be geographical, social or economic, will also affect your decision. Of course, you can choose to do a bit of both.

Local or global?

Are you more interested in supporting a local cause, or are you willing to widen your focus to a state, national, or international level?

If you want to stay local, how local is local? Is it enough for a beneficiary to be in your country? Or do you want to support people in your state? Your suburb? Your street? Again, it doesn't need to be either-or; you could do both.

Direct or through an intermediary?

Do you want to give directly (e.g. by supporting an individual seeking help via an online group), or would you prefer to give through an intermediary like a community group or charity, and let them decide how and whom to support?

There are benefits and drawbacks to both approaches. Giving personally allows you to tailor your giving and respond to immediate needs; giving to a community group or charity puts you at arm's length, but they will most likely have more efficient systems for delivery of assistance than you might have personally, and are likely to know who's most in need and what they can best do to help.

Immediate or long-haul aid?

You can choose to give for things that people need right now (food vouchers, clothing, furniture), or you might opt to contribute to causes designed to contribute to longer-term response and recovery efforts (funding

research or public education campaigns, for example). Again, you could, if you wanted, do a bit of both.

STEP 7: TO WHOM WILL YOU GIVE?

Once you've answered (or at least thought through) the questions above, you should be in a better position to choose the beneficiaries of your donations.

Do some research to find which organisations are doing the sort of work you want to contribute to (or the individuals you want to support), making sure you include on your list the groups that you're already supporting that you want to support more right now.

Then start carving up your giving budget. You might opt to give to a variety of causes, creating a giving portfolio. You don't need to give each group the same thing, or even an equal amount; you might choose to give all you can afford to one organisation, or spread it among a few; volunteer for this one, donate to that one.

Here are some hints if you're having troubling finding groups to support.

Check out GiveNow

At GiveNow you can search for a cause that suits your interests, or for a group that's seeking COVID-19 support in particular at: <https://help.givenow.com.au/hc/en-us/articles/360001423175>.

Look close to home

Make a list of all the community organisations that make a difference to your life and to the lives of your family and friends: from support for childhood (including kindergartens, schools, universities, TAFEs, and other educational institutions) to support for your



older friends and relatives, giving them a place to go or belong.

Call or email (and/or check their website) and ask them if they need support right now; and if so, what type of support.

How to evaluate an organisation

Giving is often a matter of individual preference. Think through these questions to get some clarity on the type of giving that makes the most sense to you.

- Do you like to fund specific projects, or are you happy to give money to an organisation that's doing good work and let them get on with it?
- Do you prefer to give to organisations mainly run by volunteers, or do you prefer organisations with professional staff?
- Do you prefer to give to small organisations (who often do a lot with a little) or large organisations (who may have economies of scale and may be in a position to have a bigger impact)?
- Do you prefer to support an organisation that is just getting started or one that is already well established?

Community organisations operate in different ways and use their funds differently. Before you give, it's a good idea to be aware of how the organisation operates.

Some questions that you may like to ask yourself about a group include:

- Do I agree with its programs and goals?
- Does it achieve worthwhile results?
- Do I like the way it is run?
- Do I like how it reports its activities and accomplishments?
- Is it already financially healthy? Would it benefit from my donation?
- How does it compare to other organisations of similar size, age and mission?
- What criteria will I use to decide if the money I contribute is well spent?
- How will my contribution be used?
- Will my donation be tax deductible?
(Does it matter to you if it's not?)

Don't fall into the trap of equating low administrative overhead with effectiveness. Sure, make sure the groups you support aren't wasting money, but we recommend you give to organisations that are *effective*, not just *frugal*.

STEP 8: HOW WILL YOU GIVE?

Maimonides was a medieval Jewish philosopher, who proposed eight levels of charity. It can be helpful to think about your own giving within this frame (while acknowledging that any giving is usually better than no giving, and that the distinctions between each level are not always clear-cut).

This list appears in descending order (highest level first):

- *Level 1:* Support someone to become independent
- *Level 2:* Give without knowing who you are supporting, and without the recipient knowing who the donor was (that is, give anonymously)
- *Level 3:* Give knowing to whom you are giving, but without the recipient knowing who the donor was
- *Level 4:* Give not knowing to whom you are giving, but the recipient knows who the donor is
- *Level 5:* Give openly, but without being asked
- *Level 6:* Give openly, after being asked
- *Level 7:* Give inadequately, but willingly/gladly
- *Level 8:* Give begrudgingly.

STEP 9: BE FLEXIBLE

The COVID-19 crisis is set to continue until scientists find a vaccine. As we said earlier, as a donor, you need to be in it for the long haul.

As the situation changes, so too should your giving strategy. Consider setting aside some of your giving budget so you can respond to emerging needs.

Review your plan at least once a month to make sure it still matches the needs that are emerging, and your capacity to contribute.

MORE INFORMATION

- Community organisations, not-for-profits and charities can find free information, tools, templates and other resources on the #SaveOurSector webpage, <https://communitydirectors.com.au/save-our-sector>
- GiveNow: Donate to COVID-19 causes, <https://help.givenow.com.au/hc/en-us/articles/360001423175>
- Funding Centre: Assistance for organisations affected by COVID-19, www.fundingcentre.com.au/covid19-financial-assistance

Some of these tips are derived from those originally proposed by world-renowned giving expert Tracy Gary.

Kathy Richardson is Executive Director, Our Community. The Our Community group provides advice, connections, training and easy-to-use tech tools for people and organisations working to build stronger communities.

Richardson, K. *How to give during the COVID-19 crisis*. Retrieved from <http://help.givenow.com.au> on 29 October 2020.

AN ETHICAL GUIDE TO RESPONSIBLE GIVING

THERE ARE AT LEAST FIVE LEADING THEORIES RELATING TO THE ETHICS OF GIVING TO CHARITY, ACCORDING TO **TED LECHTERMAN** FROM STANFORD UNIVERSITY

Every holiday season, Americans find themselves showered with mailed appeals, beseeching phone calls and emotional pleas from Facebook friends seeking support for pet causes. How should they sift through all these calls to give?

The conventional guidance, parroted as if it were gospel, goes something like: Be generous, follow your passions and do enough research to verify that a chosen charity won't squander your money.

As a political philosopher who studies the ethics of philanthropy, I know it's not that simple. In fact, there are at least five leading theories regarding the ethics of giving. Scholars who study philanthropy and ponder why people should give to charity disagree on which is best. But they all agree that some critical reflection on how to give well is essential for making responsible decisions.

Giving from the heart

I call the aforementioned common position, promulgated by the likes of financial pundit Ron Lieber, glamorous humanitarian Jean Shafiroff and Vanguard Charitable, a donor-advised fund managing US\$7 billion slated for future gifts to charities, "compassionate philanthropy." It urges donors to give from the heart and posits that no one can tell you what makes one cause better than another.

Compassionate philanthropists see choosing a cause as a two-step process. First, ask yourself what you are most passionate about – be it your religious faith, hunger,

the arts, your *alma mater* or cancer research. Then, verify that it follows sound accounting and management practices.

While simple and flexible, this philosophy of giving ignores considerations like a cause's moral urgency and suggests that the only thing that matters when being charitable is what's on the giver's mind. It also implies that a charity's effectiveness is measured only by management or finances, which is arguably untrue.

There are at least four other schools of thought worth considering in light of the conventional approach's shortcomings: traditional charity, effective altruism, reparative philanthropy and giving for social change.

Giving to the neediest

A more traditional giving philosophy stems from Judaism, Christianity and Islam.

Rather than telling donors to simply follow their own passions, traditional charity stresses that suffering people demand urgent attention. It treats relieving that pain and meeting those needs as the highest charitable priority.

People who think this way, for example, might have trouble seeing how donors can justify supporting their local community theatres when so many Americans are experiencing hunger or homelessness and could use a free meal from a charity like the Salvation Army.

They might be most concerned with meeting the needs of the 769 million people on Earth who live on less than what Americans can purchase for \$2 a day.



Giving mindfully

A more modern, introspective approach, advanced by the philosopher Peter Singer and embraced by young Silicon Valley billionaires like Facebook co-founder Dustin Moskovitz and his wife Cari Tuna, is known as “effective altruism.”

This school of thought instructs donors to do the most good they can in terms of global wellbeing based on verifiable cost-effectiveness.

These givers argue that it’s better to give \$40,000 to a carefully vetted charity in sub-Saharan Africa that can cure as many as 2,000 people of blindness than to give that same sum to a group that will spend it training a single guide dog for a blind person in the U.S.

Effective altruists reject the advice of transparency groups like Charity Navigator, which rates non-profits according to the percentage of funds they spend conducting their work versus running their organisations. Instead, they heed organizations like GiveWell and Animal Charity Evaluators, which draw from scientific evidence and use statistical reasoning to select charities they believe will achieve the maximum impact per donated dollar.

Giving to heal and address injustices

Another way to think about making charitable donations more responsible is to see them as a form of reparations. With economic inequality growing, government spending on public education declining and cutbacks taking a toll on social services, social injustices are proliferating.

The political philosopher Chiara Cordelli developed this perspective. She reasons that under current conditions, the rich are not entitled to all of their wealth.

After all, under more just circumstances, they would likely be earning less and taxed more. Therefore, the rich should not think of what they spend on charity as a matter of personal discretion, nor simply as something to make lives better, Cordelli argues.

Instead, she sees excessive wealth as a debt to be repaid unconditionally to repair crumbling public services. One way that donors can engage in reparative philanthropy is by supplementing the budgets of cash-strapped public schools, as Chancellor Bennett – the Grammy-winning Chance the Rapper – is doing in Chicago.

Giving to overcome unjust policies

A fifth major school of thought advises donors to support groups challenging unjust institutions. This perspective may sound radical or new but it isn’t. The 19th-century luminary John Stuart Mill and the civil rights leader Martin Luther King Jr. both embraced it.

Its adherents acknowledge that dismantling the structural causes of poverty and discrimination is hard and can take decades or longer. But they observe that even small policy changes can do more for large numbers of people than even the biggest charitable initiatives.

Contemporary advocates of this view like Canadian



Perhaps no single school of thought offers a perfect guide to responsible giving. But the scholars who espouse these different positions all agree on one key point: Donors should reflect more on their giving decisions.

philosopher Will Kymlicka suggest giving money to political parties, advocacy groups and community organisers. Gifts to political parties and lobbyists may not sound like a conventional way to be charitable and are not currently tax-deductible. But many advocacy non-profits, voter education initiatives and community empowerment groups are considered charities by U.S. law and eligible for tax-deductible donations.

Mixing and matching

Perhaps no single school of thought offers a perfect guide to responsible giving. But the scholars who espouse these different positions all agree on one key point: Donors should reflect more on their giving decisions.

Whether you settle on one school of thought or draw from several of them, thinking more about what it means to be charitable will help you give more responsibly.

DISCLOSURE STATEMENT

Ted Lechterman does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond his academic appointment.

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THE CONVERSATION

Lechterman, T (29 November 2017). *An ethical guide to responsible giving*. Retrieved from <http://theconversation.com> on 29 October 2020.

ETHICS EXPLAINER: ON CHARITABLE GIVING

In this article first published by The Ethics Centre, **Dr Laura D'Olimpio** explains ethicist Peter Singer's views on our moral obligation to give to charity

Most people believe it is a good idea to help out others in need, if and when we can. If someone falls over in front of us, we usually stop to see if they need a hand or to check if they are OK.

Donating to charity is also considered to be helping others in need, but we may not always see the person we are helping in this case. Even so, charitable donations are viewed as praiseworthy in our society. We receive a sticker for placing spare change into a coin collection tin, and our donations are tax deductible.

Yet most people see donating to charity as a 'nice thing to do', but perhaps not a 'duty', obligation or requirement. In Kantian terms, it is 'supererogatory', meaning that it is praiseworthy, but above and beyond the call of duty.

However, Peter Singer defends a stronger stance. He argues that we *should* help others – however we can. *All* of us. This may look different for different people. It could involve donating money, time, signing petitions, or passing along old clothes to those who need them, for example.

If we *can* help, then we *should*, Singer argues, because it results in the greatest overall good. The small efforts

of those who can do *something* greatly reduce the pain and suffering of those who need welfare.

In order to illustrate this argument, Singer provides us with a compelling thought experiment.

If we can help, then we should, because it results in the greatest overall good. The small efforts of those who can do something greatly reduce the pain and suffering of those who need welfare.

THE 'DROWNING CHILD' THOUGHT EXPERIMENT

From his 1972 article, 'Famine, Affluence, and Morality', Singer starts with a basic principle:

"if it is in our power to prevent something very bad from happening, without thereby sacrificing anything morally significant, we ought, morally, to do it."

This seems reasonable. He backs this claim up with the following concrete example:

"An application of this principle would be as follows: if I am walking past a shallow pond and see a child drowning in it, I ought to wade in and pull the child out. This will mean getting my clothes muddy, but this is insignificant, while the death of the child would presumably be a very bad thing".

Obviously, we agree, we should save the child from drowning, even if it comes with the inconvenience and cost of ruining some of our favourite, expensive clothes and shoes. The moral 'weight' of saving a life far outweighs the cost in this scenario.

Yet, Singer extends this claim even further. He notes that if we agree with this principle, then what follows from it is quite radical. If we act on the idea that we should always prevent very bad things from happening, provided we are not sacrificing anything too costly to ourselves, this makes a moral demand upon us.

The biggest implication is that, for Singer, it does not matter whether the drowning child is right in front of us, or in another country on the other side of the world. The principle is one of impartiality, universalizability and equality.

I can easily donate the cost of a new pair of shoes to a respected charitable organisation and save a life with the funds from that donation. In the same way as a moral agent would wade into the pond to rescue the drowning child, we can make some relatively small effort that prevents a *very bad thing* from occurring.

The 'very bad thing' may be that a child in a developing country starves to death or dies because their family cannot afford the treatment for a simple disease.





THE EXPANDING MORAL CIRCLE

Now, even for those in favour of charitable giving, some may argue that our duty to help does not extend beyond national borders. It is easier to help the child 'right in front of us', they may say. Our moral circle of concern includes our family and friends, and perhaps our fellow Australians.

But I am convinced by Singer's argument that we ought to expand our moral circle of consideration to those in other countries, to those who live on planet Earth with us. The moral obligation to alleviate suffering has no borders.

And we are now most certainly 'global citizens'. Thanks to our technology and growing awareness of what occurs around the globe, we have outgrown a nationalistic model and clearly inhabit an international world.

GLOBAL CITIZENS

In his 2002 book, *One World: the ethics of globalisation*, Singer supports the notion of the global citizen which views all human beings as members of a single, global community. The global citizen is someone who recognises others as more similar to rather than different from oneself, even while taking seriously individual, social, cultural and political differences between people.

In a pragmatic sense, global citizens will support policies that extend aid beyond national borders and cultivate respectful and reciprocal relationships with others regardless of geographical distance or other differences (such as those related to race, religion, ethnicity, disability, sexuality, or gender identification).

For a long time now, Singer has also been pointing out that we are *all* responsible for important issues that are affecting each and every one of us. Back in 1972,

he claimed, "unfortunately, most of the major evils – poverty, overpopulation, pollution – are problems in which everyone is almost equally involved."

I am convinced by Singer's argument that we ought to expand our moral circle of consideration to those in other countries, to those who live on planet Earth with us. The moral obligation to alleviate suffering has no borders.

And, with our technology, media and the 24-hour news cycle, we are now confronted with the pain and suffering of those distant others in ways that ensure they are immediately present to us. We can no longer claim ignorance of the help required by others, as social media brings their images and pleas directly to our handheld devices.

So, do we have an obligation to alleviate suffering wherever it is found? Does this obligation extend beyond national borders? Should we do what we can to prevent *very bad things* from happening, provided in doing so we do not have to sacrifice anything too drastic or comparable? (For instance, we need not reduce ourselves to the levels of poverty of those we seek to assist in doing so).

If you answered yes, then you may already think of yourself as a global citizen.

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This article was originally published by The Ethics Centre.

D'Olimpio, L (8 October 2019). *Ethics Explainer: Peter Singer on charitable giving*. Retrieved from <http://ethics.org.au> on 29 October 2020.

FIVE WAYS TO BECOME A REALLY EFFECTIVE ALTRUIST

Ethicists **Julian Savulescu** and **Walter Sinnott-Armstrong** explore some practical ways to become more effective at giving to worthy causes

Effective altruism is a philosophy and social movement which aims not only to increase charitable donations of time and money (and indeed more broadly to encourage leading a lifestyle which does good in the world), but also encourage the most effective use of these resources, usually by looking for measurable impacts such as lives saved per dollar.

For an effective altruist, the core question is: “Of all the possible ways to make a difference, how can I make the greatest difference?”

It might be argued, for example, that charity work isn’t the best use of time; a talented financier may be better off working for a bank, and use their earnings to pay for others to work for charities instead.

To this end, those in the movement often perform complex calculations to determine which charities and careers do the most good – something that is frequently attacked. Charitable causes that effective altruists have argued should come lower in our list of priorities include charities like the ALS Association, which benefited from the viral ice bucket challenge, and the arts.

These comparisons are not based on the worthiness of the cause, the good it does or even the levels of suffering it alleviates, but the cost to benefit ratio. For example, Peter Singer, a moral philosopher and icon

of the effective altruism movement, has argued that homelessness and infant mortality in the developed world should have a lower priority than equivalent causes in the developing world. It isn’t that these problems are trivial or undeserving, but because of a greater impact per dollar.

For an effective altruist, the core question is: “Of all the possible ways to make a difference, how can I make the greatest difference?”

Effective altruism is exciting and beneficial in many ways. It gets people to think about how to help others, and encourages people to act in ways that do help others. Many people don’t contribute as much as they should, maybe because of doubts about the difference it will make or where to put their efforts. But while we wholeheartedly support the movement, calculating which causes are better than others risks being oversimplified. So here are five practical ways to become a really effective altruist instead.

1. Don’t support useless or harmful causes

This is uncontroversial and already a central tenet of



effective altruism. We all agree that waste and harm are bad, and many charitable causes do more harm than good – so let's avoid them. However, there are lots of altruistic acts that do some good – often lots of good – even if they're not the best.

Different people can contribute in different ways, and diversity spreads benefits to many worthwhile causes. Aiming for only the best option leaves little leeway for individuality and experimentation, and can instead turn many people off.

2. Do what you enjoy and excel at

If people aren't able to build sturdy houses, they shouldn't volunteer for Habitat for Humanity. And if they don't enjoy working with animals they don't volunteer at the RSPCA. The same goes for financial contributions. If the most good that my money can do is to help free animals in factory farms but I really don't care about these animals then I'm unlikely to give as much, as often, or for as long as I would for a cause that I deeply care about.

The idea that we should work for or contribute to the most effective charity, regardless of what we care about, is self-defeating. Most people's passions aren't that flexible – they can't or won't start caring about a cause simply because a calculation tells them to. Better to follow a passion than be demotivated.

3. Spread the love

If you really are passionate about a cause, encourage others. If they are not passionate about your cause, encourage them to help others in their own way. We can do more to improve the world if we get other people to help out.

Effective altruism is exciting and beneficial in many ways. It gets people to think about how to help others, and encourages people to act in ways that do help others.

If we were to try to determine which person has done the most good in history, we'd get different answers. Effective altruism can come from inspiring others, by being a teacher or a good parent for example. Take Singer, he hasn't prevented nuclear war or eradicated small pox, but he has led very many people to help others. In turn, these followers have followers themselves, who help others more than they otherwise would have.

A teacher should get some credit for the good that his students do but would not have done if not for his teaching. We can do good both directly and indirectly, by inspiring others.

4. Use carrots rather than sticks

If someone is doing good and more good than most but could still do more, then they deserve praise and encouragement. To encourage people to do better, we should be generous with praise for those who do more good than is common and add more praise for those



near the top. Criticising those who fall short of the ideal only discourages others. If we're right, then criticism should be reserved for those who fall well below what most people do to help the needy.

5. Avoid overconfidence

Really effective altruism aims to do the most good over all time. The world, present and future, is a very uncertain place. It is difficult to predict what will do the most good, either now or far in the future. Humility is necessary in the face of this uncertainty. Who would have thought that the invention of the mobile phone would have done so much good or knows what the final effect of the communications revolution will be.

As the philosopher John Stuart Mill recognised, originality, diversity, and experiments in living are necessary to discover what is the best life. The same applies to the wellbeing of others. Be willing to revise your goals in the light of new evidence and reflection.

DISCLOSURE STATEMENT

Julian Savulescu works for the University of Oxford, an exempt charity under the terms of the *Charities Act 1993*, and receives research funding from charitable foundations including the Uehiro Foundation on Ethics and Education, the Wellcome Trust, and the Leverhulme Trust. He has previously received funding for research from other charitable foundations, a full list is available. Walter Sinnott-Armstrong has received research funding from charitable foundations, including the Templeton Foundation. A full list is available.

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THE CONVERSATION

Savulescu, J, and Sinnott-Armstrong, W (8 February 2016). *Five ways to become a really effective altruist*. Retrieved from <http://theconversation.com> on 29 October 2020.

WHAT IS PHILANTHROPY?

According to **Philanthropy Australia**, philanthropy is the planned and structured giving of time, information, goods and services, influence and voice as well as money to improve the wellbeing of humanity and the community

THE NOT-FOR-PROFIT SECTOR

Philanthropic practice is part of the not-for-profit sector, which is also known as the community sector or the third sector.

As the name implies, the sector consists of organisations whose purpose is something other than the generation of profit or gain for individual members or directors.

The not-for-profit sector in Australia is large and diverse, with more than 600,000 not-for-profit organisations including approximately 5,000 trusts and foundations, including ancillary funds, nationwide.

The not-for-profit sector covers activities and services in cause areas such as:

- Ageing futures
- Animals
- Arts, culture and humanities
- CALD communities (Culturally and Linguistically Diverse Communities)
- Children/youth at risk
- Civil society
- Community development
- Crime, justice and legal issues
- Disability
- Disaster relief
- Education
- Employment and training
- Environment
- Health, wellbeing and medical research
- Housing and homelessness
- Indigenous programs
- International development and international relations
- Poverty and disadvantage
- Philanthropy, voluntarism and non-profit infrastructure
- Recreation and sport
- Religion and spirituality
- Science and technology.

Generally, government is not considered part of the not-for-profit sector, except some government-linked bodies such as schools, hospitals, universities and museums.

Types of not-for-profit organisations:

- Advocacy groups
- Charities that provide assistance to the needy and disadvantaged
- Community child care centres
- Environmental conservation organisations
- Hobby clubs

- Local sporting groups
- Medical research organisations
- Philanthropic trusts and foundations
- Public hospitals
- Special schools.

CHARITIES

Some not-for-profit organisations are charities. Charities are altruistic entities that the Australian Charities and Not-for-profits Commission has registered as charitable.

Charities may care for people who are sick or disabled, provide relief after disasters, promote religion or provide educational scholarships, as well as many other purposes beneficial to the community.

The categories of charitable purposes are defined in the 2013 Charities Act: www.legislation.gov.au/Details/C2013A00100

TRUSTS AND FOUNDATIONS

Trusts and foundations are not-for-profit entities that hold money in trust for the public benefit and make grants of money for charitable purposes. Generally a foundation will have an asset base known as a corpus, and the income from the corpus is given away in the form of grants or donations.

Trusts and foundations are governed by trustees or directors. Trustees are responsible for making decisions about investments and giving – they must ensure the trust earns and re-invests income, and continues to operate for charitable purposes for which it was established.

Further information

- Types of foundations
Refer to *Types of Foundation*: www.philanthropy.org.au/images/site/misc/Tools__Resources/Types_of_Foundations_in_Australia.pdf
- Setting up a foundation
Refer to *How to give*: www.philanthropy.org.au/how-to-give
- Applying for funding from trusts and foundations
Refer to *Fund seeker*: www.philanthropy.org.au/seek-funding

Philanthropy Australia. *What is philanthropy?* Retrieved from www.philanthropy.org.au on 29 October 2020.

The light and the dark sides of philanthropy

BY SARAH DAVIES, CEO OF **PHILANTHROPY AUSTRALIA**

POWER AND INFLUENCE

Philanthropy is a significant source of power in our community and is one of many forces which influences policies, priorities and debate. This influence involves money, and there are two aspects that frame it:

1. The use of private wealth by individual, institutional and corporate philanthropy, freely given, for public good or benefit, and
2. The role of the state and the taxpayer in 'co-funding' philanthropy through the tax deductibility and concessions which are available for philanthropic donations and capital investment.

THE LIGHT AND DARK

Philanthropic giving has particular and unique features. It is given voluntarily, freely and, apart from regulatory requirements, is not subject to direction other than by the individual donors, trustees or directors. Philanthropic giving is not bound by the policies of government or by prevailing thinking. It has a high degree of freedom and the capacity to take risk. To paraphrase a marketing slogan associated with Heineken Beer, philanthropy 'reaches places other dollars cannot reach'.

A mature analysis of philanthropy requires that consideration be given to both the light side and the dark side that its characteristics naturally create.

The characteristics that make philanthropy so exciting and so important, are the very same characteristics that can give it a shadow side. This is especially obvious when philanthropy operates at scale. We need to be honest and open about the potential shadow side and find ways to mitigate the consequences (unintended or otherwise), without hobbling the features that we need philanthropy to flex for good.

FOUR FEATURES

Here are four ways we can examine the light and dark side of philanthropy:

Philanthropy as risk capital

One of philanthropy's 'super-powers' is that it can take risks – indeed it is often referred to as our social risk capital. This identifies philanthropy as perhaps the key resource to support social innovation and experimentation in society. It is, however, largely unaccountable. Philanthropic decisions are made by unelected and often influential individuals and institutions. When operating at scale, the allocation of these funds can absolutely influence the design and operation of systems.

But outside of good practice principles, values and behaviour, where's the mandate for such influence? There are no voters or shareholders to hold questionable or poor decisions to account. The Zuckerberg digital learning program in New York is a recent example.

Australia's biggest benefactors

The latest Financial Review Philanthropy 50 list had its biggest annual rise in value in its four-year history. However, next year is expected to be a different story, owing to the impacts of the bushfires, global pandemic and Australia's first recession in 30 years.

- The amount of money given away by Australia's biggest philanthropists surged by one third to \$748 million.
- Overall giving in Australia normally rises in value between 5-6%, but this year's list saw giving levels rise 35%.
- To make the 2020 list you had to have donated at least \$4.3 million, up from a cut-off of \$3.6 million last year.
- The most popular causes were medical research, universities and the arts, with more pledges to the environment and housing support this year than in the past.

TOP 10 PHILANTHROPISTS

1. **Paul Ramsay Foundation (\$153 million)**
Strengthening sector capacity particularly around disadvantage, health, education
2. **Minderoo Foundation (\$75.4 million)**
Research, cancer, modern slavery, building community, early childhood, flourishing oceans, Indigenous disparity
3. **Judith Neilson Foundation and charitable trusts (\$48.9 million)**
Arts, Judith Neilson Institute for Journalism and Ideas

4. **Estates of James and Diana Ramsay (\$38 million)**
Art Gallery of South Australia
5. **Ian Potter Foundation (\$28.4 million)**
Community wellbeing, arts, science, medical research, health and disability, education, environment
6. **Estates of Bruce and Jenny Pryor (\$22 million)**
Medical research at Australian National University, University of Sydney's Wesley College and Hockey Club
7. **Lowy family (\$21.2 million)**
Lowy Medical Research Institute and Lowy Institute for International Policy
8. **Pratt Philanthropies (\$20.1 million)**
Food security, mental health, arts, education, cancer care, Jewish life, Aboriginal advancement, environment
9. **Graham and Louise Tuckwell (\$20 million)**
Part of \$100m for two halls of residence at the Australian National University; partners Tuckwell Scholarship Program
10. **Kinghorn Foundation (\$19.6 million)**
Medical research, poverty, Australian youth.

SOURCE

Coates, P (29 April 2020), *AFR Magazine*, 'Australia's biggest benefactors set philanthropy record'.



Philanthropy as a source of pluralism

Philanthropy gives voice to disparate and diverse groups, and importantly to those who are disempowered or who do not have access to those who hold power and influence. As such it is a protection against a 'mono' culture and agenda which can dominate government policy agendas and funding cycles. Supporting and socialising alternatives to government policy are critical aspects of a healthy democracy and philanthropy is well-placed to enable and give this life.

However, critics of philanthropy claim that philanthropy does not significantly challenge the societal arrangements that generate the inequalities of wealth creation. Indeed, philanthropy may sustain the systems that give rise to private wealth creation, and where wealth is a determinant of power and influence, is therefore self-perpetuating. A recent high-profile book – *Winner takes All* – by Anand Giridharadas, describes philanthropy as 'generosity as a cheap substitute for justice'.

The long-term nature of philanthropy

Philanthropic funding is not subject to electoral cycles or any external time restraints, it can take long views and provide extended funding directed at long-term and often global and multi-generational issues (e.g. climate change, mass displacement of people, pandemics, etc). It can start a funding relationship without knowing where it might end up, and without limiting the time horizons needed for complex change. In a similar manner, it can address issues that transcend national and geopolitical borders.

But where philanthropy has benefited from a tax subsidy or deduction (e.g. on establishing a Private or Public Ancillary Fund) these long-term horizons and exploratory relationships might not be seen to be delivering enough short to medium term return or benefit. This can challenge the continuation of the tax concession environment which supports philanthropy.

Philanthropy as a human and civic virtue

Philanthropy is an expression of active citizenship and agency. It is a powerful mechanism for people to express their humanity and individuality. At the same time, we

acknowledge the benefits to self from such pro-social behaviour – such as positive emotional, psychological and physical health. It is a vital means of civic and community participation and expression of what we value and nurture.

It is not always the case that philanthropy is 'pure'. We all have different motivations and values which will not always align. Depending on views about the generation or source of wealth and of its motivation, philanthropy can be 'tainted' – reference the current discussion of, and response to, the Sackler family's philanthropy in the US.

HOW DO WE DIAL UP THE LIGHT AND MITIGATE THE DARK?

We can't address the dark side by taking away the light. So, if we need the characteristics that give us the light, how do we mitigate the dark side?

We think there are a few strategies, all which I hope you recognise in Philanthropy Australia's strategy, activities and advocacy.

1. Good charity laws give rigour and clarity to the system and build confidence which encourages support for philanthropy and allows it to grow in purpose and capacity. The ACNC, contemporary charity laws and an effective DGR framework are vital in protecting and improving the philanthropy environment.
2. Sunlight being the best disinfectant, maximum transparency demonstrates accountability and builds trust. Encouraging the telling of reflective stories about the work of philanthropy (its failures as well as its successes), annual reports and sharing data are all essential.
3. We need constant education, insight and reflection to keep pushing us towards understanding and adopting best practice. Case studies, conferences, web resources, peer collaborations, Awards and thought leadership activities are all examples of how we can keep track.
4. We need to be deliberate and intentional about acknowledging and understanding philanthropy's characteristics, deliberately playing to the light side and strengths to maximise the benefits, setting the dollars to work as hard as possible.
5. We also need to be aware of, and vigilant to, the shadows it creates, and to have the confidence to explore the shadows: how do we use and share our power? How can we be accountable and to whom? How do we build better practice models? How do we build transparency in the sector around where the money goes and how decisions are made?

We need more and better philanthropy, and by being smart about playing to its strengths and mitigating its shadows, we will all continue to benefit.

Sarah Davies is CEO, Philanthropy Australia.

Davies, S (25 March 2019). *The light and the dark sides of philanthropy*. Retrieved from www.philanthropy.org.au on 29 October 2020.

DEAR BABY BOOMERS: AUSTRALIAN PHILANTHROPY NEEDS YOUR HELP

Krystian Seibert offers a picture of what philanthropy looks like in Australia, and explores an opportunity to improve our giving culture

People experience philanthropy in Australia in a variety of ways, often without even realising it. It might be a new hospital wing that was constructed using funds from a generous donor, or an art exhibition made possible through the support of a group of philanthropic foundations.

Philanthropy played a key role supporting the Yes campaign in the 2017 marriage equality vote, and right now it's funding advocacy to lift the rate of Newstart.

From time to time we hear about big pledges in the news. This week, for example, we learned that a pledge by Clive Palmer made in 2008 to donate A\$100 million to Indigenous communities has turned out to be an empty one.

But philanthropy can still be surrounded by an aura of mystery. Here's a picture of what it looks like in Australia, and why we have an opportunity to improve our giving culture.

How much do we give?

Total giving to Australian charities in 2016 was A\$10.5 billion, according to data from the Australian Charities and Not-for-profits Commission. Most of that is on the smaller end of the scale. The bulk comes from monthly donations people make to a favourite charity, or one-off donations in response to a Christmas or disaster appeal.

About A\$1.5 billion is what's called "structured philanthropy". This is philanthropy at the larger end of the scale, which tends to be planned and strategic, and generally involves using some sort of dedicated legal structure to facilitate it, such as a philanthropic foundation.

'Structured philanthropy' in Australia

Some individuals, families or businesses decide to establish a separate legal structure for a variety of reasons. For large-scale giving, they may wish to build a solid governance structure around it in order to enhance its effectiveness. They may want to involve their children more closely in the management of their giving. Or they may also want to build a legacy that can continue to contribute to the community after their death.

So, when it comes to deciding what kind of structure to use, what are the options available in Australia?

One option is what's called the "private ancillary fund" (PAF). A PAF enables a donor to put aside an amount of money in a trust to support charities over the long term. Donations into the PAF are tax deductible, and are invested to generate a return over time. Every year, 5% of the PAF's assets must be distributed as grants to what are called "Item 1 deductible gift recipients".

Since their introduction in 2001, PAFs have grown relatively steadily. There are around 1,650 of them, according to data from the Australian Taxation Office (ATO). Together they hold upwards of A\$8 billion in assets, and distribute more than A\$450 million in grants per year.

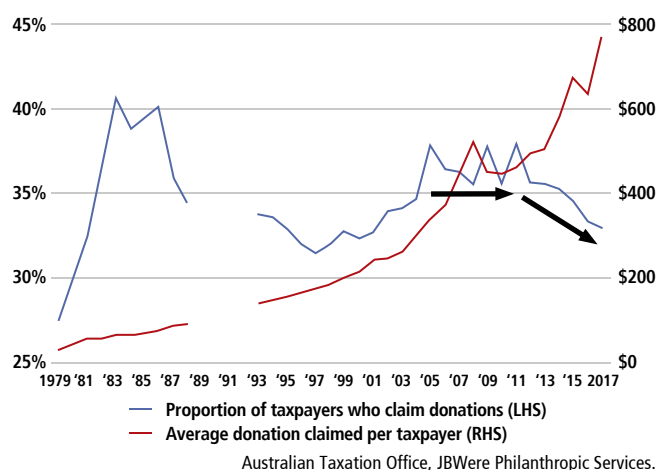
One alternative to a PAF is to establish what is commonly referred to as a "sub-fund". They can be thought of as a form of "giving account" that sits within a larger public foundation. There are a range of providers with whom a donor can establish a sub-fund. These include community foundations, wealth managers and trustee companies.

A donor makes tax deductible donations which are credited against their sub-fund. The assets credited against their name are invested together with the assets of all the other sub-funds managed by the provider, to generate a return. The donor can then make recommendations to the provider for grants to be

There are some worrying trends in terms of our giving behaviour based on the latest data from the ATO. The proportion of taxpayers who claim a deduction for donating is in decline, although the average amount claimed is increasing.



PROPORTION OF TAXPAYERS CLAIMING DONATIONS AND THE AMOUNT CLAIMED



made out of their sub-fund to “Item 1 deductible gift recipients”.

Until recently, there has been no data on sub-funds in Australia, but my recent research at Swinburne University found there were at least 1,995 sub-funds in Australia. They hold A\$1 billion in assets, and distributed nearly A\$57 million in 2017-18 via some 6,000 grants. There are indications that sub-funds

are growing strongly, and the next iteration of this research in 2020 will provide more conclusive data on this.

There is also the option to establish a charitable trust. These are different from PAFs or sub-funds because you don’t get a tax deduction for any donations you make into them. But you can generally structure them to give to a much wider range of charities and other organisations.

According to one estimate, there were 2,005 charitable trusts in 2016. They held assets of A\$7.7 billion, and distributed A\$507 million in grants. Many charitable trusts are set up through people’s wills, and only come into existence when a person dies. Because we don’t have estate taxes in Australia, the lack of a tax deduction isn’t a problem.

Could we give more?

There are some worrying trends in terms of our giving behaviour based on the latest data from the ATO. The proportion of taxpayers who claim a deduction for donating is in decline, although the average amount claimed is increasing. At the same time, 44% of taxpayers with a taxable income above A\$1 million did not claim a single deduction for a donation to a “deductible gift recipient”.

Australia is about to witness the largest intergenerational wealth transfer in our history, with estimates that in the next two decades A\$2.4 trillion will pass from “baby boomers” to the next generation. But giving through bequests made in wills is currently low.

One study estimated that in 2012, only 7.6% of wills had a charitable bequest, and they accounted for only 2.7% of the total value of estates. So, although Australians should be proud of the giving we do, there is clearly room for improvement. We really should have tens of thousands of PAFs, sub-funds and charitable trusts in Australia, not just a few thousand.

What will ultimately drive the growth of giving, both large and small, is the culture of giving we foster in Australia. Part of the solution, particularly at the larger end of the scale, is to ensure we have the right incentives and structures in place to encourage it. But we also need to look at other ways to inspire more giving – growing our culture of giving is not something you can do overnight.

DISCLOSURE STATEMENT

Krystian Seibert is also a Policy Adviser to Philanthropy Australia, the peak body for Australia’s philanthropic sector. This work involves seeking to influence the policy framework for philanthropy so as to grow giving in Australia.

Krystian Seibert is Industry Fellow, Centre for Social Impact, Swinburne University of Technology.

THE CONVERSATION

Seibert, K (5 April 2019). *Dear baby boomers: Australian philanthropy needs your help*. Retrieved from <http://theconversation.com> on 29 October 2020.

What will ultimately drive the growth of giving, both large and small, is the culture of giving we foster in Australia.



EXPLORING ISSUES

WORKSHEETS AND ACTIVITIES

The Exploring Issues section comprises a range of ready-to-use worksheets featuring activities which relate to facts and views raised in this book.

The exercises presented in these worksheets are suitable for use by students at middle secondary school level and beyond. Some of the activities may be explored either individually or as a group.

As the information in this book is compiled from a number of different sources, readers are prompted to consider the origin of the text and to critically evaluate the questions presented.

Is the information cited from a primary or secondary source? Are you being presented with facts or opinions?

Is there any evidence of a particular bias or agenda? What are your own views after having explored the issues?

CONTENTS

BRAINSTORM	50
WRITTEN ACTIVITIES	51
DISCUSSION ACTIVITIES	52
RESEARCH ACTIVITIES	53
DESIGN ACTIVITIES	54
MULTIPLE CHOICE	55



Brainstorm, individually or as a group, to find out what you know about charity and giving.

1. What is a 'charity', and why are they important?

2. What does the term 'philanthropy' mean, and what are some examples?

3. Explain what is meant by the term 'effective altruism'?

4. How do charities and not-for-profits differ from each other? Include examples to clarify your answer.



Complete the following activities on a separate sheet of paper if more space is required.

“Most people believe it is a good idea to help out others in need, if and when we can. If someone falls over in front of us, we usually stop to see if they need a hand or to check if they are OK. Donating to charity is also considered to be helping others in need ...”

D'Olimpio, L, *Ethics explainer: on charitable giving.*

Consider the above statement. Read the following questions about donating funds to a charity. Imagine you are given a sum of money and its sole purpose is to be used as a donation for a charity. Choose a charity that appeals to you and that you feel will benefit from the money. Write your selection in the space below and then address the following questions by writing 1-2 paragraphs on each.

CHARITY: _____

1. What were the most important things you considered about the charity before selecting it for your donation? Outline your thought process, including any positives and negatives you considered.

2. How do you believe the money you are donating should be spent? Include your thoughts on administration costs, distribution costs and accountability.

3. How do you think donating this money to your chosen charity will make you feel? Will it make you happy that you have helped a cause or someone in need? Or, do you think you might feel resentful that you have to give to a charity to improve civil society? Or do you have any other thoughts?



DISCUSSION ACTIVITIES

Complete the following activities on separate sheets of paper if more space is required.

Form into groups of two or more people to discuss the following topics. Compare your findings with other groups in the class.

1. In your group, discuss what first comes to mind when you think about charities, and why? Also, compile a list of all the charities that your group can remember collectively. Try and build on your initial list after brainstorming in your group.

2. Fundraising activities can come in all shapes and sizes, but what kind of fundraising activity appeals to your group the most, and why? Discuss the reasons why you feel these activities appeal to you the most, whether they would provide the most benefit to the associated causes, and why.

3. Consider any not-for-profit organisations or charities that you feel you would not support for ethical reasons. In your groups, discuss your thoughts and reasons, and compile a list of your ideas.



RESEARCH ACTIVITIES

Complete the following activity on a separate sheet of paper if more space is required.

Use the internet to research local, national and international charitable organisations who are currently assisting or supporting causes that you would like to be involved with. If you already support an organisation, ensure that you include them if you feel that you could contribute in additional ways.

Research and select one organisation for each region. Include the following information: name of organisation, how long they have been operating, how small or large the organisation is, the cause/s they support, the type of assistance they offer, their successes and achievements, their administrative and financial structure, how people are able to become involved, and any relevant contact information (websites, groups, events, etc). Summarise how each of these organisations fulfils your criteria for giving.

LOCAL

NATIONAL

INTERNATIONAL



“Effective altruism is exciting and beneficial in many ways. It gets people to think about how to help others, and encourages people to act in ways that do help others.”

Consider the concept of 'effective altruism' when completing this activity. In groups of two or more, discuss causes that you feel passionate about and design a visual mind map to prioritise them.

Design a complete brief for your fundraising event. In your brief provide an explanation of how you chose the cause, include your mind map. Outline how you will approach the fundraiser, and explain how it will provide the most benefit for the cause. Also, include a roster for your group's involvement – focus your roles on where your strengths and interests lie (e.g. if you are a good organiser, if you have an interest/skill in design, or if you enjoy building things, etc). Include your most cost-effective promotional ideas for the greatest impact. As a group present your fundraising event brief to the class.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



MULTIPLE CHOICE

Complete the following multiple choice questionnaire by circling or matching your preferred responses. The answers are at the end of the following page.

- 1. For a donation to be tax deductible, an organisation has to be 'endorsed' by the Australian Tax Office (ATO) as which of the following?**
 - a. Donation Endorsement Recipient
 - b. Endorsed Deduction Recipient
 - c. Tax Deduction Recipient
 - d. Deductible Gift Recipient
 - e. Tax Break Recipient
 - f. Donation Gift Recipient
- 2. According to the *Australian Communities 2020* report, which of the following were the top three (3) causes Australians were motivated to support? Select all three that apply.**
 - a. Environmental issues
 - b. Local disaster response
 - c. Children's charities
 - d. Mental health
 - e. Medical and cancer research
 - f. Homelessness
 - g. Animal welfare and wildlife support
- 3. Which of the following would NOT be considered as giving to a charity? Select any that apply.**
 - a. Donating blood
 - b. Volunteering at a local surf life-saving club
 - c. Selling your unused shoes online
 - d. Buying Fairtrade products
 - e. Taking part in a charity fun run
 - f. Giving homemade Christmas cards
 - g. Putting unused blankets in a charity collection
- 4. Which of the following are preferred as donations to charities? Select any that apply.**
 - a. Clothes in good condition
 - b. Time
 - c. Tinned food
 - d. Old footwear in poor condition
 - e. Money
 - f. Perishable food
 - g. Furniture in good condition
 - h. Expertise
- 5. Which of the following could be warning signs that you have been approached by a fake charity? Select any that apply.**
 - a. They will not present you with any kind of identification
 - b. You have never heard of the charity before
 - c. The charity has been endorsed by the ATO
 - d. You are asked to transfer money to a personal account
 - e. You are bullied for not wanting to donate
 - f. You receive an email request with an unrelated email address



MULTIPLE CHOICE

6. What do the letters 'NFP' stand for in relation to charities and giving?

- a. No funded profits
- b. Not for publication
- c. Not-for-profit
- d. No fundraising people
- e. Not for philanthropists
- f. No filed payroll

7. Match the following terms with their correct definition.

- | | |
|-------------------|---|
| a. Volunteer | 1. A gift given to a charity. |
| b. Philanthropist | 2. An organisation that doesn't operate for profit or gain. |
| c. Charity | 3. The giving of goods and services for a charitable purpose. |
| d. Donation | 4. A person who gives to improve the wellbeing of the community – it can include money, services, information, influence or time. |
| e. Fundraising | 5. A person who offers their time for free to a charity or not for profit. |
| f. Trust | 6. A not-for-profit entity that holds money for the public benefit and organises grants of money for charitable purposes. |
| g. In-kind giving | 7. Process of collecting financial contributions for a charitable purpose. |
| h. Not-for-profit | 8. An entity of any size that operates altruistically. |

MULTIPLE CHOICE ANSWERS

1 = d, 2 = b, 3 = c, 4 = a, 5 = e, 6 = f, 7 = g, 8 = h, 9 = c, 10 = a, 11 = b, 12 = d, 13 = e, 14 = f, 15 = g, 16 = h, 17 = a, 18 = b, 19 = c, 20 = d, 21 = e, 22 = f, 23 = g, 24 = h, 25 = a, 26 = b, 27 = c, 28 = d, 29 = e, 30 = f, 31 = g, 32 = h, 33 = a, 34 = b, 35 = c, 36 = d, 37 = e, 38 = f, 39 = g, 40 = h, 41 = a, 42 = b, 43 = c, 44 = d, 45 = e, 46 = f, 47 = g, 48 = h, 49 = a, 50 = b, 51 = c, 52 = d, 53 = e, 54 = f, 55 = g, 56 = h, 57 = a, 58 = b, 59 = c, 60 = d, 61 = e, 62 = f, 63 = g, 64 = h, 65 = a, 66 = b, 67 = c, 68 = d, 69 = e, 70 = f, 71 = g, 72 = h, 73 = a, 74 = b, 75 = c, 76 = d, 77 = e, 78 = f, 79 = g, 80 = h, 81 = a, 82 = b, 83 = c, 84 = d, 85 = e, 86 = f, 87 = g, 88 = h, 89 = a, 90 = b, 91 = c, 92 = d, 93 = e, 94 = f, 95 = g, 96 = h, 97 = a, 98 = b, 99 = c, 100 = d, 101 = e, 102 = f, 103 = g, 104 = h, 105 = a, 106 = b, 107 = c, 108 = d, 109 = e, 110 = f, 111 = g, 112 = h, 113 = a, 114 = b, 115 = c, 116 = d, 117 = e, 118 = f, 119 = g, 120 = h, 121 = a, 122 = b, 123 = c, 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1211 = c, 1212 = d, 1213 = e, 1214 = f, 1215 = g, 1216 = h, 1217 = a, 1218 = b, 1219 = c, 1220 = d, 1221 = e, 1222 = f, 1223 = g, 1224 = h, 1225 = a, 1226 = b, 1227 = c, 1228 = d, 1229 = e, 1230 = f, 1231 = g, 1232 = h, 1233 = a, 1234 = b, 1235 = c, 1236 = d, 1237 = e, 1238 = f, 1239 = g, 1240 = h, 1241 = a, 1242 = b, 1243 = c, 1244 = d, 1245 = e, 1246 = f, 1247 = g, 1248 = h, 1249 = a, 1250 = b, 1251 = c, 1252 = d, 1253 = e, 1254 = f, 1255 = g, 1256 = h, 1257 = a, 1258 = b, 1259 = c, 1260 = d, 1261 = e, 1262 = f, 1263 = g, 1264 = h, 1265 = a, 1266 = b, 1267 = c, 1268 = d, 1269 = e, 1270 = f, 1271 = g, 1272 = h, 1273 = a, 1274 = b, 1275 = c, 1276 = d, 1277 = e, 1278 = f, 1279 = g, 1280 = h, 1281 = a, 1282 = b, 1283 = c, 1284 = d, 1285 = e, 1286 = f, 1287 = g, 1288 = h, 1289 = a, 1290 = b, 1291 = c, 1292 = d, 1293 = e, 1294 = f, 1295 = g, 1296 = h, 1297 = a, 1298 = b, 1299 = c, 1300 = d, 1301 = e, 1302 = f, 1303 = g, 1304 = h, 1305 = a, 1306 = b, 1307 = c, 1308 = d, 1309 = e, 1310 = f, 1311 = g, 1312 = h, 1313 = a, 1314 = b, 1315 = c, 1316 = d, 1317 = e, 1318 = f, 1319 = g, 1320 = h, 1321 = a, 1322 = b, 1323 = c, 1324 = d, 1325 = e, 1326 = f, 1327 = g, 1328 = h, 1329 = a, 1330 = b, 1331 = c, 1332 = d, 1333 = e, 1334 = f, 1335 = g, 1336 = h, 1337 = a, 1338 = b, 1339 = c, 1340 = d, 1341 = e, 1342 = f, 1343 = g, 1344 = h, 1345 = a, 1346 = b, 1347 = c, 1348 = d, 1349 = e, 1350 = f, 1351 = g, 1352 = h, 1353 = a, 1354 = b, 1355 = c, 1356 = d, 1357 = e, 1358 = f, 1359 = g, 1360 = h, 1361 = a, 1362 = b, 1363 = c, 1364 = d, 1365 = e, 1366 = f, 1367 = g, 1368 = h, 1369 = a, 1370 = b, 1371 = c, 1372 = d, 1373 = e, 1374 = f, 1375 = g, 1376 = h, 1377 = a, 1378 = b, 1379 = c, 1380 = d, 1381 = e, 1382 = f, 1383 = g, 1384 = h, 1385 = a, 1386 = b, 1387 = c, 1388 = d, 1389 = e, 1390 = f, 1391 = g, 1392 = h, 1393 = a, 1394 = b, 1395 = c, 1396 = d, 1397 = e, 1398 = f, 1399 = g, 1400 = h, 1401 = a, 1402 = b, 1403 = c, 1404 = d, 1405 = e, 1406 = f, 1407 = g, 1408 = h, 1409 = a, 1410 = b, 1411 = c, 1412 = d, 1413 = e, 1414 = f, 1415 = g, 1416 = h, 1417 = a, 1418 = b, 1419 = c, 1420 = d, 1421 = e, 1422 = f, 1423 = g, 1424 = h, 1425 = a, 1426 = b, 1427 = c, 1428 = d, 1429 = e, 1430 = f, 1431 = g, 1432 = h, 1433 = a, 1434 = b, 1435 = c, 1436 = d, 1437 = e, 1438 = f, 1439 = g, 1440 = h, 1441 = a, 1442 = b, 1443 = c, 1444 = d, 1445 = e, 1446 = f, 1447 = g, 1448 = h, 1449 = a, 1450 = b, 1451 = c, 1452 = d, 1453 = e, 1454 = f, 1455 = g, 1456 = h, 1457 = a, 1458 = b, 1459 = c, 1460 = d, 1461 = e, 1462 = f, 1463 = g, 1464 = h, 1465 = a, 1466 = b, 1467 = c, 1468 = d, 1469 = e, 1470 = f, 1471 = g, 1472 = h, 1473 = a, 1474 = b, 1475 = c, 1476 = d, 1477 = e, 1478 = f, 1479 = g, 1480 = h, 1481 = a, 1482 = b, 1483 = c, 1484 = d, 1485 = e, 1486 = f, 1487 = g, 1488 = h, 1489 = a, 1490 = b, 1491 = c, 1492 = d, 1493 = e, 1494 = f, 1495 = g, 1496 = h, 1497 = a, 1498 = b, 1499 = c, 1500 = d, 1501 = e, 1502 = f, 1503 = g, 1504 = h, 1505 = a, 1506 = b, 1507 = c, 1508 = d, 1509 = e, 1510 = f, 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- Charitable giving remains strong in Australia, with 4 in 5 Australians (82%) giving to charities or not-for-profit organisations (McCrindle Research, *Australian Communities 2020 – Exploring social licence, trust and the next generation of donors*). (p.1)
- More than 2 in 3 Australian givers (67%) are more inclined to support Australian charities with a local/national focus as they believe it is important to look after their own backyard first (*ibid*). (p.1)
- In 2020 the top 3 causes Australian givers are highly motivated to support are disaster response in Australia (54%), animal welfare and wildlife support (47%) and children's charities (44%) (*ibid*). (p.1)
- More than half of Australian givers (55%) believe Australians should give less than 10% of their income to help those in need (*ibid*). (p.2)
- A third of Australians have volunteered (33%) while more than 1 in 5 have been involved with fundraising for a specific charity (23%) or advocating and raising awareness (21%) (*ibid*). (p.4)
- Younger givers are driving the rise in support for the environment, being more likely than their older counterparts to give to organisations with an environmental focus (*ibid*). (p.5)
- Younger Australians are more likely to have volunteered in the last year; 47% of 18-24s did so, compared with just 28% of over 55s (Young, G, *Nearly eight in ten Australians believe not-for-profits are good for the country*). (p.7)
- Individual Australians significantly increased their giving in the 2017-18 financial year, with a total of \$3.75 billion donated – nearly an 8% increase, or \$265 million, on the previous year (Australian Centre for Philanthropy and Nonprofit Studies, *Fewer Australians give more to charities*). (p.8)
- The average tax-deductible donation made in 2017-18 was \$845.73 – an increase of nearly 10% on the year before (*ibid*). (p.8)
- Charities are heavily reliant on free labour – Australian charities have 2.9 million volunteers and 1.3 million employees (Koda Capital, *Snapshot of giving in Australia*). (p.9)
- Crowdfunding is on the rise, allowing people to extend beyond their own social circles to organised groups responding to the pandemic, charities, and others in need (Sakellaris, E, *How the world gives during a time of social dislocation*). (p.10)
- Due to COVID-19, 17% of charities are at high risk of closing their doors within 6 months, even when taking their reserves into account (Social Ventures Australia, *Will Australian charities be COVID-19 casualties or partners in recovery? A financial health check*). (p.12)
- America ranked as the most generous country over the past decade (Charities Aid Foundation, *World Giving Index (10th Edition)*). (p.13)
- Worldwide, more than 2.5 billion people helped a stranger over the past decade, with African countries accounting for 7 of the top 10 places where people are most likely to do so (*ibid*). (p.13)
- Half of all charities operate with only volunteers and the sector is underpinned by a volunteer contribution of 3.7 million people (Johns, G and Australian Charities and Not-for-profits Commission (ACNC), *Australian Charities Report shows importance of the sector*). (p.15)
- The most common activities for charities include religious activities, primary and secondary education, grant-making, social services and aged care services (*ibid*). (p.15)
- In Australia, there are approximately 56,000 registered charities (ACNC, *Are there too many charities in Australia?*). (p.16)
- Charity registrations in Australia are growing by about 4% per year – a rate that is faster than population growth and business formation (*ibid*). (p.16)
- Charities range from tiny, volunteer-run groups with no funding or revenue, to very large organisations with complicated business structures and operations (*ibid*). (p.17)
- Charities are exempt under the law from the Do Not Call Register. This exemption means they can call people even if they are listed on the Register (ACNC, *Charities and fundraising*). (p.24)
- In the poorest parts of the world, some of the problems preventing people from overcoming poverty can be improved with simple and cheap solutions. A child may die of malaria for lack of a \$3 bed net, or of diarrhea for lack of a 5 cent packet of nutrients (Effective Altruism Australia, *Giving effectively*). (p.32)
- Tithing dates to biblical times but is still practised by many. Traditionally, tithing involves giving away one-tenth of your income (Richardson, K. *How to give during the COVID-19 crisis*). (p.34)
- The not-for-profit sector in Australia is large and diverse, with more than 600,000 not-for-profit organisations including approximately 5,000 trusts and foundations, including ancillary funds, nationwide (Philanthropy Australia, *What is philanthropy?*). (p.44)
- Philanthropy played a key role supporting the Yes campaign in the 2017 marriage equality vote (Seibert, K, *Dear baby boomers: Australian philanthropy needs your help*). (p.47)
- Total giving to Australian charities in 2016 was A\$10.5 billion. Most of that is on the smaller end of the scale. The bulk comes from monthly donations people make to a favourite charity, or one-off donations in response to a Christmas or disaster appeal (*ibid*). (p.47)
- In Australia, there were 2,005 charitable trusts in 2016. They held assets of A\$7.7 billion, and distributed A\$507 million in grants. Many charitable trusts are set up through people's wills, and only come into existence when a person dies (*ibid*). (p.48)

Altruism

Disinterested and selfless concern for the wellbeing of others. 'Effective altruism' is a philosophy and social movement that advocates using evidence and reasoning to determine the most effective ways to benefit others.

Ancillary fund

Legal structure which can be used to establish a tax-deductible foundation. There are two types of ancillary funds: Private Ancillary Funds and Public Ancillary Funds.

Benefactor

A person who gives money, or other help to, a person or cause.

Charitable purpose

A non-profit purpose for the public good, including relieving poverty or sickness or the needs of the aged, advancing education, advancing religion and other purposes beneficial to the community.

Charity

Type of not-for-profit organisation that has a charitable purpose for the public benefit.

Corporate social responsibility

CSR involves the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life. It also entails operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.

Crowdfunding

Collective cooperation, attention and trust by people who network and pool their money and resources together to support efforts initiated by other people or organisations. Modern crowdfunding leverages internet technology and various social networking platforms to link the financial resources of online communities (the crowd) with individuals and organisations that seek funding. (Also called 'crowd-financing', 'crowd-sourcing' and 'cloud-funding'.)

Deductible gift recipient

A DGR is a fund or organisation that can receive tax deductible gifts. The deduction is claimed by the person or organisation that makes the gift. There are requirements set by the Australian Taxation Office to be endorsed as a DGR.

Donation

A gift given to a charity or organisation, often in the form of money, to benefit their cause.

Donor fatigue

A phenomenon in which people no longer donate to charities, although they have in the past. On a larger scale, it can also refer to a slowness to act on the part of the international community or any other donor base in response to a humanitarian crisis or call-to-action.

Fake charities

Scammers who impersonate genuine charities and ask for donations or contact you claiming to collect money, often after natural disasters or major events.

Fundraising

Process of seeking and gathering voluntary financial contributions by engaging individuals, businesses, charitable foundations, or governmental agencies.

In-kind giving

The giving of goods and services in support of a charitable purpose.

Non-profit organisation

Organisation that does not operate for the profit, personal gain or another benefit of particular people. This can include people such as its members, the people who run it, or their friends or relatives. (Also called 'not-for-profit' and 'third sector'.)

Not-for-profit

An organisation that does not operate for profit, or the benefit or gain of any individuals.

Philanthropy

Act of giving to improve the wellbeing of the community. It can include the giving of money, services, information, time, goods, or influence.

Social enterprises

Companies that have philanthropy built into their business models with both business goals and charitable goals.

Social impact

Net effect of an activity on a community and the wellbeing of individuals and families.

Volunteer

Person who freely offers to take part in an enterprise or undertake a task; and/or who works for an organisation without being paid.

Volunteering

Time willingly given for the common good and without financial gain. The term volunteering covers a diverse range of activities. It includes structured volunteering that takes place within an organisation or institution (formal volunteering) and acts that take place outside of an organisation or institution (informal volunteering).

Volunteerism

The principle of donating time and energy for the benefit of other people in the community as a social responsibility rather than for any financial reward.

Workplace giving

Philanthropic contributions of money (including payroll giving, employer matching donations, workplace fundraising, employer grants), time, skills and in-kind support by employees and their employers. (Also called 'corporate giving'.)

Websites with further information on the topic

Australian Centre for Philanthropy and Nonprofit Studies <https://research.qut.edu.au/australian-centre-for-philanthropy-and-nonprofit-studies>
 Australian Charities and Not-for-profits Commission www.acnc.gov.au
 Australian Communities Foundation www.communityfoundation.org.au
 Charities Aid Foundation www.cafonline.org
 GiveNow www.givenow.com.au
 Good2Give www.good2give.ngo
 Philanthropy Australia www.philanthropy.org.au
 Pro Bono Australia www.probonoaustralia.com.au
 The Centre for Volunteering www.volunteering.com.au
 Volunteering Australia www.volunteeringaustralia.org

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- Pro Bono Australia
- McCrindle Research
- Philanthropy Australia
- Australian Charities and Not-for-profits Commission.

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INDEX

A

altruism, effective 34, 42-43
Australia Giving report 7-8
 Australian Charities and Not-for-profits
 Commission 11, 14-15, 16-18, 21,
 23-25, 26-28, 29, 30, 31, 46, 47
Australian Charities Report 14-15

B

Barber, Celeste 11
 bushfire victims 11, 12

C

causes
 local vs global 36
 most popular 1, 5, 6, 44, 45
 charities 1-3, 7-8, 14-48 *see also*
 donations, giving, not-for-profit
 checking name of 26
 choosing 21-22, 29, 36-37
 competing for donations 18
 cost-effectiveness of 28, 30, 32-33
 criminality of 25
 duplicated efforts of 16, 18
 employment by 14
 expenses of 9, 15
 evaluating, how to 37
 expenditure 9, 23
 fake 21, 28
 financial management of 25, 28
 for-profit firms 30
 foundations 44
 fundraising by *see* fundraising
 laws 46
 locations of 18
 mergers, and 18
 new 16, 19, 20
 number of 16-18, 19-20, 21
 organisations that make up 17
 overseas 5-6, 32
 peer-to-peer model 10
 positive impact of 7-8
 questions to ask 21
 revenue growth 14, 15
 sector 14-15, 16-18
 size of Australia's 17-18, 19
 state of Australia's 14-15
 workers 12
 community organisations 36-37
 consumers 30
 COVID-19 (pandemic) 8, 10-12, 15, 34-37
 crowdfunding 10, 22, 29, 35

D

deductible gift recipient (DGR) 16, 22,
 25, 27, 31, 48
 developing countries 32-33
 donations 14, 15, 31 *see also* charities,
 giving

amount given 21, 34, 47
 blankets/clothes 33
 blood 33
 goods 4, 22
 how to 35-36, 37
 money 7, 33
 legitimate charities, to 26-28
 one-off 35
 ongoing 35
 online requests for 27
 tax deductible 8, 21-22, 27-28, 31,
 46, 47, 48

Do Not Call Register 24

F

financial hardship 1-2
 freedom of association 16
 fundraising 12, 23-25
 advertising 25
 bushfire 11
 charities, how 23
 crowdfunding 10, 22, 29, 35
 firms, commercial 23-24
 identity, of fundraisers 26-27
 promoting 4
 shortfall 12
 unwanted (calls, emails, letters) 24

G

giving *see also* charities, donations
 awareness raising 4, 33
 behaviour 4-6
 by generation 4-6
 bequests 48
 blood 34
 corporate 9
 direct vs via intermediary 36
 effective 21-22, 26-28, 29-31, 32-33,
 34-37, 38-39, 40-41, 42-43
 encouraging others 33
 environmental 5
 ethics of 38-39, 40-41
 gender, by 8, 9
 generosity, by country 13
 global citizens, by 41
 heart, from the 38
 injustices, to heal and address 39
 immediate vs long-haul aid 36
 mindful 39
 moral obligation for 40-41, 42-43
 nationalism in 1, 5-6
 neediest, to 38
 number of people 8
 personal vs anonymous 35-36
 plan 34-37
 responsible 38-39
 sharing what you have 34-35
 time, your 33
 trends

Australia 1-12
 global 13
 unjust policies, to overcome 39
 ways of 4, 33
 when 4, 35
 workplace 9, 33
 why 34
 younger Australians, by 2, 5, 7

N

need responders 1, 4
 neighbours 34
 not-for-profit *see also* charities
 organisations, types of 44
 sector 1-3, 7-8, 19-20, 44

P

pandemic *see* COVID-19
 philanthropy 9, 47-48
 analysis of 45-46
 definition of 44
 foundations 47-48
 grassroots 10
 light/dark sides of 45-46
 long-term nature of 46
 motivations and values 46
 philanthropists, Australia's top 45
 pluralism, as a source of 46
 risk capital, as 45
 structured 47
 virtue, as a 46
 privacy, personal information 25
 private ancillary funds 9, 10, 46, 47, 48

S

scammers 28, 29
 Singer, Peter 40-41, 42
Snapshot of Australian Giving, A 9
 social dislocation 10-12
 social distancing 10
 social licence, building 2
 social media 10
 social responsibility 1
 strangers, helping 13, 33
 sub-funds 47-48

T

tax deductible *see* donations
 tithing 34
 trusts, charitable 3, 7, 9, 44, 48

V

volunteering 4, 7, 9, 10, 13, 15, 31, 33, 35

W

wealthy 8, 9, 45-46
World Giving Index 13

Y

younger Australians 2, 5, 7