



An Australian Government Initiative



THE PRIME MINISTER'S
COMMUNITY
BUSINESS
PARTNERSHIP

GIVING AUSTRALIA

Research on Philanthropy in
Australia

October 2005



Australian Government
**Department of Family and
Community Services**



**THE PRIME MINISTER'S
COMMUNITY
BUSINESS
PARTNERSHIP**

Giving Australia: Research on Philanthropy in Australia

Summary of Findings

October 2005

The 'Giving Australia' project is an initiative of the Prime Minister's Community Business Partnership, coordinated by the Australian Council of Social Service (ACOSS) in collaboration with the Centre for Australian Community Organisations and Management (CACOM) at the University of Technology, Sydney, the Centre of Philanthropy and Nonprofit Studies (CPNS) at the Queensland University of Technology, Roy Morgan Research (RMR), McNair Ingenuity Research and the Fundraising Institute - Australia (FIA).



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Executive Summary

Key findings

Giving Australia has identified a growing proportion or rate of giving and increasing generosity in giving. This holds true for giving of money, and giving of time or volunteering and across giving by individuals and households as well as by business.

The giving of money, goods and services to nonprofit organisations by individuals and business is estimated by this research to total **\$11 billion** in a year (this figure excludes giving in response to the Asian Tsunami appeals in late 2004-early 2005). This giving is comprised of:

- \$7.7 billion from individuals.** Of this, \$5.7 billion was donated by **13.4 million people, 87% of adult Australians**, in the year to January 2005. The average donation was \$424 pa while the median donation was \$100 (i.e. half of all donations were above this amount and half were below). A further \$2 billion was provided by 10.5 million individuals through ‘charity gambling’¹ or support for events.
- \$3.3 billion from 525,900 businesses, 67% of all businesses** in the 2003-04 financial year. Business giving consisted of 68% in money (\$2.21 billion), 16% in goods (\$0.52 billion) and 16% in services (\$0.52 billion). Donations accounted for 58% of business giving (\$1.9 billion – given by 58% of all businesses); sponsorship for 25% (\$0.81 billion – given by 20%); and community business projects² for 17% (\$0.54 billion – given by 19% of businesses).

Giving of time by individuals, volunteering to nonprofit organisations, is also very significant. Key findings are:

- Of adult Australians, 41% volunteered** in the year to January 2005 giving an estimated **836 million hours** of their time at an average of **132 hours per year** per volunteer. The median for volunteering hours was 44, half volunteering more and half less than this amount.

Nonprofit organisations: The recipients of giving

There are an estimated 700,000 nonprofit organisations in Australia, most of which are small and many depend on voluntary commitment. About half are incorporated and about 35,000 employ staff. There are approximately 20,000 organisations with Deductible Gift Recipient³ status in Australia. For 1999-2000 the Australian Bureau of Statistics (ABS) (2002a) estimated the nonprofit sector’s total revenue at \$33.5 billion.

Key features of giving to different fields within which nonprofit organisations operate include:

- Community and welfare service** organisations receive about one in eight of all dollars donated by adult Australians. This sector receives over one in four of all hours volunteered and attracts 30% of business giving.

1 ‘Charity gambling’ includes fundraising through raffles, lotteries and art unions.

2 Community business projects are defined as including cooperative arrangements or partnerships between business and community or government organisations that involve an exchange of money, goods or services in return for business benefits such as improved staff expertise, networking or enhanced reputation.

3 Deductible Gift Recipient (DGR) status is conferred under taxation law to nonprofit entities. An individual or business making a donation to a DGR entity may make a tax deductible claim for such a donation.

- ▶ **Health** nonprofit organisations, including medical research organisations, receive about one in six of the total value of donations by individuals, one in ten of all hours volunteered and almost one in five of the total value of business giving.
- ▶ **Religious institutions** are significant beneficiaries of donations by individuals, receiving more than one in three of the total value. About one in six of all hours volunteered goes toward these institutions.
- ▶ **International aid and development** organisations receive about one in eight of all dollars donated by individuals. This does not include total giving of more than \$300 million through Tsunami appeals in 2005.
- ▶ **Education** nonprofit organisations receive about one in twenty dollars of all donations from individuals and of business giving. These organisations receive about one in eight of all hours volunteered.
- ▶ **Environment and animal welfare** groups receive about one in twenty of the value of all donations by individuals, about one in forty of total hour volunteered and less than one percent of the total giving from business.
- ▶ **Sporting and recreation** groups receive 3% of the total of all individual donations, about one in five of all hours volunteered and one in six of the dollar value of business giving.
- ▶ **Arts and cultural** organisations receive only a small proportion of individual donations and volunteered hours but receive almost one in ten of the value of all business giving.

Trends

Comparisons over time must be qualified, given that different methodologies applied, and so should be treated with caution. However, because a number of data sources have confirmed growing rates or proportions of donations of money and volunteering by individuals, there can be some confidence in the comparisons with earlier ABS findings.

Since 1997, giving of money by individuals has increased in absolute terms by about 88%, or 12.5% pa. In real terms, adjusted for inflation, giving rose by about 58% over those seven years.

The proportion of Australians who volunteer is rising. In 1995 the ABS (2003) estimated the volunteering rate to be 24% and total hours volunteered, 512 million. The average number of hours volunteered by each volunteer was 160 pa. In 2000 the figures were a volunteering rate of 31%, a total of 704 million hours and an average number of hours per volunteer of 160 pa. By 2002 the rate had increased to 34% (no estimates of hours were provided).

For the 2000-01 year the ABS (2002b) estimated total giving by business as \$1.5 billion. As a result of methodological differences between that study and findings reported here, it is not possible to be definitive about the extent of growth in business giving, which has nevertheless been significant. Comparisons of the proportions for giving via donations, sponsorships or community business projects can be made with somewhat more confidence. Between the 2000-01 and 2003-04 years, the proportion of business giving through donations rose from 40.5% to 58%, community business projects have risen from 12.6% to 17% while sponsorships have fallen as a proportion of business giving from 46.7% to 25%.

International Comparisons

Comparing giving in Australia with the USA in 2004 we find that giving as a proportion of Gross Domestic Product (GDP) in the USA is 1.6% and for Australia it is 0.68%. In Canada, for 2000, donations were equivalent to 0.46 % of GDP. This indicates that when the differences in the size of economies is taken into account, the USA generates more than twice the level of giving than Australia, and Australians give about one and a half times as much as Canadians on average.

According to a large sample survey conducted in 2003 by the United States Department of Labor, 27.6% of Americans aged 16 and over volunteered during the twelve months to September 2002 (United States Department of Labor 2002). The median number of hours volunteered was 52 pa. A significantly higher proportion of Australians volunteered, but with slightly lower median hours than Americans.

In 2000, 27% of Canadians over 15 volunteered for a total of 1050 million hours, or an average of 163 hours per volunteer (Hall et al 2001). The rate has decreased since 1997, though the average hours volunteered has increased. It can be seen that a significantly higher percentage of adult Australians volunteer, but for fewer hours on average than Canadian volunteers.

Strengthening Giving

This overall increase in giving is likely to be the result of a number of factors. These include:

- ▶ the increasing size of the adult population in Australia
- ▶ sustained economic prosperity, with increasing numbers in employment and, for most, rising wages and disposable income for individuals and, generally, improved business profitability
- ▶ increases may also reflect greater and positive publicity for giving, a large increase in the number of nonprofit organisations seeking donations and the use of more sophisticated appeals and fundraising methods by some.

Drawing on the quantitative and qualitative research on giving, it is possible to identify some factors, and for these, some relationships or patterns. Such a summary is necessarily qualified by the observation that giving is diverse, taking many forms and performing different purposes. However, such a summary can provide a guide to understanding and identifying strategies for strengthening a giving culture in Australia.

Giving is influenced by the *capacity* of individuals and businesses to give, either financial or non-financial resources.

Giving can also be viewed as occurring along a continuum from *altruism* – with no expectation of return – through to giving that entails *reciprocity* of either implicit, explicit, more or less tangible returns to the giver.

The discussion of this research related to these factors is summarised below.

Capacity

Two relationships seem evident about the influence of the capacity of givers. These are:

Those with greater financial capacity give more. Wealthier individuals and larger businesses tend to give more, and more often.

Those with less capacity give what they can. Cash-poor individuals (eg retirees, younger people and, comparatively, women) volunteer at higher rates and/or for longer periods on average than do time-poor, wealthier individuals. Larger businesses give all forms of assistance to nonprofit organisations more often on average than smaller businesses. However, very small businesses have been found to more often give some specific forms of goods and services compared with larger businesses, also suggesting this ‘give what you can’ approach.

Altruism and Reciprocity

Giving can be viewed as occurring along a continuum from, at one end, giving that is altruistic, through to giving that is reciprocated through returns to the giver. A number of points along this continuum can also be identified.

Altruistic giving. This is the most common reason popularly associated with giving and the one that many view as being primary. Giving to the Tsunami appeals of late 2004 and early 2005 is a good example. Such giving is often spontaneous or unplanned, for example as a reaction to a catastrophic event or an unexpected encounter, such as giving to street collectors or beggars. Altruistic giving is often anonymous and frequently no return to the giver is sought or expected, amounts given can be modest and only rarely are claims for tax purposes made.

Expression of identity or reputation. For individuals, giving can reinforce, or be a manifestation or expression of religious, social justice, environmental, aesthetic or other values. The return to the individual is often intangible, in the form of feelings. Tokens, such as badges or a flower can be symbolic for the giver but are usually of little material value. Social and other relationships can be important as factors reinforcing such values. In the case of businesses, giving may enhance the reputation of a business.

Community connectedness. The extent to which individuals or businesses are connected with communities seems to be a factor in giving. Individuals who are volunteers with or members (especially active members) of nonprofit organisations, give more than those who do not join in such community activity. Those who have used the services of nonprofit organisations also tend to give more and give more often. Individuals who have benefited most from the community – through, for example, higher education or high incomes – tend to give more and at greater rates. Business, especially smaller businesses in regional areas, often give to local causes. Many businesspeople and wealthier individuals respond well to requests for giving that are initiated by people within their networks or that involve those networks.

Reciprocity. In a number of ways individual givers may receive a material benefit for giving – this can range from fundraising dinners to more enduring items (such as T-shirts). The *possibility* of material gain can be extended through ‘charity gambling’. For business, giving to nonprofit organisations may result in profile or advertising and attract or retain customers (eg via sponsorship). Business may attract staff or improve staff retention rates or skills through employee volunteering or giving programs.

The reasons or motivations for giving, in practice, often reflect a mix of factors. Understanding these reasons can lead to better ways to strengthen giving and nonprofit organisations.

Sustaining giving is most likely when an understanding of motivations for giving are built upon by mechanisms that foster *planned giving*. A commonly held view is that giving is spontaneous. Indeed findings here are that 51% of donations are one-off, but often quite small. However, nonprofit organisations are most likely to be sustained by regular and generous giving built on a long term relationship with the giver.

Bequests and the role of *foundations and trusts* are among the infrastructure of planned giving. These entities are also often strategic by being sustained and supportive in addressing systemic problems and meeting gaps in community need.

Taxation measures also foster planned giving. While only about one in four dollars donated is claimed for tax purposes, those who respond to tax related giving incentives are often wealthier community members, whose rates and magnitude of donations are growing. Prescribed private funds, while still small in number, have grown quickly to become significant. A capacity for growth is evident for workplace giving. Workplace giving is a simple and effective way to regularly donate to charitable organisations through automated payroll deductions.

The *approaches* that nonprofit organisations adopt to secure giving are important. Some frequently used approaches, such as telemarketing, are found to be unpopular, but reasonably effective. However, these and other invasive approaches, and the overall credibility of nonprofit organisations through their adoption, pose risks to giving. Donors report a preference for door knock appeals, especially when undertaken by volunteers and when publicised. Businesses have a preference for, and do respond fairly well to, written requests supported by documentation.

Findings from the Survey of Nonprofit Organisations confirm that fundraising and volunteering are the two most widely adopted ways of generating resources. However, the use of particular practices varies, often based on the size of nonprofit organisations. Smaller organisations rely more heavily than larger ones on gambling and volunteers and generally use a smaller array of strategies. These smaller organisations often lack both the resources to diversify their activities for generating resources and the knowledge to do so. Larger nonprofit organisations engage more often in a full array of fundraising activities, support from volunteers, commercial ventures and partnerships with business. However, even with experience larger organisations face constraints, especially financial and human resource limits, in particular attracting, retaining and training good fundraisers. As with any organisation, leadership at a CEO level is important and, as a defining characteristic of the nonprofit sector, voluntary board members providing good advice, support and contacts are a factor in success.

Finally, nonprofit personnel have had input to this project through participation in focus groups and in-depth interviews. A range of issues have been raised including concern about the reputation of the nonprofit sector, relations with government and the need for a sound legislative environment that helps in the management of risk and the construction of community confidence through practical methods for transparency and accountability.

Many nonprofit organisations recognise the opportunities that giving from volunteers, donors, business and foundations or trusts can provide, but there is often a sense that choosing among these possibilities, while facing day to day challenges, can be overwhelming. Sound research complemented by collaboration between government, business and nonprofit sectors should provide a framework for further development.

1.0 Introduction

Background

Research on individual and business giving in Australia is not substantial.⁴ This project has sought to improve our understanding of giving and has been unique in a number of ways.

This work has generated substantial quantitative data on both the giving of money and volunteering, allowing for a comprehensive exploration of these key factors not previously available through a single survey and data set. A Survey of Business has built upon an earlier Australian Bureau of Statistics (ABS) (ABS, 2002b) *Business Generosity Survey* in 2000-01. This has allowed, for the first time, for some trends in business giving to be identified. A Survey of Nonprofit Organisations has provided a unique source of information on how resources for this sector are being used and what might help nonprofit organisations to strengthen their capacity through additional financial and volunteer support.

Research has melded both quantitative and qualitative methods and helped to ensure a powerful and practical outpouring of information for use by public and corporate policy makers, nonprofit organisations and researchers.

The Australian Government Department of Family and Community Services (FaCS), on behalf of the Prime Minister's Community Business Partnership, has commissioned this research. *Giving Australia* is a collaboration formed to meet the challenges posed by this research.

This program of research, coordinated by the Australian Council of Social Service (ACOSS), has involved several key activities. Substantial reports for each of the research components will be published in due course, and the findings of these have formed the basis of this report. These activities and the principal research agencies included:

- ▶ **Individual and Household Survey.** This has involved a national household survey, conducted over February and March 2005 and using a 20 minute telephone interview of 6,209 respondents representative of the Australian population. A range of questions on individual and household giving and volunteering was completed. The research team from the University of Technology, Sydney, Centre for Australian Community Organisations and Management (CACOM) has guided survey development and analysis with Roy Morgan Research having undertaken the survey work.
- ▶ **Business Community Involvement Survey.** This national survey secured responses from a representative sample of 2,705 businesses across Australia and collected data on donations, sponsorship and community projects during the 2003-04 year. It was conducted over the period March to May 2005. This survey was undertaken by McNair Ingenuity Research.
- ▶ **Survey of Nonprofit Organisations and Fundraisers.** This survey was undertaken to assess the fundraising and development capacity of nonprofit organisations in Australia, the resources and supports available and their uptake. A total of 481 surveys were completed from a range of nonprofit organisations. This survey was developed by the University of Technology, Sydney CACOM team with support and input from ACOSS and the Fundraising Institute – Australia. CACOM, together with Orfeus Research conducted the analysis of findings from this survey.

⁴ Summary of earlier research available from either <http://coss.net.au/news/upload/Giving%20Australia%20Early%20Data%20Summary.pdf> or http://www.partnerships.gov.au/pdf/summary_paper.pdf.

- ▶ **Focus Groups, In-depth Interviews and Expert Panels.** As part of this research 34 focus group discussions and 38 in-depth interviews were held across a range of businesses, nonprofit organisations, and individual donors. Towards the end of the project, panels of experts in philanthropy were convened to contribute towards analysis of research findings through an examination/refinement of the themes. These components have been undertaken by the Queensland University of Technology Centre of Philanthropy and Nonprofit Studies (CPNS).

Outline of report

The aim of this report is to summarise findings. In general, the aim of the research has been to examine the state of giving to nonprofit organisations of money and time (volunteering) by individuals, households and businesses in Australia.

In this report, a great deal of data has been omitted in an effort to contain length and give focus to key findings. Following the release of this summary report, full reports on each research component will be available on the website of the Prime Minister's Community Business Partnership (<http://www.partnerships.gov.au>).

The key sections of this paper are as follows:

- ▶ **2.0 Methodology.** Provides a brief summary of key methodological issues, allowing readers to be informed of the strengths and limits of research findings.
- ▶ **3.0 The givers.** Summarises the characteristics of those that give, both individuals and business.
- ▶ **4.0 The recipients of giving.** Summarises the patterns of giving to nonprofit recipients as well as the strategies used by nonprofit organisations to enhance their resources through fundraising from individuals and business as well as involvement from volunteers.
- ▶ **5.0 Strengthening giving.** Summarises findings regarding reasons for giving, planned giving (including bequests and foundations and taxation measures), and discusses approaches applied by nonprofit organisations to secure financial and volunteer support. Findings are discussed regarding resources and issues for strengthening nonprofit organisations.

2.0 Methodology

Introduction

The sections below outline the key methodological characteristics of each major research activity undertaken as part of this project. Sufficient detail is provided to allow the reader to understand the strengths and limits of the data that result from this work. The full reports that will follow the release of this paper will provide further methodological details.

Individual and Household Survey

This survey was designed primarily to collect data on:

- ▶ the giving of money and of time (volunteering) by adult Australians, especially the levels of giving and the destinations of those gifts
- ▶ people's reasons for giving money or for not giving money
- ▶ people's experience of different forms of fundraising and their attitudes towards these
- ▶ demographic characteristics of respondents, including their affiliations that are relevant to giving
- ▶ the impact of government policy designed to encourage monetary giving, such as tax deductions for gifts.

The survey was designed with a view to ensuring comparability with earlier research, though the method of administration (by computer aided telephone interviewing) and the period of recall (one year) meant that in some important respects the survey differed from a 1997 survey of giving by the ABS which used face to face interviews and a three month period of recall for most data.

In order to explore people's reasons for giving, each respondent who reported giving to at least one organisation during the preceding twelve months was asked a series of questions about one particular gift.

Data collection was undertaken from February to March 2005. It is relevant to note that the Tsunami on Boxing Day 2004, and the associated media coverage and appeals by overseas development nonprofit organisations, and the generous response by many individuals and businesses, gave extraordinary prominence to, and positive endorsement for charitable giving. This created two problems for the survey. It meant that the huge one-off outpouring of giving (estimated in March 2005 by the Australian Council for International Development (ACFID) at \$300 million) would lift the level of giving for the preceding twelve months above the underlying or structural level. As well, the positive endorsement of giving might encourage a more accurate recall, but it might also lead some respondents to invent or to exaggerate their level of giving.

In an attempt to address the first problem the questionnaire was altered slightly. The Tsunami appeal was mentioned in the introductory remarks and respondents were told that they would be later asked about their response to that, but for the moment they were asked to think about their non-Tsunami giving over the previous twelve months. However, it is nonetheless possible that some respondents may have exaggerated the level of their giving due to their response to the Tsunami appeals (a 'halo effect').

Contact was made with a random sample of households, where one third was selected from high-income census collection districts to ensure that high-income earning households were well represented in the sample. A total of 6,209 interviews were completed. This represented a useable response rate of 40%, which is considered satisfactory for such surveys. Interviews took an average of just under 20 minutes to complete. Useable responses were then weighted by age, gender and educational attainment to represent the whole population, giving a sample of 15,398. This was just under 0.1% of the adult population.

Survey of Business

This survey was designed to quantify the extent of giving by business. In particular questions were designed to:

- ▶ assess the overall value of giving in terms of money, goods and services ('what' businesses give)
- ▶ assess the overall value of giving through donations, sponsorships and community business projects ('how' businesses give)
- ▶ identify factors such as differences between the industry in which businesses are based and the size of businesses and their giving
- ▶ identify to whom businesses give within the nonprofit sector
- ▶ identify barriers to giving and the efficacy of ways in which nonprofit organisations approach businesses to give
- ▶ identify awareness of tax related giving measures.

A postal survey was developed for this purpose, with follow up calls made to enhance response rates.

A total of 2,705 surveys were completed by businesses, representing a 37% response rate from those sampled.

Data from the survey was weighted to take into account a number of factors. An analysis of late responses was undertaken. This involved a study of completed surveys from late respondent businesses compared with earlier responses, allowing for a check, for example, to see if earlier respondents were more generous givers. In addition active calls were made to non-responding businesses to collect a few key data to also compare with responding businesses.

Data was also weighted by comparing the proportions of small and larger business, businesses by industry sectors and across jurisdictions (State/Territories) against ABS business data for these characteristics. These comparisons allowed for a weighting of data arising from the survey.

While all prudent and rigorous measures have been employed to ensure rigorous data from this survey, some qualifications must be made for readers tempted to make direct comparisons with the only other survey undertaken of giving by Australian business, that of the ABS (2002b) for the 2000-01 financial year.

Some businesses have reported that over recent years their accounting procedures and practices have improved in ways that allow for a more accurate reporting of their giving. This may have introduced more accurate, but less comparable, information on business giving between these two key sources.

As noted in relation to the Individual and Household Survey, a ‘halo effect’ of the Tsunami appeals just prior to the conduct of the survey is likely to have had an influence - businesses proud of their recent contributions may have been prone to exaggerate or wrongly count this as part of non-Tsunami giving. While the survey instrument specifically asked that respondents separate these forms of giving, this may not have taken place in some instances.

There are a number of methodological issues to note regarding this, in comparison with the Australian Bureau of Statistics 2000-01 *Business Generosity Survey* (ABS, 2002b). Importantly, the ABS had access to a sample drawn from a near complete array of Australian businesses. The sample relied upon for this survey was broadly representative, but not the same and necessarily less complete. In addition, while the ABS is able to compel business to complete its surveys, this study could not.

Survey of Nonprofit Organisations

The purpose of this survey was to collect data on the activities undertaken by nonprofit organisations to strengthen their capacity through securing donations, engaging volunteers and working with businesses or undertaking commercial ventures. In particular the survey included questions that:

- provided data on key characteristics of nonprofit agencies completing the survey (field of activities, size, location and span of activities)
- asked what, if any, activities were undertaken, what resources were applied in undertaking these activities, what supports or resources were thought useful in increasing such efforts and reasons for not undertaking these activities, if this was the case
- spanned across key resource generating activities and their usefulness, included fundraising, volunteers, business partnerships and commercial ventures.

Three main data sets of nonprofit organisations were used for the distribution of the survey. These included:

- *state-based fundraising registers*: a data set of 987 nonprofit organisations was randomly sampled, at one in four using a random numbers table, from the six State Government Registers of charities. There were a total of 3,992 nonprofit organisations on these registers. Of those sampled, 252 completed responses, representing a response rate of 25.5%
- *fundraising Institute – Australia (FIA) membership data set*: a data set comprising 552 nonprofit member organisations of the FIA. These organisations are generally larger organisations that utilise a number of resource generating methods. A total of 17% of these agencies completed the survey
- *web hosting*: the survey was hosted on the ACOSS web site and links to this were distributed through a range of peak bodies across the nonprofit sector, representing organisations across different fields of activity.

Importantly no comprehensive data source exists in Australia of nonprofit organisations. Without such a rigorous sample frame it is not possible to quantify or extrapolate the results of this survey to claim representativeness of the entire nonprofit sector. Effort was taken to ensure that a range of nonprofit organisations completed the survey. In terms of organisational size, sector field of activity or industry and geographical distribution, the responses are diverse and suggest the survey base is broadly comparable with the nonprofit sector.

Qualitative Research

This component involved the conduct of 34 focus groups and 38 in-depth interviews. Generally these were discussions that were not directed by researchers beyond providing a broad indication of interest in hearing participants' experiences as givers or recipients. Some prompting was provided once open-ended discussions were held, and these provided a non-directed trigger for discussion of issues generally of relevance to this research (eg motivations for giving, ways approached etc.) that may not have been covered in the discussions to that point.

Focus groups and in-depth interviews were undertaken in the following locations and among the following participants:

- ▶ thirteen focus groups among 'everyday' individual donors, three among wealthy donors, two among people from large businesses, six among small and medium enterprises (SMEs), four from among foundations and six among non-profit organisational personnel
- ▶ eight focus groups were held in Brisbane, five in Sydney, four in Melbourne, three each in Perth, Dubbo and Toowoomba and two groups each in Adelaide, Hobart, and Bendigo and single groups were held in Darwin and Canberra.

In-depth interviews were held in the following locations and among the following groups of participants:

- ▶ seven with wealthy individual donors, fourteen interviews with small and medium enterprises (SMEs), four with large business personnel, six with foundations and seven with non-profit organisations
- ▶ ten in-depth interviews were held in Perth, seven in the Gold Coast, five each in Sydney and Melbourne, four in Bendigo, two in Adelaide and one each in Hobart, Darwin, Brisbane, Dubbo and Bega.

In addition, the following focus groups and a small number of in-depth interviews have been undertaken, and the findings from these will be included in a separate full report of qualitative research. These activities include a focus on:

- ▶ the capacity-building challenges of very small 'grass-roots' nonprofit organisations
- ▶ the challenges for nonprofit organisations in attracting bequests
- ▶ perspectives on indigenous philanthropy
- ▶ senior executive perspectives on corporate giving.

The final stage of qualitative work has been the hosting of 7 expert panels from among fundraisers, business personnel and others. These panels were used to examine/refine the themes and suggestions from the data.

3.0 The givers

3.1 Individual and household giving

Overview

Through the Individual and Household Survey for this project, it is estimated that in the twelve months to the end of January 2005, 13.4 million Australians aged 18 or older, 86.9% of the adult population, gave a total of \$5.7 billion⁵. This meant that those giving gave an average of \$424 each. The median for giving was \$100, that is, half of those giving gave more than this amount, and the other half less.

In addition an estimated \$2 billion was provided by individuals to nonprofit organisations through funds raised via events and ‘charity gambling’⁶. An estimated 10.5 million people, or 68.6% of adult Australians, provided support to nonprofit organisations in this way, contributing an average of \$127 annually. Most providing support in this way also made donations, but just fewer than 1 million who participated in these fundraising activities did not make donations during 2004. By far the most popular of these methods of giving was through gambling. The figures presented in this section are for donations of money by individuals and do not include giving through events and gambling.

Over the year to January 2005, an estimated 6.3 million people or 41% of the adult population, gave 836 million hours of their time as volunteers, an annual average of 132 hours each. The median for volunteering hours was 44, half volunteering more and half less than this amount.

There are no exactly comparable surveys that would enable precise comparisons to be drawn; however, there are several data sets that enable reasonably reliable estimates to be made of whether these figures represent an increase in giving and volunteering.

In 1997 the ABS collected data on giving from a random sample of 12,000 adult Australians. The survey was conducted on four occasions during the year, each occasion three months apart. Mostly respondents were asked about their giving over the previous quarter, but for some basic data they were asked to look back over a year.

The 1997 ABS survey showed that 9.1 million adult Australians, 69% of the adult population, gave a total of \$3.02 billion, an average of \$331 each (Lyons and Hocking, 2000). The data presented from this survey, for the year to January 2005, suggests a significant increase in giving over the intervening seven years, both in numbers giving and the average sum given.

With the qualifications noted above, comparing these two sources suggests that over the seven years since 1997, there has been an increase of about 18% in the proportion of the adult population who give and an 88% increase in the amount given. This represents an average annual increase of 12.5% in the amount given. When we take account of inflation from 1997 to 2004, we find the real increase in the value of giving to be 58%.

⁵ These figures exclude giving associated with the Tsunami appeals in late 2004 and early 2005.

⁶ ‘Charity gambling’ includes fundraising through raffles, lotteries and art unions.

The likelihood that the 2005 data is exaggerated to some extent by a ‘halo effect’ caused by the positive endorsement of giving surrounding the Tsunami, has already been noted. However, a comparison with four other data sets was undertaken and this also suggested that the giving of money has increased in real terms over the past decade.⁷

Comparing giving in Australia with the USA in 2004 we find that giving as a proportion of GDP in the USA is 1.6% and for Australia it is 0.68%. In Canada in the year 2000, donations were equivalent to 0.46 % of GDP. This indicates that when the differences in the size of economies is taken into account, the USA generates more than twice the level of giving of Australia, and Australians give about one and a half times as much as Canadians on average.

When we turn to the giving of time, a similar story confronts us, though it is one that is slightly better documented. In 1995 and again in 2000, the ABS conducted a voluntary work survey. Several questions about volunteering were also asked in the 2002 *General Social Survey* (ABS 2003). These indicate a gradual increase in both the volunteering rate and in the number of hours volunteered. Along with its estimates for volunteering in 2000, the ABS also released revised figures for volunteering in 1995 (ABS 2001). This showed a volunteering rate of 24% and total hours volunteered of 512 million. The average hours volunteered by each volunteer was 160 pa. In 2000 the figures were a volunteering rate of 31 %, a total of 704 million hours and an average number of hours per volunteer of 160 pa. By 2002 the rate had increased to 34% (no estimates of hours were provided). The data presented here for the year to 2005 also indicates an increase in both the percentage of the population who volunteer (41%) and in the total number of hours volunteered (836 million pa).

Interestingly, the average number of hours volunteered by each volunteer over the 12 month period has declined (from 160 in 2000 to 132 hours in the year to 2005). This decline in average hours is not particularly surprising. The big increase in the numbers of people volunteering is likely to be heavily weighted toward those who volunteer only a few hours. This would be true both of those who have only just begun to volunteer and also of those who have volunteered for many years but have only recently come to think of themselves as volunteers.

Over the past decade there has been much greater publicity given to volunteering, and a huge endorsement of it. The lead up to the 2000 Olympics and the Games themselves were pivotal in this. Based on data on length of time volunteered in the 2000 *Voluntary Work Survey* (ABS, 2001), we estimate that half the increase in the volunteer rate over the preceding five years from 24% to 31% was due to new volunteers and half due to long term volunteers coming to recognise that what they had been doing was volunteering. A recent survey by Newspoll for Volunteering Australia reports that 77% of respondents said they were more aware of volunteering now than they were five years ago. Almost 80% said they believed volunteering was now more important for the community than it was five years previously. That survey (by telephone of a random sample of 1200 adults) reported a volunteering rate of 46% (Volunteering Australia, 2005).

7 The other sources used were the McNair Ingenuity Charities Awareness survey series, the Roy Morgan Research Single Source data on giving, deductible gift recipient data from the Australian Taxation Office (ATO) and the 2000 ABS survey on volunteering, which also asked some questions on donations.

According to a large sample survey conducted in 2003 by the United States Department of Labor, 27.6% of Americans aged 16 and over volunteered during the twelve months to September 2002 (United States Department of Labor 2002). The median number of hours volunteered was 52 pa. A significantly higher proportion of Australians volunteered, but with slightly lower median hours than Americans.

In 2000, 27% of Canadians over 15 volunteered for a total of 1050 million hours, or an average of 163 hours per volunteer (Hall et al 2001). The rate has decreased since 1997, though the average hours volunteered have increased. It can be seen that a significantly higher percentage of adult Australians volunteer, but for fewer hours on average than Canadian volunteers.

Characteristics of individual givers

The Individual and Household Survey conducted for this study has confirmed known and long-standing patterns for individual givers and their **demographic characteristics**. These include:

- Women give money more often, men give more.** 89.5% of women reported having made a donation in the year to January 2005, while 84.1% of men reported giving a donation. Men tend to give more when they do give, reflecting their higher incomes on average (the average annual amount given by women was \$377 and, for men, \$477 pa).
- Women volunteer more often and for longer than men.** 45.9% of women reported volunteering in the year of the survey and average hours volunteered over the year were 139; men volunteered at a rate of 35.8% for an average of 123 hours in that year. Of all volunteer hours undertaken, 60% were provided by women.
- Those in middle age give money most often and give more.** The likelihood that people will give increases slightly with age until middle age and then declines slightly (those aged 45-55 give at a rate of 88.4% and give, on average \$500 pa). Those aged over 34 years are slightly more likely to give than the overall average for the adult population. Those over 65 who donate, on average make the largest donation and contribute, proportional to their numbers, the largest amount overall.
- Those in middle age volunteer more often, but for fewer hours than others.** The volunteer rate shows a typical inverted “U” shape, peaking for the 35-44 age groups (among which 46.6% volunteer). However, the distribution of mean hours takes the opposite shape, with the largest number of hours on average being contributed by older and younger volunteers (178 hours pa for those 55-65, and 132 hours pa for those 18-24). Those aged between 23 and 54 are the most likely to have dependent children, and thus have greater demands made on them to volunteer in various activities that their children enjoy. They are also least likely to have many hours to devote to volunteering.

Income is a critical factor in the giving of money and overlays other factors (as seen in the note regarding women and giving of money). Again this relationship, together with related factors of labour force status and education, has been borne out by this research. Key findings are:

- Those with higher incomes give money more often and give more.** The rate of giving and amounts given rise with income; those with incomes under \$15,599 pa give at a rate of 82.6% and at an average of \$264 pa; those on annual incomes of \$52,000 or higher give at a rate of 90.5% for an average of \$769 pa.

- ▶ **Rates of volunteering are constant for income, but the amount of time given is greater the lower the income.** The proportion of those in the community who volunteer is fairly constant for income (ranging from 39.9% to 44.1%). However, those on low incomes volunteer more than those who have higher incomes (those on incomes under \$15,599 pa average 159 hours pa, those on incomes over \$52,000 average 91 hours pa).
- ▶ **High levels of education and labour force status correlate with high rates and amounts of giving.** Related to the trends for income, those with higher levels of education, and those in professional and management positions, tend to give money at greater rates, and greater amounts, than those with low levels of education or lower status/pay jobs or those who are unemployed.
- ▶ **The rate of volunteering rises with educational attainment but hours volunteered fall.** Those with a school level only education volunteer at a rate of 36.9% but for an annual average of 142 hours. Those with a Bachelor or higher degree volunteer at a rate of 49.6% but for an average of 114 hours per year.

As the relationship between income and giving is fairly obvious for most, it tended to have been raised naturally as part of qualitative research in support of this project. Some of the key findings for ‘everyday individuals’ – those on average working incomes – and wealthier individuals, are summarised below.

These findings for **everyday individuals** include:

- ▶ Everyday individuals have their own comfort levels for giving beyond which they reach a saturation point. Many such people gave several hundred dollars annually. Analysis of focus groups and in-depth interviews categorised giving by such individuals as:

 - *reactive* - spontaneous and often not associated with any great affinity with the recipient cause eg when asked in the street, at the door, at a function, at work, by direct mail or phone
 - *as a believer to causes* – included giving by people who are strong supporters prior to an approach; amounts given were often reported as larger (eg \$20-\$50), then expanded through planned means (eg. regular, automatic payroll, credit card or bank account deductions)
 - *proactive* – where givers were very strong supporters of causes, often giving \$100 or more via child sponsorship or a regular church donation; these are often decided upon as a family and repeated at least annually.
- ▶ Tax deductions only tended to be claimed when higher amounts were donated. Some reported that they did not make claims as they failed to collect receipts or to recall amounts given.
- ▶ All individuals (regardless of location) preferred volunteering in their local community.

Among **wealthy individuals** the qualitative research found:

- ▶ They mainly saw themselves giving money (time was a scarcer commodity for them). However, on prompting, common volunteer roles included service on nonprofit boards or committees, occasionally by asking others to donate or by providing contact for this to occur.

- ▶ Approaches to these donors were commonly personal, often from their social circle and for money or 3-5 year pledges. However, many reported that asking others to give was difficult and they feared could strain relationships.
- ▶ The social contract seemed important – as a successful, respected professional they felt they had a responsibility and desire to support worthy causes. When passion for a cause kicked in, giving increased substantially. Over time, charitable trusts and foundations become an option for more commitment.
- ▶ Few discussed or promoted giving, fearing an ‘asking avalanche’ would result in unmanageable and guilt inducing requests for further support. Wealthy non-givers were disdained and some givers felt they were shouldering the burden for all without wanting to. Most affluent people knew of non-givers in their ranks.
- ▶ High interest was shown in new and innovative projects or their own projects where it was possible to place their personal stamp on things.
- ▶ Their main concerns included nonprofit duplication of effort, accountability and effectiveness.
- ▶ Giving tended to range from:
 - *‘social’ level* – at a yearly gala or event but with giving of significant amounts of up to several thousand dollars, this giving was more reactive than proactive
 - *change agents* – giving because they are personally touched, committed or actively cultivated and often giving at high levels of between \$10,000 and \$50,000pa
 - *high ‘sustained’ giving* – this often occurs through formal foundations that mean giving is organised and enduring over time and across generations, this is often focused on particular causes and can be around \$50,000pa.
- ▶ Most affluent givers claimed tax deductions (through their accountant or adviser) and these deductions were an incentive. The exceptions were those with a particular cause passion who gave anyway and very generously in time and money.

Location is a factor in giving, although with only slight variations in most cases. Key findings include:

- ▶ **Variations between states and between capital cities.** Adelaide stands out with the highest rate of giving of money (90.5%), closely followed by Perth and non-metropolitan Queensland. But the highest average gifts are made by Sydney-siders (\$524 pa); this probably reflects that city’s higher income profile (see Table 1 below), although it also has the highest living costs. Sydney and Melbourne, whose residents comprise 40% of our sample, contributed almost half the funds donated.
- ▶ **Those in regional areas volunteer at higher rates than those in cities, but for fewer hours.** People living in capital cities are less likely to volunteer than those in the regions but, with the exception of Sydney, city-dwellers tend to volunteer for longer hours compared with their non-metropolitan cousins (see Table 2 below).

Table 1: Donations by location

	% DONATED IN PAST 12 MONTHS	MEAN DONATION (\$)	% TOTAL DONATIONS	% TOTAL CASES
Sydney	87.6	524	26.4	21.4
NSW Country	84.5	428	12.3	12.2
Melbourne	88.0	485	21.1	18.5
VIC Country	86.0	397	6.2	6.7
Brisbane	85.8	377	7.7	8.7
QLD Country	88.5	378	9.4	10.6
Adelaide	90.5	344	4.9	6.0
SA Country	78.7	370	1.5	1.7
Perth	89.0	303	5.3	7.5
WA Country	82.4	256	1.5	2.4
Tasmania/ACT/NT	82.4	350	3.6	4.4
Total	86.9	424	100	100

Table 2: Volunteering by location

	% VOLUNTEERED IN PAST 12 MONTHS	MEAN HOURS VOLUNTEERED	% TOTAL HOURS	% TOTAL CASES
Sydney	36.7	125	18.0	21.4
NSW Country	44.0	137	13.9	12.2
Melbourne	40.2	135	18.3	18.5
VIC Country	46.1	124	7.1	6.7
Brisbane	37.7	134	8.2	8.7
QLD Country	41.4	131	10.4	10.6
Adelaide	39.5	164	6.9	6.0
SA Country	52.0	125	2.3	1.7
Perth	37.3	132	6.6	7.5
WA Country	49.4	118	2.7	2.4
Tasmania/ACT/NT	51.5	126	5.6	4.4
Total	41.0	132	100	100

Qualitative research found that, in contrast to their metropolitan counterparts, those living in regional areas saw themselves inextricably and *personally linked with their community*; a high degree of interdependence and a concern for survival is evident in the need to work together. The *weather* also influenced giving patterns, for example drought has an impact on capacity to donate and rainfall can impair capacity to physically engage in volunteering. Smaller, relatively isolated cities (Hobart, Perth, even Adelaide) were often focused on local causes.

Place of birth is a factor in giving. The key findings from the survey are:

► **Only slight differences in rates of giving, while amounts given vary by place of birth.**

The highest rates of giving are from overseas born English speakers (89.1%) who, on average, give \$438 pa; those from overseas non-English speaking backgrounds give at a rate of 83%, on average of \$398 pa. For those born in Australia the rate is 87.1% for \$426 pa.

- Rates of volunteering and hours given are lowest for those from non-English backgrounds.** Those from non-English speaking backgrounds volunteer at the lowest rates (32.7%) and give the lowest hours per annum (124) compared with those born overseas in English speaking countries (40.2% and 157 hours pa) or those born in Australia (42.2% and 130 hours pa).

It is relevant to note that patterns of giving of time and money may, for some from culturally diverse backgrounds, be focused on the needs of extended family and community networks either in Australia or overseas. These forms of giving may not have been adequately captured by our survey method. For some, such engagement may not be perceived as giving. Data from Roy Morgan Research (Giving Australia, 2004) found that while rates of donation of money are fairly stable across most groups based on background, those born in Greece and the USA tended to donate more. These findings are suggestive of cultural differences in, and understanding of, giving.

Household type is a factor in giving. The type of household in which a person lives seems to have little effect on giving. However the following were notable:

- Sole parents and those living in group/share households give less money.** These groups often have low incomes on average (those in group/share households often being students) and give less money than others (\$290 pa for sole parents compared with \$466 pa for a couple living with children at home; \$313 pa for those in a group/share household compared with \$431 pa for a person living alone).
- Sole parents are active volunteers.** Single parents volunteer at a slightly higher rate than two parent families (49.2% compared with 46.1%) and volunteer for slightly more hours on average (129 hours pa compared with 122 hours pa).

Qualitative research in support of this project identified a desire among parents and others to provide a positive role model for children and that this was as an important factor in parents engaging in giving as a way of encouraging their children to do so as well.

3.2 Business giving

Overview

The key findings from the Survey of Business resulting from this research are:

- the total value of giving found through this survey for the 2003-04 year was **\$3.3 billion** – given by 67% of all Australian businesses or 525,900 businesses
- business giving consisted of **68% in money** (\$2.21 billion), **16% in goods** (\$0.52 billion) and **16% in services** (\$0.52 billion)
- business giving consisted of **58% in donations** (\$1.9 billion – given by 58% of all Australian businesses or 451,600 businesses); **25% in sponsorship** (\$0.81 billion – given by 20% of all Australian businesses or 156,700 businesses); and **17% in community business projects** (\$0.54 billion – given by 19% of all Australian businesses or 148,700 businesses).

Figure 1 summarises these key features of business giving.

Small and medium sized businesses are the most numerous across industries generally and together give the greatest amount. However, large businesses give more often and proportionately the most. Businesses with fewer than 11 employees account for 89% of

all Australians businesses and 66% participated in some form of giving (giving \$1.5 billion or 47% of all business giving). At the other end of business size, businesses with 501+ employees account for fewer than 1% of all businesses in Australia and 89% participated in some form of giving (giving \$654 million or 20% of all business giving).

Large businesses engage more often in more sophisticated forms of giving, such as community business projects and sponsorship, and tend to have developed programs for giving.

Measured in terms of the proportion of businesses giving, those involving direct customer service tend to give most often - Construction (92%), Health and/or Community Services (90%), Utilities (87%) and Communication Services (84%). In terms of amount given, businesses in the Property/Business Services (\$668 million), Construction (\$529 million) and Retail Trade (\$505 million) were the most generous.

Businesses in South Australia, compared with businesses in other states, give most often and a higher amount. Businesses in regional Australia express a strong preference for giving to local nonprofit organisations.

There are a number of important qualifications in comparing the Survey of Business reported here with the only other study of business giving undertaken in Australia (ABS, 2002b). The ABS was able to sample a full array of Australian businesses and was able to compel businesses to participate. Also a 'halo effect' of the Tsunami appeals just prior to the conduct of the present survey were likely to have had an influence, causing some businesses to exaggerate their non-Tsunami giving. However, even with these qualifications it is evident that business giving has grown.

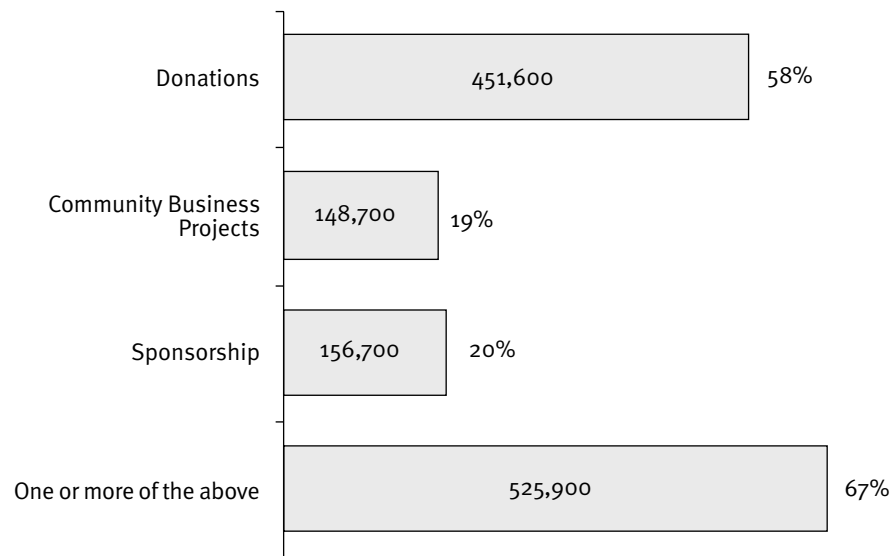
For the 2000-01 year the ABS (2002b) estimated the following:

- ▶ the total value of giving was **\$1.5 billion**
- ▶ business giving consisted of **64% in money** (\$0.9 billion), **16% in goods** (\$0.2 billion) and **20% in services** (\$0.3 billion)
- ▶ business giving consisted of **40% in donations** (\$0.6 billion); **47% in sponsorship** (\$0.7 billion); and **13% in community business projects** (\$0.2 billion).

At face value, the comparisons between the ABS data for 2000-01 and the findings of this research for 2003-04 suggest an increase of more than double in business giving over three years. This may be an over-estimate and will partly be a function of the different methods employed by the two studies. Somewhat more confidence may be had in comparing the proportions of 'what' (money, goods, services) and 'how' (donations, sponsorship, community business projects) of business giving.

These comparisons suggest that over this period business is now somewhat more likely to give money and goods, but is relatively less likely to give in the form of services.

The same comparisons for how business gives suggest that business is now more likely to give by way of donations and community business projects, but is relatively less likely to give through sponsorship.

Figure 1: Number of businesses by type of giving**Industry differences in giving**

Businesses in industries involving direct customer service tend to give most often. Key findings regarding industry difference, presented in Table 3, include:

- Businesses giving most often, measured in terms of proportion of businesses giving, were Construction (92%), Health and/or Community Services (90%), Utilities (87%) and Communication Services (84%). The most generous industries for *donations* were Construction, Utilities and Communication Services. Contributions to *community business projects* were most likely to be made by businesses in Health/Community Services (81%), Accommodation/Cafes /Restaurants (62%), Retail Trade (27%) and Transport/Storage (21%). *Sponsorship* was most common among Retail Trade (46%), Communication Services (33%) and Construction (23%).
- The least frequently giving businesses were, in terms of proportion of businesses giving, businesses in Education and Transport & Storage, both with less than 25% involvement in overall giving.

Table 3: Businesses involved in each type of giving by industry

	TYPE OF GIVING			NET TOTAL	TOTAL BUSINESSES
	DONATIONS	COMMUNITY PROJECTS	SPONSORSHIP		
Mining	1,200 44%	300 9%	600 20%	1,200 45%	2,800 100%
Manufacturing	26,000 42%	11,300 18%	2,600 4%	26,300 43%	62,000 100%
Electricity, Gas and/or Water	500 87%	0 <1%	0 <1%	500 87%	600 100%
Construction	103,300 91%	7,900 7%	26,300 23%	103,500 92%	113,500 100%
Wholesale Trade	24,700 53%	6,100 13%	1,500 3%	30,600 65%	46,900 100%
Retail Trade	90,900 72%	33,600 27%	58,500 46%	91,000 72%	126,400 100%
Accommodation, Cafes and/or Restaurants	30,200 75%	25,100 62%	2,800 7%	30,400 76%	40,200 100%
Transport & Storage	9,300 25%	8,000 21%	8,100 22%	9,300 25%	37,500 100%
Communication Services	6,700 83%	200 2%	2,700 33%	6,800 84%	8,100 100%
Finance and/or Insurance	24,400 47%	2,000 4%	11,400 22%	32,900 63%	52,400 100%
Property and/or Business Services	114,300 67%	8,000 5%	35,500 21%	127,000 74%	172,100 100%
Education	1,200 11%	900 8%	700 7%	2,100 20%	10,800 100%
Health and/or Community Services	4,400 8%	43,800 81%	3,000 6%	48,800 90%	54,200 100%
Cultural and/or Recreational Services	5,400 27%	900 5%	300 2%	6,000 30%	20,000 100%
Personal and/or Other Services	9,000 27%	500 2%	2,800 9%	9,500 29%	32,800 100%
Total	451,600 58%	148,700 19%	156,700 20%	525,900 67%	780,300 100%

The industries which gave the largest amounts overall were Property/Business Services (\$668 million), Construction (\$529 million) and Retail Trade (\$505 million).

Businesses in these industries also tended to *donate* the largest amounts, rather than give via sponsorship or community business partnerships. Greater giving by these industries as a whole was driven by the fact that these are some of the biggest industries in terms of number of businesses. However, as can be seen from Table 4, the proportion of businesses actually giving from these industries was above average.

The Retail Trade gave the largest amount to *community business projects* –\$93 million - followed by Health/Community Services (\$82 million) and Finance/Insurance (\$77 million). Unlike most other industries, the Health/Community Services industry gave more to *community business projects* than in *donations* and *sponsorship*.

The Retail Trade gave the largest amount to *sponsorship* (\$155 million), followed by Transport/Storage and Finance/Insurance (each about \$109 million).

Table 4: Value of each type of giving by industry (\$'000)

	TYPE OF GIVING			
	DONATIONS \$'000	COMMUNITY PROJECTS \$'000	SPONSORSHIP \$'000	TOTAL \$'000
Mining	4,409	4,094	1,240	9,743
Manufacturing	126,035	36,267	85,623	247,925
Electricity, Gas, Water	560	92	391	1,043
Construction	458,221	26,634	43,851	528,706
Wholesale Trade	62,651	2,394	94,271	159,316
Retail Trade	256,690	93,324	155,371	505,385
Accommodation, Cafes, Restaurants	61,146	65,675	9,671	136,492
Transport, Storage	67,908	45,663	109,566	223,137
Communication Services	16,848	3,047	6,173	26,068
Finance, Insurance	65,196	77,417	108,972	251,585
Property, Business Services	532,028	61,645	73,863	667,536
Education	3,388	3,940	2,545	9,873
Health, Community Services	55,572	82,432	54,551	192,555
Cultural, Recreational Services	118,797	25,405	34,691	178,893
Personal/Other Services	71,712	11,950	29,787	113,449
Total	1,901,161	539,979	810,566	3,251,706

Business size and giving

Giving was more likely to be made by larger businesses (in terms of number of employees). Of businesses with less than 11 employees, 66% participated in some form of giving, while the equivalent figures for businesses with 11-50 employees were 77%, and 96% among businesses with 501+ employees.

The proportions of businesses giving in the form of *donations* followed a similar pattern. *community business projects* and *sponsorship* were also more likely to be undertaken by larger rather than smaller organisations.

Businesses with 1-10 employees gave the largest amount overall - \$1.5 billion or 47% of all business giving. This group makes up 89% of Australian businesses. However, businesses with 501+ employees gave a relatively large amount (\$654 million or 20% of all business giving) for a group of only approximately 1,500 businesses (less than 1% of all businesses).

A cross tabulation of business size, measured by number of employees, by *how* businesses give - money, goods (including a detailing of specific goods) and services (also detailed) has been undertaken. Larger businesses give all forms of assistance to nonprofit organisations more often on average than smaller businesses. However, very small businesses have been found to more often give some specific forms of goods and services compared with larger businesses. Businesses with under 11 employees were more likely to give accommodation (7%) than either businesses with 501+ employees (6%) or the overall average (6%). Similarly, these very small business were more likely than larger businesses to provide services in the form of strategic planning and management advice (6%) than businesses with 501+ employees (4%). The small businesses were also more likely to provide staff training (9%) and employee time (15%) than the overall averages (8% and 14% respectively).

Businesses with 501+ employees gave the largest amount in *sponsorship* (\$264 million) and the second largest amount in *community business projects* (\$184 million). It seems that these more sophisticated forms of business giving tend to be relatively more accessible for larger businesses.

Focus group and in-depth interview research in support of this project, lead to a number of observations regarding business size and giving. These include:

- ▶ Strong giving by mostly larger businesses showed the importance of espoused social responsibility values and a delineation between sponsorship and other giving, as well as the application of policies, plans and sometimes people to administer giving, sometimes through a mix of giving of staff time, money and goods. This was often associated with staff being interested in volunteering and an associated focus on 'work-life balance'. Often larger businesses had a formal corporate foundation.
- ▶ Among larger businesses, giving is clearly distinguished from, but complements, marketing, human resource and corporate strategies; localised staff efforts (volunteering, staff donations) were encouraged, as well as choosing causes – these were seen as empowering staff, lifting morale, finding support from head office; larger businesses were often motivated by a sense of social responsibility and desire to express their values as an organisation.
- ▶ The larger businesses that give most consistently tend to have won management commitment, have a formal budget, qualified staff and systems in place to manage this function within the organisation.
- ▶ Those least likely to give were often small and medium sized businesses that displayed a concern that giving contradicted their responsibility to stakeholders and/or shareholders - principals in a business were likely to consider giving as a personal or private responsibility. Such businesses tended to lack a giving 'vision', a clearly defined function for giving and/or had few systems to record or budget for giving. These businesses had little exposure to best practice giving, reported difficulty coping with requests from nonprofit organisations and tended to blur the lines between commercial activities, such as sponsorship, and more altruistic engagement; they were often focused on business sustainability or survival.
- ▶ Small and medium businesses were generally less organised and more reactive in their giving than large businesses. Small, locally-based businesses, often with a retail shopfront identified closely with their immediate community, and reported operating on a relatively tight cash flow; however they felt part of the local community and were happy to contribute to it. They were almost exclusively approached by locally-based nonprofit organisations (such as the local football club) and they gave consistently, at a relatively low level, to these causes. Some were engaged through service clubs (for example, Lions or Rotary) in community causes and this individual activity seemed to influence their attitudes to giving within their business.
- ▶ There was a strong interest in better managing giving practices, especially by small and medium businesses.

Location of business and giving

The Survey of Business for the project was able to identify the State/Territory location of business but breaking data down to regional (eg metropolitan/non-metropolitan) proved difficult as many businesses have a wide scope of operations. However, differences by State were observed and are presented in Table 5. These included:

- ▶ The amount of giving was fairly much in proportion to the number of businesses, except that South Australia had 12% of the giving but only 6% of the businesses, and Queensland had 9% of the giving compared with 19% of the businesses.
- ▶ South Australian businesses participated in some form of giving to a greater extent (80%) than West Australian businesses (49%). Relatively large proportions of South Australian businesses gave in the form of *donations* and *sponsorship*, while a relatively large proportion of Queensland businesses gave to *community business projects*.

Qualitative research identified a strong preference among businesses in regional and rural communities to give to local causes and nonprofit organisations.

Table 5: Businesses involved in each type of giving by State

	TYPE OF GIVING			NET TOTAL	TOTAL BUSINESSES
	DONATIONS	COMMUNITY PROJECTS	SPONSORSHIP		
NSW	171,400 61%	49,500 18%	37,100 13%	184,700 66%	281,600 100%
VIC	140,100 69%	36,200 18%	59,400 29%	142,200 70%	202,500 100%
QLD	41,500 28%	50,400 34%	12,000 8%	98,800 67%	146,500 100%
SA	37,300 79%	2,000 4%	20,300 43%	37,500 80%	47,200 100%
WA	34,500 48%	1,200 2%	3,300 5%	35,100 49%	72,200 100%
Total (inc. TAS, NT, ACT)	451,600 58%	148,700 19%	156,700 20%	525,900 67%	780,300 100%

4.0 The recipients of giving

Overview

The nonprofit sector in Australia is large and diverse. According to the National Roundtable of Nonprofit Organisations (2003:1) key features of the sector in Australia include:

- ▶ an estimated 700,000 nonprofit organisations in Australia, most of which are small and entirely dependent on the voluntary commitment of members
- ▶ approximately 380,000 nonprofit organisations are incorporated in some form or another
- ▶ about 35,000 nonprofit organisations employ staff
- ▶ there are approximately 20,000 organisations with Deductible Gift Recipient status in Australia. Most of these are nonprofit organisations
- ▶ for 1999-2000 the ABS (2002a) estimated the nonprofit sector's total revenue at \$33.5 billion.

Data collected through this study could not capture all of the detail of such a large and diverse sector. For example, it has been necessary to collate data on the recipients of nonprofit related giving under broad headings such as 'arts and culture' and 'community and welfare services' etc, even though under each such heading a wide range of activities is undertaken (eg visual arts, performing arts; community housing or legal services etc).

Table 6 presents the proportions of value of giving (ie the proportion of total dollars given through individual donations and business giving and of total hours volunteered) to selected fields of nonprofit activity. The row at the bottom of the table records the total dollars donated or given and total hours volunteered for those years. It should be kept in mind that in fields where the percentage of dollars and hours given is less than 10% there is likely to be a large error. Indeed, all the movements estimated here are indicative, not definitive. This table enables us to gain an understanding of the preferences for giving by different sources to different nonprofit activities.

Key features from this comparison, by nonprofit field of activity, include:

- ▶ Community and welfare services are significant beneficiaries of giving, receiving from all individual donations about one in eight dollars, better than one in four hours of all volunteering and almost a third of all business giving.
- ▶ Education nonprofit organisations receive about the same proportion of overall individual donations and business giving, about one in twenty dollars from these sources. This field receives comparatively more by way of volunteering, accounting for one in eight hours volunteered.
- ▶ Environment and animal welfare groups receive about one in twenty of the value of all donations by individuals, about half that proportion of hours volunteered and a very modest level of the total support from business giving (at less than 1% of its total).
- ▶ Health nonprofit organisations, including medical research organisations, are significant beneficiaries from all sources of giving, receiving about one in six of the total value of donations by individuals, one in ten hours volunteered and almost one in five of the total value of business giving.

- ▶ Sporting and recreation groups receive only a modest proportion of the total of all individual giving but very much more support from volunteering and business giving, at between one in five to one in six in total, respectively.
- ▶ Arts or cultural organisations receive about one in every forty dollars donated by individuals and a slightly higher proportion of total volunteer hours. These organisations receive almost 10% of total business giving.
- ▶ Religious institutions are very significant beneficiaries of donations by individuals (accounting for more than one in three of the total value) and account for about one in six of all hours volunteered. Business giving to religious institutions was not specifically recorded through the Survey of Business.
- ▶ International aid and development nonprofit organisations receive a little more than one in eight of all dollars donated by individuals, but a negligible amount of volunteering. Business giving to international aid and development organisations was not specifically recorded through the Survey of Business.

Table 6: Giving and volunteering in 2004 by recipient sector

	INDIVIDUAL DONATIONS (% TOTAL VALUE)	INDIVIDUAL VOLUNTEERING (% OF TOTAL HOURS)	BUSINESS GIVING (% TOTAL)
Arts or cultural associations	2.3	3.4	9.3
Community or welfare services	12.8	28.2	30.5
Education	6.6	12.2	5.0
Environmental or animal welfare groups	4.8	2.6	0.9
Health (including medical research)	14.2	10.3	18.5
Sporting and recreational groups	3.7	19.7	17.7
Religious institutions	36.1	15.0	n/a
International aid	13.3	1.4	n/a
Other nonprofit sectors	6.2	7.2	18.1
Total	100	100	100
Total Value	\$5.7 billion	836 million hours	\$3.2 billion

Table 7 below sets out these comparisons over time, for available years, of giving to selected fields of nonprofit organisational activity. While in some fields the total number of dollars donated or hours volunteered has increased, often spectacularly, in a few it has declined. In considering these trends it is important to recall that in adjusted dollar values and in hours volunteered, there have been significant increases over the period since previous surveys.

Since 1997, donations by individuals have increased 88% or 58% in current dollar values and since 2000, hours volunteered increased by 16%. Although direct comparison of the two business surveys for 2000-01 and 2003-04 must be heavily qualified, it seems that such giving has about doubled in nominal terms.

Table 7: Comparisons of giving and volunteering over time by recipient sector

FIELD	% TOTAL INDIVIDUAL DONATIONS		% TOTAL HOURS VOLUNTEERED		% TOTAL BUSINESS GIVING	
	1997	2004	2000	2004	2000-01	2003-04
Arts/cultural associations	0.7	2.3	4.8	3.4	4.8	9.3
Community/welfare	15.8	12.8	26.0	28.2	23.4	30.5
Education	15.1	6.6	14.3	12.1	8.6	5.0
Environmental/ animal welfare	2.2	4.8	1.3	2.6	2.3	0.9
Health (including medical research)	11.9	14.2	5.3	10.3	9.6	18.5
Sporting and recreational groups	8.1	3.7	21.2	19.7	43.4	17.7
Religious institutions	34.1	36.1	16.8	15.0	n/a	n/a
International aid	10.3	13.3	n/a	1.4	n/a	n/a
Other	1.8	6.2	10.3	7.3	7.8	18.1
Total (\$ & hrs)	\$3018 mil	\$5687 mil	702 mil hrs	836 mil hrs	\$1446 mil	\$3251 mil

The following notes summarise some of the trends in relation to the proportions of total giving to nonprofit fields from three main sources (individual donations, volunteering and business giving). While many proportions have changed, it is relevant to note that overall from all sources giving has grown. Some observations based on these figures include:

- ▶ Arts and cultural associations have enjoyed marked increases in the proportion of the total value of donations from individuals and business giving – although this comes from a low initial base and should be treated with some caution, the trend is clear. By contrast, the proportion of total hours volunteered to this field has declined, going against a general rising trend.
- ▶ Community and welfare services now receive a smaller proportion overall of total individual donations, but have enjoyed a rise in the total proportion of hours volunteered. The proportion of total value of business giving has risen.
- ▶ Education nonprofit organisations have experienced a comparative fall in the proportion of donations from individuals, total volunteering hours and of business giving.
- ▶ Environment and animal welfare groups have benefited from marked increases in the proportion of total individual donations and volunteering, although from a small initial base leading to caution in assessing magnitude, the trend is clear. Similarly, business giving to this field has been and remains modest, so caution is needed, but the proportion of such total giving seems to have fallen.
- ▶ Health nonprofit organisations are experiencing substantial increases in the proportion of total giving from all sources.
- ▶ Sporting and recreation groups are receiving proportionately smaller totals of individual donations, of total volunteer hours and business giving.

Of course the amounts and rates of giving to nonprofit organisations, including over time, might ideally be assessed against indicators of the community needs, to enable judgements to be made about whether or not these are being met adequately by giving. Such an assessment is beyond the brief of this project.

4.1 Giving to nonprofit organisations by individuals and households

The tables below set out for organisations in each major field of nonprofit activity, the levels of support received from individuals, both through donations and then volunteering. These have been drawn from the Individual and Household Survey.

Table 8 presents data on donations to nonprofit fields including the percentage who are donating, the average donation per giver and the percentage of total donations to a given field.

More people support organisations providing community services than organisations in any other field, but the average size of each supporter's donation is among the smallest, and so these organisations, the traditional "charities", receive only one dollar out of every eight donated. Similarly, donations for medical research are common, three out of every five adult Australians give to these, but are of relatively small amounts on average. By contrast, international aid and development organisations receive slightly more overall, even though they are supported by only one quarter of the population. The proportion of those donating to religious institutions is high and the total proportion of donations to these higher still.

Table 8: Donations by recipient sector

	% DONATING	AVERAGE DONATION PER GIVER (\$)	% TOTAL DONATIONS
Arts or Cultural Associations	4.8	220	2.3
Australian Emergency Relief Services	36.6	52	4.2
Community or Welfare Services	69.5	81	12.8
Education	18.6	156	6.6
Environmental or Animal Welfare Groups	24.7	87	4.8
International Aid and Development Organisations	25.6	234	13.3
Medical Research	57.9	77	10.2
Health Services	20.5	88	4.0
Interest Groups (professional and business assns, unions, political parties, other advocacy groups)	6.1	125	1.6
Recreational or Hobby Groups	3.9	75	0.7
Religious or Spiritual Organisations	30.2	529	36.1
Sporting Clubs	15.2	86	3.0
Other	0.5	355	0.4

Table 9 provides data on volunteering by nonprofit fields, including the proportion of those who volunteer, average hours volunteered and the total proportion of all volunteering hours given.

The picture for volunteering has some interesting differences. Organisations providing community and welfare services receive voluntary support from one-third of the adult population and they receive almost one-third of the total hours volunteered. Education (mainly schools and parent groups) are supported by 20% of the population and receive 12% of the hours volunteered. Sporting clubs are supported by 17% and receive around the same percentage of hours. Religious organisations receive a lower proportion of volunteer assistance than donations. Volunteers for arts and hobby groups seem to put in the most time volunteering – an expression of their commitment and their affiliation.

Table 9: Volunteering by recipient sector

	% VOLUNTEERING	AVERAGE HOURS PER VOLUNTEER	% TOTAL HOURS VOLUNTEERED
Arts or Cultural Associations	3.1	159	3.4
Australian Emergency Relief Services	4.8	119	4.0
Community or Welfare Services	33.9	119	28.2
Education	19.6	87	12.1
Environmental or Animal Welfare Groups	3.3	117	2.6
Health Services	8.5	126	6.9
Interest Groups	3.2	78	1.6
International Aid And Development Organisations	3.0	72	1.4
Medical Research	9.3	51	3.4
Recreational or Hobby Groups	3.0	162	3.1
Religious or Spiritual Organisations	15.6	136	15.0
Sporting Clubs	17.0	136	16.6
Other	0.4	143	1.6

An analysis was undertaken to explore the extent and strength of affiliation as a factor in giving to different fields of nonprofit activity. Table 10 below presents findings across a range of nonprofit fields and sets out the percentage of donors that have some form of affiliation (member, volunteer or user) with organisations in that field, along with the mean donation to those organisations by affiliated and non-affiliated donors and the percentage of donations made to organisations in that field that are contributed by affiliated donors. The fields where affiliated giving is greater than 60% are: arts, education, sport, recreation, interest groups, and religious organisations.

Table 10: Affiliated giving by recipient sector

	NUMBER CASES	% WITH FORM OF AFFILIATION	MEAN BY NON-AFFILIATED GIVERS (\$)	MEAN BY AFFILIATED GIVERS (\$)	% TOTAL DONATIONS BY AFFILIATED GIVERS
Arts or Cultural Associations	103	64.1	87	140	73.1
Australian Emergency Relief Services	1,396	23.8	70	76	25.4
Community or Welfare Services	3,485	24.0	82	96	26.9
Education	631	73.1	54	131	87.0
Environmental or Animal Welfare Groups	895	15.1	64	143	29.0
Health Services	836	48.1	65	88	56.1
Interest Groups	174	56.6	87	110	62.0
International Aid and Development Organisations	1,038	18.5	252	360	26.9
Medical Research	2,629	30.4	77	94	34.3
Recreational or Hobby Groups	143	66.9	70	63	63.6
Religious or Spiritual Organisations	1,386	69.8	277	575	82.7
Sporting Clubs	556	53.8	42	77	68.3
Other	109	21.3	77	274	47.3
Total	13,374	34.1	114	214	49.2

4.2 Giving to nonprofit organisations by business

Table 11 presents data on business giving by nonprofit recipient sector. This is drawn from the Survey of Business.

Of all businesses giving during the 2003-04 year, 280,600 businesses, or 53%, gave to community service and welfare nonprofit organisations. Most of these gave in *donations*. A total of 127,800 businesses gave to health, and 147,800 gave to sports and recreation. The latter included 49,300 organisations that gave in *sponsorships*. Only 3,200 businesses gave to environment organisations.

Table 11: Business giving by recipient sector

	TYPE OF GIVING			TOTAL
	DONATIONS	COMMUNITY PROJECTS	SPONSORSHIP	
Arts and Culture	43,000	1,000	8,700	51,100
Health	125,800	9,200	18,300	127,800
Community Service and Welfare	266,600	43,400	31,700	280,600
Sports and Recreation	90,400	32,200	49,300	147,800
An Individual Sports Person	-	-	1,500	1,500
Environment	2,900	500	300	3,200
Education and Training	44,900	2,300	16,500	61,700
Total (inc. others, not stated)	451,600	148,700	156,700	525,900

Table 12 presents data on the value of business giving, in various forms, to a range of nonprofit fields of activity. Community service and welfare benefited most from overall business giving with almost \$1 billion given to that activity. The vast majority (nearly \$800 million) of this came from *donations*. Health also received over \$600 million in total, and sports and recreation received almost \$560 million (largely from *sponsorship*). The environment received one of the least – \$30 million. It should be noted that many businesses did not state the beneficiaries of their giving.

Table 12: Value of business giving by recipient sector

	TYPE OF GIVING			TOTAL
	DONATIONS \$'000	COMMUNITY PROJECTS \$'000	SPONSORSHIP \$'000	
Arts and Culture	219,895	6,773	76,849	303,517
Health	369,360	109,255	122,295	600,910
Community Service and Welfare	773,970	119,101	97,110	990,181
Sports and Recreation	154,488	48,695	354,371	557,554
An Individual Sports Person	-	-	18,634	18,634
Environment	16,513	8,753	4,914	30,180
Education and Training	106,892	22,263	34,356	163,511
Other/Not stated	260,043	225,141	102,036	587,220
Total	1,901,161	539,979	810,566	3,251,706

Note: The above dollar amounts for individual activities of benefit may be understated because some businesses did not state an activity of benefit for their giving.

Table 13 presents data on the amounts given by businesses across different industries for field of nonprofit activity. The industries giving the most to community service and welfare were Construction (\$295 million), Retail Trade (\$196 million) and Property/Business Services (\$119 million). The Retail Trade (\$166 million) and Health/Community Services (\$119 million) were the biggest givers to health, and the Wholesale Trade (\$89 million) and Property/Business Services (\$85 million) were the biggest givers to sports. Businesses in the Property/Business Services industry gave most of all to recreation and arts and culture nonprofit organisations.

Table 13: Business giving by industry by recipient sector

	ARTS AND CULTURE \$'000	HEALTH \$'000	COMMUNITY SERVICE AND WELFARE \$'000	SPORTS AND RECREATION \$'000	AN INDIVIDUAL SPORTS PERSON \$'000	ENVIRONMENT \$'000	EDUCATION AND TRAINING \$'000	TOTAL \$'000
Mining	296	1,094	1,120	3,128	0	89	952	9,743
Manufacturing	20,082	21,679	65,116	73,572	3,317	7,469	24,654	247,925
Electricity, Gas, Water	54	146	451	145	15	119	68	1,043
Construction	7,186	48,673	295,084	58,544	673	1,192	61,616	528,706
Wholesale Trade	2,010	17,875	32,371	88,988	5,005	821	7,709	159,316
Retail Trade	4,748	166,479	196,275	56,303	2,681	3,002	5,516	505,385
Accommodation, Cafes, Restaurants	4,238	5,025	26,052	21,477	209	547	919	136,492
Transport, Storage	12,964	42,913	59,780	75,560	3,730	446	13,689	223,137
Communication Services	777	3,996	3,371	9,722	0	372	1,048	26,068
Finance, Insurance	9,950	36,452	45,135	32,716	134	950	6,447	251,585
Property, Business Services	189,397	99,158	118,778	84,646	418	1,607	22,012	667,536
Education	268	256	2,095	2,153	5	49	588	9,873
Health, Community Services	624	119,458	29,120	3,200	240	11,750	6,464	192,555
Cultural, Recreational Services	48,942	28,847	34,830	39,902	2,161	1,630	11,522	178,893
Personal/ Other Services	1,978	10,856	80,604	7,499	46	136	308	113,449
Total	303,517	600,910	990,181	557,554	18,634	30,180	163,511	3,251,706

5.0 Strengthening giving

Overview

Giving strengthens nonprofit organisation in obvious ways. When money or time is given, nonprofit organisations can, and mostly do, enjoy greater capacity to fulfill their missions within the community. However, gaining an understanding of the ways in which giving, and nonprofit organisations may be strengthened is complex and not always obvious.

This discussion begins with a consideration of the *reasons or motivations for giving*. Most consider giving to be motivated by *altruism*, which is found to be an important factor and one that helps to predict frequent and generous giving. A more subtle and related concept is the role that giving plays in *affirming identity for givers*. Those with religious beliefs are among the most generous of givers. For most givers the reputation of, and trust in, nonprofit organisations is important. Business expresses the importance of giving as ‘a good thing to do’ irrespective of returns, but many businesses point to giving enhancing their image and reputation, improving publicity and helping to build relationships with clients and for improving staff morale. *Affiliation and reciprocation* between givers and recipients - as volunteers, users of nonprofit services or members - are also found to be important motivators.

Sustaining giving is most likely when an understanding of motivations for giving is built upon by mechanisms that foster *planned giving*. A commonly held view is that giving is spontaneous; indeed 51% of donations are one-off, but often quite small. Nonprofit organisations are most likely to be sustained by regular and generous giving built on a long-term relationship with the giver. Givers who describe their donation as planned, tend to have given more. This is a double win, as fewer resources are then needed for securing donations and more can go toward achieving the ends that are the community purposes of nonprofit organisations.

A number of forms of planned giving are analysed. *Bequests* and the role of *foundations and trusts* are among these. Such forms of giving are often substantial. They are also often strategic by being sustained and supportive in addressing systemic problems and meeting gaps in community need.

Taxation measures also foster planned giving. While only about one in four dollars donated is claimed for tax purposes, those who respond to tax related giving incentives are often wealthier community members and their rates of donation and the magnitude of these are growing. A number of relatively recent innovations in Australia taxation law aimed at foster giving are assessed. Prescribed private funds are small in number but have grown quickly to become significant. A capacity for growth is evident for workplace giving. Workplace giving is a simple and effective way to regularly donate to charitable organisations through automated payroll deductions.

The *approaches* that nonprofit organisations adopt to secure giving are also analysed. Some frequently used approaches, such as telemarketing, are found to be unpopular, but reasonably effective. However, these and other invasive approaches, and the overall credibility of nonprofit organisations through their adoption, pose risks to giving. Donors report a preference for door knock appeals, especially when undertaken by volunteers and when publicised. Businesses have a preference for, and do respond fairly well to, written requests supported by documentation.

A discussion of the resources and issues relevant to directly strengthening nonprofit organisations is provided, based in part on a survey of these organisations. Fundraising and volunteering are the two most widely adopted ways of generating resources. However, the use of particular practices varies, often based on the size of nonprofit organisations. Smaller organisations rely comparatively more heavily than larger organisations on gambling and volunteers and generally on a smaller array of strategies. These smaller organisations often lack both the resources to diversify their activities for generating resources and/or the knowledge to do so. Larger nonprofit organisations engage more often in a full array of fundraising activities, support from volunteers, commercial ventures and partnerships with business. However, even with experience larger organisations face constraints, particularly important being financial and human resources limits, in particular attracting, retaining and training good fundraisers. As with any organisation, leadership at a CEO level is important and, as a defining characteristic of the nonprofit sector, voluntary board members providing good, advice, support and contacts are a factor in success.

Finally, nonprofit personnel have had input to this project through their participation in focus groups and in-depth interviews. A range of issues were raised including concern about the reputation of the nonprofit sector, relations with government and the need for a sound legislative environment that helps in the management of risk and the construction of community confidence through practical methods for transparency and accountability.

Many nonprofit organisations recognise the opportunities that giving from volunteers, donors, business and foundations or trusts can provide, but there is often a sense that choosing among these possibilities, while facing day to day challenges, can be overwhelming.

5.1 Reasons for giving

Reasons for giving by individual and households

People have many reasons or motives for giving. There is a huge literature on why people give, a literature contributed to by psychologists, economists and sociologists, each with their own disciplinary approaches. By contrast with the complexity of the academic literature, popular assumptions are that people who give are motivated by selflessness or altruism.

This section explores the wide range of reasons or motivations that people state as the basis for giving. Data from the Individual and Household Survey are reported as well as qualitative research findings presented.

As part of the Individual and Household Survey a particular donation by the respondent was selected for closer examination. These are listed in Table 14 below in the order of their frequency of being mentioned. The percentage who stated that reason is given, together with the average amount given by people who gave that as their reason, the total they donated, as well as the proportion of the total sum given by this subset of donations.

The strongest set of reasons, in terms of frequency with which they were invoked, were:

- ▶ *Affirmation of identity.* This included identifying with the cause and the people whose assistance is the object of the cause (reasons 1 and 3 listed in Table 14 below). These are the reasons given by almost half the donors.

- ▶ *A sense of reciprocation.* Almost one third say they give because of a sense of reciprocation for services already provided, or anticipation that help might be needed in future (reasons 4, 5 and 7).
- ▶ *Respect for a nonprofit organisation.* Just over one-quarter nominate respect for, or trust in a nonprofit organisation (reasons 2 and 8)⁸.
- ▶ *Desire to strengthen the community/make the world a better place.* This was nominated by just less than one in eight respondents (reasons 6 and 12).

Different reasons appear as factors to help explain the frequency and magnitude of donations. For example, the 32% who affirm that they gave because they thought it a good cause gave 18% of the total given. Only 4.8% said they gave because of a sense of religious obligation, but they gave almost 13% of the total.

Table 14: Reasons for donating

	% STATING	MEAN DONATION (\$)	TOTAL DONATED (\$)	% TOTAL GIVING
1. It's a good cause/ charity	31.5	127	518,060	18.1
2. I respect the work it does	22.9	137	402,119	14.1
3. Sympathy for those it helps	14.3	137	253,836	8.9
4. I/ someone I know has/ had an illness or condition it tries to cure	13.1	93	157,037	5.5
5. I/ someone I know has directly benefited from its services	13.0	106	180,342	6.3
6. To help strengthen the community	7.8	168	170,138	6.0
7. I/ someone I know might need its help in the future	6.0	95	73,606	2.6
8. I trust it to use the money correctly	5.0	232	147,068	5.2
9. A sense of religious obligation	4.8	603	362,038	12.7
10. I/ someone I know is/ used to be a member	4.3	204	113,357	4.0
11. I felt obliged to the person who asked	3.8	76	37,674	1.3
12. To help make the world a better place	3.8	313	155,820	5.5
13. Gives me a feeling of goodwill/ makes me feel good about myself	2.7	161	56,487	2.0
14. I volunteer my time for the organisation	1.4	277	47,801	1.7
15. My employer encourages staff to give	0.3	70	2,942	0.1
16. Other	6.9	165	147,944	5.2
17. Can't say	2.5	94	28,423	1.0

Givers were also asked about any affiliation they have with the entities that they give to and an analysis was undertaken of the frequency and level of giving. Findings include:

- ▶ **Affiliation with a nonprofit organisation strongly correlates with giving.** Around 34% of givers claimed some sort of direct affiliation with the organisation to which they were donating ie they belonged to the organisation, or they volunteered for it or a family member had benefited from it. For 25%, this affiliation was that they

⁸ Related to this research McNair Ingenuity has found that unprompted awareness of well known nonprofit organisations correlates strongly with a likelihood to give (Giving Australia, 2004).

(or family members) used the service provided by a nonprofit organisation (some of these were also members of the organisation or volunteered for it). Fourteen percent were volunteers and 12% were members - again in both cases many were users or volunteers as well as members and so on. Affiliation encouraged a higher level of giving. Affiliated givers on average gave \$214 over the preceding 12 months compared to givers without an affiliation, who gave on average \$114. Overall, the 34% of affiliated givers gave 49% of all money donated.

- Practising and holding a religious affiliation increases giving, including to non-religious causes.** The results show that having a religion and attending religious services significantly affects the likelihood to give and the amounts given (those with a religion gave at a rate of 88.9% at an average value of \$460 pa compared with 83.5% who don't have a religion, at an average value of \$223 pa). When giving by those with a religion to their own religion is not included, the overall rate and amounts given are about the same as for those who do not have a religion. For those who have a religion, the less often they attend a religious service, the more often they give to non-religious nonprofit organisations.
- Volunteers give more, more often and their giving is more specialised.** Of the 41% of people who are volunteers in Australia, 91.2% give money to a nonprofit at an average amount of \$538 pa compared with a giving rate for non-volunteers of 83.8% for an average value of \$251 pa. In addition, 79.2% of volunteers give (money or time) to an organisation in one field of nonprofit activity. By comparison 18.4% of all givers (of time and/or money) give to organisations in one field of nonprofit activities, and 20.1% give to five or more organisations in different fields of nonprofit activity.

Qualitative research explored the attitudes to giving and related motivations and these reinforce many of the findings from quantitative analysis. These findings are organised around the expressed views of everyday individuals, those on middle incomes, and wealthy individuals.

Everyday Australians tended to like to support a wide range of causes. They particularly wanted to support those *innocent* of the problems they experienced (with some prejudices expressed regarding drug addicts and single mothers). Age influenced interests, university students tended to prefer volunteering for environmental causes or animal rights, and young people preferred to volunteer for discrete projects rather than on an ongoing basis.

Connection and relevance of nonprofit organisations, for everyday individuals, stemmed from:

- it being local**
- its having an impact on them or their family**
- there being an emotional connection including social justice reasons.**

Wealthy individuals seemed more interested in systemic change (eg. medical research, education related causes). In addition, these individuals were supportive of the arts.

Strong concern about duplication and wastage by nonprofit organisations such as 'cars for fat cats' was expressed. A moral dimension was expected in CEO and others salaries with some believing charities should be totally volunteer run to keep costs down. Corporate-style approaches to promotion were seen as unnecessary.

Connection and relevance of nonprofit organisations, for wealthy individuals, stemmed from:

- ▶ a personal belief that these were addressing genuine needs (often not fully addressed by government)
- ▶ community legitimacy (eg. a children’s hospital)
- ▶ endorsement through formal or informal networks or via someone respected
- ▶ perceived trustworthiness and accountability, predicated on proving that money was used effectively.

Reasons for business giving

Reasons for giving by business follow patterns similar to those identified above for individuals.

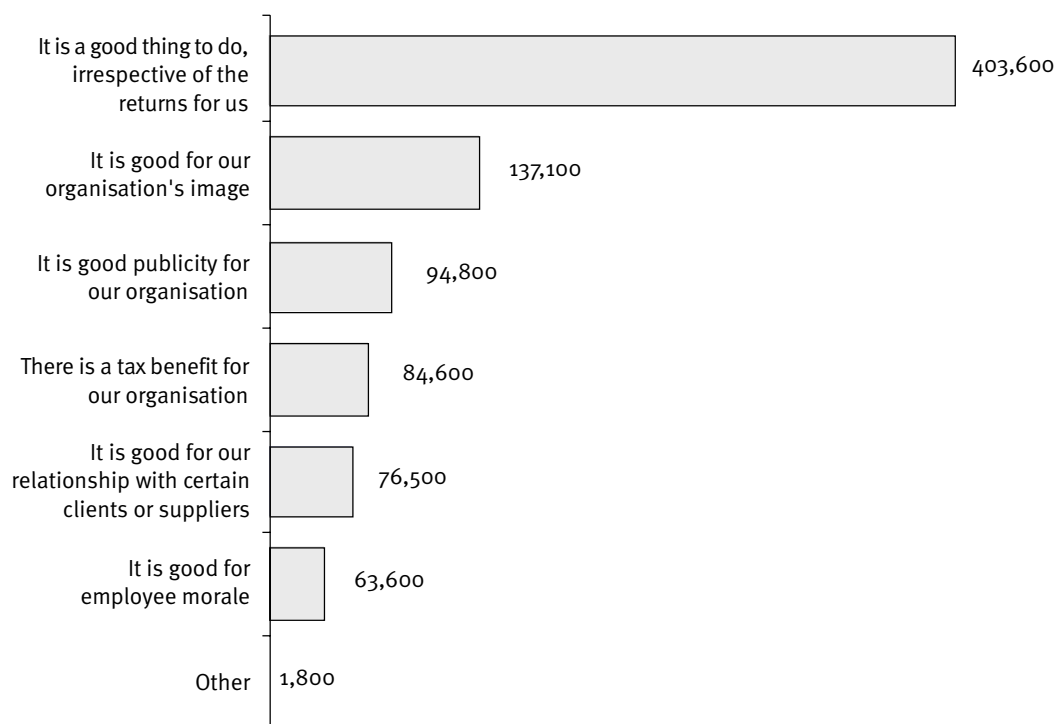
In the Survey of Business making *donations* was seen as ‘a good thing to do, irrespective of the return for us’ by 403,600 businesses, or almost 90% of all businesses which made a donation. This is a high expression of altruistic motives by business for giving.

Business factors are also important in giving. 137,100 (30.4%) of businesses that donated felt that making donations was ‘good for their business’s image’, 94,800 (21%) that it was ‘good publicity’, while 76,500 believed it was good for their relationships with certain clients or suppliers. Other factors cited were gaining a tax benefit and improved employee morale.

Figure 2 summarises these stated benefits to business of making *donations*. These patterns of response were similar to those for giving through *community business projects* and *sponsorship*.

Figure 2: Benefits of making donations

(Base: Businesses which made a donation)

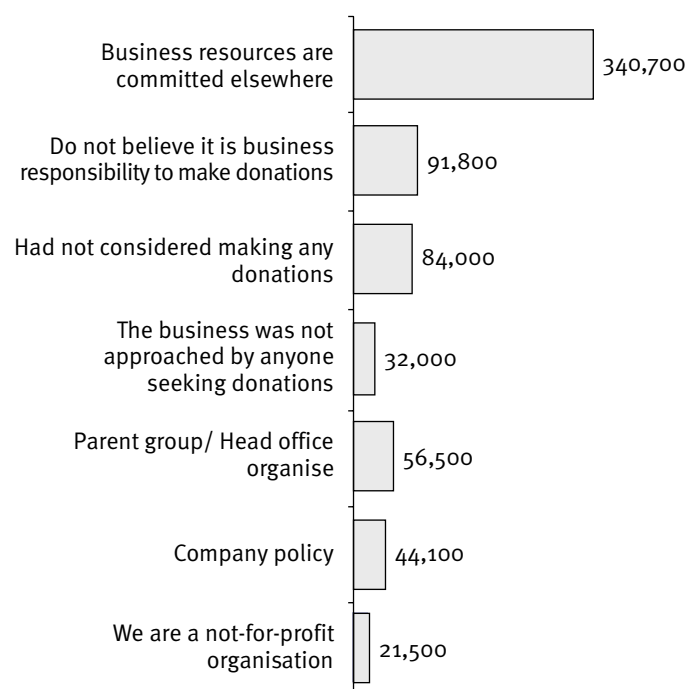


The Survey of Business also asked about barriers to giving from which it is reasonable to infer reasons and motivations and limits to these.

The largest barrier to making *donations* was that business resources were committed elsewhere. This was seen as a barrier by 340,700 businesses or 44% of all businesses in Australia. Related to this another 59,300 businesses nominated ‘business restraints/ limited resources’ as a barrier to giving. Some 12% of businesses (91,800) did not believe it is business’ responsibility to make donations, and 11% of businesses (84,000) had not considered making donations. Figure 3 graphs responses to this question.

A similar pattern for barriers was identified through questioning regarding *community business projects* and *sponsorship*.

Figure 3: Barriers to making any/more donations



5.2 Planned giving

A popular view of giving by both individuals and business is that it is spontaneous; a response to some tragedy, or a recognition that some person or group has a pressing need. Yet, fundraising and most fundraising organisations try to build a commitment to giving. The newly emerging discourse of social investment tries to persuade people that their giving requires as much attention, as much planning, as their other investing decisions, such as for retirement.

In response to the Individual and Household Survey, the majority of respondents indicated that they had been providing support to a particular organisation for five or more years. They were also asked if they had made one or more donations to that organisation over the past year. In 51% of cases organisations had received a one-off donation while, in 48% of cases the donor had made several donations to the organisation.

Respondents were asked if their donation was planned or spontaneous. Just over 50% were described as spontaneous, while just fewer than 16% were described as planned. Almost 31% were a mixture of both.

When looking at the amounts given, the average amount donated to the chosen organisation when the gift was described as planned was \$238 and the average gift described as spontaneous was \$59. The demographics of planned giving show a small increase in likelihood that the donation was planned among those over 65, those with a university degree and those in managerial and professional employment, but the differences were barely significant.

Bequests

Bequests are sums of money or of shares, goods or property bequeathed to a living individual or organisation by a will. It was not possible through the Survey of Nonprofit Organisations to estimate the amount received through bequests because no reliable sample of nonprofit organisations is available. It is not possible to estimate the value of a bequest in advance, as the value of an estate can never be known until the death of the person leaving the bequest. There are no reliable annual or other estimates of the value of bequests received by nonprofit organisations.

We do know that bequests are an important source of funds for nonprofit organisations. Charity researchers *Givewell* surveyed 406 nonprofit organisations and found 220 (54%) had received bequests to the value of \$140 million in 2003-04 (Givewell, 2005). The survey of 481 nonprofit organisations conducted for *Giving Australia* found that bequests were nominated as the most significant source by 9% of responding agencies, the third highest ranked fundraising practice from among twenty-four practices listed.

Respondents through the Individual and Household Survey were asked whether they had made a will and whether they had made a bequest to any charity or other nonprofit organisation in that will. An estimated 58% of the adult population have made a will and of these 7.5% have included in their will a bequest to a charity or other nonprofit organisation. Not surprisingly, the likelihood of having a will increases with age. However, the likelihood of a person who has drawn up a will leaving money to charity increases only marginally with age.

Foundations and Trusts

Philanthropic entities are important intermediaries for giving – they span giving across the generations, often through bequests establishing foundations or trusts, and as an organised conduit between givers and recipients.

The Australian Directory of Philanthropy (Philanthropy Australia, 2004) lists more than 370 philanthropic entities in Australia. Lyons and Hocking (2000) were able to collect data about 158 philanthropic entities that in total expended \$82.1 million.

Since the 2000-01 year, taxation law in Australia has provided for the formation of prescribed private funds (PPFs). A PPF is a fund established by a will or trust instrument with Deductible Gift Recipient (DGR) status. Previously, DGR charitable funds were public funds only and were required to seek and receive donations from the public and be strictly controlled by members of the public.

McGregor-Lowdes and Marsden (2003) have noted that the numbers of PPFs have grown rapidly. At 30 June 2001, 22 PPFs had received \$78.6 million in donations and at 30 June 2002, a total of 81 PPFs had a total of \$135.1 million under investment for future

distributions to other DGRs. Around 300 PPFs have now been established. PPFs have had a significant effect on the nature and extent of tax-deductible giving in Australia (CPNS, 2005).

Qualitative research for this project among wealthy individuals and those involved in foundations and trusts identified a number of themes. These included:

- ▶ **Inspired by the opportunity to seed ideas.** Trusts, foundations and PPFs were motivated to fund strategic, systemic change and ‘between the cracks’ projects and build for the long term.
- ▶ **Newer entities need more support.** It was generally observed that newer foundations or trust entities needed more support and had little awareness of existing training opportunities and networks. Key issues for newer trusts were clarifying mission and focus, handling applications, publicity, and deciding on allocations.
- ▶ **Challenges for older trusts.** These were expressed as including interpreting founder’s wishes, being leaders and partners in their grant making to nonprofit organisations, and linking with other grantmakers where possible.

Business Foundations and Trusts

The Survey of Business found that 1% of businesses, a total of 7,000 businesses, operate a foundation or trust for the purpose of making donations.

There are 4,700 businesses with 1-10 employees that operate a foundation or trust for the purpose of making donations. However, businesses with 11 or more employees are relatively more likely to operate a foundation or trust. In fact, of businesses with 11 employees or more, 3% operate a trust or foundation, compared with less than 1% of businesses with 1-10 employees. Some 4,100 businesses in Cultural/Recreational Services operate a foundation or trust of this type and they are most likely of all businesses to do so.

Taxation Measures and Awareness

Taxation is both a measure to provide financial incentive for giving as well as a means by which giving can be measured by the community and, for individuals and businesses, provides a framework for planned giving. Of course, those who pay a higher marginal rate of tax receive a greater incentive. Wealthier individuals are donating more and more often (Giving Australia, 2004) and so such tax measures are increasingly important.

The Individual and Household Survey inquired of informants whether they had claimed any deductions for donations in their 2003-04 tax return. Thirty-six percent replied in the affirmative, and recalled claiming a total of \$1.64 billion, higher than would be expected by projecting the Australian Taxation Office’s figures. This estimate for tax deductible giving suggests that about one in four of all donations made by individuals is claimed. Presumably the remaining three-quarters of individual donations to nonprofit organisations is either claimable but not actually claimed, or comprises giving to nonprofit entities that are not deductible, such as religious institutions.

Table 15 below sets out, for demographic and employment variables, the percentages who report they claimed a tax deduction. It also sets out the mean size of the donation they made in the survey period and for comparison, the mean donation made by those not claiming a deduction. It must be noted that the mean donation made by tax claimers is not the amount for which they claimed a deduction: the amount reported as claimed

for deduction was for the 2003-04 tax year, while the amounts reported here are for 2004; as well, many donations are not claimable. The last two columns indicate that those who claim tax deductions give more. The table makes it clear that those who made tax claims are predominantly drawn from high-income earners and they make higher than average donations.

Table 15: Comparison of mean donations by tax claimers and non-claimers

		% CLAIMING TAX	MEAN DONATIONS TAX CLAIMERS (\$)	MEAN DONATIONS NON TAX CLAIMERS (\$)
All givers		35.8	646	297
Gender	Male	38.3	743	315
	Female	33.7	546	282
Age cohorts	18-24	13.6	320	219
	25-34	32.7	521	259
	35-44	41.9	655	290
	45-54	47.4	699	311
	55-64	43.5	652	319
	65+	27.9	808	392
Personal income	Nil to \$15,599	18.1	523	200
	\$15,600 to \$31,199	33.4	455	275
	\$31,200 to \$51,999	42.0	664	427
	\$52,000 and higher	56.3	1,334	574
Household income	Nil to \$25,999	17.0	442	216
	\$26,000 to \$51,999	36.3	593	314
	\$52,000 to \$104,00	45.1	718	398
	Over \$104,000	52.4	1,117	596
Education	School level only	27.6	463	249
	Trade qualification	39.4	695	401
	Bachelor/PG degree	53.2	847	369
Employment status	F/T paid employment	45.4	845	412
	P/T paid employment	36.6	517	278
	Unemployed looking for work	15.6	509	234
	Not retired and not in workforce	20.7	380	235
	F/T student	9.3	681	321
Occupation	Retired	27.9	452	304
	Managers and professionals	49.4	326	141
	Other white collar	32.9	642	248
	Trades	28.3	668	126
	Other blue collar	22.5	796	329

Workplace Giving

One way in which people give is via a regular deduction from their pay. This involves employers deducting the donation and passing it onto the nominated charity. Because it requires a commitment to nominate a certain charity, it is an example of planned giving. To encourage such methods of giving, two years ago the government allowed employers

to adjust an employee's tax to recognise the value of the donation. In that way the donor gained the tax benefit they were entitled to at the time of making the donation, rather than later.

Of our sample, 0.7 % said their donation was made as a deduction from their pay. This suggests around 100,000 people who participate in such schemes⁹. These donors tend to be men (52%), in full time employment (64%) and earning over \$52,000 annually (17%). Most (70%) live in capital cities, but a few (30%) are based in rural areas, possibly reflecting the use of such schemes by some large mining companies.

Individual awareness of tax incentives

Table 17 below identifies that of the 19% of all respondents in the Individual and Household Survey who indicated that they were aware of tax changes to encourage giving, nearly half were aware of this new workplace giving tax measure, ie about 9% of all respondents.

Since 1999, the Australian Government has made a number of other changes to taxation law to encourage giving, especially by high income/high wealth individuals. These include the availability of deductions for donations of property and for some of the costs associated with attending fundraising dinners and similar events, the right to spread deductions over five years and the right to claim deductions for donations to private charitable funds. The survey sought to discover the level of awareness of these changes, and whether they had had an impact. Nineteen percent of the sample was aware of changes, although some changes were better known than others. Table 16 below indicates the level of awareness of different changes (note that the percentages are of those 19% of respondents who said they were aware that there had been some changes).

Table 16: Awareness of new tax measures

	% AWARE (N=2,904)
Deductions are now available for donations to private charitable funds	63.3
Giving which allows regular donations through pay to receive tax benefits immediately	46.5
Deductions are now available for attending fundraising dinners or similar events	34.9
Gains tax exemptions are now available	29.6
Deductions are now available for some property donations	23.7
Can be spread over 5 years	21.4

This awareness was spread fairly evenly across demographic and occupational groups. It was noticeably higher among university graduates, and among higher income earners. Importantly, the average size of donations made by those aware of tax changes was significantly higher than donations made by those who were not aware. However, far fewer claimed that the changes had any impact on their giving. Only 1% of total respondents or 7% of those who were aware of changes indicated that it had had an impact on their giving.

9 Because these are such small numbers, the 95% confidence range is from 74,000 to 140,000.

Business awareness of tax changes

The Survey of Business found that of all businesses 30% allow employees to make pre-tax regular donations to non-profit organisations through their pay. Of this group 4% of businesses offer a company matching scheme (eg dollar for dollar) for payroll deductions to non-profit organisations.

The proportion of businesses allowing employees to make donations through their pay was above average in Education and Health and Community Services industries, but below average in Transport/Storage, Utilities and Retail Trade businesses.

Despite a high proportion of businesses in Education and Health/Community Services allowing employees to make donations through their pay, very few of these businesses offered a company matching scheme. Company matching of donations was above average among Construction businesses.

When asked, 301,300, or 39% of businesses, said that they encourage their employees in some way to give their money, time or services to not-for-profit organisations or charities. The main ways were circulating information on local charities through the organisation (167,300 businesses or 22%), flexible work hours to accommodate unpaid volunteering (150,800 businesses or 19%) or paid time off to volunteer (34,200 businesses or 4%). Some businesses encouraged their employees in more than one way.

Of all businesses 63% were aware that there are tax concessions for payroll deductions by staff to DGR organisations.

Awareness of these tax concessions was greater among larger than smaller businesses, and more common among Transport/Storage, Health/Community Services, Cultural/Recreational Services and Education industries. Awareness of these tax concessions was below average in the Electricity/Gas/Water industries and in Accommodation/Cafes/Restaurants.

Awareness of tax concessions for establishing a private foundation/trust that has been prescribed in tax regulations was found among 43% of all businesses.

Awareness of tax concessions for establishing a private foundation or trust was higher among Transport/Storage businesses and among Health/Community Services. Awareness of these concessions was relatively low among Education organisations and businesses in Accommodation/Cafes/Restaurants.

5.3 Approaches used for giving: attitudes and effectiveness

To raise funds, nonprofit organisations need to approach people to give. McNair Ingenuity has found a strong correlation between the number of approaches to people to donate and frequency of donating (Giving Australia, 2004). Yet the frequency with which people and businesses are approached to give, their actual giving in response to particular forms of approach and their attitudes to these vary considerably.

The Individual and Household Survey asked people their experiences and attitudes regarding ways they were approached to give. Except in the case of major disasters such as the Asian Tsunami appeals, people rarely give unless they are asked. Organisations seeking donations have a variety of ways of asking people for gifts. Some are direct, such as telephone appeals to strangers, others are less direct, such as using known donors or people who volunteer for the organisation to ask friends or work colleagues to donate.

Some ways are more successful than others at eliciting a donation. Some are not universally liked; their overuse may damage the reputation of a fund raising organisation or all fundraising charities.

The tables below set out six of the most common fundraising methods and, for each method, records the number of people who recalled being approached. Subsequent tables indicate the frequency of giving in response to this approach and attitude toward the approach.

Table 17: Number approached for donations by different methods

	% OF SAMPLE APPROACHED	NUMBER OF PEOPLE APPROACHED
Telephoned at home	77.3	11,907
Television advertisement or program	69.3	10,670
Request through mail/letterbox	65.9	10,147
Approaches door knock appeal	61.1	9,408
Street or public place	59.8	9,204
Advertisements or fliers in magazine/ newspaper	51.9	7,985

Table 17 shows that the most frequently reported approach, being telephoned at home, is also the most disliked. Although it is not the most successful at eliciting a donation, such telemarketing is far from the least successful. Door knock appeals are not as frequent, but are less likely to be disliked and far more likely to elicit a donation.

Table 18: Effectiveness of different methods

	EVERY TIME %	MOST OF THE TIME %	SOME OF THE TIME %	NOT AT ALL %	% TOTAL SAMPLE %
Telephoned at home	2.2	7.4	31.9	58.3	77.3
Television advertisement or program	0.5	1.3	13.9	84.0	69.3
Request through mail/letterbox	1.6	3.9	28.7	65.4	65.9
Door knock appeal	22.9	24.5	35.2	17.0	61.1
Street or public place	5.1	16.1	44.2	34.3	59.8
Advertisements or fliers in magazine/ newspaper	0.1	0.4	8.0	91.3	51.9

Table 19: Attitudes towards different methods

	DISLIKE THIS METHOD %	NO FEELING %	HAPPY TO BE APPROACHED THIS WAY %	% TOTAL SAMPLE %
Telephoned at home	77.8	10.4	10.6	77.3
Television advertisement or program	16.4	42.7	38.6	69.3
Request through mail/letterbox	32.7	34.3	31.8	65.9
Door knock appeal	21.6	21.9	55.3	61.1
Street or public place	41.8	20.8	36.2	59.8
Advertisements or fliers in magazine/ newspaper	15.4	51.9	31.6	51.9

Qualitative research among individuals tended to reinforce these quantitative findings. These findings include:

- ▶ **Invasive techniques were slammed.** These were seen as tainting not just the nonprofit organisation involved but the sector itself. It mainly occurred in relation to telemarketing and street asks by commission/paid canvassers but was less of an issue for previous donors to an organisation and if volunteers were asking.
- ▶ **A range of likes and dislikes.** Direct mail was seen as acceptable, though sometimes a waste of money while unaddressed mail was ignored. Face to face solicitation by volunteers was more accepted if clear signage and non-aggressive behaviour was used.
- ▶ **Advance promotion helps.** All approaches were more trusted if promotion in the marketplace had informed people they were coming, and were considered legitimate. However, supporters needed to know the organisation and be positive about it for more than token support to occur.

The Survey of Business asked how businesses were approached to make *donations* and their reactions to these approaches. The findings, summarised by form of approach, are given below and detailed in Table 20.

- ▶ **Telephone call.** This form of approach was the most commonly used, was fairly effective in terms of making a donation and was among the least preferred.
- ▶ **Form or letter.** This was also a quite common form of approach, also fairly effective and was the most preferred.
- ▶ **Form or letter with additional materials.** This was not so common a method, was modestly successful and not so preferred.
- ▶ **Request from an employee or director nonprofit organisation.** This was infrequently used, but modestly successful and not so preferred.
- ▶ **Email.** This was an occasionally used method of approach, the least successful and not preferred.
- ▶ **Request from a client or supplier.** This was an occasionally used method, somewhat successful and not particularly preferred.

Table 20: Methods of approach to business for donations and their effectiveness

	APPROACHED	MADE A DONATION	PREFERRED
Telephone call	465,500 60%	214,100 27%	47,400 6%
Form or letter	420,300 54%	208,900 27%	236,300 30%
Form or letter with additional materials such as cards or booklet	146,700 19%	77,700 10%	78,700 10%
Request from an employee or director involved with the beneficiary organisation	100,500 13%	86,400 11%	65,100 8%
Email	95,000 12%	7,700 1%	46,100 6%
Request from a client or supplier that you already deal with	88,000 11%	50,400 7%	50,400 7%
Other	15,600 2%	15,200 2%	5,800 1%
None of the above	60,600 8%	101,600 13%	162,600 21%

5.4 Resources and issues for strengthening nonprofit organisations

This section identifies issues associated with the marshalling of resources for strengthening nonprofit organisations. Key components summarised are those of qualitative research among nonprofit organisational personnel and the Survey of Nonprofit Organisations.

The Survey of Nonprofit Organisations as part of this project collected responses from almost 500 nonprofit organisations. While its findings cannot be quantified to and presented as representative of the entire sector, its findings are broadly relevant and indicative. That survey looked at the:

- ▶ extent to which nonprofit organisations secured resources via fundraising, partnerships with business, commercial ventures and volunteer recruitment
- ▶ types of resources and support that nonprofit organisations use to assist them when undertaking these activities and how useful they find them
- ▶ reasons that nonprofit organisations do not undertake activities such as fundraising, partnerships, commercial ventures and volunteer recruitment
- ▶ factors that would improve the organisational capacity and ability of nonprofit organisations to undertake activities.

The pattern of resource mobilisation

Overall, the findings suggest that the nonprofit organisations that responded to the survey are active in a wide range of resource mobilisation activities. In the 2003-04 financial year most nonprofit organisations (80%) were active in terms of fundraising. Of the wide range of fundraising practices available to nonprofit organisations, bequests and major gifts, marketing, events and personal solicitation are the most extensive. The key types of fundraising activities in terms of revenue generation include special events, direct mail, bequests and grants from foundations.

The majority of nonprofit organisations in the study were aware of tax incentives relating to workplace giving and prescription of private charitable funds as deductible gift recipients (DGR). Fewer respondents were aware of the other incentives relating to tax deductibility and capital gains tax exemptions.

Almost three quarters (72%) of the nonprofit organisations in the study had attempted to recruit volunteers in the 2003-04 financial year. Nonprofit organisations that had either a paid or unpaid manager or coordinator of volunteers were more likely to have undertaken recruitment compared to all organisations with volunteers. Similarly, organisations that were active volunteer recruiters were also more likely to use formal contracts or agreements with their volunteers, have formal volunteer training and recognition programs and had experience with employee/corporate volunteering compared to all organisations with volunteers.

Almost two-fifths (39%) of the nonprofit organisations in the study had at least one partnership with a business organisation. The majority of partnerships were between 1 and 5 years' duration with a sizeable minority (20%) indicating their partnerships were ongoing. The findings suggest the predominance of 'philanthropic' as opposed to 'transactive' or 'integrative' styles of community business partnerships, as they primarily consist of financial or product contributions from business with only less than one quarter of partnerships having an employee volunteering component.

Over one quarter (29%) of nonprofit organisations in the study operated a commercial venture or social enterprise. In the overwhelming majority of cases (87%) the venture was an extension of services that organisations provide as part of their primary purpose and mission.

Factors influencing the pattern of resource mobilisation

Some of the key factors that appear to influence resource mobilisation behaviour among the nonprofit organisations in the study include:

- Organisational size.** The likelihood of nonprofit organisations undertaking fundraising, volunteer recruitment, partnerships or commercial ventures increases with size. This is especially the case for partnerships and commercial ventures. Furthermore, smaller organisations are less likely to engage in multiple resource mobilisation activities (e.g. fundraising, volunteer recruitment and partnerships) compared to larger organisations.

Size not only plays a role in terms of the likelihood of an organisation undertaking fundraising, but also in the number of different types of fundraising activities it undertakes. Smaller organisations, for instance, are more likely to rely on fundraising revenue from gaming and less likely to rely on revenue from bequests/major gifts and events compared to larger organisations. Larger organisations are more likely to fundraise via bequests/major gifts, marketing, events and personal solicitation. Smaller organisations also tend to utilise fewer types of fundraising practices compared to larger organisations.

Organisational size also influences the number of partnerships that nonprofit organisations have with business, with larger organisations more likely to be more active than smaller organisations in terms of the number of business partners.

- ▶ **Industry (field of activity).** The nature of the data does not allow firm conclusions to be drawn with respect to the influence of industry (field of activity) on resource mobilisation. Nevertheless, the findings do suggest that organisations in some industries, for example community services and health, are more likely to undertake certain types of activities such as partnerships compared to organisations in other industries.
- ▶ **Primary purpose.** Nonprofit organisations whose primary purpose is public, rather than member serving, are more likely to have undertaken volunteer recruitment, have partnerships with business, fundraise and operate a commercial venture compared to member serving organisations.
- ▶ **Geographic location.** Nonprofit organisations based in capital cities are more likely to undertake fundraising, volunteer recruitment and have business partnerships compared to those in large regional centres. Organisations from rural and remote areas appear to rely more on fundraising and volunteer recruitment than to have partnerships with business or to operate commercial ventures.
- ▶ **Age.** Older nonprofit organisations are more likely to undertake fundraising, volunteer recruitment and operate a commercial venture compared to organisations that were established in the last 15 years.
- ▶ **Geographical scope of operations.** Nonprofit organisations that are international in scope are much more likely to fundraise, recruit volunteers, have partnerships with business but less likely to operate commercial ventures. Organisations that are national in scope are most likely to have a partnership with business compared to all other organisations. In contrast, organisations that are local in scope are least likely to have a partnership with a business organisation.

Supports used

The study found that nonprofit organisations draw upon a wide range of resources, support and assistance in generating resources via fundraising, volunteers, partnerships and commercial ventures. Some types of supports appear to be used to a greater extent across all or most types of activities. This was especially the case for:

- ▶ volunteers, including those that serve on their boards or management committees
- ▶ paid internal staff
- ▶ advice from the Board or a particular board member
- ▶ information and support from not-for-profit support organisations.

Other types of resources and supports that appeared to be relatively highly used included:

- ▶ the services of a paid or unpaid manager or coordinator of volunteers
- ▶ radio advertisements for volunteer recruitment
- ▶ gaining information from books and manuals
- ▶ gaining information from the internet
- ▶ attending courses and training seminars on relevant topics
- ▶ using an external consultant
- ▶ seeking the advice of another CEO.

Organisations generally indicated that they found these types of support and assistance to be very useful. This was especially the case for paid internal staff and volunteers, including those that serve on their boards and management committees. The degree of usefulness of different types of support and assistance varied according to the type of resource mobilisation activity.

Reasons for lack of activity

Not all of the nonprofit organisations in the study were involved in either fundraising, volunteer recruitment, partnerships or commercial ventures. Some of the reasons for this were similar across all four types of activities. For instance, between one quarter and one half of the nonprofit organisations indicated they did not undertake activities because they had no need to raise extra revenue or volunteers, form a partnership with business or operate a commercial venture.

Another significant reason why organisations did not undertake one or more of the activities was a lack of financial and human resources. This was particularly the case for fundraising, volunteer recruitment and partnerships. This suggests that there is still a lack of knowledge about how to form partnerships with business among nonprofit organisations, one third of those organisations that did not have a partnership with a business organisation stated that they would like to engage in a partnership but were not sure how to go about it.

The findings also indicate that the reasons nonprofit organisations do not engage in resource mobilisation activities are generally not due to a lack of support for the concepts of partnerships or commercial ventures or because their boards are risk averse. Rather, the findings suggest that nonprofit organisations require additional resources to undertake resource mobilisation activities.

Improving organisational capacity

Nonprofit organisations that had undertaken one or more of the four resource mobilisation activities indicated that a key factor that would increase their capacity in the future was having increased financial resources. Having more human resources, such as paid staff and fundraising volunteers, was also seen as an important factor that would improve organisational capacity.

While financial factors were also seen as relatively important in increasing organisational capacity for nonprofit organisations that had *not* undertaken one or more of the four main activities, a slightly different pattern emerged. These organisations were more likely to indicate that financial and human resources as well as ‘knowledge’ factors, such as having a greater understanding of how to undertake some of the activities, as being important to improving their organisational capacity in the future.

In other words, those organisations that are already undertaking resource mobilisation activities have in the main jumped the ‘knowledge’ hurdle and need more financial resources to continue to increase their capacity. They have experience and commitment to seek more resources, but need even greater capacity to build on this.

For those organisations that are not undertaking resource mobilisation activities, greater financial resources would certainly be desirable but they still need to gain greater knowledge and expertise of how to undertake particular activities.

A number of key issues were raised by nonprofit personnel through in-depth interviews and focus groups conducted in support of this research. These are presented below under two broad headings of internal and environmental issues.

Environmental issues

Key environmental issues raised by personnel from nonprofit organisations included:

- ▶ **Rising costs of compliance and risk management.** These demands arose across all entity sizes, but most acutely for small nonprofit organisations. Compliance issues included those associated with governance, qualifications for service delivery, accreditation, onerous evaluation and reporting on contracts and grants, and especially for some, GST. Key risk management challenges raised were those of public liability, and insurance risks influencing adversely the preparedness of nonprofit organisations to engage volunteers.
- ▶ **Issues in working with governments.** Many felt that government funding was declining at a time when too few alternate sources of financial support or skills to access government funding were available. Concerns about funding from governments included fewer dollars over shorter periods, inadequate adjustments for rising costs and little or no funding for infrastructure. Differences between state and national legislation applying to nonprofit organisations were commented upon and it was noted some felt these were complex, sometimes inconsistent and not always suitable. Some indicated that no reasonable legislative framework for transparency applies to nonprofit organisations. Poor coordination between government funding ‘silos’ and little valuing of nonprofit experience were mentioned. Governments were viewed as risk averse and perceived as pressuring nonprofit organisations not to advocate on behalf of disadvantaged groups.
- ▶ **Opportunities from private rather than government sources.** Opportunities, including from private foundations, for business partnerships and fees for services were identified. Government encouragement of private sector giving was seen as highly desirable (eg. community business partnerships) – a lot of untapped philanthropy was felt to exist. While positive attitudes were expressed about such partnerships with business, this was qualified by feelings that they are difficult to start and manage. There was a benign view that tax measures for giving might help.
- ▶ **Importance of credibility and transparency; concern about their costs.** Concerns were expressed that the nonprofit sector was unable, unlike business, to pass on costs to clients in part because of a lack of public understanding of the costs of running an organisation. Some expressed the view that while ensuring transparency was favoured, it was noted with concern that this may have a negative impact on giving to specific organisations or to the nonprofit sector generally. These concerns seemed to contribute to short-term survival strategies with little future planning. It was felt that credibility needed to be (re)built as it has been affected by the taint of a few ‘bad apples’ highlighted in media reports and by the aggressive and offensive approaches of some.

Internal Issues

Key internal issues raised included:

- ▶ **Need for leadership.** It was felt that leadership was needed at all levels – sector-wide, board and CEO. It was felt this could improve the capacity to address financial problems and allow for organisational and environmental problems to be addressed.

- ▶ **Need strategic fundraising.** Personnel specifically made mention of the need for stronger branding and closer donor relationships amidst stiffening competition.
- ▶ **Attracting, retaining and training fundraising personnel.** This was seen as a real challenge. Key issues were seen to include a lack of training (especially in regional areas, or for learning how to attract business support), the need for more single-cause support networks (which could also help with tailored training), and that the profession was not attractive to many and often held in poor regard by the community, including other nonprofit personnel. A related issue is the discomfort level of donors concerning perceived high nonprofit salaries and benefits.
- ▶ **Greater commitment needed to HR development.** Many current education and training efforts were applauded but, it was felt, more conferences, seminars, templates and best practice guidelines were needed.
- ▶ **Need for more flexible volunteering opportunities.** Traditional recruitment practices, time commitment and activity use of volunteers were viewed as being less appropriate for new volunteer groups such as young people and baby boomer retirees. It was considered that there was significant untapped volunteer capacity while some felt volunteers were treated poorly.
- ▶ **Needs of smaller and regional nonprofit organisations.** Small nonprofit organisations felt they were limited in fundraising, but were desperate to learn more. The capacity of personnel was often limited and the costs of accessing training high. A need for innovation was expressed. Donor and volunteer fatigue issues exist in smaller states and areas which are tapping repeatedly into small pools of strong, local and loyal networks.
- ▶ **Cynicism.** This was evident in some groups regarding capacity support programs from government. Some nonprofit personnel felt threatened by prescribed private funds taking money that may have flowed earlier and directly to them.

6.0 Conclusion

A diverse and healthy nonprofit sector contributes to a stronger, more prosperous and cohesive civil society.

This research has been unique, comprehensive and integrated. It has occurred with the support of the Australian Government, and with the active involvement of many people from a range of nonprofit organisations, academia and business organisations.

Over recent years Australia has benefited from a large growth in giving, in all its forms, by individuals and business. This growth seems to have been the result of many factors including the growth in the Australian population and general economic prosperity. It has also resulted from the efforts of many nonprofit organisations, which have become more effective in their efforts to secure resources from within the community.

Furthermore, the Australian Government has implemented a number of measures to strengthen the sector, including through taxation reform to provide incentives to individuals and businesses to provide more support for the nonprofit sector, as well as other initiatives aimed at encouraging and promoting individual and corporate social responsibility in Australia.

The results of this research also highlight a number of challenges facing the nonprofit sector, which will need to be addressed to maintain the sustainability of the sector. It is up to all of us—individuals, government, business and the nonprofit sector itself—to play our part.

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