

Now&Next

Autumn
2023

Issue No.
14

Australians and the art of giving



Australians and the art of giving

Australians are generous when it comes to donating to charities and philanthropic causes but, as a wealthy nation, we can always do better. We examine the latest trends for supporting worthwhile ventures and the different ways you can become involved.



The devastating series of bushfires, floods and the COVID-19 pandemic over the past few years have demonstrated that, when others are in trouble, Australians help those in need. In 2020, according to the latest Australian Charities Report, Australians donated about \$12.7 billion to worthwhile causes, an increase of 8% on the previous year.⁷

Much of this giving is in the form of personal donations and fund raising for registered charities. However, there is also a lot of important work being done by individuals through their own philanthropic enterprises and charitable bequests.

⁷ Australian Charities and Not-for-profits Commission, [‘Australian Charities Report – 8th edition’](#), June 2022, accessed 16 February 2023.



While Australians are known for their generosity in times of crisis, as a country we still lag many developed nations for philanthropic donations.

Structured giving

Philanthropy Australia, the peak body representing philanthropic organisations in Australia, describes this type of fundraising as ‘structured giving’. Typically it involves planned financial instruments such as trusts and foundations designed to support specific causes and charities.

The two most commonly used vehicles are **private ancillary funds (PAFs)** and **public foundation sub funds**. PAFs are charitable trusts set up by individuals, families or associations to donate money or other assets to charities that can receive tax deductible donations. Every year, PAFs must distribute at least 5% of the value of their net assets.

More than 2,000 PAFs have been set up since 2001 with combined assets of \$7.6 billion. In 2019-20, they distributed nearly \$521 million to charity.⁸

Public foundation sub-funds allow people to set up a fund with a tax-deductible donation which then feeds into a larger public fund which supports various charities. Each year the sub-fund must donate a certain percentage of its assets to the main fund. Sub-funds are easier to set up and operate but, unlike a PAF, you can’t appoint your own trustees to manage the fund – overall control remains with the public fund.

In 2018 there were nearly 2,000 sub funds in Australia with total assets of \$1.06 billion and annual donations of \$123 million. The average size of a sub-fund is around \$500,000 compared to \$4.4 million for a PAF.⁹

Charitable trusts are another long-established form of philanthropic giving, typically set-up as the result of a bequest. To be able to register as a charitable trust – and so receive tax concessions from the Australian Taxation Office – a trust must be set to be not-for-profit. It must have only “charitable purposes that are for the public benefit” and not be an individual, a political party or a government entity.

Top causes in 2023

So what sort of charitable causes are being supported through philanthropic organisations? A report by Philanthropy Australia last year highlighted five key areas for philanthropists in 2023.¹⁰ These are, in no particular order:

- ▶ addressing the need for **more affordable housing** to tackle homelessness,
- ▶ taking action to confront the challenges of **climate change**,
- ▶ helping to alleviate the stress on **vulnerable and disadvantaged people** in an economic downturn,
- ▶ working with **First Nations people** to deliver better outcomes to their communities, and
- ▶ advocating for systemic change to address the **underlying causes of poverty** and inequality.

The report also highlighted a number of challenges facing the sector in 2023, not least a possible economic downturn with high inflation and rising interest rates.

How Australia’s giving compares with other countries

While Australians are known for their generosity in times of crisis, as a country we still lag many developed nations for philanthropic donations. For instance, on the international benchmark of total giving as a percentage of GDP, Australia scores 0.81% compared with 1.84% for New Zealand and 2.1% for the US. Overall, on the Global Philanthropy Environment Index, we rank 19th, behind New Zealand on 16th.¹¹

Australia’s new Labor federal government came into office in 2022 with the goal of boosting charitable donations and increasing the percentage of taxpayers who make donations. It has proposed a number of new measures including establishing standardised fundraising laws across all states so charities don’t have to waste time having to comply with individual State and Territory regulations.

The Productivity Commission has also been asked to undertake a review of the philanthropy sector with the goal of boosting donations to charities and doubling philanthropic giving by 2030.

i How we can help

If you’d like to learn more about how to structure your giving or about charitable donations in general, talk to us. We can advise you on how to best plan your giving, taking into account your overall financial goals.

8 Philanthropy Australia, ‘[Giving Trends and Opportunities](#)’, October 2022, accessed 16 February 2023.

9 Philanthropy Australia, ‘[A Blueprint to Grow Structured Giving](#)’, April 2021, accessed 16 February 2023.

10 Philanthropy Australia, ‘[Better Philanthropy Telescope Report 2022](#)’, December 2022.

11 Philanthropy Australia, ‘[Giving Trends and Opportunities](#)’, October 2022.