Policy lessons for strengthening nonprofits

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Abstract:

Those who develop or influence Australian public policy impacting on the nonprofit sector rarely have adequate empirical research upon which to base their judgments. Giving Australia research evidence relevant to strengthening giving and volunteering is brought together in this article to inform policy options for government, nonprofit and philanthropic entities. It begins with consideration of research findings related to the capacity of those that give or volunteer and the implications these findings have for policy. Three key criteria are developed for assessing policies to strengthening giving and volunteering, behaviours that primarily assist nonprofit organisations – policies that build trust between those that give and the recipients of their gifts, policies that strengthen affiliation and policies that encourage planned giving.

Keywords: Nonprofit organisations, philanthropy, public policy

Introduction

Trends for giving in Australia point to sustained growth and some might conclude that little priority need be given to how to strengthen giving. As we discussed in our introductory article, we attribute some of this growth as being a function of greater economic prosperity and reflecting improvements in the efficacy of fundraising and other resource mobilisation efforts by nonprofits which may be short term effects. In addition, some methodological factors may have contributed to an increase in measured giving. Notwithstanding these qualifications, the research has concluded that there has been growth in giving.

We have some measures for the value that individuals and the community place on giving - 87% of individuals make donations annually while 41% volunteer and 67% of businesses give in some way each year. Nonprofit organisations are the beneficiaries of around 90% of this giving (government agencies receive almost all of the rest). Organisations that benefit from this giving span a wide range of human activity – from arts, education, and interest representation, religious worship, environmental protection and animal welfare as well as sport, recreation, community development, welfare, health services and research. Beneficiaries also include organisations that provide overseas aid and development.

Many nonprofits, governments, philanthropists and others are interested in how to strengthen and sustain giving for the long term. As researchers we are not just interested in increasing our knowledge about giving for its own sake. Together with nonprofits, governments and other community members, we have an interest in identifying ways of strengthening nonprofits because they reflect and reinforce many of the best values of our society, because they strengthen the community itself and because they balance demands on public resources with individual and community endeavour. Giving represents an income stream for nonprofits that could be further developed to provide a greater measure of independence from other sources such as government funding or trading income. For most nonprofits, philanthropic income is the only income which is unrestricted and can be committed to innovation and social entrepreneurship.

By contrast, a diminishment in giving weakens the nonprofit sector which in turn has largely negative consequences for governments, communities and individuals. Even when giving is increasing overall, certain fields of activity may attract less or fail to attract their previous share of donations. For example, research has identified that over time the total proportion of individual and business donations to, and hours volunteered by individuals toward sporting and recreational nonprofits has declined (Lyons and Passey, 2005; McNair Ingenuity, 2005). Such trends if continued are likely to have long-run consequences for individual physical and mental health and contribute to rising expenditure on health for individuals and governments. There may also be consequences for other nonprofits – over the same period of comparative decline for sporting and recreational nonprofits we have seen a rise in giving toward health and medical research nonprofits (Lyons and Passey 2005; Lyons and Hocking 2000).

Analysis has shown that underlying the growth in giving have been dynamic changes in the *sources* (e.g. from individuals or business), *forms* (donations of money, goods, services or volunteering) and the *destinations* of giving (to larger or smaller nonprofits or those operating in one or other fields of nonprofit activity) (ACOSS 2005). In other words while there has been growth in giving, it has not been uniform. Policies that strengthen giving in some ways may promote particular forms of giving, from different sources and to the benefit of some nonprofits over others. We now have available some evidence of the impact that such policies are likely to have and these are discussed below as different policies are proposed.

For example, giving from business has grown over recent years particularly in the form of donations of money compared with gifts of goods and services or giving through sponsorship. The main beneficiaries of this growth in business giving have been nonprofits in the fields of community, welfare and health services. As a proportion of all giving by business, support for sporting groups remains significant, but has declined. Environmental groups receive relatively little support from business and this has been so for some time. In general we might expect that policies that foster giving by business as a source are likely to benefit such forms and destinations for giving.

This discussion seeks to distil from the preceding papers and research findings evidence that can guide policies for strengthening giving. We detailed in our opening contribution to this collection the quintile patterns of giving which showed that while giving is wide-spread in the community it is the relatively small proportion of people who give large donations of money and volunteer very long hours, who very much account for the largest proportion of giving to nonprofits. Policies that grow and sustain this cohort of highly engaged givers are likely to be most important.

The Giving Australia research examined in this collection has included both quantitative and qualitative methods producing an array of findings to inform the policies, programs and activities of governments, nonprofits and philanthropic entities. However, as we noted in our introductory article to this edition, Australia has not had the benefit of a very long history of research applying methods that allows for finely calibrated quantification of the likely impact of policy and practice changes. In this context qualitative research and consultative processes take on some importance and are noted where relied upon in this discussion.

The research findings lend themselves to the identification of criteria by which policies may be assessed, rather than emphatic statements of support for specific policies. The need to make better-informed policy judgements is essential if giving is to be strengthened and sustained.

We begin with a consideration of issues related to supply-side capacity, that is of those of those that give by donations and volunteering. Capacity and demand-side issues of giving, those that are relevant for nonprofits as then discussed. The implications research findings for policy development are discuss under each of these headings. Discussion is then provided around three key criteria for assessing policies for strengthening nonprofits – those that build trust between those that give and nonprofits, those that strengthen affiliation and policies that sustain giving that is planned rather than merely spontaneous. Within each section research evidence is summarised and policy options for government nonprofits and philanthropic entities are discussed.

Donors and their capacity

Research has identified that the capacity of those that give is a factor in the quantum and forms of giving as well as influencing the characteristics of those that give. The most striking pattern is one where people give what they can – those who are cash-poor but time-rich tend to volunteer and those with higher incomes, with little time, tend to make donations.

Most adult Australians donate to nonprofits. As a result, the increase in the percentage of donors in each increasing income band is not great, rising from about 82% to 90% up to an individual income of $52 000 per annum, but declining slightly in higher income brackets (Lyons and Passey 2005). However, the average amount donated is much greater for those with much higher incomes. Those with annual personal incomes of between $15,600 and $31,199 donate on average $337 per annum while those on incomes over $52,000 per annum make annual average donations of $759. But this difference is important. Those earning over $52 000 per annum constitute one in six of the adult population, but they give one third of the value of all donations; those earning above $104 000 constitute only 3% of the adult population but contribute 10% of giving (Lyons and Passey 2005).

The importance to nonprofit organisations of donations from higher income donors invites discussion of the most obvious of public policies for strengthening giving: taxation. However, the Giving Australia individual giving survey found the main reasons for giving did not include any stated reasons vaguely connected with taxation incentives. The main reasons centred around the worthiness of the cause, the people who were assisted and the donor's affiliation with the cause or those it assisted. This was also a theme emerging from the qualitative research where 'participants mostly agreed that tax incentives did not prompt giving.' (Madden and Scaife 2005, 31). However, for very affluent donors interviewed (unlikely to be part of the individual giving survey), it was found that:

> 'wealthy donors always claimed tax deductions on their giving (leaving such details to be handled by their accountant or adviser who, in turn, was aware of their gifts.) Tax deductibility did not determine if they gave or what they gave to but it was widely regarded as a positive incentive for those wishing to give more than otherwise.' (Madden and Scaife 2005 11-12)

As McGregor-Lowndes et al. (2006) suggest in an earlier paper in this collection after analysis of ATO gift deduction data, tax may play a greater role with the very affluent taxpayer than the general population. These extremely wealthy Australians have significant capacity to give.

Of those on personal incomes between $15,600 and $31,199, 33.4 % claim donations for taxation purposes for an annual average tax claim of $455. Of those on personal incomes over $52,000 per annum, 56.3% made a tax claim for an average donation of $1,334 (ACOSS 2005) - those on higher incomes not only donate more on average, they are also more likely than others to make claims for taxation purposes.

Only around one in five of all dollars donated to nonprofits is claimed for deductions through taxation (Lyons and Passey 2005). Thus most donations to nonprofits either are to entities that are not tax deductible for gifts (such as churches, which account for about a third of all donations from individuals) or are donations not claimed for taxation purposes. Australia in comparison to the rest of the OECD has a very limited range of nonprofit organisations to which a gift is tax deductible (McGregor-Lowndes et al. 2006). The *Report on the Inquiry into the Definition of Charities and Related Organisations* (2001) and the Industry Commission Report (1995) both sought to reform Australia's complex and narrowly based definition of gift deductible organisations, but with little direct impact on public policy. Australia accords Deductible Gift Recipients (DGRs) status to only 22,000 organisations compared to its over 48,000 charitable institutions and funds endorsed by the ATO (CPNS 2006). This is compounded when many philanthropic intermediaries are restricted by taxation regulation to only granting within the narrow band of deductible gift recipients. Increasing the tax deductible range of organisations to all charities at least as in the United States, United Kingdom or Canada would improve equity amongst grant seekers and increase giving. Treating all nonprofit organisations in this fashion would be a significant and worthwhile step.

The survey of individual giving found that the awareness of recent gift deduction incentives was quite low. Only 19% were aware of the new taxation incentives. Those that claimed awareness of the incentives made significantly higher total donations than those that were not aware of them (Lyons and Passey 2005). A program to enhance awareness of taxpayers and their advisors is an appropriate policy response to this finding. The Canadian Imagine campaign in the 1990s and the more recent Giving Campaign UK are examples of such awareness building.[2]

Higher income groups are likely to be responsive in their giving behaviour to taxation policies, in part because they have a greater incentive to make tax deductive gifts as their marginal rate of taxation, and therefore their return from giving, is greater. This research has not been able to model and predict the impact that changes in marginal rates of taxation or other tax policies may have for donations by those on high incomes. However, the introduction of the Prescribed Private Fund (PPF) appears to have attracted significant new giving from very affluent Australians. The average claimed deductible gift of individual taxpayers with a taxable income over one million dollars has risen from just $26,828 in 1999-00 before the introduction of PPFs to $73,355.44 in 2003-04. (McGregor-Lowndes et al. 2006).

A number of taxation measures are discussed in sections that follow. In light of the research outlined here it is likely that, in general, such measures will tend to benefit, and may provide some incentive, to higher income donors.

Capacity and volunteering

Research findings in relation to volunteering highlight issues of capacity that add to our understanding of giving. In essence, what we see from this research is that people tend to give what they can. Unlike the giving rate, the rate of volunteering for nonprofits does not increase with income (it fluctuates between 40% and 44%), but the average hours volunteered does vary substantially across income groups – those with lower incomes volunteer on average much more than those on higher incomes. Those on personal annual incomes of less than $15,600 averaged 159 hours volunteering annually while those on incomes above $52,000 averaged 91 hours volunteering (Lyons and Passey 2005). Clearly the income rich are time poor.

Volunteering is an important form of giving, and while older people and those on lower incomes are particularly important volunteering cohorts, few public policies provide financial incentives to such volunteers. Direct costs of volunteers appear to be rising as illustrated by escalating insurance premiums and legislatively driven increased work place health and safety requirements (McGregor-Lowndes and Nguyen 2005). Some nonprofit organisations are unable to finance or continue to finance reimbursement of the rising cost such as of a volunteer's petrol, rural fire brigade safety clothing or first aid training. Government funding often does not recognise such expenditure and private donors do not find such 'administrative' type costs attractive. Unlike the situation in the United States, in Australia direct costs incurred by volunteers cannot be claimed for taxation purposes. It may be worth modelling taxation credit models for volunteers that allow for a deferral of taxation claims until when volunteers do earn, or to defray taxation burdens through superannuation.

Patterns of volunteering are also influenced by generational, life-role and life-cycle factors that are not necessarily related to income. Age is an important factor in volunteering. Those aged 55 years and over account for 30.7% of those surveyed, but contributed 39.2% of all hours volunteered (Lyons and Passey 2005). To a lesser extent young people, like older people, tend to volunteer at slightly lower rates but for more hours on average than those aged between 35 and 54 years. This mid-aged cohort volunteers at a higher rate but for fewer hours on average. It seems that parenting is related to this pattern, with many requests for volunteering associated with schooling and other child related activities.

Qualitative research identified changing patterns of volunteering with young people and retiree 'baby-boomers' often seeking opportunities that are flexible, sometimes for comparatively short periods and/or that may be for discrete purposes (ACOSS 2005). Similarly the comparatively new phenomenon of employee volunteering seems to often result in opportunities that are discrete and of shorter duration. Other researchers have identified the growing number of volunteers with a preference for short term volunteering assignments or specific projects (Hustinx and Lammertyn 2003; Auld 2004; Styers 2004; Macduff 2005). Naturally these trends have implications for managers of volunteers, community organisations and governments. The preferences of these volunteer groups may increase the support and administration that nonprofits have to provide to sustain volunteer contributions.

It is not possible to predict the impact that the ageing Australian population may have on volunteering. While at present older people tend to volunteer at a higher rate and for longer hours on average than young people, generations differ in their engagement with nonprofits. The comparatively high incomes of the 'baby-boomer' generation may influence its pattern of giving through into retirement. Sustaining research, including longitudinal research, may be needed to assess adequately such change.

Volunteers often give more than their time to nonprofits. As will be discussed below, research has evidenced the strong links between volunteers and their also making donations to nonprofits (Lyons and Passey, 2005). Lyons and Zappala (2006) have shown that the use by nonprofits of volunteers who assist in fundraising is statistically significant in predicting a high proportion of income from fundraising activities for nonprofits. In an earlier paper Lyons and Zappala (2005) found that the role of paid and unpaid volunteer coordinators can be important to ensuring that volunteering is sustained.

Capacity and nonprofits

Lyons and Zappala (2005) did not find the size of nonprofits to be a significant factor in predicting reliance on fundraising by nonprofits. However other studies have found that the management capacity of smaller and larger nonprofits is generally more capable than that of moderately sized nonprofits (Lyons and Nyland 1995; ACOSS 2005). This suggests a life-cycle pattern, that nonprofits tend to struggle as they grow beyond comparative easily and well managed small organisations, but that once they have reached a larger size they have acquired a more sophisticated management capacity.

Smaller nonprofits often rely on a narrow band of giving activities compared with larger nonprofits (Lyons and Zappala 2005). These pressures are most striking among smaller nonprofits serving regional, rural and remote communities, which often have a smaller population and economic base from which to draw resources. This is also confirmed by the research of Flick et al (2002) and Mission Australia (2006).

Qualitative research established that both government and private foundations are reluctant to embrace nonprofit capacity building, particularly in relation to administration and fundraising capacity (Madden and Scaife 2005). The issue cannot be separated from the general public misconceptions about 'ideal charities' being operated completely by volunteers with no administration costs and distrust of nonprofit organizations with paid staff and professional fundraisers. Further public education is necessary to establish that so called 'administrative costs' that appear not to be directly related to direct service delivery are in the long term an important key to unlocking both new funds for direct service delivery and more efficient and effective use of scarce resources.

These findings suggest that if peak bodies, public or philanthropic policies do not attend to the different needs of nonprofits based on their developmental needs or stage, size or geography, then such policies are likely to implicitly advantage larger, established nonprofits that are based in urban or wealthier locations. In the UK a 'Future Builders Fund' provides grants and loans to enhance the capacity of nonprofits for specific purposes[3] and such a model might usefully be developed in Australia in an attempt to address some of the organisational needs of nonprofts.

We now turn to the issue of public trust which presents an immediate challenge for policy makers and nonprofit organisations and that, together with the need for policies that strengthen affiliation and planned giving to nonprofits, provide mechanisms to strengthen the relationships between those that give and recipient nonprofits.

Policies for building trust

'There's no such thing as a free lunch'; 'Beware Greeks bearing gifts'[4] – these sayings imply that those who give have an agenda. The Trojan horse of giving, to continue the Aegean metaphor, contains within it a host of expectations. Even altruistic giving contains expectations, in particular the expectation that the contributions will go towards the cause or purpose expected. Trust is important for giving and the research has quantified this.

The Giving Australia survey of individuals asked givers to state their reasons for giving to one of the organisations randomly selected from those that they had claimed to have supported. They could nominate several reasons. The most commonly stated reason was that it was a good cause or charity (32%). But 23% said they gave because they respected the work of the organisation and 5% because they trusted the organisation to use the money correctly (Lyons and Passey 2005).

In qualitative research donors report concern about nonprofit CEO's receiving high salaries or 'perks' (Madden and Scaife, 2005). This extended down into lower levels of nonprofit organisations as,

> 'everyday people commonly criticised the notion of paid staff at nonprofits, preferring volunteers to staff the organisations, and in particular they were antagonistic towards paying fundraisers.' (Madden and Scaife 2005, 38)

They also identified concern about 'scams' conducted under the guise of nonprofits and a general hostility towards professional fundraisers. This was usually identified with certain methods of fundraising such as unsolicited telephone marketing and direct approaches in the street.

The Giving Australia survey asked those who said they had made no donations during the previous year why they had not. Some gave several reasons. The most common response (58%) was that they could not afford to, but 47% said they thought too much was used in administration, 44% that they did not know where the money would be used and 40% that they did not think the money would reach those in need.

Focus group research among personnel employed in nonprofits also elicited concern about the reputation of nonprofits in the community in relation to administrative costs (Madden and Scaife 2005). CEOs felt keenly the public's desire for them to minimise administration costs and control unnecessary expenses, however, the strong theme emerging was that such costs had to rise to meet increasing government imposed compliance costs through regulation of the sector. Madden and Scaife report that:

> 'compliance requirements in areas such as governance, qualifications for service delivery, and accreditation…. were seen by many as difficult and expensive to implement. Costs associated with compliance were perceived as rising and likely to create on-going difficulties for nonprofits.'(2006: 78)

The two issues that public policy needs to address are the host of misunderstandings of the gift relationship and the increasingly complex regulation of nonprofit organisations. Some people give to support a particular organisation (a church or a school); others give because they want to support people who are deeply disadvantaged, by poverty, ill health or natural disasters. For these, the organisation is an intermediary between them and the individuals they wish to support. But they do not understand that the intermediary has operating expenses, including identifying the needy, determining and providing the most appropriate form of assistance and so on. Nonprofit organisations that claim that because they have other sources of income, gifts to them go in their entirety to the needy are being disingenuous and compound public ignorance. There is good evidence that nonprofits generally underspend on their management and are less efficient as a consequence (Letts, Ryan and Grossman 1999). To encourage and expand public giving requires a public education campaign to inform the public about the way nonprofit organisations work as well as to encourage support for them. The Canadian Imagine campaign in the 1990s and the more recent Giving Campaign UK led by Lord Joffe provide useful examples (Giving Campaign 2004).

Previous research has flagged complex regulatory compliance being applied to nonprofits as a growing concern. Flack and Ryan (2005), in a review of financial reporting to government by nonprofits, found that multiple and complex accountabilities can impair strategic development. Woodward (2004) has reviewed the legal frameworks within which nonprofits are established and operate and found these to be many and complex. She has argued that this works against good governance and accountability. The concerns of the Industry Commission (1995) about regulation of charitable organisations in 1995 are still relevant a decade later. Further, we noted above the issue of concessional definitions under taxation law, adding a further layer of complexity for nonprofits.

The research on giving adds to this other research from other disciplines and public policy discourses that seek simpler and more transparent mechanisms for accountability. Such research and policy proposals have largely been ignored by governments. It may be that nonprofits and their peak bodies, possibly with the support of philanthropic entities, need to take action themselves. Some nonprofits and peak bodies, such as the Fundraising Institute – Australia and the Australian Council for International Development, have their own codes of conduct that provide a mechanism to enhance confidence and trust essential to giving.

Strengthening affiliation

A prior affiliation between those who give and the nonprofits they give to has been found to significantly encourage giving. Donations of money and giving of time, either through volunteering with or membership of nonprofits, as well as use of the services of nonprofits are closely related and mutually reinforcing.

Lyons and Passey (2005) found that the 34% of givers claimed a prior affiliation with the nonprofits to which they made a donation, either through membership of it, volunteering for it or via use made of its services by them or their immediate family. Their gifts accounted for a total of 49% of all donations. The average annual donation for a donor affiliated with a recipient nonprofits was $214, for those without an affiliation the average was $114.

The most striking example of the strength of prior affiliation is the support given to religion. Twenty-six percent of the adult population donate to religious organisations (mainly places of worship); their gifts constitute 36% of all individual donations. As explored elsewhere in this volume, giving to religion is highly correlated with frequency of attendance at religious services, a measure of the strength of affiliation (Lyons and Nivison Smith 2006).

When we focus on giving to nonreligious causes, the strength of affiliation weakens; however, it still has a massive effect on many fields. Eighty-seven percent of giving to educational providers comes from people with a prior affiliation with the recipient; 75% of giving to arts and cultural organisations and 68% of giving to sports organisations. Between one-half and two-thirds of the giving to interest groups, hobby and recreation groups and health service providers also comes from people with a prior affiliation.

These results point to the importance of nonprofit organisations retaining and expanding members, other users of their services and volunteers. Their sensitivity and responsiveness to the expectations of their members and volunteers and the quality of the services and experiences they give to users are particularly important here. While public policies are of some importance, affiliation and the relationships that are at its centre, are mostly managed through the policies and practices of nonprofits themselves.

Policies for planned giving

Related to this affiliation as a factor in stronger giving, is planned giving. Planned giving is a term used to distinguish an act of giving that is spontaneous (often in response to a tragedy or a chance solicitation by mail or telephone) to one which is planned. A donor that engages in planned giving has considered integrating their personal financial objectives with their altruistic impulses. It is usually an affirmation of their values and identity. Examples of planned giving in Australia include bequests, major gifts (pledges) usually spread over a period of three to five years, PPFs, employee payroll deductions and periodic direct debit arrangements.

The more people that can be persuaded to plan their giving, then the larger that giving is likely to be. Lyons and Passey (2005) found that 50% of all who made donations did so spontaneously, but for an annual average of $59. Of the 16% who stated that they planned their donations, the annual average donation was of $238. In addition, for the nonprofits that are the recipients of such giving, the value is not only greater on average, but the on-going costs associated with such supporters are likely to be lower. Planned gifts also allow a stable income flow to nonprofit organisations permitting greater forward planning of expenditure compared to some sources of government funding or spontaneous giving.

The successful introduction of PPFs is an example of how a planned giving product can bring a significant increase in philanthropy which will have a sustained long term impact. Since their inception in 2001 the number of PPFs as at September 2006 have grown to 440 with $506m in donations and distributions of $94m to DGRs (McGregor-Lowdes et al. 2006). These funds have been established by affluent Australians and large corporations and appear to have increased the giving pie significantly. The United States and Canada both enable planned giving through ‘charitable remainder’ or ‘split interest’ trusts. These arrangements allow affluent taxpayers to irrevocably contribute property to a charity, but retain the income derived from that property for their and their spouse’s lifetime. An immediate income tax deduction for the contribution’s present value is allowed together with concessional capital gains tax and inheritance tax. In the United States there is $US186.4b in such planned giving entities (IRS 2003) and a growing number in Canada (Duff 2004). Introduction of such products into the Australian tax regime are likely to have a positive influence on giving by this cohort.

The presence of a fairly large superannuation industry that is experimenting with mortgage secured loans may allow for more flexible forms of giving by all older people accessing superannuation or capital through home ownership. The policy alternatives using these financial instruments may be worth exploring with the advent of an aging population.

Workplace giving has been a mechanism actively promoted by the Federal Government to support donations by employees through regular wage deduction and allowing for an automated adjustment for tax deductibility. While research has not been able to assess the efficacy of these mechanisms, they hold promise and deserve to be the subject of further research.

Bequests or gifts in wills represent a large potential income stream for nonprofit organisations. Lyons and Passey (2005) found that around three out of every five Australians has a will, but fewer than one in twelve of those with a will make a bequest to a nonprofit organisation. Madden and Scaife (2005) explored the possible barriers to bequest development in a number of focus groups and outline the challenges faced by nonprofits in building this type of planned giving. The usual policy incentives of death duty concessions are not present in Australia, but there are a range of policy options open to governments to facilitate bequests. Increasing the public awareness of the benefits of a bequest, developing professional expertise in their solicitation and awareness of lawyers and financial advisors to their potential are all options for policy makers. Madden and Scaife (2005, 104) do identify one area in which governments could pay particular attention to law reform in respect of estate litigation. It is becoming common for disgruntled relatives to challenge charitable bequests where the costs of litigation are funded from the deceased estate and claims are dubious.

A number of intermediaries facilitate important relationships between givers and recipient nonprofits. These intermediaries often engage in or foster planned, strategic and generous giving including financial or estate planning services to affluent Australians. Key professionals, such as solicitors, accountants and financial advisors are well placed to provide counsel not only about legal and financial matters, but in guidance regarding the actual destination of giving. However, many such professionals often have only personal and sometimes limited experience in facilitating decision making by their clients on giving decisions.

Conclusion

Altruistic giving is not so much a myth as an exaggeration. Affiliation has been found to be crucial to giving. There are increasing private and public expectations about the use of gifts of both time and treasure. The growing affluence of the Australian community has contributed to greater donations of money. However, this affluence may also be having an impact on the capacity or propensity of some people to strengthen affiliation through volunteering. Lower levels of direct engagement with nonprofits mean that those who give need to rely on other mechanisms to ensure that they have confidence and trust necessary to sustain giving. This gives cause for a growing concern to ensure transparency and accountability of nonprofits, but also less complex legal environments to ensure that the burdens of administration and compliance are not increased. Governments have a responsibility to provide regulatory infrastructure to enhance trust in the nonprofit sector and at the same time minimise compliance costs.

This research has shown that over recent years Australia has benefited from growth in giving, in all its forms, by individuals and business. Nevertheless governments, nonprofits and philanthropic entities face many policy challenges if we are to ensure that that nonprofit organisations continue to have the capacity to meet changing community needs and expectations. This dialogue is one that can and should continue to be informed by research.

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[1] During 2004-05 Phillip O’Donoghue was Deputy Director of the Australian Council of Social Services (ACOSS) and manager of the Giving Australia Project.
[2] Imagine Canada, http://www.imaginecanada.ca/; Giving Campaign UK http://www.givingcampaign.org.uk/
[3] http://www.hm-treasury.gov.uk/spending_review/spend_ccr/spend_ccr_voluntary/spend_ccr_futurebuilders.cfm
[4] ACOSS (2004) cited Roy Morgan Research findings that showed that Australians of Greek background donated the highest annual average amount to nonprofits compared with any other groups.