



Perpetual's 2023 Philanthropy Insights Report

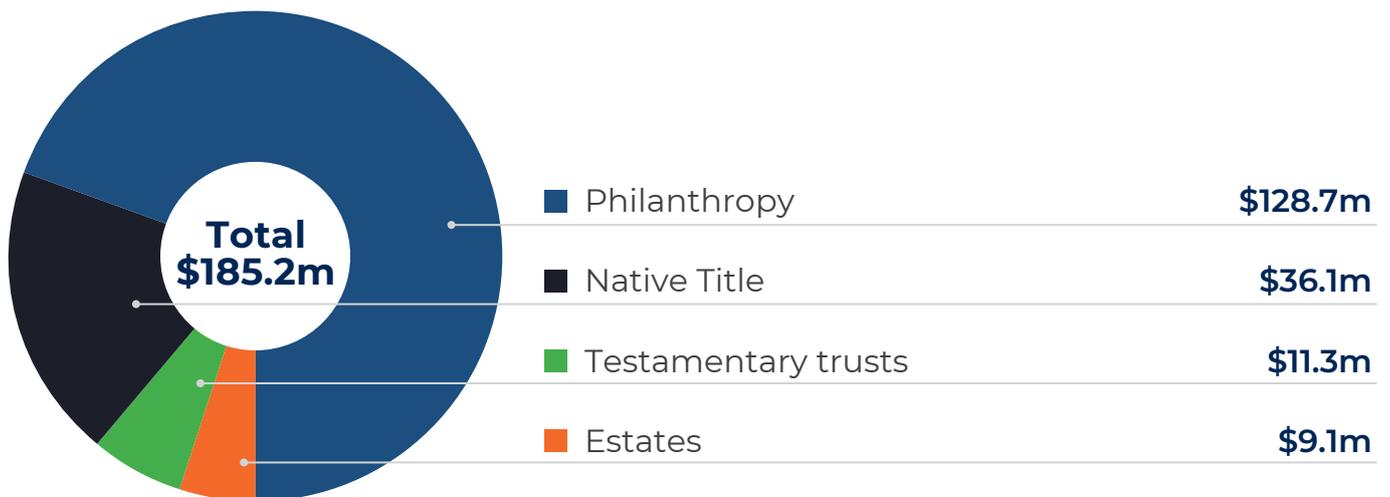
Trust is earned.

Perpetual 

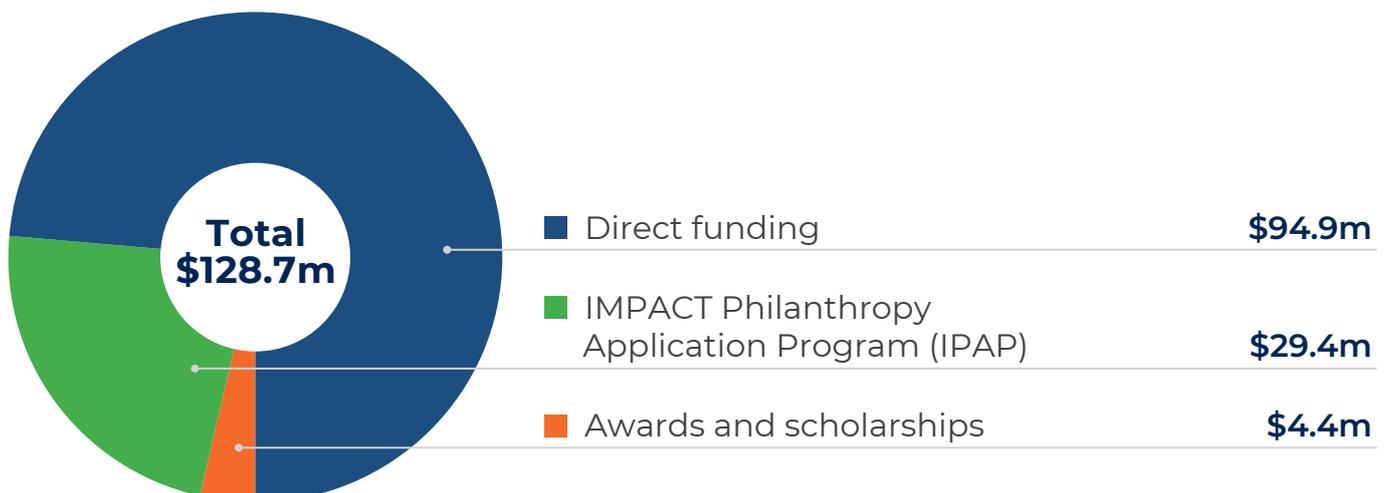
Perpetual has been bringing philanthropists and not-for-profit organisations together for over 125 years, helping them drive better outcomes in the communities they care about and serve. In this report we have analysed the funds distributed by philanthropists to the charitable sector in FY2023 to provide insights into the current philanthropic landscape.

In the last financial year Perpetual partnered with individuals, families and trusts to assist in the distribution of over \$185 million into communities. This includes \$129 million in funding from philanthropic trusts, with the remainder being charitable distributions from estates and bequests and Native Title client community-led funding.

Total funds from Perpetual clients to the community sector



Total funds from philanthropic trusts



As with everything we do, we're guided by our clients and partners as to how best to support their philanthropic vision and intent. One of the most highly valued services we provide is connecting philanthropists with effective organisations who are successfully driving positive social, cultural and environmental change. We utilise Perpetual's IMPACT Philanthropy Application Program (IPAP) to assist us with this process. The IPAP program accepts applications from not-for-profit organisations from every State, Territory and sector. Applications are assessed for quality before being considered for funding by hundreds of philanthropic trusts and foundations. In 2023, the philanthropists we work with committed to distribute **\$38 million** to not-for-profit organisations via IPAP, of which \$29.4 million was distributed in FY23.

The richness of the data collected through IPAP gives philanthropists special insight into the strategic, operational, financial and people challenges facing not-for-profit organisations. We are pleased to provide Perpetual's analysis of this data and how philanthropists responded in the last financial year.

The state of the sector

In March 2023 we launched a paper targeted specifically at philanthropists: [Perpetual's Philanthropy Snapshot, How to Give Well in 2023](#)¹. In this paper we drew on IPAP data to give the not-for-profit sector a direct voice to philanthropists, to speak to their challenges and the opportunities they wanted to take advantage of. Philanthropists listened and responded, which is explored within this report.

Ground down by inflation

One key and overarching issue identified by not-for-profit organisations was the increasing impact of inflation on vulnerable communities and the organisations that support them. Not only do programs and services cost more to deliver, but grant and fundraising income has flatlined or decreased, resulting in an ever-growing gap between budgets required and funding available.

The not-enough-people problem

High levels of staff turnover in organisations, particularly in fundraising and philanthropy roles, was raised as an issue of concern.

Over 40 organisations whose applications were successful in 2022 didn't apply for funding in 2023. Others submitted applications that scored lower than they have done previously. Sector feedback suggests this is occurring due to staff turnover and limitations to support skills development and training – not just in fundraising but across all roles within organisations.

1 www.perpetual.com.au/insights/insights-for-philanthropists-what-the-community-sector-is-telling-us

Vulnerable communities, vulnerable systems

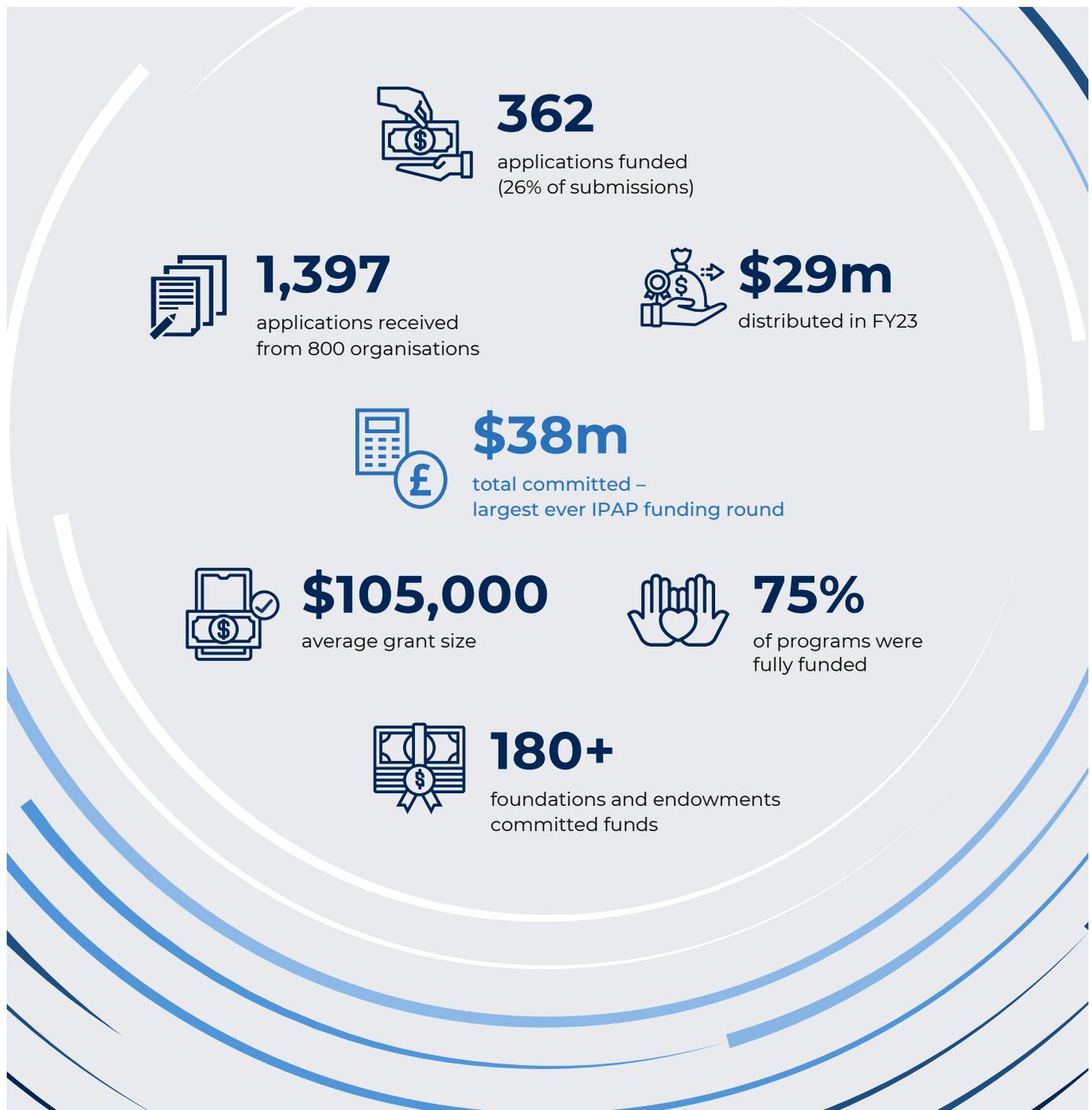
Increasing cyber threats to all Australian organisations is particularly serious for many not-for-profits that collect, use and store both the personal information of vulnerable people and bank account details of donors. Smaller organisations, with less capacity to invest in digital technology security and governance training protocols are finding this particularly challenging. At Perpetual, many of our clients recognise the specific value provided by smaller not-for-profit organisations and the need to invest in their internal systems and capability. Over the past three years, funding to small and community organisations has increased, from \$10.7 million to \$13 million.

At Perpetual, we believe that it is vital the philanthropists we work with can use the voices of the sector to inform their funding decisions. We are delighted that many of the issues raised by the sector in [Perpetual's Philanthropy Snapshot, How to Give Well in 2023](#) were considered by philanthropists we advise.

“Each year we all learn more. And each year we can put that knowledge to work for the benefit of the community.”

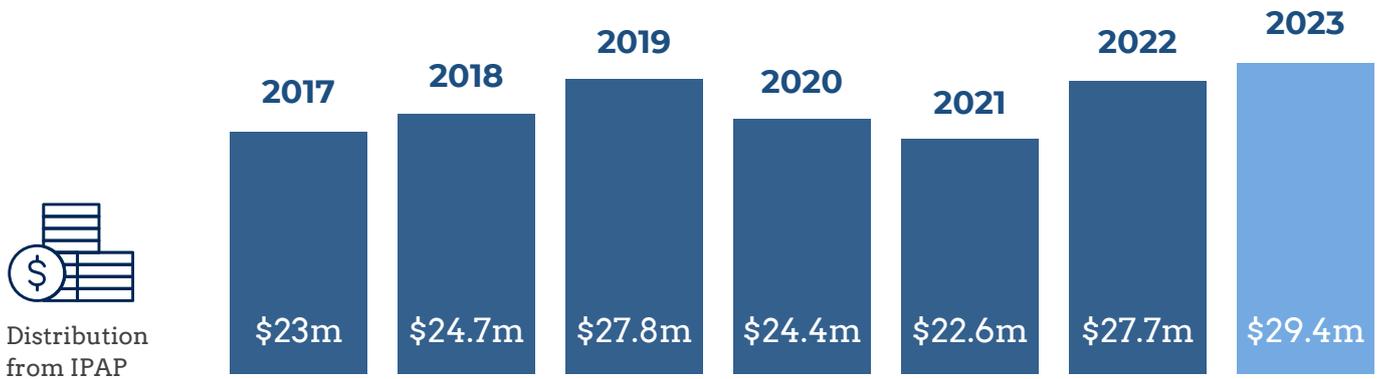
– Jane Magor,
National Manager, Philanthropy &
Non Profit Services at Perpetual

IPAP 2023 in numbers



Key trends and insights

Total IPAP distributions – the trend

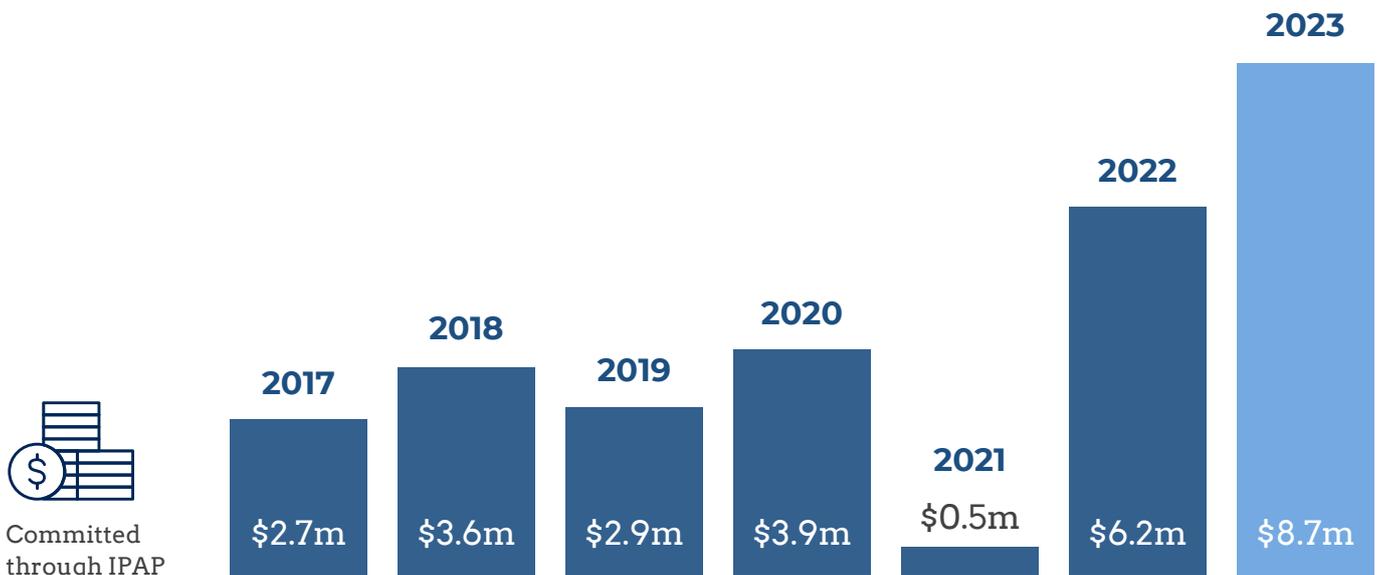


A total of \$38 million was committed to community organisations through the 2023 IPAP, including \$29 million distributed in FY23 and \$8.7m in multi-year commitments. This increase can be attributed to a number of factors, including a rise in strategic philanthropy and desire to use the IPAP process in decision making, growth in the number of philanthropists we’re working with, and higher levels of income derived through market movement in a post pandemic period.

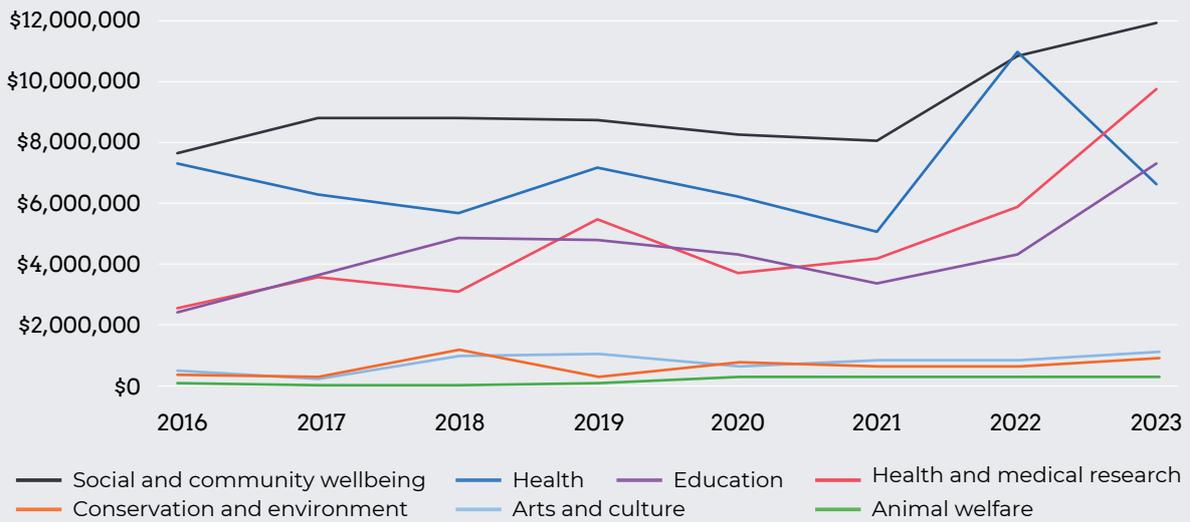
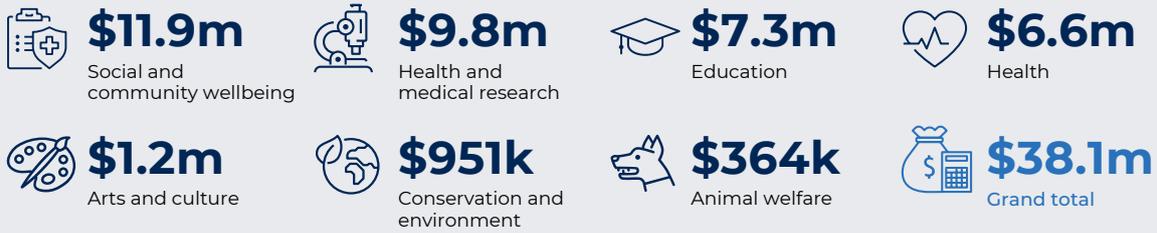
Multi-year commitments

Pleasingly, multi-year commitments continue on an upward trend, after falling significantly during the pandemic. A number of philanthropists opted for a hybrid approach to their annual distributions – with a combination of single-year funding for new engagements and committing longer term to existing funding relationships. As we’ve seen in the past, the single year commitments were skewed towards core programmatic funding, whereas the multi-year commitments were primarily allocated to core operational and capacity support, giving not-for-profits the financial visibility they need to pursue long-term strategies.

Multi-year commitments – the trend



Funding by sector



Key take-outs

As predicted in last year's Philanthropy Insights Report, we saw an increase in funding for environmental and conservation causes. Although numbers are still low comparatively to other segments, we expect this upward trend to continue over the next decade.

Confidence in funding medical research has returned for philanthropists who chose to fund elsewhere at the beginning of the pandemic. The growth in cancer research funding has been significant, with 27% of IPAP medical research funding going to cancer research projects.

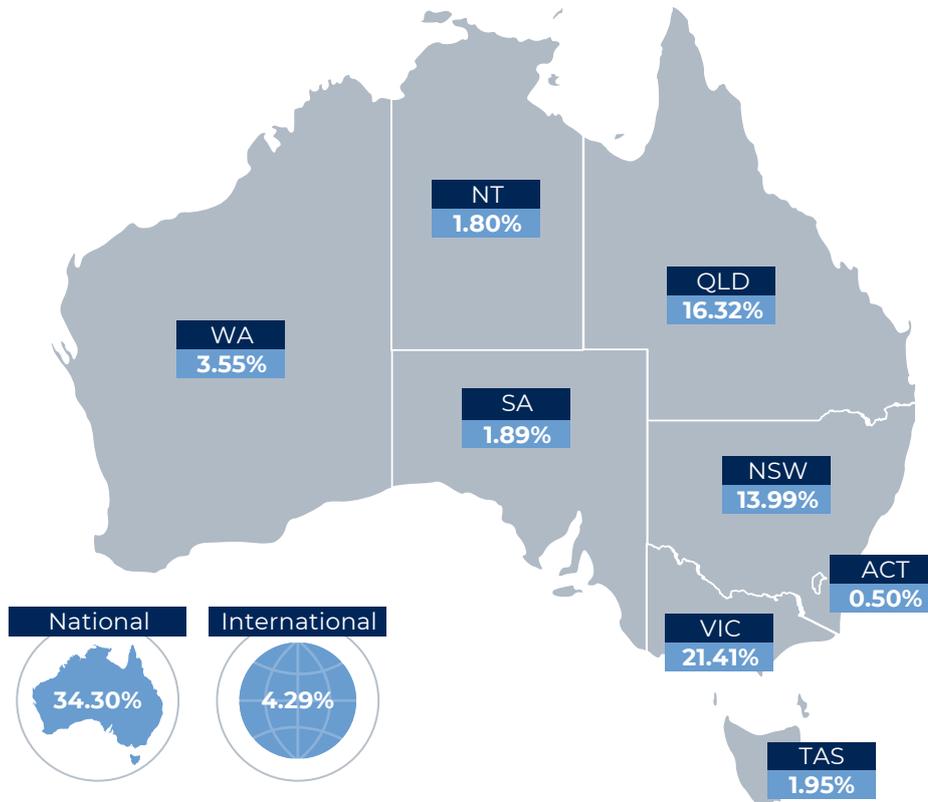
As the negative effects of the pandemic and extended lockdowns become better known, funding for primary and secondary school education programs has become a focus for some philanthropists.

Funding for health initiatives has returned to previous levels. It is important to note that the increase in funding in 2022 was due to a large multi-year commitment to support training and education for nurses, an area that was identified as a significant need as a result of the pandemic.

\$11.9 million was committed to the social & community wellbeing sector to help vulnerable people and communities at risk. This is an increase of \$1.2 million from 2022, and demonstrates the philanthropic sector's understanding of the economic and inflationary environment affecting communities and the organisations that support them.

Distribution by geographic area

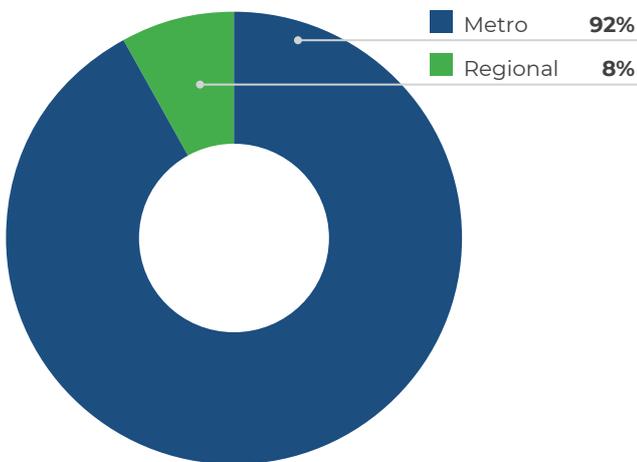
The following chart reflects IPAP funding based on the project location.



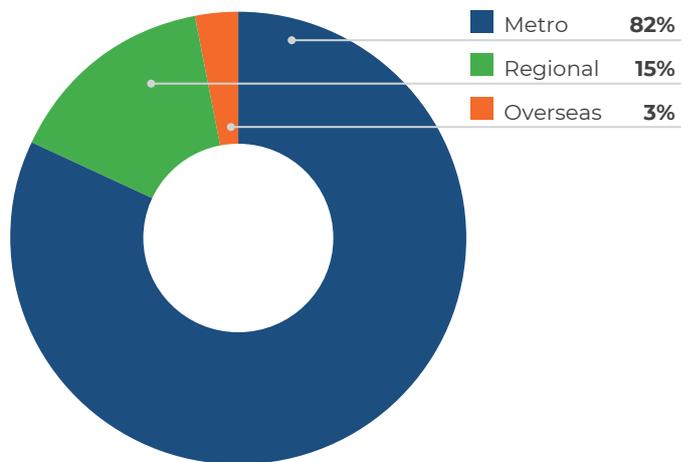
The eastern states continued to receive the majority of funding due to the location of where trusts are domiciled. The delivery and funding to regional programs is also a focus. There are many organisations based in metro areas, or with a satellite office in regions, doing a significant amount of work in regional areas.

Funding by organisation location

Funding by organisation location



Funding by project location



“We’re very focused on optimising the support IPAP provides to regional programs. Capacity is crucial, so we’re working with regional organisations to understand their needs on everything from community engagement and program delivery to fundraising and marketing.”

– Jane Magor,
National Manager, Philanthropy & Non Profit Services at Perpetual



Case study: Mission Australia's Connections program

Location: Broken Hill

Type of project: Core project funding

Funding granted: \$80,000

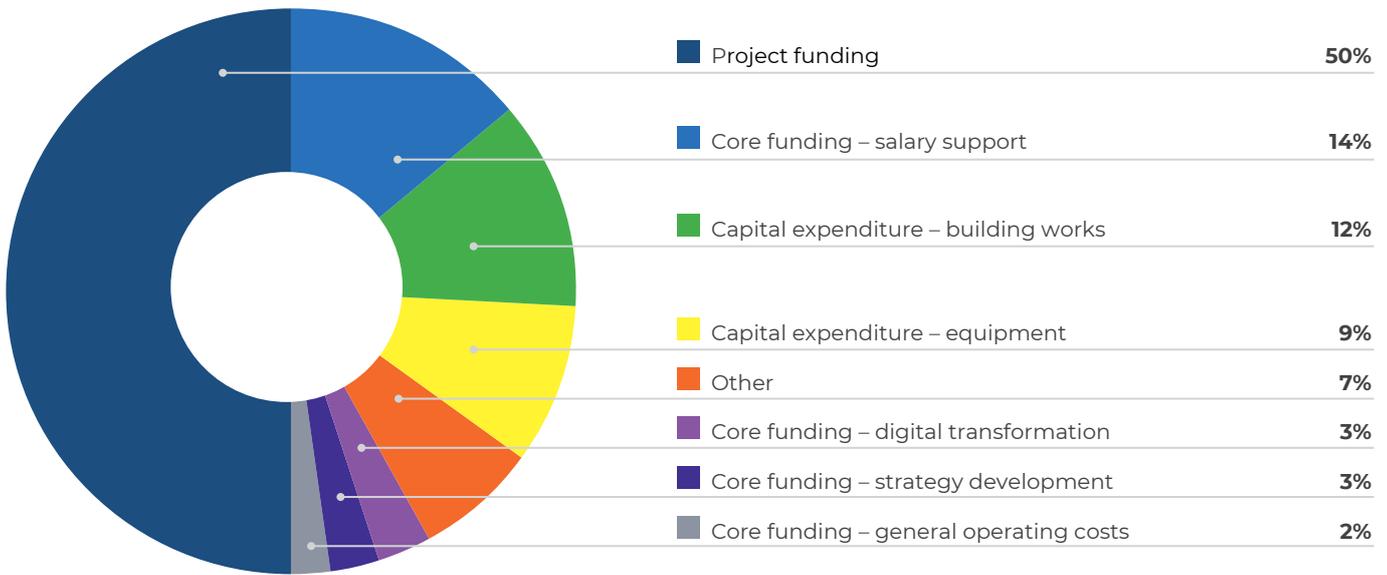
Mission Australia's Connections program in Broken Hill is a community-led program that aims to reduce loneliness and improve mental health in regional Australia. Designed by local Broken Hill community members, and partially funded by an \$80,000 grant from the Ronald Geoffrey Arnott Foundation, the Connections program is staffed by local peer support workers who have a lived experience of mental health issues. Its purpose is to encourage social connections and friendships within the community and includes out-of-hours and weekend social opportunities such as going to the gym, movies and cafes.

This program was initially designed to provide mental health support when traditional services were closed. However, in partnership with the community and locals, the program has developed into a proactive approach that addresses social isolation and loneliness more broadly. Early evaluation shows the program, designed alongside the community, is working to help people feel a sense of belonging and improve mental and physical health.

“Programs like Connections are especially important in regional communities such as Broken Hill where research shows loneliness and resultant mental health concerns are on the increase.”

– Sharon Callister,
CEO of Mission Australia

What types of programs are receiving IPAP funding?



Project funding still accounts for half of distributed funds, in line with philanthropists’ desire to fund tangible, direct outcomes rather than overheads or internal capacity building. Philanthropists have also increased funding to core salary support – an area grantmakers have traditionally shied-away from. In 2023 \$5 million went to projects that included salary support. We are thrilled with this positive response by philanthropy to such a fundamental challenge faced by the sector.

In the last year we’ve also seen an increase in philanthropists adopting a hybrid approach to funding a combination of project funding (often single year) and providing capacity support – either tied or untied (with an increase to multi-year commitments).

Perpetual continues to advocate for funding that aligns with an organisation’s strategic priorities – whether these priorities are funding for salary support, core operational and overhead costs or organisational capacity building. We also highlight the importance of funding areas such as strategy development, baseline research, as well as monitoring and evaluation. These are all areas that are chronically underfunded, but critical in an environment where not-for-profits must demonstrate the evidence upon which their programs are based, as well as track and understand the medium and long-term outcomes of their work.

Project intention

The IPAP application asks not-for-profits to outline whether their project addresses the symptoms of a social, environmental or economic problem or its underlying cause.

87% of projects funded said that the project will address the underlying cause

13% of projects funded said the project will act to alleviate the symptoms

Emily Wellard-Baring, Senior Philanthropy & Non-Profit Services Manager at Perpetual says this is likely to change over time.

“We’re talking to more not-for-profits that have a clear focus on the research, consultation, advocacy and policy development required to address the underlying causes of disadvantage. We’re also hearing more of the philanthropists we work with say that driving long-term and systemic change is as important as easing current disadvantage.”

Funding by IPAP focus area

It's well documented that some sectors and communities are disproportionately under-funded, both across Australia and globally, contributing in many instances to poorer outcomes for those within that community. To address this resourcing inequity, Perpetual identified three specific focus areas to facilitate more positive impact. These areas are:

- programs that support Aboriginal and Torres Strait Islander communities,
- organisations supporting LGBTIQ+ individuals and communities,
- programs that explicitly support women and girls.

It is increasingly evident that organisations led by members of a disadvantaged community and those whose strategy has direct input from the community tend to achieve greater outcomes. As a result, Perpetual is now gathering data on which organisations and projects are led by individuals or communities with lived experience of the relevant social issue.

Aboriginal and Torres Strait Islander people and communities

Total funding

\$2.5m up 16% from 2022

LGBTIQ+ people and communities

Total funding

\$585k up 153% from 2022

Women and girls

Total funding

\$6.3m up 47% from 2022

Since 2016, funding for women and girls and LGBTIQ+ people and communities has risen significantly whilst that for Aboriginal and Torres Strait Islander communities continues to incrementally grow. These areas are likely to have continued focus for Perpetual and our clients in the coming years.

Perpetual's own public support for a Voice to Parliament for First Nations peoples is centred on our experience as a social investor. We believe better decisions are made

about communities when we listen to the voices of those communities. With the knowledge that the referendum for an Indigenous Voice to Parliament would be held in calendar year 2023, we were not surprised to see a number of applicants from organisations focused on this campaign. Philanthropists responded to this by funding a series of events across the country to inform and educate the community about the Uluru Dialogue and Voice to Parliament. Whilst we did not see significant funding flowing to the actual campaigns for the Referendum (Yes or No) in FY23, we expect to see this increase in our next Philanthropy Insights Report, due to the Referendum.

World Pride took place in Sydney in February 2023 and Perpetual's philanthropy team participated in a philanthropy pre-conference that focused on the funding needs of the LGBTIQ+ sector in Australia and internationally. The pre-conference also helped highlight the unique needs and challenges of the LGBTIQ+ community and how those needs are understood and addressed by philanthropists.

According to [Where are the Rainbow Resources? Understanding the Funding Needs of the LGBTIQ+ Community Sector in Australia](#), LGBTIQ+ people in Australia are over-represented in almost all areas of social need; with higher levels of isolation, bullying and discrimination and worse health and economic outcomes. Yet only 5 cents in every \$100 of philanthropy funding goes to support registered LGBTIQ+ organisations.²

In response to the increased focus on LGBTIQ+ issues brought about by Pride – and to the concerns raised in the above report – there was an increase in applications from LGBTIQ+ -led organisations and from organisations seeking funding to support LGBTIQ+ communities. Seven programs were funded to a total of \$583,000, an increase of 153% on funding provided in FY22.

As we've shared in previous reports, in 2018 as part of our partnership with Australians Investing in Women, Perpetual introduced a series of questions in our IPAP application designed to highlight the importance and value of a greater gender focus in philanthropy. Research tells us that the unconscious gender bias means that many programs have traditionally been 'built' to suit men and boys rather than women and girls. We continue to receive positive feedback from organisations and philanthropists that these questions assist in the design, implementation and funding of programs. As part of our focus on the United Nations' Sustainable Development Goals, organisations are also asked if 'gender equality' is a key outcome of their organisation.

Pleasingly, in 2023 around 33% of applications addressed gender inequality – a substantial increase on the 27% in 2022.

2 Where are the Rainbow Resources? Understanding the Funding Needs of the LGBTIQ+ Community Sector in Australia. Aurora & GiveOUT, 2021 (www.rainbowresources.org.au)

Additional funding

In addition to the funding provided directly through IPAP, many philanthropists distributed funds to organisations outside of this process. Many chose to use the IPAP process as a guide to connect them with well-governed organisations working in the areas that they're passionate about. Over \$8 million in funding was distributed in this way, including \$4.6 million untied.

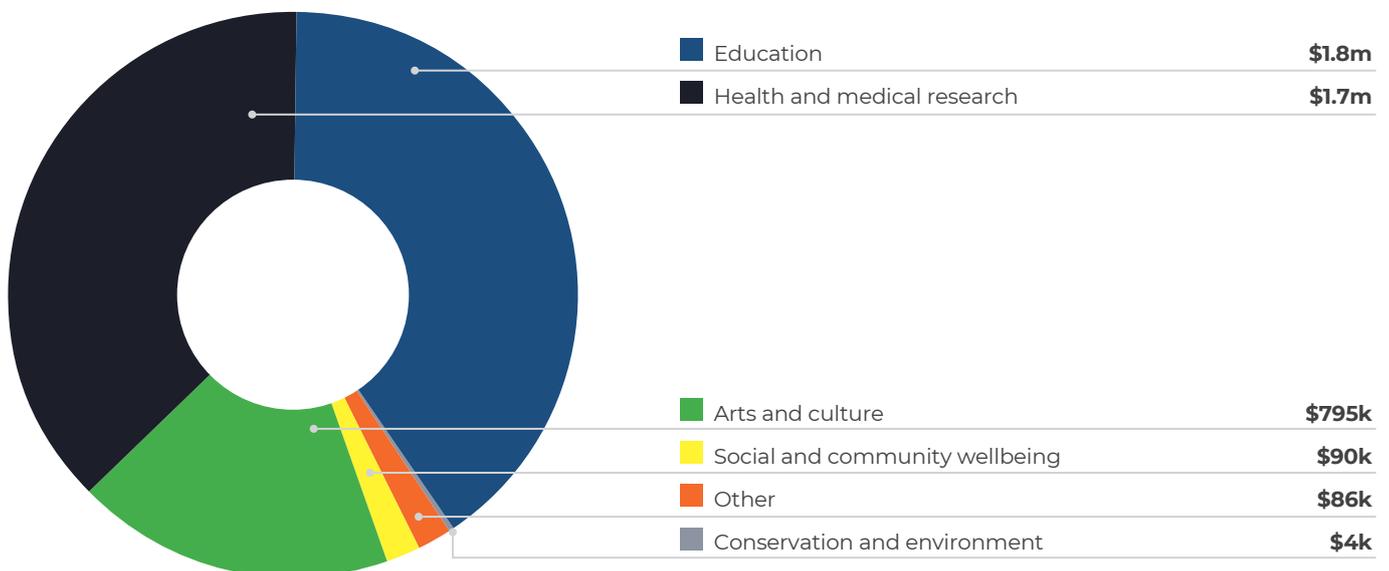
Additional funding by sector

Social and community wellbeing	\$2.93m
Health and medical research	\$1.74m
Health	\$1.69m
Education	\$1.60m
Arts and culture	\$647k
Animal welfare	\$122k
Conservation and environment	\$84k

Awards and scholarships

We're often connected with philanthropists who have a vision to deliver impact and create a legacy through an award or scholarship. Perpetual supports over 100 trusts that fund awards and scholarships across a variety of sectors, from the well-known Miles Franklin and Patrick White Literary awards, to small scholarships supporting individuals to pursue education and training in specific areas of excellence such as the arts, emergency services or medical specialities. In FY23 over 345 awards and scholarships were provided to eligible individuals and organisations, totalling \$4.4 million.

Award and scholarship sector



Sector in focus – Medical Research

The Covid pandemic placed a spotlight on the importance of medical research, with significant funding distributed to this sector since 2019.

\$29 million for
medical research

276 programs
funded

31% of medical research
applications funded



Case Study:

Human T-Leukemia virus-1 (HTLV-1)

Location: Northern Territory

Type of project: Core project funding

Funding granted: \$155,000

Human T-Leukemia virus-1 (HTLV-1) infects specific types of white blood cells. It can cause paralysis, autoimmune diseases, aggressive, untreatable leukemia and increase an individual's susceptibility to life-threatening infections. In some Central Australian Aboriginal communities, incidence is as high as 70% of the population – the highest in the world.

WEHI (Walter and Eliza Hall Institute of Medical Research), applied to IPAP for funding to aid the development of a new diagnostic test for HTLV-1. The test – quick, non-invasive and delivered at point-of-care – could be used to improve disease management and patient care for Aboriginal Australians in remote communities.

WEHI want to create an 'alpha' diagnostic test unit and run a community-based pilot study in Central Australia. This pilot would enable the use of clinical data to develop a roadmap for a more extensive study and eventually to seek Therapeutic Goods Administration (TGA) approval.

On conservative estimates nearly 50,000 Aboriginal people from remote Central Australian communities could benefit from the successful development of this medical technology. The research could also help to address HTLV-1 prevalence in South America, Papua New Guinea, Sub-Saharan Africa, Japan, and the USA.

WEHI submitted an IPAP application for funding to support this important work, Perpetual has facilitated a multi-year commitment of \$155,000 via the Annemarie and Arturo Gandioli-Fumagalli Foundation.

“This is ground-breaking research. If it develops as we hope, it could have dramatic effect on the ground in remote communities and potentially around the world.”

– Dr Marcel Doerflinger,
Head of the Pelligrini Laboratory in the Infectious Diseases
and Immune Defence Division at WEHI

“The Annemarie and Arturo Gandioli-Fumagalli Foundation is proud to support health initiatives that aim to directly benefit Aboriginal and Torres Strait Islander people. The multi-year support the Foundation has provided to WEHI for this work will improve accessibility for people living in regional and remote communities and enable more appropriate disease management and patient care. It was a wonderful experience to visit WEHI and see first-hand, the important research to address the impacts of such a devastating virus.”

– Arturo Gandioli-Fumagalli

Perpetual's commitment to the sector in 2023

In 2023 we continued our commitment to supporting the capacity of individual organisations and the sector. We commenced a new funding partnership with Fundraising Institute Australia (FIA) to provide scholarships to their professional fundraising courses, at both certificate and diploma level. We also continued our ongoing core capacity funding to Philanthropy Australia, Australians Investing In Women, Mannifera, Australian Scholarships Foundation and Equality Australia, all organisations dedicated to building the efficacy and impact of the Australian charities sector to affect positive social change.

Philanthropy looking forward – clarity and collaboration

Over the next 12 months not-for-profits will continue to grapple with the complexities of responding to the rapidly increasing needs of communities, while also prioritising their own capacity and resourcing challenges. Investment in people, innovation and technology is now a necessity. Not only to retain skilled staff to deliver vital services and programs with measured outcomes and efficiency, but most importantly, to ensure the safety and protection of their digital data.

The role of philanthropists will continue to be critical in supporting both, especially in a year when donations from regular donors and the public are already tracking down.

We expect to see a continuation of the hybrid funding approach, with philanthropists supporting immediate community need and tangible projects, while also providing untied grants and committing to long-term initiatives where trusted relationships are already established. With many not-for-profit organisations undertaking strategic reviews, securing long-term commitments will also be dependent on their ability to clearly articulate their mission and priorities in an ever-changing environment. More important than ever will be the need for trust and for philanthropists to listen to the voices and needs of communities and the organisations that support them.

Not-for-profit consultancy services now available

Perpetual provides investment advice and philanthropic services to hundreds of individuals and families and today manages more than \$3.3 billion in philanthropic funds (as at 30 June 2023).

This unique combination of experience means we can bring our insights to bear for philanthropists and not-for-profits alike. We offer this insight through wide ranging thought leadership and tailored advice from a team of philanthropy experts. Specialist consulting services include:

Grantmaking: This service for philanthropists and not-for-profits provides access to Perpetual's grant making team who manage one of Australia's largest open grant rounds. Allow us to relieve the administrative burden and deliver a best practice granting service for you using our inbuilt grantmaking tools, systems, governance and processes.

Philanthropy strategy: Our philanthropy strategists can support you to define and articulate a clear and implementable multi-year philanthropy strategy or to review and update existing strategic plans.

About Perpetual Philanthropic Services

Perpetual is one of Australia's largest managers of philanthropic funds, with \$3.3 billion in funds under advice for charitable trusts and endowment funds (as at 30 June 2023). Perpetual is trustee for over 1000 charitable trusts and endowments and provides individuals and families with advice on establishing charitable foundations and structured giving programs. Each year Perpetual distributes more than \$120 million to community organisations on behalf of its clients. Perpetual also assists charities and not-for-profit organisations with investment advice and management.

Want to know more?

Not-for-profit organisations:

For more information on Perpetual's Impact Philanthropy Application Program (IPAP) visit: perpetual.com.au/impactfunding. There are a range of resources to help you with the application process.

To find out more about Perpetual's grantmaking and philanthropy strategy services for not-for-profits, visit: perpetual.com.au/nfp or get in touch via the details below.

For the community sector:

Perpetual's IMPACT newsletter features our latest thought leadership from across the not-for-profit and philanthropy landscape. Subscribe here: perpetual.com.au/impact-newsletter

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