

# Perpetual's 2021 philanthropy insights report

Data from the IMPACT Philanthropy  
Application Program

Since its foundation in 1886, Perpetual has worked to connect Not-for-Profits (NFPs) and philanthropists. Those links – and our work across the broader community sector - give us a unique lens on trends and events that affect the sector. In this paper we share these views to spark debate and development so that all stakeholders can work more effectively with their communities.

## The insights and the data

In this report we feature views from Perpetual staff who work closely with both philanthropists and NFPs. We also draw heavily on data from Perpetual's [IMPACT Philanthropy Application Program \(IPAP\)](#). Every year, IPAP invites applications from NFPs seeking funding. In the 2021 financial year IPAP generated \$22.6 million for distribution to those organisations.

## The key numbers - IPAP



**\$22.6M**

In total funding



**1519**

Applications from approximately  
**1000** organisations



**20%**

of applications funded



**\$73,000**

average grant

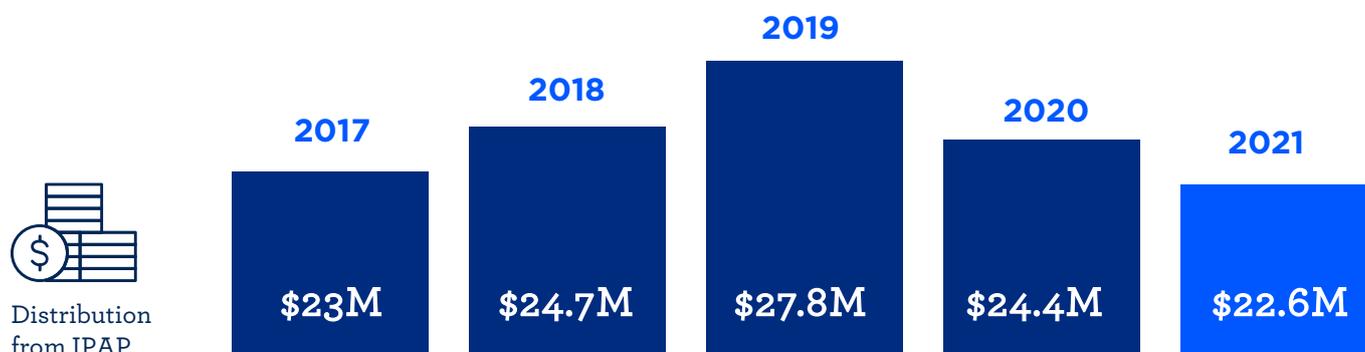


More Than

**140**

foundations and  
endowments  
committed funds

## IPAP distributions - the trend



Distribution  
from IPAP

# Challenging numbers

A unique combination of forces put pressure on philanthropists during 2021. As a result of Covid-driven economic dislocation, interest rates were slashed and dividends were cut, reducing the money available to distribute to NFPs. At the same time, the pandemic and associated lockdowns increased the pressure on the community sector. Fortunately, many philanthropists took up this challenge by bringing forward distributions or distributing more than the minimum requirement – when they could.

Private Charitable Trusts (PCTs) are typically restricted to distributing only the income from their portfolios. In a year where investment yields fell significantly, this meant PCT distributions were down on last year. PCTs made up 33% of the funds committed through IPAP in FY21 as compared to 59% in 2020.

Fortunately, this financial year saw Private Ancillary Funds step up their contributions – providing 44% of IPAP commitments in FY21 - up from 28% in 2020. In FY21 PAF clients contributed significantly to the extra \$7.2 million committed to IPAP.

There are two reasons PAFs were able to step up this year:



PAFs have the flexibility to distribute capital as well as income.



An ATO change to contribution guidelines meant PAFs could increase their contributions above their minimum **5%** and pay lower contribution in future years.

“The flexibility of the PAF structure – and the generosity of PAF clients - really stood out this year”, says Caitriona Fay, Managing Partner Community and Social Investment at Perpetual Private. “With Covid wreaking havoc, many of our clients extended themselves to donate extra funds so that the NFPs and programs they support could maintain their funding.”

# Multi-year funding



The tough economic and market conditions in FY21 saw an 88% drop in multi-year funding – the kind of funding that gives NFPs the scope and strategic visibility to add capacity or fund long-running, adaptive programs.

“Multi-year investment is crucial,” says Jane Magor, Perpetual Private’s National Manager of Philanthropy, “But in 2021 there were urgent Covid-specific programs that needed support and philanthropists and NFPs were dealing with a very uncertain environment that made longer-term investment harder to commit to.”

“For all of us in the sector, the lesson from Covid is that we need long-run funding and long-run thinking,” says Jane. “To invest in programs that focus on underlying issues and prevention. And to create a more resilient community sector.”

## IPAP in 2021

Perpetual clients distributed \$22.6 million via IPAP. In total, Perpetual distributed more than \$102m in funds on behalf of our clients in 2021.



**\$22.6M**  
Of \$102M

### IPAP 2021 - sector funding

Through IPAP, funding was shared among the following sectors



**\$8.05M**  
Social Welfare



**\$5.07M**  
Health



**\$4.18M**  
Health Research and  
Medical Research



**\$3.39M**  
Education



**\$890K**  
Arts and Culture



**\$690K**  
Conservation and  
Environment



**\$351K**  
Animal Welfare

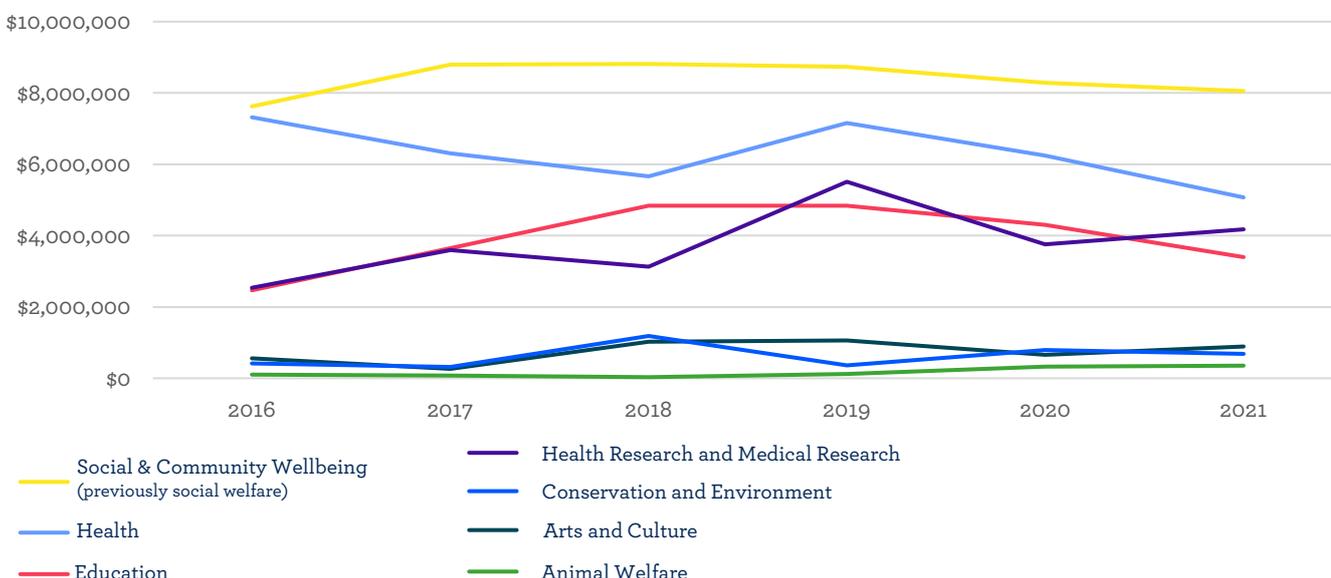
### Distribution trends

- In the past year, distributions for Education were down by **21%** and Health down by **19%**.
- Conversely, Health and Medical Research distributions went up **11%** and Arts and Culture up **34%** over the same period.
- Health funding has decreased nearly **31%** since 2016, with medical research funding increasing by **65%**.

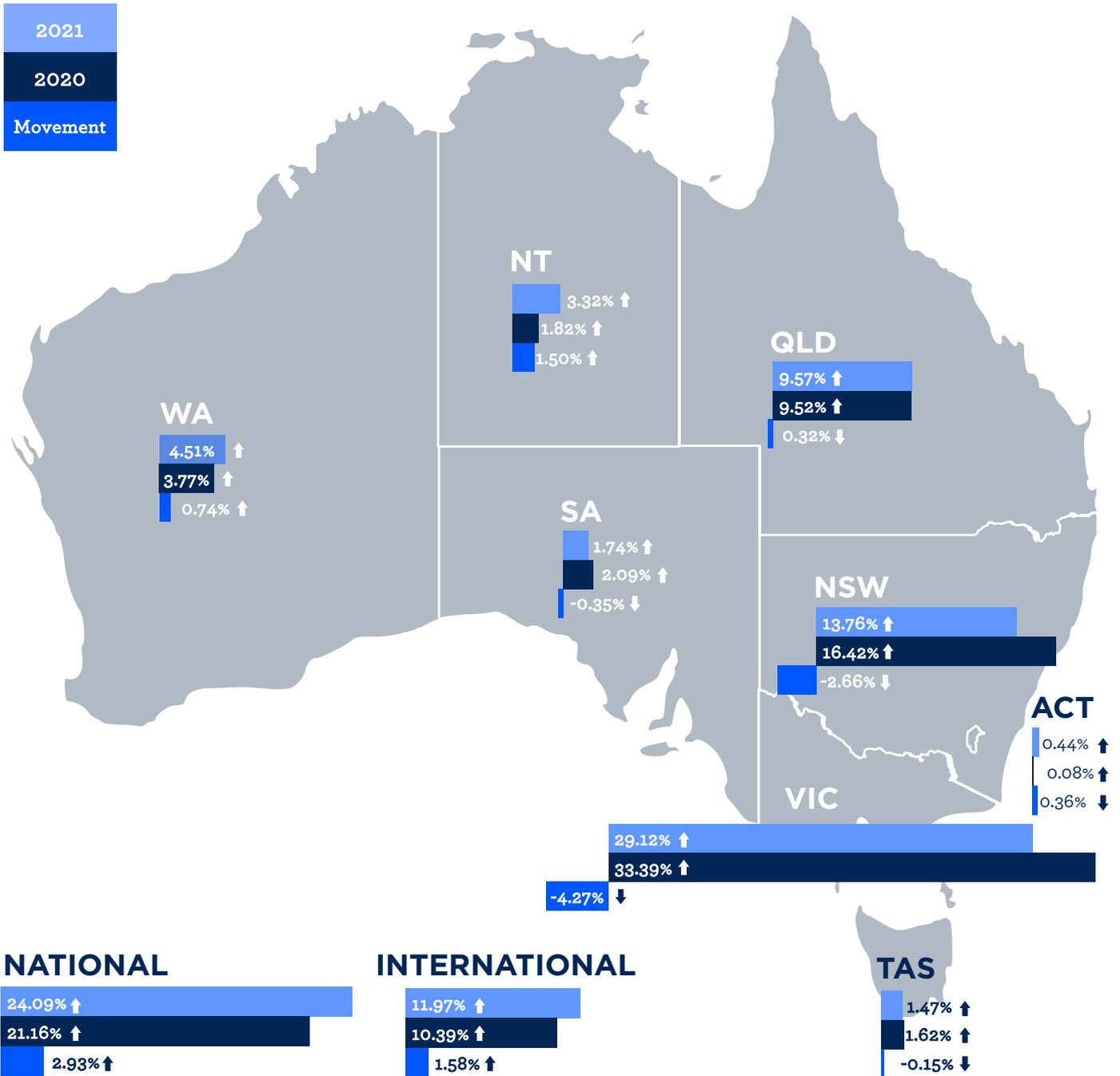
### Distribution rationales

- One reason for the trend in Health funding is that many of the older trusts are health focused, often giving significant sums to hospitals. However, a number of these trusts are income restricted and the low-rate environment meant some didn't distribute as much as previously.
- Health research funding increased as the fight against Covid, via new treatments and vaccines, highlighted the need for – and value – of Health research.
- Additional funding to arts organisations was a positive response to lockdown restrictions that significantly affected the arts sector.

### Distributions by sector



# Distribution by geographic area



## Geographical trends

The chart above shows how funding is distributed based on project location. In the 2021-year (and in contrast to 2020) Victorian-based organisations received over 4% less as larger, Victoria-focused discretionary trusts were forced to rein in distributions.

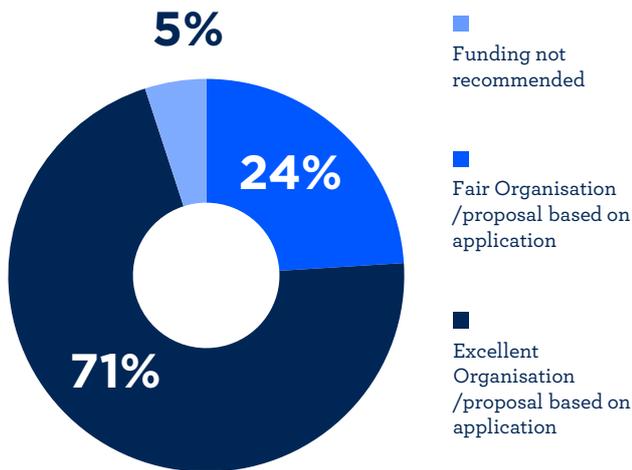
One positive new trend was the growth of funding for international programs. This reflects the impact of some ancillary funds set up by new clients that focused on programs outside Australia.

In situations where Perpetual has discretion around distribution decisions, we aim to fund highly ranked organisations in a wider range of locations so funding is geographically diversified.

# IPAP applications

The quality of overall IPAP applications in 2021 was good, continuing the trend as shown below. NFPs are increasingly effective at capturing and communicating the information they need to underpin their applications.

## Distribution by application funded - 2021



Perpetual quality scores each IPAP application from 1-5 ( 1 and 2 = funding not recommended, 3 = fair, funding recommended and 4 and 5 = excellent, funding highly recommended).

Ultimately, funding decisions are made by our clients. They contribute the capital and generally set the parameters around the sectors, causes and geographical locations they want their support to reach. Where Perpetual is sole trustee, we base decisions on clients' documented philanthropic intent and direct support to applications that are of high quality and address that intent.

## IPAP assessment process

We assess applications on the following criteria:

-  **STRATEGY**  
Organisational mission and effectiveness
-  **LEADERSHIP**  
External environment
-  **OUTCOMES**  
Long term impact
-  **CAPABILITY**  
We believe quality investments will yield benefits in the long run

## Distribution by application submitted- 7-year trend



## Application alignment to the sustainable development goals (SDGS)

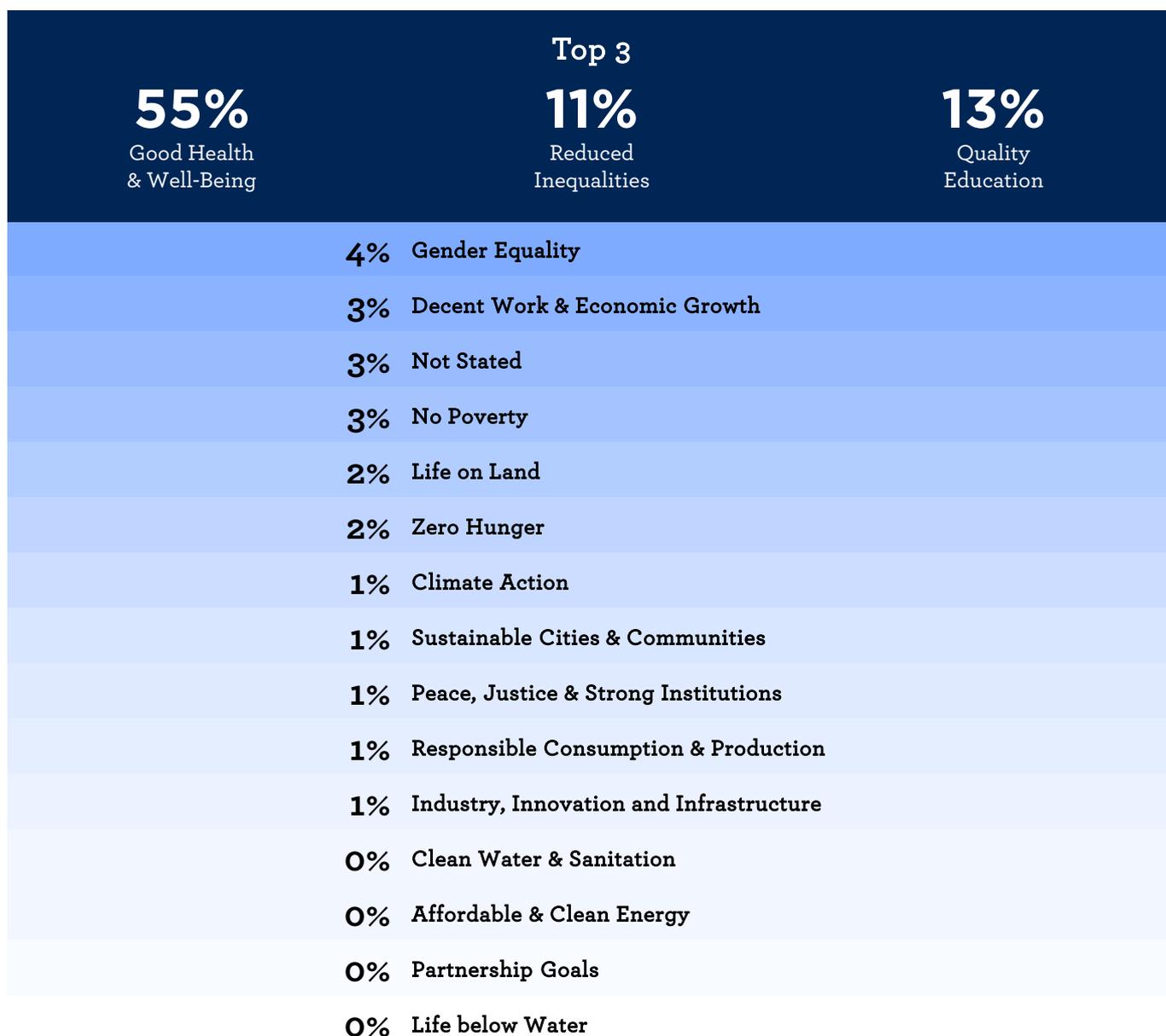
In the IPAP application form Perpetual ask, “What is your project’s primary alignment with the following Sustainable Development Goals?”

The UN’s SDGs cover 17 different goals with a target date of 2030. Underneath these goals sit a further 169 targets and 232 individual indicators.

In 2020 and again this year, Perpetual’s IPAP application asked NFPs to identify up to three SDGs their project/s were aligned to.

As occurred last year, SDG alignment was dominated by the top three categories. Good Health and Wellbeing (55%), Quality Education (13%) and Reduced Inequalities (11%) accounted for nearly 80% of project funding. It is likely that the Covid environment helped Good Health and Wellbeing received a higher proportion of SDG recognition.

Perpetual, like many in the community sector, believe the SDGs are a vital way to align funding and action around core global goals - to achieve, in effect, economies of scale in development efforts.



## IPAP assessment process

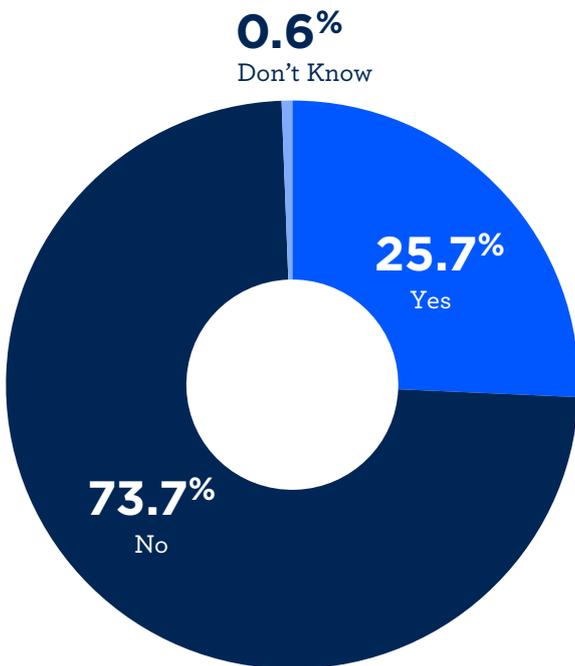
As a way of looking at how SDG alignment was playing out in IPAP classifications, Perpetual worked with Our Community to compare the categories chosen by NFPs with an AI-driven language analysis of their complete applications.

We found that in some 30% of cases there was a disconnect between what SDGs NFPs says their projects are aligned to and what they discussed in their proposals. As alignment around agreed goals is the essence of SDGs, we are committed to working with NFPs to further tighten SDG alignment in future. Future IPAP efforts will continue to measure and report on how Australian NFPs (and philanthropists) align to the UN's SDGs.

## Gender inequality

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### Does the project address gender inequality?



### Gender trends

Perpetual reports on the proportion of applications that apply a gender lens in any given year. Applicants are specifically asked if they have undertaken a gender analysis on their project design. This year's data revealed that:

- Just over a quarter of applications indicated they had run a gender analysis of the project for which they sought funding. This number has remained relatively constant for the past few years.
- Perpetual reports on gender lens use as programs without a gender lens focus tend to skew their activities towards men and boys and can therefore be less effective for women and girls. We aim to keep supporting NFPs that focus on the outcome of their funding when it comes to gender – not just on the raw gender breakdown of project participants.

## Trends: support for Aboriginal and/or Torres Strait Island communities

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At Perpetual we are looking for ways to encourage greater funding for projects that support Aboriginal and Torres Strait Islander individuals, families and communities and so report on trends in this area. In the 2021 financial year, over \$1.9m of IPAP funding was distributed to support Aboriginal and/or Torres Strait Islander beneficiaries. That's 9% of the total amount distributed – which is consistent with the ratio in 2020.

Given the fact that programs run by Indigenous-led or community-controlled organisations are often better attuned to the needs of their communities, Perpetual reports on whether organisations seeking funds to support Aboriginal and/or Torres Strait Islander communities are Indigenous-led and/or community-controlled. Pleasingly, this year saw over 50% of indigenous funding go to these types of organisations.

## Aboriginal and/or Torres Strait Islanders funding

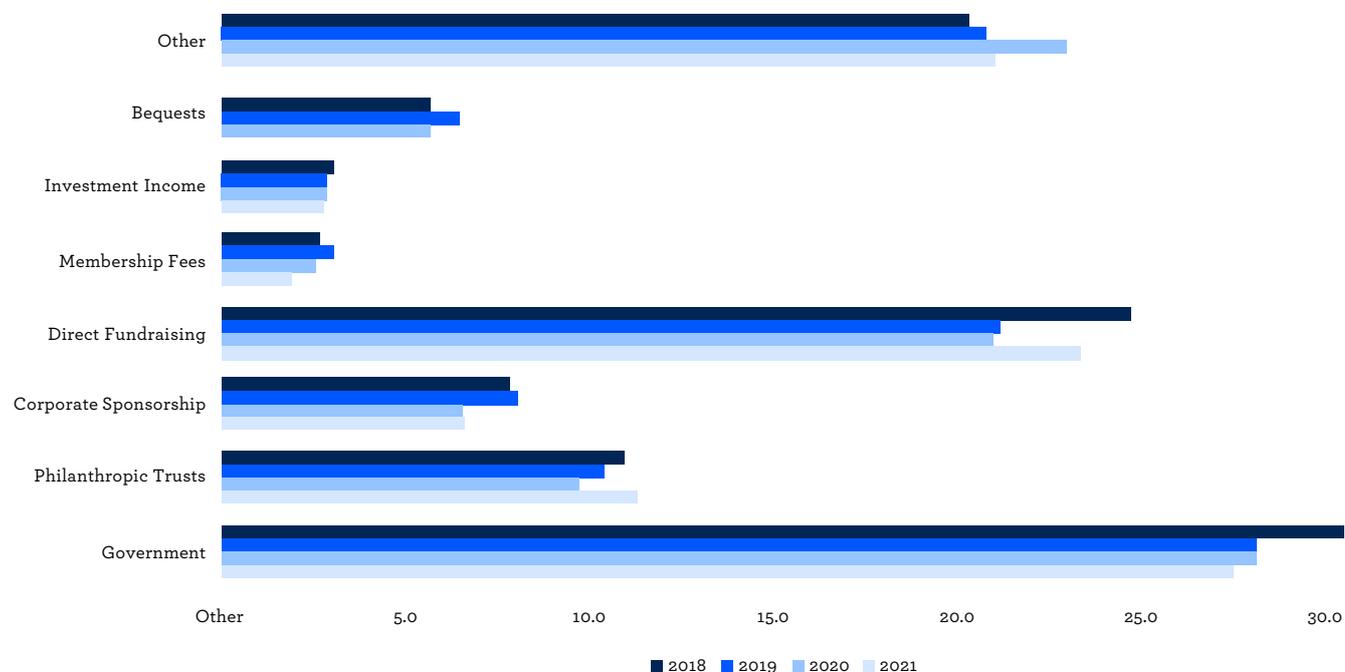
IPAP	7% 2018	6% 2019	9% 2020	9% 2021
Aboriginal and Torres Strait Islander People	\$1,640,918	\$1,766,166	\$2,152,251	\$1,962,149
Amount Distributed	\$24,700,00	\$27,800,000	\$24,400,000	\$22,631,773

## Distributions to Indigenous-led organisations



## Revenue and fundraising

### Sources of revenue



## Revenue and fundraising

In such a volatile economic, health and political environment it’s no surprise that the revenue mix of NFPs has shifted over the past few years. Government funding is now at its lowest level in four years and not surprisingly, corporate sponsorship has dropped over the past two years.

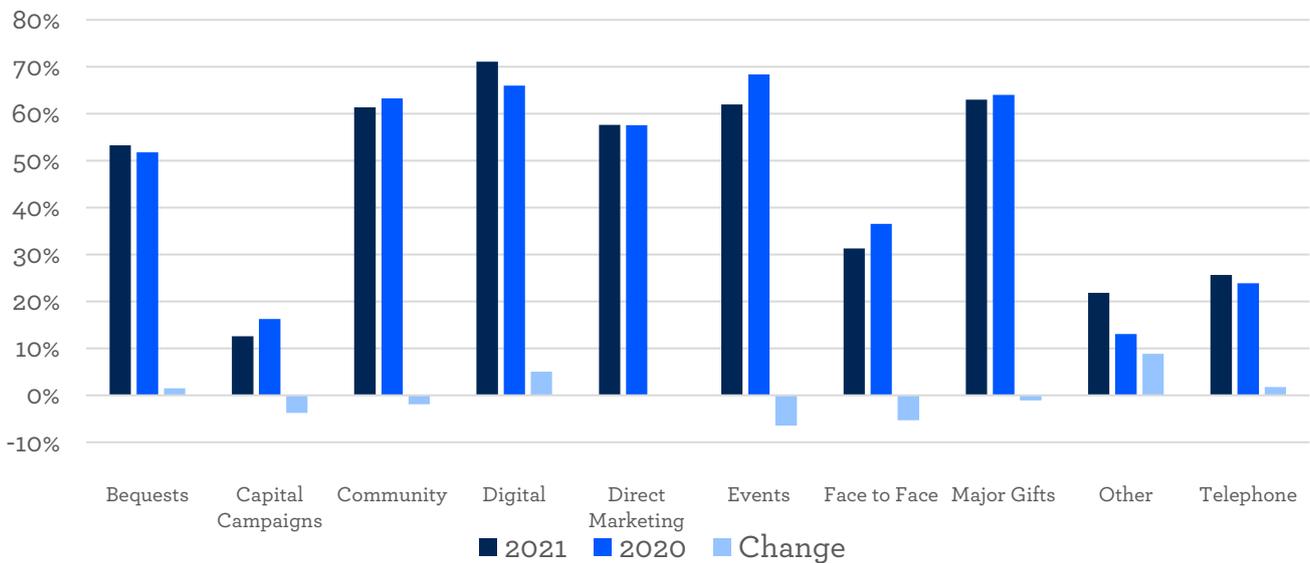
Fortunately, some of this fall has been offset by inflow from philanthropic trusts and direct donations. That inflow has also helped make up for the cash shortfall caused by the fall in dividend income and a continuing low-interest-rate environment.

From a fundraising point of view, event income continues to fall due to government mandated lockdowns and an increase in the perceived risk involved in face-to-face marketing.

“Digital fundraising has become much more important,” says Jane Magor. “Over the next few years we expect to see NFPs invest more money and executive time in building digital capability. For philanthropists that understand the power of capacity building, supporting digital development could be an opportunity to make a real difference.”

Perpetual believes that the increased level of digital fundraising comes with risks associated with digital data governance. To that end, Perpetual supports Stanford PACS and the Digital Civil Society Lab who provide resources for NFPs on digital data governance. Further information can be found via [www.digitalimpact.io](http://www.digitalimpact.io). You can also link to a PACS presentation on Digital Fundraising via this article.

## Fundraising programs



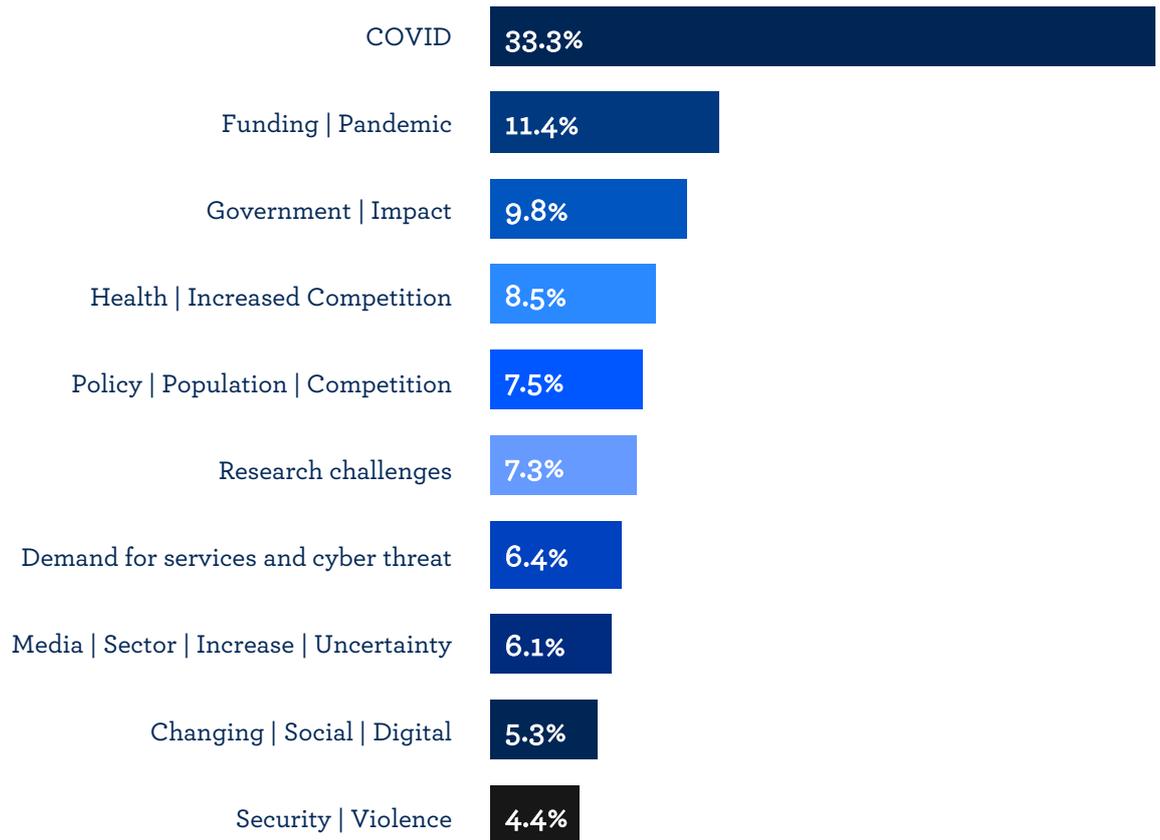
## External challenges and risks

As per previous years Perpetual used IPAP to ask NFPs about the external challenges they were most focused on and the risks their organisations were facing.

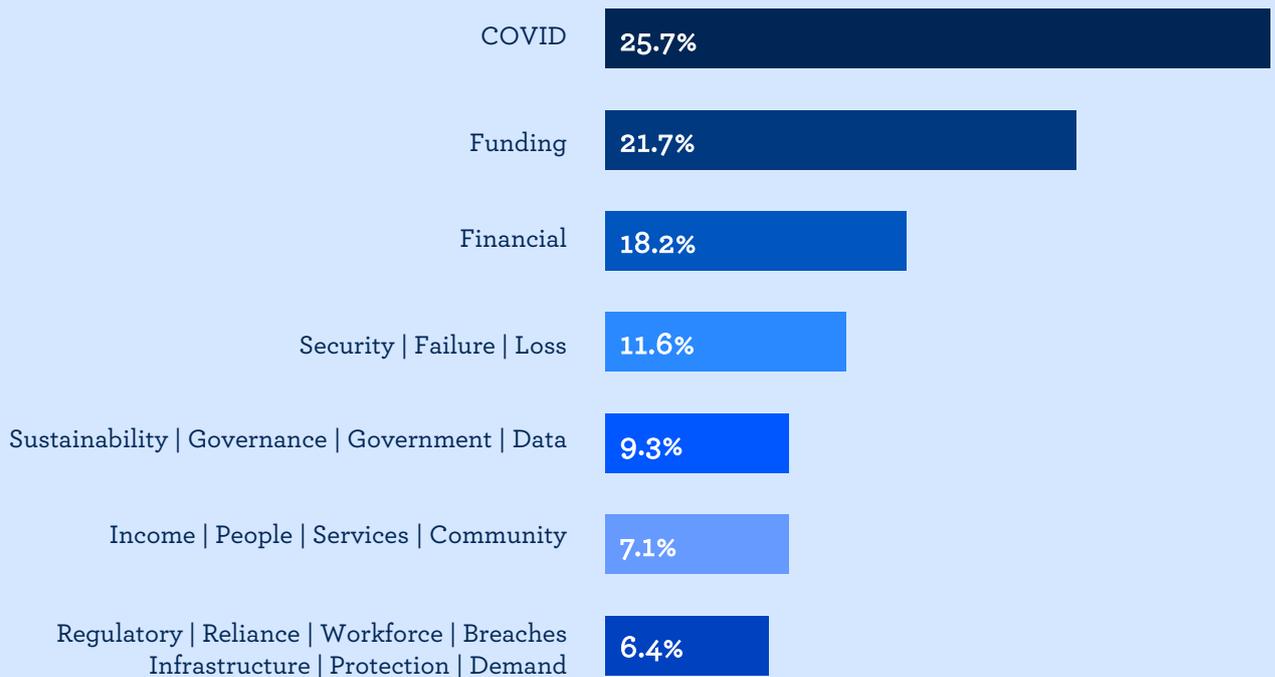
As can be seen from the charts below, in the past year NFP thinking was dominated by two issues:

- Covid – its effects on staff, strategy, funding, operations and clients.
- Funding – how they can adapt to the changing pattern of revenue streams (see above) and lock in sustainable funding sources.

## External challenges



## Areas of risk for organisations



# Philanthropy 2022 – where to now?

Based on trends from the IPAP data and lessons learned by our philanthropy teams around Australia, here is a brief sector outlook for 2022.

## The Aftermath

After 18 months dealing with the immediate impacts of Covid (health and short-term economic dislocation), it is likely the community sector will be managing longer running issues over the next few years. Areas of concern could include youth mental health, the educational disadvantages caused by school closures and the hollowing out of small business in regions hard-hit by Covid, lockdowns and closed borders. Many NFPs will be addressing these problems with staff who have been stretched during the pandemic. Where possible, government, corporate sponsors and philanthropists may need to switch their focus, funding and support towards these issues.

## Digital impact and risk

The shift to digital fundraising creates new risks for NFPs and their donors. Ensuring strong digital data governance is a sector imperative. Data breaches that involve donors will have negative long term trust impacts for the sector.

## Double structured giving by 2030

The bounce back in investment markets means rich opportunities to bring more people to philanthropy over the next twelve months. This aligns with [Philanthropy Australia's Blueprint](#) focus on doubling giving rates by 2030.

## Election noise

The Federal and Victorian State elections are likely to create policy shifts that have implications for philanthropy and the NFP sector for the year ahead.

## A voice to parliament

The Indigenous voice to parliament will become a big issue for philanthropists and NFPs as a potential referendum looms.

## Want to know more?

### FOR PHILANTHROPISTS:

Perpetual provides tailored advice to individuals and families looking to give most effectively.

 Call  
1800 501 881

### FOR NFPs:

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

 Email  
[philanthropy@perpetual.com.au](mailto:philanthropy@perpetual.com.au)

### FOR ALL IN THE SECTOR:

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