

# Xponential Pre-release VIP briefing

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## Flood relief generosity: the impact & the lessons

The floods that devastated three-quarters of the state of Queensland have been described by Treasurer Wayne Swan as the costliest natural disaster in the nation's history. In the wake of the devastation, the country has been gripped by a wave of volunteering spirit and an outpouring of generosity from individuals and corporate alike. By Australia Day, the Premier's Disaster Relief Appeal had raised more than \$168 million.

What, if any impact, will this disaster philanthropy have on other charitable causes? Judging by the lessons from the past, very little!

Indeed, some charities may even acquire new supporters from among those Disaster Relief donors who had never previously donated to a charitable cause. (In times of natural disaster or emergency, many people are first exposed to the joys of giving, and many go on to become long-time supporters of other causes close to their heart.)

The Centre on Philanthropy at Indiana University has conducted a number of studies that show giving to disaster relief is short-lived. Its research indicates that disaster philanthropy may have short term effects on fundraising for some organisations, but has little effect even six months later.

While Xponential has observed similar trends in the wake of events such as the 2004 tsunami and the Victorian bushfires, recent events are likely to impact on the corporate giving landscape, particularly so in the big gifts sector.

*"Donors have responded to the Queensland and emerging Victorian flood crises, in a manner that has tapped motivations of compassion and mercy to support a once off natural disaster," says Craig Gravestain. "The lessons from the Indonesian tsunami and the Victorian bushfires shows that, overall, Australian giving goes up substantially following such intimate donor engagement."*

And the lessons from the tsunami, in particular, spell good news for most (though not all) segments of the Third Sector.

A 2006 report by Givewell<sup>1</sup> found significant increases in fundraising revenue in response to the tsunami appeals.

For those non profits that conducted tsunami appeals, the report found that not only did their revenues increase substantially, but the funds being held for future projects contributed to significant increases in their investments and income derived from them. And, overall, in the wake of this high profile disaster philanthropy, the sector as a whole experienced a healthy growth in fundraising revenue. (See [here](#) for more detailed findings of this report.)

These findings are in line with an investigation into the impact of disaster fundraising post the September 11 terrorist attacks in the US.

*"Here in Australia, past years have seen giving spikes spurred on by disasters, home and abroad. In 2009 we had the Victorian bushfires, in 2004 the Indian Ocean Tsunami. Both of these events caused an outpouring of generosity. What does this prove? It shows that Australians have a greater capacity to give and a willingness to give if they are motivated by the right cause."*

Brian Holmes

<sup>1</sup> *Australian Giving Post-Tsunami*: available to subscribers at <http://www.givewell.com.au>

In 2006, Heidi Frederick, Research Development Specialist at the Center on Philanthropy at Indiana University, conducted a comparative review of disaster giving to recent events, including the 9/11 attacks, and Hurricane Katrina. Her findings suggest people, companies and foundations dig deeper during such times: rather than migrate their support away from their regular causes.

- 75% of households reported 9/11 giving was in addition to other giving in '01 (INDEPENDENT SECTOR).
- 84% of foundations reported their 9/11 giving was in addition to other giving in '01 and '02 (Foundation Center).
- 72% of corporations reported their giving was in addition to other giving in '01 and '02 (Conference Board).

Similarly, most Australian not for profits will not see any appreciable decline in their overall philanthropic income: with the exception of corporate giving.

*“The reality is that many companies have made significant contributions to the Flood Relief, and this will impact on their capacity to commit to additional philanthropic funds at this time,”* says Gravstein.

*“High level corporate investment is critical to the success of most Capital Campaigns and in the current environment, the multi-year pledge becomes an even more important and attractive tool for engaging corporate supporters.”*

By providing potential corporate supporters with the flexibility to pledge their gift over a three or four year period, corporate support can continue to be cultivated and solicited in 2011, with the expectation that the first gift pledge is unlikely to be realised until 2012.