NAB Charitable Giving Index

Indepth report – February 2013

Chart 1: NAB Charitable Giving Index
(January 2010 = 100)

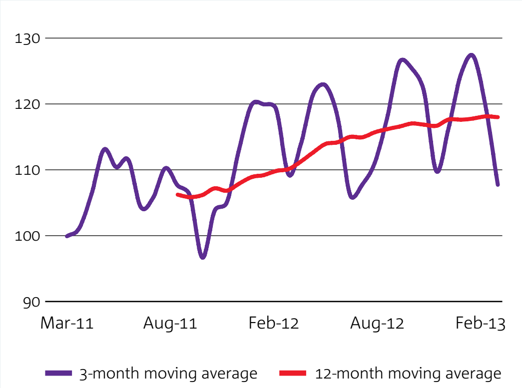


Chart 2: Growth in NAB Charitable Giving Index
(percentage change year-on-year)

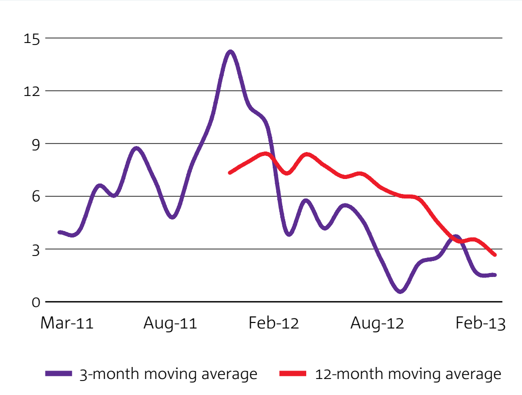


Table 1. Charity Categories

Categories	Examples of charities included
Animals & Environment	RSPCA; Greenpeace; The Wilderness Society
Cancer	Cancer Council Donations; Movember Group; National Breast Cancer Foundation
Community Service & Children/Family	The Salvation Army; St Vincent de Paul; The Smith Family
Health & Disability	Diabetes Australia; Vision Australia; Kidney Health Australia
Humanitarian Services	World Vision; Oxfam; Red Cross
Medical Research & Services	Médecins Sans Frontièrs; MS Society; Mater Foundation
Other*	Boystown – Lottery; Surf Life Saving; Everyday Hero

*Other includes charity aggregators, charity lotteries and other charities that do not fit into any of the categories above

It is my pleasure to be part of the second NAB Charitable Giving Index. The index is derived by analysing credit card, debit card, direct debit, BPAY and EFTPOS donations which are scaled up to represent a snapshot of giving across the Australian economy.

The Index shows donations grew 2.6% (12-month average) in February 2013, down from 8.3% in the same period one year earlier. The average annual donation per donor was 1% lower, decreasing to $291 from $294.

There was wide variance in performance by individual charity sub-groups. Health & Disability charities (10.5%) experienced the fastest growth relative to the previous year, while Humanitarian Services charities saw a big pull back in donations (-6.2%).

Humanitarian Services still attracted the largest share of giving (30.3%), but was down from 33.3% a year earlier. All other charity segments grew their relative market share in the last year, except for Children/Family charities whose share was unchanged.

The data also highlights the generosity of particular postcodes across Australia. Although donors from higher income postcodes tend to donate the most in dollar terms they do not necessarily donate the most relative to their income.

I hope that the NAB Charitable Giving Index provides some key insights as you face the challenges and opportunities ahead.

– Alan Oster, Group Chief Economist, NAB

We believe we have a significant role to play in building prosperous, thriving communities. At the heart of our communities is the not-for-profit sector.

One of the ways we support this sector is with research like the NAB Charitable Giving Index. From my discussions with our not-for-profit clients, I know that insights like these are invaluable in providing lessons about consumer sentiment and behaviour in Australia. In addition, these insights give our not-for-profit clients a deeper understanding of the sector and the issues that affect them.

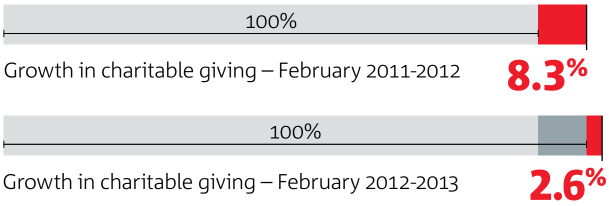
For us, it also opens opportunities. It means enabling our branches and people to support their local community and the community sector through our banking services, volunteering and giving.

I look forward to sharing further insights in our next release, due in October.

– Paula Benson, General Manager – Corporate Responsibility, NAB

At a glance

12-month comparison

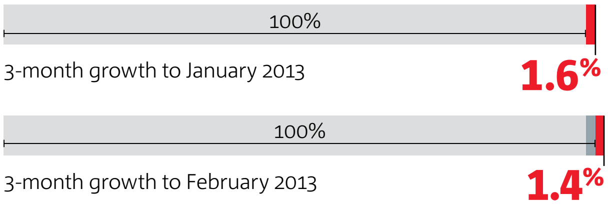


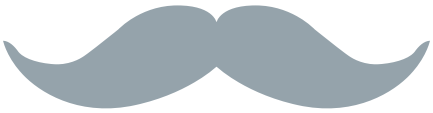
$294 Average annual donation per donor for all charities in the year to February 2012

▼ 1%

$291 Average annual donation per donor for all charities in the year to February 2013

3-month growth trends (yoy)

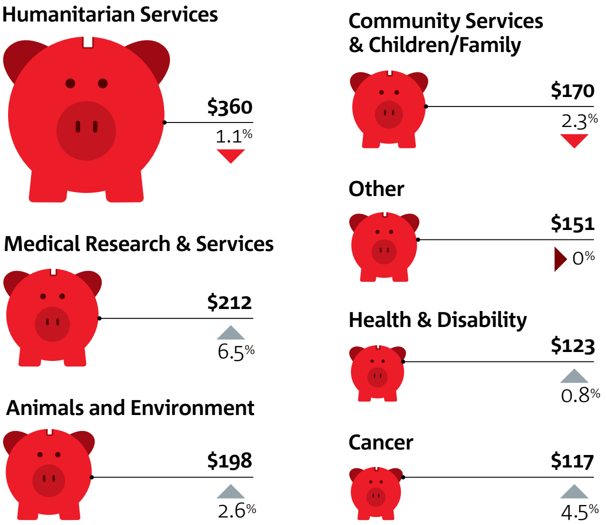




November is typically the strongest month due to the seasonal effects of 'Movember'.

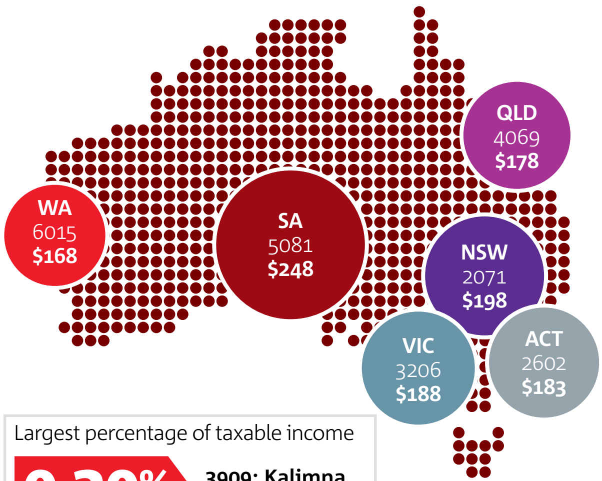
Amount donated to each category

Average donated per donor, Mar 2012 - Feb 2013



Top postcodes for charitable giving by state

Average donated per person, Mar 2012 - Feb 2013



Largest percentage of taxable income

0.30% 3909: Kalimna
2912: Gungahlin

Market share of total charity donations (%)

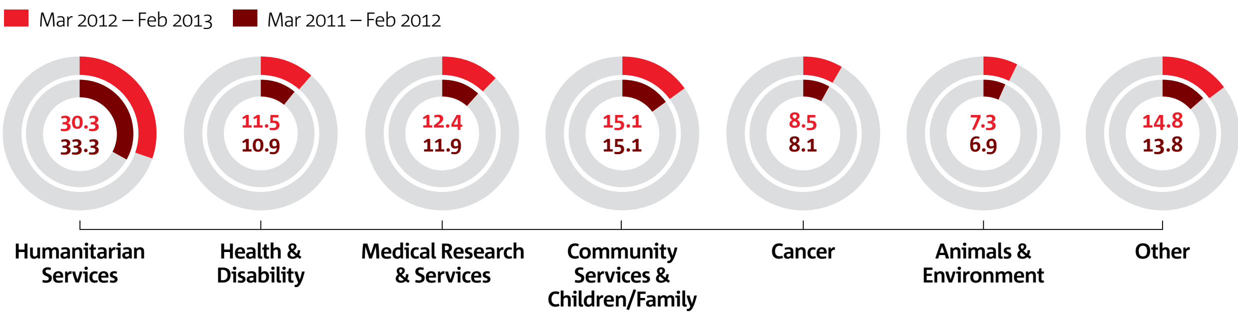


Table 2. Key Charitable Giving Statistics

	Index (3mma, nsa)			% chg y/y (3mma)			Index (annual avg)			% chg y/y (annual)		
	Dec12	Jan13	Feb13	Dec12	Jan13	Feb13	Dec12	Jan13	Feb13	Dec12	Jan13	Feb13
NAB Charitable Giving Index	**127.1**	**119.5**	**107.5**	**3.6**	**1.6**	**1.4**	**117.6**	**117.9**	**117.8**	**3.4**	**3.5**	**2.6**
Animals & Environment	116.8	116.1	111.2	10.0	7.5	5.8	109.5	110.1	110.6	6.8	6.9	6.7
Cancer	352.7	304.0	182.0	4.2	-5.5	-1.8	246.6	246.2	245.4	7.2	6.8	5.7
Community Serv & Children/Family	168.6	164.5	148.4	3.9	8.4	5.2	158.1	159.3	159.2	0.1	2.0	2.1
Health & Disability	163.2	138.0	133.8	10.0	7.0	8.4	159.4	161.2	162.1	9.9	11.1	10.5
Humanitarian Services	86.1	83.7	79.2	-5.3	-5.9	-5.0	82.5	82.1	81.7	-4.9	-5.4	-6.2
Medical Research & Services	117.8	116.4	112.5	2.6	4.8	4.3	117.6	118.7	118.5	9.4	9.4	7.9
Other	150.9	137.0	120.8	18.0	9.2	5.0	139.3	139.7	139.6	13.2	11.8	9.7

All data is non-seasonally-adjusted (nsa). Data is produced by Quantium and includes donations via credit card, direct debit, BPAY and EFTPOS. Direct transfers into charity bank accounts are not captured (e.g. bequests and cheque donations may not be captured). Nearly 600 charity brands are included in this analysis.

NAB Charitable Giving Index steady in annual average terms, but seasonal softness evident in February.

The NAB Charitable Giving Index increased to 117.8 points in February 2013 (12-month average) from 114.8 in February 2012 (chart 1). However, the index has been broadly unchanged since mid-2012, after rising from late-2010.

The 3-month trend shows the Index pulled back quite sharply in February 2013. It slipped to 107.5 points from 119.5 points in January, although it was up slightly from 106 points in the 3-months to February 2012. This was consistent with observed seasonal patterns across the past few years.

February is typically a weaker month for overall giving as the seasonal effects of 'Movember' (which results in significantly higher giving to Cancer charities) falls out of the 3-month average.

After comparatively strong growth in the second half of 2011, the rate of growth for charitable giving has clearly pulled back.

Charitable giving growth slowed in the year to February 2013 as economic conditions and consumption weakened, with business and consumers still cautious. Consumer spending patterns also seem to have shifted towards some services (e.g. travel, health and entertainment). This may have been at the expense of other discretionary spending including charitable giving.

In the year to February 2013, charitable giving growth slowed to just 2.6%, down from 3.5% in the 12-months to January 2013 and well below the 8.3% rate of growth in the same period last year (chart 2).

In 3-month trend terms, the Index slowed to 1.4% year-on-year in February, from 1.6% in January and was significantly slower than the 9.8% increase seen in February 2012. It was also well below the annual inflation rate (2.2%) suggesting that giving is now falling in real terms.

Chart 3: Market share by total charity donations (March 2011 – February 2012)

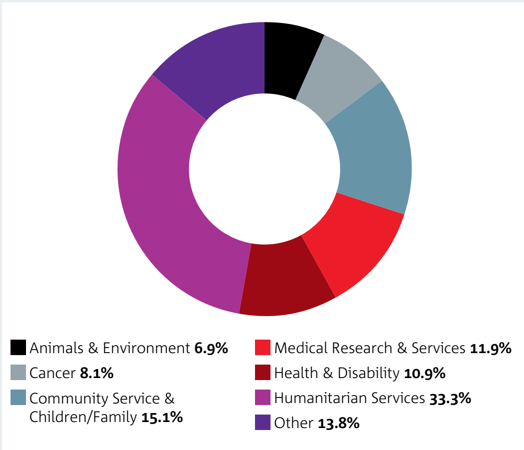


Chart 4: Market share by total charity donations (March 2012 – February 2013)

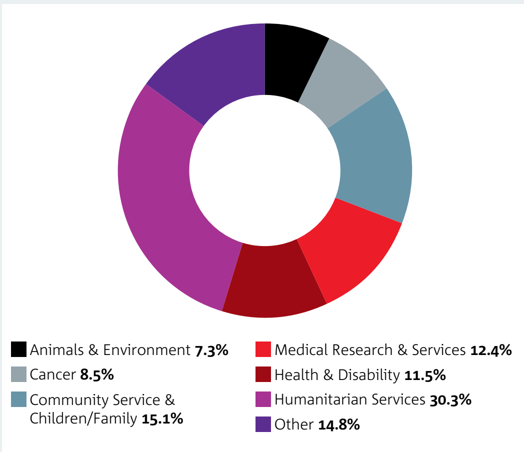


Chart 5: **Average annual growth in giving by category** (%)

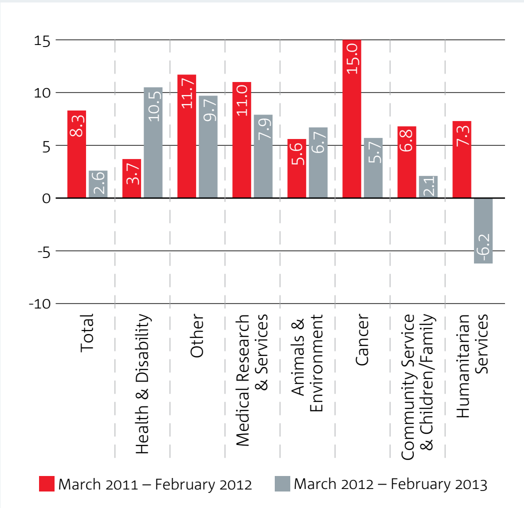
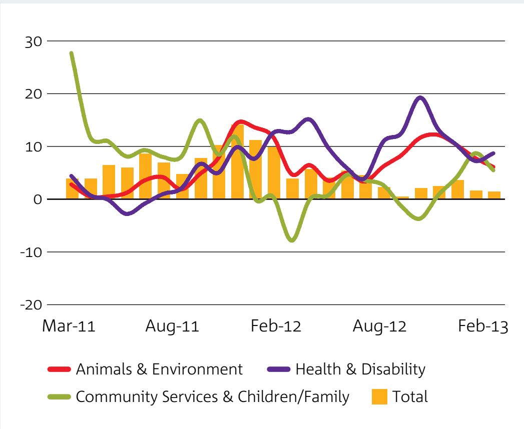
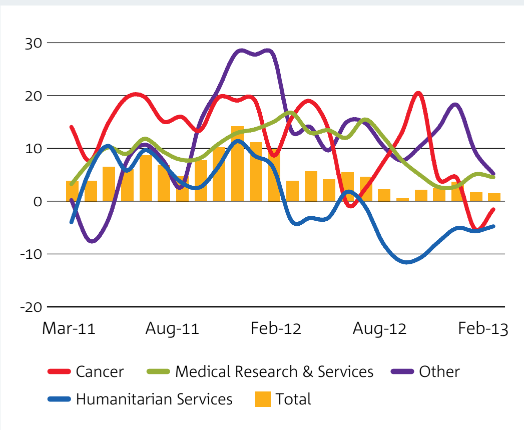


Chart 6: **Growth by sub-category**

(3-month moving average, % year-on-year)





Humanitarian Services attract around 30% of all donations, but share is slipping.

Humanitarian Services charities continue to attract the largest share of giving, with 30.3% of all donations in the year to February 2013 (chart 4). However, the share of total giving to this group was down from 33.3% in the year to February 2012 (chart 3) and has been falling consistently since July 2011 when its annual share stood at 34.3%.

The share of giving to Community Service & Children/Family charities was unchanged at 15.1%. In contrast, all other charity segments grew their market share in the year to February 2013. 'Other' charities saw the biggest growth in market share, with donations reaching 14.8% of all giving in the year to February 2013, from 13.8% a year earlier.

Animals & Environment charities had the smallest market share with 7.3% of all donations, but this was up from a low of 6.9% a year earlier.

Slow down in overall giving hides wide variance in performance by charity sub-category. Health & Disability charities grew fastest. Humanitarian Services lagging.

The slow down in overall giving masks wide variance in performance by individual charity sub-groups. Health & Disability giving grew fastest in the year to February, rising 10.5% (3.7% in the same period last year). Animals & Environment charities also recorded faster growth (6.7%) relative to the previous year (chart 5).

Giving to 'Other' and Medical Research & Services charities slowed in February 2013, but was quite robust at 9.7% and 7.9% respectively. Giving to Cancer charities grew 5.7%, well below the 15% growth rate seen in the previous year.

The biggest pullback in growth was noted in giving to Humanitarian Services, which fell -6.2% after growing 7.3% in the same period a year earlier.

All charity sub-indices pulled back in February. Seasonal giving activity continues to be most prevalent for Cancer and Community Services & Children charities.

The 3-month trend data – which provides a stronger indication of recent index performance – shows that all sub-indices pulled back in February for the second straight month (chart 7 & 8). The biggest fall was seen in the Cancer Index which dropped to 182 points in 3-month trend terms in February from 304 points in January as the large increase in the volume of donations associated with the 'Movember' campaign fell out of the 3-month average.

In growth terms, the 3-month trend data also reveals that giving to Humanitarian charities is falling quite rapidly, with donations down a further -5% year-on-year in February (chart 6). This was down from 6.2% year-on-year in the same period last year and represented the eighth straight month of decline. Giving to Humanitarian services has now contracted in 11 of the past 12 months.

After comparatively strong growth in late-2012, giving to Health and Disability charities has pulled back a little in recent months although it still reported relatively robust growth of 8.4% year-on-year in the 3-months to February to be the fastest growing charity for giving.

The biggest pull back in growth was noted in giving to 'Other' charities. Growth in donations to this charity group slowed sharply to 5% year-on-year in February – almost half the level seen in the previous month and down from almost 28% year-on-year in February 2012. However, it was still one of the fastest growing charity sub-categories in February 2013.

Giving to Community Service & Children/Family charities bucked the overall trend, with growth in donations to this group rising by 5.2%. Although this represented a slight pull back from January (8.4% year-on-year), this group was the only sector to report faster growth compared with the same period last year (0.2% year-on-year).

Humanitarian Services enjoy the largest average donation size, while Cancer charities have the smallest.

The average annual donation size for all charities was $291 per donor in the year to February 2013, down slightly from $294 in the year to February 2012 (chart 9).

Humanitarian Services has the biggest average annual donation size – and by some margin. At $360, the average donation to Humanitarian Services charities was around 70% higher than for Medical Research & Services ($212), the second biggest recipient.

Average donation size was smallest for Cancer ($117) and Health & Disability ($123) charities. Average giving to these charity groups was only around one-third the average donation size for Humanitarian Services.

It is also interesting to note that the annual average donation size for Cancer and Health & Disability charities was less than 10% of what the average Australian spent on gambling in 2011 ($1,641)*, less than 10% of what the average Australian household spent on alcohol ($1,682)** and less than 20% of what the average Australian household spent on tobacco products ($654)**.

*Roy Morgan Research presented to the Gambling Reform Committee at a hearing in Canberra **ABS Household Expenditure Survey 2009-10

Chart 7: NAB Charitable Giving Index by sub-category (3-month moving average)

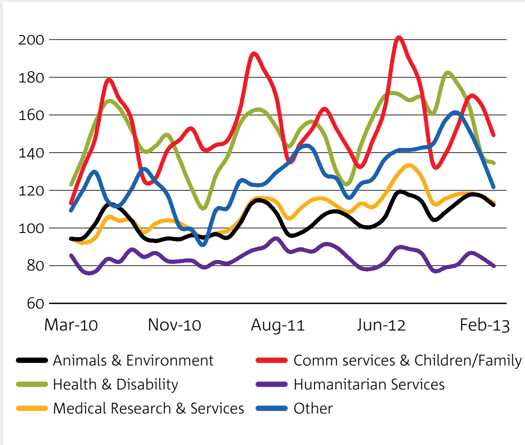


Chart 8: Cancer giving index (3-month moving average)

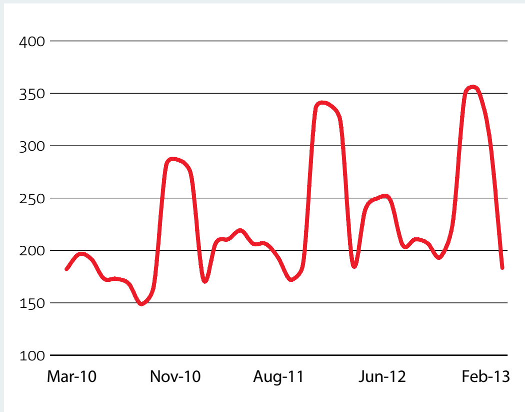


Chart 9: Average annual donation per donor ($A)

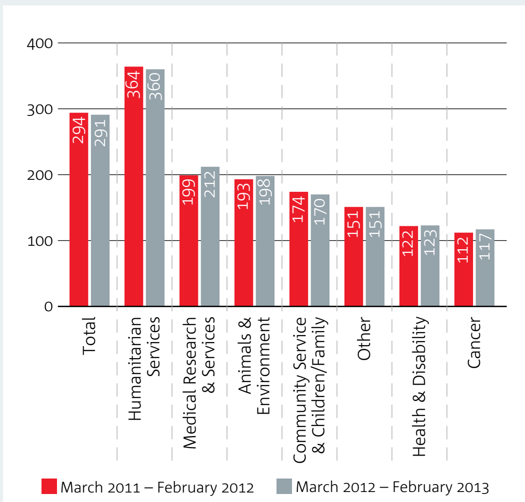
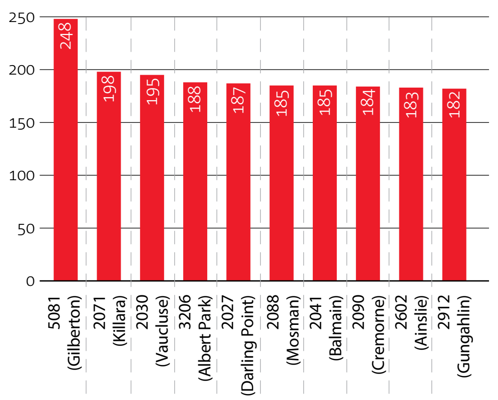
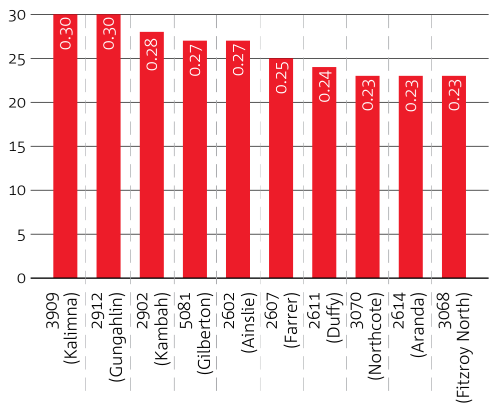


Chart 10: Top 10 national postcodes for charitable giving (average spend per person, $A, March 2012 – February 2013)



Best performing suburbs/areas within postcode in brackets

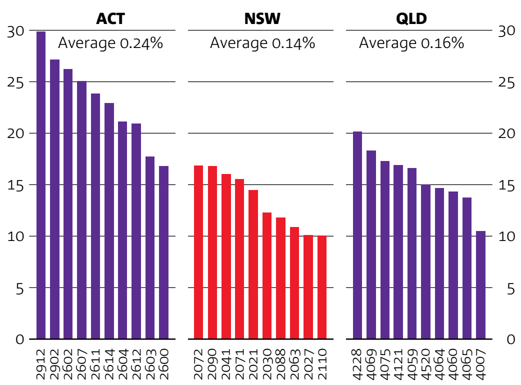
Chart 11: Top 10 national postcodes as % of income (based on Top 10 postcodes from each state by average donation)



Best performing suburbs/areas within postcode in brackets.

Chart 12A: Top 10 postcodes as % of income

(based on Top 10 postcodes from each state by average donation)



In absolute dollar terms, the average annual donation size increased for most charity groups relative to the same period last year except for Humanitarian Services and Community Service & Children/Family charities, which saw their average annual donation size fall by $4 each. Average donation size for 'Other' Charities was unchanged at $151.

In growth terms, total average donation size fell -1% in the year to February 2013. Community Service & Children/Family charities saw the biggest decline in average donation size (-2.3%) followed by Humanitarian Services charities (-1.1%).

Medical Research & Services charities led the way in terms of growth, with average donation size increasing by 6.5%. The average donation size for Cancer and Animals & Environment charities grew 4.5% and 2.6% respectively, while Health & Disability charities saw more modest growth in average donation size of 0.8%.

In dollar terms, average charity spend per person was highest in postcode 5081 (e.g. Gilberton and Vale Park). As a proportion of taxable income, however, postcodes 3909 (e.g. Kalimina and Lakes Entrance) and 2912 (Gunghalin) were most generous.

Average charitable giving in the top 10 national postcodes was $194 in the year to February 2013 (chart 10). By individual postcode, charity spend per person was highest in 5081 (e.g. Gilberton, Vale Park) with an average give of $248 per donor. The range between the 2nd and 10th best postcodes was less than 9%. New South Wales (NSW) features prominently on this list, with 6 postcodes represented in the national top 10.

Average incomes appear to be a significant factor influencing the amount of dollar giving. According to the Australian Taxation Office (ATO), the top 10 national postcodes for giving per donor also reported an average mean taxable income of $117,379 in 2009/10. This compared with an average mean taxable income of $97,790 for the top 10 postcodes in all states and was 2.5 times higher than the average Australian mean taxable income of $46,646.

Although donors from higher income postcodes tend to donate the most in dollar terms, they do not necessarily donate the most relative to their incomes. When we overlay 2009/10 ATO mean taxable income data over these top 10 postcodes by state to identify those postcodes that donate the biggest proportion of their annual income to charity, we find the average income in the top 10 postcodes for giving was just $67,009, or around 43% lower than for the top 10 postcodes for giving by dollar amount.

On the basis of income share, postcodes 3909 (e.g. Kalimna, Lakes Entrance with average incomes of just $46,942) and 2912 (Gungahlin with average incomes of $59,957) were the most generous areas for giving, donating 0.30% of their annual incomes to charity. In comparative terms, residents in postcode 3909 earn on average around 70% less than residents from 2030 (Vaucluse), the third highest postcode for dollar giving, yet give around 2.5 times as much of their annual income to charity.

Only three postcodes are represented in both the top 10 for giving in dollar terms and as a proportion of their income - 5081 (e.g. Gilberton, Vale Park), 2912 (Gungahlin) and 2602 (e.g. Ainslie, Dickson).

Average donations per person from the top 10 postcodes were highest in NSW in dollar terms. As a proportion of taxable income, the ACT was on average the most generous.

With six postcodes in the national top 10 for average giving per person, it is not surprising that average giving from the 10 highest postcodes in NSW was also the highest in the country in the year to February 2013, with an average charity spend of $182 per person.

Average giving was next highest in the top 10 postcodes from the ACT. Average donations per person from the top 10 postcodes in the territory was $169 in the year to February 2013.

Average giving from the top 10 Victorian (VIC) and South Australian (SA) postcodes was $160 and $162 respectively per person in the year to February 2013. Despite more challenging state economic conditions, VIC and SA perform well using this measure.

Despite enjoying the highest average incomes of all the top 10 state postcodes, the average charity spend in the top 10 Western Australian (WA) postcodes was just $147 per person, or around 20% lower than the average spend in the top 10 postcodes from NSW.

The average charity spend in the top 10 state postcodes was lowest in Queensland (QLD) ($124 per person).

When looked at as a proportion of their 2009/10 mean taxable incomes, donors from the top 10 postcodes from the ACT were on average by far the most generous, donating 0.24% of their income to charity in the year to February 2013 (chart 12A+B).

Residents of the top 10 postcodes in SA were the next most generous, donating on average 0.20% of their incomes to charity in this period.

The average donated from the top 10 postcodes in VIC was 0.18% in the year to February 2013.

Despite donating the least in dollar terms, residents of the top 10 postcodes in QLD donated on average 0.16% of their incomes to charity in the year to February 2013, which was ahead of the average from the top 10 postcodes in NSW (0.14%) and WA (0.13%).

Chart 12B: Top 10 postcodes as % of income
(based on Top 10 postcodes from each state by average donation)

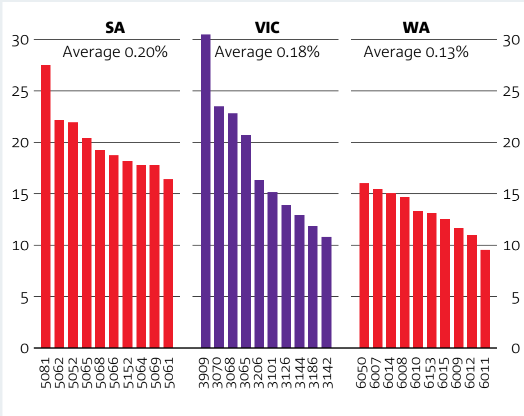


Chart 13: Top 10 postcodes for charitable giving by state (average spend per person, March 2012 – February 2013)

more give, less take

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About Quantium

Quantium is Australia's leading data analytics and marketing strategy firm. Quantium has worked with NAB for more than 4 years, assessing de-identified transaction data to derive insights, trends and shopping habits of different customer groups. The resulting analysis forms Market Blueprint and is used by NAB and other businesses to drive innovation and business performance through customer, distribution and marketing strategies. *www.quantium.com.au*

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