

auDA Foundation Review Discussion Paper

INTRODUCTION

The auDA Foundation is a charitable trust that was established by auDA in 2005. Its general objectives are to promote and encourage education and research activities that will enhance the utility of the Internet for the benefit of the Australian community.

auDA staff currently process grant applications and the Foundation typically offers grants in the range of \$5,000 to \$20,000 to not-for-profit organisations, students and research institutions.

There have been five grant rounds since 2006, totalling \$1,286,338 in funding to 72 projects.

The auDA Board is conducting a review of the Foundation. The purpose of the review is to:

- evaluate the effectiveness and reach of the auDA Foundations' grants,
- evaluate the effectiveness and efficiency of the auDA Foundation's operations, and
- provide recommendations to the auDA board about what changes (if any) should be made to the auDA Foundation charter and the operations.

Public Consultation

The purpose of this Discussion Paper is to set out the current situation and invite comments and suggestions for change.

The Discussion Paper has been drafted as a result of research conducted by auDA staff and includes:

- General ad-hoc feedback the Foundation has received over the 5 funding rounds since 2006
- Feedback from Foundation grant applicants to an online survey which was conducted in October, 2011 (see **Appendix 2**)
- Comparative study of other relevant philanthropic organisations (see **Appendix 3**)
- Results from 2011 Grants in Australia Survey conducted by the Australian Institute of Grants Management (see **Appendix 4**)
- Results from Philanthropy Australia Member Survey 2010 Report (see **Appendix 5**)

We welcome your comments and suggestions, not only in response to the specific questions posed at the end of each section, but also on any others that are relevant to the issues being considered.

There are two ways in which you can comment on the issues raised in the paper:

1. Send a written submission to:

Lujia Chen, Policy Officer

email: lujia.chen@auda.org.au

fax: 03 8341 4112

Electronic submissions are preferred. All submissions will be posted on the auDA website within 2 working days of receipt, unless clearly marked confidential.

The closing date for submissions is Monday 16 January 2012.

2. Complete the online survey at <http://www.surveymonkey.com/s/audafoundationreview>

The survey will close at midnight on Monday 16 January 2012.

BACKGROUND

Foundation Structure

auDA has established auDA Foundation Ltd as a 100% subsidiary to act as trustee company for the auDA Foundation Trust. The Foundation Board is made up of four directors appointed by the auDA Board. As a subsidiary of auDA, the activities of auDA Foundation Ltd are ultimately subject to approval by the auDA Board. Administrative support for the Foundation is currently provided by auDA staff.

The Foundation Charter and other information is available on the auDA Foundation website at www.audafoundation.org.au

Foundation grant rounds 2006-2011

In its first 5 funding rounds, the Foundation has received 263 grant applications and awarded 72 grants¹. To view summaries of all grants given – see **Appendix 1**.

Figure 1 shows the number of applications received and grants given by each year.

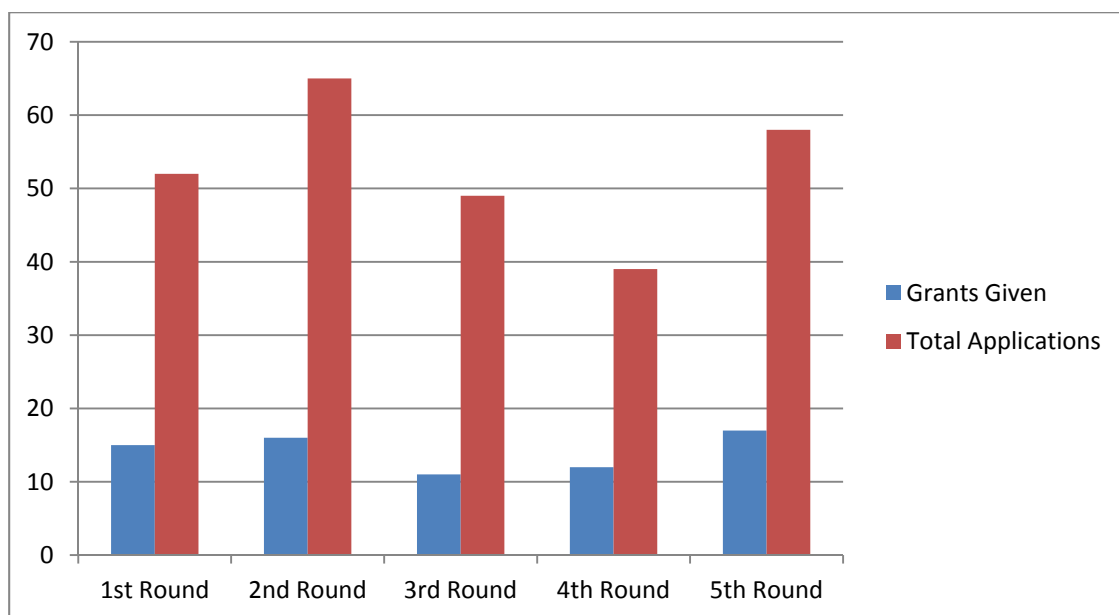


Figure 1: No. of applications and grants given each year.

27% of grant applicants have been successful in receiving a grant.

¹ Less one grant given in 2006 which applicant returned because the project did not go ahead

1. FOUNDATION GRANTS

This section examines the general objectives, funding preferences, selection criteria, application process, grant amounts, conditions and reporting requirements of the Foundation grants program.

1.1 General objectives, funding preferences and selection criteria

The general objectives of the Foundation are to promote and encourage education and research activities that will enhance the utility of the Internet for the benefit of the Australian community, including:

1. The provision of open scholarships and prize funds to encourage and reward academic and applied excellence;
2. The funding of pure and applied research including academic positions and the publication of results for the benefit of the Australian community;
3. The funding of community demonstration projects and the publication of results for the benefit of the Australian community;
4. The funding of public education and awareness initiatives through all relevant mediums and institutions.

In addition to the general objectives outlined in the Foundation Charter, the Foundation Board are keen to fund projects that will achieve practical outcomes through innovative means and has developed a list of funding preferences to guide its assessment of grant applications, including:

- Scholarships for PhD students.
- Research into Internet related technologies
- Research into the social impact of the Internet
- Projects focussing on local, regional and national community groups and organisations.
- Research activities that directly benefit the Australian community.
- Exploring technologies for improving access to the Internet for regional, rural and remote communities
- Improving access for disadvantaged groups
- Techniques for applying Internet technology to address social and environmental needs

All applications are assessed against the following selection criteria:

- The proposal meets the objectives of the auDA Foundation Charter;
- There is a demonstrated need to be addressed;
- There are clear social, environmental and/or other outcomes;
- The proposal strives for sustainability beyond the auDA Foundation funding period;
- The proposal supports the applicant's organisational development;
- The applicant has a demonstrated capacity to implement the project;
- There is demonstrated support from relevant stakeholders;
- The project is well-prepared, appropriately planned and financially viable;
- The applicant has made an appropriate in-kind or financial contribution; and
- The project offers value for money.

Grant Recipients – type of applicant

Figure 2 shows that predominately the grant recipients over the 5 rounds of funding have been from Education and Community Services groups which is consistent with the general objectives of the Foundation to promote education and research activities.

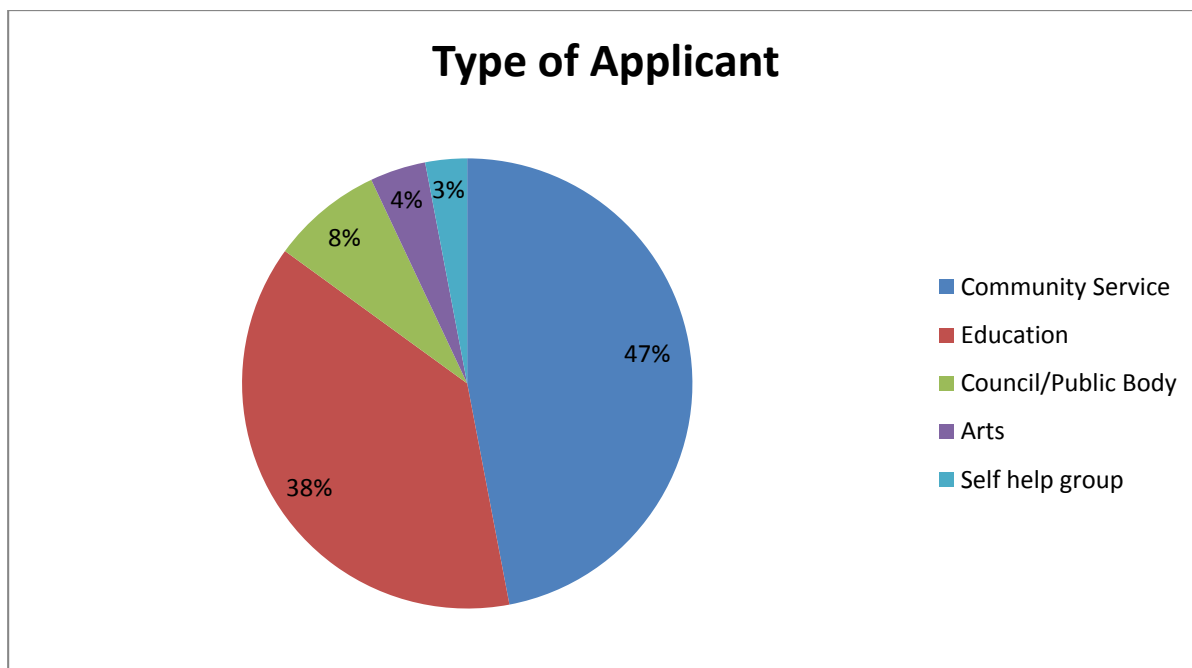


Figure 2: Grant Recipients - applicant type

Predominately the projects funded by the Foundation have been the development of online programs, research and the production of information portals, as demonstrated in Figure 3.

The changing mix of types of projects funded over the 5 funding rounds is shown in Figure 4.

These figures indicate that the Foundation has mostly funded as per its general objectives and funding preferences, with the notable exception of PhD scholarships .

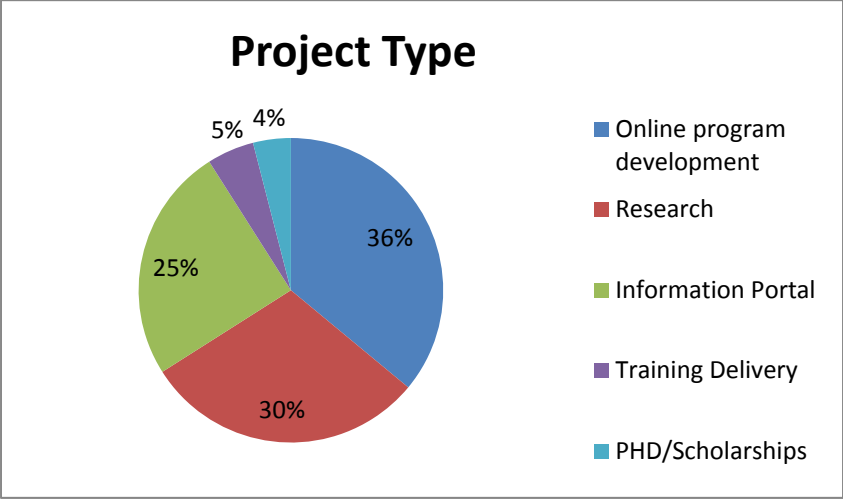


Figure 3: Types of projects funded

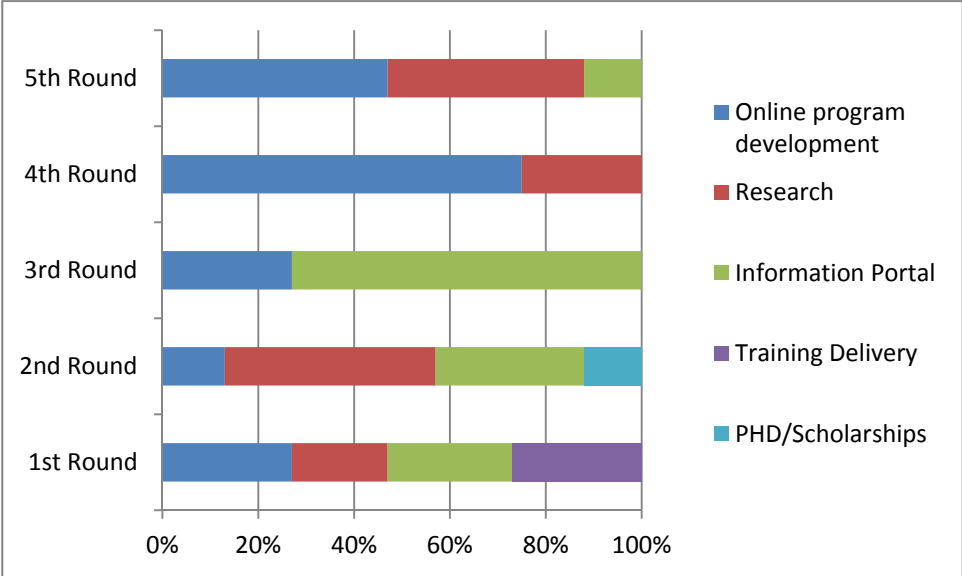


Figure 4: Changing distribution of grants by project types

Over the 5 funding rounds, the Foundation grants have supported projects targeting benefits to a wide spread of areas as demonstrated in Figure 5.

Figure 5 suggests that the Foundation has been successful in funding projects that align with the general objectives, funding preferences and address the selection criteria.

These areas are also in line with the most popular areas of the grant giving by respondents of the Philanthropy Australia Member Survey 2010 who cited Arts and Culture, Children and Youth, Education, Environment, Indigenous causes and Poverty and Disadvantaged.

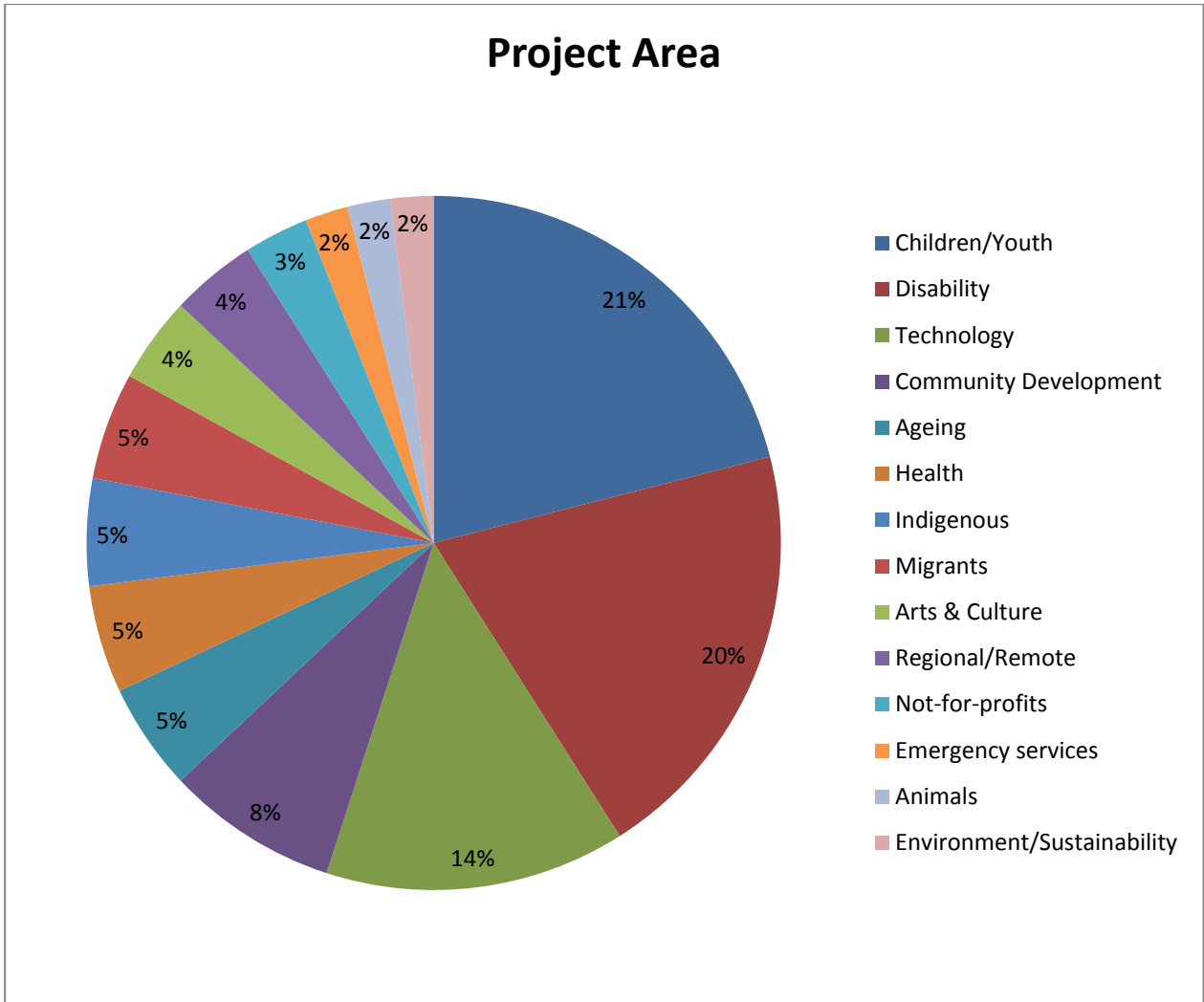


Figure 5: Types of main target areas of projects funded

Figure 6 shows the changing mix of these targeted areas over the 5 years and indicates that there is a wide spread of areas that benefit from the Foundation grants in varying amounts over the years.

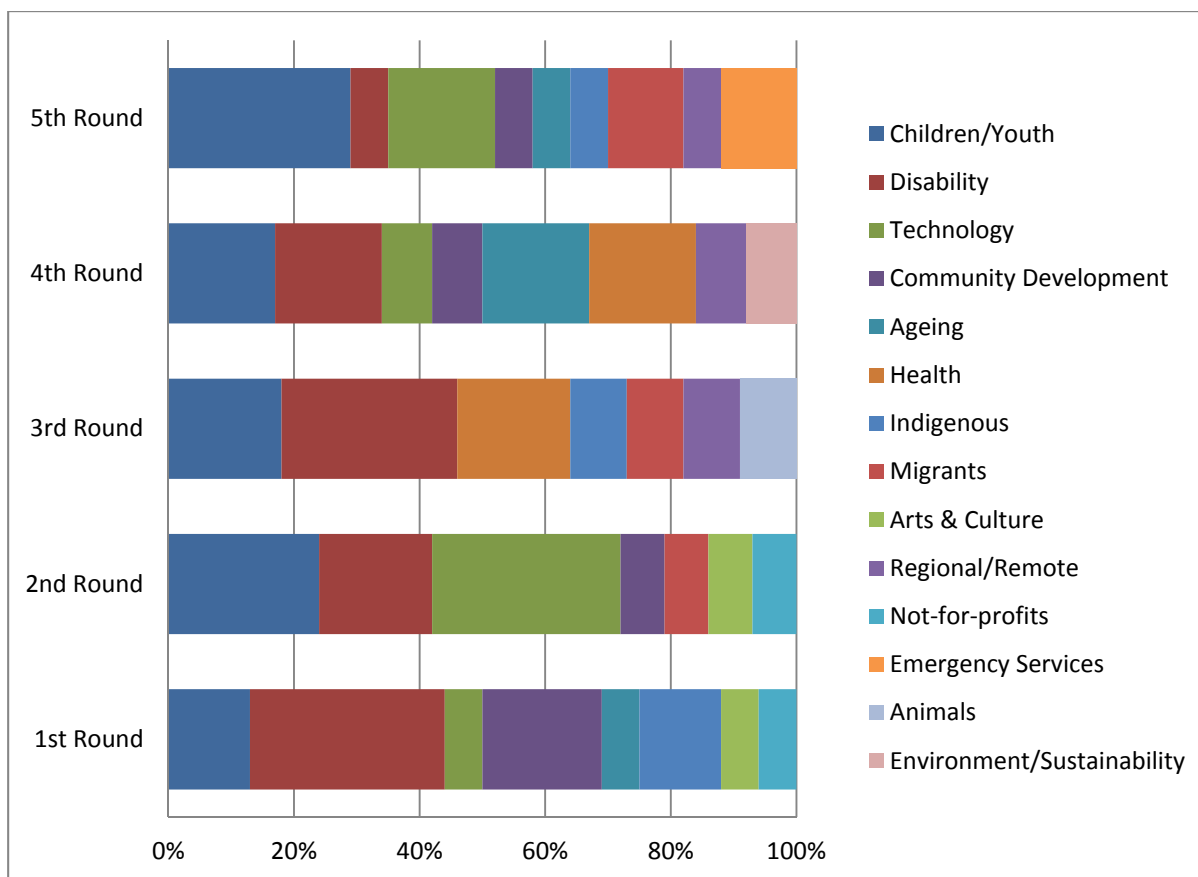


Figure 6: Main target areas of funded projects over the 5 funding rounds

Feedback from successful grant applicants’ responses to the online survey indicates a high rate of success – 90% of the survey respondents rated their project as successful. In addition, 85% of the survey respondents indicated that without the Foundation’s involvement their project outcome would not have eventuated.

The Foundation’s broad general objectives regarding enhancing the utility of the internet, has provided opportunities for funding projects that otherwise would not fit the more specific objectives and funding preferences of other grant programs. Feedback from grant applicants indicates that Foundation grants provide funding on internet related research/activity where there seems to be a gap in funding elsewhere.

Some of the general comments from the survey respondents:

- “auDA Foundation grants provide a unique opportunity for community ICT related research and development.”
- “I’ve watched the projects that have been funded and I’d say the Foundation is right on target and enabling some very good outcomes for Australians.”
- “Their involvement in supporting research is absolutely critical to the encouragement of robust research in the general internet space.”
- “It provided leverage for ARC funding several years later. So it was extremely valuable.”

However, as Figure 1 above demonstrates, 73% of overall applicants were not successful in obtaining a grant which may indicate that Foundation needs to be clearer with the general objectives, funding preferences and the selection criteria and/or make them more specific. Other similar philanthropic organisations are very clear with their objectives and specifically focus on finite areas. For example:

- Nominet Trust's current focus is on 3 areas: web access, web safety and web in society.
- Internet Foundation Austria (API) focuses on particular areas each year, such as applications/networking/user-friendliness (2007), education and the Internet (2011).

Whilst the Foundation's broad general objectives have provided grant giving opportunities to projects that don't fit other more specific philanthropic objectives, auDA has also received feedback over the years suggesting that the Foundation objectives are too broad and that it may fail to attract the "right types" of applications. But, as Figure 6 indicates, the "right types" of applications have been received when referenced to funding preferences.

Some of the comments from unsuccessful applicants who responded to the survey indicate that despite the Foundation's broad general objectives, there are a number of Internet-related activities that are not covered by the Foundation or apparently any other grants program:

- "This IT project does not fall within the parameters of many funding bodies."
- "We have struggled to find another organisation that would suit our application, we are still seeking funding."
- "It is very hard to get grants for online activities and technology development in the cultural sphere."

Clearly one way to address this issue would be for the Foundation to expand its general objectives to include a broader range of projects. Another option may be for the Foundation to liaise with other relevant philanthropic organisations to assist funding applicants to find the most appropriate grants program for their project and/or source co-funding. 45% of the respondents to Philanthropy Australia Member Survey 2010 said one of their biggest challenges was collaborating with other funders.

1.1 QUESTIONS

a) Should the Foundation clarify its general objectives? If yes, what needs to be clarified?

b) Should the Foundation simplify/clarify the types of projects it won't fund?

c) Should the Foundation narrow its general objectives to address specific needs? If so, how do you think these areas should be identified?

d) Alternatively, should the Foundation's general objectives be expanded to include a broader range of projects? If so, what areas and needs should it consider?

e) Should the Foundation seek to collaborate with other relevant philanthropic organisations to assist funding applicants?

1.2 Application process

Foundation funding rounds open annually² and applicants are required to submit the Application Cover Sheet, Checklist and Application Form within 6 weeks. The application form contains 32 questions and is 3 pages long. All applications are to be submitted by email or post.

The following Table illustrates that the Foundation application process appears fairly standard by comparing key elements of the Foundation application process with other philanthropic organisations:

Organisation	Program	Number of questions	Instructions	Grant size
auDA Foundation		32 (3 pages) Plus coversheet and checklist (2 pages)	2 pages	\$5,000 - \$20,000 (typically)
Ian Potter Foundation	Small Grants	38 (3 pages) Plus checklist and coversheet (8 pages)	3 pages	Under \$20,000
API		40 (9 pages) Plus cover sheet (2 pages)	1 pages	€2,000 – 50,000

95% of successful applicants and 89.5% of unsuccessful applicants found the application guidelines clear and easy to understand.

One of the comments from a respondent that didn't find it clear and easy to understand was "These sections seemed somewhat convoluted to me. Maybe in making sure that they are clear guidelines they have become too long!" Other feedback over the years has been that the information on the Foundation website is confusing (eg. lists examples of projects the "Foundation will not support" in addition to "Applications that will not be accepted") and some applicants are not sure on what basis they don't relate to the general objectives of the Foundation.

100% of successful applicants and 95% of unsuccessful applicants who responded to the survey found the overall application process straightforward and all respondents found the timeframe was sufficient for preparing their application.

However, some of the respondent's general comments were:

- "We hope the application form could be simpler and auDA foundation will consider reduce (sic) the number of questions."
- "There were too many questions. Some of them could have been collapsed into one question."

² There was no funding round in 2010

There were also some comments about not getting any confirmation that an application has been received and some unsuccessful applicants suggested that “It would very helpful to get some sort of feedback on the application. This allows us to know whether it is appropriate to apply again.”

The Australian Institute of Grants Management 2011 Grants in Australia Survey’s results (conducted on grant seekers) indicated that the number 1 way grant makers could improve their communication is to provide feedback to unsuccessful applicants.

Other key results in the 2011 Grants in Australia Survey include:

- Clear majority prefer an online application process.
- Suggestions to simplify the application process, including introduction of a two-stage application process and provide opportunities for pre-application discussions.
- Criticisms that there are often long delays between acceptance of funding applications and a decision being made on the outcome.

Both the Nominet Trust and the API provide online applications and the Nominet Trust has a two step application process. They provide a self-evaluation checklist online which can help the applicant assess whether their project is in line with Nominet Trust’s areas of focus as well as identify any areas that may require further consideration before submitting an application. Once they complete this checklist, the applicant can then submit an eligibility form online which enables the Nominet Trust to filter projects they are more likely to support and prevents the applicant from spending time completing an application form for a project that they would not receive funding for.

Applicant eligibility for auDA Foundation grants is restricted to Australian registered not-for-profit organisations and students enrolled in an undergraduate or postgraduate degree course at an Australian university. 61% of the respondents of the 2011 Grants in Australia Survey indicated that they found grant eligibility guidelines are too restrictive and can eliminate many from the chance to gain funding.

1.2 QUESTIONS

a) Should the Foundation change the application process? If so, what changes should be made?

b) Should the Foundation implement a process for giving unsuccessful applicants feedback?

c) Should the Foundation change the eligibility criteria? If so, what other types of applicant should be eligible for funding?

1.3 Grant amount and conditions

The Foundation does not have any defined grant amount, but the Foundation Board has determined that it will “typically offer grants in the range of \$5,000 to \$20,000”.

The total grants given over the 5 funding rounds is \$1,286,338³ with an overall average of \$17,865 per grant for a range of project types in a diverse range of sectors. Figure 7 shows the average grant given by funding round.

³ Less \$20,000 grant returned in 2006

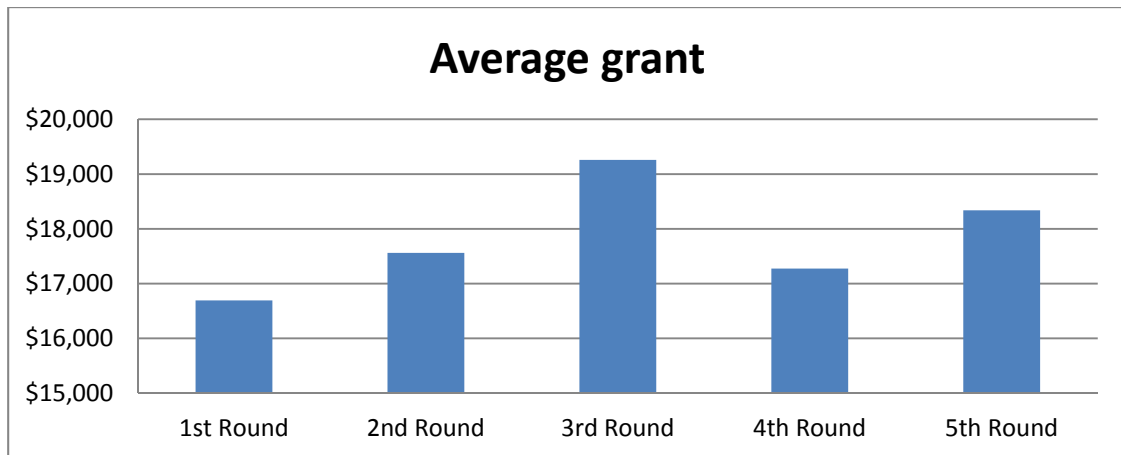


Figure 7: Average grant by funding round

auDA has received feedback that the limit of the grant amount is expressed in a vague way and applicants were unsure of what amount they could apply for. Some potential applicants have advised that they did not apply as funding required for their project exceeded \$20,000.

There are a number of standard conditions placed on Foundation grants, the main one being that the grantee will use the whole of the grant exclusively for the project described in the application and not for any other purpose. There are also conditions relating to GST:

Where the grantee is registered for GST, project and other costs submitted in support of the application must be exclusive of GST. Where the grantee is not registered for GST, project and other costs submitted in support of the application must be inclusive of GST.

General feedback received from grant recipients and some comments from survey respondents indicate that they don't understand the GST implications.

1.3 QUESTIONS

a) Should the grant amount be an absolute range (eg. offer grants in the range of \$5,000 - \$20,000, rather than "typically offers grants in the range of \$5,000 to \$20,000")?

b) Should the Foundation increase the \$ value range of the grants? If so, what amount?

c) Should the Foundation clarify the GST conditions? If so, what needs to be clarified?

1.4 Reporting requirements

Foundation grant recipients must provide quarterly progress reports and a final report.

The progress reports are required to include achievements made in the past quarter, details of all or any publication made as part of the project, how the grant funds have been applied, whether and why there are any changes to the project or deviation from the original project plan and objectives for the forthcoming quarter. The final report must include the achievements made in the project and whether it is consistent with their objectives and the project plan of the project. Generally Foundation funded projects are completed within 12 months.

Whilst 100% of the survey respondents indicated that they thought the reporting requirements were easy to understand and reasonable, 25% indicated that they didn't believe a quarterly report to the Foundation was worthwhile. Some of the respondents general comments regarding this:

- “This was a bit short a timeframe for our project. We didn't have lots to report at 3 month intervals.”
- “Depends on the length of the project. Ours is quite short, might not warrant as many reports as a quarterly schedule might imply but not a big issue.”
- “While being happy to provide quarterly reports, my preference would be for 6 monthly reporting....”
- “This was the worst part of the grant. Perhaps only one progress report and a final report is needed.”
- “Probably a mid-project progress report is better for a 12 month project. For a 2 year project, more progress reports.”

Feedback from the 2011 Grants in Australia Survey's indicated that almost half of the respondents were frustrated by the onerous reporting requirements and strongly suggested that “right-size” reporting and acquittal requirements to suit the size of the grant.

Some philanthropic organisations, such as the Ian Potter Foundation, only require interim reports if the grant extends over a period of years.

According to the findings of the Philanthropy Australia Member Survey 2010 Report, 76% of the respondents said the standout challenge is evaluating the impact of their grant giving. The Foundation does not currently conduct an evaluation of grant projects; instead, grant recipients are asked to do their own appraisal of the results achieved with the grant in their final report. The final reports of Foundation grant recipients are not publicly available. For examples of some of the project outcomes - see pages 26 – 28 of the auDA 2010-11 Annual Report at:

http://www.auda.org.au/pdf/auDA_Annual_Report_2011_web.pdf

The Nominet Trust has recently developed an online “Knowledge Centre” which evaluates the impact of their grants and provides this information publicly. The Nominet Trust developed the tool to help people working towards their common charitable objectives to share knowledge and build networks with the aim to help everyone work and learn more effectively.

It is currently in Proof of Concept stage and includes outcomes/benefits from all Nominet Trust grant recipients but also invites others to submit case studies on projects they haven't funded which matches one of their charitable objectives.

1.4 QUESTIONS

a) Should the Foundation change the reporting requirements? If so, how?

b) How should the Foundation conduct an evaluation of the project outcomes?

c) How should the Foundation facilitate the dissemination of project outcomes to the wider community?

2. FOUNDATION OPERATIONS

This section examines the operations of the Foundation, including the Board and staff, marketing and promotion, and revenue.

2.1 Board and staff

The Foundation Board currently has 4 directors:

Greg Watson, Chair (former Chair of auDA)

Chris Disspain, CEO of auDA

Craig Ng, General Counsel, APNIC (former partner Maddocks, auDA's lawyers)

John Higgins, Partner, Nexia ASR (auDA's accountants)

By comparison:

- The Nominet Trust has 6 Board members including Nominet, independent and member representation.
- IPA has 5 independent Board members with a range of experts from various fields such as an IT and communications specialist, an independent online marketing expert and blogger and an Internet and telecommunications specialist.
- The Philanthropy Australia Member Survey 2010 Report indicates that 43% of the respondents have between 5 and 8 trustees and 23% have between 9 and 12 trustees.

Administrative support for the foundation has been provided by an auDA staff member as an adjunct to their usual duties. The Foundation has distributed on average 15 grants totalling \$257,000 per annum.

By comparison:

- The Nominet Trust has 5 staff members and administered approximately 100 grants totalling more than £2 million in 2010.
- The Ian Potter Foundation has 10 staff members and administered 222 grants totalling \$9.9 million in 2009/2010 financial year.
- The Philanthropy Australia Member Survey 2010 Report indicates that 80% have at least 1 staff member and 42% have between 1 and 5 EFT staff, total estimated annual giving is \$233,664 and grants vary from \$10,000 - \$100,000.

The Australian Institute of Grants Management 2011 Grants in Australia Survey found one of the main areas of concern was being unable to obtain contact details of grants staff.

Some philanthropic organisations appoint Ambassadors and/or Patrons that can greatly assist in raising awareness and funds by supporting, protecting, and championing their specific charter. For example, the Alannah and Madeline Foundation have the following Patrons and Ambassadors:

International Patron: Her Royal Highness Crown Princess Mary of Denmark

National Patron: The Honourable Julia Gillard MP, Prime Minister of Australia

Founding Patron: Walter Mikac

Ambassadors: Robert Di Pierdomenico, Giaan Rooney OAM and Grant Hackett OAM

2.1 QUESTIONS

a) Should the Foundation make any changes to the Board and staffing arrangements? If so, what changes should be made?

b) Do you think the Foundation would benefit from appointing Patrons/Ambassadors?

2.2 Marketing and promotion

To date the Foundation has promoted the opening of the funding rounds via:

- The auDA Foundation website at: www.audafoundation.org.au
- Advertisements in national and metro press.
- Listing in the community organisations' directory on the [Our Community's](#) website that provides resources and links for training for Australia's 600,000 community groups (not for profit sector).
- As a member of the Australian Institute of Grants Management, an announcement in the "EasyGrants Newsletter" .
- Electronic announcement to auDA mail lists.

In September, 2011, auDA also became a member of Philanthropy Australia (the national peak body for philanthropy) and has a link to the auDA Foundation website at:

<http://www.philanthropy.org.au/membership/list.html>

As Figure 8 below indicates, the geographic reach of grant recipients shows penetration across all states and territories, with the exception of Tasmania and is predominately consistent with Australia's population spread.

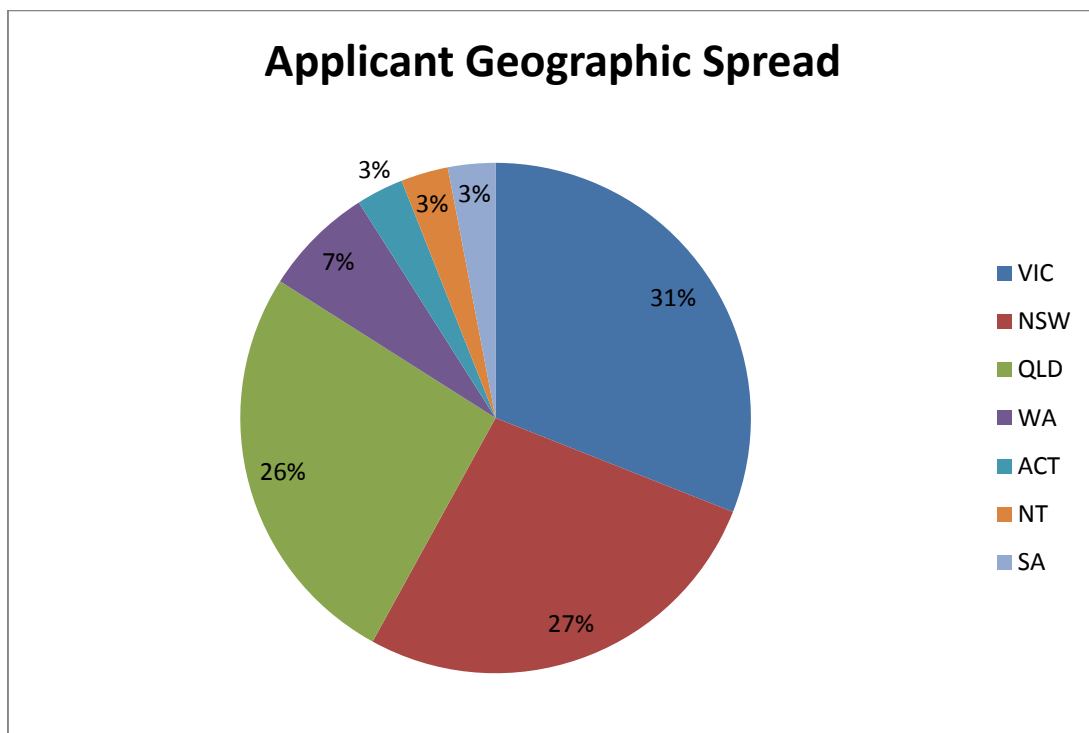


Figure 8: Geographic location of Grant recipient

Figure 9 below indicates how grant applicants found out about the Foundation. Where survey respondents answered "other", their comments included: from other research organisations (including universities) and word of mouth.

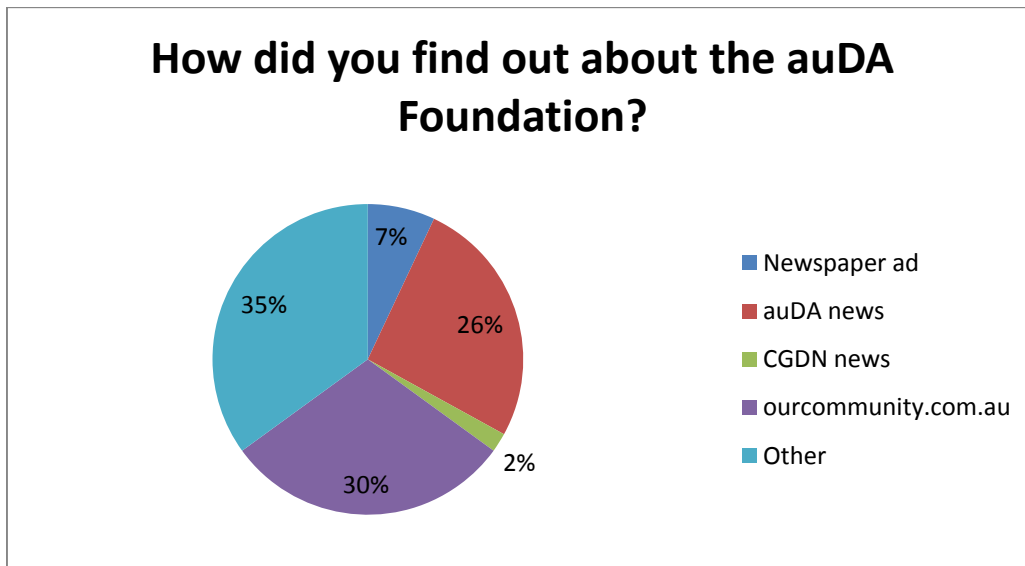


Figure 9: How grant applicants found out about the auDA Foundation

2.2 QUESTION

a) What avenues do you think the Foundation should use to market/promote the grants program?

2.3 Revenue

auDA's initial funding of \$2,000,000 to the Foundation came from surplus funds from the sale of .au generic domain names in 2002-03. Other revenue the Foundation receives is from investment income and, from 1 July 2010, \$0.25 is contributed from [AusRegistry](#) (the 2LD registry operator) for every registration and renewal of com.au and net.au domain names. The Registry Licence Agreement with AusRegistry is due to expire on 30 June 2014.

To date, the Foundation's expenses have been kept to a minimum as auDA staff have administered the grants (see 2.1 above).

Currently the Foundation has around \$1.4 million under management and has not set a limit on annual grant giving. The Foundation would not necessarily be able to sustain itself if the annual grant giving increased over the future years.

2.3 QUESTIONS

a) Should the Foundation set a limit on annual funding?

auDA WELCOMES ANY OTHER COMMENTS OR SUGGESTIONS IN RELATION TO ISSUES UNDER REVIEW.

APPENDICES:

Appendix 1: Summary of auDA Foundation Grant Recipients

A Summary of auDA Foundation Grant Recipients can be viewed/downloaded at:

<http://audafoundation.org.au/grantrecipients>

Appendix 2: Grant applicants online survey

An online survey was conducted in October, 2011 of all successful and unsuccessful grant applicants from the 5 funding rounds. The table below shows a high proportion of successful (45%) and a good proportion of unsuccessful (22%) applicants responded to the survey.

	No of applicants	Valid email addresses	Duplicate applicants	Adjusted total	Responded	
Successful	72	56		56	25	45%
Unsuccessful	191	126	21	105	23	22%

Appendix 3: auDA comparative study of other relative philanthropic organisations

auDA Staff conducted a comparative study of other philanthropic organisations in September/October, 2011. The Comparative Report can be viewed/downloaded at:

<http://audafoundation.org.au/comparativereport>

Appendix 4: The Australian Institute of Grants Management 2011 Grants in Australia Survey

The Australian Institute of Grants Management is a division of Our Community Pty Ltd and conducts Annual Grants Management Surveys. To find out more about these surveys, go to:

http://www.ourcommunity.com.au/best_practice/best_practice_article.jsp?articleId=2558

Appendix 5: Philanthropy Australia Member Survey 2010 Report

Philanthropy Australia is the national peak body for philanthropy. The respondents of the survey are Australian Philanthropic Trusts and the report can be viewed at:

<http://www.philanthropy.org.au/pdfs/papersreports/Philanthropy-Australia-Member-Survey-2010-Report.pdf>