

# **auDA Foundation Review**

## **Recommendations to auDA Board, February, 2012**

### **INTRODUCTION**

auDA staff conducted research in reviewing the auDA Foundation 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.

### **Research**

Research conducted by auDA included:

- 48 responses received from an online survey to Foundation grant applicants which was conducted in October, 2011
- Comparative study of other relevant philanthropic organisations
- Other survey results conducted in the philanthropic sector

### **Public Consultation**

auDA released a [Discussion paper](#) in November, 2011 for public comment which identified some issues for consideration based on the research conducted. auDA received 10 responses to the online survey and 2 submissions; non-confidential submissions are archived on the auDA website at: <http://www.auda.org.au/about/foundationreview>

## Executive Summary

The recommendations are summarised below for ease of reference, however each recommendation should be read in conjunction with the explanatory text provided in the body of the report and cross-referenced to the [Discussion Paper](#).

RECOMMENDATIONS:	Timing – to be completed by	
	2012 round	2013 round
<b>1. Foundation Grants</b>		
<b>1.1 General Objectives, funding preferences and selection criteria</b>		
1.1A The Foundation should clarify what it means by the term “innovative”	√	
1.1B Allow for consideration of 3 year PhD student funding	√	
1.1C Clarify why some types of projects won’t be funded	√	
1.1D Seek to collaborate with other relevant philanthropic organisations by leveraging current membership of Philanthropy Australia and the Australian Institute of Grants Management	√ and ongoing	ongoing
<b>1.2 Application Process</b>		
1.2A Produce: a 2 step application process and, an on-line application process	√	√
1.2B Tighten up the questions on the application form	√	
1.2C Implement a simple feedback system to unsuccessful applicants	√	
<b>1.3 Grant Amount and conditions</b>		
1.3A Increase the top range of what the Foundation typically offers to \$25,000	√	
1.3B Seek advice on clarifying the GST conditions	√	
<b>1.4 Reporting requirements</b>		
1.4A Amend the reporting requirements to: <ul style="list-style-type: none"> <li>• Up to 1 year projects - mid-project progress and final reports</li> <li>• Over 1 year projects – annual progress and final reports</li> <li>• Outcomes/benefits report for medium long term (see recommendation 1.4B below)</li> </ul>	√ √ √	
1.4B Create a “Knowledge Centre” to be made available on the auDA Foundation website and include an outcomes/benefits reports/relevant links		√
<b>2. Foundation Operations</b>		
<b>2.1 Board and staff</b>		
2.1A The Foundation to provide part-funding of an auDA employee and auDA to provide ongoing additional human resources where needed to achieve and implement the Foundation Review recommendations	√	
2.1B Establish a grants management database		√
2.1C auDA to appoint an academic related person as additional Director to the Foundation Board	√	

<b>2.2 Marketing and Promotion</b>			
<b>2.2A</b>	Add direct marketing to all University Research Offices in the marketing and promotional activities	√	
<b>2.2B</b>	Create new website to include online/2 step application process, outcomes knowledge centre and integrate this with the new grant management database software and establish Facebook presence		√
<b>2.2C</b>	Create new logo/identity		√
<b>2.2D</b>	Develop 1 page brochure		√
<b>2.3 Revenue</b>			
<b>2.3</b>	auDA to annually review financial status and sustainability of the Foundation with the view to setting annual limits and/or seeking DGR Status when necessary		√

## RECOMMENDATIONS

### 1. Foundation Grants

#### *1.1 General Objectives, funding preferences and selection criteria*

##### *Discussion Paper:*

An evaluation of grants given over the 5 rounds of funding have indicated that the Foundation has mostly funded as per its general objectives, funding preferences and addressed the selection criteria, with the notable exception of PhD scholarships. Feedback from grant applicants responses to the online survey confirm that the Foundations' broad objectives, regarding enhancing the utility of the internet for the benefit of the Australian community, has provided opportunities for funding projects that otherwise would not fit the more specific objectives and funding preferences of other grant programs. However, 73% of overall applicants were not successful in obtaining a grant which may indicate that the Foundation needs to be clearer or more specific with their general objectives, funding preferences and the selection criteria.

##### *Public Consultation:*

All respondents believe that the objectives should not be narrowed down with comments such as "Narrowing the objectives might miss a new field of study/research" and "Why limit individual creativity by adopting arbitrary walls?"

Half of the respondents indicated that the objectives could be "better" defined, particularly in light of the perceived low applicant success rate. Suggestions for changes to objectives include:

- Stating that the academic related objectives include funding for "multi-year" research projects as this may stimulate additional applications from academics for PhD scholarships. PhD scholarships run typically for 3 years. (*Currently the Foundation states "Priority is given to those proposals that will be completed within 12 months of the date of the grant."*)
- Clarity about "innovative" – does this mean just "new" technology or does it include innovative application of existing technology? Acknowledgement of 2<sup>nd</sup> & 3<sup>rd</sup> generation project "maintenance" activity could be a sustained "benefit of the Australian community" by increasing the adoption of IT.

Other feedback cautions that in "better" defining the objectives, they shouldn't be restrictive or exclusionary.

The majority of respondents believe that the objectives could be broadened. One of the suggestions included allowing academics to apply for research projects undertaken by teams of undergraduate honours students.

Half of the respondents believe the auDA Foundation should simplify/clarify the types of projects it won't fund to avoid confusion. Comments include:

- Cases where the objectives could be met but are in the list of projects that won't be funded can cause frustration
- Clarification would assist future applicants understand the needs of the auDA Foundation

All respondents agreed that it was a good idea that the Foundation seek to collaborate with other relevant philanthropic organisations to assist funding applicants as it could help in enabling the funding of larger-scale research projects and help cross-institutional work.

*Summary:*

Contrary to the recommendations in the [Westlake Consulting Limited’s Report](#) on the Independent Review into the Governance of .au on how the Foundation should develop an annual demand-based set of research and education parameters, it is clear that the Foundation should retain the broad objectives. However, whilst there were comments about how clarifying them may improve the perceived low auDA Foundation applicant success rate of 27%, this rate is exactly the same as the philanthropic sector average of 27% as per the results of the [Philanthropy Australia 2002 Survey of Australian Philanthropic Trusts & Foundations](#)<sup>1</sup>. More recent examples below illustrate that it appears to still be fairly standard:

<b>FUNDING PROGRAM</b>	<b>APPLICATION SUCCESS RATE</b>
<a href="#">Australian Research Council Discovery Projects 2011</a>	<b>21.95%</b>
<a href="#">Funding Grants Australia</a>	<b>up to 30%</b>
<a href="#">National Health and Medical Research Council 2011 Funding round</a>	<b>25.5%</b>

However, the suggestions made in how to clarify and broaden the objectives and clarifying why some projects won’t be funded would more than likely improve the applicant success rate in addition to assisting in increasing the current rate of grants given to PhD students.

*Recommendations:*

- 1.1A The Foundation should clarify what it means by the term “innovative”
- 1.1B Allow for consideration of 3 year PhD student funding
- 1.1C Clarify why some types of projects won’t be funded
- 1.1D Seek to collaborate with other relevant philanthropic organisations by leveraging current membership of Philanthropy Australia and the Australian Institute of Grants Management

**1.2 Application Process**

*Discussion Paper:*

An evaluation of the application process indicates that it appears fairly standard in comparison to other philanthropic organisations and whilst the vast majority of grant applicants who responded to the online survey found them clear and easy to understand there were some suggestions to simplify the application by amalgamating similar types of questions. The evaluation also indicates that grant seekers prefer processes that include on-line applications, a two-stage process and feedback for unsuccessful applications.

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<sup>1</sup> Philanthropy Australia has not asked this question in their post 2002 surveys

### *Public Consultation:*

The majority of the respondents don't believe the Foundation needs to change the application process. However, suggestions for improvement included various suggestions on tightening up the application form where there is double up in different questions, etc.

All respondents agreed it is a good idea to provide feedback to unsuccessful applicants as it could assist in enabling the funding of larger-scale research projects and help cross-institutional work. The majority of respondents believe the current eligibility criterion is suitable.

### *Summary:*

Whilst the Foundation application process appears to be adequate in its current form, implementing some of the processes and adjustments from the outcomes of the evaluation and the public consultation would more than likely improve the applicant success rate in addition to assisting in increasing the current rate of grants given to PhD students.

Philanthropy Australia has also informed auDA that ad-hoc feedback from some of their members since their [Philanthropy Australia 2002 Survey of Australian Philanthropic Trusts & Foundations](#) indicate a higher applicant success rate by implementing a pre-application process.

### *Recommendations:*

**1.2A Produce a 2 step application process and an on-line application process**

**1.2B Tighten up the questions on the application form**

**1.2C Implement a simple feedback system to unsuccessful applicants**

### **1.3 Grant Amount and conditions**

#### *Discussion Paper:*

Feedback auDA received from some grant applicants are that the grant amount is expressed in a vague way and they were unsure if they could apply for funds in excess of \$20,000. Other feedback includes comments about not being sure of the GST implications.

#### *Public Consultation:*

The majority of respondents don't believe the grants should be an absolute range and like the flexibility, however, the majority of respondents also believe the \$value range should be increased. No specific amount was mentioned, but their comments include:

- It would be good to align to the Federal Governments' Australian Postgraduate Awards which typically fund PhD Scholarships for 3 years and is currently \$22,860 per annum
- Allow scope to negotiate larger grants for larger, possibly collaborative projects and allow for funding over 2 – 3 years - \$100,000 to \$200,000 would be desirable

Half of the respondents believe the GST conditions should be clarified. In particular, to clarify that from the Foundations' perspective, the grant is a gift, and therefore not subject to GST.

*Summary:*

Whilst the "typical" amount the Foundation offers is in the range of \$5,000 - \$20,000, for some applicants, this amount is not sufficient to set up or maintain their project and they may decide not to apply. The Foundation could assist in this process by increasing the top range to \$25,000 (which would bring it more in line with the Federal Government's typical PhD Scholarships funding) and state that amounts over \$25,000 will be considered separately. The Foundation could also collaborate with other relevant philanthropic organisations as per recommendation 1.1D above on desirable applications.

The Foundation should also seek independent advice on clarifying GST conditions.

*Recommendations:*

**1.3A Increase the top range of what the Foundation typically offers to \$25,000**

**1.3B Seek advice on clarifying the GST conditions**

## **1.4 Reporting requirements**

*Discussion Paper:*

Whilst 100% of the grant applicants who responded to the online survey indicated that they thought the reporting requirements were easy to understand and reasonable, 25% didn't believe quarterly reports worth worthwhile, particularly as the Foundation generally fund projects that are completed in 12 months. The majority of suggestions and a comparison on other relevant philanthropic organisations suggest a mid-project progress report and a final report are more appropriate.

Also highlighted in the discussion paper were the findings from a 2010 survey conducted on grant givers in Australia report that 76% say their standout challenge is evaluating the impact of their grant giving and that the Nominet Trust has recently developed an online "Knowledge Centre" which evaluates the impact of their grants and provides this information publicly.

*Public Consultation:*

The majority of respondents believe the reporting requirements should change. Suggestions include:

- Annually and Final
- One progress and one final

Suggestions for evaluating the impact of grant giving include:

- There should be Short, Medium & Long term outcomes evaluated. For eg. short term is a technical outcome, but the community outcome, such as take up, make be a long term thing.
- Accepting the grant recipients' appraisals of their own project's outcomes should be adequate as is the status quo.
- Most respondents believe this should be made available on the Foundation website and a suggestion that a link to the URLs of research links if they are available should also be included.

One respondent suggested that the Foundation could act as a centralise repository of information which not only highlights the positive outcomes, but also fosters linkages between current and future recipients that might inspire identification of gaps in earlier projects or novel ways in which they could be extended/scaled.

#### *Summary:*

The quarterly reporting progress reports appear to be excessive, whilst a mid-project progress report and a final report seem more appropriate. However, if a project takes more than a year, such as a PhD scholarship, then annual progress reports plus a final report would be more suitable.

It would also be beneficial to create a public repository of project outcomes with appropriate links to not only evaluate the impact of the Foundation grant giving, but to help share knowledge and build networks on which innovation can be fostered. To ensure this information is collected from grant recipients, this should be included in the reporting requirements as a medium to long term outcomes/benefits report. This is also in accordance with the recommendation made in the [Westlake Consulting Limited's Report](#) on the Independent Review into the Governance of .au regarding auditing the outcomes of funded projects and making these publicly available.

#### *Recommendations:*

##### **1.4A Amend the reporting requirements to:**

- **Up to 1 year projects - mid-project progress and final reports**
- **Over 1 year projects – annual progress and final reports**
- **Outcomes/benefits report for medium long term (see recommendation 1.4B below)**

##### **1.4B Create a “Knowledge Centre” to be made available on the auDA Foundation website and include an outcomes/benefits reports/relevant links**



## **2. Foundation Operations**

### **2.1 Board and staff**

#### *Discussion Paper:*

A comparative study of other relevant philanthropic organisations indicates that whilst the Foundation's annual volume of grant giving is on par with the sector average it has less numbers of staff and Board members than the sector average. It was also noted that some philanthropic organisations appoint Ambassadors and/or Patrons that can greatly assist in the success of their grant giving.

#### *Public Consultation:*

The vast majority of respondents do not believe any changes should be made to the Board or staffing, however, one respondent believes it is important that the Board be independent of the Internet industry interests and grant applicant interests and suggested getting advice from the Australian Research Council.

The vast majority also do not believe the Foundation would benefit from the appointment of a Patron or Ambassador.

#### *Summary:*

The Foundation would clearly benefit from additional human resources in managing the grant process, particularly in light of implementing some of the recommendations within this report, such as managing a 2 step application process, providing feedback to unsuccessful applicants and creating and maintaining the outcomes based knowledge centre. Also, to streamline the grant management processes, establishing a grant management database would substantially increase efficiencies as well as provide easier access for evaluation activities in the future.

The Foundation could also benefit from appointing an academic related person to the Board which would provide relevant perspectives in PhD scholarship grant assessment. Caution, however, should be taken to ensure this person would not have a conflict of interest.

#### *Recommendations:*

**2.1A The Foundation to provide part-funding of an auDA employee and auDA to provide ongoing additional human resources where needed to achieve and implement the Foundation Review recommendations**

**2.1B Establish a grants management database**

**2.1C auDA to appoint an academic related person as additional Director to the Foundation Board**

## **2.2 Marketing and Promotion**

### *Discussion Paper:*

An evaluation of the Foundation grants indicates that the Foundation has been successful in gaining awareness across all states and territories, with the exception of Tasmania, and has been consistent with Australia's population spread.

### *Public Consultation:*

Many respondents believe the marketing and promotion the Foundation currently does is adequate, however some suggestions were:

- Social media – by establishing a Facebook presence
- By including effects of some of the project outcomes to date in the marketing messages
- Market to University Research Offices as they are centralised providers of information to academics and is likely to be a cost-effective method to promote the Foundation's grant programs to potential applicants

### *Summary:*

Whilst the Foundation has achieved reaching the target market in its marketing and promotions, by additionally directly marketing to the University Research Offices, it should assist in increasing the number of PhD applicants.

The current website will need to be re-engineered to provide for some of the recommendations in this report such as the online/2-step applications and the outcomes knowledge centre and should be integrated with the recommended grant management database software. It would also be a good idea to incorporate social media, such as establishing Facebook presence, as it is a great way to connect and engage with the target audience and learn what they think. This would be an opportune time to create a new logo to distinguish its' unique identity as is currently the case with auDA's other community outreach activities; the [ANZIAS](#) (Australia and New Zealand Internet Awards) and [CGDNs](#) (Community Geographic Domain Names).

The development of a small brochure to distribute at relevant philanthropic sector events would also be of benefit when developing relationships to foster potential collaborations.

### *Recommendations:*

**2.2A Add direct marketing to all University Research Offices in the marketing and promotional activities**

**2.2B Create new website to include online/2 step application process, outcomes knowledge centre and integrate this with the new grant management database software and establish Facebook presence**

**2.2C Create new logo/identity**

**2.2D Develop 1 page brochure**

## **2.3 Revenue**

### *Discussion Paper:*

Currently the Foundation has around \$1.4 million under management and has not set a limit on annual grant giving. The Foundation would not be able to sustain itself if the annual grant giving increased in future years and/or the revenue it receives from AusRegistry discontinues after the expiration of their Registry Licence on 30 June, 2014.

### *Public Consultation:*

Some respondents don't believe it is necessary to set an annual limit, but some expressed concern that if no limit was set the Foundation may not be able to continue to operate in the long-term.

### *Summary:*

Whilst there have been no formal limits set each year, the average amount given each year has been fairly consistent. At present, the Foundation does not have Deductible Gift Recipient (DGR) Status and can therefore not receive funds as gifts from other sources. It is important to note that one of the advantages of not having DGR status is that the Foundation is not limited to funding only DGRs. If the Foundation was to attain DGR status, the eligibility criteria would have to be amended and many groups and individuals (such as PhD students) would not be able to seek auDA Foundation funding.

The Foundation needs to be vigilant in regularly assessing its' sustainability and may need to set annual limits in the future, whilst assisting grant seekers by collaborating with other philanthropic organisations, and/or alternatively seek DGR status and seek donations from other sources.

### *Recommendations:*

- 2.3 auDA to annually review financial status and sustainability of the Foundation with the view to setting annual limits and/or seeking DGR Status when necessary**