Morning Star - Confidential and Privileged

Words:

Of the total funds spent by World Vision Australia you've said 84% of expenditures goes to program (the work we do) expenses. Where does it go? How hard is it working?

At World Vision, our mission is simple: we want every child to experience life in all its fullness.

Part of this mission is ensuring every donor dollar works as hard as possible to deliver on our mission.

But making that happen isn't as simple as just sending food or bottles of water. Real, lasting change takes careful planning and long-term investment.

When you sponsor a child, your support helps provide things like clean water, education, safe environments, and support for entire communities. That includes:

- Paying local teachers, health workers and child protection staff
- Building essential infrastructure like water systems or classrooms
- Training local leaders to keep children safe and help communities grow

The safety of children is always our top priority — so we invest in strong child protection systems too.

The value of your dollar doesn't stop there. Every dollar you give helps make a difference — and thanks to grants and partnerships, your impact is multiplied. In 2024, every $1 raised from the Australian public helped deliver $2.61 in real benefits to children and their communities, here and overseas.

Background

Leveraging community donations to increase leverage.

For every $1 raised by the Australian public in 2024, $2.61 went to our international and domestic programmes, thanks to our partnership grants.

Detail:

- Programming $350.247m from audited financial accounts (funds to international programs, funds to domestic programs, community education, program support costs)
- Public fundraising $134.192m from audited financial accounts (pledges, donations and bequests)

International numbers

WVA is part of an international partnership.

Globally, of the funds raised by the public for Child Sponsorship, 70.9% goes to programming costs to benefit children and communities. And this is before the $2.61 leveraging effect we generate from public funds.

(Another way to consider this is that there is an offset between Grant programming and Child Sponsorship programming. Grants report ~90% of funds to programming, which overstates the number as grant program overheads are cross-subsidised to an extent by Child Sponsorship. Child Sponsorship reports the lower ~70% figure as this programming absorbs some grant costs. On average, we get back to an ~80% figure. Note: this cross-subsidisation only occurs where it provides for a benefit to children, consistent with our Child Sponsorship donor promise.)

As you can see from the table below, it is unfortunate that some people may have only retained the first line, and not bothered to understand all elements of programming that necessarily occur.

Form of programming	**Explanation**	**Percentage of donor funds**
Field Office programmatic		
Community Direct Sectoral Programming	Direct program expenses: eg health programs, education initiatives, etc to benefit children	37.6%
Technical support costs	Program design, monitoring and evaluation costs to ensure children benefit from our programs	1.8%
Field Office services		
Bounceback and gift notification, sponsorship support costs	Expenditure on schooling items, birthday cards and	3.0%

	presents to benefit children (gifts directly from supporters)	
Sponsor services incl global fulfilment costs	Cost of printing welcome packs, sponsor letters, reporting on impact, etc to connect supporters with children (and benefit both)	4.3%
Field Office costs		
Program support costs	Cost of field staff to carry out programming to benefit children	4.2%
Operations Management	Cost of programming operations: vehicles, training to ensure available and high quality programming to benefit children	1.0%
Project administration	Cost of overseeing and governing programming to assure benefit to children	6.1%
Support cost reallocations	Pre-positioning and spending on emergencies to protect children	1.5%
GC Core – Field Focussed		
GC core – field focussed	Cost of running the field offices as the base for the staff that run child sponsorship programs to benefit children	5.0%
Support Office Programming		
Advocacy and public awareness	Education of the public and advocacy to improve children's lives	0.7%
Domestic ministry	Domestic programming – eg AFNP to directly benefit children	4.6%
International ministry support	International programming to benefit children, eg grant match - child sponsorship funds leveraged into grant funding to build schools/wells/other infrastructure to benefit children	1.1%

Factors that drive costs in programming:

- World Vision's strategy of reaching those in Most Fragile contexts requires more complex compliance and higher operational costs for security and safeguarding measures.
- Other services required to ensure high quality programming: fraud protection in finance and supply chain, Enterprise Risk Management, audit, security, safeguarding.

World Vision Australia numbers

Background

Funds to Field (also known as the Program Expense Ratio) is the ratio of Program or Field-related expenditure as a proportion of total expenditure. Program or Field expenditure comprises: Funds to international programs, funds to domestic programs, program support costs and community education.

Total expenditure is our total expenditure per our reported Profit and Loss statement.
All figures reconcile back to externally audited figures, and are transparently reported in our Annual Report.

This approach has been used consistently since at least 2009, with the exception of FY20-22 when we used an alternate approach to reflect the artificially high numbers under the Funds to Field methodology due to one-off factors (i.e. we adjusted our methodology to report a lower number, more reflective of underlying performance).

Funds to Field is only ever produced for the whole organisation, and not at a more granular level for a number of sound reasons:

- Organisational-level numbers are audited. Anything more granular requires assumptions to be applied on cost allocations between departments, and these management assumptions are not audited.
- There is a high degree of interconnection between our products and revenue lines, and so artificially reporting on one product in isolation is likely to be misleading to an external reader of our accounts.

Current results
Our current (FY24) reporting Funds to Field is 84%. Included in this number is the relevant description for transparency: “84% of total operating expenses were used for field programs and advocacy work – helping families and communities. As a leading charity in Australia, we’re committed to building trust through being transparent about our operations.”

This metric has been above 80% every year since the 2015 Financial Year.

Assurance
Our Funds to Field ratio is prepared by the WVA Finance team, and reported each year to the Audit and Risk Committee. This is transparently based on externally audited financials.
Grant Thornton is the external auditor of WVA.

In addition, WVA has regular internal audits conducted by EY. These cover all areas of our operations, and relevantly included a ‘Revenue Capture and Compliance’ internal audit in May 2024.

In addition, WVA is regulated by the Australian Charities and Not-For Profit Commission, is a member of and meets the Australian Council for International Development code of conduct, and is accredited with the Australian Government’s Department of Foreign Affairs and Trade.

Child Sponsorship

The detail on WVA's application of funds for Child Sponsorship programming is provided in the table below.
Consistent with our audited external reporting obligations, all of these expenses are considered 'funds to international programming', as every expense line below is directly related to international development and humanitarian programming.

Form of programming	Explanation	Percentage of donor funds
Programming costs	Costs incurred directly to achieve project outcomes	66%
Area Program admin cost	Admin costs are costs not directly attributable to project but necessary for project such and cover governance and project administration expenses such as staff, office rent and utilities. These are split for Sponsorship between Area Program (AP) and National Office (NO) Admin costs	18%
Tech support costs	These are costs of support staff and functions which are usually based outside of program or project locations, which provide support to some or all of the programmes or projects.	4%
National Office Admin costs	Admin costs are costs not directly attributable to project but necessary for project such and cover governance and project administration expenses such as staff, office rent and utilities. These are split for Sponsorship between Area Program (AP) and National Office (NO) Admin costs	9%
Support Cost Recharge	These are costs of running Grant-funded projects that benefit children that cannot be covered by the grant itself due to cost-recovery limits on many grants that do not reflect the reality of running development projects. Child	3%

	Sponsorship funds may be used up to 3% of a Field Offices Child Sponsorship allocation.	

The analysis above is the aggregate of each Area Programme that WVA funds. Detail is available on an individual basis for each of the 20 countries in which WVA programs, and ultimately the 87 Area Programmes WVA is involved in.

The countries covered by this analysis: Bangladesh, Burundi, Cambodia, Chad, Ethiopia, Indonesia, Kenya, Laos, Malawi, Mozambique, Myanmar, Nepal, Rwanda, Sri Lanka, Tanzania, Uganda, Vietnam, Zambia, Zimbabwe. (Details on Columbia will be available once programming is confirmed and established).

By way of comparison, the allocation of funds to programming and supporting 'infrastructure' are broadly consistent with what would be expected in a developed country's hospital system. That is, 20-30% of a hospital budget is generally allocated to overhead and support functions, and the remainder on direct clinical care. And these numbers are in the context of developed countries, with relatively stable external operating environments. The complexity (and cost) of operating in fragile contexts must be considered in any analysis.