

4<sup>th</sup> May 2023

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Philanthropy Inquiry  
Productivity Commission  
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Online submission: [www.pc.gov.au/inquiries/current/philanthropy](http://www.pc.gov.au/inquiries/current/philanthropy)

## Productivity Commission - Review of Philanthropy

Thank you for the opportunity to provide comment on Government's commitment to working with the philanthropic, not-for-profit (NFP) and business sectors to double philanthropic giving by 2030.

### About Community Industry Group

Community Industry Group is the peak body working for community services and organisations in southern NSW. We support community organisations, promote expertise and innovation in community development, foster industry development and advocate for social justice.

For 30 years, Community Industry Group (CI Group) has taken a leadership role in the local community services sector. We regularly engage with those organisations, services and individuals who work with disadvantage and vulnerable children, families and communities. We also advocate on behalf of community organisations and vulnerable communities to raise awareness of the issues which are impacting service delivery and affecting the lives and outcomes of disadvantaged communities.

Community Industry Group has welcomed the opportunity to comment on the Australia Government commitment to working with the philanthropic, not-for-profit (NFP) and business sectors to double philanthropic giving by 2030. Our responses to the Information Request are in the pages to follow. I am happy to provide any further information as required. I can be contacted on 02 4256 4333 or email [nsloan@cigroup.org.au](mailto:nsloan@cigroup.org.au)

Sincerely,



Nicky Sloan  
CEO

## Information request 1:

### Defining philanthropy and the inquiry's scope

The Commission is seeking views and information on the following.

- Philanthropic activities that should fall within the scope of this inquiry.
- Ways of recognising different definitions, perspectives and norms relating to philanthropy among different cultures and communities, including but not limited to:
  - Aboriginal and Torres Strait Islander people – culturally and linguistically diverse communities
  - faith-based groups
  - younger and older Australians.

Non-profit organisations and charities traditionally and typically rely on donations of time, talent, and money from individuals and organisations to support their activities and achieve their goals. These donations are crucial to the success of NFPs and charities as they often have limited funding and resources, and frequently excessive demand.

Philanthropy Australia provides a very broad definition of philanthropy as *“The planned and structured giving of time, information, goods and services, voice and influence, as well as money, to improve the wellbeing of humanity and the community”*. <https://www.philanthropy.org.au/learn-about-philanthropy/glossary/>

CI Group is supportive of the Philanthropy Australia definition but note that advocacy should be recognised as an activity which improves the wellbeing of humanity and the community. Advocacy in its truest form is a legitimate public benefit, especially when aimed at promoting common good and serving the public interest. Non-profit organisations and charities often engage in advocacy activities to help amplify the voices of marginalised communities, raise awareness about important issues, and bring about positive change in society.

Recognising different definitions, perspectives, and norms relating to philanthropy among different cultures and communities is crucial for effective engagement and collaboration with diverse groups. When working with diverse communities, it is essential to approach with respect and humility. This means acknowledging their unique cultural perspectives and understanding that there may be differences in how philanthropy is viewed and practiced.

It is essential to recognise that cultural diversity exists within communities, and not all members may share the same views or practices related to philanthropy. Engaging with diverse groups within communities can help ensure that philanthropic practices are inclusive and responsive to diverse perspectives.

Developing cultural competency is critical to understanding and navigating differences in philanthropic practices among different communities. For example, in some traditional societies, the idea of volunteering for a cause or organisation may be less common than the idea of simply helping one's neighbour and community members out of a sense of duty and social responsibility. This type of informal community support and engagement may not always be recognised or measured by Western models of volunteerism. Some members of cultural groups may be more inclined to donate or volunteer for causes or organisations which focus on their own community or country of origin. This was evident recently when the local Syrian community rallied to raise donations for survivors of the Syrian earthquake.

Being aware of the values, beliefs, and norms of different cultural groups and how they influence philanthropic behaviour. To understand different definitions and perspectives on philanthropy, it is crucial to actively listen and learn from diverse communities involving:

1. conducting community consultations
2. engaging with community leaders and organisations, and
3. seeking out diverse perspectives.

Collaborating with community-based organisations and leaders can help bridge cultural differences and develop culturally appropriate philanthropic practices. This can involve co-designing philanthropic initiatives that align with community values and priorities.

Historical and social contexts can shape philanthropic practices within different cultural communities. For example, understanding the impact of colonisation and dispossession on Indigenous philanthropic practices can help inform more culturally appropriate approaches to engaging with Aboriginal and Torres Strait Islander people.

#### **Information request 2:**

##### **Vehicles, trends and motivations for giving**

The Commission would welcome the following.

- Any data, in addition to what is publicly available, on giving by donors who have different characteristics, such as age, gender or income.
- Australian-specific data, case studies or other insights regarding motivations of donors who have different characteristics, including elasticities of giving if available.
- Data on the costs to not-for-profit (NFPs) organisations of sourcing revenue through different approaches, including:
  - data on the rate of return of these different methods
  - data comparing fundraising costs with costs of other funding sources, such as securing grants from governments or corporate partnerships
  - how these costs are changing over time.
- Information on the advantages and disadvantages of philanthropy as a source of revenue for NFPs compared with other funding streams, such as government grants, and whether these advantages and disadvantages differ:
  - between different types of organisations, such as Aboriginal Community Controlled Organisations
  - according to deductible gift recipient status or the organisational structure of charities
  - according to size or whether they are newly-formed.
- Giving vehicles that are not currently available in Australia and their purpose, suitability in an Australian context, benefits, costs and implementation risks.

The advantages and disadvantages of philanthropy may differ according to the size or age of the NFP. Smaller or newer organisations may struggle to compete for philanthropic funding but may be able to leverage their agility and innovation to secure smaller grants or donations. Larger, more established organisations may have greater success in securing larger donations but may face additional accountability and reporting requirements.

Volunteerism is an important form of philanthropy and involves offering one's time, abilities, and resources to aid a cause or organisation, without anticipating financial remuneration. While philanthropy typically centres on monetary contributions, volunteerism empowers individuals to be more actively involved and have a tangible impact on the communities or issues they are passionate about. Volunteerism can be particularly important in regional and rural communities.

In 2021 The Foundation for Rural & Regional Renewal (FRRR) conducted the 'Heartbeat of Rural Australia Research Study' ( [Heartbeat Report \(frrr.org.au\)](https://www.frrr.org.au/heartbeat-report) ) which found that more than half of the community organisations in regional, remote, and rural Australia rely solely on volunteers and have no paid staff. However, the COVID-19 pandemic had a significant impact on volunteering in these areas, with approximately one-third of community organisations reducing volunteer hours or losing volunteers due to illness, isolation, relocation, or caring responsibilities. On the other hand, some organisations reported that volunteers were working more to cope with demand and that they were trying to recruit more volunteers.

According to the FRRR Report, recruiting new volunteers became more difficult in the last 18 months. The study also revealed that the biggest concern for those whose volunteer cohort changed over the last 18 months was that current volunteers were getting older and planning to retire. The report also highlighted that organisations with lower turnover were struggling to meet operational costs and did not have enough funding for technology. Thus, they relied on volunteers using their own devices to meet organisational needs. Furthermore, volunteer-only organisations were less likely to use most forms of digital technology compared to their counterparts with paid employees. The difference was particularly evident in the use of video conferencing, with 41% of volunteer-only organisations using it compared to 83% of organisations with paid staff.

Anecdotal evidence from our members suggests that whilst volunteerism is an important source of philanthropy within their services, estimating the time given to volunteering and its economic value can be a difficult task. Firstly, it can be difficult to define what constitutes a volunteer activity and distinguish it from paid work or other non-voluntary activities. There is little doubt that paid staff in many charities and not for profit organisations work far more hours than they are paid for. The activities that can be included in volunteering can vary widely, from traditional activities such as helping out at a local charity or working with a community organisation, to informal activities such as providing care for a family member or helping a neighbour.

Accurately measuring the amount of time volunteers spend on various activities can also be a challenge. Volunteer activities can be sporadic and may not be recorded consistently, making it difficult to track the time spent. Furthermore, our members queried the extent to which the economic value of volunteer time can be measured. While volunteers do not receive monetary compensation, the time they spend can be assigned a value based on the market rate for the same work if it were performed by paid employees. However, this can be difficult to calculate, as volunteer work is often unique and may not have an equivalent in the paid workforce.

The scope of volunteering can vary greatly between individuals, communities, and countries. Some areas may have a strong culture of volunteering, while others may not. This can make it difficult to estimate the overall impact of volunteering on the economy or society.

Finally, as our members suggested, estimating the value of volunteering can be subjective, as the benefits of volunteering can be difficult to quantify. Volunteer work can have a wide range of benefits, from personal satisfaction and social connections to improved health and well-being. These benefits are not always easily measured, but they do have a significant impact on individuals and communities.

Although volunteering may be difficult to quantify in terms of dollar value, philanthropy can also provide financial support for organisations. Advantages of philanthropy as a source of revenue for NFPs:

1. **Flexibility:** Philanthropic donations can be used for a variety of purposes, providing flexibility for NFPs to direct funding towards their priorities and adapt to changing needs.

2. Independence: Philanthropy allows NFPs to maintain their independence and autonomy, as they are not subject to the same reporting and accountability requirements as government grants.
3. Reputation: Receiving philanthropic donations from well-known donors or foundations can enhance the reputation of the NFP and increase public awareness and support for their cause.
4. Innovation: Philanthropic donations can support innovative projects or initiatives that may not be eligible for government funding.

Disadvantages of philanthropy as a source of revenue for NFPs:

1. Unpredictable: Philanthropic donations can be unpredictable and subject to the priorities and interests of donors, which can make it difficult for NFPs to plan and budget effectively.
2. Time-consuming: Developing relationships with donors and submitting grant applications can be a time-consuming process, which may divert resources away from the core activities of the NFP.
3. Competition: Philanthropy is a competitive field, with many NFPs vying for the same pool of funds, which can make it difficult for smaller or newer organisations to secure donations.
4. Restricted funding: Philanthropic donations may be restricted to specific programs or activities, limiting the flexibility of NFPs to use the funding for their highest priority needs.

The advantages and disadvantages of philanthropy may also differ according to deductible gift recipient (DGR) status or the organisational structure of charities. DGR status allows donors to claim tax deductions for their donations, which may incentivize giving. Conversely, organisations which do not have DGR status may face additional barriers to accessing philanthropic funding.

Philanthropy in Australia is extremely limited, and many traditional recipients of philanthropic funding have long-term relationships with donors and trustees. This can make it difficult for other NFPs to attract funding. The organisational size of charities may also impact their ability to access philanthropic funding, with larger, more established organisations potentially having greater success in securing donations due to their established reputation and in-house grant-writing specialists.

Advantages and disadvantages may differ between different types of organisations. For example, Aboriginal Community Controlled Organisations (ACCOs) may have a stronger connection to their community, which can make them more attractive to philanthropic donors. However, they may also face additional barriers to accessing philanthropic funding due to systemic inequalities and historical disadvantage.

### **Information request 3:**

#### **Role of government in philanthropy**

The Commission is seeking views and information on the following matters. • The role of philanthropy, including where it can be a substitute for, or complement to, government funding or provision of services. • The reasons why government should (or should not) support philanthropy and whether or how this may vary between causes and various types of philanthropic giving. • The extent to which government policies can increase, impede or distort philanthropic giving, including data to support those views where possible. • The extent that existing government support for philanthropy aligns with good policy design and community priorities, and examples where it may no longer align with community expectations.

Philanthropy can play a significant role in society by providing funding and resources to support social initiatives that may not be adequately addressed by government funding or services. However, it is important to recognise that philanthropy cannot replace the role of government in providing essential public services and promoting social well-being. Rather, philanthropy can complement government funding and services by providing additional resources and expertise to support positive social outcomes.

It must be highlighted that Government still has a vital role to play, having a responsibility to ensure that all members of society have access to basic needs and services, regardless of their income or social status. This helps to promote social equity and reduce inequality and ensures that everyone can reach their full potential. Government funding for social programs is often essential to support vulnerable individuals and families, who may not have the resources to access these services on their own.

Notwithstanding that, we recognise that government funding for social programs can be limited, and there are often competing demands for resources. Government at all levels should work collaboratively with community organisations and other stakeholders to develop and implement social programs that are responsive to local needs and priorities.

Philanthropic organisations can:

1. provide funding for social supports or projects that are not supported by government funding. This can include supporting smaller, community-based organisations that may not be eligible for government funding or providing support for niche areas of need that are not adequately addressed by government programs.
2. complement government funding by providing additional resources to support existing programs or services. This can include providing additional resources to support research and innovation, building capacity in the not-for-profit sector, or providing targeted support to address specific social issues.

Philanthropy can:

1. play a critical role in catalysing change by funding initiatives that test innovative solutions to complex social issues.
2. be particularly effective in funding high-risk, high-reward initiatives that may not be well-suited to government funding or bureaucracy.
3. be used as a means of advocacy to influence government policy and funding priorities. Philanthropic organisations can use their funding and expertise to bring attention to important social issues and advocate for policy change that can support positive social outcomes.

Government support of philanthropy may vary depending on the specific cause or type of philanthropic giving. For example, government support of philanthropy may be particularly important in addressing social issues that are not well-addressed by government programs or services, such as niche areas of need or innovative approaches to complex social issues. In contrast, government support of philanthropy may be less necessary for causes that are already well-supported by government funding or services.

Philanthropy can

1. stimulate economic growth by providing resources and funding to support the growth and development of not-for-profit organisations.
2. address social issues that are not adequately addressed by government funding or services.

3. promote social cohesion by bringing communities together to support common causes and provide resources to those in need.
4. leverage private resources to support public goods and services, providing additional resources to support public infrastructure and services.
5. encourage civic engagement by providing opportunities for individuals and organisations to become involved in their communities and support important causes.

However, it is important that philanthropy is not relied on to provide services and supports that government should be delivering to its citizens. A down side of philanthropy is that it can distort the allocation of resources, potentially leading to underinvestment in public goods and services that are essential for social well-being. do not have the ability to influence public policy and government priorities. There should be no opportunity for trading philanthropic donations for political influence.

Complex administrative requirements and regulations can impede philanthropic giving by making it more difficult for organisations to receive and distribute philanthropic funding. Cuts to government funding for social services can lead to increased demand for philanthropic giving but can also put pressure on philanthropic organizations to address critical social issues that would otherwise be addressed by government funding. Political interference in philanthropic giving can undermine the independence of philanthropic organisations and deter donors from contributing.

Advantages such as tax deductibility are important tools used by governments to incentivise philanthropic giving and support charitable organisations that serve the public good. Deductible gift recipient status is a valuable resource for organisations and activities that have a clear and demonstrable public benefit.

#### **Information request 4:**

##### **The Deductible Gift Recipient (DGR) framework**

The Commission is seeking views and information on the following.

- The costs and benefits of the DGR framework as a way to incentivise donors to give to particular organisations or whether other policy levers would be more efficient, effective, or equitable.
- The policy rationale and objectives of the DGR framework, including whether it is: – sufficiently clear – consistent with promoting the welfare and priorities of the Australian community.
- The efficiency, effectiveness, and equity of the DGR framework, including whether its design and administration: – is clear, transparent and fit-for-purpose for its intended objectives, and result in any unnecessary costs (including forgone tax revenue) or risks to the Australian community – results in any inequities, inefficiencies, or perverse outcomes.
- The extent to which the DGR framework encourages giving to charities and other eligible entities, and the donors or causes for whom it is particularly effective (or not effective).
- Alternative models to the DGR framework that could be adapted to the Australian context. The Commission would also welcome information on whether models used elsewhere, such as tax rebate or contribution schemes, may or may not be suited to the Australian context.

The Deductible Gift Recipient (DGR) framework is a policy that aims to encourage philanthropy and charitable giving, support the work of non-profit organisations, and promote social and community welfare. While there may be some complexities to the policy, it is generally clear in its objectives and consistent with promoting the welfare and priorities of the Australian community.

There are several benefits to the DGR framework.

1. It encourages individuals and businesses to donate to charity by offering a tax deduction for donations, which may increase the overall amount of giving.
2. The DGR status can help to reduce the costs associated with fundraising as donors are more likely to give to organisations that have this status.
3. It can help to increase the transparency and accountability of charitable organisations as the Australian Taxation Office (ATO) oversees the granting and maintenance of DGR status.

There are however also some drawbacks to the DGR framework.

1. The DGR status is only available to certain types of organisations and causes, which may limit the diversity of charitable giving. For example, many organisations which engage in advocacy have activities which are clearly and demonstrably for public benefit.
2. The DGR system may be inequitable as it may disproportionately benefit wealthy donors who are more likely to be able to make large charitable donations and benefit from tax deductions. Donors who are not motivated by tax deductions may be less likely to give to eligible organisations.

While the DGR framework has its advantages in incentivising charitable giving and promoting transparency and accountability, it is important to consider alternative approaches that may be more efficient, effective, or equitable. In terms of policy levers, there are alternative options that could be considered to incentivise charitable giving such as:

1. Increasing the overall tax deduction for charitable donations, rather than linking it to the DGR status, could provide a more equitable approach.
2. Direct government funding for charitable organizations to provide a stable and predictable source of funding.

While there may be some potential for inefficiencies, inequities, and unintended outcomes associated with the DGR framework, it is important in promoting philanthropy and supporting non-profit organisations in Australia.

#### **Information request 5:**

##### **Other tax concessions for not-for-profit organisations**

The Commission is seeking views and information on the following.

- The role and effectiveness of tax concessions (other than those available under the DGR framework — see above) in supporting the operation of not-for-profit organisations and philanthropy.
- Anomalies and inequities in the operation and application of particular concessions.
- Unintended and adverse consequences arising from compliance with concession eligibility criteria, including those applicable in Australian States and Territories.
- The efficiency, effectiveness and equity of tax concessions in supporting not-for-profit organisations, and how they compare with alternative approaches to providing government support for not-for-profit organisations.



Tax concessions, other than those available under the Deductible Gift Recipient (DGR) framework, can play an important role in supporting the operation of not-for-profit organizations and philanthropy in Australia.

- **Fringe Benefits Tax (FBT) Concessions.** Important for the ongoing sustainability of non-profit organisations.
- **Goods and Services Tax (GST) Concessions.** Important for the ongoing sustainability of non-profit organisations.
- **Capital Gains Tax (CGT) Concessions.** Play an important but limited role in supporting the operation of non-profit organisations.
- **Deductions for Donations to Heritage Organisations.** Very specific and limited.

These concessions are important in reducing the costs of running a non-profit organisation and provide incentives for certain types of donations.

Tax concessions in Australia are generally considered to be efficient in supporting not-for-profit organisations. However, the complexity associated with some tax concessions can make it challenging for smaller organisations to access them. Thus, the effectiveness and equity of tax concessions in supporting not-for-profit organisations in Australia can vary depending on the specific concession; its objectives; and its distribution. For example, tax deductions for donations have been found to be effective in encouraging philanthropy and increasing charitable giving. Exemptions from income tax and GST can reduce the financial burden for not-for-profit organisations enabling them to direct more resources towards their programs and services.

While tax concessions and philanthropic donations can support the charity and not for profit sector, they cannot substitute for services which should be funded by Government. Furthermore, despite being one of the world's richest nations, Australia's giving record is relatively low compared to other wealthy countries. Despite the tax incentives, many of Australia's highest income earners do not donate significantly. With the cost of living pressures impacting people on lower incomes, there must be a shift in reliance on low-income people donating.

The Review of Evidence on *High Net Wealth Giving in Australia 2022*<sup>1</sup> emphasises the potential for greater funding of the not-for-profit sector in Australia. While the wealthiest Australians are experiencing unprecedented growth in their fortunes, most Australian charities are struggling financially due to the increasing social need during the COVID-19 pandemic. According to the report, even modest increases in donations could transform the sector. If the top 200 wealthiest Australians committed to donating 1% of their wealth to charity, it would generate an extra \$5.55 billion, resulting in a 3.2% boost in revenue and a 44% increase in donations for the sector. The report also considers other opportunities to increase philanthropic giving, including implementing an inheritance tax on high net wealth bequests.

Alternative approaches, such as direct funding or grants, can also be effective in supporting not-for-profit organisations. These approaches can provide targeted support to specific organisations or projects, which can help to build the capacity of organisations and promote innovation.

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<sup>1</sup> Review of Evidence on *High Net Wealth Giving in Australia* (2022) [Full-Report-High-Net-Wealth-Giving-A-Review-of-the-Evidence.pdf \(csi.edu.au\)](https://www.csi.edu.au/research-and-consulting/publications-and-reports/full-report-high-net-wealth-giving-a-review-of-the-evidence.pdf)

## Information request 6:

### Unnecessary regulatory barriers to philanthropic giving

The Commission is seeking views and information on the following.

- The costs and benefits of options for reducing any unnecessary regulatory restrictions and burdens, their effect on philanthropic giving and on policy objectives, such as consumer protection, but would not detract from the policy objective the regulation is meant to serve, such as, consumer protection or public safety.
- The effectiveness of existing regulations, including those that apply to public and private ancillary funds and other types of foundations and philanthropic entities, including any issues that may arise under state or territory laws.
- Unnecessary or inconsistent restrictions or regulations relating to requirements like police or working with children checks when volunteering or engaging volunteers.
- Emerging risks or regulatory gaps, including in areas such as cybersecurity, privacy and donor protection associated with certain of modes giving, such as peer-to-peer donations or crowdfunding, fundraising or marketing.
- Regulatory barriers that may limit donor choice and flexibility, such as rules and taxation arrangements for bequests and the distribution of superannuation death benefits to charities.

It is possible to reduce regulatory restrictions and burdens while still maintaining appropriate protections for consumers, however, it is important to carefully evaluate the potential impacts of any proposed changes to regulations to ensure that they do not compromise policy objectives. Reducing unnecessary regulatory restrictions and burdens can have both costs and benefits, particularly in relation to philanthropic giving and policy objectives such as consumer protection.

One potential cost of reducing regulatory restrictions and burdens is the potential impact on consumer protection. Regulations are often put in place to protect consumers from fraud, abuse, and other risks. Reducing regulatory restrictions and burdens may weaken these protections and increase the risk of harm to consumers.

Reducing unnecessary regulatory restrictions and burdens can also have significant benefits such as:

- the reduction of administrative and compliance costs for not-for-profit organisations., enabling these organisations to direct more resources towards their programs and services.
- the promotion of innovation and experimentation. Reducing regulatory restrictions and burdens can create space for organisations to try new approaches to addressing social problems and to develop more effective and efficient solutions.

By reducing administrative and compliance costs, not-for-profit organisations may be better able to communicate their impact and engage with potential donors. Additionally, reducing regulatory restrictions and burdens can increase public trust in not-for-profit organisations and philanthropy more generally, which can also promote giving.

Emerging risks and regulatory gaps are becoming increasingly relevant in the context of fundraising and philanthropy, particularly with the growth of online giving and crowdfunding platforms. These risks can include issues around:

1. Cybersecurity,
2. Privacy, and
3. Donor protection

One key risk is the potential for fraud and scams through online giving platforms. Crowdfunding platforms and peer-to-peer donation systems can be particularly vulnerable to fraud and abuse, as they may lack the same level of regulatory oversight as traditional fundraising channels. This can leave donors vulnerable to fraudulent appeals, where scammers pose as legitimate charities or causes to solicit donations.

Another risk is around the collection and use of personal data. Online giving platforms may collect and store sensitive personal information about donors, including financial and contact information. This information can be vulnerable to data breaches or misuse, which can have serious consequences for donors.

Addressing risks and regulatory gaps:

- Greater transparency and accountability in online giving platforms, by requiring them to disclose information about their operations, financials, and management structures. This can help to build trust and reduce the risk of fraud and abuse.
- Strengthen consumer protection and privacy laws in relation to online giving. This could involve introducing specific regulations and standards for online giving platforms, as well as enforcing existing laws around data protection and privacy.
- Promoting awareness and education around online giving and crowdfunding, to help donors make informed decisions and avoid fraudulent activities.
- Encouraging collaboration between government agencies, non-profit organizations, and the private sector to develop best practices and guidelines for online giving and crowdfunding.

There are several regulatory barriers in Australia that may limit donor choice and flexibility, particularly in relation to bequests and the distribution of superannuation death benefits to charities. One of the key barriers is the complex and fragmented nature of the regulatory framework governing charitable bequests. In Australia, there are a range of different laws and regulations that apply to charitable bequests, including state and territory succession laws, tax laws, and regulations governing charitable trusts and foundations. This can create significant confusion and uncertainty for donors and may deter them from making charitable bequests altogether.

Another regulatory barrier relates to the distribution of superannuation death benefits to charities. Under current Australian tax law, superannuation death benefits paid to charities are generally subject to a higher tax rate than those paid to individuals. This can make it less attractive for donors to designate their superannuation benefits to charity and may limit the amount of funds that charities are able to receive.

Addressing regulatory barriers:

- Harmonising the regulatory framework governing charitable bequests, to provide greater clarity and consistency for donors.
- Streamlining the process for making charitable bequests, including by introducing standardised forms and procedures for donors and charities.
- Reducing the tax burden on superannuation death benefits paid to charities, to encourage more donors to consider this option.
- Promoting greater awareness and education among donors and charities about the benefits of charitable bequests and superannuation death benefit designations.

### **Information request 7:**

#### **Consumer information on the effectiveness of not-for-profit organisations**

The Commission is seeking views and information on the following. • The role of government and the non-government sector in providing additional information to donors. • The policy rationale, costs and benefits of government provision of specific data sources to inform donors' choices about where to give. • Information donors would value on the effectiveness of not-for-profit (NFP) organisations, but cannot access and why. • Data sources that are most beneficial to donors and examples of data that is provided by government to donors (directly or indirectly) overseas that could have net benefits to the community if applied in Australia. The Commission would particularly welcome views on measures used by NFPs to assess and communicate how they perform against their objectives, including views on the following. • Weakness or gaps in existing data sources relating to the effectiveness of NFPs that limit their reliability and usefulness or create perverse incentives by focusing on metrics that may be easier to collate but do not provide an accurate measure of effectiveness. • The extent to which providing information on the effectiveness of NFPs influences decisions made by donors, including decisions not to give. • Any overseas policy responses to measuring effectiveness which may be relevant, including the use of accounting standards and other reporting tools.

Donors are already able to access information on charities and not for profits through the Australian Charities and Not-for-profits Commission (ACNC) [www.acnc.gov.au](http://www.acnc.gov.au). We would be loathe to increase the reporting burden for charities and not for profits in order to provide data for hypothetical donors.

### **Information request 8:**

#### **Other measures to support potential donors**

The Commission is seeking views and information on the following. • Steps governments can take do to better equip professional advisers to advise their clients on philanthropic giving. • Aside from those mentioned so far, any other opportunities for government to improve philanthropic giving in Australia.

By taking a strategic and collaborative approach to philanthropic giving, governments can help to promote a more vibrant and effective philanthropic sector in Australia and ensure that resources are directed to where they are most needed. There are a number of steps that governments can take to better equip professional advisers to advise their clients on philanthropic giving in Australia.

- Providing more comprehensive training and education for financial advisers on philanthropy and charitable giving, including tax and legal considerations.
- Developing resources and tools to assist professional advisers in identifying appropriate philanthropic opportunities for their clients.

- Encouraging greater collaboration and partnership between the government, philanthropic organisations, and charities, to maximise the impact of philanthropic giving and ensure that resources are directed to areas of greatest need.
- Simplifying the tax and regulatory framework governing philanthropy and charitable giving, to reduce complexity and uncertainty for advisers and their clients.
- Promoting greater public awareness and understanding of philanthropy and charitable giving, to help ensure that advisers and their clients are aware of the opportunities and benefits of giving.

### **Information request 9:**

#### **Cost effectiveness of public data sources**

The Commission is seeking views and information on the following.

- Critical data and information gaps about philanthropic giving and how these impede policy development and decision making.
- Effective ways to collect information that balance the costs and benefits, including where:
  - current information collection is unnecessary or unduly onerous
  - there is duplication of data provision to different government bodies, or it is in different formats for different purposes
  - more streamlined collection would make the data more useful, and if relevant, more comparable with other data, such as international sources.
- Risks and other factors to consider in expanding or changing information reporting requirements and processes.
- Who should pay for any new information collection and be the stewards of current and any new information.
- Any additional data-related considerations for:
  - organisations run by Aboriginal and Torres Strait Islander people or that provide services to Aboriginal and Torres Strait Islander people
  - small or newly-formed not-for-profit organisations
  - organisations that operate across States and Territories, and internationally.

There are several critical data and information gaps about philanthropic giving in Australia that can impede policy development and decision making. Some of these gaps include:

- Lack of comprehensive data on philanthropic giving in Australia. While the Australian Taxation Office collects data on charitable donations made by taxpayers, this data does not capture all forms of philanthropic giving, such as volunteering or donations made by businesses and foundations.
- Limited information on the motivations for giving among different donor groups. Understanding these motivations is crucial for designing effective policies and initiatives to encourage philanthropic giving.
- Limited data on the impact of philanthropic giving in Australia. This makes it difficult to assess the effectiveness of philanthropic interventions and to make informed decisions about where to direct resources.
- Limited data on the diversity and equity of philanthropic giving in Australia. This makes it difficult to understand the extent to which different communities are benefiting from philanthropic support and to design policies and initiatives that address any disparities.

The collection of information should be designed to balance the benefits of data with the costs of collection, while also considering the privacy concerns of donors and other stakeholders. Effective ways to collect information on philanthropic giving while balancing the costs and benefits include:

- Standardising data collection: Creating a standardized method of data collection across different government bodies and philanthropic organizations can reduce duplication and unnecessary data provision.
- Utilising technology can help streamline data collection processes, making it more efficient and cost-effective.
- Working closely with philanthropic organizations to identify relevant data points and key performance indicators can help ensure that data is collected in a useful and meaningful way.
- Conducting surveys can help collect data on philanthropic giving trends and attitudes towards giving, which can be used to inform policy development and decision making.
- Sharing data between different government bodies and philanthropic organisations can reduce duplication and improve the accuracy and completeness of data.
- Comparing data with other countries can provide insights into best practices and identify areas for improvement in the Australian context.

#### **Information request 11:**

##### **Identifying and assessing reform options**

The Commission is seeking views and information on the following.

- The costs and benefits of reforms most likely to increase giving in Australia, including: – empirical evidence from other countries that have adopted similar reforms – previous research modelling the effects of the proposed (or similar) reforms.
- Evidence on the costs and benefits associated with reform options to increase levels of giving, including: – impacts on government expenditure – impacts on the quality of service delivery – other benefits, including intangible benefits such as enhancing social capital.

- Increasing tax incentives for charitable donations.
- Simplifying the tax system for charitable donations.
- Encouraging workplace giving.
- Investing in philanthropic infrastructure.
- Targeting specific donor groups.
- Using the ‘carrot and stick’ approach. In addition to tax incentives, in a manner similar to the medicare levy, penalties could be imposed on high income earners who do not donate. Any such penalties should then be channelled into a funding pool which charities and not for profits can apply for.