

**Inquiry into Philanthropy
Productivity Commission
Submission from the National Museum of Australia**

The National Museum of Australia (Museum) is a premier cultural institution devoted to the nation's remarkable and varied history and experience – home to the world's oldest living cultures of the continent's First Nations and the diverse political, economic and social histories of all who have come after and contributed to making contemporary Australia.

The Australian story is like no other, a story for ourselves and for the world. It is one marked by the resilience, endurance and vitality of this country's long human history and the vision and commitment of generations of people who have come to these shores for a better life. It is a story at times challenging and confronting, as well as one marked by innovation, commitment and success. It is one which resonates with all Australians and is a key motivation for giving to the Museum.

Philanthropy plays an increasingly important role in enabling the Museum to deliver a range of programs and initiatives. The recently issued Government Cultural Policy *Revive: Australia's Cultural Policy* outlined the importance of philanthropy in supporting the arts.

Recently the Museum has received two major gifts which have delivered significant benefits for audiences nationally and internationally:

- Gandel Foundation support of Australia's Defining Moment Digital Classroom a digital teaching and learning resource
- Tim Fairfax AC and Gina Fairfax AC support of a play space and education facility

In addition, philanthropy continues to play a broad role across the organisation, assisting with:

- acquisition of major objects such as the Australian Colonial Billiard Table
- Delivery of education and outreach programs including the Encounters Fellowships,
- Redevelopments including *Breathing Space*, the new sound installation in the Museum's Garden of Australian Dreams
- Creation of named curatorial positions across a range of areas including Australian architecture, culture and environment and garden design - building staff capability and growing knowledge..

The Museum is extremely supportive of the Government intention to double philanthropic giving by 2030 and is pleased to make this submission relating to the following requests as outlined in inquiry information booklet issued by the Productivity Commission (noting the Museum is not commenting on requests 5,7,8, 9, 10,11:

- **Information request 1: Defining philanthropy and the inquiry's scope**
 - Philanthropic activities should be defined as the voluntary donation of money, goods, services and the Museum would support expanding this view to include volunteering of time. The Museum includes volunteers who have dedicated a certain number of hours in the donor board where other philanthropic gifts are acknowledged.
 - In addition the scope should include donation of objects and the advantages and challenges of the current incentive – the Cultural Gift Program for cultural institutions. The strength of the Museum's National Historical Collection is due to the generosity of object donors.
- **Information request 2: Vehicles, trends and motivations for giving**
 - National Cultural Institutions should be automatically given the status of charities – currently as Corporate Entities they are required to apply to the Australian Charities and Not for Profit Commission (ACNC) to be deemed a charity but for their connection to Government. This is often a confusing point for potential donors and can act as a disincentive.
 - Elimination of CGT on shares or property gifted to charities – this practice is undertaken in the UK and Canada and has significantly increased philanthropic gifts and would greatly act

as an incentive if introduced in Australia. Furthermore, it would increase consistency in our tax system as currently CGT does not apply to gifts of works of art under the CGP and CGT is not required to be paid by estates (Section 118-60 Income Tax Assessment Act 1997).

- Simplification of the tax system: which may include not requiring tax receipts for donations under \$1,000.
- **Information request 3: Role of government in philanthropy:** Particularly for Cultural Institutions Government funding is essential in attracting major philanthropists – they are more likely to give if the Government has also provided some support for a particular project, as it leverages their donation. The role Government can play is to encourage philanthropic support through matching donations and providing some funding for major initiatives of \$1 million or more. All the major gifts at the Museum have been generously leveraged by Government funding.
- **Information request 4:** The DGR Framework works reasonably well and the Museum has DGR status which is essential for attracting donations. The Museum would welcome easier accessibility for DGR status for Indigenous charities that are not for profit and providing clear outcomes to increase well beings of Indigenous communities (for example From the Heart advocacy is trying to attract donations but is unable to receive DGR status).
- **Information request 6: Unnecessary regulatory barriers to philanthropic giving:**
 - The strict taxation rule relating to donations; whereby a material benefit with a minimal value would remove the tax deductibility of the gift – a material benefit should be considered with respect to the magnitude of the gift.
 - Simplification of the Cultural Gifts Program would also be welcome. The CGP has had an extremely positive impact on donations of objects and works of art being donated but the process is overly complicated.
 - The increase in cybersecurity risk for donor protection is a concern of the Museum and many other charities. Government support to provide funding for cybersecurity protection for NCI's and charities or provide a pathway of capability development.
 - Taxation arrangements for bequests whereby the bequestor could claim a donation during their lifetime would greatly grow this area of philanthropic giving. This would ensure ensure that once a bequest is realised it would go to the designated charity (currently there are not regulations which ensure the bequestor cannot change their mind).

Yours sincerely

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Director