

Submission to the Productivity Commission Review into Philanthropy

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We welcome your Review into Philanthropy with the stated purposes of understanding the reasons for giving, and the intention to substantially increase the level of giving in Australia.

Personal connections to philanthropy

Like many Australians, we have been giving to charitable purposes since we were in our twenties. Key events related to increasing our giving include owning our own home, our children leaving secondary school and inheritance following the passing of parents. Giving during our working lives was tax effective. We give because we believe that will make a difference.

A culture of giving was present in our families as we grew up. One of us was heavily involved in the Scouting movement where community service was a high priority and highly valued. Both our parents volunteered in community groups as we grew up. During our late teens and during our adulthood we have also volunteered in numerous community groups and continue to do so.

Volunteering with the community provides a number of touch points related to future philanthropy including:

- Realisation of the widespread need for financial support for many community activities and organisations.
- A plethora of ideas and proposals which do not receive financial support from any level of government or business and therefore lapse.

We believe that this review should recommend support for community organisations which foster and nurture a culture of volunteering and service to the community, especially amongst young people.

Personal decisions around structured giving

In order to grow and enhance our giving, we investigated a number of options regarding a giving vehicle. In 2006, we settled upon a Community Foundation (Australian Communities Foundation, ACF; see their submission to this Review) as we liked the model. We would suggest that most “ordinary Australians” would also like this model. Our reasons include the following:

- You have many opportunities to meet other like-minded people.
- You will learn about worthwhile projects, organisations and meet great people doing good work.
- You will be exposed to new ideas, concepts and findings from many directions.
- You are supported in your giving by staff.
- Importantly, all the administration is undertaken by the foundation so there is no need for boards, trustees and endless other bureaucratic processes and paperwork.
- There is no need for an investment committee or advisor as this is all provided by the foundation.

We believe that this review should strongly advocate for, and support a large network of community foundations.

As such we also support the Communities Council of Australia submission and the Philanthropy Australia submission to this Review.

Priorities for our philanthropy

The overwhelming priority for our giving is to environmental organisations. This represents about 80% of our giving, with the remainder to social issues and organisations.

Australia is blessed to have unique flora, fauna, marine life and other life forms and distinctive ecosystems. About 80% of our nature is not found anywhere else on earth. It is critical that we as a nation protect our natural heritage, of which we are all proud. If we don't protect it, who will?

There are many threats to nature in Australia including the major issues of:

- Climate change, which is increasing in scale and threat;
- Land clearing;
- Invasive species;
- Population pressures;
- Over-extraction of water from our rivers on the driest inhabited continent.

We became foundation members of the Australian Environmental Grantmakers Network (AEGN) as it is an organisation which assists members in their environmental philanthropic giving. We fully support the AEGN submission to this Review. We will return to the AEGN below.

We have been committed to environmental philanthropy since our early adulthood. There is a huge and growing need for more funding to be directed at environmental causes, which are briefly summarised in the AEGN submission. Most of the organisations we support are doing essential work which falls through the cracks of the various levels of government. Their work includes: protection for forests, grasslands, the outback, northern Australia, wetland restoration, birds, land purchase, combatting invasive species and climate action. Our support is strategic.

Almost all of our giving creates employment, mostly in remote and regional Australia.

We also provide *pro bono* the following to environmental charities that we support:

- We volunteer on their boards;
- Mentor staff, particularly in strategies, grant seeking and submission writing;
- Champion them to other philanthropists;
- Underwrite some of their projects;
- Provide bridging finance and longer-term financial commitments;
- Provide networking opportunities.

Need to extend DGR status

Our experience in giving to new and innovative organisations is that some are not able to receive our support as they lack DGR status. As the AEGN submission highlights, there is a need to extend DGR status to all charities (using the safeguards proposed by the Not-for-Profit Sector working group which essentially will prevent religious groups, private schools and childcare from using tax deductible donations for activities that don't have a public benefit).

There are also great opportunities to support environmental organizations in neighbouring countries, such as Papua New Guinea and in the south Pacific, on critical issues relevant to nature and climate

protection. However, donations to organisations in these countries are not tax deductible or DGR compliant.

Environmental philanthropy and government

There are some in government who believe that they can cut back the current meagre levels of government investment in the environment and that this cut will be propped up by philanthropists. This assumption will not work for a number of objective reasons.

There are clear legislative commitments and responsibilities which the government has to undertake. Why should philanthropists support government projects when it is clearly already an existing responsibility of the government to undertake or fund these activities? Is the government asking philanthropists to support the Treasury or the Defence Department? Treasury officials have had decades and in some cases a century to get the financial allocations right for the protection of the environment. The Productivity Commission might like to investigate inefficiencies or lack of appropriate skills in the decision-making areas of Treasury.

There are also much better economic returns to the philanthropic dollar by supporting volunteer and community organisations, many of which are developing new and improved methods of doing essential work.

Far too many government grant programs for environmental projects have poor outcomes or are failures for the following reasons:

- Funding is often short term, while most environmental problems require long-term solutions.
- Many short-term projects are governed by ridiculous timelines, like financial years which are not biological years. Some projects are forced to be completed in drought years and subsequently fail. Thus, the investment is substantially wasted.
- Short-term projects do not create meaningful jobs, and some committed but disillusioned people move to other sectors for employment.
- Many environmental projects need one or more years lead time for appropriate planning approvals, procurement or groundwork and then adequate follow up in ensuing years. Timing can be problematic.

Why would an informed philanthropist want to co-invest scarce philanthropic funds into government grant projects which have the characteristics listed above?

For government to achieve more philanthropic support there needs to be much greater alignment. Philanthropy Australia has proposed the establishment of a number of Sector Giving Councils, including one for Environment and Climate Change, to meet regularly and collaborate on shared agendas. This will only work if government puts in substantial resources and commitment over the long-term.

There is an enormous task faced by the environment movement, which is a very small and under-funded part of the wider charitable sector. People willingly give, but many are dissuaded by the meagre levels of government grant support.

There also seems to be a fashion in government to fund at the edges rather than maintaining the basic natural resource. For example, Commonwealth National Parks received funds in the recent

Budget but most of it was for infrastructure, not natural resource management to sustain healthy land and ecosystems over the long-term. It is clearly a government responsibility to manage National Parks and protected areas on public lands for conservation.

It would be good for the Commonwealth to bring the States together to achieve proper and adequate funding for all National Parks in Australia. Setting a clear and long-term vision and commitments would be a first step.

Potential new sources of philanthropic investment

We and many others support the creative work being undertaken with Indigenous Australians, many of whom desire to have secure long-term jobs in natural resource management. This is a great positive development for the people and for remote and regional communities. More Australians need to become aware of these projects, as this is likely to enhance philanthropic contributions.

Many businesses have structured giving programs for staff, whereby the business matches the donations to organisations identified and supported by staff. This type of giving could be massively expanded by encouraging more businesses to establish similar programs. This is not a form of sponsorship; there can be no direct benefit to the companies involved.

With the recent advent in Australia of tax-free pensions, it is quite likely that the incentives for philanthropic support from older Australians have been reduced. As the number of older Australians with access to tax-free pensions is likely to grow it is also likely that the level of donations may decline. Consideration needs to be given to methods that encourage giving from this relatively wealthy cohort of people.