

8 February 2024

Commissioners  
Productivity Commission  
4 National Circuit  
Barton ACT 2600

Dear Commissioners

***Submission to the Productivity Commission on the  
draft report on Philanthropy***

The Fred Hollows Foundation appreciates the Productivity Commission (PC) undertaking the Philanthropy inquiry. The Foundation fully supports the efforts to double giving and welcomes the opportunity to contribute.

The Foundation's impactful sight-restoring work is only made possible thanks to the incredible generosity and support of the Australian public. In 2023, the national philanthropic income (encompassing all fundraising streams) contributed to \$78 million in revenue.

The Fred Hollows Foundation is delighted to submit this letter in response to the Productivity Commission's draft report - *Future foundations for giving* - released on 30 November 2023.

**About The Fred Hollows Foundation**

The Foundation is a leading international development organisation and one of Australia's most respected and trusted charities. The Foundation has restored sight to more than 3 million people around the world and has supported programs to deliver more than 100 million doses of antibiotics for trachoma.

The Foundation's vision is for a world where no person is needlessly blind or vision impaired. It continues the work of the late Professor Fred Hollows, Australian of the Year and globally-renowned eye surgeon who believed everyone should have access to high-quality affordable eye care, no matter where they live.

The Foundation works in more than 25 countries throughout Africa, South Asia and the Middle East, South East Asia, the Pacific and in remote and underserved communities in Australia. We are working to help close the eye health gap for Aboriginal and Torres Strait Islander people ensuring they can exercise their right to sight and self-determination.

## **Reforms The Foundation would like to see in the final report**

### ***The choice to make a bequest through Superannuation***

Given the magnitude of the potential giving that would likely eventuate The Foundation supports Philanthropy Australia's assessment that the case for this reform as a highly efficient way to lift giving is tremendously strong.

The PC's argument regarding 'No case to change taxation of superannuation charitable bequests', does not take into consideration the burden it places on an Executor to facilitate the transfer of the remainder of the superannuation into the estate and then to pass this on to the beneficiaries.

This process is complex and time consuming considering the already burdensome tasks of administering an estate.

When done with the assistance of law firms, which Executors often choose to rely on because of the daunting tasks ahead and complexity of administering an estate, engaging lawyers to assist adds costs to the estate and puts the residuary beneficiaries at a disadvantage as the costs are recovered from the estate.

It further assumes that that the Executor is knowledgeable in taxation law, specifically for estates. This is not always the case and even when relying on tax agents, which again is a cost to the estate, errors can occur due to many charities holding DGR status and their status not being taken into consideration. When errors occur during the tax returns from estates, this can be costly and time consuming to rectify.

Further, receiving the gift via a binding death nomination would mean that the gift is protected from any family provision claims against the estate, as the superannuation would not form part of the estate assets. As charities are often forced to relinquish a huge portion of their bequest left under the Will, this would be one way of ensuring the wishes of the deceased are upheld. It would also give confidence to the deceased to know that the gift is used in the way it was intended and would not be a burden on the Executor.

With bequests making more than 20% of The Foundation's total revenue, the impact of this critical change on the size of bequest revenue received, costs savings and timeliness of estates would be significant. It would make a major difference to the sight-restoring work of The Foundation around the world, as it would for all NGOs in Australia.

***A voluntary choice to donate as part of the tax return process***

The Foundation supports the proposed recommendation to provide Australians with a voluntary choice to donate from their tax return, providing another opportunity to 'give back' to those in need. The Foundation receives a significant percentage of its philanthropic support on and immediately before June 30<sup>th</sup>.

***A National Giving campaign***

The Foundation supports the recommendation to collaborate with the philanthropic sector to develop, fund, trial and evaluate a National Giving Campaign. There is a history of public campaigns effectively inspiring and fostering social change. A National Giving campaign would play a critical role in creating a stronger culture of giving.

***Strengthening the Charity Sector***

The charity sector plays a critical role in our society by addressing social issues, providing aid and support to those in need, in addition to raising awareness and advocating for vital causes. The Foundation supports the PC's recommendation to reform and lift the charity sector by investing in areas such as developing leadership capabilities and fundraising expertise. This is critical to growing giving in Australia.

Finally, The Foundation notes our commitment to work with others across the sector, and key Government agencies to support the growth of philanthropy in Australia.

We thank you for the opportunity to contribute to this important Inquiry.

Yours sincerely,

Nicola Stewart  
Public Affairs Executive Director  
The Fred Hollows Foundation