



8 February 2024

Review of Philanthropy
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

RE: RESPONSE TO DRAFT PRODUCTIVITY COMMISSION REPORT ON PHILANTHROPY

The Jack Brockhoff Foundation (“The Foundation”) welcomes the Productivity Commission inquiry into the motivations and opportunities to increase philanthropic giving in Australia (“the report”) and appreciates the opportunity to provide feedback on the draft report.

The Foundation supports several of the recommendations outlined by the Commission in the report. In this response, we have commented on those areas where we agree, and areas where we believe further consideration by the Commission could have a significant positive impact.

We have made comment only on the recommendations and areas where we have a firm view. On areas where we have no comment to add, we have not responded.

Should the Commission wish to contact the Foundation regarding this response, I can be contacted.

Yours sincerely,

Louise Kuramoto
Executive Officer / Company Secretary

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ABOUT US

The Jack Brockhoff Foundation was established in 1979 by the late Sir Jack Brockhoff. Sir Jack was Chairman and Managing Director of Brockhoff Biscuits Pty Ltd, a business established by his grandfather in 1880.

As a Public Ancillary Fund, the Foundation exists to support the health and wellbeing of all Victorians and since its inception in 1979, has distributed in excess of \$110m for this purpose.

RESPONSE TO RECOMMENDATIONS

Recommendation 8.1: Enabling distributions of funds to be smoothed over three years

The Foundation supports the recommendation of smoothing the distribution of Ancillary Funds (AFs) over three years.

Increasingly, the philanthropic sector is responding to community requests of flexibility and long-term partnerships where funding needs are rarely linear and consistent. Smoothing distributions over three years will allow AF the flexibility to provide the required funding to communities when they need it without the concern of overcommitting in any one year and potentially hindering the long term growth of the corpus.

Change the minimum distribution rate for Ancillary Funds

The Foundation supports increasing the minimum distribution rate of AFs. The stated increase in funding of approximately \$60m to the Australian community annually would yield significant benefit. We do not hold concerns that this increase would stifle the growth of AFs for the following reasons:

- Analysis of the JBF corpus growth shows an average growth far in excess of 5% p.a. since inception and while data is not readily available on the corpus growth of all ancillary funds in Australia, it can be safely assumed that the vast majority have followed a similar trajectory, thus continuing to have positive growth with an increased distribution rate of 5% for PuAFs and 6% for PAFs.

- An alternative option the Commission may wish to consider is to increase the minimum distribution of a PuAF to 5% in line with PAFs and leave the PAF rate unchanged. This would reduce confusion in the sector whilst retaining significant differences between the two structures.

Recommendation 7.1: A more transparent and consistent approach to regulating basic religious charities

The Foundation supports this recommendation that will create greater transparency and a fairer and level playing field for all charities to adhere to the same reporting and compliance rigour based on size of charity rather than religious status.

Other recommendations

We acknowledge the several positive recommendations aimed at reducing the complexity of the DGR system, increasing the powers of the ACNC to better regulate the sector, increasing the transparency of reporting and data sharing, and levelling the playing field in relation to compliance and reporting for all charities across Australia. The Foundation welcomes these sector improving reforms.

AREAS FOR FURTHER CONSIDERATION

There are some significant initiatives that Philanthropy Australia has identified in its [blueprint to grow structured giving](#) such as; removing barriers to donating excess superannuation, including an option to donate as part of an individual's tax return and supporting the establishment and growth of Community Foundations across Australia.

We believe there is a role for government to play in the promotion and/or implementation of these three initiatives and that, if implemented, these initiatives would significantly contribute to the Government reaching its target of doubling giving in Australia by 2030.

Removing barriers to donating excess superannuation

We acknowledge that the commission does not support the removal of the tax penalty on superannuation bequests however we feel the impact this initiative could have on the level of giving in Australia warrants some further consideration.

Including an option to donate as part of an individual's tax return

Around \$30 billion is returned each year in tax returns, or around \$2,800 among those receiving returns. Providing an option to donate in tax returns seems a very simple and cost-effective way to increase giving in Australia. These giving options are becoming commonplace for Australian consumers, from friends and family requesting sponsorship for a sporting event or read-a-thon to rounding up the total cost of your transaction at the checkout of your local supermarket or department store. We do not believe that providing a choice that is completely optional and 'opt-in' would be considered by Australians as intrusive or presumptive of Government.

Supporting the establishment and growth of Community Foundations across Australia

One need only look to New Zealand and further to Canada and the USA to see the numerous positive community benefits that a thriving Community Foundation network would bring to Australia. With the increased understanding and implementation of place-based grant-making in Australia, Community Foundations offer a critical resource, knowledge base, backbone, trusted voice and community connection for communities in good times and bad and are often the tangible and visible option for many who would otherwise not give at all.

The Community Foundation sector in Australia is strong but small and there are vast geographical areas across Australia that have no Community Foundation coverage. Government intervention to either seed or match community giving to establish new Community Foundations across Australia would provide significant growth for the sector.

In times of environmental disasters or epidemics in particular, we have seen that Community Foundations play a critical role in being the vehicle to hold and distribute targeted funding where and when its needed most. This important role has been recognised by government through endorsing DGR1 for Community Foundations in 2023, the next step to realise the potential of Community Foundations in Australia is to significantly increase their coverage across Australia.

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