

Australian Government
Productivity Commission
Philanthropy Inquiry

Future foundations for giving Draft Report

5 February 2024

Professor Tony Ciro and Dr Bülend Terzioglu, welcome the opportunity to provide a submission to the Productivity Commission Philanthropy Inquiry, *Future foundations for giving Draft Report*.

We would like to draw the Commission's attention to research we undertook and published in 2017 that looked at corporate philanthropy in Australia. The article's citation details are:-

T.Ciro and B. Terzioglu, 'Corporate philanthropy in Australia: Evidence from Australia's top 100 listed firms.' (2017) 32(1) *Australian Journal of Corporate Law* 27-48.

The article undertook an empirical study that examined the philanthropic contributions made by Australia's top 100 listed entities on the Australian Securities Exchange between 2007-2016. Some of the key findings from the study included:-

- Companies within the mining, energy, and financial sector reported the largest donations in aggregate dollar value;¹
- The number of reporting entities disclosing philanthropic activity steadily increased between 2007 and 2011;²
- The global financial crisis ('GFC') led to a decline in corporate profitability which impacted on reported corporate donations. Between the onset of the GFC in 2009 and 2010, corporate donations as a percentage of Net Profit After Tax ('NPAT') declined from a mean of 1.95% to 1.7%, suggesting a link between corporate profitability and the incidence of corporate philanthropy.³
- Educational programs were the most popular type of corporate philanthropy and was particularly prominent with financial, telecommunications, energy, consumer staples, and mining firms.⁴ The promotion of educational programs by Australian corporates is consistent with findings from previous studies in the United States.⁵

¹ T. Ciro and B. Terzioglu, 'Corporate philanthropy in Australia: Evidence from Australia's top 100 listed firms.' (2017) 32(1) *Australian Journal of Corporate Law* 27, at 42.

² *Ibid* at 42.

³ *Ibid* at 44.

⁴ *Ibid* at 47.

⁵ See for example: M.S. Leclair and K. Gordon, 'Corporate support for artistic and cultural activities: What determines the distribution of corporate giving?' (2000) *Journal of Cultural Economics*, 225-241.

- Expenditure associated with environmental rehabilitation programs was also prominent with financial and mining firms.⁶
- Employee charitable programs also featured prominently, especially with financial firms that helped promote business reputation.⁷ This is consistent with overseas studies that demonstrated a link between altruistic reasons and business reputation to support corporate philanthropy.⁸

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⁶ T.Ciro and B. Terzioglu (note 1 above) at 47.

⁷ Ibid at 47.

⁸ See for example:- S. Brammer and A. Millington, 'Corporate reputation and philanthropy: An empirical analysis.' (2005) 61 *Journal of Business Ethics* 29-44.