



9 February 2024

[The Funding Network Australia](#) applauds the work of the Productivity Commission to date, both in acknowledging the significant contributions philanthropy has on bettering Australian society as well as your commitment to strengthening foundations for future philanthropy.

As the Commission works towards their final report, The Funding Network urges you to strongly consider the impact of your recommendations on small, grassroots charities, who are all too often overlooked by government and philanthropy despite their significant contributions and impact. With 94% of all donations going to the largest 10% of charities and 98% of government funding going to charities classified as large or extra-large, it is essential that the voice and work of the organisations working at the grassroots level to support the most vulnerable have access to the resources they need to thrive.

General Comments on Draft Report

Making it easier to give is essential to deepening the culture of giving in Australia. A policy environment that fosters giving and a cultural environment that inspires giving would, together, enable Australia to become one of the most generous nations in the world. While the Commission's draft report sets out a number of policies that could potentially increase philanthropy in Australia, we believe a more aggressive approach is necessary. We also believe there is more that can be done toward creating a cultural environment where generosity is celebrated and encouraged. Rather than treat philanthropy as the domain of the wealthy, a broader approach that introduces "choice" when it comes to giving – be that via Super bequests or at tax time – would encourage more people to give and to do so more regularly and consistently. It is only through a cultural shift in how we approach giving in Australia that we will see the kind of seismic change necessary to achieve sustained growth in giving.

The Funding Network's (TFN) collective giving model focuses on building the capacity of under-funded, place-based grassroots non-profits and social enterprises organisations across Australia who deeply understand the social fabric of the vulnerable communities they represent and the systemic forces at the root of social problems. For the past 10 years, The Funding Network has been a disruptive innovator to the way philanthropy systems practice. We have facilitated more than \$26 million in critical funding for 550 charitable projects through the collective generosity of more than 23,000 people. Very often catalysing new money into the sector and creating connections that last long into the future. Throughout this time, we have consistency seen the power of community transform compassion into action.

Proposed Reforms

A number of the proposed reforms would help bolster the impact and viability of under-funded, place-based charities.

- **Making the deductible gift recipient system simpler, fairer and more consistent:** We are in support of expanding DGR status to include a broader number of charitable organisations delivering community benefit. While we would prefer to see tax deductibility offered to all charitable organisations, expanding the current definition would be a positive step forward and improve access to funding for a range of grassroots organisations. *Any changes to the reporting obligations for entities that have DGR status should be carefully considered to avoid unnecessary administrative burden, particularly for grassroots organisations with few to no paid staff.*
- **Establishing an independent philanthropic foundation controlled by and for the benefit of Aboriginal and Torres Strait Islander communities:** Our work in supporting capacity-building in First Nations organisations has taught us the value in listening and learning to the needs and preferences of local communities. We urge the Commission to adopt a collaborative and consultative approach that supports self-determination at a community level. *In consultation with First Nations organisations who have received funding through TFN, we are currently exploring how our collective giving model (and existing resources and IP) could be useful in directing more funding to First Nations organisations and in facilitating broader access to philanthropic networks.*

Additional Reforms

Additional reforms and/or initiatives being championed by peak bodies including [Philanthropy Australia](#) and [The Fundraising Institute of Australia](#) that we believe require further consideration include:

- **Strengthening the Charity Sector.** It is important that the Commission both acknowledges and seeks to provide support to the significant number of Australians who work (1.2 million) and volunteer (5 million) in the non-profit sector.
 - **Capacity & Capabilities:** Investing in the key skills necessary to support high calibre charities is essential to the sector's continued advancement. Leadership development, fundraising, innovation and evaluation are four such areas that warrant additional focus and attention.
 - **Simplifying Fundraising Regulations:** Making it easier for charities to understand and comply with fundraising regulations would reduce administrative burden and deepen trust with current and potential donors.
 - **Health & Wellbeing:** We are deeply concerned about the exhaustion, burnout and overwhelm being experienced in the sector and underscored by the RESET 2020 National Research Study and believe the sector resources available via Benefolk's [Social Sector Wellbeing & Resilience Hub](#) offer resources that could be more widely promoted and available.
- **Creating an environment where generosity is encouraged and celebrated.** As noted above, we believe that a cultural shift in how we approach is necessary to achieve sustained



growth in giving. We believe this could be achieved through the introduction of the following:

- The choice to bequest through superannuation.
- A voluntary choice to donate as part of the tax return process.
- Piloting a National Giving Campaign.

Information Request

Information Request 10.1: Some charities may face greater challenges accessing philanthropy because of their size, location or the nature of their services. The Commission is seeking information on possible measures to assist charities to access philanthropy.

While the Commission singles out Community Foundations for their potential role in expanding access to philanthropy, collective giving initiatives (including giving circles and crowdfunding initiatives) and other capacity-building intermediaries should also be reviewed in this context.

The last comprehensive view of the impact of collective giving across Australia was commissioned in 2016 as part of the Giving Australia Project with many of the participating organisations – including The Funding Network, 10x10 and Impact100 – seeing significant growth and expanded impact both in Australia and globally since that time while other effective vehicles have also emerged. We encourage the Commission to explore the role that collective giving – independently and in partnership with community foundations and other philanthropic vehicles – can play in increasing giving, influencing behaviour and expanding access to philanthropy for small and medium charities. The role of such vehicles in improving community cohesiveness and engagement should also be considered. Commissioning a new, comprehensive review of the impact of collective giving would provide Australia with a framework for assisting small and medium sized charities in accessing philanthropy. TFN would welcome the opportunity to participate in such research in collaboration with like-minded organisations.

Existing case studies from The Funding Network in regional Victoria (Geelong, Portland, Wangaratta and Ballarat) and NSW (Wagga Wagga) provide additional insights into the potential for expanding access to and the practice of philanthropy in rural and regional communities while also demonstrating the challenges and significant resources necessary to do so effectively.

Thank you for the opportunity to provide additional input as the Commission completes its review. We look forward to the final report and welcome queries and further discussions.

Sincerely,

Kristen Lark
CEO, The Funding Network Australia