

# PERSONAL PHILANTHROPY

## Introduction

Thank you for the opportunity to make a submission to the Productivity Commission's Philanthropy Inquiry. I am someone who has actively engaged in modest personal philanthropy over many years and would like to draw on some of my experiences of doing so. This may contribute to the Government's hope to double charitable giving by 2030.

Charities frequently tell donors that even small amounts given to them make a difference, so donors of all financial capabilities need to be encouraged by government. Charities have a wide range of aims and purposes. Donors support their preferred organisations. Governments would do well to allow this interconnection of interests by charities and donors to be well fostered.

## My donating experience

I provide monetary gifts to a wide range of charities nearly all with tax deductible status. In the 2021-22 financial year they numbered some dozens of Australian ones. I am motivated to do so for all the reasons listed in the chart in your online presentation about the Inquiry's scope. I also sometimes give because I have a personal connection with the staff or volunteers working for an organisation. One of these is overseas and I contribute to the funds she raises for charities by her participation in major walks. (Of course, I cannot claim an Australian tax deduction for such donations to support overseas charities). Through one Australian charity I support an individual student. Clearly having a sufficient personal connection is helpful for charities and encourages donors.

Even more, I contribute in Australia to food drives or support individuals with food or cash, am a personal friend to people of many different ethnic backgrounds, including Aboriginals and Torres Strait Islanders, as well as others in Australia from a wide range of overseas

countries, and several with disabilities. I also have formal caring responsibilities within my family in my home city and elsewhere. One of my young granddaughters was diagnosed in utero as having a serious medical condition, had life-saving surgery at six weeks of age and at present leads a close-to-normal life. Her mother works part-time for a not-for-profit organisation which assists people with her daughter's condition or related ones.

### Contact with charities

I receive posted mail, emails or cold calls from charities almost every day – including today – with peaks before Christmas and as the end of the financial year approaches. Some charities are new to me. My name and contact details have clearly been passed on – perhaps sold – to other charities. Many of the charities I support financially tell me that I am one of their most generous supporters. They “reward” me with little gifts, such as thank you cards to me, bookmarks, pairs of socks, bandanas, shopping bags (only sometimes with their name or logo on them), thank you and other greeting cards for me to send out (again only sometimes with their name or logo on them), and certificates of appreciation. One charity even posted to an organisation of which I was then president a glass-framed certificate. This was a totally unnecessary expense. I am invited to and attend group events in person or by Zoom to thank donors, show what work is being done by these organisations, how those being supported are benefiting, what relevant research or initiatives are taking place and to encourage donors to continue supporting these charities.

I do expect to be treated well by the charities to which I donate. Donors have rights. Charities know they need to be scrupulously careful in guarding donors' privacy especially relating to their bank account details. Charities are known to “lean” on their existing donors, rather than finding new ones. Some use tricks to try to increase the value of individual donations on donation forms, like adding in fees or extra amounts. Some do well when a significant donor matches all other donations up to a certain level made in a specified period, so doubling the total donations received. Other charities or fund-raising

organisations get themselves listed ahead of the charity whose name has been entered into an online search engine.

### Necessary actions

Being sent a receipt promptly is important for donors and is best done when it is generated by a charity and emailed immediately after an online donation has been made. Nevertheless, receipts are not always sent, even for online donations. Sometimes donations are not receipted at all because there are not enough volunteers in charities' offices to perform this task. It is essential that the Australian Taxation Office recognises donations appearing in bank account records, so that donors do not have to chase up charities multiple times. Even several approaches by donors may not yield a receipt.

I also require reports of charities' activities and use made of all donations and other income for the assistance of the beneficiaries for whom the charity exists. I am interested to know which charities do not accept funding from government or self-interested businesses, so that they can set their own agendas. Have they had their advocacy work questioned by governments or been threatened with loss of tax deductibility status? When difficult issues arise, such as through improper behaviour by charities' staff or volunteers, I have cut back on my donations to them or no longer supported them. As I get older I need to keep my giving as simple as I can. I have not established a private ancillary fund, although this has been suggested to me a number of times. To do so would mean yet another layer of administration for me to deal with and pay for.

### Pressure on donors

Charities also make use of me. I have been invited to morning teas just for me. Some few years after one of these, I was informed that useful comments and suggestions I had made about local conditions were still being followed up by the advancement staff of a particular university. Otherwise, these individual morning teas include pressure on me as a generous donor to give more to the specific charity, to do it monthly or

more often than my usual once or twice a year, and always to leave that charity a sizeable bequest. Charities point out to me that one should leave a proportion of one's estate to them, not merely a stated monetary amount. I do not accede to these requests. I cannot be constantly checking my bank accounts for records of charitable donations. I would also like my heirs to have flexibility in how they support charities using their inheritance.

I know too of charities whose staff change frequently, perhaps a number of them at the same time. This can mean difficulties for continuing staff and volunteers, as well as donors. I am also aware of local staff not being told by head office of activities for donors to be held in the local area, but organised and attended only by head office staff from another place. This causes problems for local donors who wish to obtain more information locally about attending.

#### Self-interest by charities

I do not respond to cold-calling charities. I donate later via websites, even when telephoned by charities to whom I regularly donate. So much is known by scammers about individuals, that they can sound like genuine callers. I do not buy raffle tickets, especially when asked over the phone. As well as the usual scam calls about my internet connection, I receive frequent calls at present from an overarching charity collection agency. Another current interest by every business and organisation is feedback. *We did very well, didn't we?* This can add to donors' dissatisfaction with charities. I have even had calls from young adults who clearly know less about the charity they are promoting than I do.

#### Wealthy individual and business donors

High net-worth individuals should be encouraged to recognise that their personal status and reputation involve being big-hearted with their wealth. The label "generous philanthropist" is too readily applied to some who would not miss even many millions given away. Businesses, some large and well-known, request or even expect their staff, clients or

customers to contribute to their philanthropy. They then publicise, and perhaps claim as a tax deduction, the amount contributed by others as the firm's donation to charity.

Activities for which others are asked to contribute include providing Christmas presents for needy children or food for their families. Employees may make daily telephone calls from work or home to check on the wellbeing of older or disabled people living alone. Staff may participate in fund-raising marathons or other active pursuits and find themselves enjoying the camaraderie of doing so with colleagues. Nevertheless, they may be expected to find their own donors to support the charities in which their employers or senior managers have particular interests.

Sleepouts for the homeless by Chief Executive Officers and other executives are regarded by some in the community as a rort. CEOs and executives of big business enterprises, well-acquainted with each other, are believed to have a really fun time together, pretending to be homeless for one night, with funds raised by their staff or others, as well as their own contributions. (I am, however, aware that the title "CEO" for the senior manager is used by small organisations, including charities, as well as big businesses. There may be an element of meeting other CEOs for the first time or bonding with others at sleepouts).

### Processes to assist donors

It is good that processes for charitable organisations to obtain tax deductibility are to be made simpler and faster by the Australian Government. I find it frustrating that it is so difficult to find online whether an organisation has tax deductibility status for donations made to it. Could a simple alphabetical list be made easily accessible, given a straightforward, readily understood title and not hidden away in some obscure corner of an unknown government agency's website?

### Desired outcomes

As well as donating to a range of organisations because I consider their aims and roles to be worthy and important for the well-being of Australia and Australians, I support them to assist my personal financial situation. Receiving tax deductions is therefore helpful and a benefit now expected by Australian donors. Please never stop tax deductibility status for donations to approved charities, as has sometimes been mooted by Australian Governments in the past. If this happened, many donors would immediately cut back on their support of needy Australians. Never put a cap on the amount of tax deductible charitable deductions an individual may claim in any one financial year. Consider making donations from the estate of a deceased person tax deductible.

If some of the currently proposed changes to superannuation were to be enacted, especially taxing unrealised capital gains, individual donors would not necessarily have the same amount of ready funds to support charities. For their own economic survival some might even have to draw on charities they previously supported. Do not change donors into recipients of charity. Some individuals with particular forms of superannuation are quite worried about their future financial security. There are already enough Australians deeply concerned about their economic survival. Do not add to them.

When individuals and organisations support charities we are assisting the work of governments. Without generous and well-meaning donors charities suffer financially or risk closing down. There would then be even more pressure on governments to fund support for needy Australians.

Help donors to help governments.

2 May 2023