

SUBMISSION

Philanthropic Consulting Services is pleased to be able to make a submission to the Productivity Commission's review of philanthropic giving in Australia.

MOTIVATION FOR GIVING & OPPORTUNITIES

It appears that the review has taken a limited view of giving in Australia – with a focus on individual giving – rather than the creation of structured giving. The two have very different types of motivational drivers which need to be further explored.

The motivation for individuals to give is well covered by the review and existing mechanisms to encourage such giving appear adequate – given the giving data available – however they could be further enhanced by:

- Provide incentives for non-taxpayers to give – eg \$2 for \$1 deductions
- Allow donations to all charities (registered under ACNC) and not just limit to DGR (The DGR system could be scrapped completely – so long as the organisation is charitable

Regarding increasing giving via structured giving entities, such as PAFs, PuAFs, Subfunds & Charitable Foundations – this is where a clearer understanding of giving motivation is required.

In these cases – the reasons are:

- more tax driven;
- occurs where an individual's family business is highly successful and there is excess capital;
- occurs at the time of a business/property sale;
- occurs at the time of estate planning/wills.

There could be a range of incentives, in addition to tax benefits, that proactively increases the establishment of such structured philanthropic entities at the time of excess capital availability, such as:

- Ability to defer tax benefit over a given period.
- Ability to transfer tax benefit within a ‘family’ grouping.’
- Bring forward tax benefit – especially in relation to the establishment of a Testamentary Charitable Trust.

REMOVING OBSTACLES TO GIVING

Effective giving could be made easier and increase through the removal of the following:

- Allow all charitable organisations to be able to receive donations which are tax deductible – and remove the limitations and requirements of DGR 1 status.
- Simplify structured philanthropy into one single type of entity – designated as a Charitable Trust – with similar requirements as a PAF in relation to organisation, governance and distribution.
- Require all structured philanthropic entities to provide public audited financial accounts – for transparency and improve their effectiveness and efficiency.

If required, we are happy to clarify and/or further discuss ideas/suggestions as briefly outlined in our submission.

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