

**SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO PHILANTHROPY  
MAY 2023  
FROM GRANTFAMILY PHILANTHROPY (GFP) PTY LTD, TRUSTEE FOR THE GRANT FAMILY  
CHARITABLE TRUST**

GrantFamily Philanthropy (GFP) supports the Federal Government's policy to double philanthropic giving by 2030. GFP also supports the strategies and policy positions initiated by Philanthropy Australia (PA) in relation to achieving that target.

The reasons for both the number of Australians giving and the quantum of giving being lower than comparable countries has many causes. We make the observation that one of the unintended consequences of the introduction of compulsory superannuation over the last thirty years is that middle Australia has become focussed on saving for both their retirement and the rising out of pocket health costs that come as they age. In fact, as PA points out, too many Australians die with too much super, which is then often considered the 'right' of their children to begin their own journey to saving for retirement and their health needs.

It is concerning and disappointing, however, that the very wealthy do not give more. Again, there are many reasons for this, including deep seated cultural issues, particular to Australia.

In this submission we highlight as a particularly important factor the difficulties that any private sector donor has in assess the effectiveness of the funds that are donated. Many Australians don't understand the workings of our welfare (or health) system. It is made confusing because the majority of charities working in this space rely on Governments (State and Federal) for the majority of their funding.

The interplay of philanthropic funding with Government funding in the work of charities is often not explained or well understood. Philanthropists have a right to ask which part of a particular program or initiative is the Government funding and which part of this am I funding. Am I only a funder that is here to fill the gaps that Government leaves behind? And why are there these gaps? In this environment, from a philanthropist's point of view, their giving therefore lacks not just a doubt as whether it is providing value but also whether the giving is truly meaningful to them.

Philanthropists have been reluctant to go beyond writing the cheque, but that is slowly changing and should be encouraged. If philanthropists can understand better, and ideally take more active public positions in the change, improvement and innovation required, the funding complexity of the cause they are supporting will become less daunting, and most importantly, the work of the charity or the cause they are supporting becomes more meaningful to them and their families.

The Government policies that stifle what is known as 'advocacy' by charities is very problematic in this regard. It is clear to us, after over a decade of grantmaking, that 'advocacy' affects the assessment by the ATO of charities' DGR status which no charity will be willing to sacrifice. This amounts to: if you are funded by the Government, don't criticise the Government.

Charities are left to just deliver the service and be careful to say any more. Yet they, and their philanthropic backers, are very powerful and insightful voices that can better inform Government policies and programs about what is working, what is effective and where change, improvement and innovation can and should occur in the delivery of those programs and services.

Government over-relies on standard evaluations to assess the effectiveness of the programs that it initiates and funds. In these evaluations, a Catch 22 appears, where only what can be measured is measured and what is too hard to measure (and often more important) is left out. A better debate about what constitutes 'good' advocacy at a policy level and in the public arena would be an opportunity for the PC's review to consider. A better understanding from Government and politicians about how advocacy by charities and philanthropists can assist in their journey to more effective Government funding should also be considered.

Philanthropists are naturally drawn to supporting innovation (new programs, better models, pilots) in the work of charities. This is a counterpoint to the funding of ongoing service delivery of proven, scaled up models, funding for which is generally seen as the domain of Governments.

It is poorly understood how innovation (or what commonly become 'pilots') leads to a scale up of effective programs. How does the philanthropic funding for innovation connect with the necessary scale up that is required for system change that should ultimately (in its third and final stage) rely on Government funding. There are too many pilots in the system across a range of health and welfare programs. This plethora of pilots discourages philanthropy when it asks those hard questions about the effectiveness of its own contribution in making real change.

In this regard, GrantFamily Philanthropy (GFP), through the initiative we have created called the Open Dialogue Centre, is particularly interested in the way philanthropy can interact with Government organisations, In our case we have developed a particular interest in Primary Health Networks (PHNs). The Open Dialogue Centre is a charitable organisation founded jointly by GFP and Relationships Australia NSW. The purpose of the Open Dialogue Centre is to change the way mental health services are delivered in Australia by promoting and delivering a relationships-based approach that is known as Open Dialogue.

Aligned with the Open Dialogue initiative, GFP has been interested in how philanthropy might be used to facilitate innovation in a range of health-related areas. We have considered the relatively recent creation of PHNs an important opportunity for Australia's institutional framework of health service delivery, in particular a role they might have in driving innovation – particularly as it relates to the gaps that they identify in their respective regions in the established service system.

All PHNs have independent Boards. We understand that 30 of the 31 PHNs in Australia have Deductible Gift Recipient (DGR) status. However, there is no record of those PHNs using that status to bring in additional private sector philanthropic funding for their programs. And

there appears to us no expectation from PHNs that having DGR status on its own will facilitate a more innovative approach to what PHNs commission.

## THE PHIF PROPOSAL

GFP has consulted with the leadership of several PHNs about the potential to promote and deliver, and where appropriate scale up, innovative health programs. Supported by other philanthropic organisations and interests we intend to propose to the Federal Government that it create an innovation fund (to be called the **Primary Health Innovation Fund or PHIF**) with initial annual funding of \$10m to which PHNs can make multi-year grant applications.

Those grant applications would:

- (1) be for annual amounts no greater than \$1m and over the life of the grant no greater than \$3m;
- (2) be applied to an innovation in the health service delivery system. They are not intended for research, but for a practical application of innovative service models; and
- (3) come with equal matching funds from philanthropic organisation(s) i.e. the philanthropic funding is secured first, but is committed conditionally on the Federal Government matching the philanthropic funding.

Each innovation does not have to relate to mental health service delivery, but to any part of the health system, and should extend into supporting the social determinants of health. The innovation can be for a small-scale pilot, or a scale up of a pilot of a service innovation that has been already trialled and that is identified as having broader application. Further filters will be developed to ensure the proposals relate to innovations that have shown some promise of broader success. The advantage of securing matching philanthropic funding prior to application means that the program will have already passed some filters that will ensure it is innovative, relevant to its community and has a good chance of achieving its objectives.

Discussions with PHNs have identified that the leadership of PHNs will generally be very welcoming of funding opportunities that are supplementary to existing well defined 'commissioning' by the Federal Government. Funding framed this way would offer opportunities to respond to the needs in their communities and to fill significant gaps that they often identify in the existing service system but are unable to work around.

It was also identified that there will be significant capacity and capability weaknesses in implementing a PHIF style program in the majority of PHNs in Australia unless the PHIF Proposal were accompanied by funding that supported the improvement in the capacity for PHNs to undertake and complete this innovative partnership-based work.

It was therefore suggested that for the first three years of the PHIF, an additional amount of up to \$5m per annum be made available to build that capacity across the Australian PHN community. Appealing to the private sector for donations to jointly fund projects requires a special type of NGO skill set and culture. The fact that PHNs rarely use their DGR status underlines the need for further institutional development.