

3 May 2023

Philanthropy Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

By email: philanthropy@pc.gov.au

Dear Commissioners Robson, Abramson, and Seibert,

The arrival of the National Disability Insurance Scheme (NDIS) has all but ended philanthropy within the charitable disability sector, and significantly reduced charitable engagement in the lives of people with disability. In this submission to your Inquiry, I set out the reasons for and consequences of these circumstances, and propose recommendations for your Inquiry to restart philanthropy to benefit people with disabilities.

Aware the terms of reference for your Inquiry are focused on fostering philanthropy rather than the dynamics of the NDIS, I outline below observations derived from my participation in establishing the NDIS as an inaugural Board Director of the National Disability Insurance Agency whilst simultaneously serving as a Deputy Chair of the Australian Charities and Not-for-Profits Commission (ACNC) Advisory Board.

1 - Reasons for philanthropy's departure from disability

The disability sector before the 2013 commencement of the NDIS comprised services operated by State and Territory governments, as well as small to medium regional or state bounded charities. Disability charities tended to have one of three possible origin stories; family member founded, local community established, or operated as arms of religious organisations. Charity, philanthropy, volunteering and social enterprise revenue were common features of these charities, and State and Territory Government block funding supported delivery of high intensity support for people with disabilities.

It is difficult to efficiently quantify philanthropy, charity and volunteering inputs into the disability sector both prior to the commencement of the NDIS and as of today. A February 2023 study of Deloitte Access Economics, titled *The case for philanthropy in disability*, reported 4.3% of philanthropic grant funding in 2017-18 was allocated to people with disability, a small figure given people with disability comprise approximately 18% of the Australian population.

In lieu of a reliable evidence base about philanthropy's decline in disability, opinion derived from sector experience helps inform assessment of the loss of philanthropy from the disability sector post-NDIS.

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The NDIS changed the way disability charities behave by creating a market for disability supports. The benefit for people with disabilities of this marketisation has been immense, despite current flaws in operation of the NDIS.

An unintended consequence of this new market has been a withdrawal of massive social capital inputs. Volunteers are fewer, replaced by paid staff. Organisational autonomy has been ceded to a new web of funding intermediaries. In relation to fundraising and philanthropy for service innovation or capital, nearly all pre-NDIS contributions are no longer solicited in response to NDIS funding driving disability charities' behaviours. To illustrate this point:

- One of Aruma's founding organisations, The House with No Steps, once conducted regular and high profiled fundraising. Art unions, raffles, collection of donations in retail stores and community organisations raised charitable revenue to provide capital for housing and equipment for people with disabilities. These fundraising activities ceased in response to the NDIS.
- Both of Aruma's founding organisations, The Tipping Foundation and House with No Steps, previously engaged with philanthropic trusts and foundations to solicit capital for development of accommodation, community participation and employment programs for people with disability. Again, this engagement has mostly ceased, with the NDIS participant now eligible for some forms of taxpayer funded access to capital.
- The adoption of NDIS market principles has resulted in a cultural shift away from charity towards a more commercial orientated mindset of disability charities. For Aruma this has resulted in disengagement from seeking donor, community or philanthropic support for initiatives to benefit people with disability.

Aruma is currently refocusing its position in relation to philanthropy and charitable donors, with an intent to revisit the potential role of philanthropy in enabling opportunities for people with disability not afforded by the taxpayer funded NDIS.

2 – Consequences of philanthropy's departure from disability

Whereas donor, community or philanthropic giving once played a central role in support for people with disability, the taxpayer today is the funder of disability supports. This new cost on the taxpayer is significant, and looks set to expand in the years ahead.

Where principles of charity once powered disability organisations, market principles have come to dominate. There are benefits of this change, the main being a move towards supporting the human rights of people with disability in place of now dated paternalistic notions of benevolence and dependence on charity. Yet a consequence of marketisation is that taxpayer funding constrains service provision levels and innovation, yet there is now little incentive, experience or capability of disability charities to seek and gain philanthropic resources to support research, development or innovation.

3 – Recommendations to bring philanthropy back to disability

The first action the Inquiry can take to help restore philanthropic giving to benefit people with disability is to highlight its current absence. The act of drawing attention to the loss of charitable giving to the disability sector will draw attention to the opportunity for philanthropic activity to be restimulated.

The second action the Inquiry could pursue is encouragement across government of incentives for philanthropy within the disability sector. Government grant programs and other funding to disability objectives that promote matched giving or 'dollar for dollar' government-philanthropic investment will attract charitable contributions to benefit people with disability.

Finally, there is a broader opportunity to explore barriers in philanthropy to some causes compared to others. Motivations to give differ across causes. Disability is harder to attract support than some other causes, more so when inaccurate perceptions exist that governments sufficiently fund disability organisations in both their service and innovation roles. Knowledge on attracting philanthropy to challenging causes generally would inform effort to restore philanthropy to disability.

The arguments advanced in this submission are opinion drawn from experiences of operating a disability charity within the NDIS framework. The opinions are not easily supported by data, in absence of accessible information being readily available. For further exploration of the opinions express in this submission, I can be reached via my Executive Assistant Kathy Bartlett on [redacted] or at [redacted]

Yours sincerely

Dr Martin Laverly
Chief Executive