

**Productivity Commission Philanthropy Inquiry
 Response to Draft Report, *Future Foundations of Giving* (November 2023)**

Submission from the Australian Environmental Grantmakers Network, 14 February 2024



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Executive summary

The Australian Environmental Grantmakers Network welcomes the opportunity to comment on the Productivity Commission's draft report, *Future Foundations of Giving* (the **Draft Report**).

AEGN strongly supports the government's commitment to double giving by 2030. As outlined in our initial submission¹, donations to environment and climate charities² are less than 5% of national giving, despite the need for urgent action. Adequate government funding is critical, but philanthropy and private sector investment will also have a role to play in addressing the environment and climate crises with the urgency required.

It is our mission to lift the amount and the effectiveness of environmental giving. The Draft Report includes a comprehensive analysis and welcome recommendations to reform the framework for DGR1 eligibility. However, as the Commission itself has noted, the impact of these reforms on the overall quantum of giving is likely to be "relatively modest". We urge the Commission to consider further recommendations in its final report to actively grow environmental giving. Some options to achieve this are outlined in this submission.

The submission also briefly responds to specific findings and recommendations in the Draft Report, including in relation to the proposed Aboriginal and Torres Strait Islander Philanthropy Foundation (the **First Nations Foundation**) and changes to the distribution requirements for ancillary funds.

Lastly, we emphasise the importance of building the capacity of environment and climate organisations (eNGOs) and First Nations organisations to engage with philanthropy, and of building the capacity of the entire charitable sector to consider climate and environment impacts in their giving strategies.

KEY OBSERVATIONS & RECOMMENDATIONS

- Government and philanthropic partnerships should be encouraged, subject to guidance on factors that have led to success in previous arrangements
- The Commission should support calls for a national campaign to promote giving
- Options should be advanced that would facilitate giving, including superannuation bequests, payroll contributions and prompts to donate from tax returns
- The Commission should explore options to incentivise bigger and more rapid disbursements for funders wanting to adopt a spend-down approach, including spreading deductions over 10 years
- Targeted resources and support (including legal support) should be developed to assist eNGOs and First Nations organisations to engage with philanthropy and understand how they can tap into the full capital spectrum and take advantage of emerging opportunities.
- Fringe Benefit Tax should be extended to eNGOs to remove the disadvantage they face in recruiting staff.
- The proposed Aboriginal and Torres Strait Islander Philanthropic Foundation will need to build trust with communities and operate in ways that reflect First Nations needs, rather than western models. Efforts will be needed to establish regional representation that is accepted locally, able to work nationally, and be responsive to local needs.
- All government and philanthropic funders and NGOs should apply climate and environment, gender, and First Nations lenses to their funding decisions.

¹ Submission 258

² In this submission, "environmental giving" refers to giving to environment and climate charities, First Nations land and sea management initiatives, and organisations working on sustainable food systems.

Growing environmental giving

As outlined in our initial submission, there is a significant and widening gap between the amount needed to fund climate action and reverse biodiversity decline and the amount of government funding directed at those outcomes. Every year of under-investment makes the task harder (and more expensive) to achieve.

While addressing this funding shortfall is a task for government, the scale and urgency of the problem means that philanthropy must also play a part. Environmental philanthropy can act as risk capital for innovative programs, fund research and implementation of new solutions, and fund advocacy, capacity building and community development work.

There have been encouraging signs of growth in climate philanthropy³, compared to other sectors, but overall environmental giving remains inadequate to meet the scale of the challenge.

A healthy natural world and stable climate underpins human wellbeing and survival. This Productivity Commission inquiry is an opportunity to identify ways to mobilise much needed capital to support climate and environment action. We urge the Commission to consider ways not just to increase overall philanthropic giving but to direct funds to priority issues, including:

- Incentivising spending down of funder assets
- Effective partnerships to leverage capital
- Improving the culture of giving
- Innovative models of giving
- Facilitating giving through super bequests and payroll contributions
- Improving eNGO capacity to engage with philanthropy

Incentivising spending down

In a recent report, Churchill Fellow Laura Egan outlined international efforts within the philanthropic sector to unlock capital quickly, noting that some foundations are choosing to go into 'spend down' mode:

Spending down moves away from the central focus of the perpetual preservation of philanthropic wealth to one where the focus is on spending all the assets on transformative social impact, with the goal of winding up the foundation at a specified future date.⁴

For example, the [Kataly Foundation](#) in the US describes its approach: “to lead with abundance in the here and now, rather than holding onto wealth for a future that may not be possible if social movements don’t receive the resources they need today.”

In Australia, many AEGN members are revising their strategies to increase the urgency of giving and invest their foundation corpus in line with commitments to decarbonisation, divestment or expediting just transitions. As Stephen Pfeiffer, AEGN member and founder of SPF100, has said:

In the critical decade ... we do have the power to get this right and to make a real difference — where we limit global warming to 1.5 [degrees] or maybe 1.6, 1.7 and prevent the worst-case scenarios. And this is the opportunity ... So, we need to give urgently ... I thought that’s it, [spending down] is the proportional response that’s needed.”⁵

³ AEGN Giving Trends 2023

⁴ Egan, L (2022). *Unlocking capital to build an economy that works for all*, Churchill Fellowship 2018 (Published 2022). <https://www.churchilltrust.com.au/fellow/laura-egan-nt-2018/>

⁵ Transcript of “Giving Their All” podcast, Episode 5: *A proportional response to climate change*, <https://www.aegn.org.au/meet-our-member/a-proportional-response-to-the-climate-crisis/>. See also Mather, J. “Meet the ex-teacher giving his \$3m inheritance to climate charities”, *Australian Financial Review*, 19 January 2024.

Spending down is not an option that is available to, or preferred by, all funders – many will legitimately choose approaches that sustain their corpus for future generations. However, AEGN encourages the Commission to explore options to incentivise higher individual gifts and facilitate foundations dispersing funds more rapidly where this is the strategy that they have adopted. In addition to revising the distribution rates for ancillary funds (discussed below), a range of options being implemented in other jurisdictions are discussed in Egan’s report.

One immediate option that could be considered in an Australian context is to extend the current opportunity for donors to spread taxable gift deductions over 5 years. Allowing donors to spread their donations over 10 years could incentivise higher upfront donations in this critical decade. This would not mandate any change in giving strategy for foundations that prefer to sustain their fund over a longer period.

As discussed below, targeted resources for financial advisors and wealth managers could also help them to advise clients about the risks and implications of spending down, and options for investing capital funds into initiatives aligned with a foundation’s mission.

Effective government / philanthropy / private sector partnerships

Better collaboration and coordination between government and philanthropy is needed to effectively scale up climate and nature work. A number of key environment and climate policy issues would benefit from strong and effective partnerships. For example, government could leverage philanthropic and private sector capital by following the US model of the *Inflation Reduction Act*, where government investment is matched by industry, policy settings match funds to community needs, and a Net Zero Economy Authority leads consultation and seeks philanthropic support for community-led initiatives.

AEGN’s initial submission outlined some past attempts at collaboration that failed to achieve meaningful change, including the Reef Trust partnership, and other more successful arrangements, like the Foundation for Rural and Regional Renewal.

Lessons learned from these experiences should be considered in any future partnerships:

- **Partnerships must be well designed and collaborative.** The short timeframe in which the Reef Trust Partnership was developed did not allow for broader consultation with the sector to discuss collaboration opportunities or define clearer roles for government, eNGOs and the private sector
- **Philanthropy cannot replace government funding** for core work like research, monitoring, compliance and education. Much of the work achieved with the Reef Trust funding was through organisations that would otherwise have received direct government funding, such as the Great Barrier Reef Marine Park Authority, Australian Institute of Marine Studies and the CSIRO. Philanthropists are reluctant to give to programs that should be government funded.
- **Partnership objectives must align with government policy.** To gain public support and philanthropic investment, government policies cannot undermine the objectives of the partnership. Anecdotally, there was resistance from philanthropists (nationally and internationally) to funding Reef Trust conservation initiatives while government policies and practices failed to address the biggest threat to the Reef: climate change.
- **Endowment must be sufficient** to provide for operating costs and avoid philanthropic funders and eNGOs having to do ongoing fundraising at the expense of practical work.

Another way that government can show commitment and incentivise philanthropy is to match donations, giving big and small donors value for money. Matched funding initiatives in the National Reserve System program between 1996 and 2013 engaged millions in new state government and philanthropic investment to buy high value conservation land. Matched giving to an acquisition fund

managed by eNGOs with expertise in biodiversity conservation and land management has the potential to help achieve Australia's 30 x 30 reservation targets.⁶

Innovative models of giving

Funders should be encouraged to see philanthropy as social risk capital, enabling innovation and ambition, and supporting pilot projects and emerging organisations. A range of innovative giving models are being implemented across the philanthropic sector to unlock capital. These include:

- **Business model using “all for purpose” trusts**

[Thankyou](#) use a company to sell a range of products, with all profits directed to the Thankyou Charitable Trust to disperse to social justice projects. Patagonia also invests 100% of business income in a [Purpose Trust](#).

We encourage the Commission to consider what barriers exist to implementing similar arrangements in Australia, and what reforms or resources could help make this a viable option for social enterprises.

- **Social investment for endowments**

There is a growing movement for foundations to allocate all, or a portion, of their corpus to social investing. International examples include the [San Francisco Foundation](#) and the [Kresge Foundation](#).⁷ In Australia, [Tripple](#) is an impact private investment company using investments and grantmaking for social good.

- **Funding intermediaries & matching services**

Organisations can play a valuable intermediary and matching role in pooling resources and strategically funding initiatives, based on local or thematic expertise. Egan found these organisations work well to “understand gaps and opportunities, mobilise support, and strategically partner with local organisations to co-design solutions and allocate resources.”⁸

The proposed First Nations Foundation (discussed below) and the [Karrkad Kanjdji Trust](#) are examples of this approach.

Intermediaries are mission-driven organisations who help to direct capital by connecting donors with groups who need funding. AEGN plays a role in assisting our members to make connections with eNGOs to identify “best fit” funding. Organisations like the Australian Communities Foundation also consult and provide advice to match potential donors and recipients. AEGN would be pleased to discuss potential models for matching services for the not-for-profit sector more broadly.

The government could help to facilitate the uptake of innovative models through early stage grants for organisations developing new ways of giving. With any of these models, success will depend on increased knowledge and support both for funders exploring options and for eNGOs hoping to tap into new funding opportunities.

⁶ This proposal is discussed in more detail in Fitzsimons J et al (2023). *Protecting Australia's Nature: Pathways to protecting 30 per cent of land by 2030*. The Nature Conservancy, WWF-Australia, the Australian Land Conservation Alliance and the Pew Charitable Trusts

⁷ Egan, p 8

⁸ Egan, p 32

Improving the culture of giving

Philanthropy talk needs to be at the level of kitchen table conversations. It needs to be at people's level so they understand the problems, the communities and how they can meaningfully be involved.

- Rod Jacobs, Native Americans in Philanthropy⁹

AEGN members support more work being done to overcome the lack of a strong 'culture of giving' in Australia, and to gather data on what motivates people to give and how to encourage people to think more strategically about the issues and organisations that they give to.

We note the Draft Report did not support Philanthropy Australia's calls for publicly funded research or an awareness raising campaign to promote giving. AEGN continues to support a public campaign; the government has made a public commitment to double giving, so should consider funding work to drive a stronger giving culture and to understand what cultural barriers exist.

Further, the government needs civil society to achieve many of its stated aims - particularly on environment and climate, and activities that the government cannot or will not do. For example, advocacy, community development and resilience building is essential work that is often not done well within government or industry. Achieving a just transition to renewable energy in regional areas will be facilitated by strengthening community development and education, transition support services, and organisations to advocate for the interests of local communities.¹⁰ Investing public money into growing giving to build NGOs' funding is in the public interest and will ultimately benefit the government.

A public campaign would be an opportunity to reframe conversations about social and environmental health and wellbeing as a collaborative public effort, and to build awareness of the role of philanthropy. Encouraging open conversations about giving among family, friends and at workplaces can increase participation and complement government and civil society activity.

Promoting a culture of giving, along with renewed commitment from governments to adequately fund services, will help to build community resilience and trust. A broad national giving conversation can then be leveraged by the philanthropic sector to start more specific conversations about strategic funding priorities and the importance of core funding and multi-year commitments.

AEGN urges the Productivity Commission to reconsider its position on the value of a publicly-funded campaign.

Facilitating giving through super bequests and payroll contributions

Some AEGN members working with land conservation trusts have experienced significant delays and reduced value of bequests because of the way the current taxation regime deals with superannuation assets. AEGN continues to support the recommendations made by Philanthropy Australia to allow bequests directly from a donor's superannuation account. Even a small change in tax treatment of superannuation bequests could prompt behavioural change and a material increase in charitable bequests.

AEGN also supports reforms to facilitate more regular giving, including prompts when completing tax returns to re-direct tax savings to charity. Employers could also make payroll giving more accessible to employees, by offering donation options on pay slips, or more information on how staff can donate a percentage of their salary each week. These measures would complement a national campaign to promote giving and normalise these conversations.

⁹ Quoted in Johanson, I. (2023), *Effective Models Connecting Remote Community Led Initiatives to Philanthropic Networks*, Churchill Fellow 2019, report published April 2023. <https://www.churchilltrust.com.au/fellow/ingrid-johanson-nt-2019/>, p 90

¹⁰ See, for example, comments in Australian Energy Infrastructure Commissioner (2023). [Community Engagement Review - DCCEEW](#) regarding the role of NGOs in giving local communities a voice in discussions with government and industry about what a just transition looks like for them.

Improving eNGO capacity to engage with philanthropy

The charities that we fund are the experts in communicating the need for funding and if they are provided with adequate funds for core and capacity building infrastructure, they can supersize their skills and capacity in fundraising breadth and depth.

- AEGN member

Funding for capacity building

AEGN members are committed to building capacity within eNGOs and First Nations organisations so that they can meet the crises that Australia is facing. This requires that eNGOs have adequate resources to undertake on-ground work, advocacy, policy development, education, community engagement and fundraising. It requires healthy, diverse, well-equipped, safe and financially secure workplaces that can attract, support and retain good staff.

The Ford Foundation (New York)'s BUILD program is a good example of work being done to build capacity of social justice organisations:

BUILD inputs were centered on highly flexible five-year grants that could enhance the ability of civil society organizations to think, collaborate, plan, invest, take risks and innovate. This grantmaking approach shifted away from philanthropy's dominant model of providing short-term, project-specific grants that are often an obstacle to creative, adaptive and collaborative action by social justice actors.¹¹

Increasingly, eNGOs in Australia are dependent on donations, and need additional capacity to engage with philanthropy so that seeking and maintaining funding does not detract from their core work. Currently, the largest 10% of eNGOs attract over 80% of donations, while many small eNGOs struggle to secure funding for their important work.

A number of AEGN members are involved with organisations targeting capacity building. For example, Wettenhall Environment Trust operates a funding stream dedicated to capacity building for small landscape conservation organisations (most of which do not have DGR1 status). The Trust has granted around \$1.2M since 2009 to fund salaries and increase organisational capacity to apply for government and other funding for on-ground restoration works.

Tripple also reported feedback from First Nations leaders that many did not know how to access philanthropy and found the language and application processes daunting. Many funders do not have a public profile and organisations without existing networks, or the capacity and financial means to build those networks, were at a significant disadvantage.¹² This is not a problem unique to First Nations organisations, however the proposed First Nations Foundation, if well designed, could help to overcome this (see discussion below).

Targeted resources and support (including legal support) should be developed to assist eNGOs to understand how they can tap into the full capital spectrum and take advantage of emerging opportunities.

ENGO staff retention

Funding uncertainty can mean that eNGOs find it hard to attract and retain staff. This is compounded by eNGOs generally not being eligible for Fringe Benefit Tax to allow salary sacrificing, putting them at a disadvantage when competing to recruit fundraising, admin, IT and communications staff. This has implications for their capacity to do their core work. AEGN join with the Australian Land Conservation Alliance in calling for this discrepancy to be addressed.

¹¹ Ford Foundation (2022). *BUILD Evaluation: Final Report*, <https://www.fordfoundation.org/work/learning/program-evaluations/build-evaluation-final-report/>, p 13

¹² Tripple (2023). *Experimental Giving Models: A deep dive into First Nations Climate Justice*, Evaluation Report. https://www.tripple.com.au/files/uqd/c8533b_f1ab052f64c6415e9b1ddf4a9b7ac134.pdf

Advocacy

Advocacy is critical to systems change and a necessary part of a well-functioning democracy. Despite this, eNGOs are often the subject of divisive political debate, and targeted by legislative changes that explicitly restrict their capacity to advocate or simply makes them too nervous to speak out for fear that their funding or charitable status will be impacted. Anti-protest laws are also being strengthened, which can put eNGOs whose staff, volunteers or funders are involved in those actions at risk.

This level of uncertainty can make some funders reluctant to support this critical work and weakens the fundraising capacity of advocacy organisations. We would like the Commission's final report to reflect some of the findings in the Not-for-Profit Blueprint Issues Paper¹³, and consider stronger measures to:

- Explicitly protect and promote advocacy and law reform work as consistent with charitable purposes.
- Acknowledge the importance of civil rights and continue to provide clear guidance through the ACNC on how eNGOs can engage on public issues without risking their charitable status.
- Expanding eligibility for FBT so eNGOs can offer competitive salary packages

Response to Draft Report recommendations

DGR1 reforms

We fund both DGR and non-DGR organisations but are able to give approximately 30% more to DGR organisations due to the tax deductions. This means that organisations without DGR are receiving less even when their impact may be as high or higher than those with DGR.

- AEGN member

AEGN welcomes the recommendations in the Draft Report for reform of the DGR framework.¹⁴ Complexity and delays in obtaining DGR1 has restricted the number of eNGOs and First Nations organisations with tax deductible status, which in turn restricts the philanthropic support those organisations receive.

Some small non-DGR1 organisations are able to secure funding through auspicing arrangements, such as Greening Australia supporting on-ground restoration projects. Auspicing arrangements can expand the number of organisations accessing funding, but can also limit the work that is eligible for funding.

The reforms proposed in the Draft Report would expand eligibility and reduce the complexity of DGR1 applications. This will allow more eNGOs, community climate groups like Footy for Climate, advocacy groups, and independent journalism organisations (which play a key role in government accountability and awareness raising regarding the climate and nature crisis) to access philanthropic funding. It would allow small scale restoration organisations to design their programs to meet local conditions, rather than nationally determined funding criteria.

While these measures alone are unlikely to significantly increase overall environmental funding, they will remove unnecessary barriers to giving.

¹³ Department of Social Services (2023). *Not for Profit Sector Development Blueprint – Issues Paper*.

¹⁴ Productivity Commission (2023). Draft Report, *Future Foundations for Giving*. pp 16-19, Draft recommendation 6.1

First Nations Foundation

Community foundations and Indigenous Led Funds work, as long as people see being involved as an act of self-determination, i.e. a way of funding their priorities. The community needs to have actual buy in, be serious, have responsibility and be committed.

- Lourdes Inga, CEO of the International Funders for Indigenous Peoples¹⁵

AEGN acknowledges the difficulties First Nations organisations experience in accessing philanthropy, along with the colonial history of many philanthropic funds.

A 2023 Churchill Fellowship examined various international models for connecting remote community organisations with philanthropic networks.¹⁶ Lourdes Inga, CEO of the International Funders for Indigenous Peoples, told the report's author that key characteristics of Indigenous Led Funds are that the funds:

1. are led by people from the region
2. include capacity building on the ground
3. have close proximity to the problems, so they know what's likely to solve them¹⁷

Johanson noted that many funders "want to exclusively support Indigenous Led Funds, as they deem these initiatives the most ethical and likely to create impact on the ground."

AEGN members recognise the potential of a dedicated national Aboriginal and Torres Strait Islander Philanthropic Foundation as recommended in the Draft Report. Some members have cautioned that the success of the Foundation will depend on overcoming difficulties experienced in other partnership attempts. They urged the Commission to consider the following issues in the design and operation of the First Nations Foundation:

- The Foundation would need to build trust with First Nations communities and operate in ways that reflect First Nations needs, rather than western models, which will require significant time and commitment of resources.

As the Productivity Commission itself has noted, while some past arrangements have succeeded in building trust, "others have done little to bridge mistrust (some exacerbated it) and most have fallen short of embedding shared decision-making in a sustained way."¹⁸

- Governance and representation at a national level can be difficult when decision-making structures and issues facing communities vary so widely across the country. Efforts will be needed to establish regional representation that is accepted locally and able to work nationally but be responsive to local needs.

Consistent with the Productivity Commission's Closing the Gap Review recommendations, the Foundation structure will need to recognise the authority of Foundation members to represent the perspectives and priorities of their communities, and design governance systems to reflect that.¹⁹ The Kataly Foundation's [Restorative Economies Fund](#) is a good example of a community-led funding model.

¹⁵ Quoted in Johanson, p 74

¹⁶ Johanson, I. (2023), *Effective Models Connecting Remote Community Led Initiatives to Philanthropic Networks*, Churchill Fellow 2019, report published April 2023. <https://www.churchilltrust.com.au/fellow/ingrid-johanson-nt-2019/>, p 90

¹⁷ Johanson, p 73

¹⁸ Productivity Commission (2024). *Review of the National Agreement on Closing the Gap: Study Report, Volume 1*, p 39

¹⁹ Productivity Commission, above pp 7-8

The [Karrkad Kanidji Trust](#) also plays an intermediary role in pooling funds for indigenous conservation and social justice initiatives, and any future Foundation should take account of their experience when designing governance arrangements.

- The initial endowment to the Foundation would need to be sufficient to allow the Foundation to operate and disperse funds for a significant period. Time and resources in the establishment phase should be dedicated to building trust and capacity, rather than seeking additional funds.
- It will also be important to build the capacity of First Nations community members to work in philanthropy. One AEGN member observed that a potential downside to a pooled foundation is that “skills and relationships to engage with the philanthropic community would remain centralised rather than distributed, contributing to the issue of a lack of funding access.”

Based on experience in other jurisdictions, Johanson recommended training to develop skills in governance, donor stewardship, communication and planning.²⁰ Equally, the Foundation could produce community-led resources for philanthropists on how best to approach and build relationships with remote communities.

- The Foundation should establish robust, culturally-appropriate governance arrangements, but be mindful that bureaucratic settings do not make it too onerous to engage with the Foundation. Working with existing infrastructure (such as land councils, Aboriginal community-controlled organisations and existing First Nations led funds) can reduce confusion, duplication, and unnecessary administration.
- Foundation resources should be dedicated to building relationships with specialised, independent local organisations, rather than prioritising larger national organisations. Johanson found that “grassroots, locally developed, thematic NGOs in Timor Leste were reported to be the most culturally appropriate, targeted and therefore effective.”²¹

A number of AEGN members currently funding First Nations organisations advised that they were likely to continue to fund those organisations directly, rather than through a Foundation. Others cautioned that a large, high-profile Foundation could give the impression that no further First Nations philanthropy was needed or absolve funders of the responsibility to consider the First Nations justice impacts of their entire giving strategy.

AEGN encourages the Commission to consider these and other factors described in Johanson’s report in developing final recommendations in relation to the proposed First Nations Foundation.

AEGN also agrees with the Productivity Commission²² that efforts to transfer power to First Nations people and communities must extend beyond Closing the Gap agreements and funding arrangements to initiatives to progress Truth, Treaty and Voice.

Ancillary funds

AEGN members use a variety of giving vehicles, tailored to their individual strategies. Some members report that ancillary funds are too restrictive and they’ve opted for giving vehicles that allow greater flexibility. Despite this, there has been a significant growth in the use of structured public and private ancillary funds over the past decade, with 42% of AEGN members now giving through PAFs and PuAFs.

²⁰ Johanson, pp 80-81, 88

²¹ Johanson, p 93

²² Productivity Commission (2024), Closing the Gap Review, p 7

Many members report that ancillary funds have been an important vehicle to manage family funds and structure their decision making. Doubling environmental giving will rely on encouraging more high wealth people to give, and ancillary funds are a useful vehicle to achieve that.

As noted in the Draft Report, most foundations that use ancillary funds structure their giving around the minimum 5% distribution rate, with few giving more than the mandated amount each year. This is consistent with the experience in other jurisdictions.²³

AEGN members support the proposal to average distributions over three years but have mixed views on the proposal to increase the minimum distribution rate. Some members strongly support increasing the rate, potentially up to 10%, consistent with the spend-down approach to reflect the urgency of environmental giving. Other members operate newer, smaller funds that are self-managed and still evolving their approach to giving. Some were concerned that mandating a higher distribution rate, particularly in the early years of the fund, would put the sustainability of their corpus at risk and apply too much pressure to disburse funds before they had developed a clear giving strategy. One described this as “scary”.

AEGN recommends that the Commission consider options to balance the need to unlock funds more quickly with the need to support emerging funds. This could include a lower distribution rate applied for the first few years that a fund operates, increasing capability amongst financial advisers, and developing resources and support services to increase the confidence of new funders.

Other comments

Climate, nature and First Nations lens on all giving

AEGN represents funders who are explicitly giving to environment and climate projects. The scale of giving in these areas must grow to meet the current crises.

Critically, climate change and declining environmental health are wicked problems that intersect and magnify every other environmental, social and economic issue. Many of the impacts of the climate crisis will be felt most acutely by marginalised communities most reliant on philanthropy. AEGN therefore believes that it is important for all funders and NGOs to think about how climate change and biodiversity loss will impact on their operations and how to build resilience in the communities that they serve.

Equally, all government funding and philanthropic funding strategies should have regard to the First Nations justice and gender equality. The Commission should work with the Not for Profit Blueprint Expert Reference Group to explore options to encourage all funders (and Giving Councils) to implement environment, gender and First Nations impact analysis.

Access to advice

In addition to measures to grow giving outlined earlier in this submission, AEGN supports the development of a range of targeted resources to help prospective environmental funders.²⁴

²³ Egan, p 23

²⁴ For example, AEGN's [Climate Lens](#) (developed with Philanthropy Australia), [Nature Funding Framework](#) and Effective Giving Guide (in publication). Groundswell Giving has recently released a climate philanthropy handbook, [It's Up to Us](#), targeted at new climate funders.

By 2040, an estimated \$2.6 trillion will be passed down in Australia.²⁵ This provides a real opportunity to grow environmental giving amongst medium and high wealth individuals and foundations, but doing so will rely on well-informed and progressive financial advisers and wealth managers. The financial advice sector should look at opportunities to upskill to be able to provide comprehensive advice to clients wanting to spend down, or otherwise use their capital to catalyse social change.

Peer learning will also be important. The [Just Transition Investment Community](#) and the [Just Economy Institute](#) are examples of forums allowing funders to align their investment and granting practices with just transition principles and help connect funders with communities in need.

²⁵ Mather, J. "Meet the ex-teacher giving his \$3m inheritance to climate charities", *Australian Financial Review*, 19 January 2024

APPENDIX ONE

About the AEGN

The Australian Environmental Grantmakers Network (AEGN) is Australia's premier network for philanthropists, philanthropic foundations and other giving vehicles funding in climate change and environmental protection. Established in 2008 we are an independent, trusted, member-based organisation of nearly 200 philanthropists. Our mission is to drive a rapid step change in effective giving to climate and environment by providing trusted connections and information, tailored to our diverse members, to maximise the impact of their giving. This includes developing funding tools and frameworks to help inform effective giving.

Our latest [organisational strategy](#) outlines a goal to quadruple giving to the environment by 2030, delivering \$2.5 billion to environmental charities, in recognition of the immense funding gap for environmental protection and restoration, and action to secure a safe climate. In financial year 2022 our members gave more than \$137 million to climate change and environmental protection and our membership has a collective corpus of more than \$3.6 billion.