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SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY INTO PHILANTHROPY

We are pleased to make the following submission regarding a current barrier to philanthropic giving.

My wife and I are donors to the National Library of Australia and are considering making additional cash donations to the Library, both during our lifetimes and as bequests in our wills. Our strong preference concerning such gifts is that these donations be placed not in bank accounts but invested in managed growth funds from which the principal is retained in the funds and only the dividends are used in support of the collection of books, manuscripts and music we have already donated and are continuing to donate to the Library.

While the National Library and other national cultural institutions are now permitted by legislation to invest donated funds in a range of investment vehicles, subject to the approval of their governing bodies, they have, for the most part, not yet pursued this option. Among the factors influencing a decision to invest donations in managed growth funds would be a cost/benefit analysis of the likely financial impact of appropriately managing such investments.

As the Productivity Commission will be aware, although markets rise and fall, history has shown that, over time, carefully chosen managed funds provide greater returns than bank term deposits, particularly in inflationary environments. That is why the Future Fund and overseas sovereign wealth funds invest most of their assets elsewhere than in bank deposits.

We suggest, as a proposed reform, that the Government establish a central agency in which cash donations to national cultural institutions can be managed without placing a high financial burden upon the individual institutions. We suggest further that the Commission consider whether the proposed agency could manage cash donations not only to government institutions but also to recognised Australian private charities. We believe that this reform would encourage charitable giving as it would give donors greater value for their donations. If feasible, the proposed agency could be managed by the Future Fund.

Michael Kassler
Managing Director