

## Review of Philanthropy

5 May 2023

The Australian Technology Network of Universities (ATN) welcomes the opportunity to provide a submission to the Productivity Commission on the Review of Philanthropy.

ATN is the peak body representing Australia's six most innovative and enterprising universities: Curtin University, Deakin University, RMIT University, The University of Newcastle, University of South Australia, and University of Technology Sydney. Each of our members cultivate connections among the alumni and affiliates of our universities.

Universities are at the centre of teaching, learning, research and innovation which is sustained and enhanced by individual university's philanthropic endeavours which cultivates and enhances the wider community. Universities are also pillars of their local communities, serving as hubs and anchors for wider engagement reaching far beyond university students and staff.

Higher education institutions could be considered as already quite successful in the philanthropic environment with the [CASE Support of Education Survey, Australia and New Zealand 2022](#) report showing new funds secured and cash income received totalled \$792 million in Australia.

However, much of this is concentrated at already financially well supported institutions. At last measure in 2018, 73 per cent of donations to Australian universities were directed to five universities. Beyond these five, the rest of Australia's universities each received an average of less than one per cent of the remaining funds. There is more to be done to ensure that donations go where they are needed the most and will have the greatest impact.

ATN supports the Federal Government and Productivity Commission's initiative to understand the present landscape of how modern-day philanthropy is taking place. The aim of this inquiry should be to identify how government can support the advancement of this sector and contribute to the effectiveness of this segment beyond industry regulations and reporting to a position of collaboration and best practice storytelling.

### Recommendations

To advance philanthropy within the university sector and more generally, the Government should:

1. Promote public trust and confidence in the philanthropy sector
2. Standardise clearer reporting to assist donors and charities
3. Encourage philanthropy through taxation simplification
4. Law reform to improve the adoption and use of charitable trusts
5. Increase access and incentivises for transparency for Private Ancillary Funds (PAFs)
6. Highlight the impact philanthropy delivers to communities
7. Incorporate the successes of proven case studies from around the globe

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## Recommendations

### **Recommendation 1: Promote public trust and confidence in the philanthropy sector**

Philanthropy is a sector that requires individuals to obtain speciality training to understand and thrive in this industry. Currently Australia does not have the requisite volume of individuals with the relevant fundraising capabilities. This has increased the demand for more individuals to undertake niche training and hold transferable qualifications when orchestrating donations.

Creating an accreditation environment would ensure professionals not only adhere to philanthropic standards but demonstrate best practice when distributing contributions. We would encourage the consideration of the inclusion of professional fundraisers on the skill shortage list to encourage greater ease of migration.

Utilising the internationally recognised Certified Fund Raising Executive (CFRE) certification to establish a centralised accreditation benchmark would expedite the onboarding of best practices by trusted financial advisers. Engaging with existing providers such as the Fundraising Institute Australia's (FIA) would further streamline the adoption of this recommendation.

### **Recommendation 2: Standardise clearer reporting to assist donors and charities**

Due to the nature of philanthropic practice, integrity and transparency are key pillars in advancing organisations initiatives. Participants in this industry must reconcile many streams of reporting responsibilities. These obligations are labour intensive and require customisation of reporting for each entity. Creating a system of standardised reporting would allow for individual organisation's resources to be allocated towards philanthropic programs while maintaining clarity and consistency in their reporting procedures. Philanthropic accountability would be further supported through an increase in data quality and retention, however Australian privacy laws may assist in restricting access to donors' information.

This review includes the remit to "Identify opportunities to increase philanthropic giving and the extent of their potential impact, including ... The potential to increase philanthropy by enhancing the effectiveness and efficiency of the use of donations." Exploring reporting options for Australian Charities and Not-for-profits Commission (ACNC) registered organisations should yield comparable reporting standards that would enable greater transparency of philanthropic funds including the percentage of philanthropic income given to individual causes directly versus operational costs such as marketing.

The inequity of giving within Australian universities was identified in 2018. Noting that there can be a perception of donations being given to certain universities because their research is of a greater standard – [a Canberra Times article](#) noted:

*“The huge concentration of donations revenue among the big five is not simply a function of doing better research. By comparing the level of variation in the distribution of donations revenue and academic rankings, it is clear the concentration of revenue is not explained only by research results.*

*Universities outside the big five also produce outstanding, world-class research, yet receive a very small proportion of donation revenue.*

*Curtin University, ranked ninth in Australia in the Academic Ranking of World Universities (ARWU) receives 0.6% of university donations. Deakin University and James Cook University both ranked 10-15th in Australia, receive 0.34% and 0.54% respectively. Flinders University, ranked in the top 500 globally and with more than 100,000 alumni, receives 0.22% of university donations.”*

Government communication initiatives may educate potential donors about where research is occurring to enable those interested in a particular cause to be directed to world-class programs and have confidence in the potential impact of their donations.

### **Recommendation 3: Encourage philanthropy through taxation simplification**

The complexities around taxation reporting continue to be a barrier for personal participation. Understanding the intersectionality between cultural and economic priorities of donors would enhance the level of contribution made by the individuals while benefiting the societal priorities of the taxation system.

Exploring options to reduce contribution barriers and enable tax deductables for overseas individuals and organisations would foster essential growth in the sector. Whilst we acknowledge this is an exceptionally complex area to consider, we believe it will give rise to a greater level of giving both from expatriates and those who have an affinity to an organisation or cause based in Australia.

An example of aligning taxation benefits with cultural priorities is the establishment of the Film Finance Corporation Australia (FFC) for the Australian film industry by the Hawke Government in 1988. This allowed individuals to apply a tax deduction for their contributions to support the government’s initiative to boost the Australian film industry.

Refining governance requirements and taxation implications should be in consultation with the Australian Charities and Not-for-profits Commission (ACNC).

#### **Recommendation 4: Law reform to improve the adoption and use of charitable trusts**

Guidance for individuals on the complexity of establishing and changing charitable trusts would remove challenging obstacles including the formation of trusts as well as financing the original intention of the trust to honour the wishes of the donor. This would mitigate exuberant labour costs and reduce the reputational risks acquired by philanthropic organisations when applying changes to trusts to fit existing conditions.

Law reform is required to address challenges with charitable trusts due to complications with amending the terms of historical trusts even if the trust is no longer able to distribute the funds according to its terms. In particular, there should be consideration of the purpose of the trust and the ability to execute this in perpetuity when considering the impact of societal and technological changes. Addressing law reform to streamline the process would make philanthropy accessible to segments of the population who would otherwise not consider donating to an initiative that aligns with their values.

#### **Recommendation 5: Increase access and incentivises for transparency for Private Ancillary Funds (PAFs)**

Increasing charities' access to Private Ancillary Funds (PAFs) would enhance the authentic purpose of individual donations. Incentivising PAFs to participate in a voluntary act of transparency via a portal would increase charities' ability to attract funds, allow precise donation options for PAFs and prevent funds from being directed towards individual passion projects which may not deliver proper societal need benefits. Increased transparency will elevate the equity of charity funding, particularly relating to philanthropic research funding.

#### **Recommendation 6: Highlight the impact philanthropy delivers to communities**

Understanding the culture of philanthropic contributors will ensure the formation of donorship agreements contain accurate details to guarantee funds are allocated correctly. Developing practices to assist in addressing cultural priorities will ensure impactful contributions for the communities that need it most. Equity remains an important consideration when surveying generous contributions.

Given there is a current movement towards the funding of collective efforts, the Government could play an enabling role to connect philanthropic entities to bolster capability to submit high value proposals. One such example would be that more than 20 philanthropists have pledged \$17 million to support the campaign for an Indigenous Voice to Parliament.

## **Recommendation 7: Incorporate the successes of proven case studies from around the globe**

All countries have different cultures around giving, including different tax regimes and different higher education systems. Learning from other countries and to contextualise the Australian environment in a holistic and robust sense via designing the levers that would work best for Australia would avoid future policy failures.

Developing a series of successful case studies would strengthen future development initiatives within Australia's philanthropic industry. Case studies may consist of both financial and non-financial (gifts-in-kind and volunteerism) contributions. Incorporating statistics from wealthy management funds' annual reports would strengthen the advocacy of these case studies.

Understanding the philanthropic drivers in other countries and cultures would also assist in developing an Australian value proposition for donors. For example:

- Tax benefits (e.g. minimising estate tax)
- Personal pride and community standing
- Pride in university alma mater or other organisations
- Desire to make a difference.

The United Kingdom established a UK Aid Match which incorporated that for every £1 donated by an individual to a UK Aid Match charity appeal, the government contributed £1 of UK aid.

## **ATN Case Studies: Philanthropic Achievements**

### **Deakin University**

In late 2022, Deakin University announced a landmark donation of \$6.1 million to establish a centre and endowed scholarship scheme to provide greater equity for access to medical education, supporting students from marginalised communities and eventually, in-turn, those communities. This donation was the result of several months of conversation with the donor and medical academic leaders. Originally imagined as a means to honour the memory of his late son, the donor's idea was expanded thanks to the recommendations and strategic vision of academic leaders. This donation was a genuine partnership, aimed at solving systemic problems that continues in regular conversation.

### **The University of Newcastle**

The University of Newcastle has been fortunate to see significant growth in philanthropic support over the past 8 years. The University has a history of receiving support from its community, however, historically that support had been largely focused on smaller scholarships and prizes through the generosity of the local community.

Through a focused approach on engaging across the region and beyond, sharing the impact of philanthropy throughout the University's history through storytelling and ensuring a professional and strategic approach was taken to philanthropic engagement, the University has grown its philanthropic support from a small base to more than \$21 Million being received in philanthropic support and more than \$27 Million in new pledges and gifts confirmed in 2022.

Since 2017, the University has been fortunate to receive generous philanthropic support for many research initiatives, scholarships, and community programs. These include several large philanthropic commitments such as:

- US\$20 Million philanthropic commitment from the Jack Ma Foundation in 2017 to establish the Ma & Morley Scholarship Program
- Establishment of the Mark Hughes Foundation Centre for Brain Cancer Research recognising a \$15M philanthropic investment by the Mark Hughes Foundation
- \$5.6M from an anonymous donor to accelerate research into an early detection test for Ovarian Cancer, the first donation to the University where philanthropy will seed fund aspirations for commercial health innovation outcomes

Importantly, this wonderful generosity has had a significant impact in our community, in 2022 more than 400 students received scholarship as a result of philanthropic support, many of those students facing significant educational disadvantage to access higher educations. More than \$16 Million in philanthropic support was received for research in 2022 alone.

## **The University of Newcastle and the March Hughes Foundation**

In 2021, the University of Newcastle was proud to announce a \$7.5 million philanthropic commitment from the Mark Hughes Foundation to support brain cancer research, education and health care improvements at a national scale, led by the establishment of the Mark Hughes Foundation Chair in Brain Cancer. Mr Hughes is a former Newcastle Knights NRL premiership player and respected business and community leader, having initiated the Mark Hughes Foundation in 2013 after his own brain cancer diagnosis.

Then in 2022 a further commitment of an additional \$7.5M in philanthropic support was announced bringing the Mark Hughes Foundation's philanthropic commitment to the University to \$15 million over five years, enabling the establishment of the Mark Hughes Foundation Centre for Brain Cancer Research at the University of Newcastle.

The funding received from the Mark Hughes Foundation for brain cancer research is not held as a Charitable Trust, the donation and relationship is governed by an MOU and gift acceptance letter and the University can apply the gift to the wide intent of finding a cure and improved treatment for patients with Brain Cancer. This generous philanthropic gift is now not only having a significant impact Nationally but has enable the University to leverage the support for further philanthropic funds for Brain Cancer research.

## **University of South Australia and the Cowan Trust**

In 1994, Bob Cowan OAM helped his mother Marnie Cowan set up the Cowan Grant Charitable Trust with a bequest of \$500,000 following the death of her husband Bill Cowan. The Cowan Family has since managed the Trust in memory of Bob's parents, to help disadvantaged students access higher education through a series of scholarship and grant initiatives. Working with more than 12 organisations, the Trust has distributed over \$3 million in scholarships and grants to more than 1,500 students Australia-wide through the Cowan Grant program. Since 2005, the University of South Australia has been a major beneficiary of the Cowan Grant and almost \$800,000 has been donated to UniSA since that time. In 2023, 25 worthy UniSA students will receive valuable financial support from six scholarship initiatives.

The Cowan's financial support of higher education students falls into two main areas:

- Financial support to meet study costs - scholarship opportunities are available via Cowan Grant to support disadvantaged students with the financial burden of studying at tertiary level. This is a particularly vital support for students from rural and remote areas who often struggle to complete their studies when they must travel vast distances to their chosen education provider. A Cowan Ability Grant is also allocated via UniSA to assist students with the additional financial barriers posed by a disability or health obstruction.
- Opportunities for travel and international experience – the Cowan Family are firm believers in the benefits of travel and undertaking challenging opportunities to foster personal and professional growth. Through a series of scholarships, students can access funds to undertake international placements to further develop their skills and share their knowledge. Each year, Cowan Grant also funds a voyage for a UniSA student to sail the Young Endeavour (Australia's sail training flagship operated by the Royal Australian Navy).

In the last decade, the Trust has partnered with five education providers to deliver their philanthropic ambitions:

- University of South Australia
- University of Adelaide
- James Cook University
- Kathleen Lumley College
- St. Mark's College

### **University of South Australia and the NeuroSurgical Research Foundation**

UniSA has worked in partnership with the NeuroSurgical Research Foundation (NRF) over many years, a relationship forged through the shared purpose to improve treatments for aggressive brain cancers.

Since 2016 the NeuroSurgical Research Foundation (NRF) has given more than \$2.2 million to help UniSA researchers investigate the causes, management, and treatment of often fatal brain tumours. This includes a \$1,000,000 gift to support the Chair of Brain Tumour Research at UniSA.

This relationship that UniSA shares with the NRF has been deliberately structured to help achieve the mission of both organisations. The NRF works directly with families, raises awareness through sharing their personal stories, and engages in community fundraising to raise much needed funds. In a truly collaborative partnership, UniSA and the NRF have worked together to create in memoriam scholarships and host fundraising and donor stewardship events. While this partnership directly boosts capacity in South Australia by connecting researchers and clinicians, investing in vital equipment, and enabling innovative research into much needed treatments, its outcomes have found impact around the world.

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