



15 June 2023

Review of Philanthropy  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2601

Dear Productivity Commission

Minderoo Foundation welcomes the Productivity Commission call for submissions as part of the Review of Philanthropy (the "Review") and is pleased to have the opportunity to respond.

### **Overarching remarks**

Minderoo Foundation firmly believes that Australia's national philanthropic giving must increase. The Review has come at an opportune time to remove the barriers standing in the way of greater charitable endeavours and to introduce the reforms necessary to unlock the potential of the sector.

No one group can address all the issues facing Australia. Philanthropy has a unique role to play in social innovations, strengthening local communities and building social capital.

Minderoo Foundation sees its role as a convenor, collaborator, supporter, investor and partner, working with business, government and philanthropy to advocate for the importance and impact of giving on society.

We are broadly supportive of the views of Philanthropy Australia, as set out in its submission. In our response we have highlighted the areas that are of greatest interest to us and those that we believe are the most critical to be considered as part of the Review.

We see five key opportunities to bolster philanthropy in Australia:

1. Creating a policy environment that fosters giving
2. Creating a national culture of giving
3. Convening
4. Whole of sector data
5. Effective evaluation

Our submission (attached) provides more detail on how we think philanthropic giving can be improved.

We look forward to following the progress of the Commission's work and to participating in future consultation.

Yours Sincerely

John Hartman  
CEO Minderoo Foundation



This submission provides a brief background on Minderoo Foundation and responds to requests for specific information outlined in the Review.

## ABOUT MINDEROO FOUNDATION

Minderoo Foundation is a proud and modern Australian philanthropic organisation.

Founded in 2001, we have more than 20 years experience tackling tough, persistent issues with the potential to drive massive change.

As one of Australasia's largest philanthropies, we have a proven track record of achieving outcomes and the capacity to support key issues directly and in partnership with others.

We both support and fund early-stage innovation, develop major programs on the ground in communities and advocate for change at domestic and international policy forums.

We are always looking to leverage relationships, collaboration, new ideas and existing resources to achieve impact, rather than just spending more.

Our focus areas range from building deep place-based partnerships with communities, improving early childhood education, ending modern slavery, eradicating cancer, collaborating on world-class marine research, reducing the impact of plastic on human health and the environment and supporting a vibrant arts and cultural sector.

Everything we do is driven by a deep care for people and our planet and a mission to improve the world for future generations.

## RESPONSES

Based on our experience in the sector, we believe the following areas would significantly benefit the growth and effectiveness of giving in Australia.

### 1. **Creating a policy environment that fosters giving**

Reform is required to create an optimal environment for change.

Minderoo Foundation is supportive of the recommendations for reform outlined by Philanthropy Australia in its submission under the same heading.

The following areas are of specific interest to Minderoo Foundation:

*1.2 Review of the DGR framework* to remove inequities and anomalies and consider extending DGR to all registered charities. There is no clear policy rationale for retaining the existing DGR rules. If you're doing charitable work, you should be DGR.

For example, the rule that makes a charity that relieves poverty or distress eligible for DGR status, but not a charity that prevents poverty or distress. Or the rule that requires a charity that is eligible under multiple DGR categories to establish and operate multiple entities before it can undertake



charitable activities in each category. The ability to subsume all activities into one single DGR would maximise the charity's impact, while reducing administrative and compliance burdens and their associated costs.

Enabling all registered charities to access DGR status will also drive giving rates, better aligning Australia with other jurisdictions such as the UK, the US and New Zealand, where giving as a percentage of GDP is higher.

*1.4 Enhancing the effectiveness of Ancillary Funds* by allowing ancillary funds to distribute to other ancillary funds. This has the potential to improve the efficiency, quality and impact of giving through these types of funds. This reform would be revenue neutral because ancillary funds can already receive tax deductible gifts.

*1.7 Encouraging alternative giving options* which remove impediments to giving. There is an imperative to address barriers to giving and to ensure those who do give aren't penalised for their generosity. We need to look to the successes of other jurisdictions such as the UK and Canada and challenge Australia to be more innovative. A simple law change could significantly increase giving of property assets (e.g. listed company shares and land assets). An exemption from capital gains tax (CGT) will create a strong incentive for Australians to increase the donation of property assets to charities providing a long-term source of annuity income, as well as capital appreciation which can underpin the long-term financial viability of Australian charities.

Improving Australia's tax rules regarding philanthropic giving and bringing them into line with comparable countries around the world, will play a big part in achieving the objective of doubling philanthropic giving by 2030.

*1.8 Enabling the growth of social impact investing* by creating the necessary architecture and conditions to underpin the market. This should include educating the market and demonstrating the benefit of utilising the full spectrum of impact investing options from concessionary, blended, patient and first loss capital, to commercial investing that drives tangible impact.

## **2 Creating a national culture of giving**

To shift behaviours and inspire more frequent giving practices, there should be greater engagement with individuals, families, government, philanthropy, charities and businesses. This should go beyond incentives alone and explore complementary campaigns and initiatives that engage Australian's heart and minds.

The scope of the Commission's inquiry should include a review of other jurisdictions that have developed more successful public strategies to increase giving across the philanthropic, not-for-profit and business sectors.

## **3. Convening**

There is a significant opportunity for government to convene business philanthropy and civil society to address social issues. In its role as convener, government can ensure the right people are at the table, reflecting the diversity of Australian society to create genuine opportunities for cooperation and the delivery of systemic change.



#### **4. Whole of sector data**

The absence of complete, sector-wide data is inhibiting the ability to make evidence-based decisions and effective policy changes. Together, the ACNC and ATO have years of data which present an opportunity for enhanced analysis and data sharing. Critical data gaps include: detailed donor information, consistent tracking of donation amounts and purposes, longitudinal donation patterns, impact measurement data, and standardised financial reporting across organisations.

The limited ability of donors to assess and evaluate the impact of charities is also a barrier to giving.

Reforms that would enhance the data landscape of the philanthropic sector include: the creation of a federated data repository alongside principles of data sovereignty, implementation of data collection and reporting standards, incentives to encourage data reporting compliance, data privacy and protection measures, initiatives to promote data literacy within non-profit organisations and fostering an open data culture to encourage data sharing and collaboration.

#### **5. Effective evaluation**

Evaluation generates insights and learnings that are critical to sector innovation. For many organisations and agencies, the data, resources and infrastructure to evaluate well are unattainable in the current paradigm. Reforms that would improve the quality and extent of evaluation include:

- Initiatives to support evaluation capability development across all sectors
- Unlocking government administrative data for evaluation e.g. UK Data Labs model
- Incentives to promote collaboration in evaluation across all sectors
- Initiatives to promote radical transparency in evaluation findings and learnings