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PRODUCTIVITY COMMISSION

PHILANTHROPY INQUIRY

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DR A. ROBSON: All right. We'll get started. So thank you, everybody, for coming this morning, good morning. And welcome to these public hearings online following the release of our philanthropy inquiry draft report. My name is Dr Alex Robson, I'm the **DR ROBSON** of the Productivity Commission and the presiding Commissioner on this inquiry. I'm joined by Commissioner Julie Abramson and Associate Commissioner Krystian Seibert today.

Before we begin today's proceedings, I'd like to begin by acknowledging the Traditional Custodians of the lands on which we are meeting and pay my respects to Elders past and present.

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. We apply robust transparent analysis, and we adopt a community-wide perspective. Our independence is underpinned by the Productivity Commission Act of 1998, and our processes and outputs are open to public scrutiny and are driven by concern for the well-being of the community as a whole.

The purpose of this public hearing is to facilitate comments and feedback on the draft Productivity Commission report, 'Future Foundations for Giving.' In this report, the Commission concluded that there can be good reasons for governments to support all forms of giving money, time and lending a voice. In addition to supporting the provision of goods and services valued by the community, giving, particularly volunteering can contribute to social capital. The Commission has identified practical changes that would promote giving and benefit the Australian community. We are seeking feedback on those proposals.

The Commission also notes, however, that all government support ultimately derives from taxpayers, and that there is no such thing as a free lunch, including when it comes to policy options for supporting philanthropy. All policy choices involve trade-offs, benefits and costs. Our interest is in understanding what those trade-offs look like and how to improve the terms of those trade-offs, noting that our community-wide perspective means that we are focused on making recommendations that maximise the welfare of the Australian community as a whole.

The draft report focuses on three main areas which are designed to establish firm foundations for the future of philanthropy so that the benefits of giving can be realised across Australia. The three main areas of reform are, first, deductible gift recipient would be DGR reform, refocusing which charities can receive tax-deductible donations to help donors direct support to where there is likely to be the greatest benefit to the community as a whole. Second, regulation, bolstering the regulatory system by enhancing the ACNC's powers and creating regulatory architecture to improve coordination and information sharing among regulators. And third and finally, information, improving public information on charities and giving to support donor choice and accountability.

The Commission's draft report did not recommend removing the charitable status of any entity, or any class of entities. On the first reform area, the Commission found that the current DGR system lacks a coherent policy underpinning, and it sought to address this by developing a principles-based framework for DGR eligibility that focuses on charitable activities rather than entities.

The three principles are as follows, there is a rationale for Australian Government support because the activity has net community-wide benefits and would otherwise be undersupplied. Second, there are net benefits from providing Australian Government support for the activity through subsidising philanthropy specifically. And third, there is unlikely to be a close nexus

between donors and beneficiaries, such as the material risk of substitution between fees and donations. The Commission then applied these three principles to determine which charitable activities would maintain the same DGR status and for which activities there would be a change.

Overall, we estimate that between 5,000 to 15,000 more charities would have access to tax-deductible donations under the proposed reforms. About 5,000 charities, mainly school building funds and charities that provide religious education in government schools would have DGR status withdrawn.

Initial responses to the draft report have predominantly focused on reforms to the DGR system, the Commission has received a high volume of feedback centred around entities that will have their DGR status withdrawn. There's also been support for broadening eligibility for DGR status, including those engaged in advocacy and prevention activities. The Commission's draft recommendation on school building funds would apply equally to government, non-government, secular and religious education providers. While there are sound reasons for government to support the provision of school infrastructure, the Commission's preliminary view in the draft report is that providing tax deductions for donations for school buildings is unlikely to be the best way to direct support to where it is needed most.

Submissions have also focused on the Commission's recommendation that the status quo be maintained for entities whose sole charitable purpose is advancing religion. Currently, these entities do not have access to DGR status.

The Commission recognises that religious organisations play an important and valued role in the lives of many Australians. Religious faith and values can and do provide inspiration for donating, and for undertaking a range of charitable activities that benefit the community. The contribution that such activities make in the community is one reason why they were already able to access some tax concessions associated with their status as charities, such as an income tax exemption. The Commission has not recommended any changes to these other tax concessions.

However, the Commission did not find a strong policy rationale in terms of additional community benefits for changing the status quo and expanding DGR to charities with the sole purpose of advancing religion. On the other hand, some charities within the advancing religion subtype already undertake additional separate charitable activities, such as advancing social and public welfare. Under the proposed reforms, which would expand the scope of DGR, these entities could gain DGR status for these other separate activities. There are also charities with a religious ethos currently endorsed as DGRs, such as public benevolent institutions working to address disadvantage, they would continue to be eligible.

We welcome further feedback on the proposed reforms to the DGR system at today's hearing, and in submissions. In particular, we welcome feedback on the principles, how they've been applied and the likely impacts of the reforms and the benefits and costs of alternative proposals. The second group of reforms is around strengthening the regulatory framework to enhance the ACNC's powers and improve the regulatory architecture. This is important given the trust and confidence in charities underpins philanthropic giving. And the Commission has made various proposals to enhance the regulatory framework.

We propose the establishment of a national charities regulators forum, underpinned by an intergovernmental agreement to build formal regulatory architecture to help regulators in the Commonwealth and states and territories prevent and manage regulatory issues, coordinate joint

responses to misconduct concerns and improve information sharing. The proposals also seek to ensure that all charities are subject to consistent regulation by the ACNC based on their size and some incremental changes to the ACNC's powers are also put forward.

The final of three reform areas is to improve public information and enhance access to philanthropy, including for Aboriginal and Torres Strait Islander people and organisations. We've identified that government sources of public information about charities do not promote informed donor decisions and public accountability as well as they could. The draft report includes recommendations to enhance the utility of data that the government provides about charities giving and volunteering. It also recommends that disclosure and reporting of corporate giving and charitable requests be improved.

We've also heard some Aboriginal and Torres Strait Islander communities are furthering their own goals through partnerships with philanthropy. At the same time, we also heard that the approaches of some philanthropic funders may not align with the aspirations, priorities and needs of some Aboriginal and Torres Strait Islander communities and that there are opportunities to enhance access to philanthropic networks. In response, we propose that the Australian Government support the establishment of an independent philanthropic foundation designed and controlled by Aboriginal and Torres Strait Islander people. The foundation would focus on strengthening the capacity of Aboriginal and Torres Strait Islander communities to build partnerships with philanthropic and volunteering networks.

Overall, the Commission's draft recommendations would establish firm foundations for the future of philanthropy, so that the benefits of giving can continue to be realised across Australia. We're grateful to all the organisations and people that have taken the time to prepare submissions and to appear at these hearings.

As of 9 February, the Commission has received over 1,200 final submissions and over 1,400 brief comments since the draft report. This is the fifth public hearing for this inquiry, we will then be working towards completing a final report due to the Australian Government in May, having considered all the evidence presented at the hearings and in submissions, as well as other discussions.

Participants and those who have registered their interest in the inquiry will be advised at the final report's release by Government, which may be up to 25 parliamentary sitting days after completion. We like to conduct all hearings in a reasonably informal manner, but I would like to remind participants that there are clear structures in our legislation for how these hearings are legally backed and a full transcript is being taken. For this reason, comments from the floor cannot be taken. But at the end of the day's proceedings, I will provide an opportunity for anyone who wishes to do so make a brief comment or presentation at the table here.

The transcript taken today will be made available to participants and it will be available on the Commission's website following these hearings. Submissions are also available on the website.

Participants are not required to take an oath but are required under the Productivity Commission Act to be truthful in their remarks. Participants are welcome to comment on the issues raised in other submissions, I also ask participants to ensure that their remarks are not defamatory to other parties. Participants are invited to make some opening remarks of no more than five minutes, if you can keep it to that, keeping the opening remarks brief will allow us the opportunity to discuss matters in participant submissions in greater detail.

So I'd now like to welcome Philanthropy Australia. Could you, please, state your name and organisation for the record, and then happy to hear an opening statement, and then we'll get into questions. Thank you for coming.

MR ROSEVEAR: No worries. Thank you. It's Sam Rosevear, I'm the executive director of policy government relations and research at Philanthropy of Australia. And I'd heard I had I had up to 10 minutes to talk.

DR ROBSON: That's fine. That's okay.

MS J. ABRAMSON: That's fine.

DR ROBSON: That's fine. 10 minutes is fine.

MR S. ROSEVEAR: I'll try to whip through it. I just want to start on a note of great appreciation to each of you, to Alex and Krystian and Julie, Frances and the team. We certainly couldn't complain of a lack of access. You've been prepared to talk with us and you've engaged right across multiple sectors to come to views and the way you've conducted the inquiry is absolutely exemplary. And I hope you know I and we have the highest regard and respect for the Productivity Commission as an institution, a force for overwhelming good in Australian society. All my comments today are about how we want the final report to be better, but I hope in all of that you don't lose sight of what I've just said, which is a main thing.

And today I want to talk a little – mainly as a policy person, but I also do want to reflect the views of our 800 members. I've had big sessions with them, with well over 100 people, I've had dozens of conversations and I just want to represent their views and some of their feelings, probably, to you today.

I've got five framework points, and I've got seven recommendations. So to my five framework points, we agree there's no free lunch, you know, it's got to be community-wide welfare. You can't just lift giving and impose big taxes and all sorts of costs that leaves a net detriment. Absolutely with you on that.

Probably the biggest thing we'd like to see is a suite of practical high-impact options for the Government to lift giving in the final report, and to try to achieve a step change increase in the culture and practice of giving in Australia. Our view of the terms of reference were that the primary purpose was the government saying we want to turbocharge giving, we want to fundamentally shift giving and volunteering in society. And we've got a double-giving pledge, and we want you to give us options and a roadmap to achieve it.

And we see Dr Leigh's double-giving commitment, it's a lightning rod, it's not just a numerical commitment, it's a person saying, 'We want a step change increase here. We want to make an enormous difference.' And his view was informed by the fact that there's so much upside, you know, we've got so much wealth in the country, 2.6 trillion passing between generations, over 20 years the top 200, 563 billion in 2023 up from 209 billion in 2016, more than – around about 21,000 ultra-high net worth individuals in Australia. So much capacity to give, but why is it that we lag international partners when 0.8 per cent of GDP in giving versus 1.84 in New Zealand, 2.1 in the United States? Why is it that so few of our wealthiest citizens give compared to other countries? Why is it that giving is plummeting across the population from a high of 38 per cent to 29 per cent? And as Dr Leigh showed in reconnected, social capital and community

participation is plummeting in our society and our policy environment is not as favourable as in other countries.

So coupled with the fact that we think giving and the work of charities helps millions, you know, it's people escaping domestic violence, it's people who are homeless getting another start in life, it's helping create climate change, it's creating more gender equity and on and on we go. It's so important and so powerful. So we were looking for transformational change and what we've got in the draft report is, by the Commission's own reckoning, reforms that will do very little to lift giving. And so the biggest reform is the DGR where the Commission says, 'The reforms are only likely to make a small addition to overall giving.' And if there's one area of real disjuncture between - - -

MS ABRAMSON: Excuse me one moment, sir. Could you speak up slightly? With the air-conditioning and the age of the Commissioner, I'm having real trouble hearing you.

MR ROSEVEAR: Okay. I'm old too, so it's loud in my ears, it's just probably not allowed out there.

MS ABRAMSON: Thank you.

DR ROBSON: Thank you. Keep going.

MS ABRAMSON: Thank you.

MR ROSEVEAR: Okay. I think people were expecting to see a large volume of chapters with what are we going to do about community foundations? Here is a plan to radically expand them, here's the reasons why that's a wonderful idea, here's the reason why there's some costs and risks, and on balance we've come to this, ditto living legacy trust, ditto nudging the tax return, ditto super, ditto a plan full of data, ditto for a comprehensive plan to strengthen the charity sector.

The PC notes culture is a critical factor driving national giving, there are no plans here to shift our culture. It would leave us, this report, without a comprehensive source of data on giving and volunteering in society to inform policy and the work of philanthropy and charity, it would leave us without governance arrangements to work between government and philanthropy to drive social impact. And when we read in the report sentences such as, 'Keeping the status quo,' is also an option available to government and is likely that giving would continue to grow under the status quo, people start to genuinely panic and think, 'My gosh,' you know, from the perspective of the sector, if I'm to channel those hundreds of peoples they would say, 'We've waited decades for this opportunity and we think this is an enormous chance to massively improve society through more giving to charity. And we really want the final report to seize the moment and give the government lots of options.'

I laboured point number two. I'll go quicker now. Point number three is focus on where you can get the biggest bang for your buck in giving in ways that also are consistent with community welfare. And the two that stand out, like a beacon above everything else, and I'm pleased to say for you and for your own mental well-being, that this is probably the last time I'll mention the words, 'Super bequest,' but if we're in the situation where trillions, possibly more than \$10 trillion will pass at death this century, a tiny fraction of that gets you to hundreds of billions of dollars in increased giving at no revenue cost. And, you know, I'm tempted to stand up and walk out in the middle, but surely this is – surely this is a compelling reform.

The second one is a nudge in the tax return, it stands out like a beacon. Giving \$30 billion back every year, if we got 1 per cent of it, you might get around – if you 3 per cent, you might get a billion. If it really caught on, you got 10 per cent or more, you're taking 3 billion, 5 billion a year, 50 billion a decade, hundreds of billions over the course of the 21st century. So we think those really deserve a lot of attention, and if you were to not recommend them, the costs and the risks would have to be disastrous. If we've got 300 billion that we can get, you know, to not do that reform, things would have to be egregiously bad on the other side.

So in the final report, our first point, we'd love you to further identify, develop and report the yes case for reform. So in the report, if you look at the nudge in the tax return or super bequests, that yes case is underdeveloped or – close to absent, risks are extensively mentioned but not mitigated and we'd like to see that change in the final report.

And finally, fifth point is, you've mentioned that framework is the tax concern regulation and information, I think that's too narrow to capture all the important aspects of giving. And the two that I'd really focus on is culture, so institutional economic, your report says, 'Culture is a huge a driver of giving,' but there's no – nothing in there on that. Government and economics frequently recommend large-scale government activity to influence culture. We push for greater gender equity in our welfare to work and our workplace relations, we say to people, 'Go out and work if you want to get' – we foster the culture in the arts, we foster healthy living and a range of social goods, we say you're not going to discriminate on a range of bases, et cetera, et cetera. So culture is a legitimate area of inquiry and behavioural economics. So it's proven that nudges and prompts can work to lift giving and we'd like to see more of that.

I better go quicker than I've gone so far to say our seven recommended policy changes. One, super bequests, we think that should be recommended, but the Government should say, 'We want – we commit to this, but only after we speak to the industry because they will inform us about those difficult implementation challenges.' And you don't want to – I think the Commission is absolutely right, there are challenges there, and they need to be addressed. And there's material in there.

The reason we think – the reason we commissioned Impact Economics to come up with their report saying, 'We think by ballpark, you know, based on estimates, you know, reasonable assumptions, you might get up to 260 billion by 2060.' Was not to sort of say we know with any precision, but just to make the point that if you get a little bit of a hell of a lot, it does add up to a lot. And we think there's three reasons why you would get a big increase, one is we know that when you simplify processes you get more giving. You can just say to your super fund, 'When I die, I want 20 per cent to go to Beyond Blue.' That's a pretty easy thing to do. It would be marketed by charities, who would say, 'Remember us?' And it would be marketed by super funds. Many superfunds are getting market share by showing that they are good citizens who invest ethically, and this would be another cab on their rank.

Finally, there'd be multiple prompts throughout your life, imagine a person starting out work, filling in their super forms for the first time in an idealistic phase of their life, they would say, 'You know what? When I die, I do want to give some money to charity.' And of course, later in life as you – maybe you've paid the house off and things are looking pretty good, a lot of people would be looking at a legacy. So we think that's important. The fact that it's at no revenue cost, no revenue cost, can you – imagine going into the Treasurer and saying, 'I can give you hundreds of billions of dollars for no revenue cost.' He'd say, 'Where's the pen? Where do I sign?' And of course, it can spread wealth and opportunity to all Australians. So much of our

assets are in super, and a lot of it at the top end, and most of the tax concessions are through to wealthy people, here's a way to spread that wealth and opportunity.

A voluntary choice to donate, it's – could become a national custom, it addresses culture, it makes giving simpler and easier. The PC says, 'DGR giving is welfare enhancing,' ergo, if we increase giving through a voluntary nudge, it too is welfare enhancing unless there is some egregious negative thing which hasn't been identified, that would get in the way of that, and evidence does confirm behavioural prompts can work.

Our others, I think I'll just list them at this stage to – so I can stop talking. But we think a strategy on community foundations would be great, they do address the challenges of declining social and community participation. Ian Bird, I know has spoken to you beautifully about the great role they play in social infrastructure and innovation at a local level. And so at this time when they're emerging, having a process to think, what is the role of Government? How can philanthropy contribute massive amounts of money to community foundations to drive their growth? And what do we want from community foundations? And looking at that international evidence, and maybe even considering the measures put forward by community foundations Australia, and PA in our specific submission to you on that would be great.

We want a national giving campaign cofounded by the government and the sector and trialled for three years. We think that is an area where government should play a role because national campaigns are a proven method of changing behaviour in culture and we've seen that in skin cancer, heart disease, HIV, smoking, speeding and you name it. We think government should be involved because without more information and awareness and addressing the culture, we think philanthropy will be underprovided. We think government should be in there because they'll insist on robust trial and evaluation and they'll be positioned to think about, well, should it continue afterwards? And if it did work, we'd like to see 10 to 15 years of funding because that's the timeframe you need to lift giving.

And of course, the government does have slightly more capacity than structured philanthropy, in fact, up to 350 times more. The last time I checked government revenue, it was approaching 700 billion, philanthropy, structured philanthropy, a little bit north of 2 billion.

We'd love to see you get out the 2010 PC report and have a ping at the strengthening of the charity sector, an office for the not-for-profit sector, building the capabilities in leadership, a huge thing that keeps getting mentioned is improving the cadre of fundraisers in Australian society which helps to lift giving and help charities so much, and I'd be happy to talk about that more.

And just all the stuff around red tape and contract links. I've been in charities and, you know, the money runs out in three months and it doesn't feel good, and staff start to leave, and you can't plan, and it's been going on for decades, and it's time government got it sorted out.

The national volunteering and giving data set, in ten words or less, is you've made wonderful recommendations around the ABS doing more on volunteering, the ACNC doing more on bequests, and ATO doing more on corporate giving, but it leaves us with incoherent arrangements of different data coming out at different times. We need one source of truth put out annually, and it should be done, we believe, by a government agency. Because the ABS, the ATO, and the ACNC are the people with the data and the relevant expertise. Giving data is a public good of value right across the economy, and that should happen.

And then you know we favour governance arrangements, we've talked about that before to have government work closely with philanthropy, not just through the investment dialogue for Australia's children, but in gender equity, in First Nations justice, in all the areas in the arts, in climate change, where ministers and officials sit down with philanthropists to plan how can we get social innovation on a systemic and rapid basis, rather than an emerging every now and again by serendipity and great fortune. Thank you for enduring that. And now back to you.

DR ROBSON: All right. Thank you, Sam. I might ask you a couple of questions. One on doubling giving and one on culture and nudges. Then I think Julie's going to ask some on super and then we'll go to Krystian.

So the Government's got this goal of doubling giving and we note that in the report, it's not the Commission's goal, we take that as part of the context of, as you said, the terms of reference for this inquiry. But what's your understanding of what the double in giving goal means? Noting, that in the report, you know, we note that tax-deductible donations have tripled in real terms since 2000, and overall donations to charities have increased by 35 per cent between 2017 and 2021. So is your – I think you said, you know, sort of like a lightning rod, but do you have a more precise, you know, comprehension or understanding of what that goal means given public statements and other things?

MR ROSEVEAR: Sure. I noticed in the report the Commission says, 'We could go from where we are which 13 to 26.5 within the decade, you know, basically doing nothing.' And I didn't think that was a helpful intervention because, you know, mostly when people say, you know, when governments say, 'We've got record spending,' you know, people often say, 'Well, that's inflation, you know, of course, this is the high spending.' And at a time of high inflation, pointing out that something's going to double over ten years, we don't think is the most credible way to look at it. If you looked at it in terms of – in real terms or as a percentage of GDP, you'd need to get to 35 to 40 billion and that means – if that's the way you looked at it, you'd certainly need a lot more recommendations in the report.

But I actually think worrying too much about that numerical aspect of it is missing the point, and going back to a PC approach, which is how do you do the most good? You know, how can we lift giving as much as we can, but in a way that preserves community-wide welfare? Because we could do a lot more, and we think there's huge opportunities in the seven areas that we mentioned that would really lift giving a lot without harming community-wide welfare.

But I think it was more a lightning rod, it was like saying, 'This has been an area we haven't looked at, there are these huge opportunities, we seem to be well behind, so it seems as though a lot more can be achieved.' And so I just see it more of a prompt to say, 'Let's go, let's see what we can do.' And so, as the Commission thinks in its minor report, I'd just say, look at all those areas where we could lift giving and make a view as to whether you can do it at the same not imposing excessive costs on other parts of the economy.

DR ROBSON: And do you think, you know, if giving was to double, as you say, in real terms, through a share of GDP, and I think you, you know, mentioned a number of specific areas, the arts, domestic violence, homelessness, climate, gender equity, Indigenous justice, and those are all important areas. I guess the question is, you know, do you think that doubling, or whatever the goal is, aggregate giving, is a, you know, a reasonable goal to have given that, you know, you've identified those priorities and other people have priorities.

I guess what I'm getting to is, you know, in our report, we've looked at the foundations of the DRG system, which we think is broken, and so you could – double giving and real terms as a share of GDP. But there's no guarantee that it will go into those areas that you mentioned or any other particular areas, it could go into things where the community thinks – or it's not, you know, it's not where we want philanthropy to go unless there was reforms that we've recommended or some other reforms.

I just want to get your reaction to that in terms of the doubling giving goal or whatever it is versus making the foundations more secure that whatever goal you get into, you've got a better chance of donations going into these areas of high community benefit.

MR ROSEVEAR: Yes. So what I would say is, it could be a true condolence more by the end of the century for charity, if you were to double giving. And I think it's hard to argue many of the areas of charitable work are in areas that don't produce tremendous social good. So I feel as though another trillion dollars to support all of those incredibly important areas would have a big impact.

The other thing I'd say is, I sometimes hear people say, 'We shouldn't worry about increasing giving because the only thing that really that really matters is improving the effectiveness.' And I have to say it really annoys me. And the reason is if you double giving and you double effectiveness, you quadruple your impact. If you double your effectiveness and you keep giving at the same rate, you double your impact, it's pretty simple. So I think we are, as a nation, not giving as much as we could, and I think a lot of these reforms that I've identified can substantially increase giving whilst improving community-wide impact, so why would we not do that?

The other thing is, you'll note in our submission, and in all our submissions, a lot of work focused on improving impact and effectiveness. So the section on charities, which is about of getting a better cadre of leaders in the charitable sector, improving fundraising, creating a better operating environment so they're not spending all their time worried about existential crisis, they can actually get on with what they're going, if they get proper funding, full funding. Those things all build trust in the charitable sector because performance improves, it increases giving. And it's very significant both for impact and national productivity. Because the sector is bigger than people recognise, I mean, getting towards 11 per cent of employment, if you achieve a significant improvement in impact for that sector, you know, the millions of people getting helped today, you know, the impact goes up a lot and for national productivity, you know, it's a significant issue. You know, the ECs looked at sectors smaller than this and made a real impact, and I think you could do so here too.

DR ROBSON: Okay. Thanks. I've got one more then I'll hand to Julie. You mention culture and, I mean, it can sometimes be a nebulous concept. But, you know, one idea or one way of thinking about a culture of giving is that it's a habit where I give every year, so over time. And if I saw a person who was giving pretty frequently, I'd say well, they've got a culture of giving. Or another way to think about it is, you know, if I'm more likely to give if my neighbour gives, then you can say well, in that community where there's positive correlation between, you know, the cluster of people, in effect, giving then that's seems – that would appear to be some indication that there is some culture of giving.

What's your thoughts on, you know, if government were to say, 'We want to improve the culture of giving,' what would that – you know, how would you measure it? What would it look like? How would government be accountable for that? I mean, it has been put to us in hearings last

week, for example, you know, and we acknowledge this in the report but actually, you know, religious organisations, that's, you know, that is where, you know, for want of a better term, a culture of giving is formed, and it's encouraged and it's a part of people's faith. So I guess the question is, think about a public campaign or, you know, that could be one policy option to encourage a culture, whatever that looks like. Or, you know, this is not the view in our draft report, but you could them to give more support to churches and that could build culture and, you know, you could compare those, particularly, you know, for younger people encouraging those sorts of habits.

So I just wanted to get your reaction to that, if you could speak a bit more about culture and what that would look like in policy terms, if the government was to go out and say, 'We want to encourage culture,' okay, what does that look like?

MR ROSEVEAR: I think – and it's great that in your report you recognise that culture and social norms around giving are a driver. I guess I'd reflect on my experience at Philanthropy Australia and just dozens and dozens of philanthropists say changing the policy setting is really important, but unless you address culture, we're not going to achieve our optimum as a nation. And I think in particular, I think they would say that people see it as their role, you know, particularly for Australians more fortunately placed, they believe, 'I've done really well, I've had a bit of luck, it's my job, it's my role in society, it's part of my identity to give back.' And they point to that data saying, you know, 90 per cent of Americans with more than \$1 million give to charity, and many give in great amounts and that's closer to 50 per cent in Australia. And I think we're just emerging as a philanthropic nation, you know, decades after America in a sense, its wealth at the top end is rising, and you've got, as I say, 21,000 ultrahigh net worth people, and people say, well, we've got 2,000. Perhaps we should have at least 20,000. So there's a challenge there and, you know, we've got a decline.

Whilst you're right to say giving is increasing if that decline in the percentage of Australians giving and getting in tax return, which has gone from 38 to 29 in pretty short order continues, we won't be talking about giving going up for much longer. So that's a huge cultural driver of giving.

In our original report, we suggested five mechanisms to shift culture and one was the national giving campaign, and the reason we think that's important is we envisage a campaign that excites Australians in a way that those other social campaigns I mentioned did, but then drives people to websites and other channels across four target markets. One is wealthy Australians, and of course, if you've got just a couple of wealthy Australians to sign on to giving in a big way, you'd pay for your national giving campaign multiple times over, but channel – and get them to set up, you know, a specific call to action around the setup, or perhaps invest in a sub-fund, and here is the relevant information that targets you.

We've got financial advisors with trillions of dollars they're advising clients on, many don't actually say, 'Do you think you might want to think about giving to charity?' It would make a huge difference.

Volunteers, worth more than all giving combined by some estimates, declining, again, we could talk to the Australian people about how to lift that, Volunteering Australia could provide information, guidance and advice and so on.

And business with over 500 billion in pre-tax profit, pretty important there. So we think this is really worth a trial, we accept your view that you've – I think in the report you say, 'Yes, it's

worked in a range of places in other fields,' but there hasn't been internationally strong sustained national giving campaigns with robust evaluation that proves this works. So fair enough, you know.

So we think that we're in a trial zone, this is clearly a trial, you give it a go for a few years, you trial it, and then you either decide we're going to ramp this up because this seems like this is working. Or you actually say, actually, we're really shocked and surprised it didn't work and we're shutting down.

The other ones we had in our original submission were school-based programs, so giving every young child an experience of fund-raising, you've got scattered piecemeal programs at the moment. But those things can leave a lasting impression, people remember experiences, and for a pretty limited cost, you might just turn the next generation on to this.

And the other three things, and you've reminded me of this on multiple occasions is what is the philanthropic sector doing? And in our original submission, and in our conception of this very strong view that we put, was that the double giving process needs to be about not just government but philanthropy stepping up, charity stepping up and business stepping up, and we agendas for each of those, and that's why we think you need that governance arrangement every year where you get the leaders of those sectors together and say, well, what have you done in the last 12 months and what are we going to do in the next 12 months?

And Philanthropy Australia, we highlighted our blueprint to double giving, and a lot of that is sector-led. So we're talking to financial advisors trying to get them to engage their clients, we're talking to high net worth individuals trying to get them to focus on philanthropy, we're putting out inspiring stories of giving to encourage the universe to turn on to philanthropy, we're doing national giving campaigns, we're going a whole suite of things. And then, you know, business could do a lot more around workplace giving, around pledge 1 per cent. And then charities, there's a charity agenda in our package. So we think they're three really important elements of shifting culture.

Also, it's about shifting behaviour and shifting behaviour and norms is the culture. Because I know you're trying to grapple with what is this strange word, what does it actually mean? And to me, it's about it's my role to do this, and it's also my behaviour. So you get the actors in the system shifting their behaviour. So our five national giving campaign schools had an agenda for philanthropy to step right up, well, I've never walked away from that for a minute, business and, of course, the final sector being the charity sector itself.

DR ROBSON: Thank you. Krystian.

MR K. SEIBERT: Thanks, Sam. And thanks, Philanthropy Australia for the very detailed submission you've put in as well. And just to take you up on this final – on this point you made at the end there around the philanthropic sector's role itself.

I suppose the question would be, there are certain things that only governments can do to tax regulation and other things like that, but then where it's just a question of resources, the philanthropic sector – although the resources are smaller compared to those of the governments have are also committed to various different things.

But I suppose my question would be why isn't the philanthropic sector doing many of these things already? In terms of if it's a question of funding a national giving campaign, building the

capacity of fundraisers, those sorts of things, which is primarily around resources, the philanthropic sector can make decisions to prioritise resources accordingly. And if it's not making those decisions or it hasn't – this is just a hypothetical question – why should government, when it's just a question of resources, and I'm thinking about some evidence that we had from some participants that we had last week, that was making the point in their experience, for example, the philanthropic sector has actually – is not funding innovation and risk-taking in the way that maybe some of the narratives that are being put, that that's the role of philanthropy, that over time it's actually wanting to fund project-specific grants rather than general operating supports. So there's a little bit of a disjuncture between the narrative about what the sector says and what the sector does. This is hypothetical, not so much true or not. But yes, interested in your reflections on that.

MR ROSEVEAR: I think Michael Traill and the people at PRF would say, 'We've done a fair bit around social impact investing to drive innovation.' And there are a lot of philanthropists who fund organisations purely to do – to be their innovation partner. And I think that's important.

I guess that's a big question and you'd have to break it down case by case. So we can't do super bequest, that's a matter for government. We think the nudge in the tax return is an ATO thing and needs to be them. In terms of community foundations, a lot of that suggesting that we had was about getting philanthropy to step up because now you've got PAFs being able to give to community foundations, you have a strategy and you say, well, what community foundation is doing? What's philanthropy going to do about driving the sector, right? And then what's the role for government? So again, that is a case where we are asking philanthropy to step up.

On the national giving campaign, we have done a lot of work, you know, we did – we commissioned Red Bridge to look at attitudes to giving, including attitudes to a national giving campaign, where they said if it was government – if it looked like it was the Minister staring down the barrel of the camera, it would be a disaster. But if it looked like a community-led, you know, a charity-led we're giving you advice about how you can give, that would be well-received. And the data from a poll of more than 2,500 Australians was 70 per cent support, 9 per cent opposed, 21 neutral or not sure.

And we just think a collaboration would be good there. We've listened to the Commission, so we've gone from a couple (indistinct) there to philanthropy and the government should work on a three-year trial, you know? And we're just talking a few million dollars here, right, just give something a go. Bring that expertise together at cross sectors and if it works, both sectors should really up their investment over 10 to 15 years because we've seen achieving change takes time. You know, Beyond Blue's work on depression, you know, it got there in the end, but it took time et cetera, et cetera.

In relation to strengthening the charity sector, a lot of that needs to be the government because it's about how the government is interacting with the charity sector. We think the data set, yes, it could have a, you know, someone could say, 'I'll give a million bucks a year, and we'll get this done.' But we think that given that the work is the ABS, the ACNC and the ATO holding the data and the expertise, and it is information that is a public good, and they are very trusted sources of information and that this is a regular role for government from the unemployed stats to GDP to inflation, to information right across other areas, we think that is one for government.

And then the governance arrangements are all about exactly as you say, how do we get philanthropy doing a hell of a lot more? So those national engagements I see are, you know, PM

or Treasurer giving counsel with a couple of business people, a couple of charity people and a couple of philanthropic leaders saying, ‘What have we all done this year? What are we going to commit to next year? And how is a group of four, not a group of just government, but the four of us, are going to take this forward?’ And then, of course, having – replicating the IDAC, the Invest Dialogue for Australia’s Children, doing wonderful work to ensure every child gets, you know, a good start in life, how can we pick up the lessons of that down the track and have philanthropy working hand in hand with government to invest, go invest and innovate, to help solve many of societies big problems?

So I agree with you. I hate to agree with you, Krystian, you know that. But I do agree with you that philanthropy needs to step up alongside government.

MS ABRAMSON: Thanks, Sam. And just for the benefit of (indistinct words), we do have some time, so you will get your allocated time. Sam, we have (indistinct). What is it that you would like to see from the Commission in that space? We understand that community foundations are really important, they’re local, there will be some benefits flowing through the DGR reforms that we’ve thought about. But people have put to us that there should be other things that government could do in that space. So just interested in your views on that.

MR ROSEVEAR: So you remember we worked with Community Foundations Australia, and PA we worked together with the help of Social Ventures Australia to do a strategy and a set of policy initiatives, which I think was 61 million over eight years, they were costed at. And because it didn’t get a mention in your report, we’ve tried to listen and be responsive and just take a little bit of a step back from that.

But the ideas in that were to strengthen the peak body. So Community Foundations Australia has done a great job in a range of ways, but they’ve had very limited staffing, so the thought of something government could, you know, fund a few staff members for a few years, just to build that group up with Ian Bird at its helm. We thought that it would be useful to have a vision and some big targets, so one of the targets was to try to get from 500 million in corpus, collective corpus, to \$1 billion by 2030. And to increase annual distributions from 40 million to 100 million. And really importantly, to try to create an Australia where pretty much everyone – we’re a big country so you can’t get to everyone, but pretty much everyone can go down to the local community foundation and participate.

And then some of the programs that we identified were strengthening the existing community foundations. There’s quite a few who are big and strong and going really well. There’s some that are below – probably a, you know, a minimum desirable size. And we think if you’ve got 5 million in your corpus, then you can hire staff, you can consult the community really well, you can come up with a suite of really high-impact programs, you’ve got enough money to invest meaningfully, you can galvanise people. When you’re lower than that, it’s really hard, but once you get to that point, of course, you’re set for growth.

And so we were thinking about matching funding programs, very time-limited just to get those smaller foundations up to a minimum size where they could be set for growth. And the good thing about matching is that it makes the foundation do everything that you want them to do, which is go out and engage the community, get a set of funders, have a strategic vision, you know.

MS ABRAMSON: So how do we manage to keep the flexibility though? Because as soon as you start to have government programs or government support, there’s a rigidity that comes into

it. It doesn't matter how – you don't want that to happen, but it does because governments have to account for public money so there's, you know, rules around that. But one of the benefits of the community foundations is that they are so local like we see this when there is a flood or a disaster, it's actually the community foundations that can get to people. So how do we keep that element?

MR ROSEVEAR: Yes. Can I just say my final bit there, and then come back to you? The final piece was, how do we expand a network from just 40? Because there's a fair bit of Australia left, and if you could double that or increase it by even 20, you'd create a lot more scope for people to go and engage locally. And we think a big part of this is about restoring community-led change, restoring social capital, restoring community engagement.

So that last piece was – yes, we've got to firstly strengthen the existing network, but then expand it so it sort of becomes Australia-wide. And then you get systemic effects, you know, the foundations can start operating nationally and the government can start engaging with them to do things locally, so you get big payoffs.

In terms of flexibility, I'd like to think, maybe I'm wrong, but you could set up a matching funding that was short-term like it was like over a five-year period. If you get to this amount of money, we're going to match it. And we're not going to tell you what to do in 50 ways, but that's it.

And then the other piece that I'd highlight, I think because we've got to a certain point in our nation's history with community foundations, which is they're really emerging but they're way below what happens in other countries. So I'm genuine when I say, I think there's value in just strategic thinking. Getting Ian Bird and Community Foundations Australia and that network together with philanthropy and government without spending a cent to actually say, 'What are we trying to achieve here? What is the role of government? Can philanthropy and PAFs get behind turbocharging this sector? And what are we hoping to achieve from community foundations?'

Because Ian, you know, he did lead the increase in, you know, in Canada from a, sort of, from where we are to where they are now, which is well over 200 pretty much anywhere you live in Canada you can go and participate in your local foundation. And that's a place where, I think, Ian would pick up your point about flexibility and not having government – and he's made this point to me, you shouldn't see community foundations as an instrument of government, that somebody or one is Canberra is going to say, 'And now we want you to do this.' The whole value is at the community level, the knowledge, the expertise, and the care and the passion of people about their local areas and knowing what to do and having freedom to innovate and do things differently without government being all over them and having 27 KPIs before you've had your breakfast.

DR ROBSON: We've got a few more minutes, Krystian did you want - - -

MR SEIBERT: So just on this, Sam, would you say therefore, that – and I understand Philanthropy Australia says that there's a role for government support in the growth of community foundations, but there's also a role for the philanthropic sector in terms of doing that. Because I suppose, going back to my earlier point would be that if we've seen assets in private ancillary funds and foundations growing over time, and they'll grow – and so they grow into the future, they also have resources to contribute to growing philanthropic assets, and given the, sort of, community control over those assets - - -

MR ROSEVEAR: I would say this is a huge part of the benefit of doing this because, you know, for the first time, when they get DGR1, private ancillary funds can invest in community foundations. And so, you know, I think the latest figures were that PAFs gave, you know, north of 500 million in distributions. So there's tremendous scope for people to – from the philanthropic sector to help drive the growth and expansion of the existing network and also to new areas.

And I know many PAFs who might live in leafy suburbs who say, 'I'd really love to help what's happening on the ground in a regional area.' They know they don't know the community, they know there are people there with expertise and passion about where and how to use that money, and they know they would use the money better, and they'd like nothing better than to be able to say, you know, 'There's this problem in this area, there's this national emergency, you know, there's a challenge, there's poverty, there's things we want to have a go at, we'd love to just hand the money over and have people on the ground, who know what's going on, spend it better than we ever could.'

So yes, we think a strategy around community foundations – a huge part of it is not about government at all, it's about what do we want from community foundations. And how are the philanthropic sector going to step up and help them? And there is – we should have a talk about the government as well because, you know, you might say, actually, we don't think there's anything here for government, or you might say, actually, you know, we can foster a little bit of a growth in a, sort of, temporary way that might be helpful.

DR ROBSON: Are we good? Thanks very much, Sam.

MS ABRAMSON: Thank you.

DR ROBSON: Yes.

MR ROSEVEAR: Thank you. Good to have a chat as always. And I hope for your sake, you never hear me say the word 'Super bequest' again and that we can move forth with our lives in a happy way. Good luck with the final report, and thanks for the opportunity.

MS ABRAMSON: Thank you, Sam.

DR ROBSON: Thank you.

MS ABRAMSON: We haven't had clapping before.

DR ROBSON: That's the first round of applause we've had.

MS ABRAMSON: I know.

MR SEIBERT: We had one - - -

DR ROBSON: Did we? Okay. So we've got now representatives, participants from Australians Investing in Women. Julie. Welcome.

MS J. REILLY: Thank you. How are you?

DR ROBSON: Good, thank you. So if you could just state your name and the organisation that you're from. And then if you'd like to make an opening statement, we'd be able to hear that and then we'll get into some questions.

MS REILLY: Thank you. Julie Reilly. Australian's Investing in Women. And for those who may not know what our work involves, we're about strengthening investment in women and girls, philanthropic investment in women and girls for the benefit of all society.

So, obviously, thank you very much for the opportunity to speak to you and for looking at our previous submissions. I'm here representing Australians Investing in Women, but also representing Chair Sam Mostyn, our board and our donors. I think more importantly, I see myself as representing today the women and girls who are more than 50 per cent of Australia's population and over-represented in poverty and disadvantage. And my thesis is that by looking at the professionalisation and best practice using the gender lens on giving, that we can increase impact and effectiveness. That's really what I plan to speak to briefly, and then I've got three recommendations and I'm open for questions.

I should also note that I see that those women and girls are very much part of the solution to the problems in society, not simply part of the need or the problem. I want to recognise Sam's work and thank you for that and build on the work of Philanthropy Australia. I'm not going to go into the stats or details or submissions, I'll take all of that as read. And I note we have a lawyer, an economist, and a social impact specialist, an expert, so I don't think I have to argue too heavily that effectiveness is actually about understanding difference and understanding a problem, and a gender lens is a tool for doing that. Like me, you all wear glasses, so what we're really trying to do is, if you remember what it looks like - - -

MS ABRAMSON: I'm hard of hearing today too, Julie.

MS REILLY: Are you able to hear me okay?

MS ABRAMSON: Yes. I can. I can.

MS REILLY: Okay. Thank you. So I guess often say to people, if you're looking at a social issue, you need to understand that problem very well in order to come up and fund the best solution. So if I take my glasses off, the world looks very much like an impressionist painting, what we're really trying to do is provide the business case, the impact evidence and the encouragement to say, if you put your gender lenses on – and not just a gender lens, obviously, that has to work with ethnicity, age, socio-economic rule, and regional lenses – but we see gender as very foundational. And I note you were referencing, Krystian, philanthropy's opportunity to talk about innovation and systems change. I can't think of too many bigger systems than gender in the history of the world.

So really what we're doing is saying to you as a group of people with influence over philanthropy and the future of it, we're really asking you to look at how it's done to greater affect. We're really challenging the assumption that gender-neutral giving produces equal benefit. Our founder Eve Mahlab always said, 'If you treat unequal people equally, they'll still be unequal at the end.' They may get a benefit, but not really the full benefit that they could get.

So some of you will be aware that we invested in some research with Deloitte Access Economics that talked very much about the importance to Australia's economy and productivity of breaking down gender norms, rigid gender norms that actually prevent the full participation in society and

in the economy of women particularly. And that costing said that, if we could break down gender norms, Australia's economy stood to gain \$128 billion per annum, and up to 461,000 full-time jobs. So while that's a bigger for government, and for all sorts of other players beyond philanthropy, it seems ridiculous to me to quarantine philanthropy from that, that benefit or that effort. So what we're really talking about and you talk about building fairer foundations, we're really talking about fairer outcomes and more impactful outcomes.

I work in philanthropy now, but I used to work in the Australian Taxation Office, so I'm very aware of government trade-offs and Treasury's concerned to protect revenue. I'm also very aware that this Government has made a very strong commitment and public statements that gender is at the heart of all that they do, gender equality. So again, that's part of my request of the Commission, that you take that into account.

We've currently got legislation, the Federal Sex Discrimination Act that prevents discrimination on the basis of gender. We've got regulation around measuring the gender pay gap through the Workplace Gender Equality Act. We don't have any sort of authority or regulation that says in philanthropy, 'You should really look at gender equality as a core issue.'

So our request of you is really that you consider in your recommendations, three things. And I note – and thank you very much for noting our concern about the lifespan of our special listing, I saw that you noted in your draft report. But what I'd really urge you to consider is that you recommend that a gender lens be embedded as part of best practice. I actually think it's just normal practice, but absolutely part of professionalising and ensuring the best impact of philanthropy. That you recommend that gender data is elevated, and by that I mean women, men and people of diverse gender identity so that we can get a better picture, not just of where the money is going, or where it's directed to, but actually who benefits in the end, is it as intended? So looking at the taxonomies and looking at the reporting of the ACNC.

At the moment we know with our top 200, 300 companies what the composition of those boards and trusts look like. We are not able to have transparency or insight into the way our philanthropic money is governed, because the instruments for the ACNC don't require them, or don't allow them to ask the gender of their responsible people. So that would be something that we would love you to recommend, and there's a lot of work being done at Federal Government on gender data.

And finally, just to reinforce that, as a very small and ambitious charity, I don't want to spend a lot of time in another few years requesting again that we get a license to operate with our DGR1. So I'm very happy to answer any questions or expand on any of those points. But I hope that's pretty clear.

DR ROBSON: Thank you very much. Thank you, Julie.

MS ABRAMSON: Yes. And my colleagues also have questions, Julie. I don't want you to think we're being gendered here because we're not. But I have particular things - - -

MS REILLY: Sure.

MS ABRAMSON: - - - I wanted to ask you. One, I don't think it was in your original submissions – and thank you for talking about the gender lens, it's been a really important contribution to the inquiry – women in volunteering. And I'm very interested in this because – and you'll tell me if I've got this wrong – I expect – and we've been talking a lot about how to

get good statistics on volunteering and that's been the subject of a lot of conversation with the volunteer organisation – I suspect, and you'll tell me if I'm wrong, that women in volunteering is under reported because women don't necessarily categorise what they do in caring roles for others as volunteering. So that's just a premise that I have, which means even in the statistics that you collect women will be underrepresented, and that's quite an important policy issue.

So I'm interested in your view on a gender lens on women in volunteering, how can we change and help people understand informal volunteering is still volunteering? We see it a lot in community groups, people have said to us in submissions, 'Well, that's just what you do in my community,' well, guess what? It's mainly women who are doing that. So I'm just interested in your views on that.

MS REILLY: Yes. So thanks, Julie. And, you know, you're talking to someone who thinks there should be a gender lens on life, so I'm going to say I agree. I'm not an expert on volunteering and volunteering data. But everything in my experience would support your assumption, that there's a lot of what we categorise as volunteering that's not recognised that way. In answer to your question of how we can improve that, I think, just in the broader sense, unpacking and really focusing on gender norms and what is considered normal because that is – that's the issue, it's just, 'I'm a woman, this is what I do or this part of my commitment to community,' would help to surface those things and that data. I don't, unfortunately, have an immediate solution other than that.

MS ABRAMSON: I think that's helpful because you've confirmed – I just had an assumption, that (indistinct) to ask about bequests. And I think you and I have had this conversation before, I personally had received evidence that one of the issues with bequest with the school sector, is that the widows invariably gave the money to the husband's school, not their school. So I'm kind of interested in your experience.

MS REILLY: That is certainly the narrative that we hear both in America and here. Again, I think if I come back to the point about data when you really try and interrogate that and find out what the motivations are, et cetera, it's very difficult sometimes to surface that data. I can say very clearly in anecdotal evidence, and we talk to a lot of people involved in school fundraising, that it is so much easier to get money for boys' schools, and even when they challenge the dads to give as much to the girl's school as they do to the boy's school, it's a battle. And in fact, I've had – there's a big donor in Perth who told me he was criticised and his mates really had a go at him about bringing to the surface this imbalance because he wanted his daughter's school to be as well-funded. So again, I don't have the hard data, but I have plenty of people who assure me that's the case.

MS ABRAMSON: Thank you. The final question I wanted to ask, and it's in your submission, is about the ACNC and the data collection. So – and also ASX companies obviously have to report against that. What do you think, if that data was to be made available, bearing in mind that there are always compliance costs for these issues, what do you think it would enable to happen from it?

MS REILLY: I think from our perspective, Julie, it helps with our advocacy. So we're a tiny organisation, we did our own analysis of the top ten probably ten years ago. At that time 90 per cent of the chairs of the top ten foundations were male, and in fact, at times it was 100 per cent because the RE Ross Trust had a rotating chair, sometimes 100 per cent of those trusts – those foundations were male-chaired. But 90 per cent at best, and more than 80 per cent were – of the directors were male.

Now that has improved considerably, we're in a much better position, largely, I think, because society's expectations have moved on, and I would hope that some of our advocacy has been a part of that. But to keep a track of that – and we've got plenty of evidence that says diverse leadership teams make better decisions, why the government would forgo the revenue and then just leave that to chance is quite beyond me. We've got causal links now, not just correlation.

So it would allow for, I think, some confidence that there's diverse leaderships, better decisions, and that also allows that analysis of – sometimes people say to me, 'But philanthropy is full of women, there's so many women.' But, actually, when you look at the dollars, the higher you go in the revenue, the more masculine it becomes. And we've got fantastic men working in the sector, this is not an anti-men discussion, it's about balance and best outcomes.

MS ABRAMSON: That's very helpful. Thank you.

DR ROBSON: Thank you. In our report we do mention some gender data and in particular, this fact from the ATO tax-deductible donations data, that women are more likely to donate than men. And so I wanted to ask you about that, why do you think that is? And noting then, that men made larger donations on average than women, and that's an income differential issue, as well as potentially some other things. But I wanted to ask you specifically about that first data point. And then – so is the challenge here really – well, it's both, you know, where money is coming from, but also leveraging that fact into where it's going to. I would like to get your reaction to that.

MS REILLY: Yes. So, I'm sure – again, I'm not a psychologist, there's a lot of analysis about why women do tend to give more and engage in a different way with the charities. My thesis is that they, you know, it's a little like the volunteering, 'It's just what we do, it's part of being connected to community.' And often it's, I think, a result of being a primary caring role and being more connected to those sort of problems and issues in society, and that's changing with very few families can operate well with single income. But it does tend to still be the woman that is involved in those sorts of community engagement activities.

So the Lilly School of Philanthropy has done a lot of analysis on this in the States. So we're talking about a gender lens on where the capital flow of philanthropic money goes, but it's equally beneficial in our ambition to double giving to look at the potential givers. So, Alex, to your point, there is evidence to say women give more.

There's also evidence to say that there's a lot of potential there that's untapped because we tend, even in financial advisory conversations, to talk to the man. And so that prompting and nudging that Sam talked about, is often led by female advisors, this is the, again, the anecdotal work that I hear about. I'm just trying to make sure I've answered your question, Alex, and I'm not sure I have.

DR ROBSON: That's okay.

MS REILLY: But, I think, that's as much as I know is that there's huge potential there. From our perspective, we're about actually giving to women and girls rather than – wherever that money comes from, corporate, from institutional or private philanthropy. But we know that when women give, they tend to intuitively understand that gender lens, not everyone, but it tends to be an easier sell to say, put a gender lens in. So we're happy on both sides of that point.

DR ROBSON: Thanks.

MR SEIBERT: Thanks, Julie, for your time today and sharing your perspectives with us, and your submission as well earlier in the inquiry. I just wanted to ask you around, sort of, the gender lens and the changes that have been happening within the philanthropic sector. What's your experience in all your time working in the philanthropic sector around what sort of change you've seen in terms of foundations, ancillary funds, et cetera, funders and their interests and attitudes in this space?

MS REILLY: Yes. Look, Krystian, I'm pleased to say, I think it's really improving and growing. I'm conscious that in saying that, that's in my known universe. So, you know, we really work very closely with Philanthropy Australia, we've got our own donors that we know are committed to gender equality as part of their philanthropic practice.

But there is a whole world of giving out there that we don't necessarily touch or connect with. And one of the things that we've introduced is a survey of the Australian Financial Review's top 50 private and corporate givers to actually even introduce the notion to them, is gender part of your consideration when you give, and if so, do you measure that and are there metrics? So we're really trying, Krystian, to get some of the data that would tell us how it's tracking.

Certainly, our initial data would say that corporate is much better at applying a gender lens. And I think because so many companies accept that gender equality is part of their brand, or they don't attract the right talent, or keep that talent, that we've just had to give them a bit of a nudge to say, 'Look, you committed to this, you're doing that from your HR division, have you thought about it in your community investment?' And I have to say to a man in the champions of change, not one of them had really thought about that, and were embarrassed that they hadn't, they sort of went, 'That is something we haven't really thought about.' So that's a bit of a growth area, I think.

MR SEIBERT: You worked in the corporate context, or in sort of the trusts and foundations, non-corporate trusts and foundations, of course, but what do you think are some of the barriers for, sort of, more of this sort of awareness, understanding and what are the opportunities there?

MS REILLY: Yes. Krystian, I wish I knew the real answer to that. I think that for many people, once you have a conversation with them, they totally get it. I think there is a bit of a reticence or, 'Are you telling me I have to do 50-50 here? Or I have to do that.' So there's, I think, a bit of a resistance to an imposition or an enforcement, or a suggestion that they're not doing great work, I think, there's some of that.

And there'd be others in the room who might know the answer to this better than me. But I think there's great leadership, you know, we've got Jodie here from EQT and Cat Fay coming on from Perpetual, who have actually made this part of their work with their donor community.

What we've – we've done some research on this to try and figure out what the barriers are and therefore, the opportunity. I would really love to see Philanthropy Australia elevate this as part of best practice, it's certainly not as central or elevated in their workers – even though we partner with them – if you go to Philanthropy Australia and say, 'What's my roadmap as a new person in a foundation?' I don't think you'd get gender lens straight up.

MR SEIBERT: So you're saying basically when there is a prompt to actually think about something, then it's thought about?

MS REILLY: Yes. And if you present the data and the economic case and the social benefit, I think people are persuaded, I just haven't been able to knock on every one of those doors yet. So thanks to those who are helping. And I know, Krystian, you've been very supportive in the past.

MR SEIBERT: Thanks, Julie.

MS ABRAMSON: I have one final question. And I do want to say on the record that we're very indebted to our staff, and it happens to be one of our female staff who's really interested in this. You will have seen that we've had a lot to say about school building funds, and there's been, you know, quite a lot of commentary about that.

MS REILLY: Yes.

MS ABRAMSON: And you may not know the answer, and I apologise, Julie, I keep asking you things to which you probably don't have data. But do you think the school building funds overall are probably favouring more the boy's school than the women's – you know, we do still have select education, so do you think more money flows into the boy's school building funds than the girl's schools?

MS REILLY: Well, I think based on earlier conversation - - -

MS ABRAMSON: Yes.

MS REILLY: - - - just generally there is more money that flows to boy's schools. I wish we had that data. I've contacted the Independent Schools Association, I've tried to unpack or surface that data in the past. But it's very difficult, and it's one of the reasons I'd love the ACNC data sets and taxonomies - - -

MS ABRAMSON: Yes.

MS REILLY: - - - to surface that more easily. So again, my gut says yes, I don't have the evidence.

MS ABRAMSON: No. But that's helpful for us. And the other is an observation, if I may be permitted by my colleagues to make, is I wonder if with foundations now, and we started to talk about this, that things are changing. Like we do see in the press and the own experience of the commission, we see when people come to wealth in a new way, as opposed to inherited wealth, that there do seem to be, and this is our observation, more women were participants and were very strongly involved in the foundation, particularly being over in Western Australia where there's a lot of new foundations. So that, I thought, was a very interesting development.

MS REILLY: Yes. And, Julie, I did a Churchill Fellowship in 2018 on this, and one of the big lessons was that it's really the next generation, and that is men and women, who are much more open to gender equality as a prime outcome that they would seek. And partly that is about a globalisation and a generation that's travelled and seen a lot. And you don't have to make this case in international giving, everyone gets it, governments get it, the World Bank gets it, the United Nations, every report will say the key to uplift and particularly in the economies of those areas is about investing in women.

For some reason they seem to think Australia's equal, we're still number 26 on the World Economic Forum's gender data gap, people are shocked by that. We're up 17 places from where we were the year before, and that's really, I think, about the political representation, but that's more gender-balanced in this particular government. But, yes, I think people are quite shocked that – they think Australia is equal, and look, we are way ahead of a lot of countries, I don't want to pretend that we're not, but there's still a great disparity there in most areas, in health and medical research, in a whole range of things, and that's why we really believe that if we can just accept that this is – you're going to get better outcomes if you use this as a tool, that we'd really love to see you incorporate that.

MS ABRAMSON: Thank you. And thank you so much for your contributions to the inquiry.

DR ROBSON: Thank you very much.

MS REILLY: Absolute pleasure. Thanks for the opportunity. And, yes, around if you have any more questions.

DR ROBSON: Thank you.

MS REILLY: Thanks.

DR ROBSON: Okay. So we'll take a quick – well, quite a long break now. 11.20 we'll come back. We'll just have a gap in the program. Yes. So 11.20. Have some morning tea.

SHORT ADJOURNMENT

[10.39 AM]

RESUMED

[11.19 AM]

DR ROBSON: Okay. I think we'll get underway now. So welcome. If you could just state your name and the organisation that you're from, for the record. And then if you'd like to make an opening statement we'd love to hear that, and then get into some questions. So thank you for coming.

MS E. CHAM: Thank you, Alex. My name is **MS CHAM**. And today I'm chair and representing a network of regional scholars whose research focus is the not-for-profit sector, an organisation that is called the Australia and New Zealand Third Sector Research Association, been going for 30 years, and as I said, its members focus on the not-for-profit sector and philanthropy.

But let me first acknowledge the First Nations people who, being here for 65,000 years, the longest continuous culture in the world, and I feel very sad for them given what happened at the referendum. And I know many of them are feeling very sad.

I'd like to thank the Commissioners, all three of you, for this extraordinary opportunity. It is very rare, in my experience, and I've been around philanthropy a very long time, that there's any light shone upon philanthropy. I think it's a wonderful opportunity to potentially change policy. And that's partly what I'm here to speak about.

I want to talk, possibly I should say something about my own history just so you know where I'm coming from. I stepped into philanthropy when there was names in trustees, before it went to equity, where I worked with the Felton Bequest and the Buckland Foundation. I then set up the full time secretariat, Philanthropy Australia. And through that we got the PAFs. And then I went and did a PhD on trustee companies and Australian philanthropy, which was finished in 2015. So almost 10 years. And that's why I'm so delighted that the inquiry was happening.

I want to talk about the little-known segment of philanthropy, and that is trustee companies. And why do I want to do that? Trustee companies from the data they give us, appear to represent 40 per cent of Australia's philanthropic capital. They have 2,000 foundations that they administer. And they tell us that they distribute about \$200 million a year, which is a lot of money, from these 2,000 foundations.

And when you think of someone like the Buckland Foundation, and many of you will know that Buckland was the richest man in Australia when he died in 1964, in that 60 years the Buckland Foundation has only given out \$141 million. So \$200 million a year is a lot of money going to the community annually.

Trustee companies, the tiniest little bit of history just so that you understand them a little. They're commercial entities. In Australia, the first one as you probably know, was first trustee company was Trustee and Executors Agency set up in 1878 here in Melbourne. Ten years later Perpetual was established in Sydney. So they have a very long history in Australia. And why where they established? There seem to be two reasons. One is that William Templeton, who was the founder of the first trustee company, he was a magistrate. And in his work he noticed that wealthy people seemed to not – they had difficulty finding someone to act as their executor after their death. So that's why he established a commercial company.

Whether the Templeton reason is the only reason, because when there was an association of trustee companies, the association told us the reason that people set up trustee companies is because they were going abroad, back home to England maybe, often for years at a time. They needed someone to look after their affairs. Now, one day when I've got some time, possibly the trustee companies will do their own history as well, it would be wonderful to know possibly both of them are true.

But what is different about Australian trustee companies is the extent of the philanthropy within them. If you look at them in other English speaking colonial countries, they don't have this extent of philanthropy that we have in Australia. So up to 1983, 100 years almost after they'd been formed, if someone came back they were operating pretty much as they always had. They're put in the same place. They were very reliable, dependable, respectable. And then in 1983 Paul Keating decided he'd deregulate the finance market. And trustee companies were deregulated as well.

Now, up to that point Australia had 33 trustee companies. They were all established by state governments by Acts of parliament. They were not allowed to be taken over. They were not allowed to merge because of the important work they did. So after '83, they were all merged to each other over that, so to the point now we have Perpetual and Equity Trustees. And they are the two major trustee companies who administer what I say is about 40 per cent of Australia's philanthropic money. Recently Peter Winneke is suggesting that that's probably as much as \$6 billion in capital. We don't know.

All of the figures that I am going to give you or have given you are contested. We don't know whether that figure is right or the other figure is right. So again, I hope that this Commission can ensure that we have the most reliable and verifiable data for this area.

The other thing that I didn't mention is, what I did with my PhD is I looked at 32 wills and probate documents that were administered by trustee companies. And I went looking for information that was on the public record, because these people had very clearly left in their will what they wanted. And we had from their probate document, the amount of money they left. So we converted that.

And at the time, and remember I said I'd finished this almost 10 years ago, at the time I could find nothing where the company was the sole trustee, and it would appear, again from some evidence that we had, that a company is sole trustee for up to 90 per cent of these 2,000 foundations they administer. The other 10 per cent are co-trustee, and they are like the Buckland Foundation where the companies administrate but they have four or five external trustees.

So it seems to me that these people were very clear about what they wanted. They left their will with a company that was there to administer it in perpetuity. We're talking about foundations that are there in perpetuity, not ones that sort of come and go. The money doesn't come and go. And as I said, I couldn't find anything. But let me talk about why this is so important.

Philanthropy is important. Foundations are important. And I'm only talking about perpetual, legally constituted, grant-making foundations. I'm not talking about some of the other form of giving that you've heard today and that you've heard a lot of through your submissions. So philanthropy is important. We've already – why is it important? It's seen, should be seen, whether it is practiced as this, but seen as the venture capital for the not-for-profit sector.

It's there to do the innovation, the research, to scale up models. To fund long term, unlike government, to use its soft power to go with models to government and say, 'look what we've done'. And I just want to mention some of – I could sit here for an hour and talk about the positive aspects of philanthropy and what it's done.

MS ABRAMSON: I'm sure you're not going to though.

MS CHAM: I will not. I will not do that. Palliative care – when I was at Buckland we modelled that, and that's sort of been rolled out. Restorative justice, another thing that we did Buckland and went to government and now it's stored out. Potter did the farmland plan that became LandCare, the national organisation and international. And culture, we can't talk about Australian culture and not talk about philanthropy. You've done Potter, you bump into Myer. You've done huge things, most of it invisible. And, as I said, this is a particularly little known segment of philanthropy.

What I hope will happen with this inquiry – 10 years ago a group called Charitable Alliance, a large number of people and foundations, we convinced the then government, which was then a Labor government, to set up under CAMAC which was a body to give financial advice to government, to look at trustee companies, particularly where the company is the sole trustee. Their recommendation was that resources should be given to do an audit of what is in trustee companies, particularly where they're sole trustee. Government changed. Nothing happened to that recommendation.

I would hope that that recommendation would be something that you would seriously consider so that we get, finally, some verifiable, irrefutable data that I think will help the whole not-for-profit sector and, I always say lots of this money is there and has been sent, has been left, for the not-for-profit sector. Most people don't know it's there. They don't know how to access it. And I hope that that will happen with this inquiry.

Thank you.

DR ROBSON: Thank you very much. Krystian, do you want to start questioning?

MR SEIBERT: Thank you so much, Liz, for taking the time to join us today, and for the submission, and also recognising your contribution to the philanthropic sector over many decades. And just on that, the broader picture of in your time being involved with the philanthropic sector, would you be able to sort of, yes, briefly just sort of, highlight sort of the changes that you've seen in terms of philanthropy and its approaches, yes, based on being within the sector over that time?

MS CHAM: Well, I think – well, there's more of it. That's the first thing to say. There's more of it. I don't know if it was always better, but let's hope it definitely is. I think that the culture, a lot of what Sam talked about, I think that the sort of foundations I'm interested in, again you know, the perpetual ones, the institutional ones, I think it's, you know, it still remains hidden. I was very pleased – I mean I've already mentioned Peter Winneke's book. But I remember, you know, 10 years ago talking to Peter about how we needed more public accountability. And he kept saying, and with others, no, no not yet. They're not ready. They'll get – you know, do it in time. We'll do it over time. Didn't happen.

But Peter, in his book now, acknowledges that it should happen. The only other thing I would say, we haven't got to where the Americans got to where 55 years ago, in 1969, the congress, after a huge debate, and a lot of scandal I might add, decided that all foundations had to be publicly accountable. They mandated it. And on the basis that they kept their tax deductibility, they kept perpetuity. I mean I could go through the whole US thing and I won't. But everyone at the time, and everyone here continues to say you can't have public accountability because it will stop philanthropy. It will stop the growth of philanthropy.

Well, America did it. It didn't stop the growth of philanthropy. It's gone up and up, mainly because of the wealth of course. But it didn't stop philanthropy at all. It's about power. And these foundations have all been left clearly for the common good, to enhance the common good. And we need to know, is that happening or not? And people who are out there doing that work, at least need an opportunity to apply for some of this money.

So I don't think the public accountability is coming quickly enough. I think this is an opportunity for more of it. And certainly I think, you know, I don't go to many philanthropic events these days, but I think there are a lot of them. We've had a lot people around.

MR SEIBERT: We might come back to that question around public accountability. But just very quickly following on from your comments, often they've said that historically Victoria had quite a strong culture, quote unquote, of philanthropy with many sort of testamentary trusts and foundations. Would you be able to, sort of, yes, share any thoughts about why that might have been the case, that it had such a strong culture?

MS CHAM: I always thought it was because we were better than New South Wales. You know, that was my first instinct when I came into philanthropy about 29 years ago. But I was very soon – very soon made clear to me that’s not the reason. Like so much philanthropy, like the PAFs, it’s about tax. And in Victoria, the Victorian Government, when we had death duties – remember we had death duties, those of you still young enough to remember death duties until Joh Bjelke-Petersen got rid of them. In Victoria, if you set up a foundation then you didn’t have to pay the death duty.

And that was the incentive in Victoria, and that’s why up to the point where I came into philanthropy in 1996, that was, you know, par for working at a trustee company, you know, tax incentives. And that’s why we went to the Prime Minister and said, there’s no philanthropy. There are no tax incentives. Can we have some? And so we developed them and it came to PAFs. And there are now 2,000 of them. There are not enough. There should be 20,000. But there are 2,000 and \$12 billion or something.

MR SEIBERT: Thanks.

MS ABRAMSON: I have a question, Elizabeth. And I want to preface it by saying it’s not because I have a view. I want to put the question to hear what you have to say. Trustee companies are regulated. Now whether they’re appropriately regulated, we might come to. But why should their information be in the public domain, with regular submissions? It’s not that I haven’t, but there is a question to say, well, they’re regulated. Why do we need to know?

MS CHAM: I think that’s the real philosophical question. And the question is, is philanthropy solely private. And when you look at philanthropy, and if we go to when in 2008 the Treasury, in one of their discussion papers said, at least 45 per cent of every philanthropic dollar came through the public purse as a tax deduction. And that was the big debate in America. Is this money solely private? And in Australia, we haven’t had that debate. We just assume it is private. And I think people who step up perhaps feel that was the condition on which they did it. And we just haven’t had that debate to go, ‘but we count public money’.

I think one of you said that earlier today. They get franking credits. I just looked up Myer, Potter and Buckland. A third of their actual granting money are franking credits. So it’s not solely private. It is this strange amalgam of money which is private, for public purposes, but with the – I think a terrific government policy – that you get these benefits, these taxation benefits, if you want to set up a foundation.

So the reason I think, despite the regulation that trustee companies certainly work under, I think this is very separate. This is a different path of their business. And until 1983 it wasn’t solely their business, but it was a large part of it. So I think that foundations, because they’re not solely private, they’re this strange amalgam, out there to enhance the common good. And I think it’s a great story for trustee companies to tell the world.

MS ABRAMSON: Could you, and as I said I don’t have a view, I’m just exploring the idea. So if you were going to do that though, there might be an argument that you need a transition period. Because people who did leave money into the trust company situation might have well thought, ‘well, it won’t be publicly disclosed’. Now, I don’t know if people think that. But then you’d have to have say, for people who were then putting money into a trust company, those were the new rules and conditions. I don’t see how you could move from one to the other given that people would have done it under a range of assumptions.

MS CHAM: Well, most of those people, certainly the ones that I looked at in my thesis, they were all generous dead people. And they've got no advocate. And so they're not there to, or anyone else, most of them – I mean there were so many aspects of those 32. They say women didn't have money. Well they did, one way or another. A lot of them were women. It just seems to me that this money, these monies, were left for very specific purposes. The amount that was left, and we need to know what's happening with them. Are they all there? Are they all too little to be individually managed? I don't know. I don't know. But it does seem to me, when you've got 40 per cent potentially of our philanthropy capital here, and most of it – not all of it – most of it, with people who are long dead.

MS ABRAMSON: Can I ask – thank you for that – a follow-up question as well? Where is the role for the Commission in this, given that states control trust law? So in what capacity, I mean the Commonwealth can always look to the states, obviously. But, you know, it is a state responsibility. And you spoke about the industry in New South Wales and Victoria. So where would you see the Commission's value-add here, talking about entities that are regulated by state laws?

MS CHAM: Well, I think, again, this particular aspect of their business is very different to, you know, I mean they're big finance managers, you know. And they're hugely successful ASX listed companies, hugely. And I just think this bit which is so large in philanthropic terms, but very, very, very small in terms of the amount of money that, you know, that they care for, look after, make sure people, particularly their shareholders, do very well. I just think this is a part of the world that should be opened up. And I think the Commonwealth, as it did in '09 when it was looking at fees, you know, it stepped in and said no, no, fees are not going to be 5, 6 per cent of income. They're going to be 1 per cent of capital. I think .056 or whatever it was.

MR SEIBERT: Look, just to clarify, Liz, so there's – there's two questions around transparency. Because, say, a testamentary trust managed by a licenced trustee company, they do report through the ACNC, if they're a separate individual charitable trust. So there can be some information about them already on the ACNC register. So are you saying that there should be sort of enhanced or increased reporting around them? Because then there's obviously with PAFs, they can benefit from an exemption which is sort of – which means that there's nothing available on there. So are you saying that in both cases there should be sort of a minimum level of enhanced reporting? Is that what you said?

MS CHAM: I think that we need to understand that it's not solely private money, and that's why I think we need appropriate accountability. I think – I mean my 32 in my sample, every six months they go back to ACNC to look and see what information is now available, if any. And, you know, it is wonderful that Equity now have a list of 624 on their website. But a list of – it's great, they've got a list. I'm delighted. But we need more. We need to know what they're doing with the money, how much are they distributing? And when I look for my 32, Krystian, I usually can't find more than six that have got any information from the ACNC.

MR SEIBERT: And just on the role of, sort of, whether it's the states or the Commonwealth Government, and the CAMAC inquiry recommendations from over 10 years ago now, what is your view on those recommendations given it's 10 years ago and things may or may not have changed.

MS CHAM: Please, please can we have resources to do the audits so that we know. And I think with each step we get slightly closer to public accountability, I think. But I think, I mean

I've been talking about this and writing about this for a very long time. So I don't see where the barriers are.

MR SEIBERT: But just on that, and to go to Julie's point as well, that sort of, traditionally the Supreme Courts within the states have an inherent jurisdiction to ensure the appropriate administration of charitable trusts, et cetera. What's sort of insufficient about, or is there anything, what's – that does exist; those provisions do exist. They can have a role and they sometimes do play a role there. Why is that not enough in terms of oversight?

MS CHAM: Because it doesn't seem to me to have increased any form of public accountability. I mean – I don't want to get into the reeds about all this – but I worked for Buckland when the trustees wanted to change the way they invested. And Buckland again said instructions in the will. But you know, 25 years later they were inadequate. So on we went to the court. And trust company, and the foundation – the trust company briefed the foundation to pay those legal costs. I mean the next time we went, we wanted to go.

We wanted to see if we could take the foundation away from the trustee company. When we went to see some lawyers they said it cost a quarter to half a million dollars, had to come out of the individual trustee's pocket. And we didn't do it. So we'll stay with the trustee company we use now, Bucklands, with equity. You can't move. I mean that's something that the Charitable Alliance (indistinct) in their submission to the Commission. They'd made a whole range of other issues that they want changed around trustee companies. I mean, the one that I particularly am interested in, and I'll let them do – well, I'm part of that group as well – I'll let them do their own advocacy around a whole lot of things. Fees, portability, you know, I won't go on and on.

MR SEIBERT: I've got a follow-up, Liz. So normally if we're thinking about, you know, making things public. As you've said, you're worried about incentives. So what's the – what difference is it going to make, really? I guess this goes to Julie's point around, as you put it, you know, many of the original donors into these vehicles are now deceased. So I guess the question on that particular issue, what difference would that make, is it the idea that, you know, how we're thinking here about, you know, this issue of tainted money, that if money is going out, someone who is receiving that money might want to know, well this was the person who was associated with this. I don't really want to be – even though the money's there, and so there's no – and that's a separate question from moving forward now. We could make the case, well, new money coming in, that's a separate issue. But for the money that's already there, is it a tainted money question? Is that because of the – I'm just trying to get to question of how would it make a difference for that particular class of donors that you're talking about where the money is already there? So it's not going to matter one way or the other.

MS CHAM: I think it was Rockefeller who said, you know, tainted money, you know, that's the only sort of money there is or something. I just feel these people should be acknowledged, the ones who have been generous and left the money in perpetuity with a company that they saw was carrying out their wishes. I think that when the Buckland Foundation finally did an annual report in 2000, we argued about it for 10 years. You know, should they do it? Shouldn't they do it? What would it mean? Would they be sort of preaching to other people?

What about Buckland? Some of it's – you know, we went on for 10 years arguing about whether we should put an annual report. It's been going now for 24 years, and, you know, hardly a ripple happened in the world. I think, I really think like so many, you know, they said to women, 'If you become educated you'll faint'. Well, we didn't faint. I think it's about power. And I think there's a very strong culture in Australia, as I said earlier, that this is private. But in fact, as I

said, it's not solely private. We do account for public monies and we should account for public monies. And I think it would be wonderful for the (indistinct) to hear every year what philanthropy does.

And that is some of what Sam was talking about. But I think if you're going to change a culture, you've got to get out of the secrecy barrier, and go, 'this is great'. There's a lot of great stuff that's happening in trustee companies. I just don't know a lot of it because I don't work in there anymore. I think, like all philanthropy, we need to open it up. And, you know, it's like the debate Julie was talking about. Once people say, 'Why don't you look at a gender lens,' and suddenly it makes sense, and we do. And you find all sorts of things. And I think this is similar. I think there's a lot of philanthropy out there. Let's make it accessible to the people it was left for.

MS ABRAMSON: Thanks, Liz. I just have one final follow-up question. We did ask about minimum distribution rates for ancillary funds. So I was wondering if you had anything just on that?

MS CHAM: Well, I don't think it should be lessened. I think the distribution funds should be left as it is, certainly not lessened. I think that, you know, I believe in – I believe in these foundations. And I, you know, I don't know, and it's a pity in a way that Cat wasn't here to tell us a bit more about, you know what they are doing at Perpetual. I think that would have been useful. A bit of light. A bit of light, not just the halo.

MS ABRAMSON: Thank you.

DR ROBSON: Thanks very much.

MR SEIBERT: Thanks very much.

MS ABRAMSON: Which quite neatly brings us to public interest journalism.

DR ROBSON: Yes. Some (indistinct). Welcome. So if you could state your name and the organisation that you're from for the record. And then if you'd like to make an opening statement, we'd love to hear that. And we'll then get into some questions.

MS A. DRAFFIN: Thanks Alex. My name is Anna Draffin. I'm the chief executive officer of the Public Interest Journalism Initiative, otherwise known as PIJI. I would like to make a brief opening statement. But beforehand, just want to acknowledge the lands of the First Nations people on which we are meeting today, and to acknowledge their leaders past, present, and emerging.

I will draw upon a recent submission. Sorry, I'll just – computer's decided not to work – a recent submission to the Commission, and particularly focusing on the state of the Australian news market. And I just want to pause one moment while I have some tech difficulties here.

DR ROBSON: That's fine. Take your time.

MS DRAFFIN: Thanks. Public interest journalism is essential to an informed citizenry and vital in holding those with power and influence to account. It helps to build community cohesion, and also keep communities safe in times of natural disasters and other emergencies. PIJI's interests lies in the health of public interest journalism across the nation, and as found by

the ACCC, the public benefit that it generates for all, not just for those who pay for it and consume it.

The development and evolution of digital technologies and social media platforms have irreversibly transformed the news sector. Where advertising once subsidised the high cost of producing public interest journalism, these dollars have now largely flowed to the digital platforms. Around the world, governments, industry, and the community are grappling to find sustainable solutions.

Against this backdrop, PIJI appreciates the opportunity to appear before the Commission's inquiry into philanthropy. We also welcome the Commission's draft recommendation for a simpler, re-focused deductible gift recipient system that creates fairer and more consistent outcomes for donors, charities, and the community, as well as your explicit inclusion of public interest journalism as a charitable (indistinct) in the draft report.

Over the past five years, PIJI has pioneered the mapping and indexing of the Australian news market. According to our data, there are over 1,000 print, digital, radio and television news outlets around Australia, of which 88 per cent are local news outlets. For the period 2019-2023, we have observed nearly 500 market changes in news production and availability, both positive and negative.

However, within this data there have been 150 news outlet closures, which is a marked uptick from previous ACCC data that showed 106 news closures over the preceding 10 year period.

Furthermore, roughly 60 per cent of changes have occurred in regional and remote Australia, which is disproportionate to their relative population when compared to metropolitan centres.

And now there is a new urgency to this situation. In 2024, we've faced the fast rising tide of generative AI, ripe for experimentation in a year of elections, most notably in the US. PIJI is aware of alleged generative AI news sites recently entering local Australian news markets without clear attribution. This demonstrates a new, rapid and evolving disruption to public interest journalism, which we believe will be felt more immediately and acutely than previous digital waves.

It is likely to further fragment the shared public information space, leaving the community vulnerable to severe and intensified threats posed by dis and mis-information. The exclusive recognition of public interest journalism in charities law, is no silver bullet. But it presents clear opportunities that PIJI and others have suggested to help diversify revenues, encourage more news production, and benefit communities already experiencing an under-supply of media diversity and plurality.

All Australians, regardless of economic means or location, deserve to be informed and have access to a variety of public interest journalism at all levels, local, regional and national. The deliberate development of a well-regulated, not-for-profit news sector is key. We have seen green shoots appear domestically in recent years including (indistinct) donor appetite.

Internationally, has seen greater growth, such as the recent half a billion dollar investment by 20 leading US foundations specifically into non-profit groups. Now we need decisive action in Australia, to remove the mechanical barriers and to actively encourage a thriving and diverse charitable news sector that serves our communities.

I'd be happy to take your questions. Thank you.

DR ROBSON: Thank you. Krystian?

MR SEIBERT: Thanks. Anna, thank you for the submission and the engagement with the inquiry so far. Just wanted to go to the practicalities of the reform of the DGR system as we discuss in our draft report. And we had the benefit of engaging with AAP in Sydney last week. And that was helpful. And I wanted to test a few things with you based on that.

But firstly, I just wanted to ask you, why do you think a definition of public interest journalism is actually – or do you – do you think a definition of public interest journalism is necessary for the purposes of including it within the DGR system? And if so, why?

MS DRAFFIN: So there's a number of different ways in which you could handle it. In fact, there's a UK study that's just been released this week, which is the *Guildford Dragon News*. And for the first time, that is a local news outlet who has been registered as a charity under our public interest news outlets. Obviously the UK system is slightly different and there's much closer alignment between the taxation and charity registration.

But, in talking to the lawyers who've led that case, the way they've approached it is through the definition of public interest journalism in the company's constitution, as distinct from whether it's actually named in the tax legislation. So there's obviously a number of different ways of approaching it.

But one of the key distinctions of news is that it has a different governance structure. So yes, in terms of charitable news, you need to have the trustees or the directors who are accountable for the company's governance. But you also need to ensure editorial independence. And therefore, I think we end up with questions of needing to really narrow the definition of public interest journalism. We already put sufficient guardrails around it to stop commercial news interests, which, let's face it, are the majority of the sector at the moment, from actually accessing not-for-profit models, if that is not their central purpose in terms of what they're going to deliver.

So a definition of public interest journalism, we believe, is necessary, but it also needs to link up some of those considerations around professional standards, codes of practice, et cetera, to ensure donor trust, (indistinct) for community trust in the public interest journalism product that is actually being produced.

MR SEIBERT: Yes. If you were able to share, sort of, a follow-up this case study from England and Wales, that would be appreciated. What we just floated as a, you know, for discussion purposes, with AAP last week in Sydney was, you know, just to get their feedback on whether something would provide a basic scaffolding for a definition, it sort of had three limbs to it. If I'm able to just sort of walk you through those and get your views on them.

Firstly, the need to have a separate entity that's registered as a charity, and that's not subject to the control of another entity, such as a for-profit entity. Secondly, that it employs journalists, which could be as defined under the Broadcasting Act or shield laws. And then thirdly, that it's signed up to a charter of editorial independence with some sort of requirement to comply with, and manage disputes, in relation to that charter. So there were three things that we sought feedback last week. Interested in your views on that.

MS DRAFFIN: So certainly having a separation of entity where it is a paper that is a not-for-profit is central. As I've already touched on, having a charter of editorial independence, we would want to see specific considerations in that, including access to external complaints authority, would be a key part. And some acknowledgment of regulation within the existing system.

The employment of journalists is an interesting one. So within PIJI's definition of public interest journalism, we do see the necessity for professional journalism, particularly to distinguish from citizen journalism. And again, in an era of (indistinct) and AI, that distinction of having actual professional barriers around journalism is going, I believe, to be of increasing importance.

However, I do note that in the case of this UK news outlet, it's actually an entirely volunteer-led news organisation. Equally, we know that anecdotally within the Australian market, at a local news level, increasingly just because the business model has broken. There is a lot of volunteer labour within those specific news outlets. So I think that's something we probably need to consider a bit more and actually analyse the market before we became too specific. But it is around, absolutely, the end product, which is professional journalism and has to include professional standards around it.

MR SEIBERT: And so just to clarify, with say, being signed up to a charter of editorial independence, that there should be some sort of external dispute resolution mechanism as part of that?

MS DRAFFIN: Absolutely.

MR SEIBERT s: There's always the balance in terms of the laws, how much detail they set out, and there's also the importance of, sort of, obviously independence and the laws going sort of, crossing over too much into it. But I think that government is always going to be interested where there are tax concessions provided, about what the boundaries are in terms of who's eligible and who's not. And I think that's what this goes to about what is public interest journalism for the purposes of the DGR system, given some of the points you made to the distinctions between, say, public interest journalism and maybe some other forms of citizen, sort of, activism or journalism, for example.

MS DRAFFIN: And I think, you know, the key component to put within that list is also Australian based news organisations. So in the case of Canada, in order to access tax deductibility as a news organisation they have to be what's known as a qualified Canadian news organisation. That specific listing does also enable commercial news organisations to access the tax-free (indistinct) which is different. But what I like about it is the neatness of actually qualifying where there's an eligible news business, for all sorts of tax considerations.

MR SEIBERT: And in terms of, if – what would be the risk of not defining public interest journalism within the DGR system, if it was expanded and there was eligibility, like going back to the first question I asked about why is the definition, or not, important? What would be the risks if it wasn't defined clearly or clearly enough?

MS DRAFFIN: Look, I think probably the biggest risk is inconsistency, and particularly given that news is a fairly fledgling area of not-for-profit investment, and we have some very large non-profit news entities such as AAP, *Conversation*, *The Guardian*. But we are looking to where we are seeing market gaps emerging in terms of new supply. And that is at a local level. So the likely solution is, it's going to be a very grassroots, local news-led solution. And if there

aren't clear guardrails the capacity for small news non-profits that actually define public interest journalism and put it into their constitution, et cetera, is a fairly sophisticated capacity question.

And we would be really looking for clarity around what is the charitable purpose that this is looking to serve. And having some consistency around some definitions (indistinct words) help the industry in terms of its continued lift in its professional standards in order to distinguish it from other types of information.

MR SEIBERT: So it could have a benefit in terms of clarity, et cetera, but also like a facilitative role in terms of the development of that?

MS DRAFFIN: Look, a statement helps in terms of capacity-building for smaller non-profits. So there's definitely just an efficiency function. But as I said it's also about helping build direct trust and clarity around the role of news. We would – a few of us were talking about earlier – about the sort of, you know, four key pillars of a democracy being judiciary and the legal system, news, government and academia. We actually need to help the system understand how news fits within the democracy and the special role that it plays as a pillar to a thriving community. And I think having more specific definitions helps the general public to understand what is legitimate journalism. That's not to say that other forms of news and media are not legitimate, but they're not there for a public interest test.

DR ROBSON: Okay. Thanks. I just wanted to explore something that I think Krystian was, in fact, getting to was, you know, the difference between public interest journalism and advocacy, in it for the purposes of the discussion around DGR. And we heard last week from AAP that, you know, perhaps if you were, you know, a public interest journalism news organisation, you know, you could somehow under the current arrangements and then under our proposed reforms without a specific separate category, you could sort of try to shoehorn yourself into, you know, whether you're an organisation that focuses on news or advocacy around say, immigration or whatever it might be.

But the problem then is, you know, you are constraining yourself to the charitable purposes and furthering those charitable purposes, whereas I think you're saying you shouldn't really have to do that. There should be a separate category where you can provide a news service without having to say, 'oh we're only going to – our charitable purpose is not going to be this. We don't want to constrain ourselves because we don't know that the news is going to be what the public might be interested in.' Is that - - -?

MS DRAFFIN: Yes. So if I draw upon the UK experience over the last five years, so as I said fairly new – there's three case studies there in terms of that public interest news purpose. So the first one is the Public Interest News Foundation, which is the intermediary. It's both a funder and capacity builder. The second one is FAST Act which is effectively a fact-checking service, into news. So a bit like Newswire. In fact, AAP has a substantial fact checking service. So that is an essential part of professional journalism. Then as I said, the third most recent one this week is a local news outlet.

It's really contemplating what sits inside the news ecosystem and where those necessary players are, and where there is opportunity for not-for-profit business models that can fill the supply chain where it's not otherwise commercially sustainable. And AAP is a classic example of that. It was a commercial news wire. The two major shareholders withdrew their support, which prompted its quick pivot to a not-for-profit model. But that was also a first of its kind in trying to test that. And it had to via a specific listing.

DR ROBSON: Just to follow up on that one. When we think about the supply chain, for want of a better word, of news, we could – you know, there are for-profits, but then you know, if they were using the output of a not-for-profit as an input into their business – so, you know, somebody discovers an amazing story that a public interest news outlet, and the *Financial Review* or *The Australian* takes it up and, you know, follows it up. I guess the question I'm getting to is, is then, you know, taxpayer funds going to the, you know, was it upstream entity which would be the public interest journalism in this case.

Is that like an implicit subsidy to the profits? Because then they just – they get it for free. Whereas, ideally what you'd like them to do is, you know, to pay for it. Or is that what would happen in that case, that the public interest journalism outlet would charge a fee? That would cover their costs but it would still be an implicit subsidy because there's be taxpayer support somewhere along the supply chain.

MS DRAFFIN: Sorry, Alex. I understand the ethical question. However, I would just point to the fact that Australia actually has the benefit of two large public service broadcasters in the *ABC* and *SBS*, which are the two largest producers of public interest journalism in the country. So that is already in effect and operational. Equally, the way the news ecosystem works is that commercial, publicly funded and not-for-profit news entities already feed off each other because that is the way the news cycle works.

And if we take, for example, in the case of bushfires and floods, you actually see on the ground the local news outlets, be it the *ABC* and the local newspaper and the local radio commercial interests actively all working together, and sharing resources and information. So I think that is more looking to the purpose of news as a public good. And if you accept that news providers are providing that service, then if that's a knock-on effect, I think that's permissible.

They're still a commercial entity, and they've still got to commercialise it and be profitable to be in business. So I think that is more just accepting the news ecosystem and the multitude of players that you need. I think what would be worse, if the industry was reduced to one or two players. For example, PIJI would not offer that a news industry that exists purely of News Corp and the *ABC* would offer sufficient diversity (indistinct) necessary (indistinct).

MS ABRAMSON: Yes. I'd like to ask you, Anna, we've had the AAP before us last week, as Krystian said, and he put some of the proposals to you. One of the issues is around independent dispute resolution. And they made the point to us that AAP is not a member currently of the Press Council and a number of other media organisations aren't. It would seem to us that an independent resolution process, and I have a background in dispute resolution so (indistinct) outside of an entity. So just interested in your views about that, what that might look like.

MS DRAFFIN: So a hotly contested subject in the news industry in terms of regulation. I think, just to be clear from PIJI's perspective, is there is a spectrum of regulation that's possible from government agency right through to self-regulation, and the industry has a mix of both based on legacy notions of news media.

So the broadcast sector falls under the auspices of ACMA for radio and television. Whereas the publishing side of the business has largely been left to self-regulation. And the Australian Press Council is the self-regulator. It's an opt-in basis.

Coming back to first principles, if we're looking at areas of news as the public pool that requires some kind of subsidy. To your earlier point, Alex, what PIJI is interested in is some harmonisation of professional standards including codes of practice, other considerations around professional journalism, and the role that (indistinct) complaints authorities may provide.

That being said, there are all sorts of different ideas. We recently had floated to us the notion of an ombudsman, for example.

MS ABRAMSON: I'm sorry. I didn't hear you.

MS DRAFFIN: An ombudsman, that might be an appropriate system. Because I think that the other thing is, over the last two decades, the way public consume news is so different now. And the general public doesn't distinguish between seeing a clip on free to air TV on a major broadcaster versus seeing that same clip on YouTube. And yet, they exist under completely different regulatory codes, or in the case of YouTube, there is no regulation.

And, in fact, during COVID there was an incident of a commercial clip that aired on YouTube. There was a public complaint to YouTube, and they elected to take it down. And yet that same clip broadcast on free to air TV, it didn't see a complaint and so took no action. So there's a complete disparity there. So the world of regulation for news is far more complex and I would suggest requires a lot more consideration.

But we would note that there are declining levels of public trust in news. We see that there is a particular opportunity for not-for-profit news to apply a higher benchmark with professional standards around it. And we'd be certainly supportive of looking at ways in which that could be (indistinct).

MS ABRAMSON: Thank you. That's really helpful.

DR ROBSON: Krystian?

MR SEIBERT: Just a quick question about PIJI's views around sort of the way the specific listing process currently works, given the sort of number of organisations that you work with have applied through that process.

MS DRAFFIN: What would you like to know?

MR SEIBERT: You know, just some high level views about that process.

MS DRAFFIN: Well, perhaps I can talk specifically to PIJI. I'm, own case, because we are a registered charity, but we haven't sought the specific listing because of the time and resources that is involved. Haven't actually led the specific listing. When I was working for Philanthropy Australia back in day I had specific insight in terms of what that takes. And certainly with the Judith Nielson Institute, AAP and the Alliance for Journalists' Freedom in the last three years have all sought the specific listing. So I well know the resource and networking that it takes to do that.

At the time PIJI was a limited shelf-life initiative. And so I – my recommendation is it wasn't worth two years of time investment and man hours to actually seek the specific listing. That being said, I guess that is one of the chief concerns that we've addressed in our most recent

submission to you, which is the gold standard is to get the DGR reform that the Commission has put in a draft recommendation.

So in the event that that doesn't happen, how to put some safeguards in specific, for public interest journalism's purposes. Which is why, coming back to your earlier comment, Alex, having a definition of public interest journalism legislation is important, because it actually gives that public recognition that it serves the public good and the need for investment in that area.

Secondly, just to allow avenues for registered news businesses, be they news outlets or intermediaries such as PIJI, who are undertaking a charitable purpose that is recognised by the ACNC to actually look for tax deductibility. At the minute, only about 40 per cent of news related organisations that are registered charities have DGR status.

MR SEIBERT: Okay.

DR ROBSON: Thank you very much.

MR SEIBERT: Thank you very much.

MS DRAFFIN: Thank you for your time.

DR ROBSON: Okay. So we'll take a lunch break now, and we've got a bit of a gap. So we'll come back at 1.40.

MR SEIBERT: A withdrawal.

DR ROBSON: Yes. Thank you.

SHORT ADJOURNMENT [12.19 PM]

RESUMED [1.40 PM]

DR ROBSON: So welcome. We'll get underway. If you could just state your name and the organisation that you're from, and then if you'd like to make an opening statement, we'd be happy to hear that, and then we'll get into questions.

MS A MARTIN: No problem.

DR ROBSON: Thank you.

MS MARTIN: Okay. So my name is Amanda Martin, and I'm the CEO of the Australian Environmental Grantmakers Network, which is (indistinct).

MS J FEEHELY: And I'm Jessica. I'm the advocacy manager with the same organisation.

DR ROBSON: Thank you. Would you like to make an opening statement?

MS MARTIN: Yes. Yes, we do have an opening statement (indistinct) questions. And I'd like to say it's great to be talking in front of some graduates today. It's really glad – it's really good to have an audience, so thanks for joining us. I'd like to acknowledge (indistinct) Wurundjeri people of the Kulin nations and pay our respects to their Elders past and present and recognise, in particular, how important Aboriginal people are to the ongoing management of our land and seas in Australia and the important contribution they have to continue that maintenance of land over thousands of years.

And I'd also like to thank the Productivity Commission for listening to us. It has been really terrific actually for us talking to you. We've had a number of conversations with some of you, and all of you at different times. So thanks for the opportunity. And I pass our thanks on from our members. The AEGN has a very active member group and they're all really keen on what you're doing and very excited to be able to contribute to this. I'd like to just also acknowledge that Jess has helped us with our submission to you, and Jess is our new advocacy manager which is really important to us.

So the AEGN, as some of you know, is a network of over 200 philanthropists. To be a member, you have to give between \$25,000 and some members give a million a year, so we've got a very broad – very, very broad membership made up largely under foundations, private ancillary funds, community foundations and sub-funds as well as individual donors.

The one thing that binds our members together is that they want to make a difference on climate and environmental issues. And the AEGN's primary goal is to grow the amount and the effectiveness of giving to the environment. So we're very interested and excited about the Productivity Commission's work, obviously. That's our bread and butter.

So our submission outlines the declining state of the environment, which I imagine you'd already understand, but the urgency for action on these issues. We need to do something about the environmental (indistinct) in the next decade, or there will be transformative things that we will not be able to turn around.

I know that you heard from Philanthropy Australia this morning about the fact that Australia is a relatively rich country. We're not giving enough. Particularly, our growth sector is not giving a large – and there's a higher concentration of wealth that we can activate and supercharge philanthropic giving from.

And I imagine that you also know that over the next 20 years, around \$2.6 trillion is going to change hands, and a lot of those people in that (indistinct) process are interested in climate change and environmental issues, but we want to make sure that that translates into actual giving and effective philanthropy.

So we think this inquiry an important opportunity to get the future of giving right; to really set down a vibrant and effective philanthropic sector. It's an important opportunity to grow the pool of funds in light of the government's agenda (indistinct) and to understand complementary roles that government philanthropy and the private sector will need to (indistinct) in addressing the giving issues that Australia faces, and I'll talk a little bit more about that in a tick.

It's also an important opportunity to help guide philanthropy towards critical, time-sensitive issues like climate (indistinct) crisis (indistinct). We welcome the Commission's interrelated recommendations for DGR reform (indistinct) tax deductibility. I think that's really important. The complexity of the DGR system has been a barrier for many environmental, climate and other

organisations and people, particularly First Nations organisations. So we're really pleased that (indistinct) to remove those barriers. But we also feel that those changes won't make a huge impact on overall giving. So I'd like to talk a little bit about the Commission's final recommendations to make (indistinct), if I can.

One thing that's really important to our members, which they say over and over again, is that philanthropic giving cannot, and should not, replace adequate government funding. The state of urgency of the climate crisis means that government philanthropy and private sector funding must all increase. In fact, without increased government funding and meaningful policy changes of climate and environment, we would not safeguard our climate and protect nature, and many funders could quite possibly be reluctant to give to these issues if government's not acting.

I appreciate the Commission sees its role as setting the framework for overall giving – Julie did mention that to us in our last conversation – rather than particular sectors, but climate change and environment health are (indistinct) problems. And I know you're hearing from a number of other issues and are looking at problems that affect everybody. They intersect and magnify all social and economic issues.

We think all funders should be thinking about climate change and biodiversity loss and how that will impact on their operations and how to build resilience in communities that they serve. And we hope that the Commission's final report encourages that to happen and would be having – would be having discussed – we've got lots of resources that can help that sort of thinking.

But briefly, some of the things that we think are needed to increase climate and environmental giving is, one, a stronger giving culture, and we support Philanthropy Australia's call for a national campaign. I put a campaign of generosity. I think that might make – reaches out to a broader sector of the community beyond people the AEGN works with. It will have a significant impact on that sort of cultural embracing of giving, whether you're wealthy or you're not.

To promote stronger giving culture, the government should fund targeted research and data collection, and we think that that will really improve the understanding of where funds are going and where funds are required and give people a sense of a space and need for philanthropic giving. We've spent quite a few years trying to collect data from different points, and it's really time consuming, sometimes impossible, to get the data that we need from the Register of Environmental Organisations, which no longer exists, but also from ACNC. So I think that role is really important.

We think that getting those to give more and give sooner is really important, and there is a growing trend among climate funders in particular to spend down their capital more quickly. This appropriate recognises that money invested in tackling the crisis – the climate crisis now will have an impact – will have more impact than maybe invested in 10 or 20 years' time. So we're seeing that is an increasing trend and we think that should be encouraged.

It's not available to everybody; it's not an approach that all (indistinct) feel comfortable (indistinct) can actually access. Some prefer to sustain their capital base so they could fund projects into the long-term future. But we would like to see some changes and maybe some more realistic options for funders to consider and incentivise high impact giving to match the urgency crisis, and we think one way of doing that is allowing tax deductions to be spread across 10 years rather than – I think at the moment it's five years.

Another way of encouraging more giving is effective partnerships and different models of giving, and I think that better collaboration and coordination between government philanthropy and the private sector will really help to scale that giving. For example, one example we've got at the moment, the government's currently promoting the role of the private sector in funding its nature positive plans. It's a new – major new campaign that the government's taking on. But it hasn't engaged in philanthropy at all, and we've got lots and lots of examples of that. So working more closely on strategy with government and philanthropy and the private sector we think is really important for more rounded and efficient change.

The final report to provide guidance on the different complementary roles of government, philanthropy and the private sector, and this is learnt from effective and successful partnerships, which is set out in our submission, and we've got lots of examples where we could have – we could have worked more closely with government and how much there are more efficient outcomes. Lots of those examples that are coming up as well.

One successful arrangement that we see was matched funding initiatives for the National Reserve System – I don't know if you've heard this – where the Federal Government contribute a one-third purchase price for higher conservation than private land, providing the remainder that was secured from other sources, particularly from philanthropy.

And so between 1996 and 2013, new state government and philanthropic investment helped purchase many thousands of hectares of biodiversity-rich land. In fact - - -

DR ROBSON: Bless you.

MS MARTIN: Bless you. Do you want - - -

MS FEEHELY: Thank you.

MS MARTIN: And some of the crown jewels of our National Reserve System have been purchased through that program. So we think a similar approach should help Australia meet its current commitments to reserving 30 per cent of land by 2030.

This approach of incentivising giving is a prudent project, and the government playing a role, we think, is very important. As well as repeating past successes, Australia should look to innovative models of giving being used elsewhere, such as impact investment and business models, through charity and trusts. And of course networks like the AEGN has been a proven, successful model for growing philanthropy.

So we think the final report should encourage a growth in expertise amongst NGOs, government, and funders about the range of options and how to maximise their impact. Growth (indistinct) would also depend on well-informed and progressive financial advisers and wealth managers, and I'm sure you've heard about that.

Just finally, the capacity of the NGO sector is incredibly important here. So philanthropy will only be able to effectively address funding gaps if relevant NGOs have the capacity to engage. Too often, NGOs and First Nations organisations are doing very important on ground of advocacy work miss out funding, because they don't have the networks; they don't have any experience or the communication skill to compete with higher profile, large NGOs. Often, they don't have time or resources to make detailed funding applications or reports or to manage

relationships with potential funders because they're struggling just to keep the doors open. And we see that in lots of smaller ENGOS.

For environmental NGOs, in particular, tenuous funding, (fund anxiety indistinct), the politicisation of issues, leads to high stress – highly stressful environments and can make it hard to attract and retain staff. We hear this really regularly. Some feel that removing FBT exclusions would go some way to improving that and to give environmental NGOs the space to tap into philanthropic support that are critical, if they need investment and capacity building and long-term funding security and certainty of advocacy activities that will not put their funding at risk.

And we're seeing some examples of that where government has provided what used to be called the grant of voluntary environmental conservation organisations, I think, existed for a while, and that was through the government funding and supported the capacity of NGOs just to pay for their CEO, to keep the doors open in a rental perspective, and I know firsthand that that's made a huge difference to organisations getting – accessing philanthropic funding.

As one of our (indistinct) said:

The charities that we fund are experts in communicating the need for funding. If they are provided with adequate funds, support and capacity building infrastructure, they can supersize their skills and capacity in fundraising (indistinct).

So that's a really key to growing – growing giving, we think.

So we are in a climate (indistinct) crisis and it is going to take urgent and coordinated efforts to tackle this. This inquiry is a critical opportunity to make a case for more giving, for better targeted giving, for more support for NGOs, environmental NGOs, and for a fundamental reset in the relationship between government and philanthropy. We're really committed to this work. We thank the Commission for your analysis so far, and we really look forward to continuing to work with you and talk with you.

So that's the end of my presentation. We'd be really happy – Jess and I would be really happy to answer any questions.

DR ROBSON: Thank you very much. I might pick up on, I think, one of the points you made earlier on for your presentation, which was around whether philanthropy should replace government funding.

MS MARTIN: Yes.

DR ROBSON: We do have a bit of a discussion in the report around, you know, this relationship between what government does and what philanthropy does and, you know, if we had – you know, it makes sense that, you know, the strong social safety net in certain countries and maybe philanthropy may not be as large because people (indistinct), you know, 'This is government's job,' so they're not going to give to that particular cause or might – and one of the recommendations we have in relation to this sort of crowding out idea more generally and relationship between government and philanthropy is on volunteering.

And so the idea in – of that recommendation is that, when governments design programs, particularly if there's a high incidence of volunteers, say, in aged care or disability care, perhaps

you can comment on environmental programs as well. You know, the recommendations will, if they're taking volunteering seriously when they're sitting around making those decisions, they should take into account the effect of policies on the volunteering sector.

But I wondered more broadly if there's a case to be made from broadening out that recommendation, and I'm interested in your thoughts on it, whether that should just apply financial giving as well. So if the government says, 'We're going to, you know, fund this particular environmental program,' and in reality, philanthropy might then just say, 'We don't have to do that now,' you know, 'We'll go and do something else rather than crowding in further donations.'

So it's one of the things that we've been thinking about after hearings is whether, you know, you think there'd be merit in, you know, governments when they design policies to not only create volunteers but also financial giving more broadly in the decisions that they make in the context of the causes and environmental issues that you were talking about.

MS MARTIN: Well, I can start and you can add to this - - -

MS FEEHELY: I thought it was just totally on me.

MS MARTIN: I think that my immediate response is that the need is so (indistinct) that you're never going to crowd out philanthropists from giving, and the type of giving that many funders give to environment issues are not what government would do, so I don't see it as an issue.

Good examples of that are that kind of – I'm sure you've heard this term – the, you know, the venture capital of environmental and social change. A lot of funders will fund startup organisations. Especially in the climate space have been a huge number of new startup organisations which both do things like advocate on, I don't know, good energy policy, for example, how to bring energy to disadvantaged communities. So it's things that, often, government is not going to fund.

Though the other thing – the other point that I would make is that the Australian – we were just talking about this with our Western Australian colleagues and some international colleagues on a field trip recently – the Australian landscape is enormous. Our oceans, for example, cover the biggest marine jurisdiction in the world. So there is a huge need, and I think that, you know, government needs to play its role, and that is never going to crowd out the kind of philanthropic capital that is going to come to – is coming and will continue to come into the environmental issues.

What can you add, Jess?

MS FEEHELY: I'm not sure this goes directly to your question, but I guess two points. One is, I think where there's a – there's traditionally been an overreliance on the care sector or the environment sector, underfunding those organisations because they know that people care enough that they will keep volunteering or they'll work extra hours or they'll do longer than the resources actually enable, and I think that's what's driven some of the real insecurity in that kind of work environment, that there is this expectation, if you care enough about the environment, you will work in a – in a way that's not necessarily financially sustainable. So I don't think that that's a good model of the government, and I think to the extent that they're relying on civil society to do that work, they need to be investing in it.

But I think also that point that Amanda made about there needs to be that kind of collaboration between government and philanthropy on what those two roles are, with the example of the National Reserve System, when government funding was cut or the match funding – the initiative was cut, there may have been an expectation that philanthropy would then step in and just keep buying land when, in fact, philanthropy dropped off quite significantly; not only because there wasn't the incentive of kind of getting more bang for your buck but also because it demonstrated to a lot of funders that government wasn't committed to conservation, and so they didn't want to step in when other policies that the government might introduce would effectively erode the kind of land that they were purchasing.

So I think there really needs to be that trust and that collaboration rather than just an expectation in government that philanthropy and the people that work in a sector like the environment would just keep stepping up because they care enough to let government off the hook. So it's really building those relationships, and that, to the extent the government expects philanthropy to be involved, they need to be having those conversations about how that's going to work.

MR SEIBERT: Yes, and just following on from that, it's really interesting the example you give of the National Reserve System management match giving. I'm not sort of familiar with that. Any kind of additional information you can provide sort of after the hearings would help, because, I think – you know, not knowing the full details of that – but let's just say that the government can buy something itself but it was an example, just looking at it, where they're kind of are crowding in - - -

MS MARTIN: Yes.

MR SEIBERT: - - - sort of the philanthropic contributions for a shared objective, and it is interesting, because – are there any other kind of similar programs in the environment space that operate like that before? And also, kind of more broadly, do you have sort of – what's your experience in general in terms of other collaborations with government in terms of shared focus areas, that sort of thing, because we are interested in sort of (indistinct) government work together or could work together in other areas.

MS MARTIN: Yes. So the NRS example is probably the best example that we know of. There's a few other smaller things that we can get back to you on the question, but the – it's such a great example because it's providing protection in perpetuity, and the examples that – with the NRS system that purchased those properties, it then went on to NGOs that continued to manage that land, so government didn't have to then take on the management of the land. So in a way, it's a very efficient and effective way for government to provide protection. There's a lot of opportunity in the future for doing that sort of work.

But it's fair to say that that incentivising – so we – sometimes we talk about, you know, donor-specific matched grants for a particular campaign, and we know from time to time again that that makes a huge difference. So if one of our members says, 'I'll put in \$1 million if everybody else does,' the response to that is almost immediate. And I think government doing that as well, it builds a sense of collaboration; it builds a sense of encouraging new people to step in. And in that sense, if government's been generous, and, you know, we'll step up to the plate as well. So I think it's gotten lots of really good sort of beneficial factors to it as well.

In terms of – yes, so we can give you some other examples at a – at a later date.

MR SEIBERT: Do you have any data about those match giving programs in terms of, you know, how they – like the other ones where they – because we are interested in these different types of tools that are available; like you said, you know, when there’s \$1 million put down and sort of that it can really have a strong impact on other donors. If you don’t, that’s fine, but if you do have any information on that - - -

MS MARTIN: We can – we can get you - - -

MR SEIBERT: Yes.

MS MARTIN: We can get you some other data. There’s quite – there’s actually quite a bit around; we’ll just get some examples from other NGOs. The other – the other question you were asking around, examples of government working with philanthropy, I know that Lord Mayor’s Charitable Foundation has got some great examples around social housing and providing a sort of climate lens over social housing and them working in partnership with government on that basis.

But to be fair, I think that there are not a lot of great examples of government working with philanthropy, which we think is a real shame. I think there’s lots of fantastic ways that we can work together. One of the ones that I think we referred to in our submission is the Great Barrier Reef Foundation. You’ll be familiar with what happened with the Great Barrier Reef Foundation. Interestingly, you know, quite a few of our members said:

We just will not work with that, because we disagree with how it happened and we disagree with the expectation that philanthropy will just step in and, you know, work with an organisation that didn’t have a strategy.

I’m not saying that the Great Barrier Reef Foundation is not doing great work now, but that was the sentiment that happened and I know they’ve expressed some frustration with working with some Australian donors.

So working early on shared vision for climate and environmental outcomes, which we both have, I think, is just a really fantastic way of moving forward, but it’s got to be a genuine, early collaboration.

MR SEIBERT: Okay. Thank you.

MS MARTIN: And we’ll get some – we’ll get you some data on - - -

MR SEIBERT: Yes, that’d be very helpful, yes.

MS MARTIN: Yes.

MS ABRAMSON: Yes, and thank you (indistinct). Thank you for all your assistance during the course of the inquiry, especially getting the members together. That was really helpful. I’m really interested in innovative models of giving, particularly the all-purpose trusts, because we had a conversation this morning about charitable trusts. So I’m just interested – I know that you encourage us to look at what the barriers are, but we’re quite interested in the model and the ‘thank you’ model that you’ve put forward for us to have a look at. We’re just interested in that.

MS FEEHELY: Well, look, really, I would strongly recommend reading Laura Egan's report which we've referenced in here, which was a Churchill Fellowship where she looked at a whole range of innovative kind of giving models internationally and that example was taken directly from her report.

I guess from our perspective, there's that model, but there's a whole range of other models, but I think for what the – this inquiry can do is to make sure that NGOs and the philanthropic sector has capacity to explore all those and work out what works best for them, to get the advice about how they can work out how to achieve their objectives using the range of tools that are available. So we weren't specifically suggesting that that model was one that we - - -

MS ABRAMSON: I'm pressing you a little bit on this because I'm particularly interested in it, but with the trust issue one, the issues with trust is it's regulated by a state. Well, I'm not proposing by way, that the Commonwealth could do it. So it's kind of a difficult space, because you could have one state say, 'Okay, we're prepared to do it,' but then what (indistinct) from lots of different states and international residents.

MS FEEHELY: Yes.

MS ABRAMSON: So that's kind of something that we would need to be thinking about. The other thing – and Krystian will help me out here – I guess the problem from a regulatory point of view with all-purpose trusts is that, do our trust laws specify that you actually have to have a particular thing, have a – have a general purpose, Krystian? Is that part of it?

MR SEIBERT: I think that there can be issues where you're blending sort of charitable purposes with non-charitable purposes, but there also are provisions in state charities and trusts Acts that can override those provisions, but the policy makers are always going to be concerned about sort of the private benefit, like, aspects of that.

MS FEEHELY: Yes, and we certainly – as part of seeking feedback from our members - - -

MS ABRAMSON: Yes.

MS FEEHELY: - - - one in particular was talking about this and that they were looking at the 'thank you' model and couldn't see how it would work for them for a lot of the reasons that you've already flagged. I can certainly see whether they'd be happy to be contacted directly to have that conversation with you about what they were thinking and what they found the barriers were.

MS ABRAMSON: Okay. We might actually contact you - - -

MS FEEHELY: Sure.

MS ABRAMSON: - - - and we'll then follow that up. And also, by the way, I do note that there are other forms of (indistinct). I was just asking if there were - - -

MS FEEHELY: No, no, that's right, but, yes, I think our main purpose in listing all those out was to say that this inquiry can help build the capacity for people to know and understand those things rather than ours being an exhaustive list of all the options that are out there.

MR SEIBERT: What are the issues that your members have with – like, I’m just looking – I’m not – you know, can’t comment on that particular charitable trust structure, but it’s like, if there’s a company selling products, and they provide the funds, the profits to the trust to distribute its grants. So is it your members as saying that they wouldn’t do that with their businesses? Is that sort of what the - - -

MS FEEHELY: I think they’ve basically been exploring for themselves, so how their foundations can invest, but also looking at NGOs that are looking at those kind of models and whether they would be able to support them to do something like that. So quite a lot of First Nations business models are kind of looking at that – those sorts of arrangements and whether there’s some social investment approaches that they can use. So I know a lot of our members have explored that - - -

MS MARTIN: Yes.

MS FEEHELY: - - - through the NGOs that they’re looking to support as opposed to how their foundation would operate as a foundation.

MR SEIBERT: Yes, then blend in the sort of discussions around impact investing - - -

MS FEEHELY: Yes.

MS MARTIN: Yes.

MR SEIBERT: - - - or social enterprise and the general blurring of boundaries between business, sort of not-for-profit charities, and what we see in general.

MS FEEHELY: Yes, that’s right. So I think, because there are so many opportunity – increasing numbers – exponentially increasing numbers of opportunities available, it really is about building that knowledge amongst the funding sector and helping NGOs identify which of those funding models might work best for them.

MS MARTIN: We can – I was just thinking, there’s a – there’s a couple of – because we’ve struggled with this as an organisation to decide on whether some of those new entities should be able to be members or not because they’ve got such a variety of structured – of income and donation and business. And so there’s a couple of really good examples where it’s business being really innovative around its profits and businesses and how that all works, and, yes, it’s been quite hard for us get our heads around it, but really exciting. So there’s a couple we could give you that we have really struggled with but I think are great, but the regulatory framework has not suited them.

MR SEIBERT: Yes. Because we want to understand sort of what the specific regulatory issues are, because – and I think for possible ones - - -

MS MARTIN: Yes.

MR SEIBERT: - - - but in terms of identifying if they’re of the government, maybe those regulatory issues are there for a reason, because - - -

MS MARTIN: Yes.

MR SEIBERT: - - - yes, policy makers will be concerned about sort of private benefits versus broader public benefits.

MS MARTIN: Yes.

MR SEIBERT: And from a taxation perspective and also, yes, from a trusts law perspective. I do want to ask about your comments, your very helpful comments, in the submission around the minimum distribution, and it seemed that you had some – a diversity of views within your membership about that. Yes, whether you're able to elaborate upon that in terms of those views?

MS MARTIN: You go, Jess.

MS FEEHELY: Not beyond saying that we have a diversity of views amongst the membership. So certainly, some recognised, for the reasons that you posed the question, that getting money out the door more quickly was something that should be encouraged and lifting that distribution rate was one way of doing that.

Others were more reluctant; and particularly, some of the newer foundations felt that, certainly, in their – in their startup period, having an obligation to disperse more than 5 per cent before they'd really had a strategy around their giving, before they had kind of confidence that their investment strategy would kind of maintain that – the corpus, so they were nervous about lifting it above 5 per cent whereas other members were very comfortable with it – with it being raised. So I can't give you any more information - - -

MR SEIBERT: Yes.

DR ROBSON: Do you think there's merit- - -

MS FEEHELY: - - - other than that we have a diversity of views.

DR ROBSON: I mean, do you think there's merit, given that diversity of, you know, I'm just putting this to you as an idea to think – you know – in addition to having a minimum, you could have sort of a recommended rate? And you could even have, you know, the range to reflect this diversity, and the ancillary funds could look at that and say, 'Well, I'm not the minimum, but the average is – can be a bit lower' - - -

MS FEEHELY: Yes.

DR ROBSON: - - - 'we know there's a diversity (indistinct) are a bit higher,' and maybe it's a bit of an encouragement or a – or a bit of a realisation that, 'Actually funding, you know, I mean, we're not getting (indistinct) for certain courses.'

MS FEEHELY: Yes, that's right, and I think one of our members also proposed, as part of the discussions that we had previously, there being a kind of a sliding rate for newer organisations. And so for your first three, five, whatever years, you'd be at the 5 per cent, but then it could lift over time as you got more comfortable with your kind of giving arrangements.

And again, a lot of this goes back to making sure that financial advisers have the kind of background to be able to provide advice around what the implications of various distribution rates might be on the long-term sustainability of the corpus.

MR SEIBERT: Yes, just following on from Alex's question, there are – there's sort of – there's obviously, like, a minimum distribution, which is a requirement, but there are other sort of options available. Interestingly, when we were in Perth on Monday, we had one participant giving evidence where he's talking about sort of the way that sort of the ancillary funds are regulated and minimum distributions are set, they probably don't necessarily encourage people to think about intergenerational justice questions around - - -

MS MARTIN: Yes. Yes.

MR SEIBERT: And it is interesting that the ancillary fund guidelines require an ancillary fund to have an investment strategy, for good reasons, but they don't actually require them to have a philanthropic strategy. I mean, I imagine that most (indistinct) do, but they don't have to have that - - -

MS MARTIN: Yes.

MR SEIBERT: - - - and that can be where some of those things could be considered, perhaps.

MS MARTIN: Yes. I really like that idea. I know when – we do quite a bit of work on what constitutes effective giving and, you know, analyse that within our membership, and one of the key steps is to develop a strategy rather than check for philanthropy. Having a strategy that is thought through to a certain degree is very useful and definitely leads to more effective getting.

And I like the idea of having an indication that you can go beyond the minimum. I know quite a few of our members, particularly those where there's family foundations and younger people, are worried about climate change, the environment, and want get – to get a distribution out faster. They're curtailed a little bit by the intergenerational sort of questions. But having an indicator that you can go beyond your minimum and encouraging that, I think, it'll be positive idea and - - -

MR SEIBERT: In what sense are they curtailed? What are those considerations?

MS MARTIN: I think it's just the, 'Minimum 5 per cent, well, that's what we're doing.'

MR SEIBERT: Okay.

MS MARTIN: 'We'll just stick with that.'

DR ROBSON: Just sticking with that.

MS MARTIN: Yes.

MS FEEHELY: Yes, and the idea that that rate has been established for good reason and therefore you would be silly to do more than that because someone's thought about the implications of the 5 per cent, and so therefore that's kind of what – that should guide your giving.

MR SEIBERT: So then having, like, a higher recommended rate that you don't – you could – could that balance out some of those - - -

MS FEEHELY: Yes.

MS MARTIN: Yes. They're a compliant mob, and so having an indicator that you can shift beyond that – I know that it is (indistinct) already, even at just the minimum, but I – I mean, we haven't tested it with our members, but I feel pretty sure that that would be a popular thing.

MS FEEHELY: And I think, again, the Egan report – there's the statistics which I won't be able to find out, but the vast majority of ancillary funds give the minimum and no more because that's just sort of the rule of thumb, even though it's, as you say, it's not a ceiling. But it's just the sort of rule of thumb that get used, so the vast majority of them take that as the amount that they would invest – they would donate each year.

MS MARTIN: And just to add to that, one of the things that we've been encouraging is this concept of spending down, and it's been really interesting because, if you – if you get a couple of people to talk about that, a lot of people are starting to think about, 'Well, yes, we've made this money in our lifetime. These issues are really present now and we need to address them now, and so what is stopping us from spending down?' So once you kind of give the indicator and there's a conversation about it, I do think there's an appetite, but it needs – it needs that kind of inspiration and encouragement.

MR SEIBERT: Emphasis on the 'minimum' in the minimum distribution.

MS MARTIN: Yes.

MR SEIBERT: Necessarily. As in, yes, if it's acting as a floor. Okay.

MS MARTIN: Yes.

MS FEEHELY: And again, at the risk of being self-serving, it is organisations like AEGN that have that peer-to-peer conversations that do mean that you can talk about spend-down approaches and give the broader membership some other ideas about how they can think about their strategies.

DR ROBSON: Thank you very much.

MS ABRAMSON: Thank you.

MR SEIBERT: It was really helpful. Thank you.

MS FEEHELY: Okay. Thanks very much.

MS MARTIN: And we've got some things, some research to give - - -

MS FEEHELY: Some homework.

MR SEIBERT: (Indistinct.)

MS MARTIN: Yes.

MS ABRAMSON: Thank you for your time.

MR SEIBERT: Thank you.

DR ROBSON: We're just going to wait for Krystian to come back.

MS C STUCHBERY: I was wondering if he (indistinct).

DR ROBSON: Okay. Thanks. We can get started then. Yes.

MS STUCHBERY: Okay.

DR ROBSON: So, yes, if you could just state your name and the organisation that you're from, and if you'd like to make an opening statement, you're very much welcome to that. And then we'll get into the questions after. Thank you.

MS STUCHBERY: Okay. Well, thanks, Alex. So my name's Claire Stuchbery. I'm the executive director at the Local & Independent News Association, known as LINA, and I would like to join with other speakers today acknowledging that we're on Wurundjeri lands of the Kulin nations and I pay my respects to the Boonwurrung and Woi Wurrung people, acknowledging their traditional custodianship of this area. I also want to thank the Commission for the opportunity to speak today.

Just by way of context, (indistinct) a little of it in our submissions on the topic, but LINA is an industry association representing 61 local independent publishers who produce between 103 different digital publications in all states and territories in Australia.

And so our interests, I suppose, in this conversation is acknowledging the – that the work of the philanthropy authority is quite broad and our interest in it is relatively narrow around public interest journalism. So really, I think, what we're hoping to do today is just reiterate, I guess, our support for the expansion of DGR status to include public interest journalism and the direct connection between charity registration and the DGR system. So we want to appreciate the work that's been done to date by the public interest journalism initiative and others in this space, and also we were pleased to see that that was referenced in the interim report as well, so thank you for that.

Our view is that public interest journalism is one of the fundamental pillars of a functional democracy, and the industry has faced significant challenges in recent years which are well documented. Media business models sustained by advertising, newsfeeds (indistinct) globally, and that's been compounded in more recent years by the COVID-19 pandemic disruptions. And meanwhile, we're seeing the World Economic Forum naming misinformation and disinformation as the most severe short-term threat the world currently faces, making, for us, the role of responsible, accurate reporting more important than ever.

So in that context, we suggest that there's a rationale for taxpayer support for community-based news services due to the social cohesion, the community building, and the democracy strengthening and public safety benefits generated by accurate, timely and locally relevant news services. Quality news services shift us, really, from being people who live near each other to people who live in communities who are connected with each other, who know what's going on.

So this is relevant in all Australian communities, but it's particularly relevant in vulnerable areas of market failure where there is a population size that won't be large enough to warrant a dedicated news service, but particularly in areas of low socioeconomic profile and/or not enough

population to sustain a viable new service, we see a role for philanthropy around ensuring diverse voices are also represented in our media landscape.

Mainstream media has, over the years, been consolidating and syndicating and removing some services, and we think that philanthropy can be particularly beneficial in those areas. Public interest journalism also provides visibility and of – and understanding of a range of other important issues and solutions that are contributing to the government objectives to increase philanthropic giving around all kind of areas of society.

We note as well that there's a whole range of research in this area. The Digital News Report found that there's an increasing number of people in Australia who are making donations to small digital news services. We're seeing that increase incrementally. Although it's small, it's 4 per cent up in 2022. LINA has also received some feedback from the philanthropic community that indicated that there is a willingness to support newsrooms with donations should DGR status be applicable.

We've seen that play out around the world in countries like the US, the UK, France, Colombia, Indonesia, Canada just to name a few where journalism is recognised as a public good and supported by various tax credits and concession to support donations. The industry has been really successful in those regions in drawing philanthropic support. In the US, research from the University of Chicago found that 55 per cent of news organisations that receive funding from donors reported an increase in funding in 2023, so we're seeing that grow in other spaces.

We look to places like the Institute for Nonprofit News who run an annual NewsMatch program that pairs gifts from community members with family, local and national foundations, and that program has raised \$230 million since 2017. I'm not suggesting necessarily that the scale of that kind of giving is repeatable here in Australia, but it's certainly an aspirational example for our news industry.

Philanthropic funding is particularly valuable to independent media given that, as noted in the Future Foundations draft report, it's free of government and political agendas and election cycles. And incentivising philanthropy using tax deductions after giving would also provide opportunities for news media to receive longer term funding that's not possible through grants.

So that would support the industry through a critical period of transition that we're in at the moment as a response to the audience migration and a shift from some of the legacy media platforms to online platforms and digital news delivery. Untied funds, in particular, that can be drawn from donations are really useful for newsrooms to trial and learn from new technologies, and that will help expediate the industry's capacity to address misinformation and to retain engagement in news, which we're seeing in dangerously low levels at the moment.

So I don't want to hold up too much of your time, but just in response to the draft report, LINA recommends that there is actually a defined charity subtype that's established for public interest journalism instead of potentially shoehorning journalism activities into the broad kind of 'other category' for DGR endorsements. And that would prevent newsrooms from seeking – what we're seeing at the moment is inconsistently applied special listing or navigating through some of those time consuming processes in particular, which, like I said, have been – have been inconsistently applied.

So LINA really encourages the Commonwealth to consult with the industry on the parameters of public interest journalism as a subcategory and any associated definitions that would go with

that. There's a (indistinct) work that the Department of Communications is working on in that space - - -

DR ROBSON: Yes.

MS STUCHBERY: - - - I'm sure you're aware at the moment, News Media Assistance Program, and for us, I guess, it's critical that small news publications that play a critical role in addressing news deserts and increasing media diversity in Australia are not excluded from those supports or definitions.

So that's the – that's the elevator pitch. Thank you.

DR ROBSON: Thank you.

MS ABRAMSON: Thank you very much. Claire, I just wanted to ask you, we had the benefit of having a couple of stakeholders already (indistinct) assist with.

MS STUCHBERY: Yes.

MS ABRAMSON: So your views around – and my colleague, Krystian's very kindly helped send me what (indistinct) defines as public interest journalism, but interested in your views about what you think it includes. And also, with the testing some propositions, you know, what would the (indistinct) of that be? So just an open question about (indistinct) definition (indistinct) what would that definition look like?

MS STUCHBERY: Yes, that is a very broad conversation at the moment. And I guess, in terms of – we – LINA has its own views about what would – public interest journalism looks like, and it's really difficult to define as a distinct set of words, but it's one of things where you recognise what it isn't more so than what it is.

MS ABRAMSON: Yes.

MS STUCHBERY: So I guess for the purposes of this conversation, I would suggest that we should be directing that back to the work that the Department of Communications is doing around the News MAP at the moment where there is that broader conversation happening with a whole range of stakeholders because our views are broadly aligned with the views of a number of different stakeholders in that area. But in terms of what the exact parameters are around that, we don't have a – we don't have a silver bullet for it.

MS ABRAMSON: (Indistinct.) I apologise, but – I'm not trying to put words in your mouth, but is your simple proposition that there needs to be a definition of it for the purposes of certainly for the DGR?

MS STUCHBERY: I think there should be parameters around it for DGR status. So whether it needs to be a definition or in terms of what public interest journalism is, I'm not 100 per cent, but I do think there needs to be parameters around the scope of DGR eligibility around that.

MR SEIBERT: (Same. Indistinct.)

MS ABRAMSON: Some of the things that we were thinking about was – and this is just (indistinct) but that a separate entity would be involved not controlled by one of the other entities, you'd be employing journalists as (indistinct) under the Broadcasting Act.

MS STUCHBERY: Yes.

MS ABRAMSON: And the one that I'm particularly interested is this idea of (indistinct) independence and (indistinct). I might actually ask my colleague, Krystian, to expand on some of those points.

MR SEIBERT: Yes. I mean, those – that's what we just did with AAP and the Public Interest Journalism Initiative.

MS STUCHBERY: Yes.

MR SEIBERT: And I have had a look at the Canadian definition, which is more extensive and prescriptive - - -

MS STUCHBERY: Yes.

MR SEIBERT: - - - but it is interesting that another jurisdiction has gone through that process. But, yes, noting that we – yes, there is this other process through the Department of Communication underway, do you have any sort of high level views around sort of what the scaffolding for – like, a definition could be?

MS STUCHBERY: Yes. So from our point of view, I think it's – it needs to be – public interest journalism needs to adhere to a set of editorial standards, professional editorial standards, and there's a number of organisations that set those up. LINA has its own editorial standards that we require all members to meet; so does the Australian Press Council; so does the MEAA have their Journalistic Code of Ethics.

There's a range of different professional standards that you can point to as parameters for what you would expect good journalism to look like. Most of those editorial standards are fairly broadly aligned. Ours are quite similar to the Australian Press Council's, for example, and not at odds in any way with the Journalistic Code of Ethics; it's just written from an organisation perspective versus an individual perspective.

In terms of LINA's perception on what public interest journalism (indistinct) parameters, we put the focus a little bit more about where the actual journalism is being produced. We're very interested in ensuring that journalism is produced in and for local communities, or within the community, to ensure that there's journalists that are reporting from the communities that they're embedded in as well. Whether that's a necessity around the definition of public interest journalism, perhaps not, but it's something that could be a consideration for the Productivity Commission around the boundaries of what's considered eligible for DGR status and what's not.

And so, broadly, they're the kind of things that we look for in terms of public interest journalism. When we're considering applications for membership of LINA, we're looking for a broad range of reporting that cover topics of interest to the community and that fall outside of the single interest, for example, a hobby group or a business magazine, or those kinds of things.

There's a lot of areas that you could potentially describe as news because they're just – they're covering a whole range of news and information about a particular topic, but we would expect to see that including things like, you know, coverage of local council, coverage of community-based events, coverage of court reporting in the area, topics that are covering a whole range of activities that represent community life.

MR SEIBERT: What do you think the reason is that a definition is needed? As in, why do you think – like, if there was no definition like what Canada's got or what might be developed here, what are some risks with that? Or would there not be risks?

MS STUCHBERY: I think there are risks around people representing themselves as media or as journalists and they might not be taking a critical or analytical view of the information that they're representing. So that's where I'd go back to the editorial standards in terms of ensuring that the information that communities are being presented with has, you know, has met what you would expect to see around transparency, around accountability, around fairness and those sort of, you know, really base-level journalistic principles.

I think the risk of having no definition provides people with an opportunity to represent themselves as media and not necessarily be undertaking that kind of fact-checking and analytical role that you would expect balanced and fair journalism to be looking at.

MR SEIBERT: Interesting, because, in Canada, it says that no one source of donations can provide 20 – more than 20 per cent of total revenue, which I presume is about sort of the risk associated with sort of one funding source that wants to then impose a particular view - - -

MS STUCHBERY: Yes.

MR SEIBERT: - - - on editorial standards and that sort of thing. Yes.

MS STUCHBERY: Yes, and I think, you know, a lot of independent news organisations have similar parameters within their own organisations around ensuring their own editorial independence, of advertorial policies, for example, and, you know, some who are open to donations. So even though they're not currently tax-deductible donations, if they were open to donations from corporations or other organisations, usually you would expect to be seeing editorial policies that set out those kinds of parameters so that they are keeping at arm's length from the editorial process.

MR SEIBERT: And just on a charity subtype definition – registration subtype and DGR status, because they are two things – separate things in terms of registration as a charity, and then – at the moment, you register as a charity and then you fill – fit in one of the 52 boxes of DGR status.

MS STUCHBERY: Yes.

MR SEIBERT: Would LINA's view be that sort of – like, do your members have any difficulty registering as charities, or is it the DGR status that they've got issues with? Or it's both?

MS STUCHBERY: Well, the issue at the moment is that, whilst they could set up as not-for-profit and register as a charity, there would be no incentive or reason for them to do that - - -

MR SEIBERT: Yes.

MS STUCHBERY: - - - because there's no potential DGR status or benefit to doing that. In fact, it just creates reporting requirements that they don't have as a – as a business that's operating any other way. So for us, it's more about creating pathway for a not-for-profit sector so that they will have the opportunity to choose that as a business path where it – where it fits the community.

MR SEIBERT: So the charity status, getting that's not the issue; it's more the DGR status.

MS STUCHBERY: Not currently. That's right. Yes.

MR SEIBERT: Okay. Yes. Thanks.

MS ABRAMSON: Could I just ask a few more questions about editorial (indistinct) and the management disputes, because start to talk about that, Claire, and I've just noticed there is (indistinct) and I understand that. And some are members of, you know, the Press Council, some aren't; there are questions about whether there should be narrative ombudsman. So I'm just interested in your views.

MS STUCHBERY: Yes, there are a broad range of views around that topic at the moment. In terms of LINA's participation, we have just, as of last week, negotiated for all of LINA's members to be members of the Australian Press Council and we're aligned with (indistinct) that our editorial policies are so closely aligned. We think that there are some imperfections around that process, but that it's probably the best complaints process that we have at the moment. There are live conversations in the industry about whether it's the most appropriate mechanism, but I think it's – I think we're best to work with the decisions that we have at the moment and strengthen them and participate in them.

MS ABRAMSON: So I suppose – and you can obviously disagree with me – but independence is important; that's obviously what LINA members have done to (indistinct) independent.

MS STUCHBERY: Yes.

MS ABRAMSON: Yes. That's very helpful. Thank you.

DR ROBSON: Thanks very much.

MR SEIBERT: Yes, thank you.

MS ABRAMSON: Thank you, Claire.

DR ROBSON: Thanks very much.

MS STUCHBERY: Yes, thanks for your time.

MR SEIBERT: Thanks.

DR ROBSON: Okay. We'll get started. So if you could just state your name and the organisation that you're from for the record, and if you'd like to make an opening statement, we'd be happy to hear that, and then we'll get to the questions.

MR A ROSSHANDLER: Good afternoon. My name's Ash Rosshandler. I'm the CEO of GoodCompany and a board member of the GoodCompany Foundation. And I'd also like to begin by acknowledging the traditional owners of the land on which we meet and pay respect to their Elders and past, present and future leaders. And I'd also like to share Liz's sentiments earlier today about the sorrow and the pain of the recent referendum result where Australia voted 'no' to a voice to parliament. Now there's been a lot of talk as to why the referendum failed, and what resonated, I think, loudest was basically that your average Aussie didn't really know any or have any kind of relationship with First Nations people. And sadly, that lack of connectivity and community is the trend; fragmented tribalism fuelled by social media and echo chambers.

But that's why the work of this Commission, I believe, is so incredibly vital. In my mind, it's not just about doubling philanthropy. I used to work in advertising, and doubling philanthropy, that's selling a sausage, right, but if you – you don't sell the sausage; you sell the sizzle. So the sizzle, really, here in my mind is that, through philanthropy, we can have a more connected, empathetic and engaged society. And that goal on the hill should be how, through giving, could we make Australia a country of choice and the envy of the world. Giving should be, we believe, an attraction, retention and engagement opportunity for our citizens. It should bring – should be a tool to bring society together.

So with that in mind, today, I'd like three requests in this Commission. I'll get to that shortly. But why listen to me? I'll give you a little bit of background on me and then you can decide if you want to listen or not.

So as mentioned, my name is Ash Rosshandler. I'm a – I'm a proud social entrepreneur. So what that means is, 17 years ago, I was about your age, some of you guys back there. I launched Australia's first charity gift card, then went on to launch Australia's first online workplace giving platform in 2011, and after merging with the GoodCompany in 2013, we created Australia's first fully-integrated workplace giving, volunteering, fundraising and rewards platform. The platform is home to the largest range of charitable projects in the southern hemisphere and the largest range of corporate volunteering opportunities in the country.

And as a restless innovator, I couldn't stop, so last year, we launched the GoodCompany Volunteer Mystery Bus. I hope you'll have some questions on that later. And proud to announce that, next week, we've been shortlisted for the Victorian Volunteering Awards at Government House.

But day to day, what we do is, GoodCompany operates a SaaS multi-tenant workplace giving or other payroll giving platform where we have a platform at Optus, Medibank, Mirvac, NBN, CSL, Origin Energy, and many other leading companies, and we connect their staff to over 2,000 charities to volunteer, donate and fundraise, and to date, we've facilitated over \$45 million in donations and over 250,000 hours in volunteering.

So what is holding us back from doing 10x there? It becomes my first request, which is to keep going with your DGR reforms. So what's happened is, as a public ancillary fund, a DGR type 2, we face two problems almost day-to-day. One is that philanthropists who love what we do do not support us; they cannot support us because you can't have PAF funds, as you know, going into – I'll just explain it to you guys.

So you've got a DGR type 1, which is a giving charity, and a DGR type 1 – sorry, DGR type 2 is a giving charity, DGR type 1 is a giving – is a doing charity. So you can't have giving charities giving to other giving charities; they've got to flow down to the doing charities. And we

understand that, but, yes, that's a big, big hurdle for us. And I think someone came up before and they said, you know, philanthropy should be the venture capital of the community, and we're excited by that, but we're definitely hindered by status.

And two, what's even more annoying, you mentioned it, yes. Thanks, Liz, again. What's even more annoying is that, when we put in a platform, say, at Insignia, which is the new IOOF, they've got the IOOF Foundation; we put in a platform for their staff giving, and that foundation cannot match through our platform to their staff. And we have been fighting this for 15 – 17 years now, and same to ATO and the Treasury. It's like – it's not like they're even giving to us; they're giving through us out to – out to charities, and there's been Treasury reports and inquiries into this. And so we're missing all these, you know, vital, matched giving opportunities in the corporate sector because of, you know, lack of DGR reform.

So, yes, we've been working with the ATO, Mills Oakly, Treasury over and over again for years to explore the challenges with our PAF model to hindering our mission of helping our country to double philanthropy by 2030. And, you know, we're buoyed and excited but yet hugely jealous of the new corporate community charity funds that have somehow magically got DGR status and Bills created for them; and I think there was a reference period that was open for about 48 hours to talk about it. But, yes, great for them, and how do we get onboard with that sort of innovation and not miss the boat in an area that we're specialists in and have been for a long time?

Also, on that DGR reform, what else will also happen, hopefully, if we can get that DGR type 1 status is we'll also be entitled to the fringe benefits that other DGR 1s get, which is great. We're also in a war for talent, and we also need to attract the best and brightest to help our mission, so that can also open up more opportunities to get more talent to do more good.

The second request is around promotion from government, and we believe that the government can and should play role in promoting giving. As an example, the Singaporean Government, about a decade ago, did this. And how do I know it? Because they called me up and they said:

We have scoured the planet, we've looked at every giving platform on Earth, and we think what you're doing is absolutely brilliant. We want to bring together time, talent, treasure, the money, the donating, the volunteering, the skilled volunteering, and have this unified giving thing for Singapore because we see there's an aging population, the kids aren't engaged. We need to build a culture of philanthropy.

So they flew me over there. They promised they didn't want to reinvent the wheel: 'We're not going to reinvent the wheel. We really want to partner with you in this.' And you can imagine what happened next. They got so excited about what we did that they went away and committed millions of dollars to building their own platform. And they didn't call it 'GoodCompany', but they called it 'Company of Good'.

So back to Australia, I think if our government had a small fund to invest in promoting giving, it would have wonderful returns. And there's a number of projects around. I'll mention one of them. For the last four or five years, I've been running the Best Workplaces to Give Back Awards. It's a top quality award and it's also got great data, so you can kill two birds with one stone there.

So these awards, they ask companies: 'Do you have a volunteer program? How generous is that program? Do you have two days'/five days'/10 days'/unlimited leave? If you have leave, is there a budget for volunteering?'" as a lot of charities these days, they can't just, you know, run

off the smell of an oily rag; they need money in the tank to keep running, and volunteers are great, but they need some funding to have those incredible engagement opportunities.

We ask whether there's payroll giving; is it open or closed? Is it matched? Do they do fundraising? Do they do charity gift cards? How generous is their matching? What are the pro-social programs they run. And so supporting a program like that will get you incredible data but will also be a very easy win on a model that's been tried, tested and proven.

And the third final request that would cost the government no money at all would be that – the government to include philanthropic donations and pro bono hours when tendering for new work. So just like with, well, the case of law firms for the last few decades, a lot of government tenders ask, you know, what are their pro bono hours and evidence of that. I think if government tenders broadened that and said, 'Great. We'd love to work with you. Can you share what your giving looks like, volunteering, donating?' then that will also build a more philanthropic and generous society.

So that's about it. Our tagline at GoodCompany is 'giving solutions' and we can't do that in a vacuum; we've got to do that with partners. So we're very excited by the commission. We want to work more closely with government and, yes, help grow giving.

DR ROBSON: Thank you very much.

MR ROSSHANDLER: Thank you.

DR ROBSON: Krystian, did you want to ask - - -

MR SEIBERT: Yes. Thank you. Just to sort of just to clarify, so with the corporate foundation that can't match because it uses a public ancillary fund, is that – that corporate foundation partner – that corporate partner has got a corporate (indistinct) work for them then you name – they use a public ancillary fund and they want to match their employee giving using their public ancillary fund, then you use a public ancillary fund as well so they can't – the employee donations can go into your public ancillary fund and on to the other charities, but the corporate matching can't go through because it would be from one PuAF to another PuAF? Is that right?

MR ROSSHANDLER: Yes, yes. And I mean, they could match by writing cheques. We could give them the report and the data and say, 'These are all the cheques to send to these organisations.'

MS ABRAMSON: I must say, on the cheques, they're going to abolish checks in four years.

MR ROSSHANDLER: Well, there you go.

MR SEIBERT: Or direct transfers.

MR ROSSHANDLER: Yes. Or EFT transfers, but why they love working with us is because we've built the technology. It's like a super clearing house, but it's a charitable clearing house. We've invested, you know, 15 years in the technology, so they want to do it with us through the platform.

MR SEIBERT: So they can't match through the platform. So what happens then? Does that mean they could write the cheques or the – what, do they just not do it? They don't do - - -

MR ROSSHANDLER: They just don't do it.

MR SEIBERT: So they don't do matching because of this barrier?

MR ROSSHANDLER: They do matching, the matching now has to come out of a different bucket of funds.

MR SEIBERT: Okay.

MR ROSSHANDLER: Yes.

MR SEIBERT: So from their business proper rather than from their foundation.

MR ROSSHANDLER: Yes. Yes. So we're really – and on both sides, they're kind of losing out because it also likes staff – to give staff the opportunity to donate into that public ancillary fund and they can't do that through us again because it goes from payroll to us and then from us to a DGR type 2. So it's a – it's a real problem.

MR SEIBERT: And based on your experience, like, what benefit does matching actually provide in general? Sort of when you see matching, like, what – yes, what are the results of them?

MR ROSSHANDLER: Massive. I think it's, you know, from a cultural point of view, it's a company saying, 'If you're generous, we'll be generous. Together, we make a real difference. So hand in hand, arm in arm, we can be a force of good.' So from a, you know, employer of choice point of view, it's powerful; just from a, you know, rationale point of view, it's like, 'Okay, if I could donate 10 bucks, it's only costing me 8 bucks or \$7 and the charity is going to get 20. Fantastic.' So it's a huge motivator, a huge driver for giving.

And on that note, I guess, you know, there are companies, you know, like – and I think it's okay to go on record with this – but organisations like NBN, who are sort of the government body in a way, who won't do matching because they don't want to be seen to – you know, they've got to be mindful of government and whose funds it is and everything else, whereas Australia Post, I think, somehow do do matching. And it's maybe a clear message from government saying;

Okay, some of these government private organisations, we're happy for you to do match giving because it is a staff attraction, retention, engagement tool, and if you've got engaged staff who are happy and giving back and doing good, that's a good thing.

MR SEIBERT: Just on workplace giving more broadly, we've got sort of data in the report from – draft report from the ATO around sort of the (indistinct) that it's sort of increased over time, but it's fair to say that it depends what the frame of reference is; it's still relatively low the number of employees that participate in that. What's your view on sort of the amount that participate and, like, is the – and the growth over recent years? Like, is it good? Is it too low? Could it be increased? What are the barriers to doing that?

MR ROSSHANDLER: Yes, I think the growth isn't – is not what we'd like it to be. I think the barriers around sort of promotion and culture and I think, too, the cost of living at the moment, some companies are promoting volunteering over donation because they don't want to – like,

their staff feel like, you know, they're in a position where they're being asked to donate when they might not have that sort of disposable income.

MR SEIBERT: That's interesting. So what's happening with that? Do you think some companies are reluctant to ask their staff to donate for those reasons?

MR ROSSHANDLER: Absolutely. Over the last 12 months, whereas companies usually would promote a few fundraising events during the year, they've really quietened down on that front.

MR SEIBERT: And just one final question from me about – we do have a recommendation in the draft report around requiring listed companies – so public listed companies – to report their donations to DGRs publicly, and what do you think about sort of whether – what effect that might – whether that's worthwhile, what effect it might have, or any other comments you might have on it?

MR ROSSHANDLER: Yes, that's great. I think with ESG, with reporting, whenever there is a need to report on things, that gets the attention of, yes, CFOs and the board and other people who – it sort of breaks away from just the community manager or the CSR person and impacts more areas of the business. So I think that's a wonderful recommendation and we fully endorse it.

MR SEIBERT: Should it include sort of workplace giving, like, what the company does, like, whether it matches, all that sort of thing, or we keep it sort of pretty high level?

MR ROSSHANDLER: Absolutely. It'd be great if it included workplace giving, if it included, you know, the number of hours volunteered, the number of charities it supports. All that data would be fantastic.

MR SEIBERT: Yes, we were told last week by another participant in evidence that, like, with volunteering, you can – like, number of employs, number of hours, but you wouldn't try and kind of put a dollar value on it; that would be more complicated from that stakeholder's perspective last week.

MR ROSSHANDLER: Well, we, on our platform, actually ask that during the process. So it asks the charity what do they believe the saving is to the organisation by having that either skilled or team of volunteers come on. So we've got great data on that. We're also, I think, the only volunteer platform on Earth where charities can actually state if there's a cost to volunteer, and they can have that on their – on their role. So, yes, we've got really good data around that.

MR SEIBERT: Yes.

MR ROSSHANDLER: Thanks for that.

DR ROBSON: Thanks. Julie?

MS ABRAMSON: Yes, Ash, I wanted to ask you a couple of things, firstly about volunteering, and also I think you gave me an invitation to ask you about the mystery volunteering, which sounds really, really interesting. But why do you think rates of volunteering are falling?

MR ROSSHANDLER: Yes, I think during COVID - - -

MS ABRAMSON: But it was falling before COVID, which is interesting.

MR ROSSHANDLER: Right. Falling before COVID. I think COVID gave it a real hit.

MS ABRAMSON: I think that's right (indistinct).

MR ROSSHANDLER: Yes. Why do I think that's the case? I think it's one of those things that, you know, religion, I think, is – if you look at the census, a lot more – less people are going to synagogues and mosques and churches and so forth, so I think, generationally, maybe they're missing out on those lessons about giving back and charity, and probably, you know, just how busy life has become. Maybe people have less time because they're on Netflix and they're on Tik Tok and they're staring at their phone to think about volunteering.

But what we do know is, once they go and volunteer, they're, like, hooked; you know, getting them out there that first time, they are absolutely hooked. And we were lucky enough – we're the volunteer partner for the Garma Festival, and when we do volunteering, ideally, we don't want it just to be transactional; we want it to be transformative, and that's really impactful volunteering where we've got people out for 11 days to help set up the festival in East Arnhem Land. So I think, you know, they have those experiences, they go back, they tell their family and friends or they bring their family and friends along.

So, yes, how can we spark that? How can we trigger that? How can government work with partners who have been doing it, you know, for a long time and help us to help them?

MS ABRAMSON: The Volunteer Mystery Bus does sound intriguing.

MR ROSSHANDLER: Yes. So the Mystery Bus - - -

MR SEIBERT: Drives volunteering.

MR ROSSHANDLER: I guess what we do is we look for problems and we try and find solutions. So we know one of the problems with corporate volunteering from the corporate side is, you know, contacting the charity, 'Where are we going to go? How are we going to get there,' and then they go back staff and they're like, 'We're going to this place.' 'We did that last year.' 'We're going here.' 'It's too far away.' So there's kind of like this good will but then sort of a bucket of 'no's: 'Too far. Costs too much. Can't get there. Do they have, you know, their volunteer licence?'" It's just so many headaches.

And then from the charity side, it's also not a bag of laughs because they're getting random calls and, 'Can we get 15 people? Can we get 40 people? Can we get 3 people?'" 'What date? What time?'" They're changing dates; they're changing times; they're asking all sorts of stuff.

So the Mystery Bus, it just rocks up outside the office. It's a minibus. It's beautifully branded 'GoodCompany Volunteer Mystery Bus', and it seats 12, so you don't even need a bus licence, which is good. And it's perfect for charities because they want to bring in 10 volunteers. They don't want hundreds; they don't want two; 10 is like the perfect number for a lot of them.

And we take them there, we feed them, water them, have fun activities, do feedback forms. It costs \$3,000. \$1,000 goes to the charity to pay for them and their time and their efforts and the rest goes into food, transport, the work we put into it, and the talent. And it's such a beautiful

day. It's a great day. The net promotor score on this, you know what the net – yes, it's like 98. So really great.

MS ABRAMSON: Do you find, as a result of doing that, that then people self-volunteer, if I can put it like that? Their experience is a very positive one, so then they want to do more of it? So it's like an introduction to volunteering?

MR ROSSHANDLER: Absolutely. Absolutely. And I think, you know, 95 per cent of people that go on the bus say, 'Yes, we'd like to donate towards it in the future.' So that's where you get that sort of virtuous circle happening and unlocking that nexus where you go out and volunteer and you donate.

MS ABRAMSON: Do you work with – because your model is a paid model and I'm not making any view about that – but do you work with schools as well or this is sort of corporates that you work with?

MR ROSSHANDLER: Just corporates at the moment. We've just got the one bus, and it's only Victoria, so we'd like to expand it into other states. And also to do schools, because a lot of them do the – what's the name of the award - - -

MR SEIBERT: Prince Edinburgh sort of - - -

DR ROBSON: Yes.

MR ROSSHANDLER: The which?

DR ROBSON: The - - -

MR SEIBERT: The Prince Edinburgh.

MR ROSSHANDLER: Yes, the Edinburgh.

MR SEIBERT: It's Duke of Edinburgh. Duke - - -

MR ROSSHANDLER: The Duke of Edinburgh Awards.

MR SEIBERT: Yes.

MR ROSSHANDLER: Absolutely. So the Duke of Edinburgh Awards, I think, is kind of perfect for this because kids put up their hand and say, 'Yes, I'd like to volunteer X amount of hours,' and we could help facilitate that.

MS ABRAMSON: No, that's very helpful, because, from the Commission's perspective, we can see the importance of volunteering. And also there's other work being done in our government departments, but the one thing that we thought – that struck us when we spoke to stakeholders is that, often, government programs were designed in isolation. So we had some good examples given to us where, you know, the volunteers for one type of thing couldn't volunteer for another thing; like, it was actually they didn't have the right sort of endorsements. So then for the charity concerned, it was a lot of capacity building and a lot of paperwork for them. So one of the things we encourage government to do is, 'When you're thinking about these sort of programs, can you please think about volunteers and the impact that what you're

doing will have on volunteers?” So we’re very interested in other innovative models around volunteering.

MR ROSSHANDLER: Terrific.

MS ABRAMSON: Thank you for that.

MR ROSSHANDLER: Yes. Thank you.

DR ROBSON: Thanks very much.

MR SEIBERT: Thank you.

MR ROSSHANDLER: Thank you.

DR ROBSON: It’s greatly - - -

MR SEIBERT: Appreciate it, yes.

DR ROBSON: Okay. We will take a break and come back at 3.30. Thank you.

MS ABRAMSON: Thank you. That would be great.

SHORT ADJOURNMENT [3.02 PM]

RESUMED [3.28 PM]

MS ABRAMSON: I might reconvene us because I can see, Heidi, that you’re ready to give evidence to us. So we might do that, and what I’d ask, Heidi, if you’d be kind enough to state your name and if you have an opening statement we’d be happy to hear it, if you’d like to come up to the table.

MS H. NICHOLL: I just sit there on my own, do I?

MR SEIBERT: Yes.

MS ABRAMSON: Well, we’re sorry about that but we’re very nice.

MS NICHOLL: Thank you. Okay. Can you hear me?

MR SEIBERT: Yes.

MS NICHOLL: Yes. Okay. So I’ve just got a little statement that’s probably less than five minutes.

MR SEIBERT: Yes.

MS NICHOLL: So here we go. Thank you for inviting me along to speak today. My first point is that we want to thank the Commissioners for their work so far, and on behalf of Vegan

Australia to offer our gratitude for the proposed changes and the work so far. The proposed changes to DGR status and specifically the proposal to extend DGR status to advocacy charities is, in our opinion, the most essential recommendation in the report.

But my main point, and the reason that I requested to speak today is that I particularly want to draw the Commissioners' attention to something that surprised me when I moved from my first non-profit CEO role working for a health-related charity into first the humanist movement, and now in my current role working for Vegan Australia. And that's the fact that in both these areas of work that I've recently been involved in, there are powerful and extremely well-funded industries and lobby groups who are fundamentally opposed to the work that we do.

So while I want to be extremely conscious that I don't want in any way to sound like a conspiracy theorist, and hopefully my academic background and service-led career indicates otherwise, there honestly are in both organisations very powerful lobby groups working against us.

So in the humanist movement I was, specifically as Dr Heidi Nicholl defamed in the media and in parliament with comments misreported, things that simply weren't true, attributed to me. It wasn't worth fighting and, more importantly, no matter the level of change to the philanthropy laws, we just aren't ever going to have the kind of resources we'd need to meaningfully fight back against groups who are fundamentally opposed to the work that we do.

So as a, I hope, normal vegan advocating for the health and climate benefits of following a vegan diet, as well as the obvious positive benefits for animals, I have entire multi-billion dollar industries poised against the work that we're trying to do. So without wishing to be dramatic or, again, invoke the spectre of conspiracy theories, this is really just a request that the Commission recognises that there are entities with significant capacity and influence who are likely to oppose any changes which benefit us campaigning for veganism.

These organisations are likely to look to the final Productivity Commission report for any gaps or loopholes which they could potentially exploit to justify their opposition to any benefit our organisation may derive from the proposed changes. We're grateful that the commission recognises the importance of policy advocacy, including crucially the ability to express differing views from the government, industry lobby groups, or the wider public.

Therefore, my request on behalf of Vegan Australia is that the Commission should do as much as they possibly can to pre-empt potential objections to the proposals, particularly around the change to advocacy charities. In terms of this pre-empting, we're particularly asking the Commissioners to be across the possibility that powerful lobby groups may invoke the argument that non-profits such as Vegan Australia fail at other legal requirements, such as the requirement for public benefit or that we have a disqualifying purpose.

Lobby groups from the meat and dairy industries have significant resources, far more than we do, or that we probably ever will have. We're concerned that any potential loopholes will be exploited to their maximum ability to do so, and will harm us and reduce our effectiveness at inspiring positive change in Australia. So that's pretty much the end.

We'd like to ask the Commission to specifically consider these potential issues to include a more detailed pre-emptive discussion in your final report, particularly referencing recommendations which could be related back to disqualifying purposes, the amount of public benefit or any other areas of law that may become contested if the recommendations are adopted. We feel very

strongly that if the Commission could strengthen and reiterate the point that simply advocating for a change in government policy or law does not in itself constitute a disqualifying purpose, that would be immensely helpful.

MS ABRAMSON: Thank you very much, Heidi. I just want to make some sort of comments about the way in which we work, and then I know Krystian has some comments. So we're agnostic in a way about who would – you know, the nature of the type of charities that would be involved in our work. So we're a policy agency. So we're not saying, 'Well, we think this is worthy. That's not worthy.' We don't work like that. So we draft general policy principles which we're actually testing now. So that's where the Commission will go, and any additional work we might do would be clarifying some of the things that we think. But we're not saying, 'Well, this person should be in, and this person should be out.'

MS NICHOLL: Yes.

MS ABRAMSON: Krystian.

MR SEIBERT: Yes, and I think that in the draft report we sort of recognise the public benefit of advocacy in furtherance of a charitable purpose, as it's set out in the Charities Act and in the Aid/Watch decision by the High Court, but when we're looking at the DGR system we're very much looking at it sort of at a high level. It lacks a principled underpinning. It's been cobbled together over time. And so we're trying to change that and, yes, sort of, the advocacy subtype of ACNC registration would be included.

But there are, as you may be aware, some limitations on that within the Charities Act already in terms of that advocacy is – it has to be in furtherance of another charitable purpose in order to be charitable. And also a charity cannot have a purpose of promoting or opposing a political party or a candidate for public office, which is – that, in turn, had been derived from the reasoning of the High Court in the Aid/Watch case of 2010, and then enacted in the Charities Act 2013.

And I think that you mentioned the other disqualifying purpose around the purpose of engaging or promoting activities that are unlawful or contrary to public policy. I have the benefit of having worked on the drafting of the Charities Act and the passage of it through parliament, and this was an issue that came up at that time. And, therefore, there is an example and there is a note – and examples and notes in Acts are binding on decision-makers – around what that actual provision means.

So when it says for the purpose of engaging in or promoting activities that are unlawful or contrary to public policy. It specifically says that activities are not contrary to public policy merely because they're contrary to government policy, and that public policy in that context includes the rule of law, the constitutional system of government of the Commonwealth, the safety of the general public and national security. So they're the kind of fundamental things that underpin our system of democracy in Australia. It's what's meant by public policy there.

So there are those safeguards around that interpretation and they are binding on the ACNC in terms of when administering that definition, because there are limitations on what – non-charities can do a range of different things, but charities with access to those tax concessions have some limitations around that in order to keep them – yes, in order to sort of maintain their independence, that sort of thing. But they're sort of well-established but, you know, certainly if there are additional clarifications, we can, you know, consider those sorts of things.

And there obviously are sort of the other things that are subject – all charities are subject to governance standards through the ACNC, et cetera, that sort of thing. But just in terms of what sort of specific concerns would you have around these disqualifying purposes, given sort of, yes, that additional background there?

MS NICHOLL: Yes. So I think the thing that we're worried about, and I think the thing that I just want to sort of put out there is that I really didn't know before I moved into the sphere of humanism and veganism, the actual power of the lobbies that will, you know, look for ways that they can prevent us doing the work that we want to be doing. So I think that when we looked at the draft report, it's just so positive and I love it and we want the DGR status and we think that, you know, it's really positive, but the bits that actually sort of reference the disqualifying purposes and the purpose of advocacy is small.

MR SEIBERT: Yes. Okay.

MS NICHOLL: You know, I mean, it's a very, very long report.

MR SEIBERT: Yes.

MS NICHOLL: And we're not saying put in pages and pages extra, but I just wondered if there was just a few more sentences that would actually just strengthen the fact that if there is no disqualifying purpose, if they're working, if they are within the terms of the law, then the DGR status for advocacy groups should be applied, and universally without – you know, just a sort of a small qualifier.

MR SEIBERT: Okay. Yes, we can look at that in terms of sort of making some detail around – you know, we'll have a look at that in terms of the way the Charities Act operates and those other sorts of things. And just to sort of – so you don't currently have DGR status?

MS NICHOLL: No.

MR SEIBERT: Is that sort of – and have you sought to get it, or is it sort of one of those things - - -

MS NICHOLL: We haven't sought to get it and, I think, again it's something where I moved from medical research into humanism and then into veganism. I also work one day a week as a fundraising consultant. I work for an agency and I do independent consulting as well. And I think that we know the contortions that we go through for fundraising in different sectors, whether you have DGR or you don't have DGR.

MR SEIBERT: Yes.

MS NICHOLL: And the way that we structure the fundraising and the way that we, you know, that we're approaching the whole thing. So with the size of the charity that I'm currently CEO of, we just – it's not going to be worth the resources, even the time of trying to pursue a DGR status. So we just fundraise in a different way and where it's sort of all out there contorting around the system, for the reasons that you've said, it's not clear, it's not – you know, it sort of doesn't make sense on why people get it or they don't get it, but we know what the current status quo is, and so we just manoeuvre around it.

MR SEIBERT: Despite not having DGR status, I assume that your members and your supporters still make donations. Because what are sort of some of the other factors that drive those donations, apart from – obviously the tax benefit is not here.

MS NICHOLL: It's not there, yes.

MR SEIBERT: Yes.

MS NICHOLL: So we have come up with a membership scheme. So we do a membership, and I think this is one of the ways that, as I say, we sort of feel like we're contorting around it really. If you have DGR status then obviously you're very careful that any donations need to be purely altruistic and not in return for something. Whereas we don't have DGR status, so we will pursue membership. We will give membership benefits. We will, you know, we sort of feel freer to be able to do that. But then the limitation is how far can we get with the sort of life membership or the larger donations and sort of soliciting larger donations.

So when I was in the medical research charity that I was with, everything there is larger donations. Almost entirely the fundraising sort of structure of the couple of organisations that I've been involved with, have been directed towards major donors and foundations. Now, in the last few charities that I've worked for that don't have DGR status, we're looking at membership. We're looking at ways of sort of – I don't want to say enticing people to – but it's something that we are more sort of conscious of going down that pathway, of what benefits can we give to members in order to get more small donations because the larger donations from larger donors are not going to come in.

MR SEIBERT: Yes. Obviously one of the things about when you make a deductible donation, there are sort of rules around sort of, like, you know, what member benefits can come with that.

MS NICHOLL: Exactly.

MR SEIBERT: So that would have implications for that. What – so if an organisation like yours was to receive DGR status, what sort of benefits would there be in terms of donors? Would the profile of donors change, et cetera, that sort of thing?

MS NICHOLL: Yes, I think it really would. Look, you know, from what I do as a fundraising consultant, working across different charities who do or don't have DGR status, I know they're sort of preparing at this time of year in February, to find the larger donors that have the capacity that are planning their end of year gifts. That would be something that we would be able to – at Vegan Australia we would then be talking to foundations or individuals who want us to exist, who want to invest in the advocacy work that we're doing. I think that would be something that would change if we had DGR status, that those donors would be able to choose to support us.

Whereas right now they have that limitation because why are you going to make a choice that is – it's also harmful for their philanthropic giving. You know, if you can get that significant tax benefit back through the DGR status and you're trying to be altruistic and give the maximum to people doing good work, we're actually the wrong choice. Right. So I would also be saying, like, it's very difficult for me to have a conversation with a larger donor that would, say, give that larger donation to Vegan Australia and miss out on the tax benefit, or is there an organisation that for the larger donors would be better directed to then get the tax benefit so they can do more good work.

MR SEIBERT: That does have an influence in terms of, you know, your conversations with donors.

MS NICHOLL: Hugely. Yes, hugely.

MR SEIBERT: And do you receive many bequests?

MS NICHOLL: I'm working as hard as I can on getting wills programs. So right now Vegan Australia, no, we've only been in existence for about 10 years. We have some people who have indicated that we have been mentioned in their wills but as a relatively young charity it hasn't been a significant part of our income, but it's definitely something that we will be working on.

MR SEIBERT: What about other animal charities? Do they, like – because we hear anecdotally that sort of they can be quite popular – certain ones can be quite popular.

MS NICHOLL: Yes, and leave all the money to the cat home, that sort of – that – yes. So I think on other animal charities, yes, if you're doing direct animal work, then I think that a lot of people do favour those sort of – you know, I want to leave money, a gift in my will for something that will have a tangible impact on tangible animals that I can sort of see while I'm still here. So, yes, I think they do quite well. Advocacy charities, I think it's probably a little bit of a harder sell for people to make a gift in their will to continue to sort of persuade people and try and incrementally move Australia towards a better way of ethically living, but it's not beyond the realms of possibility that we will be more successful in the future.

MR SEIBERT: Thank you.

MS ABRAMSON: Thank you. Heidi, I wanted to ask you about volunteering, because one of the things that we've observed is that trends in volunteering – people volunteering has been going down, but we hear – and that was before COVID. But we hear that young people are very attracted to causes, so I'm very interested in your views on volunteering and any reforms and barriers that you think are there for volunteering.

MS NICHOLL: So we've actually been – I've been really surprised by the number of really committed, keen young volunteers that Vegan Australia has managed to attract. Again as an advocacy charity I'm sort of always thinking, you know, I wish that we were doing beach clean-ups in some way. Like, the beach clean-up is that kind of go out with a litter bag and it's something that unskilled people can do. We don't have that sort of paint a barn or do a litter pick, so we do try and lean towards people with skills. So we do – our volunteering is probably tilted towards a pro bono skilled donation.

Then with younger people we do things like – we were just at Sydney Vegan Market this weekend, so we had people helping on the stall there, and we have people that help with social media, the preparation of social media and that kind of thing. So, yes, definitely we notice that people are keen to work in this cause-related field. But then a lot of young people are doing it because they also want to find a job in a cause-related area, and the animal sort of rights sector, or the sector where people can find work that is aligned to their skills, abilities and their values. Clearly there aren't enough jobs that we can sort of funnel people into. So that's one of the things that I have to have in mind.

MS ABRAMSON: Thank you. We're always interested in overseas examples. And the vegan movement, if I can call it that, is more advanced in some other countries, so I'm just interested in

the observations that you have around that, and particularly I think in Europe I think there's quite a - - -

MS NICHOLL: And so in what - - -

MS ABRAMSON: Both in volunteering, in structures, just generally.

MS NICHOLL: I think I'd sort of counter that with saying I think Australia is actually doing really well, and I think the movement is – we do refer to it as the movement, so your wording is exactly right. So, yes, I think the movement is one where people – it inspires a lot of passion and people will try and sort of come together and take collective action around a cause. It's different in Europe and it's different in America.

So the way that collective action is taken and the way that people will come together to express their beliefs I think is different in the three different places. Here in Australia we're really looking at how do we harness that activism for good, and it will be different to Europe and different to America. But sort of in the specific ways it's sort of difficult to - - -

MS ABRAMSON: Yes, thank you. I suppose the background to my question was that it's involved in – not vegan but green issues. The right to a fair inquiry. And that was about whether people had a consumer right to have their devices, et cetera, repaired. We observed at the time in Europe this is – quite a lot of work was being done through the EU about, you know, green environmental policies. Whereas in America it was much more about people's own ability to repair their items. So that's kind of the context that I was asking you about.

MS NICHOLL: Yes, and I think that with the vegan movement or the animal rights movement, it's going to come down to what you can do on a state basis, what things you're lobbying for within Europe, and you're going to the whole government or you're going towards particular ways that farmed animals are treated and kept in different welfare standards. In America that's all different on a state by state basis. Whereas here in Australia – so an example might be we're looking at the moment on a campaign about educational materials which is state-based but it's very similar across the whole of Australia. So the way that all of us would see opportunities to effect change in the space is different according to the educational system, according to welfare standards, according to state laws versus national and federal laws, et cetera.

MS ABRAMSON: Thank you for that. And you did mention before that you were involved in fundraising, so you certainly see differences across the states, and the states do have a coordination that they're looking towards reform. So understanding your experience of that would be interesting.

MS NICHOLL: Yes. Look, just even over the last few years I really appreciate the way – the work that's being done to align the states and to make that easier. So the licence to fundraise has been just a really difficult bureaucratic and administrative hurdle, and something that needs diarising at different intervals for different states with different hurdles. And, yes, if that could be sorted out, that would just be – it would remove that layer of bureaucracy and administration that smaller charities, just – there's no need that we should be struggling with that.

MS ABRAMSON: Do you find – you don't have to answer this, it's just a question.

MS NICHOLL: Okay.

MS ABRAMSON: Do you find particular states easy to do fundraising in?

MS NICHOLL: Yes.

MS ABRAMSON: Because - - -

MS NICHOLL: I know that one's where it's hard. Yes, yes. So that's what I'd say, like, there is definitely a difference. But with us, in terms of I know where it's harder to sort of get the authority to fundraise and the different hurdles. In terms of where we would get particular money from is really according to the activity of volunteers, activists and, you know, whether or not there's a local group or a state group. So that's probably the difference that we see between where we would literally have more members or more donors or more supporters from different states. It's hard to unpick that from an overall sort of bureaucratic element, but for the bureaucracy, yes, it definitely – and some of them have improved significantly. The ones that used to be absolutely terrible are now not absolutely terrible, so that's good.

MR SEIBERT: That's all from me. Thank you very much.

MS NICHOLL: Yes, thank you.

MR SEIBERT: Yes, thanks.

MS ABRAMSON: I can see you in the audience. If you would be kind enough there to state your name and organisation for the record.

MR RODGERS: Right.

MS ABRAMSON: And I'd invite you to have an opening statement that you'd like to read.

MR RODGERS: Yes. (Indistinct.) Thanks, Julie.

MS ABRAMSON: And I might just say, for the purposes of the transcript, we've been given a number of documents from Ben and we can list them later. Thanks, Ben.

MR B. RODGERS: Good afternoon. I feel lucky last at the end of a big series of - - -

MS ABRAMSON: I think we've got one to go after you.

MR SEIBERT: Yes.

MR RODGERS: Great.

MR SEIBERT: A late addition.

MR RODGERS: A late addition. Great. Well, thank you so much. My name's Ben Rodgers and I wear a couple of hats in the sector. I'm the Chair of Community Foundations Australia, and thank you for giving us some time on your recent tour around Australia. But I'm here today with – as executive officer of the Inner North Community Foundation. From Brunswick to Bundoora and from Richmond to Reservoir, the inner north is about 30 suburbs across Melbourne. There are 500,000 people, 145 schools, 45,000 businesses, 898 registered charities.

I grew up in the north and now raise my family there. My family has had links for some time. My great-grandfather, Harry Kent, was a methodist minister in Clifton Hill in the 1920s, and I often think there are similarities between the work that he was doing and the work of the foundation, caring for people, caring for place. But whereas Harry was trying to fix poor people, the Foundation is building on people's strengths and unlocking community capital. Financial capital but as well social capital, reputational capital, human capital.

At the Foundation we're proud of how we build community, and so thanks for the opportunity today to speak further. We support the PA and Community Foundations Australia submission. Thank you for the draft report. There's a lot in there and particularly I want to focus on how the Inner North Community Foundation responds to access, participation and equity in philanthropy.

I'll start by saying a couple of things. One, generosity isn't new, and so we know that the Aboriginal spiritual healing trail in Darebin Parklands turns 21 this year, and it's a gift from local Aboriginal leadership to the local community, and it builds on 45,000 years of connection to Country, and I pay respects to Elders past and present, and other First Nations people here today.

We know that the Foundation is not a new thing but a different version of what local people have done for a long time. An example that I often share is the example of the Northcote free reading library. In 1907, after many years of unsuccessful fundraising for a free library, local people in Northcote wrote to Andrew Carnegie for 1500 pounds, and he gave them a cheque for 3000 pounds on the proviso that local government provide the land, the ongoing operations, and that it was free for local people. Four years later, in the first three days alone 300 people became members of the new free library.

I share this story because it seems strange now but 100 years ago you could only borrow books if you had the funds to pay, you were male or a certain class, and sometimes you could only borrow books if you had clean fingernails, and the librarian would inspect them before you were able to borrow a book.

For Northcote, the free library changed us. It was critical social innovation. It gave the community the infrastructure around knowledge and information. And so one way to view this is to say that's philanthropy cost-shifting to government. But another lens is to recognise that philanthropy was playing its role as risk capital, and that the partnership with government and philanthropy allowed people to have access to the things they needed for better, richer lives.

So I want to highlight three areas that the Foundation are playing this part around access, participation and equity, and then open it up for questions and the conversation. The first area is around government. So we're accountable to our community in lots of different ways, and one of the ways that we make sure of this is through good governance. So we have an open recruitment process for member vacancies, and over the last eight years, 50 local people have put up their hand for nine vacancies. We keep the access barriers low because we encourage people to see themselves in the story of the community foundation.

In terms of participation, we use community advisory panels to recommend grants to the board. And since 2015 local people have volunteered their time to assess grants and go through a process, meaning that community resources that have come from the community are decided by community members, meaning that there's a richness and a depth to the decision-making, that local people are bringing their own knowledge and relationships to how we fund grants with the help of the community.

In terms of equity, for governance we've seen ways to build the field. So in that embarrassment of riches of amazing people that have volunteered for vacant director roles, we saw that there was a need to run training programs. And so I've invited younger people to sit around the board table and participate in the board associate program. To reduce barriers, particularly for young diverse women, to learn about good governance in practical ways.

The second area is around information. So we share our knowledge, and I think I've shared with Krystian, with you before, the charity dataset that we have on our website that links the ATO DGR tables with the ACNC annual information statements in order to help local people find information about charities they want to support, potential funders, and to give a broad understanding of the sector. We bring people into the conversation about needs and opportunities, and in the show bag that I gave you there are a couple of Inner North reports.

MS ABRAMSON: Ben, could I just ask you about that? Would you like these documents to be part of your formal submissions to the commission?

MR RODGERS: Yes, that would be great.

MR SEIBERT: Could you send it online? They're annexed to them on the website? Whether you could - - -

MR RODGERS: Some of them.

MR SEIBERT: Yes, yes, that would make it easier.

MR RODGERS: Great. I'll follow up.

MR SEIBERT: Thanks.

MR RODGERS: So this report uses publicly available information but was co-designed by local people, and talks about not only the challenges but the things that we find great about your community, to start conversations about change and about how people have agency about the things they care about. And in terms of equity, as a community foundation we hear from local people in groups. We can't always directly help, but we have an open door and we're having conversations with people on the phone, on the street, in public forums, and help join the dots between donors with the capacity to give and local change agents that are doing amazing stuff.

The last point is around building community wealth. So currently we have 11.3 million in funds under management. This comes from 840 families, businesses and other supporters. The bulk of our contributions are under \$1000 with 710 donors giving at this level, and we invite people of all levels of wealth to give. And whether it's \$10 or \$10 million, we recognise that money is just a figure on the page until it's turned into community value.

We want to make sure that we're reaching into all the different pockets of our place, and over the last 15 years we've given 5.7 million to around 300 organisations. And we know that after 16 years of work, to grow philanthropy people need to know us, they need to like us and they need to trust us. We started with one fund; we now have 36. We've doubled funds under management and grants out the door in the last five years, and we'll double again in the next five.

Our first bequest, the Bakers Dozen Social Justice Fund, was established with access, participation and equity at its core. Christopher and Kerry wanted other people to chip into the fund, and local people to help decide how to use the resources. Twenty local volunteers have sat around the table to help provide advice to the board about how to do that, and we've had 1000 people chipping into the fund. We have at least three gifts in wills pledged to this fund specifically.

It's been much more and I welcome the conversation but I wanted to finish with how the people of Preston responded to the gift from Andrew Carnegie. So people of Northcote 1911, open a library, and the people of Preston sing songs and laugh and say they don't need an American philanthropist, they're going to do it on their own. And it's true, they did. They ran fundraisers and sports carnivals to help pay for the librarian's wage, they charged people to have subscription to the library. And the Preston library was opened in 1945, 34 years after Northcote.

So I think about that role of philanthropy and supporting communities to get the things that they need faster. And I think about the potential for local philanthropy and how the foundation in 100 years will help support local people to see themselves in the story of their place. Thank you, and I welcome questions.

MS ABRAMSON: Thank you.

MR SEIBERT: Thanks, Ben. I'm interested in your comments around sort of the role you play sort of with local charities and sort of relationships with donors, because we do have an information request around charities and engaging with different sources of funding, and sort of different models and approaches there. And we do mention sort of the role of intermediaries such as community foundations. So could you sort of unpack a little bit about sort of what you do there? Obviously what limitations there are and what sort of opportunities you see?

MR RODGERS: I think – so we know that there are 898 registered charities in the region. There are about 350 that have DGR status. We think there's probably the same number again, so about another 900 organisations that are not-for-profit that are doing community-building activity that aren't registered charities. Right. So there are lots of people that are creating public value in the region. And the question on how to keep the lights on is perennial for people, and I think part of the role that the community foundation plays is being a sounding board to think about how to engage with the trusts and the foundation is to think about different assets and the different elements of community groups to help refine where funding sources might be.

So I think on a weekly basis, daily basis, we're in touch with community groups and say, 'Hey, do you know anyone who wants to buy us a bus?' 'Hey, we've got this good governance program for young diverse women coming to an end and we need 180K, send us some funders.' I think there's a sense that within philanthropy there are – if you only know the right people, then you'll have access to the secret money tree around the corner.

My message to community group is that there's no secret money tree. Right. Like, yes, relationships are important but it is recognising the elements of a charity that exist already and what is going to best fit their circumstances, and how they engage with trusts and foundations. And often it's just recognising that, you know, within an organisation there is other forms of capital. There's social capital, reputation capital, you know, other ways that they can think about that. So there is certainly a role in coaching and trying to position community groups for the best response from philanthropy.

MR SEIBERT: Do you also work with, like, local businesses or advisors as well?

MR RODGERS: Yes. Absolutely.

MR SEIBERT: Information requests, we've got about, sort of, you know, what happens in that context in general and – yes.

MR RODGERS: Yes, I mean, I think there's part of our – you know, part of my reflection recently has been we're doing great community-building work. We're elevating the voice of local people in decision-making. We're making friends in the community, people are starting to know us and like us. I think the work in the time ahead is we need to ask people for money and to talk about the potential for local families and businesses to get involved with philanthropy, and that comes to that question of how to make it easy for small to medium businesses to give back to the community. It's, you know, I think, Julie you mentioned about young people getting involved in different ways, and we're certainly – that's the research. Right.

So people want to work for organisations that are community minded, but not all local businesses have the capacity to be a social enterprise or a B corp or, you know, run those processes. They have businesses to run. So our work is to join the dots and say, 'You're interested in young people. Here's an organisation that is doing great stuff locally and you can see it, you can – it's within your local community.'

MS ABRAMSON: I've got some sort of broader questions, and we've asked them of other community foundations. So that's really about the role of government.

MR RODGERS: Yes.

MS ABRAMSON: The role of government in supporting community foundations and how you see that, what type of reforms.

MR RODGERS: Yes. So there's a couple of different ways that we partner with government successfully. So during COVID local government saw that getting resources out the door quickly was possible through a relationship with the Inner North Community Foundation, and so we, within three days, had raised \$180,000 from local government because they knew that our processes could be quicker to get money out the door than their processes. So there's a kind of wholesale retail in times of crisis or in times of opportunity and so the community foundation is better placed to run this process because they've got trusted existing relationships.

The Victorian State Government had a matched funding campaign for community foundations about 10 years ago, and if a community foundation raised \$100,000 then the state government would chip in 300,000. And that did two things for community foundations. One was it was a great uplift for the corpus and gave energy to the community foundation.

But I think in some ways more importantly it encouraged community foundations to talk with existing service clubs and the Rotary's and Bendigo Banks to say our community has an opportunity to secure a perpetual fund for this place, and if you chip in \$10,000 it will turn into 40,000. And I think that encouragement to go and make friends in the community and find the points of alignment I think was really positive, and those campaigns that were – there's a matched element, can really galvanise communities to unlock different forms of capital or new forms of capital.

MS ABRAMSON: Thank you. You're a very – you have done a lot on the ground, if I can put it like that, Ben. Do you think, though, that there's a deeper role for government? Because it's been put to us that there should be a strategy, an overall strategy about community foundations. So I'm interested in your views on that, and one of the issues that we would think about is you're nimble and innovative because you're on the ground. So if you had something over here where government is putting something in, would that make it more difficult to deliver against the type of things you're interested in?

MR RODGERS: I think it's the balance of the here and now, with a view to the future. I think the experience from overseas demonstrates that the partnership with government can be really productive. So I think about in Canada, for example, the unclaimed money register at the state level in Vancouver is held by the community foundation.

MS ABRAMSON: Yes.

MR RODGERS: Which gives not the capital but the interest returns to give out as grants. And so it gives an annual grants cycle that means that they can talk to other donors to co-fund, et cetera. Whereas, the experience of some community foundations in the UK when they took on local government granting programs was that they built out capacity, and then there was a policy change and they had to contract again. And there was no residual community-led asset at the end of that time. And our experience with flow-through funds is that it's really great for building new relationships and showing impact now, but it needs to lead to more longer term sustainable funding, which for us is an endowment. And saying funds under management is a way that 100 years from now local people still are being stewards of a community asset that has relevance to the issues of the day.

MS ABRAMSON: Do you think implicit in that is a scale issue?

MR RODGERS: Yes.

MS ABRAMSON: You have to be at a certain size to be able to realise these benefits.

MR RODGERS: No, I mean, I think there's a certain scale for community foundations across the country. I think that's part of the issue, is that there's not a consistent platform across the country. There's patchy coverage and we're working on the strategy to build that out in places where there's community momentum to do that. Because being community-led means that we have to work with people's strengths and build up, rather than, you know, come from an external point of view and say, 'This is the best thing for your community is a community foundation.'

I think about our friends in Mirboo North. Right. I spoke to Ruth Rogan at Mirboo North Community Foundation yesterday, who had just been hit by the massive storms in that region. They're a community of 4000 people, and they over 100 years stewarded a bush nursing hospital that turned into an aged care facility that they sold to Bupa in – whenever it was – 2005 for \$5 million. Now that small community has 10 million in funds under management. So the community civic engagement is strong because if you're working at the aged care group and your fridge breaks, there's an easy way to get some support to, like, gets the basics to make sure that you can continue on with your community group. So I don't think it's necessarily – like, yes, larger population density can be one of the critical success factors, but it's not necessarily the only need for that scale.

MS ABRAMSON: Just a general question too. Like you've built up an organisation over time. What is it about where you are that's made such a successful organisation? Are there characteristics that you pull out and say, well, there's a very high volunteering, it's the type of people. Like, are there any things there?

MR RODGERS: I think it's the patience of the investment over – from our founder. So our founder was a group training organisation that came from local government, but as a not-for-profit entity, and they had the patience to say, 'Over the next, you know, 30 years we're going to support the community foundation with some core operational support.' And they provided a place that the community foundation could build trust with local people.

I mean, I think there's – within the inner north there are pockets of advantage and pockets of disadvantage, and there's a strong culture of civic engagement. You know, I think Fitzroy and Collingwood both have 120-odd registered charities. Like, social change was born in the inner north in lots of different ways, and we're just building on some of the elements. But, you know, our friends in Fremantle or our friends in Buderim are also working with local community assets to provide value for their local circumstances and a future that means that their community has input into things that are needed for everyone to thrive.

MS ABRAMSON: Do you think it's been changing over time? We were talking before about volunteering.

MR RODGERS: Yes.

MS ABRAMSON: Young people are interested in causes.

MR RODGERS: Yes.

MS ABRAMSON: So what have you observed over time with your organisation?

MR RODGERS: I observe that whenever I present to a local Rotary club they encourage me to join, and my partner typically tells me, 'If you join Rotary you need to go to, like, a weekly dinner at 6 pm, and that's you or the family.' Like, it's just the patterns of people's lives are different.

MS ABRAMSON: Yes.

MR RODGERS: And I think Rotary would say that – well, some Rotarians would say young people don't care anymore, and I don't think that's true. I think young people do care; they just turn up in different spaces and in different ways. It was interesting listening to you, Heidi, talk about that question about how people engage in a contemporary way, and I think one of the challenges is, you know, how do we have systems that support contemporary work for volunteers. Like, how do not-for-profits have a SharePoint site with secure IT facilities that allow people contribute to the work of an organisation.

MS ABRAMSON: You mentioned SharePoint. I'm not so sure about SharePoint. We use it at the Commission.

MR RODGERS: I know, one of the barriers, right, is that, you know, we need to make sure that our organisations are safe, but we also ask people to contribute. And so, you know, the modern

world and the capacity for charities to hold that, especially small to medium charities. Like, there's a cost implication there, you know, is interesting to wrestle with.

MS ABRAMSON: Do you think, though, if you engage in – like, we were talking before about some other stakeholders and cheques, and about the way that people care. So you have an older demographic who will give in a certain way and for who technology is not a friend. So it kind of must be difficult balancing wanting to engage young people in the world that they're very familiar with.

MR RODGERS: Yes.

MS ABRAMSON: Whilst also maintaining a very traditional interface.

MR RODGERS: Yes. I mean, I think for us it's about making the access – like, the ease of donating easy, but also knowing that people need to know you, like, and trust you. And our role is not to compete with the charities that we fund for year to year donations, but to build the pie. So the things that we think about are, you know, in the inner north in the next 10 years there'll be 18 billion in the intergenerational transfer of wealth, and if five per cent of people left five per cent of their estate, that would be 50 million in funds under management. And that could do a whole lot of great work for our community now and into the future.

And for some donors that's an important conversation to have, and that's not necessarily a cheque or an online donation, that's a conversation about values and about trust. And what I think about it in the north is how to have annual points of engagement with people that care in our community, and to build a community of donors and people supporting them. It's not the transactional stuff; it's the transformation about how we support people's values and how they give back to the things they care about.

MS ABRAMSON: And things change over time of course. Like, one of the things – and I know that we've got the trustee companies here, is that it can start with a certain proposition and people want to do certain things. So how does that evolve over time with community foundations?

MR RODGERS: In terms of the donor advice or the donor – well, I mean, as a public ancillary fund we have management accounts.

MS ABRAMSON: Yes.

MR RODGERS: And we respond to donor wishes rather than donor direction, which means that when people are establishing funds with the foundation, we encourage them to be specific but be general.

MS ABRAMSON: Yes.

MR RODGERS: To give the future foundation flexibility to respond to the needs of the day.

MS ABRAMSON: Thank you. Krystian.

MR SEIBERT: Just on sort of the role of government in the context of community foundations, so I take it from your comments that you do think that there is a role for government to provide some support for community foundations?

MR RODGERS: Look, I think experience from other places would say investment in community foundations from government would be short to medium-term investment, but it would be finite. It wouldn't be an ongoing thing. And that would bring the capacity for community foundations to be self-sustaining and to grow on their own pace, you know, so - - -

MR SEIBERT: And what kind of form could that support take? I mean - - -

MR RODGERS: So in different places it's been in different ways. It's been from operational support, for core operating funding, for three to five years, it's been matched campaigns for capital. But there's also things like, you know, the – like, I think about the unclaimed money register and, you know, we know that there's \$1.5 billion on the unclaimed money register, and we think there's probably 10 per cent of that that belongs to community groups.

MR SEIBERT: Yes.

MR RODGERS: The average age for those funds on – for the inner north is about 20 years. So I think there are other mechanisms that the government could say here's a community foundation. They played the neutral role to solve that problem, where it's a steward of community assets.

MR SEIBERT: Just on this, what's the role, if any, of the broader philanthropic sector because, I suppose, there is the unique situation that there are sort of – there's a lot of assets held in philanthropy more broadly in other foundations and, you know, the number perhaps has grown over time and assets held in them.

MR RODGERS: Yes.

MR SEIBERT: And what kind of support do they currently provide for the capacity of community foundations.

MR RODGERS: Yes.

MR SEIBERT: And what do you think sort of as a, you know, community foundation representative, what do you think is their role?

MR RODGERS: So over the journey, community foundations – it receives support from private philanthropy. I think the role of growing philanthropy, community foundations have often been seen as an agent for that and other trusts and foundations have supported that vision of more and better philanthropy. So there's been support from Lord Mayors and Australian Communities Foundation, and the Paul Ramsay Foundation. You know, there's a bunch of great supporters to the sector.

I think the partnership is around being partners and recognising the different values that – or the different value that community foundations offer to local communities. And, I mean, the next – while we're building our relationships with the philanthropic sector to say, you know, there is value in having an effective community foundation.

MR SEIBERT: Yes, because I suppose my question would be if government is asked to, say, provide capacity funding sort of to sort of provide endowments, why isn't the philanthropic sector already doing that, given it does have vast amounts of resources?

MR RODGERS: Yes.

MR SEIBERT: And it can make its choices but why isn't it already doing that, do you think?

MR RODGERS: I think it's – so I would say there are great philanthropic trusts that are already supporting the sector. And, you know, we're very grateful for that support. I would say that in other jurisdictions there's an understanding about the value of philanthropic infrastructure and the need to resource intermediaries to have better community outcomes. It's not just what you know, it's who you know and the value of trust-based relationships.

MR SEIBERT: Do you think Australia's not sort of as developed in that area?

MR RODGERS: I think the sector as a whole, you know, I would say that people are funding things that have more direct service impact for their organisations. So there's less of a mature field, and there's less number of trusts and foundations in Australia compared to other places. Which means that, you know, finding partners that align to fund philanthropy – and that's, you know, we're up against that. Right.

So when we are eligible for grants to fund our core capacity and the work that the foundation needs to do, but if we're competing against organisations that we also fund, it becomes tricky at a local level. Right. So it's, you know, funding philanthropy hasn't been something that there's been consistent investment over a long period of time, which is what's needed.

MR SEIBERT: In terms of DGR status, there is that legislation in the parliament, sort of for community foundations.

MR RODGERS: Yes.

MR SEIBERT: And then there was obviously our proposals in the draft report that would expand access to DGR status. Sort of having access to DGR status, how would that help compared to how you have it now? How would that help community foundations? And is that not a sufficient form of government support? And then there's the support through DGR status, and the indirect government subsidy, which then enables other funders and foundations and others to contribute as well.

MR RODGERS: So the indirect support through DGR means that there's greater flexibility for granting out. There's more impact. It means that there's greater flexibility for talking to donors, which means that there's, you know, a more efficient framework and there's less of a need to use workaround organisations. So I think from an efficiency point of view, you know, it's been 20 years in the making. It's been two years nearly since it was a commitment from the Government, and we're, you know, working with our friends in Canberra to shepherd it across.

In terms of is it enough for government support, I mean, I think it depends on how quickly you want to grow philanthropy. I think the reality is that my experience in the inner north is that lots of people want to be generous given the opportunity. And I think often people don't know that a community foundation can have – can help them achieve their philanthropic ambitions or their philanthropic legacy. And we can kind of go along at that pace, but we will be able to go faster if there was some targeted investment from government.

MR SEIBERT: Thank you.

MS ABRAMSON: Yes, that's a very interesting comment, Ben, because it's been said to us by a few people in submissions that people don't give because they're not asked. So that's an interesting comment. Just one final comment. I noted what you said about grants. We've also had people put submissions to us about grants, one of the problems is the length of the grant and the capacity when it had been issued, so I'm interested in any perspectives you might have.

MR RODGERS: In terms of what makes good grant making or what – the difference between government grants versus philanthropic grants?

MS ABRAMSON: No, more about – as I said, some of these issues for organisations have been a capacity issue, so they actually have to have someone who actually looks after the government grant program, because as soon as they get the grant they have to start applying for the next round of grants.

MR RODGERS: I mean, our approach has been to move some multi-year funding to be – to have the application process and the acquittal process relative to the size of the grant. I think part of the value of the community foundations is that we are – yes, there's the formal processes of understanding how the funds are being used, but we're out in the community all the time.

Our directors are out there. You know, the mayor comes to my son's soccer matches and we have a chat about what's going on. So I think the capacity and the ability to triangulate information from different sources is there because it's placed by and across the region that's helpful. I think grantees would say, you know, that they can cut the cloth to suit – or whatever that saying is – cut the cloth as needed. But, you know, giving funding with a view to trust and understanding what the impact is means that there's better community impact and people are more – like, when we get an acquittal saying that an organisation ran a couple of workshops for three days and then spent five days acquitting the funds, that's the wrong balance.

MS ABRAMSON: Yes.

MR RODGERS: So, you know, particular feedback with local government or state government grants is that they are too convoluted.

MS ABRAMSON: Yes.

MR RODGERS: And it also means that people switch off, and that small community groups just go, 'No, it's too hard.' Like, 'I actually don't want to apply for that \$5000 grant because it's too complicated.'

MS ABRAMSON: Thank you. Krystian, did you - - -

MR SEIBERT: That's all for me. Thank you very much.

MS ABRAMSON: That's great. That's been really helpful.

MR SEIBERT: Yes.

MS ABRAMSON: Thank you, Ben for making the time for us.

MR RODGERS: Thank you, both.

MS ABRAMSON: We'll just have a short break.

RESUMED [4.25 PM]

RESUMED [4.27 PM]

MS ABRAMSON: Thank you. I'd just like to call on Equity Trustees, and if you'd be kind enough to just to state your name for the record, the position you hold, and offer any opening statements that you'd like to make.

MS J. KENNEDY: Sure. Thank you, Julie and Krystian. My name's Jodi Kennedy. I'm the General Manager of Philanthropy and Community Trustees Services at Equity Trustees, and I'm also a current trustee of the William Buckland Foundation, along with several other charitable trusts that are under our stewardship. So I am very excited about the opportunity that the Productivity Commission has presented us in terms of sector transformation.

As was stated earlier, the team and I are very focused on helping to do our part in the doubling of giving by 2030. We are the stewards of over 1000 different trusts and foundations, and we play a really unique role in the sector as a licensed trustee. We're also very proud to work alongside approximately 400 families practising their giving during their living and, in fact, we do oversee the distribution of about 100 million in charitable giving every year, across a really wide range of cause areas and to different organisations, about six and a-half thousand grants in the last financial year.

Our focus is really on driving more philanthropy for Australians who are wishing to practice giving throughout their lifetime. So our submission really focused on five areas. The first was innovation in giving vehicles. So obviously being a trustee in an organisation who can put people into appropriate structures, we're very focused on the barriers or the limitations the innovation around the different types of structure-giving vehicles that exist at the moment, certainly compared to overseas.

We're really focused on the point that was raised several times today, which is how do we capture that transfer of wealth into appropriate structures, because we know that younger generations are giving in a very different way, and showing up very differently, as Ben just pointed out, to their predecessors.

We feel that a national giving campaign is a very important initiative and we'd be very supportive of this because we find through our day-to-day workings that many people are unaware of philanthropy or unaware how to get into philanthropy appropriately. There's also a lot of stigma around philanthropy still being something for high net worths and not for everyday Australians.

We're very supportive of an Aboriginal and Torres Strait Islander Foundation working with many Indigenous communities. We feel that there is a lack of funding and potentially network and connection with organisation and funders who fund in this space, and we think that a foundation would be a great initiative, albeit it would be extremely difficult to administer given the diversity across different Aboriginal and Torres Strait Islander communities, but we are supportive. Obviously it would be Aboriginal led.

We're supportive of DGR reform which I don't think we need to go into again. And we also don't believe that changes are necessary to the regulation applied to licensed trustee companies. Did you want me to go into any particular area?

MS ABRAMSON: No, thank you.

MR SEIBERT: Yes. I just wanted to ask about, yes, actually the Aboriginal and Torres Strait Islander-led philanthropic foundation because we're doing more engagement and consultation with Aboriginal and Torres Strait Islander people and organisations to sort of, yes, ensure that we centre their voices in the final report, and the final report's recommendations.

I think that with the proposal as it currently stands, the focus is really around sort of that capacity, strengthening the building of those relationships. It's not so much sort of that this would be the one sort of vehicle in which to do, say, self-determined funding. It would be more around changing practices within the sector and then also building those networks and relationships, but I think we'll be doing certainly further engagement on that.

Just on, yes, the regulation of licensed trustee companies, thank you for your submission and sort of having read that. Could I, yes, just get your comments around sort of what – you said that you don't think changes to regulation are necessary, sort of about why you think that's the case and – yes, I'll have some further questions then.

MS KENNEDY: Sure. So a couple of points I think that often people forget, for context, is that licensed trustee companies play a really specific and important role within the sector. And in many cases it's one that other forms of trustees can't actually perform. So we are, as hopefully everybody knows, very highly regulated in our view, and at all times our primary focus is to keep the beneficiary at the centre of everything we do, above other stakeholders.

So really ensuring that the wishes of the testator or donor, in the case of testamentary trusts, is carried out in accordance with the will and trust deed, is really the core focus of licensed trustee companies. Because ultimately community benefit needs to be protected, and because we are dealing with legacy funds in some cases, that is extremely important where the donor has passed.

So we have obligations, as you know, to both ASIC and ACNC, and they have oversight of all of our operations. So a significant portion of our time is already dedicated to making sure that our regulatory obligations are met, and we like to think that we would hold ourselves to the highest accountability when it comes to that. We have a very extensive team of professionals and we certainly would see all of the activities that are performed by Equity Trustees as being very professional in the way that we are delivering our trustee duties.

And, again, people – I think sometimes it's overlooked that when people appoint a licensed trustee company they are not forced to do that. There are many other options for trustees that they can appoint, and other organisations who are providing trustee services. And typically we attract clients who want surety of tenure over time. They often come to us because they want a multi-generational family relationship with the consistent trustee. In many occasions there is no family to continue the legacy of a particular giver, in which case they're appointing us as a professional to continue that legacy.

In many cases there's conflicts assets that need to be overseen and stewarded over the years, and that is something that we again, we attract a lot of clients who have those specific needs and they

don't want to burden the family with those requests. A lot of other people actually come to us because of the dedicated social impact team that we also have in place. So being an aggregated giver and overseeing such a large amount of giving, we have to have dedicated professionals with sector experience, not just governance and trustee experience but deep experience in how to fund with, you know, social impact at the forefront of everything we do.

So we have a very complex and what I would like to think is quite outwardly focused and transparent giving strategy. So we've been publishing that for the last seven years since I have been at Equity Trustees, and really go to great lengths to share the information that we have, and also the insights that we come across as an aggregated giver. And so one of the benefits that I find is that there are many, many economies of scale that when an aggregated giver of 1000 trusts and foundations can actually bring to play.

So there's a lot of duplication of effort within the sector that is avoided through using an aggregated giver. There are a lot of synergies where we are brokering existing clients and legacy clients on particular projects, and there are a lot of efficiencies when we are governing and overseeing a large number of trusts, not to mention a lot of efficiencies when it comes to an actual distribution and engagement with the sector.

So in many of our trusts, people, their testator has left, for example, wishes for it to go to – or instructions for it to go to medical research and health. Now, if every single one of those trusts were administered separately by individual teams of people, that's 30 different rounds of grant applications to be administered. The unique position that we hold is that we actually aggregate a lot of our funding. So, in many cases, we're running small grants rounds, so we're actually aggregating that, having one grants round and very transparently inviting people to apply for those with clarity around the parameters with which we're seeking to distribute the funding.

So certainly, in my experience, there's many, many benefits to using a licensed trustee company, and I would be concerned if more of our time were having to be dedicated away or moved away from the achieving social impact, the collaborative funding approach that we have, into more governance and administrative reporting, because the reporting we do with the ACNC we feel is very thorough and so that would be my response.

MR SEIBERT: Yes. Certainly there's the regulation under sort of state trust law and charities law. There's the federal regulation under the Corporations Act. Just on this, because obviously the Corporations and Markets Advisory Committee, CAMAC, did its review, sort of now over 10 year ago, and it made some recommendations, but it's 10 years ago now and time has changed. What would be your view about sort of what CAMAC proposed at the time?

MS KENNEDY: Correct me if I'm wrong, but when those proposals were put forward, that was pre the ACNC. So I would like to think that the ACNC have certainly come in and from their time have the governance, in a framework that they've put in place, actually answers many of those queries that were raised at the time. So I – you know, apologies, I wasn't - - -

MR SEIBERT: Sure. No, no, that's all right.

MS KENNEDY: - - - (indistinct) the CAMAC review, and I'm surprised to hear that it's been raised again, because largely speaking many of the concerns that were raised, in my view are not current concerns and they're certainly not something that has being raised with the trustee companies specifically.

MR SEIBERT: Yes. I mean, we were asked to sort of have regard to previous reviews and inquiries.

MS KENNEDY: Yes.

MR SEIBERT: So we've just sort of - - -

MS ABRAMSON: And Krystian and I are old enough to review that.

MR SEIBERT: Yes. Because the only other – actually, I'll go to you, Julie, and then come back, yes.

MS ABRAMSON: Yes. I'd like to ask you with superannuation, so the principle is quite a simple one. You know, charitable giving via bequests, et cetera, and we've had the conversation this morning with Philanthropy Australia, but the practical implications of that. So I'm very interested in where you see some of the issues.

MS KENNEDY: Sure, and I'm going to refer to my notes here - - -

MS ABRAMSON: Yes.

MS KENNEDY: - - - because I don't come from the superannuation industry. But we thought it was important that we put – we had some discussion about this and included it in our submission, because whilst I know on an in-principle – from an in-principle perspective we're very supportive of looking to grow philanthropy potentially through super, but the one – we did some consultation internally within the organisation and one of the concerns that really came through that discussion was the practicalities of doing that.

The main issues that were raised is that the superannuation sector is not currently set up or – sorry, is not currently set up to administer what we could see as being quite a complex process. So the suggested approach was that charities or charitable organisations would become, you know, a new class of binding nominees. So where we landed was we basically thought that there was a very high level of risk to the concept of the charitable donation going because of the claims from financial dependents and known dependents, and the fact that at the moment the wills and estates law has many years of experience of protections in place for when families do contest various assets coming in a person's estate. But once that's move out and into the superannuation sector, we felt that there actually is not adequate protection there to protect the benefits of, you know, the interests of all beneficiaries.

So whilst we're not engaged with the concept, I think it's – we think it's very important that there would be deep consultation with superannuation trustees around how that would actually be administered, and where the work would fall, because we know through the administration of lots of charitable grants, it's often not clear-cut. We often have charitable legacies contested by family members, and there needs to be the proper law and infrastructure in place in order for that money to end up going specifically where, you know, the testator wanted it to go. So very happy to consult further on that, though, as you progress in the discussion.

MS ABRAMSON: No, that's very helpful because we are – of course we will talk to the super industry, so thank you very much. Krystian?

MR SEIBERT: Sorry. I just have a question around – I think it was raised maybe in one of your earlier submissions, I think, or maybe in a meeting around sort of fees from capital versus – like – yes, would you be able to sort of – yes, that point, yes.

MS KENNEDY: Yes. One of the requests that we put through for consideration of the Commission was currently with charitable trusts we're required to take fees only from income under charitable law, and what we were hoping that the commission would consider is something that became apparent certainly to Equity Trustees through COVID, which is the fact that during COVID many of the older perpetual Charitable Trusts are capital restricted.

So it means that they couldn't actually access capital to continue doing their much-needed funding through COVID. And what it meant was that when the community was at its greatest time of need we were very much hampered where there was no access to capital because it was not sufficient income able to be distributed, because obviously much of the income is derived from the stock market, which was impacted by COVID.

So that was something that we were hoping would be considered. Obviously it would need further discussion because it would only be relevant at particular periods of time and under particular circumstances, but it meant inevitably the community would get access to more income when it was required, versus the trustee being hampered and not being able to access that capital and increase distributions.

MR SEIBERT: Just on minimum distributions for ancillary funds because I know at Equity you sort of have a public ancillary fund, and you sort of - - -

MS KENNEDY: Yes.

MR SEIBERT: You assist clients with private ancillary funds. Whether you have any views on the appropriateness of the correct minimum distribution arrangements.

MS KENNEDY: Sure. What we've been seeing, particularly in the public ancillary funds space is that more and more of our clients are actually opting to distribute more than the minimum, and we're very supportive of that. I think the earlier point discussed, people are starting to practice their philanthropy in a very different way. People are looking for more flexibility to spread their distributions over a number of years, to distribute higher levels. And COVID was another time that we saw that people were requesting that option. So we are largely supportive. Obviously with perpetual structures, if it were to increase hugely that might create some, you know, issues over the long term in terms of the growth and available income to distribute, but we're very open to further - - -

MR SEIBERT: Yes, because how do you think your clients might react if the minimum was changed now? Because obviously for a public ancillary fund there isn't a sub-fund level minimum distribution, but for the PAF, there's the whole of the PAF minimum distribution. How would you clients react, say, if it was increased, for example?

MS KENNEDY: From the current set?

MR SEIBERT: Yes. Yes.

MS KENNEDY: Look, I think clients would largely be supportive. All clients are different. Some clients like to protect the capital and give what they have to. Others are much more in

favour of increasing that. So it really is donor dependent, but I think largely speaking people would be supportive if that shift wasn't something that downstream had a huge impact on the growth of their capital.

MR SEIBERT: And on sub-funds specifically, we've got a recommendation around some enhanced reporting on the number of sub-funds and the assets held in them, because it isn't currently something we have much data on. Do you have any views about, sort of, that? I mean, the purpose of it would be to sort of provide some data on something that there is no data on now, but also we see in America that donor advice funds have got a lot of debate about their regulation. And we don't have that debate here but we also don't have data on them, so it's partly also about sort of understanding that part of the philanthropic sector better.

MS KENNEDY: Yes. No, we are fully supportive of there being greater transparency in data. We find it very frustrating as well that there is a lack of data available around the number of different structures, so we would have no problem at all.

MR SEIBERT: So no issues with, sort of, you know, reporting, say, to the ACNC the number of sub-funds, the assets held in them, that being publicly available?

MS KENNEDY: We probably report that in most of our marketing material and on our website anyway. It's not something that we keep secret.

MR SEIBERT: Yes. Sure.

MS KENNEDY: So and I think if we're looking to double the structured giving, it's a figure that's really important. I mean, it depends what we're measuring it on but, yes, I think it's – more data is better, as long as that data doesn't mean that we're spending more time on administration and governance - - -

MR SEIBERT: Sure.

MS KENNEDY: - - - than actually how we're going to achieve impact with that money.

MR SEIBERT: Yes, and you would already have that data internally, I imagine, yes.

MS KENNEDY: Absolutely, yes.

MR SEIBERT: You report a lot of it anyway.

MS KENNEDY: Yes, we do.

MR SEIBERT: Julie? I think we're all good there.

MS KENNEDY: Thank you so much.

MR SEIBERT: Yes, thank you.

MS ABRAMSON: Yes, thank you for being our last speaker of the day.

MR SEIBERT: Yes.

MS ABRAMSON: In the few moments that we have, is there anybody in the room who would like to make a further submission, in which case I'd invite you to take the stand? No? I feel like it's like an auction.

MR SEIBERT: Or a wedding.

MS ABRAMSON: Thank you so much. Thank you to everybody who's appeared today.

MR SEIBERT: And to the team.

MS ABRAMSON: I formally adjourn the proceedings until tomorrow where we will take comments online, and can I thank both the participants and the hard-working team, and our transcribers, so, thank you.

MR SEIBERT: Yes, thank you.

MS ABRAMSON: Thank you.

MR SEIBERT: Have a good day.

MATTER ADJOURNED AT 4.45 PM

UNTIL THURSDAY 22 FEBRUARY 2024