



**Australian Government**  
**Productivity Commission**

**PRODUCTIVITY COMMISSION**

**PUBLIC HEARING – PHILANTHROPY**

**DR A. ROBSON, Deputy Chair**  
**MS J. ABRAMSON, Commissioner**  
**MR K. SEIBERT, Associate Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

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**DAY 1**

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**DR A. ROBSON:** Okay. We will get underway. So, good morning. Welcome to the public hearings following the release of the Productivity Commission’s Philanthropy Inquiry Draft Report. My name is Dr Alex Robson. I’m the Deputy Chair of the Productivity Commission and presiding commissioner on this inquiry. I’m joined by Commissioner Julie Abramson and Associate Commissioner Krystian Seibert. Before we begin today’s proceedings, I’d like to begin by acknowledging the traditional custodians of the lands in which we’re 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 all 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 a concern for the wellbeing of the community as a whole. The purpose of this public hearing is to facilitate comments and feedback on the draft Productivity Commission report entitled 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 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 policies and options for supporting philanthropy. All policy choices involve trade-offs, costs and benefits. So 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, DGR reform focusing and re-focusing which charities can receive tax-deductible donations to help donors direct support to where there is likely to be the greatest benefits to the community as a whole. Second, regulation bolstering the regulatory system by enhancing the ACNC’s powers in creating regulatory architecture to improve coordination and information sharing among regulators. And, thirdly, 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 class of entities.

On the first reform area on DGR the Commission found that the current DGR system lacks a coherent policy underpinning and sought to address this by developing a principles-based framework for DGR eligibility but 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. 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 that they currently have and for which activities there

would be a change. Overall, the Commission estimates 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 predominately focused on the 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 has 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 good and sound reasons for governments to support the provision of school infrastructure, the Commission's preliminary view is that providing tax deductions for donations for school buildings is unlikely to be the best way to direct support to where it's 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 DGR status or access to it. The Commission recognises that religious organisations play an important and valuable role in the lives of many Australians. Religious faith and values can and do provide inspiration for donating and undertaking a range of charitable activities.

The contribution that such entities make in the community is one reason why they are 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 net conditional community benefits for changing the status quo and expanding DGR to charities with the sole purpose of advancing religion. On the other hand, the report does recognise that some charities with the advancing religion subtype already undertake additional separate charitable activities, such as advancing social and public welfare. Under the Commission's 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 the religious ethos currently endorsed as DGRs, such as public benevolent institutions, working to address disadvantage. They would continue to be eligible.

So we welcome further feedback on the proposed reforms to the DGR system in these hearings. In particular, we welcome feedback on the principles, how they have been applied and the likely impacts of the reforms and the benefits and costs of alternative proposals. The second group of reforms is to strengthen the regulatory framework and to enhance the ACNC's powers and improve the regulatory architecture. Given that trust and confidence in charities underpins philanthropic giving, the Commission has made various proposals to enhance the regulatory framework. The Commission has proposed the establishment of a National Charity Regulators Forum underpinned by an intergovernmental agreement to build a formal regulatory architecture to help regulators in various jurisdictions, 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 the three reform areas is to improve public information and enhance access to philanthropy, including for Aboriginal and Torres Strait Islander people and organisations. The Commission 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 draft 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.

The Commission also heard some Aboriginal and Torres Strait Islander communities are furthering their own goals through partnerships with philanthropy. But 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, the Commission has proposed 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.

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. The Commission is grateful to all the organisations and people that have taken the time to prepare submissions and to appear at these hearings. As of the 9<sup>th</sup> of February, the Commission has received over 1,200 final submissions and over 1,400 brief comments since the draft report. This is the first public hearing for this inquiry. We will then be working towards completing a final report due to the Australian Government in May 2024 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 of the final report's release by Government which may be up to 25 parliamentary sitting days after completion.

So 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 today's proceedings I will provide an opportunity for anyone who wishes to do so to make a brief presentation. The transcript taken today will be available to participants and will be available from the Commission's website following the 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 their remarks are not defamatory of other parties. Participants are invited to make some opening remarks of no more than five minutes, if you can. Keeping the opening remarks brief will allow us the opportunity to discuss matters in participants' submissions in greater detail. So I would now like to welcome the first hearing participant from The Smith Family and please state your name and organisation for the record and we'll get underway. Thanks very much.

**MS A. HAMPSHIRE:** Thanks so much, Commissioner. I'm Anne Hampshire. I'm head of research and advocacy at The Smith Family.

**MR J. O'ROURKE:** I'm Josh O'Rourke. I'm the head of philanthropy.

**MS L. ALLAN:** I'm Lisa Allan, the head of fundraising.

**DR ROBSON:** Okay.

**MS J ABRAMSON:** Excuse me one minute. It's a bit hard to hear. Are the microphones working? Excuse me.

**MS ALLAN:** Should we get closer?

**MS .....** I think they might just be for recording purposes.

**DR ROBSON:** They're just for recording the audio.

**MS ABRAMSON:** Okay.

**MR K. SEIBERT:** Yes. That's all right. Thank you.

**DR ROBSON:** Yes.

**MR SEIBERT:** They're behind us as well. So – yes.

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

**MS HAMPSHIRE:** We would. Thank you so much.

**DR ROBSON:** Okay. Go ahead, please.

**MS HAMPSHIRE:** And please let me know if you can't hear us. So The Smith Family thanks the Commission for the opportunity to appear at this public hearing. We welcome the extensive work done to date by the inquiry and the greater visibility that it's providing around philanthropic giving and the underlying drivers of these trends. Our view is that the increasing challenges and needs being experienced across many dimensions of national wellbeing, including socially, economically, culturally and environmentally, require the collective and enhanced efforts of governments, philanthropy, business, the non-for-profit sector and the wider community working together to address this reality now and into the future. Hence, we see this inquiry and the government's goal of doubling philanthropic giving by 2030 is very important.

As an organisation established by businessmen in 1922 we have a long history of philanthropic giving, including raising over 133 million in FY23, we welcome the opportunity to contribute to this important inquiry. We have read with interest the inquiry's draft report and have provided a further submission on it which I think you now have. Our key points in that submission include the need for recommendations to support the achievement of both the 2030 goal and to contribute to significantly grow philanthropy beyond what is, in fact, now only a six-year time horizon. A concern that the current recommendations may not achieve the 2030 or beyond goals, with our assessment being there is more that should be done to both grow philanthropic giving and maximise the impact this giving makes. The opportunities to lift giving which we support, include, firstly, simplifying the transfer of unspent superannuation funds to a charity after an individual passes away. Secondly, efforts to increase workplace giving given the multiple cost-effective benefits it offers, the low base of workplace giving in Australia and the evidence that organisations with strong programs in this space have high rates of participation.

Thirdly, providing the opportunity for individuals to donate some of their tax return to a charity during the process of completing that tax return. We note research indicating that 70 per cent of Australians support such a proposal. And, fourthly, a campaign to promote giving. We note the Commission's comments around such a campaign in the draft report. We believe that this can,

however, be successfully done using a try, test, learn approach with rapid iterations. It should draw, we suggest, on the experience of many organisations of pursuing diverse donor segments as well as the learnings from behavioural economics and a range of successful public campaigns in a number of areas.

We also urge the acceleration of harmonisation efforts given the impact that current arrangements have on the efficiency of organisations operating in multiple jurisdictions like our own. We note efforts in other areas requiring national/state/territory implementation that have taken years to realise, even after an agreement on a policy has been reached, and we want to avoid that being the ongoing case with philanthropy. We strongly recommend the inquiry include a recommendation along the lines of the findings of the Pay What it Takes research, given that a failure to adequately fund the indirect costs of charities and not-for-profits leaves, that research suggests, to both lower capability and effectiveness. We believe such a recommendation is important to ensure that growing the impact of the sector occurs alongside the growing of its income.

We also believe there's a role for the inquiry in encouraging greater funding of innovation by the philanthropic sector. While we note the potential of the sector for investment in this area, we would suggest the proportion of philanthropic investment in innovation is actually quite modest. As part of its data collecting work, the inquiry could, perhaps, try to quantify what philanthropic funds are currently spent on innovation. While we do not offer any specific commentary regarding the exclusion of DGR status to school building funds, we believe any changes in this space must ensure that initiatives that support the educational participation and achievement of children and young people experiencing disadvantage, such as scholarships and the provision of additional resources to them, such as laptops, are not included in such changes. Our expectation is that these are not included if we read the recommendation appropriately given their equity focus, but we believe there would be value in explicitly identifying in the final report examples of initiatives, such as scholarships, that would be exempt from this recommendation.

Finally, we were asked by the secretariat if we might provide some data on the use of cheques by our supporters. In FY23, we received over 22,000 cheques which provided over \$10 million in funding to our organisation. While the use of cheques has been declining, they are still an important source of income, as you will see from that \$10 million. We're looking at other payment types, such as PayID, which could replace cheques in the future to limit the impact of, if and when, they disappear. We'd be happy to answer any questions. Thank you.

**DR ROBSON:** Thank you. Next, Krystian, do you want to .....

**MR SEIBERT:** Thank you for your submission in response to the draft report and for taking the time to meet with us this morning and share your views and perspectives. Just following on from your opening statement and your submission, I wanted to just ask you around about – a question around the role of government, the role of philanthropy and particularly around your comments about that philanthropy has the potential to act in a way that supports innovation but that you'd suggest that the proportion of philanthropic investment in innovation is small. Whether you could, yes, unpack sort of the high level of aspect of that but also, yes, a bit more detail around why you think that the actual proportion of philanthropic support for innovation is small and what could be done to address that.

**MS HAMPSHIRE:** I might kick off and then my colleagues might jump in. I think we noted in the report the important divide between the role of philanthropy in the innovation sense and then the role of government to scale. And I think the report suggests that there is a strong focus

in philanthropy on innovation and we have benefited – excuse me – from some of that. But I think it’s probably far more articulated as a reality than it is actually in practice and we’ve benefited from areas from the Origin Foundation, from the Paul Ramsay Foundation, for example, that have allowed us to innovate something which government have then scaled. But in our overall pot of money, it’s relatively small that innovation piece and we suspect, looking around the sector, that that might also be the case. So we’ve actually – we don’t have quantifiable data for the sector but I think it’s what you hear in the mantra perhaps more than is actually the case in reality, hence our suggestion about investigating that further.

**MS ALLAN:** Do you have anything further that you wanted to add?

**MR O’ROURKE :** No, just to say that, you know, in our experience working with grant makers and corporates there’s the expectation that you have a program that is proven to work and that you can show evidence for and capital for testing and piloting projects that are yet to be discovered are pretty ..... on the ground.

**MR SEIBERT:** That’s really interesting. So you’re saying that although there is the sort of the ideal or what’s sort of talked about, in terms of the role of philanthropy, but in practice many of your philanthropic supporters, such as trusts and foundations and corporates, they actually sort of already want evidence of effectiveness, sort of a bit like what we say government normally wants.

**MS HAMPSHIRE:** Government does. Yes.

**MR O’ROURKE :** Yes.

**MR SEIBERT:** Rather than really wanting to fund that sort of - - -

**MR O’ROURKE :** That’s correct.

**MR SEIBERT:** - - - risk taking innovation.

**MR O’ROURKE :** That’s correct, yes.

**MR SEIBERT:** That’s really interesting.

**MS HAMPSHIRE:** Yes.

**MR SEIBERT:** What sort of things do you think could be done to address that, in terms of what could be a role for government here? Because in the inquiry we are thinking about what the distinctive role of government here, in terms of changing practices, because the philanthropic sector can obviously do things differently, perhaps or not, but what would be a role for government here, potentially?

**MR O’ROURKE :** Good question. I think, you know, governments could probably shine a spotlight on projects that have been funded for innovation. I think even allocating more funding specifically for projects that are yet to be proven. So it’s about, you know, creating a larger pot of funding opportunities for organisations, such as ours, to seek funds for projects that are yet to be proven so - - -

**MS HAMPSHIRE:** I do think it’s one of those things that’s become part of the ether of our language that philanthropy funds innovation and it almost reads like that in your draft report, to



be honest. But when we sat back and thought is that really the reality of a vast amount of philanthropy now, our sense was not for us and we suspect not for the sector. So even highlighting and then encouraging philanthropy to be bold and to help with that capacity that they have, which might then scale through government, I think is a helpful thing that this report could do.

**MR SEIBERT:** So it's about ensuring that sort of the actual practices, the actual actions of philanthropy align with maybe some of the narratives that we have about the role of philanthropy because there's - - -

**MS HAMPSHIRE:** Indeed.

**MR SEIBERT:** - - - a lack of alignment, in your view, at the moment.

**MS HAMPSHIRE:** Indeed. Yes. And, you know, I don't know whether or not there's capacity for the Commission to seek data, because I think, you know, we know what we're being funded in the philanthropic space, but whether or not there's a broader data question that the Commission could help with, in some sense as to perhaps shine a light on this area. Because there's enormous potential and the philanthropic innovative funding we've received, for example for an early numeracy program initially funded by BlackRock and the Origin Foundation has now been scaled to hundreds of thousands of children in a way that government wouldn't have initially done and is now being supported by government. So there are good examples, as Josh said, but shining a light on those – and the risks, because they're not all going to fly. That's the whole thing with innovation. You've got to try something. Test it.

**MR SEIBERT:** Thank you. That's very interesting. Thank you.

**DR ROBSON:** Thanks. I just have a quick one and then I'll hand to Julie on a different topic but I wanted to follow up on this one. I mean, do you think there's been a change in donors' attitudes towards, you know, tied and untied and that risk attitude? Have you observed that over the last, say, decade or so?

**MR O'ROURKE :** Yes, I have. I think, particularly in the trusts and foundations or grant making space, it is becoming less common for donors to support an untied project.

**DR ROBSON:** Yes.

**MR O'ROURKE :** You know, they want to see, you know, where their dollars are spent and the impact of those – of that support. But, you know, I should note that untied fundraising is incredibly important for an organisation because it allows us to use funds in the areas that will have the greatest impact. There's also – in terms of return and investment, there's a fair bit of work involved for a charity in servicing a donor with a tied project whereas often those costs are not incurred for an untied gift. So there is a cost benefit to it as well.

**DR ROBSON:** Yes. Thank you.

**MS HAMPSHIRE:** Which is not to say that we think untied funds leads to unaccountability. So we're very clear about the outcomes. We would measure and have a very strong track record in that but the freedom to spend those funds in ways which then can be reported upon is what you were calling out, I think, Josh.

**MR O'ROURKE :** Yes. Correct.

**MR SEIBERT:** Just a couple – one very quick question. Have you got any data, even if it's sort of, you know, rough but as best as you can get that data around the percentage of your funding that can be used for that genuine innovation versus the - - -

**MS ALLEN:** Yes.

**MR SEIBERT:** - - - funding that's sort of not really able to be used for that?

**MR O'ROURKE :** Yes.

**MS ALLAN:** Yes.

**MR SEIBERT:** But also, I just wanted to clarify too, so you've said that, based on your experience, over time the philanthropic support you get sort of, say, from structured philanthropy, less – over time, more of that is being earmarked for projects rather than being untied?

**MR O'ROURKE :** Correct.

**MR SEIBERT:** So there's – because that again, that could be a bit of a disjuncture with the, sort of, the narratives around that.

**MR O'ROURKE :** Yes, that's correct. Yes.

**MS ALLAN:** I think if you pick up on the fact that general philanthropy has changed quite dramatically over the last 10 years when you think about trusts, foundations and corporates, it used to be a gift. It is now an expectation. They need something for their bottom line as well, so I think that the demands on both sides of the needs and both sides of the organisations become much, much larger. I'd like to throw in too, from the mass marketing perspective, what we see is probably a direct line with trust. And high levels of trust need lower levels of transparency. Lower levels of trust need much higher levels of transparency. So there's new people are joining or giving to organisations. What they tend to do is, you know, look under the hood. What are they investing in, where do the dollars go, what is their mission, what are their outputs.

**DR ROBSON:** Yes.

**MS ALLAN:** When you have had lots of trust a lot of that is kind of taken for granted that they move forward. So, yes, as we think about, you know, doubling giving, I think the levels of new donors that come into the sector will definitely more consistency and probably permeates into some of the other areas of the reports that just Pay What it Takes and the levels of transparency, the giving campaign.

**DR ROBSON:** Thank you.

**MR SEIBERT:** Thanks.

**DR ROBSON:** Julie .....

**MS ABRAMSON:** Thank you. It's always very nice to see The Smith Family, so thank you for attending, because a few years ago – and, I think, Anne, you were there – we had our education evidence inquiry - - -

**MS HAMPSHIRE:** Yes.

**MS ABRAMSON:** - - - and you spoke to us about the children's future education so that was a very helpful contribution. I have three questions I'd like to ask. The first one is, thank you very much for your data around cheques, but I was also wondering, do you have a view about the age of those donors?

**MS ALLAN:** I would say the age of those donors is probably, on the whole, over 60. But, like Anne said, we're seeing – the numbers are declining but they're not declining significantly, is what I can say to you as well – less than 10 per cent year on year. So, you know, we're still getting substantial amounts of money through. Yes, but they are older donors.

**MS ABRAMSON:** Thank you. The other thing too is about the cheques. We are – like, as you know, there's the program to remove cheques and I think it's got a four year implementation plan. Do you have any particular views how people could be migrated to other forms of interaction with you? We're really – you know, the cheque issue is a very important one but I'm interested if you've got some solutions, particularly with a cohort of people who might be, for very good reason, be quite anxious about using internet banking and transfer of money.

**MS ALLAN:** It is a very good question. I don't have an answer to that. We are exploring the other technologies, as Anne has highlighted. What we're finding is, pick up of those technologies with the older cohort is extremely challenging so they just don't use them for anything. So don't have a credit card, you know, still walk into - - -

**MS ABRAMSON:** Yes.

**MS ALLAN:** - - - the post office to pay. So the fear, at the moment, is that they drop off after the four year window. However, we are starting to talk to them about other areas. So things like BPAY, things like Apple Pay, and other things that they might or their family might be using, it could help to influence. I don't know if anybody else has - - -

**MS ABRAMSON:** No. That's really helpful. And thank you for your data. That's incredibly helpful. The next thing – I think like these are random questions, so I'm apologising.

**MR O'ROURKE :** That's okay.

**MS ABRAMSON:** We're all ears about harmonisation. If you have any views about how we can practically make those things happen. I've noted your comment about, you know, there's an intent to do stuff and then it takes forever. It's one of the things that the Productivity Commission, as you know, struggles with a lot. We can see where we want to go and then it's a matter of cooperation with the states and territories who have different priorities. So I'm interested in any views you have about that.

**MS HAMPSHIRE:** We take a deep sigh at what we call the joys of the federation, at The Smith Family, because we are an organisation impacted both in our delivery of education but also in the philanthropic space. We actually think that having something publicly released with

some deadlines that all of the states and the territories and the Commonwealth sign up to is a start. We're very mindful in the education space that we are still waiting for a unique student identifier that was agreed in 2013.

**MS ABRAMSON:** Yes.

**MS HAMPSHIRE:** So I think, at least, having something out there with some clear deadlines, because intent is not enough, then allows organisations to – and to some extent the media to get behind and say, well, how's that tracking, how is that going.

**MS ABRAMSON:** Yes.

**MS HAMPSHIRE:** It's when there's too much, I think, behind closed doors and it's not visible where the progress is that organisations like ourselves and the sector generally go come on, what's happening here? Is anything happening? And sometimes it is, but having that public transparency, from our perspective, is important.

**MS ABRAMSON:** No, that's very helpful. And my final issue is about workplace giving. I'm really interested because you have very strong relationships with corporate Australia so any of your views about, you know, what is it that makes it a successful workplace giving initiative? What are the type of things that we should be looking at if it's an area that we had a view about?

**MR O'ROURKE :** Yes. Thank you. Yes, you're right, we do have a significant number of corporate supporters and the vast majority of those offer a workplace giving program in their organisations. I think where we've seen the best examples about working is where it is employee led. So there's engagement and buying from employees.

**MS ABRAMSON:** Yes.

**MR O'ROURKE :** It is simple for people to take part in. Sometimes, these arrangements can be quite complex and so there's a barrier between charitable work, the beneficiaries and those that are supporting. There's barriers in between. Where those barriers are removed and it's a simple process and there's opportunities for charitable organisations to communicate impact and change, those things are really well received by employees. And we look at the data overseas and compare that to what's happening in Australia and we note the significant work that's being done to try and increase the levels of workplace giving. I think our view is that it's still a fairly untapped potential.

**MS ABRAMSON:** Do you – thank you. Just one final thing – and I apologise to my colleagues because I did say I had three questions but it's really related to that, is volunteering. So do your workplace giving programs also involve a commitment of time and, if so, what are the characteristics that you think are successful in that regard?

**MR O'ROURKE :** Yes. That's a great question. The vast majority of our corporate supporters do engage in volunteering actively at The Smith Family. It is not necessarily tied to a formal workplace giving program, as such. They are usually quite standalone although organisations will often record the number of hours supported by volunteers and report on that separately. For us, one of the challenges is matching the opportunities for volunteering in our programs with the needs of - - -

**MS ABRAMSON:** Yes.

**MR O'ROURKE :** - - - corporate volunteering activities. So where there's alignment in those two areas, it's great. Where the opportunities available within our programs don't match the needs of the corporate, that can prove a challenge. But I would say that we're seeing an increase in the number of organisations that provide volunteering days for their employees. So there's a real appetite in the corporate sector to do more and to engage their employees in that way. There's also significant costs involved for the charities in actually creating those experiences, ensuring that they add value to our programs, and so often that can be overlooked. There's an expectation that you will create opportunities for our team members to volunteer but just making sure that's really aligned to our mission and our purpose.

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

**MR SEIBERT:** Yes.

**MS ALLAN:** Could I add one thing on workplace giving too? I was going to say, the other thing I think that's important for success, and I know we noted it, is that shift to opt in. Because I know Workplace Giving Australia had done some modelling thing.

**MS ABRAMSON:** Yes.

**MS ALLAN:** For every one per cent of the public we can participating it's worth another \$55 million - - -

**MS ABRAMSON:** Yes.

**MS ALLAN:** - - - to the industry. So I do think places like America, where they've opted in, they get the rates of about 50 per cent to be, yes, a fundamental shift for us and really help with that double giving goal.

**MS ABRAMSON:** Do you think, though, the American experience is slightly different because philanthropy is viewed differently in American? So do you think that there are cultural factors that work there, not just the project itself?

**MS ALLAN:** I think you can – can you hear in my voice that I might be from - - -

**MS ABRAMSON:** I wasn't going to make such a presumption.

**MR SEIBERT:** Yes.

**MS ALLAN:** I was going to say, I am a Californian. I don't see – I mean, maybe California is different to the rest of America, but I don't see a huge cultural shift. So I do know it was something that you expected in the paperwork when you signed up to a job.

**MS ABRAMSON:** Yes.

**MS ALLAN:** But you had the ability to opt in or opt out. And the organisations, as Josh was saying, usually the organisation you joined had a few partners or partnerships and things that they've got behind as an organisation so

you're aware of those and have the opportunity to do that, or something else that was close to your heart.

**MS ABRAMSON:** Yes.

**MS ALLAN:** It was an easy, a really easy, way to get, I think, our young adults generally starting the workforce into the discipline of philanthropy.

**MS ABRAMSON:** Okay.

**DR ROBSON:** Is there any barrier that you can identify to a company not doing the opt out now or is there - - -

**MS ALLAN:** Josh did allude to – there is some technical support that is needed but places like Workplace Giving Australia and CAF actually help organisations to do that quite efficiently now, I think with most of the major payroll software. Yes.

**DR ROBSON:** Right.

**MS HAMPSHIRE:** I think, to your question about America and Australia, we've got such a low base. We may never be at America's pace but we're at one per cent now. So even, you know, a 20 fold of that would give us significantly more funds, even if we never get anywhere near 50 per cent. The one per cent feels truly pathetic, given that it's so – it can be so easy. And when there are good programs in companies then you do get the return. So it's having those good programs, as Josh flagged, making it easy to do, etcetera.

**MS ALLAN:** Yes.

**MR O'ROURKE :** And I think the point that you make in the draft report around the transparency and methodologies for corporate giving is really important because, certainly, there'd be a sense that if you're expecting employees to make contributions to charities that corporations should be leading by example as well.

**MS HAMPSHIRE:** The match giving is really important too, isn't it. Yes.

**MR O'ROURKE :** So I think you do both and match giving is a huge incentive for people as well.

**MS HAMPSHIRE:** Yes.

**MR SEIBERT:** But more – sorry, go.

**MS ABRAMSON:** No. I was just going to say, so you think – I don't want to put you on spot but – so you think sort of reforms around corporate reporting would be a useful initiative?

**MR O'ROURKE :** Yes.

**MS ABRAMSON:** Yes. Thank you. Sorry.

**MR O'ROURKE :** I thought those comments in the draft report made a lot of sense.

**DR ROBSON:** It's all right.

**MR O'ROURKE :** Because it is – it can be quite difficult to make sense of corporates giving - - -

**MS ABRAMSON:** Yes.

**MR O'ROURKE :** - - - in its various forms and it would certainly, you know, add an extra level of accountability and transparency to organisations that do give, and a lot of them do and there are many that still don't so - - -

**MS ABRAMSON:** Thank you.

**DR ROBSON:** I guess, on the workplace giving, I'm interested in following that up but a bit more generally. So, I mean, one of the things we've heard throughout this inquiry is one of the reasons that people don't give is that they have never been asked. And so, you know, workplace giving is one way to try to address that. But, I guess, in your organisation we'd be interested in how do you – like, you have an existing pool of donors and you go to them but how do you chase new donors and what's the mechanism you use and what's been your experience with that because, you know, if the government is going to get close to this doubling giving goal, which we don't endorse or say anything about in the report as such, other than it's there and it's part of the context of the report, but one way, obviously, would be to increase the pool of donors. The other way would be to have existing donors contribute more. Or some combination of those two things.

**MS HAMPSHIRE:** All those. Yes.

**DR ROBSON:** But I just wondered if you could comment on that issue?

**MS ALLAN:** Yes. So we do active – obviously, our position as well as our intention efforts, we have a base of approximately 200,000 active donors across the year. There are about 65-70,000 of those are sponsors. Sponsors, I think what I'd say, as far as acquisition, we know people first start giving to an organisation because they relate to the cause. They relate to, you know, the efforts of that organisation and, indeed, their output. And I think then trust comes as probably a close second or third. So then do they trust that organisation, can they see that their dollars are making a difference and they're being spent where they need – where they say they're going to spend them. From an acquisition perspective, we're using channels such as digital is quite large for us.

We actually are an active direct mail organisation as well. Especially with our existing donors. Not so much to acquire. We don't find that as fruitful as a channel. And we also use the media. So you see television advertising, outdoor advertising, radio advertising. And those things in combination, I think the digital and the outdoor or the above the line advertising, tend to work quite well for us. However, from a philanthropic perspective, all that is individual relationships. So one on one. So it relies on either approaches to organisations or contacts. So, you know, people that we know within organisations or relationships that might introduce us as well. I'd say from a philanthropy perspective, we probably have a one in 10 solicitation ratio. I'm looking at Josh. Yes.

**MR O'ROURKE :** Could be that. Yes.

**MS ALLAN:** Yes. From – I guess, from a new donor perspective, I mean, it depends on the type of donor that we are recruiting. If we're looking for a sponsor it will cost us a little bit more than if we're looking for just a cash donor. We know sponsors stay, on average, about seven years. We know cash donors, maybe between three and four years. Sponsors give about twice as much as a cash donor because of that model and because of the child sponsorship model. So – yes, so for us, I think, there's also then a large narrative around also being leaders and advocates.

So, you know, Anne's role and the role that our CEO, Doug Taylor, plays is quite important for our organisation to stay in the limelight or, you know, to stay in the media and know that, indeed, what we're doing is making a difference. So the outcomes that Anne's team actually track for the organisation, how we're impacting not only through our programs but then also total number of children being impacted and that societal outcome that we're also helping to achieve, all extremely important, especially for highly engaged donors.

**DR ROBSON:** Yes.

**MS ABRAMSON:** Do you find that programs, like your Children Future Education, are programs that bring people into The Smith Family so it's very well-known and recognised? So is that part of the model as well? You've got – I know you have other projects, by the way, but that's quite a – especially with the new school year, you know, you notice that.

**MS ALLAN:** So – and what I'd say to – you're very right, Julie. The majority of our donors actually are AB profiles. So your higher end profile. And they have either had a tertiary education themselves or they're highly educated. They value education.

**MS ABRAMSON:** Yes.

**MS ALLEN:** Therefore, they value what The Smith Family does. So you're absolutely right, the CEFF, the Children Education Future Fund, definitely does acquire and recruit at very high levels. We have a transformational gift product that actually talks to our five year strategy and the goals we're trying to kind of approach there, and then we have one year goals, and a lot of it we're talking to acquire maybe a cash donor. It might be the program and our, you know, current horizon on - - -

**MS ABRAMSON:** Yes.

**MS ALLAN:** - - - the children that we're trying to help in that program or what those programs might be. So what we're doing is selling either short term horizons to get them in or really long terms horizons - - -

**MS ABRAMSON:** Yes.

**MS ALLAN:** - - - depending on the value of that donor.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** Okay. Just on the topic of Paying What it Takes, administration costs, overhead costs and – thank you for your comments in your submission and response to the draft report as, I think you note in there, we have a draft finding around administrative expenses not



being an accurate reflection of the performance of a charity. And I just wanted to ask you, sort of you make a comment in the submission about the role that government can play in terms of changing some of those attitudes and perceptions. And I also wanted to ask you about whether there is a role for charities themselves, philanthropic organisations, because I do sometimes see – we do see examples of charities when they’re advertising and it’s a competitive marketplace to acquire donors. Sometimes saying, for example, that, you know, all the money goes to the cause, etcetera. Is there a – is there something that charities and others could do as well, possibly through self-regulation, for example, around sort of helping to change that narrative alongside possibly government?

**MS ALLAN:** There most definitely is. Yes. I actually am leading a coalition at the moment that is trying to do just that. So working in the industry and we’re looking at, probably, some of the practices and some of the behaviours. I guess, the communications that we do that do us a disservice in this regard in starting to, I guess, shine a light to the value of overhead and what overhead does for an organisation to then begin to change our practices, as you say. I think not seeing that pie chart on the front of someone’s – whether it be annual report or websites communicating the money that doesn’t go to the cause is doing us some major disservice. So we’re actually – we got together a number of charities. We’re actually looking to launch at our industry conference at the end of this month and start to get others on board.

We’ve done some research in this space funded by PRF. That’s helped us to better understand the practices that charities are doing and the way donors perceive those practices and, indeed, what we’ve found is that donors don’t fixate as much on this, and nor do they need, I guess, those – a lot of the narrative that we, as an industry, are perpetuating is because of the transparency. I think, because we’re trying to be accountable as organisations and show that the money goes where we want it to go, there is this very unhelpful narrative into minimising that cost when, indeed, as we were talking about before with innovation and things - - -

**MS HAMPSHIRE:** Yes.

**MS ALLAN:** - - - organisations need to be sustainable. They also need to track their outcomes. So how do we start to shift that narrative by starting to look at our practices and we hope to get some consistency in those shifts based on the research that we’ll be launching at the end of this month.

**MR SEIBERT:** Any information you can provide about these initiatives or the data, etcetera? Obviously, you might not be able to provide all the information but anything would be really helpful for our thinking because we’re really - - -

**MS ALLAN:** Yes. Great.

**MR SEIBERT:** - - - looking at this very holistically.

**DR ROBSON:** I might just return to – I think you mentioned sort of the link between trust and effectiveness and impact and we had a bit of a discussion in how that’s changed over time. But we were asked, in the terms of reference for this inquiry, to look at, you know, measures of effectiveness and metrics and whether it was a, you know, an idea to, for say, government or someone to, you know, for want of a better term, mandate measures of effectiveness. I just wondered what your views were on that, noting, you know, I think, is it fair to say that, you know, you deal with that in different ways depending on the donor? Some donors aren’t

interested in, you know, how many children got this test score but some donors are and so you tailor that to each donor, is my understanding. But I wondered if, yes, you could comment on this idea that there'd be a, you know, moving towards a sort of one size fits all measures of effectiveness, in your particular sector - - -

**MS HAMPSHIRE:** Yes.

**DR ROBSON:** - - - but then more generally across the sector.

**MS HAMPSHIRE:** Yes. I might begin and then - - -

**MR O'ROURKE :** Yes, thanks, Anne. Yes.

**MS HAMPSHIRE:** - - - pass to my colleagues. I think the turning point for us is an absolute fixation on measuring our progress. In the first instance, ourselves against ourselves. So are we improving year on year. We would be highly supportive of the notion that there should be more transparency and visibility of outcomes and what is being measured. At the same time, we would also caution that sometimes what might look like oranges on the one hand, might not be oranges in the left hand. And the measurement of outcomes when people are involved, and we're talking about changes in attitude, changes in – changes in achievement, perhaps, are a bit easier to measure but sometimes many programs will be looking at changes in behaviours or quite subtle changes in attitudes.

**DR ROBSON:** Yes.

**MS HAMPSHIRE:** One of the very concrete examples, for example, in the education space, we run a large Learning for Life scholarship program educational focus. One of our key measures is whether or not a child completes year 12. Our program recruits children who are living in families who are on a low income, in one of our partner schools and the parent will sign up to an agreement to work with us. That's the criteria. Essentially, these are children living in poor families. It's not academic merit based and we stay with those students over the long term. You might also have a scholarship program for children, for example, where it is merit based and that very simple example would suggest that you – whilst the end goal for both of those programs might be measuring a proportion who completed year 12, the starting point is very different. The client group is very different. Our program is longer term. This program might be picking up students in year 11 and 12.

So whilst the intent is highly admirable and the intent around transparency and visibility, the nuance in the outcome space just in education alone is incredibly challenging and there could be very blunt instruments with the consequence being, if it's not well done, that those children, young people, families who are most vulnerable, because they're in fact harder to service actually miss out. Because it's easier, for example, to get a young person who's recruited on the basis of merits through to year 12. And I think, because we also don't have a lot of externally available public data which would allow us to say what would we expect to happen anyway for these two groups of children if they didn't have an intervention it would make some of that discussion in an outcomes level very, very difficult. You would expect most students who were recruited on the basis of merit to get through to year 12. You would not expect most children who are recruited because of a lens of poverty to. So that's just one very concrete example. Whilst we completely admire the intent and we believe there should be more visibility and

transparency, but something that might look simple could be a very blunt instrument with very unfortunate consequences.

**DR ROBSON:** Yes. Krystian.

**MR O'ROURKE :** Yes, I also say – and you think about an organisation like The Smith Family or a large organisation, we have a wonderful team of researchers looking out at our programs and contrast that with the much smaller charities that are, you know, operating on a shoe string, you know, there is a cost associated with program measurement and evaluation and – so there's a practical reality around, you know, how many charities could actually do some of that work.

**MR SEIBERT:** So to summarise, are you saying, effectively, that, you know, there's – you'd welcome an expansion of opportunities to share information about impact and effectiveness but you caution against potential unintended consequences?

**MS HAMPSHIRE:** Absolutely. Yes.

**MR O'ROURKE :** Yes.

**MR SEIBERT:** And what sort of things – and you can sort of follow up on this or you might have some thoughts now – could be done to support that sort of thing, in terms of sharing information about effectiveness and that – yes, what would be the role for government there or not the role for government?

**MS HAMPSHIRE:** There's more work being done in the not-for-profit sector in sharing across organisations with various outcomes. Organisations like the Department of Social Services, for example, are trying to bring together similar organisations to explore this work. I think when you have common outcome frameworks that helps and when you might say our organisation is focused on this part of the outcomes framework, another organisation might be focused on something else. I think, for us, one of the things we need as a nation for children and young people is a collective view of what do we want for children and young people. So, essentially, a framework that starts off by saying we want all children to be a, b, c and d, and then programs and organisations can fit against an outcomes framework like that.

**MR SEIBERT:** Yes ..... DGR?

**DR ROBSON:** Yes. I note in your submission, you know, you do have comments around, you know, your DGR status. So just tell us, maybe – and if you could give some examples of how, you know, that has supported your equity objectives currently. And you're noting that it is a big part of our report and you do note there our draft recommendation 6.1. So maybe just give us – yes, take us through in a bit more detail the benefits that - - -

**MS HAMPSHIRE:** Yes.

**DR ROBSON:** - - - The Smith Family and – has come from its DGR status.

**MS HAMPSHIRE:** So as a whole organisation we, obviously, have DGR status, PBI status and all the rest.

**DR ROBSON:** Yes.

**MS HAMPSHIRE:** Our comments relating to DGR were just about your recommendation in the school's space. We don't have a broad view about the building funds but we do have a view that initiatives like scholarships which have an equity focus, our Learning for Life scholarship program, 65,000 children living in disadvantage, clearly has an equity focus. We wouldn't want – and it operates within a school environment so our partner schools – 750 partner schools across Australia, all of them are low SES schools. We wouldn't want anything that's implied in the changes to DGR status to impact our capacity to deliver scholarships in those schools, nor would we want our initiative around digital inclusion. Our aim is to see all of those children digitally included by 2027 under our current five year strategy.

That means the provision of a digital learning essentials package which involves a laptop, data, skills training. We wouldn't want any of those core programs to be swept up in this DGR piece. We don't think it's intended to but we just wanted to make sure of that and we thought there might be some value – because sometimes when you have a sentence which says something like except where there's an equity focus, people might go, well, what does that mean. And so for us it would be things like scholarships for disadvantaged children. It would be things like laptops that we provide. We see those as being absolutely having an equity focus given our student cohort or students living in financially vulnerable families.

**MR SEIBERT:** So just ..... you're a PBI, a public benevolent institution, so you effectively use that endorsement for all your activities, including scholarships and supports provided to students in schools in disadvantaged areas? Is that correct?

**MS HAMPSHIRE:** That's right.

**MR O'ROURKE :** Correct, yes.

**MS HAMPSHIRE:** That's right.

**MR SEIBERT:** Okay.

**DR ROBSON:** And do you think, you know, in your experience, how responsive are donors to that status? You know, I mean, it's a bit of a thought experiment but, you know, do you think that, you know, you get more donations - - -

**MR O'ROURKE :** Yes, indeed.

**DR ROBSON:** - - - as a result of that and – yes.

**MR O'ROURKE :** Yes. In fact, there are, you know, many grants available for DGR charities. So you'd be immediately excluded from several large funding opportunities without that.

**DR ROBSON:** Yes.

**MR SEIBERT:** Okay.

**MS HAMPSHIRE:** And, hence, that was also the piece about the tax return.

**MS ALLAN:** Yes.

**MS HAMPSHIRE:** Where we thought there was an opportunity voluntarily in the process to have potentially a drop down menu where I'm filling in my tax return, I now know what I might get, and then an opportunity to donate some, perhaps all, of that - - -

**MS ALLAN:** Yes.

**MS HAMPSHIRE:** - - - to the charity during that process.

**DR ROBSON:** Yes.

**MS ALLAN:** But I think it's probably also reflective of the fact that June is by far the sector's largest income month, right. So there is, you know, so much – there is so much driven by people securing the benefit for their taxes so - - -

**DR ROBSON:** And do you do any specific marketing around tax time to say, you know, June 30 is coming up, before you do your tax return do you know that you can get a – you know, this is tax deductible?

**MS ALLAN:** We have for, I think, probably nearly 100 years probably have an appeal that goes on through May and June.

**DR ROBSON:** Okay.

**MS ALLAN:** As do, I would say, you know, a very high proportion - - -

**MR O'ROURKE :** The vast majority .....

**MS ALLAN:** - - - of charities.

**DR ROBSON:** Yes.

**MS ALLAN:** We do dial up the tax return messaging in June. So, yes.

**DR ROBSON:** Yes.

**MS ALLAN:** So that message comes – yes, comes through loud and clear.

**DR ROBSON:** Yes.

**MR SEIBERT:** And just going off on that - - -

**MS ALLAN:**

**MR SEIBERT:** - - - is there – because I see a lot of that marketing around sort of June – up until June 30 but - - -

**MR O'ROURKE :** Yes.

**MS ABRAMSON:** New year, yes.

**MR SEIBERT:** - - - is there marketing sort of around sort of after June 30 around when you get your tax return you can donate some of it as well?

**MS ALLAN:** No. Yes.

**MR O'ROURKE :** No.

**MR SEIBERT:** Because, again, it's an area where there's obviously, you know, questions about what the government's role is here but also about, yes, what – because people, you know, they get their tax return and two weeks later they, you know, hopefully, got some money in their bank account from it. So – yes.

**MS ALLAN:** Yes. It's a very interesting – because I think, my perception would be people are – they're prompted to give based on change and, you know, some sort of change. Whether in their perceptions, an affiliation with a cause but it generally is a personally motivated piece.

**MR SEIBERT:** Yes.

**MS ALLAN:** So having to tap into kind of those opportunities or moments would be the right way to go. And what I'd say, our dollar is already stretched doing the promotions - - -

**MR SEIBERT:** Sure.

**MS ALLEN:** - - - where we kind of know the peaks and troughs that associate with our brand. It might be tricky for us, yes, to try and do that as well.

**MS ABRAMSON:** I - - -

**MR O'ROURKE :** Just to give you - - -

**MR SEIBERT:** Yes.

**MR O'ROURKE :** - - - an indication around two thirds of our major donor income comes in May and June.

**MR SEIBERT:** Yes, okay. Interesting.

**MR O'ROURKE :** And it's about \$10 million, around.

**MR SEIBERT:** And what proportion of your small giving comes around then?

**MS ALLAN:** I'd say 15 per cent. 15 to 20 – yes.

**MR SEIBERT:** Okay.

**MS ALLAN:** 15 to 20 per cent. I mean, for example, our appeal in May, June period, we get 50 per cent of the income that happens across those two months in the last week.

**MR SEIBERT:** Interesting. Very interesting.

**DR ROBSON:** Yes. We've only got a few minutes left allocated but, Julie, you've got some questions?

**MS ABRAMSON:** Yes. I just wanted to ask you a bit more about superannuation. So as you'll see in our report, whilst we saw no reason to change the tax treatment, given that superannuation is concessional tax anyway, we are interested in this idea of making it easier to nominate, and we're very hopeful that the superannuation funds will have something to say to us about that, but there is an issue about protection of donors. So I'm interested in any views you have about what safeguards we might need to introduce, if you had such a reform?

**MS HAMPSHIRE:** Julie, we're not sure of what the issue might be that you're referring to?

**MS ABRAMSON:** A test of entry capacity type issues.

**MS HAMPSHIRE:** Yes, okay.

**MS ABRAMSON:** And when money flows to an estate - - -

**MS HAMPSHIRE:** Yes.

**MS ABRAMSON:** - - - there's a whole process around that that supports, you know, did the person have testamentary capacity.

**MS HAMPSHIRE:** Yes.

**MS ABRAMSON:** And there are rules around it.

**MS HAMPSHIRE:** Yes.

**MS ABRAMSON:** And court obligations. I'm not foreshadowing that there is an issue but I'm asking if you did this, because it could potentially be a lot of money, what type of obligations would you, perhaps, ask of the super trustee, for example?

**MS ALLAN:** We might take that on notice.

**MS HAMPSHIRE:** We might take that one on notice .....

**MS ABRAMSON:** Absolutely. Thank you.

**MR SEIBERT:** Yes. That's fine. Absolutely.

**MS ABRAMSON:** But that's the thing that - - -

**MS HAMPSHIRE:** Yes.

**MS ABRAMSON:** - - - we're thinking about, is it wouldn't have all the protections that lie within an estate. It doesn't mean it's not something that you would do but one of the things you

might think about is should there be some process where the superannuation fund is able to know that the person who's making that gift is making it of free will.

**MS HAMPSHIRE:** Yes.

**MS ALLAN:** Yes.

**MS ABRAMSON:** And I know from your other work that you're very aware, not so much with charities like yourselves, but you're very aware of aged people's vulnerabilities.

**MR O'ROURKE :** Yes. Of course.

**MS HAMPSHIRE:** Yes.

**MS ABRAMSON:** So that's really what I'm asking about. Thank you.

**MS HAMPSHIRE:** Yes.

**MR O'ROURKE :** I see. Yes.

**MS ALLAN:** I mean, it's interesting too, with bequests at the moment, what we're seeing probably is cost of living actually throwing more bequests into contest status. So you're actually getting a lot more scrutiny around bequests at the moment, just because of cost of living pressures, I think, on everyone. So, yes, a great .....

**MS ABRAMSON:** Yes. And I suppose the follow up from me would be, we do have a dispute resolution scheme which deals with superannuation complaints. So that's why we're thinking about, well, what are the other things we need to think about. But as always, The Smith Family has been incredibly helpful, so thank you.

**MR SEIBERT:** And just on bequests and sort of disputes, any data you've got around sort of changing - - -

**MR O'ROURKE :** Yes.

**MR SEIBERT:** - - - patterns there, in terms of bequests being challenged and sort of any – what that – any issues that raises for charities would be very helpful as well.

**MR O'ROURKE :** Yes. Okay, great.

**MS HAMPSHIRE:** Okay.

**DR ROBSON:** I might just ask one more question.

**MS ABRAMSON:** You get the privilege of being the chair.

**DR ROBSON:** Yes. That's my prerogative. You just mentioned cost of living. I mean, what's been your experience in the cyclical versus the long-term pattern that you've seen? What has been the impact on your donations of, you know, the sort of – people's experiences over the last 12 to 18 months?



**MS ALLAN:** Yes. I don't – and because, again, our organisation, individual givers give about \$90 million of our 133 that come in. So a pretty significant number. Lots of people, smaller dollars. What we're definitely seeing is few people giving, giving higher amounts. So those that still have the capacity are giving higher. I think that the nice flow through here is they realise and fully appreciate those doing tougher are doing tougher because of cost of living. So because they have what they have and they're able to give, they're giving more.

**DR ROBSON:** That's interesting.

**MS ALLAN:** But we are getting more cancellations. So not as many of our sponsors are able to stay on with us and continue and they're concerned what happens to their child. So having to then do larger acquisition drives to try to make up for those shortfalls and, indeed, whether ambition to grow and help more kids, we've got those kinds of two factors playing in.

**DR ROBSON:** Yes.

**MS ALLAN:** So not only were we meant to grow but then also having to find more donors because of the higher attrition that comes through.

**DR ROBSON:** Yes.

**MS ALLAN:** Do you want to add to that?

**MR O'ROURKE :** Yes. I'd just say we're also starting to see some – I'd say some early signs of corporates starting to tighten their community investment as well.

**DR ROBSON:** Right.

**MR O'ROURKE :** You know, we're seeing, you know, redundancies, talks about, you know, additional costs, etcetera, so it's early days but, yes, we've got some concerns about what the next 12 months might look like, from the corporate support.

**DR ROBSON:** Okay. Thank you very much.

**MR SEIBERT:** Thank you so much. You've been really helpful.

**MS HAMPSHIRE:** Pleasure.

**MS ABRAMSON:** Thank you.

**MR O'ROURKE :** Thank you.

**MS HAMPSHIRE:** Pleasure, all the best.

**MR SEIBERT:** Really appreciate it.

**MS ALLAN:** Thank you.

**DR ROBSON:** So we've now got Faith NSW and Better Balanced Futures? Okay. So welcome. If you could please state your name and organisation for the record 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 .....

**MR M. NORMAN:** Murray Norman, CEO of Better Balanced Futures and Faith NSW. Better Balanced Futures is a research group that supports a religious education community and has a strong emphasis on religious education. Can I introduce Surinder Jain, who is co-chair of Faith NSW and Better Balanced Futures and also vice president of the Hindu Council. And Josh Bonett, our research and communications for Better Balanced Futures and Faith NSW. Faith education across New South Wales is a core plank of education, whether that is public or private. The Alice Spring declaration that federal and state ministers and governments have signed up to have in there that students will be given spiritual ability to have spiritual education within the part of their schooling. Whether that's in private or public. About a third of the schooling is private, two thirds is public.

We do a lot of work and a lot of research across public schooling and how that religious education is conducted. It's conducted in in-faith education, like you have in New South Wales and Queensland where time is taken up in the curriculum. There's general religious education where schools educate all the students about religion and how that interacts. And we also, more recently, have been involved with governments at a state and federal level on religious bullying and vilification in the education space and helping. So we're very thankful that we can come today. We are very keen to speak against the removal of tax deductibility for the faith education in public schools, noting that over 60 per cent of Australia is religious. Two thirds of students go to public schools and, looking at the scope there with a rationale of community wide benefit, religious education in schools providing religious education for those students and families that would like to receive that, providing that in a way that is not subsidised and also not conflicting with a tax deduction.

It is noted that religious education in schools is not funded by government because each of the faith communities believe different things. And they rely on the faith communities to come and provide an ever increasing amount of sophistication and specialisation as they teach. And across the sector we receive funding from private ancillary funds, direct donations, bequests. We are currently ramping up payroll giving in private schools, which is a third of the schooling sector, noting that where businesses can provide a matching, schools aren't allowed to do that because of government regulation. So tax deductibility in that new sector that we're looking to explore into would be decimated without tax deductibility. And there is a very high correlation between our faith community's volunteers as they access schools. So thank you very much for the opportunity to present today.

**DR ROBSON:** Thanks very much. So, yes, we're interested in exploring, you know, these issues that you talked about. So do you have any data or numbers or sense of, you know, what that response would be? You know, you said it would be decimated. So to what extent – I mean, what proportion of your funding is actually funds that people claim as a deduction or benefits from the DGR status as it – roughly, if you've got any figures on that?

**MR NORMAN:** So DGR status is about 90 per cent. We do have funds provided by churches, mosques, synagogues, temples, which isn't tax deductible. So that comes in as well.

**DR ROBSON:** Yes.

**MR NORMAN:** And one of the main areas, when you're looking at religious education, it goes into curriculum, training, all the things that our volunteers need because – like, we've had probably Australia's largest report into religious education and even for a non-religious primary ethics in New South Wales looking at the need to partner with government to increase training, support, those type of things, in school context. So it's about 90 per cent. Our – primarily, institutions are contributing in but if that was the case, it would decimate our pools of volunteers because they wouldn't have the confidence to go in without those strong curriculums. And we wouldn't want them going in without strong curriculums, support and when schools are dealing with that and dealing with communities, we want to make sure we support them well.

**DR ROBSON:** And in terms of – so you mentioned government grants and, you know, you don't seek those. So in your view, that's not a reasonable alternative way of providing support for these activities? You think that the DGR status is a better way of doing it or it's just not - - -

**MR NORMAN:** Can I give you an exact example - - -

**DR ROBSON:** Yes. Go, yes.

**MR NORMAN:** - - - which will illustrate my point?

**DR ROBSON:** Yes.

**MR NORMAN:** This is without notice but Surinder is an expert from the Hindu community. I'm going to let Surinder explain. Two weeks ago there was one of the largest events that happened in the last 500 years – so double the length of Australia's – as a nation has existed – happened. And schools were caught unawares. Government was caught unawares. Didn't know what to do with that. Can I get Surinder to explain - - -

**DR ROBSON:** Yes.

**MR NORMAN:** - - - what's happened in the Hindu community? And, currently, we're being asked at state and federal levels to help address that issue. But I might let Surinder explain the issue that's happened and then I might explain - - -

**DR ROBSON:** Yes.

**MR NORMAN:** - - - why the government doesn't want to be involved in funding that and how we need the communities to step up. So, Surinder, can I get you to explain about the temple opening?

**MR S. JAIN:** Yes, sure. Before I do that, I will explain how Hindu communities are very different from other communities in Australia. First, we've arrived very recently. Most of us are struggling to find a job, to build a home, etcetera. Second, we are highly decentralised. All of our temples are quite independent of each other and independent of Hindu Council of Australia. So keeping them altogether, it's not difficult because Hindus would go every temple, but getting funding from the temples like other ..... can do is very difficult for us. Third, we are all volunteers. Hindu Council is all volunteers. We don't have any paid staff. Most of us are working nine to five on a job and then five to nine for Hindu causes and Hindu issues.

In that background, one of the largest, even in Hindu history, of five – during the last 500 years, a new temple has been built in India with – which is the birthplace of Lord Rama, who’s an incarnation of our God in the form of Vishnu. Hindus all over the world are very excited. A temple exists there for 2000 years. It was demolished by foreign invaders and now finally it has been reestablished. This event has gone totally unnoticed by the press. Some of them have covered just the political side of it. And in Australia we found the same thing. It gives a background of where our community is. Even the biggest event of our community doesn’t come to the attention of what our community is going through.

We are 3.8 per cent of Australia’s population. We are very disappointed with the recommendation that DGR should be removed for school building funds and for teaching religious education. Our religious education is all – there’s no funding for it. It’s all done by volunteers and they pay their own bus fare to go to the school. They pay for their own photocopying, and so on. We also don’t have any of our faith-based schools. We are planning to build one and what we are finding is that other faiths have utilised DGR status to raise their funds and now it’s our turn and the gates have been shut. Others have come through, that’s okay. No, you can’t come through. And that’s our concern. Thank you.

**MR NORMAN:** So back to your question about funding, the temple that Surinder talked about being constructed was constructed over a mosque. So one of the issues in Australia, for the government to fund education about that, would be complicated because then the Muslim community would go, hang on. Even though in India the High Court has ruled that that’s what will happen, that will create friction in Australia. So part of the funding that Better Balanced Futures is doing is how do we help the Hindu community tell their story about this temple, celebrate in an appropriate way that doesn’t create social unease. And you might think who would ever even think about that, you know, celebration. Diwali festival recognises that God. Do you know what I mean? So Australia is going to have that celebration. The temple has just been created. Without tax deductible funds, the Hindu community will not be able to tell its story. But that’s why politicians aren’t getting involved, and I would suggest they shouldn’t get involved.

And my advice to politicians is let each of the faith communities through tax-deductible giving raise the funds and then we work together as Better Balanced Futures to help work together in a cohesive society. And that’s one of the reasons why we were so keen to reflect here today. That’s just one example. I could give you examples across Muslim, Jewish, even Christian, but that’s a real life example that state and federal are currently dealing with at the moment, because Diwali is quickly coming, but if you look at Ramadan, if you look at Hanukkah, there’s a whole lot of other issues that I could share, very similar stories, that the government would not want to side one side or the other. We would want to let each of the communities and then help them to take their place in public schooling because these discussions are happening in public schooling and it’s very hard for teachers to have enough understanding to know what to do, and that’s where inviting the community in to help. So I don’t know if that helps give you an example but it’s - - -

**DR ROBSON:** Yes. It’s – yes.

**MR SEIBERT:** Just – yes, just to follow on from this. So how does – would you sort of guide us through, like, the role of special religious education which is – which currently is eligible for DGR status, and how, in this case for example, like, just with this case study sort of, yes, what the linkage is there and how it assists, in terms of doing that?

**MR NORMAN:** So can I give you an example? It's different state by state. So can I give an example in ACT - - -

**MR SEIBERT:** Sure.

**MR NORMAN:** - - - which is slightly different.

**MR SEIBERT:** Yes.

**MR NORMAN:** And New South Wales I'll give a different example. Because it is complicated. So in New South Wales we have religious education and we also have a non-religious option. So primary ethics. So parents go to school, they sign their children in, they get an option. They can choose religious, non-religious. One of the options they'll have in schools where there's a Hindu community is Hinduism. Part of the teaching, and in primary school it might be half an hour, high school it might be up to an hour, they learn a curriculum that goes through the tenants of being a Hindu. So they get to ask questions, they explore through holy text and then they work out, as an Australian, how am I going to live my life, how am I looking at adopting Hindu practice they're learning. That doesn't mean that you get forced to be a Hindu but it does give them, in the secular schooling space, an opportunity to understand that.

Now, this is a perfect example where the Hindu community don't get help to work out how to put that into their curriculum, it could do a lot of damage in a school because there's not just Hindu students in schools, there will be Muslim students in schools, there will be Christians, so it has to be done in a way that not only is correct to the teachings of Hinduism, it also needs to be done in a way that meets the metrics of the schooling system. And the Hindu community is part of the consultative group in New South Wales and that meets quarterly to work through these type of issues. I've been made co-chair of the Faith Affairs Council in New South Wales, which is a government body, to help get that integration to work just so we can do a good job and it's a partnership between community and school, but it really relates to curriculum. And then there will be – not might be, there will be – issues with teachers where it hasn't necessarily gone right and then that's where we need to work with principals and parents to help them get a proper understanding because people coming from India don't know how Australia works and there, the schooling system is very, very different. So is that an in-faith - - -

**MR SEIBERT:** So is there – would you say that there's like a lens taken to all this work which might – whichever faith tradition is providing the special religious education, around sort of promoting social cohesion and understanding sort of the different value systems and their interaction? That sort of a broad view. Is that sort of .....

**MR NORMAN:** So in New South Wales, there's in-faith education. So there's a Hindu class, a Muslim class.

**MR SEIBERT:** Sure.

**MR NORMAN:** If you go to the Christian class, you won't learn about Hinduism. If you go to the Hindu class – then there's general religious education and we're working as well, so that might look at festivals. So when Diwali comes – do you know what I mean? Students across the whole school would learn, you know, what is this festival, you know, what does that mean to the Hindu community. So there's that lens that goes over the top and then there is also a lens of religious bullying, vilification. The faith communities are dealing with all of those. If I look to

an ACT jurisdiction – so I’ve been asked to help with the ACT Education Department in the Sikh community, they – part of their religious adherence is wearing a kirpan which is a small ceremonial dagger that they wear.

The Education Department didn’t know how to deal with that. They were ..... jurisdiction so they have to allow the Sikh community to not only have the kirpan but – or a kara which is a heavy metal bracelet, how does that get used in a school. And then the thing that they quickly realised is it’s not only can that be worn, it’s education with the students on, you know, making that safe and the other students. So that’s an example of general religious education and the faith communities were involved because the Education Department was very nervous about not engaging the Sikh community in doing that and the other faith communities, and that’s where we were able to come in.

But it’s only through the DGR status – I’ve just been a Churchill Fellow, travelled the world looking at best practice, unless we can spend the time looking at best practice, bringing it back to Australia, spending a lot of time working across the faith communities and that’s really where the social cohesion happens. Because I was able to explain to the Hindu community, just because in the media you hear a story about Prime Minister Modi and a temple, and it takes a certain slant, in Australia, there’s freedom of press, freedom of speech, you can say that, but you need to tell your story and then how do we get that into schools. And that’s where they were looking at getting DGR status now to ramp up their curriculum so that they can come to the party like the other faiths.

**DR ROBSON:** So just step back a bit. So in the – you know, when we started this inquiry and we looked at the DGR system and, you know, as I said in my opening remarks there was no – it’s hard to find a coherent, you know, set of principles and so we developed these principles and then applied them. I mean, would it be fair to say – I don’t want to put words in your mouth, you can react to what I say but, you know – well, maybe I will just ask the question. What do you – what’s your view on the principles that we came up with and is it more that you – you know, do you agree

or disagree with those principles and, if you agree, is it more the application of them that you disagree with? Because we’re interested in - - -

**MR NORMAN:** Sure.

**DR ROBSON:** - - - you know, interested in whether we’ve got it right on the principles and then whether the application is right or wrong. So that’s what we’re interested in, in drawing out.

**MR J. BONETT:** I might comment on – I think it’s on page 19 of your report you talk about wanting to – well, you were – basically, there’s four quadrants. Those who are just – in a coarse term, those who are receiving it, those who are having it removed, all that sort of stuff.

**DR ROBSON:** Yes.

**MR BONETT:** And it refers down the bottom of that page to greater community-wide benefit. And I think our position – like, we agree with that sentiment but I think we disagree with the rationale that the education of one third of our young people doesn’t represent greater community-wide benefit and the – in light of the wanting to double giving by 2030 that the largest weekly group of volunteers across Australia isn’t a group that should be supported by DGR status. But those are the two groups that you’ve decided to remove it from. So 35 per cent

of the education of our young people is in independent schooling. I also thought that the reference to removal of funding, it describes in the 1950s DGR status was bestowed upon private school building funds at a time when the government wasn't supporting it with any other funding.

Now they are supporting it with some other funding but there's no discussion around the level it cost per student. So – and I guess I would like to just say, if it represents a third of our students and our young people and it is increasing. If faith based schools is the fastest growing sector of education, I guess I have a question, why wouldn't we want to continue to support that by any means possible? You know, a report came out this morning – I was literally reading it in the news, I think it's the Grattan Institute, has released a report on the reading – it literally was in the news yesterday, the reading capabilities of students and in a class of 24, eight are not reading at a proficient level and that drops to 50 per cent in regional and remote.

I don't understand the rationale of applying any extra pressure whatsoever to education as a whole, whether it's faith based or not faith based. Obviously, we're here representing the faith communities but – yes, I – so I agree with greater community-wide benefit but, to be honest, it was hard to read how bestowing it on, perhaps, some smaller or more segmented charities represented greater community-wide benefit than faith. And, obviously, I don't have control or an overarching economic picture of the government's purse strings. I think if we're looking to double giving, let's open it up to everyone. But, obviously, as you said in your opening remarks, there is a limit to funding. But that was something that was difficult to agree with the processing of the phrase greater community-wide benefit.

**MR NORMAN:** Can I just come back to - - -

**DR ROBSON:** Yes.

**MR NORMAN:** - - - your three points? I think they are excellent. Totally across the community, that's what we're after. It's the implementation. So it's not the points you've got there, they were excellent. We would totally champion those as well but the faith community is so large within that. You're talking 60 per cent of, you know, the community as part of the faith community. Every aspect is touched. Education is a place where everyone shows up. So that's why we're so keen to make sure that these things aren't reversed, that the faith communities can contribute. I do think it's complicated for government to contribute in that space. On my board I have Muslim, Jewish, Hindu, Buddhist and Christian. I can tell you on doctrine, no one will agree. Like – but if we talk about helping kids in schools, 100 per cent of everyone agrees.

So I think what you've got there, sector wide totally agree. It shouldn't be benefits to that the government are providing but I would think it's inappropriate for the government to fund a – I love the Hindu community. It would be inappropriate to fund the Hindu community to teach about Hindu community – you know Hinduism. You know, whether that's Christianity. I do think in private schools, though, parents have made a choice that that's the education they want. So that would be the preface I would make. And then definitely think that, you know, we don't want converting tax -deductibility donations for private benefit.

But when you look at religious education in schools, yes, parents – do you know what I mean, grandparents might be contributing but when you look at the number of students in schools, I've got four in my family, you know, there's 800 kids at school, it wouldn't matter how much I contributed, I can't dilute that sort of benefit. So I think they're excellent but the implementation, I would say, needs reconsidering just because of the benefits. And some of the

firewalls that I think should be in place with faith-based giving, that doesn't mean that the faith groups shouldn't be provided the ability then to be able to engage with government, government entities in appropriate ways.

**DR ROBSON:** So I put this to you – I mean, there's one way of thinking about, you know, sort of behind the veil of ignorance, you know, if government was to fund these things, assuming that they have these community-wide benefits and, you know, I think, you know, we accept what you're saying there, that the virtue of not necessarily DGR as such, but a tax deduction for donations or – you know, the virtue of it is the government doesn't have to pick and choose. It's sitting back and saying, well, there's a tax deduction for, you know, whatever, the Hindu community or Jewish or Muslim, or whatever it is, and that has a – some degree of community acceptance that what – well, they're not – you know, they don't have their hands directly and they don't have to pick and choose.

And so when I go to the ballot box I don't have to, well, the government gave this to this school and so then I'm going to be upset about that. It's a tax deduction that's – so, I guess, yes, is that one of the virtues you see of the current – and not necessarily – I mean, DGR is, you know, the mechanism we currently have but, you know, you can imagine an alternative tax deduction, you know, separate which would, you know, in some sense replicate DGR but – and would do the same thing, hypothetically speaking, that's an alternative to grants. But what's your view on that?

**MR NORMAN:** So one of the – and this is – so I've been in the sector for 30 years now. Faith communities don't want to cross into other faith communities. So if I say to the Hindu community, hey, look, we've got this Christian project – do you know what I mean – we've even got this multi-faith project, it's nearly impossible to get funding. But if I go to the Hindu community and say, here's a way that you can help to build a school for your community, then they can engage in that way. And then when I say, hey, look, we need to some research to go to a Productivity Commission to actually show that there's community benefit, people are happy to contribute then but it's part of the whole. And this will sound hilarious but the faith communities look at the census and go, well, okay, I'm three point – okay, the maths is – and so it's to that level, you know, the Christian community might want to push back, you know, can we reduce the bill a bit. But it's to that level.

People are very jealous, can I say, around their community. They're very happy to contribute deeply. Above that it gets very complicated and that's where I can nearly say – and I'm happy for Surinder to give some input – having it with the faith community works incredibly well. It's self-regulating and if any of you want to step up and engage with education or aged care or whatever it is, then there's hurdles you've got to cross but you've got the capacity to – I might just share, the Hindu community just got a grant for education. Do you want to share how that's gone for you with no tax-deductibility infrastructure thus far? And this will give an example of – and I can 100 per cent say, none of the Christian communities have put their hand in their pocket to help the Hindu community with the school or an education facility. Do you want to share?

**MR JAIN:** Yes. Before I do that, Better Balanced Futures is doing a great job, even for Hindu community, because we are not up to the mark where other communities are. We are getting a lot of help from them. Like, they're both present here and advocating on our behalf. And our community is happy to contribute, if not fully, a part in that. We have got a grant for setting up the Hindu education and culture hub and we're in the process of determining what infrastructure is required for that. In parallel, there's a group who's a member of Hindu Council. They are



trying to set up first Hindu school in Sydney. They are struggling. They have – they're trying to procure land in Oakville.

They have been able to raise about half of the funds. Other half is they were expecting would come, increase in rents, increase in interest rates, have made it really difficult for the community to put in all the funds that are needed. They can ..... away, will impact it further. It will make it more difficult for us to have our first school. We probably need a dozen schools throughout Australia to cater to the high demand that's coming from our community.

**DR ROBSON:** Thank you. Julie, do you have any questions?

**MS ABRAMSON:** Yes. Could I just – it's Josh, isn't it?

**MR BONETT:** Yes. Hi.

**MS ABRAMSON:** Yes. Well, any of you, to be honest.

**MR BONETT:** Sure.

**MS ABRAMSON:** You mentioned at the very beginning the link between DGR and volunteering. So I'm just interested in understanding a bit more about that link. And, if we have time, any barriers. Apart from taxation issues, any barriers - - -

**MR BONETT:** Sure.

**MS ABRAMSON:** - - - to volunteering

**MR BONETT:** Right. Well, I think there's a large level of volunteering for – within faith communities and their schools and that's probably informal and not even reported. So if I were to speak for myself, I spent three years volunteering doing reading groups with my kids. I don't think - - -

**MS ABRAMSON:** Do you have any data?

**MR BONETT:** But we do have data on the number of volunteers in religious education.

**MR NORMAN:** So we do have data on – one of the things the ARTD review established in New South Wales, if you can't meet those benchmarks, it's not a place that you should be functioning in. So as far as curriculums, that has to be signed off every year. I can get you data on – I think there's 108 different groups in New South Wales – and I can come back with the exact number – but they are having to put curriculums, they have to be online. So I can definitely come back to you with those groups, give you some examples, some hard data on that. If that's not at a level that's high enough, those groups aren't able to be there, but now it's ramped up. You actually need training to go with that because of the pedagogy that the Education Department is actually expecting. But then there's also dispute resolution. Someone teaching in a class, you know, there's an issue with - - -

**MS ABRAMSON:** I suppose – I'm sorry interrupting you. I'm asking for two things, I guess. So the data that you do have, which is hard data, because you - - -

**MR NORMAN:** Yes, yes.

**MS ABRAMSON:** - - - can measure it, but also, you're in the space so you would have an idea about how much of religious education, religious practices is volunteering just as a general how many people of faith volunteer.

**MR NORMAN:** So there's – so in New South Wales – and I will just give you - - -

**MS ABRAMSON:** Yes.

**MR NORMAN:** This is really hard data. So there's 11,000 people that volunteer.

**MS ABRAMSON:** Yes.

**MR NORMAN:** There's 500 that are paid. Now, where that gets a little bit complicated, like, my minister teaches religious education. 100 per cent of people going to those schools are volunteers, but that might be a couple of hours a week out of his week. So we were counting in volunteer the people that are embedded in a school every week if you went up are in the staff room, there's about 500 of those. There's about 11,000 that are volunteers and then if you are looking at ..... festivals and those type of things, the number grows from there, but I can definitely get back to you on that hard - - -

**MS ABRAMSON:** Yes.

**MR NORMAN:** - - - data.

**MS ABRAMSON:** That would be really useful and also and ..... is indulging me here but the link with DGR. Like, why is that so important? And I'm going to put a proposition to you not because it's one I necessarily hold but to test the argument. If you're a person of faith, then for many religions, doing those things is important to do regardless of whether there's a tax deduction because that's actually part of your religious faith, so I'm just interested what the link is with DGR.

**MR NORMAN:** Can I – on that you actually need to be signed off by the religion to go into schools. So the Minister actually requires that every person is signed off and that they have met a certain minimum benchmark of training. So, like, my wife goes in. She has to have a lanyard with her who trained her, her name – she doesn't have a child protection number, but it's - - -

**MS ABRAMSON:** I'm going to press you a little bit hard because we're - - -

**MR NORMAN:** Yes.

**MS ABRAMSON:** - - - testing arguments. So but why is DGR important? If a person is a person of faith, sure, they have to meet all of these requirements. I understand what you're saying to me, but wouldn't that person be – want to do that anyway?

**MR NORMAN:** So, sorry, that's exactly right. They want to, but because they – if they haven't got a curriculum, the last thing you want is a really keen religious person in schools without a curriculum. Hundreds of thousands of dollars are spent for each of those groups in coming up with those curriculums and then you also need the training to go with it, so I will give

you the example of my wife. She can't teach whatever she wants. Surinder goes down, he can't teach whatever – I can't teach. It has to be based on that curriculum. It has to be signed off by your head of faith.

**MS ABRAMSON:** I understand that point. So what – the point you're – I think that you're making to us is that but the DGR provides the funding to enable these obligations to be met.

**MR NORMAN:** Yes.

**MS ABRAMSON:** Yes. Okay.

**MR NORMAN:** That's exactly right. And the nexus would be – like, I can tell you, I have personally stood down religious education teachers that wouldn't go to the training, wouldn't follow the curriculum and so the 10 and a half thousand people we've got isn't the people that are keen to go into schools. It's the people that are keen to go into schools and take up the responsibility.

**MS ABRAMSON:** No. I understand. That's - - -

**MR NORMAN:** So - - -

**MS ABRAMSON:** - - - very helpful.

**MR BONETT:** Yes, yes. I mean, the DGR status is the – pretty much the only financial support that supports that community of volunteers.

**MS ABRAMSON:** I understand.

**MR BONETT:** So that's the actual answer to that.

**MS ABRAMSON:** That's the link. Yes.

**MR BONETT:** Yes. And then in terms of wouldn't they be doing it anyway, well, yes, but their resourcing would be so much harder and I guess I would come back to my other thing. If this is the leading group of weekly volunteers in Australia, then I think the mechanism to support philanthropy should be there to support them. Just like as an animal lover, I might naturally want to support an animal welfare charity, so wouldn't I do that anyway? Well, yes, I currently am. But if we're looking to support and grow philanthropy, then the DGR status should support, I think, the leading group of volunteers as well as many other new ventures to help grow it.

**MS ABRAMSON:** No. That's very helpful and, as I said, I wasn't wanting to put a position that I think X - - -

**MR BONETT:** No. We understand.

**MS ABRAMSON:** - - - Y and Z. I'm just testing the argument - - -

**MR BONETT:** Yes, yes.

**MS ABRAMSON:** - - - and that's been very helpful. Thank you.

**MR BONETT:** Okay. Thank you.

**MR NORMAN:** So it's a very good question and as you go into other states because every state looks different, we're currently having discussions in other states about festivals and those type of things. You can't just invite – and the issue I talked about with Diwali before, you can't just invite the Hindu community into a school to celebrate Diwali with no - - -

**MS ABRAMSON:** No. I understand.

**MR NORMAN:** - - - infrastructure around that.

**MS ABRAMSON:** I understand. Thank you. Thanks.

**MR BONETT:** And there – one more thing I wanted to say, I wasn't able to upload it in the submissions, but the Churchill report that Murray referred to, which was a look at best practice into religious education, I will have to find a way to email that through - - -

**DR ROBSON:** Yes. That would be great.

**MR BONETT:** - - - as an attached appendix.

**DR ROBSON:** Yes.

**MS ABRAMSON:** Our team can be - - -

**MR BONETT:** Yes.

**DR ROBSON:** We can make that .....

**MS ABRAMSON:** - - - in touch - - -

**MR BONETT:** Yes. It's like - - -

**MS ABRAMSON:** - - - with you and - - -

**MR BONETT:** - - - 125 pages - - -

**MS ABRAMSON:** - - - will help you with that.

**MR BONETT:** - - - and it was over the megabyte limit, I'm sorry, so - - -

**MS ABRAMSON:** Thank you.

**MR BONETT:** But it's a look at seven different countries and the best practice and what - - -

**DR ROBSON:** That would be useful.

**MR BONETT:** - - - some really interesting countries like Finland and others are finding with regards to social cohesion from religious education.

**MS ABRAMSON:** That would be very helpful. Thank you.

**COMMISSION STAFF:** Rather than sending the document, just send us the link because – if you want it as part of your submission - - -

**MR BONETT:** Sure.

**COMMISSION STAFF:** - - - we would prefer - - -

**MR NORMAN:** ..... can do that.

**COMMISSION STAFF:** - - - so we don't run into copyright issues.

**MR BONETT:** No worries. Yes.

**COMMISSION STAFF:** Thanks so much.

**MR JAIN:** If I could – if I could add to the questions you asked. From Hindu community perspective, we are really starved of resources. Our estimate is that despite the best effort of our community and volunteers, we are only catering to two to five per cent of Hindus who really want SRE religious education in their schools. In February we get a flood of requirements from schools that we need teachers. We have 200 students in Parramatta schools and we are not able to meet that demand with our volunteer resources.

**MS ABRAMSON:** No. That's been very helpful and thank you for indulging me testing the argument. It's most appreciated.

**DR ROBSON:** Yes. We better wrap up - - -

**MR SEIBERT:** Yes.

**DR ROBSON:** - - - but Krystian, you've got one more.

**MR SEIBERT:** Just very quickly, there's the question around DGR status for special religious education in schools and school building funds. Do you have a view more broadly around – we – our draft recommendations don't propose to expand DGR status for charities with the sole subtype of advancing religion, so sort of like worship charities, etcetera. Do you have a view about that? Whether it should be expanded or not, noting sort of the comments that you referenced to around there are trade-offs in terms of what governments can support, whether it's directly or through tax deductions.

**MR NORMAN:** So religion is an important part of life for a lot of people. I think a targeted focus where tax-deductible giving can be provided to those things that the government wants to focus on. Education's a great one. I think if you broaden it up too broadly and – like, faith groups do a lot of things. Do you know what I mean? And you could find yourself spreading that very thin, but 100 per cent of students go to schools. That is a great place to have, you know, deductible giving, helping the poor. I think we do need to look at helping the organisations and, like, particularly the faith communities partner with government to have directed giving so that organisations can be grown, organisations can be developed. If you were

looking at an area that I think a lot of good could be done is in the aged care – do you know what I mean? So if you wanted an area – I think focus is really good but, you know, if you're looking for somewhere that you might want to focus on, the Hindu community is just looking at getting aged care facilities. Do you know what I mean? And - - -

**MR SEIBERT:** Because they would benefit. They would already have DGR status. As public benevolent institutions, aged care charities already have that even if they're faith-based – there are different faith-based .....

**MR NORMAN:** Yes.

**MR SEIBERT:** So just to clarify, the sort of the status quo for sort of worship charities that are sort of advancing religion, you don't have sort of – if the government was trying to prioritise, you wouldn't have a major issue with maintaining the status quo rather than expanding eligibility.

**MR NORMAN:** No. I think it should be maintain the status quo, but I do think there's lots of opportunities. So we have groups that get involved in schools and do seminars and, like, puppet groups and, like, they do music and those type of things.

So some of them actually do that, but it's only that part of their activities. I think if you go too broad, you will end up with – do you know what I mean? A whole lot of things funded. I think we need to partner with government and look very specifically how do we provide the faith communities options to contribute to those things that the government is keen to prioritise rather than broadening it to everything because if you have a look at the faith communities are quite large. There's a lot of people there and I think we need to partner with government in areas that they want to focus on.

**MR SEIBERT:** Thank you. That's very helpful.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thanks for your time.

**MR NORMAN:** Thank you.

**MR JAIN:** Thank you.

**MS ABRAMSON:** Thank you.

**MR NORMAN:** Thanks very much.

**MR SEIBERT:** Thank you. We appreciate it.

**DR ROBSON:** We'll take a break and return at 11.

**ADJOURNED**

**[10.39 am]**

**RESUMED**

**[11.00 am]**

**DR ROBSON:** Okay. We'll get started again. So I would now like to welcome, I think it's the Centre for Corporate Public Affairs, so if you would please state your name and organisation and if you would like to make an opening statement - - -

**MR BURNS:** Thank you. Commissioner.

**DR ROBSON:** - - - we're happy to hear that and then we will get down to questions.

**MR BURNS:** Sure.

**DR ROBSON:** Welcome.

**MR BURNS:** Wayne Burns, Executive Director of the Centre for Corporate Public Affairs and thank you for the opportunity to talk to this inquiry today. Our main focus at the Centre for Corporate Public Affairs is corporations is big business and their interaction with the community where a membership organisation of blue chip companies here in Australia but also New Zealand and Asia, let's say, organisation by membership – by corporations. We're not a lobby group. We're a research and identification of best practice around the corporate public affairs function including the management of corporate community investment which is the main way that large corporations in Australia give – or the broader term philanthropy as well. So we talk about business giving really in the vernacular.

Giving in Australia, a report which we authored for the Prime Minister's Community and Business Partnership in 2016, our research with the ABS and with CEOs of corporations and heads of corporate community investment and chairs of boards as well found that around about \$17 and a half billion annually was given to the community by business. Just under half of that was by small and medium enterprises of less than 100 employees. The lion's share, around about 9 billion, was given by 0.02 per cent of businesses which is corporations with more than 100 employees. So corporations, in many ways, set the temperature and set the path in terms of innovation and also frameworks for giving in Australia by business.

It's a very competitive space unlike some markets like the UK and the US and some markets in Europe. Corporate community investment, a part of giving – business giving is actually quite competitive. And what the business in Australia, corporation who gives, they're looking for two things, they're looking for social impact to make a difference but they're also looking for a business impact as well. So they're looking for that win-win which is a little bit different from just giving money which is pure philanthropy and hoping some good will come out of it, often at arm's length through a foundation.

So there's a business interest in an outcome and as a result corporate community investment business giving is embedded in corporate strategy as well and overseen by boards which is a good thing. It just means that, despite ups and downs in economic cycles or pandemics, that business giving is part of strategy and remains a focus. The main reasons why business gives, especially large businesses in Australia, and this has changed very much from just 15 years ago, the top four reasons given by CEOs and boards, it's good for employee morale and engagement with the employee value proposition, keeping and retaining good talent. It's the right thing to do irrespective of the returns for us as a younger cohort of CEOs and board members who grew up in corporations with a focus on corporate responsibility, so it's the right thing to do.

It helps us form stronger relationships with important stakeholders especially in the communities in which we operate and it's integral to corporate strategy, so they're the top five reasons. And then the sixth reason is enhanced corporate reputation which 20 years ago was the leading reason for CEOs and management teams to put their money into corporate community investment. Part of that investment is

volunteerism. Volunteerism in the workplace – workplace volunteerism has increased markedly over the past couple of decades. Just over 25 per cent of employees in large corporations are involved in workplace volunteering and that has overtaken now the rate in the United States as well which is usually the poster child for workplace volunteerism as well.

Even during the pandemic workplace volunteerism remained fairly stable but it was very difficult to do in-person volunteerism and it has bounced back after the pandemic. Anecdotally it would be good to have some hard data around that as well. There's a non-interventionist public policy setting around corporate community investment in Australia. We think this is a pretty good state of affairs. It's left to the market in terms of competition and the regulatory framework that the Charities Commission puts around charities who may be receiving money from corporations as well.

In markets where there has been an interventionist policy requiring corporate community investments, such as Indonesia and India, the rate of corporate community investment has actually receded, it has gone backwards. That's not necessarily causation but they're the two markets that require percentages of corporate community investment and it hasn't really shifted the needle there. So what role the public sector or public policy could play, there's not so much market failure but there's a gap at the moment in terms of innovation. Best case demonstration of how this corporate community investment is working, there's a case for some sort of clearinghouse, demonstration – case studies, successful case study clearinghouse for what's working, what's not and what's on the boil as well. And public access to that especially by other corporations but also by medium and small business would assist with that demonstration of good practice as well.

Just a couple of final things. Payroll deduction or payroll giving in the workforce among large companies over the last 15 years has risen markedly. Corporate foundations, they really haven't taken off in Australia. The tax treatment of them and actually the reason for them because of a lack of favourable tax treatment for them means companies – a lot of companies that even say they do run corporate foundations, they're basically just a bank account which is audited annually to ensure the money in and money going out are spent in the right manner.

And in terms of corporate community partnerships, around about 6.2 billion of the 8 billion spent by big companies over the last – from 2015, be nice to have some updated data, 6.2 billion of everything spent by big business was through those community partnerships where there's a win-win and it engages employees and the partner as well. So that's the end of my prepared statement.

**DR ROBSON:** Thanks very much. I might just ask you a couple of questions and then – so you read off that list of the motivations for corporate giving and I didn't hear in there, you know, because it's what shareholders want. Maybe that's because the other things that you listed, you know, those are things that shareholders want anyway but it wasn't a specific thing. So I guess that's by way of background to our recommendation around corporate reporting of donations in the report and we think it's important for transparency and accountability but also accountability to customers, shareholders and employees and stakeholders more generally. So I wanted to get your reaction to that



recommendation specifically and then we might talk about a few of the other things you mentioned.

**MR BURNS:** Yes. The CEOs and the board members we talk to, there's no issue around that. They would actually like more transparency around that. In the work that we did in 2015 17 per cent of chairs of boards basically said that one of the benefits of corporate community investment is it strengthens investor confidence and 69 per cent – I apologise, 63 per cent said it strengthens our social licence to operate and that's what shareholders are really concerned about. Has the company got the way clear to deliver strategy and to do business and that really is embedded with social licence.

You would find very few CEOs or boards who said this is woke. This is actually wealth and this is the ability to keep the way clear to do business through social licence which is in the interests of shareholders as well.

**DR ROBSON:** So our recommendation was around listed companies. Do you have any concerns around the compliance burden - - -

**MR BURNS:** No.

**DR ROBSON:** - - - of that?

**MR BURNS:** No because the – you'll find most of the organisations comply voluntarily through indexes and through audits as part of their sustainability reports, so the data is there. It's audited, maybe not so much by PwC in the future but it is audited and very few organisations are concerned about that. Overseas you've had – and you've probably heard this, you've had incidents of greenwashing the last couple of years where some big corporations, including HSBC, have been hauled in front of regulators around their ESG claims. Australia, it's – for most big corporations Australia, even corporations not domiciled here, it's pretty rigorous and there's a very active civil society sector that keeps an eye on this and they will call it out and shareholders associations as well. So there's a bit of attention here and if it moved from informal to formal reporting the compliance costs aren't immense because it's already being done.

**DR ROBSON:** Okay. Thank you.

**MR SEIBERT:** In terms of your members and board members and others, what would be the discussions that you've been having around this proposal? What would be the general tenor of the views on it?

**MR BURNS:** Tenor of views, I mean, you talk to any business today and are more compliance – in a way this is ticking the box for most corporations because they've got the data anyway. The board demands the data and if they reporting it's because they are part of voluntary reporting, like the global reporting initiative. A lot of the companies in Australia, financial services, mining and resources and some other services, which takes up most of the economy with big corporations, they're also reporting through global indexes, sustainability indexes as well.

So in the corporate public affairs functions of organisations you often have a corporate responsibility business unit and about 80 per cent of that unit's activity is collecting data and

having it verified through formal audit as far as – official company audit but also auditing by other organisations, third parties, NGOs or through the UN supported global reporting initiative.

**MR SEIBERT:** And just in terms of the ease of reporting given the internal reporting that already happens and some of it's already external, if there's reporting I suppose it's one thing to report donations of money to, say, a deductible-giving recipient and then you've got goods, you've got volunteering. Are there any – I mean, are there distinctions between that kind of reporting, would it be doable or is it already done in terms of reporting, say, donations of goods, volunteering, that sort of thing because our recommendation encompasses all three forms of donations.

**MR BURNS:** There are two standards being released this year by the Global Sustainability Working Group and that – those two standards including goods and services, like pro bono goods and services as part of investment and also volunteer hours. The volunteer hours are actually quite tricky and our advice to corporations is try not to amortise them. It's a bit of a nightmare. But how many employees gave how many hours, that's a common measure. You know, you can divide it by the number of people - - -

**MR SEIBERT:** So that's doable, how many employees gave - - -

**MR BURNS:** Totally doable.

**MR SEIBERT:** - - - how many hours to DGR charities .....

**MR BURNS:** That is – yes, HR – you know, SAP systems or whatever is used, HR areas hold that data already, so a lot of the data is there. And it is reported mainly through sustainability indexes reported. Formalising it through – requirement through ASIC reporting or some other reporting isn't – it's not a step too far for most organisations.

**DR ROBSON:** Julie, do you want to .....

**MS ABRAMSON:** Yes. I just wanted to follow up a bit more about the reporting and particularly in the absence of, like, an accounting standard – I'm not saying there should be an accounting standard – but how you're comparing apples with apples, so it's also around definition so your views on that.

**MR BURNS:** Yes. The common language is important and in the Giving Australia 2016 report we do – and accepted by government at that time – we do define what various corporate community investment or giving activities by government are definitions are important. If you're talking about volunteering, which we did as a case in point, amortising that is a bit of a fool's errand. A common standard of hours and how many employees involved, that gives you an idea. Same with payroll giving, is actually the number of employees involved in payroll giving and not the number but – the dollar value but what percentage of their payroll are they actually giving. So if you're earning \$300,000 a year or \$30,000 it's the percentage that is indicative.

So there needs to be – correct, there needs to be some apples, apples, apples in terms of common standards. Again, looking at those global sustainability frameworks can provide a good guide because that's how most of Europe are reporting. And despite political machinations in the US, that's how the Securities Exchange Commission wants companies in the US to report as well

despite people like Governor DeSantis in the US, so it's going to happen. So whether Australia wants to go it alone or be part of the global standard is moot at the moment. But what is being – the outputs of what companies are doing at the moment actually are available to fit in to whatever standard.

**MS ABRAMSON:** Can I just ask a bit about – just press you a little bit further. What happens to companies that have got either dual listings or are operating in other markets like – you know, because you've got a global reporting and the corporations law is pretty helpful in a way as are listing rules about what you do within jurisdiction but what's your experience there?

**MR BURNS:** Usually if – I'll just give you an example. If you're an organisation like Unilever that's very much focused on its ESG performance as a way to transform its business over the last 20 years, so it produces a global sustainability report so it has actually got global performance of the organisation. Then it does country reports and it actually breaks it down. So companies, for which ESG performance is very important and the giving part of that is an element of it, produce country reports as well with country data. So they're not available for all corporations but most European multinationals and some really – US companies that are truly global like the Microsofts, the Walmarts, the Googles. Goldman Sachs do that also as well, so that data is publicly available.

For multinationals that are not domiciled here, that data is usually available anyway because it has got to feed into international data. So whether there's a reporting requirement for those companies, that's a matter for policymakers and government. For those multinational companies it's probably – which are very legalistic-focused in terms of regulation and policy – probably wouldn't be welcome with open arms but probably 70 to 80 per cent of those companies would have that data anyway and reported up for international reporting.

**DR ROBSON:** Do you think there's any unintended consequences associated with the corporate reporting recommendation or do you think it would encourage more corporate giving overall or do you have a view or you can't really say.

**MR BURNS:** Look, what it might do is – there's competitive tension anyway. There are very few – unlike the UK, for example, where you might get the whole of the supermarket industry or the top four – top five big supermarkets in the US to focus on one area of social impact. That doesn't happen in Australia. You've got Coles and Woolworths and Aldi and Metcash via IGA, they run their own race, very, very competitive. They want their own turf, they want their own focus, they want a say with actually shift of the needle on this impact. What public reporting could do is hopefully add to that competitive tension there.

It's not so much keeping up with the Joneses but increasingly working for these corporations especially boomers and millennials, they want to work for a company, if they had the choice, generates no social impact, generates social impact and maybe there's only 10 grand in the starting salary or in the salary. The disposed ..... is to go through the company that actually does more so you can actually be part of it and feel good about it. So that's competitive advantage and what it could do – no crystal ball but knowing how competitive it is, you would find some companies saying, "Look, this is what we've done. It has been audited and this is what our competitor does and up to you to judge but they're not doing as much as us".

**DR ROBSON:** Okay.

**MR SEIBERT:** And just to follow on from that, do you think companies might look at what other companies are doing and think, “We might need to lift our giving because we don’t want to look like we’re not doing as much as the other company”?

**MR BURNS:** Definitely. There’s no walk of shame because some companies are different and especially if you’re a B to C company or you’re a B to B company where it’s actually difficult to get and retain good people. That sort of performance can be definitely used as part of your employee value proposition and it could – reporting is great. Data will set you free and the sunlight there could lift all the boats in the harbour. And that’s what some of the international rankings have done, FTSE4Good, the Dow Jones Sustainability Index. Especially in Australia, among the banks, there is pretty keen competition to try to be in the top 10. And most of the Australian banks, for example, are in the top 10.

**MR SEIBERT:** And just in terms of the draft recommendation, it proposes that there’s public reporting of itemised information, so a donation of money to DGR charity, ABC, DEF etcetera, do you foresee any challenges with that information or do companies already have that information, that sort of thing?

**MR BURNS:** They’ve got that information and the only difficulty with that would be some organisations then feeling, “Well, why didn’t we get as much money”, so that could be problematic for some organisations, there are sound business reasons in terms of strategy. Companies who do this well, those conversations would have already happened and they already publish in their sustainability reports or part of continual disclosure where the dough is going and why.

**MS ABRAMSON:** Can I ask, just following up from that and then I wanted to ask you about your very interesting comments on innovation. Do you think that there’s a role for regulators in making sure that what people say they’re doing, they are doing? And we’re certainly seeing the Australian regulators in particular areas but you mentioned the SEC in America so I was kind of interested in what their role has been.

**MR BURNS:** Sort of counterintuitive. The SEC has been all over this, they see this reporting as a good thing because all of their – a lot of the corporations they regulate in the US, their arm extends globally to what the organisations are doing globally especially around the Sarbanes-Oxley legislation which they - - -

**MS ABRAMSON:** Yes.

**MR BURNS:** - - - have to operate. So the SEC is all over this and actually embraces it. The role of regulators ensuring that corporate community investment occurs, our view is leave that to the market but definitely, in terms of transparency, reporting is important to shareholders. It’s also important to the community. We’ve seen ASIC over the past six or seven months really focus on claims around ESG performance and greenwashing. That’s a good thing. That has seen some multinationals draw back into this greenwashing, “Let’s go back and verify and check everything until we make sure” and that’s definitely a challenge for the Australian big superannuation funds in Australia as well. There’s concerted action there to make sure what they’re saying is what they’re saying and that’s not a bad thing.

**MS ABRAMSON:** Thank you for that. Could I ask you also about innovation by business because we hear mixed reviews. We hear that some people are giving because they’ve always

given like that but you made some very interesting comments about innovation in business and business giving so I would love you to expand a bit on that.

**MR BURNS:** Yes. Some of the innovation is not big bang. It's not creating the next wonderful new model for giving. It can be around process innovation. There's far less focus today on board of directors or cranky senior managers saying, "Well, why can't our corporate community investment partner be more like us" because part of the time they're probably one per cent of the size and they're trying to do things with very limited resources. So there has been a shift in the last 20 years. There's less focus on that, it's more focused on how we build the capability of the organisation we're partnering with. How do we give time of our accountants, our marketing people, our IT people as well as money, as well as introductions to our network, as well as access for mentoring to our board to build the capability of that organisation. And that's quite different to what it was 10 or 20 years ago. And there are little incremental pieces of innovation which are moving the needle there, so it's far more partnership and cooperation more than the big business saying, "Here's the money and this is what you should be doing with it".

**MS ABRAMSON:** Can I press you a little bit just for the purposes of the argument. There's another argument though that it's – imposed on the charitable sector is, well, we're prepared to give you this resource and then they need to do a lot of work therein. So I'm interested with the view that you've put that there's a lot of ideas about capacity building into the charitable sector but I'm just wondering how widespread that is in Australia given that we have heard that they welcome the giving of time or whatever but it still imposes quite ..... on the charitable organisation.

**MR BURNS:** That's a good point. Good and best practice is it's – it's supposed to be a happy relationship, there are agreed boundaries, there's also a prenup in terms of a breakup clause. Every good partnership has an end to it, saying this will end in five years or this will end in 10 years or this will end when we've achieved the social impact. So the end of the partnership is envisaged at the beginning of it and not all corporations like this but the companies are doing this pretty well. It is a genuine partnership. There's nothing – there's a reputation quotient in all of this as well. If the company seems to be coming in on a big black horse tramping over the NGO or the charity, I mean, there's reputation – negative reputation capital generated from that. There was a lot of that behaviour probably a couple of decades ago, increasingly less so today. It's still there but I – probably a handful and that's changing very rapidly anyway.

**MS ABRAMSON:** Thank you.

**MR BURNS:** You're welcome.

**DR ROBSON:** I just had a question on DGR and then, Krystian, I think you had one on tax. So as part of our proposals we've proposed expanding overall the number of deductible gift recipient charities and I think you mentioned a figure, 2016 it was 17 billion in giving to the community from corporates so part of that is going to be entities that aren't charities at all, then there's charities and then there's DGRs, there's a subset of that. So my question is, do you have a view or a sense of what the impact of our proposal to expand DGR might have on corporate giving because we have heard feedback throughout the inquiry that DGR status, in addition to the, sort of, direct tax deductibility for individuals, it does have the signalling effect for corporates and governments that DGR does bestow some kind of legitimacy or reputation for good or bad, whether that's justified or not but do you have a view on how it would change

either the overall quantum of giving, our DGR proposal, and also the mix within that given that there's donations to non-charities, charities and then DGRs.

**MR BURNS:** Yes. Thank you for the question. Our view is it would include the quantum but probably not dramatically. It would most likely have more impact on the spread of what already is out there. For example, education and research for big businesses represents around about half of all giving. Now, most of those are to organisations that have DGR status or higher education institutions that have an arm or a foundation. Broadening that could potentially, for corporations using that area of social community investment, it might lead corporations, for example, to focus more on funding individual programs than giving to a foundation that might spread the money more generally and working with individual programs as well.

The mining industry for years has been working around Indigenous employment especially in terms of technical skills but in terms of, for example, focus on the leadership potential of maybe white collar First Nations people, they can give to a foundation who maybe can do that. But we've been – we've done work for resource companies where they're really interested in a leadership program, they would like to be able to send – or to fund that program but it doesn't attract DGR status because it has to go through the foundation which could mean that the money may not even go to that program. If it does, it might be three or four years down the line - - -

**DR ROBSON:** Yes.

**MR BURNS:** - - - so I think a lot of companies would welcome that. But boards and senior management would still want to ensure that, in terms of the governance, the guidelines are very clear and that they were investing in an area that met all the legislative requirements as well, and regulatory requirements. So it would be concern their concern around governance.

**DR ROBSON:** Thank you. Yes.

**MR SEIBERT:** I just wanted to go to the comments you made in your opening remarks about the tax treatment for corporate foundations in Australia, and you said that there's a lack of favourable tax treatment, I think, compared to elsewhere.

**MR BURNS:** Yes.

**MR SEIBERT:** If you could just expand upon that.

**MR BURNS:** Well, in the US the law is sort of clear and opaque at the same time. If you're the Ford Foundation mostly money comes from Ford Motor Company, and it's tax deductible, but where that money goes Ford has – it might go to the ballet in Cincinnati or something else - - -

**MR SEIBERT:** Well, Ford's not a corporate foundation, though. It was sort of founded by Henry Ford sort of once upon a time - - -

**MR BURNS:** Yes.

**MR SEIBERT:** - - - and, yes, it went to the company.

**MR BURNS:** But for example, though, you know, companies that have their own foundations in the US often that company can be the only entity that can donate and give money to that foundation. And, you know, the tax treatment is very different there, and the culture is very different. Sort of giving money over the fence and then taking your hands off it is part of the culture there, and it's part of the recognition, and it's part of, like, corporate reputation. Foundations are less popular here because often there's very little tax benefit for the organisation. If they're giving to a DGR status organisation they're going to get the deduction anyway. And a lot of the way the foundation is almost, like, second handling the money that would go out to a predetermined NGO or partnership anyway. So, this is how corporate community partnerships have developed. You go directly to the partner that's got DGR status – sometimes they do, sometimes they don't – and you work with them directly without the foundation in-between.

**MR SEIBERT:** Yes. I know in Australia, too, you have a corporate foundation sometimes which is really just a business area - - -

**MR BURNS:** Yes.

**MR SEIBERT:** - - - of the - - -

**MR BURNS:** It's an account. Yes.

**MR SEIBERT:** - - - entity.

**MR BURNS:** Cost centre.

**MR SEIBERT:** But is this really a problem in the sense that whether they sort of just give directly or give through a foundation? I mean, they might be able to endow a foundation, that that could have some benefits perhaps, but is there a - - -

**MR BURNS:** It's not a problem.

**MR SEIBERT:** - - - policy issue here, do you think?

**MR BURNS:** It's not a problem. Foundations were sort of big here and became – not big, but they became sort of the flavour of the month. I mean, there were a lot of US CEOs flying in to head up Australian corporations, especially mining and telcos and banking, and all of a sudden that organisation had a foundation. And some of them are still there but they're not the entities of the scale or influence they are in other markets.

**MR SEIBERT:** Do you think that could be an issue in a sense that when, say, you've got a separate entity and, say, it's a private ancillary fund, they give grants and there's a limit as to how much you can get in return? You can obviously get some - - -

**MR BURNS:** Yes.

**MR SEIBERT:** - - - acknowledgment, etcetera, but do you think there could be an issue that you've got, say, a corporate foundation which is a sort of a business area and it's giving – you know, there's the lines could potentially blur between “Here's a donation. You acknowledge us”, you know, “as we would ask you to”, but, then, it's kind of, you know, your money,

whereas the blurring with kind of – which comes through the data, too, around donations versus partnerships, sponsorships, etcetera. Is there more of a risk of that blurring and kind of misrepresentation is sort of a strong term to use – when it’s just, say, a business area versus a standalone, say, private ancillary fund, or something like that?

**MR BURNS:** Look, probably the biggest – and the biggest ones are the – and public companies. The biggest and probably the most effective foundation is the AMP Foundation, which was linked to its demutualisation. It’s a very well-funded foundation. It’s got a series of small grants but also very large grants over a sustained period of time to actually try to shift the needle on social impact. It works very well for AMP and its employees, and employees can contribute to it as well. And there’s transparency around it.

There are others. I can think of one of the big investment banks in Australia that has a foundation of its, basically, ancillary account. It’s money in, money out, and payroll giving is the – an endowment by the institution, and then payroll giving is the way that is funded. You know, the transparency around it is probably not amazing. It sort of reports semi-publicly. It actually – and it’s got procedures, and it’s got governance around it.

**MR SEIBERT:** So, on that, do you think there would be benefit in terms of, if you’re going to have reporting around donations, some sort of basic transparency - - -

**MR BURNS:** Yes.

**MR SEIBERT:** - - - around how it is done through a separate foundation, through a business entity and, you know, some descriptions about that just for the stakeholders, whether the public, community shareholders, to understand that?

**MR BURNS:** Yes. I guess to be a bit more confident in my response, it shouldn’t matter whether it’s an ancillary fund or a foundation.

**MR SEIBERT:** Sure.

**MR BURNS:** The transparency in terms of reporting should be - - -

**MR SEIBERT:** The same.

**MR BURNS:** - - - the same. And one of the problematic things with foundations is that money can be given for one reason and not expended for that reason. We’ve seen that with bushfires and, you know, natural disasters. You know, I think the public demands transparency. If they’re giving money for a bushfire appeal they’d like to see it go there and sort of not kept for something, you know, 10 years down the track. So I hope that’s suggestive of what you’re saying.

**MR SEIBERT:** Very helpful. Thank you.

**MR BURNS:** Yes.

**DR ROBSON:** I’ve got one more question just on payroll giving, or workplace giving.

**MR BURNS:** Yes.



**DR ROBSON:** What are the barriers to that in Australia, in your view, compared to say, you know, the US and other places? Why is it relatively low here?

**MR BURNS:** So, of the organisations in Australia, the big organisations – I mean, these include multinational corporations as well. So, just the figures, 85 per cent of corporations allow employees to make regular pre-tax donations, and 56 per cent of companies match those contributions. The matching is really important. And there's no tax or regulatory problem that we see around that. Employees decide. Often there's a bit of a democracy involved, which is unusual in corporations, where the employees actually vote, "Here are the five areas of social investment", and they might do that every couple of years. So you've actually got a choice in those five areas. And often they're linked to the company's corporate community partnerships as well in terms of trying to get the biggest bang for your buck in terms of impact.

So the employee gets – it's pre-tax, which is great for them, and the company gets the matching tax deduction as well. So that works particularly well. Awareness around that is low for small businesses. In our research we found lots of small businesses – they'd like – they think that sounds great, but they've never heard of it before, that they actually could do that. So, that's an area of awareness. There's a bit of market failure there and in our Giving Australia we recommended – there was a public policy opportunity to work with some of the peak small business Associations in Chamber of Commerce and just to make them aware of this. During a cost of living crisis and a flat wages cycle is probably not the best time to be doing that, but if it's embedded then these type of arrangements survive economic ups and downs.

**DR ROBSON:** Thank you. Julie, did you want to - - -

**MS ABRAMSON:** Yes. I wanted to ask you. I've got some comments about sponsorships by corporations, and just interested: you made a comment in your submission about, you know, whether or not businesses are motivated for commercial reasons. I'm just interested in the other side of that equation, which is what you think – and you may have not data – what the public thinks. So, a brand might align with a particular organisation and then the public might think, "Oh, well, you say that, but you don't do that." So I'm just interested in your views around that, if I've put it enough for you to - - -

**MR BURNS:** Yes.

**MS ABRAMSON:** - - - be able to respond.

**MR BURNS:** Yes. Thank you. So, in terms of giving, there are two types of sponsorship. There are commercial marketing sponsorships, which is a big insurance company sponsors, you know, a rugby league team - - -

**MS ABRAMSON:** Yes.

**MR BURNS:** - - - or IBM is the official timekeeper for the Australian Open tennis and the Olympics. So they're marketing sponsorships.

**MS ABRAMSON:** Yes.

**MR BURNS:** Then you've got community sponsorships which, in Australia, are very focused often in regional areas where you've got a resource company, or a big manufacturing company –

not that there's too many of those around anymore – who, around a fence line community, will invest in local sporting teams and youth activities - - -

**MS ABRAMSON:** Yes.

**MR BURNS:** - - - and infrastructure to sort of bring the community together. So they're community sponsorships, and there's about \$2 billion of those a year. And our experience is working with a lot of those companies, you know, taking a look at their strategy and talking to stakeholders about their impact. If that sponsorship, community sponsorship, is aligned with what the company is doing and trying to build in the community its seen as acceptable. But if, for example, you know, a community sponsorship in Broome is focused on the Australian Ballet in Melbourne it doesn't go down particularly well.

**MS ABRAMSON:** Yes.

**MR BURNS:** And what that means for the company in Broome is, well, there's a couple of other mining companies operating there. Who's your partner of choice? So, there is a market tension. There is competitiveness here.

**MS ABRAMSON:** Yes.

**MR BURNS:** We think the market corrects that. Companies do research all the time around their reputation, and if they find some of their community sponsorships, or even their big commercial marketing sponsorship, are jarring with stakeholders they've got the data to do something about it.

**MS ABRAMSON:** Do you think that over time things have changed, though? Because I sort of was old enough, when you talked about the American CEOs mainly who came to Australia, I remember that, but I think some of our younger members of the team may not. But it used to be, for example, the fact that often it was the local banks that would sponsor the footy team locally, but so many decisions are made now, it seems, out of a head office of an organisation. So, have you seen a change in pattern about that community sponsorship with larger organisations?

**MR BURNS:** Definitely. A lot of large organisations that – if you're a major – I'll just use a general insurer that might be headquartered in Sydney, your operating communities are across Australia but you might have a retail presence through your branches, but you haven't got a community giving or community investment presence there. So what some of those companies do, they have a grants program only open to community organisations, and there's a trend for those grants not to be 5 or 10 thousand dollars, to be a bit more substantial. So, you know, the needle can be shifted. You're not going to do much with \$5,000, although I'm sure all of us could if we were given it right now.

So there's the grants program. But also what happens, obviously, lots of resource companies, again the banks, the manufacturers and some service companies, is that state-based or regional based management are given basically a fund saying, "You can manage this. Here are the guidelines, that you know your local community best. Here is an allocation." So, as well as our national corporate community investment partnerships, here are funds and here are the guidelines, and there's expertise back at headquarters to support your management, but it's up to you to decide, based on local need, what partnerships are managed. And that's increasingly so. There's a bit pot, but because of the nature of Australia there's a fair bit of decentralisation as

well, which often doesn't happen in markets in, for example, UK and the US but more so in Canada and Australia.

**MS ABRAMSON:** Thank you. Do you think – and I promise this is the last question from me, Alex – is there a link with volunteering? Because one of the things we know from our data is that volunteering is very strong in regional communities.

**MR BURNS:** Yes.

**MS ABRAMSON:** So I'm just interested with these developments corporate wise and volunteering.

**MR BURNS:** Yes, volunteering is stronger outside metropolitan areas. It's stronger in outer urban areas and the regional and rural areas. One challenge for corporations is, a lot of corporations give their employees in Australia either between one and three volunteering days. Organisations that offer three volunteering day employees a feel a bit overwhelmed. They're not sure how to use that third day. And one innovation of securing, and we recommend it strongly, is, any leftover days are pooled by the organisation. There might be 300 days. Well, that means you can put a full-time marketing support officer, or a full-time IT person, or a full-time from strategy in your organisation for a year into a partner, and that really has an impact as well. So pooling of those volunteer days, that's a management resource allocation issue, but that is occurring. So that's innovation, a clever way of doing what you need to be doing. But not everyone can do the heavy lifting but the organisation can pool what's available to do it. So - - -

**MR SEIBERT:** And why don't the ones that – you said there's take-up of that. The ones that aren't taking up that option, what's the reasons that they might not be doing it?

**MR BURNS:** They haven't got "Don't call me at home" legislation yet. They're overworked; they feel overworked, and they just can't find the time to do it. And these are usually blue – sorry – white collar workers, and these are knowledge workers usually in an office environment.

**MR SEIBERT:** No, I meant more the companies that aren't pooling. You said that there is some pooling.

**MR BURNS:** Look, it's only - - -

**MR SEIBERT:** The ones who aren't pooling, why aren't they pooling? Yes.

**MR BURNS:** It's a matter – the companies we speak to go, "Oh, that's a great idea", but we don't speak to more companies. So it's a lack of data, and it's a lack of transparency, or a lack of sight. If we say, "Okay. Well, actually, this has been done."

**MR SEIBERT:** "We didn't know we could do that."

**MR BURNS:** "It's been done effectively."

**MR SEIBERT:** So, that's part of the data of making it available, you know, demonstration is a good practice.

**MS ABRAMSON:** If you are able to, it would be really interesting for us if you had some sort of case studies or companies where you think – and we’re happy to take that offline and we’ll have a look at those ones, because the innovation is really interesting.

**MR BURNS:** Yes.

**MS ABRAMSON:** So, thank you.

**MR BURNS:** Lots of good stuff happening. Yes, please do.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thanks very much your time.

**MR BURNS:** You’re welcome. Thank you.

**MS ABRAMSON:** Thank you. That was terrific.

**MR BURNS:** Thank you for the opportunity.

**MS ABRAMSON:** Thank you.

**MR BURNS:** Thank you.

**DR ROBSON:** Thank you. So shall we take a quick break and then – yes, okay. All right. So we’ll come back at 12.10. Thank you.

**ADJOURNED**

**[11.45 am]**

**RESUMED**

**[12.08 pm]**

**DR ROBSON:** Welcome.

**MS L. DAVIES:** Thank you.

**MS E. COWDROY:** Thank you.

**DR ROBSON:** We’ll get started. So if you could just state your name and organisation for the record and then if you have a prepared statement, you want to do that and then we’ll get into the questions, so thank you for coming along. Yes.

**MS DAVIES:** Great. Thank you. I’m Lisa Davies. I’m the chief executive of AAP, Australian Associated Press.

**MS COWDROY:** And I’m Emma Cowdroy, the general counsel at AAP.

**MS DAVIES:** Thank you and thank you for the opportunity to appear before this inquiry. AAP is very grateful to have been granted its DGR status via special listing for a period of five years commencing 1 July 2021 to 30 June 2026. AAP is the only independent news wire service in the Australian media ecosystem, providing a unique public benefit by collecting and distributing fact-based news across Australia. An independent news wire is an essential part of Australia's democratic infrastructure and DGR status is critical to our ability to raise the donations that enable us to provide the service to the fragile news media ecosystem in Australia as well as media literacy initiatives, fact checking and other charitable activities.

We support the creation of a new category for – of charitable purpose for public interest journalism, the public benefits of which do not sit easily within the traditional concepts of charity or qualify within the current legal categories in the Tax Act. It is a special category of public benefit that can currently only be properly recognised and supported by specific listing by name. Establishing a public interest journalism category would be highly beneficial for AAP and also for the community as a whole by recognising the significant opportunity and need to grow philanthropic support for public interest journalism in Australia. We believe any media outlet wishing to take advantage of this new category would first need to be a not-for-profit charity to qualify for consideration and then be judged on its core purpose, that is, providing independent public interest journalism.

Whilst our current charitable objects are at the heart of what we do, we feel our core purpose would be better served through charitable recognition of our role in news gathering and the creation of public interest journalism. We are contorting ourselves, if you like, and indeed our purpose by explaining it any other way. Having to fall within the current precisely formulated categories is challenging, especially when the activity itself is the charitable purpose and by doing so, the process undervalues the importance of public interest journalism. It's harder to prosecute the case for donations when you can't explain it in clear terms what exactly it is that we do. The current charitable categories show a lack of awareness about or place a lack of importance on the role played by the news media sector in a well-functioning democracy and the attendant risks to that as a result of the current market disruption and transition.

The creation of a category for not-for – sorry – the creation of a category for public interest journalism would arguably lead to a greater number of not-for-profits contesting the same limited pool of funds. However, this pool is currently limited already with only a finite number of philanthropic organisations in Australia donating to the news media sector. The absence of a specialised category for public interest journalism creates a mechanical barrier for donors, but a specialised category would spotlight public interest journalism within the philanthropic sector and, we believe, increase the funding pool. In addition, we would anticipate donations flowing to a variety of not-for-profit news media organisations including start-ups, increasing media diversity which would in hope – which we – which in turn we would hope leads to increased commercial revenue for us.

As a trusted wholesaler of news, AAP is able to support outlets of all sizes. We would welcome an increase in news media outlets in Australia. A more vibrant ecosystem and diverse sector is beneficial to us all. Thank you.

**DR ROBSON:** Thank you very much. So I'm interested – Krystian's got a few questions, but I'm interested in – you said you – we do have a recommendation in the report on specific listings, so I'm interested in your experience with your specific listing and, you know, why did you need to seek that under the current system and what process did you have to

go through and, you know, was it particularly onerous or what were the special features of it and – because we do have a recommendation in the report, as I said, around that, so we’re interested in hearing about that and then I think Krystian has got some questions around public interest journalism specifically.

**MS DAVIES:** So I probably should say that Emma was the CEO at the time when we got - - -

**DR ROBSON:** Okay.

**MS DAVIES:** - - - our listing, so - - -

**DR ROBSON:** .....

**MS DAVIES:** - - - perhaps you’re better placed to answer.

**MS COWDROY:** And I’m very happy to answer that question. So look, I think it was quite onerous and quite difficult for us. We had to engage – I mean, just even in a practical sense, it cost us a lot of money to try and get it because we had to engage specific tax consultants to help us craft it. It was well outside our core competencies as a media organisation to be able to actually prosecute the case for why we were deserving of a special listing. So I think in terms of – it’s not something that a charity of our size would have been able to achieve without some assistance and that assistance is technical and costly. So I think there’s the – that’s the first sort of barrier to be able to achieve that special list.

**DR ROBSON:** Yes.

**MS COWDROY:** I think – I mean, the reason that we needed it is that we didn’t – so we’d – we’d achieved our ACNC, our charitable status, but we didn’t have DGR as part of that because we didn’t fall within – this is my understanding and this is a layman’s version of it – but we didn’t fall within the specific requirements for the public benevolent institutions that can provide DGR invoices. So therefore our only way to achieve it was, in fact, through a special listing. So that then increased – and we needed it because we at the time were on our knees. I think we didn’t have the government funding that we have now at the time we were asking for this.

We’ve gone from being a 70, 85 year old organisation sort of quickly put into a not-for-profit with no real background in that and then trying to raise money very quickly because we had a significant need to be philanthropically funded on top of contracting revenues. So we needed it and a lot of the foundations said if you don’t have DGR – if you can’t give us a recipient – sorry – a DGR tax invoice, we can’t donate to you. We are not allowed to. A lot of the ..... I think, have said we can’t. So we were sort of then blocking off significant opportunities for philanthropy from the very people that we needed it from the most. So they’re – that’s my sort of procedurally difficult, but highly necessary for us.

**DR ROBSON:** Yes. Okay. And then I think you mentioned it was a – your listing is for a specific period of time.

**MS COWDROY:** Yes, yes.

**MS DAVIES:** Five years.

**DR ROBSON:** Yes. And then is it capped at a dollar amount or anything like that or just the timing?

**MS COWDROY:** No. We did have to anticipate how much – I think you are probably aware of all of this, but we had to anticipate when we put in our application how much we anticipated generating - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - from the use of the DGR. So - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - but it wasn't capped at a certain dollar amount but - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - yes, we had to just say that we believed it would generate X. I think from - - -

**DR ROBSON:** Yes.

**MS COWDROY:** From memory, I think we said we thought it would generate in – you know, in excess of 3 million - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - or 2.7 million, something like that.

**DR ROBSON:** Okay. And then so at the end of that period what will you do? Will you – you just have to go again?

**MS DAVIES:** Reapply.

**MS COWDROY:** Well, we will have to start the process - - -

**MS DAVIES:** Yes.

**MS COWDROY:** - - - for applying and, you know, prosecuting our case in Canberra as to why we would be deserving - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - of an extension.

**DR ROBSON:** And you said 2026, is it?

**MS COWDROY:** Yes.

**DR ROBSON:** Yes.

**MS DAVIES:** 2026. Yes.

**DR ROBSON:** Yes. And so then when does that – how long does that – given that you know that’s coming, does - - -

**MS DAVIES:** We would probably be looking to start it next year.

**DR ROBSON:** Yes.

**MS COWDROY:** Yes, yes.

**DR ROBSON:** Okay.

**MS COWDROY:** Yes. It’s a long – I mean - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - the last process - - -

**MS DAVIES:** Sorry. Yes.

**MS COWDROY:** - - - took at least nine months.

**MS DAVIES:** It’s 30 June – 30 June 2026 - - -

**MS COWDROY:** .....

**MS DAVIES:** - - - so probably have to start midway through next year.

**DR ROBSON:** Yes. Okay. All right. Yes, Krystian.

**MR SEIBERT:** So just by way of just summarising what our DGR reform proposals are, our proposals are to expand access to DGR status based on some type of registration that a charity has under – with the ACNC and we do discuss it in the draft report that – well, we sort of set out the types of organisations that would become eligible under our draft proposals, that they would include public interest journalism as well. Our draft proposals don’t specifically create a new category because they’re actually doing away with separate categories.

**MS DAVIES:** Separate categories. Right. Yes.

**MS COWDROY:** Yes.

**MS DAVIES:** Sorry. Yes.

**MR SEIBERT:** So - - -

**MS DAVIES:** Just – yes.

**MR SEIBERT:** Yes. That’s worth - - -



**MS DAVIES:** Yes.

**MR SEIBERT:** - - - clarifying, but I wanted to sort of ask specifically around, sort of, public interest journalism how we can define public interest journalism and I – because there’s a question when you expand eligibility and, well, for example, to be kind of – yes – direct about it, what – when is something public interest journalism and when is something else? Like, would a person say running a website with – they write stories about national issues, would – is there a pretty broad definition or are there sort of things that could be used to kind of – yes – just put some boundaries around it? Because there’s always that thinking around when you have DGR status or charity status how do you define those boundaries relatively.

**MS COWDROY:** How do you control - - -

**MR SEIBERT:** Yes.

**MS DAVIES:** Yes.

**MS COWDROY:** - - - control it a bit. I mean, you can probably speak to that better than I can.

**MS DAVIES:** Well, we will probably combine the answer. I think definitely for the public benefit I think that there needs to be some element, well, obviously, not trying to generate revenue for a commercial purpose. We – every dollar that we generate goes back into the journalism or the charitable activities that we’re undertaking, so I think public interest journalism, I think, covers a lot of topics per se, but if it’s a providing a – you know, a service to people who or to other – I mean, in our case it’s obviously other organisations for which, you know, it’s for – for all the – all our charitable objectives. You know, educating people, providing social context, providing understanding, promoting tolerance, all those sorts of things. I think to me that’s what public interest journalism.

**MS COWDROY:** I mean, I would say that if you were wanting to put some controls around it as well, it may be that the organisation applying needs to actually engage journalists as journalists.

**MS DAVIES:** Yes.

**MS COWDROY:** So, I mean, that - - -

**MS DAVIES:** .....

**MS COWDROY:** - - - that would probably potentially rule out websites that are just putting content up with no real curation and then trying to – you know, trying to claim DGR status for that. I mean, I think the significant cost associated with the production of public interest journalism is the employment of journalists and photographers and so if there’s some way to capture that within any definition that an organisation that wished to – I don’t know how it works, you know, from your - - -

**MR SEIBERT:** But then you’d have to define what’s a journalist, what’s not a journalist, etcetera.

**MS COWDROY:** Well, I think there’s - - -

**MR SEIBERT:** Yes.

**MS COWDROY:** I think there is quite a bit of precedent on that in various laws throughout Australia that – where that has been contemplated and teased out, for example - - -

**MR SEIBERT:** True.

**MS COWDROY:** - - - the journalist shield laws - - -

**MR SEIBERT:** Yes. True.

**MS COWDROY:** - - - and there – there are places where you could draw upon that, but I think – I mean, I think, certainly, what Lisa said about having the structure as a not-for-profit. So that ensures that the DGR is going to – to the newsroom, not the boardroom and I think that’s something that we’ve been quite clear about for the last, you know, for the last four years is that everything that we do at AAP – any money that – any revenue that we raise, whether it’s philanthropic or whether it’s government grants or whether it’s commercial revenue is actually going to the newsroom because we don’t have shareholders and we don’t pay dividends. So I think how that is crafted from your perspective or from the government’s perspective I don’t know, but I think that’s a good lever and a good limiter.

**MR SEIBERT:** That’s very interesting, I suppose. So you’ve got an organisation or an institution or an institution that’s not-for-profit, registered charity, the employment point. Is there anything around sort of having a code or some sort of independence?

**MS COWDROY:** Yes.

**MR SEIBERT:** Like, I know you’ve got a charter of editorial - - -

**MS DAVIES:** Yes.

**MR SEIBERT:** - - - independence but - - -

**MS COWDROY:** And a code.

**MR SEIBERT:** Yes.

**MS DAVIES:** And a code of conduct. Yes.

**MS COWDROY:** And I don’t think it should be – and we don’t – we’re not a member of the Press Council any more and there are lots of organisations in Australia that are not, but you need to have a code of conduct that – you know, that covers a number of the same issues that are – that other codes of conduct such as that by the MEAA or others covers. So I think that broadly in keeping with industry standards globally about how journalists should practice their craft. So I think that’s a relevant - - -

**MS DAVIES:** Yes.

**MS COWDROY:** - - - indicator and the other thing is to look at what we consider to be public interest journalism, which is – I think most people think it’s just sort of big investigative reports.

The sort of public interest journalism that we do is not – is not that. It is far more covering courts, covering, you know - - -

**MS DAVIES:** Parliamentary hearings.

**MS COWDROY:** - - - councils, Parliamentary hearings, all the stuff that leads to accountability and open government is and even – I mean, we would say sport is also potentially public interest journalism. What probably isn't so much is all the salacious – so it may be that you can carve off categories of content that is not news sort of content in some ways as well, if that makes sense. You may be able to – if it's sort of more entertainment, you may be able to find a line somewhere there between news – legitimate news gathering for – you know, with a public interest journalism lens and content – entertainment content.

**MS ABRAMSON:** In - - -

**DR ROBSON:** Can I ask one and then ..... so on – so you're registered as a charity on the ACNC website. There's – you've got three subtypes for promoting reconciliation - - -

**MS COWDROY:** Yes.

**MS DAVIES:** Yes.

**DR ROBSON:** - - - advancing social public welfare and advancing education. So I guess the question is then given that you've got those – and, you know, these sort of boundary issues that we talked about – well, I guess – yes – for public interest journalists, maybe – is this the point that they may not be able to get registration - - -

**MS COWDROY:** Yes.

**DR ROBSON:** - - - under any of those categories and that's why you need a separate one? Is that what you're - - -

**MS COWDROY:** And you're contorting yourself to get within those categories, so - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - whilst those are – all of those endeavours are - - -

**MS DAVIES:** Absolutely .....

**MS COWDROY:** - - - are certainly what we are striving for - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - it's almost the reverse way around because - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - we're doing those through activities that involve public interest journalism. We're saying it would be easier – it would be better for us to be able to prosecute

our case that we are doing public interest journalism and it's leading – these are the outcomes that flow from that. It's just quite hard to say that our – it's harder for us to say that our – to a donor our charitable objectives are to advance social and public welfare, to advance education and to promote mutual respect and tolerance between Australians and then they say, "But aren't you a – you know," but then what's the news wire?

**MS DAVIES:** Yes.

**MS COWDROY:** What are you doing with this – what's this journalism over here? So it's just a – it's a disconnect and it's a bit difficult for us.

**DR ROBSON:** Okay. Sorry.

**MS ABRAMSON:** No, that's fine. Could I press you a bit more, Emma, on this journalism point and it's not because I have a particular view, I just want to test the argument if I can. So in a modern world where journalism is changing and what journalism looks like and we have the rise of the citizen journalist, how realistic is having something around that definition now? Like, we're thinking about – our report, obviously, is thinking to the future, so just interested in your response to that.

**MS DAVIES:** I am a journalist, so I can - - -

**MS ABRAMSON:** I'm a lawyer so I immediately - - -

**MS DAVIES:** Okay.

**MS ABRAMSON:** - - - asked the lawyer.

**DR ROBSON:** .....

**MS DAVIES:** Well, I'll answer that if that's okay.

**MS ABRAMSON:** Thank you. Of course.

**MS DAVIES:** I – I think with all the sort of suggestions around definition that Emma said, I agree entirely that those would help – those would really help protect against what you're talking about. I think a citizen journalist who establishes a website who runs around – I don't know – writing opinion or, you know, grabbing a few other things off the internet and putting them on a website, I don't think you could really without a code of conduct, some kind of, you know, sort of acknowledgements from any of the journalistic sort of bodies, you can't really argue that those – that endeavour could fall into this sort of category, I don't think. I just – I think what we're really talking about is – and the core thing when you have to have already succeeded in getting a charitable – being a charity – being, you know, granted that by the ACNC.

So I think if you're already along that path, then – and, you know, that's been acknowledged, then to go to the next step of being able to – yes – to sort of move into, like, this is how, you know, those DGRs can be issued, I don't see a huge – you're not going to be able to establish a Twitter presence, for example, as a not-for-profit news organisation that is engaging in public interest journalism. I just don't see how anyone could define it that way.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** I suppose just stepping back a little bit again, what do you see is the role of philanthropy in the context of supporting public interest journalism sort of in terms of the bigger picture both in terms of your own experience as an organisation but more broadly as well?

**MS DAVIES:** So I think we've found a hugely supportive, small but dedicated group of philanthropists who believe that certain types of content are just not being well ventilated. I think we have shown that, I think, through the fact that we just do the news, we don't do any opinion writing, we cover stories factually and fairly that, you know, organisations, whilst they don't have any interest in influencing the content, they just want to see more of it out there in the public space to help with education, to help with societal understanding of problems and challenges facing us. So, I mean, for us, we see a huge opportunity. I mean, we currently have – the way the majority of our philanthropic donations are structured are through the establishment of specialist reporting areas. So, for example, things that aren't widely – aren't widely published or explored in the mainstream media currently, things like refugee issues, we have – well, Indigenous affairs, obviously, was a big – a particularly huge issue last year, but again, the number of news media outlets that have dedicated reporters day in, day out concentrating on Indigenous issues are actually very small in the mainstream media, I would argue.

So being able to provide, you know, in excess of 250, 300 stories a year focused solely on factually exploring – you know, that's what our donors to that desk wanted to see – want to see year in, year out. So for us, we see the – the huge potential to grow that. We currently have seven specialist desks established and, you know, I've got conversations happening about multiple others but, you know, again, it's just a different conversation with different donors as to what – how they'd like that structured and the various things that they would like to see as part of that. But, again, you know, it's about adding to the public discourse factual, independent non-partisan journalism on topics that aren't always very well covered in other media outlets.

**MR SEIBERT:** And just on that, do you have sort of philanthropic supporters that provide just general operating support - - -

**MS DAVIES:** Yes, yes.

**MR SEIBERT:** - - - or is it quite specific, sort of - - -

**MS DAVIES:** Yes.

**MR SEIBERT:** - - - for the different desks?

**MS COWDROY:** It was critical for the - - -

**MS DAVIES:** Yes.

**MS COWDROY:** - - - the saving of AAP that we could get what I would consider to be just donations to support the core business.

**MS DAVIES:** Yes.

**MS COWDROY:** And so the – a signification component of the – I’m not sure if you’re aware of the AAPs recent trajectory, but basically, it almost faced closure. It was saved by a group of philanthropists and those were untied. You know, they were just general donations to the core service. In answer to your questions as well, the other thing I’d just add to what Lisa said about our desk – desk activity and – is that when you look at the contraction of revenues for news media globally, one of the things that has started to come in as an alternate source of income has been donations. 23 years ago there was none of that. It just didn’t – it was not something that was really at all part of the business model for news media organisations. In the last few years particularly and if you look at the Oxford Reuters report on public interest journalism and on news wires particularly, you can see that that’s gone from not being – if you look at it over the last few years, you can see it’s been not a source of income to all of a sudden moving up and up and up. So it’s gone from the 12<sup>th</sup> source of income to the eighth source of income to the – it’s – the trajectory is increased reliance on philanthropy.

**MR SEIBERT:** And do you think that there’s any issues here in terms of – cause there are for-profit players, not-for-profit players of kind of potential say having hybrid entities that are sort of, you know, a for-profit player that has a not-for-profit arm and this is something that when you’re designing tax law - - -

**MS COWDROY:** Yes, yes, yes.

**MR SEIBERT:** - - - you always think about - - -

**MS COWDROY:** Yes.

**MR SEIBERT:** - - - you know, could a for-profit entity that provides private benefit have things off to the not-for-profit entity - - -

**MS COWDROY:** Yes, yes.

**MR SEIBERT:** - - - and the risks of – like, you know, there’s always a concern around integrity when you’re designing tax laws.

**MS COWDROY:** Sure. And I can see the difficulties associated with trying to grapple with that. I mean, I guess – and I’m sure there are far smarter tax people than me that can work out how to deal with it, but I would suggest that probably one way is to just say that to the extent that you are – basically, you need to be wholly structured as a not-for-profit and - - -

**MR SEIBERT:** A separate entity.

**MS COWDROY:** - - - not – and that’s just the – and that’s kind of the - - -

**MS DAVIES:** The line in the sand.

**MS COWDROY:** - - - the endpoint.

**MS DAVIES:** Yes.

**MS COWDROY:** The line in the sand, I think.

**MS DAVIES:** And to your point about the general donations versus the sort of ones that we direct specifically to areas, we do try to include in those sort of pricing, I suppose, a contribution to the core of the business because, of course, it's not just one journalist doing one thing that - - -

**MR SEIBERT:** Sure.

**MS DAVIES:** - - - they're paying for. There's a suite of, you know, shared costs and editors and the like that .....

**MR SEIBERT:** And how do your donors respond to those sorts of - - -

**MS DAVIES:** Yes. Really - - -

**MR SEIBERT:** Because a common challenge for many charities - - -

**MS DAVIES:** Yes.

**MR SEIBERT:** - - - and not-for-profits.

**MS DAVIES:** Looked pretty positively so far. I mean, you know, we set a budget for the year and often I will require – like, one of our desks has I think currently about eight different donors to it, just smaller people who are just particularly passionate about a certain area. Others are a single foundation and I think everyone recognises that – well, it's my experience that they all recognise that we do have a large operation to run and it's not just about those specialist reporters as well and that those reporters need editors, producers, photographers, etcetera.

**DR ROBSON:** So how – and I'll pass to Julie in a second, but what was the business model prior to this? Was it that the – you know, the for-profits would – you know, you would be ..... and their revenues have dried up and so this is one of the things they just decided to cut back on or what - - -

**MS COWDROY:** No.

**DR ROBSON:** - - - what happened?

**MS COWDROY:** So it was owned by a number of shareholders, but the two biggest shareholders were News Corporation and then Nine, Fairfax.

**DR ROBSON:** Yes.

**MS COWDROY:** And – and basically, it was a membership structure. So it was – it didn't make a profit, but that was not by design. It just has gone the way of many news wires globally with contracting revenues and so basically, a design was made to close it.

**MS DAVIES:** They paid very large membership fees - - -

**DR ROBSON:** Right.

**MS DAVIES:** - - - in order to keep .....

**MS COWDROY:** Essentially, a - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - yes – a membership structure and then there was just – it had commercial revenue that offset that. It also had a number of businesses - - -

**MS DAVIES:** .....

**MS COWDROY:** - - - around it, adjacent businesses that helped to offset the cost of the news wire. I don't think there's a news wire in the world that breaks even and I would be - - -

**MS DAVIES:** Let alone make - - -

**MS COWDROY:** I would eat my hat if there was. If their P and L was – was, you know, taken out of – if the P and L of a news wire, which is what we are, the wholesale supply of news was taken out from all the other businesses as a standalone, there is no way it would break even.

**DR ROBSON:** And – yes. And so now the situation is – but those organisations you mentioned still use the wire service, do they?

**MS COWDROY:** News Corp does not.

**DR ROBSON:** Okay.

**MS COWDROY:** News Corporation does not - - -

**DR ROBSON:** All right.

**MS COWDROY:** - - - and so therefore – they use some of our pictures, but they don't take our service.

**DR ROBSON:** Yes.

**MS COWDROY:** Nine has come back as an arm's length subscriber but no longer a shareholder.

**DR ROBSON:** Yes.

**MS COWDROY:** So basically, the news wire was sold. It was sold – that component was as an asset sale sold into a not-for-profit entity that was setup to basically purchase it to fulfil its charitable objectives.

**DR ROBSON:** And then so – but – and the entities that do use it now, do they pay a fee or - - -

**MS DAVIES:** Yes.

**DR ROBSON:** Okay.



**MS DAVIES:** You can't – I mean, the market value with news wires is you can't charge lots of money for a very high standard service because everyone has access to it. It's a – you know, divisible by – I mean, we currently have over 400 subscribers nationally. I would say that other than News Corp, there are very, very few news organisations that don't engage with us on some level. You know, have – we have customers like Australian Community Media who have 90 titles - - -

**DR ROBSON:** Yes.

**MS DAVIES:** - - - around the country and others from there, you know, from the Daily Mail to – you know, we serve an extremely wide range of media outlets with that core public interest journalism. I think, you know, it's – AAP has often been referred to as sort of the backbone, if you like, of the news media landscape.

**DR ROBSON:** So then to the extent that you've got DGR and that lowers your costs, knowing that you're a not-for-profit but then, that would also presumably lower the fee that a for-profit entity would have to pay for your service. So there's a – what I'm getting to is - - -

**MS COWDROY:** Yes.

**DR ROBSON:** - - - sort of along Krystian's point but somewhat different is that, you know, even – there's a for-profit entity that indirectly benefits from your DGR status in a way, but there's lots of not – and not-for-profits - - -

**MS COWDROY:** Correct. Yes.

**DR ROBSON:** - - - as well and all the other benefits, but there is that.

**MS COWDROY:** Yes. I don't think they do because I'm – sorry. And I – the only thing I would say against that is there's just a natural – there's been a natural contraction of the news wire market globally. So it's not as if we're charging less because we've got DGR. The fact of the matter is we just exist because we have DGR. If we didn't - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - have DGR, the chances of us being here and then the – sort of the on effects of that would be very low.

**DR ROBSON:** Understood.

**MS COWDROY:** Like, I don't – we are not – we – there is just a ceiling point now in the market and it keeps – unfortunately, it's gone in one direction over – and you can see that trajectory very clearly over the last two decades. So it – yes. It's not as if customers will pay more. They won't.

**DR ROBSON:** Yes.

**MS COWDROY:** If anything, their business models are under enormous pressure, so they just want to pay less - - -

**DR ROBSON:** Yes. Okay.

**MS DAVIES:** Constantly.

**MS COWDROY:** - - - and we're having to find ways to - - -

**MS DAVIES:** Fill the gap.

**MS COWDROY:** - - - to fill the gap. And the problem for news wires is that the cost of doing – of creating a service that is sellable or that is desirable is almost fixed because you can't say, "Look, I think we're just going to cover New South Wales now."

**DR ROBSON:** Yes, yes.

**MS COWDROY:** "We're just not going to bother about the rest of Australia," or, "We're only going to cover, you know, one in every three sports games," or, "We're only going to go to, you know, one day of the court hearing." It doesn't work like that. Like, it just – if there's - - -

**MS DAVIES:** We have to - - -

**MS COWDROY:** Yes.

**MS DAVIES:** We really have to be - - -

**DR ROBSON:** Understood.

**MS COWDROY:** Yes.

**MS DAVIES:** - - - 24 hours a day. We have a 24-hour newsroom. It's staffed by - - -

**MS COWDROY:** Yes.

**MS DAVIES:** - - - people overseas. We could have a lot of money by not having those people - - -

**MS COWDROY:** Yes. So we have kind of - - -

**MS DAVIES:** - - - like - - -

**MS COWDROY:** - - - fixed costs that we really can't actually go below - - -

**DR ROBSON:** Makes sense.

**MS COWDROY:** - - - to have a sustainable news wire, but our revenues have fallen - - -

**DR ROBSON:** Yes.

**MS COWDROY:** - - - and so somewhere to be able to – and we say that we actually provided a – you know, a – I think if you took us out of the market, I think it would have significant disruptive effects across a number of players.

**DR ROBSON:** Julie.

**MS DAVIES:** They're relying on or relying on us to do the things that they either don't want to do, can't get to or have just a need to keep an eye on, so they just monitor our coverage of something and jump in when they want. So there's - - -

**DR ROBSON:** Yes.

**MS DAVIES:** You know, we fill a variety of roles for – depending on who the customer is and we – I often say we have to be all things to all people. That's really challenging and very expensive.

**DR ROBSON:** Understood. Julie?

**MS ABRAMSON:** Thanks. I wanted to circle back a bit because we were really talking about if you have this DGR category of public interest journalism, if you have a specific listing, which you do, you can impose conditions around it and one of the things we talked about was, you know, what is a journalist. The other thing I noted about your organisation is that you do have review mechanisms and complaint mechanisms. So do you think that having, like, an editorial charter and a dispute resolution mechanism would be an important - - -

**MS COWDROY:** Yes.

**MS DAVIES:** Absolutely.

**MS ABRAMSON:** - - - part of it?

**MS DAVIES:** And Emma mentioned before that AAP no longer belongs to the Press Council. A number of media outlets don't belong to the Press Council any more. That's mainly – well, it's probably for a variety of reasons, value for money and – among other things, I think. So we have established our own standards committee, which is at arm's length from the news room. It – it is made up of a former AAP editor with a lot of experience in editorial matters, but also, you know, members of - - -

**MS COWDROY:** Non-editorial members - - -

**MS DAVIES:** Non-editorial - - -

**MS COWDROY:** - - - of the organisation.

**MS DAVIES:** - - - members of the organisation who assess complaints on a detailed and sort of arm's length approach and it is in line with the kind of review mechanism that the Press Council has anyway and, yes, I definitely think it would be a – a huge advantage to have – to have that and – yes.

**MS ABRAMSON:** Can I ask – I have a background in dispute resolution, so this will be no surprise, but do you think that there should be an independent member, so as opposed to – you know, because most dispute resolution mechanisms like ombudsman – all of those things have a member who's independent.

**MS DAVIES:** We would – I mean, we would argue that the editorial – the chair of it is independent in the sense that he is no longer employed as a staff member. He left the organisation four years ago, but I take your point. We’ve talked about ways of even bolstering that process. It’s – we – just trying to save an organisation has meant that it probably hasn’t been our focus, but I definitely wouldn’t be – wouldn’t be opposed to it at all.

**MS COWDROY:** I think the – one of the difficulties with that for a news media organisation, which is not the case for the Press Council because they make complainants sign a waiver and in – and a full waiver and you agree that you won’t sue for defamation and related matters. The problem is, of course, as soon as you bring on somebody on, you know, independent you’ve got lots of privilege issues going on, especially if they’re looking at your file and looking at, you know, what you’ve done and admission and all – yes. There’s just some complexity around having a third – a sort of an independent third party on there.

**MS ABRAMSON:** It’s interesting. I hadn’t thought of it like that because I – my own background’s in financial services, so the concept of an independent member of a dispute resolution is not something where you – you know, they would see all of the material that goes up to enable them to make a decision - - -

**MS COWDROY:** I mean I’m – yes.

**MS ABRAMSON:** - - - but you’re saying. - - -

**MS COWDROY:** There’s probably a way you could achieve it through making them – I don’t know.

**MS ABRAMSON:** There always is a legal way.

**MS COWDROY:** Yes. There’s always some way.

**MS ABRAMSON:** But it - - -

**MS COWDROY:** I know. I’m just - - -

**MS ABRAMSON:** It’s interesting.

**MS COWDROY:** I think for a – yes.

**MS ABRAMSON:** It’s just an interesting point and, as I said, I’m just interested in your views because I instantly when you spoke, Lisa, about, you know, we have this, this and this and in my head I’m thinking but who’s the independent because, you know - - -

**MS DAVIES:** Yes, yes.

**MS ABRAMSON:** - - - if you want dispute resolution, someone from the outside is always saying how independent is someone - - -

**MS DAVIES:** Yes.

**MS ABRAMSON:** - - - even though I understand that the person uses their professional judgment.

**MS DAVIES:** And we try to - - -

**MS ABRAMSON:** Yes, yes.

**MS DAVIES:** - - - incorporate, for example, one of our finance team who – you know, she’s effectively the sort of layperson because she’s never been a journalist. She’s got no idea about journalism practices or ethics or, you know, codes of conduct per se. Like, that’s not her professional role, so she kind of comes at it from a very citizen - - -

**MS COWDROY:** Yes. Consumer.

**MS DAVIES:** - - - consumer perspective.

**MS DAVIES:** Yes.

**MS DAVIES:** So - - -

**MS COWDROY:** Or reader perspective.

**MS DAVIES:** - - - that adds to the conversation.

**MS ABRAMSON:** But as a matter of principle, you’re not objecting to - - -

**MS DAVIES:** No. Absolutely not.

**MS ABRAMSON:** - - - what we’re talking about. Okay.

**MS DAVIES:** No.

**MS ABRAMSON:** Thank you very much.

**DR ROBSON:** Krystian, do you .....

**MR SEIBERT:** Just in terms of – just following on from the question earlier about the sort of – those boundary questions, just wanted to test a few sort of propositions with you about what the – what could be potential boundaries for public interest journalism under an expanded DGR system. The need to have a separate entity that’s registered as a charity and that’s not subject to the control of another entity - - -

**MS DAVIES:** Yes.

**MR SEIBERT:** - - - such as a for-profit - - -

**MS DAVIES:** Yes, yes.

**MR SEIBERT:** - - - firstly. Secondly, employing journalists as defined say under the Broadcasting Act or the shield walls - - -

**MS DAVIES:** Yes.

**MS COWDROY:** Yes.

**MR SEIBERT:** - - - for example.

**MS DAVIES:** Yes.

**MS COWDROY:** Yes.

**MR SEIBERT:** And then thirdly, signed up to a charter of editorial independence with some sort of requirement to comply with it and manage disputes in relation to - - -

**MS DAVIES:** Yes.

**MS COWDROY:** Yes.

**MS DAVIES:** The code of conduct.

**MR SEIBERT:** - - - the reporting of coverage.

**MS DAVIES:** Yes, yes.

**MS COWDROY:** Yes, yes.

**MR SEIBERT:** So do you think that those – would that form sort of the skeleton, I suppose to speak - - -

**MS COWDROY:** Yes.

**MS DAVIES:** Absolutely.

**MR SEIBERT:** - - - or the scaffolding of some boundaries?

**MS DAVIES:** Absolutely.

**MS COWDROY:** Yes. And I think those are quite .....

**MS DAVIES:** ..... yes, yes.

**MS COWDROY:** Layers, essentially ..... you know. Once you've got to get to here, then you've got to get to then, then you've got to get there and I think – yes.

**MR SEIBERT:** And just following on from that, do you think that there should be any kind of requirement around the provision of the reporting is available to the wider community? Because there could be challenges in terms of say what's provided as a fee just going on from what Alex said to another – to a partner – a commercial partner versus what's just available for anyone in – that's reported. I mean, curious whether they're sort of relevant or not.

**MS DAVIES:** They sort of are because we're effectively a B to B business, so - - -

**MR SEIBERT:** Yes.

**MS DAVIES:** - - - we're available to lots of people, but we do require most of them to pay for it. I mean they're – yes. I mean, we provide – so our AAP fact check is available freely on our website, so it could be argued that of the total percentage of output X percentage is freely available as a charity and we do make – so we – as part of our charitable – fulfilling our charitable objectives, we are engaging with a lot of community organisations to give them free access in order to help - - -

**MR SEIBERT:** Yes. And you have to comply with the - - -

**MS DAVIES:** - - - promote our activities.

**MR SEIBERT:** - - - public benefit requirements - - -

**MS DAVIES:** Correct.

**MR SEIBERT:** - - - of charity work.

**MS DAVIES:** Yes, yes.

**MS COWDROY:** Yes.

**MS DAVIES:** Yes

**MR SEIBERT:** Anyway, just on those boundaries a little bit further, do you think that they're – with say signed up to a charter of editorial independence, whether it should be sort of an entity by entity decisions as to what their charter is and how they enforce it or – I mean, it doesn't have to be the Press Council, but some sort of common standard – self-regulatory standard that has enforcement? Because I suppose an organisation saying we've got a charter of editorial independence and this is how it works and - - -

**MS COWDROY:** Yes.

**MR SEIBERT:** Yes. Because I'm just thinking ahead sort of from the prospective of government, again, sort of like what the rigour would be around that. Yes.

**MS DAVIES:** I mean there could be easily reporting mechanisms as part of our ACNC requirements on how we – enforcing that. I mean, we have a editorial structure that the editor reports to me. You know, he is solely tasked with enforcing that and when there's an issue, again, it's elevated to me or Emma in the legal sort of case, I suppose.

**MS COWDROY:** I think every organisation has slightly nuanced ways of approaching their editorial integrity and I think it would be pretty hard to get everyone on a unity platform to agree to a charter that is – I guess that's been imposed from another, you know, from a regulatory body say - - -

**MR SEIBERT:** Well, it wouldn't necessarily need to be a government body. There could be a - - -

**MS COWDROY:** Yes.

**MR SEIBERT:** Yes.

**MS COWDROY:** I mean, look, I think if you actually looked at them – yes. If you looked at a whole range of charters of editorial independence, there are common themes and threads. I just feel that if you're going to sign up – I guess I'm just saying, you know, just not sure about that - - -

**MR SEIBERT:** Sure.

**MS COWDROY:** - - - as a concept, but I would think that it had to have some level of rigour about it.

**MR SEIBERT:** Yes.

**MS COWDROY:** So maybe that's – it maybe needs to address X, Y and Z and maybe that's the way that it's - - -

**MS ABRAMSON:** Which would be the common way that you get uniformity over those things. You say - - -

**MS COWDROY:** Yes.

**MS ABRAMSON:** - - - we don't care how you implement it, but you'll have A, B, C and D - - -

**MS COWDROY:** Yes.

**MS ABRAMSON:** - - - and then the other issue is what we talked about, whether there'd be sort of some self – a bit like a – you know, the codes that people sign up for, but you can have voluntary codes.

**MS COWDROY:** Yes.

**MS ABRAMSON:** So it's kind of like we will do A, B, C and D.

**MR SEIBERT:** And I think we or you'd be mindful too about, yes, the diversity and also compliance costs, etc. But at the same time, I think this also goes to the point that say there is an entity with DGR status. It's reporting A, B, C and D and some people are unhappy about that, others are happy and so - - -

**MS COWDROY:** Yes.

**MR SEIBERT:** - - - well, there is – there are protections here in terms of standards, etcetera. There is – so – because otherwise, then there's always the risk about the sort of the perceptions of the integrity of the DGR system and what can be supported through it.



**MS DAVIES:** And I also think in some ways it would – perhaps this is me, but I think a lot of philanthropic organisations that are going to be – and interested to donate to a – an organisation that is, you know, charged with and has its – you know, public interest journalism at its core, they’re going to be pretty cautious about who they’re donating to anyway and so I think there wouldn’t be a longevity in organisations that are not doing those things as set out. I just think that, you know, most foundations that I have dealt with are pretty savvy and there’s an awful lot that, you know, they require into – for their reporting and for our reporting that would help with that enforcement issue, I say.

**MS COWDROY:** I do – and I just would echo what I said earlier is I do think some of these issues have been grappled with in the context of exemptions in the Privacy Act - - -

**MR SEIBERT:** Yes, yes.

**MS COWDROY:** - - - for – you know, for news gathering, also the journalist shield laws where a lot of time – I mean, I was involved in those laws – a lot of time was spent trying to work out how do you ensure that – that it’s targeting, you know, what it’s supposed to be targeting, that Act. So I think there are some – there is already drafting there that is able to be looked at least as a starting point.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** Great. Thank you.

**DR ROBSON:** Thanks very much.

**MS DAVIES:** Thank you so much.

**MR SEIBERT:** Thank you. That was .....

**DR ROBSON:** .....

**MS ABRAMSON:** That was really helpful. Thank you.

**MR SEIBERT:** Really, really good. Thank you. Thanks so much.

**MS DAVIES:** Pleasure.

**MS COWDROY:** Pleasure. Thank you for having us.

**MS DAVIES:** Thanks.

**MR SEIBERT:** It’s good that we get to ask the questions and ..... other way around.

**MS DAVIES:** It’s definitely slightly strange - - -

**MR SEIBERT:** Payback.

**MS DAVIES:** - - - being on the other side.

**MR SEIBERT:** All right. Lunch.

**DR ROBSON:** Yes. We'll take a break for lunch. 12.30 we'll come back. Sorry, 1.30.

UNIDENTIFIED FEMALE: Yes.

**DR ROBSON:** Yes, yes.

**ADJOURNED**

[12.47 pm]

**RESUMED**

[1.30 pm]

**DR ROBSON:** Okay. So, thank you very much for coming. So if you could just state your name and organisation for the record and then if you would like to make an opening statement, we're happy to hear from you on that and then we will get into the questions - - -

**MS K. LARK:** Sure.

**DR ROBSON:** - - - I think .....

**MS LARK:** Very good. Kristen Lark, the CEO of The Funding Network Australia. First of all, thanks for allowing me to appear today. I think the main thing that we really wanted to emphasise today and provide comment on is the open invitation for intermediaries to comment on the role that could be played in enabling smaller charities to access philanthropy. I guess that was kind of the bulk of what I want to talk about today. Put in an original submission and then put in additional comments on Friday, but I think, generally speaking, obviously thrilled to see this commission in place and see the work that's already been done. Again, we really believe that making it easier to give is essential to deepening the culture of giving in Australia and a policy environment that fosters giving combined with the cultural environment that inspires giving, we believe, are kind of a two-pronged approach that's going to be necessary to grow giving.

I mean, towards that end, I guess we would love to see the commission take bolder steps in looking at ways that we can nurture giving in Australia and look at ways that some of that support could actually be directed to smaller charities who for hosts of many reason would not be ones that would be giving a lot of testimony to the commission and that really lack access to philanthropy. So I guess for us specifically we'd love to see more attention being paid to strengthening the charity sector. With over 10 per cent of the workforce in Australia dedicated to the non-profit space, we know that's an area that people could really benefit from, both the capacity and capabilities as well as the overall health and wellbeing of people working in the sector. As I mentioned before, fostering a more generous and giving culture and some of the ways to do that is by making it more visible giving, providing choice at key points to encourage people to give and enabling a broader number of charitable organisations to thrive, not just the largest, most visible charities and utilising the proven strategies of intermediaries to find ways for both everyday Australians, philanthropists and government to direct more funds to early stage grassroots charities. I guess I'll perhaps leave that as the opening - - -

**DR ROBSON:** Okay.

**MS LARK:** - - - salvo, so that we can - - -

**DR ROBSON:** Okay.

**MS LARK:** - - - have more time for discussion.

**DR ROBSON:** Okay. Thank you very much. So what's – there's a lot to unpack there.

**MS LARK:** Yes.

**DR ROBSON:** I mean, in your space we've got these proposals around expanding DGR. We've got a set of principles and application of those principles. Does The Funding Network have specific views on that set of proposals from the commission?

**MS LARK:** Yes. I mean, I think specifically on DGR, I think expanding access to DGR would be very key for a lot of charities. I know that probably the focus of today and tomorrow is going to be heavily on the ones that would be potentially removed from that consideration, but I think the broader step of making that more open and more visible is a positive step forward and we would be supportive of anything that gives access to more charities to grassroots – more charities to DGR

status I think is really – is important and I think is a area that I think we'd like to see more of. We would generally be happy for – to see all charities have access to DGR status. I mean, I – you probably gather I'm American and come from the US where the culture of giving there is a little bit further along here and I think some of that can be attributed to the fact that they don't differentiate between different types of organisations, but again, as you've noted in the – in the draft report, expanding the DGR categories will open a lot of organisations, specifically grassroots charities, and we think that's a good thing.

**DR ROBSON:** And in terms of your business model, so how does it work and then – and are there other organisations that do what - - -

**MS LARK:** Yes.

**DR ROBSON:** - - - you do and, yes, do you want to maybe tell us a bit about that?

**MS LARK:** Sure, sure. So The Funding Network's probably most known for our live crowdfunding events, so we do an open call for applications grassroots charities. Then we convene an independent selection panel to pick ones that will pitch at the event. Then we build an audience of – can be everyone from everyday Australians to philanthropists to corporates to come into a room and we prepare those charities to pitch, so we help them – as you probably know, most grassroots charities don't have a fundraising team. They probably don't even have a paid staff and we kind of support them, enable to be able to pitch. Then we convene an event where they share their story and then we leave the audience in live crowdfunding with the aim of them raising as much money from the crowd as fast as we can in that component. And then following the event, we provide – we do – then we collect those funds and then we re-grant them to those charities and then they provide six and 12 month update reports so that we can really engage those donors on a ongoing basis.

So over the past 10 years we've run over 173 events across Australia and engaged more than 23,000 Australians in the act of giving and our research shows that after being exposed to grassroots charities they go on – first time donors continue to give and those who already were

giving, they're more – far more likely to continue to give to grassroots charities. I mean, again, the place that we're really filling is the fact that there is a lot of people that would like to give to grassroots charities but they don't know how to find them and they don't know how to find the right ones and on the flipside, there's a lot of grassroots charities that would like to access new networks and that's really what kind of TFN is about is about bringing that together. So that kind of general collective giving space. You've got TFN playing in it. You've got 10 x 10. You've got Impact 100. You've got giving circles and I think that whole kind of collective giving movement is a really great way to engage people in giving and then also kind of create kind of community connection and cohesiveness.

**DR ROBSON:** And so do you – is it a sort of place-based, location-based service that you offer or is it - - -

**MS LARK:** Yes. That's right. So I guess I would say with COVID we obviously went online and started – and were able to reach even more people, but we run events in major cities, but we also do them in smaller towns often in partnership with community foundations where it makes sense. So we've run about 15 in regional Victoria as well as New South Wales. We've got an event Wagga coming up in March and we've got one in Sydney and Melbourne coming up in March as well. So we would run anywhere from 10 to 15 of our events that way and then we also will help – I guess, participatory grant making is another place that I think has some potential. We've done a number of events with the primary health networks. So, in fact, in April we're doing two events with the Hunter New England and Central Coast where they're allocating funds that they have from the government to get it into youth-based suicide prevention programs and what we're doing is helping them engage the community and being part of that. So each community member who comes will have a certain amount of money that they can allocate. So, again, I think that's connecting people to the community, seeing the impact of the work ..... done, hearing about the issues that really are facing their community.

**DR ROBSON:** And then in terms of the motives that you see because you're, you know, observing giving in real-time almost, do you sort of notice anything about motivations for giving and also the extent to which when people give they're sort of interested in a particular impact or effectiveness or is it tied or untied or what do you see around those kinds of issues?

**MS LARK:** Yes. I think, you know, the thing that we believe makes kind of the – a group of people in the room together motivated to give, I think, is that kind of social contagion that happens is seeing other people do it and I think that public aspect is really, really important. I think for a lot of – we heavily emphasise the importance of storytelling, so being able to really be really specific about the – the end – the people that you're going to impact and what those funds will do and so we really do guide them on being really clear with their project with an impact and really kind of create that moment, so – and part of what that – our model does is then we make sure that they get a six month and a 12 month impact report, so that they know exactly how their funds are going to be used and that they also have the opportunity to connect with them. So we also encourage volunteer opportunities, skilled volunteering and other ways that they can connect after. So I think look, the motivation is often a combination of, one, give the opportunity in the room, hearing a story. I think that when they hear the stories they're emotionally connected to them and then the end thing is they can see the \$100, \$200, \$300 that they're going to give can go even further.

**DR ROBSON:** And what about Indigenous causes and – you know, do you have a particular focus on that or is – are you seeing or more or less of that in what you do?

**MS LARK:** Look, we have identified four issue areas to focus on for the next several years to try to kind of galvanise support in key areas and so one of those really important focus areas is First Nations.

**DR ROBSON:** Yes.

**MS LARK:** And we are in conversations with a number of our alumni, so like First Australians Capital, Ganbina, Ngarrimili that work in that space to kind of say what aspects of the TFN model could be useful in a First Nations space specifically to help build the practice of philanthropy, access and community and that and the same time how can we get more of our donor base directed and specifically funding First Nations business. So, we will definitely have two events this year that will be specifically for First Nations enterprises, but every one of our events are open to First Nations businesses and it's my aim that everyone features a First Nations - - -

**DR ROBSON:** Right.

**MS LARK:** - - - business. So, again, I think that's really important. I guess our model is such and what we've done with regional communities – and I think this, perhaps, plays well into the community – into the community foundation spaces – we do have a model where we share – where we share our model with regional communities so that they – because, again, they know their local community best. They know the people that – the best charities in that area. They also know the people that can potentially fund them so we are very much about sharing our model where it makes sense so that they can use it, so we've done that with a number of charity – with community foundations, but also looking at ways we might be able to do that in a First Nations space, again, is – can our model be used.

In the UK the – TFNs from the UK and they actually have supported the spinoff of a Black Funding Network and an Environmental Funding Network and we think that there is potential to do that – something similar here.

**DR ROBSON:** Okay. And do you have any views on our – we've got a recommendation around the setting up of a – you know, an Indigenous foundation which would be capitalised initially by government and then supported by philanthropy and led by and designed by Indigenous Australians. Do you have any views on that recommendation?

**MS LARK:** Yes. I think – in concept, I think it's a needed step. I think it's really important. I think you would probably find for some of the responses that you've received is very much how will that work and how do you make sure the decision is getting into the community. And so whether or not the mechanism of one overarching or if there is a way that you can get that in the community, I think that's the – the key, that kind of consultation process, which I'm sure would be important, but I do think having funds completely dedicated to that is – makes a lot of sense and I think for us, you know, we see – we see everyday Australians, we see corporate coming to the table and doing the match and I guess for us match funding is some – is a mechanism that we use frequently at our events to encourage other people to give and I think that that's a role that government could play where they're incentivising people that are already giving by showing that their investment can go even further with other support and I think the First Nations space and even broadly in grassroots giving is some place that could benefit.

**DR ROBSON:** Thank you. Krystian, do you - - -

**MR SEIBERT:** Yes. Just going back to the DGR system, and I saw that sort of your structure is you're a public benevolent institution.

**MS LARK:** Yes.

**MR SEIBERT:** And – and then that – and that has flow-on effects in terms of the organisations that can apply to participate in your events. So was that a deliberate choice as in, we want to focus on relief of poverty and disadvantage? Was it driven by wanting to focus on that or was it driven by sort of the constraints that exist in the current DGR system? Because I understand at the moment if say an organisation that's working to, you know, in the environment wouldn't be eligible - - -

**MS LARK:** That's correct.

**MR SEIBERT:** - - - to participate in your events, whereas – I just looked up The Funding Network in the UK. They have environment organisations - - -

**MS LARK:** Yes.

**MR SEIBERT:** - - - that can participate there. So, yes, what drove the choice of structure and was it linked to the DGR system as it stands?

**MS LARK:** Yes, I'm sure – I'm quite sure it would have been linked heavily to the DGR system. That said, I do think we can have the greatest impact by focusing on organisations that are delivering relief to people experiencing disadvantage. So, we're very passionate about that. I guess, we're very much about the capacity building of the grassroots charities and making sure they have access to the tools and resources that they need to thrive. So look, I do think that the DGR constraints are an ongoing issue that we hear about from a lot of the charities that might pitch and a lot of the ones that we have to say no to. Again, you know, we would push environmental programs, any First Nations programs that might have an environmental impact to make sure that they're talking about the human component of that and, again, I think we're going to continue to see more and more of that be relevant but – yes. I mean, I think it is, you know, us having the PBI designation has been important for us and allowed us to support more charities, but I do think it – you know, there are certainly limitations that it brings.

**MR SEIBERT:** And those organisations that approach you with interest and you have to turn them away because of the DGR system, like, could you – what type of organisations are they and what sort of – yes. Would you expand upon some of that – that sort of – those sorts of things.

**MS LARK:** Yes. I mean, I would say – look, we would say that ..... TFN ..... on the project that they're pitching and that the project that they're pitching has to have a clear PBI benefit. And so I guess our feedback to them is always very much about thinking about that as it relates to their program and I do think, look, there aren't – those that do not have that PBI focus, it is a real challenge for them. I mean, we are able to – because we're a granting organisation ourselves, we have a lot of flexibility there, but it does make it really difficult and there are so many amazing organisations out there that when you're ..... with one that very clearly has a strong PBI and one that doesn't, then it's much safer or easier for us to focus on the one that is – has the clear PBI.

**MR SEIBERT:** Yes, Julie.

**MS ABRAMSON:** Thank you. I wanted to ask a couple of questions. You've got really interesting data in your original submission about the profiles of TFN donors and I was interested if you thought that the – that that had changed over time and the reasons and the motivations – as you know, we've got a whole chapter on that - - -

**MS LARK:** Yes.

**MS ABRAMSON:** - - - is changing and I suppose the background to that is that we know that young people particularly like to give to a cause as opposed to what we might call a traditional charity, so being in the space, I'm interested in your perspectives on that.

**MS LARK:** Yes. I mean, it has been real – and I guess one of the things I even reacted to in the – in the paper was the idea of philanthropy being the domain of the wealthy and I think that we definitely see a younger demographic really interested in giving but you're right, they have slightly different motivations and so for us, we've also been mindful for that. When TFN started off we used to say there was a minimum pledge of \$100.

**DR ROBSON:** Yes

**MS LARK:** And we – and it was a very public – you had to raise your hand. You had to yell out the amount and it made some people uncomfortable and at the same time it maybe didn't lend those who wanted to give less and so we've been really fortunate. I think COVID on the positive side by going online, by allowing us to reach more people that aren't necessarily in the city on any given day has giving us lots of opportunity to experiment with things and so one thing we've done is removed the minimum pledge of \$100 and we've also introduced technology and mobile pledging so that people can pledge in whatever way they may – feels best to them and, interestingly, I think we thought originally going in that the people that would use the mobile pledging would be young, obviously, but then also would perhaps be doing smaller amounts and we've actually seen it on both sides of it.

So I think the first event we did it was at the Social Enterprise World Forum. We did an event there and so we had people remote and in a room, etcetera, and we thought we'll see if people will pledge via mobile and I had transactions as large as \$15,000 being pledged online and then you also had people giving smaller amounts and I think the thing that is true at all of our events is that we often have people giving that work in the sector. All right. They're already giving – you know, they're giving 20, 30, 40, 50 dollars and the promise of TFN and all these collective movements is that my \$20 with your \$20 with someone else's \$100 with someone else's \$1000 all have this impact and so I think the technology is going to allow us to reach more people. We have done two Giving Heroes events which were completely geared towards kids and about them being able to give their pocket money and I would say some of those have been the most beautiful events that we've had. Right. They were young kids that did chores around the house. They might have done something in their ..... group or they were pledging 20, 30 – you know, \$25 is very, very accessible and I think that's something that has been absolutely brilliant and I do think that that nurturing giving at a early age is going to be essential for us to not be solving the problems now but in 20 years.

I look at myself. My whole focus on giving was certainly embedded in me from a young age and I think the more that we're providing kids those opportunities now, they're – we already see them wanting to do the gold coin donations at school and drive all that forward, but turning them into philanthropists or, like, say givers because I don't think philanthropy feels very accessible to everyone, but that anyone can give and that – and even through our research for that we saw that they don't just want to give money. They want to volunteer their time. They want to be doing things that have a tangible impact. So we – one of the organisations we funded through that was Eat Up. Well, the idea that they could go and make a sandwich that's going to go to a kid who doesn't have - - -

**MS ABRAMSON:** Yes.

**MS LARK:** - - - a school meal, that's really attaching to them what it means to give, that they can give money to make those sandwiches passable, but they can also sit down and make sandwiches and I think the more we can provide those attached volunteering opportunities along with the giving opportunities is going to be really key.

**MS ABRAMSON:** Could I ask you a bit about the technology because it's very interesting that you had people giving mobile pledges because we've also heard from some of the more traditional charities that a lot of people who give to them give by cheque and the government is phasing out cheques, so I'm just wondering and we've heard evidence that older Australians – although the definition of older Australians now ..... think that that's old, but that they were reluctant to use internet banking, to have a mobile phone, but the evidence you've given us is that in certain cohorts you said you had people from both ends of the spectrum. So what's your experience and do you have any ideas about how we can get people more comfortable with online giving?

**MS LARK:** Yes. I mean, I think for us the mechanism and the – how we pledge in the room is – is at the moment separate to fulfilling your pledge, but the fulfil – people always also then ask about people fulfilling the pledge and I'm pleased to say that everyone – almost everyone does fulfil their pledge, but online we provide – and I guess that's one of the roles that TFN plays, that instead of you going to an event and you going and making payments at three different charities that you don't really know you can come – you come to the TFN website. I mean, we give people multiple options so they can - - -

**MS ABRAMSON:** Yes.

**MS LARK:** - - - they can pay via credit card, they can also request a - - -

**MS ABRAMSON:** I will just interrupt you one moment.

**MS LARK:** Yes.

**MS ABRAMSON:** They have to be online to start with.

**MS LARK:** Yes.

**MS ABRAMSON:** Yes.



**MS LARK:** Yes. So they have to do it – now, they can also – the other thing is they can create an invoice and I guess sometimes we’ve done that before and that’s often the case with people who are sometimes paying from a path or other mechanism where they’ve - - -

**MS ABRAMSON:** Yes.

**MS LARK:** - - - come and they’ve pledged and then they need to – and then they want to, you know, pay via bank transfer, bill pay, etcetera. But – yes. I would say we’ve never accepted cheques as far – as far as I know. I’d say most people – and, again, we’re not doing direct mail, we’re not – you know, we reach people in a different way, but from our perspective, that mobile – I think that, ultimately, many of our donors would prefer to fulfil right from their phone immediately and even with the QR code, I’d say, again, another COVID thing that taught us all, really comfortable with a QR code. So for us it’s been really easy even after the event to just have a QR code to allow people to go directly to the page to fulfil a pledge. So we’re seeing a lot more comfort with that, I’d say, and I – again, I think to attract a younger demographic you’ve got to be able to have all of those things work and have them work effectively.

**MS ABRAMSON:** Thank you. The other questions I wanted to ask you and you may not have a view about this but is the publicly available information on the ACNC website. Do you have any views about the type of information because you’re matching - - -

**MS LARK:** Yes.

**MS ABRAMSON:** - - - donors?

**MS LARK:** I would say we – we – we use it as well. So when we do our open call for applications and then we – then we shortlist to six, we go and we verify the information on the ACNC and we check that everything’s up to date and if anything – you know, we – those are – that’s one of the many steps that we go through. I think – yes. And I do find that I also would go in and access information on the annual charities report to look how that information is. I guess, for me one thing that I often have to have double calculated and checked – and I had – I had ..... double-check it for me is one stat that I frequently cite which has to be calculated is that, you know, 94 per cent of all donations in Australia go to the largest 10 per cent of charities and that 98 per cent of government funding goes to those classified as large, extra large. So I think for – it probably opens a lot of – for me those stats are daunting, but then also show the potential if we can find better ways and easier ways for people to give to smaller charities.

**MS ABRAMSON:** Do you think though – is there any – given that you’re a user of the website, is there additional information that you think should be publicly disclosed or available? You can take that on notice - - -

**MS LARK:** Yes.

**MS ABRAMSON:** - - - if it’s easier for you.

**MS LARK:** No. I’ll – I’ll think about it. It’s interesting because I guess you have to weigh up the – the – the – the challenges - - -

**MS ABRAMSON:** The cost of ..... yes.

**MS LARK:** - - - of having to update it. Right.

**MS ABRAMSON:** Yes.

**MS LARK:** And I guess this is where the – those lack of resources for so many charities come in and I think the more that the information can be universally available and applied and much like, you know, if you look at some of the fundraising and the multiple state - - -

**MS ABRAMSON:** Yes.

**MS LARK:** - - - compliance, etcetera, and I think the more – if the ACNC can be the one place that you update all information, then I think that provides a mechanism that's much easier for grassroots charities to - - -

**MS ABRAMSON:** Can I ask one follow-up and then I promise I'll stop, Alex – one follow-up question about fundraising, which you just raised and I probably should know the answer, so I apologise that I don't. You are getting – matching funds. So you're doing it from different states. So is there a fundraising issue for you or because you're not directly the fundraiser it's not such an issue?

**MS LARK:** Look, there's far more – we primarily do events in Victoria, New South Wales - - -

**MS ABRAMSON:** So you comply with the - - -

**MS LARK:** - - - and Queensland, so we - - -

**MS ABRAMSON:** - - - laws of that jurisdiction.

**MS LARK:** - - - comply with the individual state - - -

**MS ABRAMSON:** Yes.

**MS LARK:** - - - pieces and there's been more – more of a line between that once you've got the one - - -

**MS ABRAMSON:** Yes.

**MS LARK:** You've got – so it's less of us having to go back and being, like, are we up-to-date in Queensland, etcetera?

**MS ABRAMSON:** Yes.

**MS LARK:** Because they are, you know, extending it as long as you're up-to-date with the ACNC.

**MS ABRAMSON:** Yes.

**MS LARK:** But I think it is something that is daunting to kind of figure out, making sure you're compliant with the right things. Even, you know, when we thought of doing – you know, trying to do some other ways of fundraising, it starts to kind of raise - - -

**MS ABRAMSON:** Yes.

**MS LARK:** - - - questions even for us. So it is complicated and I think for most grassroots organisations it'd be ignorance rather than - - -

**MS ABRAMSON:** Yes.

**MS LARK:** - - - a blatant disregard and lack of kind of understanding and lack of finding the right answers. Right. Like, it's not as readily available of how to do that. So I think those are the kind of education pieces that I think would be beneficial to charities.

**MS ABRAMSON:** Thank you.

**MS LARK:** Yes.

**MS ABRAMSON:** Thank you very much.

**DR ROBSON:** I just had a couple of questions and it strikes me that you're in a unique position because you do get to observe donors behaving whereas we get data and we – numbers, but we don't really see what's going on, so I just had a couple of questions around that. I mean, do you tend to see people donating to more than one charity or do they focus their money into just a single charity and then that's it .....

**MS LARK:** Yes. I would say at our events most of them pledge to multiple.

**DR ROBSON:** Okay. Interesting.

**MS LARK:** And I think that that's a – that's probably a differentiator between TFN and some of the other models because there isn't a winner.

**DR ROBSON:** Yes.

**MS LARK:** The goal is to fund for all three of them and it's - - -

**DR ROBSON:** Yes.

**MS LARK:** - - - an interesting – look our – now that we're doing more of that mobile piece, we have a better look at our data and then the analytics of that. It's been very interesting to see – we see a unique thing happen in the audience, that real sense of fairness and wanting them to be equal, so we actually that the totals raised tend to equalise. We do put the matched funding in equally. We did something in the last kind of 12 months and I've actually asked the data analytics firm that's helped us with this to do some more digging on this because I think it is interesting to point out, we used to kind of do – we'd raise funds for one, two and then three and then we would come back and do a – and we'd do a come back and do a separate round and then recently in the second round we've started showing all three of them at the same time. So it used to be we'd hide them so you could only see the one you were on and now that we've started showing all three of them at the same time and now we can actually add money to any of them at any time we're actually seeing the totals going up for all three.

So I think we used to – the third one, for whatever reason, would always feel like it raised more than all the other ones because they were last and you got the final one and now we’re seeing that the audience doesn’t want – wants them to have a sense of fairness and equality and we think it’s raising the total raised for everyone and bringing – and giving people – at the end – we have been fortunate to have donors come in and say, “You know what?” I’ll give an extra two to this one, three to that, you know, and really even them out. So look, I think there’s some – I think there could be some really interested behavioural economics stuff to look at about what happens in that – in those rooms that get people to do that and, again, we see it happen – I mean, we’ve seen it happen 150 – 150 times where the group together, their desire to have an impact, they really do come together and influence the outcome. So I think there’s some interesting things at play and I guess that’s why we are showing that when you get people in the room, you educate them about the issues and you give them an opportunity to help, that they step up to the plate and so how we can take that and expand it, I think, is – is – is really interesting and something that I think could have a real impact.

**DR ROBSON:** And then do you sort of measure or monitor, you know, for want of a better word, I mean, I guess there’s one of measuring culture in the sense that, you know, are there people who turn up time after time and so they’ve got – it’s obviously something – you could call it cultural or it’s just a habit or – or – or and then the other aspect of it might be that, you know, person A turns up whenever person B does and so does little networks in there and that’s a form of culture as well. I know my neighbour’s going to go so I go. Do you sort of monitor that as well, those two effects?

**MS LARK:** We do, because we’re trying to kind of create – we obviously want people that are regular givers, but we also want to have givers, so - - -

**DR ROBSON:** Yes.

**MS LARK:** - - - we’re trying to kind of have a balance of that and even how we do the partnership. So we would have different partners for different events because it would reach out to new people. I think that some of the kind of people that are, you know, the larger givers who may – who have – would have funds, etcetera, they often would use TFN as their way for grassroots giving. So they kind of know the – let’s say they know the 10 charities that they’re passionate – they’re really into and they kind of come to TFN with an open mind to say, you know, it’s not realistic for me to go out and find which are the best grassroots organisations. So, if I come here, I know I’ve got a curated list - - -

**DR ROBSON:** Yes.

**MS LARK:** - - - focused on that and that’s often what we’re kind of doing with this theme. So we know if people are interested in – I should have said what the other theme was. Also, thriving young people is one of the themes, equity and inclusion, First Nations and the fourth one is local place-based. So those are more for the ones that are in local regional communities. I mean, I think that we believe that we’ll continue to see people that are specifically interested in that broad issue area but that also want exposure and access to grassroots organisations they wouldn’t otherwise - - -

**DR ROBSON:** Okay.

**MS LARK:** - - - have.

**DR ROBSON:** And one last one and then I'll go to Krystian. You mentioned the matched funding. So how does that work? How does that work exactly?

**MS LARK:** Yes. So we – before every event we try to get a corporate partner or a – or a philanthropist to put in what we call matched funding and so what happens on the night is that we will be able to say the first \$30,000 raised tonight will be matched thanks to - - -

**DR ROBSON:** Right.

**MS LARK:** - - - whoever it is and so what happens – and this is part of what gets the audience going – is you put in 100 but then it comes up 200 on the screen. It's this idea that your contribution is again being amplified is something that then we're doing it not just by the person next to you in the room doing it, but by the fact that someone's already put their hand forward and said that they'll match it.

**DR ROBSON:** And so that person who donates the 100, they would get a tax deduction for that 100 - - -

**MS LARK:** For that 100.

**DR ROBSON:** - - - and then they get the additional - - -

**MS LARK:** For the - - -

**DR ROBSON:** - - - subsidy, as it were, from - - -

**MS LARK:** Yes. And - - -

**DR ROBSON:** - - - from the matching.

**MS LARK:** - - - they benefit - - -

**DR ROBSON:** Yes.

**MS LARK:** - - - from the fact that they know that their - - -

**DR ROBSON:** Yes.

**MS LARK:** - - - 100 is getting someone else to.

**DR ROBSON:** Yes.

**MS LARK:** I guess the other phenomenon that happens at our events is that we often have someone who will – we encourage creative challenges. So you may have someone that will be, like, "I'll pledge \$100 if three other people that are I'll say fans of the Kansas City Chiefs," - - -

**DR ROBSON:** Yes.

**MS LARK:** - - - "pledge \$100," or, "I'll pledge \$300 because I grew up in Wagga," blah, blah, blah, "if anyone else who grew up in Wagga will match me," and so you get the – you know,

obviously, it's a – the audience gets to decide that they'll match that. Sometimes people will say, "I'll match the next four pledges that are given."

**DR ROBSON:** Yes.

**MS LARK:** Right. So - - -

**DR ROBSON:** Yes.

**MS LARK:** And so those types of incentives we find, again, get everyone kind of in the, you know, as they say, gamify, making it fun - - -

**DR ROBSON:** Yes.

**MS LARK:** - - - creating that kind of piece and another piece is that connection and those relationships ..... they'll meet someone in the room and connect with them and after and we then try to also have opportunities for people to connect many – we have many – many organisations who have pitched will say the funds that we raised on the night were amazing, but the game changer for us was that, you know, I actually might – the person who's come on to become my board chair I met in the room or now our largest funder was someone who might have – who gave us – you know, might have given us \$1000 at that event, but now they've gone on and have now become our major and those are the types - - -

**DR ROBSON:** Yes.

**MS LARK:** - - - of things that we're trying to really make happen.

**DR ROBSON:** Okay. Krystian .....

**MR SEIBERT:** Your core operations, are they funded through sort of philanthropic partners or how do you cover them? Because we're interested in, obviously, sort of, yes, the different forms of support that ..... we can provide. We heard sort of in submissions - - -

**MS LARK:** Yes.

**MR SEIBERT:** - - - and our earlier consultations - - -

**MS LARK:** Yes.

**MR SEIBERT:** - - - about the importance of general operating support, that sort of thing.

**MS LARK:** It's very – I would say ..... are very expensive to run and it's very – and it's a big part of what we do. So 70 per cent of our – of our operating costs are funded by philanthropy and then 30 per cent are kind of on a – are for our fee for service. So we – we actually now offer our model to larger charities, corporates. We also offer our pitch coaching. So, again, look, I think, you know, in a perfect world you'd have a day that some day that would pay for, but I don't think that's a realistic expectation. It's probably worth noting that for our events the model is based on us retaining 10 per cent of the funds raised at each event, but as I often point out, that 10 per cent of the funds raised covers roughly 10 per cent of our costs. So, you know, it's an interesting quandary to kind of say is it even worth doing the 10 per cent because it gives a sense that it's paying for that, but for us the event is one point in time but the whole kind of ongoing

selection process and then for us the ongoing alumni program that we provide all the charities is a – is a costly but essential part of what we do, so it is a – it is a problem. Yes.

**MR SEIBERT:** Because your – the participants in your event, what are their attitudes to, you know, paying what it takes to administration costs, overhead costs? Because, yes, we've heard that there can be different views from donors about that.

**MS LARK:** Yes.

**MR SEIBERT:** But, yes, what are their views generally sort of around that?

**MS LARK:** Look, I think conceptually they – they get – get the idea, but I think they get very much about what the impact is of this program in the stars and I do think there is a big education piece. You know, we – we hosted the initial screenings of UnCharitable with social impact hub for that reason with the ..... piece that you might have already been hearing about because I think it is really difficult for people to get their heads around that and our 10<sup>th</sup> anniversary event for the time TFN actually pitched because, you know, we needed to kind of demonstrate that the cost of doing this is really expensive and I think, you know, the ongoing challenge that we're going to continue to have is that, you know, if you want the best people to work in the sector, they need to be paid - - -

**MR SEIBERT:** Yes.

**MS LARK:** - - - and they need to be able to invest in marketing and they need to be able to invest in fundraising, they need to invest in those tools and I think it's a – it's a real concern.

**MR SEIBERT:** So even amongst your participants which obviously have – probably have more of an engagement with giving because they're at one of these - - -

**MS LARK:** Yes.

**MR SEIBERT:** - - - events, if you had a pitch for general operating support for charity ABC versus a specific project that charity ABC is doing, which one would do better, you know, in this very general - - -

**MS LARK:** The specific - - -

**MR SEIBERT:** The - - -

**MS LARK:** The specific project with that.

**MR SEIBERT:** So even amongst people who are very engaged, they don't – there is still a reluctance to fund general operating support - - -

**MS LARK:** Absolutely.

**MR SEIBERT:** - - - for charities operating in a particular - - -

**MS LARK:** Yes.

**MR SEIBERT:** ..... area.

**MS LARK:** I would say that's absolutely true. Yes.

**MR SEIBERT:** And do you play a role sort of trying to educate around that - - -

**MS LARK:** Yes, no, it - - -

**MR SEIBERT:** - - - and change those mindsets?

**MS LARK:** It's a big focus for us to try to help that become clear and I guess, for us too, we work really hard because we spend a lot of time helping the charity - their pitch - pitch effectively. A lot of it is having them talk about their impact in the - but finding a way to be telling the story that their work makes possible and I think so much of that is important to try - try to push them. Not - not - don't put a new project on just to get this funding because we're in this perpetual cycle of funding the new project but never getting the core operations were funding and for us that's a lot of why TFNs changed our model or is shifting our model to be more theme-based so that we can go for more funding even for ourselves around key issue areas because the - more and more organisations are narrowing what they'll - what they'll - what they'll fund and it is a - a real problem and I think you're going to see intermediaries squeezed because of the - the intensive nature and the - the costliness of what they do. Yes.

**DR ROBSON:** Thank you. Do you have any more questions?

**MR SEIBERT:** No.

**DR ROBSON:** That's it. Thank you very much for - - -

**MS ABRAMSON:** Thank you.

**MS LARK:** Thank you.

**DR ROBSON:** - - - coming along.

**MR SEIBERT:** That's really helpful. Yes, it was good.

**MS LARK:** I appreciate it.

**DR ROBSON:** Okay.

**MS ABRAMSON:** Hopefully, things improve at the Super Bowl for you.

**DR ROBSON:** So we've got another quick break and we'll come back at 2.30.

**ADJOURNED**

**[2.08 pm]**

**RESUMED**

**[2.29 pm]**



**DR ROBSON:** Okay. We will get started again. So if you could just state your name and the organisation that you're from and then if you would like to make an opening statement we would be happy to hear from you.

**DR C. DUNCAN:** Sure.

**DR ROBSON:** And then we will get into the questions.

**DR DUNCAN:** My name's Chris or Christopher Duncan and I'm the chief executive officer of the Association of Heads of Independent Schools and our national office is located in Canberra.

**DR ROBSON:** Yes.

**DR DUNCAN:** Five simple points to our submission, I think. Firstly, I just want to convey our appreciation to the commission for being able to make a contribution to the discourse on philanthropy review. Not surprisingly, we're particularly interested in education and the relationship with philanthropy and education. We expressed our reservations about the efficacy of eliminating the deductible gift recipient status from school building funds. We argued there's unprecedented demand for schooling. We have a surge in the school age population. Government schools are having trouble meeting that demand and there is also an elevated demand for – particularly for low-fee independent schools that serve the outer metropolitan parts of our big cities and regional Australia.

For example, I was principal of a school called Lindisfarne which is in the Tweed Valley in northern New South Wales, right on the Queensland border. I was principal there for 10 years. We had 1000 students in northern New South Wales. That school now has 1900 students. That's about eight years later. So there is the sort of value proposition attached to these lower fee independent schools that so-called working families, I think, find valuable. So the general increase in population, particularly in school age population, and fuelled by, I think, the demand for independent schooling and the lack of the State's capacity to really keep up with the demand for government schooling.

Say, for example, on the lower north shore in Sydney, you know, Chatswood Primary School, I think, was designed for 500 students. It has got 1200 students. So in that sense there is sort of a strong need for schools, particularly independent schools, to try and retain their building funds and the DGR status attached to them because we believe that's an efficient way for the government to make a contribution and supplement capital development within independent schools. It calls for more direct funding mechanisms, but we would argue that would probably involve the government in a lot more dollars and it also puts the onus back on schools really to raise that money in the first place. And, of course, having a tax deductibility is an incentive to raise that money.

The other thing pointed out in the submission, I just want to refer to the diversity of the non-government school sector. There is a predominant view, mainly in the media, that all independent schools are rich, wealthy, exclusive, over-funded and so on. Those schools represent about 11 per cent of the sector. I'm talking about schools that have views of Sydney Harbour and views of the Swan River, you know, from Peppermint Grove or Mosman Park in Perth but they represent 11 per cent of the sector and in our submission we quoted some data there from the Independent Schools Australia showing the distribution of parents' capacity to pay.

That's the formula on which independent schools or non-government schools have their recurrent funding. The socio-economic distribution of parents in independent schools, not just non-government schools but independent schools, is not that dissimilar from the socio-economic distribution of parents in government schools. There are some interesting parallels there and I refer to the diversity of the sector in terms of the sorts of schools where you have – you have Islamic schools, you have Anglican schools, the Montessori, Steiner, special assistance schools and so on and just refer to the diversity of the sector, just to try and get a clearer message across that doesn't come across in the media because of their addiction to unflattering stories about lavish private schools and overpaid principals just to try to convey the picture that there's a great deal more diversity in the sector than is commonly realised.

And the other thing, and I would sort of beg the commission's indulgence, it was just really a reflection on the connections between the commission's significant interest in school reform and the review of the National School Reform Agreement and its interest in philanthropy and I think there are some interesting dots that could be joined. And I appreciate these inquiries have got very clear terms of reference and so on, they've got to work to keep within their lanes, as it were, and I reference the Australian Values Education Program which was run here between 2003-2010, significant pieces of research, academic research, and practice-based research in schools, which privileged values education and values pedagogy over academic outcomes and it drew some really interesting connections between what it called the moral ambience of the school and academic diligence.

And I've subsequently done a PhD on that connection, looking at some neuroscientific evidence around that connection, and I refer to the fact that there's a very predominant paradigm at the moment that schooling is all about the economy. It's about national prosperity, about the economy, and there's nothing wrong with that but the old idea, an enduring idea that schooling was basically a moral practice, a moral enterprise, and it's within that sort of moral ambit, so that I'm not pushing any particular moral point of view, but we're talking about having students' sense of being, you know, taught to think democratically, to be able to think in terms of moral reasoning and so on, that these things make – these sorts of atmospheres in schools make a difference to academic achievement and it's that sort of moral ambience of the school and, as I said, I don't want to overplay the point.

But, as I said, I just think there are some interesting connections to be drawn between schooling and philanthropy and that philanthropy, if we really want to embed it in the community, it begins in schools and around the way schools are run, the relationships among students, the relationships among staff, the student/teacher relationships. The relational nature of school, I think, has a tremendous impact on that sense of giving and what I talk about, values-based schooling, it's fundamentally schooling as a philanthropic act. As I said, I appreciate the terms of reference for these separate inquiries, but I think from the – it was just a connection I think that, from our point of view, was a very obvious one and I thought worth bringing to the commission's attention.

And I know it's a little off-track in terms of the core part of the inquiry into philanthropy and how philanthropy can be enhanced in a community, but we're a schooling – we're a school leadership organisation and we wanted to sort of contextualise philanthropy within the context of school. So, look, I will stop there.

**DR ROBSON:** Thank you very much, **DR DUNCAN**. So lots to talk about there. I might start obviously on school building funds. So the view we took in our report is we think there's a clear role for government to support school infrastructure. At the same time, we were asked to look at DGR and, you know, it's fair to say if you take a look at the report we came to that topic and found that over its hundred year development it was very messy in terms of its policy rationale and underpinning and where it was heading and that – the principles that underpinned it. So we came up with three principles and then applied it.

So I might get you to, if you could – and we will get to the issues you talked about because I think they're really important but what are the three principles that we talked about, you know, the – and it's applying DGR to activities rather than entities. So the first one is there's a role for government support. The second one is that, you know, subsidising philanthropy is a good way of providing that support and the third one was around nexus between a donor and the recipient. So I wonder if I could ask your view on those principles and is it more that you – if you agree with the principles but disagree with the application or you think the principles are wrong. Where do you sit on that – those sort of questions?

**DR DUNCAN:** Well, look, I guess the overriding question – I mean, governments have provided a lot of support for non-government schools for a long time. That support has been predominantly support for a current spending but the amount of capital that governments have provided is relatively small, and this is State and Federal governments, for building projects and they've always been targeted to low-fee schools with – in parents in low socio-economic areas. So if you're a school in Sydney Harbour you will never get a capital grant from the government. So I suppose the question is, you know, what is the most efficacious way for governments to make a contribution to the capital development.

**MS ABRAMSON:** Could I just pick you up on one point there.

**DR DUNCAN:** Sure.

**MS ABRAMSON:** I'm sorry to interrupt but I think there were grants, weren't there, under the school building – the Gillard fund. I think that there were grants given to schools for facilities.

**DR DUNCAN:** Yes. That was the Kevin and Julia – yes. That was the - - -

**MS ABRAMSON:** But you would say that runs against the - - -

**DR DUNCAN:** No. Well, that was pretty much a one-off thing.

**MS ABRAMSON:** Yes.

**DR DUNCAN:** Because there was a very deliberate thing to inject capital into schools. This was following the global financial crisis around unemployment. So lots of schools got new science laboratories. There was a very specific injection.

**MS ABRAMSON:** Yes.

**DR DUNCAN:** And I can't think of the name of it. ....

**MS ABRAMSON:** No. No. That's fine.

**DR ROBSON:** Building the Education Revolution.

**DR DUNCAN:** Building the Education Revolution. That was very specific and I recall the school I was in at the time we had an extension of our library. But every school in Australia, government and non-government, received those capital funds. Yes. That's true. But the majority of capital, a little bit from the State, little bit from the Commonwealth, has always been directed to low-fee schools.

**MS ABRAMSON:** Yes. Understood.

**DR DUNCAN:** Yes. And, of course, that's perfectly reasonable, as it should be. So the government has always made that kind of contribution. I suppose the question is, which is the most efficacious way to do it. I guess we would argue with the DGR thing is that it does put onus back on the school to raise that money and it provides an incentive to donors. So, in that sense, it's not just a blanket grant. You know, the school has to do the work, in they do the philanthropic work, and there's a reward attached to it. I mean, the question is should every school be eligible for it or just some schools? And that's another question, I think.

**DR ROBSON:** Okay.

**DR DUNCAN:** Yes. About building funds.

**DR ROBSON:** Yes. We might explore that one a bit. So you mentioned low-fee schools and also with parents who have a relatively low capacity to pay.

**DR DUNCAN:** Yes.

**DR ROBSON:** And I guess the question there around DGR is that, well, if you've got a low capacity to pay you've probably got a lower income and therefore, you know, because of our progressive tax system, the incentive through DGR is then lower. And so I'm trying to unpack that in the sense that, yes, the way that DGR for school building funds is currently designed is the higher income you have, the more incentive you have and that's – you know, that's part of the sort of feature of it. But the bug or disadvantage of it is - - -

**DR DUNCAN:** Sure.

**DR ROBSON:** - - - that you've got a lower incentive and exactly the problem you're talking about. So we will get you to comment on that and then we can talk about those other issues.

**DR DUNCAN:** Yes. Look, I mean, I know it's very clear in your inquiry that, you know, the majority of giving, philanthropic giving, comes from higher income people. However, I would argue that – I mean, let's take, you know, Al-Faisal, which is a large Islamic school. It has a campus at Auburn, it's got a campus in Campbelltown. It has got 3500 students. This is one of the lowest SES schools. School fees are about \$2500 a year and that's based on parent's capacity to pay or capacity to contribute, the form that they used. So if that school has got a building fund, you know, a parent can make a contribution and get a tax deduction. I take your point that the incentive is not the same but a tax deduction – you know, for some – for a family earning \$50,000 a year and they contribute \$500 as building fund and they get, I don't know, a tax deduction \$200 or \$300 back, I mean, that's for them a significant amount of money I think. So the relativities, I think, are still there but I do take your point that there are lots of questions

around, you know, what's the best way to support – and I would argue the support for capital build is required mainly because of the surging school age population.

**DR ROBSON:** Yes. I mean, so a couple of points. Do you think – and I think you were trying to get at this is your view is that the DGR system for school building funds might be a bit more of a flexible way to do this rather than government grant?

**DR DUNCAN:** I think there's some options there to look at - - -

**DR ROBSON:** Yes.

**DR DUNCAN:** - - - rather than remove it. Some different ways in which it could be applied.

**DR ROBSON:** Yes.

**DR DUNCAN:** In a more re-distributive fashion.

**DR ROBSON:** Yes. So what about the idea of - - -

**DR DUNCAN:** I mean, don't tell the sector I represent that but - - -

**DR ROBSON:** It's on the record.

**DR DUNCAN:** That's all right.

**DR ROBSON:** But, yes, I mean I think that's worth exploring. So what about – I mean, we talked a little bit about, you know, the different marginal rates and so on and a person on higher income gets a – and nothing, you know, different values of dollars for different groups. I think that's a fair point but what about the idea of, you know, say, a different tax incentive where it could be a 30 per cent flat rate for everybody. So then someone who has got higher income they don't get to claim at 47 cents in the dollar, whereas a person on the 19 per cent nominal rate would get 30 per cent deduction and it would be capped. Like, is there different ways of designing it that you think could be more equitable?

**DR DUNCAN:** I think there are some interesting ideas. I mean, it's a bit like superannuation. It's like a flat 15 per cent on contributions and earnings.

**DR ROBSON:** Yes.

**DR DUNCAN:** There are contribution caps, of course.

**DR ROBSON:** Yes.

**DR DUNCAN:** So I think some of those ideas could have some interesting application in the way it's applied.

**DR ROBSON:** Yes.

**DR DUNCAN:** Because I think the basic premise is that it puts the onus back on the school to raise the money and it's not just a handout directly from government.

**DR ROBSON:** Yes.

**DR DUNCAN:** And if the way in which DGR is structured, structured perhaps in differential terms that you're suggesting, it's a really interesting proposition and I think it has got a fairness aspect to it that's really worth exploring.

**DR ROBSON:** And then what about – I think you mentioned, and correct me if I'm wrong, but you had a kind of an idea of not extending it to all schools so – is that what you were saying? Or - - -

**DR DUNCAN:** Well, that's – I think it's an option that has to be there, you know.

**DR ROBSON:** Yes. And you would differentiate that onto revenue or size or location or something?

**DR DUNCAN:** Well, yes. I mean, you could run a system at exactly the way independent schools are funded for recurrent funding. There's a – you know, a model that's capacity to contribute and it's based on – you know, it's a redistributive model.

**DR ROBSON:** Yes. Okay. All right. Did you have any questions?

**MR SEIBERT:** Yes. Because I suppose we're looking at this issue from sort of the DGR system but we see it within the broader context - - -

**DR DUNCAN:** Yes. Yes.

**MR SEIBERT:** - - - that government are wanting to fund particular outcomes in the community and they can do that through direct funding. They can do that through incentivising, philanthropy, through the DGR system and we're trying to understand those connections and I think as Alex said that with the DGR system say there's a school in an established area that has got parents on higher incomes, their donations get effectively more government support indirectly because they're in a higher tax bracket, whereas, say the school in a growth corridor – and we specifically mention in the draft report on page 189 and 190 about, sort of, there could be – you know, schools in a growth corridor could have more need for government support. But if the incomes of the parents there are lower, they're getting less government support because the tax rates are lower.

**DR DUNCAN:** Yes.

**MR SEIBERT:** So I suppose there is an issue in terms of equity and simplicity there and I would be interested in your thoughts about that in terms of, you know, whether there's a way to kind of ensure that it delivers better outcomes overall for schools, noting that the DGR system, because it's dependent on parents making donations, the government has got less kind of control over where its funds go. That the first question. And just the second one, we've got some data in the report too which says that the donations to school building funds based on the analysis we're able to do, sort of 10 per cent of school entities, get about 80 per cent of total donations and, I mean, it's not necessarily going to be the same as that 11 per cent of those high fee schools that you mentioned in - - -

**DR DUNCAN:** Yes. Yes.

**MR SEIBERT:** But is there – could there be an issue that sort of there might be schools in growth areas in low income areas that need support but they don't get as much whereas the ones in other areas get more? So - - -

**DR DUNCAN:** Yes. Look, I think the option of what I think you're suggesting is a needs-based DGR, you know, could have some interesting application. If you look at the equity and fairness issue, that's predominantly where the need is in the growth corridors of our cities and our regions, particularly, in the independent schools sector.

**DR ROBSON:** Did you - - -

**MS ABRAMSON:** Yes. I've got a question which isn't quite about that aspect of the tax system but I wanted to ask about the link between DGR and volunteering because I know that a lot of independent schools do rely on volunteers in all sorts of forms and guises.

**DR DUNCAN:** Yes.

**MS ABRAMSON:** So we did hear evidence earlier today that the ability to train up volunteers for particular things, different context, was reliant on DGR. That was a proposition that was put to us. So I'm interested in two things. That link between DGR and volunteering, and also any observations you might like to make about volunteers and their use within the independent schools.

**DR DUNCAN:** Yes. I'm not sure of the direct connections between volunteers and schools and DGR.

**MS ABRAMSON:** That was in a religious education context of people going into schools to deliver those services.

**DR DUNCAN:** I mean, look, there is lots of volunteering goes on in all schools but in independent schools, I mean, you will have volunteers, people coming to work in school canteens, people working in reading programs is, particularly in – schools have big programs around supporting students with various learning needs, lots and lots of parents coming into the school as volunteers to do a whole range of things, volunteers on excursions and so on and that's just the giving of people's time, often their expertise and so on. I'm not sure – and it's a question I haven't really thought about a lot but I'm trying to think what is the connection between that and contributions to school building funds? I'm not sure that they're connected at all but I have to – look, I have to take the question on notice and think about that a little bit more.

**MS ABRAMSON:** No. Absolutely.

**DR DUNCAN:** Yes.

**MS ABRAMSON:** No. Absolutely. And, as I said, that was put in the context of faith-based teaching within schools and the people who put those into the schools.

**DR DUNCAN:** Sure.

**MS ABRAMSON:** But in your position, you've just mentioned a range of things that volunteers do in schools. Have issues been raised with you about impediments to volunteering? Like, some of the rules that are required for - - -

**DR DUNCAN:** Yes. I mean, with the volunteers you've got to – schools have all got very strong policies around volunteering.

**MS ABRAMSON:** Yes.

**DR DUNCAN:** Around working with children checks, police checks.

**MS ABRAMSON:** Yes.

**DR DUNCAN:** The whole range, which is – and there's a particular classification for working with children checks for volunteers and so on because fundamentally working with children checks are employment related and they vary from State to State but fundamentally the same idea.

**MS ABRAMSON:** Do you see an issue, though, with the multiple – not having the regulations? We all understand why they have them but the way in which people have to implement them and having different regimes in different States?

**DR DUNCAN:** Yes. Look, I'm not sure the variability around the State is that critical. I mean, look, schools – modern schools, like every organisation, are full of compliance issues. We just deal with them.

**MS ABRAMSON:** Yes.

**DR DUNCAN:** I don't think it's a particular impediment to volunteering, it's just the way modern organisations have to be run. We have work and health and safety, child protection, all of those issues.

**MS ABRAMSON:** No. That's helpful.

**DR DUNCAN:** Yes.

**MS ABRAMSON:** Because in other industries we have heard that the things that are asked of volunteers is actually a big compliance burden and there are government programs that run against each other.

**DR DUNCAN:** Yes. Sure. Sure.

**MS ABRAMSON:** So the volunteering is not considered.

**DR DUNCAN:** Yes. I don't think it's a particular problem in schools.

**MS ABRAMSON:** That's fine. Yes. Thank you.

**DR DUNCAN:** Yes.



**MR SEIBERT:** Just following on a bit from my earlier questions and this is not that we have a view on this it's just to sort of explore these issues in a bit more detail and drawing on your submission around, sort of, the need particularly in, sort of – amongst low fee independent schools in less affluent communities, first of all, any data that you've got around where donations are going? Because we've got some data but any data that you've got around where they're going and to which schools would be very helpful for us. But then just to unpack that a bit further, do you think that hypothetically there could be some sort of an argument there for to, say, have if there is a view that government has a role supporting school infrastructure through the DGR system, that you have sort of arm's length entities that aren't necessarily attached to a particular school but they can – people can make donations to them. They get a tax deduction and then those donations are distributed based on need. So the schools in the growth areas have more need versus another school and obviously there are subjective judgments to be made there. But any comments that you might have about that?

**DR DUNCAN:** Yes. It seems like a very reasonable and sensible idea, that there is a body to administer this money and distribute it, you know, on a basis that has got some sound grounding to it, you know.

**MR SEIBERT:** Thanks.

**DR ROBSON:** Yes. Because I think the – I mean, the third principle that we outlined in our report is that, you know, we're concerned about the scenario where, you know, a parent donates a dollar directly into their own child's classroom - - -

**DR DUNCAN:** Yes.

**DR ROBSON:** - - - and then – which is great. That's fantastic. But then half of – you know, for a high income person, you know, other taxpayers are, effectively, subsidising half of that and so – and, you know, the question is, well, is that appropriate? Is it efficient? Is it a good use of public funds? And one way of, you know, still having tax deductibility and still having things based on need is that you sever that nexus between the public support and the recipient. Now, that's not going to be perfect but it's one thing that we've considered, so I guess that's where we're coming from with Krystian's question is that, you know, it's addressing this. Because, effectively, you know, if I'm a parent donating into my child's classroom, it's a donation but it's really I'm sort of donating to myself, you know, and the broad – my broader family. So there is that connection.

**DR DUNCAN:** Well, you're getting a discount I guess.

**DR ROBSON:** Yes. Yes.

**DR DUNCAN:** Well, I mean, so a discount in what sense?

**DR ROBSON:** Well, because then my fees could be lower.

**DR DUNCAN:** Yes. Yes. This is – well, it – sorry.

**DR ROBSON:** Go on. Continue. Please go on.

**DR DUNCAN:** There was an imputation, I think, in the inquiry that some people, by donating to building funds, were getting a bit of a discount off their school fees. Now, I just have never

seen evidence of that. In New South Wales it would be illegal with the section 83C of the Education Act which requires schools to be not-for-profit organisations and that would be seen to be subsidising parents and I was concerned in the report I think that imputation was reasonably clear that there was a bit of contra going on. That people were getting a discount for making a contribution. Now, as you know, the contributions to building funds are entirely voluntary and there can be, you know, no duress attached to them and I have just – I've worked in schools. You know, I've been a principal for 25 years, I've worked in schools all my life, I've never seen that happen.

**DR ROBSON:** And what about - - -

**DR DUNCAN:** And particularly in some States where – New South Wales where the legislation is really tough about ensuring schools are not-for-profit. That is, all the school's income and assets apply to the operation of the school, not to any other purpose, that that would be seen to be subsidising particular parents and it really can't happen under the legislation in New South Wales.

**DR ROBSON:** I appreciate that.

**DR DUNCAN:** And there are similar things in other States, but the New South Wales is a bit more – well, a lot more explicit about that. Yes.

**DR ROBSON:** I appreciate that for a direct but what about indirectly? I mean, because part of the concern we read in your submission is that by getting rid of DGR that fees would then increase. So, there is some degree of substitute, I guess, and that's what we're getting at. That, you know, indirectly there's – it would have implication for fees and so that's – that's part of this – what we're concerned about in one of the principles as well.

**DR DUNCAN:** Yes. Well, I mean, for capital, I mean, schools have got to – you know, they've got to – you know, donations. You know, capital raising, loans, so on, because – and it's really important too that – and the media never wants to get this, that recurrent funding cannot be used for building programs, for capital.

**DR ROBSON:** Yes.

**DR DUNCAN:** Now, that's really hard to tell certain people at The Age and The Sydney Morning Herald but – yes. So that we've got to be really clear about that but I don't quite see the discount. Okay. They're getting, you know, a very favourable tax deduction but they are making a contribution out of their own money. It's not required. So if they're donating \$10,000 and they get a – you know, a marginal tax rate of, you know, 47 or up, they're getting, you know, fifty – you know, \$5300 back.

**DR ROBSON:** Yes.

**DR DUNCAN:** There is still a contribution there. It is a gift, although it's, you know, a subsidised gift, I guess.

**DR ROBSON:** Yes. Do you have another question?

**MR SEIBERT:** Just on this because I suppose the reason we're asking this and why we have undertaken the analysis and the report is that generally there's a view that sort of – that, you know, with support through DGR that sort of private benefit has to be incidental rather than sort of substantive generally but I suppose I was just thinking of an example you gave earlier, I think, of an Islamic school in the suburbs somewhere.

**DR DUNCAN:** Yes. Yes.

**MR SEIBERT:** And parents pay fees but then – and I'm not trying to put words in your mouth but you can maybe sort of clarify what you said, but then they make a donation as well for the building fund and then it does mean that the fees don't have to be as high because the donations are covering the costs of the building. So it's that kind of indirect substitution that Alex might have been referring to but maybe you can unpack that example that you gave about that school sort of – yes.

**DR DUNCAN:** Yes. Well, I mean – yes. These State fees are \$3000 a year at this school. A parent makes a \$500 contribution, you know, to a school building fund and if they're on the lowest marginal tax rate, which has gone down to, what, 16 per cent now or 19 per cent.

**DR ROBSON:** 19.

**DR DUNCAN:** 19. You know, they get some benefit but the benefit is not huge but it's a benefit nonetheless and relative to the amount of money they can afford and the amount they've contributed I guess it's a benefit to them and a benefit to the school.

**MS ABRAMSON:** Just asking, if I could, a few questions because of your knowledge with the school building funds, are the donors mostly parents?

**DR DUNCAN:** Not always. No. Not always. You know, you look at significant donors, they could be grandparents often or they probably will bear some kind of relationship to the school.

**DR ROBSON:** Former students.

**MS ABRAMSON:** Former alumni.

**DR DUNCAN:** Yes. Harry Triguboff, you know, Meriton Apartments, has contributed significant amounts to Jewish schools. You know, he might have a grandchild at one of those schools, I don't know, but it's more of a community support in that – in that sense.

**MS ABRAMSON:** Do you also know how the money is allocated out of the school building funds? I guess that all of the schools have different ways of doing it but just, you know, as a general proposition?

**DR DUNCAN:** Well, the building fund will either have a charter or a, you know, memorandum of understanding or a constitution about how its funds are to be spent and it's very specifically that it can only be applied to capital works.

**MS ABRAMSON:** Yes.

**DR DUNCAN:** I mean, a couple of schools, you know, 20 years ago did the wrong thing using that money applied to recurrent expenditure, which is illegal and in breach of their terms of reference or their charter for the conduct of the building fund.

**MS ABRAMSON:** Thank you. And just a broad question. We know from our study that people give for a whole range of different reasons. Like, they have different motivations, so why is it that you think that the removal of DGR would affect people's ability to give? Would some of them not give anyway?

**DR DUNCAN:** Look, I think that's pretty evident. Yes. Yes. Yes. I mean, it's a gift. But, you know, it sounds a little crude but it's very much a taxpayer subsidised gift but a gift nonetheless and they are, you know, giving money and, in many cases, significant amounts of money, you know.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** Just one final question from me. Do you know from your members whether, sort of, schools have partnerships with other schools as well to sort of like, say, there might be a school in a particular area that has lots of resources and it partnered with another school but shares resources. You might be familiar in England and Wales, because of some changes there they had to charity laws, like a lot of independent schools there, which are confusingly called public schools, have partnerships with State schools, etcetera, to provide access to facilities and that sort of thing? Do you see that much amongst your members?

**DR DUNCAN:** Well, we've got school's insistence – some schools – so, for example, the Sydney Anglican Schools Corporation has got about 20, 21 schools, it's one corporate entity and each of the schools is a sub-committee of the corporate board. So that's a system. But basic partnerships and things are a big no no under the New South Wales not-for-profit legislation. If you – you cannot contribute money to another school. So, for example, you could have a school that was founded, an Islamic school that's set up, it's running, well, they want to set up a sister school. It's a different organisation. They cannot make a contribution to that school. We've had schools in the past got rapped over the knuckles because they lent another school a significant amount of money.

**MR SEIBERT:** Are they allowed to promote access to their facilities to the community? So I live near a school that has got a pool and everything like that and they can provide access to community groups and that sort of thing?

**DR DUNCAN:** Yes. Look, that's not a problem. Yes. There was an initial problem – with the New South Wales not-for-profit legislation, there was a problem about schools making their facilities available to the community because it was seen as income foregone, i.e., you let the little ballet group use the hall on Wednesday night, that school could be collecting rent, why is it subsidising the local ballet? Now, that all got sorted out.

**MS ABRAMSON:** Yes. That would always be the finance and tax people saying that.

**DR DUNCAN:** Yes.

**MS ABRAMSON:** No surprise there.

**DR DUNCAN:** But it was a problem in the legislation and when Rob Stokes was Education Minister here in New South Wales that got resolved but there were little quirks in the legislation like that. But that's the kind of example and under the Building Education Revolution as well, all of those school facilities were required to give – provide community use.

**MR SEIBERT:** That's really interesting. Any sort of follow-up information you could provide around, sort of, the changes that were made and – because that is - - -

**DR DUNCAN:** Yes. Yes. Well, it's very clear in the conditions and there's a 20 year thing attached to that BER, Building Education Revolution, funding. So if a school were to close, for example, within the 20 year period there's a proportion of that money that has to be returned but within the conditions of that, it was very clear that those schools – and Rudd made this very clear at the time, that those schools, the provisions of new libraries, you know, new science facilities or whatever the facilities were, had to be made available for public access.

**MR SEIBERT:** And how is that enforced, do you know? Is it - - -

**DR DUNCAN:** Look, I think if there's a request to a school to use the facilities, most schools will generally say yes. I mean, assuming all the compliance things are ticked and there's proper security and proper lighting and there's proper cleaning and all of those things associated with that.

**MR SEIBERT:** Okay.

**DR DUNCAN:** I don't think it's policed in a – you know, in a supervisory sense but yes.

**MR SEIBERT:** Yes. Okay.

**DR DUNCAN:** But schools generally, you know – well, I thought I referred to this in the submission. That sort of the community nature of schooling is really kind of critical and we've lost a bit of that in, I think, the language of modern education policy.

**MS ABRAMSON:** Can I just ask you, just a follow-up from what Krystian was talking about, I'm very concerned about compliance burdens but schools already make a very large amount of reporting to governments at various levels.

**DR DUNCAN:** Yes.

**MS ABRAMSON:** So if you had this requirement – say you went down that path and you said needed to be made available to community or whatever, you would be able to put something into the reporting mechanisms, I assume. Hypothetically.

**DR DUNCAN:** Well, yes. I think so. Yes. Look, I'm not quite sure of the best way to administer it but - - -

**MS ABRAMSON:** Yes.

**DR DUNCAN:** But, yes, there would be a process surely - - -

**MS ABRAMSON:** Yes.

**DR DUNCAN:** - - - that somebody could lodge a complaint that somebody made a reasonable request for access to the school facility. It was – you know, there could be grounds for denying, of course.

**MS ABRAMSON:** I was thinking slightly differently and this is a hypothetical.

**DR DUNCAN:** Sure.

**MS ABRAMSON:** We're just exploring an idea. But something like you could say in your reporting at whatever level that we offer these facilities for this portion of the year to so many people or whatever.

**DR DUNCAN:** Yes. Well, yes. I mean, schools get compliance reports everywhere.

**MS ABRAMSON:** I know.

**DR DUNCAN:** So – yes. I mean, yes.

**MS ABRAMSON:** I personally know that. Yes.

**DR DUNCAN:** Yes. Sure.

**MS ABRAMSON:** No. Thank you very much.

**DR DUNCAN:** Yes.

**DR ROBSON:** Thanks very much.

**DR DUNCAN:** Okay. No.

**DR ROBSON:** Yes. For your time. We really appreciate it.

**MS ABRAMSON:** Thank you.

**DR DUNCAN:** Thank you for the opportunity and good luck with the inquiry. I mean, it's a very worthwhile - - -

**MS ABRAMSON:** Thank you very much.

**DR DUNCAN:** A very worthwhile thing. So thanks for the opportunity to add to the discourse.

**DR ROBSON:** Thank you.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thanks. Really appreciate it. We will have another break and come back at 3.30.

**ADJOURNED**

**[3.05 pm]**

**RESUMED**

**[3.31 pm]**

**DR ROBSON:** Okay. We'll get started again. So thank you very much for coming along. If you could please, for the record, state your name and the organisation that you're from, and then if you'd like to make an opening statement, we're happy to hear that and then we will get into the questions. So thank you for coming.

**MS S. ASHTON:** Thank you.

**DR ROBSON:** Welcome.

**MR S. BARTLETT:** Thank you very much .....

**MS ASHTON:** Thank you so much.

**MR BARTLETT:** Yes. So I'm Steve Bartlett and I serve as Director of Ministries with NSW and ACT Baptist Association: basically, a network of 350 or so churches, and also welfare and other organisations that are part of that movement in New South Wales, and so I lead the state team. And Shelley is part of my staff.

**MS ASHTON:** Yes, so I'm on staff as the SRE representative for the Baptist Association and help authorise and train teachers in Baptist churches across New South Wales.

**DR ROBSON:** Would you like to make an opening statement or not?

**MR BARTLETT:** Yes, I - - -

**DR ROBSON:** Yes.

**MR BARTLETT:** If that's okay. Yes.

**DR ROBSON:** Please go ahead.

**MR BARTLETT:** Thank you.

**DR ROBSON:** Yes.

**MR BARTLETT:** Yes. Thank you and really appreciate the opportunity to present some thoughts to you, and you will have seen from our submission that it's brief and it's focused in a couple of main areas, so I will just focus my attention on those things briefly. First of all is – I will come to SRE in a moment, but first of all, the issue of the basic religious charities and the recommendation in the report of the removal of the exemption around the BRCs. And I guess for us in particular, we would have some concerns around that.

The – I think of the 2018 review of the ACNC Act itself, which did first surface that whole idea of “perhaps that could be wound back”, and – but one of the very clear caveats to that, that was

in that review, was that the provisions that are currently in the ACNC Act for the Commission to suspend or remove or reappoint different responsible entities, responsible persons – essentially leaders or governance people – in BRCs would need to be removed if the BRC exemption was going to be removed, and that – like, we don't see that in the Productivity Commission's recommendations.

And I guess for us that presents some really fundamental questions around freedom of expression, knowing that persons who, you know, come together in community organisations to live out faith together do so in community, and part of that is the way that they elect those who will lead them, and for that to be potentially taken over by government is something that we are – we're quite uncomfortable about. And I think it's quite unprecedented, and probably is why the exemption has been there till this point in time.

And so we think of, you know, places in our own Constitution, section 116, where freedom of religion and of religious expression gathering is quite clear, and the – and some of the international treaties to which we're a part, which I've made reference to in the submission. So that is of concern for us. So that's out of recommendation 7.1. Then probably to make some comments into the SRE or the education space for a few minutes, so focusing in now on recommendation 6.1.

Let me make a comment first around the school building funds: a suggestion that the loss of DGR would happen for school building funds. We know that that would disproportionately impact our faith – the faith-based sector because most of the schools that would be impacted by that are faith-based schools. We know that the vast majority of capital expenditure is not provided by government for that very big sector; it's reliant on philanthropic support and so that is something we feel is quite a significant issue.

I guess, too, the – we saw a number of times in the draft report where there seems to be a wanting to be a case made around the possibility of private benefit, and we understand the importance of making sure that the DGRs aren't just funnelling into what otherwise provides private benefit. But we didn't see, really, any data or rationale within the report for the – that would substantiate that and our own sense would be that is not, in fact, what's happening. So we've got concerns around that.

The last piece is, of course, around SRE, which in New South Wales – special religious education. We realise that's not a national thing but it is a very significant thing in Sydney and for us, we do train and support literally hundreds of volunteer teachers who teach in our schools across the state, and we also supply one of the two leading national primary curricula, which we've just redone in the last couple of years and at significant expense. We provide it free or – sorry, there's no cost to schools to use it, and we – the provision of it in schools is by – when it's bought by churches or other organisations to allow it to be used.

So the significant hundreds and hundreds of thousands of dollars cost to do that would just not have been possible without DGR status. Now, most of this – most of that was raised through significant fundraisers who – they – who – sorry. Fundraising. A little bit of mum and dad stuff, but in large measure, people for whom the DGR was absolutely essential and that was the only way it was able to come off. But of course, that presumes that there's a public benefit for SRE and I realise that in some circles that's contested.



For us, we – I just would like to point to – and I’ve pointed to one lot of research by Gross and Rutland in my submission, which looks to the broader, very significant community benefits of SRE in terms of values education, in terms of protections around people understanding better the nuances of whatever it is that their faith is and how that might be best expressed in a vibrant and thick multicultural society.

And those are all broad community benefits that our schools and our broader communities benefit from. There are clear connections in the research between a thick understanding of your cultural identity and your religious identity, and mental health and wellbeing, especially amongst emerging generations. And SRE finds itself to be a – often a place that’s – a safe place for people who might be actually experiencing some pressure because of whatever particular belief it is that they’ve decided to adopt.

I also do note that, as we understand the report, that we also have ethics education in New South Wales, exactly – set up on exactly the same basis as SRE, and there’s no mention in the report that SEE, special education ethics, would have, under these proposals, its DGR removed, so thereby entrenching another inequity across our schools. I know Shelley – there’s - - -

**MS ASHTON:** Yes.

**MR BARTLETT:** Yes.

**MS ASHTON:** I mean, Steve has covered a fair bit of what I wanted to just reinforce, but I think just for me personally on the coalface of SRE, working with – for us, about 500 teachers across the state, knowing and hearing stories each week about the importance that SRE is placing on local communities, particularly during the COVID period. A number of churches – many faith communities were able to support schools during the lockdown period above and beyond their role as SRE, and even in the chaplaincy space as well.

And I hear quite regularly, through the training that I run, teachers giving me stories of where they’ve heard firsthand students have told them that they find SRE is the only safe place for them in the school context because they are dealing with bullying and vilification across the broader school community, and SRE is often the place that they can go and feel welcomed without judgment and have the opportunity to be able to explore what faith means for them in a personal way, and without pressure from the SRE teacher. And I think, as Steve said too, one of the key things for us is we have a number of people that donate towards the SRE in a number of different areas through training, like supporting SRE teachers in their training.

The vast majority of SRE teachers across the state are volunteers. They are not paid. We do have some paid, but the vast majority – so there are over 11,000 volunteers that go into schools across many faith groups and supporting SRE on a week-to-week basis, and people will donate towards the funding of resources. So teachers will be presenting curriculum, approved curriculum. That is at no cost to the Department of Education and that is fully funded through donations and other means. So that – I think that’s a really important thing to reiterate, what Steve said.

And I think also, just to highlight the fact that SRE is parent choice. It is something that parents make a decision for their children to attend and by doing so they recognise that faith learning is an important part of their overall development, and again, bringing in the wellbeing, mental health side of things, I think it’s important to understand that SRE does provide that and not just in the Christian context, which we’re representing, but all the faiths that come in and teach special religious education in New South Wales schools. So I

think removing the DGR is actually going to be detrimental in terms of the amount of people that – in the community that support SRE, both in providing funds towards training and also funds towards the curriculum that we provided at quite a significant reduction of cost to those that are using it.

**MR BARTLETT:** So I guess – probably just finally, we – we’re really supportive of the principle of looking at the whole sector and how it can be made simpler and, you know, equitable and more effective, all of that sort of stuff, and the work that’s done here around new areas that might be – yes, of philanthropy that might be able to be opened up to – we support all of that. But what we noticed, and I think it’s on page 9 and is the telling graph, that – and even on the – even in the main report, and I think it’s around page 200, that talks about the fact that the Commission doesn’t really expect that if these changes were coming to – or coming – going to come into effect, that there would be an enormous difference in the – in the total amount of philanthropy. It would just be a change in composition, which for us is problematic because we understood that the point of this was to see how we could raise philanthropy, not discourage some and encourage new philanthropy. We would support the encouragement of new philanthropy. Not at the expense of that which is currently there. Yes. Yes.

**DR ROBSON:** Thank you very much and thank you for those comments. So I guess that the outset, you know, we should just reiterate that – you know, it’s in the report and we said it this morning – that, you know, the Commission does recognise the valued role that religious organisations play in the Australian community and also the role that faith and value – religious values play in philanthropy, both in terms of donating as well as the charitable activities. So, you know – and as you said, Steve – sorry, if I can call you Steve. **MR BARTLETT.**

**MR BARTLETT:** No, that’s fine. Steve is fine.

**DR ROBSON:** You know, we were faced with this problem coming – well, the issue coming into this report was that, yes, the government has this goal of doubling giving by 2030, but when we looked at the DGR system, we found a system that was, you know, difficult to find a coherent policy rationale for them. It has been around for so many years; it’s not based on principles. So what we – the way we approached this was to develop some principles and then apply them, and so the – this is the result that you’re seeing, that we do take your comments on board and we’re keen to explore those with you. But I might just hand over to Krystian. He has some questions on BRCs and then we’ll get to special religious education and the - - -

**MR BARTLETT:** Okay.

**DR ROBSON:** - - - other issues that you raised.

**MR BARTLETT:** Good. All right.

**MR SEIBERT:** Yes. Thank you very much for taking the time to appear today and share your perspectives. Just on the basic religious charity exemption within the ACNC regulatory framework, is your main concern – and I have a copy of your submission, so thank you. Is your main concern that – about the power of the Commissioner of the ACNC to suspend, remove, appoint responsible persons? Is that the main concern, about the consequences of removing that exemption?

**MR BARTLETT:** Well, we, in our submission, noted a couple of different concerns, but that would be the highest concern we have. We get the appropriateness of reporting. We think there needs to be some really – there would need to be some really good thinking about what’s appropriate for, essentially, very small charities with limited – or limited administrated capacity and – yes. So we have questions in that area, but yes, it is fair to say that our in-principle sort of greatest difficulty is with that power. Yes.

**MR SEIBERT:** And I’ll come to reporting in a second, but just on that question about the power to remove the responsible persons: if there were steps taken to sort of limit that power, for example, under state regulation of charities – there has to be a court order, for example, to remove a director or a trustee, etcetera – so if there were sort of limitations placed on that, such as requiring a court order or something like that – it’s quite a high threshold – because at the moment there isn’t a requirement for that, would that go some way to addressing your concerns?

Or is it that you don’t see any reason why a responsible person should be able to be removed, even by a court – where there has been – because this is ultimately only going to apply where there has been sort of breach of governance standards. That sort of thing. So I note the comments around the – section 116 of the Constitution, but the interpretation of that provision in the Constitutional orders does allow the government to regulate entities to achieve legitimate public ends in terms of community interests and that – safety, that sort of thing. So yes, is it that you just think that there shouldn’t be any power at all, or you’d be comfortable with a limited power such as court order?

**MR BARTLETT:** Sort of a higher threshold sort of – yes. Yes, sure. Sure. Well, I mean, of course – I mean, churches are – like everyone else, are – the laws of the land apply to – in – you know, to those organisations as they do everywhere else. For us, look, almost all of our 350 churches are unincorporated associations, membership governed.

**MR SEIBERT:** Yes.

**MR BARTLETT:** So there is already significant accountability. It’s – the – those who are part of the faith community who decide – and who their leaders will be. And that’s a significant part of how we understand faith.

**MR SEIBERT:** Yes.

**MR BARTLETT:** So to have that – the capacity removed is not simply an administrative or a compliance issue. It’s a faith issue. And so that – yes. That would be our greatest – we’re – well, our greatest difficulty. We have no problem with accountability and if there are mechanisms that – I guess we would say that we have significant internal mechanisms already in that space, and not the least of which is that it’s a member-driven organisation and – so everyone is accountable on a very regular basis to the entire membership of that local organisation. So it’s – there’s nothing sort of – yes. There’s no particular powers of people who are in those places of influence and leadership that means that they’re set up for life or there’s, you know - - -

**MR SEIBERT:** Sure.

**MR BARTLETT:** - - - anything like that. Yes. So that would be our greatest difficulty.

**MS ABRAMSON:** Could I just - - -

**MR SEIBERT:** But – yes.

**MS ABRAMSON:** A question. Could I just ask a question on exactly that point.

**MR SEIBERT:** Yes.

**MS ABRAMSON:** So is the – and I apologise. I don't know the answer to this and we're grateful for you appearing. But is the Baptist faith organised differently, say, from the Catholic faith, which is organised by parish and, you know, their schooling system? So is there something about the Baptist faith that's different?

**MR BARTLETT:** Yes. No. Thank you. I appreciate the question. In terms of structurally, the main difference would be that the Baptist faith and other of the Protestant faiths are what we would loosely think of as more of a network. So you've got, you know, essentially independent churches that choose to band together in an association. So it's not a hierarchical thing. So I'm the state leader for the Baptist Association.

**MS ABRAMSON:** Yes.

**MR BARTLETT:** We support 350 churches. My counterpart is the archbishops of the Anglican and – but no one calls me the archbishop. So I'm a servant of the central entity that supports our churches. So it's more a network arrangement. Yes.

**MS ABRAMSON:** Thank you. Krystian.

**MR SEIBERT:** Yes. Just on reporting, because you said that many of your members are small entities, because they – you may be aware that the ACNC reporting thresholds changed and now - - -

**MR BARTLETT:** Changed, yes.

**MR SEIBERT:** - - - an entity is a small entity if its annual revenue is \$500,000 or less and the only requirements imposed on them are basic sort of financial information. They don't have to submit sort of financial reports that comply with the accounting standards. So that is already the case for those small entities. So would that not address the concerns around sort of reporting? Because I imagine as well, and I don't want to put words in your mouth, that entities would do bookkeeping and keep track of records, so – yes, would – does that address that issue around sort of reporting burden?

**MR BARTLETT:** In terms of the – for small entities, having a reporting burden that's a very clear and concise – that is something that we don't have a great issue with. We feel that accountability is appropriate. We're – the churches are doing it to their own memberships anyway. So – but we'd want to be really careful around what happens – see, it doesn't take much for a church entity to slip over, you know, sort of say the half a million mark.

You're only talking about employing a couple of staff and renting a building or maintaining a building, basically. And so those are still quite small entities, and once you're getting into that – those, you know, higher thresholds, obviously the requirements change. So yes, I think – I mean, I'd love to be part of some ongoing conversation about that. I think we applaud

accountability. We don't run from that in any way. But there – the thresholds are something that would need careful consideration, I think.

**MR SEIBERT:** So when you have, say, members that might, say, have \$700,000 in revenue, do they prepare – because you can prepare financial statements voluntarily as well, internally, to comply with accounting standards.

**MR BARTLETT:** Yes.

**MR SEIBERT:** Or is it – yes, what are the practices that you use - - -

**MR BARTLETT:** Yes.

**MR SEIBERT:** - - - at the moment?

**MR BARTLETT:** Yes, they would – the financial statements are prepared internally. They're – you know, all of our churches have AGMs.

**MR SEIBERT:** Yes.

**MR BARTLETT:** Presented at the AGMs.

**MR SEIBERT:** Yes.

**MR BARTLETT:** There's – a treasurer is appointed. Those sorts - - -

**MR SEIBERT:** Yes.

**MR BARTLETT:** - - - of things. Yes. Where churches have, you know, needs in terms of support in there, we do support them directly in terms of the expertise to do that. Probably about a sixth or a seventh of our churches, we do that.

**MR SEIBERT:** So the issue, I suppose, would be more for those that might be small but then they might cross over into medium or large, because the ones that are already medium or large would be doing the financial statements - - -

**MR BARTLETT:** Correct. Yes.

**MR SEIBERT:** - - - in accordance with the different - - -

**MR BARTLETT:** Yes.

**MR SEIBERT:** - - - standards. Okay. Yes. Did you want to - - -

**MS ABRAMSON:** Yes, I've got a couple of questions. Thank you. Shelley, you mentioned before, and if it's not something you can give us we understand, but you talked about the actual cost of providing the services into schools and the number of volunteers. If you could give us data on that, we'd be very grateful.

**MS ASHTON:** Sure. I could speak in terms of the curriculum that we produce and I believe the current curriculum that we've just been working through. We're in the third year of the new cycle. I think it's costing us million-plus to produce that curriculum and that's in addition to, I think, the support that we're – you know, people are giving funding towards. In terms of just grassroots costing for actual teachers, we try and minimise the costs as much as we can, as far as them attending training, and each organisation that offers training will have a slightly different costing system.

But for instance, in our case we would charge a teacher around \$70 to complete our full course of training and then that will be valid for three years, and then there will be, in three years time, an additional small cost to update their training. And in a lot of instances people will be giving donations towards that, because as I said before, a number of our – pretty well most of our teachers are volunteers and a lot of them are retirees.

**MS ABRAMSON:** Yes.

**MS ASHTON:** So they're not – they don't have income and so the capacity for them to pay for themselves is limited. So that's kind of, I guess, a grassroots understanding of the costing.

**MS ABRAMSON:** That sounds very heavily subsidised - - -

**MS ASHTON:** It is, yes.

**MS ABRAMSON:** - - - for what the cost - - -

**MS ASHTON:** Correct.

**MS ABRAMSON:** - - - of the course would be. Thank you.

**MS ASHTON:** Yes.

**MS ABRAMSON:** The other thing – and it's not because I think this; I just want to test a proposition with you. You said that the SRE provides a safe space and it deals with mental health issues. In another report that the Commission did into mental health – there was a Commissioner on that – we put a great deal of emphasis in appropriate mental health supports within the schools themselves.

**MS ASHTON:** Yes.

**MS ABRAMSON:** So I'm not for one moment saying that you don't provide those services, but there is an argument to say, well, actually this should be funded in a different way and you're picking up something which – because no one else is doing it. So I'm just kind of interested in your comments, whether, you know, as I said, you're doing something which we would in other circumstances say, well, mental health professionals should be doing that.

**MS ASHTON:** I don't – I'm not sure I actually stated that we were – we're doing it because no one else is doing it. I think we're doing it - - -

**MS ABRAMSON:** No, no. You didn't. You didn't say that.

**MS ASHTON:** No. Okay. Then – just to clarify that. I think we’re providing it in the context of faith.

**MS ABRAMSON:** Yes.

**MS ASHTON:** And understanding a more holistic approach to how to deal with life, how to deal with issues that are coming up in life, offering the opportunity for students to see hope in what could be considered a hopeless situation in their life. So we have a number of SRE teachers that are actually working in dual roles in schools, in public schools. So some of them are working in a chaplaincy capacity.

**MS ABRAMSON:** Yes.

**MS ASHTON:** And we also have a number of our teachers that are working in SLSSO roles as well, and so I think for us, SRE is providing an additional benefit to that space in terms of wellbeing and mental health.

**MS ABRAMSON:** No, I understand. You’re doing it in a faith-based context. I understand that. Thank you.

**MR BARTLETT:** And I think there’s also a specific sort of – in terms of – for us as faith-based organisations more broadly, just the importance of cohesion within the community and part of that comes through you understanding the nuances of your faith, which lead not to destructive ways of thinking but constructive ways of thinking and how to build bridges.

**MS ABRAMSON:** Yes.

**MR BARTLETT:** And certainly, the research would suggest that a nuanced understanding of faith leads you in that direction, not in a radicalised direction, and I think that’s a really important space to be in. Yes.

**MS ABRAMSON:** No, thank you. Thank you.

**DR ROBSON:** I might just come back to the topic we were on before around BRCs and – yes, Krystian put to you. You know, this idea of having to have a court order for removal. Is – and the higher threshold. You know, is that something that – and maybe not putting you on – well, I am – guess I am putting you on the spot. You know, is that – what’s your response to that directly, I guess? Is it – I mean, you don’t – you know, we’re just interested in exploring this idea.

**MR BARTLETT:** ..... yes.

**DR ROBSON:** Because it has come up before.

**MR BARTLETT:** Yes.

**DR ROBSON:** And, you know, we’re interested in seeing whether that’s something that, you know, people could live with or are we going down the wrong track, or - - -

**MR BARTLETT:** Yes. Sure.

**DR ROBSON:** Yes.

**MR BARTLETT:** Sure.

**DR ROBSON:** Just - - -

**MR BARTLETT:** I guess the question I would ask is, is there evidence or data that this has been a problem and to what extent. And if there is a significant problem, we need to address it. I'm not aware that there is and certainly I'm not aware in our – I can't speak across all faiths, but I - - -

**DR ROBSON:** Yes.

**MR BARTLETT:** - - - can speak for us that I'm not aware that it is.

**DR ROBSON:** Yes.

**MR BARTLETT:** As I said, there's a lot of internal checks and balances. I think, too, for us, if it was just a matter of degree, that would be something that, you know – certainly, you know, a good conversation could be had. There is an in-principle issue here, as I mentioned before, and I won't repeat around what it – how we understand how leaders are chosen and understood.

**DR ROBSON:** Yes.

**MR BARTLETT:** That's broader - - -

**DR ROBSON:** I appreciate that.

**MR BARTLETT:** - - - than simply a – now, that doesn't give anyone a licence to break the law.

**DR ROBSON:** Yes.

**MR SEIBERT:** Right.

**MR BARTLETT:** But it means that the way we understand that is particularly a part of how we practice faith. Yes.

**DR ROBSON:** Yes. Okay.

**MR SEIBERT:** I think one of the challenges here is that there is – there are requirements that apply to charities more broadly and then there is particular exemption, and there's no publicly stated policy rationale for it in terms of in the context of when it was introduced. So although there's – your point – I take your point around sort of what's the evidence of a problem or wrongdoing, but we have an exemption where sort of one group of charities are not subject to certain requirements, but then all the other charities are, including many religious charities that are not basic religious charities.

So I think the challenge is that if you're looking at how something applies consistently, then you would think, well, it should apply to every type of charity. But we do take your point, though,



around sort of, you know, reflecting sort of the autonomy of religious communities as well. But yes, I think that the point around sort of a court order or something like that is whether, sort of, it – in those rare instances where it might be necessary, that power is there, nothing that it can help support trust and confidence within the community in charities as well. Do you have any comments or reflections on that?

**MR BARTLETT:** I probably don't have any further comments other than - - -

**DR ROBSON:** Okay.

**MR SEIBERT:** Okay.

**MR BARTLETT:** - - - what I've raised. Yes. Thank you.

**DR ROBSON:** Do we want to talk about school building funds? We've got time.

**MR SEIBERT:** If you can. Yes. If you - - -

**MR BARTLETT:** Yes.

**MR SEIBERT:** Yes.

**DR ROBSON:** Yes, interested in your views on the school building funds and appreciate, you know, the impact on the faith-based schools and the sector. I mean, one of the issues we explored in the report was that because it's a tax deduction and the size of that deduction depends on someone's marginal tax rate, that, you know, you could be in a very high-income area, parents are donating to that school, and per dollar of donation they get a lot more back, whereas if you're thinking about it from a needs-based point of view and public support based on need, then schools in a poorer area or with lower income parents, they've got a lower marginal tax rate and so therefore, you know, the benefit that they get from having that. Sorry. Just interested in any thoughts you have on that, because that's really – well, it's part of the issue that we confronted when looking at DGR in this context.

**MR BARTLETT:** Yes.

**DR ROBSON:** Yes.

**MR BARTLETT:** Yes. I may have some – I'll probably have some great reflections after I leave the room on that. Two - - -

**DR ROBSON:** That's all right.

**MR BARTLETT:** Two things to – first of all, I wonder the extent to which there's a presumption that donations to school building funds come from current parents, and, of course, that – you know, I'm not saying you're saying that, but that's - - -

**DR ROBSON:** Yes.

**MR BARTLETT:** - - - certainly not the – exclusively the case or even - - -

**DR ROBSON:** Yes.

**MR BARTLETT:** - - - perhaps in many instances, the majority of the case, and so – so there’s that point. I think, too, the – there’s already built in to the grants processes for capital works for schools, you know, eligibility based on the sector of the school, the needs of the school, you know, and so we know that some of the schools that have capacity to raise funds through the – you know, the incentive of tax deductible giving, in fact, you know, are less likely to have their capital works funded by the Government than those who are in communities where that fundraising is harder. So I feel like there’s already provisions there around that. What it does do is incentivise giving at a grassroots level not only for current, but for alumni, and a broad range of people who might not be able to have given when their kids were there, but actually, in the years that follow, they maintain a relationship with the school, and they are able to give then, and so – yes – it allows greater access, I think, to a network of support for the school in the community at the time. Yes.

**DR ROBSON:** And do you have any comments on, you know, the extent to which this would impact fees for parents. Is there a – you know, a trade-off there of where if – so if schools were to lose – school building funds were to lose DGR eligibility, what that would do to fees.

**MR BARTLETT:** Yes. Sure. Sure. I don’t have hard data on that.

**DR ROBSON:** Okay.

**MR BARTLETT:** So I would be talking anecdotally. Yes.

**DR ROBSON:** Yes.

**MR BARTLETT:** But I do think that – again, the school building funds, you contribute them – you’re probably contributing to work that will happen in the years ahead. Perhaps your own children won’t even be at the school at that point in time. So these are long-term things. It’s about how the school is seen in the community, and amongst those who, because of their faith commitment, want to give support there over a significant period of time. Yes.

**DR ROBSON:** Yes. Okay.

**MS ABRAMSON:** Just on that point, do you have some data about where your donations – where donations to school building funds come from. Like, you’ve spoken about alumni and – have you any data on that.

**MR BARTLETT:** I don’t offhand, but I can certainly - - -

**MS ABRAMSON:** That would be grant. Thank you.

**DR ROBSON:** Yes.

**MR BARTLETT:** - - - certainly follow that up. Yes.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Any further questioning. No. None from you.

**MS ABRAMSON:** No. That has been really helpful. Thank you.

**DR ROBSON:** Thank you very much.

**MS ABRAMSON:** Thank you. Really appreciate.

**MR BARTLETT:** All right. Thank you.

**DR ROBSON:** Yes. Yes.

**MS ASHTON:** Thank you, kindly.

**DR ROBSON:** Yes. Appreciate it.

**MR BARTLETT:** I really appreciate the opportunity.

**MS ASHTON:** Thank you for the time.

**DR ROBSON:** Thank you. Okay.

**MS ABRAMSON:** And thank you for appearing late in the day, too. We're very mindful of - - -

**MR BARTLETT:** That's all right.

**DR ROBSON:** Yes.

**MS ABRAMSON:** - - - of that, and grateful.

**MS ASHTON:** Thank you. You've had a long day already.

**MR BARTLETT:** We haven't been here all day, so – yes.

**MS ASHTON:** Thank you, kindly.

**DR ROBSON:** Thank you. Have a great afternoon. Tom, is it. Tom.

**DR L. SCANDRETT:** Tom and Laurie.

**DR ROBSON:** Sorry. Okay. Yes. Please.

**DR SCANDRETT:** Good afternoon.

**DR ROBSON:** Thank you for coming. Good afternoon.

**DR SCANDRETT:** Pleasure.

**DR ROBSON:** So if you could please just state the – your name and organisation that you're from for the record, and then if you would like to make an opening statement. We like to welcome you.

**DR SCANDRETT:** Shall do. I am Dr Laurie Scandrett. I am the chair of ICCOREIS, which is an unfortunate acronym. The Inter-Church Commission for Religious Education in Schools, which is the peak body in New South Wales of the approved providers of SRE, of which there are about 100. Over – about 80 of those are Christian, and the others represent the other states. Tom.

**MR T. EASTLAKE:** Tom Eastlake. Executive officer of the Inter-Church Commission on Religious Education in School.

**DR ROBSON:** Thank you.

**DR SCANDRETT:** And - - -

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

**DR SCANDRETT:** We will just - - -

**DR ROBSON:** Okay. Yes.

**DR SCANDRETT:** - - - jump in. If you don't mind, I just heard your last few questions about school building funds.

**DR ROBSON:** Okay.

**DR SCANDRETT:** Nothing to do with ICCOREIS. I just spent 17 years – I was the CEO of the Anglican Schools Corporation, and I have – if we have time at the end, we - - -

**DR ROBSON:** Absolutely.

**DR SCANDRETT:** - - - I would be happy to - - -

**DR ROBSON:** That would be - - -

**DR SCANDRETT:** - - - talk about that to - - -

**DR ROBSON:** Very happy to - - -

**DR SCANDRETT:** - - - a small extent. So that just happens to be part of my background.

**DR ROBSON:** That would be good. Go ahead.

**DR SCANDRETT:** Tom.

**MR EASTLAKE:** So thank you for the opportunity, particularly to hold an event in Sydney. I know it wasn't originally on the plan, but we very much appreciate the opportunity to come up. I won't reiterate the submission that ICCOREIS has lodged, so to save us all time, but just to – perhaps just point to a thing that quite critical in understanding. The public education system in

Australia, it seeks to provide access to high quality education to everyone regardless of background, socioeconomic status, geography, location or belief. The 2019 Alice Springs Education Declaration sought to set out a vision for world-class education in public schools in Australia, and that encourages to support every student to be the very best they can be, no matter – and this is quoting directly from the opening statement of the declaration – to be the very best they can be, no matter where they live or what kind of learning challenges they may face.

So the declaration laid out a series of objectives to be pursued in providing world-class public education in Australia. So this seeks to provide to all students, and to provide the equal opportunity and access to education for everyone, and goal 1 of the declaration states that the Australian education system promotes excellence and equality, assuring that public education promotes and contributes to a socially cohesive society that values, respects and appreciates different points of view, and cultural, social, linguistic and religious diversity. And goal 2 of the declaration seeks to support a student becoming active and informed members of the community who appreciate and respect Australia's rich social, cultural, religious, and linguistic diversity, and embrace opportunities to communicate and share knowledge and experiences.

Further, that students have an understanding of Australia's system of governance, its histories, its religions, and its culture. And this very much intersects with the New South Wales public education system in which ICCOREIS operates in New South Wales that seeks to very much – and has always – sought to operate within that model in that the public education system in New South Wales was designed to be secular as defined in the Act of 1880 to be non-sectarian, is that no one sect would own public education, and, indeed, today, as Laurie has pointed out, we have 100 providers. We have them across all different faiths, and I can take you to schools in greater Sydney right now where we have Islamic, Jewish, Baha'i, Buddhist, Seikh, Orthodox, Christian, and secular primary ethics all operating in the same school.

That every single faith has a tangible presence in that school where it's said that all – where's it said that all faiths are welcomed here, all governed by the principle of parental choice, and that that is perhaps the model for not just multiculturalism and religious diversity, but the welcoming of all students into a public education system which in New South Wales has five pillars of student wellbeing that holds up the student wellbeing framework, and one of those pillars is spiritual wellbeing. And in Australia we have an interesting case study where, in Victoria, religious instruction was removed from schools in 2011, and despite promises of those who would say that religious instruction should be removed from schools, one of the promises was that general religious education would take the place in structured, organised weekly lessons in public schools, which hasn't happened.

So those poor students in Victoria, if they want to bring their faith into the school, they have no framework within which to do so, and in their – and a year removed from when five Jewish students took the Victorian public education system to court and successfully won, that they did not support their students in their religious diversity, I think this is something that we should take very, very seriously. Laurie.

**DR SCANDRETT:** Yes. A couple of other opening comments. Australia – modern Australia is based on Judeo-Christian values. It's certainly in my opinion. I hope everybody else would agree. A key one of which is love your neighbour as yourself, which is often put in the – described as the golden rule. Sort of do unto others as do unto you. Now, that's a particular Christian value, and I think this country has stood well by that as it has developed over the last 200-and so years. I do acknowledge the – our indigenous brethren. The point of that, we're –

New South Wales has the best provision of religious education in Government schools in the country, and although it's a constant – in effect, you had – you need to keep agitating for it to maintain it, and there are opponents – quite strong opponents, and – but interestingly enough, the – New South Wales seems to have the most – I will use the term – the happiest multicultural society in New South Wales, and I put a lot of that down to what is taught – what is openly taught in the public school system.

So you can be a Muslim child – a child from a Muslim family, go to your local public school and receive instruction once a week. That's all. 40 minutes or so in the basics of the Muslim faith, but you are receiving that from – one of the ..... way to say it is non-radicals. People who are of generally a conservative discipline, and volunteers. Volunteers. This is something that, I think, needs to be recognised, is the people who provide SRE in New South Wales – special religious education – or religious education – is one of the largest volunteer forces in the country, and I will probably come back to it, but I think that's a potential – something that might be sort of incorrect in your draft report. But that's – that will do for the moment.

**DR ROBSON:** Okay. Thank you. I might – yes – ask you about a few questions on this. Without wanting to comment on the Victorian situation that you mentioned, I think it's fair to say that the Commission would say that there is, obviously, a role for Government in the – yes – funding and provision of education. The question that we're interested in in this report is the DGR arrangements, and so, Tom, I think you've been in the room. You probably heard me say this a couple of times today, but – yes – we confronted a system, when we looked at it, where it was difficult to justify on – from a coherent policy principle point of view, and so we developed some principles, and then applied them.

So, I guess, the – you know, my initial question is what's your reaction to those principles. You know, do you think they're reasonable, and is it more, in your case, that you're saying that the application of the principles that we've got wrong, and then – you know, and if so, yes, how, and then particularly from the point of view of, you know, the real question, I guess, we're confronting is appreciating that there may be a role for Government support for the kinds of things you're talking about. Let – for the sake of argument, let's take that as given. What – is DGR status the best way of doing that, noting that, you know, there might be problems with Governments making grants in this area, or other forms of support. So interested in your perspective on those issues.

**MR EASTLAKE:** So I – yes. The – any reference to Victoria was more referencing what the peril is to a public education system in that when the option for religious education in a Government school is no longer there.

**DR ROBSON:** Understood.

**MR EASTLAKE:** So not about - - -

**DR ROBSON:** Yes.

**MR EASTLAKE:** - - - thinking that the Productivity Commission has any say on Victorian Government policy. That's not my case. I think one of the questions – and it came out of some of the other things today, and I think that the – to establish an equitable and clear framework is an admirable goal, and one that I would have no problem with. It's not the – it's not the review of a convoluted system that has existed in the past. It's how do we – the – how to set up the principles of an equitable system into the future. So – and it's a – you know, I'm here answering

questions, but it is a question that has come up throughout the day, in my mind, is there has been a lot of request for data, and that's a reasonable request.

But the burden of proof is on the people seeking – on the organisation seeking to maintain a status – or maintain a position that is potentially going to be removed from them. So I had the question of where does the burden of proof lie, because in a matter of SRE the – it could be, okay, well, you know, we have a need for more data for SRE to maintain the position that it has, for example, with DGR status, and a question, well, why does SRE have the burden of proof when the Productivity

Commission has been the one who has made the accusation. So I don't see any – just – and I'm not targeting anybody. I'm not – for the people gathered, I'm a boy scout. I was a boy scout for many, many years. Boy scouts have DGR status for 50,000 national boy scouts.

I can point you to 100s of 1000s of students who choose to come in each week, into SRE classes, and it's all governed by if you want to choose to do it, you can come into the class and you can participate in those classes. Just like if you want to choose to be a girl guide or a boy scout, you can choose to do those things. That's not a problem in the wide world. It is an equitable platform, and the goal of the project is to say we need to ratify this system in a way where it's clear, and equitable, and provides widespread community benefits. That's all well and good, and I'm fully supportive of that. It's the recommendations of the report which lead to what I see in the report – in our submission that leads to an inequitable framework that, I think, is where that goal, I don't think, can be reasonably achieved.

**DR ROBSON:** I guess I would respond to that – I mean, we don't see things in terms of burden of proof in this particular case. We looked at – developed a sense of – a set of principles, applied the principles, and developed a draft recommendation, and we put it out, you know, then to say, well, what do you think about – you know, the spirit of it is, you know, have we got it right or wrong. So we're not saying, you know, this is an accusation, and you have to, you know, defend yourself. That's not the way that the Commission is working with a draft report. So, I guess, it's in that spirit we're trying to understand more, and that's why we have these public hearings.

We're trying to understand more, and the nuances, and, you know, in this particular area, we've heard about – you know, in the case of special religious education, there's volunteers, but then there's funding that goes with the volunteering, and, you know, you could say – and I think Julie made the point earlier that, well, if it's faith-based volunteering, those people might do it anyway in the absence of a tax deduction, but it's all the other things that go with it that - - -

**MS ABRAMSON:** The training, etcetera.

**DR ROBSON:** - - - yes, the training and the curriculum, and so on. So we're interested in understanding that point a bit more, and any other points on that. So, yes, I just want to put you at ease. It's not a - - -

**MR EASTLAKE:** Okay. That's fine.

**DR ROBSON:** - - - thing where we're - - -

**MR EASTLAKE:** It wasn't an accusation. It was a - - -

**DR ROBSON:** - - - yes, trying to establish a - - -

**MR EASTLAKE:** It was an open question

**DR ROBSON:** - - - burden of proof, and – yes.

**MR EASTLAKE:** Yes.

**DR ROBSON:** So it's not that at all.

**MS ABRAMSON:** The lawyer in me would like to think like that, but it's not the way the Commission works.

**MR EASTLAKE:** No, no, that's fine.

**DR ROBSON:** Yes. Yes.

**MR EASTLAKE:** As I said, it was an - - -

**DR ROBSON:** Yes.

**MR EASTLAKE:** - - - open question.

**DR ROBSON:** Yes.

**MR EASTLAKE:** Not appropriate to answer – ask that question of you during - - -

**DR ROBSON:** Yes, and, look, the thing on data is - - -

**MR EASTLAKE:** - - - when someone else is speaking.

**DR ROBSON:** - - - it's a question that we often ask because data is very powerful, but, you know, in many cases, anecdotal evidence, and stories, and individual experiences can be more powerful. So that's the spirit - - -

**MR EASTLAKE:** Fair enough.

**DR ROBSON:** - - - in which we're asking those kinds of questions. We're not saying, "Well, unless you have the data, you can't prove anything". Like, that's not what we're – so we're - - -

**MR EASTLAKE:** Sure.

**DR ROBSON:** - - - just generally interested in - - -

**DR SCANDRETT:** Okay.

**DR ROBSON:** - - - is there any data and things out there - - -

**DR SCANDRETT:** Yes.

**DR ROBSON:** - - - so we can just learn more. Yes.



**MS ABRAMSON:** And that data is super helpful for us to – like, we learnt today that, yes, all of these people are volunteers, as well most of them are as Alex said, but it’s the cost of providing training to them, and that cost is not insubstantial, and DGR funding was being used to do that. So that’s why we’re asking about the data there. We would not have – to be honest, I didn’t know that until someone said to me, “No. It’s not that. It’s the oncosts”.

**MR EASTLAKE:** Sure. Understood.

**DR ROBSON:** Okay.

**DR SCANDRETT:** Exactly. The Government regulation surrounding approval – accreditation is the word – of SRE teachers is now quite significant. They have to undergo – as Shelley Ashton for the Baptist was just saying a few minutes ago – have to go under regular training, and refreshment of that training, and every person who applies to be an SRE teacher through an approved provider has to be accredited. So there is a fair bit of paperwork, or a process to go through. Now, there’s a cost in that. Very few of the 100 or so approved providers are well-resourced. Actually, most of them operate on the smell of an oily rag, and they are dependent upon donations to keep – called a better term – the administration going of the provision of SRE that they’re responsible for, as they’re an approved provider.

The Roman Catholics are probably better resourced, but they have 11 dioceses, 11 approved providers. The Anglican Diocese in Sydney is reasonably well resourced, but the other seven diocese in New South Wales are not so well resourced, and really struggle, and it is – many of them are actually helped significantly by the Diocese of Sydney. It – it’s a movement – for want of better term – or an operation which is highly dependent upon volunteers, and will really struggle if the donations that come in to support it are – so, obviously, cut by, say, 50 per cent. You know, talking about people on the highest marginal tax rate, or whatever it is. If people reduce their giving because they’re no longer getting a tax deduction for it.

**DR ROBSON:** Yes. Okay.

**MS ABRAMSON:** I have a follow-up - - -

**DR ROBSON:** Yes. Go ahead.

**MS ABRAMSON:** - - - question.

**DR ROBSON:** Yes.

**MS ABRAMSON:** If that’s okay. You talked a bit before about the volunteers, and the number of volunteers, and there obviously has to be a framework, and we all understand that. But we’re also interested in supporting volunteering. So are there any kind of obstacles to volunteering, leaving aside what we’ve talked about with the tax, that you think having to do a different thing in every State is actually causing people to say, “Really. Well, how come I have to do all of this”. So just obstacles to volunteering.

**MR EASTLAKE:** Yes.

**DR SCANDRETT:** If I can just quickly jump in there. I’ve been thinking about this. One of the big things is people give to a charity because they believe in the charity, and they volunteer to work for the charity - - -

**MS ABRAMSON:** Yes.

**DR SCANDRETT:** - - - for nothing because they believe in the charity, and the objectives of the charity, and one of my great concerns here is these people assuming that in terms of the charity, or the approved provider of SRE shuts up shop, then all of a sudden the volunteers may go somewhere else, or often, more than what not, they may not go somewhere else. So one of my great concerns about your recommendations is you're actually going to see a reduction in volunteering in Australia, and an increase in requirement on Government grants, and I don't know if you have ever applied for a Government grant. The paperwork concerned – involved is quite substantial, and the boxes you have to tick, and reports you have to lodge, are quite ongoing. It's – for a small grant, I – I've applied for, and achieved for a few for various ..... organisations, and you sometimes wonder, for a small grant, whether it was worth the effort, because - - -

**MS ABRAMSON:** The Commission over many, many years, Laurence, has been very sympathetic around the terms and conditions of grants, and the fact that you get it for 12 months, and then you have to reapply for the same grant. So we understand that.

**MR EASTLAKE:** Just on that, and I'm not holding myself up as a beacon of volunteering, so please don't – there's plenty of people who volunteer far more than I do. However, I do teach SRE, and I – I'm also a volunteer firefighter, and I can tell – as a – in a bush brigade far from Sydney, where my little brigade is, and all the brigades around us, we are desperately running out of members, and if I was going to point – in answer to your question – just – I think the synergy between being able to give with – you know, under DGR status, to be able to give to something that sparks participation in it, I wish – honestly, I wish that the rural fire service in my area got the participation in it that SRE did.

The – like, a lot of people in our brigade, they will give to say, “Go away. I don't want to go and fight a fire”. Whereas, basically, it does intersect with what Laurie just outlined in terms of being able to give to something that you actually want to really – you know, that you believe in, whereas the rural fire service, it's a chore. You know, “Yes, there's a reality that my house might burn down this summer, and I don't really want it to burn down, so maybe I will flick some money to the RFS. But do I want to go and fight the fire. No. I would just rather have that service provided”. So that intersect – I think there is – I genuinely believe this, that in the – in reviewing that intersect between mobilising the population to actually jump in and start volunteering, as well as contributing to a cause that they're particularly passionate about that will ultimately, even if they can't do it right now, may one day in the future actually become a volunteer in, I think that SRE is a really good example of that, and I think that the reason that that works, in no small order, is because of the principle of choice that really is its foundation.

So I can go and talk about SRE to a – an audience of Muslims in my local town and say – and I've done – they say, hey, you really should start a SRE program in this school. You've got students there that would really like to be supported by it, and are not only mobilisers, they're giving. It mobilises them into action, because it's something that they really believe in. Primary ethics does this very well, as well, because if somebody's – well, they – we can't have students who want to not participate in SRE, but they need or – an option, and the Christian and all faiths providers have supported them coming in, and we support them greatly in providing that choice. But when people see that whole, we not only need to financially get this going, but we also need

to contribute in our time, I think SRE is a really good model – and SEE is really a good model of that.

**DR ROBSON:** So you said you're an SRE teacher, Tom. So tell us about, if you could – you know, obviously it has benefits for the students, you know, in the class, but one of the things we're interested in is the sort of spillover benefit. So people who aren't in the class could still benefit if – so just interested in exploring that a bit more - - -

**MR EASTLAKE:** Sure.

**DR ROBSON:** - - - and what you've seen, and – yes – interested in your views.

**MR EASTLAKE:** Well, in the school that I taught in – so you've got a plurality of choices, and you've got to have it available, but the Department of Education is very supportive of that. In fact, their policies changed just this year to say that all parents – all enrolling parents need to be aware of all their SRE and SEE options, even if they're not offered in the school, and the reason is so that they could – if there was option that they want to avail of that's not available, they can go seek that provider out and say, "Hey, could you start a program in my school for my particular student, please", and I think that that's a really, really good thing. So at the moment you've got all the – assuming you've got all the options – as I said, I can take you to schools now that have all the options available.

A parent legitimately – there's no option not represented. You can choose to not participate in it, but in a school that I was involved with, they put their – moved their SRE classes for a particular year level that was known in the school as being particularly restless, and they moved them to the start of the day. So you have SRE, you have SEE, all the different SRE options all going, and then by – and you also have alternate meaningful activities. Now, the alternate meaningful activities here, what they did was they said we want to gather all the students together and we want them to read, to settle in for the day, a particularly restless year group, and that's what they did.

With the few students – with – that was a school that majority of the students participated – the overwhelming majority participated in SRE, and SEE, but they read under structured classes. Now, if somebody wants to say, well, not all classrooms operate that. I'm happy to advocate that that's the case. But all of those students got something – got to participate in a class at the start of the day which, by the school's own admission, set up the remainder of the day, for that particular restless year group, as to have a far better outcome than their – the principle's advice to me than any other day of the week. So when done well, and we can always look to things and say, well, it's not being done so well here. Well, then that's a case to fix where it's not being done well, not to pull everything else down. Again, I could take you to a number of schools in this State where the principles, and the staff, would – let's say they would strongly advocate to keep SRE in their school. They would not want it to go. I changed school this year – not to get all personal, because I – I'm a data guy. I like to delve into the data, but - - -

**MS ABRAMSON:** Although you got cross - - -

**DR ROBSON:** It's all data.

**MS ABRAMSON:** - - - with us asking for data.

**MR EASTLAKE:** But – no, no, it was a question.

**DR ROBSON:** It's all data.

**MR EASTLAKE:** It wasn't – it was just a question.

**DR ROBSON:** That's all right.

**MR EASTLAKE:** But I changed school this year. I went to the swimming pool with my kids this – last week, on Wednesday, and I had an SRE student come to me, and he said, "Sir, why did you leave us", and I said, "I didn't leave you. I've just gone to a different school. You've got a new SRE teacher now". And, "Well, we – you know – is SRE still going to keep going". "Yes. It's still going to keep going". So – but it's that – it's – for that student, it's a – it's an important part of their week. I grew up in a different state where SRE was not part of the program, and I knew every day, when I crossed that – the front gate going into that school, that my faith stayed at home.

It was not welcome among my peers, and it was not welcome in the school, and it's a horrible place to be when you have to bury a part of yourself, and one of the great – and that's I will advocate for SRE, and SEE, because that ability for a student to be able to come into a school and not have to leave their particular belief system at home, but they – in a tangible way – the school is willing to plant a flag and say, "All of these world views are welcome here", I think that that's a wonderful thing.

**MS ABRAMSON:** Can I just ask you, just out of interest, to be honest, we hear a lot that a lot of younger Australians don't have faith, but, clearly, there's a need for these services in schools. So - - -

**MR EASTLAKE:** Yes.

**MS ABRAMSON:** - - - I'm kind of interested – not because I have a view about this, but it's a mismatch, because we do hear in the media - - -

**MR EASTLAKE:** Yes.

**MS ABRAMSON:** - - - and also we see the statistics saying that quite a large section of the community, especially younger people, don't profess to be people of faith, and yet there's obviously a need for these classes.

**MR EASTLAKE:** So in our submission I pointed to, in the summary, and it's an – it's a – it was a – it's a – you can get the full paper that these academics publish, but it's an abstract in the – on the final page. It's an article called the Six Types of Teenage Spirituality in Australia, and it's a really interesting look into the – you know, current generation making their way through school, and, in brief:

*A significant proportion of young people remain interested in ways "being spiritual and seeking a connection with spirituality" –*

and the largest – if you aggregate the demographics there - - -

**MS ABRAMSON:** Yes.

**MR EASTLAKE:** - - - in the six different types, they're people that either have a loose affiliation and are trying to figure out what they believe, or they're actively seeking. So if we – and that is what – so the mantra of Christian SRE is question, explore, discover. We are saying here is what Christianity is, and you can make a decision for yourself, and all of the – you know, even primary ethics does the same thing. They say here's a framework. You make up your mind, and I think that that's – that speaks to – when you read the full paper, that speaks to what young people are doing. They're trying to figure out, "Okay. Well, there's all – there's a plurality of views here, so what do we do", and, unfortunately, you know, it's just a fact of the education, "I don't like it", but when the Teacher's Federation comes out and says, "Hey, look, we've got 3300 teacher vacancies in New South Wales", and if we take SRE out of it, okay, then we've got no support, you know, spiritually for students to get to – in schools.

We've got 11 and a-half thousand SRE teachers – not SEE, SRE teachers in schools supporting that framework. How are we going to replace them. Like, there's just – there's just a logistics number here that's – there's a disconnect there. So we've got students who are seeking, and they want to figure out for themselves what they're going – and there's a free gift to the community – and this intersects with my previous comment on volunteering, is I think that that might be what – it – it's a visible gift of your time to the public education system every week if somebody goes into the classroom. You don't get remunerated for it, whereas if you're out, you know, cooking the barbie at Bunnings, or fighting a fire, it kind of feels like more of a slog, and it's not super visible – you know, you've got no audience in front of you.

But when you've got a classroom of students, you know you're actually giving something to them. So I – but in – that's a longwinded answer, but that – would point you to that. I think that the question now is – it's a question of what – I've got a little bit of this world view, maybe a little bit of Buddha, a bit of Islam, a bit of Christianity and Jesus, and I've got a little bit of the secular world view. Is it all just this amorphous blob, or how do I navigate through that, and I think that that's what that says, and that's – that's why the principle of choice is so important in SRE, is that it doesn't advance religion, per se. It says if you want to come and explore this, you can come and check it out for yourself.

**MS ABRAMSON:** No. Thank you very much. Laurence, you were kind enough to say that you would talk to us about school building funds.

**DR SCANDRETT:** Yes.

**MS ABRAMSON:** Thank you.

**DR SCANDRETT:** I didn't want to take it away from our SRE discussion, but I notice our 30 minutes are up, and happy to make a few comments about that.

**DR ROBSON:** Yes.

**DR SCANDRETT:** As I mentioned, I was 17 years CEO of the Anglican Schools Corporation based here in Sydney. That organisation is charged with starting – planning, strategising and starting new Anglican schools, and particularly we used the phrase, "in the developing areas of Sydney", and the west. We did 15 new schools in 20 years, starting from just before I started, and one of – the first statement is really to say a non-Government school started not necessarily by a faith group, but most of them are started by faith groups. A non-Government school saves

the Government – the State Government in particular – millions, and millions, and millions of dollars.

So, as I say, the State Government has to educate every child that the non-Government sector does not educate, and so one of the criticisms of the non-Government sector always, well, you're actually not reaching out to South West Sydney, or North West Sydney. You're not reaching to the difficult areas. The first school we actually started, which happened just before I started, was at Oakhurst in Sydney, which is basically North Mount Drutt, which was the second lowest socioeconomic area in Sydney apart from Redfern, and it was a struggle. Let me tell you, it was a complete struggle. I was asked to come in as a CEO because they believed I could actually run the organisation and develop a whole lot of parameters to actually make it work, so it, itself, could survive, financially. That's really my background.

The concept of school building funds, well, all our new schools had a school building fund. The amount of money it received in total dollars, minimal, might be 20 or \$30,000 a year. But what it was doing was teaching people – and, don't forget, with our new schools in the more developing areas of Sydney, most of the parents didn't have a culture of private education. I was on the school council of a school in South West Sydney before I went to the schools corporation, and we had parents there who – there was no encouragement to their children to do any homework, because they had a culture of not doing any homework, and we had to actually find we were not only educating the students, we were educating the parents.

You need to actually – I don't want to say standover your child with a rod and make sure they do their two hours' homework a night, but you need to encourage them to do that, and what we found with the – our school building funds for these new schools, it – again, it was educating the parents in giving. "Look, if I – if it's recommended, per family, \$50 per family", whatever it was, and that was probably what it was back in my time, "and I will get a tax deduction for it". So it actually was educating the parents that – and, of course, it goes to the buildings which, yes, there are a few Government grants, but not that many. I did once see some research by the Christian Schools Australia – but I can't lay my hands on it now – that said for every dollar the Government put in to a – to non-Government school school buildings, they got a \$30 return.

It was quite a dramatic figure, but if they helped – you know, if they gave \$100,000 towards a million dollar building, it actually was – gave that impetus for the actual building to be built. But what we found was educating the parents in giving. Would you believe our biggest supporter in New South Wales State Government of what we were doing, and when we started to do it it was fairly radical, was Bob Carr. You know, the dyed-in-the-wool Labor politician, and why did he want the Anglican Church and the Catholic Church, and other faith-based groups to start new schools in Western Sydney, because of the competition it provided for the State Department of Education.

**DR ROBSON:** Yes.

**DR SCANDRETT:** He said, "We actually need your schools because, otherwise, the Department" – you know, in a whole brand new area, it's a newish area, it doesn't have any competition, you will find that the standard goes down, and there has been some disappointing report today on reading levels in Government schools, which I found somewhat distressing. So the competition, our fees were very low.

We're talking, at my time, at sort of five, \$6000 a year. Now, yes, you all see in the press the rich, big, wealthy schools in Sydney's Eastern Suburbs, and North Shore who have magnificent

buildings with old boys who have been very successful, giving millions of dollars to, but, again, you're actually providing competition to the State Department, and also with the new schools you are providing the beginnings of people giving – you're teaching them to give.

**DR ROBSON:** Thank you very much.

**MR SEIBERT:** Just on this, I suppose, noting, sort of, it's not in your current capacity, but it's in your previous capacity, and thank you for sharing your perspectives and experiences on this. I suppose, we look at the process inquiry wholistically in the sense that the Government has got, sort of, a set amount of resources that it wants to use to maximise the wealth and the wellbeing of the community, and it can do that through the DGR system, and the sort of indirect subsidy there, can do it through grants and other ways as well, and I suppose that's sort of the perspective that we adopt, and one challenge with the nature of the tax deduction is that, say, this school in – I think it was in Oakhurst that you talked about, you know, if people are saying the community there are donating to support that new school in an area where, you know, totally accept there would be demand for a new school in growth areas, similar elsewhere in Australia, is that the Government contribution is what their – the tax rate of those taxpayers, whereas somewhere else, say – I mean, another part of the city where, you know, there might not - - -

**DR SCANDRETT:** No.

**MR SEIBERT:** - - - be the same demand for education, the Government contribution will be 45 cents in the dollar in the top marginal tax rate. So it's not really kind of reflecting need or demand, and we do have some data in our draft report around, sort of, the vast bulk of the donations are concentrated in a relatively small amount of schools. So I think that there's that disconnect that we see, but – between, sort of, need and the – where the support goes, but, yes, whether you have any thoughts or reflections, sort of, on that.

**DR SCANDRETT:** I will respond this way, as I mentioned earlier, the Government has to educate every child that the non-Government sector does not educate, and we're not building enough schools. We are just not building enough schools. I was designing – in terms of buying land for new schools, I bought land for new schools with the intention of building a school for 1000 students in a single level – single storey, knowing that in 20, 30, 40, 50 years' time our successors would demolish all those buildings and build multi-storey buildings – probably start off with three storey and then go higher – because the population concentration is – just seems to be increasing, increasing, increasing, and, therefore, you're land provision, you might say, is in – people said, “Why are you buying so much land for, you know, a school of 1000 students”, and I say, “Well, it's actually – the long-term, it's not going to be 1000 students. It's going to be a lot more”.

Look, there are a small number of wealthy schools. Again, you get the media – I know some principals who, you know, have a competition, “How often were you on the front page of the Sydney Morning Herald this week”, sort of thing. It's not a fun competition, because, usually, it's trying to drag the school down. You know, whether it's parking problems or whatever else, or year 12s playing up. In reality, that number of schools is quite small, and I think it's probably – I don't have that hard data, but compared to the number of non-Government schools, the ultra-wealthy ones with fancy buildings – or iconic buildings is relatively small, but they're the ones that get all the press, and so, yes, while people are giving money to that, and they're getting their 45 cents in the dollar, they're obviously wealthy people who, if they're not giving to a school, would probably give it something else, but they are committed to the school. They might not

give it to anything else. They might employ, you know, another lot of accountants to show them how to not pay their tax.

**DR ROBSON:** I just want to come back to Tom, and, Tom, this is a bit of a leading question. I think I know what your answer will be, but I have - - -

**MR EASTLAKE:** That's okay.

**DR ROBSON:** - - - I think it's good to go on the record anyway. You know, does SRE, in your view – you know, the background is, in the terms of reference we're asked to think about social capital, and so, you know, I just want to ask you the question, do you think that SRE does provide social cohesion, and help build social capital, and in the context of that, is there any potential unintended consequences of having Government support, or taxpayer support for this activity.

**MR EASTLAKE:** In the way that SRE is delivered, as a feature, not as a bug, it's designed to – it's designed on a principle of choice, and that flow – that's, you know, inculcated right from day as kindergarten – as a SRE student, you have to choose to be there, and it's laying out the case, and if you're in a school and there's – you know, most schools now have increasing SRE programs in terms of the number of providers that are in there, you get an instant recognition that there's other people who don't necessarily, you know, subscribe to this view, and that can work – if you're just trying to figure it out, you don't have a basis of faith, you can say, "Okay. Well, these people believe over here. Maybe I want to jump over there for a little bit, or maybe I want to have a – check this one out", or if you, you know, have a family tradition, or you come to a conclusion yourself, then, you know, I think that it's important to – it would be to society's detriment if all schools – in my opinion, it would be to society's detriment if all schools operated like the public school that – and it was a lovely public school, but it's approach to religion that I was involved in, circa 20 years ago, where you would have had a generation, effectively, of students coming out of that system with the belief that you had no right to share your – to even make a statement of faith, or an outward – you know, wear a cross around your neck, you know, wear a kippah, in the public sphere, that's not somewhere that's in your home, all doors locked, fine. You can do it there, but, as soon as you leave home, you check that at the door, and I think that that sort of social cohesion is very important.

But- I would have left it there, but there is something that Laurie said that is quite important actually, even though it was, you know, building funds, is I noted – and admirably, I think – in the draft report the clear reference to a declining volunteer rate, and while I previously said I think SRE shows a great model of volunteering, one thing that Laurie said, in terms of training people to give, it's extraordinarily important that we model volunteering, and the church has done that very well. Churches don't operate without – so any religious faith mosque, temple, you know, it doesn't operate without volunteers. So you're – from day 1 in that church, you're seeing volunteering modelled, and that comes – and giving modelled.

So with SRE, when you have students sitting in front – in classes, whether it be secular ethics or Islamic, or Sikh, or Jewish, or Buddhist, or Christian, or Orthodox, whatever it is, but you know that teacher is there on a voluntary basis, and I have been asked that a whole – I can't tell you – I don't know how many – I've run out of fingers and toes how many times students say, "Do you not – do you just come here for free", and it's giving them a visual demonstration that this is a society, and there will come a time you need to contribute to it, and I read in a very interesting article in the Wagga paper last year about a ethics teacher. She's a – she has finished university. She's in her 20s. She's in finance, and she's going back and teaching ethics.



Now, that does nothing necessarily for Christian SRE, but it – that’s a wonderful thing, and why is she doing that, because her – she knew that the ethics teacher that taught her was doing it voluntarily, and she had some sort of onus on herself to say, “Hey, I have got to do that, too”. So the more we make this visible to people – so I think it works two ways. I think there’s a – the – we want to be a multicultural Australia. To make that as visible as we can, all the way through school, so that we can have people of different world views in close proximity to each other, who can just get along despite any differences of belief, and see that they can – because that’s the other thing. If you have a friend who’s, you know, an Orthodox Jew who wants to go and celebrate Shabbat on – Shabbat dinner on Friday night, well, that’s not – might not be how you spend your Friday night.

But you can go and continue your religious observance, and then still come back together in community, and everything can continue on, and we can all be friends. I think that’s a wonderful thing to learn all the way through school, and to get that overlay, which I think can only boost volunteering long term. The more visible – and I saw that in my – in a previous career with my first foray into volunteering was because my employer said, “I will not give you your full bonus unless you do two full days of volunteering every year”. So I went, “All right. Okay. Well, I better do some volunteering then, because I want my bonus”, and that brought all the people in the branch I was working in into volunteering for the first time, and I would wager that most of them are still doing it now.

So whatever the catalyst, whether it be a school building fund, or SRE, whatever you can do to get someone to donate, whatever you can do to get somebody to volunteer for the first time, that’s a good thing, and that’s why I think it’s, again, admirable that the draft report is seeking to increase giving, and by function of that, increase volunteering. I think those two things are inextricably linked.

**DR SCANDRETT:** And if I can just throw in one last comment there.

**DR ROBSON:** Yes.

**DR SCANDRETT:** I don’t know many people who volunteer to do Government work apart from yourself.

**MR EASTLAKE:** That’s a good point. That’s a good point.

**DR SCANDRETT:** It – if you replace – if we just had Government schools, and not non-Government schools, the – it would – the cost to the Government – State Government in this State would be – and the Federal Government – would be just horrendous – would be just horrendous, because – and that’s mainly because of the number of volunteers, and the amount of giving that goes to non-Government schools, let alone volunteers in – for SRE.

**DR ROBSON:** Thank you very much for your time.

**MR EASTLAKE:** Thank you.

**DR SCANDRETT:** Thank you for yours.

**DR ROBSON:** So we’ve got time now to open it up to discussion for any brief comments from the floor. If anyone here would like to make a comment, we’ve got some time. No.

**UNIDENTIFIED MALE:** I've got some comments on some data.

**DR ROBSON:** Yes. Absolutely. Do we – just, sorry, what's the protocol of an event - - -

**MS LAMB:** Do you mind just - - -

**DR ROBSON:** Yes.

**MS LAMB:** - - - approaching the microphone - - -

**DR ROBSON:** Yes. Just so we can - - -

**MS LAMB:** - - - and stating your name for the panel.

**UNIDENTIFIED MALE:** I'm also speaking tomorrow, so I'm just - - -

**DR ROBSON:** All right.

**MR SEIBERT:** All right. Well, yes.

**DR ROBSON:** Well, that's okay.

**MR SEIBERT:** That's tomorrow.

**DR ROBSON:** Tomorrow's fine.

**UNIDENTIFIED MALE:** Is that - - -

**MR SEIBERT:** Probably best to do it tomorrow.

**UNIDENTIFIED MALE:** Yes. So - - -

**DR ROBSON:** Yes. If it - - -

**UNIDENTIFIED MALE:** - - - with Craig Roberts of Youthworks, is that - - -

**MR SEIBERT:** I think we will probably do it tomorrow.

**MS LAMB:** Yes.

**DR ROBSON:** Yes. Tomorrow's - - -

**UNIDENTIFIED MALE:** Tomorrow. Yes.

**DR ROBSON:** Yes. Tomorrow's probably - - -

**MR EASTLAKE:** You want to talk about pay teachers.

**UNIDENTIFIED MALE:** And there were ..... boards. I can give you hard data on where the money goes, all those sort of things.

**DR ROBSON:** Yes. I think we will do it - - -

**UNIDENTIFIED MALE:** Answering some of those questions from today.

**DR ROBSON:** Is tomorrow okay.

**UNIDENTIFIED MALE:** Totally fine.

**DR ROBSON:** Yes.

**UNIDENTIFIED MALE:** I just wanted to say that out loud, so that - - -

**DR ROBSON:** Okay. Good.

**MS ABRAMSON:** Thank you.

**UNIDENTIFIED MALE:** - - - you can decide when - - -

**DR ROBSON:** Next stop, we will follow-up on it.

**UNIDENTIFIED MALE:** Great.

**DR ROBSON:** Yes.

**MR SEIBERT:** Yes.

**DR ROBSON:** Excellent.

**UNIDENTIFIED MALE:** I'm mid-morning tomorrow.

**MR SEIBERT:** Yes.

**DR ROBSON:** Okay.

**MR SEIBERT:** Okay. Thank you.

**MS ABRAMSON:** Thank you.

**MR EASTLAKE:** I said it before, it's – you know, it wasn't an initial Sydney event. For you guys to do two, thank you, very sincerely, for doing it. Like, you can do it via Zoom, but it ain't no substitute - - -

**DR ROBSON:** Yes. It's different. Yes.

**MR EASTLAKE:** - - - for face-to-face. Like, seriously – and I would be very willing, you know, and actually quite happy if I know where to send something to – I appreciate – and no bad blood, I just didn't understand the issue of - - -

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

**MR EASTLAKE:** - - - the burden of proof. So thank you for clarifying, but I think that - - -

**DR ROBSON:** Yes.

**MR EASTLAKE:** - - - you answered very well. The framing of it was excellent, and, you know, I would love to commend whomever was - - -

**MS ABRAMSON:** We can see that you teach.

**MR SEIBERT:** You can – thank you for the feedback.

**MS ABRAMSON:** We’re getting that, and - - -

**MR EASTLAKE:** No, no, I – no, but if there’s - - -

**DR ROBSON:** You can commend me. You can commend me.

**MR SEIBERT:** I love this feedback. So - - -

**MR EASTLAKE:** No, no, but I would love to – I would seriously like - - -

**DR ROBSON:** Thank you.

**MR EASTLAKE:** - - - you know, the – it has been very fair. Your questioning is very reasonable, and I appreciate, you know, a lot of – and, particularly, our submission only went in on Friday, so, you know, certainly you guys need to be commended, and whoever else, this is all transcribed, so please make that find - - -

**DR ROBSON:** Absolutely.

**MR EASTLAKE:** - - - its way to the - - -

**DR ROBSON:** We will put that in - - -

**MR EASTLAKE:** - - - appropriate person because I have attended different ones of these before, and they don’t always go like this. So I - - -

**DR ROBSON:** Okay.

**MR EASTLAKE:** This was really great. Thank you very much.

**MS ABRAMSON:** Well, thank you.

**MR SEIBERT:** Thank you.

**DR ROBSON:** Thank you very much.

**MR SEIBERT:** No. Thanks for your comment. Appreciate it.

**DR ROBSON:** Yes. Thanks.

**MR EASTLAKE:** No, no, pleasure.

**DR ROBSON:** So we will now adjourn the proceedings. Thank you for – everyone for coming along today, and we will resume tomorrow at 10.

**MS ABRAMSON:** 10.

**DR ROBSON:** 10 o'clock.

**MS ABRAMSON:** Yes.

**DR ROBSON:** All right. Thank you.

**MS ABRAMSON:** Thank you.

**DR SCANDRETT:** Thank you.

**MR SEIBERT:** Thank you very much.

**MATTER ADJOURNED at 4.52 pm UNTIL TUESDAY, 13 FEBRUARY 2024**



**Australian Government**  
**Productivity Commission**

**PRODUCTIVITY COMMISSION**

**PUBLIC HEARING – PHILANTHROPY**

**DR A. ROBSON, Deputy Chair**  
**MS J. ABRAMSON, Commissioner**  
**MR K. SEIBERT, Associate Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**SYDNEY. TUESDAY 13 FEBRUARY 2024**  
**DAY 2**

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**DR A. ROBSON:** All right. We will get started, I think. Good morning, everyone. Welcome to this second day of public hearings following the release of the Productivity Commission's philanthropy inquiry draft report. My name is Dr Alex Robson. I'm the Deputy Chair of the Productivity Commission and presiding Commissioner on this inquiry. I'm joined by Commissioner Julie Abramson and Associate Commissioner Krystian Seibert. Before we begin today's proceedings, I would like to begin by acknowledging the traditional custodians of the lands on which we're meeting today 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 wellbeing of the Australian community as a whole.

So the purpose of this public hearing is to facilitate comments and feedback on the draft report, Future Foundations for Giving. In this report, the Commission identified practical changes that would promote giving and benefit the Australian community. We're seeking feedback on these proposals. The Commission also notes, however, that all government support ultimately derives from taxpayers and that there's no such thing as a free lunch, including when it comes to policy options for supporting philanthropy. All policy choices involve trade-offs, costs and benefits. Our interest is in understanding what those trade-offs look like and how to improve the terms of those trade-offs.

The draft report focused on three main areas: DGR reform, regulation and information. The draft report did not recommend removing the charitable status of any entity or class of entities. Yesterday we heard from stakeholders regarding the report's draft recommendations on DGR for school building funds and special religious education, extending DGR to charities with the sole purpose of advancing religion and regulatory arrangements around basic religious charities, as well as our draft recommendations around corporate giving and transparency.

The Commission has found, as part of its inquiry, that the current DGR system lacks a coherent policy underpinning and has sought to address this by developing a principles-based framework for DGR eligibility that focuses on charitable activities rather than entities. The Commission then applied these three principles to determine which charitable activities would remain the same with respect to DGR status and for which activities there would be a change.

The Commission's draft recommendation on removing DGR status for school building funds would apply equally to government, non-government, secular and religious education providers. Our preliminary view is while there are sound reasons for governments to support the provision of school infrastructure, the current tax donation for donations for school buildings is unlikely to be the best way to direct support to where it's 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 undertaking a range of charitable activities. However, the Commission did not find a strong policy rationale in terms of net



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 with the advancing religion subtype already undertake additional and separate charitable activities such as advancing social and public welfare. Under the Commission's proposed reforms, which would expand the scope of DGR, these entities could gain DGR status for these other separate activities and it would be easier for them to do so. 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 these proposed reforms to the DGR system in these hearings. 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 was to strengthen the regulatory framework to enhance the ACNC's powers and improve the regulatory architecture. This is particularly important given that trust and confidence in charities underpins philanthropic giving and the Commission has made various proposals to enhance the regulatory framework. The proposals also seek to ensure that 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 the three reform areas is to improve public information and enhance access to philanthropy, including for Aboriginal and Torres Strait Islander people and organisations. The Commission has 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 draft recommendations to enhance the utility of data that the government collects and provides about charities, giving and volunteering. It also recommends that disclosure and reporting of corporate giving and charitable bequests be approved.

The Commission is grateful to all the organisations and people that have taken the time to prepare submissions and to appear at these hearings. As of the 9<sup>th</sup> of February, we've received over 1200 final submissions and over 1400 brief comments since the draft report. So this is the second day of public hearings for this inquiry. We will then be working towards completing a final report due to the Australian Government in May 2024, 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 of the final report's release by government, which may be up to 25 parliamentary sitting days after completion.

So 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 in this – in these hearings. For this reason, comments from the floor cannot be taken, but at the end of today's proceedings I will provide an opportunity for anyone who wishes to do so to make a brief comment or presentation. The transcript taken today will be made available to participants and will also be made available on the Commission's website following the hearings. Submissions are also available on our 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 their remarks are not defamatory of other parties. Participants are invited to make some opening remarks of no more than five minutes.

Keeping the opening remarks brief will allow us the opportunity to discuss matters in participants' submissions in greater detail. So I would now like to welcome the first presentations today from the Associated Christian Schools. If you could please state your name and the organisation that you're from for the record, and then we'd be happy to hear an opening statement and then we'll get into the questions, but welcome and please go ahead.

**MR A. MACPHERSON:** Thank you. My name is Alistair Macpherson. I'm the Executive Director: Public Policy & Advocacy, for Associated Christian Schools.

**MS V. CHENG:** Good morning. I'm Vanessa Cheng, the Executive Officer of the Australian Association of Christian Schools, representing over 100 independent Christian schools around the nation.

**MR M. SPENCER:** Mark Spencer. I'm the Director of Public Policy for Christian Schools Australia. We have member schools in over 180 locations around the country.

**DR ROBSON:** Okay, thank you. Would you like to make an opening statement.

**MR MACPHERSON:** Yes, thank you, Commissioners. Thank you for inviting us to be a part of today, and we also recognise the traditional owners on the land on which we meet. So we, as a joint group of organisations, represent about 150,000 students and over 300 schools across Australia. Our schools, our member schools, are not wealthy schools. They're generally either in low to medium fee-paying proportions, and of those, they're largely based in the suburban areas and in the regional areas of Australia. So we're not talking about inner-city wealthy schools.

Our member schools do use DGR funds quite extensively, but they don't raise the types of moneys that might be thought that they're raising. They're generally raising between 50 and 200,000 dollars per annum through their DGR funds and that includes the college building fund, of course. And so it's certainly of concern to our member schools to see that particular DGR source of giving being removed from them in the context where it is a significant part of their ability to fund capital projects. The reality is that education – the education they deliver results in significant benefits to the Australian community over the course of each student's lifetime as well as the families, and those students are continuing to give in all manner of ways towards the community.

Schools are expensive to run and they're particularly expensive to build and to maintain, and government funding in and of itself will not meet those costs. In fact, government recurrent funding is – cannot be used for school building funds. We're just talking about block grant moneys that can be used and that represents about 20 to 50 per cent of the actual cost of – well, maintaining it and building school buildings. And so, because of those costs, our member schools need to look to other ways of funding their capital infrastructure, which includes DGR giving.

We would say, and we've set out in our submission, that the risks of raising those funds through the DGR is far outweighed by the benefit that those funds deliver to the community. The risk of private benefit is, in our submission, negligible if at all, because the reality is that these parents and other members of the community that are giving to these DGR funds are not expecting anything in return. They do it out of a generous heart and a desire to support the school. So there is really no risk of a private benefit. And the funds are being used in a completely appropriate and transparent way towards the provision of education. We've said in our

submission more of our arguments, but that's really the extent of our opening statement. We're happy to take any questions that you might have.

**DR ROBSON:** Thanks very much. Krystian, do you want to start some questions.

**MR K. SEIBERT:** Thank you for taking the time to join us this morning and to share your perspectives. I think it's important to state, too, that in the draft report we recognise there is a role for government to support school – the provision of school infrastructure, so the question is about how to do that and whether the DGR system is the right way to do that, noting that that category for school building funds has been around for quite some time and it's really important to consider whether it's fit for purpose, relevant in the context of the broader funding environment and the design of the DGR system.

I just wanted to ask you a bit about – sort of – you mentioned how your schools are in sort of suburban areas – sort of – and that many of them are low fee schools as well. Do you have any comments or thoughts about the fact that because of the nature of the tax deduction – it's based on the taxable income of the person making a donation, so the government contribution or subsidy can vary based on whether the parents are in higher taxable income or a lower taxable income. So it's not really necessarily matched to sort of the need or demand. Do you have any sort of comment on the way that the government support through the DGR system is directed?

**MR MACPHERSON:** Certainly. The government support is nowhere near as excessive as it would have been – if it was fully 100 per cent government funded. But one of the real benefits of the DGR system is that it enables a range of people in the community who actually want to support this particular school to be able to support it and to take a tax deduction. And these are not people that are necessarily – have children enrolled at the school.

In our survey results – and we did a survey of our schools – a large proportion of them are people that are connected to the community more generally, whether they're alumni, whether they're grandparents or whether they're simply people part of that particular faith community that have that particular school as a ministry of their faith community and they want to say that is something that we want to support. And then, the school is making those facilities equally available to the community at large to be able to use and deliver benefits back to the community at large.

**MR SEIBERT:** And so it's – I'd be interested in sort of your – we'd be very interested in any data you've got sort of from that survey in terms of the breakdown of who does support school building funds. Like, do you have any sort of data on – that you can share with us now?

**MR MACPHERSON:** Look, our data was indicating it's about 30 to 40 per cent that are not within the specific school enrolled community that would be supporting the school.

**MR SEIBERT:** So would 60 to 70 per cent be – would that be parents, then, that are contributing or - - -

**MR MACPHERSON:** That might be current parents that - - -

**MR SEIBERT:** Yes.

**MR MACPHERSON:** - - - might be contributing. It's probably at the lower end.

**MR SEIBERT:** Yes.

**MR MACPHERSON:** But the 30 to 40 per cent would be people from within the community more generally.

**MR SPENCER:** And it varies across the life of a school.

**MR SEIBERT:** Yes.

**MR SPENCER:** Particularly in – obviously, in the early years of a school where there is no existing parents, you often get donations from, in many of our cases where our schools have been established as the ministry of the local church, people from that church community or other related church communities making donations to a building fund to establish that new school. In many cases, in our schools, they were started with, you know, the proprietors or proponents taking out second mortgages to borrow, to – you know, the school building funds.

A whole range of ways of actually, you know, you know, gathering the infrastructure to establish that school because there is no capital funding for those schools in the early years. So it's very much reliant upon that public support. Second mortgages and those sorts of things are very privately costly. Now, to use the DGR facility to encourage that across that wider community has been very helpful in many of those cases. So there was a waxing and waning of contributions depending on the life cycle of the school or the life cycle of the building program.

**MR SEIBERT:** And what if - - -

**MR SPENCER:** And if you're suggesting that instead of a deduction we go for a rebate model for a gifts to DGRs, we'd be very happy - - -

**MR SEIBERT:** I'm not suggesting any - - -

**MR SPENCER:** - - - to accommodate that.

**MR SEIBERT:** But I mean, I suppose the question I was asking was that, yes, like, that you might have sort of parents of particular incomes in a particular area and there's more of a taxpayer contribution because of – it's a function of their incomes. It's not matched, necessarily, to needs or – that's one challenge with the DGR system. It's kind of decentralised, the decision-making, rather than government – like, with a grants program can sort of coordinate it differently.

**MR SPENCER:** So the last data I've got on our member schools is that the average contribution from parents on the recurrent side of funding, so fees and other similar contributions, is just over \$5000 per annum. So quite modest.

**MR SEIBERT:** Is that donations?

**MR SPENCER:** That – no, that's fees. That's - - -

**MR SEIBERT:** Fees. Okay. Yes.

**MR SPENCER:** - - - to recurrent - - -

**MR SEIBERT:** Yes.

**MR SPENCER:** - - - funding. So we're not talking about wealthy families.

**MR SEIBERT:** Yes.

**MR SPENCER:** But they are still, when they're able – you know, in the outer western suburbs of Sydney and outer western Melbourne in the regional areas – when they are able, they will still utilise the DGR funds and that's a very important thing for them to be able to do that for those additional – additional giving. It may not be as tax-effective as it might be for a wealthier family, but it's still enough of an incentive to actually incentivise them to make those extra contributions.

**MR SEIBERT:** And what are the – sort of the motivations, because we're interested in that as part of this inquiry, for parents and others that are contributing?

**MS CHENG:** I can speak for myself as a parent, but also representing schools. I think a lot of parents are motivated by the mission and ethos and that genuine desire to be generous and to give back to the school, so often parents won't be seeing that direct benefit themselves of donating to a school building fund because buildings take a long time to plan and your children might only be at the school – they're just there for high school four or five years. So you're sowing into the future, future generations, but wanting to contribute and see the benefit of that school to your family. So often it's just with purely generous motives and not receiving any direct benefit as a parent, but seeing that the school is doing good things and wanting to support the mission and ethos of the school, and giving back to the community.

**MR SPENCER:** Yes.

**MR SEIBERT:** So – and this is just a hypothetical and we don't have any views at this stage, but if that – if there isn't sort of that desire to sort of donate to, you know, build buildings that children can benefit from and, you know, maybe down – a few years down the track, would – if, say, there was, say, an arm's length entity where it's a school building fund and you contribute to it and other schools can apply for funding from it within the network or other schools – would parents still contribute to it? Or is it linked to them being able to contribute to a school where their own children go?

**MR SPENCER:** Some years ago now, a ..... actually ran a centralised school building fund and it was – contributions were made to that and they were distributed to new schools as they need it. And that certainly had, in that time, a lot of contributions from people who were committed to the cause of Christian education, to use that sort of broader function. And it wasn't necessarily connected to a school they were associated with. So that certainly has happened in the past. In more recent years, that hasn't been continued for a variety of practical reasons. And you know, again, in – speaking from personal experience, I gave to a school building fund for our children's school knowing that our children are about to leave. So there are – there is that motivation for, you know, the commitment to the sort of broader mission of what we're doing.

**DR ROBSON:** Julie - - -

**MS ABRAMSON:** Yes, I wanted to ask – you made a very interesting comment. I think it was Alistair. Yes. About making the premises generally available to community. How has that been done? Is it a term and condition of the school building fund? Like, very interested in those type of making it more available.

**MR MACPHERSON:** Well, it's just because they want to be a part of the community. So when community groups approach them, they will want to facilitate the use of their premises, whether it's sporting fields on the weekend, whether it's youth groups. There's all manner of uses in which these school buildings are put so that, you know, when we're not talking about inside of school hours, those buildings are still delivering the – a benefit back to the broader community.

**MS ABRAMSON:** It would be really useful for us if you were able to give us maybe some case studies of schools that do do that. You may not want to identify them, but on the basis that they make their premises available, it just is a really interesting idea because we have this view about what's a private benefit, as you know, so it's interesting to understand, well, actually, these facilities are used by the community at large.

**MR MACPHERSON:** In the context of our member schools?

**MS ABRAMSON:** Yes.

**MR MACPHERSON:** The vast majority, if not all of them, would make those facilities available to members of the community.

**DR ROBSON:** Yes.

**MR MACPHERSON:** It's something as simple as a Saturday morning sport where members of the communities are coming along to use those sporting fields and the facilities that are attached to them. I know that – well, I mean, I took my son to cricket and we're – each weekend we're at a different particular - - -

**MS ABRAMSON:** Yes.

**MR MACPHERSON:** - - - school, using those fields and using all of the facilities that are attached to those fields. That's one obvious - - -

**MS ABRAMSON:** Do they - - -

**MR MACPHERSON:** - - - provider.

**MS ABRAMSON:** - - - charge a fee? Like, even a nominal fee for the use of the facilities?

**MR MACPHERSON:** Well, if there was a fee, it would only be a nominal fee and, in fact, if you go back to the Building the Education Revolution funds that were used to build community buildings, it was a condition of that that what was actually constructed was to be made available to community groups for no more than a nominal fee.

**MS ABRAMSON:** Yes.

**MS CHENG:** Certainly, in the survey that we did of our member schools, we asked that question, “How are your facilities used by the community,” and every single school has said access is available through community groups such as sporting groups, youth groups. One school said seven days a week the facilities are available to the community. So we’re certainly happy to provide some of those - - -

**MS ABRAMSON:** Yes, that would be really helpful - - -

**MS CHENG:** - - - examples from our survey and - - -

**MS ABRAMSON:** - - - for us. Thank you.

**MS CHENG:** - - - more detail around that if you like.

**MS ABRAMSON:** No, that would be very helpful.

**DR ROBSON:** Thank you.

**MS ABRAMSON:** I did want to ask about volunteering, but are there other questions you want to ask about?

**DR ROBSON:** Yes, I’ve got a few - - -

**MS ABRAMSON:** Did you?

**DR ROBSON:** - - - and then we’ll come back.

**MS ABRAMSON:** Yes. Yes. Yes.

**DR ROBSON:** Yes. I just wanted to ask you about the principles. So when we – as I said in my opening remarks, when we started looking at the DGR system generally, we found a system that had, you know, very little coherent policy rationale and it’s developed in this way over more than 100 years, and so we came up with three principles. One – you know, the first one is that, well, the activity, you know, is worthy of some form of government support because it would be otherwise under-supplied.

The second one is that the DGR subsidy or tax concession is the best way of providing that support, and then the third one is that, you know, there’s no risk of a close nexus between the donor and the recipient. So I’m just interested in your views on those principles. Have we got those right or wrong? Or is the thing that you’re concerned about more the application of those principles to school building funds and – so yes, interested in your general views on that.

**MR MACPHERSON:** Look, certainly our concern was how it’s being applied in the context of school building funds, and it seemed like it was approaching it from the perspective that either buildings are government funded or they could be government funded and therefore there was no need for private support, and that’s not the reality. Nor is it really appropriate. We – our member schools want to be encouraging those within their community to be supporting through financial donations, because then there’s a sense of ownership and involvement that – our schools don’t operate in a vacuum. They operate as part of that community and so to simply say

we're only going to be relying on government funding is, in effect, cutting off part of what's an important part of the school, which is the community that you're serving.

**DR ROBSON:** Okay.

**MR SPENCER:** And, I mean, if you look at the, you know, the rationale for government support, it's certainly – our schools have been growing. Fastest growing sector for the last three or four decades. Our greatest challenges are finding enough teachers and finding enough resources in terms of buildings and facilities to actually house people who want to come to our schools. So our buildings – you know, we're not – to use some comments that might be attributed to the Greens, we're not building a second orchestra pit or a third swimming pool. We're building additional classrooms. We're building additional educational facilities. School supports in a – science labs, which are always horrendously expensive.

So, you know, we need to grow and build our school facilities, and that is providing a benefit to the public. The public are demanding our sort of schools. They're coming to our schools in waves. And they're – those facilities aren't being funded by the government. The capital funding has been growing, but fairly marginally. It hasn't been as generous as the recurrent funding in terms of government support and would need to massively increase to come anywhere near funding the need for non-government schools. And that support is providing – you know, supporting an activity that is providing a widespread benefit.

We'll provide you with some additional research we did around the impact of our students and graduates from our schools into the broader community. Our students from Christian schools are more likely to be involved in volunteering, more likely to be involved in trade unions, more likely to be involved in political parties and other civic institutions. You know, we are producing graduates who are – have that – want – the desire to give back in a broader sense to society. And in the context – you know, I think we've already talked a little bit about in the context of schools, you know, there isn't that sense of – certainly no offset. You know, if you give to the building fund, that means fees won't go up. That – you know, that's just – yes.

**MR SEIBERT:** So just on that, hypothetically, if this recommendation was implemented, what would happen to fees?

**MR SPENCER:** Well, before we even start talking about fees, we'd be talking to government about giving us some more capital grants.

**MR SEIBERT:** A fair point. Yes.

**MR SPENCER:** That would be our first port of call. If not, then there would probably need to be – well, you – we would either have to stop providing education where we are, provide a lesser quality of education. And that tends to have the greatest impact upon those with the most need in our schools. Capital funding – any funding for our schools provides the opportunity for choice of our sort of schools for people who could otherwise not afford it. So parents who come to our schools are – you know, are there because they can afford it because of the government support we get. And they generally couldn't do it out of their own back.

**MR SEIBERT:** So would you – you say you'd generally want to replace – you'd ask the government to replace it through sort of grant funding rather than trying to change fees because of – and would - - -



**MR SPENCER:** Because of the ability of our parents - - -

**MR SEIBERT:** Yes.

**MR SPENCER:** - - - to accommodate that.

**MR SEIBERT:** That's – okay.

**DR ROBSON:** There's a step in there that is the response of donations to the removal of DGR status. So you – we're – we've, as part of this report, looked at that issue, you know, sort of generally across the Australian community: the responsiveness of people's donations to the tax price of giving. But it is difficult to get data on donations for a specific purpose to – so do you have a sense, then, of, you know, what would happen to DGR donations?

Because the – you know, a lot of donations are made to DGR eligible entities but they're not claimed as tax deductions. They're just given by corporates or whatever they might be. And so the – you know, one question we're interested in as the sort of initial step in that – you know, that chain of events that we were just talking about with Christian was, well, what would happen to those DGR donations in your view? Do you have a sense of that or – it's – I mean, it's a hypothetical question, but - - -

**MR SPENCER:** It is a hypothetical question - - -

**DR ROBSON:** Yes. If you've got any views on it – I mean - - -

**MR SPENCER:** I don't think there would be many donations to building funds in our schools from corporates or other entities that wouldn't be claiming tax deductions.

**DR ROBSON:** Yes.

**MR SPENCER:** I think the tax deductibility, whether it's the most tax – you know, whether it's high income people, it – like, it's a – generally a middle income bracket.

**DR ROBSON:** Yes.

**MR SPENCER:** But it's still enough of an incentive to just provide that extra little bit to - - -

**DR ROBSON:** Yes.

**MR SPENCER:** - - - allow it to happen. The conversations around the dinner table, you know.

**DR ROBSON:** Yes.

**MR SPENCER:** One partner might want to make a contribution and be generous; the other one says we've got to juggle the finances. Well, the tax deductibility just changes that conversation a little bit. It changes enough. It's enough for a margin to make the giving happen - - -

**DR ROBSON:** Yes. Okay.

**MR SPENCER:** - - - would be my assessment.

**DR ROBSON:** Yes. Yes.

**MS CHENG:** Some comments, again, from our principals – we asked this question again in our survey – that they would have to start increasing their fees to community groups who were – are using facilities, so that would be an impact. They would need to look at other avenues of support to keep those buildings maintained and build new buildings, so whether it's additional compulsory levies on parents where currently it's voluntary levies on parents or, you know, it's not compulsory. And again, looking to government. So I guess that question for the Productivity Commission is, is it really a net benefit to remove the DGR status in terms of overall government support for independent schools and I'm not sure how you would measure that, but I would anticipate that it's going to end up being more costly to govern in the long run if private donations are discouraged in this way by removing the DGR.

**MS ABRAMSON:** Could I just ask a question – and I might have misunderstood this, so I will put that – I thought that you couldn't ask for a compulsory amount.

**MR SPENCER:** You can't.

**MS ABRAMSON:** That you had to actually – had to be voluntary. I thought there was some law around that.

**MS CHENG:** Yes, yes, that's the current thing.

**MR SPENCER:** But I think the comment – that's what we're saying, was that if we couldn't have the DGR status, we would need to introduce - - -

**DR ROBSON:** Okay.

**MR SPENCER:** - - - a compulsory capital levy.

**MS CHENG:** That would – some way of covering that shortfall, and that gap.

**MR SPENCER:** Which wouldn't be – yes .....

**MR MACPHERSON:** And when we come back to what seems to be a constant theme in the report about fairness, that's a manifestly unfair outcome for our parents, because they're already paying school fees, and it's really quite unfair to then be saying, well, you also now need to fund the construction of the buildings through increased fees. So, really, if it's not being funded through DGR, the only other alternative is government funding, just as governments need to fund State schools. But what the – the model that we've long had within Australia is to say that there's an alternative way of funding school buildings, because it's delivering that long-life benefit through philanthropy, and particularly the philanthropy of those who are wanting to support our member schools. And the people within our community are generally generous people. They actually want to, because they have a spirit of generosity that comes out of their lived faith, and so they want to sew back into the school for generations to come, which would be encouraging.

**MS ABRAMSON:** Which brings me, kind of, neatly, to the volunteering. I'm really interested in the comments that you made around the insurance issue. So there are two things I'm really interested with volunteering. You've all made the comments that you provide an ethos that

means that the graduates of the schools and their parents are more inclined to be volunteers in community. Any statistics you have on that would be terrific. And the second point is, any – well, three, I’m sorry – any trends that you’ve observed in volunteering, because we see national trends where volunteering is actually decreased, but we’re interested in the comments that you made about the ethos of volunteering, and then I’m particularly interested in the insurance issue, and whether you’re having trouble placing insurance at a reasonable cost.

**MR MACPHERSON:** Yes, so I think those were issues that we brought out in our first submission.

**MS ABRAMSON:** Yes.

**MR MACPHERSON:** That initial stage. Certainly, if we look at the insurance, the insurance is becoming an issue, particularly, for example, in relation to activities that are more high risk for schools, and so the insurers are saying, we’re either not going to fund those, or we will find those at a prohibitive cost. So attending external events, having external providers coming in and delivering events, using inflatables, for example. That’s something that is becoming increasingly difficult, if not impossible to obtain insurance from.

**MS ABRAMSON:** Have you been able to – I’m not expecting, necessarily, that you can, do you place like group insurance for the Christian schools that are members of yours, because a lot of employer associations, for example, have insurance schemes where they place insurance or that’s not part of the model?

**MR MACPHERSON:** Some will have member schemes. So I mean - - -

**MS ABRAMSON:** Yes.

**MR MACPHERSON:** - - - there’s a member scheme that’s both for churches and for Christian schools.

**MS ABRAMSON:** Yes.

**MR MACPHERSON:** And so quite a number of schools would insure through that scheme. Other schools would simply go to the market for their insurance. Generally it is a more cost-effective insurance when it’s going through those collaborative schemes than going to market.

**MS ABRAMSON:** If you’re able to – and I’m aware of commercial sensitivities – to give us a view about one, an increase in the premiums that schools are facing, and secondly, the ability to place insurance. I’m very sympathetic to this in other capacities. The insurance market has become quite difficult. So interested to know about that. And we don’t have a view, but you’ve raised an interesting point in your first submission about whether or not there should be some public scheme in circumstances where the government is keen on supporting voluntary – we don’t have a view, but that type of information is really helpful.

**MR MACPHERSON:** Yes, we can look to provide that.

**MS ABRAMSON:** Thank you. And just volunteering generally, what do you say?

**MR MACPHERSON:** Again, with our initial submission, I believe we elaborated more on that, and provided an infographic, that set out what – where the volunteering levels were.

**MS ABRAMSON:** I'm looking at your submission now, yes.

**MR MACPHERSON:** Yes. So that was the Cardus Report that we provided there.

**MS ABRAMSON:** Yes.

**MR MACPHERSON:** But certainly, our schools see volunteering not only within the life of the student within the school, but then it goes on. So whether that's within aged care or other public benevolent institutions, where our students are either volunteering as students, or continuing to volunteer. Indeed, part of it also revealed that a large proportion of our students were more likely to be involved in a union or a professional organisation post their education than students from other schools. So there's an embedding within them throughout their school journey of delivering back to the community.

**MR MACPHERSON:** Thank you.

**MS CHENG:** And can I add to that, that – so this is the Cardus survey that we conducted of our millennial graduates from Christian, independent, government and Catholic schools, but what it showed also, that it was Christian school graduates are more likely to be generous themselves, and give to charities and to churches. So, again, that philosophy and that ethos of giving back through volunteering and also financially giving something that is very much part of the Christian faith that we would be teaching through our schools.

**MS ABRAMSON:** Thank you.

**MR SPENCER:** Which goes back to the use of facilities question, and why many of our schools are motivated to make sure their facilities are as open and accessible to the public as possible, for them – and supporting other groups, and again ..... back into the community, and demonstrating to their students how they do that by, you know, them seeing the school doing that with their facilities.

**MS ABRAMSON:** I understand, thank you.

**MR SEIBERT:** Just on the community access, it – the BER, the Building the Education Revolution funding conditions weren't mentioned yesterday, and I – yes, I wanted to ask if – say if those sorts of conditions applied in the context of buildings funded through DGR donations, would you be comfortable with that?

**MR SPENCER:** Off the top of my head, yes, because it's going to be happening anyway.

**MR SEIBERT:** Because it's about providing reasonable access to community groups for low or no fees.

**MR SPENCER:** Yes.

**MR SEIBERT:** To facilities, libraries and multipurpose facilities, yes.

**MR SPENCER:** Yes, generally my experience with schools is that they do charge a fee, and that creates a contractual arrangement. That means you can put conditions in, and have, you know, a sensible structure in place and then that helps to deal with insurance issues and all those sort of other, you know, things you need to put in place to manage those arrangements. But it is generally just a nominal fee, to trigger those requirements, and I don't think our school have any concerns around that.

**MR SEIBERT:** And very quickly as well, when you mention, sort of, a tax rebate, the – would – because obviously one of the benefits of a tax creditor or rebate is you get, sort of, a – there's a consistent, sort of, taxpayer contribution or government contribution, co-contribution for every person making the donation. Do you think that there are benefits to that? Or disadvantages, any thoughts on it in particular?

**MR SPENCER:** In that - - -

**MR SEIBERT:** In that context.

**MR SPENCER:** A tax rebate rather than tax deduction would certainly address some of the concerns that have been expressed about the variability of the impact on that – on the donor. Now, obviously, that wouldn't address those who are at the bottom end who aren't paying tax, but they're probably relatively less likely to be making contributions. They would certainly significantly benefit those in the lower to middle tier who are – the people who are making donations and contributions in our schools.

**MR SEIBERT:** So they might make more contributions?

**MR SPENCER:** No, they might make – be able to make more contributions.

**MR SEIBERT:** And would that mean – would probably many of your parents, and others fit in that, that, sort of, bracket?

**MR SPENCER:** In that middle – middle bracket. How – without getting into it, the nerdy technical funding – the direct measure - - -

**MR SEIBERT:** No, please do.

**MR SPENCER:** Direct measure income and sort of levels of our schools are really at that, you know, lower level, around the Catholic schools or maybe slightly below that, so we aren't the higher income - - -

**MR SEIBERT:** Any data that you have on this, whether it's in your submission or not would be very helpful just to help us with our thinking. I – that survey that you did, is that included in your submissions? Because we haven't - - -

**MR SPENCER:** It has only just been concluded for today, so - - -

**MR SEIBERT:** Okay.

**MR SPENCER:** Yes, we can certainly pull that together. There has been under FOI some data released by the Department of Education around income levels, DMI, school funding, that we

might be able to come back to you, to give you a sense of, you know, sort of income levels, or you might be able to do it yourself with your – more resources.

**MR SEIBERT:** But also, that survey you mentioned of your principals and others, that would be really - - -

**MS ABRAMSON:** Yes.

**MR SPENCER:** We can give you that, but I can also point you to that.

**MR SEIBERT:** Excellent. Thank you. That's fantastic.

**DR ROBSON:** Any other questions?

**MS ABRAMSON:** No, that has been really helpful. Thank you.

**MR SPENCER:** Thank you very much.

**MR SEIBERT:** Yes, thank you.

**MS ABRAMSON:** Thank you. Pleasure.

**DR ROBSON:** So we will now, I think, take a break, and – for morning tea, and then we've got – come back at 11 o'clock. Thank you.

**ADJOURNED**

**[10.40 am]**

**RESUMED**

**[10.59 am]**

**DR ROBSON:** All right. We'll get started again. So we've got the next participants appearing from Youth Works. So if you could please state your name and the organisation that you're from and then if you'd like to make an opening statement, we very much welcome that. And then we'll get into questions. Welcome.

**MR ROBERTS:** Thank you, Commissioner. My name's Craig Roberts. I'm the CEO of the Anglican Youth and Education Diocese of Sydney, known as Youthworks, and this is my 26<sup>th</sup> year of teaching SRE or scripture each week in New South Wales public schools. I am grateful for the Commission's draft report into philanthropy in Australia and there is much to applaud in that report. I won't rehearse the fully referenced and footnoted evidence and data contained in several submissions to the Commission that set out so very clearly that people of faith are, on average, far more generous with their time, their treasure and their talents than the norm. If we want to increase Australian philanthropy, we need to harness our faith communities and not disincentivise them. But as the draft report stands, the only segment of society that I can see that stands to get less not more incentives to give are faith communities, notably around school building funds and RIGS, which is instruction in government schools funds.

My concern is that the Commission may not have had complete data upon which they drew their [conclusions and framed draft recommendations. The report does not seem to acknowledge that people of faith are more philanthropic with their time and money than the average Australian, and I'll confine my remarks on the Commission's report and recommendations to the removal of DGR status of RIGS funds. Others have and will articulate a critique around the Commission's view of school building funds which I fear the Commission may have erroneously conflated with RIGS funds as the Commission particularly sought to apply their third principle around private benefits.

There's also the matter of equity. At multiple points, the draft report rightly speaks of the objective of equity. I note that SRE, scripture, is delivered in New South Wales schools alongside ethics but ethics gets a free pass in the draft report. I can't fathom why SRE should have DGR status removed whilst donations to ethics, special education and ethics, have their DGR status preserved. If I were a man of thin skin, which I am not, I could see at many points an anti-faith ideology dressed up as tax policy. However, what I can't discern is a coherent reason behind the draft recommendations for the DGR status for RIGS funds to be removed. I applaud the three principles that determine whether an activity should be in scope for DGR status or not: community-wide benefits, benefits from government subsidy and the unlikely risk of conversion to private benefit to donors.

On page 18, the report states, "religious organisations play an important role in many people's lives and communities across Australia, however the Commission doesn't see a case for preserving government encouragement for the practice of religion through the DGR system based on the first principle above". The first principle, the expectation of community-wide benefits. The Commission may not be aware of a significant body of research from around the world that evidence's the correlation between faith and positive life outcomes. For example, a 2019 global study partnered – sorry, co-sponsored by World Vision called the Connected Generation. It involved 15,000 young adults from 25 countries across nine languages. It found that people of faith were more hopeful about the future and more resilient. They were more hopeful about the future, 51 per cent of religious young people versus 34 per cent for the faithless, if I could call them that.

As someone with an economics degree, I understand the nexus between individual hopefulness and increased rates of investment. The Australian economy needs investment to stimulate growth which is far superior to what one commentator called last week our current immigration Ponzi scheme that's driving our current GDP growth. People of faith are more hopeful about the future. They're also more resilient to the shocks of life. The particular measure in this study was that of self-efficacy, 43 per cent of religious folks versus 29 per cent for the rest of the cohort. What that means is that they are less reliant on the health network to deal with the inevitable chances and changes of life.

Robert Woodberry in his 2012 study the *Missionary Roots of Liberal Democracy*, he concluded that when comparing liberal democracies such as Australia's with other forms of national government, half the variance in mass education and voluntary organisation, that is philanthropy of time, can be attributed to the work of missionaries. To be clear, SRE teachers are not missionaries but they commend the same Christian faith to children whose parents opt them in to our classes and this aligns with the Gross and Rutland study from New South Wales just before COVID that found SRE delivers key psychological benefits to young people, including, and I quote, "concepts of giving and generosity to others".

The second principle, that of a net benefit to government, the Alice Springs 2019 Education Declaration, it has as its second goal that all young Australians become confident and creative individuals who have a sense of self-worth, self-awareness and personal identity that enables them to manage their emotional, mental, cultural, spiritual and physical wellbeing. School principals are largely reluctant to wade into the spiritual wellbeing of their students. Physical wellbeing, absolutely. We have PE, give the teacher a whistle and some cones and give the kids a ball: we cover that. School principals are also well trained and equipped to help students manage their emotional, mental and cultural wellbeing. But, in my experience over 26 years in government schools, school principals are largely reluctant to wade into the contested space of spirituality and spiritual wellbeing of students. SRE when it works well, which only happens when it is well resourced with teacher training, curriculum development and advocacy to smooth the local school implementation, when it works well it allows young people in Australia to explore and manage their spiritual wellbeing all at no cost to the public purse.

The benefits of SRE to government go further. In Q4 last year Prue Car, the Education Minister, said 10,000 lessons a week go unsupervised in New South Wales public schools. Without donor support, SRE would collapse. In the worst case, perhaps another 10,000 lessons a week would go unsupervised. The government would need to find the funds to cover that.

The third principle, that of private benefit, it's quite simply – Commissioners, it's not borne out by Youthworks' experience. We would be one of the larger RIGS funds in Australia. The vast majority of our donations by value come from donors who will never have kids at public schools. There is simply no nexus between them and the beneficiaries of their donations. The data that I have confirms that RIGS funds clearly satisfy all three of the Commissioner's principles for ongoing DGR status. My colleagues will now speak briefly to the uses and sources of our RIGS funds.

**MR STEVENSON:** Thank you. My name's Andy Stevenson. I'm the director of SRE at Youthworks, one of the two largest SRE providers in New South Wales and my comments are very briefly around the scope of work that is done and the costings towards that and trying to also answer some of the data questions that were asked yesterday afternoon in line with that.

Yesterday, Better Balance Futures director Murray Norman shared the largest statistics of SRE, that there are around 11,000 SRE teachers across all faiths in New South Wales. Over 2000 of those are Anglican and we oversee them at Youthworks in our team. Up to 500 of these SRE teachers are paid SRE workers and just under 100 of those are working under the Anglican system and the Anglican provider and all of the paid – almost all of the paid SRE teachers and managed by combined provider groups, local SRE boards across New South Wales and also branching into Queensland. And a little bit later on SU Australia Generate Ministries, the largest service provider for these boards in the country, will share more details of that work. 380,000 students attend SRE in new South Wales overall and around 300,000 of those are under the broad banner of Christian SRE which, as was shared by ICCOREIS yesterday, there are 80 different providers of Christian SRE in New South Wales.

For Youthworks, as a large – one of the largest SRE providers, my team has oversight in terms of training and accreditation, authorisation and compliance, advocacy and support and developing curriculum and resources for these SRE teachers for quality SRE to be delivered to all the students in schools across New South Wales. We do this in line with the Department of Education's request – mandatory request to make sure that all providers ensure the quality of SRE teachers' training and accreditation and the materials we use to teach in schools. I help complete an annual assurance statement that says we will deliver this work and this work costs a



lot of money to deliver. The staffing resources we contribute towards this work that is largely donated is significant. Last year, we ran an SRE conference for 1500 teachers across Sydney and then across New South Wales from other providers as well and even that alone cost around \$50,000 to run and it is heavily subsidised for participants attending. Our team, the team that I have, is almost entirely funded by donations. Without this work, SRE would cripple in terms of its management and quality control and working and relationship with the Department of Education and its policies and compliance. The people that donate towards this work, well, I'm going to hand over to Glen Richardson to talk to you about those.

**MR RICHARDSON:** Thanks, Andy. Good morning, everyone. I'm head of Donor and Community Relations at Youthworks and, amongst other things, I'm responsible for managing the donor file. In the last 12 months, we've have 832 individuals make a donation to Youthworks because they believe in the importance of SRE in public schools. Significantly, just eight of them contribute about 30 per cent of all donations. Seven of those eight large donors either have no children of their own or they choose to send their children to private schools and yet they continue to give generously to support SRE in public schools because of their passionate belief in its value.

So currently this is the DGR eligible funding that allows Youthworks to deliver the 250,000 SRE workbooks to students via 2000 trained and accredited volunteer SRE teachers that Andy has just spoken about. So, in summary, there is a relatively small number of individuals giving, for no personal benefit, into a very large and diverse cohort of beneficiaries. So what is clear to me is that as I look at page 188 of the drafter report which says, "in these cases, the nexus between donors and beneficiaries is unlikely to be as direct as compared with activities such as schools or childcare". And so it being very difficult to discern a direct nexus between one donor and any single beneficiary, so no substitution between fees and donations, then seems to me that there really is no case on that basis for the removal of DGR status for gifts to the religious instruction in government schools. Thanks for – collectively, thanks for the opportunity to present. Thank you.

**DR ROBSON:** Thank you very much. So I just reiterate, given your comments, Craig, that as we said in our report and – and elsewhere today and yesterday, you know, the Commission does recognise the value that faith and – and religion plays in the Australian community and the role in particular that it plays in donations and volunteering as inspiration for that and also, of course, charitable activities more generally. So, you know, I just wanted to put that on the – on the record again. With respect to school building funds, I just note that the recommendation there does apply to government – non-government schools. So we can debate the – well, have a conversation about the – you know, the merits or otherwise of that recommendation. I just - - -

**MR ROBERTS:** Certainly. Thank you, Commissioner.

**DR ROBSON:** - - - did want to point out that the idea is that it does apply to – to government schools as well, appreciating that, you know, most of these are in non-government schools. And also the point around ethics that, in fact, the recommendation would apply also to – to ethics - - -

**MR ROBERTS:** That wasn't – I didn't - - -

**DR ROBSON:** So that's not excluded as well. So - - -

**MR ROBERTS:** I didn't see that in the report. Thank you.

**DR ROBSON:** - - - I just wanted to get that on the record. And, again, we can have a conversation, and I'm hoping we will, about the merits or otherwise of – of that draft recommendation. So it's just in the spirit of – you know, we really – we're here to listen, we want to have a genuine conversation. We're not here to take on any other roles with the purpose of the hearings. I was particularly interested in, Glen, your – the data that you had on – on this – the nexus between donations and - - -

**MR RICHARDSON:** Yes.

**DR ROBSON:** - - - beneficiaries because that is the third principle. So – and you did provide some data, we're very thankful for that. Do you have any other comments or has that changed over time or – or – and what would you expect if DGR was removed, what would be the impact on those donation? Would there be a large response in your – your sense of it? I mean, you're close to it. What – what do you think would happen?

**MR RICHARDSON:** Well, can I share an example just from two weeks ago. A donor came to me and said he had just had a significant taxable windfall on a foreign currency transaction and he asked could he make a donation to our RIGS fund as – he would be happy just to take the after tax benefit but he donated the whole effect windfall to Youthworks, which ran deep into six figures, and in – the large part of that conversation focussed around the assurance that he would get a 100 per cent tax deduction. So that stimulated alone a very sizable philanthropic donation which aligns with the purpose and intent of the current legislation.

**DR ROBSON:** And it's not connected to any particular school, that donation?

**MR RICHARDSON:** This – this couple would be in their 50s. They have no children, never will have children, but they see the worth and value of SRE for, as he explained to me – Sam is his name – as he explained to me, on individual children, on local school communities and on Australian society at large.

**DR ROBSON:** We are interested in – I think you – and you spoke well about the – the spillover benefits, so it was obviously the benefit to the person directly receiving it. Talk – talk a bit more, if you could, about those – the spillover benefits. So when the person goes out of the classroom - - -

**MR RICHARDSON:** Yes.

**DR ROBSON:** - - - and, you know, might create benefits for someone who has not been in the classroom.

**MR RICHARDSON:** Yes.

**DR ROBSON:** Whatever it might be, might produce more social cohesion, more social capital, so those sorts of things.

**MR RICHARDSON:** Yes. Well, that – that was one of the – the findings of the Gross and Rutland study from 2019. They – they discovered the creation of a – what they called a thick multiculturalism within school communities. Andy is on the ground in schools, he can perhaps speak to this in his role, thinking particularly at the moment his role alongside Jewish and Muslim SRE teachers and there are some wonderful on the ground stories of Andy and his team

achieving what the United Nations cannot. But, as I talk to rabbis and imams, to Buddhist monks, typically they might have – or they’ve got less than 10 per cent of kids in SRE in New South Wales and they are clustered around certain suburbs, when I talk to those multifaith providers who might only have a few kinds in the school, what they share with me as we walk out of the school gate, they feel welcomed. When the – the Jewish, the Muslim, the Hindu, the Baha’i, the Buddhist student sees one of their faith leaders welcomed into the school, well, their – their leaders tell me that the kids – they just stand a little taller in the playground, confident in their identity. And that’s part of what resilience looks like, being able to stand tall amongst the chances and changes of life.

**DR ROBSON:** Thanks. And – you know, an alternative to DGR more generally that we’ve canvassed in the – in the report is obviously government grants, what would be the, you know, potential advantages and disadvantages of if that was to – would it be feasible to replace funding, you know, in that way or – or – or not? I’m interested in your views on that.

**MR RICHARDSON:** Yes. Well, I think they’re – they’re – they – they’re both legal tender. If – if the quantum is the same, no problem. But as – as we would, co-Commissioner Ms - - -

**MS ABRAMSON:** Julie.

**DR ROBSON:** Julie.

**MS ABRAMSON:** Julie’s fine.

**MR RICHARDSON:** Julie and I were – were talking earlier, I can see very quickly it would create – or it threatens to create the haves and the have-nots, where those who are skilled and connected at lobbying and know how to play the government grant game, they will win and others who don’t have the resources, aren’t as skilled, perhaps English is not their first language, they are likely to lose. So I - - -

**DR ROBSON:** Just on that - - -

**MR RICHARDSON:** Yes.

**DR ROBSON:** - - - but hypothetically in the case of, say, receiving support through the DGR system, don’t you have a similar sort of challenge in terms of those that are connected to people who have liquidity events and - - -

**MR RICHARDSON:** Yes. Yes.

**DR ROBSON:** - - - want to make a donation whereas, say - - -

**MR RICHARDSON:** Sure.

**DR ROBSON:** - - - some communities may not have those connections and the capacity to receive support wouldn’t be as strong.

**MR RICHARDSON:** Certainly. Well, perhaps, Andy do you want to talk to the range and reach of your team across all stratas of greater Sydney and New South Wales society?

**MR STEVENSON:** Yes. I think as our team meets people in churches and works with people that are considering working in schools doing SRE teaching, I've talked to some people who have been in corporate business and been able to provide donations for SRE but then they also – it won't be on the ground and then alongside them are other people that want to give far beyond their means and their wealth is nowhere near as significant. And that has been the case across all faith groups as well. So a lot of my work is advocacy and working with schools and I'll go in together with other SRE providers and we'll have discussions about getting support. I think when Glen says we have 832 different donors last year, the scale is diverse but I think that's quite uniform across the different religions. And I think many have said to me the work is growing. Population is growing, the work is growing. You know, the – they can see the same vision in one sense and are keen to donate towards that. I think if there were government grants, that would in one sense be slightly limiting and I don't even know whether those government grants would even exist.

**MR RICHARDSON:** Yes. That's right. Yes.

**MR STEVENSON:** Yes. And we – I mean, out of that 832, I spoke about the – the major end of that. But at the other end of that, there's 750 people who give us less than \$1000 a year.

**MR RICHARDSON:** Yes.

**MR STEVENSON:** And there's lots and lots of 10 and \$20 a months in there, lots of people who are giving out of strong commitment to their – to their faith and the outcomes despite, you know, increasingly difficult circumstances for many of them. So it's – it's a – it's a broad church, you know, in terms of who – who supports us.

**MR ROBERTS:** And perhaps if I could just speak to another risk that I can contemplate. If it was government funding, typically there is a positive correlation between funding and electoral cycles. The reason that Andy and his team are so effective is that they are so skilled and they come and work with me because I can guarantee them tenure and – and a career rather than just a three- or a four-year gig. And so I'd want to think some more about substituting DGR where we have multi-year – sometimes we have multi-generational commitments to this philanthropic work as opposed to government funding that might be tied to an electoral cycle.

**DR ROBSON:** But the only reason we ask about this - - -

**MR ROBERTS:** Yes.

**DR ROBSON:** - - - is really that we're looking at this holistically - - -

**MR ROBERTS:** Yes.

**DR ROBSON:** - - - in terms of in chapter 2 in the draft report we talk about the governments and the communities they represent and they've got resources to provide goods and services - - -

**MR ROBERTS:** Yes.

**DR ROBSON:** - - - that the community needs and there's different ways they can do that - - -

**MR ROBERTS:** Yes.

**DR ROBSON:** - - - and we need to think of that bigger picture. That's the only reason .....

**MR ROBERTS:** And I acknowledge the opportunity cost to the public purse on granting any tax deduction.

**MR STEVENSON:** And it's probably worth saying there are levels in terms of donation as well in that there are the organisations like us and others that are speaking today that need to try to get significant levels of donation but then there are these local SRE boards where – I chair one down on the – down in Illawarra and I have 100 donors and they range between sort of \$5000 and five dollars. And so, in one sense, there's more accessibility for these local boards across New South Wales as well for all kinds of different levels of donors. So they're – I would then at that point say there's a widespread opportunity for everybody to be able to contribute to this work. So it's less about the haves and have-nots, so to speak.

**MS ABRAMSON:** I have a few questions. I mean, one question is that given that people are giving maybe \$10, \$20, do you think that DGR is a really important contribution for people donating? I mean, I understood your example with the windfall gain, but would people donate anyway?

**MR STEVENSON:** I've – I pastored a church for 20 years and in the last seven years I've been – six years I've been in this role. When I've spoken to, in my case, Christians about the current kindness of the government in allowing tax-deductible giving, my message to them has consistently been and remains to this day when we access DGR status it's not to make our – our philanthropic giving cheaper, it's to allow us to be more generous. So I say “you work out how much you want to give, tell me your marginal tax rate and I'll tell you ‘let's add that on' and that's how much you give”. So I am convinced in the – the cohort of donors that I have contact with that DGR status amplifies the philanthropic dollar. I expect many of them would still give but at a far diminished rate and that would then compromise our ability to deliver the benefits that I've articulated in - - -

**MS ABRAMSON:** I understand, thank you. Two questions. The first one might seem a bit odd, so I'll explain the background. And it's really, I think, for you, Glen. How much of your contributions do you get by cheque?

**MR RICHARDSON:** Less and less.

**MS ABRAMSON:** Yes. Because there's a reason I'm asking you this.

**MR RICHARDSON:** Yes.

**MS ABRAMSON:** Because the government is committed to removing cheques by - - -

**MR RICHARDSON:** Yes.

**MS ABRAMSON:** Within four years so we have other evidence from other organisation that actually a substantial part of them – the donations they get are by cheques.

**MR RICHARDSON:** Yes.

**MS ABRAMSON:** So we're interested - - -

**MR RICHARDSON:** Yes.

**MS ABRAMSON:** - - - to understand.

**MR RICHARDSON:** I wouldn't call it substantial in our case.

**MS ABRAMSON:** Yes.

**MR RICHARDSON:** I mean, in extreme examples we still get \$5 notes wrapped up in tin foil sent to us in the post so, you know, there's that at one end. There's some cheques in – in the middle. But – but largely it's electronic and I think the – the cheque-using demographic is on the wane across – across the society generally and that's probably true for our donor base as well.

**MS ABRAMSON:** No. That's helpful, thank you. The other one is you've got some really interesting comments on volunteering in your submission because we've seen a decline in[ volunteering but you saw an uptick in volunteering.

**MR RICHARDSON:** Yes.

**MS ABRAMSON:** So I'm just kind of interested as to the factors you think might be at play as to why you've got a difference from national statistics.

**MR RICHARDSON:** Yes. I think – I mean, a little bit, obviously, I guess population growth. There's more – there's more students in the schools, there's more work to be done. And then I think part of our work is helping mobilise and train and accredit everybody and so therefore outlining clearly what is required and then trying to make that achievable and, you know, sometimes we feel like that's – has varying success. But in recent times we've seen a real – a growth in SRE teaching numbers because I think people have seen the significance of the work and also have looked at state schools and New South Wales in the state that we operate in and said there needs to be – these students need help. So I think it's the vision and the work and the kids, they want to contribute to society and our job is to put that vision before people, mobilise them and train them efficiently.

**MS ABRAMSON:** Thank you. Krystian ..... Thank you.

**MR SEIBERT:** I just wanted to go back to the – the DGR system. You may have seen that in the draft report we proposed the status quo for charities with the sole purpose of some type of advancing religion, so sort of worship charities. And it's not actually the Commission sort of breaking new ground there because that was – a similar recommendation was made by the not for profit sector tax concession working group in 2013 when they made recommendations regarding the reform of the DGR system. So I wanted to sort of ask do you think there's a different rationale or not for, say, DGR status for special religious education in public schools versus DGR status for charities with the sole purpose or subtype for advancing religion as well? Or is it – is there something distinctive around special .....

**MR ROBERTS:** Yes. I guess it depends on our understanding of advancing. We make it very clear that – and in conversations with the government, we're in agreement. We do not proselytise, we don't evangelise. What – what we do is allow parents to have informed choice

about the faith education of their kids in government schools or not and they opt their kids in to our classes and we – the phrase I use, we nurture faith where it is found. So I – I guess is deepening the faith of an individual advancing religion or is – is religion adding to the number of adherence. I – I guess I want some clarity around that.

**MR STEVENSON:** Our policy is pretty clear when it comes to SRE. And our – we – in our training, it's quite rigorous that we're there to educate about the Christian faith. So – yes. I've heard that discussion about advancement and I think, as I've talked to local principals in school, they've said "you're very professional in what you do" and they understand the goals and outcomes that we're seeking to achieve and they do line up with policy. So I think – yes.

**MR SEIBERT:** Yes. And I wasn't alluding to – the different purpose there, it's actually more about whether there's something distinctive about special religious education rather than, sort of advanced – sort of other ministry and other activities.

**MR STEVENSON:** I think because it is embedded in our state curriculum, so here and RI in Queensland, it helps deliver the – the – the goals of our – of our education ministers, federal and state. They recognise that we're all spiritual beings. One person said we're having a spiritual experience in a physical body and some people choose to shut the stadium roof, others want to crack it open and look up. SRE allows kids a safe place to have the stadium roof cracked open and they can look up or they can just look down and enjoy the sunlight.

**DR ROBSON:** I've got one more question then we'll have to go to the next set of participants but it's following up on Julie's question which was trying to get at this – and it's a more general question we're interested in is the responsiveness of people with different income levels to ..... And so I think, without wanting to put words in your mouth, your – your suggestion is that a person on a higher income and at the very top end with these liquidity events would be far more responsive to a tax price for – the technical term than someone at the lower end, was that fair enough?

**MR ROBERTS:** Agreed. And if – if we want to have a – a crack at achieving the Albanese government's objective of doubling philanthropy by 2030, we've got to attend to the top end of town whilst also curating and caring for the other 95 per cent. There's got to be both hands, not – not either or.

**DR ROBSON:** And just – sorry, I did say that was the last one; I've got one more now.

**MR ROBERTS:** You are the Commission, you can do what you like.

**DR ROBSON:** Yes. That's .....

**MS ABRAMSON:** He's the presiding Commissioner.

**MR SEIBERT:** Go forth.

**MS ABRAMSON:** .....

**DR ROBSON:** Around the larger – or even the smaller donations that you receive, are they – is it untied or tied so people just give without condition? Because often in philanthropy we discuss

it in the report that, you know, it's – at the one end of the spectrum there's an untied really genuine giving and at the other end it's almost like a procurement contract.

**MR ROBERTS:** Yes.

**DR ROBSON:** And so what – what's the situation?

**MR RICHARDSON:** Yes. We have a – we have a – Youthworks as an entity has a range of – of vehicles that people can give to.

**DR ROBSON:** Yes.

**MR RICHARDSON:** So there's a assessment of circumstances.

**MR ROBERTS:** Yes. There's a foundation, there's a college, there's a few different places where the money is spent. The vast majority – I'm quickly just trying to do some numbers here. Probably 90 – 92 per cent of it is given untied to SRE - - -

**DR ROBSON:** Okay.

**MR ROBERTS:** - - - for the broad purpose of running Andy's team to deliver SRE in public schools.

**DR ROBSON:** Okay. All right. Thanks very much.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Yes. Thank you.

**MR ROBERTS:** Thank you for your time.

**MR STEVENSON:** Thank you.

**MR RICHARDSON:** Thank you.

**DR ROBSON:** Thank you.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** Thank you.

**MR STEVENSON:**

**DR ROBSON:** Welcome.

**MR CARMICHAEL:** Thank you.

**DR ROBSON:** Yes. So if you could please state your name and the organisation that you're from and then if you'd like to make an opening statement, we'd very much welcome that. And then we can get into questions.



**MR CARMICHAEL:** Sure. Thank you. So my name's Josh Carmichael, I serve as the national director for Religious Education in Schools for SU Australia Generate. I'm joined by my colleagues Dave and Jono, I'll let them introduce themselves.

**MR PARKER:** I'm Dave Parker, group director of engagement for Scripture Union Australia.

**MR MARSHALL:** And Jono Marshall, regional director for New South Wales Central.

**MR CARMICHAEL:** Well, Commissioners, thank you for the opportunity to speak to our submission today. As I've said, my name is – my name is Josh. And as noted in our submission, SU Australia is an inter-denominational Christian movement with over 1200 staff and over 12,000 volunteers working alongside a wide range of churches and community groups, school communities also, serving these communities throughout Australia. One focus area we have is in supporting the delivery of religious instruction in government schools and it's in our role as a service provider in this regard that we present to you today. And it is in this specific area, religious instruction in government schools which was the focus of our – our submission to you.

So in the area of special religious education, religious instruction or special religious instruction as it is variously known around the country, we employ over 130 teachers, instructors and/or coordinators on behalf of over 100 local volunteer committees representing over 750 churches across New South Wales, Queensland and the Northern Territory. Such programs in government schools are heavily reliant on tax deductible giving. The 100 plus local SRE and RI committees partnered with us are either set up as incorporated associations or as subcommittees of SU Australia ensuring financial and governance transparency. These committees receive approximately \$2 million in tax deductible giving annually and this comprises over 15,000 separate donations each year.

It's worth noting, contrary to what we believe is conflated assumption in the draft report, that giving toward religious instruction in government schools is at very minimal risk of being any private benefit to the donor. The donors are not giving for the benefit of their own faith community, their family, students or alumni but are motivated instead by their religious beliefs and convictions and there are several submissions to the Commission that have confirmed this. We're concerned about the Commission's recommendations to withdraw DGR status for organisations responsible for religious instruction in government schools and we believe it should be removed for the following reasons.

Firstly, there is a broad affirmation in the Australian education system of the positive role that religion and spirituality plays in the lives of Australians. Federal government leaders have consistently affirmed the importance of spiritual wellbeing in the lives of students. In the Alice Springs Mparntwe Declaration of 2019 highlights this commitment to spiritual wellbeing as part of a holistic educational experience for government school students, saying education plays a vital role in promoting the intellectual, physical, social, emotional, moral, spiritual and aesthetic development and wellbeing of young Australians and in ensuring the nation's ongoing economic prosperity and social cohesion. As part of this commitment to spiritual wellbeing, state and territory policy throughout Australia continues to make space for faith-based religious instruction programs. These programs help schools to achieve a more holistic education for participating students and allow an opportunity for students of families who cannot afford religious schooling to access instruction in the faith of the family through government schools.

Secondly, there's an extensive growing evidence base that supports the positive role that religion and spirituality plays in people's lives. There's a growing body of quality research evidence that indicates what we tell ourself about life and its ultimate significance is central both to our health and wellbeing and to the prevention and management of physical and psychological disorders. These benefits are borne out in research specific to religious instruction in government schools. Professors Zehavit Gross and Suzanne Rutland in their research work *Special Religious Education in Australia and its Value to Contemporary Society* highlighted that special religious education provides key benefits to students including an effective values-based education, important psychological benefits, strengthening the multicultural fabric of schools and creating safe places for students to explore deeper questions of identity. Holding the findings of professors Gross and Rutland alongside Mparntwe Education Declaration, it quickly becomes apparent that SRE and RI are aiding government schools in achieving some of their stated educational aims around student development and wellbeing, especially social, emotional, ethical and spiritual aspects. Indeed, along with school chaplaincy, we believe you would be hard pressed to find another program in Australian schools that contributes as positively to the spiritual development and spiritual wellbeing of students as SRE and RI do.

Thirdly, there is a strong link between religious instruction, charitable giving and volunteering. We believe the Commissioner's draft report by its recommendations creates a false dichotomy between what they see as helpful religious endeavours such as social welfare services which would maintain DGR status under the recommendations and what they see as more self-serving, perhaps, religious endeavours, for example religious instruction, which would lose DGR status. There is some acknowledgment of the interconnectedness between religious belief and several helpful charitable endeavours in the draft report. However, it fails to recognise the vital role that early religious instruction such as religious instruction in government schools plays in developing these values of charitable giving and service that carry on into later life and are of such benefit to this country.

In our submission, we cite a number of examples of the inextricable link between religious instruction in early years and charitable service and giving in later life. The two go together like a horse and carriage; one follows the other. The value of this charitable service to Australian society, as highlighted in our submission, amounts to tens of billions of dollars annually. Removing DGR status for giving to religious instruction in government schools will result in an under-supply of instructors both paid and volunteer. In time, this will compromise a proven supply line of adult volunteers who, being grounded in a faith in younger years have for generations been over-representing in, among other things, feeding, housing and caring for many of the poorest and most vulnerable in Australian society.

The Commission has received several submissions from SRE boards partnered with us whose service to their local schools goes much further than the SRE classroom. The local churches in these arrangements, when invited by schools, are pleased to help meet some of the felt needs of students and families in their school communities in the form of food, clothing, furniture and the like. SRE, RI, SRI is the program that links these local schools and these local faith communities in this way and we – we struggle to understand why they would put this at risk by the proposed reforms.

I'll skip over my fourth point because it has been clarified that ethics will be included in – in the – the recommendations around religious instruction in government schools. But I would like to say this for the record, that we would endorse the Commission to consider maintaining ethics'

DGR status in the same way as religious instruction in government schools as the parliamentary bill in 2013 sought to do.

And – and fifthly, lastly, removing DGR status will cripple the system that supports the delivery of quality SRE and RI programs in government schools. The delivery of quality religious instruction programs in government schools throughout Australia, but particularly in New South Wales and Queensland, is supported by a number of faith-based organisations like ours and Youthworks who presented before. From local churches, mosques and temples who provide the teachers or instructors to volunteer SRE and RI committees that fundraise and support paid workers to denominational and faith-based providers of such services who are responsible for the authorisation, the ongoing training and compliance of these teachers, instructors, to parachurch organisations focussed on the development of quality curricula and quality people for such religious instruction programs in schools.

The stakeholders in this ecosystem are many and varied. Most run on already tight budgets and rely on the generosity of individuals for their survival and the survival of such programs. The removal of DGR status for giving to such organisations supporting SRE, RI programs will likely result in the collapse or partial collapse of this ecosystem creating an undersupply in the market for schools. To have state education departments rightly, we believe, raising the bar of compliance and standards around the delivery of SRE and RI programs in government schools on the one hand and now to have the Productivity Commission recommending to the federal government a move that will cripple the system that supports the meeting of these more rigorous standards on the other hand by the removal of DGR status for these organisations that support the delivery of this work seeks to us counterintuitive and counterproductive.

Removing DGR status for giving to religious instruction in government schools will result in many SRE and RI programs being discontinued in government schools due to the breakdown of the structures that support the work. It will create a shortfall of paid SRE, RI staff and volunteers, putting administrative stress on schools and on SRE and RI providers while also denying students and their parents the right to religious instruction as part of a holistic educational experience.

So in conclusion, we are concerned that to disincentivise giving to religious instruction in government schools by removing DRG status will disenfranchise faith-based communities, particularly in government schools where there is very minimal risk of any private benefit being gained by donors and – and much community-wide benefit to be achieved. If the Commission’s goal is to double philanthropic giving, would you not seek to champion faith-based communities working at this grassroots level to nurture young people in the faith of their family who will give of their time and resources to both religious and non-religious charities more generously than the average Australian population later in life. Surely SRE and RI in government schools becomes an even more vital program for young people in the hope of achieving the governments aspirational philanthropic giving target.

SU Australia’s vision statement is, “every child, young persona and family in Australia has opportunities of transforming experiences with Jesus and a lifelong journey of discipleship and serving a world in need”. According to the Commission’s proposed approach, transforming experiences of Jesus and a lifelong journey of discipleship would be considered purely religious activities whereas religious organisations like ours would see those activities as inextricably linked to the public benefits wrapped up in serving a world in need. The Commission’s conception and articulation of religious activities as outlined in the report suffers, we believe,

from a lack of understanding of the interconnected and nuanced nature of actual religious belief and practice. Removing DGR status for giving to the foundational building blocks of this kind of faith journey for some young people of which religious instruction in government schools forms a major part will severely hamper our efforts and the efforts of similar religious organisations. This in turn, we believe, will be of detriment to wider Australian society. Thank you.

**DR ROBSON:** Thank you. Krystian, did you want to - - -

**MR SEIBERT:** Thank you for joining us today and for sharing your perspectives and views and we really are interested in – in understanding them. I just wanted to step back because we're looking at the DGR system holistically, we've got those principles that Alex talked about earlier that we're trying to use to sort of guide our thinking about the – the system as a – as a result of the fact that over many decades the system has evolved in a very ad hoc manner without sort of much thought of going into sort of what's been added on. And I suppose that's the context for what we're doing. And so my question is we're not proposing to expand eligibility for DGR status to, say, charities with the sole subtype of advancing religion, so say worship charities, and also for schools in general, sort of for tuition and that's, you know – there have been other recommendations by other processes such as the not for profit sector tax concession working group that have made similar conclusions in the past. So my question, I suppose, is there something – similar to what I asked to our participants earlier, is there something distinctive around DGR for special religious education in public schools versus DGR for advancing religion or education more broadly? Is there something unique and distinctive there that would, say, justify retaining it there but maybe not in a broader sense?

**MR CARMICHAEL:** Yes. Sure. I mean, I think a key part of religious instruction is that it's happening in – in a young person's most formative years and – and what we're – what we're working on is – is seeing the wellbeing benefits that – that come from being educated in the – in the faith of the family. As – yes. And – and the – the link that we've highlighted, that inextricable link between this grounding in the – in the faith of the family which – which doesn't – if not for SRE and RI programs may not come in – in other ways. Our information tells us that a number of these students are signed up to these classes without having any link to – to a faith community. It's, you know, something that's in the – in the family history and for whatever reason they're signed up to these classes but this is, for many of the students, the only opportunity they get to grapple with – with matters of a spiritual nature. And so that's what I think is quite unique about these programs in schools.

**MR SEIBERT:** Sort of a broader question around the origins of it because it seems it's quite different sort of the context in, say, New South Wales to elsewhere and it's – it's embedded in the Education Act here as well. Is there any – because you operate in different jurisdictions, are there any sort of, yes, perspective you could share around sort of how it's evolved differently in different jurisdictions, it's sort of part of government policy here whereas elsewhere there's different policies, sort of what the – yes, what's that the product of?

**MR CARMICHAEL:** Yes. Yes. Sure. So these programs or similar programs are – are allowed to be taught in – in every state and territory jurisdiction around Australia. There are different rules that – that govern those. So New South Wales and Queensland probably share the most similar – similar policy in this regard, that there's time set aside in the course of the school day for religious instruction in the faith of the family to – to happen where there are providers that can – that can do that. But there are equivalents in – in all states and territories. Very

similar policy in Victoria only that it has to be delivered before or – or after school. In – in South Australia they have opportunity for people from the Christian background to go in and – and teach what they call the Christian Optional program there where there's a couple of seminars a term that can get delivered and – and the Northern Territory is – is actually quite similar to – to Queensland in – in their approach that these – these classes can happen during school hours. Yes. So around the country there is – this program happens in one way, shape or form right around the country. Only to say that in New South Wales and in Queensland it is, I would say, more organised with more levels of – of support. In some of these other states and territories, it is – it is left to local churches, local faith communities to – to engage with local schools and policy allows for that – that to happen. Canberra's another example where it's reliant on – on parents expressing an interest in these programs happening and the principals are led by that – that parent interest in allowing these programs in schools.

**MR SEIBERT:** Thank you.

**MS ABRAMSON:** Thank you. I wanted to ask some questions about volunteering. So – and I'm just putting – because we're having a conversation about it, it's not necessarily that we have a particular view, but wouldn't the people who do SRE, wouldn't they volunteer anyway to do it?

**MR CARMICHAEL:** Look, a number of them probably would, would continue if the opportunity remained there. That would be my – my sense because they're driven by their – you know, their beliefs and their convictions to do that. It's a – it's kind of a love job on the side for a lot of these – these people. But as has – has been highlighted by Youthworks, there's an increasing level of compliance that is required to get these – get these teachers over the line in – in terms of what is acceptable for – for schools to have them coming and teach. And so we really do need those support structures, support networks in place. I'm – I've heard of a couple of SRE providers in New South Wales this year who have pulled the pin on being an SRE provider because some of those compliance requirements are becoming – are becoming all too much for them. So I think you would still have willing volunteers but I think it would have a detrimental effect on the support networks that – that are around this.

And our focus particularly, what we're seeing – the Youthworks are in a great situation where volunteering numbers are increasing, but – but around the – around the state of New South Wales particularly, which is where the major focus of – of our work is, we've noticed a steep decline in – in volunteering and that has been impacting on this space. And so the solution of local churches has been that we need to – we need to employ someone in this space to – to pick up some of the slack, effectively, to coordinate the volunteers that we have to make that a positive experience for them and to seek to recruit more volunteers to – to cover the classes that are needed to be – needed to be covered. So we're seeing this particularly in larger regional areas in – in New South Wales. So if I look where our – our primary school base coordinators that we employ on behalf of local churches are, they're in places like – they're in places like Dubbo and Grafton and Coffs Harbour and Goulburn, Wagga, Aubrey, larger regional centres where they have 12, 15, 18 primary schools to cover in terms of religious instruction and they – they just need someone who can – who can be the point person for that and – and manage that.

**MS ABRAMSON:** It also seems like – thank you, that's really helpful. We see in general statistics that faith is declining or people professing to have faith but the evidence that yourselves and other groups have led is that actually there is still people really valuing that faith and wanting their children to be instructed in it. So I'm interested in this mismatch between what we

see aggregate figures from the ABS, you know, of “do you profess religion” and what you’re actually seeing on the ground and the need that you – you’ve talked about.

**MR CARMICHAEL:** Yes, definitely. Well, I think the – I mean, the last sentence bears out that – that three in five Australians still profess faith, over three in five still profess faith in some way, shape or form in terms of their religious affiliation.

**MS ABRAMSON:** But I think there’s an age demographic at work there too in terms of who’s - - -

**MR CARMICHAEL:** Yes. Yes. It’s skewed towards the higher – higher age groups.

**MS ABRAMSON:** Yes.

**MR CARMICHAEL:** Yes. Yes. I – I appreciate that. Yes. But – but what we – what we are seeing in – so in government schools in New South Wales particularly because, again, that’s where our main focus is, we have seen a decline in – in enrolment numbers in SRE over the last sort of five years. For – for some part that has been, I think, to do with what we’re seeing in terms of national trends and – and – and engagement with – with faith in those national trends. But there’s also been some – some really strong headwinds in terms of how they have administered the – the policy for signing up to those – signing up to those programs.

And so in a show of support for special religious education in – in recent times, the Department of Education has implemented an – an online enrolment process for students to attend SRE and – and this year particularly, now that that – that has been implemented by about 60 per cent of schools in – in New South Wales, we’re seeing a really strong uptick in – in enrolments. The issue with the previous system was that we were at the – at the mercy of the local school as to how well or how poorly they administered a process to hand out notes and get those back from – from parents. But – and this is without the question even being a compulsory question on the – on the online enrolment system. So yes, I take the point that – that nationwide there – there is a trend away from – away from faith but we’re still seeing a lot of – a lot of parents, for whatever reason, choosing to – to enrol their – their students in – in these classes.

**MS ABRAMSON:** Thank you. I should clarify, as Alex said right at the beginning, we can see the importance of faith and why it matters and to a large number of Australians it’s still a really important thing. We were very principle-based - - -

**MR CARMICHAEL:** Yes.

**MS ABRAMSON:** - - - about how we applied our principles. I was just taking the opportunity to ask you because we see this trend but you’re delivering a service that – that people clearly value, so just interested in that. So thank you.

**MR MARSHALL:** Can I – can I just comment on your previous question as well, just – just for context. So SRE, I think – I think we might imagine that’s mostly in – in primary schools with young people where – where I don’t disagree that – that people would still volunteer though, as Josh commented, we are seeing people employed to – to engage and harness - - -

**MS ABRAMSON:** Yes. It’s complex.

**MR MARSHALL:** - - - the volunteers. But a significant part of our context is actually in high school. And so I – I’ve worked with teenagers most of my life. I don’t – I don’t – I don’t think there’s many people even – even with their – their, you know, religious background may volunteer to teach year 9 boys as – as an aside. But – but, more importantly, actually, when it comes to the – the economic space that we are currently in, it’s in the news all the time, the idea that – that a single income or people have more free time to volunteer, we know that is not true.

**MS ABRAMSON:** Yes.

**MR MARSHALL:** And so this is a paid model that we are talking about - - -

**MS ABRAMSON:** Yes.

**MR MARSHALL:** - - - that is fully fundraised. There is no government grants.

**MS ABRAMSON:** Yes.

**MR MARSHALL:** That – that is where the – the DGR status or removal of would significantly bite in – in what we would be able to achieve. And therefore the educational outcomes actually of a school, being able to tick that box of community engagement of – of caring culturally, spiritually the wellbeing of their students.

**MR CARMICHAEL:** Yes. And I guess related to that, in the same way that I think most volunteers in primary school, as Jono has highlighted, would gladly continue volunteering whether or not DGR status was in place. I think the same is – is probably true of a lot of – a lot of donors, those smaller donors. Like Youthworks have highlighted, we – about 80 per cent of the donations that come to us are people who are giving less than \$100 per – per annum. And so I think that that’s not going to be a huge impact on – on – on those people. But what I think the – the DGR status will – will do, the removal of DGR status will do is it will – it will prevent people from being generous in – in other areas and giving to not just religious charities but to – but to non-religious charities as well. The DGR status – which is something that these people are committed to, I think a lot of them, whether or not they get the DGR status. But what that will mean, the flow on effect will mean that they – they can be – they can’t be as generous to the other charities that – that they would normally or would want to – would want to give to and I think that’s counterproductive in terms of the doubling philanthropy target.

**DR ROBSON:** So you’re a service provider but you also raise funds, is that right? Or do you engage in that - - -

**MR CARMICHAEL:** Correct.

**DR ROBSON:** Yes.

**MR CARMICHAEL:** Yes.

**DR ROBSON:** And so with your fundraising – I’ll ask a similar question. Is there a – if someone donates, does it – is it to a particular school or is it just to you as a service provider and you then decide what you’re going to do? How does that work? Or is it a combination of both, sometimes it’s tied or untied and - - -

**MR CARMICHAEL:** Yes. So in the SRE space probably about 15 per cent of it is – is untied, people who will just contribute to the – the general bucket for support. We have – similar to Andy, we have field workers who are responsible for a region, for chaplains and for SRE workers in a region. But the way that our website is set up, because of the partnership arrangement that we have with SRE boards, our website is set up that you can search by – by a school, by the name of a board or by the name of a particular teacher. And so people will search for the – you know, the person, the board, the school that they’re – they’re wanting to contribute towards and – and then we will – we will allocate that – that donation to that – that board that is partnered with us.

**DR ROBSON:** And do you have any information, then, on whether that person, if they’re donating to a specific school, the nature of their connection? Do you sort of have any data? Is it a parent or a grandparent or anything like that or - - -

**MR CARMICHAEL:** Yes. Look, similar to what – similar to what Youthworks were highlighting, our typical – our typical donor would have – would have no children, no grandchildren that – that are attending these – these public schools. They’re – they’re giving as a way of supporting the local worker who’s going into the schools on – on behalf – that’s – that’s their personal connection. Their personal connection is with the worker who is going into the schools to deliver these lessons. Yes, not for any students that they – they might have that are going to get benefit from - - -

**DR ROBSON:** Okay. Thank you. Do you have any questions, Julie?

**MS ABRAMSON:** That’s great. Thank you so much.

**DR ROBSON:** Thanks very much.

**MS ABRAMSON:** Thank you.

**MR PARKER:** Can I just make one other - - -

**DR ROBSON:** Yes, go ahead.

**MR PARKER:** One other point, sorry. Just as a comparison, so we also work in the chaplaincy space under the National Schools Wellbeing Program. So DGR status was – has been, I guess, maybe temporarily removed for chaplaincy and pastoral care services in schools. We haven’t seen the full effect of this. This has only happened – I think it was in December last year; maybe it was the end of – or beginning of July.

**MR CARMICHAEL:** Yes.

**MR PARKER:** But we see a 30 per cent decline in donations in that time and we haven’t seen the full effect of that, with the most significant increase and donations given, obviously towards the end of the financial year. So there’s not a – I’m not making a direct comparison of chaplaincy to SRE, but in terms of the impact of the removal of DGR status, we’ve got hard data that it affects on the ground. And what that actually means is that impacts hours that a worker can be in a school, caring for wellbeing needs of a student and we suspect we would see at least at a similar, but the 30 per cent, that’s only kind of currently. We haven’t seen the full effect of that, but - - -



**MS ABRAMSON:** Would you be able to provide us with that data.

**DR ROBSON:** Yes, that would be really interesting. Yes. Yes.

**MR PARKER:** Yes, sure can. Yes. We can show that. It will - - -

**DR ROBSON:** Just give me a quick – you can talk to our team - - -

**MR PARKER:** That will grow between now and the end of financial year as well.

**DR ROBSON:** Absolutely. Yes.

**MR SEIBERT:** Could you just – very briefly, if you could just walk us through what the context for that is because I know that there was the proposal for the category for – a DGR category for pastoral care in schools, but so – but there was DGR – did you have DGR status before and that – so what happened there?

**MR PARKER:** Yes.

**MR SEIBERT:** Yes.

**MR PARKER:** Do you want me to tackle that?

**MR MARSHALL:** Yes, I'd love you to tackle that, Dave.

**MR SEIBERT:** I just hear the word DGR and it's like - - -

**MR PARKER:** Yes, yes, yes. No, no. Look, we were very fortunate. We had name DGR status for – well, it was featured in The Australian, so that did help. That was a significant impact and that obviously covered our chaplaincy. We lost name DGR status at the end of June last year, which is, as I said, the new budget implementation and that's what Jono is referring to there. That's already – just in a six-month period, we've noticed 30 per cent decline.

**DR ROBSON:** Is this a specific listing, is it, or was it - - -

**MR PARKER:** Yes. In terms of – we have named. So that covers - - -

**DR ROBSON:** Okay.

**MR SEIBERT:** Time limited, was it, sort of - - -

**MR PARKER:** It was time limited, but it was named in the budget.

**DR ROBSON:** I see. Okay.

**MR PARKER:** So it was actually named in the budget. So the removal of our name in the budget meant that it was removed.

**DR ROBSON:** Right.

**MR PARKER:** Yes. There were notions of extending it. It was about the government's change. So things change when that happens and so we found ourselves in this predicament.

**MS ABRAMSON:** Perhaps you might be kind enough, when your colleague provides us with data, just to give us a little snapshot.

**DR ROBSON:** Yes. I think just in case something – yes.

**MS ABRAMSON:** We had this. This is what happened.

**DR ROBSON:** Yes.

**MR MARSHALL:** Yes. Yes, very happy to do that. Yes.

**MS ABRAMSON:** Thank you.

**MR PARKER:** Yes. Yes, no problem.

**MR SEIBERT:** Yes.

**DR ROBSON:** Thank you very much.

**MR PARKER:** Thank you for your - - -

**MS ABRAMSON:** Thank you very much.

**MR PARKER:** Thank you.

**DR ROBSON:** Yes. Okay. Frances, I will be guided by you. What's the – who are we

**MS F. LAMB:** ..... Adam with his .....

**DR ROBSON:** Yes, Adam Johnston. Is he - - -

**MR A. JOHNSTON:** He is.

**DR ROBSON:** Yes. Would you like to come forward. Because – it's because lots are turning up, I think.

**MS ABRAMSON:** Okay.

**DR ROBSON:** Yes, so we're moving to the next one.

**MR JOHNSTON:** Thank you very much.

**DR ROBSON:** Yes. Yes.

**MS ABRAMSON:** Okay. Thanks, Frances. And we have a submission on this one, don't we?

**DR ROBSON:** I think so.

**MS ABRAMSON:** I'm sure Adam sent us quite a detailed submission.

**DR ROBSON:** Yes. Welcome.

**MR JOHNSTON:** Thank you very much for inviting me and how would you like to proceed from here?

**DR ROBSON:** So if we can, just for the record, get the name and the organisation that you're with. And if you'd like to make an opening statement, we'd be happy to hear that. And then we'll get into questions.

**MS ABRAMSON:** Or in person, if you're appearing for yourself.

**DR ROBSON:** Yes. Or if it's just – yes, in a personal capacity, that's fine. Yes.

**MR JOHNSTON:** Certainly. My name is Adam Johnston. I appear here in a private capacity, so it's in person. And now I'll move to the opening statement. This is the story of a boy on a tin. When I was small enough to be picked up in Mum's arms, somebody asked her for a photograph. So emerged the little guy on the tricycle, in callipers in a school uniform with a rather toothy grin. Over the years, shop owners, cinema proprietors and others would approach us and I would happily put my initials on the tin. They got the bragging rights about meeting the talent and hopefully the tin would receive a few more coins.

Today, about 50 years on, I see posters of little kids in walkers and pushchairs, just like me. The same providers plead for the same donations. Nothing has changed. Another generation of children will know the pain and suffering of disabilities; families, the same economic, social and personal distress that my and – my family and I have already been through. Philanthropy is not delivering and I won't allow the bunyip aristocracy, proceeding and following, to kick the tin of cure down the road. No more money until they start delivering something really worth having. Commissioners, your questions.

**DR ROBSON:** Thanks very much. So tell us about, you know, the effectiveness of philanthropy from your point. I think you've got strong views on that and part of the report, we are asked to look at the effectiveness and measures of effectiveness and, you know, the link between donations and outputs. What – tell us your views on that and your experience.

**MR JOHNSTON:** Well, look, I'm very well aware that there's a higher degree of tax expenditures – and that in foregone revenue into the billings – that go to donations in the not-for-profit sector. I'm well aware that they are also in receipt of direct government grants, corporate donations and I'll make a frank acknowledgment here. I am a participant in the NDIS. This is a scheme that this – not you, but this commission put together and they said it would produce better lines, better services, more services and maybe for a few people, it has. But if you look at the statistics in the NDIA annual reports, what you'll generally find is that, for example, with employment; employment for those with disabilities generally has a five in front of it where the general population generally has an eight in front of it.

That – those sort of numbers have remained unchanged for all of the 10 years of the NDIA's and the NDIS existence. On the basis of this alone, I would say to you that a lot of philanthropy is just maintaining the status quo. It is not really changing anything. And I guess I come here today to appeal for that change, to say that I notice in your report, the table that you have of

where you're thinking of going in terms of the things that may still have a DGR status and the things that won't. And I must admit, I noticed that – table 6.2, I think, I've listed, of no change, no change. It went on for about six or seven items. I don't think the Federal or the State budget can afford a no-change scenario because it just costs so much money.

And again, I would ask what are we really getting out of it? Because it's interesting, I find, that in the NDIS itself, rule 7.5 of participant support. That specifically states that the scheme will support nothing that improves the functional capability of any participant. It makes me wonder why are we therefore just continuing the status of "You will, for all of your life, be disabled and anyone who is born subsequently with disabilities will continue to be disabled." I mean, it will just go on and on and on. Shouldn't we be aiming for something better while we've still got the money to do it? Because I can also see a scenario where the government now wants a seven per cent decrease in, for example, NDIS funding from its current growth rate of about 14.

Now, I can see that becoming a bit like a debt ceiling. Every year, it overspends so the debt ceiling gets raised and raised and raised and, sort of, where does this end? Because again, a lot of the providers are charities or registered or whatever. But again, they get the benefits of not paying tax and the people who donate to them get a tax discount. We cannot keep running social services – all sorts of things – if we don't start plugging the holes. And I'd also note in your report that a person – I guess this will be probably not the only, but one of the few times I will directly agree with ACOSS. The problem with DGR is that government really doesn't have oversight or control over where the money goes, but a lot of direct taxation is lost in the process.

I would be more inclined to say, let's strategically direct more work on our medical institutes. Let's cure a few diseases and major conditions and let's alleviate the costs of disability and chronic illness from a lot of people. Let's get people get back to work. Let's have people enjoy really normal productive lives. That would be possible if we more strategically spent time with our – on funding our scientists and our researchers, as we did through COVID. We took from a position of not having any vaccines, not having any antidotes, to within, what, two years, to having a roll-out of antidotes.

Why we can't we consider that there are any number of other critical conditions that require a national emergency sort of response; to reduce the burden of disease, to reduce the public outlays, to give people the sort of lives they really want to live. With that, I'll stop there.

**DR ROBSON:** Okay. Thanks. Yes, go ahead.

**MS ABRAMSON:** Can I ask a question about innovation. So you're somebody who has had a lifetime of experiencing philanthropy and I've read your recommendations which are very interesting. Are there any people who are doing philanthropy in an innovative way which is, you think, something that we should look to?

**MR JOHNSTON:** Look, I mean, I have not seen that as yet because my concern with all philanthropy is that there's an element that looks towards the tax deduction and again, I will agree with your prior speakers; they are concerned that if the tax deduction is not there, people will not donate. Now, I'm not entirely sure and I can't comment on those figures that they have but, to me, there is a question over what are people genuinely trying to do? Are they trying to lower their tax or are they genuinely trying to improve something? I mean, my sort of innovation would be to go back in history, as I've sort of suggested to you in the talking points, where it was, at the times of people like Lord Cook.

The Parliament itself would give, you know, royal charters for particular people or organisations to do things, like the East India Company. I think we actually have to get back to identifying what do we want philanthropy to do and who will we put – or who will we give the responsibility for doing specific philanthropic acts. And rather than just have a regulator who hands out authorities, we really need to bring it back to Parliament so there's an oversight and so there are objectives for each charity or philanthropic body that state very clearly, "This is what we expect you to do. This is the outcomes we want. This is the timeframe under which you are permitted to achieve it or we want you to achieve it and if you don't meet the timeframe, you've got to come back. You've got to explain why. You've got to explain what you've done with all the money and you've got to do that publicly, like in the budget estimates process."

Because in my experience, too many charities and philanthropic bodies and, without naming any names, I was on a Board of charity many years ago and this is what has sort of coloured my vision because again, I used to think ..... (12.14.12) very benevolent, very well meaning, the total of spending and the – basically covering up of questionable dealings made my head spin. I eventually resigned because I just could not be associated with what was going on. Now, to the outside world, this organisation looked absolutely wonderful; butter wouldn't melt in its mouth. But you know, when you look under the hood, DGR and charity is not as innocent as it looks, which I guess is my – again, one of my concerns with the NDIS.

We are basically tethered to charity for the rest of our lives, whether we like it or not, because our disability demands it and that's the way the government has constructed it. But Oscar Wilde had certain things to say about charity and he actually spoke also in *Man Under Socialism* about the possible parallels between charity and slavery in that the best slave owners who took care of their workers hid the fact that the worst slave owners didn't. They did some dreadful things. Equally I would say the same thing in the charitable case. There can be some wonderful charities with some very well-minded people. There can also be some rather terrible charities and you only have to go through the log of the NDIS and mention names like Ann Marie Smith and David Harris to know the other end of that experience.

I felt much safer as a client of the State Government run Aging and Disability Department. Today, I feel my hair is sort of up in the air because every two years, the sword of Damocles comes out and every element of your care and your life is put up for contract again through the NDIS plan process and then we have to go out literally to market again and I wonder whether I'm the client or the product. So I think there have been changes in what charity is and what most people would think when they think about charity and I think several elements of it are not positive.

**DR ROBSON:** I might just ask that question; DGR and then DGI.

**MR SEIBERT:** Sure. Yes.

**DR ROBSON:** So if I can – if I understand you correctly, Adam, so your view of DGR – given what you said about, you know, the foregone revenue, is it your view that it should be better directed and – because at the moment, you know, a feature of it, many would say, is that, "Well, the government doesn't direct me where I put my donation and I can put it wherever I like and fill the gap, if I'm a donor." But you're

saying, “No, no, no. That’s – there should be some prioritisation, perhaps in the form of, you know, extra deductibility for something like medical research,” or – is that the kind of idea that you’re talking about.

**MR JOHNSTON:** Yes, I would and certainly I’ll admit a bias for medical research, for obvious reasons. Because look, I will make the literal case that by 2030, the NDIS will cost \$60 billion annual, according to Taylor Fry. What could that 60 billion plus have done if we’d invested it in medical research over the past 10 years? Now, we can’t exactly answer that question, but also I don’t believe it’s bad for government to give direction. I mean, that’s why we elect governments and more and more, when more organisations and more departments are made independent of ministers or more functions are outsourced to third parties, including charities, I begin to worry about a demographic and accountability deficit.

Because under the old system – let’s just ACNC and the NDIS – if something really went wrong, I could make a written complaint to the Minister and I could fax it off and if it was bad enough, the phone would ring that day and they’d say, “Look, we’re from, you know, whoever’s office. This is a problem. We will get it fixed.” Now, if I want something done, I have to go through the NDIA, put in an appeal and the Minister just refers it back to the agency because the agency – quote, unquote – is independent. And even before the agency does something, it refers me back to the provider; the independent provider who is supposed to have their own complaint-handling process.

Now, again, as I’ve said in the submission, it seems to be that our governments want to keep a certain segment of the population as far away from them as possible. Now, I’m a citizen. I am a subject of the King. I’d rather like to be treated like that by my own government. Now, I’m not saying that people can’t give their money to whomever they like. What I am saying is that when it comes to public policy and public money, I want to be absolutely sure that we’re actually getting, you know, bang for buck because – I mean, this Commission offer talks about value for money. I would argue to you that as things stand, apparently value for money is the last thing we are getting in many scenarios. And again with the medical research example, what moneys are we losing by the people who are – who we are not curing or not curing fast enough who could be back in the workforce, back with their families, back living fully productive and worthwhile lives.

**DR ROBSON:** So one our recommendations is around extending DGR for prevention, and so – and it doesn’t get directly to your point; it sort of goes in opposite direction, I guess, but I was interested in your comments around charities and good charities and bad charities and – yes, you mentioned one model would be, you know, that a charity would have to go before estimates – and I’m appearing before estimates tomorrow night, so I don’t know how I feel about that one, but that’s one end of the spectrum. But the other – at the other end, we have the ACNC. So they regulate charities and we’ve got some proposals around, you know, strengthening the regulatory framework and the role of the ACNC. Do you think, in that respect, we could have gone – we should have gone harder on strengthening their role or what’s your view on the regular - - -

**MR JOHNSTON:** Well, look, yes, I do, though everything I’ve heard of the ACNC is that it is under-resourced and it can only go after the very worst and the most egregious examples of malpractice. I would still then say that the problem is there are just too many charities or too many people offering themselves as some form of charity and what – again, that’s why I’m sort of trying to bring it back to Parliament and limiting the numbers of elements or organisations that can call themselves charities because I just think we’re getting to a saturation point where

something is going to happen; either the government is literally going to run out of money, because you can't subsidise something on one hand and give direct grants to it on another without something having to – happening to the budgetary – the budgetary outcome being so bad that it just impossible.

And I think there's also a question for government here in that in the last 20 to 30 years, yes, a lot of things have been outsourced to third parties, charities. Should some of these services start coming home to government because some of them are very public services. I mean, with all due respect to the last people presenting, I personally have a lot of difficulty with the amount of money that is now going to private schools because I'm well aware, from just general public reports, that the public school allocation is now somewhat less, whereas I thought that one of the core elements of government – its core business was ensuring that everybody got a basic education.

And in the last 24 hours, we've learned from the Grattan Institute, I think, that a third of Australia's children are having real difficulties reading. There is something very wrong and I think it has got, at least in part, to do with the fact that government is not taking enough direct interest and enough direct notice of elements of its core business, or what was its core business. And you can see the shift because – go back to the nineteen – late 1940s and Sir Robert Menzies giving his forgotten people speech. I mean, that speech talks about industry and the importance of small business, but it also talks about the role of the State; managing the economy, keeping the economy stable and providing basic services to ensure that everybody had a decent life and that we supported the sick and needy.

Now, that was from a Liberal who obviously also saw an important role for the State in everything that society did. And he'd also lived through two world wars and a depression, so he knew something about how desperate and how terrible things could become. And I think we've lost, in the modern day, some of those insights, some of the basic understandings of what government is for and we've transplanted far too much of that to the DGR sector.

**DR ROBSON:** Krystian, do you want to - - -

**MR SEIBERT:** Thanks so much for sharing your perspectives and experience, as we really appreciate it and for your submission as well. And I noticed in your submission, you talked about sort of how you remember your local Rotary Club. And we're really interested to understand sort of, you know, people's experiences in these grass roots community organisations because they can be – they play a different role to other charities and we sort of can find it difficult to get those perspectives. So would you be able to sort of just share your sort of experiences with the Rotary Club, like the benefits of it, sort of how it works; that sort of thing.

**MR JOHNSTON:** Yes. Well, look, I can quite happily. And I can say that a number of years ago now, my mother and I were shopping and I happened to be tapped on the shoulder by somebody I knew and he was at a table with two other gentlemen. And they said to me, "Look, we're from Rotary. Would you mind coming along because we're also looking for somebody to edit our bulletin because our bulletin editor has left and moved on." So I said yes, I'll come along and before I knew it – and this must be about five, six – maybe a lot of years ago now. I was editing a bulletin and a member of Rotary. So the Rotary Club works by having a number of directors and committee: a youth committee, a community committee and an ACNA committee.

And it raises funds by having sausage sizzles, generally outside Bunnings, and trivia nights and things like that. And with that money, it does a couple of things. It can provide money to support local school students going on scholarships. There are several Rotary district programs that we can support local students to. We encourage local students to come along and run a meeting. We encourage a public speaking contest. We also support a local church in their international outreach and help them box up used clothes and books and other things for overseas' missions, so – and each Rotary Club can do a range of things, which is generally seen as beneficial either to our community or the wider community or even internationally.

And again, the other main part of it is we raise a lot of our money in coordination with a local fire brigade when we collect money at one of our local Christmas lights shows called ..... Street. Now, the reason I'm very happy to support that – or one of them – is that we are very careful to get members' money separate from any of the moneys we give to the various organisations we support. Members pay dues which – and they pay fines. The fines are purely for club administration. The dues and everything else go to the organisations we support. And we have been asked any number of times – and it's more regular now – will all the money I give you go to the program you're supporting? I mean, it could be the local – or the national floods and fires.

We've done a lot for that in the past too and people stand out in the shopping centres, shakes tins and have card readers because often these days, people don't have cash. So we've got a card reader and we say – and we generally say yes. And then what the club does, out of members' money – the fines – is we will cover the three per cent it takes to go to the Rotary Foundation who will send out the money, particularly to the international interests, but this is the way we keep faith with the local community when they ask, "Will all the money?" And we say, "Yes, it will, because we will cover the difference." So I've noticed that. The other members have noticed that and we try, as much as we can, to keep faith with what the community is now damaging; that everything they give goes to what we say it will.

**MR SEIBERT:** And these – you and your colleagues and the other members of your Rotary Club, what motivates them to do this volunteering and fundraising, because people are busy. They've got various times on their time, etcetera. What's driving this, because it's really – you know, it's grass roots community sort of activity.

**MR JOHNSTON:** Well, look, I think a number of things drive it. It's the fellowship of members, to start with. And it's the wish to do something that is good and beneficial in the community and it's the hope that we're giving a positive outlook to people in our community. There's so much that is wrong with the world that, you know, a kindly face and a big smile goes a long way. And we find that people are prepared to give under those situations and we will give them a sausage or we'll give them a ride on a fire truck with our friends at the fire brigade. We'll give them Easter eggs and an Easter egg hunt which is another thing we do with the fire brigade.

And that engenders community spirit. It engenders a positive view of Rotary. I must admit the one problem that Rotary and other organisations are facing is that most of our members are now retired. When it started, it was a grouping of businessmen. Paul Harris, over in America, started it in about the 1920s or '30s. Sadly, most of the membership now, as far as I can see, are getting older. I'm getting older, although probably with only a few exceptions, I'm the youngest member there at 50 at the moment. So yes, these are local grass roots organisations manned by people who have been usually involved for, you know, 30, 40 years.



It is a big part of their life and they get a lot of personal satisfaction out of, you know, seeing students speak well and seeing them go on excursions or seeing them travel internationally for 12 months on an exchange. Because that's another element of Rotary; we encourage students, for their own benefit and the expansion of their mind, to go on an exchange in another country with another Rotary Club with other Rotary members, learn a new language, go to a new school. All of those sort of things. And what you always find is that the person comes back with a whole new perspective on life and that is satisfying on a whole series of levels; for their family, for the club and for everybody who has interacted with them. But most importantly, it gives them a whole series of skills and experiences which will allow them to have better employment prospects and better prospects generally.

**MR SEIBERT:** Thank you for articulating it so well and so clearly. It's really helpful. And do you think that there's anything that – you mentioned how they're sort of the aging demographic of the volunteers and that there's – sort of, that that's causing some challenges. Do you think there's anything that governments could do to help that kind of grass roots community activity for Rotary or Lions or other organisations, or not do; governments could not do things that make it – might make it more difficult?

**MR JOHNSTON:** Well, I actually think it's a structural thing that is, in some ways, bigger than government. Because it's interesting that within the last week, there has been a lot of controversy about the “do not contact” or “right to disconnect,” in terms of employers and employees. One of the problems and one of the – I won't say excuses because I think it's a very real problem – that people cite is they don't have time. And they don't have time because they're constantly swamped at work. They constantly have emails. They constantly have meetings and there is a pressure to perform because a lot of workers are on temporary contracts or they're part-time workers or they have to do multiple jobs to get by because of the cost of living, the cost of housing. We all know this because it's all over the news every night, but it is a real impact.

It is a reality and I think it negatively impacts on the time people have to invest in voluntary activity. I'm lucky; there's only a certain amount of physical things I can do. There's only a certain amount of work I can do before I get far too tired and the one benefit of COVID for me is that it forced me to start using computer and remote technology more effectively and I do a lot of work with my employers online, virtually. So I can manage my time and take calls and whatever else and answer emails whenever I like. A lot of other people – and particularly with employers now insisting that people come back to the office; I don't know why. I had enough trouble getting here and I realised why I don't want to ever come back to town or for a working appointment. It's far more dangerous than it was when I was doing this 10 years ago.

**MS ABRAMSON:** Well, thank you for appearing before us, Adam.

**DR ROBSON:** Yes, that's right.

**MR SEIBERT:** Thank you for coming though. It's really appreciated.

**MR JOHNSTON:** That's quite all right.

**DR ROBSON:** Thanks very much. If we can wrap up there and then reconvene again at 1.40.

**MS ABRAMSON:** That's super helpful. Thank you.

**DR ROBSON:** Yes. Thanks very much. Thank you.

**MR JOHNSTON:** Thank you.

**MS ABRAMSON:** Thank you.

**ADJOURNED**

**[12.35 pm]**

**RESUMED**

**[1.43 pm]**

**DR ROBSON:** Okay. We'll get started. So welcome to our next participant. If you could state your name and organisation for the record, and then if you'd like to give an opening statement, we'd be very keen to hear that. But if not, we'll get stuck straight into questions. But welcome.

**MS E. SCOTT:** Thank you. Thank you, everyone. Good to be here. My name is Em Scott and I'm the CEO of GiveOUT. I'm going to give about an eight-minute opening statement, if that is okay.

**DR ROBSON:** Yes. Yes. Perfect.

**MS SCOTT:** So GiveOUT is a national LGBTI led not-for-profit that seeks to increase funding to Rainbow communities. We were established in 2016 and, since that time, we've distributed over \$2 million to over 150 LGBTIQ+ organisations in Australia. Our vision is for a diverse thriving and resilient LGBTIQ+ community sector that is driving its own solutions and we do that by firstly growing funding through community orgs, secondly by increasing the capacity of the set data to resource itself, and finally for advocating for more funding to LGBTI causes. Some of the key things we do is we run a national day of giving to the whole LGBTIQ+ community sector. We run a large grants program called Amplified Pride Fund, in partnership with a similar community funder, Aurora Group.

The first point I would like to make is that a well-resourced LGBTIQ+ community sector is vital. LGBTIQ+ communities experience poorer mental and physical health, increased rates of homelessness and isolation and social and economic marginalisation. If we are to tackle the ongoing challenges and barriers that multiple members of our community face, we must adequately resource and increase the capacity of the LGBTIQ+ organisations best placed to support them. We know there is significant need in our sector across many areas of disadvantage and there's significant evidence from both Australia and internationally, both generally and also specifically in response to the HIV/AIDS epidemic that highlight that there is no substitute for LGBTIQ+ led services.

The second point I'd like to make is that doubling giving under the status quo will only reinforce existing inequalities. The current philanthropic landscape does not provide equitable access to and distribution of funding. While over 10 per cent of Australians identify as LGBTIQ+ and our communities are over-represented across many areas of a disadvantage, our communities receive only five cents to every 100 philanthropic dollars. This was – came from our report where all the

Rainbow Resources that we commissioned a few years ago using ACNC annual information data sets. Doubling philanthropic giving in the same manner would only reinforce existing dynamics and disparities.

We encourage the Commission to further examine the structures that determine what issues and population groups get funded. We need to ensure that increased giving is not just channelled in the same way into the same places it currently is; for example, which is extra medical research and the arts have historically been a major focus of philanthropy, compared to surging population groups such as LGBTIQ+ communities and others such as refugees and other issues such as climate change. Despite the high demand for services and a proven effectiveness of the LGBTI community sector, our sector is young and small, chronically under-funded and unable to meet demand.

Only 0.2 per cent of all registered charities lists LGBTIQ+ people as the many beneficiary group that they service. More than 50 per cent of our organisations are unable to meet demand for services. 75 per cent of LGBTI orgs report difficulties in finding and applying for funding. The third point I would like to make is that we support the proposed overhaul of the DGR system. The current DGR system is complex, inconsistent and can be unfair, particularly for certain marginalised and politicised populations such as LGBTIQ+ communities. As identified in GiveOUT, a one year old group's word of Rainbow Resources report, the vast majority of LGBTIQ+ organisations' charities do not have DGR1 status, providing significant barriers to attracting funding and meeting community needs.

Noting the Commission's finding that a tax deduction is one of the most effective ways to incentivise giving, GiveOUT strongly supports the recommended changes to overhaul the DGR system to enable greater access, particularly for those currently excluded, such as organisations supporting specific population groups and those conducting advocacy work. With limited DGR1 across LGBTI space, we cannot contribute actively in growing the donor dollar in this country and ultimately we cannot improve the life outcomes for over 10 per cent of our population. If the purpose of growing giving is about creating healthier communities, then this must be an important issue that needs addressing.

In regards to the second principle proposed by the Commission around the comparative value of the Government's investment in philanthropic funding, we know that LGBTIQ+ communities, along with many other sectors, benefit greatly from philanthropic funding due to its flexibility and risk tolerance for grass roots organisation. The Government benefits as a well-resourced LGBTIQ+ community sector is best placed to address the disproportionate health and economic needs of LGBTIQ+ populations, posing less pressure on Government services. We agree with the finding in the draft report that the proposed reforms would also increase access for smaller charities if, for example, they have not had the resources to establish as a public benevolent institution.

This would include many LGBTI charities that are dependent on volunteers and have few or no paid staff. The fourth point I'd like to make is that community infrastructure is critical to democratise the decision-making. Community funders or intermediary funders, like GiveOUT, as well as Aurora Group and the Pride Foundation, play a critical role in the ecosystem by entrusting decision-making in the hands of impacted communities who are best placed to understand the nuances and community need and where funding is required, leading to better outcomes. To democratise decision-making and shape a more equitable redistribution of wealth, we support investment in

community led infrastructure, as well as accessible giving models such as giving circles, crowdfunding and digital fundraising.

And finally, we also support other recommendations that particularly benefit small organisations, including streamlining fundraising licences, funding for core and capacity building and increasing volunteer participation. And the final comment, in terms of information request 4.1 around instances where people make a donation but do not claim tax deduction, GiveOUT – known as GiveOUT Day, which is a model which is run in many other countries too, an annual day of giving to the entire LGBTIQ+ community sector. Last year, we raised over \$400,000 for 92 participating organisations which included 270,000 in donations from the public directly to organisations, and the remaining in matched-funding dollar-for-dollar from our institutional philanthropic partners. The vast majority of these participating organisations do not have DGR status and therefore the donations to these organisations were not tax deductible.

**DR ROBSON:** Thank you very much. Julie, is there any response?

**MS ABRAMSON:** I have a couple of questions and thank you for your participation in the inquiry, because we've spoken to you on a few occasions. I'm really interested in some more detail about giving circles and crowdfunding and the Commission, in the report, we also noted some concerns about online fundraising, but we were absence of data. So we could see that there might be a problem with online fundraising; more sort of, you know, consumer-type issues, being misled or – but we didn't really have much data. But I'm interested in giving circles, some of the other ways in which you receive donations or support and why you think they might have developed within the community that you work within.

**MS SCOTT:** So GiveOUT was formerly known as The Channel and in the first few years operated as a giving circle amongst the LGBTIQ+ community, which was in principle a really great model that - - -

**MS ABRAMSON:** Yes.

**MS SCOTT:** - - - had a lot of benefit, but is really high-resourced to run and at the time, we were a small organisation. And so we pivoted to more GiveOUT Day and regranting from institutional philanthropy. But the model still holds very true and is very good and we would like to bring it back, now that we're a much larger organisation. GiveOUT Day, which we've now run since 2019, is a fully online system and, for many of the organisations participating, it's one of their main fundraising opportunities throughout the year. So we use an external – one of the external fundraising platforms and we host the day and all the organisations come online.

So I guess it's a big day. It's a huge opportunity for these organisations, but does rely on the platform being good, our relationship with the platform, that we are able to provide the support for the organisations to set up. So when it works, it works really well and, for these organisations, particularly in regional and remote areas or those that only have an online presence, it's – yes – one of the only ways they can fundraise and is really critical to reach new donors. But the tech is still developing and we are heavily relying on the platforms being well set up.

**MS ABRAMSON:** That's very – no, that's very helpful. I wanted to ask another question too, which we've spoken about before, which is volunteering and issues that you might see as impediments to volunteering. You know, there's a – we've heard from other stakeholders today,

especially in the religious groups, that there's a lot of compliance issues and we understand why they've got them. But just interested in your perspective.

**MS SCOTT:** Yes. As a whole, because the LGBTI community sector is so under-funded, it is heavily reliant on volunteers. So many organisations are fully volunteer run and so impacts in volunteering has a very large impact on LGBTI organisations. I think LGBTI people experience – often the people that are volunteering for LGBTI orgs are also mostly LGBTI people, but they're also often experiencing financial insecurity, a whole range of structural discrimination barriers and so, when something has to go, it's often – it might be volunteering. But we also find that – and this comes back to the history of the HIV/AIDS epidemic.

Like the LGBTI community does have a very strong heart when it comes to volunteering, so even though we are impacted by broader trends, we do feel like it remains a core part and we hear of organisation that still have managed to maintain their volunteer base, but I think the same barriers apply. I haven't heard as much around those – the checks that you have spoken about, but I know, as opposed to those working on the ground in service ..... to know that that could be a problem. But I think the main one is when the same barriers apply, but when LGBTI people are facing additional financial barriers, it can be the thing that has to go.

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

**DR ROBSON:** Thanks, Em. So your funding, is it untied or tied or is it a mix of both? So how do donors – yes, what are their preferences, because obviously some donors are interested in, you know, specific projects and things that – you know, in effectiveness and measures of impact and so on, and there's others that are just happy to give whatever they can and then let you decide. So how – what's your experience with that?

**MS SCOTT:** So for GiveOUT, we are mostly funded by large institutional philanthropy, Perpetual ..... and you might find they are great partners and generally fund us, like flexible. So they might – yes, they generally fund us core, unflexible sometimes, and increasingly more over many years. We might have a discussion with them saying – to make sure we're on the same page, or they say, "We hope that you give 50 per cent in regranting purposes," or "We don't mind what you use. We trust you." Very few of them are very specific about where they need to go. And I think we're lucky because of that because we are an intermediary organisation. We were founded by people that work in philanthropy and have strong relationships. We were able to have those conversations, but I wouldn't say, for the broader sector, that they have access to that same level of flexible and untied funding.

**DR ROBSON:** Yes, okay. And then, in terms of – you mentioned matched funding. So you know, when you have the GiveOUT Day, I'm interested in your experience and perception with how the, you know, subsidy – for want of a better word – from philanthropists induces then more giving because, you know, we have evidence from – data from the Tax Office and so on about the impact of a government subsidy, but also we know that – and we've heard other people talk about, well, you know, philanthropists can do a matched funding program where they can induce more giving from other people. So I'm interested in your thoughts on that.

**MS SCOTT:** I think the whole model works and is so successful because of matched giving. I think it's probably the number 1 thing that makes it work on both ends. So for organisations participating, they – it requires them to sign up and do work to get the most out of the day.

**DR ROBSON:** Yes.

**MS SCOTT:** They are most interested in it because they know they can get double funding, so they might have a few donors, but they know that if they get them onboard, they will be going to match that funding. So for them, it's great. For public donors, we hear, when we do surveys afterwards, about donors that – why they donate matched funding and the ability to double your dollar is the highest – or one of the highest things about why they donate.

**DR ROBSON:** That's interesting. Yes.

**MS SCOTT:** In terms of the institutional philanthropy, they are to provide the matched funding pool. That is also one of the huge benefits for them; that they feel like they can add 10K to the pool, then they're going to know that they're going to get 20K outcomes because of that. Yes, I think it's - - -

**MS ABRAMSON:** And do you have any data on that, that you've collected?

**MR SEIBERT:** Yes.

**MS ABRAMSON:** It doesn't matter; anecdotal is fine, but do you have anything that we could – you know, a database for that because you've asked people or it's just an observation from experience?

**MR SEIBERT:** Because you said when you do surveys of your donors afterwards, they say that the matching is – so any data you could share on that is really – would be really helpful, yes.

**MS SCOTT:** Okay. I'll come back to you afterwards.

**MR SEIBERT:** Yes, yes.

**DR ROBSON:** Yes. Okay.

**MS SCOTT:** Okay. Cool, cool, cool. Yes, cool.

**DR ROBSON:** Yes.

**MS ABRAMSON:** Yes. And I wasn't asking you now, I mean.

**MS SCOTT:** Yes.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** Can you recite all the data.

**DR ROBSON:** ..... says.

**MR SEIBERT:** But that's – it's really interesting because I think just on that point around matching and the benefits of it, I think one perspective that we're sort of taking is whether or not, in the inquiries, that there's things that government can do, but there's also things that philanthropy can do in terms of changing funding practices, incentivising giving. This is an

example of where there's a government incentive and a tax deduction, but there's also this incentive from foundations that, you know, is another incentive on top of that to increase giving as well. So it would be really interesting; yes, anything you could share on that sort of after this would be great.

You mentioned sort of the doubling giving under the status quo will reinforce existing inequalities. So would you be able to sort of just elaborate upon your views, in terms of what you think needs to change, how our current draft recommendations fit into that, whether anything more needs to be done.

**MS SCOTT:** I think the DGR1 system will be the biggest rider of changing that inequality. I think like encouraging – we really support the commentary and the recommendations around First Nations led decision-making in a body for philanthropy and I think some of the themes from there relate to a lot of other population groups where it's investing in the community infrastructure to put the hands of giving into people impacted by the issue. So we feel like that is also – yes, the community infrastructure one. I think anything around public education or changing philanthropic practice can touch on and kind of highlight the inequalities that are there and I think when we had our Rainbow Resources report and we shared that with philanthropy, they were often quite shocked or didn't – were not aware of – kind of, that the LGBTI population was receiving so little funding, even though there were so many areas of need.

**MR SEIBERT:** And how did they respond to that? Are they giving you commitments that, "Okay. Well, we're going to change our funding practices to" – like because again it's sort of going to the point I said earlier about that there's things government can do with policy and regulation, but philanthropy also has these resources that they decide how to use. And how are they engaging with you in relation to that?

**MS SCOTT:** So I think what we've seen is that in the past, where some organisations might have funded one LGBTI not-for-profit and, as I said before, it is a very large community, a very complex community with diverse needs. That is a difficult decision to make and so rather than funding, while it's partnering with a LGBTI community funder to work together to work out where the funding is best needed. And also just when they – organisations might have their three pillars. They might say we fund mental health. We fund something else and we fund something else. But if you're looking at mental health, you'll see that the highest – some of the highest rates of suicide and poor mental health is with LGBTI people and specifically trans people.

And so it's helping them have a lens to when they're taking on maybe – whatever their set issues are, having another lens on that giving. And also just, I guess, being open to increased learning and allyships, so we're seeing where funders that have engaged with the report might be interested in coming to an event and learning from others that have funded in this space. Maybe they're not in a position right now to fund in that space, but they want to hear more about what others are doing. So it increases, I guess, the community of practice and a sense of wanting to work with other funders on how to solve the under-funding.

**MR SEIBERT:** So you are seeing some encouraging progress?

**MS SCOTT:** Yes. Yes. Yes. Yes, and you know, some of the institutional philanthropy, they often have long strategies and so it's a long – like it's a long partnership. But yes, we've seen huge shifts since GiveOUT started and organisations that either have shown with funding, but perhaps are shown by showing interest and starting to do things a little bit differently and maybe

they're not in a position to fund now, but they want to know more and they're wanting to know when they can fund. So yes, we are seeing a huge change.

**MR SEIBERT:** And I was looking at the Rainbow Resources report that you did and you talked about sort of how like most LGBTIQ+ organisations are very small and have very small levels of funding and are reliant on volunteers. Would you be able to sort of – yes – expand upon sort of the motivations and drivers of that real grass roots sort of community activity that they're doing. Because it's really interesting for us to understand sort of motivations and that sort of thing and what's – and whether there are any sort of challenges that they're facing, in terms of volunteering and that sort of thing.

**MS SCOTT:** Like specifically why are there so many small orgs?

**MR SEIBERT:** Yes. That and also sort of what motivates the members of the organisations and to contribute in that grass roots way.

**MS SCOTT:** I think it goes to that like mainstream services – inclusive mainstream services will always be an important part of the ecosystem, but we know that LGBTI-led services and services by peers and lived experience will always be – there's no substitute for that. And so when you have a community that, you know, only has several letters, but then there's lots of intersections which come up in really unique ways; so LGBTI people of faith have a really unique experiences. LGBTI people with a disability, they're often excluded from disability services, but they're excluded from LGBTI services. So you can find all these really unique intersections within the community that are not kind of uniform and can't be serviced by a uniform way.

And also the need for kind of community and face-to-face services, particularly in regional or remote areas, means that I think you find what is needed is often maybe a – like service-specific responses to different populations or different areas or community groups. And so what you find is different organisations addressing different needs, but often collaborating together, along with large organisations that are servicing perhaps like the whole of LGBTI health in a particular State and then mainstream services that might partner with them. So the small organisations, I think, play a really critical role in the ecosystem to meet people in place and to meet specific needs which can – yes, whether it's about – and often about kind of the overlaying of marginalisation which made their experience quite unique.

So the small organisations, some of the barriers they face is – yes, they're – they might be young. They might not have a lot of history. They might find funding really difficult. For a lot of LGBTI people, whether it's because of historical reasons or it's existing reasons, they carry the fear of discrimination with them. And so approaching mainstream funders or institutional funding, which can be perhaps overwhelming, can feel really far away. And if they're relying on their immediate community for funding, often the community is facing their own challenges and may not be in a position to fund. So they're often really under-funded and they're relying on volunteers providing services in just a volunteer capacity.

Yes, so it's kind of – for GiveOUT, we're trying to provide a structure so all these small organisations can access GiveOUT Day or access resources or, if we can get large chunks of institutional funding that we can then distribute to the small organisations that are never going to be in a position, where they are right now, to access new funding streams or have the time or resources to access new funding streams.



**MR SEIBERT:** Yes. No, thank you, that's really helpful. And one quick follow-up question is, so are you saying that there's a role for small – very small organisations in that broader ecosystem, as well as large ones, because sometimes the statements are made that there are too many charities and there's – you know, we need sort of economies of scale and things like that. But I suppose, from – I was getting from what you're saying sort of that they fulfil different roles and they sort of – they have different functions.

**MS SCOTT:** I think like many areas are probably saturated. I wouldn't say the LGBTI community sector is one that you could call saturated when – yes, before I said 0.2 per cent of all charities have LGBTI people as their beneficiary group. So it's not saturated, in terms of numbers, and when they are kind of small and the ability for them to service and they're not meeting demand; it's not saturated. But yes, overall the ecosystem needs strong mainstream services that have a motivation to be inclusive, as well as larger LGBTI organisations that can have the scale to service a larger population group, as well as the small place-based community-specific organisations as well. Yes, they all play a critical role.

**MR SEIBERT:** Thank you.

**MS ABRAMSON:** Em, can I just ask you one final question which I regret to say I've been asking everyone, but it's about – you're very reliant on digital payments and you said in fact you use digital platforms a lot. One of the proposals at the moment is the phase-out of cheques and that, for some charities, is a particular issue because the cohort that donate to them do provide funding by cheques. Now, do you think, with the people that you receive your donations from, are there people that wouldn't be donating to you because they would do it by cheque, or is there something unique and different about the donors that donate to you that makes them more familiar with technology?

**MS SCOTT:** Good question. I think - - -

**MS ABRAMSON:** Because you're very diverse. I - - -

**MS SCOTT:** Yes. I think, from GiveOUT's perspective and our current funders, because we're so institutional philanthropy and only a small handful of high net worth individuals who are definitely comfortable in whatever payment system, we haven't found that. But for other organisations, potentially. Potentially, I think, there's a whole – a very large age range of LGBTI people who are wanting to give back and, yes, I think potentially that there could be for other organisations, if they're relying on donations from individuals.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thanks very much.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Again, thank you for coming.

**MS SCOTT:** Thank you. Great to have met you all.

**MR SEIBERT:** Yes. Thanks very much.

**DR ROBSON:** Okay. Can we have the next – Michael, is it?

**MR M. STEAD:** Yes.

**DR ROBSON:** Yes. Please have a seat. Welcome.

**MR STEAD:** Good afternoon. And thank you for the opportunity to appear before you.

**DR ROBSON:** Well, thanks for coming along. So the way we do this is if you could state your name and the organisation that you're from. And then if you'd like to make an opening statement, we'd be very happy to hear that. And then, we'll get on with questions, so welcome.

**MR STEAD:** Thank you. My name is Michael Stead. I'm the Anglican Bishop of South Sydney and I represent the Anglican Church Diocese of Sydney. And just to be clear, that's one of 23 dioceses in Australia, so I don't represent the whole Anglican Church; I just represent that part of it.

**DR ROBSON:** Okay.

**MR STEAD:** It's important for inter-church relationships to make that clear upfront.

**DR ROBSON:** Okay. Understood.

**MS ABRAMSON:** We read the media.

**DR ROBSON:** Yes.

**MS ABRAMSON:** We see it.

**DR ROBSON:** Yes, go ahead with your opening statement, if you'd like to. Yes.

**MR STEAD:** Thank you very much. In this opening statement, I don't propose to summarise the report. I'll take that as read and there's an executive summary which summarises the report. What I would like to do in the opening statement is really to highlight the concerns that underpin our particular comments that are made in the report. So really stepping back from the detail and talking at a high level. Our fundamental concern is that a report that was ostensibly aimed at doubling philanthropic giving by 2030 will impede philanthropy, particularly when it comes to faith-based philanthropy. And our fear is that it's through a deep misunderstanding of the nature of faith-based philanthropy; that is, there are some assumptions about how giving works generally, what motivates giving.

These are misinformed – I'd say unwarranted – assumptions and perhaps even mistaken assertions about religious philanthropy. And so I thought – as I said, I'll be very happy to talk about SBFs, RIGS, BRCs, PBIs, and other acronyms later. But let me focus at the higher level and give me – let's see if I can give you some examples of what I detect as this fundamental misunderstanding. In the discussion about the changing of the mix of DGR status, the report indicates that its expectation is that that – these changes will be largely philanthropy neutral in the sense that it will be – the increase in extra giving to the new DGR status funds will be offset by the restrictions around school building funds and RIGS and other changes.

If the suggestion is that the changing of DGR status is going to lead to changing the mix – that is, the person who previously would have given to fund A will now give to fund B; there’s just so much money around – that’s actually a fundamentally misplaced assumption. That is, I don’t think there’s – it’s warranted to think that because I think it misunderstands the difference between tax deductibility, as a lever to giving – a leverage for giving – as distinct for a motive for giving. In our experience, that is the effect of DGR status; is that it helps to leverage up the amount of giving. The person who might have given 1000 will give more because of the tax benefit, but it doesn’t create the motivation to give in the first place and therefore, if a person was motivated to give to fund X, the removal of the DGR status will just mean they will give less to that fund.

It won’t mean they will say, “I have all this money that I wanted to give to a worthy cause and I will give it to a different charity,” because they haven’t understood the faith-based motivation behind it. We – reflecting on the comments of the previous speaker, we say the same thing with matched giving, that it’s – the matched giving helps to dial up giving in the first place, but it doesn’t create the desire to give. The desire to give actually comes out of a religious motivation. That’s the second unwarranted assumption that I want to challenge, which really goes to one of the three core criteria for analysis that the commission has proposed, the whole idea of net community-wide benefit, and it particularly makes the comment – and I want to be careful not to misquote. I note the report clearly says:

*We don’t say that advancing religious charities have no net benefit to the community, but the purposes of purely advancing religion are not apparent.*

And I’ve underlined the word purely, because I think the distinction is made with, well, kind of there’s the religious stuff that those religious charities do, as distinct from their charitable good works.

I don’t believe that you can actually drive a wedge between those two things. More, are they accurately reflected in the tax system as it stands? Underpinning what I’m about to say is actually my – the argument in our paper that all charities, for the purpose of advancing religion, ought to have DGR status. Let me see if I can make that claim, and not on a religious ground, but purely on the basis that this will lead to the greatest maximisation of philanthropy, which is the stated goal of this. The advancing – giving to – and I’ll use the example of a local church, because that’s the one that I know best and can give both anecdotal and statistical analysis of. Money that’s given to a local church is not subject to DGR status.

There are some limited exceptions. A number of – a very small number of our churches have separate PBI-registered charities, but for the most part, money that goes in the plate to the offertory is after-tax income. A proportion of that money is used by the church to do things which are for the public benefit. I was looking at the accounts of one of my churches in my region. \$50,000 out of their own money, that is, their after-tax money, goes into a local community support program. There’s no DGR benefit to them. They don’t get – doesn’t even hit the government’s – the government wouldn’t know of this philanthropic benefit because it is outside the tax system, but if you say, “Yes, but that – some of that money that went to the church went into things for the greater benefit, but there’s a whole lot of money that went into paying the minister’s salary,” my response to that would be to say the minister’s salary, paying somebody like me to stand up in church telling people to be like Jesus and give to the poor and look after the needy and to serve the wider community, actually produces an observable benefit.

In our paper, we highlight many studies which have demonstrated that religious people are more philanthropic than other parts of our society, and so having religious communities talking up philanthropy actually produces community-wide benefit. It's not just religious benefit. Religious people are more likely to give blood, just to pick a random example, and that's – okay, apart from Jehovah's Witnesses, but generally speaking, religious people will be more philanthropic, and so incentivising advancing religious charities that promote that promotes community benefit. But if further you push and say, "Yes, but what about the purely advancing religion category," what would be described as proselytization, if we wanted to be – to use a pejorative word.

If, at the end of the day, that means that there are more Christians or more Muslims or more Jews – I'm not claiming a particularly Christian bias here – that actually leads to more philanthropy, because religious people are more philanthropic. Bang for buck, your best multiplier for advancing philanthropy in advancing religion. That idea is not even explored in the paper, is the thing that is most disturbing. As I said, I can now try and flesh that out with respect to the individual issues that we have with school building funds, RIGS funds, basically just charities, but I think I will – that's the very long opening statement. I will pause and let you ask me questions about those matters, because they're adequately dealt with, in our submission.

**DR ROBSON:** Questions, anyone?

**MR SEIBERT:** Yes. I suppose I just want to ask you sort of where you think sort of we – because we – in the draft report, we do acknowledge the importance of religious motivations and faith traditions to shaping values and giving practices in a number of different places. I mean, there's obviously sort of our draft recommendations, which we will be talking about, but sort of – would you be able to sort of point us to sort of where we, yes, have not sort of recognised that in the way that you think is appropriate? Because – and – because we can talk about sort of the flow on effects of that, but we're just keen to sort of ensure that we do reflect the different and diverse motivations for giving, including amongst people of faith.

**MS ABRAMSON:** And if I could perhaps supplement it, if you don't mind. Do you actually – thanks, Krystian. You actually mention it in paragraph 21 of your submission to us, so you talk about the unique factors of faith-based giving. Thank you.

**MR STEAD:** Yes. So I'm particularly – so in paragraph 32 of our submission is where I quote the paragraph, which begins:

*The commission does not believe there is a strong rationale for expanding the scope of the DGR system to include advancing religion.*

And in the context, I don't believe that you've actually demonstrated that that's a reasonable conclusion, that is, if you start with the position that advancing religious charities are more likely to produce philanthropic people, you note that, you recognise that, and you recognise that there are faith-based reasons for giving, but then you don't do anything with that data, and in fact, there is plenty of data that you could have mined the demonstrate that. It's the absence to engage with that as a matter of principle, rather than just coming down with the conclusion there's not a strong rationale. That's the thing – it's the initial – so I can't point to the things that are in your report. The whole point is they're not in your report.

**DR ROBSON:** I'm going to take this up. I mean – so one of our recommendations – and you spoke about – with respect to DGR is, you know, money goes into a church, and then they used

it for other things, and so under our proposals actually, you know, the money that goes into the other separate activities, you know, we think, under our proposal, is it would be easier for those separate activities then to be able to get DGR, because the scope would be broadened. So I will tell you the issue that we were grappling with is, you know, that – on the one hand, the sort of measurable things that – very good works that people do, outreach into the community, all those things that are very observable and, to some extent, measurable, relative to making people feel more philanthropic, and so that's one sense in which we said, well, we think it's reasonable that you would extend DGR to the observable, measurable things, for want of a better term.

But then also, with respect to advancing religion – and, you know, worship is a very personal activity, and so, on one view, you're getting the state involved in that, for good or bad, positive or negative, and some people would say, well, you're subsidising that, and that might be good, but then, you know, there's – I think it's a high threshold, for want of a better term, to get the government and the taxpayer involved in that. So that's, I guess, talking about where we're coming from, and we do recognise that, you know, religious faith and values play an important part in motivations for giving and the realisation of those motivations in terms of good works, but then the question is, well, where do you draw the line, given that entities, charities with the sole purpose of advancing religion don't have DGR? We thought that – under the current system, we thought there should be a reasonably high threshold, and given that we also recommended expanding DGR, it would make it easier to do all of the good works you've talked about. So I might get you to respond to that and see whether we've got that right or wrong, but that's, yes, some more background for.

**MR STEAD:** So thank you. In paragraphs 24 through 28, we acknowledge and are grateful for the plans to extend DGR status for the kind of local benevolent relief, so we – thank you. That is acknowledged. That covers a fraction of the good works that churches do, but equally, I want to push back slightly against your characterisation that the rest of what advancing religious charities do is about private acts of worship, and the reality is when I was in parish, I did more works as a minister for the people in the community who are not members of my congregation than I did for the people who were there, so I did more funerals, more weddings for people who weren't members of the congregation.

I did more counselling and things like that with people who weren't part of the congregation. So the congregation was subsidising me to do that work into the local community, and that would be generally true of other faith traditions as well, not just Christian traditions. I think my overriding pushback is that why does Australia feel the need to make that distinction about the purely religious purposes of the charity, when most of our other kind of comparative partners – America, UK, New Zealand, Canada, just to pick the obvious ones – all have general deductibility for giving to – for the purposes of advancing religion.

**MR SEIBERT:** I think, you know, I'm – you know, my background is in philanthropy, so I sort of, you know, look at all the comparative different systems and tax treatments, etcetera, and it fascinates me. I think one note of caution with international comparisons is that there are, you know, things in America that are good. There are also limitations on their deduction. They have a capped deduction in the US, for example, so we don't have a capped deduction in Australia, so there are good things and bad things in our jurisdictions, and I suppose, yes, I acknowledge the submission's acknowledgement around sort of the benefits of the incentivising local benevolent relief, and so thank you for drawing our attention to that.

I think on sort of expansion of DGR status more broadly than what's currently proposed, I think it's important to sort of place this within the context of which this inquiry is happening in terms

of the commission has a community-wide perspective. Governments use tax incentives, funding of regulation to ensure that communities have the goods and services and other activities supported that they want, and the DGR system is one small part of that, and there are trade-offs between expanding access to something and the tax expenditures that come with that, which is why we're trying to take this principled approach to this.

I think I notice – I note the comment around the Productivity Commission's recommendation in 2010 to expand it to all charities. There was also another process in between that, the Not-For-Profit Sector Tax Concession Working Group, which included representatives from religious charities and stakeholders, and our recommendations are not too different to those. They're not exactly the same, but it also recommended an expansion, but not including charities with a sole subtype of advancing religion or education. So we haven't just gone and taken that automatically, but I think that there is some precedent there. I suppose I would ask what – expanding DGR status more widely, what would be the benefits of that? Because we've also heard in submissions and elsewhere that there is a really thriving culture of generosity and engagement within religious charities, so what would be the benefits of DGR status over and above that that already exists?

**MR STEAD:** So the things that I mentioned earlier, the fact that DGR status is a lever, and so if we – it doesn't create the motivation to give, but enables people to give even more generously. If I can – if I can use the example of a school building fund to illustrate the process, school building funds – the motivation to give is actually driven by being part – in some way connected to a school community. It's actually the alumni who are bang for buck, the biggest givers to schools. I think the current parents are too cash-strapped to be able to support it, but the fact that there is a sense of connection with the school is the thing that we – is the thing – is the ground source of that motivation to give.

It's the fact that you're able to then leverage that up with the benefit of tax giving, so what that does – I think the report tends to focus on, well, what's the tax effect of that person giving it? I don't know. You would know the answer. I don't know the answer, but what is the average tax rate of giving to DGR funds. So let's assume it's a third, is the top margin or rate across all giving, and if the concern is, well, there's \$33 in every hundred of distortion – I'll use that language deliberately – of the tax effect, that we're giving an indirect grant through the tax system, you know, the report wrongly focuses on that amount. They're not focusing on the extra money that is unlocked by the giving, so in our experience, it's not just that the person dials up their giving directly proportionate to the tax that they would otherwise receive.

It actually acts, as I said, as a multiplier. And so if we're talking about maximising philanthropy, you really should be focusing on the 66 cents in the dollar that was added on as a result of the additional giving, the person who gave \$2000 instead of giving \$1000. They might have given 1000. The tax effect would have been 1333, but in fact, they get 2000. It's the extra giving – so if the question is what's the benefit of generally expanding that to advancing religions? We already see that with school building funds, the multiplier, and my answer would be I would expect to see the same thing with other advancing religion, that you'd get a multiplier effect over and above just the tax redistribution effect.

**MR SEIBERT:** And what's – do you have data that you base this assertion on?

**MR STEAD:** It's anecdotal. It really comes from fundraising conversations with donors, that when you start with \$1000 and you're able to double it because of the tax effect, and maybe – I hope that that's not because they're not mathematically literate and realise they didn't get the full benefit, but it's not that. I think it's just the sense that this is a worthy cause. The fact that it's tax deductible reinforces the fact that it's worthy.

**DR ROBSON:** So we do have evidence in the report around the effect that you're talking about, but incrementally, at the margin, so – and the evidence is that a one per cent decrease in the tax price of giving – so given that – say you're at 33 per cent tax rate, change it by a little bit, by one per cent, and actually what then happens is you get a one per cent increase in giving. So – but we're – I am interested in, you know, the big change going from no tax deduction to some tax deduction, so would be very interested in – if you've got any, you know, further evidence or intuition or, you know – I think anecdotal. Not – you don't have to say it - - -

**MR STEAD:** Well, it's hard to have data on something that doesn't exist.

**DR ROBSON:** I know. Yes. I know.

**MR STEAD:** So you're asking – it really is – we're in the realm of speculation - - -

**DR ROBSON:** Yes. Yes.

**MR STEAD:** - - - what would be the effect on general giving to advancing religious charities.

**DR ROBSON:** Yes.

**MR STEAD:** Again, I can only use the analogy of the school building fund, where we can observe a multiplier effect, and in our case, it's much – it's not just an incremental one to one and a half per cent.

**DR ROBSON:** Yes.

**MR STEAD:** It's significant changes in giving pattern because of the fact of tax deduction.

**DR ROBSON:** And from what you said earlier – I don't want to put words in your mouth, but would you agree that if we – if DGR was extended to charities with the sole purpose of advancing religion, that would – you know, any additional money would not reduce money that was donated elsewhere. You think it would just be - - -

**MR STEAD:** Yes.

**DR ROBSON:** It would - - -

**MR STEAD:** Yes.

**DR ROBSON:** Yes. Okay.

**MR STEAD:** It certainly – it would not reduce philanthropy. It would – it will increase philanthropy. It's only a question of how much it will increase it. The – this – I say this with a smile. It would actually make your job really easy if the stated purpose is to increase declared

philanthropy, because what will happen is that there's a whole lot of philanthropy which is presently outside the tax system and not recognised, so this one step would, in fact, well and truly double philanthropy, because all the giving to local churches, to mosques, to synagogues that is not captured would not be captured.

**DR ROBSON:** Sorry. One more. So I'm an economist, and I think in terms of costs and benefits, so I'm going to ask you – I think you already touched on, but maybe talk about it a bit more. So if I was sitting down doing a cost benefit analysis of this, I'd be interested in where you think the money – extra money would be spent. So tell us more about, you know, what would happen to the extra money - - -

**MR STEAD:** Yes.

**DR ROBSON:** - - - and the benefits that it would create.

**MR STEAD:** I think it would multiply all those areas that I mentioned earlier. It would multiply the ability of local churches to do the good works that Jesus calls us to do. Every church would do more than we can presently do, but we're limited by resources, so yes. That would increase in proportion to the funds available. Secondly, it would increase in the kind of works that we were able to do in the broader community. There would be more people employed to do the work of ministry, and so when a – when we employ a youth worker, it's not just we're looking after the kids of the faith, or we're – there's actually a much wider community benefit of the kids who are coming within the orbit of the church.

And then thirdly, it would increase, I would hope and pray, the number of people who are Christians. If we do our work of sharing the gospel, that it would actually bring more people into the kingdom. Now, if there is a value judgment that says that's something that's not of value to society – and I'm sure there are people who think that – at this point, what the tax system is doing is making those kind of value judgments and saying, yes, there is a social value in prevention of cruelty to animals – and let me – just for the record, I have no objection. I am a positive supporter of those kind of charities, but we're saying, yes, that is of a community-wide benefit, but religion is not. That's the assumption that I want to push back on.

**DR ROBSON:** And it's – in particular – and we talked about this, that sort of – I don't know how to describe it, the gap or grey zone where if you were to get DGR for the separate activities that we've talked about in the report, but then there's these other activities that would be regarded as advancing religion but are not – that sort of – you know, those are things that you – and that's the thing that it would be better target. Is that what you - - -

**MR STEAD:** It's more the – having to adequately demarcate the time, it's really hard for an individual Christian or a minister to be able to say, well, 37 per cent of my time was spent on doing this kind of work, and when I had that conversation doing some marriage counselling, was that a religious task or was that a social benefit task? It's actually – that – trying to divide the good works that Christians do from the things that they do because they're Christians, that's the problem, trying to work – and that's why many other countries don't try and distinguish the purely religious works of religious charities and the broader benefit to society that religion brings.

**MR SEIBERT:** I suppose just adopting sort of Alex's comment around looking at costs and benefits, one thing that sort of – given the very thriving sort of culture of generosity and giving within faith communities, and it's already happening, and you mention how sort of, you know,



expanding DGR status to all of that would sort of bring them within the system in terms of tracking that, etcetera. I suppose the point there also too is that you might get some additional giving, based on what you said earlier, but a lot of existing giving becomes tax deductible, so you might not actually have – you’d have a very large sort of – and this is thinking from the perspective of government. We have to be really open about these trade-offs and understand them. You’d have a lot of existing giving becoming tax deductible without necessarily having that much additionality, so, you know, how do you reckon that the sort of costs and benefits would stack up in that regards? Because that’s what we’ve got to do when we adopt a community-wide perspective.

**MR STEAD:** What we do notice consistently is that where people were prepared to give \$1000, and they realise there’s a tax-deductible way of giving, and I’ll use the example of a RIGS fund, so a church – so a church might have a religion in government schools. They don’t just say, “The \$1000 that I was putting in the plate I will now put in the RIGS fund.” They’ll put in, if they’re mathematically savvy, \$1333 worth of – because they will gross it up for the – what would have been the after-tax effect. So they – so it won’t – it’s not as though it actually goes backwards from the church’s or the government’s point of view. There is – at the very least, there is a proportionate increase in giving, taking into account the tax-deductible nature, and my argument before is everywhere else we’ve seen it, we’ve actually seen a greater than – a greater multiplier effect. It won’t just be the .....

**DR ROBSON:** Yes. I guess Krystian is saying, though, suppose for the sake of argument, there’s \$100 given now to a church, right, it’s not tax deductible, and now after we make it tax deductible, we get an extra \$10, so \$110 or - - -

**MR STEAD:** Yes.

**DR ROBSON:** You know, but the tax deduction goes across the whole 110, right, so effectively, what – the calculus that you would have to make – and this is what Krystian was talking about – is it’s – you know, the public support doesn’t go to the extra 10. It goes across the whole lot, and so that’s the trade-offs that government and others have to think about and we have to think about in our recommendations, is that yes, you might get more giving, but the problem, we think, with a government subsidy is it subsidises the whole lot.

**MR STEAD:** Yes.

**DR ROBSON:** Yes. And so that’s the - - -

**MR STEAD:** I understand.

**DR ROBSON:** Yes. Yes.

**MR STEAD:** And so then the value question is does the government value supporting this kind of charity. So the government is prepared to support a welfare protection for animals charities across the board, all of the money – because they say there is a value to that. It’s the value judgment that says that the government’s not prepared to provide the same kind of pro-rata support for advancing religion charities. Now, is there a rationale for that, other than it’s going to be – it’s going to cost the government a lot of money? If that’s – that could well be the rationale, but I want to - - -

**DR ROBSON:** So Julie, do you - - -

**MS ABRAMSON:** Yes. I'd like to ask a few questions about the basic religious charities exemption, and I've read very carefully your submission, and bearing in mind the time, I just wanted to ask quite a precise question, which is the ACNC Act – and I understood what you've said about the Constitution. I happen to be a lawyer, not an economist. The ACNC Commissioner has the power to remove a responsible person. That's kind of unique, because ASIC, for example, has to apply for a court order, so would that type of protection, for want of a better word, deal with some of your concerns, or is your concern a much more fundamental issue which is about the church and state?

**MR STEAD:** The problem is the reverse, so not only can the commissioner remove a responsible person but can also appoint new directors, and as one of the Catholic archbishops said, I'm not letting the commissioner appoint my bishops, because that's effectively – like, in many of our organisations, it's religious leaders who are the leaders of these commissions, and so it's the fact of appointment of responsible officers is the fundamental problem.

**MS ABRAMSON:** Although presumably, you could have a process – I'm just thinking out loud. I want to be clear about that, but you could have a process that was both – you can have something ..... for removal. You could also apply to a court for the appointment of a person, but as I understand your submission, you have a view that the church's own governance procedures deal with those types of issues.

**MR STEAD:** Yes. We would say that we are best placed to be able to judge the kind of people who ought to be directing and advancing religious charities. They have to be people who share the religious convictions of the organisation, and courts are poorly equipped to be able to make that kind of an assessment. It's only – if you want me to tell you who can run Anglicare, I'm not going to apply to the High Court to work out who's going to be the best person to run Anglicare.

**MR SEIBERT:** So - - -

**MS ABRAMSON:** You would never be going to the High Court. I can promise you that one.

**MR SEIBERT:** Just on the basic religious charity – are you done, Julie, or have you - - -

**MS ABRAMSON:** Yes. No. That's fine. Thank you.

**MR SEIBERT:** On the basic religious charity category in, I think, paragraph 8 of your submission, you talk about:

*The abolition of the BRC category will impose significant reporting and compliance requirements on larger churches, synagogues and mosques.*

Could you just elaborate upon what those compliance burdens would be?

**MR STEAD:** So most BRC – or sorry, all BRCs are exempted from the financial reporting requirements, and so just the fact of having to complete the annual information statement and financial statements that go along with it is an additional compliance burden that presently is not applied to most.

**MR SEIBERT:** But you have to submit an annual information statement already. It just doesn't have financial information on it?

**MR STEAD:** Correct. Yes.

**MR SEIBERT:** Yes.

**MR STEAD:** And so it's the – it's the additional – like, it takes 10 minutes to fill out basic AIS. It takes a lot longer to fill out all the financial parts if you have to.

**MR SEIBERT:** But your entities would be – they would be undertaking financial reporting for internal purposes, I imagine.

**MR STEAD:** Yes.

**MR SEIBERT:** So it's not that they would have to start collecting financial data. It's just that they would have to provide it in the AIS.

**MR STEAD:** That's right, and at the moment, the financial data is provided to the people who are giving to the organisation. So the local churches, they all have their annual general meeting. Everybody gets a copy of the audited financial statement, so it's not as though we haven't done the compliance work. It's just that that information is visible to the people who gave to the church. If you were looking for a trade-off, I – as it stands at the moment, a church can't be – can't have BRC status and also have DGR status. If that were the cost of – and I understand why. We're opening up a fund for general giving, and it's – there's kind of tax-deductible consequences and therefore public accountability. If you want to expand DGR status to advancing religion, that would be a good reason to also say that any religious entity that wants to take advantage of that also needs to fill in the – make the financial disclosures for the same reason.

**MR SEIBERT:** But I suppose there is just a question about what would be – what's the current – and we make this point in the draft report – what's the policy rationale for the exemption at the moment, treating one group of – from a perspective of charity regulation, what's the rationale? And we've been unable to identify what that policy rationale is. I get the – I suppose there is the reporting and compliance burden, but you know - - -

**MR STEAD:** But there's also – so the fundamental premise is that the – most of these BRCs are local churches or synagogues or mosques, and there is already sufficient local accountability in all those places, and it's – the fact that those things are not public means that we don't get people who had no interest in the affairs of the local congregation making reports about the accounts of those churches. We're not hiding that information, but there's no reason why the accounts of a local church ought to be disclosed to the rest of Australia, because the rest of Australia is not giving in the first place. It has no interest in that data.

**MR SEIBERT:** Would that argument apply to any charity, like, that's a local, small welfare charity that the local community gives to as well, like - - -

**MR STEAD:** If it didn't have DGR status, and it only had a defined set of donors, the argument would apply. I'm not sure that – that's the argument. If there's already sufficient accountability for the people who are the donors, what is the additional benefit of the public disclosure of that information?

**MR SEIBERT:** And just on what Julie said as well, the – if – with this basic religious charity category, I understand your sort of perspective on it and its removal. If there were steps that could be taken to sort of limit or constraint the powers of the ACNC Commissioner – because we sort of recognise the sort of – the points around the autonomy of religious communities to appoint leaders, etcetera. If there were constraints there around requiring – or maybe not a court order, but other mechanisms, would there be an openness around sort of those sorts of things? Because I want to put on the record that we do recognise these sorts of matters. Like, we're not – and we've had them raised with us in submissions.

**MR STEAD:** My question would be why is this part of a recommendation in a report about increasing philanthropy? So the only change that it will make to philanthropy is it will make it just a little bit more difficult, because there will be more red tape, but it's not going to increase philanthropy in any way, because it's not – unless you pick up my suggestion and you change DGR status, but apart from the possibility of increased giving and because of the change of status, changing the BRC status, why is this coming out of a report about doubling philanthropy? That's my – the prior question. If you just think it's a good idea, or it's fixing up an anomaly in the system, okay, but it's not going to increase philanthropy.

**MS ABRAMSON:** Because we would have a principled view that – and we are clear in the report. I mean, what is the policy for the exemption, and you would normally want to line up the governance requirements. You've got a government standard. I understand what you've said to us, and you would want that to be a general application.

**MR SEIBERT:** Yes. I think in the draft report, pages 210 to 212, we don't presume that regulation is automatically linked to giving. We make the sort of – we set out – articulate a logic there in terms of trust and confidence in general is part of the foundations for giving, and regulation has a role supporting trust and confidence in charities, and it's one of the rationales for the ACNC regulatory framework, and so the scope of that framework is relevant. We looked at the scope of that as part of this inquiry. We didn't look at everything that the ACNC does, and we didn't find an apparent policy rationale for this particular exemption, which is why we've got our draft recommendation, but we're seeking views and perspectives on it, and we're very open to understanding those perspectives. And I think also, just to go on a point that you raised earlier around sort of visibility, I mean, one benefit of reporting as well is that you get data on giving and all those practices that can help illuminate those giving practices and behaviours, whereas at the moment, they're not – we don't have that good data on them, because they're not reported.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thanks very much.

**MR STEAD:** Thank you.

**MS ABRAMSON:** Thank you very much.

**MR STEAD:** Thank you very much for your time. I was hoping to talk to you about school building funds, but I will let the record stand.

**MS ABRAMSON:** We have – as you can tell, we have actually read your submission in some detail.

**MR STEAD:** Thank you very much.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Okay. We've got – is it Danny?

**MR D. MEAGHER:** Yes.

**DR ROBSON:** Yes, please. And – yes.

**MR MEAGHER:** Can we fit Allison and John on?

**DR ROBSON:** Yes.

**MS ABRAMSON:** Of course.

**DR ROBSON:** Yes. As many people as you can fit around the table there.

**MS ABRAMSON:** I don't know if we can offer you fresh glasses. That's the only thing.

**MR MEAGHER:** Well, there's one here.

**MS ABRAMSON:** And the bishop is on hard stuff there. We're very friendly.

**DR ROBSON:** Okay. So if you could just state your name and the organisation that you're from. Welcome, and if you'd like to make an opening statement, we'd be very happy to hear it, and then we can get into questions. So thank you very much.

**MR MEAGHER:** Maybe we'll all introduce ourselves, then I'll provide an opening statement.

**DR ROBSON:** Yes. Yes. Very good.

**MR MEAGHER:** So my name is Danny Meagher. I'm an auxiliary bishop of the Catholic Archdiocese of Sydney.

**MS A. NEWELL:** And my name is Allison Newell. I'm an SRE coordinator for the Catholic Diocese of Broken Bay and the deputy chair of the National Confraternity of Christian Doctrine, which looks after the religious education of Catholic students outside of Catholic schools.

**MR J. DONNELLY:** My name is John Donnelly. I'm a regional coordinator in the Diocese of Broken Bay also, just north of Sydney here, and I'm the deputy chair of ICCOREIS.

**DR ROBSON:** Thank you. Please go ahead with - - -

**MR MEAGHER:** Opening statement. Thank you. So my name is Danny Meagher, and I'm auxiliary bishop of the Catholic Archdiocese of Sydney and have particular responsibility from the Catholic Bishops of Australia for the education of Catholics in public schools. My colleagues, John Donnelly and Allison Newell, are from the Catholic Diocese of Broken Bay, as they've said. Our submission in response to the draft report on philanthropic giving was made on behalf of a National Confraternity of Christian Doctrine, NCCD. The NCCD is the peak body representing CCD agencies within all the Catholic dioceses in Australia. They provide

religious education to students in government schools, so a number of dioceses, each has a CCD looking after the provision of Catholic education in state schools. Our submission focuses on the recommendation to remove DGR status from those CCD agencies, which would impact the provision of religious education in the public school setting.

We are here to focus on some of the points raised in our submission and would like to highlight following. Firstly, the draft report does not seem to take sufficient consideration of the religious education of children in public schools, nor provide persuasive reasons why DGR status should be removed. Secondly, there's no analysis of the enormous personal, family and societal benefits of religious education in public schools. Religious education is the foundation of our ethics in Australia and the fabric of our society, trying to build a better and more cohesive society. It's true of Christianity, Buddhism, Islam, all the world religions. Some of the classics of Christianity, love your neighbour, love your enemy. Do good to those who treat you badly. Be compassionate, as your heavenly Father is compassionate. Insofar as you did this to the least of my brothers and sisters, you did it to me.

Religious education is then the foundation of countless welfare agencies, hospitals, hospices, soup kitchens. Our NCCD submission, and others of the Catholic Church, expand on the benefits to society from religious education. Thirdly, there is no awareness of the way SRE works in public schools, in our submission. CCD is freely offered to all children in state schools. Our estimate, 200,000 in New South Wales, which benefits the children, families and our wider society. It's funded, at least in the Catholic Church, by the CCDs in each diocese, and these CCDs are funded by the tax-deductible donations of parishioners and others, people mostly with no connection at all with public schools, no private benefit to them. It is supported by a huge pool of volunteers. 10,000 is the estimate of all faiths in New South Wales, certainly 4000 Catholics.

CCD is run on the smell of an oily rag. What it offers cannot otherwise be delivered by the government or market. Fourthly, it is difficult to justify the removal of DGR status from religious education in public schools, which is the foundation of our ethics, and yet retain the DGR status for education in ethics in public schools. So finally, it is our submission that the teaching of religion in public schools meets the criteria for DGR status. Its removal will cause inequity. There are enormous benefits. There would be harm to our society. We respectfully ask that the commissioners review their position.

**DR ROBSON:** Thanks very much. So just to clarify, you mention ethics. Under our proposal that's in the draft, ethics would be treated the same way for the purposes of that recommendation, so there's no differential treatment.

**MR MEAGHER:** Sorry. We misunderstood the - - -

**DR ROBSON:** Yes. No. That's okay. So I might just ask you a few questions, and we've asked this of others. So we understand that, you know, SRE is largely supplied by volunteers, although there are some paid as well, but maybe if you could take us through so that the donations – what are they used for? Is it curriculum and training, those sorts of things? Maybe - - -

**MR MEAGHER:** Allison will be able to answer that much better.

**DR ROBSON:** Yes. Yes.

**MS NEWELL:** Thank you. So that's correct. The donations come via our parishes, our Catholic parishes, through a charitable works fund, and they are allocated to the support agencies who employ staff, teachers, to develop curriculum materials. So the Archdiocese of Sydney and the Diocese of Broken Bay in New South Wales are the developers of Catholic curriculum for special religious education. Our training programs are important. So SRE is a heavily regulated space in New South Wales particularly, which is our main experience of this ministry. It – there's a lot of compliance, and so the agencies are the ones who put the infrastructure around the volunteers that go into the schools, so without that support, it could well fall over, so there's training, there's curriculum development, initial and ongoing training.

There is – training is compulsory in this space, so it's not just a matter of do it if you want to. You have to, initially and ongoing. There's a huge focus on child protection, of course. No one can go into a public school without having undertaken child protection training, and also the negotiations that happen with the Department of Education and with the New South Wales Government are managed by these agencies, so as I said, there's sort of a whole framework around this SRE space that really has a pathway that leads the volunteers into the school so that they don't have to worry about the compliance, the latest of which is declarations around criminal convictions. All of that is managed by these agencies, CCD agencies.

The Archdiocese of Sydney and the Diocese of Broken Bay are probably the leaders in the Catholic Church in this space. There are 11 Catholic providers in New South Wales, but we support directly about two and a half thousand volunteers in those areas of Sydney, and across the state, 4000 Catholic volunteers. We understand the number is up to about 10,000. I think it's important to note, too, that the Catholic Church is a leader in this space, so in relation to negotiations with the Department of Education around compliance that came out of the review of SRE – that was an independent review conducted in 2015 – the Catholic Church was the main advocate for working with the Department of Education to ensure that these standards were put in place.

It would be fair to say that we really raise the bar in that period, and that had a benefit to all providers. We're probably also the largest supporters of the All Faiths group, so the other major faiths other than Christian. The Catholic Church convenes that group and supports them, given the lack of resources that they have. So for the good of all, we believe that, you know, if there's a chink in the chain, it can affect us all, so it really is across the whole community, and we work very closely together, very much at a strategic level, but that also happens on the ground at a school level, where people of different faiths, as well as ethics education, go into schools to educate children in an ethics worldview, depending on the choice of their parents.

**DR ROBSON:** Thank you. I've got one more, and then – yes. So what would be, in your view, the response of your donors to removing DGR? So we've heard other groups talk about, you know, the profile of donors and how, you know, a large percentage of donations come from a small number of donors, and then obviously that – you know, different donors of different income levels have different responses to changes in tax arrangements and so on, so can you tell us a bit about that?

**MR DONNELLY:** So I'll begin, but there's probably more points that can be made. As Allison was referring to, the volunteer base comes from the parish level of the church organisation, and of course, so does the donor base happen at that worshipping community parish level of the organisation. The deductible gift recipient status belongs to the CCD, which

is the support network at the diocesan level, so rather than every parish having to deal with compliance and what have you.

Even though the parish priest authorises the volunteer, the management of that authorisation process, screening process and guidelines for all of that is done at the CCD diocesan level. So I suppose what we're talking about – if the CCD is in jeopardy because of reduced donations through the removal of the DGR status, one possible outcome is that the risk management of having so many volunteers go into state schools into that child-safe environment, and in the world of compliance that we currently live, for the average parish, that would be a risk too great to take for a local community to support that. That's one response.

**DR ROBSON:** Yes.

**MR MEAGHER:** The way it works, people contribute in a Catholic mass in the pew collections. I don't know if anyone here suffers it. The first collection belongs to the priest and the upkeep of the priests, of the diocese. The second belongs to the parish. Neither is tax deductible. There's a charitable works fund collection which occurs three times a year, and parishioners and other donors who aren't parishioners are aware that any money they contribute to that collection is fully tax deductible, and from the charitable works fund, CCD is funded, prison chaplains, hospital chaplains, the death ministry. Each diocese will differ a little bit, but a number of good works are funded from the charitable works fund.

**DR ROBSON:** Right.

**MR MEAGHER:** And that is specifically 100 per cent tax deductible, and it gets a lot of money because it's separate to the non-deductible collection, so it would be a large impact if the tax deductibility was taken away, because that's, in a sense – I mean, there are charities for good works, but they are tax deductible, and that's a big difference - - -

**DR ROBSON:** Yes.

**MR MEAGHER:** - - - to the other regular first collection, second collection every Sunday.

**DR ROBSON:** I understand. Yes. I guess I'm interested in the – you know, that exact response and appreciate there would be one, but, you know, what – is it the case that – and maybe you don't have data on this, but if you have a sense of it – is it, you know, many small donations, or is it a couple of big ones and then a tail, or - - -

**MR MEAGHER:** You get big ones for the CWF, having been a parish priest for 25 years. Parishioners with large income will donate to the CWF particularly because they'll get a tax deduction, so the number of large donations are made to the CWF and a lot of others, but we get the large ones as well.

**DR ROBSON:** Yes. Okay. Thank you.

**MR DONNELLY:** There's probably a tail – if I may just - - -

**DR ROBSON:** Yes.



**MR DONNELLY:** There's probably a tail as well, because this ministry in particular, we appeal to parishioners on the basis of, you know, \$5 will get a book for one student to use for the year, and, you know, \$200 will get a class load of books. So oftentimes, when we appeal in that fashion, the local community is thinking about those kids down the road at the state school, which just by the by, are, more often than not, not part of the worshipping community.

**MS NEWELL:** Yes, and not necessarily Catholic, so we are aware that there are – anecdotally that there are a lot of students in our class who aren't baptised Catholics and certainly, as John said, not members of the worshipping community, but their parents choose for them to have some religious education. We also believe that giving is relational, certainly in a faith-based organisation, so that people will see the benefit of students receiving some religious education to broaden their worldview in a public school, and they will probably not know who those children are. Yes.

**DR ROBSON:** Thank you.

**MS ABRAMSON:** If I ask about – and you were present in the room, so I'm hoping this is okay – just your views about the basic religious charity exemption, and as you know, we propose its removal, but what grounds you would argue from a policy perspective as to why it should be retained? So I'm very interested in the issues around governance which I spoke to the previous speaker about.

**MR MEAGHER:** I'm prepared to say a couple of things, but I'm not briefed for that. I think the ACBC, Australian Catholic Bishops Conference, has a submission, and they might be speaking specifically on this, and possibly the Catholic Archdiocese of Sydney had someone speaking about it, but just so – with no expertise and just off the cuff, the two issues that concern me would be that were – what's the word, registered proprietor?

**DR ROBSON:** Responsible person.

**MR MEAGHER:** Responsible person, who is a parish priest, were – under the changes, it could be that the parish priest is removed and appointed, or the bishop is removed and appointed by the ACNC or on appeal to some court. Now, the history of the Catholic Church church-state relations is littered – go back to medieval days, dark ages – with kings trying to appoint bishops and control the church through the appointment – so up until our difficulties with the Chinese Communist Parties, where they're trying to appoint bishops in China, we see ourselves quite independent of the government. We support the government. We need governments. We try to assist the government as best we can, but we're not the government, and we want to build up the Kingdom of God according to our own lights, and we don't want to be subject to the government of the day. So that's one problem we have with it.

The second problem is that a number of our parishes, as I understand it – it's 21, I understand, in Sydney – would be required to undertake a great deal more financial probity. Accountants would have to be appointed, which they already are, but more additional work would have to be done at the cost of the parish, and to what additional benefit? I don't see what additional benefit would be. However, that submission would be better – or the answer would be better given by a financial person who could explain exactly what the additional accounting auditing requirements would be, how costly they would be, and whether there's any benefit whatsoever to philanthropic giving by simply increasing the cost of – you know, they're larger parishes, but still, there are other things we want to do.

**DR ROBSON:** Thank you.

**MR SEIBERT:** Just want to take you actually back to the charitable works fund, because we are interested in this inquiry around the use of different giving structures and vehicles to facilitate giving, and I just looked it up, because I remember at one point the Archdiocese of Sydney had – like, each parish had a public ancillary fund, and it was quite kind of complicated, but then it was kind of consolidated into one, so is this like a – kind of a vehicle you use so that parishioners can contribute, claim the tax deduction, and then it’s distributed to various organisations and causes based on sort of need? Is it – what’s its role in - - -

**MR MEAGHER:** Yes. Yes. It’s publicised. We give a little pamphlet out to the parishioners and all the donors where the money will go to and what percentages. They’re the charities that I indicated, and we get a certain amount of money in the diocese. I think, Allison, is 2.2 million that goes to CCD?

**MS NEWELL:** It’s between Sydney and Broken Bay, there’s \$2.2 million that goes to CCD, which looks after religious education - - -

**MR MEAGHER:** In public schools.

**MS NEWELL:** - - - of children in public schools, and then there are other - - -

**MR MEAGHER:** Other charities.

**MS NEWELL:** Like, the Ephpheta Centre for Deaf - - -

**MR MEAGHER:** Which is for the deaf. Prison ministers.

**MS NEWELL:** - - - and prison ministry, hospital chaplaincy. They get a smaller amount. So I know certainly in Broken Bay, 85 per cent of that charitable works fund goes towards the religious education of Catholics in public schools and others, as I’ve made that point. We don’t discriminate. It’s for the common good that special religious education is considered to be on offer, free, except for the DGR status, but it’s free to families who attend public schools, and the parents have a voluntary choice to enrol their children in that program or not, but we certainly don’t say, “You’ve got to be Catholic, show us your baptismal certificate.” This is really a ministry of the church that is for the common good of the community.

**MR SEIBERT:** It might not be sort of something that you can ask, but I’m going to steal your thunder, Julie, to ask about – the government is proposing to phase out cheques.

**MS ABRAMSON:** Yes. I’ve become the cheque person today.

**MR SEIBERT:** And we have heard from some charities that have been joining in the hearings that, you know, they still get a fairly – relatively large slice of their giving from cheques, especially amongst sort of some older donors. Do you have any sort of, yes, thoughts about that, in terms of how important it is for your fundraising?

**MS NEWELL:** I – that’s a surprise to me, knowing how it works at a parish level, is that people can give by providing their credit card details, or they can go online and donate. A lot of people do that.

**MR MEAGHER:** But people do contribute by cheque. Being a parish priest - - -

**MS NEWELL:** You still do that. Yes. Okay.

**MR SEIBERT:** On the website, it's got cash and cheque under the charitable works page.

**MR MEAGHER:** Being parish priest, I know we get lots of cheques.

**MS NEWELL:** Quite a few cheques. Yes.

**MR MEAGHER:** Especially from the more elderly ones. Large cheques.

**MS ABRAMSON:** Okay.

**DR ROBSON:** I just have a question. Maybe you can answer this, Allison, and I think, Danny, you talked about it, the social cohesion that SRE provides, both to kids who are in that class but also children who may not even attend, and their parents have said, "We don't want it," but they still might benefit, and then if there's any unintended costs, you know, maybe it creates additional tension, or maybe it doesn't, but I'm just interested in hearing more about that experience.

**MS NEWELL:** Yes. Okay. So I think, certainly at a strategic level, at the state level, there are – there's a committee – the Department of Education has an SRE/SEE consultative committee which has people from all religious faiths and the ethics community, primary ethics, where they work together for the good of the program, and certainly the terms of reference of that committee are such that the idea of it is to constantly improve the program with training, with curriculum, with troubleshooting at a school level, and that flows through the framework of SRE.

If you like, we're at the bottom, providing all of this support, training, curriculum, all that I've mentioned, but then that goes into the schools, and certainly we believe it supports the multicultural fabric of Australian society for people from all religious faiths and from a secular ethics background to come into a school together, where children are divided into classes and taught the faith of their families or the faith that their parents choose, and there's a great camaraderie and good will among those people. A couple of times a year, there are interfaith or Christian denomination assemblies that are held together, so all those people will come together in the hall. It certainly helps to build upon the multicultural fabric of society. There is good will amongst all, and it comes from the top down, we believe.

**MR DONNELLY:** If I may add - - -

**MS NEWELL:** Yes.

**MR DONNELLY:** - - - at the school level, what happens at SRE time is that the students move to their respective classes, including ethics, and for those who chose alternative activities, they're supervised by their school. I think there's great – a great lesson in tolerance in just that movement. As I've arrived at the school, many times I've seen students moving to various classes, all at the same time. It's an exercise in acceptance and tolerance that we all have different worldviews, different faith perspectives, and we're all entitled to be educated in that at the same time.

You may also be aware that embedded throughout the curriculum of New South Wales education, and also across the Australian curriculum, are ethical and religious studies type objectives, and that's a different type of learning. That's learning about religion. We feel in order to build acceptance and tolerance, you actually need education in your own faith, those of us who have faith, and that better informs the practice of acceptance and tolerance and of – as you're probably aware, all faiths – all the different major world religions are teaching those similar sorts of ideals of acceptance and tolerance.

**MR MEAGHER:** Just to chip in from my own experience, having been an SRE student back in the day, we'd all go off at a particular time. The Christians would go off, Catholics would go off, the Anglicans would go off, and then we all came back together again, and they said, "You're Anglican," and we just normalised the fact that people are of a different faith, and then we got on with our – whatever class we were getting on with. As a scripture teacher, which I've been doing since I was 19 years old, two experiences.

One, the morning after 9/11, I was at Greenfield Park Public School going into scripture at 9 o'clock, and the school – everyone was horrified and shocked, and everyone was traumatised, so the school principal stopped everything else, and he asked me if he would lead us all in a prayer. So that's, you know, building cohesion. I know it's probably against all protocols, but the situation demanded it. And in another parish, there was a Buddhist nun who didn't get a lift home. It was a hot, hot area, so, you know, we'd always make sure that sister got a lift back to her monastery, one of the Catholic teachers, so, you know, it's - - -

**MS NEWELL:** There's a ripple effect.

**MR MEAGHER:** You know, people see each other, and cohesive - - -

**MS ABRAMSON:** Can I ask one final question, because I think we started a little bit late, with you about volunteering. Leaving aside the discussion that we've had about DGR and how important that is to providing the support for training of volunteers, we see volunteering overall declining, but not necessarily with faith-based organisations, so I'm interested in your concerns or whatever around things which might be barriers to volunteering, leaving the tax issues to one side.

**MR MEAGHER:** Allison, you know better than me.

**MS NEWELL:** Yes. Thank you. That's a really good question. As I said, we believe that anyone who gives either of their money or their time in a face based – based setting does so from a relational perspective. There's a real sense of wanting to contribute to the common good of society, whether it be through religious education in government schools or, you know, aged care or hospitals, whatever. So

I think that's – that's one area. Certainly in relation to volunteering in our space, we did identify the trend that was happening across the country with volunteering declining. It reached its peak about – up to about six or seven years after the Sydney Olympics and then started to decline.

And we saw a rapid decline during COVID even though we were keeping – we couldn't go into schools and we were keeping our volunteers together online, but we did see a decline mainly due to health issues – underlying health issues of some of our volunteers. It would be fair to say we are climbing out of that and we have certainly seen an increase in the last 12 to 18 months in our volunteering. When we recruit, we call it recruitment but from a faith perspective we are calling people to respond to God, and people of faith will respond in that way and quite often they won't

immediately but they will, because they actually discern what it is that they want to do to give back.

Part of our training program, the very first question we ask people, “What – why are you here?” Virtually, “Why did you respond to this call?” and I would say 90 per cent of the time it’s – people say, “It’s because we want to give back”. So they really feel that they have had, you know, as – as a person of faith, they have had perhaps a good life or they had been supported through a difficult life, whatever, but they want to give back to children and young people today, and there’s plenty of evidence today. The Mission Australia survey that was conducted recently shows about up to 50 per cent of young people in the adolescent category with mental health issues at some time across their years of adolescence and we believe this helps.

**MS ABRAMSON:** And so could I ask you – and I promise it’s my final question. We’ve been told that young people want – who are prepared to give time want to give to a cause, to a particular thing - - -

**MS NEWELL:** Yes.

**MS ABRAMSON:** - - - whereas older people are prepared to – “well, how can I help?”

**MS NEWELL:** Yes.

**MS ABRAMSON:** So what’s your perspective given that you would work – work with a whole cohort of volunteers?

**MS NEWELL:** Yes. I think – I think that’s fair. Young people have a sense of social justice, so even if they’re not in our churches they have that. They are formed, if you like, in the faith through religious education - - -

**MS ABRAMSON:** Yes.

**MS NEWELL:** - - - wherever that happens and they – they really have a sense of wanting to make a difference, to do something, so work in the local soup kitchen or, you know, whatever. That’s certainly the case, whereas I think as people age they do want to give of themselves in – in some way to give back. I think they’re giving back.

**MS ABRAMSON:** Yes, yes.

**MS NEWELL:** Young people are on the start of the journey of – of providing support to those who might need it, but for older people I think it’s about giving back.

**MS ABRAMSON:** No. That’s – that’s – thank you so much. That’s been really helpful.

**MR DONNELLY:** And just another point on that, what we’ve found with some of our younger volunteers, because they’re university students, it’s more about try and see, have a look and see - - -

**MS ABRAMSON:** Yes.

**MR DONNELLY:** - - - what it’s like, and we’ve experienced a – a great reluctance to make commitment, so for more than - - -

**MS NEWELL:** Yes, yes.

**MR DONNELLY:** - - - six months at a time.

**MS NEWELL:** That's true, yes, but so is - - -

**MS ABRAMSON:** Yes. That resonates.

**MS NEWELL:** Yes, yes.

**MS ABRAMSON:** If you have any data – you said you did do a survey or something of your – your volunteering and you noticed a decline and the – but the decline was greater during COVID.

**MS NEWELL:** Yes.

**MS ABRAMSON:** Any data that you've got I'd be grateful.

**MS NEWELL:** Yes. I could certainly find some.

**MS ABRAMSON:** Thank you.

**MS NEWELL:** We do an annual census of our volunteers and student numbers.

**MS ABRAMSON:** That would be great. Thank you.

**MS NEWELL:** Yes.

**DR ROBSON:** I've got one last one. So we talked about DGR and – and SRE. Talk us through – I mean, one alternative to DGR is – is government grants. So is that a feasible alternative or would be there problems with it, advantages, disadvantages? So the government could just say, "Well, given that we've got this system set up in, for example, New South Wales, we say it should be in schools, and now we're just going to fund it through grants". Would that be a different way of doing things?

**MR MEAGHER:** My – my - - -

**DR ROBSON:** Would it be better or worse or - - -

**MR MEAGHER:** My hesitation to that is that they'd have to work out somehow or other some equitable basis to decide the Catholics get so much, the Christians get so much, the Anglicans, the Buddhists or the – and these Buddhists and those Buddhists and these people.

**DR ROBSON:** Yes.

**MR MEAGHER:** And so how would that – that be done? That would be difficult.

**DR ROBSON:** Yes.

**MR MEAGHER:** And then it would have to be – you’ve got to regulate and control it and I think the – the different churches would have to respond with a – an acquittal for the money they’ve received. So there’ll be an awful lot of administration. Just giving a tax deduction and let us – letting us get on with it, I mean, we – we – we can’t just get on with it. We’ve got a lot of compliance that we have to do and to make sure that the – that catechists are trained and have their children protection materials all done. And I think that would be much simpler than government direct grants with – with all of the compliance and the – how do you work out who gets what around it, and then making the applications and how much it – yes. I – I think it would be really, really difficult.

**MR DONNELLY:** I think too given what I described before about the volunteer base and the donor base being very local, our parishes are – are very interested under the guidance of Pope Francis to outreach to their local communities and serve their local communities. So a lot of the motivation for donations and volunteering is immediate around their area, about their parish and location.

**DR ROBSON:** I understand.

**MR DONNELLY:** So that would tend to centralise into organisations at the diocesan level - - -

**MS ABRAMSON:** Yes.

**MR DONNELLY:** - - - and take that connect between volunteering and donating out of the equation for us, which would make it very difficult to - - -

**MS ABRAMSON:** Yes.

**MR DONNELLY:** - - - service the ministry.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thanks very much.

**MR DONNELLY:** Thank you very much. Thank you.

**MR SEIBERT:** Thank you.

**MS ABRAMSON:** Thank you.

**MS NEWELL:** Thank you so much.

**MR DONNELLY:** Thank you for your time.

**MR SEIBERT:** Let’s take a break now, I think.

**DR ROBSON:** Yes. We’ll take a break, let’s say, for 15 minutes, 3.35 and then we’ll come back for Cathie.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thank you.

**ADJOURNED**

**[3.19 pm]**

**RESUMED**

**[3.36 pm]**

**DR ROBSON:** All right. We'll get started, I think. So welcome.

**MS C. COCHRANE:** Thank you.

**DR ROBSON:** If you could just state your name and the organisation that you're from or if you think - - -

**MS COCHRANE:** Yes.

**DR ROBSON:** - - - you're going to appear in a personal capacity as well, you were saying that - but - but I'll - - -

**MS COCHRANE:** I will.

**DR ROBSON:** - - - let you explain that and then if you'd like to make an opening statement and then we'll get into questions.

**MS COCHRANE:** Thank you. Yes. My name is Catherine Cochrane and - Cathie for short. You might have seen that on those. And I'm the chairperson of Three16 Shoalhaven. And Three16 Shoalhaven is an incorporated association with its other name trading as the Shoalhaven Employers of Christian Education Teachers Incorporated. It was maybe the second board in New South Wales to be established about 31/32 years ago that provides Christian education in the high schools but not necessarily in the primary schools, although some of the teachers will do lessons during the week voluntarily. Yes. So first of all, Alex, Julie and Krystian, I'm just pleased to be here. I'm nervous to be here.

**MS ABRAMSON:** Don't be. We're very friendly.

**MS COCHRANE:** It was - it was intimidating to think I'd have to speak for half an hour and most relieved when you said some small introduction and you can ask some questions.

**MS ABRAMSON:** We're very friendly. You've been sitting here - - -

**MS COCHRANE:** I have.

**MS ABRAMSON:** - - - so - - -

**MS COCHRANE:** Yes. So I would - I'd like to recognise the - the Gadigal people of the Eora Nation as we meet here today and - and I hope and pray that we will grow in reconciliation towards the future. And a quick aside, when I had a wonderful person who volunteered his time - this is a key word here. He volunteered his time and in my submission I had written GDR, GDR instead of DGR, and he said, "Did you want to talk about the German Democratic



Republic?” and I thought, “No. That’s why I was very late at night writing that part”. This is a submission from the management committee. It’s not just me. I did wordsmith a lot of the things, and I’m taking it that you have read our report which is not really a – a submission as such in the way that all these other fancy people have done.

It’s taking a comment and making a response to each of those comments in – in that. I rely on the definition of “philanthropy” which talks about love of human kind, especially as manifested by deeds of practical benefit, and that such practical benefit has been recognised by the Commission and include but not limited to the giving of money, time, skills and assets. And in that sense, that volunteering is part of this philanthropy. That’s the giving of time. For Three16 Shoalhaven the giving of time is by its management committee and all those people who do give of the – the philanthropy is that they give of their assets and it is funded solely by contributions and offerings and quite often very sacrificial offerings.

The issue with them – the removal of that tax deductibility benefit is – I think it was said very well by the last contributors with the Catholic delegation, that Alison spoke about it was relational, that people would give because it was relational. But I see it as it’s the grassroots involvement where people – if grants were substituted instead of the tax deductibility program, I see that people would be looking at – they’re not looking at a person. They’re looking at a government and they want to be relational and to have this grassroots involvement with people. They don’t want to think that it’s going to be imposed by a government, yes. And the working out of proportions of whatever would be just a nightmare.

And in that way, the tax deductibility ability would be so much easier and – because I think people would give more when it’s that – that way rather than – well, that’s the equivalent of what you would have given, you know. It’s too – too removed. It’s not – not personal enough. Now, I wanted to say that the Youthworks contribution says a lot about the tax deductibility that I could not say. They’ve said it in better words. And I wanted to thank you for this, although I am reminded that your report appears to be very anti-religious in lots of ways and doesn’t seem to recognise a community wide benefit which involves not valuing the amazing volunteer workforce that we’ve heard is at least 10,000 volunteer work workers in a school week.

We have to realise that. It’s 40 weeks a year. That in the delivery of – of SRE to students in government schools. Maybe I should have said more about our response to this report as being a Christian organisation, the SRE being worth support because of its foundational role of Christianity in western, including Australian, society and culture, including the legal system and agreed western values. Students need to understand Christianity in order to understand their own culture. Even many of the expressions, “good Samaritan”, lots of interesting expressions that we have in our language are there and to be able to understand the references makes for a better, well rounded education.

A friend taught with an atheist colleague in the English history department at a public high school that I won’t name who thought that students should study the old authorised version of the Bible in order to learn the basis of modern English. And maybe just elaborating that SRE contributes to the culture and ethos of a school and the civic formation of young Australians for citizenship. There’s a book by Tom Holland called *Dominion: the Making of the Western Mind*, and it – and on the blog on the back of it – the inside’s even more fascinating, but the blog lures you into this book:

*We're all 21<sup>st</sup> Century people, Richard Dawkins has said, and we subscribe to a pretty widespread consensus as to what is right and wrong, yet what are the origins of this consensus? It has not remotely been given across the reaches of space and time that humans should believe it nobler to suffer than to inflict suffering or that people are of equal value. These are convictions which instead bear witness to the most enduring and influential legacy of the ancient world, a revolution in values that has proven transformative like nothing else in history; Christianity.*

Dominion explores why in a society that's become increasingly doubtful of religion and religion's claims so many of its instincts remain irredeemably Christian. Even the increasing numbers in the west today who have abandoned the faith of their forebearers and dismissed all religion as pointless superstition remain recognisably its heirs. The enduring impact is not confined to churches and can be seen everywhere in science, in secularism, in gay rights and even in atheism. I will point out that our provision of SRE in schools is to provide well trained educationalists to help students explore and engage with the Bible and engage its message for valuable social and life skills, and gives – it's shaped the civilisation in which our students live and their own culture to give them words of life for hope.

From a Christian perspective this is what we have done, but we recognise – I'm also the Uniting Church representative on ICCOREIS and you would have heard that submission yesterday and John Donnelly is the deputy chairperson – that we recognise the valuable link and cooperation that has come to bring social cohesion through all faiths. And so I speak with not only an ecumenical but an interfaith perspective as well, and the value of that in that space within the public school system in New South Wales where it's legislated. I'm not sure whether you realise that the legislation allows up to at least half an hour per – per week is allowed for that special religious education, up to the number of hours as per – per weeks that are in the school year.

So up to 40 hours. So it's very highly structured and as has been mentioned, each teacher has – we require – this is with Three16 Shoalhaven. We require that they have the basic SRE module qualifications training that is across all faiths, specialising then in the high school methodology and child development. We require also that they – of course, even to get into a school you need the Working with Children Check and the criminal check now, but they have to also go to their particular authorised provider, so the denomination that they are authorised from, to do the safe church, safe ministry, safe spaces training as well. So – and we require that they are not only educationally but theologically trained.

Given that your purpose is to double philanthropy by the – 2030, it does run the risk of alienating the group which contributes most to charities, namely the religious community, with various words that are in that report that we feel are quite anti-religious at times and not valuing this amazing workforce that is there. The contribution of peoples of faith goes beyond the voluntary time but also is a benefit for the community. It was outlined by Sarah Derrington J and she says:

*There are numerous societal or benefits of religion, which include lower levels of criminal behaviour both at individual and societal levels, increased civic involvement, increased levels of education, increased volunteering both at religious and secular organisations, compared with the non-religious or atheist, increased marital satisfaction, lower divorce rates and decreased likelihood of domestic violence, improved mental health, lower rates of heart disease and lower blood pressure, increased life expectancy –*

there's, you know, 14 or so of these references:

*...increased subjective wellbeing and social support and coping mechanisms that alleviate stress and loss.*

And she's got various numbers in that – in her study and it was a – a public – public lecture in 2019. And put a number of 30.5 million hours in volunteering to a monetary value of thirty – \$339 million. Now, I can't – you know, I can just quote the study. I'm impressed that because it – SRE is within the Education Act and all faiths are able to participate in that timeslot, it has bipartisan support within the New South Wales legislation. So to change that would be problematic, and also to change some of those definitions in the Charities Act of 2013 might also be problematic. I would like to take an example from a great storyteller and tell you a couple of – because I feel that some of the other contributions have gone into the technical side of this and I'll just tell you a couple of stories that are from the Shoalhaven.

The teacher who introduced himself at the beginning of the school year with his name, his wife, his child, he said, "What about the honeymoon photos?" and he showed them the slum tour of the world because he'd come from a social science background. And he highlighted to the students the place where they lived, the living conditions in other parts of the world, and these became a seed story once a story by – that Jesus told about a woman at the well. The students then initiated a fundraiser for a well in India because they saw that what they were doing in their classroom had implications for social justice. And in the long run, the fundraiser became school wide. The – the students who raised the most money had the privilege of shaving his head off – hair off, and - - -

**MS ABRAMSON:** The teacher?

**MS COCHRANE:** - - - the one who raised the most was able to chop the ponytail off. And parents and the whole school community were greatly excited about this whole thing, that the kids – and this was three students in the top year 7 class. And I know about it because I was in the school and his room was next to my staffroom. The SRE group – school – the school representative council was asked to do a survey to find out a solution for truancy. And the response was, "Well, there'd be no problem for truancy if religion was every lesson". I think it was to do with the presentation of that same particular teacher at the time. One of our teachers reported a student who was a self-confessed atheist but he attended religiously the SRE lesson from year 7 to 10.

In year 11 he came back to talk to the teacher with some excitement and he said, "Sir, remember what you taught us – taught us about respecting others and how to treat girls?" You know, we treat each other similarly. Well, he said, "I've been watching how the guys here at school get their girls and I decided to use what you taught us and – and – instead of their tactics and I've got a really nice girlfriend". And then the last example just – and it only happened six months ago. Before meeting any students or staff, Three16s latest employee received a call from a local op shop saying that a teacher was looking for wetsuits for teenagers that – for the school's indigenous surfing program.

They had three, which were delivered to the school, and a – a request amongst staff confirmed that more would be most welcome. So she went to the local church. Parents and grandparents and lunchtime volunteers supplied over a dozen good quality wetsuits and delivered them to the school. I guess it's one of those statements that says it's faith in action. And in that same sense, the curriculum that we are using talks about faith in action coming out of a faith basis that

Lifeline 131 114 started with people of faith realising a need. They didn't have to be religious and they are not promoting religion, but they're doing it for the wider benefit of society. And in the same way, the Royal Flying Doctor Service has been established.

This is also in the curriculum. The \$20 note is an Australia wide statement to say this is really important. It came from a faith basis to combat the tyranny of distance and the need for medical help given indiscriminately across the nation. I think I've said enough at this stage. I could say a couple of things more personally but if you want to ask some questions that's fine.

**DR ROBSON:** All right. Thank you very much. So I'll just - - -

**MS COCHRANE:** I should talk about cheques.

**DR ROBSON:** Yes. Well, Julie I'm sure will ask about that.

**MR SEIBERT:** Julie will ask about that.

**DR ROBSON:** Yes.

**MS ABRAMSON:** Well, I'm worried about the \$20 note now.

**DR ROBSON:** Yes. Thank you, Cathie. I – I mean, I – I will just respond to – to some of the things you said in particular about the value of religion. We do point out on page 191 of the draft report that religious organisations and the practice of religion plays an important role in many people's lives and in a range of communities across Australia, and we go on to say that religious faith and values can also provide important inspiration for undertaking a range of charitable activities - - -

**MS COCHRANE:** Yes.

**DR ROBSON:** - - - and – and so on. So what we're interested in this report – and you would have heard me say this before – is, yes, we have a – a – this deductible gift recipient system in Australia which, you know, we – when we looked at it as part of the terms of reference with this report, it really had no coherent policy – set of policy principles underpinning it, so we developed a set of principles and then applied those, noting the importance of different motivations for giving and the importance that religious faith plays not only in motives for giving but also in a practical sense and – and the things that you've talked about.

And so the question really that we're, you know – we're – we're really interested in is, you know, according to those three principles, you know, is there – is there a – a role for government in certain activities? Is subsidising philanthropy the best way to provide that support? And then is there any risk of, you know, a nexus between donors and beneficiaries in this, you know, effectively converting public support into a – into it. And so that's really what we're getting at, and so that's why we're interested in these issues is, you know, have we got it right? Have it got it wrong? And so we're very interested in hearing from you on that basis. So I just wanted to put that on the – on the record but, Krystian, did you want to kick off with some questions?

**MR SEIBERT:** Thank you for your – your comments and for joining us today and coming in to – to meet with us. We really appreciate it. I'm interested to hear, sort of – because we've heard a lot from different providers of SRE and it's been really helpful in terms of the

perspective shared with us, but it would help to understand, sort of, what – what actually happens on – in practice in terms of how it’s delivered, like, sort of, we’ve got the school year starting now, and your - - -

**MS COCHRANE:** Yes.

**MR SEIBERT:** Your teachers are going into those four schools in Shoalhaven and - - -

**MS COCHRANE:** Yes.

**MR SEIBERT:** - - - sort of, you know, what – what’s happening on day 1? What does it actually involve in – in the – in terms of the teaching?

**MS COCHRANE:** Well, what normally happens is the teacher is embedded into the timetable. So they’re given a space and a time. In one of the schools they have put them in the timetable at a certain time and extended the first rollcall lesson so that they can put this into the timetable. They’ve had issues with timetabling. To be a principal in a school, to have extra – but over the last 31 years I guess we have saved the government an awful lot when you have – it has been one lesson per school class in the timetable. So the religion teacher might have – if a normal classroom teacher has 35 lessons a week, a religion teacher might have 25/28 because they don’t do rollcall as such or they don’t do playground duty.

And they’re not expected to do reports even though some of our schools have required a report that says participated in, understood, contributed to discussion, because there’s no right or wrong in a – in a – in a curriculum that requires students to engage and discuss and respect and listen and form their own opinions. So you can’t make a judgment whether they’ve ticked that box in a tick a box program in a – in a – a skills thing. So this – the teachers will go. They will introduce themselves, hopefully not with the honeymoon photos, but maybe an insight into what makes them tick and why they’re there. They will say, “I’m paid, but not by the school. I’m paid by representatives of 31 churches – 30 churches”.

The 31 is the number of years. “30 churches in the Shoalhaven who give money and want you to learn about the Bible and form your opinions because, you know, this is the most read book in the world, so you might learn something that’s important out of it.” That might be the way – that’s how I would start and I’ve done relief casual for that program as well.

**MR SEIBERT:** So you – do you, sort of, basically start like, you know, day 1, okay, sort of, like, in terms of the tenets of the – the faith and all the, sort of, like - - -

**MS COCHRANE:** No, no, no.

**MR SEIBERT:** No. Is it - - -

**MS COCHRANE:** No. You would start – I’m – I’m just picturing my PowerPoint for the first - - -

**MR SEIBERT:** Yes, yes, yes.

**MS COCHRANE:** - - - lesson and it would be introduce myself. I recognise, oh, there are the schools – respect, responsibility, whatever the – the things are up on the wall. You would note

those and say, “Well, they stand for this class too”, so you have to respect each person in the class and only one person will talk at a time. Now, if it’s year 7 you’ll say, “You raise your hand when you want to talk. You will be given a chance to talk. Don’t interrupt when that person’s talking”. I mean, it’s simple classroom dynamics, but if you start from the first day and they’ll know - - -

**MS ABRAMSON:** We should implement that at the Commission.

**MR SEIBERT:** We should, yes.

**MS ABRAMSON:** They should have to do that.

**DR ROBSON:** It will never work.

**MS COCHRANE:** Anyway, so - - -

**MR SEIBERT:** You didn’t put your hand up, Julie, yes.

**MS COCHRANE:** Look, it’s – it’s – it’s – I’m just talking really basic here.

**MR SEIBERT:** Yes, yes.

**DR ROBSON:** Yes.

**MR SEIBERT:** No. It’s really interesting though, the – the practicalities of it.

**MS COCHRANE:** But – and so I would introduce myself and say, “Look, you know, I’m a farmer and, you know, you’ll see this”, and – and whatever. So – yes. And I’m doing this because that’s my – well, in the – in Three16 you might be paid. I didn’t accept payment for that for about 20 years because – but since I’ve been – since all the – all the protocols and all this litigious society, the board said, “I think you should be paid when you do casual work so that there’s no issue with workers compensation if you trip up the stairs or down the stairs or something like that”. So I would just talk about that. I would say, “We’re going to talk about some issues in society. We will say what everyone thinks. We will ask what you think everyone thinks. What does society think and what does the Bible tell us”.

And quite often that whole scenario gets repeated about we treat each other’s – other as we would like to be treated in the variety of stories that come out of the context of the scriptures. They start in the Old Testament, so the Torah is explained. You know, it’s embracing of all those things. Yes.

**MR SEIBERT:** Okay. Yes. No. That’s really helpful. Thank you.

**MS ABRAMSON:** And your teachers are all volunteers, aren’t they?

**MS COCHRANE:** No. Our teachers are all employed.

**MS ABRAMSON:** Okay.

**MR SEIBERT:** Okay.

**MS COCHRANE:** This is why the donations are very important for our - - -

**MS ABRAMSON:** So it's a different model to some of the others, isn't it?

**MS COCHRANE:** This is slightly – that's – the primary model is all volunteer teachers.

**MS ABRAMSON:** Yes.

**MS COCHRANE:** Like, the first – the first 11 years – the – our first 11 years that I was teaching at the school I went back after having children as permanent part time and I was able to isolate the particular day that I taught voluntary at the local primary school - - -

**MS ABRAMSON:** Yes.

**MS COCHRANE:** - - - from my high school timetable. So for 11 years I was doing both. So that was really good. I wasn't teaching SRE at the high school - - -

**MS ABRAMSON:** Yes.

**MS COCHRANE:** - - - only in the primary school. So we employ the teachers at the high school because there are so many people of different ages who – a lot of old people who are giving very sacrificially. No, they're not the most probably making any impact on that – that tax deductible because their offerings are not in the \$5000 bracket. They might in – be in the \$50 bracket. But I don't think they would go to a model and make that offering if it – if someone said, "Oh, you would've given that. We'll give you a grant for, you know" - - -

**MS ABRAMSON:** Could I ask - - -

**MS COCHRANE:** Yes.

**MS ABRAMSON:** - - - just one follow up, if I may.

**MS COCHRANE:** Yes.

**MS ABRAMSON:** So how do the students come to you? Does the principal say from day 1 - - -

**MS COCHRANE:** Well, until the last – the last four years when the whole model changed - - -

**MS ABRAMSON:** Yes.

**MS COCHRANE:** Until then they were put in classes. They could opt out if they wanted to - - -

**MS ABRAMSON:** Yes.

**MS COCHRANE:** - - - and parents said to opt out.

**MS ABRAMSON:** Yes.

**MS COCHRANE:** And once the enrolment changed to opting in, then in some of the schools where you won't even get a permission note for an excursion, then that became problematic. So that was – that was problematic. And that school dropped lots – one of the schools dropped incredible numbers of lessons and the teachers could not be timetabled on to classes as such. They had to make composite classes.

**MS ABRAMSON:** No. Look, that's – and thank you very much for your coming to talk to us because it's really important to hear what it's like when you're actually delivering the service. So that's what my colleague Krystian was asking you - - -

**MS COCHRANE:** Yes.

**MS ABRAMSON:** - - - so many questions. So it's been - - -

**MS COCHRANE:** That's okay.

**MS ABRAMSON:** - - - a really valuable contribution to the inquiry so thank you.

**MS COCHRANE:** Yes.

**DR ROBSON:** I've got one further question, Cathie. You mentioned your experience where you started as a volunteer and then things have changed in terms of – you were talking about litigation but I guess it's the - - -

**MS COCHRANE:** Yes.

**DR ROBSON:** - - - costs of regulations more generally and that, you know, moved you into, you know, paid situation.

**MS COCHRANE:** Well, I just did it casually.

**DR ROBSON:** Yes, yes.

**MS COCHRANE:** When – when the teacher said, “I'm sick. Can you do it today” - - -

**DR ROBSON:** Yes, yes.

**MS COCHRANE:** - - - well, okay.

**DR ROBSON:** Do you – do you think that's – I mean, this is interesting because then, you know, do you think that's a common experience? Have you heard, you know – is that happening more broadly or not? Because then that would, you know, suggest to me that the value – whatever value DGR is providing, that would be going – the value would be increasing over time if – if it's moving from a volunteer situation to a paid situation and which do you - - -

**MS COCHRANE:** Well, Three16 Shoalhaven is basically paying teachers.

**DR ROBSON:** Yes.

**MS COCHRANE:** The management committee don't take any – it's all voluntary.



**DR ROBSON:** Yes.

**MS COCHRANE:** So it's a completely different model to what was - - -

**DR ROBSON:** Right.

**MS COCHRANE:** - - - in the primary schools.

**DR ROBSON:** Yes. Okay.

**MS COCHRANE:** But it – it's a valuable thing. Like, at the end of every year, each person who makes an offering will get a tax statement. How they use it is their prerogative. I think a lot of the people who don't understand the tax system may well not have but there are a number of middle aged families who make those offerings and do it on a regular basis so they will have monthly regular donation and their statement at the end of year will be used for that. Yes.

**DR ROBSON:** Yes. Okay. Thanks. Do you have any other questions?

**MR SEIBERT:** No. I'm all good.

**MS ABRAMSON:** No. That was really great. Thank you.

**MR SEIBERT:** Yes. Thank you so much.

**MS ABRAMSON:** And thank you for being here today.

**DR ROBSON:** Thanks very much for your time.

**MS COCHRANE:** And we don't do cheques.

**DR ROBSON:** Okay. All right. Very good. There you go. Thank you.

**MS ABRAMSON:** Yes. Thanks.

**DR ROBSON:** So we'll now call these proceedings to a close, unless there's comments from the floor.

**MS LAMB:** There's one more.

**MS ABRAMSON:** There's - - -

**DR ROBSON:** Oh, is there?

**MS ABRAMSON:** - - - Quiz Worx, yes.

**MS COCHRANE:** Yes.

**DR ROBSON:** Oh, sorry.

**MS ABRAMSON:** No, no.

**MS COCHRANE:** That changed yesterday.

**MS ABRAMSON:** I think he's sitting in front of us.

**MR SEIBERT:** Oh, okay.

**DR ROBSON:** Oh, okay.

**MS ABRAMSON:** It's – it's on the revised one.

**MR SEIBERT:** Yes.

**DR ROBSON:** Oh, okay. So I've got the old program.

**MS ABRAMSON:** So it's – it's on that.

**DR ROBSON:** Yes. Sorry.

**MS ABRAMSON:** Quiz Worx Incorporated.

**MR N. KOECK:** It's - - -

**DR ROBSON:** Yes. Go ahead.

**MS ABRAMSON:** And it's Nicholas.

**DR ROBSON:** Yes. Nicholas.

**MR KOECK:** That's right. Yes. Please call me Nick. Thanks, Cathie. I'll just grab this out.

**DR ROBSON:** I jumped the gun there a bit.

**MS ABRAMSON:** Well, I think that we should be awarding for the, you know – people have been stoic and they've come to see us at the end of the day.

**DR ROBSON:** Yes.

**MS ABRAMSON:** So thank you for – for coming today.

**MR KOECK:** Thank you, yes. Thank you for seeing me. Yes. My name's Nick Koeck. I'm the general manager of a group called Quiz Worx Incorporated and I'd just like to acknowledge the traditional owners of the land, the Gadigal of the Eora Nation, and pay my respects to elders past and present. I wanted to thank the Commission. I really appreciate the approach you've taken to this inquiry. I can see the diligence you've applied to coming up with a – a more straightforward, streamlined framework and I also appreciate having the opportunity to share and be heard. And I can see that you're also approaching it from that position of curiosity and wanting to see, "Okay. How will this impact others?" So thank you so much, and I do apologise for getting the submission in quite late to you on Friday - - -

**MS ABRAMSON:** No, no. It's all good.

**MR KOECK:** - - - so I hope it wasn't too late. I'll just say one or two things and then happy to share any – provide any answers to questions you may have. Quiz Worx has been around for about 25 years and we exist to share Jesus with kids everywhere and the main way we do that is performing live puppet shows in schools, and that's in partnership with people who provide religious education. So in New South Wales that's special religious education. In Queensland it's religious instruction. And over the years we've visited all the states and territories of Australia helping the local people in whatever their expression of religious education is. In Canberra they have Christian – Christian education in schools.

In South Australia it looks different. In WA, Tasmania and Northern Territory and ACT, of course. Yes. So I – I suppose I wanted to bring a perspective of what's it like for us operating. We're – we employ about 17 of us at the moment. There's – it's been up to 25 members in the last few years. COVID changed things a little bit for us, but our heart from the beginning has been to go to places outside of well-resourced Sydney where we started. We now have an office in the Gold Coast too. We've always wanted to focus our energies on going to regional and remote communities. So from the day – day 1 of working as an organisation formally which is in 2003 we've done an annual outback tour that takes us to remote schools in New South Wales and Queensland.

Last year, for example, we – we spent – of the 478 public schools that we visited in New South Wales and Queensland, about 50 per cent of those were in regional and remote communities, and that comes at a great cost not only to our – on our budget but also to our team members sacrificing time away from home as we send them out in teams of two to go on up to two week long tours to regional areas. The DGR status that we are privileged to – to have for religious education in schools provides the bulk of our – our philanthropic gifts which makes up overall more than 80 per cent of our yearly budget. And so the removal of that status for religious education would have a huge impact on Quiz Worx.

It would significantly hinder the work we can do, particularly for these areas. When we go to remote communities it's at no cost to them. In fact, none of the schools we visit – public schools – pay for these performances. It's usually the churches that are connected to those schools but when we go to these far areas, we just want to come. We want to visit, present a lesson that's in alignment with the approved curriculum for SRE or for RI in Queensland. And often at these schools it's the only religious education lesson they're getting that year, sadly. The – there's no volunteers sometimes in these areas, so for Quiz Worx to visit it is – it makes a big impact on those schools and those communities.

**MS ABRAMSON:** Nick, I had a – a few questions.

**MR KOECK:** Absolutely.

**MS ABRAMSON:** The first – the first one is that because you operate in different states, we've certainly heard today that the curriculum and the Education Act in New South Wales is a very important part of the ability to deliver in the schools. So what observations would you make from us from your – the fact that you operate in different states?

**MR KOECK:** Yes. There's – there's alignment particularly between New South Wales and Queensland, so I'd say that's the first thing. Those religious education programs operate very similarly. They use the same curriculum, largely one of two curriculums for Protestant religious education, Christian religious education. We work to align with those curriculums. I'd say the motivations of teachers are the same. They're largely volunteer groups. So while our main audience is the kids that we get to share with, our secondary audience really or, in a way, audience are the volunteers that we get to go and support. We hope to be an encouragement to them.

They're there doing the harder – I think it's a harder job week by week volunteering of their time. When we come it's just a bit of a – hopefully a shot in the arm. We hope to give them something they can bounce off in future weeks with a song and a memory verse or what have – whatever we've brought in the puppet show. And so that's been our experience. They usually really appreciate us coming. They also tend to be fairly similar in delivery, you know. About 30 minutes in most. We operate in primary schools only. And so they tend to be about 30 minutes a week at best. A lot of schools will clip that on the ends of term 1 and – and term 4 but we're very thankful that we have that opportunity.

**MS ABRAMSON:** And they're not your volunteers, they're volunteers provided through other services, so you're invited into the school and you do your presentation there.

**MR KOECK:** Correct. Yes. We're invited in by the people who work there regularly. They seek the permission of the principal and then we'll come in and present just that one lesson. Maybe we'll come back in that same year. We might visit a school twice. About 100 of the schools we visited last year we were able to visit on two occasions, so that was exciting. Yes.

**DR ROBSON:** And tell us – you spoke about the DGR status and the importance of it to you. Your donor base, is it – and we've asked this question of other people who have participated. Is it, you know, a lot of very small donations or is it some big donors and then, you know – how responsive do you think various donors are to that – to that tax deductibility status?

**MR KOECK:** Yes. We have – we're fortunate to have a broad donor base. I'd say it really varies. The – that's – we've all got our major donors that – so there's people that can give larger amounts, but there's lots of people giving much smaller amounts as well. Last year I believe we had more than 1000 individual donors and the majority of those gave probably sums of under \$1000 in the year, and then there's some that are giving larger amounts, and I'd say though – it's interesting. We do run an end of financial year appeal each year. And a huge amount of our yearly support does come in at tax time, people wanting to make the most of the tax deductibility status. So last year, yes, approximately 65 per cent of all the donations we received for the year came through that DGR schools fund.

**DR ROBSON:** Yes. Okay. And then as an alternative to that, you know, one alternative would be a government grant. You know, do you think that would be feasible? How would it – how would it work or – or would you then – or would an alternative for you to be seek – to seek specific listing or – or what would be the – the counterfactual - - -

**MR KOECK:** Yes.

**DR ROBSON:** - - - if DGR was – was removed, do you think, or you just wouldn't operate?

**MR KOECK:** It's – it's a very good question, Alex.

**DR ROBSON:** Yes.

**MR KOECK:** It's hard to imagine exactly what it would look like. We've not received any government funding except - - -

**DR ROBSON:** Yes.

**MR KOECK:** - - - during COVID years with JobKeeper.

**DR ROBSON:** Yes.

**MR KOECK:** But for all that time, we're not – this is, sort of, the only support in that way, indirect giving the government provides.

**DR ROBSON:** Yes.

**MR KOECK:** I do – I did note in the report that there was a reference to Mission Australia's point I thought was quite important for us too, that philanthropy allows for innovation, and I do think being a creative organisation we appreciate the ability to go wherever there is a – a need or a call to go and to be innovative in the way that we present and so the way that we're supported through the DGR status and through all our donor allows us to ignore the size of the school, ignore their ability to pay, and we can go. And, for example, I'll just give – share one quote, if you don't mind. This is just from a – a principal out in a – a little public school called Louth Public School. It's about 100 kilometres south-west of Bourke and we visited in 2022 and he – this is the – from the principal:

*We absolutely loved having Quiz Worx visit our little school. Chrissy, Ally and Phil were amazing and interacted with the students. The show was amazing with a great message. We can't wait until the next visit. Thank you for visiting Louth Public School.*

So it's important for us as well to – once we visit to – we're committed over the long term. We've been to that school a number of years. In fact, this year they've doubled in six from three students to six, and so small schools, but I think the DGR status really allows us to be innovative, to go where the needs are, to not be limited by any given grant. Even the – some of the funding we get comes from foundations and every now and then those have had specific, "This is for this purpose", and in small amounts we can make it work. But for most gifts we'd prefer to have freedom because it just allows us to achieve our mission more closely.

**DR ROBSON:** Yes. I was going to ask you about the tied and untied donations that you get, and when it is tied is it – like, is it contractual or it's more just – how does that work and – and I think you said you prefer the – the untied for – for – for obvious reasons - - -

**MR KOECK:** Definitely.

**DR ROBSON:** - - - but – yes. When it is – when there is this expectation – and I mean one of the things we're interested in more generally in the report is then how do you demonstrate the impact and effectiveness and – and – and delay? You know, how do large donors, you know, try to – for want of a better word – control it and influence that in – in what you do?

**MR KOECK:** Right.

**DR ROBSON:** Yes.

**MR KOECK:** Yes. It's – it's – it's rare for us. So we – most of our giving is untied, which is fantastic. We're already tied through the DGR to - - -

**DR ROBSON:** Yes.

**MR KOECK:** - - - be making sure that's for public schools.

**DR ROBSON:** Yes.

**MR KOECK:** But that's our focus anyway, so we always spend more of our time in public schools than anywhere else. In the occasions – I'm thinking back. It's a few years back now where it was tied to something, it was specifically tied to that front facing performer in the school, which is fantastic. We wanted to employ some more people to do that for us. Where it was challenging was, as you would know, any organisation needs a – a well-funded backend, and we have a number of people employed to coordinate our bookings, to do donor administration, bookkeeping, etcetera. So those funds couldn't be used for that, and that was fine because we had the majority of other funding that could support that.

But, yes, I think ideally untied allows us to move where we feel we'll get the best bang for our buck. We're best placed at that time. It allowed us to launch this office in the Gold Coast in 2018, which if it was a state based or, you know, geographical tied grant, you'd go, "Oh, okay. Well, we can't actually do that because we need to – that's only for this area".

**DR ROBSON:** Thank you. Anything else or - - -

**MS ABRAMSON:** I just had one question which is a curiosity question, to be honest.

**MR KOECK:** Please, yes.

**MS ABRAMSON:** Where did you get the idea to use puppets? Was it a program overseas somewhere or is it an Australian based initiative?

**MR KOECK:** Yes. Oh, great question. So the two guys that started Quiz Worx, their names are Matt and Simon. They were my youth group leaders at my church.

**MS ABRAMSON:** Yes.

**MR KOECK:** So this is how – I've known them since - - -

**MS ABRAMSON:** Yes.

**MR KOECK:** - - - it started. And they had seen some puppets done by an Australian organisation called Log-a-store who were using big puppets at big events.

**MS ABRAMSON:** Yes.

**MR KOECK:** And I think it – Matt was not sold when he first was given a puppet, and he went along to one of these days. They were just saying, “Hey, we’ll come – we’ll show you how to use puppets”. And immediately he just fell in love with it and, Julie, you’ll see if you – if you’ve ever tried using a puppet, even if it’s bad, kids love it. It is an absolutely brilliant way of engaging kids. I’m not a puppeteer myself but I’ve seen it over and over again where a puppet comes up and - - -

**MS ABRAMSON:** Yes.

**MR KOECK:** - - - every eye in that room is on the puppet and in our shows we use the puppets to take the perspective of the kids. So they’re asking the silly questions. There’s no silly questions but they’re - - -

**MS ABRAMSON:** Yes, yes.

**MR KOECK:** - - - asking the questions that kids might have. They’re pushing back on the upfront person who’s saying – sharing one thing from the Bible and saying, “Well, that doesn’t make sense. How can I – how does that work?” and really playing that perspective and then that gives opportunities for us to engage the students, encourage them to explore, find out the answers for themselves from the Bible.

**MS ABRAMSON:** Because that feels safe, interacting. Yes.

**MR KOECK:** Absolutely.

**MS ABRAMSON:** That’s really interesting. Thank you.

**MR KOECK:** Yes. It’s really fun. You’re all welcome along to any of our shows this year. Come and - - -

**MS ABRAMSON:** I’d be quite interested in the puppet idea.

**MR KOECK:** Yes, yes. Please do.

**MS ABRAMSON:** No, no. That – that’s - - -

**MR SEIBERT:** We should do – we should do that for hearings, you know.

**MS ABRAMSON:** Oh, I know. That’s what I was thinking. No. Thank you. That’s been really interesting.

**MR KOECK:** Pleasure.

**MS ABRAMSON:** And thank you for coming late in the day - - -

**MR KOECK:** Yes.

**MS ABRAMSON:** - - - to speak with us.

**MR SEIBERT:** Yes. I appreciate it.

**DR ROBSON:** Thank you,

**MR KOECK:** I appreciate you hearing me late in the day. It must be hard getting at the end of the day, yes.

**MS ABRAMSON:** Oh, no. It's interesting.

**MR KOECK:** No. Thank you so much.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thanks very much.

**MS ABRAMSON:** Thanks. And thanks for your submission.

**MR KOECK:** Thank you again, guys.

**DR ROBSON:** So I'll just – if – if there's anyone else who wants to speak, give that opportunity. No.

**MS COCHRANE:** Oh, I just wanted to clarify - - -

**DR ROBSON:** Yes.

**MS COCHRANE:** - - - the – sorry, sorry.

**DR ROBSON:** You – you need to go to the mic if you've – yes.

**MS COCHRANE:** Yes. It's Cathie Cochrane back again for Three16. Just to clarify that all of the programs that we do are educational, not missional, that was said by other people. And the other thing is Three16 Shoalhaven is not a provider – not an approved provider. It is an employer and our teachers are authorised by their denominations.

**DR ROBSON:** Right.

**MS COCHRANE:** So at one point we had a couple of Baptists and a – another – and another, you know – I think there were up to four different denominations so we have to make sure that they are all authorised by their own authorised provider.

**DR ROBSON:** Okay.

**MS ABRAMSON:** Yes. Thank you.

**MS COCHRANE:** Good.

**DR ROBSON:** Thank you for clarifying.

**MS ABRAMSON:** Thank you. Thank you very much.



**DR ROBSON:** Yes. Okay. So we'll formally close these hearings now and thank you to everyone who's participated, and, yes, that's it for today. Thank you very much.

**MR SEIBERT:** Thank you.

**MS ABRAMSON:** Thanks, Team.

**DR ROBSON:** Thank you.

**MATTER ADJOURNED at 4.23 pm INDEFINITELY**



**Australian Government**  
**Productivity Commission**

**PRODUCTIVITY COMMISSION**

**PHILANTHROPY INQUIRY**

**DR A. ROBSON, Deputy Chair**  
**MR K. SEIBERT, Associate Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**CANBERRA. WEDNESDAY 14 FEBRUARY 2024**

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**DR A ROBSON:** Good morning and welcome to the public hearings following the release of our philanthropy inquiry draft report. My name is Dr Alex Robson, I'm the Deputy Chair of the Productivity Commission, and residing commissioner on this inquiry. I'm joined today by Associate Commissioner Krystian Seibert. Apologies for the slight delay, we had a transcriber that hasn't turned up, so that's the reason for the (indistinct words) delay.

Before we begin today's proceedings, I'd like to begin by acknowledging the Traditional Custodians of the land on which we're 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 all Australians. We apply robust, transparent analysis, and we adopt a community-wide perspective. Our independence is underpinned by the Productivity Commission Act 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 promote giving and benefit to the Australian community. We are seeking feedback on these proposals. The Commission also notes, however, that all government support ultimately derives from taxpayers, and that there's no such thing as a free lunch, including when it comes to policy options for supporting philanthropy. All policy choices involve trade-offs, costs, and benefits. Our interest is understanding what those trade-offs look like, and how we improve the terms of those trade-offs, noting that our community (indistinct word) perspective, means that we're focused on making recommendations that maximise the welfare of the Australian community as a whole.

So 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: DGR reforms, refocusing which charities can receive tax-deductible donations to help donors direct support to where there's likely to be the greatest net benefits to the community as a whole; regulation, bolstering the regulatory system by enhancing the ACNC's powers in creating regulatory architecture to improve coordination and information sharing among regulators; and 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 for a new entity or past entities.

On the first reform area, the Commission has found that the current DGR system lacks a coherent policy underpinning, and has 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 that would otherwise be undersupplied; there are net benefits from providing Australian government support for the activity through subsidising philanthropy, in particular, and there is unlikely to be a close nexus between donors and beneficiaries such as materials for substitution between fees and donations.

The Commission has 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, the Commission estimates that between 5000 and 15000 more charities would have access to tax-deductible donations under the proposed reforms. About 500 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 Commissioner's received a high volume of feedback centred around entities that will have their DGR status withdrawn. There has also been support for broadening eligibility for DRG status, including those who gave to the advocacy and prevention activities.

The Commission's draft recommendations on school building funds applied equally to government, non-government, secular, and religious education providers. While there are sound reasons for governments to support the provision of school infrastructure, the Commission's preliminary view is that providing tax deductions for donations for school buildings is unlikely to be the best way to direct support to where it's needed the most. Submissions have also focused on the Commission's recommendations that a status quo be maintained for entities whose sole charity 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 an inspiration for donating, and undertaking a range of charitable activities. The contribution that such charities make in the community is one reason why they are already able to access some tax concessions associated with their status as charities, such as the 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 charities with the sole purpose of advancing religion. On the other hand, some charities, with the advancing religion sub-type, already undertake additional separate activities, such as advancing social and public welfare. Under the Commission's proposed reforms, and to expand the scope of DGR, these entities could gain DGR status, if they don't have already it, 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 under our proposals.

So we welcome further feedback on the proposed reforms to the DGR system in these hearings. 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 projects.

The second group of reforms is to strengthen the regulatory framework to enhance the ACNC's powers and improve the regulatory architecture. Given that trust and confidence in charities underpins philanthropic giving, the Commission has made various proposals to enhance the regulatory framework.

The Commission's proposed establishment of a National Charity Regulators Forum, underpinned by an intergovernmental agreement to build formal regulatory architecture to help regulators, in various jurisdictions, prevent and manage regulatory issues, coordinate regulatory 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 hours are also put forward.

The final of the three reform areas is to improve public information, and enhance access to philanthropy, including for Aboriginal and Torres Strait Islander people, and organisations. The Commission identified that some 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 draft recommendations to enhance the utility of data that the government provides about charities, giving and volunteering. It also recommends the disclosure and reporting of corporate giving and charitable bequests be improved.

The Commission's draft recommendation was to establish firm foundations for the future of philanthropy, so that the benefits of giving can continue to be realised across Australia. We are grateful to all the organisations and people that have taken the time to prepare submissions, and to appear at these hearings so far, and the hearings to come. As of 9 February, the Commission has received over 1200 final submissions, and over 1400 brief comments since the draft report. This is the third day of public hearings for this inquiry. We will then be working towards further hearings, and completing a final report due with the Australian government in May 2024, having considered all the evidence presented at the hearing, and submissions, as well as other discussions. Participants, and those who have registered their interest in the inquiry, will be advised of the final report's release by government, which may be up to 25 parliamentary sitting days after completion.

So we like to conduct all hearings in a reasonably informal matter, but I would like to remind participants that there are clear structures in our legislation for how these hearings are legally backed, and a transcript will be taken. For this reason, comments from the floor cannot be taken, but at the end of today's proceedings, I will provide an opportunity, for anyone who wishes to do so, to make a brief presentation at the table here. The transcript taken will be made available to participants, and will be available from the Commission's website following the 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 of other parties. Participants are invited to make some opening remarks of no more than five minutes. Keeping the opening remarks brief will allow us the opportunity to discuss matters in participant submissions in greater detail.

So now I'd like to welcome the first participant today from the National Catholic Education Commission. So if you could please state your name and organisation on the record, and then if you'd like to make an opening statement, we would very much welcome that. So welcome.

**MS J. COLLINS:** Thank you very much, Commissioners. My name is Jacinta Collins, I am the executive director of the National Catholic Education Commission. To my right is Andrew Long, who is the National Catholic Education Commission government relations advisor.

**MR A. LONG:** Thank you, gentlemen.

**DR ROBSON:** Okay, thank you. Would you like to make an opening statement?

**MS COLLINS:** Yes, I would. Thank you, Commissioner. So I look forward to re-reading, or an opportunity to re-read, the opening statement, Commissioner, that you just made, because there are some aspects of this discussion that I think might relate to some of the issues you touched upon, but I haven't had the opportunity, from a previous hearing, to get to digest some of what you just outlined ahead of today's hearings, but it is pertinent to somewhere I will go. I have provided to the Secretariat my talking points. I don't propose to read those, but (indistinct) through them. So anyone who's attending the hearing, unfortunately, I won't be re-reading what was given to the Commission itself as talking points, but hopefully the discussion will elaborate.

So far in the course of this inquiry, we have provided a submission, we have had a virtual session with the Commission, and, if I can recall correctly, we encouraged you to look at what principles might be relevant here. And I'll give you some feedback, as you've requested, on the principles highlighted. We have provided the subsequent submission, along with the points I seek to highlight.

For the Commissioner's information, this matter was also canvassed during the Senate Select Committee on costs of living increases, so I may take you to some of the points that were raised within there as well. As I say, in the five points we were requested to provide ahead of submissions closing, we feel that, as a whole – and I couch my criticism there as a whole – the draft report is not consistent with the inquiry's terms of reference. We did not read them as suggesting a re-focusing should occur, and we did not read them as suggesting that draft recommendations, 6.1, would be contemplated. And indeed, a recommendation of that character had not been canvassed with us during the process.

If in the virtual hearing it had been raised with me, in terms of a direction that the Productivity Commission might be thinking through, I would have couched my response very differently, and sought to inform the Productivity Commission of a whole range of issues related to primary and secondary school funding, and infrastructure, that a recommendation of this character was likely to excite.

I said earlier to the following witness from me today, thank you, because Effective Altruism brought my attention back to recommendations of a Treasury working group in 2013, for which I was not aware, and there are good reasons why that recommendation didn't progress any further in 2013 from either side, or either major party of government, and I would expect, from recent comments reported today in *The Australian* from the Treasurer, that's likely to continue.

But the Productivity Commission, I wanted to raise two main points at the outset. In school education, and particularly the non-government schools, and faith-based non-government schools, we have had a fair amount of energy and concern around draft recommendations that the Australian Law Reform Commission released in January last year. It's the first time I've seen the Law Reform Commission take, what I would describe as, the Socratic method to consultation which was, in the words of the Commissioner, they released a provocation and waited for people to respond.

Now, I've not seen the Productivity Commission ever attempt this approach, and I was surprised. I have heard reports in the last couple of days of hearings, Commissioners have suggested that it's not for them to present the case for a particular approach, or to present the evidence for an approach, or indeed, even to suggest the alternatives, such as what might be the alternatives for non-government schools were DGR removed. I have a different view, and I'm quite happy to have a fulsome discussion with you about that today, or even again in the future if it's necessary.

One of the main reasons I have a different view is because schools, particularly after the COVID period, need funding certainty. Now, one current Federal Government policy with respect to funding certainty is an indexation flow of 3 per cent. How we support school infrastructure is another area where certainty is critical if we are to provide the education services in the future. So a draft recommendation that suggests – and I'd like to read more carefully, Commissioner, your comments at the outset – but I read recommendation 6.1 pretty clearly as suggesting that we remove DGR status for primary and secondary schools, whereas you seemed to say at the outset, 'We weren't suggesting taking DGR status off anyone, or tax concessions off anyone', so I look forward to having a closer look at your opening statement.

But recommendation 6.1 does involve a significant risk for non-government schools. Some have suggested that it would apply to government and non-government schools, and this is true. But in the main, infrastructure funding for government schools is provided by state governments. In the main, for non-government schools, infrastructure funding is provided for by the religious organisations and/or the parishioners and/or the parents of one generation for the parents of a future generation, and that's 90 per cent. So a suggestion that DGR status be removed from an income source that sustains future non-government schools is quite alarming, and quite a challenge to the funding certainty that we have come to understand is relatively settled between both major political parties.

We are in the middle of a – well, not quite the middle, about one-third into the middle – of a 10 year funding agreement for the current funding for schools. And there are various aspects of that that involve nuances that I'm not sure that the Productivity Commission is aware of. One of those, and we refer to this in our submission, was a decision that was made back after the Gonski review in 2011, which was to deal with recurrent funding, and defer dealing with the consideration of capital funding. In other words, maintain the status quo, which includes some level of capital grants from state and federal governments, (indistinct words), and the current tax concession arrangements. I'm familiar with that, because I was the responsible minister at the time.

Now, the Gonski review makes a range of recommendations that touch on this area that would suggest, in my view, you can't have an ad hoc or a piecemeal response to it. One of those is the Gonski review recommended that not only should we have the Schooling Resourcing Standard, that you'll see the public debates about at the moment in terms of getting government schools up to their full standard - now, a lot of the public commentary suggests that non-government schools are wealthy, our schools aren't wealthy, and part of that is a misunderstanding that non-government schools then have their resourcing standard discounted by the capacity of the parents who contribute fees. And so if you're going to make recommendations around whether there might be substitution from fees, we can provide you with information, for instance, from (indistinct words), that very clearly indicates that our families pay fees mapped pretty much across what government expects them to. It's slightly higher, only slightly higher. And we use that slightly higher, mostly, to cross-subsidise those families who need fee remissions.

So our view, as I say in our points, is there's no evidence of substitution. And the distance that you're looking for, in some respects, is actually a generational one. Parents contribute to the school building fund for those in their community of faith, and others, because our work in education is a mission activity. We're not only seeking to educate Catholics, we're happy to educate as many people as we can in the infrastructure that we're able to provide if they want to attend a faith-based education.



The character of our schools pretty much operates parallel with government schools. Our mission is to deliver, what I describe as, universal education. So unlike, for instance, some Catholic health services that focus on the poor, and some religious orders that focus on the poor, our mission is to provide the option of a faith-based education for any Australian family who wishes one. So that includes wholly Indigenous schools in remote Australia, and it includes some of, not a great many, but some of the wealthier suburbs where parents do have a very high capacity to contribute, and they are charged fees on the basis pretty much of what the Australian Education Act says should be their contribution.

Now, they will also have a voluntary building levy. But I've never seen, in all the course of my time, any suggestion that parents are confused that it's voluntary. Even if it is on the same invoice, I've never heard of any suggestion that it's not voluntary, and nor have I seen any suggestion, or do I have any knowledge, of any school, other than I think the one case you referred to back almost six years ago in a footnote, that I mention in the submission, an Anglican school, where the ATO – well, I don't remember if it was the ATO or the court determined that that was one case of substitution. Now, that's across six years, so I don't think that there's any suggestion that aligned with your principles that substitution is a risk. But uncertainty is a risk that I wanted to particularly highlight strongly today.

I wanted to share with you a different bit of history, which is what we refer to as the Goulburn dispute. I don't know if you know anything about that one, (indistinct words). Back in days when Catholic education didn't get a great deal of funding from governments, they had a toilet block that needed repair, and the regulators suggested that if they didn't fix this toilet block, then things were going to have to be shut down. The bishop at the time said, 'Well, we don't have the capability to address this. And if the government's not going to help, well, we'll make the point'. And the point that they made was to suggest, 'Well, if governments don't want us in education, then we'll send all of our students to government schools, and let's see how they cope with that'.

Now, that's a crude summary of it. But the point is, if Catholic education did not have its heritage, and history, and scale, in Australia for over the last 200 years, educating Australian students would be a fair bit more expensive, and governments understand that. And they understand that by a range of different funding levers, not only DGR, and shifting one has implications for other suppose leaders, which is why the original Gonski suggestion, which was, 'Well, maybe we should look at what's an appropriate capital resourcing standard, and whether the government should consider that as a component of the sorts of subsidies and arrangements that are available', is perhaps a helpful thing for you to revisit and look at.

The chapter in the Gonski report on capital makes another range of different suggestions. There's been a couple of ad hoc responses to it, but they've been short lived and the whole policy area around infrastructure for schools is something that I would still describe as an open case for public policy. But I wanted to alert you to that I don't think it's a good idea to make ad hoc suggestions about just one component of that. And the reason that you've had the reaction from people generally, I think is a combination of the sector's need for certainty, their experience through COVID, and, you know, (indistinct words) usually, it's childcare that gets media attention. But for the last three years, on top of that, we've had natural disasters that schools have been caught up in, and governments have been caught up in helping manage too. So I think that was part of the response too. So I've mentioned the no substitution issue.

In the Senate Select Committee, another point that I wanted to bring to your attention, came from questions from Senator Dean Smith. And he firstly asked me did I know the origin of such a proposal, which was why I was thanking Effective Altruism, because I wasn't aware that that was

perhaps part of the origin, and it certainly hadn't been part of our discussion when we had a virtual discussion, but he went on to say, you know, the comparison.

When you talk about refocusing, one of the concerns is the character of the comparison. We don't believe that the Productivity Commission has adequately weighted the community benefit of what we do in education. Further to that, the expansion – and this was the provocative point that Senator Dean Smith raised, and I'll cite from a (indistinct words) here:

*The reforms would expand access to DGR status for animal welfare charities, charities focused on injury prevention and public interest journalism. Charities undertaking advocacy activities related to most charitable purposes would also become eligible for DGR status.*

Given that the key focus was aligning policy objectives with priorities of the broader community, I would have thought public and non-public building funds –he's referring to school ones here – have high levels of alignment with community interests and community priorities. I agree with him, and I don't think, in the character of the draft report, that the Productivity Commission has well understood the community benefit of non-government schools. There's a strong popularity. In fact, enrolments have grown for non-government schools. Hopefully, some of the aspects of, for want of a better expression, education (indistinct), will stabilise when recurrent funding is sorted with the current National School Reform Agreement negotiations with State and Territories. But another ad hoc risk, I'll bring to your attention, happened in the Victorian Government setting last year where ill-informed, as we now have been advised by the Victorian PBO, Treasury ran an argument that public schools pay payroll tax, and non-government schools have been exempted, and that's not fair.

Now, it was referred to the PBO, they analysed it properly, and they reported back that was just a complete furphy. The Schooling Resource Standard does not take account of payroll tax. What payroll tax treasury charges the Victorian Education Department is cast back to them at the top level, and any school level costs, that government schools have, are exempt of payroll tax. So I would hate to see some of the, sort of, public furchies around concessions and arrangements, and I think you mentioned, Commissioner, in your opening statement, some issues around other elements of concessions such as income tax exemptions.

We need to be very careful that we're dealing with facts here, especially in an environment with large amounts of recurrent funding in education across both government and non-government schools in the public sphere during the course of this year around the National School Reform Agreement, that we don't have people misconstrue what the existing tax concessional arrangements are. Unfortunately, they're extremely complex, the media tends to report the simple, and not necessarily accurate, attractive story. So even in today's story, you see two ISV independent schools, but you don't understand what proportion of the overall education standard that really relates to.

And, certainly in my sector, the number of schools that are in that high fee category are very small. We continue to deliver education in that environment, because we still aspire to have a universal nationwide offering, which I think is to the community benefit, and it's been going for 200 years, but misunderstandings about what happens and why is one of the components of the media reporting, because the policy area is so dense and complex. So that, I think, helps explain why there's been the reaction. One is community expectations. Well, community expectations around our schools are very popular. We continue to provide more than 20 per cent of the market, our enrolments are growing. Catholics and non-Catholics like our schools. And so a

suggestion that maybe community expectations are more to other areas of philanthropy, I just don't believe are accurate. And the uncertainty that recommendations of this character creates for the sector, I think, are very problematic. But I wanted you to have an opportunity to ask any questions first, so I'll stop there.

**DR ROBSON:** Thank you very much. So I'll just clarify. So in my opening remarks, I said we didn't recommend removing the charitable status of any new entity or past.

**MS COLLINS:** Okay.

**DR ROBSON:** So around 40 per cent of charities have DGR, and so different issues (indistinct words) clarify that. So thank you for your opening statement. I'll just pass (indistinct words). So in terms of the principles, and as I outlined in my opening statement, when we first came to look at the DGR system in this inquiry, we found that it lacked a coherent policy framework, so we sought to develop principles and then apply them. So is your position that you don't necessarily have a problem with the principles, you say it's the application of them, or we got the principles wrong, or maybe just talk us through that.

**MS COLLINS:** Sure.

**DR ROBSON:** Because we're interested at that very high level, and because this is the first time, to our knowledge, that any principles have been applied in the DGR, so we're interested in (indistinct words) that, right or wrong, and then (indistinct words) it's the application.

**MS COLLINS:** Okay. I was attempting to explain - I think in our virtual discussion I recommended principles, so I was pleased to see that you'd attempted principles, so that was good. I have no problem with the principle theme provided. I'd like an opportunity to think through, if there may be more principles that might be relevant. And one of the reasons I say that is because when you then apply the principles, you suggest, for instance, the focus on excluding primary, secondary, religious, and other informal education activities, except those that might have a specific equity objective.

Now, I see complications with that because, in our case, we do both, and government does both. So in a public policy sense, governments might decide to support universal Medicare, but at the same time they will support targeted programs for equity. So I think there's a role for both, and we have a history and legacy of using both, so changing that is potentially a problem.

I think, for example, you could easily say that DGR going forward should focus on expanding drawing on equity, and that was a discussion, I think, we had at the time arising from the Gonski recommendations. One of the things we did do was establish Schools Plus, so I should declare that I'm a member of the Schools Plus members group. But in that case – and that was at a point in time, again, with this incoherence around principles in DGR – at that point in time we had Treasury pretty much stopping anything, nothing was being granted a DGR status.

We had been asked to cost setting up Schools Plus on the basis that there would be foregone revenue of 50 cents in the dollar, which I think is ludicrous, but that was the policy from Treasury at the time. So back in around about 2012, the Treasury approached, and the government at the time just put a complete break on anything. Then with successive governments, that shifted over time. I contribute it to another scholarship fund, which is equity focused. It does have DGR approval, subsequent to that period of time I'm just talking about, and I'm quite happy about that, because it does have a very clear equity focus. So

recommendations that, for instance, say moving forward, this would be an approach we would suggest, and, in the meantime, in terms of the existing framework, these are the sorts of things that need to be considered in a more holistic way than just DGR, I think might help shape that.

The other area is the application is on this focus on excluding charities that focus exclusively on advancing religion. I don't think, from my reading of the report, that the Commission has well understood, and I count the submissions along this path, the advantages that a religious community provides to promoting philanthropy. There's a lot of evidence of it. People who have a religious association to make a philanthropic contribution are far more likely to than pretty much any others in the broader community.

Again, you might want to ensure that that's targeted to the Commonwealth government's policy objectives at the time, and they may be both universal and targeted on equity grounds, but to suggest that advancing religion is something that shouldn't be considered, I think is problematic, and it's also problematic, if I look at the other inquiry going at the moment with the Australian Law Reform Commission, where the argument is over whether in our board of legislative framework we should provide scope for building communities of faith.

Now, this current government, and I suspect both major parties, support the societal benefit of building communities of faith, and that's because we know the advantages, in terms of philanthropy, in terms of community benefit, in terms of delivering education, there's the cost of delivering education across the board. So while in public there's a discussion that, you know, less people affiliate with one religion or another, I don't think that that characterisation well represents considered thinking around the public benefit of religion within Australian society. So that would be my comment on how I think those principles are then applied, and if you're happy to give me an opportunity on notice to think through further what other principles I think are relevant, I'm happy to.

**DR ROBSON:** So, I guess, in terms of the application, if I understood what you said correctly, it's the second application of the second principle in terms of whether philanthropy is the best kind of support, and given that we are of the view that there is a role for government in supporting school infrastructures, and whether the DGR concession is the best way. And you also had some comments around the nexus between donors and beneficiaries. So, Krystian, you had some questions on the first point around alternatives, and what they were, as compared to what (indistinct words), so that's - - -

**MR K. SEIBERT:** And I wanted to thank you for joining us today, and sharing these perspectives, and helping us understand the broader context as well. It's really appreciated you taking the time to do that. Just in terms of that context, I saw in your submission you talk about the CTC calculations, capacity to pay calculations, and so you mentioned that base fundings for non-government schools is means tested according to a school's capacity to contribute. So does that CTC calculation include – so that would include, obviously, fee contributions - does it include contributions like voluntary donation contributions as well into the format?

**MS COLLINS:** No.

**MR SEIBERT:** So it doesn't include it.

**MS COLLINS:** No.

**MR SEIBERT:** Okay, thank you.

**MS COLLINS:** Just to describe it for you – and, again, it's only recurrent – and this is something that, I mean, to say, 'Oh, yes, that doesn't come into public discussion either' is for all the discussion around high fee and wealthy schools, the government made a determination not to include wealth in determining the capacity of families to contribute, it's just income.

It's determined, through Australia's largest data sharing project ever, called MADIP, so information across agencies over tax, social security, healthcare card, and you can imagine, is all brought together each year to determine what's called a direct measure of income, and that direct measure of income is then calculated for a school, and that then determines what funding that school will receive.

So if you've got a disadvantaged community, you'll have a DMI score that is – let me get this right, low or high?

**UNKNOWN SPEAKER:** Low.

**MS COLLINS:** Yes, low. And they will receive up to 90 per cent of the resource standard. If you've got a high-income community, they'll have a high DMI score, and they will only receive up to 20 per cent of the resourcing standard. So, when you hear the public reporting saying, 'all these wealthy schools, they're being over funded, and they're getting their full resourcing standard', because non-government schools got theirs last year in the transition period. Well, yes, they're getting their full resourcing standard, then discounted for the capacity of parents to contribute fees, and then that discounting for, you know, the top end of schools, means they only get 20 per cent of government funding.

So then when the commentators are saying they're being over funded, that's because of transitioning, which finishes in 2029, and they will then be at 20 per cent. But in some cases, they had higher legacy funding, and they might be receiving – well, I don't know, 22 per cent. In our case, we've looked at that for our schools, and in our current transition arrangements within this existing 10-year funding model, our schools are roughly at, I think, it's about 74 per cent of the resourcing standard.

**MR SEIBERT:** Just on the non-inclusion of donations in the CTC calculations, we try to look at things in the inquiry holistically in terms of the governments provide direct funding, donations, there's a sort a holistic approach to providing goods and services that the community values, so it does go to that. The question is, are you aware of a policy rationale why state donations, which can be regular as well, are excluded from that calculation?

**MS COLLINS:** Yes, the negotiations over what would be weighed in the capacity to contribute, into determining families' capacity to contribute, and it is the direct measure of income.

**MR SEIBERT:** Okay.

**MS COLLINS:** So, governments made the decision that it would be income, there are overriding other options, wealth was one of them, donations was another, fees was another.

**MR SEIBERT:** Yes.

**MS COLLINS:** Government made a decision not to.

**MR SEIBERT:** Okay.

**MS COLLINS:** So, if you're going to consider shifting existing arrangements, you need to revisit what decisions have been made in recent times by government, and why, and what impact shifting that might have.

**MR SEIBERT:** Thank you, that's very helpful. Just on the topic of alternatives – and, you know, thank you for your offer about considering those sorts of different alternative options - - -

**MS COLLINS:** No, no, no, I'm suggesting additional principles.

**MR SEIBERT:** Yes, or principles, yes. And also you mentioned, sort of, earlier about being able to give feedback about alternatives. I'm not saying that that's your position that there should be an alternative. So what if I just use an example, say, a hypothetical score in a growth area which needs new facilities, and, you know, we've heard yesterday, and the day before, about, sort of, the goal of non-government schools in terms of providing those facilities in growth areas, and those opportunities. (Indistinct words) school in a growth which needs facilities, and their parents and other contributors are on, say, hypothetically, lower incomes, for example. Because of the way that the tax deduction is structured, the level of indirect government support is based on the marginal tax rate of the people donating, so - - -

**MS COLLINS:** Which is why the 50 per cent example was ludicrous, yes.

**MR SEIBERT:** Yes. So there is a situation where you might have a school that has a lot of need for, say, new infrastructure in a growth area, but the indirect government's, sort of, subsidy or support through the DGR system might be 19 cents in the dollar, or 32.5 cents in the dollar, based on the incomes of those contributing. Where in a school somewhere else, that has parents with higher incomes, might have a higher indirect subsidy. Do you think that that raises any issues in terms of, you know, ensuring that there's a sufficient incentive to provide support and investment where it's needed?

**MS COLLINS:** That's why governments, and I'm talking state and federal here, have a hybrid approach. So governments, through their block grants authorities, will have criteria, but part of it.

**MR SEIBERT:** Sure.

**MS COLLINS:** So the criteria to target might be needs-based. Mostly it's needs-based, but can be a connection to new schools as opposed to refurbishments or other things you might do. There are a range of elements to those. The other difference for you to be aware of, for those I represent, 80 per cent of them are what I describe as systems, and we cross-subsidise. So when I say the parents of this generation subsidise the parents of the future, the examples I'm giving is a building fund, in a wealthy suburb in Melbourne, may well be contributing to the establishment of a new school in the outer suburbs of Melbourne.

**MR SEIBERT:** Could you tell us a bit more about that, that's really interesting. So say someone contributing to a building fund of school A and, you know, and (indistinct words) in Melbourne, it's pooled and then contributed elsewhere?

**MS COLLINS:** Yes. So it's an archdiocese building fund, or a diocese building fund. This is one of the differences between 80 per cent of those I represent, 20 per cent are congregational-type schools, they operate semi-independently, some of them are within the system for some reasons, some of them are completely outside the system. But for 80 per cent of my business, we cross-subsidise to meet future needs for capital purposes.

And it may be wealthier families contribute more to assist lower income families, it may be lower income families, who are now more established, assisting future lower income families. It's probably complex, and I could possibly arrange a discussion with one of my larger systems over how they operate their building plans, that could give you some insight into that.

The other part, or advantage, of operating within systems too is partnerships. So you will have seen governments go down the path of PPPs, and other things, to try and bolster infrastructure. Well, we're keen and interested in partnerships too. So we will – well, just ahead of the problems in North Queensland, one of our schools (indistinct) that's a partnership with James Cook University. We try and get every ounce of bang for buck we can from wherever we can to establish new infrastructure, because the demand for our services is so strong.

**MR SEIBERT:** Just on the, sort of, the way the tax deduction works. Would you have any view about – because we've been looking at, sort of, in a general sense, in other jurisdictions sometimes there's a tax credit versus a deduction (indistinct words) marginal rate deduction, it's just that everyone gets 30 per cent, say hypothetically, credit for example, so the benefit goes to a person on higher income, and the same as the one that goes to low incomes, would you have any view about that, and we can take it on notice (indistinct words)?

**MS COLLINS:** Well, I think one of the problems in this area is we don't have the information. So I doubt the Tax Office could tell us what proportion of parents claim.

**MR SEIBERT:** Yes, one of the problems is that when people claim a deduction, they don't itemise, it's just a general number they put in. Yes, so it's a - and we've been looking at whether there's benefit to more granular reporting to have an understanding of where all (indistinct words) flows.

**MS COLLINS:** Yes. So it's hard to even assess the bang for buck that comes out it, because we just don't have that information. All I know, for my sector, is the uncertainty of shifting. You know, we continue to ask governments for an increase in our very small 10 per cent of support we get for capital. But one component of that is the indirect benefit we get of DGR. How could we quantify that is a very difficult and very hard question.

**DR ROBSON:** Do you have any sense of how donations would respond to challenge in DGR - - -

**MS COLLINS:** Well, at the moment, the problem – and this is why I say the uncertainty issue – is both this report, as a draft report, and the Law Reform Commission Report, are, to some extent – and I mention cost of living inquiry as well – being portrayed as an attack on religious communities.

Now, what the real impact on my building funds would be is very difficult to gauge, because I can't measure what proportion of my families would even necessarily claim DGR. I mean, they're advised of it, you know, they receive their annual report of, 'This is the component that

you've contributed to the building fund for your tax records', but the number of them who actually then put in a tax return and claim it, I couldn't tell you.

**MR SEIBERT:** This is very helpful, thank you. Just on, we have a couple of participants who have mentioned, sort of, over the last couple of days, that when they received funding under the Building the Education Revolution program, there was a, sort of, condition of that the facilities are accessed by the community at low or no cost. And that was very interesting, because it came up in a context of asking about, sort of, you know, how the deductible gifts are used to build buildings, and often are provided to the community at low or no cost. So what is your, sort of, experience of that amongst the schools within your networks?

**MS COLLINS:** Look, quite a lot. 40 per cent of our schools are in regional Australia, and you can imagine, in some areas of Australia, with declining populations, how central the community finds having a school, or two schools, even if they're a non-government school. So the facilities are generally used for the community as well.

They're also shared facilities. So in smaller communities, they will share the childhood services, they will share outside school hour services, all of those things take infrastructure. And as I mentioned to you, we deliver education not solely for Catholics, we provide a faith-based education for anyone who wants a faith-based education to the extent that we have the capacity to accommodate them. That also helps us for universal. Because if we're delivering Catholic and non-Catholic education in an area, it provides us the opportunity for scale too to make sure we can continue in some of these remote regional areas. It gives parents in local communities a choice, which they really value.

But what I find in our smaller communities is the government school and the non-government school mostly often work in partnership, so they share facilities, they share curriculum, they share events. That's a very different dynamic to what you'll see on the front pages of the newspapers when they're talking about non-government schools. And that's 40 per cent of my business.

**MR SEIBERT:** This is really interesting. Can you, sort of, you know, (indistinct words) provided these (indistinct word) would be really interesting around those kinds of partnerships who are accessing facilities, et cetera, and (indistinct words)?

**MS COLLINS:** Well, I'll give you one other example of a partnership. This is in the Northern Territory where the indigenous community decided that they didn't want their school to be government anymore, and we were asked to take it up. So, yes, there's issues of community choice.

With the BER, it was used differently by different sectors in different ways. It helps me make a different point, which is our sector – because we're systems too – was incredibly agile. We were shovel ready. So, you know, we had infrastructure plants that have been sitting around for 10 years waiting for opportunities of all sorts of character, and when the government determined that they needed to bolster the economy, and decided to target an education, that was a bonus for us. So we were shovel ready, and agile, and you'll see from the reports analysing the BER evidence of that, we were able to be far more agile than the government sector in getting these facilities up. And in many cases, yes, they're used as performing arts centres, in local communities, they're used as school halls in areas that didn't have school halls, they're used in upgrading lower primary years infrastructure by, you know, establishing new fresh-type



classrooms. And I'm just trying to think of another example of sharing, though, that would be a good example. No, I probably (indistinct words) - - -

**MR SEIBERT:** (Indistinct words) this is really helpful, thank you. Because would you say – you know, BER is obviously direct government funding, the DGR framework is indirect support for the tax deduction. Would you have a view about whether, sort of, an obligation to provide access in a similar to, say, the community partnerships, et cetera, for infrastructure that's funded through the DGR system would be appropriate or not, or would you have a view on whether you form objection to that?

**MS COLLINS:** Well, that may be another example of one of the other, you know, objectives to the equity one that, yes, you might want to think about. With the BER – and it's not only BER actually, there's other programs too in regional Australia that involved expectations about sharing too – but it may actually be, you know, evidence of direct engagement with the community, and considering and meeting uni needs too.

**MR SEIBERT:** And it could also help in terms of Catholic schools certainly contributing to building social capital, and in terms of those connections between different groups and networks within the community and using those share facilities for broad benefit.

**MS COLLINS:** Yes, and these were the issues that the Gonski report considered in their chapter. It's, you know, how do we meet the sorts of principles you've said. So the rationale, yes, there is a rationale for supporting all schools, so the Gonski, you probably heard, was sector neutral, or second-lined. But also, you know, there's community benefit in meeting the costs of infrastructure.

The Gonski basically said that, 'We're not doing enough to foster philanthropy', and that that should happen on a sector neutral basis. Because prior to that, we had State-based education foundations that were only for government schools, so that was broadened out to all schools. So, yes, that's a beneficial thing we should do, but we needed to build gates around focusing this particular measure on equity objectives, so Schools Plus operates on the basis that it's only schools under a certain (indistinct).

Now, again, that's appropriate for what they're doing, but is that appropriate to substitute what has been for more than 50 years in universal principle in terms of other avenues in what we do? And they're only questions you've got to, well, balance and weigh once you're aware of all of the potential leaders and factors and what's going on, and it's not just tax.

**MR SEIBERT:** I've got one more question. You mentioned Gonski, and capital standard, and (indistinct), so my understanding is you said there's no capital standard. So do you think - - -

**MS COLLINS:** Do you recommend that there should be one?

**MR SEIBERT:** Yes, do you think that the BER status would be you know, what sort of factors should be taken into account in capital standard given this discussion, do you think that (indistinct words) - - -

**MS COLLINS:** Well, it's a bit too early until we actually even know what's in a standard.

**ASSOCIATE COMMISSIONER SEIBERET:** Yes.

**MS COLLINS:** So you've been questioning me about what's in the resourcing standard for parents who choose a non-government school, and that's complex enough. Answering that question would depend on what a capital standard actually did, and it would depend on whether, you know, state and federal government, who's in the mix.

I've got one state that gives no capital funding at all for non-government schools, provides low interest loans. But as you can imagine, in some economic times, the low interest loan is actually a penalty. And then I've got other states, fortunately mostly on the eastern seaboard, where they have acknowledged the benefit of improving school infrastructure for non-government schools, and they do provide funding that supports the federal government funding to, you know, build new schools in growth corridors, and the like. So, you know, I think, if you're interested, a discussion with our block grant authorities, you might get something worth thinking through.

**MR SEIBERT:** Yes. I mean, we are interested in (indistinct word) nexus between donor and beneficiary, one of the things we identified in the support was these, sort of, arms-length arrangements, and the various sorts (indistinct words).

**MS COLLINS:** Well, you see, also my point there, though, is we've had the existing arrangements for more than 50 years. As far as we can ascertain, there's only one case, and I canvassed this with multiple people who have been in non-government schooling for a very long time, and none of us can think of one example where substitution actually occurs. And then I've mapped our fee structures over the Schooling Resource Standard's expectation of these, and they match, were a little bit higher, but they match.

So, we have no evidence of substitution, and we think we have a track record of 50 years of responsible management of DGR in terms of our building funds. So I'm happy to explore that further, but that's a component of the report I don't think the Productivity Commission understood well in the draft report.

**DR ROBSON:** Thank you very much.

**MR SEIBERT:** Just one more question, a bit of a different one. Within the Catholic education system, is there, sort of – it's been some time since I was in primary and secondary school – is whether an emphasis on, sort of, teaching children around, sort of, charity philanthropy, the broader role and responsibility, like, people who have played a role in, sort of, obligations within the community, would you be able to expand upon, sort of, because I'm very interested in how people might be set-up from their early years in terms of contributing and how that would shape attitudes to giving, volunteering, that sort of thing?

**MS COLLINS:** Well, this is where we said in our points we don't think that the draft report quite captured the benefit, even if it is a direct benefit that that's your religion. Because, in our religion, or in our faith, whether Pope Francis said it recently, it's not just a mission, but when we say we teach our students, and our communities, as part of transmitting our faith, you have a mission, and I would have responsibility. That mission is about the obligation to serve others. The responsibility is about the responsibility to contribute to society. That's part of the, for want of a better expression, the religious (indistinct words) on the values of what we do in school.

So with kids in school, there'll be funding drives for – well, use current tax as an example, so international paid organisation, there'll be local funding drives for the school itself, there'll be participation in external food banks, and other activities. This is just part of what our schools do as part of their broader mission. And, in fact, when I was looking at, I think, my last dot point –

and thank you for asking this question, because I had failed to mention it – when we talk about special religious education, this is what the church does in government schools as well, and helping address those values. Now, it's for the school themselves to determine whether they want to do it by way of special RE, or if they want to do it by way of X, you know, that's for them. But these guys get DGR status to voluntarily go into schools, and talk to kids about exactly what you're describing.

Now, I argue, in my points here, this is very much front and centre to our education minister's education declaration. It's called the Alice Springs (Mparntwe) Declaration, where there had been almost I'd describe it as a bureaucratic attempt to narrow down its focus. We argued, though, the focus should remain as it been historically, and certainly is for our schools.

So it describes, 'Education plays a vital role in promoting the intellectual, physical, social, emotional, moral, spiritual and aesthetic development and wellbeing of young Australians'. And SRE does that in government schools, we do it different ways in, and probably more integrated and holistically, in our schools. There is a community benefit. It's acknowledged by the Mparntwe declaration in all schools, not just non-government schools or faith-based schools, and I'd like the Productivity Commission to reconsider the community benefit that we believe occurs through those means in a way that just doesn't mirror what you see in the headlines of the paper for people who want to argue a secular approach to everything in Australia.

**DR ROBSON:** We engaged a lot with SRE stakeholders yesterday at the inquiry in Sydney as well. On that, just a little bit of extension on this question. In terms of, like, the broader curriculum settings that are in the education system, do you have a view about, sort of, the appropriateness or not in terms of how they encapsulate, sort of, topics such as community contributions, giving, volunteering, et cetera, specific engagement, that sort of thing within the broader curriculum settings?

**MS COLLINS:** Could curricular do more to that effect, yes.

**DR ROBSON:** And what sorts of things would you have in mind?

**MS COLLINS:** Look, schools do it in different ways, and different respects. So we would ask, for instance, with the Middle East crisis, could we share how we address tolerance and community respect. Now, we develop different materials at different places for different locations. It's not done, unfortunately, at a national – well, we don't really have an Australian curriculum in some respects – but at that level, the Australian curriculum is focused on most of the nuts-and-bolts areas.

The extent to which you enhance that curriculum, as long as you're meeting the standards you need to, is the term of interstate regulatory level. Could we do more to develop curricular to support philanthropic giving? Yes. We'd be happy to work with you – well, not you, whoever – and we could give you examples of the various ways in which we do it. But there's no one case fits all (indistinct words).

**MR SEIBERT:** So, if you're able to follow-up with that, (indistinct words) something, that would be really interesting. Thank you.

**MS COLLINS:** Yes. Well, the other part of what we like to do, even with our core curricular, is integrate our religious (indistinct) whether there's appropriate intuit. So there I'm giving you examples of some of the aesthetic or the creative value of understanding mathematics. The

systems, the beauty of some of those systems. So we attempt to deliver an education that, (1) meets the criteria standards, but adds those other aspects that the Mparntwe declaration talks about; spirituality, aesthetic, the cultural, and what you're talking about, in terms of (indistinct), is for us, the culture of a Catholic view about your mission and responsibility.

**MR SEIBERT:** Thank you. That was very helpful. Thank you very much.

**MS COLLINS:** Thank you.

**DR ROBSON:** Okay, we'll take a quick break now for five minutes and get (indistinct words), and – so we will come back in 20 minutes.

(Short adjournment.)

**DR ROBSON:** Okay, we'll get started. So welcome. If you could please 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 we'll get into questions. Welcome.

**MR G. SADLER:** Thank you. I'm Greg Sadler, the secretary of Effective Altruism Australia. I'm also the secretary of an environment charity. So I appreciate the considerable amount of work that you and your team have put into this inquiry so far.

From a personal perspective, it's also been exciting to see how many of our donors, and how many members of our broader community, have shown interest in your work, and made their own submissions. For many it's their first time engaging in a policy process outside of the election context, and I think that shows the sort of energy in younger Australians for changes that help align Australian charity laws with their interests and values. Overall, our view is that the draft report is well-considered, and we support the vast majority of findings and recommendations that it contains, so thank you again for the work that you have put into it.

To the extent that you've had time to read our submission, you'll see that much of it focuses on fairly minor clarifications. For instance, we strongly support the discussion on page 17 about expanding DGR status to charities working to avert major level catastrophes. Myself, and many members of the community, are supporters of charities that try and tackle these kind of risks like the International Campaign to Abolish Nuclear Weapons, and I think expanding DGR status to these kind of causes is common sense.

In that context, the clarification we offered is that the final report could be clearer that the DGR status would extend not only to their advocacy efforts, but also to their research and policy development and indirect actions that they're taking. I suspect that's what the draft report intended, but the final report (indistinct words) been more explicit on that kind of topic.

Obviously, I don't want to spend my remarks here recapping everything I've said in that draft submission, so I want to focus on the one area where I think there's a substantially better view that the Commission could take than the ones expressed in the draft report. Specifically, terms of reference, 3(ii). As you know, 3(ii) is about impact evaluation and the lessons Australia could learn from the work that's happening overseas.

It may be worth taking a moment to step back and think about why impact is so important in this context. One of the key insights that drives me, and many members of our community, is the finding that impactful charitable interventions can be 10 or 100 times more impactful than the

average charitable interventions. This in stark contrast to laypeople's, sort of, instinct or expectation that the most effective programs are only about 50 per cent better than the average program.

So we're all used to markets where people immediately know if a product that they've purchased, or a service that they're buying, is kind of up to scratch. Products that dramatically underperform, similar products just don't survive in the market. So in normal markets, we just don't expect to see this kind of variation, and that's why people have this instinct that the most effective programs may be only 50 per cent better than the average program. However, like the report has reflected, in the context of charity donors often removed from the beneficiary, so the donor doesn't experience that same kind of market feedback. And again, as the draft report observes, many donors and many charities don't prioritise impact inside their own thinking, and this leads to an environment where low hanging fruit is often neglected, and the actual performance of a program is not a communicator of its success in fundraising.

So our first point is that the final report should take a better position on why impact evaluation is so important. The draft report looks very closely at the extent to which the impact evaluation could increase donations, and I have some quibbles about the details there, but overall I take the point that impact evaluation is not going to be the key driver of doubling the appropriate giving in Australia. However, I think the key reason that you and government should focus on impact is not about boosting donations. The issue is that government has an interest in getting value for money for its subsidy of the sector, and the government has an interest in achieving that benefit for society. So given that we know impact thinking has the ability to increase the net benefit sector by orders of magnitude or more, and we know that normal market mechanisms aren't at work, and we know that many donors and charities aren't focused on impact, it's essential that government is the one that fills that critical cap if we wanted to achieve its objectives.

The second key point is that the draft report is wrong to think about impact evaluation through this lens of universal mandated and standardised measures that it talks about on page 30, and elsewhere. I agree with that draft report that that kind of approach would be impractical and costly and lead to unintended consequences, but that threshold is not what the terms of reference refers to, and it's not what the international models that the terms of reference point to do. I didn't read any submissions to the Productivity Commission that proposed that kind of approach, and it certainly wasn't what our original submission intended to present as a threshold.

So I think the final report could instead have a much more realistic goal for increasing impact. Specifically, most of these international models are done on an opt-in basis, they're conducted in a collaborative way with the charities being evaluated, and they try and compare like-for-like rather than across courses. That is, an evaluator will ask a charity if they'd like to participate in an evaluation, and will listen to them about what their theory of change is, and the data that they collect, and whether the, sort of, unique factors or quality factors impact their service (indistinct words). And the reports that the evaluator has published tend to either relate to a single charity or into a single cause area.

And these approaches internationally aren't backed by regulatory mechanisms, so there's no regulatory burden, or risk of (indistinct), and the risk of unintended consequences is much lower. You might have seen that our submission goes step by step through the specific arguments that the draft report makes in opposition to impact analysis and explains why we think there's a better view at each of those junctures. But I think these general points that impact analysis is about value for money for government, and net impact, like, net benefit for society, and does not need

to be achieved through an elaborate and burdensome regulatory mechanism, addresses the heart of the issues in the draft report.

I guess I only just have one specific comment to highlight that we made in the report. So there's this idea on page 295 that the demand for impact evaluation has already been met by charities like GiveWell and The Life You Can Save. I think it's great to look at GiveWell and The Life You Can Save in this context because they show methodologies that work, and they show how it can be practical and cost-effective to conduct. But as far as I'm aware, The Life You Can Save and GiveWell have never conducted a single evaluation of any Australian charities, so I think it's just wrong to say that our market demand has been met when there's, like, literally no servicing of that demand at all by the charities used, as an example.

So finally, our submission makes three specific suggestions about much more realistic and achievable ways of increasing impact without having this sort of complex regulatory mechanism, and universal, and mandated, and standardised measures. And I'm more than happy to talk about those three proposals, but I'm also happy to take any questions.

**DR ROBSON:** Well, thank you for your opening statement. I guess, if we think about – you know, we're from the Productivity Commission so we're very much in the space of evaluation, and we obviously think it's a good idea, if it's possible to do it, particularly in relation to government policy. I guess the question here is, if you could take us through your view of – you know, if your view is that it's not being done, why don't charities have an incentive, or enough of an incentive, to do it themselves already, and then what is exactly the government policy lever that would shift on the dial on that? Because we do recognise, in the draft report here, that information is king in this sector, there's no market prices and, as you said, there's no sort of market feedback mechanism.

So I guess what really you're talking about is trying to turn, you know, in some sense, the output of a charity and what it does from a credence good, which is even after I've used it, I can't tell whether it's good - you know, and many cases into an experience good, whereas once I've - or even an ordinary good where I can anticipate this is going to be impactful or not.

So, yes, just take us through what your view is of the incentives in this sector to adopt evaluation and why they may not have the right incentives at the moment, and then what would be the policy lever to do that. We did look at mandating, and we came to the preliminary view that there'd be unintended consequences with that and, as you've said, would be impractical. But what would be the policy levers to address the situation with regard to incentives at the moment?

**MR SADLER:** Yes, absolutely. So I guess the first half of your question is, what is the existing incentive structure that charities are motivated by?

**DR ROBSON:** Yes.

**MR SADLER:** And I think it's sort of comes back to, do charities imagine that their customer is their donor or beneficiary, and I think, to the extent if you've been in charitable board meetings, it's very easy to start thinking about your donor as the prime customer of your charity, not the person that (indistinct words).

I guess a specific example that might help illustrate why I care so much about impact evaluation, but also how we end up in these situations, is the kind of famous example of PlayPumps that some people may have heard of. So PlayPumps are these brightly coloured bits of playground

equipment, like, typically a merry-go-round that was installed in a bunch of Sub-Saharan African countries. So PlayPumps was recognised in the World Bank, I think in about 2000, as being this great intervention. So the idea was that children would play on this merry-go-round, and that would pump up ground water, and it would be stored, and that would free up predominantly women from having to pump water themselves, so they can do other goods in society.

So, yes, the World Bank recognised this as good idea, and it attracted tens of millions of dollars of donations and thousands of these PlayPumps were installed. Because they had this – like, it was just a great picture, like, this idea is really emotionally compelling, and the visuals were great. But it was only after external evaluations were conducted in around 2007 that it began to surface that the PlayPumps weren't very reliable, that playing in a merry-go-round might be fun, but if that playing on that merry-go-round is suddenly trying to pump water, you know, it's just not as enjoyable for children to play on, and so you end up having this, sort of, degrading situation where women were having to turn merry-go-rounds to pump water for their community in a way that was just worse than the handpumps.

So it wasn't until an external evaluator had come in and saw that these tens of millions of dollars weren't being spent in the way that was actually achieving good, and was potentially achieving harm, or at least better than a counterfactual situation. And despite that evaluation happening in 2007, I think PlayPumps were still being installed as soon as last year, so evaluation needs to have promotion to sort of be meaningful.

So maybe another sort of example is a charity called No Lean Season. So the idea of No Lean Season is that you can have seasonal poverty in situations where there's a planting season that's busy, and a harvesting season that's busy, but hard to achieve income between that gap, so No Lean Season was helping workers to travel to where there was demand for work to fill that gap. And initial early evaluations of No Lean Season were promising, and the extent to which this could close poverty gaps, and then the fact that those early evaluations were promising, helped attract funding. But a more detailed evaluation was conducted after their growth, and that showed that indeed it probably wasn't doing much good at all.

And to the credit of the founders of No Lean Season, they were eliciting this data, they were working with evaluators, and once they found out that their program didn't work, they wrapped up their charity, so that's a significant credit to those organisations. And that occurs where you've got organisations who are motivated by impact to try and find (indistinct words) impactful, and stop doing things that are impactful or harmful. But as the report says, this isn't the motivation for many charities and many donors.

I guess I can give one more example, so that I don't give the impression that this is only something that happens in aid-based charities, and in Sub-Sahara Africa, and South East Asia, is programs called Scared Straight. I don't know if you've heard of this. Scared Straight programs, the idea is that young people at risk of crime or delinquency would be exposed to prisons and prisoners, and shown what life could be like if you follow this path. And the intent was that this sort of exposure would make people say, 'this seems really bad. I'll try and do something that's different', and these programs are enormously popular as a sort of a crime reduction strategy in western countries. But it was only after systemic evaluation occurred that it found out that the people who were doing these programs are actually more likely to become criminals rather than less likely.

So I guess the point of these three examples is if you're not doing evaluation, and you don't have organisations that are either being held accountable externally or just intrinsically motivated to

care about evaluations, it's quite easy to stumble in a situation where really passionate and well-meaning people are not achieving good, or even considerably doing harm. So without some kind of mechanism to take action in this space, like, it's very likely that charities in Australia are offering today, despite their best intentions, aren't doing good counterfactually or potentially are even doing harm.

**DR ROBSON:** So don't you think, though, that a charity, you know, would be very costly reputationally and also just financially, though, for them, you know, the risk – get back to the incentive – so, you know, I think you were saying, 'well, they're worried about donors' preferences maybe as opposed to beneficiaries'. But, I mean, in those examples, what is the lack of incentive exactly for a charity if it's important for them to do this, and they don't do it? I mean, is it because a lot of their donors may not necessarily care about impact, they're donating for some other reason, like, for emotional reasons or because it makes them feel good when they donate, they're not necessarily motivated by outcomes, and there's certainly evidence that, you know, we've looked across and there's different categories of donors and motivations, or is it something else that's going – I guess I'm trying to get to – and, I guess, a related question is, you know, it's one thing to say, do impact evaluation and find out what's best, but the examples you gave were, sort of, asymmetric in a sense that they were focused on either it didn't work or it created harm. So is there a difference then between an evaluation that could show, 'there's actually a better way of doing something', and an evaluation that says, 'actually, this is counterproductive to what the donor's intention is', because I can see different incentives arising in that case?

**MR SADLER:** Yes. So I guess to tackle that first part of the question again. Part of the research we point to in our submission is the studies where – the studies that sort of elicit that lay expectation that the most impactful programs are only about 50 per cent better than the average program. So I think donors have this instinct that, 'I'm giving to a cause that sounds good. Maybe if I read all of their impact reports or conducted some kind of analysis, maybe I can find something that was 10 per cent better or 20 per cent better. But everyone's probably doing a good job, and people have these things under control', because they're used to those normal markets where that's how it is.

Like, if you wanted to buy a \$100 pair of shoes, and you randomly grab a \$100 pair of shoes off the shelf, like, it's probably going to be fine. You'd be quite surprised to find out that it was 100 times worse than the same pair of shoes that's next to it. This is quite common the case in this sector. So I think it's just donors feel like they neglect that issue because someone else has it under control, but the evidence shows that someone else doesn't have it under control most of the time.

You asked this question, so I think these examples are compelling because I think emotionally none of us want to be doing harm with our donations. But I think that you're exactly right that evaluations can find, like, tiers of good that can be achieved. Like, Effective Altruism Australia, a lot of our donors and a lot of our discretionary donations go towards insecticide-treated malarial bed nets just because the evidence is overwhelming that a life can be saved for a tremendously small amount of money in that space. So avoiding doing harm is obviously important, and then we're finding better and better ways to do things is great.

And I guess there's a point here about randomised controlled trials. So randomised controlled trials are an essential tool for underpinning doing good, and currently we don't have in Australia any kind of body who would say, 'you know, we really need to understand this cause area in Australia better. Can we please commission a couple of randomised controlled trials and we'll



find out whether this popular mode of charity is actually achieving good in Australia or not?', and having some kind of body that could identify and commission RCTs could be really game changing.

**DR ROBSON:** I come to that question, because I asked about policy leaders, and one alternative is that a government could set up a body like that. But I guess my question is, why can't philanthropy just do that? I mean, they've got indirect government support through the DGR system., you've identified what seems to be a problem, so why is it that philanthropists don't just say, 'well, yes, I'm going to use the existing system of public support, and I'm going to set up a body'? What's the barrier to doing that, and why is there a – it's what I'm trying to get at, what's the specific role for a government here and the policy lever that government could use to address this?

**MR SEIBERT:** Following up, noting that, like, say in the US, GiveWell and others have been funded I think entirely through private donors, and some very large contributors as well who obviously have an interest in promoting impact and measurement through RCTs and others. Yes, what is the role of government in that context?

**MR SADLER:** So I guess we've tried to fundraise to do work of this kind, and have managed to raise a few tens of thousands of dollars, but certainly not the million dollars or several hundreds of thousands of dollars that are required to make a meaningful difference in this space. So I think it's just part of the size of the ecosystem in the US, and the number of high value donors that allows them to achieve that. I think the interest of government here is really that order of magnitude difference between impactable and average charities or average interventions, so that a government really wants that net benefit to society and potentially a, sort of, small investment, and these policy proposals could help realise some or all of that benefit.

So why don't I run at you the three, sort of, a short version of three proposals in our submission about what government could do. So one of those is addressing the skills gap. So the draft report notes on page 296 the many charities lack the relevant skills to gather evidence and conduct evaluations which is probably true. I heard during one of the round-tables, that I attended, that a view that many charities in Australia don't even have a theory of change about how they do their work, and that seems true to me, but I don't have any data to support that. I mean, in that context it seems quite likely that if a charity is deploying a program without a theory of change and without any evidence, let alone evaluation of it, it would seem quite likely that it's not the best program that it could be. So it would seem very sensible for government to try and close that skills gap. This is something that happens in the Australian Centre for Evaluation just across the road, which helps public servants to close that skills gap by doing things like developing templates and toolkits and examples of its practice. So this would seem to be like a very humble intervention to say charities that care about impact that don't have the skills, like, come to our portal, come to our training sessions and help learn. This could be very low cost to run and could really help people who care.

So the second idea would be to incentivise exactly what you were just talking about, so government could run a grants program where it sort of encourages the GiveWell of the world to come to Australia and evaluate programs in Australia or encourages organisations like The Life You Can Save to do evaluations on - - -

**MR SEIBERT:** It's like a matched giving program for philanthropic organisations that want to fund evaluations and the government contributes, sort of, over and above the existing indirect contribution (indistinct words).

**MR SADLER:** Yes. I guess it's over a common, like, a particular mechanism, like, I was imagining a grants program because then the grant source and guidelines could flag many of the concerns that you've raised in the report, like, you know, you can't have market restoring effects and, you know, whatever it is, and you need to present to us a methodology that meets these requirements.

I guess another benefit there would be, like, we know that there's GiveWell and The Life You Can Save would have methodologies in their space, but there's also trusts and organisations like CHOICE who do evaluations of a whole bunch of market products that are trusted by society, and so it could be that a grant for everyone would attract someone like CHOICE to chance their arm and doing some evaluations in their space, and that could create momentum. Like, if these organisations stand up on the back of grant funding, and they're successful, and they can attract philanthropic donors, like, maybe that builds momentum in this space in Australia.

Going then to the third proposal, which is sort of similar to the second, would be rather than grant funding to incentivised people to do this, that government does it itself, and government sets up a small independent team maybe a little bit like the Australian Centre for Evaluation or perhaps like the Office of Impact Analysis and the Department of the Prime Minister and Cabinet that performs these kinds of functions and, again, that could also do the templates and toolkits that I talked about in example one. And maybe I think having some kind of hub to identify and conduct randomised controlled trials perhaps in partnership with universities would be a really powerful thing to do too, but, like, finding an organisation who could sort of synthesise that data and find the gaps and propose the research directions. Like, I don't know who that would be, so creating sort of a small independent organisation of that kind could be quite impactful.

**MR SEIBERT:** Just on the role of randomised controlled trials in this space. I mean, they obviously have a lot of use in many different areas and they are used. But when you're dealing with, sort of, long term change, including systemic change, or where you can't do, like, you can't have controls that sit on – I'm thinking, for example, of Andrew Carnegie who funded libraries across the US and, you know, the contribution of libraries in terms of providing learning opportunities for everyday people during a time when they didn't them.

I mean, in theory maybe you could do some sort of a randomised controlled trial there, one town has a library, and one doesn't, et cetera. But when you're dealing with, sort of, systemic change, and I know you have a focus on that in terms of your discussions around policy advocacy, et cetera, how amenable are those evaluation mechanisms in those contexts, and is there a risk that you can create a bias towards something that can be measured? So let's just take the malaria nets example. So you can do a randomised controlled trial and, sort of, give some pretty good data about the impact of that, so you might then create a bias, 'that can be measured, and there can be a return or, sort of, you know, sort of, whatever measure there that kind of gives a measure of effectiveness', but then say, 'changing the systemic factors within the health system within a particular country, how do you measure that?' So you create a bias towards funding so then it can be measured versus something that might not be able to be measured, but could actually still have very significant benefits, but might take a long time for those to come to fruition.

**MR SADLER:** Yes, I guess there's a few points there. So I've never designed a randomised controlled trial, but the people I've talked to have are, like, enormously clever in the design of these RCTs to find methodologies to target particular things. Like, it might be that there are

smart ways of saying RCTs (indistinct words) RCTs that address that. I guess not everything needs to be a randomised controlled trial as well. Like, with your example you described about the libraries, like maybe there's natural experiments that can be found to collect data in this without having to do the high bar of randomised controlled trial, but still attract meaningful evidence.

I also don't think that this should be presented as, like, a panacea to every problem in the world. So having evidence and conducting trials and doing evidence-based policy, I think is just enormously important, but it's not going to address every single need that exists in the world, but it will attract a large number of them, which would be great. I guess on your particular point about bed nets, I think bed nets of this example of an enormously low hanging fruit, and as a world there's still people in desperate need of bed nets, and whether it's the philanthropy budget or the local aid budget, like, we could easily address this problem as a society if we chose to prioritise the things that we know are evidence-based, but as a society and as governments, we choose not to do that.

**MR SEIBERT:** And I wouldn't say that it's not worthy. It's more just about, sort of, the balance between addressing something in terms of immediate, say, relief or support to address a problem versus, sort of, addressing the kind of systemic causes. I mean, there may not be system causes of, sort of, mosquito proliferation, et cetera, but sort of that balance because one is just easier to measure, and one is very hard to measure.

**DR ROBSON:** Yes. I guess another example is, you know, something like Meals on Wheels or programs like that that do an amazing job and if you were to measure effectiveness in a narrow way, it would be, like, 'here's the number of people I serve, and here's how much are relative to demand'. But then the broader issue of homelessness, you know, lack of – you know, low income, joblessness, and all of the associated issues that go with having to use that service, and so I guess that's what Krystian was saying, you know, you could measure something very directly but then create a systematic bias towards – you know, directing funds towards that. And although it does that immediate need, these other things are very difficult to measure, and have a longer run, you know, multifaceted, sort of, causes. And then it would be great if you could then run RCTs on all those other things. So I guess that's what we're getting is the limitations of what you're talking about.

**MR SADLER:** Yes. And I don't want to pretend that there aren't limitations on this. Like, this isn't going to solve every problem in the world. But I think on the bed nets point, like, it seems to me that when we identify these standout approaches that are just orders of magnitude better than other things, like, absolutely we should be focusing appropriately on addressing those star performers. But equally, as you've seen in the submission, I think that these policy changes and structural changes can be enormously high performing.

So I mention the evaluation work that we're doing at our environment charity on climate change interventions, and absolutely this is the kind of long term problem where it's like a global system, and it's complicated. And despite that, there are evaluation methodologies that help evaluators to think about this long run problems, and identify that, you know, actually direct air capture, or something, is not an efficient way to do things, and systemic changes are the most efficient way to make a difference, and do direct donors and governments towards particular kinds of systemic interventions. So, I guess, I don't want to present the fact that evaluation is some panacea to all problems faced by a charity, but I think there's an enormously important element that should be part of the system.

**MR SEIBERT:** And I don't think you'll have any disagreement from us about the importance of evaluations (indistinct words) the Commission. I think it's about the finer nuances of it. And sort of related to this, on page 121 of the draft report, we have this interesting chart about how, sort of, people are likely to donate to help people in their own community so, sort of, after the bushfires (indistinct words), people sort of donate because they see their neighbour in need, et cetera, and so there is that, kind of, value placed on supporting the person next door or down the street after experiencing some sort of misfortune.

Because I imagine if you're looking, say, at sort of a dollar and how much it can have an impact, would it make a difference in terms of where the intervention is? So it's an intervention in Australia which our wages are higher, you know, there's various other, sort of, things that are different, say, to another country or wages might be lower, or the - so you might be - well, it's more effective to take - I'm not saying - the bed nets, for example, versus helping somebody in Australia because the costs are higher. How do you grapple with those trade-offs, those challenges, and how do you balance against the sort of fact that, like, I think, you know, some people take this broader kind of holiday view of the world and then others do care about their local community, and then I suppose people who straddle both, sort of, spheres?

**MR SADLER:** Yes, I haven't got the report in front of me, so I can't see (indistinct words) - - -

**MR SEIBERT:** No, I'm not putting you on the spot with it, but yes.

**MR SADLER:** Yes. No, I think that that's reasonable and people come to (indistinct) with people with quite different values. So for me, I think that everyone on earth is equal and when I think about helping people, I think about, like, I don't value distance in those moral judgements, but some people do and that's fine. So I think, like, when I talked in my opening statement about evaluations that do like-for-like comparisons, I think it would be completely reasonable for an evaluation or a randomised controlled trial are able to say how do we best support victims of bushfires in Australia, and to study that particular question.

I mean, you use the Meals on Wheels example. I mean, I don't know if there is any research about how best to tackle hunger in Australian communities, and is it food pantries, or is it Meals on Wheels or is there other solutions, and I think that's a super interesting question. And if it turns out that one of those approaches is ten times more effective at addressing what it's trying to address than other approaches, I think everyone who's working in that sphere would like to know that answer and having some kind of body that could commission that research and then share the findings with the people who are working in that sphere would be enormously value.

And, you know, like, you can fall down philosophical rabbit holes about distance, or whatever, and that would be a great conversation to have over a coffee. But, like, I don't think you need to tackle those big philosophical questions if you decide to, let's say, like, it's okay to compare like-for-like, it's okay - I mean, if you think about that CHOICE example I was giving before, so if you read a CHOICE customer review, they will talk about the measurable and quantifiable factors, but they will also, sort of, talk subjectively about, like, what your values are and what you want from them, like a (indistinct) or a mattress, or whatever, and I think it would be completely reasonable for a charity evaluator to say, 'if your goals and values are these things, like, these might be good options for you. But if you care about responding to disasters or bushfires or, you know, animals or whatever it is, like, here's what best fits your values in terms of (indistinct)'.

**DR ROBSON:** I've got one more. You mentioned your three policy areas, and I think the third one was getting at this a little bit, but I'll ask you specifically. Do you think there's more of a leadership role here for government in evaluating its own policies and programs, because it's one thing to say, you know, 'you're a charity, you should do this', but government spends a lot more money, has a lot more reach, and so do you think that government, as an exemplar, and we have the senator evaluation but it's, you know, just starting. Do you think that that sort of culture of evaluation that government could take more of a leadership role in that respect?

**MR SADLER:** Yes, absolutely, absolutely. I think that the Australian Centre for Evaluation and the Office of Impact Analysis are promising steps in this direction. But I think, like, absolutely just having more randomised controlled trials and more impact evaluation of how we're doing things in society, I think, is shown to increase the positive impact that we can have substantially. I think there is something unique about the philanthropic sector in this gap between the beneficiary and the donor. I mean, obviously there's a need for kinds of government programs, but often it's the case that the voter is also the beneficiary of the government program, so that feedback loop might not be as rampant as it is in philanthropy.

So, like, I'm not sure if you would see – so I was saying that, you know, in a traditional market when you're buying a glass, like, it would be unusual for a glass to be 100 times better at holding more than another glass, like, it's never made sense to us. Whereas in philanthropy, that's common and I suspect that government programs would fall somewhere in the middle of these two extremes. But we definitely are in this extreme situation in philanthropy where this gap just is tremendously large, and even a small closing of that kind of impact gap could be worth, like, a tremendous amount of benefit to society and improve value for government's investment in the sector.

**DR ROBSON:** Thanks very much.

**MR SEIBERT:** Thank you. (Indistinct words).

**DR ROBSON:** Thank you.

**MR SEIBERT:** We can have a break now, if you like?

**DR ROBSON:** Yes, we'll take five minutes, I think, and then we'll have the next speaker from Independent Schools. Yes, just a very quick morning tea. So we'll come back in five minutes.

**MR SEIBERT:** Yes.

**MR SADLER:** Thank you.

**DR ROBSON:** Thank you.

(Short adjournment.)

**DR ROBSON:** Okay, we'll get started. 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 happy to hear that. So welcome.

**MR CATT:** Fantastic. Thank you, Commissioners. Yes, good morning. My name's Graham Catt. I'm the chief executive officer of Independent Schools Australia, so we're the peak national

body for independent schools in the non-government sector, and I would take the opportunity just to make a brief opening statement as well.

I'd probably like to focus on three key things, and then open that up for discussion later on. I think the first is probably just a bit of understanding about the independent school sector, and the context of the submission that we made. The second of those is probably about the way the school funding works, and I'm aware that Jacinta Collins talked a little bit about that this morning, so I won't go over common ground, but again just to touch on that and its significance to the discussion that we're having. And a third, again, I think that this notion of substitution of a private benefit that we talked about a little bit already.

So I'll begin by saying that we really do welcome, this is a very important discussion and philanthropy is a very important part of how the community engages with education, and education engages with the community. We made a submission to the inquiry in the first round of submissions, attended roundtables, and that submission, I think, in our reading of the terms of reference in the inquiry was very much about how an expansion of philanthropy would actually be beneficial to the public benefit in terms of delivering education to Australia and education outcomes.

And it's important to note that we talked a little bit before about the Gonski report in regards to capital. One of Gonski's points was also actually back in 2009 that philanthropy did actually play a very important role alongside government support, and alongside the community, in actually achieving educational outcomes, so we're very much aligned with that thinking.

I think it's fair to say that along with schools and other stakeholders, when we read the draft reports, having interpreted the terms of reference for the inquiry in that way and made that submission, there was a sheer amount of surprise and trepidation picking up the report to see that rather than the expansion of philanthropy that we had all anticipated, we were actually looking at what, I guess, the education sector, and our sector particularly, has seen as a contraction of philanthropy through the removal, potentially, of DGR status.

So to move to our sector. So in the independent sector, which is part of the non-government sectors, about 1209 schools, they are independent as opposed to our earlier witness who was part of an education system, the Catholic education system, every independent school is an independent entity. It has to run as an effective business, it has to be governed as an effective business, it has a board of directors. And through those structures, schools are very accountable to their community, to their parents, and through a whole range of statutory and regulatory requirements, to report and to comply, so they had the same obligations as any other school where they have obligations to - under the Corporations Act they have obligations for their directors, they are all registered not-for-profit organisations, you must be a registered not-for-profit to receive government funding and, again, that carries with it obligations.

Those 1209 schools are very diverse, and I think we touched a little bit this morning on perhaps the gap between some of the public discourse and public representation of non-government schools generally, and some of the reality of what schools do. So across those schools, there was a huge amount of work done in what we called equity areas, working with people with disability, working with people from Aboriginal and Torres Strait Islander backgrounds. We have 20,000 students who, we would say, are probably the most at-risk students in Australia, those who have disengaged from education almost completely, and we have schools who are in the business of actually finding a pathway for those students to actually not only complete schooling, but find employment and actually go on to higher education.

We are the largest operator of boarding schools in the country, and those schools play a really important role in making sure that every Australian student has access to an education in some of those very remote locations, and independent schools, often the only education option that's available, and available to students in particularly remote parts of Australia.

So the sector's quite diverse in terms of its makeup, and I think it's also perhaps misunderstood its diversity in terms of its economics. And I think when we read the report, and the point was made that there's been significant changes in resourcing of schools over the last 60 years or so, there's also been very significant changes in what the sector looks like over the last 60 years or so. So when we look at that from the lens of what fees schools charge, the median fee in an independent school now is about \$5500 a year, the majority of fees in independent schools are in the range of \$3000 to \$6000 a year. And actually, a very interesting statistic we just found was that there are now more schools charging less than \$1000 a year than there are charging more than \$20,000 a year. So, again, you can see there's a bit of gap between some of the media coverage and some of the public discourse, and the actual reality of how schools work.

Those sort of mid to low fee schools, we've just seen data this week that talks about growth and enrolments in both the non-government sector, but also the government sector, but it has been particularly strong in independent schools, and most of that growth is really in those schools in that kind of fee land. It's those middle fee schools, and the families that attend those schools, who are very representative of what you would expect. These are kind of outer suburban and outer metropolitan schools, and they are meeting the need in those high growth corridors that have been built on the fringe of the big cities. And the parents that attend those schools, you know, again, working Australians, they're middle-income earners, low-income earners, they are often making quite substantial sacrifices to support the choice in education that they have made, they've made a choice.

The research shows us they make that choice for two reasons. One is that that school, in their view, is the best option for their child and that is not just in terms of the education received today, but is in terms of their child's future and that's their view of what education is all about. And the second part of that is the alignment of the value of independent schools provide a very wide range of valued alignment. So that might be religious, it might be cultural, it might be a particular educational philosophy that you believe in, and it's only really through the independent sector that you actually can make that choice of that valued alignment in addition to a school that you feel is the best fit for your child or where your child is actually going to thrive.

So the parents that make that choice do so quite actively and increasingly. Because of that parent cohort, they're making a very significant sacrifice to do so. So these aren't wealthy people, you know, foregoing a trip to Europe, these are people who are making genuine sacrifices and obviously, in the current economic climate, the economic stress, you know, it falls on that family quite strongly. So part of the context of (indistinct word) loss to schools, it's the consequence of policy decisions that would actually add burden and add impost onto those families, and we do fear that this recommendation, if it came to pass, would be one of those things.

I think the other thing that falls out of that, I talk about diversity is the understanding of the community benefit. You know, education is a public benefit at its core. It's recognised internationally as a public benefit, it's recognised by Australian governments as a public benefit, it's recognised by the UN. But not only that, you know, the schools that we work with, independent schools, are very much part of their communities. They're integral with their

communities, and I think we talked about that a little bit earlier with the NCEC. But that's not just because of faith. Across the board, and we've actually done some research on this in terms of the actual social contribution that independent schools make, that can be through scholarships and bursaries. And so, again, we have concerns with the recommendations that relates to that.

But also just for ethos, you know, independent schools generally, the notion of service, the notion of community, the notion of engagement is very, very strong, as are the roles of schools and their facilities and actually interacting with communities, sporting groups, other groups, and actually providing facilities for their use. So we definitely see that there is perhaps a misreading of the public benefit and the community benefit that flows from the current arrangements.

In relation to funding, and I won't try to re-prosecute this, but we do feel that, in that discussion of resources and funding, there is perhaps some conflation with the very, very complex model that we have of school recurrent funding. In our sector, that recurrent funding closed from governments, combined with parents, and we heard about their CTC system before, and I won't go back there, but it is complex and hard to understand. That recurrent funding and the parental contribution of that recurrent funding is about \$5.7m annually. So, again, it's those parents making that choice.

But that's quite different in terms of how schools operate as a business to capital funding. And in the independent sector specifically, the capital funding provided by government, through the structures we talked about a little bit earlier, is about 85 per cent of the capital works that are undertaken by the independent school sector. So it is communities, parents, others, that are actually funding 85 per cent of those works. As we mentioned earlier, the limited amount of funding that flows from the Commonwealth particularly is very, very targeted under current arrangements to those schools that are most in need, and that is actually managed by authorities that are set up to actually go through that process and allocate that funding.

And the third thing, I think, to highlight again for us is the notion of substitution or private benefit. And I think, again, there is a significant level of surprise when this was put forward in the draft report, and I break that down to three key things looking at it from a school's perspective. The first is, and it's probably quite a simplistic view, is that in the case of school building funds, and I'll limit these comments initially to that, school building funds are there to produce assets and those assets would typically, we would hope, have a life of 50 years and beyond. And yet the parents of a current student have a student that is going to be the beneficiary of that asset for perhaps for 12 years that they're at school.

So schools have really struggled to see how is it that there can be a private benefit accruing when, as Jacinta Collins said this morning, we are actually building assets that are there for use not just for those current students, but also for the students to come for many, many years. They are also often built for the use in the community and we've highlighted, in our submissions, some examples, and I think you asked earlier exactly how that does happen both in the large (indistinct words) schools and also in smaller community-based schools. Now, and across that board, that's very, very, common.

I think the second part of that private benefit argument people have in the education sector struggled with, I think the draft report does discuss a number of areas, and I think it highlights the arts, for example, and healthcare where there is potential for that substitution to occur, but I think there's a fair bit of consternation in the education sector to say that, 'how come if that risk exists in several sectors, it is only the education sector where the Commission has felt that risk is



sufficient to actually make this recommendation?' It does seem to be, to our stakeholders, quite arbitrary, I guess that would be fair to say.

And the third thing is, though, as was focused on, is I think that notion of private benefit is – the reality is, in school building funds particularly, but also in funds that support scholarships and bursaries, for example, which are such an important part of serving those communities that are in need, is often actually alumni in the broader community that actually use that as a vehicle for giving. So the parents of many independent school children are challenged to pay their fees. They're not actually contributing to building funds necessarily. And as Jacinta pointed out this morning, they're not compulsory, they are a secondary vehicle. But the philanthropy that actually is supported by those vehicles is often its alumni, it might be someone from the broader community, it might be someone where a particular school is serving a particular community, and that has appealed to a particular donor. So I think the notion these people stand to gain nothing from that donation, we cannot really see how there's any private benefit that accrues. And I think, as we said this morning, we understand the risk, it's conceptual. But I think, as we pointed out this morning, we cannot see any evidence in practice. And again, in the throes of making our submission and considering as we've talked to schools across the board, we are unaware of an example that we can find, we are unaware of any evidence that we can find, that this is actually a risk that manifests itself in equity in practice. So they're the key issues for us. So I'll stop there, and hand back to you for discussion. Thanks again.

**DR ROBSON:** Thank you very much. I'll just ask one or two, and then - - -

**MR SEIBERT:** Yes.

**DR ROBSON:** So is it fair to say from your comments, and thank you very much for your opening statement and your submissions, do you have a problem with their principles or is it more the application of the principles in your particular case?

**MR CATT:** Yes, absolutely. I'll answer that in two ways. I think when we approached this both in our initial submission and the secondary one, we weren't focused on testing whether the principles were okay. And I'll give a qualified answer, which is to say I think it is the application of the principles that relates to the risk of substitution, and that is problematic. If the Commission was to go back and say, 'we'd like to actually look at these principles in more detail, consider that in the context of application, consider that (indistinct words)', we'd be happy to be part of that discussion. But it really is - the reaction has been to, I think, a perception that the view of how that relates to application and real-world application is very flawed.

**DR ROBSON:** And then if the proposal was to go ahead, what's your sense of what would happen to the DGR donations, and what would be the response?

**MR CATT:** Look, I think the real challenge with this is from the point of view of evidence and data, we have no idea, no one knows. And I think Jacinta made that point again this morning. We don't know exactly who donates to schools, that data doesn't really exist, so how do you model the consequences? But I think I would frame it this way and say there are three things at play here. There are parents attending the school, and if there was a reduction in the amount of money that was available to build assets within a school through the building funds, those buildings still have to be built. And there is a growing, and a huge growing, demand for education. So those assets will have to be produced. Currently we would argue it's a very effective system. Yes, there's some taxpayer cost, but we've highlighted the saving to

governments, both in terms of capital funding and recurrent funding that the current arrangements deliver.

So there would be a reduction in the funds available for capital works. There are very few levers that schools have to pull. And unlike the Catholic system, or the state education system, our schools can't cross-subsidise, that's one entity. It can increase fees to build up reserves, to build a building, it can delay the building of the building so the asset doesn't get built, and existing assets decline, it can increase fees, build reserves, and then borrow, and there are very few levers. The weight, I think, will fall on government ultimately, and we touched that this morning, but this is still a bit of a nascent kind of area in terms of how capital funding works. The weight would fall on government to provide more support to schools in lieu of donors.

Secondly, I think the challenge is for those people who currently donate. Will they redirect their giving to other places? I think their choice to direct that towards education, or towards a particular educational institution, is based on a number of factors we don't necessarily fully understand. And in many cases, donors and schools are not in the business of proclaiming those donations and those relationships, that's not why they do it. They do it again through what they see as a public benefit, so we don't know the impact of that. What would cease? Would it be directed? If it was directed, where would it go? And so it's very hard to quantify the answer. But I think, without quantifying it, I think what we would see is that there would be a reduction in donations, but we don't know how much. I think there would be greater reliance on government support for capital works, but we don't know what that would be, and we don't have the system in place currently to support it. And there would be a huge question mark over whether that giving would continue, and where it might be redirected. And if I circle back to your first principle, which is about where giving is directed, would it be directed into something that delivers more benefit than the current arrangements do? And I think that's the other issue as it relates to the substitution principle. We've highlighted the risk, we haven't demonstrated that risk exists in practice, but nor have we really, I think, sought to quantify the benefit that a company's a risk even if it's theoretical. So we don't know the offset even if that risk was actually there.

**MR SEIBERT:** Thank you, and thank you for your submission and for joining us today. This is really helpful. Just on the data, and I asked the NCEC about this too. Do you have a view about, sort of – because at the moment when you claim a deduction through the tax return, you just sort of say how much the general deduction for all your gifts, you don't specify who it goes to. Would you have a view about, sort of, having more granular reporting, say, you know, \$500 to school ABC, sort of, like through the tax return to get some visibility over, sort of, how much funds are flowing here and that sort of thing?

**MR CATT:** I took your earlier question with regard to data to be, you know, are there alternative structures, and particularly, I think, you almost took us on our demographics to say, 'Look, this has increased in the low to middle income earners, so is DGR status the best way to actually provide a - - -

**MR SEIBERT:** And I'll come to that in – that was my next question, yes.

**MR CATT:** Yes. So the data – look, I think in principle, no, I think any data gathering you'd look at and go, 'what's the actual benefit? What benefit would that deliver?', and I think to step back and provide context of this from an educational perspective, and we referred this morning to, I guess, the discourse that's going on around us about the National School Reform Agreement, data collection on a whole range of areas is a significant challenge for schools, and

they're currently in debate about teacher workforce load, for example. And the tension there is there's an appetite for more data to show us more, for example, about particular student cohorts or outcomes, whatever it might be. The challenge of that is, all the data has to be collected by someone.

So in a small school, in a small school particularly where that data's not being collected by a system in the aggregate, that falls on someone and often falls on a teacher, and that's one of the challenges particularly in those schools, and I'm highlighting those smaller schools versus big fee schools. So you'd have to argue, you know, the load falls again on someone in the system, what's the actual benefit of having that data available.

**DR ROBSON:** I think Krystian's more talking about the ATO - - -

**MR SEIBERT:** Yes, I mean - - -

- - - individual parent or (indistinct words) whether it would be - because currently the question is, do you donate to charity, a DGR entity, how much in aggregate that it could be.

**MR CATT:** Okay, yes.

**DR ROBSON:** And so, I guess, noting what you said about collection costs, and so on, you know, I think in this case, if you were going to do it, the ATO would be – it would be a logical place to do it perhaps.

**MR CATT:** Yes.

**DR ROBSON:** But, you know, do you think that sort of thing would be – I mean, if you had that information that, you know, parents are making a donation, some of them may be claiming it against tax, some of them may not be, if independent schools had that information, would that be of utility to you I guess is what we're asking.

**MR CATT:** I would give a qualified answer and say not particularly.

**DR ROBSON:** Okay.

**MR CATT:** Yes. I think it's always good to have more data, but the utility of it I struggle to see.

**MR SEIBERT:** Yes. Would it provide kind of a holistic view about, sort of, the different inflows of support that are going in different ways? So there's private donations, and deductions, sort of have that indirect government contribution as well?

**MR CATT:** I think, again, we touched on this a little bit earlier. I mean, schools understand their income sources. So we're getting down to a granular level of going for one of those income sources, is there utility in breaking that down further to understand, in particular, where that's coming from. I would say that in those schools, where that data would be useful in terms of, for example, being able to look at demographics and say, 'there's opportunity there for us to talk with another particular group of donors, or particularly demographic, and they will already have the capability to do so'. I'm sure that there are people in business that are able to provide that same service. So again, I'm not sure that I can see where the utility lies. At a higher level, which I think is where you're speaking.

**MR SEIBERT:** Yes, from policy.

**MR CATT:** And I can't stress this enough, you know. Schools have to operate in our sector as a well-run well governed business. They've got to make good financial decisions, they've got to be governed effectively, and so understanding your cashflows, your income sources. And probably something that hasn't been emphasised, in our schools, for example, when it comes to capital expenditure, a well-run well governed school will put in front of you a master plan that sets out their growth paths and their infrastructure needs, and how that's going to be met for the next 10/15, possible even 20 years. So they've already worked through those things.

**MR SEIBERT:** Thinking in your submission and in your comments, you're sort of highlighting the diversity of independent schools in Australia. And, yes, the really interesting points you made around, sort of, the greater percentage of schools charging \$1000 per year, and those charging over \$20,000, and all that, that sort of really provided us with that complete picture. Do you have any data or information about, sort of, the distributions of donations? Because I can imagine low and middle fee schools, especially ones in growth areas, as we were talking about with the NCEC, might have a lot of need for new buildings, and they get that capital funding from the government perhaps, but I imagine that they would, sort of, you know, benefit from donations too, but they might not have access to this. Do you have any data about the distribution across your population of schools?

**MR CATT:** Schools would hold that data individually, and as entities. And so one of our challenges, as a non-system is that we're talking about 1209 sovereign entities. So any data we gather has to be through, unless it relates to, you know, some element of compliance or reporting for government funding, for example, that's recorded. But in this particular instance, when you're talking about another source of income as private income, we can provide examples, we can provide case studies, but to actually provide any accurate data of how that flows across 1209 schools, it would be difficult.

I think the other thing to note is even in those – many of those schools charge no fees at all. Many of those schools, particularly those serving those disadvantaged communities, and in some cases philanthropy, and I've noticed even in the conversation, we consistently refer to parents. Again, there are examples of philanthropy where there are significant donations made to a school that is delivering or meeting a particular need for a community. We have schools that are auspiced by community groups, for example. So there's a very complex relationship between those that might be donating to a broader community group, and that community group might operate a special assistance school.

I know a school in South Australia that works with disadvantaged youth, those really highly complex kids that are disengaged from the mainstream, that's doing remarkable things, and it's supported by philanthropy from a private donor. No one knows that. So there's a lot of nuance to how philanthropy works in the sector, and it's much more than parents and alumni donating to a school building fund or a scholarship fund to take it forward.

**MR SEIBERT:** Just on the – it's a similar question that I asked with the NCEC about, sort of – and it probably may be even more relevant given that you're not a systemic organisation – so you've got a school in a growth area that's established but needs new buildings and the parents there, you know, sort of, the capacity to contribute or their incomes are of a certain level overall, and therefore, say, if they're contributing and others are contributing to the building fund to provide those new facilities in that growth area, because of the way our tax system is designed,

the indirect contribution from the government through the tax deduction could be low. I mean, if the average incomes are, say, between \$45,000 and \$120,000, well, it's 32.5 cents in the dollar at the moment, whereas if the incomes were higher somewhere else, then it's a higher indirect contribution from the government. Do you have any view about, sort of, how that lines up with the demands and needs in a sense that if, say, they really have those needs in that particular growth area, the parents have got particular incomes, is there any argument for having a higher, kind of, tax benefit from giving – like a consistent one across the board rather than the marginal-based one we've got at the moment?

**MR CATT:** Yes. Look, I would answer it again by saying it's an interesting question and it would be good to tackle the data, and again you could do that with a cross-section of schools, again, in the aggregate it's difficult. Work in a case study would be an interesting question. It would probably, I will be honest, have been a far more productive conversation than the one, 'let's follow the recommendation to remove DGR status', because I think that has gauged, you know, an understandable reaction from schools.

So something like a tax credit, I think has merit for the reasons you outline. But again, it's important to understand who the donors are. The fact that a school is located in a low socioeconomic area, for example, doesn't necessarily mean it's the parents that are attending that school, who are on a low to middle income, that are actually contributing to whether it's a scholarship fund or it may be that those funds are a vehicle for other donors who are alumni or other donors who are successful business people in that area. Because again, that school is a part of its community and/or is delivering education to particular elements to the community that are otherwise disadvantaged.

So I think you would have to unpack that a little bit to see who are the donors because you might find, yes, that's absolutely spot on and a tax credit would be far more beneficial to someone on a low/middle income, but you might find actually it's a disincentive because the people who are making significant donations to drive that development are actually people that, for some reason, has a connection to that school, but they are in a different place when it comes to income. And again, it's not – I think the key point again, that sets the independent sector apart, even from the Catholic sector and the non-government school, is that we're not systemic, so there's no capacity for redistribution of those donations across the system.

Jacinta gave that example of someone in Melbourne in that area could be donating, and that could be given to a school down there. These are communities, and I think that's the best way to picture it. This school exists in the community, those communities may be of interest, so what I mean by that is it may be of interest to people that are focused on Aboriginal or Torres Strait Islander equity, or particular equity groups of people with disability, so it's not necessarily local and geographic. But for a large part, I think the best way to think about our schools as an integral part of a community that the community therefore supports. And that there also, it opens up. And I think it goes to that substitution point as well that it's not necessarily the parents of current students that are supporting that. There's a broader community around that doing that for various reasons. And the interesting thing to unpack and to understand more - - -

**MR SEIBERT:** Yes, and have you got any data from your – I mean, your members, you know, they are independent entities, but if they have any data about, sort of, the distribution of donations and support, et cetera, because it would help illuminate our thinking?

**MR CATT:** Yes, I'll take that one on notice.

**MR SEIBERT:** Thank you.

**MR CATT:** Yes.

**DR ROBSON:** You mentioned alternatives to DGR, Graham, and one of the things that is mentioned in the report is government grants, appreciating that the numbers around 85 per cent is through donations. Talk us through – I think you've mentioned, you know, some of the advantages of the current system versus government grants where there's community connection or flexibility or agility, all those sorts of things, are there any other advantages of the current system relevant to, not necessarily the current system of grants but, you know, as a possible alternative that you would see? Because we're interested in, you know, if DGR was removed and their preliminary view was it may not be the best way of funding school infrastructure, but it's always a question of, 'well, relative to what?'

**MR CATT:** Yes.

**DR ROBSON:** So maybe just speak a bit more about the advantages and disadvantages of the current system versus government grants.

**MR CATT:** I think I would preface by saying there is still – we highlighted two things this morning already, and one is that, 'where is the recurrent funding system for schools?', which again I won't go back into the mirky waters of CTC scores, and, you know, it may be complex but it is clear, it is operating. The schooling resource standard is a standard, it's well understood and there can be debates around the edges. Capital funding is not in that position. So what a capital standard is, we don't know. So again, I think the system for capital funding of schools, as a whole, is probably the place to focus. And I think that was Jacinta's point this morning; making one policy decision that moves a lever, flows on, and not only flows on to capital funding, it flows on for recurrent funding as well, because it will start to shift what schools require in order to deliver education, and how their recurrent funding works. So I think I'd answer, first of all, by saying, you know, it's got to be a systems approach, not a, kind of, this is one bit of the system, let's change that approach, for whatever reason that may be.

Second to that, I think within the current system, there are strong arguments that there needs to be more capital funding provided by governments. You know, I've stood in a school in Alice Springs, which is a boarding school attended by Aboriginal kids who come in there from communities in Central Australia, and their boarding facilities are of a lesser standard than the local detention centre. So there is an actual burning need for more capital support to flow from government to those schools most in need.

I think what the current system does provide for, and it provides for well, is that in addition to those places where there is most need, there is capacity for community contribution. And again, I keep stressing it's not a school with parents, it a community with a school as part of that community. And what the system currently does well, and we would argue that the current DGR arrangements are part of that system allowing that to happen, it is enables – I talked about before if you view a school that's part of the ecosystem of community through the work that it does, and the outreach that it does, and the contribution it makes to the community as a whole, you invert that and actually what the current system allows that to do is for the community to actually provide back into that school's resource. So it's a very symbiotic relationship. And I think for that reason, I think saying, 'okay, we want to change the system' is probably ill-advised.

So I think what we would be arguing for is we do need more government funding. There are areas of need that are absolutely crying out, and there are areas who need recurrent funding that are crying out, and they've been the subject of public debate lately. But there is still a place for the current system because, again, it is a vehicle and Jacinta's point was this is a community based in faith and therefore, for that community, this is the same arrangement. It contributes out, and it allows people to contribute in. And so I think it's the operation of the two, but we would say it's actually the government part of that that is in need of review and consideration, because the system is quite nascent again and it really hasn't been well thought out.

**MR SEIBERT:** And do you think that if there was, say, any change to government capital funding, like, through grants, should that take into account the ability of a particular school to fundraise through philanthropic sources, like, in terms of – or should it not take that into account?

**MR CATT:** Yes. I don't think it's the forum to answer it, and I think, again, that's the point Jacinta was making. You know, the government made a decision with relation to recurrent funding, that that should be based on a capacity to contribute. Now, that is one way of measuring that. There are other ways of measuring that. It used to be measured differently, so the DMI process used at the moment changed from the process that we had before which was actually about looking at socioeconomic circumstance with a different set of data, but that's a decision that was made. I think, to provide an example, in Victoria last year, the Victorian Government introduced payroll tax on schools. But sitting alongside a government-established measure, which is capacity to contribute, it decided it would make a decision to levy a tax based on the fees that school charged. Both completely different rationale. It doesn't line up.

So I guess my point is that you need a measure. It's the role of government, with advice, to determine what the measure is. But it's not my place to, this morning, try to anticipate whether it may be capacity to contribute, it may be donations, but I think then, you know, to put that into anecdote, a school that has – again, I go back to my point – a school has to run the business well, provide education well, and govern well. And a school has made the business decision that in our income mix we are going to, for whatever reason, focus on philanthropy as a source of income. It shouldn't be penalised for that given the school has gone, 'we're not going to do that', but perhaps they have made that decision in other ways as any other business would.

**MR SEIBERT:** Just a quick final question. So you mentioned that your schools, sort of, have partnerships with other schools, or some of them do, and that they can provide access to the facilities, I know many of our submissions have been mentioning that, whether you have a view – as we were discussing with the NCEC about, sort of, that the education revolution had, sort of, requirements with their funding guidelines to provide access to community groups at low or no cost, et cetera, to build those connections and provide those facilities. Do you have a view about the appropriateness or not of buildings funded through the deductible recipient system, whether there should be a requirement or not to share those facilities, where practical or feasible, with the local community?

**MR CATT:** Yes. Look, my discussions with schools, I would actually suggest that those requirements would be redundant. I think there's societal pressure, I think there is, within schools and school boards, there is already a focus on how do we actually do that. So the ability to do that varies greatly. You know, I've been to a school that's a small shack in Arnhem Land, and where the sort of schools, if you see media that are, you know, large significant institutions. But across all of them, I think how do we actually engage with our community, and how do we provide access to those facilities is a live conversation. So I'd question the necessity of actually

attaching that as a condition. I think the pressures come from a lot of other places, and I think it's already something that people are thinking about doing.

We provided a couple of examples in our submission of schools that are actively seeking to do that. I think we talked about the wellness centre of our larger schools in South Australia, for example. So that's actually a joint venture between a school and another group that's built, you know, what for a school to be a large wellness centre or, you know, a health centre, but that's open every day of the week for the community to access. So I think we're all on a pathway to do that.

The risk of attaching conditions to, whether it's DGR centred or anything else for schools, is how do you get that regulation setting right? So I would tend to think that the risk of getting the regulatory setting wrong, and again perhaps providing a disincentive, probably outweighs what you would gain from it given this is the trajectory that our sector – I'm sure Jacinta would say the same thing, and I think it was a point she was making this morning – as a system, is already on when it comes to being members of the community and members of society.

**DR ROBSON:** Thanks very much.

**MR SEIBERT:** Thank you, yes.

**MR CATT:** Yes, thank you very much.

**DR ROBSON:** Thanks for joining us. Thank you.

**MR CATT:** Not at all, thank you.

**MR SEIBERT:** I need to just go to the toilet very quickly.

**DR ROBSON:** Okay, we'll have a two minute break for Krystian to go to the bathroom. And then I think we've got participants from Community Foundations.

(Short adjournment.)

**DR ROBSON:** All right, we'll get started again. So if you could state your name and the organisation that you're from and then we're very happy to hear an opening statement from you, if you have one, and then we'll get into that questions. Welcome and thank you for coming along.

**MR SEIBERT:** Thank you.

**MR I BIRD:** Thanks Alex, thanks Krystian. It's good to see you both. My name's Ian Bird. I'm the CEO of Community Foundations Australia. A longstanding CEO, I've got three weeks under my belt having arrived from Canada where I was the CEO of Community Foundations of Canada for 10 years, and an adviser for three years thereafter. And I'm joined by Sophie Doyle from Foundations South Australia to provide you, sort of, a reflection on their experience given my recent arrival.

I'm going to be quite brief and then just inflate the kind of dialogue that we just heard this morning, so we get at the things that maybe, sort of, feel like we're here to serve you, so thank you for the opportunity. I guess I would add that I'm the Chair of the global fund for Community



Foundations, and have been for the last four years, so it gives me some insight into what's happening around the world, and that might be useful given the diversity and context for the community in Australia.

Your report does the most important thing. Community foundations flourish. Communities flourish when the regulator is top-notch. So we need the absolute best, the ACNC, in a durable way. The durability is because once community foundations start, the history all around the world is they are there forever. There is maybe two instances of failing. And once they've started and mature, they don't turn back to the other systems that are dominant systems in our society, meaning the market. They're not really part of the market space, and nor are they in a direct relationship to the State, so they sit in between, but in the absence of a regulator, then there's the potential origin of trust from residents. So it's the most critical thing all around the world, and it's why you see successful community foundations in open societies with good governance.

The second thing would be around the DGR. This is the most complicated environment for any community foundation in the world to operate in respect of that system. It's actually most important that the complexity is reduced to create equity amongst communities so that there is an ease of initiation of community foundations. You know, I'm off to Alice Springs in a few weeks, so in more difficult socioeconomic environments or where there is intercultural dynamics that are critical. The capability of the community foundation is most important, has the most to contribute, so the ease of entry, both from a regulatory point of view as well as, you know, what comes from tax deductibility is important. So it's reducing the complexity, and then you'll make your choices how it facilitates philanthropy.

In terms of philanthropy itself, I don't have a particularly strong point of view in a way the subject you have around doubling giving, it's of interest, but at the stage of development that we're in, you know, the community foundations of Australia, we just simply support the myriad of recommendations that have come forward from our partner at Philanthropy Australia, that we know you're taking into consideration, and we've been working closely with them on the recommendations that you have, the subsequent recommendations and the response on how we might join forces between the community foundation field and governments in a process around our shared interests, our shared developments, so we support that obviously. We've been a key part of helping that come together, and look forward to seeing where you go in terms of everything, behavioural economics, and the campaigns around giving, you know, those would all be complementary to the further development of community foundations in Australia. So that's to say regulatory, primacy, DGR clarity, and then the strength of philanthropy in Australia is a critical part of community foundation development.

What I'd like to just draw on is what I think was a question in section 10 of your report around access and participation, and this is, sort of, the main thrust of what to share today, and I think because I'm going to be on the road for the next 90 days visiting community foundations everywhere, I'll just keep updating you on what we're learning about this part of things, because I think it's the critical part. So in community foundation, sort of, well-being around the world and including here, what's obvious is access and participation is both cause and effect in the strengthening and the ongoing well-being of community foundations, and what it means for the community. Meaning, it's only because there is access and participation that there can be a community foundation, that's the causal nature.

And so in societies where we have low level access and participation, or in parts of societies, typically – and this is Australian language I'm not familiar with, but I'm going to use it because

it's most pertinent - I guess, where there's disadvantage, then there's less access, there's less participation. So can the community cause, in and amongst itself, the creation of its own foundation as a place to draw resources together, identify its own priorities, and advance those priorities. If it's inequitable, then I do think there's a role for the State to help facilitate greater access and participation in the cause of the community foundation for what it can contribute, but only for a limited window. The risk is that the causal dimension means that the role of the State persists. And just listening to the discussion here on education, this would be a pretty significant difference.

You know, what's happened around the world, and certainly Canada would be a leading example, is the State having effectively regulated, effectively established a participatory tax regime, and then having enabled the cause of community foundations to come into being, from thereon community members are the life force of the creation of and the further development of community foundations. And as you saw in the first submission from Community Foundations Australia, in a place like Canada, that's now an \$8b flywheel across 200 community foundations. And the role of the State is just the indirect tax implication, and the role of the State is effective regulation; that's it. And there's some role for provinces or states here, but that's pretty modest.

In terms of the effect – and Sophie will share this in a story – most people think about community foundations through its effects on access and participation. That's also true. When you have a community foundation, many can participate in responding to crises, right, in the development that solves for gaps in between the market, and the role of the State. I think in Australia it's true that there is an access deficit to philanthropy. It remains more of an elite structure. But I just returned from Bogota in Columbia, where there are 1000 community foundations gathered, and they're not coming from places where, you know, earnings of wealth are the primary driver of whether there's a success community foundation. This is Latin America, this is Africa, this is from Belize, this is from Eastern Europe, and it's the principles of a community mobilising its common assets together through a process of establishing trust or, you know, social capital, I guess, would be the language, it's through that process that it builds its own capability to solve for its own solutions. And that's where the public benefit piece kicks in. And frankly, that's where Australia has still got a long way to go. And its 40 community foundations, I think we're being bit aggressive in saying how many (indistinct) are really served through those. We have got a ways to go.

And I just close before I hand it to Sophie by saying that I think it's particularly important when we think about what's –the parallels between the Canadian experience around reconciliation, and what's happening in Australia. I mean, for me, it almost feels too parallel. You know, we also had a constitutional process in the mid-nineties in Canada that did not go forward. And then from there, there was a real process at the community level, and huge participation, like, (indistinct) foundations and, interestingly, the fastest growing segment of community foundations in Canada are First Nations, or even the Métis communities. The Haida, they just launched the community foundation in the Calait for the high eastern Arctic, all Inuit-led, Inuit principles. This is not a model. This is, again, the community self-determining, and that was 13 years of development launch. It will be there forever governed by Inuit principles, but in the relationship to other 219 community foundations, you know, so I think that that is worth drawing specific attention to given the two similarities between the two countries.

So I'll just pause there. Sophie, you know, leads Foundation South Australia from Adelaide. We know you're not able to get to South Australia, we wanted to not have the severe conceptual discussion with the guy that just arrived from Canada, so you'll have a chance to hear from Sophie, and then we can have comments/questions at your discretion.

MS DOYLE: Thank you. Well, arguably I've got the fun bit to tell you a story, so just sit back and listen. But I guess what my story is here to demonstrate is the role of community foundations in connecting a community at times of adversity or challenge or an issue that they're facing. And that might be the COVID pandemic, it could be the closure of a major employer, like the Holden manufacturing plant in the northern suburbs of Adelaide, or it could be a natural disaster. So the example that we have in South Australia in 2022 is the floods. So the floods that impacted numerous other parts of Australia finally reached the lower parts of the River Murray in South Australia, and peaked in Christmas Day 2022. Inundated over 3000 homes, affected over 500 land owners, and had a big impact on the mid Murray and river land communities in particular.

So Foundation SA at this point was only two years old, but decided that this was a role that we could have in supporting that community at this time of need and started having conversations. So we picked up the phone and talking to community groups, local councils, we organised a briefing from the flood recovery coordinator, Alex Zimmerman, with some philanthropists, so that they could hear firsthand what he was seeing on the ground, and we got an understanding of where funding was coming from and where there were gaps. And it became clear, quite quickly, that the gaps were really around that well-being mental health bringing community back together piece, because all the infrastructure was going to be fixed, you know, the roads, and people's insurance, their houses would be (indistinct). But they had this really stressful period watching the water rise over weeks and weeks, and they'd been isolated from school and work and all their social activities, so we decided to launch a fundraising campaign, and associated grant round, to directly impact the need that we were hearing from the community.

So the fundraising campaign went for about three months, and raised about \$87,500, but it's not really about those dollars. It was about who we were able to bring together to achieve that. So we had three private foundations from South Australia who came onboard. We were able to leverage their funds to incentivise general public match-giving, so we had the general public giving to us, which was the first time we'd run a campaign like that in South Australia – for Foundation SA, I should say. We went to our sub-funds, so part of our foundation is a community, and three of our donors – at the time we only had 20, sort of, committed donors of foundations, and three of them came onboard, and then Foundation SA had about 20,000 to put into that as well. So we pooled all these funds, and then we launched an open accessible grant round. We kept it open and, sort of, evaluated grant applications on a roll-in basis, just to accommodate their readiness of community - we weren't sure if they'd be in the mindset to be thinking about these kinds of initiatives at that time – and awarded nine grants across the region expending all of those funds.

And in August last year, I went up and visited – I went to Mannum and Berri. And just a couple of examples. I met with Correta, the head of Wellbeing, at Mannum Community College, and she was talking to me about a program she was rolling out to education and help their teachers to feel more empowered to talk to students about mental health and well-being. I then went down the road to the main street in Mannum and met Jake, who was running the local op-shop, which was really important, and that had money to restore (indistinct words) floods water damage. It was an important piece of the infrastructure there, because the op-shop was a social enterprise generating income that was funding the local community centre, Mid Murray Support Services, which, of course, had been inundated with requests for support.

So just a couple of examples of nine of the grants that we made, and just that impact. It was really humbling to see their resilience, and I guess it was just a light bulb moment for me to see

this is the power that community foundations can have. This is the first time we've done this, but we can scale that, we can do it again. And this can be done across the country for whatever is the challenge facing a community at that time.

**MR SEIBERT:** Thank you.

**MS S. DOYLE:** So that's the story.

**DR ROBSON:** Thank you very much.

**MR SEIBERT:** And thanks for joining us, and for sharing these perspectives and stories, and also it's great to be able to draw upon the experiences in Canada that you're part of as well, and then have these tangible examples here in Australia of what's possible. Just on the proposal around, sort of, developing a strategy to strengthen and grow the community foundation sector, more generally that Philanthropy Australia has raised, and you've been raising as well.

Noting, sort of, the point you made, Ian, around government potentially – in Canada, at least, government having a kind of an initial role, but then it sort of – you know, it steps back and communities, sort of, take over and lead the way. What are, sort of, some of the current barriers that you see the growing community foundations here in Australia, you know, drawing upon your experience as well in Canada, and Sophie as well, you know, based on having started one, sort of, what some of those barriers are?

**MR BIRD:** Yes. I mean, the primary difference rate is in Canada. Now there has been a 25-year track record of an enabling infrastructure for community foundation development. We asked my Canadian colleagues, 'could you backtest what do we think was spent over those 25 years that helped it go from what were 30 community foundations of about \$350m to over \$208b dollars?' And at the end of the day, the numbers work out it was about \$1m a year, in today's dollars, to create an infrastructure.

**MR SEIBERT:** Of government contributions or something?

**MR BIRD:** Actually, it was partly government, but actually, depending on the jurisdiction, joined forces with private philanthropy. Somewhere around, in Australian dollars, around 250 million of seed funding over that 25 years. Mostly at the front end. And, again, quite distinctive, Canada's a federation and so you had a particular approach. In Quebec it was different than Manitoba, it's different in British Columbia. But we just wanted to get, like, a general grip on – if we were take more of an activist approach to the development of what I think is, like, a 21st century forum of essential social infrastructure, I think that's what's happening around the world, we're creating a new kind of infrastructure.

In the 20th century we built ports, and roads, and train lines, and airports, and all that, and now, with (indistinct) equality, just with other pressures, again, in between the market and State, we collectively are in the process of developing infrastructure. And so with that going on, you need that coordination of the infrastructure, even though it was quite late, but then you do need the, sort of, capacity, the challenge, you know, that grant that Sophie was speaking to, that helps the community foundation for one particular reason; get started.

**MR SEIBERT:** What sort of specific things was that funding in Canada providing in terms of was it, like, sort, you know, start-up funding just for offices and staff, like, what sort of – yes, because - - -

**MR BIRD:** Why don't I take the example of what's - because we're just choosing to play into exactly that right now with Alice Springs, okay – so the part that Alice Spring Community Foundation right now is the initial board, and they come in classically from community roots. This is a group that had reinvigorated the local newspapers, and then said, 'now what do we need to do?', turned around and said, 'let's kickstart a community foundation'. So we will be hands-on their partner through the incubation.

If we were in the tech sector we would be, like, we're running an accelerator. And this is to help them, you know, train, educate, develop their governance, establish their financial architecture, bring the kind of community foundation technology to the table, the mentorship of the leadership, the development of the initial staffing, bringing to them learnings from elsewhere. But you have to - you know, I really want to resist the impression that we're doing anything like an instrumental approach here, an installation. The whole thing is this sense of community-driven decision-making, right, and empowerment, ensuring that the cultural norms are established from, in this case in Alice Springs, it will be an intercultural process.

And the rules of the road on this is that in really, like, yes, places with – like, in larger cities for three years of that process for the infrastructure, like, Community Foundations Australia, or a State-based infrastructure, three years of joined up support. In more rural/remote it's five years, and then in the Calait and the northern Arctic, there were two starts, but call it 10/12 years. And the point of view is by doing it that way, that patient way of being there, that you gain the durability for the long haul. The second piece of it is that there's almost always some kind of catalytic funding that initiates the initial round of philanthropy that helps to establish asset-based, and the (indistinct) experience is the faster you can get a community foundation from its initial 1 or 2 million, which almost always comes instantly, even in the toughest parts of town, but from 2 to 10 to 20 million, then the flywheel kicks in. And that's the long term, sort of, residual benefits that are tougher for governments, actually, to see, you know, its interest in terms of the timeline of democracy in today's era.

So that's why I say, you know, if we took a long-term view, that's what you're looking for. It's something, you know, forecasting \$250m to \$300m over the long haul will initiate a robustness of a sector like you would see in Canada. Again, it comes back – if that's the desire. And I have a personal view that this stuff happens because of the community's initiation, but there's a question on the table about its primacy, like, is it a priority, is this of importance, is this the kind of infrastructure. As you can imagine – well, I think I saw in the initial proposal, you know, what happened in Canada when COVID hit. I mean, that social infrastructure was just turnkey and (indistinct words) ready, asset-based, the lights were going to be turned on no matter what, COVID was not going to impact those community foundations.

And so governments, you know, in that case they deployed over \$400m within 90 days right to the ground, to the places just like Sophie was talking about. And it's why the developments that are happening in Canada are about ensuring that same infrastructure in localised in First Nations, so it will be one fund after the other. And, you know, it's out of the gates mostly in the west coast and in Northern Ontario. Because that same infrastructure, in a sense, wasn't quite as available, if you know what I mean. It was only partially built-out, and government, and the community foundation field, having recognised that, are now busy to do that work. We have the same circumstance here.

**DR ROBSON:** In terms of government strategy around community foundations. I mean, what are the kinds of things that you, and Philanthropy Australia, have in mind, is it that, you know,

that governments, there shouldn't be an overlap, a government should get out of the way as much as it can, ought not step on toes, you know, making sure that it crowds in rather than crowds out, and takes into account these kinds of things when it's designing its policies and programs, or is it more around – and we have a federal system as well, so is it - you know, both the federal and state and local governments, what are the kinds of things that you think should be in a strategy with – and then also noting the points of volunteering, and things like that?

**MR BIRD:** Yes. I mean, I just want to re-emphasise again, any government strategy would start with the durable regulation, and then would have clarity and simplicity around the tax deductibility regime; so that total regime, get that right. Then in, you know, a process of coming together, you would articulate what at any given time your strategy is. And in the current environment, with notable exceptions, of really well developed community foundations, Australia is in the process of developing its community of (indistinct) field. So what we would be doing with governments would be developmental. We would need to resist the instinct to drive the agenda to install in the community, but we would have ability – I'm actually seeing this a little bit right now with the investment dialogue around children of youth, where you're understanding if there's community readiness, and when there is, then resources would flow in concert between the community foundation field and governments to aid and support the causal dimension of community foundation development. And that's going to be primarily promoting access and participation.

You know, I'm not so worried about the new community foundations that are in development in Port Phillip and Noosa. There is going to be a capacity there for those foundations in those communities to mobilise resources, you know, from the residents as is happened in lots of places. But, you know, in Northern Territory, in, you know, places of disadvantage, the equitable development of community foundations is something that I think the State and the community foundation field would join forces on and outline together.

And, you know, 19 community foundations in eastern Europe, the European Union came together with localised philanthropy in the 90s as the society was opening up, and all those have been developed (indistinct words) today. They weren't starting on the basis of there being, you know, surplus capital available in those communities. It didn't exist, right. There wasn't a history of volunteering in those societies. The institutions weren't there. And, you know, we have that. We have that challenge here as well. And that's where the State can come together with the capacities of the community foundation field internationally, but also the ones that are here in Australia.

**MR SEIBERT:** And just on that, what role does philanthropy, like, larger scale philanthropy, play at the moment in Australia and, say, what role did it play in Canada? Because if it's a question of resources, there is the situation that there are many philanthropic foundations in Australia that have billions of dollars in resources, and they can deploy that to support communities.

**MR BIRD:** Well, sort of. You know, like, there's - - -

**DR ROBSON:** Well, there are the regulatory and - - -

**MR BIRD:** The regulatory problem – and this is one of the reasons why the Australian community foundation field is under development. So the Ford Foundation from the US, the Mott Foundation from US, and the McConnell Foundation from Canada. For the first 10 years of community foundations of Canada's infrastructure, like, to be available to build the field in

1992 to 2002, they underwrote the field. So two from the US. So this is to the benefit of growing the field, but they could do it. They actually had the – like, it was within the regime, and in Australia that hasn't existed. And so, you know, the Senate's still, you know, hearings continue on the DGR work. But if there isn't the ability to flow capital from private foundations, private ancillary funds, into the community foundation field, then you're left with – and even in that sense, it's a bit of a market failure inside philanthropy. We can't flow resources, so they don't flow. And back to my original point. If the regime has more ease and clarity, then it will facilitate more of a what we've seen in other parts of the world.

The one thing I would add, that I find maybe just as context for where we are, is as of November, with the new foundation in Nunavut, Canada's community foundation development is, like, it's whole. There'll be internal development, as in a region as big as Nunavut, will slowly develop. But every community in all of Nunavut has access just like in South Australia because of what Sophie's put together. In New Zealand, next year, the last of the community foundations will be launched. And then the UK, the job's already done and has been for five years. So if we just look at the common law countries, you know, we share a parliamentary system, you know, we share a legal infrastructure, and it's really Australia is in the place where we're being called on by our communities to, kind of, get on with that same job. So you've got the opportunity to, like, better enable us with a suite of proposals that would help us to do that more effectively. So I'd encourage you to take that on.

**DR ROBSON:** Thank you very much.

**MR SEIBERT:** Thanks so much for joining us. That's really helpful.

**DR ROBSON:** Thanks for coming.

**MR BIRD:** Thank you too.

**MS DOYLE:** Yes, thank you.

**DR ROBSON:** Appreciate it.

**MR BIRD:** Good luck with the rest of your trip.

**DR ROBSON:** Thank you.

**MR SEIBERT:** Thank you.

**MR BIRD:** You'll need a couple more along the way, I think.

**DR ROBSON:** Yes, I think so. So welcome. So if you could just state your name and the organisation that you're from, and if you'd like to make an opening statement, we'd be happy to hear it, and then we'll get into the questions then. Thank you.

**MR M. EDWARDS:** My name is Mark Edwards, and I represent Australian Christian Churches. I'm their representative on the registry. So my background is that I've been a local pastor of a church for 34 years, I handed the church over in November, and I now do this on a voluntary basis for our movement. I've never done this before, so I thought I'd prepare a statement, if that's okay, so I don't muck it up.

**DR ROBSON:** Yes, **MR EDWARDS**.

**MR SEIBERT:** No worries.

**DR ROBSON:** Go ahead, thank you.

**MR EDWARDS:** But it's very short, and then you can ask me questions.

**DR ROBSON:** All right.

**MR EDWARDS:** Well, thanks for the opportunity to appear before you today, and more than that, and I say this sincerely, my sincere thanks for the obvious diligent and comprehensive approach that you've taken in this report on future foundations for giving. We really need this report, and I congratulate on your job with the recommendations, and I mean that.

Very briefly, you will have noticed in my submission on behalf of ACC, my concern is the report does not see a case for additional government support for the practice of religion through a DGR system. As a consequence, the report recommends that charitable activities, that are specifically for the purpose of advancing religion, should be removed from that system. So I'm really just asking you very sincerely to not continue on that recommendation.

I don't have to tell you this history in this nation connecting religion and charitable activities. It's extensive as it is lengthy. In fact, you very properly acknowledged that connection between religious faith and values provide an important inspiration for the undertaking of a range of charitable activities in our nation. These face values exist and, in fact, thrive in the charitable sector because people of faith have a continuing right to exercise their religion freely. This inalienable human right is the basis of their service and, in fact, their self-sacrifice. So it's an extension of their faith, their religious faith.

So I'm just asking not to take this essential human right out of the charity sector even though in a practical sense I do admit that it may not have a great impact upon the charity sector in Australia. So I urge you do perhaps think, just beyond the cause and effect of removing advancing religion and recognising the broader and more fundamental principles, that by doing so religious freedom could be actually diminished. So act on this greater principle that this ancient and essential human right be retained because any curtailing of it goes against the very ethos, I think, of the Commission's report to promote, increase and advance giving in Australia, especially in the charity sector.

I don't think the report refers to any history of charities, which exist for advancing religion which act in an improper manner which would cause concern for either the Commission or, in fact, any government. And so that in itself, I would say, is a positive thing for the way we've done charities over many, many years. So I just want to ask you, on behalf of every person of faith, to just really acknowledge that we do have an essential human right, and that human right would be just terrible, in my view, if we just took it out of the system, and advancing religion out of the system. I realise my submission really does speak for itself, and I really thank you and deeply appreciate the word you've undertaken.

**DR ROBSON:** Thank you very much. So the proposal that we've got in the report is – so we haven't recommended any entity not be withdrawn from charitable status. So there's a difference between charitable status and access then to DGR. So only a sub-set of charities have access to enable them to receive tax deductible donations at the moment. So we haven't said anything



about charitable status, and we don't propose anything on that, so hopefully I can reassure on that. So we don't recommend taking charitable status away from anybody, in particular religious organisations, and we do say something about the value of those organisations based in terms of, you know, people's motivation, but also, in a practical sense, the works that they do.

What we do say, though, however, is the status quo at the moment in Australia is that – well, they're just organisations with the sole purpose of advancing religion, don't currently enjoy their charities, and we don't propose touching that, but they don't currently enjoy DGR status. And so the question that we're grappling with, and we put forward in the draft report we're very much interested in getting feedback from the Australian public on is whether the status quo should be changed and entities and charities with the sole purpose of advancing religion now be able to receive tax deductible donations. They can get donations at the moment, but the question is if a person donates, should they be able to then claim that as a deduction on their tax.

Now, there are religious organisations that, in addition to advancing religion, they also undertake other activities in the community.

**MR EDWARDS:** Yes.

**DR ROBSON:** And to the extent that those achieve or are targeted at a different charitable purpose, then they can avail themselves of the DGR system should they choose to do so. And, in fact, our recommendations would make that easier.

**MR EDWARDS:** That's right, yes.

**DR ROBSON:** And so the question is really around, in our proposals what we're really getting at is – well, first, there's the advancing religion component. What that actually means in practice, as opposed to the charitable works that churches and mosques and synagogues and so on are engaged in, and where that boundary is and whether, you know, it's appropriate, from a public policy sense and policy point of view, to extend it, given the status quo, into things like, well, should there be a taxpayer subsidy for – you know, in many cases it might be facilitating worship, which is a very personal matter.

And so the question we're really grappling with in this report is - we recognise the value of all these things, the question is really a point of government intervention in those activities which are advancing religion, what that might look like, it might worship or we heard yesterday it may involve other things. But to the extent that there's these other works going on in the community, whether it's social welfare or, you know, other activities are targeted for charitable purpose, those things would be able to get DGR status more easily, we think, under our proposals.

**MR EDWARDS:** And I totally accept that.

**DR ROBSON:** Yes. So we're really interested in hearing, you know, on the – and appreciate your points, but it's getting to this question of why should the status quo – well, do you think there's a good reason for the status quo or not, and then why should it be changed. And also we're interested in – sorry, I'm an economist, come back to the benefits, what would that actually look like? You know, if it did generate additional funds that were going to advancing religion, what would that be used for and what the impacts would be, and then we can have a conversation about, you know, what the relative benefits and costs – that's a very long question, but that's the - yes, how would you respond to that?

**MR EDWARDS:** I think what I'm trying to say, perhaps inadequately, what I'm trying to say is that it's a broader issue than just specifically advancing religion. What I'm trying to put to you is that advancing religion, if you take that – and I accept what you say – take that out of the – and these are broad terms, out of the sector. What I'm saying is that religious freedom is taken out of the sector. Now, I know that we're going to disagree on that a little bit, but the message is being sent that religious freedom is not important the most. What I'm trying to say is that if you retain the status quo, there's no harm, but what you're retaining is religious freedom. And religious freedom is a human right, it's an inalienable right, and I dissent to interfere with that in any way when there doesn't to be any harm. Leave it alone, that's what I'm basically saying, yes.

**MR SEIBERT:** I suppose we are – so say for a charity with the sole purpose of advancing religion, a church or a mosque or a temple, whatever faith/tradition it's from, the status quo is being maintained. So currently, you wouldn't be able to make tax deductible gifts to support, say, just the worship work of that church or mosque or synagogue or temple, that won't change. So the status quo isn't changing there. What is changing is, say, making it easier that, and we acknowledge this in the draft report, that religious values and faith traditions inspire all sorts of acts of generosity and giving, say, supporting, you know, addressing disadvantage in the local community, et cetera, making it easy for that church, or mosque or synagogue or temple, to be able to use tax deductible donations to support those other outreach-type activities. There is a proposal around school building funds and special religious education, which we get to, but the status quo won't change for that entity, say, the church or the synagogue or the temple, et cetera. And there could actually be some benefits in terms of supporting the broader work that it does within the community.

**DR ROBSON:** Yes. So I guess we're pushing back on, you know, on the claim that we're taking anything in a way that you've couched it, because that's not the case at all. You know, one argument could be that, you know, 'you're expanding DGR to these other areas, why not to advancing religion?', and we can have that conversation. But, I guess, yes, the critical part is we're not proposing to touch charitable status of any entity, you know, the least of all religious organisations. It's not what we're talking about. It's extending this special tax benefit into an area where it currently exist.

**MR EDWARDS:** And I accept that totally.

**DR ROBSON:** Yes.

**MR EDWARDS:** I mean, for myself and many other faith groups, we seem to have just taken the phrase from your report which says, 'the practice of religion through deductible gift receipts system', that was the phrase that we took it. So I'm really encouraged by what you're saying. If you're saying, 'should advancing religion attract DGR status?', of course I'm going to say yes for the same reasons that I put forward in my submission. Essentially, it is a freedom of religion issue for me. That's what I'm saying. Now, I know as an economist, we're probably a long way apart, but from an emotional and a practical point of view, and also the history of the way religious entities have really led the way with charities, that they really have – I mean, the first charity in this nation was a religious charity. What I'm saying is to extend that, I just can't see any harm being done at all. And I also can undersee the benefits of that being achieved. And I can give you a practical example of that.

**DR ROBSON:** Yes, it would be good. So - - -

**MR EDWARDS:** I don't take your time.

**DR ROBSON:** No, no. I mean, this is the question I'm getting to. So if we were to extend it, what would – I mean, yes, it would be good to - - -

**MR EDWARDS:** Well, here's a - - -

**DR ROBSON:** Yes, give us some of the benefits.

**MR EDWARDS:** A practical example could be this, and, you know, our church certainly did not have that status, for example. Now, in 2011, we were called upon by the Marion City with an hour's notice with the floods that happened in Ipswich. Now, there were 20,000 homes went under, and there were 2800 businesses due to the fact, as you are probably aware, the floodgates were open and we were taken by surprise. Within an hour, we had 250 aged persons from three aged facilities coming to our church which we had to take care of for a 10-day period. Now, we had no status at all. So we had no donations, we had no government help

Had we been able to just – had we been a charity with only the advancing religious status, we would have got – we would have had – and got DGR status. We could have got all those donations which came in as a result of that 10-day period, which would have helped us, because the costs and (indistinct) was nearly \$250,000, and most of it just came from the community (indistinct words). So I'm saying there's an example that – and we were not set up as a charity back then in those days, so if we were, and we only had advancing religion status, we would have done that. And it was on the basis of who we are as a church, you know, the basic principles of a religious group.

**MR SEIBERT:** And just in terms of the draft report, it's at page 192 when we talk about that there's no change. We say that although the Commission is not proposing to extend access to DGR status to charities that have a sole charity sub-type of advancing religion, it's not recommending any changes to the Charities Act nor changes to the existing eligibility for the income tax exemption for charities outside the scope of the DGR system.

That's a really interesting example that you gave us there, because not able to comment on the full detail of, you know, not having been there, et cetera, but let's just say your church was undertaking what sounds like, kind of, welfare provision activities. At the moment – well, let's go back 10 years ago when that was, you would have to set up what's called a public benevolent institution.

**MR EDWARDS:** Exactly, that's right.

**MR SEIBERT:** Which has to be a separate institution or entity, it has to have a dominant purpose of preventing disadvantage, destitution, poverty, the terminology used. Under what we're proposing, we recognise that religious institutions have a range of different ways that they, sort of, engage with the community and live their values and traditions, and so you would have been able to, sort of, have what's called endorsement as a DGR for your social and public welfare activities, so providing, sort of, what sounds like housing and support for those in need, and you can raise donations to benefit those. You wouldn't be able to use them for, say, the general worship activities, so I can see, without being able to comment on the exact detail of it, would have some benefits in that context.

**MR EDWARDS:** And, of course, we need to make a change to raise that.

**DR ROBSON:** Yes. Sorry, in that sense, you know, you said we're far apart. I don't think we are, like, from what you're saying. The issue that that boundary between, you know, advancing religion and the worship activities versus the things that you're talking about in a practical sense, you know, providing assistance to the needy, shelter, food, mental health support, counselling, all of those things. I mean, that's the sort of thing we're thinking about where we think, you know, it should be easier for an institution, a charity, to separate out those activities and then be able to get subsidies.

**MR EDWARDS:** I accept that.

**DR ROBSON:** Yes. So that's - - -

**MR EDWARDS:** And what I'm saying also is that – and I don't want to get too personal - but part of my worship is to be engaged in charitable activities. That's an issue. I can't separate it, I can't go to church and say, you know, I'm not going to do any charitable acts today. Part of who I am is, in my view, taking care of those – it's like a new neighbour, you know, it's as simple as that – those who are at a disadvantage, those who have the least, that's everything about it. So when you say, you know, is it part of worship, it is actually is for me, and it is for the majority of people who engage.

**DR ROBSON:** Any other - - -

**MR SEIBERT:** Just on that. So it's page 198 of the draft report, we actually talk about a charity with the, sort of, religious charity and how it can, sort of, benefit, similar to what you talked about in that example.

**MR EDWARDS:** So perhaps in the final report, there could be that statement of encouragement and support in really clear terms for communities of faith. And I do mean that. I mean, we do need encouragement because – we just need encouragement.

**DR ROBSON:** Thank you very much.

**MR EDWARDS:** Thank you.

**MR SEIBERT:** Thank you for joining us.

**DR ROBSON:** Okay. So if you could – thank you for coming. Please state your name and the organisation that you're from, and if you'd like to make an opening statement, we'd very much welcome that.

**MS B. JONES:** Thank you. Yes, I'm very grateful for the opportunity to be here. My name is Bidda Jones. I'm the co-founder and director of strategy with the Australian Alliance for Animals. So that charity exists to unite the animal welfare sector to achieve systemic change for animals. But I'm also here on behalf of an alliance representing a coalition of six of Australia's leading animal welfare charities, so a broader coalition.

I should probably note we're not a peak body, so we don't represent animal welfare charities in all the work that they do. What we do is work with our members and allied organisations to increase the effectiveness of the animal welfare charity sector and to try and achieve widespread policy reform that acts in the interests of non-human animals.

So, yes, I'll just give a brief opening statement. You've got our submission, so I won't repeat all of its points, but I'd just like to summarise some of the most important aspects of the most recent submission. Firstly, I'd like to thank you for you producing such an excellent and detailed report. We're very grateful that you've considered and responded to the concerns that we raised about the inequities between animal welfare charities and other types of charities. In particular, we agree completely with the finding that the DGR system is poorly designed, and has no coherent policy rationale, we've argued that for some time. And we very much support your recommendations to create a fairer DGR system and one that produces more consistent outcomes for particularly the animal welfare charity sector.

So, yes, we very much welcome the expansion of DGR to all animal welfare charities. All the charities that I represent have the same charitable purpose, which is to prevent or relieve the suffering of animals. But only two of them currently have DGR status, and that's only because they were able to gain that through the Register of Environmental Charities because of their work to protect wildlife. So the other charities that we represent, none of them have DGR status. We very much appreciate your support for the change that will enable a better alignment between the definition of an animal welfare charity under the ACNC and what the ATO currently regards as an animal welfare charity.

While we like most aspects of the report in this regard, there's some things we think we'd like to strengthen and some arguments we'd like the chance to reiterate. One of the overarching points I'd made on behalf of animal charities is that we really need to recognise the extent to which Australians care about animal welfare, so how much they care about animals, helping animals in need, and are motivated to support the work that we do through both direct financial support and through volunteering.

And one of the points in the draft report about where charities get their money from is that most charity revenue come from government grants and contracts. That is not the case for animal charities. We are very atypical in that regard. So none of the charities that I represent receive any government funding. Animal welfares are sadly historically overlooked in terms of government funding and undervalued in that regard.

So in 2022, the combined income of the organisations I represent was \$35m, \$34m of that came from donations and bequests and most of that was not tax deductible because the status of our charities. So that's why the changes you're recommending are so important, but they'll have an even greater beneficial effect to our sector compared to others because of that lack of government funding, and I think that's something perhaps you could emphasise in the report.

We also support the recommendation that DGR is extended to advocacy charities. So the charity that I have co-founded and worked for is based on policy reform to achieve systemic change for animals. Obviously, that's really an area of our work that we focused on because the founders of the alliance have worked in the animal welfare charity sector for many years and seen how many of the underlying issues that we've experienced, in terms of animal cruelty, are related to policies that go across the whole area of our work, and we've decided that we needed to be focusing on that systemic change and on policy reform.

We think there's some ways in which the report could be strengthened to underscore exactly what you mean by advocacy and how advocacy includes a range of different activities. So we'd like to make sure that you are able to clarify that advocacy includes related activities which underpin the evidence gathering process for advocacy. So for research, for policy development,

for also direct action to achieve policy change and public education awareness raising activities that all go hand in hand with advocacy.

Also we'd like it to be really clear that advocacy includes activities where the focus of work might be in tension with government policy, and I can talk about some examples of that, but we'd particularly like to reduce the risk that evidence-based advocacy in the agriculture space, animal agriculture space, is not open to challenge from vested interest as a disqualifying purpose or being against public benefit. So that's something we envisage that being a problem going forward, and we'd like the report to be really clear in terms of making it clear that that is part of what advocacy charities do.

We also think the report could be a little stronger in terms of making the case with the inclusion of public interest journalism. We support the extension of the expansion of – we support the expansion of DGR to public interest journalism, but we think there could be more detail in terms of why that should be the case, again, because we think we need to pre-empt the potential for criticism from vested interests. Public interest journalism is crucial to many of the advocacy activities that animal welfare charities are involved with.

And then just finally, there's a couple of areas where we think we'd like to just reiterate arguments that we made in our initial submission. The first of these is in relation to tax concessions for charities. So we feel animal welfare charities are the poor cousin of human welfare charities. We do similar work for vulnerable communities and individuals, it's just that our beneficiaries aren't humans, they're other species. The levelling at DGR eligibility will greatly assist our sector in increasing income from donations. But we still feel that we suffer with our access to tax concessions that are available to PBIs. So we work to assist animals in need rather than people in need, but we're at a competitive disadvantage in our ability to hire and attain the best possible employees because of that distinction.

We note that the draft report doesn't make any recommendations in relation to expanding the scope of what constitutes a PBI. But it would be really helpful to better understand your reasons for arriving at that decision and how, you know, what your thoughts are about that difference between – that particular distinction between helping animals and people in need.

And the second change and approaches in terms of encouraging charities to have an impact focus culture, you've already heard this morning from Effective Altruism Australia, we support the case that they've put forward about the importance of impact and evaluation in increasing the effectiveness of charities. We also support the proposals to pilot methods of evaluation. We think that charities have a moral duty to use their funds effectively and efficiently, and that's animal welfare charities included. There are limited funds to go around, and we think helping the sector to identify priorities and reach, in our case, the animals that need our support the most is really important. We don't think there's an easy solution to this. We think encouraging and providing more information to donors and helping charities just to meet best practice in this regard would be really helpful. And that's all I wanted to say upfront. I'm happy to take any questions.

**DR ROBSON:** Thank you very much.

**MR SEIBERT:** Thank you for joining us and for your submission and for your comments. I might just go to the point around disqualifying purposes and, yes, thank you for sharing your views on them. Just to clarify, so under the Charities Act 2013, it sets out disqualifying purposes

which were legislative based on the understanding of them that was previously within the common law.

So section 11 of the Charities Act 2013, it clarifies that, yes, charities can't have a 'disqualifying purpose of engaging in, or promoting, activities that are unlawful or contrary to public policy'. But then it specifies that, 'activities are not contrary to public policy merely because they are contrary to government policy'. So what is meant by public policy there, and it's drawn from the common law before, is it about the rule of law, the constitutional system of government of the Commonwealth, the safety of the general public and national security? So it's about the high level settings for how we interact as a society and it's specified in some detail in the Act and in the explanatory memorandum.

So it's not about the government's got a policy to do ABC, charities might be advocating XYZ, it's contrary to government policy therefore it's a disqualifying purpose. It's not about that, it's about if it was, sort of, you know, yes, it's challenging the constitutional system of government in the Commonwealth or national security, or something, and there is an established body of judicial decisions that clarify what is meant by that and the boundaries of it. So hopefully that might address some of those concerns.

Just on the point you made at the end too about, sort of, public benevolent institutions and the different concessions that are available to different types of welfare charities. So there have been numerous reviews and inquiries that have looked at various other tax concessions, so the FBT exemption, and I think this is mentioned in your submission. We are not proposing to expand the definition of a public benevolent institution, but we are proposing to expand access to DGR status. And I think that's partly around a view about, sort of, targeting the tax concession. But it's also based on a view which is discussed in page 176 and 177 of the draft report around it. FBT concessions, we recognise the value that they provide to organisations, and their importance. But we don't – and this is other reviews and inquiries and have taken this view as well – they're not the best way to necessarily provide government support, and so we recognise we're not proposing changes to the existing arrangements, but in terms of expanding them we aren't proposing that either.

**DR ROBSON:** Thanks for your opening statement. You're interested in the proposed changes around DGR. What would it mean for – and I think you spoke about this with Krystian - what would it mean for donations, what do you expect a response would be given, and particularly in line of the motivations of your donors, do you see, you know – and there's quite an extensive discussion in the report about the motives for giving, and so on - how responsive do you think your donors are even – potential donors are to, you know, taxation arrangements? Yes, we'd just like to get some commentary on that.

**MS JONES:** Yes. No, that's fine. I mean, largely I would say this is anecdotal because we really don't know. It would be really interesting to see what a change will do. I mean, probably the best example in terms of the – people are clearly motivated to still give to animal charities despite the fact that they don't get tax deductibility. I mean, the size of donations to Animals Australia, one of our members, for example, is significant. I mean, the income in 2022 was \$13m came from the donors who didn't receive a tax deduction on their donations. But we think that could double if we had DGR across the sector.

The people don't see, they don't understand why there is this difference between the idea of giving to charities that provide that direct care for animals and those that are working in the prevention space and the advocacy space, they don't understand that. When we try and explain it

to them, they just scratch their heads and say, 'Well, that's crazy'. But we have many examples, and I've dealt with them myself. Establishing a new charity, obviously you spend quite a lot of time talking to prospective donors, I've had prospective donors tell us directly that they would give us twice as much money if we had DGR status, we have donors that we've had to turn away and point in the direction of another charity that does have DGR status. Also, we're prevented from applying to a number of different grant programs without it. So, I mean, it has the potential to double donations to our sector.

**DR ROBSON:** Okay. And then you mentioned that most of the organisations don't have DGR. Is it around that prevention/care issue, (indistinct words) anomaly in the system that I think we've identified in the report. That's the reason?

**MS JONES:** Yes, yes. So primarily it's because they don't require that. For most if they don't require that, they don't provide that direct care. So they're not running an animal shelter, for example. I mean, ironically I used to work for RSPCA Australia, I spent 25 years working for RSPCA Australia. The work I do now is almost exactly the same as I did for RSPCA Australia because that is a national animal welfare charity, but that entity, the national body, doesn't provide direct care for animals, but it is lucky enough to be named as a charity in the Income Tax Act. So, you know, again that just emphasises that I am now doing the same sort of work, the same sort of activities, for a charity that doesn't have DGR status simply because of that difference in terms of that longstanding – the tradition of the RSPCA meant that that was possible, and that charity was only started in the 1980s but it was able to have that status.

**DR ROBSON:** And you've spoken about the leverage in, sort of, more financial donations. What would be the impact on volunteering in the organisations that you work with, because that's another aspect of our report and, in fact, we think that one of the benefits of extending DGR would be to facilitate and obviously fund more volunteering that (indistinct words).

**MS JONES:** Yes, that would certainly have an impact in the sector. I mean, we already are a sector that more people want to volunteer for than any other charitable sector. That generally means that people want to work directly with animals, which isn't necessarily always volunteering work that we can offer. But to be able to provide further support to volunteers would be extremely beneficial across the sector.

**DR ROBSON:** Okay, thank you.

**MR SEIBERT:** Just in terms of – I mean, you mentioned the lack of DGR limits or access to grants. Is that grant, say, from philanthropic foundations, private ancillary funds, and others mainly or is it – does it impact your access to government grants, or many of your members don't get the government grants, I suppose?

**MS JONES:** Yes. So it's not like a DGR status that limits our access to government funding. There is a lack of government funding all of the work, in fact. But it's actually a really important point because I think that that lack of funding, which will be assisted by DGR, has actually led to animal welfare charities skewing their work towards work that we're able to say benefits humans. And that isn't necessarily always the work we should be focused on. So we're constantly having to justify our work in terms of the benefits that it gives to humans as well as animals in order to try and attract government grants where they are available. So that's the sort of area where government funding does come in. But – I've forgotten what your question was, I'm sorry?

**MR SEIBERT:** I think you've answered it, so it's all right.



**DR ROBSON:** Yes.

**MR SEIBERT:** And just on public interest journalism. In your submission you touch on it, but sort of what – we actually had a useful, sort of, session with another participant on Monday about how it can be defined because we'd need some boundaries around it for the purposes of DGR eligibility, and that was a useful discussion. But did you have anything else in mind in terms of the clarity that would be beneficial to provide around that, et cetera?

**MS JONES:** Yes. Look, it's a side issue to us because we support it because it helps us achieve our aim. So in animal advocacy, we constantly are relying on raising awareness for animal issues through public interest journalism, and I think there'd be a range of different advocacy activities that I've been involved with that would not have seen the, sort of – had the light shone on them, the issues that the public wouldn't have been made aware of it wasn't for public interest journalism. So from that point of view, we see them as a crucial partner to our work. I'm not the person to give you the definition of what PIJI is, but we're just very supportive. And, yes, this is really about – we think your recommendations are really positive. We want to see them legislated. So anything that you can do to pre-empt some of the arguments that we made going forward to help ensure that those recommendations make it into legislation, that's really what I'm asking for this area. Because I just felt that it wasn't really – there was more detail that could be provided there to help ensure that the goes through.

**MR SEIBERT:** Thank you very much.

**DR ROBSON:** Thank you so much for joining us and for your submission, appreciate it. So we'll now have a break for lunch and reconvene at 1.30.

#### LUNCHEON ADJOURNMENT

#### UPON RESUMING AT 1.30 PM:

**DR ROBSON:** Okay. So thank you for coming. So if you could just state your name and you're from, and then if you've got an opening statement, we'd be happy to hear that, and then we'll get into questions. Welcome.

**MR D. CROSBIE:** I'm David Crosbie. I'm CEO of the Community Council for Australia, which is a peak body for charities.

**MS D. SMITH:** Deborah Smith, partnerships manager.

**DR ROBSON:** Do you have an opening statement?

**MR CROSBIE:** I'm really interested in hearing from you about how it's going, but I think the opening statement we would make, and we haven't prepared a written open statement, is that I think this work is incredibly important and the report is incredibly valuable. Firstly, because it actually lays out in one place a lot of the data and information about the sector and about giving. And even as a reference point for that kind of information, it's incredibly useful to have it all in one place. Secondly, I think most of the recommendations would significantly enhance the capacity of charities to contribute back to their communities. And for us that's the focus; how do we enhance the work of charities so that they provide benefit to the communities or the causes they're serving.

I think it's very difficult in this space, it's a very complex space at many levels. And there are many kinds of vested interests that don't, sort of, look like vested interests or necessarily behave like that, but any change is going to create opportunities for some people to do more effective work, but at the same time there's a good chance that some people won't benefit from those changes. So I would expect this to be contested even in areas where everyone agrees that the current situation is not working very well. And I think the biggest issue that we've got feedback on from our members, and I presume the biggest issue that you've had feedback on, is around DGR reform.

We would say very strongly, as we have said for over a decade, the DGR system is an absolute mess, it's dysfunctional, it's counterproductive, it favours the wealthy over the poor, the politically connected and powerful over the disadvantaged, and it's not understood, it's not well administered, and it doesn't, I think, provide the kind of benefit that it could was it more effectively established and eligibility was clearer, and the processes around DGR were more transparent and equitable. And I think the measures that you've put forward are certainly a big step in that direction. So we applaud the report, we applaud what we see is the key recommendation.

The one area that – I don't think it's overly consequential, but I think it's worth raising, is that we in Australia have a certain culture of giving; the way in which we give, the patterns of our giving, are largely episodic for most people. It's a very different culture than applies in the US or Canada or the UK, and there are different sub-groups within the culture, you know, the very wealthy. And I think it's worth, at some point, highlighting the difference between the way giving to charities is seen culturally in Australia versus in Canada or the US or the UK. Because I think we have a bit of a problem that we haven't really identified or addressed. I don't think there are glib, kind of, simple one line statements that explain all that. I think we – you know, there's an argument that we think more and more about ourselves and what's in our benefits and operate more as individual economic units rather than part of a community. But there's a counterargument to that that we see all the time when people are under pressure and they behave in incredibly generous ways with their time, with their resources.

So I think it's quite a complex area but, you know, if I could pull any lever to change the level of giving in Australia, it would be the cultural lever rather than, you know, the tax incentives. Tax incentives are important, and it's fantastic that you're addressing so many of those issues, but, you know, why do we give and what is the value of giving and what does it mean about me as a giver. You know, in some cases there's almost the sense of – in some countries where I've been, and I've travelled and representing charities for over two decades to different countries. People talk about their charities in the same way that we talk about our sporting teams. You know, 'who do you support?' is not a 'which football team?' which is what it would mean in Melbourne or Sydney. 'Who do you support?' is a question that is really about, you know, 'how do you give back? What charities?', and there are lots of explanations for that and, you know, it would be glib of me to start going through some of those. But I'm raising it only because I think it's worthy of a few – I'm not even sure that it's consequential in terms of actual recommendations, but I think it's worthy of noting.

And that big picture, the value of giving, and why people give, and how that compares with other countries, and what we can do, I don't think governments can necessarily pull cultural levers and I don't think, you know, taxation is going to change culture. But I think we could probably do more thinking, and probably people more advanced in this area than me have done some of that

thinking, about how to promote a greater culture of giving, particularly as we approach this massive intergenerational wealth transfer.

And the final thing I'd say is that the really big systems that are operating in Australia at the moment, say, there's certain kinds of wealth accumulation and, you know, I mean, you do this so much better than me, you live and breathe it in terms of the economic perspectives on productivity, and I think in some ways we waste some of that wealth accumulation because we don't know when we're going to die. And there has to be better ways to leverage the incredible level of resources that we put aside in case we live to 100, and I don't think we're there yet in terms of what they are and then what they represent to individuals culturally, 'why would I do that?' and 'how can I do that?' And, again, people are more advanced in this thinking than I am, and probably have better ideas than I do, but it's quite striking in Australia, compared to other countries, the amount of wealth accumulated in superannuation, and the amount that will go unspent because people will not need all that money by the end of their life.

And that also applies in terms of the asset accumulation that we have through our particular approaches to property and, you know, I think we probably need to think more about – and it's not just about giving – but we probably need to think more about the productivity aspects of that. And I know people are saying, 'look, the purpose of superannuation is really about creating an income for retirement and relieving the government of the aged pension', but that's not the way it's operating, and I think we should acknowledge that. So, for me, there are a couple of issues there that I would have liked – well, I think it's worth mentioning – I don't think it necessarily means that they will translate into specific recommendations, I think the work that's been done is excellent, and it will certainly be an important reference point for all of us, and we support the majority of the recommendations.

**DR ROBSON:** Thank you very much. Krystian's got some questions on DGR, I think, but I might kick off. You mentioned culture, David, and it is mentioned a couple of times in the report. And also you said that giving in Australia is episodic, I think. Maybe unpack that a bit more, what do you mean by that in the sense that people – I mean, one aspect of culture that we talked about in the report that we have, you know, an issue with measuring it, what does it actually mean. So one way you could measure it is, and I think is what you're getting to is, 'year after year I give', and the other way of measuring it might be, 'well, if my neighbour gives, then I'm more likely to give' and that's, in some sense, cultural, although the first one you could think about as habit, but it's, sort of, indistinguishable in some sense. But, yes, could you tell us a bit more about the episodic nature and how – yes, maybe unpack the idea of a culture giving a bit more and how you would start to measure it, appreciating what you said about government levers as well.

**MR CROSBIE:** So I think Australia is a frontier country in many ways. I mean, acknowledging that Indigenous people have been here 60,000 years. And that sense of it's still got a wildness about it that other countries talk about, and in that – as we, sort of, settled Australia, white people came and cleared the land and, you know, there were incentives for agriculture at the time; of course, the more land we had under agriculture. We actually still have hangovers over that, you know, with some of our agricultural industries being treated as charities. But there was a real culture of if something went wrong, you'd kind of pass the hat around and you all put money in because that could go wrong to you. You know, if a fire went through your property or, you know, something bad happened, a river overflowed, or something. And that kind of pass the hat around Banjo Patterson kind of notion of supporting each other, it was never, kind of, a formal benevolence, it wasn't a temperance society, although we did have temperance societies, it wasn't the kind of structural organisation or support that other countries

might have had more of. Sometimes it was through dredges, and you see that as a legacy in how many charities are connected to churches.

So I think culturally we've grown up in this notion that you help, you may be helped with times are tough. And even now, you know, if there's a flood in Lismore, we talk about our neighbours in Lismore, you know, it's, kind of, 'that could be us, so we're passing the hat around', metaphorically still that sense of, 'let's help out'. That's very different from, 'I support this cause, and I want to see this change', you know, 'I want to see us in homeless' is a different thing than, 'my neighbour had a flood, or fire, or something, and so I'm going to give'. So I think we're very strong and quite good on the episodic giving, and we have a strong sense of, when things go wrong, being generous with our time, with our resources, and trying to help out, although it is being tested as climate change creates more of these natural disasters.

We're nowhere near as good at regular giving as other countries. It's just fact. And richer people particularly. And, you know, people can say there's reasons for that, like, 'we don't have, ever since Bjelke-Petersen got rid of various forms of death duties, and then all the other States had to follow and stop everyone moving to Queensland, which they started to do. You know, since the seventies we haven't had wealth taxes in Australia, and other countries have, and there's been some studies showing that that's a really big factor in creating giving cultures because, you know, it makes more sense to give rather than lose it to the government when you die. I mean, there's more incentive not to have money leftover in your super, at that point the government's going to take it. You know, it's much more stick than a carrot, I would have thought.

But in terms of what we feel about giving, we also tend to have a stronger social security network than some other countries. Our health system is meant to be more universal, and we have – and I've been in places overseas where I walked the backstreets of San Francisco as head of the Mental Health Council of Australia, visiting and talking to them about their mental health services. And I said to them - I was disgusted by some of the – well, I saw so many people psychotic on the streets, like, literally hundreds on the streets in two or three blocks of San Francisco – and I said to somebody, 'how can you tolerate this? How can this happen? How can you have so many people who are clearly florid in their mental health presentation?', and they said, 'well, what would you have us do about it?', and I said, 'well, doesn't the government do something about this? Don't you put resources in here?', and the question to me was, 'what are you, a socialist?', you know, 'why would the government do that? These people are, you know'. So in terms of culture, we have an expectation that government will address a lot of issues.

And even now you see some of the politics, and you just find yourself scratching your head. You know, there's someone out the front – if there was a group of kids out the front, sort of, all sniffing something every day, the response from many people would be, 'well, the government should do something about that', you know, it's a different culture in Australia in that sense that it is, say, in America. It's slightly different in Canada, and it's different again in the UK where the local council would be expected to do something about that. So, you know, it's the way the systems interplay in our own psyche about who's responsible for creating the kind of Australia we want to live in. Who is responsible for that? Is it the government? What's my role?

In different countries, people have different attitudes to the role of government, the role of the individual, the role of community, and I think we need to do much more about the role of community as the role of the community is changing. And it is changing, you know, it changed through the pandemic, we had to support each other more, it's changing through climate change,

people had to support each other more, and we don't know how to build community in Australia in the ways that we desperately need to do. I don't think we've done that kind of work. And I know we're fortunate we have a charities minister who's, you know, studied under Putnam, and understands community building and collectivity between people very well. But I don't think we've empowered that kind of work or see it as a priority. And, you know, we just don't see giving as a priority, we don't see supporting charities as a priority, you know, we don't have a weekly news broadcast that says, 'this is how much was given to charity this week. How good is that?', you know, people would even laugh that you would talk about that as a notion. It's not seen as important. It employs 11 per cent of the workforce, but it's not seen as significant. It's not a major player in major policy decisions, economic, employment, you know, the big kinds of issues, and we can't even get on the cyber security engine.

I mean, I think where we sit in Australia around the role of charities and their value, and our cultural approach to that, is very different from where other countries sit. And I think we need to – if we want to change the way people approach giving, and encourage more support for causes and change that will benefit us all, then we might need to do some work in that space. And it's not all – I'm not saying it's all up to government either for one minute. I think we need to do much better. I don't think Australian charities do that very well either.

**MR SEIBERT:** Thanks. Just on the draft proposals to reform the DGR system, David, do you have any comments in general at a high level around the principles that we've used for them and also, sort of, where the draft proposals land, any sort of issues that you can identify, anything like that?

**MR CROSBIE:** I actually support them. I mean, the reason that we didn't do, as an organisation, a submission - (indistinct words) because every of our members has to sign off on our submissions - is that there is differences of opinion in the charity sector about where those lines could be drawn around DGR. And I think in many ways it's really difficult, and in some ways it's a strange system to start with, you know, government choosing which charities are worthy and which ones aren't. They're both charities, but one's worthy of a tax deduction and one isn't, on what basis? And basically, the basis at the moment is that you've got the money to hire a good lawyer and change your constitution so that wording complies with DGR. Well, a CCA is not DGR. We could be DGR for \$20,000 in 12 months, that's what we're told. So for me - - -

**MR SEIBERT:** What are those differences of opinion around, sort of, the boundaries?

**MR CROSBIE:** Some of the bigger charities feel as though opening up DGR to people who can't demonstrate their benefit is not appropriate. And I've had members of mine say, 'well, you should have to have a test to get DGR'. That requires a level of engagement with legal professionals, so making it hard is actually a good thing.

**MR SEIBERT:** And why do you think that could be? What's the - - -

**MR CROSBIE:** Well, their argument is that, because they're from bigger charities, that bigger charities are more likely to be effective. I don't think that's the case, and you and I both know that's not the case. Some big charities are really effective, and some aren't, and some small charities are really effective, and some aren't. I don't think size – if I was looking for measures of effectiveness of charity, I wouldn't go for size as an indicator.

And there's also, you know, it's a competitive industry when you're looking at government funding and philanthropy and, you know, people don't want more competitors. So there's a bit of, I think, self-interest in some of the reaction to the DGR proposals. We've always supported the recommendations of the – I think it was called the Tax Reform Committee - - -

**MR SEIBERT:** Not-for-profit Sector Tax Concession Working Group.

**MR CROSBIE:** Not-for-profit Sector Tax Concession Working Group that came out of the tax summit, I think, in 2012, around there. And, you know, I thought there was good work done then. We were represented on that by Tim, not Tim Costello, Tim from MOORvision – oh, Tim from Mission Australia.

**MR SEIBERT:** So would you say that, generally, sort of, expanding access to DGR status would lower the barriers to smaller organisations, new organisations, in a way, kind of, provide a bit of a competitive – an ejection of competition, do you think?

**MR CROSBIE:** I think it would definitely lower the barriers. It would enable charities that presently don't have DGR to operate in a way that made them more consistent with the way many of their peers are operating, but that they can't afford to because, you know, they haven't changed their constitution wording, or whatever it is, or got special mention, or whatever. In terms of the impact of that, I think sometimes it's overstated. Because, you know, even someone like, who's fairly well-versed in charities, and even a little bit of charity law, and a little bit of charity legislation, you know, I'm sure I've claimed – and I hope that ATO aren't listening – I'm sure I've claimed a deduction for giving to a charity that wasn't DGR, you know, because it's not always that transparent about, you know, I'm giving to a charity.

Like, one of my – one of the charities I give to is – I've forgotten the name of it, but it pays the fines of Indigenous women so that they don't go to prison, you know, because often there'd be a minor offence but because they haven't paid the fine, they end up back in court, and because they can't pay the fine they have to do time in prison, which is an absurd system, particularly in Western Australia. So I'm one of the many people who contribute to paying their fines so they don't end up in prison. I'm not sure whether they're DGR, to be honest, I'm not absolutely sure, but I'm pretty sure I've claimed a tax deduction for the amount of money that I've given to that charity. So does it influence the marketplace of giving? A little bit, but more in structured giving, like, PAF, you know, the community foundations and groups like that where the taxation is a really – is a significant driver of giving decisions.

**MR SEIBERT:** And just on the boundaries of it, in terms of you mentioned Not-for-profit Sector Tax Concession Working Group and we land is not exactly the same, but it's - - -

**MR CROSBIE:** Very similar.

**MR SEIBERT:** - - - we draw upon the work that they did. In terms of the boundaries where our draft proposals land, in terms of some of the exclusions or non-extensions, there's obviously, sort of, yes, certain causes that won't – the status quo would be maintained. Do you have any sort of view about the appropriateness or not of that?

**MR CROSBIE:** I think the – there's two aspects to that, aren't there. There's the economic cost, and therefore feasibility. If you said every charity in the country want to be DGR, then the economic cost might prevent that initiative every going forward, you know, because the government is not going to say, 'yes, we're happy to lose', I don't know what the exact figure, but

it would be hundreds of millions, perhaps even more by now. I think when the Not-for-profit Sector Tax Concession Working Group calculated it, if you excluded schools and churches, it was, like, \$130m that cost the government.

I'm not sure even how accurate those estimates can be because, as I said, I'm not sure how much DGR influence is giving outside of those who are giving for structured tax benefits. But I would rather it got through with some expansion of DGR, and some people who we'd like to get DGR, and not yet getting yet, then we went as broad as possible and let everyone get DGR and then the government says, 'no, we're not spending \$1b on opening up DGR', and (indistinct words). But because I'm not – I haven't done the figures, and I'm not in your position to have done modelling around, you know, what the implications of opening it up to everyone versus excluding, you know, school funds, excluding churches, excluding, you know, other groups, I think it's a balance that I think the Productivity Commission is going to have to work through knowing that no matter what you do, you'll offend people and some people will feel left out.

But, you know, we've been trying to get DGR expanded for decades, and we haven't. So if we can expand it even a little bit, that's a step in the right direction. The further we take it, I'd like all charities to have DGR status. But, you know, it's a bit like I'd like us to impose various forms of capital gains or death duties when people are no longer with us, when, you know, taxing them is probably a good idea. But I know that it's likely that – you could recommend that, but I've been told, in no uncertain terms, that that is not on any government's agenda. So, you know, you've sort of got to – I think you have to balance the recommendations and particularly in DGR with the capacity to get those recommendations implemented. And I think you could almost be specific about that in the report and say, you know, 'were we to open it up to everybody, we'd be looking at X - you know, at least X millions/billions. If we do this, it's this. If we do this, it's that. There's a good argument for stopping here. There's a good argument for stopping here. There's a good argument for stopping here', and I, you know, I support everyone being DGR.

**MR SEIBERT:** And I think this reflects the fact that there are trade-offs, and as Alex said in his opening statement today, like, nothing is free, everything has a cost, and you can – there's different ways of trying to calculate that, but yes.

**MR CROSBIE:** Yes.

**MR SEIBERT:** And we have had submissions saying that, you know, if you expand access and tax expenditures go up, like, you know, where does that funding come from, and those trade-offs have to be balanced.

**MR CROSBIE:** Well, I also like – you know, I like the idea that people leave money for charities out of their superannuation funds, but they should be able to avoid a measure of taxation. So whether it should be the same as dependants where, you know, you more or less avoid a significant amount of taxation, but surely we can create incentives that are between, sort of, dependants and, you know, unrelated other adults so that there are incentives to give if you've got leftover super. Because I think, you know, there might be possibilities there. Then again, it would be interesting to see what the modelling said about, you know, the impact that could have and the cost that that would have.

But I also understand, you know, ideally again if you said to me, 'what would the ideal be?', it would be that when I die, and I chose to leave my super to a charity, it would be untaxed going to that charity, the same as it would to one of my dependants. But, look, I can't see the

government seeing that as a great idea because I think the costs might be, you know, fairly significant. I'm not sure, but I would have thought that's the issue.

**DR ROBSON:** I want to take you to a different topic, David, on ancillary funds and then on distribution rate. There's a chapter related to that topic in the report, and on the one hand, a minimum distribution to the extent that it binds, you know, it has some sort of impact where, you know, it does force, in some sense, some money to be distributed earlier than it might otherwise be. On the other hand, if that's not what the individual wants, if the minimum distribution rate was higher, then they may not donate as much into the PAF in the first place. So I'm just interested in your perspective on that issue, and whether you've got any feedback on the analysis or findings or recommendations that you have.

**MR CROSBIE:** I support the recommendations. I think providing more flexibility opens up more options in terms of PAFs. In fact, I'd like to see even more flexibility not just about distribution, but about the way the corpus is used, and the calculation benefit from that investment. So it seems to me that we now have billions in PAFs. A lot of that billions, you know, for all I know, is invested in, you know, fossil fuels, gambling, and alcohol, in order to generate the income. And for me, the benefit of a PAF should – you know, if you choose to use (indistinct) \$100,000 PAF, and I'm choosing to use that to invest in an impact investing fund that's making a small return, then I think I should be able to have an offset for the fact that I'm (indistinct) part of my corpus is being invested to do good.

And I think we should be encouraging that kind of investment rather than – you know, in a sense there's perverse incentives for people to invest in harm producing industries. Because, you know, gambling's making a bomb, alcohol, you know, fossil fuels, they're good investments, but they're terrible for our country in terms of, you know, what's actually happening and what public benefit really is. And yet if I want to make my 5 per cent, I might put \$50,000 of my \$100,000 into those high-end yield shares, and where's the incentive for me to put that \$50,000 into a green fund that's got a lower return. I think we need to provide more flexibility around the use of a corpus and the trade-offs that you might get through investing in particularly in charities.

I mean, I like the French system. I don't know whether you've looked at the French superannuation system, but the individual's contributions supplement superannuation (indistinct words) pension funds. I mean, when my contribution goes in as an employee, every fund – and this only came in in 2008, I think – every fund has to provide a kind of investment into what they call solidarity organisations, so charities really. And they have to provide – and I can choose up to 10 per cent of my investment to go into that part of the fund. I can choose not to too. You know, it's not compulsory. It is compulsory that every fund has that capacity, and it is compulsory that every employee is asked how much of their contribution they want to go into that area. And, you know, it's a bit like I like the opt-out versions of workplace giving, and I think when you've (indistinct) in options for people that are structural into their workplace, into the superannuation deductions, I think you're going to promote more giving than in some ways you do just with changing tax rates a bit.

**MR SEIBERT:** Just on the minimum distribution for ancillary funds, do you have a view about whether it's appropriate? I mean, it's 5 per cent for private ancillary funds, 4 per cent for public ancillary funds, we've got an information request about it about whether it should go up, down, benefits, costs, unintended consequences, that sort of thing.



**MR CROSBIE:** Well, Krystian, I know you and I were both involved during the pandemic when some of the bigger philanthropic funds, who shall remain nameless, decided they shouldn't have to distribute because their corpus had then diminished in value, and made quite a strong argument to get more. And then it was interesting, because a range of other bigger funds came forward and say, 'no, that's not the way it works', you know, 'we're still going to be profitable, You should still have to distribute', and if anything, when times are tough, you want – you want your philanthropic funds to distribute more not less. And we managed to get the government – and Philanthropy Australia played a critical role in this but, you know, well, none of us were involved, we managed to get the government to provide incentives for increase giving because it was a crisis period.

So people – we offered that flexibility, Alex, where, you know, people could carry over. If they gave 8 per cent, they carry the extra 4 per cent over, you know, and what was remarkable about that was we got no push back. I mean, I thought some of these bigger powerful people, and players, might create some political hassle around that or, you know, use various right wing media outlets to run the campaigns, though they didn't. They actually accepted it. And I think because the arguments make sense. It's pretty hard to argue that we're not in a crisis and therefore we shouldn't distribute more. But if you think about it, when we most need to distribute additional resources, it's probably when we're going to have our corpuses not producing as much revenue as they might in good times, in prosperous times. So that's where I think flexibility works really well.

And I'm not an economist, I'm not sure, over time I think I've seen figures, various figures from 6 to 9 per cent being, you know, the standard that you would expect. But if you're going to increase the percentage, I think you do need to increase the flexibility. Because there will be times when, you know, it's all very well to say that all investments are always going to be positive, but we all know that there may be times episodically when that's not the case, and you still want philanthropy to play a critical role. I think keeping it at a manageable level, but encouraging greater giving is a better approach.

The issue I have with foundations and trusts, I think the CAMAC report – I don't know if whether you've seen the CAMAC report.

**MR SEIBERT:** Yes, we discuss it in the (indistinct words).

**MR CROSBIE:** Yes. And talked to people and, you know, we were part of the Peter Winneke and Peter – I've forgotten the other Peter's name – submission. You know, I do think sometimes these perpetual trusts, which are treated like rivers of gold within the investment circles, because, you know, if I've got a \$1m perpetual trust, and the person who left it is no longer with us, and I'm the company, I can manage that and charge a management fee. I can distribute that, and charge a distribution fee. And I can create an investment fund with that, and have others put into that investment fund and get the benefits of having a corpus all ready to encourage my investors to participate in. And there's no related party transaction limitations. All that can be done in-house, and I can be paying myself out of the fund to account for the fund, to manage the fund, to distribute the fund, to invest the fund, to oversee the legals of the fund, and, you know, these are bought and sold. They're a commodity, they're a part of a book.

And, you know, they're invaluable, aren't they, because if I'm – I mean, again, I'm not an economist, but if I'm trying to set up funds and attract wealthy people to give me money to invest so I can make money, telling them I've got \$100m already in the fund, and we're all getting this level of return, is a much better way of doing because I've got all these perpetual investments

that I can move around wherever I like. So to me, I think there's still some work to do around trusts and foundations, perpetual trusts and foundations, in the way they operate.

**MR ASCIC:** Do you think the recommendations that CAMAC in its report, like - we're running short on time, but, you know, what's your view of them?

**MR CROSBIE:** I support those, yes. And I support the notion of fee for services. I mean, I don't mind people being paid to administer, distribute, and do the legals. But let's make it transparent and let's have limitations around related party transactions as we would in any corporate environment.

**DR ROBSON:** Thank you very much.

**MR SEIBERT:** Thanks, David.

**DR ROBSON:** Very good.

**MR SEIBERT:** Thanks, David. Thank you.

**MR CROSBIE:** Thank you. Sorry, Deb, did you want to - - -

**MS SMITH:** I think you've got it, David. Thank you.

**DR ROBSON:** Thank you very much.

**MS SMITH:** Thanks.

**DR ROBSON:** Okay. Thanks for coming along. If you could just state your name and organisation that you're from for the record, and then if you'd like to make an opening statement, we'd very much welcome that. Welcome.

**MS S. REGAN:** Thank you. So I'm Sue Regan. I'm deputy CEO of Volunteering Australia. My colleague, Jack McDermott, who was meant to be here, is recovering from COVID and sends his apologies. Thank you for the opportunity to be here today. We are very pleased the volunteering is included in the inquiry's remit as a distinct form of philanthropic giving, and pleased at the Commission's acknowledgement of the contributions of volunteering to Australian communities.

Volunteering is the life blood of our communities. As I'm sure people in the room know, volunteers are a workforce spanning many sectors, including aged care and disability care, community welfare, sports and the arts, crisis preparedness, response and recovery, and in environmental sustainability and protection. I wanted to make that point just to stress the breadth of volunteering within our communities and its contribution to the nation.

However, as your report clearly shows, volunteering is facing many challenges with the rate of formal volunteering declining over time. In partnership with our State and Territory volunteering peak bodies, Volunteering Australia has made a further submission to the Productivity Commission in response to your draft report, and I can obviously discuss those further recommendations if that's helpful today. But I really just, in these introductory remarks, wanted to stress two points. First, we have a new national strategy for volunteering to guide us. This was the result of a very robust co-design process that went on throughout 2020 and into the

start of 2023. It was published last year, and the first three year action plan is currently being co-designed and will be published to start on 1 July this year.

But unlike many national strategies, the Australian government doesn't own or lead the national strategy, it's a whole of community national strategy which we think is the right approach for volunteering. However, the Australian Government is a key partner in the national strategy and we need that champion strategy invest in it. Our recent pre-budget submission stressed the need for the Australian Government to lead one of the strategic objectives, strategic objective 3.1 of the national strategy, which is to develop a whole-of-government approach to volunteering. And we also recommend that the implementation of the national strategy does need investment from the Australian Government going forward.

Relatedly, and secondly, I just wanted to highlight the importance of your draft recommendation 7.5, which is 'Explicitly consider the effects on volunteers when designing policies and programs'. I mean, this was one of the underpinning reasons for the strategic objection 3.1 in the national strategy, because the government doesn't currently consistently consider volunteers in policy development and implementation. Establishing the like conditions for volunteering to thrive is a key focus area of the national strategy. This recommendation of yours, I think is a very important step in this direction and we're recommending that you try and strengthen that in your final report to ensure that it's formally embedded in the government's policy work going forward. They are my opening remarks.

**DR ROBSON:** Thanks very much. I might ask you about your overall view of patterns of aggregate volunteering and what you're seeking, but also cross different cohorts and given what we know, and don't know, and the adequacy of data in the area. And in particular, I think we've got a recommendation at 9.5 around the data, and your view on that as well.

**MS REGAN:** Yes. So we were very pleased that you have a recommendation around data. Obviously, that is the – I'm an advocate of evidence-based policy making, so that's the thing of bedrock of policy in practice. There's lots of data on volunteering, but it's very inconsistent. And the big gap we have at the moment is good comprehensive official data on volunteering. So the general social survey, as you'll know, is paused. The general social survey is really the only official data that gives useful information on volunteering. We've been advocating for that to restart and, in fact, for the volunteering module to be enhanced as it used to be back in 2016. It gave very rich data on volunteering, less so in recent years, although there was a very useful addition in 2019 around informal volunteering so we now do have formal and informal volunteering in the official data.

We think the general social survey is, you know, or another form of national representative survey, is a better means of collecting volunteering data than the census. So yes, and that's not to say that the other sources of data out there aren't useful. You know, for example, we were funded to produce data to inform the national strategy, so we produced a series of reports called the 'Volunteering in Australia research'. The State and Territory peak volunteering bodies have been leading work on State and voluntary reports in their jurisdictions. But these are very, you know, ad hoc sporadic pieces of work, and what we need at the national level is the ongoing collection of useful volunteering data. We think it's probably the GSS, probably not the census. And certainly, I mean, we thought the inclusion in the government's Measuring What Matters framework of formal and informal volunteering, and they used the GSS, was probably the best way to go.

**MR SEIBERT:** Yes, okay. Thanks. Yes, just interested in your views around the draft recommendation around explicitly considering the effects on volunteers when designing policies and programs, and I think you mentioned this could be achieved through the Office of Impact Analysis by including volunteering explicitly in policy impact analysis guidance, is there sort of anything further you wanted to add about that and the benefits of that?

**MS REGAN:** Yes. So I think the – so the recommendation, as it currently is, I mean, it's great it's there, the risk is that it's – because it's not specific enough, it will be difficult for the government to implement. So, you know, what we've actually been thinking about for the long time is how can you institutionalise the consideration of volunteering across government, and was one of the reasons that we did advocate very strongly for volunteering to be included in the Measuring What Matters framework, because that's one way, you know, and that is now in there.

The work of the Office of Impact Analysis, I don't know if it's the right answer, but certainly the current guidance that they put out for impact analysis doesn't include volunteering. It references, I think, kind of considering the community sector, but of course volunteering is much broader than the community sector. So we thought that might be one way to really, kind of, institutionalise that recommendation and embed it in government policy.

**MR SEIBERT:** It's an interesting suggestion. Because I was actually looking at the guidance myself just then, and it talks about are employment levels effective, will their levels be reduced, like, would you be saying something similar when considering, sort of, volunteering put in a sort of similar way?

**MS REGAN:** Indeed. And certainly, I mean, just as a reflection on some challenges over the recent year in the COVID period, we spent – when a lot of the government guidance was coming out when COVID hit Australia, it was all about employment, it was all targeted at employers or employees. It took a lot of work to get the right bits of government to appreciate that volunteers provide essential services, that they are distinct from employees because of motivations, regulation, and that we need to, you know, tailor communications differently to volunteers and policy settings to volunteers. So there is this – I would say that – so I've been at Volunteering Australia for four and half years now – that the almost universal first message I need to get across when I talk to anyone in government is raising their awareness of the role of volunteers in their portfolio and in their policy area, and that they cannot be treated the same as employers. And - - -

**MR SEIBERT:** Employees?

**MS REGAN:** Sorry, as in employees.

**MR SEIBERT:** Just following on from this, because there's, I suppose, the thinking about the effects of policies on volunteers, but then also, kind of, productive opportunities to engage with volunteering organisation and volunteers around policy design. Like, you mentioned, sort of, that volunteers are active in aged care, disability care, et cetera. When government, sort of, you know, are looking to sort of reform in aged care or disability care or other areas, from your experience, do they engage with, sort of – do officials and others engage with volunteering organisations to understand, sort of, the role of volunteers, how they're different? I mean, I kind of get the impression from what you've said that that may not be the case, but are you able to expand about that?

**MS REGAN:** No, not very well. I mean, I'd say there are some good examples. So I think back to the last two to three years at the Department of Health and has been done following the Royal Commission into ageing. They have had a very – they've had very good engagement with volunteering peak bodies, with organisations – well, aged care providers have volunteer programs. I think they're a sort of – it's been a lot of work for us and them, but I think they're on their way to really, kind of, leveraging the value that volunteers can bring and doing it in a way which, you know, compliments the paid workforce that leads to positive outcomes for residents. So I think they're a good example, but I'd say they are very isolated.

So disability care, I mean, it feels like we're on rung one – I'm not sure we're on a rung yet in terms of the, sort of, ladder of having an understanding of the role that volunteers could play in disability services and the NDIS. So, I mean, our kind of current advocacy and recommendation around disability is that, you know, there needs to be this piece of work which really looks at what, you know, what the NDIS has meant for volunteer involvement. Because, anecdotally, we think it's squeezed out a lot of volunteer involvement. But then secondly, what role do we want and think volunteers can play. And of course, volunteers do play a very important role in disability care and in the NDIS, but it's not coherent, there's no – there's no strategy around it, there's no – so disability is one, at the other end of the spectrum, where there needs to be some real, kind of, initial groundwork, there's no data.

So, you know, the general social survey, as much as we like it as a source of data, isn't great from a government policy perspective, because it doesn't ask – it asks people where they volunteer, but it doesn't align with government portfolios, so we don't have the information on, you know, the volunteers, who they are, currently in disability services. There's no census. There is an aged care, so in aged care there's a census that includes volunteers. Volunteers are not, so it's a very different area. Lots of other examples where, yes, volunteers just – in Volunteering Australia we have a phrase which is, when we're engaging with something, 'Is this', and we're doing a submission, 'Is this essentially a "remember volunteers" submission?' because there's no recognition in the consultation paper in the scope that volunteers exist. So our first point of call is, 'Let's just get that on the table and remember that volunteers have a role'.

I mean, the example from last year, which I don't know if it's shifting, but the National Strategy on the Care Economy, which was being led out of Prime Minister and Cabinet, didn't include volunteers. It explicitly, we think – I mean, we were told in an engagement – explicitly excluded volunteers. Anyone who works across the carer support economy knows that volunteers have this very critical role. And indeed, you know, one of – and compliment and can support the role of paid employees. So if you look at what happened in aged care during COVID, all the volunteering stopped and that obviously has consequences for the all paid workforce as well. So it's very mixed, but generally not very good in terms of government consideration currently, which is why, you know, the strategic objective 3.1 for the national strategy, which is the whole-of-government approach.

I think our stance is if there was a whole-of-government approach, whether that's through, you know, an interdepartmental committee or something, it would at a minimum, you know, make sure that each portfolio at least has someone who is thinking about volunteering. And then, of course, lots of other benefits flow because they can share learning, they can, you know, do lots of things, because in one way it's also a very inefficient model because there's no cross-government learning on volunteering.

**DR ROBSON:** Thanks.

**MR SEIBERT:** Thank you.

**DR ROBSON:** I wanted to ask you about our proposals around DGR reform. And from the point of view of – I mean, individuals putting it off and it's, 'Well, I don't have time to volunteer so I'll give some money', so that substitutes for some people in that sense, some people can't find the resources to do both. But from a volunteering organisation's point of view, it's often you've got the people but you need money to train, support, all of those sorts of things, and they go together. So I just wanted to ask about our proposals around extending DGR and, in particular, you know, we estimate that around 6000 extra volunteer-run charities would benefit from that extension, and can you comment on that, and your thoughts and feedback on that one?

**MS REGAN:** Yes. I mean, we'd support that recommendation. As you'll notice from our submissions, we've tried to keep very focused on volunteering, because we're not experts in DGR. But we can also see that it would benefit volunteer organisations. You know, there's over 3 million people volunteer within charities at the moment. So I don't have much more to say for that other than I can see, (1) would support it, it would make a difference, obviously, to those organisations. But secondly, also I agree with your point, you know, volunteering just doesn't happen on its own. There's obviously the organisation more generally, but there's also the support that is needed to enable that volunteering to happen.

So I think we've made recommendations, and I think we did a subsequent one in this recent submission we made around making sure that grants can support volunteer management, for example. In that sense, it's not different to the paid workforce. They still need induction, management, training, you know, ongoing skill development, so it's – and that's very – that's often very hard for organisations to get the funds to enact. And indeed at the national level, overall the, kind of, funding of what we call volunteering infrastructure which, you know, is the peak bodies, the support services, the volunteer resource centres, you know, right down to volunteer management capacity and capability building is very poorly resourced.

I would also just make – I don't know if you're going to ask me about that – but just make the point that we should also remember that volunteers themselves often give financially as well. And whether that's explicitly, you know, through donating money or less directly in that they, I think, there are costs while they volunteer because they don't seek for those costs to be reimbursed. And so we have, in this subsequent submission, we've also asked for you to reconsider looking at the tax system to – not to incentivise volunteering generally, but to look at how costs might be considered in the tax system.

**DR ROBSON:** I was going to ask you about that one. So it's not something we've recommended, but we're interested in some feedback on, you know, the extent to which it might encourage more people to give their time, so what the additionality of, you know, allowing a deduction for the costs associated with volunteering. But then also, you know, some possible unintended consequences such as integrity risks, compliance costs, and things like that. So I'm interested in your views on all that.

**MS REGAN:** Yes. And I think where we got to on this recommendation was that we would like you, or the government, to explore it because it's not something which has been well looked at. We're not tax experts. I can see that there might be potential unintended consequences. But it feels like something that is often raised as an option and then, you know, has never been properly considered. And we do know, from the data that Volunteering Australia's collected in recent years, the study of volunteering reports that the State and Territory peaks were doing last year, that the costs associated with volunteering are very significant and can be a barrier to

volunteering. So we feel like that has to be something that we need to look at. And, yes, our sense is that this could be an option that might work. You know, sometimes it seems odd that you can make your out-of-pocket expenses deductible if you're, for example, I don't know, whether it's parking at the hospital or if you're going there for a paid casual job, but if you're volunteering at the hospital you can't. That seems - - -

**DR ROBSON:** If you've got any data on that, that would be useful on that sort of thing. But, yes, thank you very much. Krystian, do you want to say anything?

**MR SEIBERT:** No, that's everything. Thanks so much. That's been really helpful. And thank you for your contribution, it's really appreciated.

**DR ROBSON:** Thanks for coming along. Thank you.

**MS REGAN:** My pleasure. Thank you very much.

**MR SEIBERT:** Okay, thanks.

**DR ROBSON:** Welcome. Thanks for coming along. 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 happy to hear that, and then we'll get into questions and a bit of conversation. Thank you.

**MS N. LACEY:** Yes. So I'm Naomi Lacey. I'm the president of Community Gardens Australia, and I'd like to thank you for having me here today.

**DR ROBSON:** Thanks for coming. Please go ahead.

**MS LACEY:** Yes, cheers. I've only got a little bit to say, actually, because when I signed up to come here today, I hadn't had a chance to go through the full draft report and it turns out we're pretty happy with a lot of your recommendations. But Community Gardens Australia, as a peak body representing community gardens and community gardens themselves fall generally into the ACNC category of a very small charity with revenue of less than 50,000 a year. This then makes pretty much only small local and State government grants to be the main types of funding schemes that gardens and us, as a peak body, have access to. The Commonwealth provides very little support in this sector, although there are some examples here and there where that's been done.

Other funding that gardens and us tend to get come from things like local business and other small businesses willing to support or sponsor gardens. Usually in the form of providing consumables or equipment hire, you know, Bunnings are a very big supporter, for example, with providing lots of sunhats and gloves and tools to gardens around the country. But we know that donors really want tax deductions and an overhaul of the DGR system, whilst we weren't, sort of, talking about the overhaul that you guys have put in your recommendations, that's kind of what we were calling for in our submission. So we're actually really impressed with the recommendations that you've put forward in that regard.

For example, any ACNC registration or a DGR application is incredibly time consuming. I just found out, literally a couple of hours ago, that our application for charity status with the ACNC, that we applied for five months ago, has just been approved. That's a very long time, and it was a very time consuming process putting the application forward as well. I have a very good friend who has spent eight years battling to get DGR status for her wildlife rescue organisation in the

top end. Eight years is just insane. So obviously, this is having nothing to do with increasing productivity in the country when that level of commitment and time has to be put into these types of applications and it is a real barrier to fundraising for small charities like ourselves.

So and I think in our submission we mention that there's a DGR category of community sheds that are there to promote mental health, harm and well-being and we're asking that, you know, for example, that category be opened up and become available to community (indistinct words) of supporting not just people's mental health but also their physical health and well-being and social cohesion and so on. But also, you know, that (indistinct words) the draft report too that health promotion and prevention charities and peak bodies are also facing more difficulties with accessing DGR status because they just don't fit into those current categories because it really does need a massive overhaul, it is no longer fit for purpose and I really like that that was put forward in the report.

And another example of how this impacts is there's a fabulous community garden called ECOSS in the Yarra Valley in Victoria. And they do some incredible in the community. They're supporting some social enterprise, they are working with children, they've got a fabulous community garden, and they've really got their finger in a whole lot of community pies, so to speak. They have tried applying for DGR under two different categories, and have been knocked back both times. Yet the Vipasanna Centre, meditation centre, just down the road from them has had DGR status for many years. So, you know, these conversations are very common in my world.

I only know of one community garden in the country that has achieved DGR status. They had to change their objectives in their constitution to get through and basically change it all so that it had this real mental health focus, and they got it through on that community sheds category. But the majority of gardens that talk about it, don't bother applying because they know how difficult it's going to be. And again, they're all volunteers. You know, there are very, very few paid personnel working in community gardens. And us as a peak body, we're all volunteers as well. So your report also notes that more than half of all the charities operate without paid staff. You know, that's us, we fit into that.

And your recommendations that you're putting forward could really change that for a lot of small charities around the country and not just help them to continue doing their work they're doing and do that with more ease, but it's also got the roll-on impact of being able to provide jobs as well. So we would do anything to have a couple of paid staff to help with our administration at the moment. It's a lot of work for the volunteer cohort that we have. So, yes, opening up the DGR to registered ACNC charities, I think would be an absolute game changer for small charities and not just small charities either. And as you mentioned, and has previously been spoken about, that personal income tax deduction, you know, it's known that it does encourage people to give more. So if that can happen, you know, that's just fabulous.

And (indistinct) is the last thing I notice that you had an information request there on how giving would change and how that would impact for charities. That would be -it's just a game changer, it really is. For us it would mean that we'd be able to apply for a whole range of grants that we currently don't have access to because we don't have that tax status. So it really is, the impact would be quite huge, and I think you've outlined that pretty well in the report; so, yes, well done.

**DR ROBSON:** Thank you. No, thanks very much for that. So you mentioned, you know, your friend it took eight years. I mean, so if you were applying for DGR today, what's your understanding of it – and I won't give you an exam or anything, but, you know, what would you



have to do and what would your expectation be of how long it would take, and the costs, and so on, if you were try to do it?

**MS LACEY:** We've kind of been given a bit of a job start from some other organisations that have already had to go through this battle.

**DR ROBSON:** Yes.

**MS LACEY:** Unlike that friend of mine, who literally had to go from some scratch.

**DR ROBSON:** Yes.

**MS LACEY:** So when we moved from an incorporated association to a company limited by guarantee last year, we actually wrote our constitution based off some other health promotion charities that we know would be looking to try and nuzzle in under that category.

**DR ROBSON:** Yes.

**MS LACEY;** Even though it doesn't really fully encompass who we are as a peak body.

**DR ROBSON:** Yes.

**MS LACEY:** But we have tailored who we are to that, so that we can apply through that means.

**DR ROBSON:** Yes.

**MS LACEY:** And, you know, obviously this work that you guys are doing now is going to take a while to roll-out, so we will be starting that application process as soon as I get the official paperwork from the ACNC and we can start that process.

**DR ROBSON:** So it's an application, so you would go to the ACNC and then the ATO, or what's your understanding of how that would work?

**MS LACEY:** My understanding is we go to the ATO next.

**DR ROBSON:** Yes.

**MS LACEY:** Yes. The ACNC side of things is now done, and they've told me, via phone today, that I should receive that in the next few days. So once we have that, then I can apply through the ATO.

**MR SEIBERT:** So I want you to tell us about the sorts of activities that community gardens undertake, like, in terms of (indistinct words). Obviously, there's a lot of diversity there, but yes.

**MS LACEY:** Yes, community gardens are about as diverse as the communities that built them. So they range very much from very small gardens that might only be impacting a few people's lives in a one or two street radius. There's some really large gardens, like, Perth City Farm, for example, ECOSS, as I just mentioned, Yarra Valley, Northey Street Farm in Brisbane is huge and has a really big impact on the community. So those bigger ones tend to run a lot of education programs around sustainability, they do a lot of work with children teaching them those same things. So it's everything from composting and managing your waste to growing

your own food. There's a whole lot of workshops that are going on around the country in gardens everywhere now. They're teaching people how to grow food because of the big problems we have with food security and people are really struggling to feed themselves at the moment. Recent (indistinct) just come out of ANU so about 50 per cent of their students are feeling insecure at the moment. So, I mean, this is becoming a big problem and it's something the community gardens are tackling direct by providing this education to the communities. Plus they're really building that social cohesion, giving people an opportunity to come together and share in a beautiful outdoor green setting, and obviously there's all the climate services that they provide as well and providing nourishing green spaces in our cities, and not just in our cities, in our regional areas as well where they provide another aspect of community there for people.

**MR SEIBERT:** Would it be right to describe them as a kind of a form of a community hub, or something like that, or is it - - -

**MS LACEY:** Yes, essentially they are. Yes, very much so. Very much so.

**MR SEIBERT:** And you're saying that of your members, only one of them has got DGR status, is that what - - -

**MS LACEY:** Correct.

**MR SEIBERT:** And is it because they don't fit into a particular category or they operate across many categories? Of the images, there is the one that, sort of, shoe horned itself into one.

**MS LACEY:** Yes, by doing that. I think it's important to realise too, there's not a huge amount of community gardens that would apply to DGR status as well because their scope's not that broad. Literally, they're for small community people in a very small local area. They share and grow food together and have those social events. But there are those other gardens that really want to have that bigger outreach and really impact on community and they are the ones that would apply. And then many, many in the past go, 'How can we do this? There's no category that we fit into. Why is there one for community sheds?', you know, 'We don't fit that, because we're for everybody. And we're not just about mental health, we're about physical health and well-being as well', you know.

**MR SEIBERT:** When they're not eligible like that, or they're locked down, how do they feel, like, when they're kind of confronted with this?

**MS LACEY:** That there's no support from the government side of things for the work that they're doing. You know, a lot of those community gardens are having huge impacts on their community and, you know, bringing people together. The gardens that are involved with our immigrants and that have just – the confound impacts that have happened on that front. And single mums, for example, with our elderly. You know, one thing, you know, certainly found in the gardens that I've been involved in is that it's not just about those people that are involving in the garden and growing food there.

All of the other agencies in the area want to come and be a part of it. So you get calls from the aged care up the road, 'Can we bring our clients down for morning tea?'. The school next door, 'Can we bring the little ones in to teach them about growing lettuces and insects', or what have you, you know, and it just keeps branching out from there. I've had Veterans' Affairs groups that come and want to be a part of it. Local plant groups, all the rest. So there's, you know, a whole bunch of stuff that these gardens are getting into, but when it comes to actually being able to get

some real support, they don't feel like there's really anything there other than, hopefully, their supportive local government might be right onto it, but there's a lot of local governments that aren't as well.

**MR SEIBERT:** Any case studies you could provide evidence on notice to follow-up, sort of, just like about – you know, that really illustrate the work and their impact, et cetera, would be very helpful if people can provide it.

**MS LACEY:** Yes, yes, for sure.

**MR SEIBERT:** And just can be very brief.

**MS LACEY:** Yes, we've got a fair few we can direct you to, so not a problem.

**MR SEIBERT:** Great. That was really helpful.

**DR ROBSON:** Yes, thank you very much. Appreciate it.

**MR SEIBERT:** Thank you for joining us. Thank you for taking the time today.

**MS LACEY:** No, no, thanks for having me.

**DR ROBSON:** Yes, thank you.

**MR SEIBERT:** Thank you.

**MS LACEY:** I appreciate it.

**DR ROBSON:** All right. We'll take a break. I think we've got the next participant scheduled for 3.30, so we'll come back at 3.30. Thank you.

(Short adjournment.)

**DR ROBSON:** Okay. Thank you for coming. If you could please state your name and the organisation that you're from. And then if you'd like to make an opening statement, we'd be very happy to hear that, so please go ahead.

**MR J. CAMPTON:** Thank you very much. Thank you, Commissioners, for inviting us to present. My name is Jonathan Campton. I'm the head chief operating officer for the Australian Catholic Bishops Conference. My colleague, Jeremy Stuparich, who's the deputy general secretary for the Conference, and Helen Delahunty, who's the diocese and financial administrator for the archdiocese of Canberra Goulburn.

The diocese is one of 28 dioceses that participated in the drafting of the Conference's submissions. We're 28 geographical dioceses in the country. The Conference applauds the Australian Government's objective of double philanthropic giving by 2030 giving a scriptural imperative. And, you know, even today's gospel taught up there, it teaches us about giving and the ways that we should give.

The Assistant Treasurer, Dr Andrew Leigh, understands the importance of religion to the public benefit, particularly around philanthropic giving. He noted in a speech to the Collins Street

Baptist Church that those that who attend a religious service regularly are more likely to volunteer time to community organisations, give money or donate blood. Dr Leigh says this not just as a political leader, but a learned academic. In his town hall meetings, he's been very clear in his understanding that the decline in philanthropic giving follows the same decline in church attendance and participation in other civil society entities. Dr Leigh is looking for ways to build up civil society and increase philanthropic giving.

With so much positive engagement the Government on the role of church can play, we are concerned by the Productivity Commission's draft report with regard to the wholesale removal of the basic religious charity classification and the removal of deductive gift recipient entitlement to school building funds and special religious education. We submit that these draft recommendations could be improved. The purpose of the inquiry is to increase charitable giving, but the draft report recommends increasing red tape for many religious charities and abolishing tax deductibility for donations to charities that have some religious purpose such as religious schools or religious education activities. This will hamper rather than help the fundraising of religious charities.

While I'm quite aware a number of people made submissions with regard to the DGR, I wish to focus the remaining minutes on basic religious charity are mindful that both the Conference is a basic religious charity, but so are the bulk of our dioceses in Australia. The Australian Charities and Not-for-profits Commission was established with the promise of reducing red tape. Basic religious charities, such as the Conference, are one of the few examples where red tape has been kept to a minimum.

For that reason, we were disappointed with regard to the Productivity Commission's draft report. And I note, particularly in our submission on page 7, there's a summation of six reasons that we think that the rationale for removing basic religious charities should be stopped. Because apart from the fact that it's not in the actual terms of reference, the basic religious charities are, by definition, not ordinarily a DGR. As noted in the Productivity Commission, the majority of basic religious charities are small already, so the objectives with regard to larger ones do not apply. There seems to be no evidence-based analysis in the draft report of either an existing problem or some mischief that is occurring with regard to basic religious charities. The subject of basic religious charities has already been extensively reviewed and evaluated in 2018 under the ACNC Act review by the Treasury which is undoubtedly the proper place for a review of ACNC legislation. The result of that review in 2020 was emphatic. The Government has no plans to review the exemptions for basic religious charities. The Australian Government has been consulting broadly in this area of philanthropic giving, but this conversation really has emerged as a surprise to us in the draft report given no earlier dialogue with the Government on this matter.

We have a number of concerns that go to the Constitution, the ACNC governance standards and the unjustified cost of additional red tape on many parishes and other entities within the Catholic church that currently enjoy the basic religious charity classification and the difficulties that an overnight change would have with regard to financial reporting. Our concern is that this wholesale change would not actually increase philanthropic giving, which is the objective of this inquiry.

Religious groups add greatly to the spiritual, physical and mental well-being of Australians including by people motivated by their religious faith to help others in their local community. The Productivity Commission's draft recommendations do not make sense if their purpose is to increase philanthropic giving. Churches and other religious groups are a great source of social

capital and their vital work in providing hope and spiritual comfort contributes significantly to the well-being of our Australian community.

**DR ROBSON:** Thank you very much. So I'll just reiterate from my opening statement this morning and from the report itself that the Commission in this report does recognise the value of religious organisations and the role that faith plays in not only philanthropy and motivations for giving, but also in the works that those charities undertake and the range of activities that are undertaken. So I appreciate your comments. We might, I think, deal with BRCs and then we can go on to do DGR if that makes sense. So take is through the changes that you were talking about in terms of the additional red tape burden that you see. So our initial draft recommendation was framed around, and our understanding was, that many BRCs, if not all of them, do collect some sort of financial information already and so we're interested in a practical sense, and if you've got any data, maybe you don't, but even anecdotally about the increase in red tape getting rid of this exemption, and then we can talk about appointment and replacement of leaders and those sort of other issues, but specifically to the financial compliance and red tape - - -

**MR CAMPTON:** Thank you. I might ask Helen Delahunty.

**MS H. DELAHUNTY:** Yes, I might take that. I deal with 56 parishes in our archdiocese here that goes from Lake Cargelligo down to Eden. Most of those parishes, and even the ones in Canberra, are quite small, they're all run by volunteers. We do get financial data. But, you know, the concern about the voracity of that financial data, we don't audit it, we don't have PWC going in to do a special audit. Those sorts of things, if we're going to be doing additional needs to make sure that that data is perfect, you know, we have staff who can do a bank rec, and that's about it. So the increase in what they will need to do for us to understand that those figures are absolutely correct, to be able to do what you're asking us to do, is quite substantially increased. Now, as I said, you know, we have thousands of volunteers in our archdiocese and thousands and thousands of hours of volunteer work. In the additional, and this is borne out in every volunteer organisation around Australia, any additional work that we place on our parishes will end up, you know, people will pull out and say, 'We haven't got the time to do that'. So I'm really concerned about our volunteers, I'm really concerned about the fact that, you know, the financial stuff is important and we do BAS, you know, we do all sorts of things throughout the ATO and we do that pretty well. But this is just an additional area that I'm not sure we can do it properly with our structure as it stands.

**MR SEIBERT:** So would the bulk of those be, sort of, small, registered charities with revenue under \$500,000 a year?

**MS DELAHUNTY:** Well and truly under \$500,000. My gosh, most of them are under \$50,000.

**MR SEIBERT:** So what additional work would be required? Because ACNC reporting for an entity with revenue under \$500,000 a year, it's just basic financial information, it's not audited or reviewed, it doesn't have to comply with accounting standards or anything like that.

**MS DELAHUNTY:** No. Well, if that's the case that's good. But, again, I'm not sure of the voracity of those accounts. And we don't worry about that as much, we make sure that are paid correctly, if they are paid, and we're doing the best we can. But there are some parishes out in the middle of New South Wales who have no idea how to put a P&L together.

**MR SEIBERT:** I suppose my question would be, so when you have parishes, they are reporting financial information because they have to obviously oversee their operations, wouldn't that be right, like, their own operations as a small charity?

**MS DELAHUNTY:** To whom are you talking about?

**MR SEIBERT:** To you. Yes, your churches or parishes have to provide information to - - -

**MS DELAHUNTY:** Yes, but they're not reporting to us. I mean, in terms of canon law, a parish is a parish is a parish and they run their own ship. Of course the bishop has an oversight of it, and I have an oversight of it, but I don't run them and I'm not in charge of them. No one's in charge of them except the parish priest.

**MR SEIBERT:** Okay. I suppose on the basic religious charity exemption as well, the points you make in the submission around, sort of, appointment removal of responsible persons, et cetera, would you be able to elaborate on the concerns there?

**MR CAMPTON:** Yes. I mean, I think some understanding where they come from are matters that have been discussed for some period of time and were part of the original arrangement with regard to the classification. A lot of that's based in the constitutional concern that the church should be able to – so the – you know, 'The Commonwealth shall not make any law for establishing any religion, or for imposing any religious observance, or for prohibiting the free exercise of any religion', and there is a sensible and strong reluctance of the Commonwealth to test that by being able to replace religious leaders and that was part of the original classification of a basic religious charity under the ACNC legislation.

There are certain powers that enable the Commissioner to change the responsible person for a charitable entity. The ability for the Commissioner to step in and change one of the parish priests in this diocese, you know, would be – I was going to say an offence, but it would be, and it would be an offence to the bishop of that diocese that their religious practice and their role with appointing priests to parishes becomes a matter for the State to make decisions over. And for that, we are concerned about the interplay with the Constitution as well as other matters. But, you know, it's also not a terrific position to put the ACNC Commissioner in either. And I'm not certain that there are many options around it when you actually consider the significance of the Constitution as a document in Australian law.

**DR ROBSON:** I can well appreciate that. I guess the question in relation to BRCs is that, you know, that particular power, you know, there are some religious organisations that are not BRCs and they're subject to what you were just talking about, and others who are BRCs that aren't. So the question that we grapple with in putting together this report is why is there that distinguish in and, you know, is there a good policy rationale for it. I can appreciate the overall position that you're putting forward with respect to all these organisations, and that to me seems at least an internally consistent logical position, but then why do you think different religious organisations be treated differently with respect to that one?

**MR CAMPTON:** I'm not certain it would help increase philanthropic giving being able to do that. Like, people don't give to the church on that sort of basis or other organisations. I'm not certain what the difficulty is that we're trying to resolve by allowing some mechanism to step in and decide who our religious leaders are in the country.

**MR SEIBERT:** And it's a fair point, and we're certainly alive to these issues and they have been raised with us and we're thinking about them. I mean, could that be therefore that there need to be limitations and restrictions on the power of the Commissioner in relation to some entities, for example, in order to manage those risks?

**MR CAMPTON:** I don't think any limitation, including sending it to the court or similar, (indistinct) around the Constitution. You know, that would be my quick thought on it. You know, the Constitution's a primary document that binds Government and our courts. Yes.

**MR SEIBERT:** What is the actual issue, like, that you're understanding of the issue with the Constitution is in terms of section 116?

**MR CAMPTON:** I.e. that once you start to be able to legislate, as we have with the ACNC, and give people a power to change the responsible person, being in the case of a religion, the religious leader, you are effectively giving that person the authority to decide who are religious leaders whether it's at parish level or greater. Yes.

**DR ROBSON:** So you did mention DGR for school building funds and the proposals around that and special religious education. Shall we deal with school building funds first? Did you want to go to that in a bit more detail?

**MR CAMPTON:** Yes. Look, we can add a little but I've got to say we appreciate that particular issue is more of an issue for schools. And in our case, you know, the Catholic Education Commission gave good submissions this morning and, you know, we prefer and support many of the submissions that the Honourable Jacinta Collins would have made this morning to the Commission. From our point of view, it's more about that connection with parish and diocese obstructions, and in that sense, we believe that they – it's important to support the DGR structures that are in place. We're not running those arguments from this same position of those that are administering our schools, but rather from the point of view of the church structures at parishes and dioceses.

As outlined in our report, and as you'd understand, there's significant evidence to suggest that people that practice regularly attend mass or regularly practice a faith are also more likely not only give within their faith, but to other purposes whether they be, you know, the St Vincent de Paul Society, or potentially their school building fund. And in that sense, we believe those opportunities should continue to exist for people of faith rather than it appear that DGR status is removed from any activities that seem to be connected with faith. And, you know, that's a challenge with regard to the building funds we are concerned – in fact, you're closing off opportunities for people of faith to continue to give.

**DR ROBSON:** And on special education, take us through - - -

**MR CAMPTON:** Yes. I mean, similar people want to support that. It's a charitable purpose religion and, again, this is something that, you know, has a great public benefit in many of our State government schools and we think that, you know, while religion remains a charitable purpose, it's something that should be able to be supported.

**MR SEIBERT:** And just on DGR as well, and I'm thinking about page 28 of your submission, sort of, commendable support for local faith-based philanthropy around, sort of, the draft proposals regarding gift funds and how they can be used by religious and faith-based charities. Could you walk us through, sort of, your thoughts about that?

**MR CAMPTON:** Yes. I guess there's opportunities to expand the DGR – I was looking to see if anyone else wanted to make a comment, I know I've talked a bit too much – I think there's some terrific opportunities to expand DGR and I think that that's where we were looking at whether there's other local faith-based efforts that can see DGR added. You know, I think that if you've got an objection of doubling philanthropic giving – and I cover this from the point of view of someone that's in a previous role being a senior executive within a, sort of, large charitable organisation with PBI in Australia – you can either work really hard at growing new donors, which is important to do, but you can also look at your existing donor base. And I guess what we're saying is that people of faith are actually people who give, and if you want to increase giving, what more than you do in those spaces to increase local faith-based philanthropic giving. So that's it really.

**MR SEIBERT:** Do you have, sort of, parishes where they might, sort of – I think we yesterday and the day before that there sometimes can be, like, say a fundraising drive to a particular charity, say, it's Caritas or another one, but then sometimes parishes can also do, sort of, local activities that they might not do through a charity, they just do directly. Are you able to, sort of, paint a picture about the nature of that?

**MR CRAMPTON:** Yes. I could paint it broadly. There are definitely many parishes in the country that – I mean, most parishes would have their support, a lot of giving in a wider area beyond their parish. And again, there's actually research in the US that shows that, you know, communities that have a church parish them isn't about the Catholic churches, any church. It has a really cash positive thing for the whole community in the way that giving occurs. In Australia, that can often be into areas of disadvantage and when you're asking about that, you know, I was thinking of a previous role working with the parish in Mount Druitt in New South Wales where that parish set up financial counselling services, they set up a food warehouse for people to come and get food. The amount of social good that was coming out of that parish was found, and I think it's those sort of initiatives that – you know, it's sometimes very difficult for a parish that seeks to maintain its basic religious charity status, for the part that is a parish, to then venture into these other activities that are hard to disconnect from parish life. So in that sense, that's where there would be some real benefit to looking at those local based efforts.

**MR SEIBERT:** Do they set up, like, a separate PBI, because I do know some parishes set up a whole separate – but that's obviously happens with - - -

**MR CAMPTON:** No, you're absolutely right. And some parishes can get organised to do that, but there is a level of governance and, you know, especially when they start generally by, you know, a few well-meaning volunteers with the food covered and then they start to move to, you know, actually having a bit of a shop, and then they, you know, manage to add on other services to their activity. Now, I don't want to pretend this is every parish, but there are many great examples in most dioceses of parishes that are doing this type of work. Sometimes it's in connection with other PBIs, and that's another way of doing. So they would, you know, connect through and do a stronger effort through perhaps the St Vincent de Paul Society or some other social enterprise group that is working with them. But, you know, it becomes part of that parish's life and activity.

**MR SEIBERT:** Helen, you were talking about volunteers and we've got some, you know, obviously aggregate data on the decline in volunteering around Australia. But what's been your experience, because we're interested in hearing from individual entities around, you know, patterns of volunteering over time, and barriers, and things like that?



**MS DELAHUNTY:** Look, the volunteer numbers are not going down, but the real issue is that they're of advanced age and they're concerned that there's no one coming up behind them. So we've got extraordinary, you know, as I said, thousands and thousands of volunteers who don't even think that they're a volunteer, it's just the work they do as part of the parish life. But, yes, I suppose, you know, in the next 10 years we're concerned what will happen when those volunteers are not able to do that really important work. But, no, we have more and more volunteers every year to do various different things and, of course, when Jonathan said some parishes actively go out and say, 'We are going to do this', the reaction from our parish is really positive, and the more you ask the more they will do.

**DR ROBSON:** Okay. You mentioned the next 10 years. One of the Government's objectives over the next, well, a shorter period of that, is to abolish cheques.

**MS DELAHUNTY:** Yes.

**DR ROBSON:** So one of the things we've been thinking about, in the context of, you know, the future of giving, and so on, and the channels by which people give is – there is a portion of the population out there and certain entities and charities that rely heavily on that technology, for want of a better word. What's - - -

**MS DELAHUNTY:** Look, the way that we work is we will give donors, parishioners, every opportunity to give the way they can. Now, of course we do have a lot of people to use cash, and they like that, and they give us a little envelope each week with their name on it. And we do, when we ask for a particular, you know, drive for money, we do get lots of cheques. But we do send out things, and it's starting to work now, we're sending out people, that have been paying us by cheques, a credit card form and they are filling out.

**DR ROBSON:** Okay.

**MS DELAHUNTY:** So, you know, we're aware more than anyone that we don't want to come to the stage where the cheques stop and the money stops. So we're doing it now. We have tap-and-gos everywhere in the church. That's exactly what I say to all the parishes, 'We have to meet our people the way they are going to do it'. So, you know, we've got six or seven different ways of giving and we make sure that that's available.

**MR SEIBERT:** It's really interesting the point about the tap-and-go. How have you, sort of, incorporated technology over time given, sort of, once upon a time people had their envelopes or contributions in the plate and now people don't carry cash?

**MS DELAHUNTY:** So we started with – and, of course, you know, everybody in this room has probably got – I've got \$5 in my purse that's been there for two years, and it's a point of honour now that I won't get rid of it, but I won't use it, and I'm sure nobody in this room's got any cash on them probably, especially younger ones like this fellow.

**MR SEIBERT:** I do.

**MS DELAHUNTY:** So we – you know, a number of years ago we decided that people coming into church and when the plate was handed round there was like, you know, got nothing, so that's when the tap-and-gos came in. So we just set up a \$10/\$20, whatever it is, and people just come up with a credit card. And again, it is meeting the people with what they can do. It's taking a bit

of a while – some of the older parishioners are going, 'We don't want', you know, 'That's no good'. But we have to make sure people give to us in the way that they can.

**DR ROBSON:** And you mentioned earlier that you've got some very small parishioners with under \$50,000, you know, really small. How was the transition with – how's the impact of technology being felt by them in terms of, you know, the upfront costs of buying all these machines, like, is it - - -

**MS DELAHUNTY:** Yes, we support them, effectively. The archdiocese will support them through our banking services. And again, you know, the really small towns like Ungarie or, you know, Lake Cargelligo out there, they're taking – their uptake of new technology is slower, but it's working, and, you know, we know that this will be a five year transition and if they get used to seeing the new ones, that they'll do it.

**DR ROBSON:** Just going back to DGR, and then we might wrap up. One of the – so we took a principles-based approach to (indistinct words) DGR system and when we looked at it, you know, we couldn't find a set of coherent policy principles around it, so we developed them and then applied them. But coming out of that, one of the recommendations is to retain the status quo with respect to religions - charities with the sole purpose of advancing religion and not extend that. So we're just wondering whether you had a view on that particular one?

**MR CAMPTON:** I'm just going to our submission on that point.

**MR J. STUPARICH:** I mean, one of the points about that is that the advancement of religion is a recognised charity so there's a presumed community benefit which I think, in your proposition one, wasn't necessarily recognised in there. So you're questioning whether that community benefit actually exists.

**DR ROBSON:** Well, it's more around – I guess, for the purposes of DGR, it's more around whether there'd be additional community benefits. So I'm not saying there's no – it's the additionality and what that would look like, I guess, if you were to extend DGR to those particular categories noting that we spoke about the other recommendation, which is to expand DGR and potentially make it easier for an organisation that has, you know, part of its purpose is to advance religion but then it might do these other things in terms of social welfare and, you know, they would, hopefully under our proposals, find it easier to get DGR for those things. So it's, sort of, that boundary and the extension of it because we have had feedback from other participants and we're just interested in your point of view.

**MR CAMPTON:** Yes. Pages 26 and 27 of our submission, we speak about the extension of DGR to religious institutions and really we're playing with the idea, you know, it's probably the fairest way of putting it. Basic religious charity by definition, one of the six things is you can't have DGR, there's a little bit of, you know, around the edges of that. But in large, you can't be a deductible gift recipient if you're a basic religious charity. This is one of those bits where if you start to really unravel the basic religious charity part, then it becomes harder to sustain the argument about not extending DGR to religion because it is a charitable purpose. So, you know, I think in there we say that one of your other key principles is that financial incentives should be effective, efficient and equitable. The idea of excluding charitable purposes in the case of religion isn't necessarily equitable and there is some argument, we should say, to extending it. But that argument only comes about if, you know, if there's a change to the basic religious charity scenario which, you know, we're saying status quo is fine, change the status quo and

there's a number of things that will flow from it, including providing DGR to religious institutions.

**MR SEIBERT:** Yes, but I think we say in the draft report that we, sort of, absolutely recognise the public benefit of religion in the Charities Act and we specifically say we're not changing anything there. So we wanted to be very clear about that that is it how it's said, it's sort of about drawing these lines, about where there can be – you know, sometimes lines need to be drawn. And I know your submission mentions the Productivity Commission inquiry from 2010, but there also was the Not-for-profit Sector Tax Concession Working Group final report from 2013, which was a number of sector representatives. I think the conference might have had a representative on that which also came to a similar landing to us but a bit differently, sort of – because, yes, I think that there are these challenges in terms of some of the boundaries and the trade-offs in terms of revenue tax expenditures with expanding eligibility for tax concessions and that sort of thing.

**MR CAMPTON:** Yes. I probably can only repeat that point that, you know, I think our primary point is where there is, as you describe, a bit of a trade-off that occurs with the basic religious charity exemption, to use your words, and in that is the DGR eligibility question as one of those six points, and we're not arguing to change that. You're proposing in the draft submissions to change that and if that was to change, then that question of deductibility would have to come back into play, and now what's happening there? So there's a lot of consequences to the proposal with regard to removing basic religious charity, not only constitutional but as we're looking at with regard to those DGR ones. Yes, that would need to be thought out fully.

**MR SEIBERT:** Okay, well done.

**DR ROBSON:** Thank you very much.

**MR SEIBERT:** Thank you, we really appreciate it.

**MR CAMPTON:** Thank you.

**MR SEIBERT:** Thank you, bye.

**MS DELAHUNTY:** Thanks, Krystian, thanks for your time.

**DR ROBSON:** Thank you.

**MR SEIBERT:** Thanks, have a good day.

**DR ROBSON:** Robert, is it?

**MR R. BRADLEY:** (Indistinct words.)

**DR ROBSON:** Yes, please. Okay, thanks for coming along.

**MR BRADLEY:** Thank you.

**DR ROBSON:** If you could - - -

**MR BRADLEY:** Grab the glasses.

**DR ROBSON:** Yes, no worries. Please state your name and the organisation that you're from. And if you'd like to make an opening statement, we'd be happy to hear that, and then we'll get into questions.

**MR BRADLEY:** Great. Thank you very much for the opportunity to speak today. I'm Rob Bradley, the CEO of the Confederation of Australian Sport. CAS has made a full submission in May last year entitled, 'The case for sporting organisations to access charitable status' and a supplementary response to the PC's draft report was made last week.

CAS has been working on this issue for the past eight years and in every survey of the issues, priorities and challenges facing Australian sport, a charitable status for sport has been one of the top five issues. I guess our major request is that the Commission reconsider the decision to continue excluding sport, particularly community sport, as a charitable purpose. It appears that the Commission has relied upon the 2001 charities definition inquiry that states, 'Sport is principally played for amuse and competition'. We believe this is too narrow and is not accurate. We argue that participation in community sport achieves a range of public benefit objections that are inextricably and which should be recognised as a package of benefits and that amusement and competition are only two of these and should not be separated out.

The PC's position fails to take into account the significant changes to Australian society that have evolved over the past 25 years. In 2001, I was national CEO of the Royal Life Saving Society Australia and I contributed to that review. We undertook research that showed that over 95 per cent of parents enrolled their children in swimming lessons, not because they wanted their child to be the next Ian Thorpe or Kate Campbell, but because they wanted their child to learn the skills and knowledge to keep themselves safe in the water.

If we look at the reasons that parents enrol their children in community sport today, there's a very similar theme. Parents want their child to build their physical fitness and capacity to be immersed in an environment that's inclusive, friendly and that promotes positive mental health and to develop important skills for life. Parents want their child to be active; to work at moderate and vigorous physical activity levels; to achieve positive fitness and physical health outcomes; to develop tactical and strategic appreciation; to work cooperatively with others working together to achieve a common goal; learning to play a role that might only be only one cog in the wheel but contributes to the success of the whole; striving to win and learning to lose, these are important life lessons; learning to have self-discipline; to respect the rules; to respect the referee and their decisions; to meet and engage with others for friendship and collaboration; to build relationships. Community sport brings people together from a wide range of backgrounds, much broader than just a set of school classmates. They learn important social skills. The team spirit and club spirit binds individuals and communities together. It makes people feel that they belong. It provides an inclusive welcoming and largely nurturing environment. All of these skills prepare a person for life. They are essential for any person in the workforce and within the family unit.

So what of amusement and competition? These are positive contributors. If you're enjoying an activity, amusement, then you're more likely to continue. Particularly in today's society, if someone is not enjoying an activity, they simply stop it. If sport is enjoyable and rewarding, then people will continue and they'll continue to accrue the benefits previously mentioned. Similarly, competition adds an extra element that can be exciting, challenging and inspiring and for many people it's an important reason that they do stay engaged and it is a driver for them. So

amusement and competition are valuable components of sport, but they do not, in themselves, overshadow or replace the wider benefits that sport provides.

So sporting organisations is health promotion or harm prevention organisations. We would argue that the work of community sporting organisations meets the definition of both health promotion, charities, and the new recreated harm prevention category. Community sport, particularly at the local level, plays an essential role as a vehicle for engaging with and supporting a diverse cross-section of Australian society. It's now occurring at a time when resources available to families are under severe stress and the expectations on a diminishing number of club volunteers is growing greater every year.

The major focus of community sport is on the individual person, providing direct relief we would argue, striving to achieve a positive outcome for the individual and then collectively to the club to ensure its ongoing success and sustainability. We suggest that Australian society today is very different to 2001, particularly with respect to the mental health of the population. And this is particularly so with young people and those living in regional, rural and remote locations.

I'd like to quote some research - The kids are not alright: differential trends in mental ill-health in Australia by the Melbourne Institute: 'There is recent evidence from many countries that population mental health has worsened over time. In Australia, this pattern is most strikingly illustrated by the increasing rates of reported mental and behavioural disorders, increasing from 9.6 per cent of Australians aged 15 years and over in 2001 to 20.1 per cent in 2017/18 and increasing even further to 21.4 per cent in 2020/21', according to the ABS.

So the harm prevention aspect. Community sport plays an important in harm prevention. It builds strength, health and fitness through a range of activity at prescribed levels of moderate and vigorous physical activity. This prevents the onset of chronic disease, cardiovascular conditions, and combats overweight and obesity. It builds confidence and resilience and this helps to prevent a sense of failure and anxiety which may impact the onset of mental ill-health. It builds connectiveness and relationships which helps prevent social isolation and loneliness which may lead to depression and other mental ill-health conditions. You learn to follow the rules to recognise authority and this may help to prevent antisocial behaviour and criminal tendencies. Just to further this last point, involvement in an inclusive club environment focuses attention of the potentially disengaged and at risk individual towards a more positive use of their time and ensures they're not focusing unduly on negative pursuits, perhaps alcohol, drugs, violence and antisocial behaviours which are all drivers of crime. This is particularly so for lower socioeconomic communities and the Indigenous community.

I'd like to quote Jenny Pryor, the winner of the Volunteer of the Year of the 2020 National Indigenous Sport Awards. Jenny is 65 years old. She's been volunteering for the Bindal Sharks NRL club in Townsville for 35 years. Jenny says, 'I do it for the men in our community. I fear that without rugby, they will just have too much time on their hands, turn to alcohol, drugs, fighting and crime. The Sharks are my family and I will do everything that I can to protect my family'.

I'd like to quote Aunty Pam Pederson. At 80 years old, Pam won the Elder Sportsperson of the Year at the 2023 Indigenous Sport Awards. Pam started running at 50 years of age and now regularly completes at long distance events including the Melbourne Marathon. 'I do it for my community. When I was 50, I was very overweight and we know that chronic disease threatens our people. I was worried about my own health and I now try and get everyone in the community to take up sport for the health benefits and the joy it brings'.

A little further research is also instructive on why other people participate in sport and in this case it's about women's re-engagement in master sport following a period of non-participation. The research paper 'Retaining the Membership of Women in Sport' interviewed 1100 female participants from the Australian Master's Game about the place of sport in their lives. Many had dropped out of sport at various stages. Body image, career, marriage, children were all factors that emerged. But the major reasons given for re-engaging in sport later in life was not amusement or competition, it was generally for personal health and well-being and to socially reconnect. While it is true that sporting activity can provide amusement and competition for participants, there are other important elements that provide at the same time and is an integral part of their involvement. I might stop there briefly. I did want to mention about pressure on community clubs, but I probably said too much.

**DR ROBSON:** Thanks very much.

**MR SEIBERT:** Yes, thanks so much for joining us today. I wanted to clarify something at the outset. Are you seeking sport to be a charitable purpose or sport eligible for DGR, because at the moment, obviously not all charities are eligible for DGR, only sort of less than half are. I mean, we have our draft proposals that would change that but, yes, just wanted clarify is the DGR that really matters or is it, sort of, the actual charitable status?

**MR BRADLEY:** Well, I think both of those are important. Certainly because sport is specifically listed as an excluded purpose. That sort of shuts the door pretty tightly on sport in that respect, and we do understand the auspicing arrangement that's in place with the Australian Sports Foundation. I didn't really want to cross into that necessarily because I believe it has been largely unsuccessful for any engaging the majority of sporting organisations.

But back to your question. Certainly the ability to be able to access the DGR status would be useful for fundraising at the local level. Our view has always been that the most likely source of support for community sporting clubs will be at the local level. It will be local business, it will be local families, you know, it will be that local level of support which they're currently the thing that puts people off. Currently you need to make a donation through the Sports Foundation which is seen as a Government entity, a third party, and then eventually the funds make their way after the ticket's been clipped a bit, you know, back to the individual. So, you know, that's been seen as a bit of a negative.

But we really believe that it would incredibly elevate the status of sport within the community mindset if it was prescribed as a charitable purpose. You know, at the moment I guess it's seen as a lesser important cause within the community because it's not seen as a charitable status. And, you know, I'm not looking to denigrate any of the other scores and scores of worthwhile causes and, you know, comparisons are odious, et cetera. But it shows that sport is not recognised in that way. It's at a lesser level in the public consciousness. So, you know, the answer really to your question is we would be seeking both if possible.

**DR ROBSON:** And what would be the increment to funding because, you know, clubs go out, they fundraise at the moment and they, you know, apply for government grants, either State or Federal government, and so on, so what would the charitable status do, in your view, in terms of the additionality that it would create? You know, would it be easier to – just talk us through - - -

**MR BRADLEY:** Yes. So we don't see it as a silver bullet for community clubs. We do know that right across sport, and in other areas, corporate sponsorship is becoming much more

difficult, even at the top levels. And so, you know, the sort of combatting, you know, difficulties in securing sponsorship. So we see that it would be a useful, you know, additional arrow in their quiver and, you know, a useful option for them to use locally. We don't see it as a silver bullet, we see that it would make a useful additional contribution.

**DR ROBSON:** Can you tell us about that decline in corporate sponsorship that you've seen in your experience, what's been happening in that area?

**MR BRADLEY:** Well, I think certainly pressure in corporates right across the spectrum has been increasing. And we know that it's been reported from sport at the national level that they find it much more difficult to secure sponsors for their programs, for events. Some of the top level high profile sports seem to be continuing to secure sponsors, but certainly at the next level down it is much more difficult. Sponsors tend not to be attracted to supporting an individual event. It's kind of a one-off like a national championships or a particular event. Where their interest is is trying to build a longer term relationship with the sport and often that is based upon ongoing promotion and alignment that can be generated in a favourable way for the sponsor in that they're supporting a particular sport or activity. And, you know, I think that's quite similar across the arts from what I understand as well.

**DR ROBSON:** I mean, in Australia over the last, you know, couple of decades, you know, professional sport has really increased its income streams, whether it's from TV, selling TV rights, and other things, and I'm wondering, again, there's corporate sponsorship, but then don't the professional sports have an incentive to encourage community sport as a fever into their own – you know, because they're businesses, right, and they've got – the players are inputs into the business. So what's the incentive for them to fund community sport or is it non-existent, can you tell us about that?

**MR BRADLEY:** Well, you'd probably need to speak to the professional sports, and they may not agree with my observations. But what I do know is that there are very few of the 90 national sporting organisations that fund their sport top-down, and even the professional sports don't really fund the community level. They might contribute a few things like footy jerseys and other promotional opportunities, but they don't fund at that level. And certainly the majority of sports are actually bottom-up funded.

So if you enrol your child in a particular sport, probably a proportion of the registration fee is actually pushed up the chain towards certainly the State organisations operating costs and potentially the national one as well. And there might be benefits that flow down from, I guess, participating in a national insurance scheme, there's one example. You know, the promotion of the code for the benefit in a promotional sense. But particularly level sport does struggle with funding. It's very much hand to mouth. And being able to engender support from their local communities and be able to, I guess, get that extra benefit from the DGR status would be beneficial. And when we look at the role of community clubs and the pressure that is on the club and then, by virtue of that, is on the volunteers that actually do the work and running the club.

You know, over the last 20-odd years there's been a huge number of additional imposts that have been placed on clubs. Things like, you know, Working with Children Checks, police checks on all of those that are going to be dealing with players, et cetera, you've got inclusion issues, gender identification and assignment, et cetera, increasing costs of operating clubs, the time that's required to deal with compliance issues and reporting, their role in upkeeping facilities, we've got climate changes, an important factor these days, accreditation for coaches, referees, administrators. All of those elements may be very, you know, valuable and worthwhile and

needed, but what they actually do is they just put a huge additional burden on the operation of the club itself, and currently no one's helping to fund that.

**MR SEIBERT:** Yes. Just on – I suppose just looking at your submission around, sort of, that 'We contend that community sport does meet this test and indeed does further a charitable purpose'. And, sort of, the references too to the 2001 Charities Definition Inquiry. Because that's right, we did draw upon the approach adopted there where if you further another charitable purpose through sport - and there are some charities – indeed some of them had DGR status that do that - then you can be charitable. I suppose – because in your submission you talk about, sort of, you can argue that the work of community sport organisations meets the definition of health promotion charities and the harm prevention category. So if that's the case, wouldn't they be able to be registered as DGRs because they would be furthering their purposes through sport, but they're furthering charitable purposes, so if that's the case, wouldn't they be able to be registered with DGRs?

**MR BRADLEY:** I guess potentially, but is the system going to block that? You know, if you try and move forward with that, won't they say, 'Well, before we even look further down the list, sport is excluded as a charitable purpose, so forget it', because that's the way that things tend to work?

**MR SEIBERT:** I mean, I suppose your charitable purpose would be – because the way that the law works in Australia is you have purposes and you have activities. So your purpose would be advancing health or, you know, harm prevention could be social and public welfare. The way that you'd do that is you further it through sport and, you know, you talked about the health benefits of sport, which are very – we absolutely accept, so then it could get DGR status that way. I suppose I'm just, sort of – yes, wouldn't that be an option?

**DR ROBSON:** Don't you mean currently, or (indistinct words)?

**MR SEIBERT:** Well, currently, yes. I mean, I suppose what we restate, what we - the 2001 Charities Definition Inquiry, sort of, approaches what the law basically does provide right now. And it's similar to New Zealand and Canada as well. They have this similar approach. Or would you be saying that we should expand it to community sport overall so that even if it's not necessarily furthering health or social and community welfare, it's still inherently – it would be charitable itself because it's community sport?

**MR BRADLEY:** Yes. So I think certainly what is delivered by community sport does meet the charitable purpose under the harm prevention and health promotion. I think that – and in the submission we sort of say we think that, with a simple addition to the objects within the constitution of each club, you know, just to actually state that, you know, 'Via the provision of and, you know, whatever words we sort of come up with, whether it's the moderate and vigorous physical activity or whether it's the inclusive nature of what sport is providing, we're striving to prevent the potential harm caused by physical inactivity and mental health and social isolation and we're doing it via the skills of netball or rugby or, you know, whatever's relevant to each of the specific club.

**DR ROBSON:** Have you tried that approach already under that current framework, the current, sort of, (indistinct)?

**MR BRADLEY:** No, I haven't. But, you know, certainly that was – so in the last eight years we've had a number of discussions with the ACNC and the ministers, or assistant ministers, for



charities of the various flavours over the years, and with the sport minister, and nobody I've spoken has said, 'This is a bad idea'. Everyone had said, you know, 'Yes, we believe that it would be beneficial and it is appropriate'. But I guess we've always felt that there was that barrier there within the definition and, you know, I would be very willing to find a number of colleagues in appropriate sports to say, 'Why don't we run with this? Why don't we take' – and I don't know whether it's the Productivity Commission or whether it's government somewhere and said, you know, 'Run this as a pilot scheme in, you know, pick three States and pick 10 sports or 5 sports and let's see how it goes for a year or so'.

**MR SEIBERT:** Because the approach wouldn't be the (indistinct words) if there's sport mentioned, that rules it out. It's more the way that charity law works and, sort of, the tax law by extension is that the sport is the activity that's undertaken but it has to be linked to the charitable purpose of advancing health, advancing social and public welfare, and there are some charities that do fit in that way already, but it's about, sort of, the link between that sport and health, for example, that is, I suppose relevant. Just also back to auspicing and the Australian Sports Foundation. I suppose my question would be that there is the service right now and, you know, you raise in your submission various issues with it and why it's not taken up that much. I suppose my question would be: although there are these issues but there are also the benefits that come from fundraising through that channel, so why is the take up still being so small because even though there is the, sort of, like, the Commission, et cetera, but it's still very small to take up based on the data?

**MR BRADLEY:** Yes. So I think there's a disappointment by community sport in a sense that we think, 'Right. We've got the Australian Sports Foundation, you know, this big entity that's supposed to promoting the benefit of supporting sport through philanthropy. I think, not wanting to be negative, the reality is that the Sports Foundation basically provides a website and a portal by which sports can access and put their cause up online. But any promotion of that is up to the sport. So the Sports Foundation doesn't actually go out there and seek supporters, sponsors, donors, for those causes.

So my experience has been that we've put a number of causes, you know, charitable events, and what have you, up on the portal but it's largely been not supported. So it's basically just a portal that's sitting there, in itself is not being promoted, the individual activities are not being promoted by the Sports Foundation and I think that they've improved a lot there at their systems for actually processing the donations that do come through. Yes, there's a delay and it might be a couple of months before we actually see the money, but I think they've done a pretty good job, you don't want to be too critical. But I think that that's probably the nub of it but it's actually not something that is out there prompting the work of the individual causes or sports.

**DR ROBSON:** Okay, thank you very much.

**MR SEIBERT:** Thank you very much for joining us.

**DR ROBSON:** Yes.

**MR SEIBERT:** We appreciate it.

**MR BRADLEY:** That's all right. Thank you.

**MR SEIBERT:** Good afternoon.

**DR ROBSON:** Okay. So we're done with the formal presentations today but if there's anyone in the room who'd like to come forward and give a brief comment, I'll facilitate that? Mario doesn't want to say anything? Okay. All right. Well, thank you very much to all our attendees today and we'll now close these proceedings and look forward to the next set next week. Thank you.

**MR SEIBERT:** Thanks very much.

**MATTER ADJOURNED**



**Australian Government**  
**Productivity Commission**

**PRODUCTIVITY COMMISSION**

**PHILANTHROPY INQUIRY**

**DR ALEX ROBSON, Deputy Chair**  
**MS JULIE ABRAMSON, Commissioner**  
**MR KRYSTIAN SEIBERT, Associate Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**PERTH. MONDAY 19 FEBRUARY 2024**

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**DR A. ROBSON:** Okay. Well, we'll get started. So I will make a statement and then we'll introduce you and then we'll get underway. So, good morning and welcome to the public hearings following the release of the Productivity Commission's Inquiry Draft Report. My name is Dr Alex Robson, I am the Deputy Chair Alex Robson of the Productivity Commission and presiding Commissioner on this inquiry.

I am 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're living 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 Australia. 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 wellbeing 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 provision of goods and services valued by the community, giving – particularly volunteering – can contribute to social capital. The Commission identified practical changes that would promote giving and benefit the Australian community. We are seeking feedback on this process.

The Commission notes, however, that all government support ultimately derives from tax payers 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, costs and benefits. 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 to maximise the welfare of the Australian community as a whole.

The draft report focuses on three main areas which is designed to establish firm foundations for the future of philanthropy, so the benefits of giving can be realised across Australia. The three main areas of reform are as follows. Deductible Gift Recipient – DGR reform – will be focusing which charities can receive tax deductible donations to help donors direct support to where there is likely to be the greatest net benefits to the community as a whole.

Regulation bolstering the regulatory system by enhancing the ACNC's powers and creating regulatory architecture to improve coordination and information sharing among regulators. And information – improving public information on charities and giving support to donor choice and accountability. The Commission's draft report did not recommend removing the charitable status of any entity or class of entities.

On the first reform area the Commission has found that the current DGR system lacks a coherent policy underpinning and sought to address this by developing a principles-based framework with DGR eligibility that focuses on charitable activities, rather than entities.

The three principles are as follows. There was a rationale for Australian Government support because the activity has net community-wide benefits and would otherwise be under supplied. 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 principles to determine which charitable activities would maintain the same DGR status and for which activities there would be a change. Overall, the Commission estimates that between 5,000 to 15,000 more charities would have access to tax deductible donations under the proposed reforms.

About 5,000 charities, namely school building funds and charities that provide religious education in government schools would have DGR status withdrawn.

The initial responses to the draft report have predominantly focused on the reforms to the DGR system. We have received a high volume of feedback centred around entities that will have their DGR status withdrawn. There has also been support for broadening eligibility for DGR status, including those engaged in efficacy and prevention activities.

The Commission's draft recommendations on the school building funds would apply equally to government, non-government, secular and religious education providers. While there are sound reasons for governments to support the provision of school infrastructure, the Commission's preliminary view is that providing tax deductions for donations for school buildings is unlikely to be the best way to direct support to where it's needed most.

Submissions have also focused on our 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 inspirations for donating, as well as undertaking a range of charitable activities. The contribution that such entities make in the community is one reason why they are 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 change to these other tax concessions. However, we did not find a strong policy rationale in terms of net 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 with the advancing religion subtype already undertake additional separate activities of a charitable nature, such as advancing social and public welfare.

Under our proposed reforms which would expand the scope of DGR these entities could gain DGR status with these other separate activities. There are also charities with the religious details currently endorsed as DGR's such as public benevolent institutions working to address disadvantage, they would continue to be eligible.

We welcome further feedback on proposed reform to the DGR system and these hearings. In particular, we welcome feedback on the principles, how they've been applied and the likely impacts of the proposed reforms and the benefits and costs of alternative proposals.

The second group of reforms is to strengthen the regulatory framework to enhance the ACNC's powers and improve the regulatory architecture. Given that trust and confidence in charities underpins philanthropic giving, the Commission has made various proposals to enhance the regulatory framework.

We have proposed the establishment of a National Charities Regulators Forum, underpinned by an intergovernmental agreement to help build formal regulatory architecture to help the regulators 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 the three reform areas is to improve public information and enhance access to philanthropy, including for Aboriginal and Torres Strait Islander people and organisations. We 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 draft recommendations to enhance the utility of the data that government provides about charities, giving and volunteering. It also recommends that disclosure and reporting of corporate giving and charitable bequests be improved.

During the course of our enquiries we've also heard some Aboriginal and Torres Strait Islander communities are furthering their own or through partnerships with philanthropy. We also heard, however, 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 their opportunities to enhance access to philanthropic networks.

In response we have proposed 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.

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

As of 9 February, we had received over 1200 final submissions and over 1400 brief comments since the draft report. So this is the fourth day of public hearings through this inquiry. We will then be working towards completing the final report due to the government in May, having considered all the evidence presented at the hearings and its submissions as well as other discussions.

Participants and those who have registered their interest in the inquiry will be advised of the final reports released by government which may be up to 25 parliamentary sitting days after completion.

So we like to conduct all hearings in a reasonably informal manner and I'd like to remind participants that there are clear structures in our legislation and 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 today's proceedings I'll provide an opportunity for anyone who wishes to do so to make a brief presentation if they wish. The transcript taken today will be made available to participants and 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 their own submission or other submissions as well. I'd also ask participants to ensure that their remarks are not defamatory of other parties.

Participants are invited to make some opening remarks of no more than five minutes. If you can keep your opening remarks brief, that will allow us the opportunity to discuss matters in participant's submissions in greater detail.

So I'd now like to welcome participants from Volunteering WA. So if you could please state your name and organisation for the record. If you'd like to make an opening statement, we'd like to hear that and then we'll get into some questions. Welcome.

**MS T. WILLIAMS:** Okay. Thank you for having us here today. Good morning, my name is Tina Williams. I'm the CEO of Volunteering WA. I'd like to start by acknowledging the Noongar people as the original custodians of the land and pay my respects to elders past and present. (Language other than English spoken).

Volunteering WA proudly supports 800 member organisations and represents 1.5 million volunteers. As a peak body for volunteering we champion sector and work in close partnership with community, corporate, educational and government organisations to provide leadership, advancement and promotion of volunteering in Western Australia.

Our purpose is empowering people and communities to enrich WA, and I'd like to thank the Commissioners for coming to WA and giving Volunteering WA and other representatives the opportunity to listen first-hand to their experiences and feedback on the impact that giving has in our state.

This submission responds to the draft report, Future Foundations for Giving, released by the Productivity Commission on 30 November 2023. As part of the philanthropy inquiry, volunteering notes and supports the overall objectives of the inquiry.

In May 2023, we provided a formal submission to the commission on the inquiry, which included an overview of the current state of volunteering in Western Australia and our role as peak body for volunteering in WA.

In September 2023, Volunteering WA co-hosted a round table in Perth with the commission with leaders from volunteering organisations to discuss how to recover and grow volunteering participation across Australia. We thank the commission for the investment in their time, interest and knowledge in the important and pressing challenge of helping to shape the future of volunteering in this country.



This submission focussed on major recommendations in the report which pertained to volunteering. Overall comments – Volunteering WA welcomes the reports acknowledgement of your distinction of volunteering from financial philanthropy. The considerable time given by volunteers in all sectors of Australian society, to value a volunteer into the economy and its contribution to social capital.

Draft recommendation 7.5 - Explicitly consider the effects on volunteers when designing policies and programs. To support volunteering, Australian state, territory and local governments should give greater consideration to how changes to policies and programs would affect volunteers.

This includes adopting measures that may mitigate any adverse effects on volunteer participation and identifying opportunities for volunteers as part of the policy or program design. Excerpt from report page 44 – Volunteering WA fully supports this recommendation and rationale provided.

Draft recommendation 9.5 – Improve the usefulness of public information sources on volunteering. The Australian Bureau of Statistics (ABS) should improve the usefulness of public information sources on volunteering by amending the questions on volunteering in the census to capture whether respondents engaged in informal volunteering in addition to whether they engaged into formal volunteering with an organisation.

The amount of time the respondent engaged in formal or informal volunteering, for example hours each week. Following engagement with communities the ABS should develop methodologies that enable better measurement of volunteering by Aboriginal and Torres Strait Islander communities and culturally and linguistically diverse communities. Excerpt from report, p49.

Volunteering WA agrees with the need for the Australian government to urgently address and improve data gathering and publication of information pertaining to volunteering. However we have significant reservations regarding the use of the census as a vehicle for this due to the infrequency of reporting, ABS' own advice to not rely on the census for volunteering data due to the persistent under reporting, due to the size of the survey. Other than local area trends over time.

The limited scope of data proposed and possible through this vehicle, which is at odds with the ABS recommendations for data gathering on volunteering published in 2018 after extensive consultation. Volunteering WA recently commissioned work to understand, among other issues the size of the volunteer workforce in WA. The findings include the replacement value of volunteer labour in Western Australia is 16.5 billion per annum.

The size of the volunteering sector is more than twice that of the entire public sector in WA and over half the size of the private sector. The ABS has published the labour force survey, LFS, since 1960. It is conducted monthly and includes approximately 24,000 dwellings, resulting in a sample of approximately 50,000 people.

The scope includes the public and private sector employment in civilian settings. Given the size of the volunteer workforce, six-year intervals of incomplete data is highly inadequate for government, the not-for-profit sector and volunteering sectors.

We believe that there needs to be a single purpose survey with data validity at national and state territory resolution at a minimum collected more frequently which meets the scope recommended by the ABS in 2018.

In addition there is a need to collect information on volunteering organisations and volunteer management to inform policy direction and sector practice. In closing, Volunteering WA much appreciates the opportunity to provide this submission for consideration. We look forward to the publication of the final report for the inquiry from the commission, and thank you again for your contribution to this vital policy area.

**MR ROBSON:** Thank you, very good. Krystian, did you want to say anything?

**MR K. SEIBERT:** Thanks so much, Tina, and thanks again for convening that round table in September. It was really helpful and insightful for the commission and thank you for your submissions as well including in response to the draft report.

The data that you shared from the research into the size and contribution of volunteering in Western Australia is really fascinating and if there's anything that you can expand upon in terms of that research given that it hasn't been released yet, that would be really interesting.

I wanted to ask specifically, given the size of the volunteer workforce, I think to quote from your submission, you have a replacement value of volunteer labour in WA as 16.5 billion per annum and it's more than twice the size than the entire public sector in WA. How do governments, including the state government, but also the federal government engage with Volunteering WA, but volunteering organisations in general in terms of supporting their work. Could you sort of unpack that a little bit for us? The sort of the type, the nature of that engagement.

**MS WILLIAMS:** In WA we have the Volunteer Community Reference Group which is a group where we are the voice of the sector, and we meet with the Minister on a quarterly basis in that group. So that's one level of engagement, but we also are funded by the state government as the peak body for volunteering and under that funding, we provide numerous services and support. It's all volunteering involved in organisations. But State Government and sales also provide a very small amount of funding for volunteer grants for organisations which are given out in December or around December for International Volunteer Day.

We were also supported through (Indistinct words) where we give grants as well, to organisations but the level of engagement with Government, we meet frequently with our State Government and obviously feed into policy at an Australia-wide level and through Volunteer Australia. And going back to the report that we mentioned in the new data is about to be released. So that report now has been finalised.

We will be publishing that report in early March with our new list of the volunteering (indistinct) and in that report there are figures which do show really good participation rates in Western Australia. But also signs that we need to really ensure that we do things quite differently if we want volunteering to continue and thrive.

**MR SEIBERT:** What are some of those things that without sort of pre-empting a release of it, but in terms of those – doing things differently, those things that you sort of expand upon in that research. What are some of those things?

**MS WILLIAMS:** I think it's really responding to the way that people want to volunteer. Because we have focussed very much previously on what we call traditional formal volunteering which is when you volunteer through an organisation. Informal volunteering is when you don't volunteer through an organisation. With the rise of digitalisation and social media, we have seen a lot more of that type of volunteering now where people just basically gather themselves you know, in response to, you know, these different activities you know, to support people in their local communities or different causes or even, you know, in disasters, and emergencies, we have seen that coming through quite strongly.

So it's really how then do we look at volunteering and help support that in a way that is conducive to enable it to happen rather than creating more barriers to volunteering. And one of the activities that we're really passionate about is reducing those barriers, obviously still providing the necessary checks and balances, but doing it in a more streamlined way. So people when they come in and put their hand up to volunteer, they can actually volunteer and then they're not having to go through reams of paperwork and training which is sometimes unnecessary. And we do acknowledge that sometimes it is absolutely necessary. That it is trying to make that process a lot simpler.

**MR SEIBERT:** And just on this, I get the impression that there's sort of that – the work with Government to support sort of the capacity of organisation as to support volunteering and grow the culture of volunteering. Just do you find governments engage around when there's a policy change, and this goes to recommendation 7.5. When there's a policy change to say, in aged care or disability or in some area where it may not be sort of focussed on volunteering, specifically, but to be engaged with you, to understand how it might impact volunteering, volunteer say versus, paid employees? Well, what are the unique sort of – the context of volunteers, how might have impacted them. Do they engage at that kind of level?

**MS WILLIAMS:** No, they haven't done previously, but we're starting to sort of see coming through now is recommendations, you know, certainly when we put submissions in for various enquiries or you know, policy, government policy changes. We highlight that as something that's absolutely necessary. What we have found is that often policies are written for paid work force and the impact on volunteer work force isn't actually you know, covered to any sort of degree or depth.

And we say that happen with people with NDIS where volunteers have just dropped off because there's no way for volunteer participation anymore because obviously the funding goes through individuals.

**MR SEIBERT:** So is that something where you're looking to see more engagement? Sort of that broader understanding of the impacts of volunteering across those different policy areas?

**MS WILLIAMS:** Yes, for sure. And I think it just comes back to the acknowledgement that volunteering, although, you know, we say it's time given freely without financial gain, is actually not free. It's actually not free to the volunteer and it's not free to the volunteer involved in the organisation either. That, you know, to actually utilise volunteering in a safe and efficient manner does cost money and it costs money to provide you know, the safety and the boundaries, the training, all the requirements that needed you know, to run an effective program that addresses better practice and volunteer management as well.

**MR SEIBERT:** And just lastly on that. What are some of the things you think government could do in this context to more proactively support or understand the perspectives of – in terms of the impacts on volunteering the policy changes?

**MS WILLIAMS:** I think really just even you know, to get that data right, will make a big difference because that will give us a much clearer picture of what actually is happening in volunteering. Where it happens, how it happens, you know, what are the barriers, what do we need to overcome to ensure that it continues to play a part in Australian communities.

But I think also, you know, as we have mentioned, at that policy level, to always consider the unpaid workforce and the implications on them with policy decisions, because there's lots of unintended consequences to policy changes, when you are particularly looking at workforces. I mean, I always like to quote that you know, volunteering represents nearly 70 per cent of the not for profit work force and so when you make changes, you know, impacts the not for profit sector, you make significant changes to the way people can volunteer and those organisations can engage with volunteers as well. And so really, it's just about raising the awareness of that and making sure that, you know, we're part of that conversation with government.

**MR SEIBERT:** You know, one thing that we have mentioned in the draft report is sort of explicitly considering the impacts of volunteering through the regulatory impact assessment process that government does when they're sort of looking at those sorts of things. So, yes.

**MS WILLIAMS:** Yes.

**MR SEIBERT:** Thank you.

**MR ROBSON:** Thank you.

**MS ABRAMSON:** Yes, I wanted to – thank you, Tina. I wanted to ask you about the statistical side of it which is slightly ironic because it's not actually my area, but it's very interesting that you mentioned that you would like the survey or at least the ABS to be doing it under monthly labour force survey. Now, I assume part of that is because you have a view about the volunteer workforce. That it's a workforce. So, I'd like to understand that a bit more and also the ABS used to do the general social survey.

**MS WILLIAMS:** Yes.

**MS ABRAMSON:** And any comments you have on that. So I can understand why you might be wanting to send a signal with the labour force. But just interested in that. And then if I may, the third part of that question is why you think that the census which is (indistinct) duration data overall is not as helpful as the sort of things we have been talking about.

**MS WILLIAMS:** Yes. Okay. I will start with the last.

**MS ABRAMSON:** Yes.

**MS WILLIAMS:** So the census, the ABS agreed that the questions within the census didn't really support the true measurement of volunteering. There's a bit of confusion there. So the questions really needed to change in order to capture the correct data or the correct information. I think it often confuses some people the way that questions were posed. So it is really about refreshing the questions within that.

Going back to the labour force survey, purely because of the numbers, you know, so if we could get responses from 50,000 people about their volunteering behaviours, you know, that would capture both informal and formal volunteering and give us a real sense of you know, how that happens, you know, across Australia. So I think it's more about okay, can we use, if we're not going to create a single purpose and survey, is there something else that we can piggy back on that can give us some really rich data and that was one of the things that you know was proposed.

**MS ABRAMSON:** Are you worried, Tina, though about the compliance burden of that because it's a monthly survey and we had problems getting data out of people at the best of times.

**MS WILLIAMS:** I have got no idea, sorry, about if people respond you know, to the survey. I am assuming that they would. As a regular sort of survey process, but no, I am sorry, no, I don't.

**MS ABRAMSON:** That's all right. Why do you prefer that labour market survey over the general social survey.

**MS WILLIAMS:** I believe that the general social survey certainly from Western Australia didn't give us the depth of information that we need. That's why. So we needed to have more information and we just don't have the data.

**MS ABRAMSON:** Do you think that's because of the questions that were asked? What was the issue with it? Because normally leaving aside the reporting, it's every four years.

**MS WILLIAMS:** Yes.

**MS ABRAMSON:** And it hasn't been done lately, but it does include specific questions on informal volunteering. So it's probably one of the few survey tools we have where they have actually asked about that.

**MS WILLIAMS:** Yes. I think – I would like to take that on notice.

**MS ABRAMSON:** Of course.

**MS WILLIAMS:** And get some more information about that. But I believe it is because we don't get the data at state level that we need to be able to actually use it in the way that it's useful in a policy setting. Or even, you know, for us to share that with our members.

**MS ABRAMSON:** Thank you. And any views you have on compliance costs would be helpful as well. Because the surveys do (indistinct words) compliance costs and I can just hear the volunteer coordinator saying, 'You asked me to do that every month' so anyway, I will leave that with you. Thank you, Tina.

**MS WILLIAMS:** I'd be more than happy to get back to you.

**MS ABRAMSON:** Thank you.

**MS WILLIAMS:** Thank you very much.

**MR ROBSON:** Thanks, Tina. So the government's got this (indistinct words) giving by 2030. I want to ask your opinion on specifically what you have seen in volunteering patterns, trends over time and whether you think you know, for example, doubling volunteering by 2030 is feasible. Whether it's the number of people or you know, by hour or how would you even think about that. And does that seem like a goal that could be achieved on current policy settings or what have you seen over time and what do you think the likelihood is of something like doubling volunteering in WA and across the organisations?

**MS WILLIAMS:** Yes, I mean, that would be amazing if that could happen, but I think you know, there are so many different variables at play, that would affect that and also not just – I suppose I talk about you know, sort of environmental factors as well, as you know, cost of living, you know, single person households, you know, there's so many different implications.

I don't believe that it can happen if the environment stays the way it is right now. Absolutely not. I think we will go backwards. The way that we're going to support volunteering is you know, obviously if there is an investment in volunteering and a concerted effort to change the way that the system operates right now. But I feel, you know, I don't think that those goals are possible. Both in giving financially and also in volunteering. But it's interesting, I always say you know, volunteers are the best givers in terms of donations as well.

And we also know that you know, word of mouth means that people volunteer more of them. And so I think there is some really sort of key things that we can do to sort of reverse that and really work towards those goals and – but it will take more investment and it will take a lot of effort with everyone pushing the same wheelbarrow as well.

**MR ROBSON:** And also in the sense of you know, nationally, we have seen decline in volunteering and (indistinct words) is that the same in WA? You know, the sort of longer term and then also, why do you think you know, the data, that trend is – is (indistinct words) what's driving that, because people don't have the time that they used to have or - - -

**MS WILLIAMS:** No, I think we live in a different society and certainly I think we can all sort of you know, acknowledge that since COVID, you know, there has been quite significant changes in the way that we work, in the way that people want to volunteer. I mean, if you look at this campus, you know, most students now will be remote. They won't even be here. You know, where as before, this was probably one of the most active volunteering campuses. I am not saying that they don't volunteer still, but they do it differently. They do it online or they will do it – you know, it's not here. It's not within the home or as much as what it once was.

So I think really from – I think it's up to us to sort of present the volunteering in a way that people want to volunteer and make it more appealing which does, you know, sort of turning old traditional institutionalised types of volunteering on its head. Because that is definitely declining. Those organisations are seeing a decline probably quicker than others. And really finding it hard.

**MR ROBSON:** And you mentioned online volunteering. Tell us a bit more about that. How does that work?

**MS WILLIAMS:** This school has many ways to volunteer online, I mean we all do so much now, don't we. We operate a recruitment system that services the whole of Australia and within that – there's usually about 13,000 roles already, you know, being advertised. A little bit like a job's board like seat. This one is for volunteer positions. And within that, you can search any

odd time for online vacancies and come up with hundreds of different positions that people can do online.

And I mean, I always feel like it's fantastic because it means that people, you know, disabilities can all go volunteer from their home if they're not able to get out and actually physically go somewhere. So it is more inclusive in that regard. But it just – it's just one. It's just other ways that we can engage, you know, with volunteers. And we talk about you know, that there's (indistinct) volunteering where you have short sharp opportunities to volunteer or spontaneous volunteering where people turn up after a disaster and want to help out. You know, so there's lots of different types of volunteering and it's really looking at ways that we can support that and not create more barriers for people to just volunteer the way they want to.

**MR ROBSON:** So you think that part of that answer is you know, harnessing these new trends and this new way of doing things?

**MS WILLIAMS:** Absolutely.

**MR ROBSON:** And it hasn't been done before because people are changing the way that they want to volunteer.

**MS WILLIAMS:** Yes. And I think, you know, when you do – when we do see examples of the way things work, it's really about championing that, so that other people can sort of share that knowledge and also that practice to get more volunteers to do their roles as well.

**MR ROBSON:** Okay. Thank you. Krystian, did you have anything?

**MR SEIBERT:** I just wanted to ask about corporate volunteering. And what your thoughts are about the role of corporate volunteering opportunities, challenges, because we do have a draft recommendation around corporate (indistinct words) which would include a list of companies reporting on the volunteering contributions as well as contributions of money to DGR's, but any thoughts about yes, corporate volunteering? About sort of increasing transparency around those contributions by larger listed companies as well?

**MS WILLIAMS:** Look, I think the corporate volunteering, we're probably the leading state and you know, we're very fortunate to have some very good corporate partners, long-standing partners and we are very open about reporting about how they volunteer, what that contribution looks like, what that value is, what the hours that their corporate volunteers volunteer as well on an annual basis and I feel that the information that we provide our partners with, they then use that information in their own sort of reporting and so in a sense it's very useful for that and that's on a more practical level.

I do feel – I feel that I can't speak only for the people that we work with really, how that – how visible that is and how that comes through in their reporting. But what I might do is just flip the question over to Traci Gamblin who is a – my Deputy CEO. Traci, do you want to?

**MR ROBSON:** Yes, yes.

**MS T. GAMBLIN:** Here.

**MS WILLIAMS:** She runs our corporate volunteering program - - -

**MS ABRAMSON:** And Traci, we will just get you to announce your name and your organisation for the purposes of the transcript.

**MS GAMBLIN:** Sure. Traci Gamblin from Volunteering WA. So just adding on to what Tina spoke about, I think what I can say is that we support the benefits that corporate volunteering provide. So to the volunteering involving organisations and they report that back to us all the time, it helps build their capacity, helps, you know, complete projects they would never be able to you know, complete.

But also to the employees who take part. And there was just a study I think it was from Oxford University that looked at well-being – all the well-being things that accompanies – that companies provide their employees and found that volunteering was really the only positive program there. So, and we see that in spades. So every corporate volunteer that we send out and we do facilitate those activities, they report you know, increased community awareness increased skills, and most importantly, for us, they want to volunteer again.

And that is a huge important thing that we see. We want more people to be exposed to volunteering, corporate volunteering is one of those. So it would be, you know, as great as school - volunteering as part of your school. So it's an introduction to volunteering. Some of it - sometimes, it's the first time they've ever been out at a community organisation.

Besides the other things of feeling better about work, they have increased productivity as well. That is recorded in our State of Volunteering report, you'll see, in March. So all those benefits are what we see, and anything that can promote corporate volunteering, we are supportive of.

**MR ROBSON:** All right. Well, thank you. A bit of a change of tack just in terms of topics: do you have any views on sort of the progress with harmonisation and simplification of background checks? It was an issue, sort of, that was discussed at our round table in September. We do discuss it in the draft report, but there is, I understand, a process underway around, sort of, some of those Working with Children Checks being harmonised, et cetera, sort of. Do you have any views about how that's going and any opportunities, challenges?

**MS WILLIAMS:** Slowly.

**MR ROBSON:** Yeah.

**MS WILLIAMS:** It's going slowly. We have a reduced barriers campaign that we've been running now for - I think it's years. Is it four years? I was going to say three - at least three - so four years, which really presented to State Government the opportunity to remove some of the costs involved in some of those checks and streamline them as well. So we're still working through that and still banging on that drum. We hope that we will make more traction. We've just had a new minister, and he seems to be very engaged, so we're hoping that, you know, we'll make some headway that way.

**MR ROBSON:** What are the actual blockages in that space from your perspective and - - -

**MR SEIBERT:** Why is it so slow?

**MR ROBSON:** Yeah, why is it so slow, even though there's such agreement about the need for it?



**MR SEIBERT:** Yeah.

**MS WILLIAMS:** I think probably because it's a budgeting issue for government. Although they do provide a discount, you know, for some of those checks, it's still a charge, so it's a process situation as opposed to anything else. I mean, really, it's just trying to bring us in line with the other states and territories.

**MR ROBSON:** And what are the actual impacts of the compliance burdens that can be associated with these different checks? There's obviously a rationale for the need for these sorts of checks, but when you've got - say if we put ourselves in the shoes of a volunteer, what are their experiences with this? Why does it impact their decision-making, et cetera?

**MS WILLIAMS:** Well, I think if you think about, for example, if you wanted to volunteer for volunteering involved in an organisation that - where you were working with somebody in aged care, for example, then you would need the three checks.

**MR ROBSON:** What are those three checks?

**MS WILLIAMS:** So you would need - you know, you might need an NDIS. You might need Working with Children, because we don't have the Working with Vulnerable People here, and you'll need a National Police Clearance. And then perhaps you wanted to go and work with another organisation - same kind of volunteering, but different organisation. You would actually need to get some of those checks done again. So one of the things that we would like to do is to just have one check and that the volunteer then retains those checks.

**MR ROBSON:** Portable, yeah. Yeah.

**MS WILLIAMS:** Like, it makes it more portable, yeah. We have a system now that we built that can actually do that and can really, sort of, start to work towards that whole volunteer passport concept, which is what we've been wanting to do for a very long time. So - - -

**MS ABRAMSON:** Tina, did you put the volunteer passport idea in your submission? It's not in the most recent submission.

**MS WILLIAMS:** No, it's not. What is in there, though, is a volunteer system. So we're building a system that can utilise and can actually operate a passport scenario. So the passport itself is in - it is in Volunteering Australia's pre-election - - -

**MS ABRAMSON:** Okay. Yep.

**MS WILLIAMS:** Sorry, pre-budget submission, yes.

**MS ABRAMSON:** I had a couple of - thank you for that. When is the State of Volunteering report out? I think Traci - - -

**MS WILLIAMS:** Early March.

**MS ABRAMSON:** End of March?

**MS WILLIAMS:** Early. Early March.

**MS ABRAMSON:** Early March.

**MS WILLIAMS:** We have it now. Is it 3rd, the launch?

**MS GAMBLIN:** It's 5th.

**MS WILLIAMS:** 5th.

**MS ABRAMSON:** We'd be very happy to get a copy when you launch it.

**MS WILLIAMS:** Yes.

**MS ABRAMSON:** Thank you for that.

**MS WILLIAMS:** We can send it to you, for sure.

**MS GAMBLIN:** Definitely.

**MS ABRAMSON:** That would be great. The other thing I wanted to ask - and this is on notice as well, and I'm indebted to my team, to be honest. Tina, apparently, in your earlier submission, you did mention the ABS Non-Profit Institutions Satellite Accounts survey, which was last done in - it's all right, you can take all of this on notice, Tina - in 2015, but clearly, that had some information in it that you thought was of value, so when you respond to us on those other issues - - -

**MS WILLIAMS:** Yep.

**MS ABRAMSON:** And, by the way, a letter's fine. It doesn't need to be anything formal.

**MS WILLIAMS:** Okay.

**MS ABRAMSON:** Perhaps you could say, 'Well, this is the information in that survey that we were really interested in.'

**MS WILLIAMS:** Yeah.

**MS ABRAMSON:** So I'm indebted to Federica for this.

**MS WILLIAMS:** Okay.

**MS ABRAMSON:** So it's the Non-Profit Institution Satellite Accounts, which was last done in 2015, and it was in your initial submission. Thank you.

**MS WILLIAMS:** Okay.

**MR ROBSON:** And, more generally, I mean, what are the kinds of things you would like to see in data that you think would be useful? So would it be the number of hours that people have volunteered? Would it be, sort of, you know, the broad sector where they've done it? What else do you think should go in there? What's the most useful information for you just more generally?

**MS WILLIAMS:** I think one of the issues for us is that we actually have that information now.

**MR ROBSON:** Yeah.

**MS WILLIAMS:** So we know that people volunteer over, you know, nearly 400 million hours a year.

**MR ROBSON:** Yeah.

**MS WILLIAMS:** Sorry, that is a year, isn't it? Which is actually more than the previous - since the previous report that was 2015.

**MR ROBSON:** Right.

**MS WILLIAMS:** So that we know that there is an increase in hours, but that actually flows with population.

**MR ROBSON:** Yeah.

**MS WILLIAMS:** And the way - we also know that the way people volunteer that they're not volunteering for as many hours individually as what they once were.

**MR ROBSON:** Yep.

**MS WILLIAMS:** So I think, really, it's acknowledging the way that volunteering is changing and being able, then, to support volunteering involved in organisations to adapt to that so that they can design their programs to make them successful, but also that they do follow best practice where possible and to provide them with the training, the resources, and the support that they need, you know, to do that.

**MR ROBSON:** So, on the one hand, you know, the idea of collecting it in the labour force survey would be - well, that's from volunteers or a non-volunteers perspective so we could work out then - - -

**MS WILLIAMS:** Yeah.

**MR ROBSON:** - - - you know, who's volunteering and who's not and break them down across all the different sort of characteristics of people. But then you - I think you also said that there should be specific data - I think this is what you were getting to just then - gathered from volunteering organisations as to spread best practice and what works and what doesn't.

**MS WILLIAMS:** Absolutely.

**MR ROBSON:** And I think that's what Julie was talking about, the compliance burden.

**MS WILLIAMS:** Yes. Yeah.

**MR ROBSON:** You know, volunteering, everyone on a smell of an oily rag. and so anytime you ask for more information, somebody's - yeah, you're asking for somebody's time.

**MS WILLIAMS:** Yeah.

**MR ROBSON:** And the cost of that is that they're not doing this other thing.

**MS WILLIAMS:** Yes.

**MR ROBSON:** So we'd be interested in perspectives on that. And that might be through a different process, because, you know, the labour force survey is monthly, and it's really - the purpose of it is really for governments to think about those very short-term fluctuations in unemployment and so on.

And so then that feeds into interest rate decisions by the Reserve Bank and fiscal policy and all those sorts of things, whereas this is, I would've thought, a more longer-term - like, maybe once a year, once every two years - and then the best practice story maybe even less frequently, once every couple of years, because that - you know, not sure we need to collect that monthly. But I'm interested in your thoughts on that.

**MS WILLIAMS:** Yeah. Yeah. I think, for us, it's also looking at government policy, but acknowledging that, you know, when people volunteer, they need that exposure at a young age, and then they will continue to volunteer. And there's a massive, I suppose, gap now within our education system where volunteering is certainly part of the private school agenda, but it's certainly not, you know, public.

And there's no sort of support or funding there, and yet we know that when people volunteer, they're more connected in their communities. They're certainly happier from a young age as well. It just gives people or young people, you know, the opportunity for some really good pathways into employment and experiences in a workplace that otherwise they wouldn't have. And so I think it's really about looking at those opportunities, too.

**MR SEIBERT:** So you're saying that, sort of, non-government schools sort of incorporate, sort of, education or experience in the context of volunteering to shape those behaviours, but you don't see that in the same way in the government schools; is that - - -

**MS WILLIAMS:** Yep.

**MR SEIBERT:** Yeah.

**MS WILLIAMS:** Yep. They have - usually, the private schools have, like, a program where they do community service, but that doesn't - yeah, it doesn't translate into public.

**MR SEIBERT:** Just going back to sort of - we talked a bit about aged care and disability care. Are there any sort of specific volunteering challenges in the care sector that you see? Yeah, unpack that a little bit?

**MS WILLIAMS:** I think a bit, yeah. It goes back to those checks, but then it also goes back to the compliance, you know. So often there are government funded programs that are operated by those wanting to involve organisations that, for example, it's changed names now but it used to be the Community Visitor Scheme. I'll give that was - one as an example, that there's usually around a day and a half of training, you know. So if you think about the contribution, the commitment that volunteers would have to make just to sort of become - go through all those checks but also all that training as well, you know, before they can actually go and volunteer.

So there's a massive drop off rate. You know, when people realise what they actually are signing up to do and how much time it's going to take before they can actually go and do what they want to do with volunteering. There's a huge drop off rate.

**MR ROBSON:** So there's a day and a half of training for volunteers to go and keep elderly people company. Sort of provide - - -

**MS WILLIAMS:** Compliance training, yes. And that just really – and it's necessary. The training's definitely necessary in those settings, but it's, I suppose, how it's delivered and if it can be delivered in a more streamlined and easier way.

**MS ABRAMSON:** You would think, too, that we've spoken about this before and the issue with the NDIS and the relationship between the aged care visiting, but also this idea of the passport's really interesting because you can imagine that it would have sub-component parts. So if you're working in – you'd get a baseline of all of these things, but if you're working in aged care, you do X, if you're working in childcare you do Y. So you kind of would build it like that.

**MS WILLIAMS:** And if it was recognised. I mean, we've talked about a trusted partnership sort of scenario where, say, you've got, like, five large organisations, and if they know that a volunteer has volunteered in one of those, then it's just a case of knowing that they will have gone through all of those checks, they will have signed off on that training, and so there's no need to do that again. But I haven't seen it operating in a really, you know, for a very long time. But it is one way, I suppose, that we could start looking at actually sharing that.

**MS ABRAMSON:** Well, you have to think through – so one of the problems would become over time to you, that it becomes a tick box, and no one wants a tick box because that's where the people fall through the cracks because, well, volunteer organisation A said you were good to go and then it turns out that actually it wasn't so. But that's not for us to decide, but that's something that we would think about, which is the integrity risk. How do you manage that.

**MS WILLIAMS:** Yes – yes. I mean, the compliance is – is really happening, you know.

**MS ABRAMSON:** Yes.

**MS WILLIAMS:** Particularly for those types of roles, and it should be too, at any extent. But I feel that it could be simpler.

**MS ABRAMSON:** It shouldn't be multiple things, though. Like if you – I do know, personally, because I've had to do it, but you do a working with children's check for one organisation, you go to the other organisation and no, we need to do it again. So subject to integrity controls around it, like, that is that, kind of, the double handling and you've got to pay for it and it's also causing a resource constraint the other end for the police who are providing the information.

**MS WILLIAMS:** Yes. And the volunteer time as well. You know, actually applying for those things.

**MR SEIBERT:** Thank you for all your – your generosity with perspectives. One more question about deductible gift recipient system reform, because we did analysis which show that a lot of volunteer sole – organisations solely run by volunteers at the moment can miss out on DGR status, and that the proposals in our draft report would expand it to potentially 6,000 charities wholly dependent on volunteers. But do the organisations that you work with and your members

and others sort of have any perspectives/experiences with DGR? The DGR system, the ability to get it to not get it, that sort of thing?

**MS WILLIAMS:** I personally haven't dealt with any of the – could be that specific about DGR status. I would say that absolutely if I was to ask the question, then I'm sure you would get many responses. But, yes. I don't know. Traci, do you have any - - -

**MS GAMBLIN:** Not in particular. I mean, I know that they do, you know, work really hard to try and, you know, incorporate themselves and go through that process to be able to get donations. I know that. And particularly those who are all volunteer run do find it a challenging process to go through, but not specifically the DGR status side of it.

**MS ABRAMSON:** Yes.

**MS WILLIAMS:** Yes. I think the only thing that I've experienced is when it's come to funding. You know, a grant or something like that that they're all specifying that your organisation has this type – the status and they do it that way. Otherwise, (indistinct).

**MR ROBSON:** But I think, I mean, we've had other evidence that, you know, volunteer organisations it's not just the people, there's the money and other things that go with it. I mean, you can have all the people in the world at your disposal, but if you don't have funds to train or other to run it and organise them, then it's not going to – it's going to be very difficult. So I guess that's where Krystian's coming from in the sense that, you know, there's this volunteering organisation against people, but also money and an extent to which – I mean, it'll differ by organisation, but the more money they get to go with the people that's – that's helpful.

**MS WILLIAMS:** Yes.

**MS GAMBLIN:** Yes.

**MS WILLIAMS:** And I think that just goes back to, you know, what we were saying before. That, you know, volunteering's free. It takes good volunteer management to deliver, you know, those services and support that the organisations actually, you know - - -

**MR ROBSON:** And just – sorry.

**MS GAMBLIN:** No, I was going to add – and you'll see in our State of Volunteering report that I wish was published so we could show it to you now, but we do differentiate between organisations that are managed by – their volunteer management program is run all by volunteers or they have paid volunteer managers, and I think you might find some interesting things in there.

**MS WILLIAMS:** Yes.

**MS GAMBLIN:** And also the financial burden that does fall often times on volunteers and on the volunteer manager that may not be reimbursed by anyone. So that – that does come through in the report.

**MS WILLIAMS:** Yes.

**MR SEIBERT:** In terms of volunteer management, whether it's from, sort of philanthropic organisations like foundations or corporate or partners, is there much support for volunteer management from them as opposed to, say, government funding? Is it something where philanthropy more broadly have an interest in supporting the infrastructure?

**MS WILLIAMS:** I actually think a lot of the time, from my experience over many years working in fundraising and not for profit organisations, people don't like to give towards administration and management as part of their donation. They like to see it all going to service delivery, and we see that time and time and time again, you know. It takes a lot of convincing to say to a donor that, you know, you're obviously investing in an organisation in this structure – management structure is a good thing, because then you know that the services are going to be delivered appropriately and efficiently, professionally.

So, yes. It is a battle to, I think, cordon an event, you know, within those organisations when you look at volunteer management more generally. It's only the bigger volunteer involvement organisations that actually have a volunteer manager - a paid volunteer manager.

You know, sometimes they might be just coupled in with marketing or an events person or, you know, it's just an add-on sort of position, and that's one of the things that, you know, as a peak body, we're really passionate about that – that, you know, people actually train appropriately. And, you know, managing hundreds of volunteers is a huge undertaking and you know that they need to be qualified and appropriately trained to do that.

**MR ROBSON:** Is that what the aged care volunteer visitor scheme funding is for? Is that for the organisations to manage those volunteer programs and place the volunteers and that sort of thing?

**MS WILLIAMS:** Yes. Yes. Exactly.

**MR SEIBERT:** Traci, you mentioned that there's sort of out of pocket costs for volunteers. One of the proposals around allowing individuals to get a tax deduction or – and we addressed that in the report and we think there'd be, you know, some pretty serious compliance costs and integrity risks associated with it. But one of the themes that we've come across in the report we thought about is that, well, a lot of things that government can do philanthropy itself can replicate. So, you know, what would stop a philanthropist coming to a volunteer organisation and saying, you know, 'We know you've got these out of pocket costs, I'm going to cover those. That's going to be my donation, you know, and let's give that a trial'.

**MS WILLIAMS:** A (indistinct) of hope. That sounds nice.

**MS GAMBLIN:** Who's that?

**MR SEIBERT:** So – yes. So, I guess this is the, you know, we can have government do it and report to the tax office or a philanthropist just comes and goes, 'I'm the government for the purposes of this organisation. Give me your receipts and I will give you the equivalent of whatever the tax deduction or make some contribution towards it'. And I guess the question – and it's a more general question – you know, why don't we see that in – in philanthropy? That sort of – we've heard that it's innovating and risk capital and so on, but it might get back to the overheads question, that it's, you know, that – why do you think there's not this sort of innovative things?

**MS GAMBLIN:** Yes. I think that would be interesting. I have heard before - I'm trying to think of how to say this. So, I have heard before the philanthropy sector say that certain things are - government should pay for, so I do wonder whether that is a case there.

**MR ROBSON:** Yes.

**MS GAMBLIN:** But anything that the philanthropic centre can do in terms of helping the volunteering sector, I mean, that would be fantastic. That exact idea hasn't come through to us necessarily. I haven't heard it. I have worked with foundations and the corporate sector and government, state and federal, and it is interesting to work with those different sectors and see, you know, what kind of reporting, what kind of - you know, what they're prepared to find.

I do find the philanthropic centre - the philanthropic sector quite generous in terms of not so much reporting. You know, they're quite happy to, you know, here's the donation and we trust that that's what you're going to spend the money on. Even the corporate sector, to some extent, and there's a lot more reporting with the government sector obviously, which we're find about. But yes, I mean, any kind of increase from the philanthropic sector would be wonderful for the volunteering community.

I have said that to many of our members, that they should not forget that there is a philanthropic sector. They do forget. They're going for, sort of, government grants and corporate partnerships, but often don't go to foundations. And I don't know if that's just in Western Australia, but I think it would be great to see more activity here.

**MR ROBSON:** You've been very generous with your time. We've gone - we've asked you a lot of questions just because it was so interesting, so thank you.

**MS GAMBLIN:** I had one other - - -

**MS ABRAMSON:** You wanted to ask us one other thing.

**MR ROBSON:** Yes, yes.

**MS GAMBLIN:** Yes, one other thing. If you don't mind me just going back to the collecting of data.

**MS ABRAMSON:**

**MS GAMBLIN:** There was one thing that I wanted to mention that, Tina, you were about to mention, which was the ABS collection - you know, the survey. We find that the volunteering question is buried, sort of, very late in there.

**MS ABRAMSON:** Yes. Yes.

**MS GAMBLIN:** And that's why, you know, we were very excited about our state of volunteering report because it's single purpose. It is about volunteering.

**MS ABRAMSON:** Yes.

**MS GAMBLIN:** And we did find the reaction to it quite positive and the response. So we got a lot of responses, and we do feel like that was one issue, that it was quite buried. The general



purpose survey - that didn't come up enough. You know, that kind of seemed to disappear, so that was an issue as well. The general social survey, I think it was called.

**MS ABRAMSON:** No.

**MS GAMBLIN:** Yes. But the large ABS, you know, survey, volunteering - I mean, by the time people get to the question they don't even know, you know, what the survey's about.

**MS ABRAMSON:** It's a design issue, and I know that all three of us have been involved with census and things.

**MS GAMBLIN:** Yes.

**MS ABRAMSON:** It's a very difficult process - - -

**MS GAMBLIN:** Yes.

**MS ABRAMSON:** - - - about which question goes where and in what order.

**MS GAMBLIN:** Exactly. And we understand that, but I think that's, you know, where - - -

**MS ABRAMSON:** No, but it's an important point.

**MS GAMBLIN:** Yes. We wouldn't necessarily say that we wanted volunteering to be collected on a monthly basis, but we were trying to show that with a workforce so huge as volunteers are, it's interesting to look at the difference between when things are collected for paid versus unpaid, and the unpaid survey seems to either be buried or it doesn't happen when it's supposed to happen and that sort of thing.

**MS ABRAMSON:** No, it's a good point.

**MS GAMBLIN:** Yes. So I just thought I'd mention that.

**MS ABRAMSON:** No, thank you. Thank you very much.

**MR ROBSON:** Thank you very much.

**MR SEIBERT:** Thank you so much. That's great, yes.

**UNIDENTIFIED SPEAKER:** Got those questions, so we'll respond (indistinct).

**MR ROBSON:** Thank you.

**UNIDENTIFIED SPEAKER:** All right. Thank you.

**MR SEIBERT:** No, really appreciate it. That's great.

**UNIDENTIFIED SPEAKER:** Thank you.

**MR ROBSON:** Shall we take a break or - - -

**MS ABRAMSON:** Yes, that would be great.

**MR ROBSON:** Yes. Let's take a - so we'll come back at - I haven't got my clock on me.

**MR SEIBERT:** 10.15.

**MR ROBSON:** 10.15. Yes (indistinct) 10 minutes.

SHORT ADJOURNMENT

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

**MS M. McFARLAND:** Thank you very much, Alex. My name is Mandy McFarland and I represent an organisation called Educate Plus. We serve people in the education centre - that's schools, universities, and residential college - that work in advancement, and very particularly today, around this inquiry, we have about 475 people that work directly in fundraising in schools, and they're the people that I'm representing.

We've been operating for a long time. We have schools right across Australia, all manner of schools. About 30 per cent of them are the wealthy independent schools that you would assume have got good philanthropy programs, and do. But I think where we put a lot of our focus is on the 70 per cent of smaller schools. Regional, often really small Catholics, often systemic faith-based schools, that are really, really struggling to raise the funds to make a difference in their community, and certainly in their schools.

So they are the people that I'm advocating for today. I just wanted to start by thanking you for the work that you've done on this inquiry. We think it's really important work. There were many recommendations that are going to make a difference moving forward. So I just wanted to start with that, and say thank you.

**MR ROBSON:** Thank you. Do you have an opening statement?

**MS McFARLAND:** I just - there's three things that I wanted to raise today.

**MR ROBSON:** Okay.

**MS McFARLAND:** I have shared them. The first is having a look at - re-looking at recommendation 6.1 that removes DGR status for non-government schools. The second one is the notion of the nexus between individuals given to building - school building funds and receiving personal benefit. And the third one really is just something that wasn't as broadly expanded in the report, looking at the community benefit and the community impact of the projects that come out of school building funds. So those are the three things that I'd like to - to raise. I have a couple of asks of the Commission as a result, and some facts and comment around each of those three points. They're all broadly expanded in our submission which we made last Friday, so it's available.

**MR ROBSON:** And did you want to make any - yes, please. Go ahead.

**MS McFARLAND:** Yes. Let's start off. So the first one is obviously the withdrawal of the DGR status for school building funds. You know, as soon as the draft report was released, we immediately got together as a - as a collective. We partnered with other organisations that have similar membership, and we put out an immediate webinar to - an open webinar to anybody who was operating in schools and operating in fundraising to join us so that we could discuss the report together and really try and collect some data which we could share with the Commission.

It's very fair to say everyone was deeply concerned about removing the DGR status and the impact that that would have moving forward, and to be absolutely blunt, we feel it would have the adverse effect of what you're trying to achieve with this inquiry which is increased philanthropy in Australia.

We obviously - we work in a space every day. We've seen fluctuations. We've seen changes. We've seen improvements, and I think that's probably the area, again, that probably wasn't really expanded on in the report is how much more sophisticated fundraising has become in schools in terms of the talent and the skill that fundraisers need to have in order to run their programs.

So, you know, the notion that somehow they're not doing things correctly or that there's personal gain, people were genuinely shocked because that is not happening in schools at the moment. There's a huge ethics framework around everything that they do. It's all for the benefit of the long term, and the majority of schools - the actual focus is on the legacy piece where you are leaving your gift for the next generation to benefit from.

So, as I said, we give to a whole host of things as Australians. They're generous. They go, you know, from \$25 gifts to multi-million dollar gifts, and they support everything from animal welfare all the way through to educational organisations. We just also felt really strongly that in a time when in other parts of the world individual giving is declining, we've got an opportunity in Australia to not go that path and actually to increase it, but that means making it easier for donors in every possible way.

So my ask of the Commission were two things, was just to work more closely with us. Because we're a membership-based organisation and we have partners like AHISA and CASE which are two of the ones that we worked closely with. We have got really broad reach. So we could do any kind of additional research that you would need in order to explore this a little bit more. We feel there's going to be long-term detriment, and we just want the Commission and the government to be very sure about what that detriment potentially looks like.

The second we really would like to ask, and we had put it in our very initial submission, was actually to open DGR status more broadly than the three funds that they currently support. We really are struggling to understand the rationale around universities having sort of a blanket DGR for any project and any program that they run and schools being so hamstrung with the three that they've got.

Schools, like universities, have changed enormously the focus of what they do with the funds that they - the additional funds they raise are very wide. They're far beyond building plans. You know, there's a lot more around the wellbeing spaces, around - a lot more around talent acquisition of getting good teachers, getting good staff. So these kinds of things - parents who are at the school and old scholars and alumni want to support these initiatives because they can see the value that it brings to the community. So those are my two asks of the Commission around that first point.

The second point around the perceived nexus between donations to school building funds and personal gain, we just - we really, really want to understand the Commission's thinking around that because in - everybody who was on that webinar said, 'It just simply does not happen in our school. We are so governed by the ethics', and the framework of the ATO, firstly, as a DGR entity, and, secondly, around there not being any personal gain, that this is not a popularity contest. This is not about someone who's got a lot of money who can have - you know, gain anything from it. It's purely focusing on philanthropic emphasis.

So again, no-one really understood where the evidence was to suggest that that is the case because, in our experience, that is not the case. So I would really, really like to ask that we possibly look at how - where that information came from, and we'd love the opportunity to explore that more specifically. Many schools offered and said, 'We welcome anybody to come into our system, have a look at how we run our program and, you know, if we're not doing it correctly, point it out', but they all were very adamant that they - there is no personal gain agenda in terms of the fundraising that schools do. So we just would really ask the Commission to explain their thinking on this because we couldn't understand it.

The evidence is the second thing, and then we just wanted to also ask, if it's possible, to conduct sort of more detailed analysis around the source of contributions to school building funds because there was a big focus on families in the school at the time, and those of us who work in fundraising know that our philanthropic support comes from a much broader spectrum of people, many of whom are out of the school and will never be back at the school, whether that's alumni.

It's often groups and particularly schools that have big Indigenous programs. A lot of the local trusts support - you know, make donations to the schools for their students whether that's through scholarships or actual facilities that are bespoke for the needs of country Indigenous kids. So we really wanted to just do more of an - you know, see what the impact is of that.

As I pointed out in our submission, most school building funds are quite long term. They take a long time to get off the ground. So for many people, they make the donation, and their children don't see the benefit of that because there's often a cycle well beyond actually being at the school. So this for us was a really difficult point in the report and one that we just really didn't agree with, firstly, but, secondly, couldn't understand how you had arrived at this comment.

So that was the second point. The third one, really, was something again we felt that the report hadn't possibly delved into deeply enough, and that was the impact on community of the projects that come out of DGR-funded building funds in building projects in schools. We did - you know, because interestingly - and I put that in my submission. We asked the schools on - we did a survey to all those people that were on the webinar and said, 'Give us some feedback that we can share with the Commission'. Just the breadth of the projects that they're running and so many of them have said, 'It's actually part of our strategic priority at the school that our - whatever new buildings we do have to be open to community'.

So, you know, listening to the two ladies from before when they're volunteering in WA, those are the groups that are using facilities because the schools give them for free. They've usually got parents in their school community that also volunteer in other organisations. So, you know, we felt - and smaller schools in regional areas are the ones that are doing it so tough to try and upgrade their facilities. They're working hard to get their programs off the ground. Philanthropy and those areas is not as easy. It's hard work.

There isn't necessarily a same amount of money that there is in the cities, and I'm not telling you anything you don't know, but they're working really hard to get that going. So anything that's going to put an impediment in place is going to also have an impact on the local community far beyond the school.

So we just wanted to see if we could explore that a little bit more and see if there was something that the Commission would like us to - any kind of survey you'd like us to conduct, any research you'd like us to conduct. We'd love to be the conduit for that because we've got the reach, and we've got the faith of those schools that we are all working for the same cause with the light of - that you're looking at this because we believe in philanthropy. We've - many of these schools have survived on philanthropy forever. So those are really the three points that I wanted to raise. So I'd love your thoughts on any of that.

**MR ROBSON:** Yes. Thank you very much, and we appreciate those comments and then also in your post-draft submissions, you've got a lot of that data, and that's very useful and happy to get the team to follow up with you on that.

**MS McFARLAND:** Thank you.

**MR ROBSON:** It's very useful. So just in response to what you said, Amanda, so when we came to look at the DGR system in Australia, we found that you had little if no coherent policy underpinning both in practical - in a practical sense, but also in terms of the principles that were there.

So we developed some principles, and I might ask you about those three principles and then apply them to the existing system. So that's where in general, the approach comes from. We thought that in the context of the entire inquiry and the goal of doubling - giving that we couldn't really not look at the DGR system and totally - we could recommend some wholesale reforms given that we think that's needed.

Now, on school building funds - I'll just say a couple of things. One is we do explicitly recognise the role of government and the importance of government support for school infrastructure. So the question we really then grappled with was - or is the DGR system the best way to provide that support, or are there alternatives, and we might have a discussion about that as well.

And then there is the question which you mentioned about the risk of a nexus between donations and fees. So we looked around at different areas. You mentioned universities. Universities don't tend to charge direct fees. So with all of that's a low risk compared to - possibly to schools. Where that - our acknowledgment of that - or identification of that material risk came from was - well, first of all was identified as an issue in a not for profit work tax working group back in - I think it's 2013. They didn't say much but they did talk about that as a particular issue.

But then also we looked at some examples of invoices that were provided by schools to parents and in many of those examples, if not all of them. Even there's a line for a donation - voluntary donation - and then the school fees are right underneath it.

So that to us suggested it's not direct evidence but it does raise some questions in our mind when fees and upon an invoice is so directly - not linked but it's - you know - right there on the same piece of paper. So for us, even with thinking about that third principle of the nexus between the

donor and the beneficiary that is where we should look at this and that's where the recommendation.

Now, we're very happy that you have provided us with all of that data and evidence. It's exactly what we're after. We're after this conversation, following up. Yes. We don't always get things right. So that's where we're coming from. But I might ask you a couple of the points you've raised. The first, I guess, is the link – that one of the issues with the DGR system in Australia is that – you know – the tax benefit it depends on your marginal rate. And so the benefit as a donor that I get, if I am on a higher income I get more benefit. And that's – you know – that's the way of the system, isn't it? And that's fine.

But then how do we match that up with need? Okay? So you can imagine a school in a low income area for parents and even – you know – the alumni might have very modest incomes. They make donations but the public support – indirect public support through the tax system is a lot lower than in a different suburb with very high income earners and, I guess it's a question of – you know – we recognise that heterogeneity and variation in the population but is there a better way of matching the indirect tax paper support with the need. Because we do recognise the need and one of the things that you talked about. But the government here is effectively providing a dollar one of the – you know – the features of philanthropy is they're not directing where it goes, and that can be beneficial. But, in this case, it does raise an issue as to – you know – is that public support really then being directed to where it's needed most.

So I might just get you to respond to that. I mean is it – you know – an alternative could be like a flat tax credit where everyone gets the same percentage deduction, whether you're rich or poor and then – you know – the public support is neutral in terms of where the money is coming from and then it would be allocated from there. So maybe I'll pose that as the first question and get your thoughts on it.

**MS McFARLAND:** Sure. I mean I'm not by any means a tax expert in any way.

**MR ROBSON:** No. Yes.

**MS McFARLAND:** So I can't even make a comment on that.

**MR ROBSON:** I appreciate that.

**MS McFARLAND:** But I think that – you know – we're looking at philanthropy in isolation just as an activity.

**MR ROBSON:** Yes.

**MS McFARLAND:** But I think what so many schools are doing – independent, non-government schools are doing is the wrap around that doesn't necessarily get the tax deductions. So I am not even talking about the low – take the low socio-economic school, or a school in country WA for example. They've got people who are making gifts. They are – they're working really hard to get those gifts – they are doing the building funds. It's taking longer because they're taking longer to raise the money. So if there was a way that the government could equalise – make additional provisions for people in – you know – like they do with the funding.

**MR ROBSON:** M'mm.

**MS McFARLAND:** You know? It's all based on ECS.

**MR ROBSON:** M'mm.

**MS McFARLAND:** So, you know, that's a consideration issue and I know those country schools would jump at it and be so grateful for it. But I wouldn't want to see the good work that is being done in schools that happen to be in high socio-economic areas, getting – being – you know – being disadvantaged to them.

**MR ROBSON:** M'mm.

**MS McFARLAND:** So that's the government's sort of challenge I feel - - -

**MR ROBSON:** M'mm.

**MS McFARLAND:** - - -and sort of something that the Productivity Commission is going to have to put forward.

**MR ROBSON:** M'mm.

**MS McFARLAND:** I'm sure there are ways that we can make it more accessible because the schools themselves are doing that. They're doing the wrap-around for those students to try and – try and close the gap as much as possible. Their fees are lower. So – you know – so all in all it reflects what's happening in that community. So they know the parents can't pay any more. And one of the sort of possible outcomes of this is that if DGR were to be taken away regardless of non-government schools, the money would have to come out of operating costs which is ultimately out of school fees.

At the moment those two things sit side by side on the invoice. So I know it probably looks strange but it's voluntary and I don't know what the percentage is but I would hazard a guess that it's nowhere close to 80 per cent of parents that actually pay that building fund. So that's the question to ask.

**MR ROBSON:** Yes.

**MS McFARLAND:** How many of them are taking it up? They fully understand it's voluntary. It's going into a separate fund. It's not going into the operating funds at school and those – that's the delineation I was talking about in terms of the ethics around – this is financial because it's fundraising money that goes into a separate fund, usually the building fund.

**MR ROBSON:** So you think if – so this is a question – one of the questions we're interested in is – you know – if DGR is removed then, you know, some schools you can imagine might just have a separate compulsory building fund. It's almost like an increase in fees. So is that what you thought or they were just increased fee?

**MS McFARLAND:** No. I - - -

**MR ROBSON:** Or what would you think would happen?

**MS McFARLAND:** I just think the building fund would fall away.

**MR ROBSON:** Okay.

**MS McFARLAND:** Because at the moment the building fund is attractive because it has DGR status.

**MR ROBSON:** Right.

**MS McFARLAND:** So there's an incentive to get it.

**MR ROBSON:** Yes.

**MS McFARLAND:** So if you remove the incentive people go – 'Well, you're not going to – we don't need to support that anymore.'

**MR ROBSON:** Yes.

**MS McFARLAND:** There's no value. There's no benefits. But will happen over time is that the money is going to have to be found. You know there was a lot of talk in the report about the government supporting schools with infrastructure. Now for a lot of those independent schools that doesn't happen.

**MR ROBSON:** Right. Yes.

**MS McFARLAND:** They don't get a dollar from the government.

**MR ROBSON:** Yes.

**MS McFARLAND:** For building. For infrastructure.

**MR ROBSON:** Yes.

**MS McFARLAND:** So the money has got to come from somewhere.

**MR ROBSON:** Yes. And so you think that fees would increase - - -

**MS McFARLAND:** Over time.

**MR ROBSON:** - - -at a time as a result.

**MS McFARLAND:** I think so. We're looking long-term.

**MR ROBSON:** Yes.

**MS McFARLAND:** You know, I mean this whole report is looking at long-term growth of philanthropy in Australia.

**MR ROBSON:** Yes.

**MS McFARLAND:** In the long-term there's going to be – there can be unforeseen outcomes. And we're raising some of them in – we've raised some of them in our submissions as we feel that ultimately if you remove the incentive of giving to building funds which is operated as a



separate activity by the school, the money will dry up. They won't give as much as they currently give and the money is still going to have to be found because it's not coming from government. We're not – non-government schools.

**MR ROBSON:** Okay. I'll just ask you a bit more about the sort of nexus. And we'll explore some of the points you made. One is where the bulk of donations are coming from. So do you - - -

**MS McFARLAND:** Mm.

**MR ROBSON:** - - -and sorry, I don't have the detail in front of me but so the first question, really, is I guess the extent to which it comes – you have the share, I guess, of donations from parents, alumni – you know – like all businesses as such.

**MS McFARLAND:** Yes.

**MR ROBSON:** Do you have a rough idea of that?

**MS McFARLAND:** It would – again – we did do a bit of research and I think I included some in the actual thing.

**MR ROBSON:** I think it's in there. Yes.

**MS McFARLAND:** Let me just find it. But I think what we – yes, I've got it right here.

**MR ROBSON:** Yes.

**MS McFARLAND:** We said that between 50 and 56 per cent of the donors to the building fund were current parents.

**MR ROBSON:** Yes.

**MS McFARLAND:** So that is across the whole – the whole survey.

**MR ROBSON:** Yes.

**MS McFARLAND:** Again, we have to do more work on that because I was – I would suspect that it also is dependent on the actual projects.

**MR ROBSON:** Yes.

**MS McFARLAND:** You know there's some projects that are – are more appealing to alumni and the others that are definitely more appealing to parents. You know?

**MR ROBSON:** Yes.

**MS McFARLAND:** Like the swimming pool is often going to be something that is more beneficial to the school community.

**MR ROBSON:** Yes.

**MS McFARLAND:** And not necessarily alumni. Although many of the pools that have been built lately are open for swimming schools for the local community. So - - -

**MR ROBSON:** Yes.

**MS McFARLAND:** So it's not the majority.

**MR ROBSON:** Yes.

**MS McFARLAND:** You know?

**MR ROBSON:** And then on that opening to the public, you know, you mentioned opening to the community and so on and one of the things we heard last week was around – you know – in the building and the education revolution there was a specific clause - - -

**MS McFARLAND:** Yes.

**MR ROBSON:** - - -or set of clauses around that. And to the extent that – you know – your member schools are already doing that, do you think that – you know – putting some – you know – restrictions around that in terms of DGR. I mean you're doing it already. Would you have a problem if that was part of the system as a whole?

**MS McFARLAND:** So are you saying – just could you repeat that?

**MR ROBSON:** Yes.

**MS McFARLAND:** So I understand it.

**MR ROBSON:** So the idea would be – yes, you'd have access to DGR but as a condition of that you have to do certain things which – you know – you've said they're already doing.

**MS McFARLAND:** Yes.

**MR ROBSON:** And it would be available and unreasonable – or whatever - - -

**MS McFARLAND:** Yes.

**MR ROBSON:** - - -you know – as some sort of clause in the DGR.

**MS McFARLAND:** I think that would be. And I think because many schools are doing it and, again, I can't talk for every single school - - -

**MR ROBSON:** Yes.

**MS McFARLAND:** - - -because I had a conversation with a school in Sydney around this. And they said they can't afford to open to community because it's a traffic issue.

**MR ROBSON:** Yes.

**MS McFARLAND:** So they couldn't get passed their local council to give them the go ahead to open it up. They could only operate it during school hours. So, you know, again I can't speak

for every single school but in the feedback that we got they listed all the projects that they were – and vast majority of the recipients or the (indistinct) said we have – it's now part of our strategic objectives we want to engage. Because if schools want to come out – you know – they're hubs. They always have been. But they're more than ever now and particularly in regional areas.

**MR ROBSON:** Yes.

**MS McFARLAND:** They want to bring the community in.

**MR ROBSON:** And I thought there was a really interesting and strong point in your submission which was around – to the extent that schools are doing this voluntarily - - -

**MS McFARLAND:** Yes.

**MR ROBSON:** - - - if DGR is removed, then those public benefits will also be reduced, so.

**MS McFARLAND:** Absolutely. Absolutely.

**MR ROBSON:** Yeah.

**MS McFARLAND:** Because it is the groups like, you know, Volunteering WA who use the facilities after hours, particularly on weekends, and they - you know, scouts and - they're just so many and so varied, and it would be - look, that in itself would be really a really interesting study. And we - we'd love to be part of that, if that is something that the commission would like to, you know, propose doing or have time to do. But we just don't want it to be overlooked because I think it's got a massive impact.

**MR ROBSON:** Well, I've taken too much time. Is there question just - - -

**MR SEIBERT:** Yes. I suppose just to follow on from this, because I suppose if you've got, sort of, a building that's constructed using tax-deductible funds and it's accessible to the wider community, and, you know, I've read in your submissions some examples of that. There's the - the one in South Australia, Scotch College.

**MS McFARLAND:** Yes. The Purrana. Yeah. Yeah.

**MR SEIBERT:** Yes. You know, that obviously changes the balance in terms of, you know, who's benefiting from this and expands it out to the broader community, sort of - maybe along the lines of that sort of - that hub role for these schools.

**MS McFARLAND:** Yes.

**MR SEIBERT:** But if it's not available, and if it's closed off and it can only benefit those that are attending the schools, that again has, sort of, a different equation in terms of the broadness of the benefit. Do some of the schools that are your members - do they sort of have partnerships with other schools in other areas that they sort of, you know, make contributions to their buildings? That sort of thing?

Like, in terms of - there's the, you know, the ability to open something up in a particular area, but also you fund-raise for a building. You can use some of that fund for your building, but then you

can also have a partner organisation and you contribute some of the funding to there? Like, you know, in a disadvantaged area or something like that. Are there those sorts of partnerships?

**MS McFARLAND:** I don't know of any off-hand, to be honest, in that regard. But what I do know is a lot of the - so even in regional areas, there's always a school - there's always a wealthy school, whatever - however you - you know, school's got better resources, put it that way. And they're the ones that usually partner with other schools. So other schools don't contribute to that, but they partner with them and say, 'We've got a partnership with a sister school or a brother school' or, you know, a boarding school, 'to use our facilities'. So that's how they partner.

I - I don't know of any other schools that would make a financial donation towards a building if it's going to be owned by another school. If the building was completely co-branded as a facility for both schools, possibly. But I don't know of any of that. I'd love to - I'd have to do research on that. I don't - I don't know of any, to be honest. They're mostly - they're mostly fundraised by that community, and then opened up.

**MR SEIBERT:** Yeah. And just on the - sort of, the private benefit. There's sort of - there's different levels here in terms of, yes, there are rules in place around not being able to say, 'Make a donation and the fees will go down'. I mean, there are rules around that, I think you referenced them in your submission. But then there's the broader point that when donations are being made towards buildings, well then, that's not something that needs to be covered through fees, so there's a fee reduction, which is a form of a - which can be regarded, and it's, you know, it's a draft report.

It's a - it's a - you know, we're open to different views as a private benefit when fees are reduced because donations replace those costs in terms of building buildings. But I suppose a hypothetical, in terms of understanding this private benefit question. If you've got, say, parents and others contributing to a school building fund, would they still contribute to it if it was, like, an arms-length entity that receives donations and then allocates them to schools that apply for funding, based on need, you know, where the school is, the need of that particular school, et cetera. If it wasn't aligned with a particular school, would parents still contribute to a general building fund?

**MS McFARLAND:** I can only speak personally, and I would say, probably not. Probably not. Because the bureaucracy around that also, if you're just thinking about it from the other perspective, the actual process of having to get that money for the school. You know, these teams are lean. There's maybe one or two people doing a lot of work, so it's just adding another layer of complexity, and what we - we really, throughout our submission, let's just make this easy for people to give and easy to administer.

That's not to say that they're not administering it with compliance and governance and ethics and frameworks, of course they are. But, you know, that's just going to create a whole other layer of complexity, and you know, parents are not going to be as assured that the funding that they - or the donation that they've made will go towards the project that they have chosen. And philanthropy is about choice. It's about your values alignment, you know?

And that's why there's so much fluctuation, even within a school's philanthropy program. There's some projects that are wildly popular because people can see the need, and others where the school thinks this will be - it's needed - - -

**MR SEIBERT:** Which ones are popular and which ones aren't? That's a very interesting - - -

**MS McFARLAND:** It's, again, difficult. Each school is different, and I just take that Purrana Centre at Scotch. You know, that was - that's - it's been such a big - a success story because it is so open to the public, and I think people - parents really like that. They really like the fact that they're making a donation, they're enhancing the facilities at Scotch College, because that is where they - they connected.

But they're also making - they're doing a - the greater good, you know? So I don't think any of these things are off the table. They just aren't necessarily happening at the moment. That's not to say they can't happen, but I don't - my - my guess is, it probably wouldn't be as high as it would be if it was individually channelled to each school. So ultimately, we'd be losing, you know, in the big picture.

**MS ABRAMSON:** Thank you. I wanted to ask you about the comment you made before about the school you spoke to and the times at which they could make the facilities available. So most - but I'm sure not all - of our independent schools are located in suburbs, so is it your expectation that many of them - you won't know for a fact, I know - would have planning restrictions on the use or their facilities or their sportsgrounds?

**MS McFARLAND:** I wouldn't think so, to be dead honest. But it was interesting because we had this conversation, and we sort of spoke about it on the webinar, and then I had so much feedback afterwards, and someone suggested exactly that: if we made that a prerequisite of DGR, that you had to have some kind of community use, would that be detrimental? And this person that suggested said, 'Because that's already happening at our school, so why is it not happening at other schools', and most people came back and said it is happening.

But there were one or two that just said, 'We've actually tried it' - this was actually a government school that was trying to get into fundraising, which is a really emerging market, you know? There's also a, sort of a perception that it's only non-government schools that do fundraising. State schools are starting to think about it because it allows them to do more, quickly. So anyway, so maybe their compliance is different. Maybe their regulators are different, that they've actually got to go to more government-based organisations.

**MS ABRAMSON:** It's interesting.

**MS McFARLAND:** It is.

**MS ABRAMSON:** Because I have a background in planning law, so that's why I'm, sort of, very interested in this. Because - - -

**MS McFARLAND:** And traffic audits are the bane of your life. I'm sure they have always been the bane of your life.

**MS ABRAMSON:** So I'm just sort of thinking that probably, you know, there's often a lot of fuss when schools want to expand, especially the private schools. There's a lot of - in some of the suburbs, people who are very annoyed about that because they want to build - - -

**MS McFARLAND:** Even though they live next to a school. Yes.

**MS ABRAMSON:** Yeah, yeah. So is it - but it's something to think about, that. I didn't expect you to have an actual answer, but what you said was very helpful.

**MS McFARLAND:** No. Ah, good. Good.

**MS ABRAMSON:** Thank you.

**MR ROBSON:** Thanks very much.

**MS McFARLAND:** Such a pleasure.

**MR ROBSON:** Yeah. We're very keen to follow up with you on any data, so we'll - - -

**MS McFARLAND:** Thank you.

**MR SEIBERT:** Yes. The survey data will be very helpful with - yeah. The - - -

**MS McFARLAND:** That would be great. I can send that to you, and again, I would just like to say, thank you so much. This is such an important conversation, and one we absolutely want to have, and we just want to grow philanthropy in Australia. We're a lucky country, and - make the most of it.

**MR SEIBERT:** We appreciate your contributions. Thank you for your time. Thank you so much.

**MR ROBSON:** Okay. We'll take a break now till 11.15. Okay. Thank you.

SHORT ADJOURNMENT

**MR ROBSON:** Shall we get started? Yes, all right. Let's get under way. So if you could just state your name and the organisation that you're from, for the record, and if you've got an opening statement, we would be happy to hear that, and then, if you're ready for some questions.

**MR I. MURRAY:** Thank you. So Ian Murray, and I'm from the University of Western Australia, although I'm providing these comments in my personal capacity, not in any university - it's not an official university position.

So, in terms of - I didn't have a long opening statement. I guess, I just want to draw the commission's attention to three areas, but then happy to talk more generally about the draft report, or touch on any of the issues I've raised in my submissions.

One was the principles that you've proposed for determining which organisations should receive donation concessions. So if you're reforming the DGR system, how do we adopt a principles-based approach? So, obviously, from my submission, I find it highly commendable that you're suggesting moving toward a principles-based approach, because that's a complete change to what has been the case in the past.

But the challenge is coming up with those principles. And I just had a small tweak, I guess, to the principles that were proposed, and that was around thinking through the process benefits that come with the way that charities and not-for-profits operate. So it's not necessarily just the goods or services that they produce in a fairly direct sense, but the very way they operate might have real benefits in and of itself.

So whether it's, sort of, the associational dimension to some of those organisations, and the way that can involve people in civic participation, or, you know, it could be, sort of, other matters like that, as well, that really, sort of, pick up on, you know, changing people's thinking to more altruistic modes of acting, as well, rather than just, sort of, thinking about maximising profit and their own individual wellbeing.

So, to the extent that it's possible to incorporate those sort of process benefits within the principles, I think, that would be a good thing to do. So that was the first point.

The second one was around thinking through ancillary funds, or other philanthropic intermediaries, and questions of timing that come up, because they're, sort of, addressed in different ways in the draft report, and those sort of questions have come up in other jurisdictions, as well.

And I've done some work on intergenerational justice, which, I think, can be helpful to thinking through, because, with those timing questions, there's not really any easy answer about, you know, how much is too much? what should a minimum distribution rate be? should we have minimum distribution rates?

But I think some of that thinking from an intergenerational justice perspective is useful, because it starts - well, some of the strains of that talk about sufficientarian ideas: so you've, sort of, saved up enough to meet a threshold of basic needs.

Now, that might be, in this sort of context, you know, enough to say that there's some money there to support civil society existing in the long term. And that, sort of, then means, okay, we've got a source of funds to support social capital; we've got a source of funds to support, you know, longer-term thinking than is possible with political cycles, or, you know, more innovation that we can expect, necessarily, from government departments.

But once you move beyond having that enough set aside, then we don't necessarily have to have a system that, you know, necessarily encourages or discourages. Then we have to start thinking, well, does another principle come into play? You know, do we then have prioritarian principles that say, well, GDP is going to keep increasing.

You know, if we, sort of, expect that government spending - you know, government policy is not going to, sort of, change markedly over the long term, in terms of how much money we're putting into these sorts of things, and yet we're going to get, you know, more and more contributions over time - does that suggest that, perhaps, we ought to be spending now, and we let contributions in the future make up the extra funding that we need for extra future activities, once - you know - once we've met that threshold? So, happy to, sort of, elaborate on that, as well.

And then the final area was just on extent of regulation, whether the charities regulator should have a focus, or more of a focus, on enforcement. I think that was a trend coming through from the report. I think Myles McGregor-Lowndes has talked about facilitative regulation: the idea that, rather than, sort of, going and catching people out, the regulator might be there to try and help charities go about - or firms, or big organisations - go about their activities.

And so, I guess, I just want to stress, to some extent, you know - we can be very vigilant about use of financial - well, you know, financial vigilance, but does that, sort of, then miss the point of, well, are they actually pursuing their purposes? Are we somehow, sort of, stopping

organisations from doing that, because they're spending too much time and energy on meeting all the financial regulatory requirements that we have. So that was, sort of, the third point that I wanted to make.

**MR ROBSON:** Okay. Thanks very much. I might - I was going to hand over to Krystian, but maybe - I'm going to exercise my prerogative as chair, and ask you just one or two questions.

On the DGR point - and, you know, I think you've made the good point around the process benefits, or special benefits associated with what charities do, and so on. So I think we do recognise that in the report. I guess, in my mind, those sort of benefits would be captured in principle 2, which says, is the DGR concession - you know - is that the best way to support the activity? You know, and then that's relative to alternatives. So - but I appreciate, we could maybe be clearer about that, to say, you know, there's - you know, a dollar is a dollar, but sometimes it may not be, if it has these other impacts.

**MR MURRAY:** Yes.

**MR ROBSON:** I mean, similarly, you could say - and I think we make this point in the report, too - just to say, well, you know, there's advantages to government doing things - - -

**MR MURRAY:** Yes.

**MR ROBSON:** - - - above and beyond what you might think from a dollar for dollar comparison.

**MR MURRAY:** Yes.

**MR ROBSON:** So - but I think it's a good point.

**MR MURRAY:** I think that's a fair point.

**MR ROBSON:** Yes.

**MR MURRAY:** I mean, I think the principles can easily - without major change to your three principles - incorporate the process better.

**MR ROBSON:** Yes.

**MR MURRAY:** My point was more about just being a bit more explicit about that being (indistinct).

**MR ROBSON:** Yes, okay. All right. And then on ancillary funds, from what I think you're saying is that if there was a change in minimum distribution rates or not, your, sort of, point as I took it was there should be principles based as well.

**MR MURRAY:** Yes.

**MR ROBSON:** Yes. Okay.

**MR MURRAY:** Well - - -



**MR ROBSON:** And whatever those principles might look like.

**MR MURRAY:** That's right. Because, I guess, how else are you to determine what the rate should be?

**MR ROBSON:** Yes.

**MR MURRAY:** Yes, I think at the moment it's, sort of, a generation neutrality position is sort of what's been adopted by default, you know?

**MR ROBSON:** Yes.

**MR MURRAY:** That's my (indistinct) said that explicitly. That's sort of my interpretation (indistinct) that, you know, we've tried to pick rates that basically allow you to maintain the real value of the assets that are already in there.

**MR ROBSON:** Yes.

**MR MURRAY:** But over time they're not going to, sort of, build up massively, but they're also not going to reduce. I question whether that's correct because, I think, actually given there are going to be extra contributions going in over time, probably (indistinct) build-up of assets, but I guess how are we to say that that's the right rate to select.

**MR ROBSON:** Yes, okay. All right. Thanks. Krystian, do you - - -

**MR SEIBERT:** Yes. Just on that, with the sort of - it (indistinct words) thinking around sort of the ancillary funds and these frameworks for considering their regulation. In terms of, like, translating some of these intergenerational justice considerations into practice in terms of the regulation (indistinct words) et cetera, what are some ways of doing that because there's the principles, but then there's sort of like trying to apply them as to what that means and - not saying for you to nominate the minimum distribution, et cetera, but - - -

**MR MURRAY:** Yes.

**MR SEIBERT:** - - - if you can maybe kind of step us through sort of some options there that you think (indistinct).

**MR MURRAY:** Yes. So I mean, there's different ways of doing it. One is just use the tax system and just, you know, tax. The government can redistribute in accordance with what it thinks is appropriate from an intergenerational justice perspective, but that's, I think, expecting too much of government. How is government going to be able to know what the sector is doing in response to what government - you know, so I think there are dangers with that approach.

Another approach is to use minimum distribution rates and just set them at a level that, you know, across the board are going to give you what government would like in terms of principles of intergenerational justice. You know, what does government think the right sort of threshold is in terms of money that's saved up and sitting there to support civil society. And you know, set your distribution rate in some way sort of responds to that.

So if government thinks, well, contribution is going to go up over time, you know, it's sort of hand over it well. From the baby boomer generation for instance, then maybe we should be sort

of aiming for a slightly higher rate than we have at the moment. And another way of thinking about it, which could be twinned with that even, is making a bit more explicit that the directors or trustees of these ancillary funds or other philanthropic intermediaries actually have to think themselves about intergenerational justice principles.

So they need to actively turn their mind to thinking how much money do we need for the future, and then justify that in some way and think about, you know, is that some sort of report on, well, why have I got this much money accumulated; what am I planning on doing with it in the future. So relying merely on the duties applying to those controlling the organisations.

**MR ROBSON:** What do you think about attacking on your separate point (indistinct words) facilitating regulation for - in relation to ancillary funds. What do you think about the idea of, you know, having - have a minimum, but then some sort of recommended or comparison rate or some sort of - you know, and that could be (indistinct words) charities - they could get together and say here's what we think you should be doing or, you know, government could feed into that and then, you know, funds themselves could - and there'd be some consensus arrived at and say well, here's what we think you should be doing, but we're not going to - because of the facilitate we're not going to - - -

**MR MURRAY:** Yes.

**MR ROBSON:** And there's a minimum as well.

**MR MURRAY:** Yes.

**MR ROBSON:** But, you know, that's with a light handed touch rather than coming up with a - you know - - -

**MR MURRAY:** Yes.

**MR ROBSON:** - - - a formula, as it were, and then sort of - and then imposing that as - what do you think about that?

**MR MURRAY:** I think that's a good idea. I mean, I've sort of thought of something similar before which is having a minimum rate as a safe harbour.

**MR ROBSON:** Yes.

**MR MURRAY:** You know, if you normally go through the trouble of actually - you know, you're a small organisation sitting down and thinking hard about what is intergenerational justice require, you go with the safe harbour minimum rate.

**MR ROBSON:** Yes.

**MR MURRAY:** If you want to think a bit harder and select your own rate and justify it, then you could go with that.

**MR ROBSON:** Yes.

**MR MURRAY:** So I think what you're suggesting is sort of similar to that in some ways.

**MR ROBSON:** Yes.

**MR MURRAY:** But perhaps you're thinking of that applying across - whether it's all ancillary funds or sort of, you know, components of them because it may be that depending on what your purpose is as an ancillary fund, you know, there might be slightly different rates, you know.

**MR ROBSON:** Yes.

**MR MURRAY:** Say you're an ancillary fund for a religious - you're going to hand on - maybe not religious in Australian context, but you're going to hand on money to sort of a community that's growing over time to be used for their benefit in whatever the cause is that you're giving that money to. It might be that actually there's an argument there you need to build up money now because this community that's going to be benefited is going to keep increasing over time. Whereas if you're an ancillary fund that's giving to a broad range of charities where you think it's going to be pretty constant demand over time, there might be a different (indistinct) that might be appropriate in that sort of context.

**MR ROBSON:** Yes.

**MR MURRAY:** But I think there's some real benefit to having rates that sort of apply to groups of organisations if they can agree on it. That would reduce the cost of working out what an appropriate rate would be in the first place.

**MR ROBSON:** Yes. Sorry, and one last one and then (indistinct words) so on the safe harbour idea, yours would be that, you know, there'd be some sort of statutory minimum rate just sort of what we have now.

**MR MURRAY:** Yes.

**MR ROBSON:** But then the fund itself could bind itself to say in its governing documents or whatever (indistinct words) setting this up. Our minimum is going to be, for the sake of argument, 20 per cent and that's what we're going to do and it's what we commit to notwithstanding the fact that there's a 5 per cent minimum.

**MR MURRAY:** I think that's right. Although I think you'd have to allow change over time with that.

**MR ROBSON:** Yes.

**MR MURRAY:** But that's exactly, yes.

**MR ROBSON:** Yes, okay.

**MR SEIBERT:** Just on this very question just because (indistinct words) there is this - it's interesting, this concept of getting the trustees to think about questions around intergenerational justice because there's a requirement in the ancillary fund guidelines to have an investment strategy and to think about what objectives you have; what you want to achieve through that.

But there isn't a requirement to have, like, a philanthropic strategy and to actually think through these questions. So there are also ways to kind of say well, you know, you need to have a strategy for your ancillary fund, you know. And you know, come to a determination about, you

know, how you grapple with some of these questions around intergenerational justice, and it's a nudge then to do that - - -

**MR MURRAY:** Yes.

**MR SEIBERT:** - - - even if there's no kind of hard and fast rule. In terms of the floor, like - because there is - I think in your submission you say that sort of the 5 per cent could be perceived as a bit low - - -

**MR MURRAY:** Yes.

**MR SEIBERT:** - - - amongst - by some, but yes. Do you have any views around the appropriateness or not of it sort of yes?

**MR MURRAY:** So obviously you're asking someone who doesn't (indistinct words) so you've got to take what I say with a complete grain of salt in that regard.

**MR SEIBERT:** Yes.

**MR MURRAY:** I think my observation is that 4 or 5 per cent seems to permit a little bit more than maintaining the real value of money. And I think that would be fine if we ignored further contributions, but given that there are further contributions coming in, that seems wrong because look, I guess it depends. Have we met the minimum threshold for how much should be set aside to support civil society.

If we think no, we want a whole bunch more money sitting in philanthropic intermediaries so it can be paid out to support civil society organisations. Well, go for a lower rate. But if you think, well, we've got a fair amount set aside there that's going to support civil society, we don't necessarily need to grow that massively beyond, you know, maintaining (indistinct words) over time, then you set a higher rate. So I think it's just that - most of the discussion is just the thought of further contribution seems to be ignored, and I think that has an impact on the rate (indistinct) set.

**MR ROBSON:** Julie.

**MS ABRAMSON:** Yes. Ian, firstly, as I said, thank you so much for contributions you've made. Meant to ask you about the ACNC and enforcement and you're absolutely right. You see a theme from us about enforcement powers. Part of the background of - just to set that out and then I've got some specific things to ask you - is that we know that the amount of money under management, for want of a better word, with charities is very large. So it was 281 billion in 2021 and it had increased by 32 per cent from 2017. The government's goal of doubling philanthropic by 2030 means that there'll be even more money flowing in. So I'm really interested in having the conversation about facilitative (indistinct words) management or whatever the term was. You'll correct me on that.

**MR MURRAY:** (Indistinct words) yes.

**MS ABRAMSON:** Because we wouldn't accept that in another sector. When we talk about managed funds under investments, we have very strict terms and conditions about that. So the sentiment that you got - we were quite direct about that.

**MR MURRAY:** Yes.

**MS ABRAMSON:** You know, we said in the first sort of iteration you did this, now we think you should do that. So, I'm interested in your comments around that and the type of, sort of - as I said, we did have a view about enforcement, but that's the backdrop to it and why we thought that.

**MR MURRAY:** Yes. That makes sense. I suppose my worry in the charity sector is because they're not for profit, they're for purpose organisations, it's much harder to work out whether you're actually pursuing your purpose appropriately.

Now it's hard to measure that and so I guess I'm worried that we're going to start having accountability measures that go back to the things that are easy to measure, or easy to perceive which is often around, you know, financial regulation and reporting on that.

It's pretty hard, really, to measure whether organisations are appropriately pursuing their purpose once you move beyond the financial dimension, or, you know, worries about return of private benefits to those running them.

And so I guess I'm worried, if we focus too much on that does that mean that the leaders or the workers in these organisations focus too much on that and they forget about, well, how do we pursue the purpose which is the real difficult thing. So I think that that's a distinction between regulating for profit industries.

**MS ABRAMSON:** Except we would say, and it's a really interesting conversation. I'm very direct, but you know that now. One of the things we would say is we don't relieve people of work health and safety obligations. So there's a whole lot of obligations that we say, we know you're a charity.

**MR MURRAY:** Yes.

**MS ABRAMSON:** And the difficulty always is, you don't want to discourage volunteers but then we've had histories of royal commissions where very unhappy things have happened. So, in your view, where do you kind of set that balance. Like, what is too much regulation. I get your point, while we're focussing on finances, but we've had the conversation with (indistinct) being about, well what's your purpose. So what are your views about that?

**MR MURRAY:** Yes, I think it's a really difficult – so, you know, I'm giving you – it's easy for me to say this. It's difficult for you to actually put it into practice, and I guess no one wants to be the regulator who, sort of, gets accused of stepping or, you know, sitting by allowing things to happen that shouldn't happen.

I mean some of my experience has been looking at some of the native title charitable trusts that exist in Western Australia. And in many ways both the trust documents heavily regulate a range of matters and then there are a number of regulators like the attorney-general who actually has been very interested in these bodies in Western Australia, which is a little bit out step, that perhaps approach to the attorney-generals in other jurisdictions.

But I'm not sure that that level of interest and level of regulation has actually helped meaningfully those native title charitable trusts to pursue their objectives, nor has it necessarily helped stop some of the financial irregularities and other issues.

So the (indistinct) people's trusts report's a public document that's out there. It lists a whole range of breaches that occurred in a native title charitable trust setting and also lack of pursuit of the mission.

So I suppose my concern, you know, from observing fairly highly regulated both within the trust deeds themselves and then also regulators stepping in and being concerned and being involved in matters. In that context, a lot of the charitable trusts that are out there are sort of quite worried and quite cautious about the way they go about pursuing their purposes. And so the ones that aren't necessarily in the headlines for the doing the wrong things spend years and years and years agreeing, you know, each particular charitable project to pursue.

So it's very, you know, time-intensive and costly to actually do that. So I guess that's just sort of one set of examples of fairly heavily regulated in different ways and yet not necessarily a lot of success. I mean there are success stories, but not as much perhaps as you'd hope for in terms of pursuing outcomes from those charitable trusts.

**MS ABRAMSON:** So the issue too – that's a really helpful example. It's a trust and confidence issue. So we're also worried about the consumer that gives their money and they want to be sure that their money – I take your point about purpose, but their money is actually going to the charity.

**MR MURRAY:** Yes.

**MS ABRAMSON:** And being used in the way that, you know, it's not funding a lavish lifestyle or something.

**MR MURRAY:** Yes.

**MS ABRAMSON:** So, I get the point. It's just hard to know where to strike that balance and the other observation I'd make is that regulators never get the good rewards for being light touch. They get beaten up for missing something that everybody else with Harry Hindsight things they should've seen.

So that's kind of why we're, sort of saying, well it's a lot of money. So I take your point about the charitable trust, but it's hard to know what level to set that regulatory burden.

**MR MURRAY:** No, I completely understand. I'm probably being a bit provocative in suggesting this.

**MS ABRAMSON:** No, it's good.

**MR MURRAY:** But I know that part of it's changing the mindset and the culture around accepting mistakes in the charity sector to a greater degree. I mean I know there have been suggestions that in some ways, you know you do better just handing some money to people suffering disadvantage and leaving them to decide what they want to do with it themselves.

They're best able to work out how to, you know, address the issues that they're facing rather than, sort of, coming in and providing particular goods or services or things like that to help them.

So, I sort of wonder are we better off having a culture of saying, well, we accept there are going to be mistakes in the charity sector. We accept things are going to go wrong and that's okay, if it means actually we get more good done as a result of that. But as you say that's not easy for regulators to sit by and let that happen.

**MS ABRAMSON:** But who would bear the burden? So you would have people under – and this is a really helpful conversation, so thank you. Who would bear the burden, though, because you would have people who don't get the service who would've been entitled to get the service at the one end and then the charitable giver, and I'm talking about individual givers as opposed to other people can make their own arrangements.

**MR MURRAY:** Yes.

**MS ABRAMSON:** So they'll feel that they were misled, possibly under the consumer law, so that's where the difficulty is, and we do know with philanthropy that part of the good thing about philanthropy is that people can afford to fail. But that's in a set different circumstances than regulation.

**MR MURRAY:** Yes, I mean that's a fair point. I mean I guess in terms of who should bear the burden, I guess if there's more good that's being pursued because we allow some regulatory failings to exist, and, you know, I don't know whether that's necessarily going to be case or not. But, you know, if it's possible that that's the case then there might not be – there'll be individuals bearing burdens, but the net good would be great than it otherwise would be.

I guess that's my only worry, is we spend so long in terms of time and resources on the regulatory side and then there's not enough left to actually provide goods or services to people.

**MS ABRAMSON:** No, I understand, and this compliance burden is an issue as well. Can I ask you about the regulatory architecture, because one of the few people who kindly commented on it.

**MR MURRAY:** Yes.

**MS ABRAMSON:** So I'm interested in any views that you might have. What might make it more successful than other forums. And we did a little bit of design work around that, so your views would be really welcome.

**MR MURRAY:** So, I mean, I thought the ideas in the draft report about, you know, increasing that level of coordination, also greater information gathering powers. I think that's all going to be incredibly helpful.

You know, if we're stuck with a – maybe in an ideal system there's a referral of powers so we can have one truly national regulator. But if we do have a system where it's a federal system of multiple regulators, and there are benefits to that too because you can trial different approaches in those different jurisdictions, then I think the report suggestions around greater coordination even than we have at the moment would be helpful.

Also a greater information base so that regulators, you know, know when they need to act. Even better than they do at the moment. I think those are all really good and useful things to be doing. It does, sort of mean if we have that system, it's harder to adopt some of the approaches that have been taken elsewhere like in England and Wales where you do have a truly national – not just for

England and Wales – regulator who can then be an administrative body approving various things rather than having to go to court. You know, because part of that report talks about dormant funds that are sitting there. I think even (indistinct).

**MS ABRAMSON:** And you've got some material in your submission.

**MR MURRAY:** Yes, so even (indistinct) have dealt with that reasonably well by making it actually quite easy as the responsible person for a charity with dormant funds just to apply to the regulator who will then approve pretty well most of the time any reasonable suggestion for reforming that. Whereas here it's much harder to achieve that. You got to go to the supreme court, normally, to do so.

**MS ABRAMSON:** Yes, I just had, if it's okay one final question I wanted to ask you about charitable trusts. So our report doesn't really, sort of, talk too much about charitable trusts. But, I think, you know there've been other reports about them.

So I'm interested at the moment, and I'm not saying that the commonwealth in any way will be stepping into this space. It's a state-based regime. But just interested in your observations because you've done quite a bit of work around those issues.

**MR MURRAY:** So in terms of how well regulated they are, or?

**MS ABRAMSON:** Well just the form of regulation, to be honest.

**MR MURRAY:** Yes.

**MS ABRAMSON:** It's state-based. It depends on what the Trust Act is and what sort of outcomes you're getting. So just some observations would be helpful.

**MR MURRAY:** Yes, so I guess the problem with it being state-based is it depends very much on the Attorney-General of the day and the department that they have and in a lot of cases there's not a lot of resources within those attorney-general departments for actually dealing with charitable trust issues.

So often in terms of regulation the only way that investigation is going to occur is something is written in the newspaper about what's going on with charitable trust or some other tip-off like that. I don't think in a Western Australian context there's sort of active measures out there by the AG just to keep sight of all the charitable trusts and to actively monitor what they're doing. It's a more active approach.

I mean the ACNC information gathering property helps with that and there is a systemic issue the ACNC could pass that information on. But there's obviously that then, you know, how well do the two work together. You know, that can sort of raise issues. So improving that coordination I think would help.

**MS ABRAMSON:** The regulatory forum could help with that.

**MR MURRAY:** Yes, that's right.

**MS ABRAMSON:** Yes.



**MR MURRAY:** But I mean I know from the perspective here in WA anyway, the Attorney-General's been quite active in terms of charitable trusts. There've been quite a few schemes that have gone through for changes to charitable trusts where they are very helpful if you approach the Attorney-General and say you'd like to make changes, that's just the (indistinct) working through that process. It doesn't mean it's still a time free or cost free process, but you know, they are quite helpful in this format – process.

I don't think there's any particular reason that it would have to be state – you know, if we set the constitution to one side, you know, is there a good reason to have state-based regulation of charitable trusts, not necessarily. I think that just happens to be – because that's an area of state responsibility and not federal responsibility. England and Wales seem to do quite well at basically treating charitable trusts and incorporated charities now in very similar ways.

**MS ABRAMSON:** No, that's really (indistinct).

**MR SEIBERT:** Yes. Because following on from this, I suppose one of the challenges for the ACNC having more of a facilitative role is – are the constitution limitations. And – and also that it's apparent that the states and territories have got different provisions regarding trusts and charities. Some apply – can apply their powers in relation to charities more broadly, some just trusts, I think that decision in New South Wales around, you know, whether something is a trust or not.

And you mention that you've got a forthcoming paper, *The Reform of Charitable Constitutional Principles, Should Australia Follow England's Path in Aligning Charitable Trusts and Corporations*. Would you be able to just unpack a little bit about, sort of, what you explore and look at in that context?

**MR MURRAY:** Yes, so that's – that's all looking at, I guess, ease of doing things in England and Wales versus in Australia. So in England and Wales, really, in Australia we have, I guess, two texts – there have got to be grounds. If you want to change your purposes, you've got to meet the (indistinct) or statutory (indistinct) grounds which, you know, impossibility or inexpedience or purpose, cease to provide a useful and effective method. But actually, they're quite difficult grounds, on paper, to come within. Once they (indistinct).

If you manage to go through the hoops of getting to court, surprisingly judges are quite happy to tick off that you've met those grounds even when you think there's no way possible this organisation as shown inexpedience or, you know, cessation. But it's actually quite difficult on paper, you know, to meet those texts, and so that's a disincentive in the first place, having to meet that grounds threshold. England and Wales have got rid of that.

So basically, if you're a responsible person of a charity in England and Wales, whether that be a corporation or charitable trust, if you just reasonably believe that it's for the benefit of the organisation to change the purposes, you can apply to the regulator to do so. So it's a really – there's almost no ground for applying, and then when you change to a new purpose, you just have to show or explain how that new purpose bears, you know, some similarity to the old purpose.

So you can't completely change to – without a very good reason – a purpose that's wildly different to the original purpose, whereas in Australia there's both grounds and also similarity requirements to these applying. They've got rid of that in England and Wales, and they have an

administrator, not the courts making those decisions. So it's just a quicker and easier process to go through.

**MR ROBSON:** Because just on that, just say there's the ACNC at the federal level, there's national charity regulators forum which is sort of the regulatory architecture. I mean, hypothetically, if there are sort of different state and territory Acts in this place and they kind of, you know, WA does this, New South Wales does that. I mean, reflecting the joint stewardship model, there is – there's a federal role, there's a state territory role.

I mean, is there an argument for at least having a consistent approach within the states and territories? And, I mean, leave it out there, an idea, say, like, a model charities Act or something between the states where they have the same processes, same systems, that sort of thing?

**MR MURRAY:** Well, there's certainly – well, I guess there's probably a few points here, I think. One, there's no reason why AG's couldn't fulfill that role that the charity commissioner in England and Wales does. You, know they can approve – they already can approve purpose changes for small charitable trusts at the moment. It's more just once you get beyond small that they can't approve those changes.

So there's already processes in place. Not every jurisdiction, but many jurisdictions, but attorneys general to approve those changes. So you could rely on them to do that and get many of the benefits of the model of England and Wales.

Do you want the same regulation? I guess there are benefits in it if you're a nationally operating charity, you know, sort of what the regulatory regime is. Although usually it would probably be only one regime that applies to that charitable trust and it's created in a jurisdiction then subject to that jurisdiction's rules. So it might not be quite the problems that we have with fundraising when you operate nationally, then all eight different sets apply to you. Well, seven if we exclude Northern Territory.

So I think there's probably slightly less problem with having differentiation and then you get the benefits, I guess, of a federal system. You allow differentiations. You'll see which rules work the best and then the others can then follow that. Make that change, but, yes, just allow that, sort of, creativity to exist. Because the models are all – we don't have uniformity at the moment, that's true. There's different approaches in different jurisdictions. A few of them are similar to each other, but there's, sort of, big differences.

WA's just updated its legislation markedly. It's got significantly greater information gathering powers of enforcement, powers in the WA Act than any of the other pieces of legislation have. Queensland's in the process of updating theirs at the moment as well. So there is some modernisation going on, and you could probably get some similarities between the bits of legislation. But I don't think they'd have to be identical given that it would just be too big. Just one applying to the charitable trusts at the time.

**MR SEIBERT:** One thing that we proposed is sort of making it clear that the commissioner of the ACNC has standing under state and state, sort of, charities or trusts Acts to – where there's an industry that's not a federally regulated entity, that the ACNC commissioner could use state jurisdiction to seek orders, et cetera. Do you have any views on that? Because there are obviously different provisions in different states about who has standing and how that's exercised and what's applicable, what's a trust.

**MR MURRAY:** Yes.

**MR SEIBERT:** Whether it's a charity more broadly.

**MR MURRAY:** Yes. I mean, that makes sense. I mean, I guess the question would be constitutionally can the ACNC commissioner do that. You know, it's not just a matter of just state legislation (indistinct). The constitution – is it okay for the – and I'm not a constitutional lawyer, but you know, do they have the power under their existing legislation, and can that legislation even give them the power to apply in that way in that state (indistinct).

**MS ABRAMSON:** Could I just – I'm interested in your views, and thanks Krystian. It would seem to me that courts of superior standing in any of the states can admit who they like. They can give them standing. So I wonder if the question's the other way around here. Whether it's not so much whether the ACNC of its Act would have standing, it's more that would a court admit it and it would be a strange circumstance where a superior court said we don't want to hear from the federal regulator. Because they hear from the ACCC and ASIC all the time.

**MR MURRAY:** Yes. And every jurisdiction's got slightly different wording.

**MS ABRAMSON:** Yes.

**MR MURRAY:** But in Western Australia, for instance, any person has standing. I think the ACNC probably already has standing if it's got - - -

**MS ABRAMSON:** Yes.

**MR MURRAY:** - - - constitutional power to make the application in Western Australia, then every other bit of legislation's a bit lesser. I think in New South Wales, any person with the Attorney-General's approval has got a standing. So again, if the AG was on board, that would be quite easy. And then with the other jurisdictions, you start looking at, well, interested persons.

Again, you know, you could see it would be quite easy for a court to get to the view that, well probably the ACNC is a federal regulator with an interest in its charities and an interested person beyond any member of the public. So they possibly already have standing over much of the state legislation as it is. And it's those sort of constitutional questions about have they actually got the power to make that application that's the issue.

**MR SEIBERT:** But just on this, is there – I think because there's the question of whether there's standing, but then there's the question about what's in scope. So say the Charitable Trusts Act in WA, the 2022 one, is that just charitable trusts sort of in that narrow sense? There's that New South Wales – well, it's a New South Wales case - - -

**MR MURRAY:** Yes.

**MR SEIBERT:** - - - that sort of said that, you know, just a general charitable corporation won't necessarily – the donations to it won't necessarily create a charitable trust. So there's the question about which types of entities would be in scope.

**MR MURRAY:** Yes.

**MR SEIBERT:** Like, is that also an issue here?

**MR MURRAY:** So I think you're talking about the Bread Institute (indistinct) - - -

**MR SEIBERT:** Yes, that's it. Yes.

**MR MURRAY:** - - - (indistinct)case. Which, I helpfully found there wasn't charitable purposes. There wasn't a charitable trust and charitable corporation there. There's a question about if you have – okay. You have a charitable trust, no one disputes that the Attorney-General can apply to deal with some sort of impropriety in the administration of that charitable trust. If you don't have charitable trust but charitable corporation, do regulators have that same ability? Can the Attorney-General apply there to the Supreme Court in the same way?

There's less agreement, but there's certainly cases like the Bread Institute case and other would suggest that, yes, a regulator can. Usually they're thinking of the Attorney-General there. Apply to deal – to the court to get an order to, you know, deal with whatever the – the wrongdoing's been in that charitable corporation.

Now, that might be an inherent jurisdiction of the court, it might not actually be under the bit of legislation because the regulator can just apply to the courts in their jurisdiction anyway.

**MS ABRAMSON:** That's kind of my point in that it would be – many, many years ago I used to be a litigation lawyer and we used to think about that a lot. The inherent power of the superior courts.

**MR MURRAY:** Yes.

**MS ABRAMSON:** They can ask for anyone to appear before them.

**MR MURRAY:** So there are, you know, it's not a settled position, but there are a number of good arguments out there to suggest that regulators should be able to apply to court to deal with those regulators, even for a charitable corporation, you know, outside that charitable trust.

**MR SEIBERT:** Would there be benefit to some clarity there? Because that's what - - -

**MR MURRAY:** Yes.

**MR SEIBERT:** Yes.

**MR MURRAY:** Yes. There would be. And then benefit to – well, do the Charitable Trusts Acts apply beyond charitable trusts to other – and do they apply their incorporated charities, you know, there's a bit of – they're called Charitable Trusts Acts, but there's uncertainty. Some of them, clearly, the language that's used is broader than just trusts. So potentially they actually apply, anyway, the charitable corporations, at least some of the provisions in them also. So getting clarity around that would be helpful.

**MR SEIBERT:** Because I can see a situation now where there's a registered charity with the ACNC that's a non-federally regulated entity, and the ACNC can't use its enforcement powers, but it deregisters it because it has grounds to do that, and whether a state attorney-general or the ACNC commissioner can use the state jurisdiction to do something to protect the assets will depend on whether it's a charitable trust or not and it looks a bit unclear.

**MR MURRAY:** Well, I was interested when I saw that in the draft report that I did – you know, what happens in the ACNC registers. Does that mean you're outside the charity regulation net and you can do whatever you want with your assets. So I think it's on public record. Co-operative Bulk Handling, which is a large agricultural co-operative registered as a charity, was proposing to demutualise some years ago, and the idea there being that all the members of that co-operative would then become shareholders. I assume based on the documents that were produced that would mean all the value that sat in that co-operative would then be held by the shareholders, you know, within the value of their shares, which they could potentially then sell on to someone else.

**MS ABRAMSON:** Although, you know, the tax office has lots of rulings about demutualisation and what you pay on it.

**MR MURRAY:** Yes. But no clawback. There's no tax clawback for charity tax concessions that you've got over here. So I guess there could be an impact for you as a – you know, an ultimate shareholder in that organisation. But we're a bit odd in Australia. There's no tax clawback, you know, most other jurisdictions have something like that. So when you cease being – you know, so the ACNC revoked your registration as a charity and then that would also cause your tax endorsement to cease as well, and so many places then say, right, there's a clawback tax that applies at that point so you pay back - - -

**MR SEIBERT:** (Indistinct words.)

**MR MURRAY:** Yes.

**MR SEIBERT:** And so what happened in the case of CBH?

**MR MURRAY:** Well, they haven't – they just haven't done that. But they've been talking about it for years, and who knows whether they'll get there, but they're, you know, producing information to members suggesting this is the direction that we should go in.

**MS ABRAMSON:** See, part of the thinking with the attorney's – or having this pathway for the ACNC that it could appear in a state court, it also would bind together the way things operate, because it would be – and it's not for us to put words in people's mouths, but it would be very unusual for someone to seek standing in a court without telling the attorney, 'I intend to seek standing.' I mean, it's a common legal courtesy. And then in this regulatory system, then it would prompt an attorney to think, 'Oh, okay, this is – you know, what's the problem here.'

So it was both a mechanism for elevating things – not saying that states don't pay attention, but it would elevate it so that was partly a mechanism type issue. But I did want to circle back, because one of the things you said was that notwithstanding that a court of superior jurisdiction can admit who it chooses to admit that there still might be an issue for the ACNC under its own laws as to whether it could do that. I'm quite interested in that.

**MR MURRAY:** So – well, so this is a constitutional law – well, there's two questions. One, was the legislation (indistinct) that's not a constitutional law question. That's just statutory interpretation. So I guess for the ACNC it's got power to, you know, do all things necessary to facilitate the legislation it has. Does that include applying in a state court for wrongdoing, you know. Probably there's been some breach of the government standards as well, but that's not what you're going to be pursuing in the state court.

**MS ABRAMSON:** But if you're not covered by the governance standards which would be the case for entities.

**MR MURRAY:** That's right. To the question around that, there's the legislation to give them the power to do that, maybe it does, and then there's the constitutional question, well if the legislation gives them the power, well constitutionally could you even enact that legislation in the first place or is that the Commonwealth moving beyond the heads of power that it has. And I don't know whether the tax cow, for example, would permit those sort of applications, which is well beyond the tax context, for instance.

**MS ABRAMSON:** No, that's really – I feel bad, Ian. We've got you in this pincer movement. I wanted to ask you something else, but Krystian, did you have any more questions on this? I'm sorry, Ian.

**MR SEIBERT:** I've got something about PBIs, but we can come back to that, yes.

**MS ABRAMSON:** Yes. I wanted to ask you, Ian, and thank you for your forbearance here, but basic religious charities, like, our report says quite clearly, well, we don't think that there should be an exemption and we explain why. Do you have a view about it or do you have a view as to why the policy should mean that they get an exemption because we could not see a policy ground.

**MR MURRAY:** Yes. I mean, I don't have strong views on basic religious – that's my, you know – religion and charities are not my area of expertise. I guess I come at it from the perspective of, well, there should be a sort of similar regulation for all charities unless there's some good reason why we have a different regulation for particular types of charities. And from a religious context, the only reason I can see is once the enforcement powers of the ACNC include removing responsible persons and replacing responsible persons you have the issue about, well, why should a secular regulator get to put in place the person who gets to make the illogical interpretations for the organisation. So I guess that's sort of one area where I can see maybe some sort of adjustment to governance rules should apply there.

**MR ROBSON:** And in this context, do you think there would be a solution to that in that you could carve out that specific, you know, replacement and appointment. But then I guess, you know, the question would be, well, why would you want to do that for certain, you know, just organisations and not others who aren't BRCs. So maybe just comment on that.

**MR MURRAY:** I think that's right. I mean, I think – my concerns, anyway, would be addressed by limiting – or what are the enforcement powers the ACNC has got to respond, you know. I mean, why should, you know, reporting and things like that be limited in the same way. I can't see the reason for that. But I agree, it could just carve out those particular enforcement powers that were problematic. And then, I guess, the question is, well, how we define basic religious charity, does that mean that the more theological activities are contained within those basic religious charities and perhaps less so in religious charities that aren't basic religious charities, you know, in which case we might be less worried about replacing responsible persons in those other religious – I mean, I don't know if that's necessarily correct, but I'm just sort of thinking there's possibly an argument for that.

**MS ABRAMSON:** There's also a bit of – in a way, it's sort of an anomaly, but of course, it's a design feature. The ACNC commissioner can remove a responsible person without a court

order, which is unusual because (indistinct) required to go to court. So any comments you had on that end.

**MR MURRAY:** Yes. So I mean, obviously, a court order provides an extra safeguard. The administrator's not going to go off on a frolic and just make a change, and so you might be a little bit more - - -

**MS ABRAMSON:** You have to have solid grounds in an affidavit to convince the court.

**MR MURRAY:** That's right. It's a separate arm of government then reviewing it, so it's not the executive government getting in and mucking about (indistinct) the theological leaders are in a religion, you've got to get a court order. So I think that's probably some degree of protection, whether that completely deals with people's concerns, I don't know, because you still have government potentially sort of enforcing or, you know, forcing upon an organisation a leader that they might not have selected themselves.

**MR ROBSON:** On the other hand, you know, if there was some sort of criminal act.

**MR MURRAY:** Yes.

**MR ROBSON:** Or workplace, health and safety, then that, you know, the same issue arises and we don't have an exemption there.

**MR MURRAY:** Yes.

**MS ABRAMSON:** I've had – on a different – and I should add, it's not because we think that there are current problems, we're just exploring the policy of, well, what's the policy rationale, if you did this, how would you do it. Just another issue is we've got some recommendations about superannuation and making that process an easier one, and one of the issues that might arise is in an estate, when assets are within an estate, obviously there's a whole branch of law that deals with how you're supposed to deal with things, what the protections are. Do you have any views about what we're saying about the superannuation, just making that nomination process easier?

**MR MURRAY:** Probably not – yes, I won't comment on superannuation because that's not really my area of expertise, so, yes.

**MS ABRAMSON:** It's more the inbuilt – I understand that, Ian, but there are inbuilt protections within estates, and you know a lot about charity law and that's not unrelated, so just outlining some of the protections that might be there around things like testamentary capacity and things like that, and what happens in those circumstances, that would be helpful.

**MR MURRAY:** Yes. I mean, again, that's probably - - -

**MS ABRAMSON:** Outside your – yes.

**MR MURRAY:** It's outside my scope, really, yes.

**MS ABRAMSON:** No, that's all right, because we have other things which are exactly in your scope. Krystian, did you want to - - -

**MR SEIBERT:** Yes, just on PBIs and the point you make in your submission around PBIs that may be endorsed as a PBI but then have sort of advancing religion as a charitable purpose as well based on the most recent commissioner interpretation statement there. Is there any reason why under sort of our DGR system proposals, putting to one side whether you legislate a PBI definition or not, that couldn't continue? Because, yes, maybe just if you could elaborate on your thinking about how it would work now under that commissioner interpretation statement and whether our DGR system proposals raise any issues for that.

**MR MURRAY:** Yes, so this is the whole sort of purposes activities and, you know, I understand why you're using the terminology of charitable activities in the report, and I think the proposed approach of saying, well your donation concession is based on your charity purposes, and we'll use those categories but then we're going to exclude certain activities. I think that all makes sense and that can sort of help deal with that purposes and activities crossover.

In the PBI context, I mean I guess the thing would be if you're a PBI. So you might have PBI and religious sub-categories, if you can then engage in any of your PBI activities without having any of those being excluded it probably wouldn't matter that you have the religious sub-category as well.

So I guess you're going to have all activities for religious sub-category excluded but presumably you could put some sort of override to saying, well if it's just PBI and religion, we sort of trust that if you've got through the PBI test, we're not so worried about the fact that you're conducting religious activities because those will be religious activities in support of your PBI purpose, so we won't exclude anything there.

**MR SEIBERT:** You'd have to meet the requirement to be a PBI (indistinct).

**MR MURRAY:** That's right. But that could probably deal with it. But I guess the only lingering concern would be what about cases like global citizens start suggesting this question about, well, do you have one purpose as a PBI. Can you have multiple purposes. You know, they've got to be minor maybe.

**MR SEIBERT:** Which goes to, I suppose, one of the questions, too around the statutory definition of a PBI or not and we do have a recommendation around that in that draft report we don't say that there should be sort of an expansion of PBIs to new cause areas and at the moment, that the sort of, it's more or less where things are at. But one of the challenges in that space is, like, you know, this question around multiple purposes or how much advocacy is acceptable and not of prevention.

Are they not policy judgments that a regulator and the courts shouldn't be making, that a legislature should be making.

**MR MURRAY:** I think, I must admit so when I read this, I thought well you're trying to do what the Charities Act, sort of largely purported to do. Let's sort of crystallise the existing more and avoid policy choices. I think that's difficult. I think if what you're proposing is right, let's confront some of those policy choices and make them. I think that would be helpful because otherwise we are just stuck with the regulator and the courts making those choices.

They're probably not the best place to make choices about, well, to what extent are advocacy activities okay. Should preventative activities be permitted for PBIs. It would be much for better legislature to make those policy decisions. So if we did have a definition and that it picks



up on the (indistinct) definitions, says all right and you know clarify certain matters or goes down the Charities Act path of just let's put the whole definition in the legislation.

**MR SEIBERT:** It probably would clarify certain things inevitably.

**MR MURRAY:** I think that would certainly help to clarify those things because there's wildly different views out there at the moment as to what's permitted or not. I don't think people are in agreement, and it sort of changes a bit depending on who the Commissioner of the ACNC is to what the regulator's view is and that's probably not a good thing.

**MR SEIBERT:** That's interesting. There are different views. The view that we don't have is of the legislature and the government about what the policy intent behind this is and it's a little bit like as if we had the term corporation just defined through the common law and no legislative guidance about it and it could just evolve over time and, like, whether that's appropriate or not to not have any kind of policy judgments made about some of those trade-offs.

**MR MURRAY:** Yes, I mean I guess the reason that, you know, we use the term charity even though it's defined now based on the common law is the legislature, which is to avoid making those policy choices, for good or bad reasons. Quite difficult choices. Maybe in the PBI context the same thing would happen because there's going to be some pretty hard questions asked given all the tax concessions that flow with it.

But, you know, if you've got the courage there to actually make those policy choices that would be wonderful to get that clarity.

**MR SEIBERT:** But some pressure would come off the definition under our proposals given the expansion of eligibility for DGR status for say the advancing social and public welfare sub-type. But you'd still have the FTB concessions that some organisations would want.

**MR MURRAY:** Well that's right. For some organisations if it's just the DGR, less of an issue. I think for many PBIs it's the FBT concessions that are really sort of the main reasons why they want that definition.

**MS ABRAMSON:** I have one final thing. It probably won't be in your scope. I feel bad enough in asking you out of scope questions.

**MR MURRAY:** No, that's all right.

**MS ABRAMSON:** Online platforms. You know that's the way that people are giving a lot into the future, especially individual consumers. And at the moment it's a sort of a self-regulation and obviously they have corporate reputations, but looking into the future is there any, sort of, guidance you'd give us about thinking about those type of platforms?

**MR MURRAY:** So only some pretty general comments probably.

**MS ABRAMSON:** Yes.

**MR MURRAY:** But I mean obviously if they're online platforms then it would be the same all around Australia, so obviously having one set of rules that applies would be preferable rather than it being jurisdiction by jurisdiction specific.

**MS ABRAMSON:** Yes.

**MR MURRAY:** And I guess sort of the other concern is to what extent are people actually going to, you know, actually read most of what's on the online platform that they donate to. If we think back to the Celeste Barber fundraising, you know, I think many people probably gave based on the sort of comments that Celeste Barber was making about where the funds were going to go.

**MS ABRAMSON:** Yes.

**MR MURRAY:** And we all know that the funds did not go to that broad range of – you know it wasn't outside New South Wales for instance. You know, it didn't help animals. It was just sort of the firefighters themselves.

So I think there would have to be, for the online giving, you know almost like sort of the ACL principles really thinking well, who's the audience who's receiving these requests. What's motivating them to give. What are the reasonable expectations they're going to have when they donate money to this online giving platform.

**MS ABRAMSON:** So it's really like a consumer thing. It's an ACCC or ACL type production.

**MR MURRAY:** Yes, I mean probably the ACL potentially applies to some of that activity anyway. But it does strike me - - -

**MS ABRAMSON:** Some of it's hard though because if it's an individual you're giving to an individual in trade and commerce. Like there's got to be a hook - - -

**MR MURRAY:** No that's right. I (indistinct) professional fundraisers who might be using it then they would definitely be in, but you're right if it's sort of individual to individual giving and I guess the worry you have is probably some of this sort of sits almost a bit outside the charity scope.

**MS ABRAMSON:** Well that's exactly it and the question is we're forward thinking in – well we're forward-thinking anyway – but the regulatory chapter. So you've really got to think about, well, what's going to be fit for purpose.

**MR MURRAY:** Yes.

**MS ABRAMSON:** And one of the difficulties is until, and you don't want this to happen. But until there's a really serious problem people are going to say, well it's self-regulating. It looks okay. They've all got reason to do this. And bearing in mind that most of the companies that offer this, or I think all of them are not onshore Australian regulated companies.

**MR MURRAY:** Yes.

**MS ABRAMSON:** So that's kind of why we've been asking about it.

**MR MURRAY:** Yes, and it's a bit odd when you think about the financial information disclosure requirements that apply to companies that are trying to seek money from sophisticated investors compared to the sort of, you know, wild west of regulation that applies to individuals seeking money from others.

**MS ABRAMSON:** No. Look, thank you for that and also just thank you. You've given enormous assistance to the enquiry.

**MR SEIBERT:** While we have Ian, just on sub-funds. You mentioned some research that you've done in the United States context around, sort of, intergenerational justice considerations in the case of donor advised funds. Do you have any insights or learnings from that that could be applied in the same context here.

**MR MURRAY:** Yes. So obviously it's an ongoing bit of research so it's with some people in the US who've gone and collected the policies that are applied by the sponsoring organisations. So the charitable trust or corporation that offers the donor-advised funds in a fidelity swap et cetera. But a bunch of others.

So they've sort of done a bit of a cross-section of about 150 sponsoring organisations. Some are large. Some are small. Community foundations, religious sponsors as well as the large national sponsors. And we've just been looking through these policies to work out well what's in there that addresses some of the intergenerational justice sort of questions that come up.

Just to sort of see, you know, are they self-regulating effectively. To what extent are they actually thinking about these principles, and we were a bit surprised to find that actually there's quite a bit in there.

I'd sort of assumed there wouldn't be very much at all, but they have policies dealing with inactive accounts for instance. So if you don't make distributions out. Usually it's no distributions over X years, then the sponsoring organisation under the policy steps in and starts forcing distributions out and there's some different options for how they can do that.

But they also have policies dealing with endowed giving within that and putting some limits on endowed giving that you can give. You know, so does your money get locked into giving to a particular organisation forever or can the sponsoring organisation step in and sort of change that over time.

So those internal policies were actually quite – in the research we're doing we're suggesting some improvements on those. So, yes, most of the inactive account policies are based on quantum. You know an actual amount. You know, if you don't give \$200 for instance. But that completely ignores that it could be, you know a three, four, five-million dollar (indistinct) so probably a proportionate test would be better.

So we're making some suggestions like that. But there's a lot in those policies that's actually quite helpful. Even including a reminder that the organisation itself has got a variance panel. So it can change anything. Doesn't matter what the donor adviser suggests. There's a reminder there which I think is tax-driven that the sponsor (indistinct) donation can just step in and change anything it wants. Again there's a question about, well they don't really seem to have any policies in place that force them to think about should I apply this variance? How and when should I apply it. So again we're making suggestions about that.

But they really have got some sort of nuts and bolts in there that could be used to actually build up a self-governance mechanism that is used by that sponsoring organisation to think about how much could be saved for the future or not.

And some of them also have whole of organisation minimum distribution requirements. So if they don't meet – you know – five per cent that's commonly used then they can choose to just step into donor revised funds that have themselves in that five per cent. And, again, force distributions out. So that sort of seemed like a useful thing also.

**MR SEIBERT:** Because we've got recommendations around sort of enhanced reporting regarding sub-funds but I suppose taking this a little bit further based on what you have seen in the US. You could also just have an obligation to have a policy about how you administer some funds - - -

**MR MURRAY:** Yes.

**MR SEIBERT:** You know, you can determine how you accept that but have a policy and make it available or something like that.

**MR MURRAY:** Well, that's right. And you could look at these policies in the US which are based on the council of foundations which obviously, you know, represent the industry. It's going to be quite industry favouring, but it's things that have been sort of tightening up. It's expectations over time, what goes into these policies.

**MR SEIBERT:** Mm.

**MR MURRAY:** Or even in England and Wales, you know the reporting requirements around – accumulated, you know, around reserves. If you've accumulated funds you've got to report back on why you're doing that and say how long you're accumulating that. It's just that there can be some reporting obligations to get put in or expectations, you know, reporting on policies that you've got in place as well.

**MR SEIBERT:** Yes, thank you.

**MR ROBSON:** Thanks very much.

**MR SEIBERT:** Yes.

**MR MURRAY:** That's all right.

**MS ABRAMSON:** Thank you.

**MR MURRAY:** Yes. Just let me know. Feel free to get in touch if you've got any other questions.

**MR ROBSON:** Solve all the issues.

**MR MURRAY:** I don't envy you your task. Thank you.

**MR ROBSON:** Yes, thanks. You're great. We'll take a break and come back at 1.15. We've got a bit of time.

LUNCHEON ADJOURNMENT

RESUMED

**MR ROBSON:** All right. We'll get started. Get underway. So welcome to participants from the Minderoo Foundation. If you could just state your name for the record and the organisation will be fine and then if you'd like to make an opening statement we're happy to hear that, and then we'll get into some questions.

**MS J. PALUMBO:** Okay, thank you. So my name is Jenna Palumbo. I'm the Executive Director of Effective Philanthropy at Minderoo Foundation and I am joined today by my colleagues, Ollie Hanson, from our Partnerships team, and Cronje Wolvaardt from our Impact Investing team. So Minderoo Foundation appreciates your invitation for feedback on the draft report, 'Future Foundations of Giving'. In participating in this process our goal is to highlight key areas and trends we believe warrant further research and to make recommendations for strengthening the philanthropic ecosystem.

As Australia's largest philanthropy Minderoo is committed to strengthening the capacity of our peers and our partners to create, accelerate and scale measurable impact. We do this by contributing infrastructure, tools, standards, and skills to build the evidence base for our sector and partners, fostering a measurement culture through which we understand impacts, learn and adapt and share knowledge.

Through our Strategic Impact Fund and Catalytic Capital Fund we leverage the spectrum of capital to accelerate and scale our impact and unlock business as a force for good and by building partnerships that deliver benefits for society and natural eco systems.

We believe it is up to government, philanthropy and the not for profit sector to come together to address some of the most prevailing societal issues facing Australia, with each playing a unique role in social innovation, strengthening local communities and building social capital. Minderoo sees its role as a convenor, collaborator, supporter, investor and partner, working with business, government and philanthropy to advocate for the importance and impact of giving in society.

In our response we have highlighted the areas that we believe are the most critical to be considered as part of the final report, ahead of it being delivered to the Australian Government on May 11.

Minderoo supports reform to improve the deductible gift recipient system and removing the \$2.00 minimum threshold for tax deductibility to incentivise giving. We also support a stronger ACNC and calls for more enhanced disclosure and reporting on sub-funds and corporate giving.

Today, however, we wish to take the opportunity to highlight specific paths of our submission, including the transformative opportunities presented by data and social impact investing, in increasing the effectiveness and efficiency of giving in Australia.

Let's start with the potentially transformative power of data. Firstly, we would like to point out that the largest foundations in Australia not only have the funds but also the expertise to make sense of the large data sets that are currently held by the Australian Government agencies. These include researchers, data scientists, analysts and experts and impact management to name but a few.

Whilst we have the expertise we often lack access to the data to deeply understand the issues we are tackling, to understand the landscape of existing of service provision. And to understand the

existing services and funding, to know which service providers are better – are achieving the outcomes or evaluates the effectiveness of our own funded programs.

Minderoo is supportive of enabling access to comprehensive data linkage platforms, including data from organisations such as the ATO and ACNC to better understand the not for profit and philanthropic sectors. As an example we applaud the work of People WA, administers through the WADPC. People WA's platform connects the de-identified data from various government departments, including communities, education, health, justice and police.

By providing a secure research environment, researchers and not for profit organisations can harness up to 75 million unique records containing current and archival data for the first time. Federally, unlocking linked data and administrative sets will enable evidence-based decision making and will improve the effectiveness of philanthropy and ultimately benefit the Australian public.

Finally, in the draft report you would also have noted that the Commission was not reviewing social impact investing in this inquiry. We believe this is a missed opportunity, given there are hundreds of millions of dollars available to be deployed into communities in this way.

We understand the reason for not reviewing this in the draft report, was because investments sought a return and that there were concurrent government reviews that were looking into social impact investments. While impact investments are based on financial metrics, they are equally based on impact metrics and generate significant benefits to communities, as well as substantial costs savings to governments.

At Minderoo, we consider impact investing to be a key part of our impact tool kit to scale and accelerate our impact and make the most efficient use of our capital. As such, we strongly support measures to enable the growth of social impact investing. This should include educating the market, both philanthropy and the not for profit sector of the benefits of utilising the full spectrum of capital. From grants to concessionary, blended and first loss capital, to commercial investing that drives measurable impact.

Philanthropy has a key role to play in developing the social impact investing market in Australia, including by ensuring for purpose organisations, have access to appropriate forms of capital to innovate and scale. While some for purpose organisations may be registered as charities, and therefore able to secure grants and donations, many operate as social enterprises through mission-locked private companies.

These social enterprises are unable to secure grants and donations, and at the same time their mission lock makes it challenging to raise mainstream capital. Foundations are well supported and suited to support impact for organisations by addressing this capital gap. However, most foundations are limited to undertaking activities which are charitable at law in Australia and for the public benefit.

As such, foundations are unable to provide capital to mission locked social enterprises where there is a risk of non-incidental private gain. For example, by founders. This is notwithstanding there may be significant impact and public benefit generated and that the social enterprise is unlikely to be able to raise mainstream capital due to its mission lock.

Given the potential for foundations to fill this capital gap, Minderoo Foundation would welcome guidance on how foundations can provide capital to social enterprises in circumstances where

there may be some gain to individuals without risking being perceived as providing a private benefit. Minderoo would also encourage a broader interpretation of the meaning of private benefit to acknowledge some private benefit may be necessary to achieve the broader charitable purpose and public benefit of (indistinct) a capital market to support social enterprises.

Another approach to tackling the challenges of investing in social enterprises is to create a distinct legal entity that recognises their unique features such as the UK's Community Interest Company. For example, the inclusion of an asset lock requiring the social enterprise's assets to be permanently used for the social objective is one way to provide impact investors, including foundations, with comfort around potential private benefit. Such a structure, in combination with clear guidance from the ACNC, would enable more foundation capital to flow to social enterprises.

Finally, given the structural barriers and challenges faced by social enterprises, Minderoo supports the impact investing task force recommendation to establish a foundation for impact investment. The role of this foundation would be to provide social enterprises with access to finance as well as grants to become investment or contract-ready. Minderoo is interested in seeing government support ongoing and joint efforts in impact investing market development, noting that Minderoo can and is willing to deploy capital to support these activities.

We would like to take this time with you to discuss the role of philanthropy in supporting the development of social impact investing in Australia and the opportunity for data to significantly increase the effectiveness of giving.

We thank you for the opportunity to share our submission and we welcome your questions.

**MR ROBSON:** Thank you very much. I might open with a couple of questions on data and then hand over to Krystian or Julie.

I wonder if I could get your views on the recommendations we do have in the report on data, so on volunteering – on Aboriginal and Torres Strait Islander volunteering and also on data for corporate giving. What are your views on those specific recommendations and then we might come to your ideas on data more generally.

**MS PALUMBO:** So on the corporate giving, Minderoo does support the Commissioner's draft recommendation 9.3 advocating for the Australian Government to mandate listed companies to publicly disclose itemised information on their donations, to entities with deductible gift recipient status, emphasising the benefits of enhancing accountability, strategic alignment, impact assessment, state Calder engagement and benchmarking of corporate philanthropy. Can you remind me of the other (indistinct)?

**MR ROBSON:** Yes, the other one was on volunteering and the lack of good data that we seem to have on that and more frequent data, more generally and on volunteering and then specifically on volunteering within Aboriginal and Torres Strait Islander organisations. We don't seem to have much data around on the - - -

**MS PALUMBO:** I think of the general principles, access to data to deeply understand the issues that we're trying to tackle is something that we would support, as we take a very – an evidence straight based approach wherever we can, noting that data can also include data from communities as much as government administrative data sets.

**MR ROBSON:** Yes. And then you mentioned ATO data and I can see there might be barriers there to many – what is the barrier to accessing ACNC data that we see, specifically?

**MS PALUMBO:** I think it's probably the type of data, so we want to understand metrics to understand the impact of organisations.

**MR ROBSON:** Right. And that's not – and ACT doesn't collect or report that

**MS PALUMBO:** No.

**MR ROBSON:** Yes.. Okay, Krystian?

**MR SEIBERT:** Thanks for joining us and for your submission and contributions. Do you want to step back a bit to get an idea of the Minderoo Foundation's view of sort of the role of philanthropy versus government, sort of the different roles or not and then a bit on sort of collaboration between them as well? So yes, if you could sort of expand upon your views in that context, yes.?

**MS PALUMBO:** Sure. We play many roles. But I think as a philosophy I think philanthropy has a really important role to play in the innovation stakes. I mean, philanthropy can be more nimble and can also fill the spaces that government isn't filling, which may evolve over time. So I think they are two critical roles for philanthropy. And the second part of your question?

**MR SEIBERT:** So, yes, how does that interact sort of with the role of government?

**MS PALUMBO:** I think there's a really – I mean, it's such an important role that they also connect and they dovetail because I think philanthropy can play a real role in testing – innovating – trying new things, but it has to work hand in glove with government and this again comes to the data point because we want to be able to work with government to access data sets, to work and understand are the services that we are either funding or providing being effective because ultimately, we are wanting to see those programs potentially become part of policy or government-provided service provision, to having that deep collaboration from the outset is a very helpful way for government and philanthropy to partner.

**MR SEIBERT:** And does Minderoo currently already sort of partner or collaborate with government across the various cause areas where it is active?

**MS PALUMBO:** Yes, wherever possible, and I think there are some great examples of national collaboration happening at the moment, for example, the investment data for Australia's children is to be applauded and I think that's a wonderful way to see philanthropy and government coming together and also taking a very active view thinking about what is the role of data in supporting that collaboration.

**MR SEIBERT:** Because yes, in that context whether Australian investment data log or in other areas that you are engaging with government, what do you see sort of as the kind of – there's the data point but also more broadly too, what do you see as some of the challenges or the barriers? You do sort of allude to something in your submission around sort of philanthropy's role as to innovate, take risks, but there's the very real prospect that it could lose motivation to play this role if we continue to take up risk, prove it and then nothing happens because of that. So could you expand upon that and any other challenges that you sort of come across when you are engaging with governments?



**MS PALUMBO:** I guess to expand on that, I think that if we are talking about that role of philanthropy tests innovates, builds the evidence base. If that is then not translated into ongoing or sustained service program, that is, I guess, the motivation for flat list – to see impact and to see the scale and government is ultimately the best scale provider.

So I think having that collaboration from the get-go and then perhaps an understanding that philanthropy-funded services if they are effective, are then translated into ongoing service provision through commissioning would be, I think, a really good development.

In terms of the barriers, do you mean specifically in relation to data?

**MR SEIBERT:** Not so much in data, in terms of the engagement that you have with government and the collaboration. Do you see any broader barriers or challenges when you are sort of engaging with officials or that sort of thing?

**MS PALUMBO:** Not specific challenges. I think it's just to find the right areas of policy alignment that move that matter very obviously to government and to philanthropy.

**MR SEIBERT:** Do you find that government has a good understanding of what the role of philanthropy is or isn't?

**MS PALUMBO:** I would say mixed.

**MR SEIBERT:** Yes. And that's fine, you don't have to say, you know, which departments or not, but in what sense do you think the understanding is mixed? And like what are some of the sort of misconceptions you might see there? You don't have to name names, but just to understand sort of what this is – because this is central to the core of what the different roles are and how they can interact.

**MS PALUMBO:** Yes. I guess, are we seeing the role of philanthropy maximised? And at this stage, perhaps not, in that really deliberate way of using philanthropy to test and innovate. I don't know that that relationship has been cemented and so it would be nice to see, you know, that being more deliberately considered.

**MR SEIBERT:** Yes.

**MS ABRAMSON:** I have a few questions. The first one I wanted to ask you about is our proposal around the Aboriginal and Torres Strait Islander Philanthropic Foundation and sort of the genesis of that was we've got an engagement strategy working with Aboriginal and Torres Strait Islanders and part of it was that certain groups find it very difficult to access philanthropy, so that was part of the thinking behind it.

So I am interested in two things. Some of the detail around what you think of the foundation, which you have kindly put in your submission, but also lessons along the way that Minderoo has encountered in working with indigenous communities?

**MS PALUMBO:** Well, to address your first point. Minderoo does support a new Aboriginal and Torres Strait Islander Philanthropic Foundation being set up should there be sufficient evidence through your consultation that a new entity is required. This could take various forms, including methods that empower local decision-making and decentralised fund distribution, such

as regional sub-funds and I just wanted to note that should this entity be established, Minderoo would be interested in exploring ways to support its success including funding, capacity building and complementary funding approaches.

**MS ABRAMSON:** Can I press you – thank you for that – press you a little bit more on that? So, do you think that there would be a role for Minderoo there? You wouldn't see the Foundation as crowding out opportunities for other philanthropy – because we have had that also put to us. To say, 'Well, if they're in the field then why would philanthropist A want to contribute?' So I am interested just in general terms of how Minderoo would think about this.

**MS PALUMBO:** I think we would consider a complementary option in some instances. Minderoo and other foundations I am sure, would continue to maintain a direct relationship with communities where that was strong. In other instances where an intermediary vehicle would have advantages, then you might work through that as well. So I very much could see it as a complement.

**MS ABRAMSON:** Thank you. And going back to – because I'm famous for this – so I am sorry about this – but I did ask another question as well is if you wanted to share any of the things that you've learned along the way, with dealing with indigenous communities that made philanthropy a better fit for the community. So any – and we did – when we went with you we did have a conversation about that but we're just interested in that.

**MS PALUMBO:** Did you want to speak to that one?

**MR O. HANSON:** I means it's always important to be kind of community led in anything that we do. So that's always an intention of ours and something that we would continue to kind of progress with, with our work going forward.

Yes, I think talking to the kind of the establishment of this foundation we would very much want to see that the community has endorsed that concept as a – like a centralised vehicle of – or whether it might be more appropriate to have a more localised model. But our going forward, yes I think we have always endeavoured to have that deep consultation before anything begins. Sometimes in the past (indistinct) we may have – you know – launched into work. That could have benefited from (indistinct) consultation and that's something that we continue to develop.

**MS ABRAMSON:** So when we think about community and we don't have views on this. We've said this is this thing that we think it looks like but we're thinking about it a bit more and we'll be consulting much more with indigenous people. But you mentioned 'community'. So is it something that needs to be developed within community, as opposed to having an organisation which says, 'Well, these are the projects that we're going to do?' So do you see it more as a bottom-up type process?

**MR HANSON:** Yes. I think so. And we worked in lots of different communities, indigenous or otherwise.

**MS ABRAMSON:** Yes.

**MR HANSON:** And having that deep connection and trust building at the outset is critical. So whilst there's a role and benefit for having a kind of a top-down approach it's also, you know, complementary to have that bottom-up community base.

**MS ABRAMSON:** Thank you. So you would see – I think you'd said it before that Minderoo would be complementary towards the foundation. It wouldn't be something that you'd say, 'Well, okay. That it's only going to have partial government funding by the way. But okay, well that's been funded by the government. We're not interested in that.' That would not be the approach that you'd take.

**MS PALUMBO:** I think we welcome opportunities to collaborate.

**MS ABRAMSON:** Yes.

**MS PALUMBO:** On co-funding, whether that's with government or other philanthropies where we have aligned objectives.

**MS ABRAMSON:** Thank you. Krystian?

**MR SEIBERT:** Yes, I might just clarify with the Aboriginal and Torres Strait Islander Philanthropic Foundation, I think that it's – the idea behind it is that – and it's in the draft report on page 335. It's also – it's about sort of strengthening capacity of communities to build partnerships for philanthropic networks, because there isn't really anybody that does that right now. We identified a gap there. But then it's very much about supporting new and existing, giving vehicles and – all their diversity. So it's not that this would be the self-determined funding body and that's it.

**MS PALUMBO:** M'mm.

**MR SEIBERT:** It would be a capacity building entity that has the broader role sort of – with any different – giving vehicles and structures that may grow into the future to flourish. Because I think – yes – I think some stakeholders might have seen it as a sort of a single entity that takes and does all of that. But it's not. It's about actually reflecting that diversity as well.

**MR ROBSON:** But the question on – your points on social impact investing so – and where to draw the line – I guess. And I guess the point we would make is – on this – would be well, if you're a charity with certain obligations that you have under the law and then you get special treatment in terms of tax deductions and so on, and – you know – the price for doing that is that you're not allowed to make a profit or private benefit. So, I guess the question is then – you know – given that there is this tax payer's support in the form of special tax treatment and income tax deductions and so on. What would be the case then for saying – well, you know – yes, you've got those over here but then extending it to an entity which – you know – is as you've said partially private benefit in the form of social impact investing. Because that's really the crux of what we're talking about here and there has to be a line drawn somewhere, and the line at the moment is a pretty bright line in the sense that - - -

**MS PALUMBO:** Yes.

**MR ROBSON:** - - -you can't – you know there's no private – and, in fact, this had a lot of report talking about – well, we shouldn't have DGR if there's a high incidence of private benefits to donation, because otherwise you just see – you know – a tax payer is coming in and subsidising a private transaction between two entities. So I just want to get your thoughts on that.

**MR C. WOLVAARDT:** Thank you for the question. So it's not about the foundations getting any kind of benefit. It's about some of the organisations the foundations can support on their social enterprises potentially having incidental private benefits.

The challenge we have is as Jenna mentioned earlier as any social enterprise that it's not charitable, a foundation currently cannot give any money to them if there's not – if there's any risk of incidental kind of benefit. Whereas, a lot of these organisations of social enterprises are not charitable. They are Pty Ltds but their mission locked and they're delivering public benefits but they can't get funding – mainstream funding – because of that mission lock. But they also can't get funding from foundations.

**MS ABRAMSON:** Can I just interrupt? You've mentioned 'mission lock' quite a lot. I think I know what it means but could you clarify that for us?

**MR WOLVAARDT:** Yes. So it's where, for example, they say 'We are going to focus on one particular area of impact and that is what we will do irrespective of what directors we have. Irrespective of the change in shareholding. We will continue to deliver that benefit. So you put into your constitution, thereby the governing structures that you lock you into doing that particular mission.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** Just on this very quickly. Do you have advice about this? Because I think putting sort of ancillary funds to one side, because they can only give grants to item one DGRs but say, you know, I understand Minderoo is a specifically listed item one DGR. So where is the issue? Is it under State charities law? Is it under sort of the tax laws? Because, you know, my understanding is that you can give funds to an entity even if it is a full profit entity. If that's how you're furthering your charitable purposes. So where is the actual crux of the issue here? Because thinking about where the policy levers could be. Yes?

**MR WOLVAARDT:** So the challenge comes in that every time you grant money under the Charities Act - - -

**MR SEIBERT:** M'mm.

**MR WOLVAARDT:** - - -you have to do – charitable assessment – charitable purposes assessment and that constitutes the charitable benefit. But it puts here because there's a public benefit but also the private benefit. So you get some cases where there is private benefits and then from a risk adverse perspective it's not possible to give them money, because then you could be in contravention of the Charities Act. Whereas the Charities Act talks about the fact that if there's any private benefit then you're not allowed to give that money because you're in contravention of your existing legislation under which you're formed.

**MR SEIBERT:** Just let me think if you could provide sort of – on notice – about this because - - -

**MR WOLVAARDT:** Yes.

**MR SEIBERT:** - - -yes, to understand the exact issues that would be helpful.

**MR WOLVAARDT:** Yes. Absolutely.

**MR ROBSON:** Yes. I mean we are interested in social impact investing for the purposes of this report but only to the extent that it interacts with charitable sector and if there were government policies to influence – one, how your social impact investing how that then might impact the charitable sector. So that's where we – we're interested in that interaction. But we did, as you said, make the specific judgment that while there's other things going on and it is other processes until we're having to vote it along. And we'd be interested in hearing about – you know – to the extent to which social impact investing might crowd out conventional forms of philanthropy, or crowd in, and how that might work. So that's – yes, if there's any reflections on those again if you could get back on that we'd be interested in hearing about that.

**MR WOLVAARDT:** Yes.

**MR SEIBERT:** I've just got a question around digital capability amongst charities. And I have seen the comments in your submissions we have on page 13 around digital transformation around then. I suppose the broader context here is that there's sort of we're looking at what the role of government can be in terms of supporting philanthropy, building the capability of charities but it's also a unique situation that there are – that there's funding within philanthropy to do many of these things as well. So when we're looking at proposals we're also assessing is there a role for government? Is there something that philanthropy could do itself? And I think that that's something sort of – you know – certainly we've considered in the case of say National giving campaign where however we can do things itself. It's got the resources. So say on something like digital capability building, is that an area where sort of the Minderoo Foundation is already active? Or in other areas of capacity building within charities itself already?

**MS PALUMBO:** Increasingly, we're thinking about more than funding. So one of the other ways that we contribute both to our partners and to the sector more broadly to build capacity and so we will be thinking about digital as part of that. To your point about what are the ways government and philanthropy can work together, I think as with many things, it's how we do it together and how we best support the respective roles that each party can play.

So within digital transformation it would be an interesting thing to explore more. What could government do? What could philanthropy do to support that? And just explore where those boundaries would be to the best effect.

**MR SEIBERT:** And then in an in-principle sense would the Minderoo Foundation have an appetite to sort of explore those kinds of collaboration and engagement opportunities with government if they had an interest in this area as well?

**MS PALUMBO:** Yes. I think we do have an interest in a strong resilient sector and digital capacity is obviously a part of that.

**MR SEIBERT:** Okay.

**MR ROBSON:** And just going back to the data and digital – well, the data question - - -

**MS PALUMBO:** M'mm.

**MR ROBSON:** - - -is it more – or access to the data is obviously important.

**MS PALUMBO:** Yes.

**MR ROBSON:** And, you know, there's a big discussion in this sector and elsewhere about – you know – randomised controlled trials and measuring the impact assessment. Is that something where Minderoo would then – or you could consider if you had access to the data you would – you know – socialise that and improve practises across the sector? Or what's the idea here? Is it just the access to data or is there some other role for government you see in – you know – socialising the results of any of analysis that comes out of access to the data?

**MS PALUMBO:** I mean government has such an important role in terms of access – enabling the access to the data – because no other party can do that.

**MR ROBSON:** Mm.

**MS PALUMBO:** I think there's an interesting collaboration opportunity potentially with government making the access to the data. But philanthropy could potentially partnering with community in the not for profit sector to be given that uplifting capabilities to be able to make best use of that. Because whether it's digital or data capability the sector doesn't always have the degree of digital or data capability inhouse. And so how do we then work in parallel and – hand in glove – with that as those data sets become more available and we're also working with the community sector to make best use of those as and when they become available. So that as a whole sector, when they can be really evidence informed decisions about where to best use our resources, support the things that are working.

**MR ROBSON:** Okay. Julie, have you - - -

**MS ABRAMSON:** Yes. I just wanted to explore a bit more about the community workshops idea that it's in your submission. So you see a role there for government. So I am interested why you think that that's something that government should be bringing together all of these different ways and which you basically can access funding. So I'm just kind of interested in that – not because it's not an idea we're thinking about. But why you think it's a government role?

**MR HANSON:** I might have to take that one on notice if that's okay. But I think in addition, kind of following on from the discussion we had about the First Nation's engagement some of our fire and flood resilience work is – you know – deeply embedded within communities who have suffered these natural disasters. So the ability to work with governments to hold those kind of facilitated conversations with communities, so it's not overwhelming the community with multiple demands of their time and energy.

**MS ABRAMSON:** There might be a different approach though. We were talking before about the foundation and Krystian was talking about capacity building. So I wonder if that's something you might turn your mind to with that part of the submission where you've said, 'Look, we'd see a role for government.' We might say who we see a role for assisting capacity building, whether that's government that does that or philanthropy.

**MR HANSON:** Sure. Okay. Thank you.

**MS ABRAMSON:** Thanks.

**MR ROBSON:** Did you want to ask another one?

**MR SEIBERT:** I think I'm all good there. Just – about - - -

**MR ROBSON:** The DGR?

**MR SEIBERT:** Yes. There's your views on DGR reform in your submission but – yes, whether you have any further views on that for, and also sort of the – in, I think that previously the Minderoo Foundation has expressed some views around some charities with multiple purposes. Sort of having some difficulties there. But, yes, if you wanted to expand upon anything with DGR reform?

**MR HANSON:** Yes, I think in essence we're supportive of kind of the streamlined more efficient DGR system that extends DGR status or rests with the charities and aiming to kind of remove those inconsistencies and boosting impact of – also reducing the admin burdens on charities.

**MR SEIBERT:** Okay.

**MR ROBSON:** So do you think that DGR should be extended to all charities or – because our proposal at the moment is to exclude some. So, particularly, at school building funds and charities with the sole purpose of advancing religion for example. So you would include those do you think? Or - - -

**MR HANSON:** Ah - - -

**MR ROBSON:** Or is it just the general spirit of extending it?

**MR HANSON:** - - - there may have been – I think we would align with your draft recommendations in that respect, yes.

**MR ROBSON:** Yes.

**MR HANSON:** With those exclusions. Yes.

**MR ROBSON:** All right.

**MR HANSON:** For sure.

**MR ROBSON:** Thank you.

**MR SEIBERT:** That's all from me.

**MR ROBSON:** Thank you very much.

**MS ABRAMSON:** Thank you.

**MR HANSON:** Yes, thank you.

**MR ROBSON:** Thanks. It's been helpful with your submissions.

**MS ABRAMSON:** I feel bad we're sending our stakeholders out into 'melty land'.

**MR ROBSON:** No. That's not our fault. No.

**MS ABRAMSON:** No. I know. But – you know – we brought them here so it's kind of our fault.

**MR ROBSON:** That's true. That is true.

**MS PALUMBO:** Thank you for the opportunity.

**MS ABRAMSON:** Thank you.

**MR HANSON:** Thank you.

**MR ROBSON:** Right. Shall we take a 15-minute break?

**MR SEIBERT:** Yes.

**MS ABRAMSON:** I can see John's ready to go.

**MR PALERMO:** That's all right. You can have your break. I don't mind.

**MR ROBSON:** All right. Yes. Okay. I've said it now. We'll take a break. Yes, we'll take a break until two o'clock.

#### SHORT ADJOURNMENT

#### RESUMED

**MR ROBSON:** All right. I think we'll get underway.

**MR J. PALERMO:** Sure.

**MR ROBSON:** Yes. So 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're happy to hear that. And then we'll get into some questions.

**MR PALERMO:** Very good. Thank you. My name is John Palermo. I am by way of professional role is I am the Chair of the Board of Chartered Accountants, Australia and New Zealand. I am also on the Board of Wesley College and the Catholic Education Commission. I'm not here in any of those capacities. I'm here in – as an advisor to the sector and our clients. I have seen their submissions and am well aware of their positions on some of these issues.

Let me start. I acknowledge the work of the committee and the work that has been done in producing what is an extremely comprehensive report, albeit 400 pages, I much more enjoyed the overview document as a summary to discuss with my colleagues and peers.

**MS ABRAMSON:** Well, looking at the draft.

**MR PALERMO:** We – from our perspective – we support many of the recommendations that's proposed, and together with my office are willing contributors to the collection of information requested under the proposals. We have taken a pragmatic view of the recommendations and requests, on the basis that philanthropy in Australia, as mentioned in the report, is a collaborative



funding model between private individuals, foundations, the corporate sector and, more importantly, the Australian taxpayer. We can better communicate this, as an industry, to our stakeholders. It's often dismissed when focusing on the other facets of the sector.

Noting the 1,200 submissions that you've received, and affirmed in the commission opening statement, I made the assumption that most of the feedback will be from those proposed to lose their DGR capabilities, such as school building funds. This does, in our opinion, need some more consultation, as we are not certain the basis on which this conclusion has been supported is necessarily true in the broader school community, and may prevent infrastructure improvements and developments at many schools, which will then fall back, potentially, on the government.

The philanthropy sector in Australia, when compared to the US or Europe, is still very immature, and it is forums such as this which will assist the promotion of education around compliance in the sector. Strengthening the ACNC and its work with the ATO will be instrumental.

There is an ever-increasing appetite for general and specialist professional advice. Compliance is evolving. By way of example, even our smallest funds will be encouraged by our office, and accept without exception, engaging an external annual audit, not because they need to spend money to check three transactions for the year, but it builds a culture of compliance from the start. It also builds an awareness amongst what is in most instances non-sophisticated members of the board to learn very quickly that it is a serious job co-funding causes with the taxpayer and government.

We heard earlier from Volunteering Australia, data around our volunteers is crucial to effective governance and improvement, but, in my view, is the hardest area to gain appropriate data for. Monthly surveys, as mentioned, in principle, are an effective way to do that. However, participant fatigue, I suspect, will take its toll very quickly.

I do share the view that having the data subject to an appropriate collection method would be very useful. And it's easy for us as accountants - we are used to counting in six-minute blocks - but perhaps not for everyone else.

There are other aspects which I'm happy to talk to, such as the smoothing of giving over three years and those points, but happy to - thank you to the commission - happy to take questions from there.

**MR ROBSON:** All right. Thanks very much. I might take you up on the last point, on, you know, our findings and recommendations on minimum distribution rates for ancillary funds. Are they something that you agree with? And you mentioned the averaging, or flexibility. What are your thoughts on what we've got in there?

**MR PALERMO:** So this has been a very active point of discussion. I think, the rates of contribution are adequate. I think, where we can look at improving is, if you drill down, why is there a difference between private and public ancillary funds? Can we refine that further? Where do we need two types of funds? Can we make the rules better?

I think you will get a lot of resistance if you propose to increase those rates above the five per cent, because a lot of these foundations need to be self-sustaining, and their rates of return will start to show negative if we factor in their admin cost.

The smoothing over three or even five years: completely supportive. I think, what you're finding - the anecdotal evidence amongst our client base in particular, both large and small, is that they will come across great causes and not so great causes over the course of their existence, and they have no problem with complying with the five per cent rule, but would love to be able to give 10 per cent in one year and less in another year, to make sure that the charities get the best out of it.

**MR ROBSON:** And to the extent that funds are - the five per cent - that binds - is it your experience that there are some funds that are consistently at that five per cent, or are they, sort of - you know, when - if they do, it might be once every few years, as I - - -

**MR PALERMO:** (Indistinct) either.

**MR ROBSON:** - - - understood in this question about - you know, you could see, in the cross-section of data, there's a certain percentage, but that percentage could be different funds, going from year to year. So we're interested in - - -

**MR PALERMO:** So you're referring to if there is an appetite that the funds will give more than the minimum requirement?

**MR ROBSON:** Well, it's understanding how the five per cent actually effects funds. There's some that might say, 'Well, I'm just going to give the five per cent, you know, every year.' Or there might be some that say, 'Oh, well' - like you were just saying, you know - 'I give five per cent one year, but I might give 20 per cent, and then I'm back to five a few years later, depending on the circumstances.' But, in the cross-section of data in one year, we can only see, well, you know - there's a certain percentage, and we don't know, you know, the life cycle of what those funds actually are; they're just at five, and that's it.

**MR PALERMO:** Yes. I think, given - if the opportunity existed to spread their giving over a period of time - and you would have to be prescriptive on that, I think; otherwise, people would get complacent, and they will leave it all till the last minute; they will give zero, zero, and then 15.

**MR ROBSON:** Yes.

**MR PALERMO:** I think, if you can put in place rules around having some sort of business plan to effect that, it will be really - it would be really, really effective for them.

**MR ROBSON:** And then - - -

**MR PALERMO:** And there will be an appetite for it.

**MR ROBSON:** And do you think, if the - you were saying that there would be, sort of, pushback on, you know, raising the minimum distribution rate. Do you think, then, people would donate less, and that would make these funds less attractive to - - -

**MR PALERMO:** It would.

**MR ROBSON:** Yes.

**MR PALERMO:** I think it would cause resistance from those thinking about setting up a fund, because then they will just pull back and give in their own personal company names, and they will give less.

**MR ROBSON:** Yes.

**MR PALERMO:** Just because that's human nature.

**MR ROBSON:** Yes.

**MR PALERMO:** 'We'll worry about it next year.' Everyone is busy.

**MR ROBSON:** Yes, okay. Questions?

**MR SEIBERT:** Just following on from this and, sort of, some evidence we heard earlier around, sort of, trustees for ancillary funds, thinking about, sort of, the questions around intergenerational justice in the context of their philanthropy, and a point I made there, that an ancillary fund - the guidelines require having an investment strategy, but they don't actually require having a philanthropic strategy.

Do you think that - I mean, I know, there will be - funds - foundations have strategies, et cetera. But, from your experience, working with your different clients, how much do they actually think about their strategy for their foundation; what they want to achieve; whether the various trade-offs, et cetera - and how variable is that sort of - - -

**MR PALERMO:** So all - all of them have their investment strategy - - -

**MR SEIBERT:** Sure.

**MR PALERMO:** - - - and their grant policy in place. That grant policy - we will usually put a bit more work into that. You could spit one out of ChatGPT in 20 seconds. But they will spend some time thinking about that, and really dictating their strategy for where they want their wealth to go.

Preceding that, the reason for that, and even setting up the - let's take a standard PAF - and we talked about this previously. The intergenerational wealth transfer is what's driving the culture of giving, not the tax deductibility. It's important to, usually, the matriarch or patriarch of the family, but generally, their underlying push for putting it together is to educate their family around what to do with the wealth, and give them some sense of purpose.

So there is a big piece, here, that is not just textbook answers; it's around the culture of why these foundations are being set up, and these charities are being set up.

**MR SEIBERT:** And just in terms of, like, the control of the funds, it's a unique situation, in that it has, kind of, benefited from a tax deduction; it's in a separate structure; but the trustee and the donors still have control over them. What are the views amongst, sort of - you know - those you engage with about, you know, whose money this actually is?

**MR PALERMO:** That's a good question. It will start, 90 per cent of the time, the same way, where it's their money. It will evolve very quickly into the foundation's money, and the board that are dictating where that goes.

**MR SEIBERT:** And what guides that evolution?

**MR PALERMO:** The independent - you need to have the independent people on board. You can't just have family directors on those trustees. That's really important, because then, it just adds a different dynamic in the room. So, if I'm in there, or you're in there, or a lawyer is in there, that always helps. But generally, once they start engaging with the charities, that lets them see the - it just reinforces the purpose of it, and creates that independence.

Inevitably - I mean, I can think of one example, which our friends down the table are probably familiar with, where it was very much regarded as their money. They've since passed away; it has been over a decade since. It has taken on its own life - board changes, cause changes, evolution of grants policies, investment strategies. It has doubled its corpus. And so, you know, these things tend to - my experience is that they tend to end up in the right place.

**MR SEIBERT:** And in terms of this kind of, you know, question about, you know, whose money it is, what are the views around transparency? Because there is - we sort of discussed it briefly in the draft report - there is an exemption for private ancillary funds from, sort of, having their reports publicly available on the ACNC register. Like, that's there, but, say, in the US, they don't - there isn't that kind of an exemption. What are the views of PAF trustees around the importance, or not, of that sort of privacy?

**MR PALERMO:** We don't have an issue with the transparency. In fact, we would encourage mandating that they are transparent in who they're giving to and what their assets are.

**MR SEIBERT:** Would that not have an - would - if people know that their - you know, all the financial information is available - publicly available - would that - would it not have an effect of discouraging people setting them up, or not?

**MR PALERMO:** Some.

**MR SEIBERT:** Yes.

**MR PALERMO:** But mostly, it will have the opposite effect, where, if people know that their records are publicly - they want to be seen to be giving more.

**MR SEIBERT:** So it could actually incentivise more giving.

**MR PALERMO:** Correct.

**MR SEIBERT:** Interesting, yes. I've got more questions around advisors and the role, but I could come back to that.

**MS ABRAMSON:** Yes, I just wondered if - we had a conversation this morning; I don't think you were here for that, John. We were talking to Ian Murray about this tension between governance at the ACNC standards and at what point it means that people won't volunteer. So, you know, it's - there's an argument that you would - that you want to increase the regulatory framework, in the sense of, we've got a lot of money under management.

So that was - you would have noticed in our report that we said, it might be time for the ACNC to have a more assertive profile, not because we thought that there was terrible noncompliance,

but simply the amount of money and the growth in the sector. But Ian made the point to us, in his submission, there's a tension there between wanting people to serve voluntarily on boards, but this increased compliance. And it's hard to know where you would actually balance that.

So your views, as an active board member, would be quite interesting. Do you think it prevents people from saying, 'Well, I'm going to volunteer to be on that board of a charity'?

**MR PALERMO:** I wouldn't have thought so. And I'm probably coming from one extreme of the spectrum, where, you know - - -

**MS ABRAMSON:** Yes.

**MR PALERMO:** - - - I can see - and I've been around long enough to see - what the benefits are, so you kind of push towards that. And we're all advocates and ambassadors for that point. I think there is a lot more merit to appease that tension from the ACNC having more of a role. I think they need - I think they're not seeing enough, as it is now. You know, we have to drill down. And part of that goes to the maturity of the industry - - -

**MS ABRAMSON:** Yes.

**MR PALERMO:** - - - comment. You know, we're asking questions that some people at the ACNC can't answer, that the lawyers can't answer - - -

**MS ABRAMSON:** Yes.

**MR PALERMO:** - - - that we're just, kind of, feeling our way through. So that will evolve, I think. But, look, I don't see that - - -

**MS ABRAMSON:** Well - - -

**MR PALERMO:** I probably don't share that view.

**MS ABRAMSON:** Actually, just on that point, when you said about things evolving - one of our proposals is also around test case funding for the ACNC, and also the ability to deliver rulings in the way that the Tax Office does. Do you think that that would be useful? Would it be a sort of - - -

**MR PALERMO:** It would be very helpful.

**MS ABRAMSON:** Yes - that's the sort of thing that you would avail yourself of? Yes.

**MR PALERMO:** And special dispensation, because, every now and again, you will get, you know, circumstances that are outside the control of the foundation. They're not doing the wrong thing; they're absolutely trying to do the right thing.

**MS ABRAMSON:** Yes.

**MR PALERMO:** But they would like some assistance in that regard. Now, if the ACNC, like the tax commissioner, could give dispensation on a specific set of circumstances, or - like you would with a private ruling - - -

**MS ABRAMSON:** Yes.

**MR PALERMO:** You know, submit, 'These are our ideas.' 28 days later, the ATO comes back and says, 'Nope,' or - - -

**MS ABRAMSON:** Or yes.

**MR PALERMO:** - - - 'Yes, we'll look at it.' Great.

**MS ABRAMSON:** No, that's very helpful, thank you. Krystian.

**MR SEIBERT:** Just on the role of advisors, could you, sort of, maybe just elaborate upon - you know, as an advisor yourself - about what you see their role being in the context of the philanthropy.

**MR PALERMO:** What we're seeing from our side - and this is not just for PAFs and PuAFs; it's larger foundations and institutions that are now seeking our assistance - is just a sounding board to guide them through. It can be a minefield, and everyone wants to avoid the surprises in life where they go, 'Ooh, you've done that wrong, and now it's going to cost you a lot of money.' So, there is a - certainly - an appetite, as I mentioned, for more professional assistance in that regard.

My feedback is, you're now starting to see that bubble around the country, where people are saying, 'We should get into this space, because, you know, there is a - you know, there's a need for it.' I think, where we can stretch further - and it's just time - is, there needs to be more engagement with government; there needs to be more engagement with the legal profession, because even the lawyers they set up in PAFs - you fire a few questions at them, and they're like, 'Hang on. Let me look that up.' So the - and it's not their fault; it's just, the level of experience in the industry is not there.

**MR SEIBERT:** And do you think the existing, sort of, say, market incentives are sufficient that, you know, once, sort of, advisors and others in the different firms see that there's some demand, they will start to respond to that? Or, is there a - like - is there a role for government here? Are there any regulatory or other barriers, or anything like that?

**MR PALERMO:** I think that's more just the maturity of the industry, and people seeking out professional assistance. So, the way I look at it is not dissimilar to self-managed super funds, you know. They all get an audit; they all get advice; they all need an investor. And so, if you can't afford to set up your own foundation, just give in your own right.

You know, if you have money to give - and I'm not putting a quantum on that, because everyone has got a different threshold for what that means. But if you want to donate to your favourite charity, and you can do that through your individual tax return, fantastic. You're supporting. Great. If you want to set up a private ancillary fund, whether it's for intergenerational wealth transfer, education, or ego purposes - and I'm not discounting that; that's a big part of it at times - then you will pay for the right help to get that set up properly.

**MR SEIBERT:** Is there anything that, sort of, the philanthropic sector - that the, sort of, financial planning and other, sort of, advisor bodies could be doing in this space? Sort of - or not? Or - is it, sort of, just something where, sort of, the market incentives will just need time to - to drive change?

**MR PALERMO:** The market - the capital side of the philanthropic industry, I think, will just drive itself, because they will find their way through. I think there's - there are financial planners and fund managers out there, who are hungry for the corpus that's in these foundations, and we're constantly pushing them on. There is - obviously, there's a benefit to these foundations being in a tax-free environment, and franking credit benefits - you know, investing in the market - so there's all those tax benefits that come from it. But I go back to that point that I made earlier: we, as advisors, need to educate them that that's not free, right? That is the taxpayer's dollar that's helping fund those causes. And I think we haven't done that well enough; I think we can do it better.

**MR SEIBERT:** And just on education - sort of, when you're doing, like, say, a certification, sort of, as a - whether it's, you know, sort of, as an accountant, or a financial planner, et cetera - do the, sort of - is there any coverage of, sort of, this sort of thing - philanthropy, the various tax arrangements, et cetera - in the, sort of, course content, sort of, when you - - -

**MR PALERMO:** For chartered accounting courses?

**MR SEIBERT:** Yes.

**MR PALERMO:** Not unless you go looking for it specifically. I think that - actually, I asked one in my office - someone in my office this as I was running out the door. I said, 'What would you like me to raise?' And their first thing was professional development. So there is a lack of that. And that's - again, how many hours do you have in your day? That's up to us. You know, so the education ambassador piece is not - and when I say that's not me; it's us collectively being ambassadors for who's actually funding these causes, where the benefit is, where the professional development is. You know, not everyone can afford to go and sit with the Wellcome Trust in the UK for a week, and learn how they do it, all right? So, in Australia, it is very difficult to find PD in this space.

**MR SEIBERT:** Well, why is that?

**MR PALERMO:** Just not enough people in it yet.

**MR SEIBERT:** And will that be something that the market, sort of - - -

**MR PALERMO:** It's happening now.

**MR SEIBERT:** - - - dynamics will correct that, over time?

**MR PALERMO:** Correct, correct. Because you will - you've started to see now - you would have spoken to the group this morning - they have a committee specifically set up for the NFP sector, and philanthropy, and that will grow. So we will become more engaged with that, but - you have a whole generation of young professionals coming through now that are absolutely on board with this. They get it. They understand it. They want to know more about it.

**MS ABRAMSON:** Do you think it will end up - as you know, I'm a lawyer - so where - law has various - you know, like, you've got expertise in property, but to be able to say that, you have to have done the required training at the institute. So you would see the chartered - the accountants as developing in the same way?

**MR PALERMO:** So they're doing - well, they're heading in the direction of micro-credentialling.

**MS ABRAMSON:** Yes.

**MR PALERMO:** Different to - you know, when I graduated, it was advanced tax, advanced audit, advanced insolvency.

**MS ABRAMSON:** Yes, I know. Now they use the word 'micro'; it's not very helpful.

**MR PALERMO:** No. But that will, you know, for example - and I'm speaking out of turn; please don't quote me on this, but the - - -

**MS ABRAMSON:** You are on transcript; you know that?

**MR PALERMO:** No, I know, and that's fine. And I'm not saying anything they will judge me on. But the data analytics unit with CA is the - has outperformed everything else, because just the appetite from the younger guys coming through - and girls - that want to study that.

**MR ROBSON:** So do you think - getting to Krystian's point on the sort of evolution of the market, that - on both sides - that, you know, that will create - I mean, nothing ever happens with - unless there's incentives - private, you know, gain from doing this stuff. And so you think that those incentives are going to be strong enough, in terms of the - how people now feel about this, and - - -

**MR PALERMO:** The demand will drive that.

**MR ROBSON:** Yes.

**MR PALERMO:** And I think you will get - the academics will get on board and develop courses to educate people. It's just inevitable, and it's happening now.

**MR SEIBERT:** But just on this, when, sort of, like, say, a client comes, and they're like, 'I'm interested in getting into philanthropy,' and you get to the discussion of, say, a structure, is there a need to play with, sort of, the kind of duties, in terms of providing advice around, say - if you advise them to set up a private ancillary fund, there's the prospect of, perhaps, having a role in the management of that, and the funds in that, et cetera, just hypothetically, in a general sense; whereas, say, it may be better for them to set up a sub-fund within a public ancillary fund, within a community foundation, or somewhere, so it's going to be managed by that community foundation? Is there an interplay there in terms of, you know, donors having all the - potential donors - having all the information about the options that are available to them?

I mean, we've seen in the US that, sort of, donor advised funds, you know - sub-funds, equivalent - are really taking off. So, like, is there any kind of interplay there in terms of ensuring that - yes - respective donors have got all the information, sort of, available to make decisions?

**MR PALERMO:** That's up to the advisor, I think. That's no different to wanting to set up a company for your business. You know, will you - have you chosen the best advisor, that will give you all of the options, or are they driving you in one direction? That's just the normal practice out there, you know. And you - it depends on the advisor you choose. I can only speak



for ourselves. If someone approaches us - and you're getting a lot more of it now, because there are liquidity events, and new money in Australia, especially, where they're saying, 'I want to do something for the community. I have to give back. I've got three young kids who have never known anything but a lot of wealth, and how do I teach them?' We will encourage them, even before setting up a fund, to start - well, it's all about setting up - and probably not for this discussion, but setting up their family to open dialogue around what do they actually want to do.

And then you present them the options. You get the lawyer in the room to say, 'These are the myriad of options you can choose'. And they start disseminating what suits them. And then you may end up in a position where you set up a public or private ancillary fund, then you start putting the structure around that. They go and read. They get more informed about it. They go off and do courses; the kids do the same, and off you go.

**MR ROBSON:** In this context, you know, this all does go to, you know, building a culture of giving, so to speak, in terms of – it isn't necessarily about tax and regulation. I mean, do you think that there is a role for government in the terms of building the culture? Is that really something that's just going to be led by advisors, by others, like, because you know, we've had different things said to us about that.

**MR PALERMO:** There's definitely a spot for government in our model. I don't know what that looks like yet.

**MS ABRAMSON:** Can we ask John? And I think it's perfectly acceptable if you don't want to answer this. So I understand that. We had some questions about the licensed (indistinct) trustee company. So we made some observations that it's a very concentrated market now. There were previous inquiries that looked at the fees and charges. I wondered if you had any views about the trust companies?

**MR PALERMO:** You're talking about professional trustee companies?

**MS ABRAMSON:** Yes.

**MR PALERMO:** Not a lot I can add. I don't think – I haven't landed on a view.

**MS ABRAMSON:** I suppose another question I'd ask you, John, is why would people come to see you in your firm and say, 'Can you please set up some arrangements for us? This is what we would like to do'. As opposed, perhaps, going to a trust company, particularly with people who were in their elder years, which they might have been more familiar with that than the things that you're working on. Do you have views about that?

**MR PALERMO:** There's no hard and fast rule about that. Generally, those who use a trustee company don't want to have the compliance burden or the perceived compliance burden. So they will pay whatever fees they need to, to get that looked after for them. And also they see that they will be given a menu of things that they can give to, through that (indistinct). So these are the 25 charities that we have done our due diligence on and that you can support. Great, one, two or three. Those that come to us generally want to dictate their own path. So they will have a focus on social welfare, the arts, medical, or a combination – education, or a combination of all those things, Indigenous health, and we will facilitate that for them. We won't give them advice. They'll make their own decisions. We basically administrate that process.

**MS ABRAMSON:** Yes. So it comes down, obviously, to the individual.

**MR PALERMO:** Correct.

**MS ABRAMSON:** Yes. I understand. The other questions we wanted to ask a bit about superannuation. You'll see that we had some recommendations around that and whether you had any views on that?

**MR PALERMO:** Not really. Comfortable.

**MR ROBSON:** As in what sense? No views about it in general?

**MR PALERMO:** I have no views in general.

**MR ROBSON:** About superannuation, yes.

**MR PALERMO:** No. Look, the recommendations there are satisfactory. I think where you've landed or where it looks like you're headed I think even bouncing that off a few other people, I think they had a similar view to me.

**MR ROBSON:** But what is that view though? As in – because we have an information request around sort of whether it should be made easier to - - -

**MR PALERMO:** To give from super?

**MR ROBSON:** Superannuation.

**MS ABRAMSON:** Yes, so nomination. (Indistinct) directly.

**MR PALERMO:** If – you have a large (indistinct) of funds in the superannuation sector. And again, I might take that on notice as to – but we would support being able to use superannuation funds to make donations.

**MR ROBSON:** Because I suppose there's all the different types of superannuation, obviously like, you've got sort of, you know, retail or industry fund. But then self-managed super funds - - -

**MR PALERMO:** Yes. My focus is SMSFs. I think if we start opening the door from there.

**MR ROBSON:** And what's your view about sort of, yes, making it easier sort of to get requests from SMSFs specifically.

**MR PALERMO:** Support it. I think you'd get a lot of traction there. And you'd get a lot – you'd increase your donations. If you're trying to hit a target by 2030, that's a great avenue to do it with.

**MR ROBSON:** I might just come back to the former set of questions on patterns of giving, and I think in our (indistinct) meeting last year. We had a bit of a discussion about new money and what's special about Western Australia. What's – what are your thoughts on that? Because, you know, over on the east coast we see very well-established charities. You've got long-established donors and so on. And they've got a particular view about philanthropy and what it's for.

Whereas new money over here in WA might have a different view on what its purpose is and how it should work.

**MR PALERMO:** Look, obviously our focus is Western Australia. That's where we all live. But it's not exclusive to Western Australia. But certainly you're seeing an emergence of certainly wealth in younger generations and generations that have not – where the wealth has not been transferred from parents. And they're coming up with all the same issues that the older money in Sydney and Melbourne would have experienced three generations ago. So the biggest – if I had to rank the reasons for people setting up foundations, and the tax deductibility is certainly an attractive part of it, but most of it is educating their kids around intergenerational wealth transfer. And that is growing exponentially.

**MS ABRAMSON:** Can I ask a question that's related to that? It mightn't be your exact experience. But we understand that there are some issues when somebody sells their equity in a business and then they want to transfer that equity to different – to a philanthropic cause – and that there are some tax issues around that. So any views you have on that, we would be interested in, even if you want to take it on notice.

**MR PALERMO:** I might take it on notice. You're specifically asking about capital gains tax. Yes?

**MS ABRAMSON:** Yes. Thanks John.

**MR PALERMO:** Thank you very much.

**MR ROBSON:** Thank you.

**MS ABRAMSON:** Thank you.

**MR PALERMO:** Hopefully that was helpful.

**MS ABRAMSON:** It was super helpful. Thank you.

**MR ROBSON:** Great. Really good.

**MS ABRAMSON:** And, you know, thank you for all your help so far. It was really appreciated.

**MR PALERMO:** Yes, very good. Enjoy the rest of the day.

**MS ABRAMSON:** Well, enjoy your trip to Canberra. Thank you. Thanks.

**MR ROBSON:** Okay. Who's out there next?

**MS ABRAMSON:** The Buddhists.

**MR ROBSON:** Yes. I think they're waiting outside.

**MS ABRAMSON:** They are. I think they can come in if they wanted to.

**MR ROBSON:** Yes. They can come in.

**MS ABRAMSON:** They wrote to me personally.

**MR ROBSON:** Okay. We can get started. So welcome. 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 be happy to hear that. And then we'll give you some questions.

**MR D. SOLOMON:** My name is Doug Solomon. I'm the lawyer for the two parties that have made the submission, the Buddhist Society of Western Australia Inc, which I'll call BSWA, and the Australian Sangha Association. What I've got to say is to supplement the written submissions that have been made on 3 February 2024. The broad scope of - - -

**VENERABLE METTAJI:** Sorry, let me just introduce myself.

**MR SOLOMON:** Sorry.

**VENERABLE METTAJI:** So **VENERABLE METTAJI.** I'm a Buddhist monk at Bodhinyana Monastery, which is about an hour south from (indistinct) forest. That's part of the Buddhist Society of Western Australia. And then I'm also with the Australian Sangha Association which is the peak body of monks and nuns in Australia. So they asked that we put in a joint submission to you, so it reflected all monastics across Australia.

**MR ROBSON:** Thank you.

**MS ABRAMSON:** Thank you.

**MR SOLOMON:** Okay. So the broad scope of operation of the current legislation concerning school building funds, having deductible gift recipient status – I'll call that DGR – and the background to the review of DGR status for school building funds, should have been taken into account in the draft report of the commission, in deciding to recommend abolishing DGR status for all school building funds. I'll provide a summary of that scope and background.

The commissioner of taxation purported to limit the scope of operation of DGR status to school building funds, for construction, acquisition and maintenance of buildings for schools providing vocational, non-recreational training, which is provided on a regular, ongoing, and systematic basis by publishing a public tax ruling in 2013, known as TR-2013/2. The analysis in TR-2013/2 was flawed, principally because it was held by the Federal Court of Australia to be inconsistent with a long series of Superior Court decisions concerning the meaning of the word 'school'.

All those cases were examined in the judgement in *BSWA v Commissioner of Taxation 2* [2021] FCA 1363 at 85-102. If you look at that judgement you'll see I represented BSWA as counsel in that case. The accepted meaning of school as determined by a unanimous decision of the High Court of Australia in 1973, which has never been doubted, is quoted in the BSWA judgement at 87 and also referred to at 94.

The judge in the BSWA judgement held at paragraph 100 of the judgement that the assertion in TR 2013/2 that a school must satisfy non-recreational or vocational requirements is inconsistent with Australian law, and also held that regular ongoing and systematic instruction is far less appropriate as the yard stick for assessing recreational forms of education as opposed to vocational education.

The result of the decision is that included among the school building funds which have DGR status are many schools such as those operated by BSWA, which are carried on by charities and which will be seriously harmed if their school building funds lose their DGR status. It's appropriate that I read the quotation at 87 in the BSWA judgement from the High Court's 1973 judgement of the meaning of 'school':

A 'school' is a place where people, whether young, adolescent, or adult, assemble for the purpose of being instructed in some area of knowledge or of activity. Thus there are drama schools, ballet schools, technical schools, trade schools, agricultural schools and so on.

This commission is now taking submissions about its draft report recommending a legislative response to the BSWA decision - and that decision was not appealed by the Commissioner of Taxation - of abolishing the longstanding DGR status of all school building funds whether the schools provide vocational or recreational instruction and whether or not the instruction is regular, ongoing, and systematic or not.

That is to say, the proposed recommendation goes a lot further in its restriction of school building funds than TR 2013/2 went. The proposed legislative response subject of the recommendation in the draft report by the Commission is there for not merely to attack recreational school building funds, which the Commissioner of Taxation unsuccessfully attacked with TR 2013/2, but to substantially broaden the attack to also include all vocational school building funds of schools which currently qualify for DGR status because they're carried on otherwise than for profit or gain of the members of the association operating the school. And that is a legislative requirement which we have referred to in para 4(1) of our submissions.

The very breadth of the recommended proposed legislative change in itself is a strong reason for the Commission to carefully review its draft report before it's finalised. Most aspects of this submission are applicable to all classes of school - that is, vocational and recreational - which would be adversely affected by a decision of the parliament to implement the proposed recommendation in the draft report of the Commission. There are, however, likely to be additional factors which those conducting not for profit vocation schools will also make which are not dealt within this submission.

For convenience, I'll now summarise the aspects of our submission which are applicable to all classes of schools affected by the proposed legislative change, and then conclude with some brief submissions concerning schools operated by charities.

The first submission concerning all school building funds is that because of the limitations and protections in the current legislation which are firstly that only a school building of a school operated by an association otherwise than for profitable gain of its members can have DGR status.

Second, that the funds of the school building fund with DGR status can only be used for construction, acquisition or maintenance of a building or buildings to be used for a school and not to satisfy operating expenses of the school or obligations of donors to pay instruction fees or other material benefits of donors.

And thirdly, that if either of those requirements is breached, the Commissioner of Taxation currently has very strong powers to immediately revoke the DGR status of a non-complying fund.

And because of those three protections and limitations in the current legislation, the legislation currently appropriately restricts DGR status to school building funds of schools operated on a not-for-profit basis and allows for immediate cancellation of DGR status of any fund which uses funds in its school building fund for operating expenses or any other expenses other than construction, acquisition, or maintenance of school buildings.

It should also be noted that there is state legislation consistent with the current Commonwealth DGR legislation concerning state funding for vocational education which similarly requires that a funded body operate on a not-for-profit basis. That such consistence at state legislation was recently the subject of a decision of the New South Wales Court of Appeal in a case named *Christian Community Ministries Ltd v Minister for Education and Early Learning* [2024] NSWCA 1.

The Commission does not appear to have turned its attention to the impact of the proposed abolition of school building funds having DGR status on the consistent funding model in state legislation. Furthermore, that the Commission has focused on misapplication of funds of school building funds by those operating schools as a basis for abolition of DGR status of all school building funds is inappropriate.

At most, the Commission should recommend stronger enforcement by the Commissioner of Taxation of the strong existing legislative safeguards with respect to non-compliant funds. Overall, it is submitted that the draft report should be amended to recommend that the current legislative restrictions are appropriate and adequate and appropriately dovetail with consistent state legislation.

The second submission concerning all school building funds is that, as referred to in paragraph 6(3) of our written submissions, the proposed legislative amendments would, unless amended to only apply to conferring DGR status on new funds and to not affect the ongoing operational status of existing funds with DGR status - and this is an outcome which is not suggested in the Commission draft report - be likely to cause serious financial harm to existing not for profit school building funds with DGR status which require ongoing donations to complete or expand existing school buildings and or to maintain school buildings.

For school development projects to be unable to be completed or properly maintained because of the proposed legislative abolition of DGR status for existing school building funds would be harmful and plainly contrary to the public interest. That this entirely inappropriate effect of the proposed legislative change on existing school building projects has not been considered in the draft report is another major reason why the draft report needs to be carefully reviewed and amended before it is finalised.

The third submission concerning all school building funds is that, as referred to in paragraph 8 of our written submissions, which not for profit schools are able to be established and maintained should be left to the decision of donors. If the donors give a sufficient amount, a proposed school to be operated by a not-for-profit association can be built maintained using the donated funds, and that outcome will always be in the public interest.

If the donors do not give a sufficient amount, the project will not be able to proceed, and any funds contributed to the fund will then be disposed of under the applicable provisions for winding up a fund with DGR status, and provisions for winding up of a fund must always be included in the fund documents of a fund with DGR status. You can't get DGR status without having winding up provisions which the Commissioner of Taxation approves.

The alternative to donors making the decision as to which proposed schools should be built and maintained and which should not is that donations that are likely to become seriously diminished through abolition of the incentive provided by DGR status, and the likely result will be reduced establishment and maintenance of schools to be operated by not-for-profit associations. And that is an outcome which can only be said to be against the public interest.

The fourth submission concerning all school building funds is that because of the limited understanding of the emotional behaviour of donors and their choices, which is detailed in the first section of our written submissions, it is not possible to predict precisely the level of reduction in donations to the school building funds of not-for-profit schools if they lose their DGR status. There is, however, no doubt that the reduction will be significant.

To deprive not-for-profit schools of the benefit of a material component of their donations for the reason that some funds are suspected of misapplying funds of a school building fund with DGR status, for school operating expenses, when that conduct could and should result in cancellation of the DGR status of the fund by the Commissioner of Taxation under the current legislation would be, it is submitted, illogical and misconceived.

I will conclude with submissions concerning school building funds of schools operated by charities. Because of the legislative restriction mentioned above, that DGR status is only conferred on school building funds for schools operated on a not-for-profit basis, many, but not all, bodies operating schools with school building funds having DGR status, are charities. The reason that all bodies conducting schools with DGR status school building funds are not charities, is because charitable status depends on the objects of the body being charitable under State law. And that's referred to in the last section of our written submissions.

Hence, there may well be recreational schools with DGR status school building funds conducted by bodies whose objects do not satisfy the requirements under the State law of being charitable. However, as mentioned, most bodies to be affected by the proposed legislative abolition of DGR status for school building funds of not-for-profit schools, are charities. The proposed abolition of DGR status for school building funds of schools operated by charities would be entirely inconsistent with the comment made by the minister, the Honourable Dr Andrew Lee, in June 2022, referred to in the first section of our written submission, that the, 'Nine year war on charities has ended'.

The Commission should therefore refocus its attention on assisting, and not harming, the worthy fundraising efforts of charities. The only way that objective could be achieved if the legislative abolition of DGR status of school building funds of not-for-profit schools proceeds, would be if at the same time, all donations to a charity registered by the ACNC, and not merely donations to its school building funds, were by legislative amendment made subject to DGR status for so long as the charity remains registered by the ACNC.

That proposed legislative change would, consistently with the honourable minister's comments that the war on charities has ended, be likely to assist in achieving the meritorious proposal in the draft report, of doubling charitable contributions by 2030.

**MR ROBSON:** Thank you. Thank you very much. I might just react to a couple of those comments, and then (indistinct), if you want to ask questions. So just by way of background, when we came to look at DGR status and the DGR system in this report, we found a system that

was – couldn't be justified on policy grounds. It was incoherent, a mess. And so we set about trying to look at the system from first principles.

**MR SOLOMON:** What's incoherent about it?

**MR ROBSON:** Well, you tell me, what is the – what's your view of the purpose of DGR and the way in which it interacts between gaining charitable status and the 52 DGR categories that the ATO finds.

**MR SOLOMON:** Look, since income tax legislation started in Australia, it has always drawn a distinction between the income status of a charity, that is to say a charity does not pay income tax on its income and deductibility of donations to that body. The only bodies, going right back to the 1930s where deductibility is available for all of their activities, are bodies which in another section of the Income Tax Assessment Act 1997 from the one concerning school building funds, are called public benevolent institutions.

And that term was construed in two cases in the High Court in the 1930s in a very narrow way. So there is – has been a distinction (indistinct) between – a charity does not pay tax on its income. But a donor to bodies, getting a tax deduction is a different question. And there has been going back nearly 100 years, school building funds. There have been all sorts of buildings which have been created that require ongoing maintenance. And just to stop that system dead in its tracks is going to have an absolutely drastically detrimental effect on all of these ongoing projects, for no good reason. Because the effect on the federal budget of this, as you well know, is miniscule, absolutely miniscule. So what's this all about?

**MR ROBSON:** Can I speak now?

**MR SOLOMON:** Yes.

**MR ROBSON:** Is that okay?

**MR SOLOMON:** Of course.

**MR ROBSON:** Thank you. Okay. So as I was saying, we came to a view, when we looked at the DGR system, tax deductibility for donations – we're not talking about charities paying income tax or not – a separate issue. We did look at that. We recommended no change to that.

**MR SOLOMON:** I know.

**MR ROBSON:** Okay. The DGR system is full of incoherences and inconsistencies. And we've outlined those in our report. So we started with a set of principles. And then we applied those principles. Okay? And in the application of those principles, we came to the view – preliminary view – that school building funds could not be justified on those principles. Now, I just want to pick up, and it's in that context that we support, and it's clear in our report, we think there is a role for government in supporting school infrastructure. The question that we're looking at in this report is whether that deduction that we have currently under the DGR status, is the best way to do that.

So I don't think it's helpful for the purposes of this inquiry to characterise that as an attack on anybody. It's not an attack. Okay? We are starting from a set of principles, applying those



principles. We are keen to get your feedback. We very much appreciate your feedback. And I'd like to discuss a number of the points that you've raised. I just want to put that on the record.

**MR SOLOMON:** Well it's an attack on the donors. It's an attack on the donors.

**MR ROBSON:** Excuse me, I haven't finished. I haven't finished speaking yet. Can I just – can I speak please? Okay? It's not an attack on anybody. Okay? It's not an attack on any institution or any set of institutions. It's a draft proposal and we're seeking feedback on it. Okay? Now, you've made a number of interesting points. I was particularly interested in the point around, you know, you said it wouldn't be possible to predict precisely what the effect on donations would be. I'm interested in why you think that's the case. And I appreciate your suggestion that it would be significant. But certainly a point of view that, you know, we're interested in hearing about. But so in your experience, what leads you to that conclusion around the significance of the response.

**MR SOLOMON:** In our written submission, the research that we refer to there suggests that the – it's in the first part of the written submission – that the analysis of donor intention and donor choices, is not much study. And it's got a lot factors as suggested is playing into it. And it's certainly not something you can predict with certainty. So that is just building on what is said in our written submission, that there's a whole broad equation that affects donors.

But the point that we are making is this. Why should it be up to the government to decide what school projects get funded? What is the problem with donors making decisions? And that's what I'm saying. You get a school building fund registered with DGR status, and you go and try and raise the money for it, and you don't get it. You wind it up. The money is not going to be lost to the government. It has to be applied to another fund with a DGR status. That's the standard provision the Commissioner requires.

But once you establish a fund, has DGR status, and it has sufficient support from donors who, for whatever complex series of reasons they decide they want to support it, it is able to be established and it does get established, and it prospers, that's in the public interest. In retrospect, it's necessarily in the public interest that it happen. And what one can say is that without any doubt - without being able to put a precise percentage on it, there is benefit to the charity sector in the deductibility of gifts. Quite what percentage of money comes, I don't think anyone can say. It hasn't been studied and you'll never get a certain outcome as to exactly how much will be lost to the sector, but that's the point we make.

**MR ROBSON:** I'll just pick up on your point on the idea of donors contributing to schools and in fact we have no problem with that. That's great. The issue, in this particular case, is the taxpayer is effectively a silent partner in that by virtue of there's a deduction going on and that means there's lost revenue, and so that is where the public policy issue comes in. So that's why we're focused on the precise question across all of those entities and activities for getting charitable status is where is the case for public support? That's the first principle. And is a deduction for a donation the best way of doing that compared to alternatives? So I'm interested in drawing out your views - and I think you made the point that, you know, facilitates choice and those kinds of things, and - - -

**MR SOLOMON:** And amount.

**MR ROBSON:** Yes, so - - -

**MR SOLOMON:** Someone who's on the top level of tax - - -

**VENERABLE METTAJI:** Let me say something in a second. Yes.

**MR SOLOMON:** Somebody who is on the top level of tax can give double the amount for the same cost to them. So the charity sector - you can say it costs the taxpayers something that there isn't tax paid. That comes from some fundamental governmental concept that the government owns the gross income of every taxpayer and should get everything. But the long and the short of it is that if you're reducing the deductibility for the donor, you are drastically reducing the amount received by the charity because a donor on top rate tax can give double the amount for the same net cost, and it's the charity sector that is going to be really harmed by this proposed change. And that's a public detriment against the public benefit that you're talking about, and it needs to be weighed up and weighed up heavily in the equation.

**MR SEIBERT:** I think it's really important to recognise here that we, in this draft report, for example, recognise sort of the diverse types of organisations and charities including religious charities, faith-based charities, and their important role in the community. But it's also really important - and this is a general comment - to recognise that there are trade-offs, and we have received submissions from charities saying that if you expand access to tax concessions - this is a general comment about eligibility for tax concessions - there is a reduction in government revenue - and these are submissions from charity bodies, welfare organisations - and then those funds are not available to fund services and things in the community.

So I think the context for the Commission's inquiry is that, yes, there is a desire to grow giving and increase philanthropy, but that happens in the context where government policy choices around what is eligible and what is not eligible for tax concessions - and this is an area that I've worked in for 10 years - there are costs and benefits. We don't deny that there are benefits, and it's about a weighing up exercise, and the nature of charity law since the Statute of Elizabeth in 1601 is about what boundaries we draw and how those boundaries align with community benefit and that sort of thing.

And what we've tried to do in the case of the DGR system is look at something - this goes to Alex's point around incoherence. At the moment, you can be trying to prevent injuries in children, and you aren't eligible for DGR status. But if you're trying to prevent illnesses, you are eligible. That's the incoherence of the system. It has no rhyme or reason to it. And so that's why we've adopted this principles perspective. But we're now seeking feedback about what the implications of that are. The principles may be right, may be wrong. The application may be right or may be wrong, and we're really wanting to understand that in this context.

**MR SOLOMON:** Well, the only - - -

**MS ABRAMSON:** Can I just say one other thing?

**MR SOLOMON:** Sorry, yes.

**MS ABRAMSON:** We can understand absolutely that getting to where you are now has been a very difficult and stressful process to even have to go through a court case to have it overturned to go to the ATO. So we can understand - we've read your submissions - we can understand the background to that. But as Krystian and Alex have said, we're testing policy proposals. We don't pretend that we get everything right. In fact we're very grateful that you've taken the time to come to talk to us. So for our perspective, it's a policy discussion. But I just want you to

make it clear. We understand that this would have been a very difficult path to get to where you are.

**MR SOLOMON:** Yes, well can I - - -

**VENERABLE METTAJI:** And that's what I wanted to reflect on. So I came to Western Australia in 2017. You have to be a man in white for a year before you can become a monk, and we had this review from the ATO saying that 'we want to look at all your building funds.' Fortunately, Susan Pascoe who was standing down as the ACNC commissioner was in town and I asked her, 'Could you explain how school building funds came into being in Australia?' and she referenced the 1930s where there were a number of churches in outback Australia that were failing and the churches said, 'Pay us out. Save us,' and the government of the day said, 'No, we can't, but if we can come up with a composite arrangement, if people were to donate then we would meet that.' Yes?

When BSWA was created 50 years ago, the tax office locally said to Doug, who's been our (indistinct) for 40 years, 'You're entitled to this, and it will help you build your infrastructure.' So in one sense, we've done the right thing by Australia.

**MS ABRAMSON:** I can understand that.

**VENERABLE METTAJI:** And continued to do so and have put down new infrastructure in the last four or five years on the basis that we were doing right. One of the problems with us on policy then is the ATO comes along and says, 'Meditation doesn't have any benefit in Australian society, and you monks are just loafing around every day not making any contribution to Australia.'

**MS ABRAMSON:** And that would have been very distressing to hear that.

**VENERABLE METTAJI:** So and that's why we went to court.

**MS ABRAMSON:** I understand.

**VENERABLE METTAJI:** And on the basis of we met the terms of the building fund, we've made the odd mistake, and we put the balances back when that was the case. We were told, Alex, Julie, and Krystian, it was the only thing that we would be able to offer a tax incentive to our donors. And then for the donors there's a direct correlation between - they may be Sri Lankan or Thai, they've come here, they're looking for their local cultural resource, we happen to be it. You know, we're 29 male monastics in the forest in (indistinct) from 15 nationalities. So we do all of that. We do it willingly, and we've never earned a cent. You know, we've taken the vow of poverty.

If the DGR status is taken away, then we're left with the scenario that because we're a religion we can't offer any benefit for us going forward. Perhaps I can put it in that fashion.

**MS ABRAMSON:** No, we understand, thank you.

**MR SOLOMON:** Could I just suggest in response to the comment about incoherence, the only incoherence with respect to deductible status is the result of the legislation having grown bit by bit over 90 years, and so things have been added to deductible status bit by bit, particular funds.

**MR SEIBERT:** That's exactly what we say.

**MR SOLOMON:** Particular groups have lobbied for this and that.

**MR SEIBERT:** Exactly. That's totally right.

**MR SOLOMON:** And after the Second World War it was memorial halls at schools that all had deductibility up until about 1964. So the categories are the only thing that has got a level of incoherence. And that's just the result that the legislation has just grown piecemeal over 90 years.

**MR SEIBERT:** Exactly. And that's what we're trying to fix.

**MR SOLOMON:** And if what was done was to just kind of work out broader principles for it and rather than have the big, long list of things that don't appear to have a lot essentially in common and they're just individual items, that's understandable, but it seems that the whole shooting match that the baby is going out with the bathwater.

**MR SEIBERT:** But that's what's proposed though.

**MS ABRAMSON:** That's what we would say to you. We would say, 'Well, we've set up these principles,' which is where Alex started with, because we understand what you're saying there. So we're interested in testing our proposal. Also thank you for that because we understand that this has been a very difficult journey, so that's important as part of your submission.

**MR SEIBERT:** And that's why we're here.

**MR SOLOMON:** But to take away the status of funds of existing schools for their construction and for their ongoing maintenance, it would - - -

**MS ABRAMSON:** Well, this is a policy - just bear with me for one moment. This is a policy proposal which is kind of why you're here. So we don't ever profess at the Commission 'We get everything right.' But this is why we test things because if you hadn't made the effort to come to us, we probably wouldn't have heard from the Buddhist community, to be honest. We've heard from some other communities. So that's important. So we're interested. Do you think our policy principles are right? You're saying to us, 'Well, the application will mean X, Y, and Z for us,' and that's an important message for us to hear.

**MR ROBSON:** Very important.

**VENERABLE METTAJI:** So the correlation I would be looking for, if I may, to us on the receiving end - and we may be a bit damaged from the ATO skirmish - is it doesn't seem as though we would have great charity status if the DGR school building funds is gone, and we can raise with the community in saying, 'Oh, do you want another monastery in Albany?' or, you know, there's a beautiful nun's monastery in a place called Gidgegannup, which is about 50 miles east of here, which is like one of the first in the world.

So we did it on the basis that we have solid ground. Solid ground may disappear in the sense that we know that other charities and PBIs can have tax receipt offered on anything they do, and yet we understand why there's been some anti-religion sentiment because of some horrible things that certain religions have done.

**MS ABRAMSON:** Could I just say that's not the position of the Commission. We are neutral on those issues. We're looking at it as a policy position. And I'm going to ask you a question to which I don't particularly have an answer that's a very direct question. Do you think the people who donate to you, who are people of deep faith, would donate anyway, or do you think that the deduction is actually quite an important part of how much people give you?

**VENERABLE METTAJI:** Both. For the high-net worth individual, they may look at what profits they're going to do this year and say that the monastery has been sort of very helpful, so they'll scoop in a little bit extra. Especially if we're saying, well, there's demand now in Albany or there's demand in Kelmscott. But the other side of the story, Julie, if I may, when the ATO revoked us then we can't give those receipts. So the donations collapsed. So some people took the view, 'Look, we have to keep saying that we are a trustworthy charity.' We've done nothing wrong.

**MS ABRAMSON:** Yes, so there was a reputational issue. I understand.

**VENERABLE METTAJI:** So there's the stigma piece.

**MS ABRAMSON:** No, I understand.

**MR SEIBERT:** And this is really helpful for us to understand our experiences, and echoing what Julie said, appreciate that it would have been very difficult and a lot of uncertainty and we really do hear that, and I think one of the reasons we wanted to come to Perth is to engage with stakeholders in Western Australia, but also I knew about the Buddhist Society decision came out because this is the area that I worked in, and so really appreciate being able to listen to your perspectives here.

And I think that one difference between, say, what the ATO process is that the ATO administers the tax law. It forms views about what the tax law is or isn't and then it can be challenged in the courts, et cetera. Whereas we're actually thinking here about what's the policy rationale for what's in, what's out, which is sort of a step before sort of the law being made, the law being interpreted by the ATO, and we are thinking as well about sort of the implications for religious and faith-based charities in that context.

For example, I know from my own experience you can have sort of a charity that might be doing community outreach. I imagine that your organisations might do that too in terms of providing services, welfare, that sort of thing, and at the moment they need to set up a separate entity, a public benevolent institution. You have to fit into that definition. So under our draft proposals, there are benefits for charities that, say, a religious charity can get endorsement as a DGR for all of its, say, social welfare activities that it does, for example.

**MS ABRAMSON:** Which we would assume that you do a reasonable proportion of.

**VENERABLE METTAJI:** Well, we do it based on demand. So we would visit a lot of prisons, hospices, we run funerals and the like. But we haven't set up a benevolent arm to do that. When I went and checked when this all started, there was a strong pushback that you would never get public benevolent institution status. So if you say through your draft proposal that charities could be held in higher regard, that the anti-war is over, and says if the donors want to support this, they can see a way through to your noble desire for double dipping, which is to say, you can correlate - I know that we can do the maths now, possibly because we went through a

difficult period, but if it's said there was a wider appreciation that the charity could take on these things and it was safe, you know, it was operating under the law - - -

**MS ABRAMSON:** I can - I'm interrupting you. I can see my colleague looking for the part of the report where we talk about that.

**MR SEIBERT:** I think it's really helpful to have your feedback about certain - you know, how this would impact your organisation in the context of school building funds and we're very, you know, willing to talk more about that as well. But I think we do have on page 198 of the report, like we actually - you know, we can draw this out further in the final report, the specific example of how, say, a religious charity that undertakes other activities, social welfare, and we recognise very clearly in the report too that faith traditions shape giving behaviours and charitable acts in all sorts of different areas in terms of giving to the community, supporting welfare - - -

**MS ABRAMSON:** Can I ask too, Krystian - I've read all your submissions and I apologise if I've missed something. Have you put in your submissions the type of work you do that you just described to us? Because the submission we've got is very about, you know, the building fund. But the type of things you're talking about, that would be helpful. It doesn't have to be a long submission. A page is fine. We do all these things. We do missions into prison - - -

**VENERABLE METTAJI:** No, very happy to do that.

**MS ABRAMSON:** That would be helpful.

**VENERABLE METTAJI:** Because as we've been talking, I think - historically the Buddhist (indistinct) in Western Australia may have put infrastructure into buildings because it knew it was covered, as opposed to going off in a different direction and saying having a benevolent arm that did hospice and the like. So what I'm trying to say there is because of the dint of the incentive that the ATO was offering too far over on the building side to give the Buddhist teachings, and then having to fight and say, 'Well, that is a school under the definitions of the law.'

**MS ABRAMSON:** I think it would be helpful if you set out - because, you know, we all have experiences of faith. I have never yet a faith-based organisation that didn't do the type of things you're talking about. That's part of being a person of faith.

**VENERABLE METTAJI:** Every day.

**MS ABRAMSON:** Exactly. So I think that that would be helpful, and one of the most important things I can say is that we have heard what you've said to us, and we've listened very carefully.

**MR SEIBERT:** Absolutely.

**MS ABRAMSON:** And thank you, because we would not have heard from your community unless you had taken the time to come to see us.

**VENERABLE METTAJI:** It was a privilege to come. Thank you.

**MR SEIBERT:** And your description of the evolution of the system.

**MR SOLOMON:** Yes.

**MR SEIBERT:** It's exactly - I couldn't have said it better myself.

**MR SOLOMON:** Yes, I know.

**MR SEIBERT:** You know, that is exactly what we're talking about.

**MS ABRAMSON:** I hope our young people were listening.

**MR SEIBERT:** Yes, it was very good.

**MR SOLOMON:** Yes. The last thing I want to say is in legislative terms they talk about grandfathering of existing situations. When you're dealing with infrastructure like schools that have been built over a long period of time that require ongoing support, you should, with respect, give very strong weight to the idea of if there is going to be major change, it covers new funds, not the existing ones.

**MS ABRAMSON:** We've got some commentary around transition arrangements, and we are thinking about it.

**MR SOLOMON:** That's really the point I would make.

**MS ABRAMSON:** No, we understand.

**MR SOLOMON:** Most strongly that the really harmful impact is the pulling of the rug out from existing projects.

**MS ABRAMSON:** Well, we've said quite clearly - we're thinking about this; we don't have the answers here yet, which is why we consult - but we've thought about transitional arrangements. So if you had strong views about transitional arrangements we would - - -

**MR SOLOMON:** Well, I've mentioned them today, but I just wanted to emphasise it at the end.

**MS ABRAMSON:** Yes, but we'd be quite happy - because when we - we can go to transcript which is fine, but if you wanted to put in something really short, one which describes what you actually do for your community, and then just a paragraph or something on transition which is just what you talked about, Doug, that would be helpful to us.

**MR SOLOMON:** All right. Okay.

**MS ABRAMSON:** Thank you.

**MR ROBSON:** Thank you very much.

**MR SOLOMON:** Thank you.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** Thank you. Really appreciate you taking the time. Thank you.

**VENERABLE METTAJI:** Thank you. Thanks for seeing us.

**MS ABRAMSON:** Thank you. I hope you don't melt when you go outside. Maybe we're just melty Easterners.

**MR ROBSON:** So we'll take a break and come back at 3.30. Yes.

### **SHORT ADJOURNMENT**

**MR ROBSON:** All right. I think we'll get started. Welcome Stuart. If you could just state your name and the organisation that you're from. And then we're happy to listen to an opening statement if you've got one, or not. And then we'll get into questions.

**MR S. MacLEOD:** Sounds good. My name is Stuart MacLeod. I am the executive officer at Fremantle Foundation. Is that enough?

**MR ROBSON:** Yes. Do you have an opening statement?

**MR MacLEOD:** Yes. I mean it's probably about five minutes long, if that's all right.

**MR ROBSON:** Okay. That's good.

**MR MacLEOD:** I do – I'll read it. I was going to try and do dot points but they're not much.

**MS ABRAMSON:** You could have done an AI presentation.

**MR ROBSON:** You would have weirded me out.

**MR MacLEOD:** Look, I do appreciate the size and the scope of what you're undertaking. And I'll try and keep this statement brief. First off, Fremantle Foundation strongly supports the submissions from Philanthropy Australia and Community Foundations Australia. And we particularly endorse the combined submission outlining a strategic roadmap to growing Australia's community foundation network. You obviously have a mountain of data in front of you. I don't wish to duplicate anything that's already been put on that pile. So I'll try and touch on things from a purely Fremantle Foundation perspective.

Firstly, I wanted to touch on why our community foundations are important from our perspective and why they should be supported in a more proactive way. In terms of creating greater access to philanthropy and community giving, the entry point into structural giving is incredibly low with community foundations. We at Fremantle Foundation have an incredibly diverse variety of named funds, ranging from a few thousand dollars up to almost \$1 million. There are no establishment fees. There's only a minimum \$1,000 grant level. And this sort of thing makes it accessible to anyone, generally, a family business, individual or group across a pretty broad socioeconomic spectrum.

Over the last two years, we have granted 37 per cent and 24 per cent respectively, of the corpus value, which means that that 4 per cent minimum distribution is generally not a concern for our named fund holders. And each of our named fund holders has that space to grow their fund at their own pace until they're ready to grant out.



We also enable real access to collaboration and participation for our community. We run Impact 100 Fremantle, have done for 10 years. That model involves having 100 donors with \$1,000 each pooling that money to \$100,000. They vote on which charity would be served the best and have the most impact from that step change model. And that model is a really exemplary example of the power of true collective giving. So feeling like you can really make a difference with a relatively small amount of money. And joining together with everyone to have that shared experience, it's quite an addictive thing for a lot of people. So it's one way to really harness the power of philanthropy and get people invested in it on a personal level.

In terms of effective giving, the vision obviously for doubling philanthropy is not just focused on quantity. We also need to understand how to give more effectively. So our corpus has grown from \$7,000 in 2010 to \$4.7 million today with almost \$9 million donated to the Foundation over those 13 years. And an incredible \$4.7 million granted out to local WA charities in that time.

So all of these funds were granted to play space charities. These are organisations that are dedicated to understanding their local communities and knowing what projects and what approaches will deliver the best results and outcomes for each dollar spent. We've donated over \$1 million per year for the last two years, to these Western Australian charities with an equivalent full time staff of only two people.

In terms of encouraging and growing community participation, particularly in determining where funds go. In early 2020 in the first weeks of the COVID-19 pandemic, we were inundated by charities seeking funds to assist with those most vulnerable in our local communities. With the impact of COVID-19 becoming clear, we launched the WA Relief and Recovery Fund, which successfully raised \$318,000 over a three month period, which all went directly to local charities providing much needed help to those affected by the pandemic.

Since then, combined with major grants from the Paul Ramsay Foundation and community donors, the WA Relief Recovery Fund has raised \$1.15 million to support communities affected by COVID-19, by bushfires, and by floods. In early January 2023, Western Australia's Kimberley region was battered by Cyclone Ellie, causing the Fitzroy River to rise to record high levels, which devastated property and infrastructure, and left hundreds of people homeless, and cut off close to 40 vulnerable Indigenous communities who rely on services and medical assistance in Fitzroy Crossing.

In response, one our staff members, Sue Stepatschuk, and Kim Collard, a highly regarded Indigenous leader and founder of one of our named funds, the Bibbulmun Fund, partnered with the Paul Ramsay Foundation to raise \$500,000 to support the Fitzroy River community. And together we co-designed a culturally appropriate project delivery and community engagement method that placed community input and knowledge at the forefront of the process. And this involved flying up to Fitzroy Crossing and meeting and consulting with community leaders to identify areas of need where the funding gaps existed. This enabled a community-led process to rise to the top that directed integrated community goals and objectives into the project.

So this is an example of the Fremantle Foundation playing a crucial role in providing access to Indigenous-led philanthropy as well. By supporting initiatives led by Indigenous communities, we've contributed to the empowerment, and self-determination, and cultural preservation of Indigenous peoples.

Over one third of our grants last year went to supporting Indigenous communities and programs. And that's almost \$400,000 in grants for charities and programs supporting our Indigenous population.

So community foundations don't just create social capital. We are an integral part of the social capital of the community. We bring together incredibly diverse stakeholders. We enable communication and collaboration. We create and grow networks of support. We enable the strengthening of social fabric and the resilience of the community as a whole.

Community foundations do deserve more recognition and more support for what they do. They operated with low overheads. They provide an incredibly low bar for entry and access to philanthropy. They create opportunities for local communities to have a direct say in where the funding should go. And they provide, arguably, the best outcomes per dollar in the giving landscape.

Their knowledge, resources and connection to local communities are their greatest assets. With a stronger network of community foundations in Australia, we can do more with less, and we can harness personal philanthropy on a scale never seen before in Australia.

Your first draft report contained some incredibly exciting recommendations that could lead to landmark policy changes. The recommendation to develop a strategy to support community foundations, I believe, is an incredibly exciting start. But perhaps there is scope for the Commission to dive a little deeper and recommend some strategies that could happen now instead of at the end of another length consultation and planning phase. That's it.

**MS ABRAMSON:** Thank you.

**MR ROBSON:** Thank you. Julie?

**MS ABRAMSON:** Yes. Thanks Stuart. We haven't – on the community foundations, it's more that we're interested in what you see as the role of government there. I mean, we've noted the proposal from Philanthropy Australia, so we're interested in the comments around a strategy. What would a strategy look like? Who should participate in it? And what needed to be done? So that's kind of where we were coming from on that particular issue. So interested in your views, Stuart.

**MR MacLEOD:** Yes, definitely. Look, again I think that submission that Philanthropy Australia and Community Foundations Australia put forward in July, I think that really nailed a few of our thoughts around where government could be involved, particularly around, you know, making it easier for new community foundations to spring forth. I know that when we started, we had – like I said, we started with \$7,000 in the corpus. And that grew organically just donor by donor. Some of our donors came on board with, you know, \$500 to \$1,000. And so it did grow incredibly slowly and organically. And we didn't have that initial endowment, seed amount that sprung us forth.

And so if some community foundations were identified to be in, you know, an area or hot spot that had some philanthropic capacity, then if they were given that initial stimulus package to get set up and established, with some really good guidance and steering from the whole network behind Community Foundations Australia, I think we could see some incredibly successful small foundations start up pretty quickly.

I know, like I said, we're running, you know, \$1 million a year in grants. And we're doing that with, you know, two full-time equivalent staff members. One of those is on three days a week and literally 90 per cent of her role is seeking capacity funding for us to be able to exist. So if, you know, once we get to a point where we are operationally sustainable, so the funds that we charge the trust, pays for our salaries, then we won't have to rely on that extra .6 of a role to go out and shake the tin.

**MS ABRAMSON:** Can I ask a point about that? Because it doesn't – just for the point of hearing your views on this – community foundations are community. They're from the bottom up. So how would you marry that with a more – with a structure over here that said, 'oh okay, well we'll put funding' – it doesn't matter who it is but – 'we'll put funding into here and we'll put funding over there'. So how would you – it's the same challenge in First Nations type proposals – how would you still keep it community with the hand of bureaucracy?

**MR MacLEOD:** Well, I think you don't tie the – you're saying you're tying the funding to where the granting is going as well?

**MS ABRAMSON:** No. My point was that if you had some strategy, and you had some overall view about where funding is going to go, how would you maintain the local in community as opposed to something – it could be a grant – but something from Canberra saying, 'Well, you're going to allocate it here and you're going to allocate it there,' because we know actually the reason your organisations are successful is because they're meeting the needs of the local communities they service.

**MR MacLEOD:** 100 per cent, but again, the funding wouldn't go through a charity – through a community foundation to a charity with a – sort of from the top down. The funding would just go to the community foundation and then those people involved in the (indistinct) communities that are made up of the community members, they would decide where that funding would go. And primarily, I think what the Community Foundations Australia and Philanthropy Australia strategic report is asking for is more capacity funding to enable those community foundations to secure donors from the community and build that pool and that corpus through those donations.

**MR SEIBERT:** Yes, but just on that, in terms of – in your submission, you've got sort of, 'For the vast majority of Community Foundations Australia, there's a distinct gap between the service granting, fee revenue and the staff operations – staffing operational expenses.' So there's a, basically, kind of in the lifecycle of a community foundation, is there just a period basically when, you know, there's that mismatch, that there's that misalignment? And when do you get to the point when it kind of – the crossover point? What is that point?

**MR MacLEOD:** So depending on how you've structured and how effective your structure is, that could be anywhere from 5 million in the corpus to 10 million, roughly. So we're approaching that \$5 million and we've just added one more staff member – which is me, thankfully – and that has enabled our former executive officer just to focus on the capacity funding. We've identified that, if we can raise the capacity funding to a certain level over the next four years and I can bring in enough named funds over the next four years to get us to that between \$8-10 million mark, then we'll be operation-sustainable. So previously, that projection had us 10 years becoming operationally sustainable, but just splitting those roles into capacity funding and named fund – yes.

**MR SEIBERT:** And so you're saying that, say, the capacity funding is really kind of for that early stage until you can get to that kind of crossover point?

**MR MacLEOD:** Exactly, yes.

**MR SEIBERT:** In terms of how that might work, wouldn't there be challenges in the sense of, like, let's just say, WA, like, there's the Fremantle Community Foundation and there isn't a Perth one, so, like, let's just say there was a, you know, a new Perth Community Foundation set up. Does that sort of – obviously has some benefits in terms of it can focus on the sort of issues of – in central Perth, et cetera, but then it again reduces sort of the pool that you can tap into. So how do you sort of decide when new community foundations should be or not in terms of – yes.

**MR MacLEOD:** Well, I sort of see philanthropy like a muscle. I don't think it has a finite limit. I think the more you work it, the bigger it gets. Do you know what I mean? So I don't think necessarily that having more community foundations is going to take anything away from us. In fact, I can only see it strengthening what we do and the amount of donations that we get as well. For me, community foundations not only provide that funding to the communities that they serve, but they also – they also spread awareness about philanthropy and the joy of giving, which is one of the central things that has to happen if we are to double giving by 2031. We can't just rely on policies to get us there; we have to change the culture of Australia, the giving culture.

So I think community foundations are a great way to spread that understanding of what giving means; and especially when you're giving to people within your community, you can see the benefits of it. You know, you give it to World Vision, you can get a report in the mail, but you can't walk past that well every day or visit the goat that you've adopted, you know. If you've directly contributed to building a state park or a drop-in centre or, you know, something for your local community, then you can – you can see it every day as you walk past it, and that's a big thing.

**MS ABRAMSON:** Can I ask Stuart about the culture? Is that all right?

**MR ROBSON:** Yes.

**MR SEIBERT:** Yes, go for it, yes.

**MS ABRAMSON:** About the culture of giving, because you just mentioned that. And the Commission doesn't have a view about – well, it does have a view that it's really (indistinct) for government funding for a public campaign. It's not that a campaign doesn't matter, and we know – we've gone to quite a lot of detail in the report about campaigns and when they're successful, but it's a question of who pays for it. We're very interested in what you said, because you're really saying the culture of giving starts local, and we see that in the statistics. We see that people – we did some work on a bushfire region where people actually in the local region, who probably had the least to give, were the ones who gave. So interested in your view about how do you start with big cultural change? Because you've already started to talk about it.

**MR MacLEOD:** For sure. Well, look, instead of having a media campaign or a marketing campaign that is – that comes from the top down and is funded from and for by the government, you know, you could work with a model where you fund the community foundation network and then they fund their own marketing campaign - - -

**MS ABRAMSON:** Yes.

**MR MacLEOD:** - - - because I know that it is something that community foundations want. They want to be able to say that – you know, I still work – I've been working here for a year and my kids still don't know what a community foundation is. So that level of awareness needs to change. Just the ability for, you know, for me to have a conversation; they say, 'What do you do?' 'I work in a community foundation.' 'What's that?'

**MS ABRAMSON:** Yes.

**MR MacLEOD:** So there's no surprises that the more awareness we can raise about, you know, the effectiveness and, you know, the strengths of a community foundation will bring more named fund holders onboard. So we're happy to fund that; we just don't have the funds to do it. And asking our named fund holders to fund it, I'm sure they would partially fund it, but it couldn't be the whole thing, yes.

**MS ABRAMSON:** So the things that would support you – you talk about capacity building, so actually having support to do that, and if you had, like, a campaign, a culture campaign, that would be about the localised nature of it, the community foundation base. Yes. Understand.

**MR MacLEOD:** Exactly. Yes. And, you know, personally, I could see there being a split between an overall national campaign and some more local grassroots campaigning as well. I think that would be the most effective way to proportion any funds that would come through, yes.

**MR SEIBERT:** Just on this, I suppose, I think when government gets involved in this space, like, there's also – I suppose it raises expectations too in terms of, if community – there are more community foundations established, then – and government contributes that – and there was an opening question about that – then there can be expectations about sort of, you know, their role growing philanthropy in a community when, you know, organisations come to ask for grants, say, to a local MP or something like that. There's, like, 'Well, there's a community foundation. You can engage with' – do you reckon community foundations would be ready to sort of, you know, take on that bigger role, like, if they are sort of – if there's – if their role is more prominent, they're promoted, et cetera, like, expectations are raised?

**MR MacLEOD:** Well, as long as the – their growth is keeping pace with the capacity. Do you know what I mean? It's, like, where we are at the moment, we've had to inject a little bit more into capacity than we would normally like just because we're at the point now where the growth has accelerated so rapidly that we feel we need to update our systems processes and get more people and dollars in through the door to keep up with that pace so that we can afford to pay ourselves in a lot quicker time period.

**MS ABRAMSON:** Can I ask – and I know you want to ask something, Alex – about the taxation nudge, so that, when people put in their tax return, they get, you know, 'Do you want to make a donation?' One of the things that the Commission's thinking about – and I'll just be very direct about this, Stuart – is the ethics of that, because people have to put in a tax – well, you don't have to, but if you earn taxable income you've got to put in a return, and it's a compulsory process; so you'd be using a compulsory process to say to people, 'Do you want to make a contribution' – you know – 'a taxed, preferred donation?' So that's what we're struggling with. What do you see the policy upside of the nudge? Do you think that it would have an effect?

**MR MacLEOD:** I can't imagine how anyone can answer that question in the negative. Like, there's going to be an obviously uptick in people donating. I know personally that, when someone asks me at a supermarket, 'Do you want to round that up?' nine times out of 10, I'll say 'yes', because it's not a significant amount. And if, you know, you're donating 5 per cent of your tax refund, then that also is an insignificant amount. Not that you would prompt how much they should or shouldn't give, and, you know, obviously, the wording would have to be pretty sensitive around, you know, the understanding that it's completely optional.

But I would imagine, (a) the backlash would be minimal compared to the overwhelming support for an initiative like that, but I also believe that any backlash would be short-lived. It's just like when they put screw caps on wine bottles, everyone kicked up a fuss, and now you get a cork and you're just crying bloody murder, you know.

**MR ROBSON:** While we're on tax, Stuart, I wanted to ask you about ancillary fund minimum distribution rates. And, you know, you've been involved with PAF and so on. What's your perspective on, you know, (indistinct) right level, should that be raised, lowered, and why. What do you think?

**MR MacLEOD:** I mean, consultation with, PAF, they feel – I don't see – I don't hear a lot of people that disagree with where it's at at the moment. I think it's a pretty good happy medium between sustainability, especially for a PAF that has essentially gone through its fundraising period and its sort of growth period and it's now in that perpetual phase. So if you can get to that point where 5 per cent enables the funds to at least sustain itself, if not grow a little bit more each year, then that's a good target to have.

We did raise at our previous conversation around this the – I think it was a Canadian foundation or a Canadian state that eliminated that minimum distribution and that actually had sort of an opposite intended – or an opposite logical effect that, instead of granting less, they actually started granting more because they saw less as a floor and – less as a ceiling and more as a floor.

Yes, so, look, I think it's good where it is. It would be an interesting thing; if it was higher, there would maybe be a kick on effect that PAF's had to put more in to make up for the shortfall in growth because they're distributing. And I think if it was smoothed out over that three-to-five-year period, then they could focus on bigger projects that would blitz that sort of 5-6 per cent threshold, you know, once every three or so years, which could be the way some foundations work.

**MR SEIBERT:** Just on (indistinct) and named funds, we've got a proposal in the draft report around sort of just some additional reporting – as in, at the moment, there's no public reporting on sub-funds; I did a survey a few years ago, like, the only piece of data that there is on them – so around sort of the, you know, just some basic additional reporting about the number of sub-funds, that sort of thing so that there is some data on them. Do you have any views on that, but also on sort of – do you – with your sub-funds, like, do you have any policies in place around sort of how much they're meant to be distributing and not distributing, et cetera, given that (indistinct) who have wide distribution requirement but individual sub-funds don't necessarily have that?

**MR MacLEOD:** Yes. So I think some community foundations are structured in a way that sort of silos their named funds into growth or, you know, flow through, that sort of thing. I think we're going to have to get to that point eventually so we can plan our investment strategy, but at the moment, no, there's no – there's no differentiation between our named funds and what are –

what is expected of them. We do like to have at least one or two touch points a year with each of our named fund holders to sort of ask them what their plans are, whether they are planning on expanding or growing, so that we can adjust our strategy to match that, yes.

**MR SEIBERT:** Okay. Thank you. Do you have anything, or?

**MS ABRAMSON:** Yes, I had one final question. I don't think it's in your submission. Any views you have about volunteering? Because community foundations would interact a lot with volunteers. And as you know, we've been looking at what the barriers might be apart from some government programs and the way in which they're designed, so I'm just interested in your views.

**MR MacLEOD:** Yes, so at this stage, the volunteers that we engage with are primarily – we have a few interns a year that we get through the McCusker program at UWA. And obviously, all of our directors are volunteers and we also have a volunteer committee that runs Impact100. So all in all, we're probably looking at about 20 volunteers. So it's not a huge amount compared to a doing charity - - -

**MS ABRAMSON:** Yes.

**MR MacLEOD:** - - - which would rely on a lot of their workforce being volunteers, but I do know that, you know, especially at the initial stages of a community foundation's lifecycle, they do rely on a lot of volunteerism. Personally, you know, I think volunteerism is a bit of an artform unto itself, being – understanding the individual motivations of each volunteer. They're a pretty diverse bunch of people no matter which organisation you happen to poke your head into.

So, yes, I think there is – there's a real power that can be harnessed with volunteerism, but I think it comes to the point with every lifecycle of every charity that, you know, that line has to go towards the professional side of things and the paid side of things with volunteerism as a support rather than a leading force, yes.

**MS ABRAMSON:** What do you think – I know I said final question – but you mentioned – before you were talking about your own children and what you do. Do you have any views about young people and volunteering? What type of things that – we've heard, for example, that causes are much more important to young people.

**MR MacLEOD:** Yes, look, I think – well, for example, when I started my sort of not-for-profit career, that was being the general manager of RTRFM. That's a community radio station. That was an amazing way to harness a lot of youth volunteering because it was a community, if that makes sense.

**MS ABRAMSON:** Yes.

**MR MacLEOD:** So I think a lot of people are attracted to volunteerism because of the community that comes with it. Another one of my roles, I was managing a three-day folk festival. We had about 400 volunteers over that sort of week of setup and festival and pack down, and that was an incredible community unto itself with a huge spectrum of ages from, you know, teenagers all the way up to 80-year-olds. So, yes, I think causes are a great way to get people involved in volunteerism, but I think it's the community that keeps people there, yes.

**MS ABRAMSON:** Thank you.

**MR MacLEOD:** You're welcome.

**MS ABRAMSON:** Thanks.

**MR ROBSON:** Thanks very much.

**MS ABRAMSON:** Thanks, Stuart. Go (indistinct).

**MR SEIBERT:** Yes, that was really helpful.

**MR ROBSON:** Yes.

**MR SEIBERT:** Appreciate it. Yes, that was great. Back into the heat.

**MR ROBSON:** Yes.

**MS ABRAMSON:** Yes, I'm worried all our stakeholders will melt.

**MR MacLEOD:** I think all our states are going to melt.

**MS ABRAMSON:** Yes, we're made of strong stuff over here.

**MR MacLEOD:** You have to be. And I've got Scottish skin, so. Thanks so much for your time. Appreciate it.

**MS ABRAMSON:** Thanks, Stuart. Thank you.

**MR ROBSON:** Thank you. Thanks.

**MR SEIBERT:** No, appreciate it. Thanks again, yes.

**MR MacLEOD:** Best of luck.

**MR SEIBERT:** Okay. Last one, I suppose.

**MR ROBSON:** Okay. Well, welcome.

**MS H. HAMILTON:** I've lost everybody; all the audience.

**MR ROBSON:** That's all right. You've got the most important people here. So welcome. If you could just state your name and the organisation where you're from, and then we will take an opening statement if you'd like to make one - - -

**MS HAMILTON:** Absolutely, yes.

**MR ROBSON:** - - - and then we'll get into questions. Welcome.



**MS HAMILTON:** Great. Thank you. Can I just pour myself a glass of water? I've just come across – that's dirty, that's dirty. I just came across the (indistinct).

**MR ROBSON:** Yes. Maybe use one of these ones. Those ones, yes.

**UNIDENTIFIED SPEAKER (Indistinct):** I think that's empty.

**MS ABRAMSON:** I think there's water in this one.

**MS HAMILTON:** Yes, okay.

**MS ABRAMSON:** Sorry, we haven't been as prepared for our guests as we should have been.

**MS HAMILTON:** That's okay. No, no worries. I'm actually very appreciative because I was actually schedule for earlier today and I got moved due to my personal issues to 4 o'clock, so. But then I missed everybody else's. So thank you.

So, yes, good afternoon. Thank you for having me. Heather Hamilton, and today I'm representing St Hilda's Perth Foundation, but, however, I worked for the Council for Advancement and Support of Education four years; I've worked in the higher education sector for 15 years almost and the school for five years, so I've got broad sector experience.

So today, to address the Commission, the draft report on the future of philanthropy, specifically regarding the reconsideration of its recommendation on deductible gift recipient status for primary and secondary schools.

So I'd like to start by saying that the Commission's inquiry on the philanthropy draft report contains some fantastic recommendations, but the most concerning is its suggestion to withdraw the DGR status for primary and secondary school building funds. Providing DGR status to schools as entities similar to the higher education sector I believe would encourage, increase philanthropy support in vital programs such as STEM, art, culture, and align with the government's goal of doubling philanthropy by 2030.

So as I mentioned, I worked at Brisbane Grammar School for over five years as the executive director for community relations, led their fundraising, their marketing communications, enrolments, and sesquicentenary celebrations, so I know firsthand that the school was founded on philanthropy in 1968. And I believe St Hilda's might have been founded on philanthropy as well, 100 and – over 100 years ago.

So like many other schools in Australia, BGS has a long history of supporting the broader community. Such support comes via the provision of facilities. You know, during the sesquicentenary celebrations, became very aware of the historical events, you know, World War I, World War II, the war memorial building that was established through philanthropy back in the 1940s, and, you know, offering resources such as recreational facilities, archives, which definitely is open to the public (indistinct) much support, particularly Brisbane Grammar School, and (indistinct) St Hilda's now, and performing art spaces.

So I very much believe that the withdrawal of DGR status would lead to decreased giving in the school sector. And, you know, as far as I'm concerned, a school is just a catalyst for philanthropy. It supports education. It's not about the school; it's about what those funds support. And support of community initiatives, jeopardising, you know, school projects, the

likely decrease in donations. Donations currently fund scholarships for students in financial need, which that's not, from what I understand, not being – isn't proposed to be revoked which is fantastic. Capital projects, much needed capital projects, particularly for buildings that are aging; and I'll come back to that, but student fees does not cover the cost, necessarily, of all those capital projects, even in what are deemed to be the wealthier schools. And then libraries, benefitting not only students but also the broader community.

Other points for noting, capital projects at schools, often funded by donations, do take years to complete. Many donors, including parents, do not directly benefit from these investments. I'm a donor myself. My daughter was actually gone from the school by the time the infrastructure projects were finished. My daughter graduated, yes, well before a number of the projects were completed. So as a – I know this as a past parent of St Hilda's and in my role at Brisbane Grammar School.

The school fee structures are carefully managed to align with a family's capacity to pay. And I know that very well from working at Brisbane Grammar School, again working with the board of trustees. I was (indistinct) with them. The fees cover the cost of the education, not always the capital projects, and certainly not producing scholarships for students in financial need.

A concern about the misconceptions in the report about donor motivations. As I mentioned, I've been a donor before. The reference to converting tax-deductible donations into private benefits overlooks the altruistic motivations of donors, again, like myself. From my experience, donors to schools, including myself, give to causes they care about, such as education, with the intention of benefitting society and not for personal gain. And I worked with a lot of donors who were across the pond in places like New York and donating through 501(c)(3)s to support much needed infrastructure developments; the boarding school, for example. (Indistinct) was in dire need of it.

So instead of removing DGR status aligned with the higher education sector, I suggest broadening DGR scope to include much needed programs to support wellbeing, educational equipment, attracting talented educators just like the higher education sector. It would align with donors' interests and contribute to success of schools and the broader community.

I will acknowledge that some schools in past – I don't know about any more – they have encouraged standard contributions to building funds on, you know, fee statements, for example. I do know that, when I was at Brisbane Grammar School, there was a request for a building fund contribution, which I lobbied with the board of trustees to get it removed because I didn't think that we should blur the lines, or what actually looked like it was potentially blurring the lines, of that view that, you know, it was – and it was going into separate accounts; one was DGR-related, one was, obviously, the school accounts for – however, I don't necessarily agree; I just think that it creates too much confusion in the community.

And as a parent, I used to get building fund on my due statements for my daughter's school and I found it extremely annoying. So I would recommend that we look at just continuing such practices in favour of more authentic fundraising campaigns for building projects as practiced by the majority of independent schools.

If the Commission's recommendation proceeds, I feel that the five-year transaction period is critical to mitigate the impact on ongoing projects and honour donor intent, given it's not unusual for donors to make commitments through two-to-five – for two-to-five-year pledges. I know that

again through (indistinct) precinct that we – I started the campaign for at Brisbane Grammar School. There's still pledges being – the building's done, finally – there's still pledges ongoing.

As a board member of St Hilda's Foundation, along with peers from schools, we stand, obviously, ready to support the – and collaborate with the Commission and the Australian Government to help facilitate change in the sector, if that's what's required to at least ensure that we retain that DGR status – or my desire would be to see it broaden like the higher education sector – achieve the (indistinct) goals and support the education sector's future.

(Indistinct) DGR status schools aligns with the goal of doubling philanthropy by 2030 and ensures the provision of quality education for Australians. And in conclusion, I urge the Commission to carefully reconsider the recommendation on DGR status for building funds considering the long-term implications for education philanthropy in the broader community. Thank you for your attention.

**MS ABRAMSON:** Thank you for that. That was, yes, very helpful and, yes, comprehensive opening statement. Once I looked at a question around the transaction arrangements – and you said, if it was to go ahead, you know, you think five years is – I don't want to misquote you – but five years is when - - -

**MS HAMILTON:** Yes, I said 3-5 years - - -

**MS ABRAMSON:** Yes, yes.

**MS HAMILTON:** - - - because that's how long a pledge can be in a donation.

**MS ABRAMSON:** Yes. Yes, okay.

**MS HAMILTON:** So you've got to pledge for five years and someone's just got – received that pledge for a capital project - - -

**MS ABRAMSON:** Yes.

**MS HAMILTON:** - - - you know, what – that donor, you have to be able to honour the donor's intent, yes.

**MS ABRAMSON:** Understood, yes. So, yes, one of the questions we're thinking about in this context is, you know, we're very supportive of government having a role in the provision of school infrastructure, so the question, really, is, the context of a DGR system where we think it's not underpinned by sound policy principles, we develop some principles and apply those. But whether, you know, if there was, for the sake of my – of argument, a Gonski-style capital standard, which is not in place at the moment – like, there's obviously arrangements around recurrent funding under (indistinct) government agreements and so on – but the question really is, yes, what is it about the DGR donation system that we have at the moment that, in your view, makes it better than potential system of government grants?

**MS HAMILTON:** Is it what's better? I guess my view – (indistinct) – my concern around government grants is the process of going through to achieve that, whereas you go through – you identify – you – like, right now, for example, at St Hilda's, there's master planning happening or you're master planning at Brisbane Grammar School, so we look way to the future to understand what our needs are and going through all the different capital projects and understanding where

there's gaps and also what the financial situation looks like at the school. So it enables you to do your master planning and also do your philanthropic campaign planning, whereas government funding – and, again, I can't comment (indistinct) because it's just – that, you know, that could – I guess, for a lack of better words – do I use the word 'bureaucracy'? But I'm going to use it – the process of going through the grant process would slow it down.

**MR ROBSON:** And so that's a, in your view, would you say, government grants are less flexible in terms of, like, the kind of things - - -

**MS HAMILTON:** What you can achieve, yes.

**MR ROBSON:** - - - and then also more time consuming?

**MS HAMILTON:** Time consuming, yes, throughout the (indistinct) process, yes.

**MR ROBSON:** Yes, okay. All right.

**MS HAMILTON:** I just think, if the STEAM Precinct that we fundraised for, which a very small percentage of the funds were raised through philanthropy for that building at Brisbane Grammar School I'm referring to.

**MR ROBSON:** Yes.

**MS HAMILTON:** It's an outstanding building. I liken it to a medical research institute now that will be open to community use.

**MR ROBSON:** Yes.

**MS HAMILTON:** And I think it'll even – engagement with a university, the higher education sector, for use of that building, but there was only so much they could achieve from a bank.

**MR ROBSON:** Yes. But one of the - - -

**MS HAMILTON:** For funding, or capital raising, yes.

**MR ROBSON:** Yes, one of the other issues we're thinking about in this report – and you just raised it – was, you know, notwithstanding any direct connection between donors and (indistinct) private (indistinct), if, you know, if there was a requirement to make facilities available to universities or the general public, you know, do you think that's – that kind of requirement – which was common, we understand, in the Building the Education Revolution funding, that there was a specific clause there – do you think that that would be a reasonable way of proceeding to, I guess, to assure the taxpayer that 'Oh, this is not just a racket arrangement between parents and the school; it's actually - there's a broader benefit here to the community because those facilities have been opened up.'

**MS HAMILTON:** I think more transparency around ensuring that there's a broader benefit to the community is important. I think there's also a lot of work to be done around the perception that it's a racket. When I started working at Brisbane Grammar School, I was asked by a lot of alumni why does the school need funds? That was a common question that I spent my first year - it was about an education process with the community and the alumni community around the cost of the education, and the community and the PNF and that I think more broadly there needs

to be a lot more of that education to demystify that it's a racket, because, you know, absolutely, like to -

So I've done - been doing a little bit of work around ethics and fundraising, and again, just a conversation we had at the board of trustee level and with ethics and fundraising, critically important. So it's a process of education. And I think it's broadening your external engagement within the higher education sector. Absolutely I think it's a great idea. It's not even an idea; it is happening. But it's just not as well communicated or shared.

**MR ROBSON:** Yes, okay, thank you. Krystian and Julie.

**MR SEIBERT:** Yes. In terms of sharing the facilities with the community, how is that operationalised in terms of when you've got school buildings et cetera, and are they made available to - because I think you mentioned that you do (indistinct) how does that actually work?

**MS HAMILTON:** I think every school is very different and there's a spectrum of maturity of the organisation, but at Brisbane Grammar School we had a - in fact it got moved into my office, just management of requests to use the school facilities, and we did get often exams written in the indoor sport centre. You would have the whole indoor sports centre filled with writing the ATAR exams. So there's a definite process that goes to facilities management so that the school we have facilities management. Not all schools, depending on the size, would had such - but I hosted a conference there.

**MR SEIBERT:** And what sorts of fees were charged for those sorts of uses?

**MS HAMILTON:** Minimal. Yes, minimal, yes.

**MR SEIBERT:** Because, yes, we did see with the BER guidelines that there was little or no fee at all charged, but then there's other buildings, yes.

**MS HAMILTON:** Yes, yes, very little, yes. As I said, I hosted a conference for CASE just before I started working with CASE, and I hosted it in one of the buildings for the school's community. The only thing that we paid - we covered all the cost of the venues; CASE covered the cost of the caterer. So there's catering that they have, and it's usually - - -

**MR SEIBERT:** Noting that, yes, different schools will be different, what proportion of the donations come from parents versus alumni versus other donors?

**MS HAMILTON:** Again, that was a process of engagement for me when I started, and you can see that everything goes in cycles. The parent community as we went through a sesquicentenary that was part of a process to engage them more. A lot of the funds weren't coming from the parent community. There was no annual giving fund. The funds predominantly were coming from alumni. My first two major donors were from two donors that lived in New York and one funded supported the boarding house, and the other one was for students in financial need for a scholarship in perpetuity.

**MR SEIBERT:** So what proportion do come from parents normally?

**MS HAMILTON:** It changes, so we would measure it and I think it was three or four per cent. Small.

**MR SEIBERT:** And so, would you know, say, in the most recent years what proportion it would be?

**MS HAMILTON:** No, I don't because I've been gone for five years with CASE - working on CASE four years now.

**MR SEIBERT:** And what about at St Hilda's?

**MS HAMILTON:** St Hilda's would be similar because it's just the program has just grown, really. So they're really turning to a lot of alumni. So their heritage centre is predominantly from past alumni - old scholars.

**MR ROBSON:** Julie?

**MS ABRAMSON:** No, I might not have any questions.

**MS HAMILTON:** Because you have a lot of parents - so the reputations are when you're in a school and you're fundraising, you have a lot of parents that say, 'I'm paying fees right now. I'm not supporting philanthropically.' You get that a lot feedback - kickback.

**MR SEIBERT:** And in terms of does your school have any sort of like - because in England and Wales there's actually a requirement under charity law there that their independent schools they have sort of partnerships with other schools to demonstrate a broader benefit to the community, so there's a lot of background to why that's the case, but does your school have other partnerships with other schools and other organisations, et cetera, in terms of supporting their facilities or anything like that? Or is, you know, (indistinct)?

**MS HAMILTON:** I think it's more general relationships at this stage. At Brisbane Grammar School we worked very closely with the girls school, Brisbane Girls Grammar School. So we have like a sister school, a brother school. We also had - it's called a group of nine - nine schools that we were like-minded schools that we supported each other and had relationships from that perspective. But formally, again, I can't comment because it's been five years since I was at Brisbane Grammar School and what's happened in the time that I've been away? I do keep in touch but, yes.

**MR SEIBERT:** So just to confirm, you're saying that the parent contributions at St Hilda's are sort of in the low sort of single figures.

**MS HAMILTON:** The small stuff, yes. Yes.

**MR SEIBERT:** And so who - so it's mostly alumni and that sort of thing, yes. And do you ever get people just unconnected to the school wanting to donate?

**MS HAMILTON:** Yes, absolutely. I was often surprised.

**MR SEIBERT:** And what are the reasons that they sort of - - -

**MS HAMILTON:** Generally for stuff like that it's for students in financial need, (indistinct) programs. So it's - in the UK there's quite a high percentage of students in financial need within the schools needs wide(indistinct) and that's common in the US too, so that's becoming more - that diversity goal is becoming more prominent here, and at Brisbane Grammar School, we have a goal to increase the number of students on financial need. Didn't want it to be just deemed as a school for, you know - - -

**MS ABRAMSON:** If I can ask you about bequests, because I have been told - and I'm pretty sure this is accurate - that the bequests that girls schools get different from the bequests that boys schools get so that - - -

**MS HAMILTON:** In what way?

**MS ABRAMSON:** Well - and this is actually factual, because what happens is that a husband will leave in a will - he'll say, 'Oh, well, I want to leave it to a particular school,' and the widow will make the same donation. So she won't donate to her school; she'll donate to the husband's school. So there's a differential between the bequests. So have you seen that in practice?

**MS HAMILTON:** No, I just - again, bequest to me is a bequest, and is treated just as that. Never heard of that happening.

**MS ABRAMSON:** Yes, no, I know it's actually a - - -

**MS HAMILTON:** Whether you're a girls school or a boys school.

**MS ABRAMSON:** Yes, so that was the direct - it's interesting that you've not seen that. It's a direct thing that the women were not leaving to their own old school; they were leaving to their husband's school. Maybe it's a Melbourne thing.

**MS HAMILTON:** So there's a - well, no, there's a - okay, now that I understand a little bit more of your question. You can see - and trying to change that in the work that I was doing with CASE a little bit too, trying to debunk the theories just that women give less than men. As it turns out, some work that we did and some research we did in the US was that women - the quantum of what they're giving is less, but they're giving as much. But with bequests - and it's not just bequests, it's donations as well. So just like within the higher education sector. You'll have a donor who has an affinity for one university - but they might have been to two - but not the other. So it's all about their experience and affinity.

Brisbane Grammar School we had very high affinity with the school, so much so that I had donors that were UQ graduates as well as school graduates, but they gave to the school not to the university or they gave it split, but I would think - suggest that potentially a better couple where their affinity was very high for the boys school but not so much for the girls school. Because I think boys schools have been a little bit better in engaging the community, and so they - but St Hilda's is doing a fantastic job under the current leadership on engaging the broader community.

**MS ABRAMSON:** Thank you.

**MR ROBSON:** How sensitive do you think donations are to DGR status and that tax price? Because our evidence in our draft report is that in general we have found that that tax reduction is effective at encouraging giving, but it could be - you know, obviously different taxpayers have different situations. If they're in a higher income bracket I get 47 cents in a dollar, whereas if I'm

in the lower it might be 19 or 32.5 or 37 or so have you. So I'm interested in - I think you said you got a lot of donations from alumni, and I imagine that might be liquidity events in some cases or it might be some other reason, or if it's from - - -

**MS HAMILTON:** It's education.

**MR ROBSON:** - - - people New York who - I don't know if they're Australian taxpayers or not, but then they wouldn't be sensitive to DGR, so I'm just wondering what's your sense of if this was to go ahead, this draft proposal, what would be the impact on donations?

**MS HAMILTON:** Well, I think the impact would be high. So even my donors in New York - I'm sure you're familiar with the 501(c)(3) that they established in the US. This particular donor didn't want to donate until I - this is someone that's extremely high net wealth - didn't want to donate until we had the membership with (indistinct) USA so that he could achieve his 501 - you know, the tax-deductible status. And small donors too. At the end of the day, I don't know if you're on a \$80,000 salary, \$100,000 salary and you make a donation to the - you like any support we can through you - you like to contribute to the education but also through your tax return. So I think it would reduce the amount of donations whether you're on a high net wealth (indistinct).

**MR ROBSON:** Thank you.

**MR SEIBERT:** That's all good for me, yes.

**MR ROBSON:** Yes. Thank you very much.

**MR SEIBERT:** Thank you. Yes.

**MS ABRAMSON:** Thank you, Heather, and thank you for being our last candidate of the day. Thank you.

**MR ROBSON:** Lucky last.

**MS HAMILTON:** 4.20.

**MS ABRAMSON:** Thank you. Or in our time it's a bit later.

**MS HAMILTON:** You're finished? Or is this your last?

**MR ROBSON:** Yes, so I'll just formally open discussion for any brief comments. Have to do that. No-one needs to do that?

**MS ABRAMSON:** No, unless our transcript fellow.

**MR ROBSON:** No, that's okay.

**MS HAMILTON:** Those bits where I fumbled a bit you can just delete it.

**MR ROBSON:** Fix that up, yes. At yes, okay, with that, I'll close today's proceedings formally and thank all the participants.



**MS ABRAMSON:** Thank you.

**MR ROBSON:** Thank you.

**MS HAMILTON:** Thank you. Thank you for having me.

**MATTER ADJOURNED**



**Australian Government**  
**Productivity Commission**

**PRODUCTIVITY COMMISSION**

**PHILANTHROPY INQUIRY**

**DR ALEX ROBSON, DR ROBSON**  
**MS JULIE ABRAMSON, Commissioner**  
**MR KRYSTIAN SEIBERT, Associate Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**MELBOURNE, WEDNESDAY 21 FEBRUARY 2024**

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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



**Australian Government**  
**Productivity Commission**

**PRODUCTIVITY COMMISSION**

**PHILANTHROPY INQUIRY**

**DR ALEX ROBSON, Deputy Chair**  
**MS JULIE ABRAMSON, Commissioner**  
**MR KRYSTIAN SEIBERT, Associate Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

**MELBOURNE, THURSDAY 22 FEBRUARY 2024**

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**DR A. ROBSON:** All right. I think we've got attendees. All right, so let's get underway, everyone. So 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 Deputy Chair of the Productivity Commission and the Presiding Commissioner on this inquiry. I'm joined online today by Commissioner Julie Abramson and Associate Commissioner Krystian Seibert. Before we begin today's proceedings I'd like to begin by acknowledging the traditional custodians of the lands on which we're meeting and pay my respects to elders past and present.

I'm just going to give a brief opening statement, and then we'll go to the first participant today. 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 wellbeing 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, whether money, time or lending a voice. In addition to supporting the provision of goods and services valued by the community, giving – particularly volunteering – and contribute to social capital. The Commission identified practical changes that would promote giving and benefit the Australian community. We're seeking feedback on those proposals today.

The Commission also notes however that all government support ultimately derives from taxpayers and that there's no such thing as a free lunch, including when it comes to policy options for supporting philanthropy. All policy choices involve trade-offs, costs and benefits. 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're focused on making recommendations that maximise the welfare of the Australian community as a whole. The draft report focuses on three main areas which were designed to establish firm foundations for the future of philanthropy so that the benefits of giving can be realised across Australia.

Three main areas of reform are as follows. First, DGR reform. Refocusing which charities can receive tax deductible donations to help donors direct support to where there is likely to be the greatest net benefits to the community as a whole. Second, regulation. Bolstering the regulatory system by enhancing the ACNC's powers in 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 class of entities. On the first reform area, the Commission found that the current DGR system lacks a coherent policy underpinning and we've 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. First, there should be a rationale for Australian Government support because the activity in question 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 in particular.

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 has 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 5000 and 15,000 more charities would have access to tax deductible donations under the proposed reforms. About 5000 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 the reforms to the DGR system. We've received a high volume of feedback centred around entities that will have their DGR status withdrawn. There has also been support for broadening eligibility of 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. Where there are sound reasons for governments to support the provision of school infrastructure, our preliminary view is that providing tax deductions for donations for school buildings is unlikely to be the best way to direct that support to where it's 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 in the community. The contribution that such entities make is one reason why they are 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 net 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 with the advancing religion subtype already undertake additional separate charitable activities, such as advancing social and public welfare. Under our 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.

So we welcome further feedback on these proposed reforms to the DGR system in these hearings. In particular, we welcome feedback on the principles, how they've been applied, and the likely impacts of the changes and the benefits and costs of alternative proposals. The second group of reforms is to strengthen the regulatory framework to enhance the ACNC's powers and improve the regulatory architecture. Given that trust and confidence in charities underpins philanthropic giving, the Commission has made various proposals to enhance the regulatory framework. We proposed the establishment of a National Charity Regulators Forum underpinned by an intergovernmental agreement.

This would build formal regulatory architecture to help regulators prevent and manage regulatory issues, coordinate joint responses to misconduct concerns and improve information sharing. The proposal 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 the three reform areas is to improve public information and enhance access to philanthropy, including for Aboriginal and Torres Strait Islander people and organisations.

The Commission 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 draft 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 request be improved. The Commission also heard some Aboriginal and Torres Strait Islander communities are furthering their own goals through partnerships with philanthropy. On the other hand, 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 Island communities and that there are opportunities to enhance access to philanthropic networks. In response, the Commission has proposed 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. These 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 we received over 1200 final submissions and over 1400 brief comments since the draft report. This is the sixth and final public hearing for this inquiry. We'll 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 its submissions, as well as other discussions. Participants and those who have registered their interest in this inquiry will be advised of the final report's release by government, which may be up to 25 parliamentary sitting days after completion.

Now, for the benefit of those joining us online, we like to conduct all hearings in a reasonably informal manner, but I would like to remind participants that there's clear structures in our legislation for how these hearings are legally backed, and a full transcript is being taken and the session is being recorded. For this reason, comments from the floor or online cannot be taken, but at the end of the day's proceedings I will provide an opportunity for anyway who wishes to do so to make a brief presentation. The transcript taken today will be made available to participants and will be available from the Commission's website following these hearings.

Submissions are also available on the website. As a reminder, participants are not required to take an oath, but they 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 of other parties. As we listen to each participant, I will invite you to make some opening remarks of no more than five minutes if you can. Keeping the opening remarks brief will allow us the opportunity to discuss matters in participants' submissions in greater detail.

So I would now like to welcome the first participants today, which are from Volunteering Victoria. Once you are in the meeting, could you please state your name and organisation for the record, and then we'd be happy to hear your opening statement and then we can start with questions, thank you. I think we've got Gillian.

**MS G. GARNER:** Good morning. Can you hear me now?

**DR ROBSON:** We can hear you.

**MS GARNER:** Yes, hello. So I am Gillian Garner. I am the policy officer at Volunteering Victoria and I would like to acknowledge the traditional owners of the land on which we and I am meeting today, which is the Wurundjeri people of the Kulin nation, and pay my respects to their elders, past and present. We had thought that Geoff Sharp, who is our CEO, may attend. I think that he is listening in, but he will not be giving any comments at this point. It will really just be me, if that's okay?

**DR ROBSON:** Yes. Thank you, Gillian. Could you just turn on your camera if that's possible? We can't see you.

**MS GARNER:** Yes.

**DR ROBSON:** Excellent. Thank you. If you would like to make an opening statement, go ahead with that, and then we'll get onto questions.

**MS GARNER:** Okay. I will make just a short one and really just to say that we are very encouraged with the recognition that the draft report gives to volunteering as a significant and distinct form of philanthropy, acknowledging the critical contribution of volunteering to society and community. We know that volunteering requires equal and very specific consideration, research and planning, and policy development and initiatives aimed at strengthening the not-for-profit sector. The substantial contribution of volunteering is crucial to the functioning of many and very diverse organisations, like community groups, community organisations, local councils, larger not-for-profits, all in the delivery of community support across all sectors of community.

Sports, religious organisations, education and training, health and welfare, and of course many of those rely entirely on volunteers. Many of these services would not otherwise be delivered without the combination of the power of volunteers, the significant government investment, and volunteering support infrastructure. And, of course, many community organisations are also volunteer led due to the voluntary nature of board and governance positions and the growing responsibilities – regulatory, fiduciary, risk management – on them are very onerous. Clearly there have been many, many submissions made. Volunteering Victoria has obviously been part of the Volunteering Australia submission as well.

So we have restricted ourselves to three particular areas that we thought might be useful in terms of drawing your attention. One is ensuring that those who give their time and skills are adequately protected. The fact that proper consideration needs to be given to how policy can and does shape voluntary contributions, and then of course steps that could be taken to foster this culture of giving in Australia. This opportunity uniquely allows for the development of case based initiatives and solutions, valuing and prioritising lived experience and community led responses. And by strengthening place based volunteer programs and support services, this will support communities to future social changes and allow them to thrive. I think that's really all I need to say. Most of it is in our submission.

**DR ROBSON:** Thank you, Gillian. I think, Julie, you had some questions to start with.

**MS J. ABRAMSON:** I do. Thank you, Gillian. Thank you so much for your contribution to the inquiry. I am very interested in what you have to say about insurance. And you have given us quite a lot of detail but I'd like to hear a bit more about that. The other issue is whether or not any of the peak bodies have tried to place insurance more generally. Because lots of, you know,



employer associations, for example, have pooled insurance for members and they can get a good rate. So we're very interested because it seems from what you're saying that you see a market failure in the provision of insurance.

**MS GARNER:** Yes. And I think that the submission shows – points out that there are different reasons why perhaps insurance is not in place. I guess a primary one that comes to our attention is that the very small not-for-profits just don't have the money to go and purchase the volunteer insurance. Sometimes quite often they will have public liability insurance, just because they feel they need to have it, and maybe that's a little bit cheaper. But when it comes to insuring their volunteers and personal accident insurance that is not always in place. So although we obviously support our whole sector in Victoria, we are a membership based organisation, and if organisations join our organisation we ask these questions – whether they have insurance – and we'd clearly encourage them to do so.

But we have had situations where the smallest – who may have to pay \$70 for a membership fee – can't pay the membership fee and try and take out insurance at the same place – at the same time. And so then it's a choice. Do you go with getting the support of your state peak authority or do you take out insurance? Clearly insurance is critical. We certainly have explored it. It's an issue across all the states. Volunteering Australia has also taken up the call. We obviously explore it within our own state because we do have the Victorian Managed Investment Association, VMIA, who would fund government funded not-for-profits. But, of course, as you would know, a lot do not receive government funding and so do not fall within that ambit.

So I guess it is exploring whether a state peak body could perhaps auspice the smaller organisations to come on board – so to make sure they are – so as we might be covered under VMIA, could the small ones that perhaps can't get insurance tag onto ours. And that is the case with organisations like Neighbourhood Houses in Victoria where the peak body has the primary membership and then if they are part of that organisation they would also be covered. So there's certainly options. It's just that we feel we haven't really got very far when we've talked to insurance companies and when we've talked to government. And it's whose responsibility? So insurance companies might – will often say you need to go to government and government will say, well, you need to explore this as an insurance company. So clearly there's a gap.

**MS ABRAMSON:** Gillian – thank you for that – can I be a bit more precise. So it's not a case of market failure in the sense that it's not that insurance is not available, it's that it's not affordable. That's the issue.

**MS GARNER:** Absolutely.

**MS ABRAMSON:** Yes, okay.

**MS GARNER:** Absolutely. Yes. It's the affordability, yes. And I think, of course, it is also whether your small little volunteer involving organisations are aware that this is a responsibility they need to cover. So often they will think, 'Oh, we've got public liability insurance we'll be fine. And so when you explore it more with them and you show them that well if the volunteer themselves is hurt while they're doing whatever they're doing, they may not be covered – they won't be covered under public liability insurance. So there is an education information component to it.

**MS ABRAMSON:** And they're not – I know my colleague, Krystian, wanted to ask something – and they're not covered under WorkCover because they're not regarded as employees for the purposes of - - -

**MS GARNER:** They're not.

**MS ABRAMSON:** Yes, okay.

**MS GARNER:** Exactly. And there are obviously specific cohorts of volunteers that are included because government has realised they need to be. So you're, you know, SES, CFA volunteers - - -

**MS ABRAMSON:** Yes, emergency services.

**MS GARNER:** (Indistinct.)

**MS ABRAMSON:** Yes.

**MS GARNER:** This is your little organisations that are relying completely on volunteers to do certain things – they are the ones that either can't afford it, don't know about it and need some sort of support.

**MS ABRAMSON:** No, I understand. Thank you, Gillian. Krystian?

**MR K. SEIBERT:** Thank you, Gillian, for joining us today and for your submissions and engagement with the inquiry. Just on insurance, a lot of the insurance providers are large corporates – large companies. Do they engage with volunteering groups and other groups, so through their corporate social responsibility sort of frameworks around, you know, that insurance is an issue for some of your members, and can they sort of do something in a philanthropic sense, for example, to provide subsidised insurance, sort of, you know, which includes, sort of, a philanthropic contribution in terms of lowering the price compared to what it otherwise would be were they to just sell it on the open market? So do they engage in that kind of way, or not?

**MS GARNER:** I don't – I can't speak to all of the different companies. I know we do a lot of work and Volunteering Australia does work with Aon. And they all certainly do have resources that would help little organisations find out what insurance would be appropriate. They would still be charging them a fee for whatever that insurance – insurance is. My understanding is that there are no discounts, but I would have to – I'm not sure what the position is and we would need to find out. We are fairly careful when it comes to organisations asking us who they could go and get their insurance through, because we just don't know enough about it and we clearly can't promote it.

So our main sort of area of knowledge, I guess, is through Aon just because we are much more involved with them and they are certainly involved in the sector. And then through VMIA in Victoria.

**MR SEIBERT:** Okay, yes. I've got other questions, but I'll go to Alex if you want to ask about this or something else?

**DR ROBSON:** Yes, I didn't have a question about this. I was going to move on to the recommendations, Gillian, on volunteering and, you know, the extent to which governments

should take volunteering into account when it's developing policies. I think it's later in the report. So I wonder if you had any comment – I know you mentioned it in your opening statement – but what do you think of that particular recommendation that, you know, governments when they're designing major programs and policies have regard to the impacts on volunteering?

**MS GARNER:** Well, absolutely. And we would agree with the statements that are made in the draft report. I mean because I think, you know, we've had first-hand experience of it with NDIS in Victoria. And I mean we have got to a point we have – they – to give credit to our worker screening unit here in Victoria – and we are lucky because all our screening gets done within one unit, and so there's a lot of information that comes from different types of screening which can inform what's happening. But because there was no recognition of volunteers as a workforce as such, in NDIS when that screening first came into place it caused enormous challenges for our sector. And so I think, yes, absolutely. We – I think that somehow – if that recognition happens right at the beginning in the initial policy, clearly the legislation and regulations are going to take that into account and it would help.

So I think there is no concept of the numbers of volunteers in these risk assessed roles. Absolutely. I think there is an assumption that volunteers were not in those roles, only paid staff were. And that was – very quickly they understood that. And we did tell them that before the regulations came in. But do you know there's also a sort of suspicion that maybe people will take advantage of it. I mean a lot of our screening in Victoria is free because of our advocacy of our organisations and similar organisations to us like VCOSS and Justice Connect. But there's still the hassle of the admin and the screening and the processing. And so then there's a fear, perhaps, within government that people will pretend to be volunteers.

Now clearly on NDIS that's not going to happen because there is a link in between the provider and the volunteer. So there is a checking verification process. So if there's going to be a roting of the system, it's coming through a different part. It won't be the volunteer that's doing it. And that is no longer an issue. I mean I think that government have – our government have realised and our processing unit – now it's all manual, it goes straight through. You simply choose are you a volunteer or are you a paid worker within that role.

**DR ROBSON:** Okay.

**MS GARNER:** So that's an also indication through, for example – so in aged care – and you may have – you would have heard this probably through some of your submissions – but if you have a smaller service provider they will make sure that all their volunteers get the same screening checks. The NDIS screening check is very, very thorough. And it's important and it's required. But if somebody is doing admin work in the back office, do they need an NDIS check? Probably not. But for a little organisation it's easier just to make sure everybody has that check. So I think it's more just recognising that happens in policy and allowing for some adaptability within the system. Flexibility.

**MR SEIBERT:** Why do governments not think about volunteering in – like this seems quite a significant, sort of, issue that they didn't consider the volunteer workforce as part of developing the NDIS screening check program here in Victoria. What do you think is driving it? Is it just that they just don't think about it because they don't realise the complexity of the workforce, or is there something else? Do you get contacted in other policy areas when government is doing reforms, to understand the impact on volunteers?

**MS GARNER:** I mean I think it is an issue. I think what we have found with aged care – and Volunteering Australia may have pointed this out – is what has helped is these commissions of inquiry. So in the aged care sector they obviously went through what they went through, through Covid and then coming out of it. And now the volunteer workforce is very much included. But it takes time for government to, kind of, catch up, to realise this is a workforce that we need to take note of. As to why – I think it's just – maybe it's partly just traditional. It's that volunteers are giving their time, they'll do it anyway, whether they support it or not.

These little community organisations that are set up for a cause, they're going to do that because they believe in the cause no matter whether there's support or not. They hope to get funding and then they – but they wouldn't – it may still happen. But I think that things have changed. I think Covid changed a huge, you know, it changed the whole environment for all – a lot of sectors. And I think we're in a different time. So, you know, your – young people will have a very different concept to what – they don't call it volunteering, just as First Nations communities often know too. It's just they give time.

**MR SEIBERT:** I think that's an important point because we have seen volunteering rates in aggregate decline and for various reasons we've outlined in the report but this idea that – you know – that volunteers just like financial givers are not responsive to their environment and policy changes.

**MS GARNER:** Yes.

**MR SEIBERT:** It's pretty clear that it's not true. And if it is true then I think that would be that that would suggest there's a limited role for government in encouraging volunteering which I don't think is right. So - - -

**MS GARNER:** Yes.

**MR SEIBERT:** - - -yes, just wondering Gillian, what patterns and trends have you seen in volunteering? You mentioned young people – maybe – if you talk a bit more about that, particularly you know the heterogeneity that you see in the population and what's been going on there.

**MS GARNER:** So I think it comes back to which – and the draft report acknowledges this – is that there are these different motivations that make people give their time or do things and we do know that – I mean young people just think differently to your older cohort of volunteers. You know I think a lot of young people don't necessarily want to be doing what their parents did in terms of giving time to whether it was their church or their sports club. But if they were encouraged in a different way and a lot of them are doing it anyway maybe they want to coach or they want to learn a skill and they can do that through their sports club. If they were aware that they could do that and there was a better matching of motivations with opportunities. But that needs design and of course it needs data. We need to know what young people feel or what drives them, or what doesn't drive it. I sat in on a meeting here with VCOSS where Mission Australia have just put out a report and I think the survey is on - it was 15 to 19 year olds – and the predominant concern or challenge for them was the environment. So, you know, if there was something that is putting them into something and they – to support – that's going to be a big one in terms of the driver and they would be prepared to give their time for it.

**MR SEIBERT:** We have got a recommendation, of course, on the data on volunteering and the extent to which – you know – governments could better collect that and different ways of doing

it. But what you're saying there is that also data, you know, on the other side on motivations across different groups and updating that reasonably frequently might also be helpful.

**MS GARNER:** Yes. Yes.

**MR SEIBERT:** Yes. Thanks.

**MS GARNER:** And I mean in a program like with aged care or NDIS, clearly there is the capacity for them to ask all service providers how many volunteers they have or what their roles are. You know? That could be a fairly simple exercise of getting very rich important data which would inform how they could screen it.

**DR ROBSON:** Thank you.

**MR SEIBERT:** I'm good. No, that's been very helpful.

**DR ROBSON:** Okay. Julie, do you have any more questions?

**MS ABRAMSON:** No. That was all. That was terrific. Thank you.

**MR SEIBERT:** I might just very quickly one question just about your members and volunteering organisation's experience with accessing DGR service because under our DGR system reform proposals we did some data analysis. It shows the benefit of data on volunteering that the ACNC data to look at how our changes might benefit volunteer-run organisations and under our estimates sort of around 6,000 volunteer-run organisations potentially might benefit from our DGR system reform proposals. But do you have any comments in addition to sort of your submissions, et cetera, regarding sort of – yes, volunteer-run organisations and accessing DGR status?

**MS GARNER:** Yes. We sort of fairly deliberately stayed out of that space just because we felt there are probably a whole lot of organisations who are better able to deal with this. But certainly expanding the DGR that would be incredible, I would have thought for most. I think that falling within the definition of what a benevolent society is a big issue for a lot of organisations.

I used to work for a human rights organisation and they clearly didn't fall within that because the services were not seen as such. And that was an issue in terms of raising any funding or being able to offer – you know – getting some sort of deductible gift or recipient status to whatever donations were coming in.

So, absolutely. I think you're – the suggestions that are being made are brilliant. I think, though, it is remembering that your little ones need support and the over-regulation, the burden of the reporting. All of that needs to be brought into the discussion but certainly broadening it would be incredible.

**MR SEIBERT:** And you mentioned, sort of, that you were with a human rights organisation and it struggled to get PBI – Public Benevolent Institution status - - -

**MS GARNER:** Yes.

**MR SEIBERT:** And do you know of any other particular types of organisations? We have heard sort of that like community gardens, neighbourhood houses can also struggle with that.

**MS GARNER:** Yes. We haven't had – we haven't had many that have kind of come into with our ambit here I must say. I mean my kind of experience of it was more where I was before than here. It's not something that seems to have been – I think that's just something they grapple with. They just know they're not going to get donations or they don't have GDR and they won't ever get it.

**MR SEIBERT:** Okay. And Julie?

**MS ABRAMSON:** Thank you, Gillian. One thing I meant to ask is we were talking to Volunteers WA about the collation of data for volunteers and the inadequacies, I guess, of the Census because the Commission has thought that the Census was a good way of doing this. But I understand from the volunteering organisations that other methods of collecting data would be more useful – other types of survey tools. So it was good with the ABS that other survey tools so interested in your views.

**MS GARNER:** Yes. My view would be that having questions and the Census is incredible because you're questioning everyone. So to me in terms of the breadth of it would be amazing. The issue will be the question, I think, in how deep you get into it.

**MS ABRAMSON:** Yes.

**MS GARNER:** Because I think depending on how you ask the question there will be a lot of people who will not think they are volunteers. So people who are on parent committees or sports clubs and when they ask what the – you know – how many hours they spend on volunteering they're probably going to say, 'None.' But, clearly, that is not the case and that's just because they don't know what falls within that category of the definition. So that's the only issue. I mean I think the Census is wonderful.

I think the general social survey was - - -

**MS ABRAMSON:** Yes.

**MS GARNER:** - - -obviously it was to allow the much deeper dive and that would - - -

**MS ABRAMSON:** Yes.

**MS GARNER:** - - -be very helpful. So when it comes to volunteering and you would know this, it's because it comes back to the motivation and - - -

**MS ABRAMSON:** Yes.

**MS GARNER:** - - -the fact that people do it for different reasons and why. And sometimes if they just – you know – wandering down to their aged care centre and reading to old people that happen to be there they don't necessarily see that as being a volunteer. So - - -

**MS ABRAMSON:** Yes. I understand.

**MS GARNER:** - - -it's that how do you round it? I think that's really that.

**MS ABRAMSON:** Thank you, Alex?

**MS GARNER:** Which means we don't know these - - -

**MS ABRAMSON:** Oh, sorry.

**MS GARNER:** - - -things and the briefs of it.

**MS ABRAMSON:** Yes. That's it. That's the issue. Alex? Thank you, Gillian.

**DR ROBSON:** Yes. I sort of a last question on that. Gillian, you've used – I think your points on the Census are well taken. You know, a counter argument that's been put to us – I think it was Volunteering WA was that – you know – that's every five years and so it may not be frequent enough to pick up – you know – if the sector is struggling or if certain trends are happening.

**MS GARNER:** Yes.

**DR ROBSON:** And Government needs to respond to it. So it was put to us in one of the hearings that – you know – the monthly labour force survey that the ABS conducts could be used to look at – you know – just number of hours but then, you know, what breaks it down the sector that you're in. And, you know, there's other questions around age and gender and so on. So you could get some really granular data. I mean I think the issue with that is your monthly data is at the other extreme where – you know – governments, I'm not sure they need to know month to month what's happening in volunteering.

**MS GARNER:** No.

**DR ROBSON:** They do, I think, need to know about obviously – you know – jobs growth and unemployment for month to month the policy purposes. So what's your view on just that frequency? What do you think is the right – you know – sort of five years is the one extreme, one month. What do you think to be a reasonable approach in – and whatever survey it was. Is like annual or every two years? What do you think?

**MS GARNER:** I mean I think ideally if there was an annual survey it would be helpful. I mean I think going through – I mean the biggest pressure probably at the moment for us with volunteers is the cost of living and the fact that people don't have the time and they're taking up extra jobs and they – or they just – they can't afford to pay for the transport to get them to somewhere to volunteer. If you want to pick up those kind of trends you need the frequency. I mean clearly the organisers are never going to cope with the monthly reporting. So if you could gather the data through other government programs – if it's NDIS or aged care or whatever – and you had – and it's a part of your general reporting and I don't know how often that is, whether it's quarterly or however. But, certainly, I think if there was some way of an annual kind of data check would – should be helpful. I think the five years is too long.

When we did our state of volunteering report of 2019-20 and, of course, that was impacted by early COVID. So our data, you know, is not as relevant now four years on. And so – well, how do you get that rich data again?

**DR ROBSON:** Thank you. Any other questions? Julie, do you have questions? No? Okay, thank you very much, Gillian.

**MS GARNER:** Thank you.

**DR ROBSON:** Thanks.

**MR SEIBERT:** Thanks very much.

**DR ROBSON:** Okay. So have we got John from JBWere online? Not yet. He looks like he's on the list there. If you could let him in.

**MR J. MCLEOD:** There we go.

**DR ROBSON:** Hi John.

**MR MCLEOD:** Hi. How are you team? Well done.

**DR ROBSON:** Very good, thanks. 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 you can go ahead and then we'll get into the Q&A.

**MR MCLEOD:** Yes, thank you, Alex. Look, I'd also first like to start by acknowledging the lands I'm presenting on. The lands of the Wurundjeri people of the Kulin nation and pay respects to elders past and present. My name is John McLeod. I co-founded JBWere's Philanthropic Services arm back in 2001 and we manage a lot of the charity money about \$13 billion of it and so speak to a lot of for purpose organisations and do a lot of extra work with them.

My particular interest has been in philanthropy and the trends there and I have sat on the Philanthropy Australia Board for the last seven years and am still there at the moment. So, look, I was very excited when the Productivity Commission was tasked with this work and so thank you very much for the opportunity to speak and for all the work that you've done so far.

I think it's really important to increase philanthropy and grow the understanding, as importantly, grow the understanding and the connection between the for purpose sector and the broader community. So some of my comments will be around the fact that I think we've lost that connection.

In a way we have for purpose organisations, charities – many call them – sitting in a separate box to the rest of us. And that's not really the way life works. And I think growing that understanding and the connection will solve a lot of problems.

So, look, that's really – I guess – leads me into my first and major area of focus, and that's around the National giving campaign. We did a report back in 2018 called Support Report. That has been widely referenced and looks at the trends in philanthropy – all areas of it – around Australia. And at the end of that we had a 'wish list' of the thing we wanted to fix up or we hoped might be fixed up. And the National giving campaign sat at the top of that. And so we're sitting now, six years after that, and that's still the top of my list.



And I guess the reason is if I summarised it fairly quickly. If I look at all the different data points around philanthropy and I analyse all the different areas most of them are going up. Some of them are going up at different rates to others. But if we look at the amounts given per person, as picked up in the ATO data that's going up. If you look at the number of PAFs established annually, there's a cumulative total there. We analyse high network giving that it's published in the Australian Financial Review each year – the top 50 – and that's pretty much continuously gone up and gone up strongly.

Corporative giving we also analysed that with Jarrod Miles from STRIVE Philanthropy and, again, that reached record levels last year. Total giving dollars are going up. So I am giving you all the going-up bits and you know full well the bit that's going down. And we saw that and Gillian referenced it in volunteering, and I think you mentioned as well, Alex, that the proportion of people donating across all States, across all income levels and in volunteering is the only problem.

Now the problem with that being the only problem you might think with all the other bits going up and you've got one bit going down, we're not doing so bad. The problem is there's a lot of people in that mass market in the broad population. And – you know – if we don't try and address that, that fall in participation will overwhelm all those other bits going up. So they can't out-pace the fall in participation if that continues.

So, you know, if we don't fix that and volunteering at the same time, then I think all the rest of it starts to fall apart. And, again, everyone else on the call will know as well as me that the margins in the sector are fairly slim. There's a whole lot of reasons for that. And if we reduce the value of philanthropy, continue to see the value of volunteering for, those margins turn negative pretty quickly, and that sector falls apart. And we know how important it is. So I know I am overstressing this perhaps but I don't think you can overstress the problem in that participation thing.

So, the other issue I guess is if we do have that participation rate fall and the other areas grow we get a greater concentration in philanthropy. So fewer people giving more dollars. And in the US we've seen for the last few years that that's led to a few problems. You know? We want a bigger democratic say in who's giving and who's having a say in philanthropy. We don't want it just led by a few. And I don't think we have those problems in Australia yet. But, you know, like most good things and bad things we tend to follow the US. And so I don't want us to get to that point. So participation is important for that democracy of philanthropy as well.

So how do we fix it? I know our National giving campaign is just the catchcry but we already have a lot of individual charities making repeated pitches to the population for support. And we see that daily on the press. We see it even more so when there are natural disasters on. So we get a lot of that. But they're not focused on the bigger picture. They're not coordinated. They're all their own individual case and that does lead for them a bit of donor fatigue as well I think. But in all of those cases pretty much it doesn't talk to why it's relevant to the donor.

It's relevant to the need and the person who is being helped but we don't make that self-interest case. And, you know, as Andrew Leigh talked about in their pre-Government pitch and we've got it in our submission, if we reference back to the 'Slip, Slop, Slap' campaign, even the 'Grim Reaper' campaign, all of those were about self-interest in some way or another. And they were done well. They were done on a mass market and they had an effect. So I think that that's the missing link in the 'ask' not being out there. It's that coordinated approach. It's adding the self-interest part to it.

The other thing I noted from the draft report was, and I am putting words in your mouths but, you know, we can't prove it will work. We don't know that this is going to work. It's not been trialled in other countries, except for a bit of an attempt for Canada. You know, if that was the reason not to do it then we probably wouldn't be doing medical research. Because we don't know that's going to work until we do it. There's a whole lot of things where innovation needs to be tried and then we get what we hope will be the ultimate success from them.

So I don't think the – it's not being done everywhere else, so we're not going to try it – is not a great argument itself. Australia is a different country. It sits between the US and the Scandinavian countries in reliance on philanthropy in attitudes and all that sort of thing. So I don't hold that up as being a great excuse for it.

The other thing that I think is pretty compelling and I know that the PC has to take into account the cost of all of these things. Most private giving and we know from the data and Myles McGregor-Lowndes and I have had these chats in the past. Most private giving isn't claimed as a tax deduction. A lot of it is but the data tells us that most isn't. It's through – you know – the sausages at Bunnings, the lottery tickets, all the rest of it where you go to events and such.

And so there's not even a cost to government of increasing participation giving if we say that most of it isn't tax deductible. So it's just the campaign part, rather than it's an extra tax burden on there. So, look, I know I've rabbited on about that a lot but I'm just trying to show my passion for that area that I think is the most important part of it.

The other couple of little bits that I'll touch on are nowhere near as long as that is the next most important area is trying to capture the inter-generational wealth transfer. We all know the numbers there. We even saw that the government report on that talk about the number of debts going from 160,000 to 340,000 per year over the next 40 years and we know that people's assets, on average, are at the highest levels now they've even been. The property prices are through – you know – functional markets and so trying to action more of that for the further sector is really important and the numbers tell us that we are, of our comparative countries, the lowest in terms of the proportion of people who leave bequests to charity.

And if we look at the value of our bequests versus total philanthropy that number is lower than it is in most other countries. So both of those data points tell us we don't do as well as we could. And if we were going to change that now is the time to do it.

So, you know, the two elements I guess that I am trying to encourage are living bequests as we see in the US. That has undoubtedly been one of the elements that's pushed their participation rate in bequests higher than – well, double what we see – and the superannuation side of it has been talked about a lot. And, on both of those, I know one of the issues is, 'Well, what's (indistinct) on that?' And on the living bequests the government gets to choose what sort of tax incentive it provides. And that can be very low but then zero doesn't particularly help things. So the government has actually got the choice as to what proportion of that – those assets that are promised or put into a trust gets what value of it gets a deduction. So you can control the cost of it but the prize is very high.

On the superannuation side the bare minimum is making charities able to be beneficiaries from superannuation. I think that's important. I do understand your arguments around there shouldn't be a removal of the death tax because of what super's been given over its life time – I'm – it's only me, but I'm not quite as convinced of that because superannuation after death is different to

superannuation before death. And I still find it really ironic that if I withdraw my money from super, donate it to charity the day before I die I get you know – top marginal tax rate deduction. If it happens the day after it costs me 17 per cent or my estate 17 per cent. But just the logic of those couple of days difference just doesn't quite sit right as well.

The final area I will talk about is the private ancillary fund payout ratios. Look, I'm always happy to say we set one up as a family in 2004. So I have been running it for 16-odd years or more than that now – 20 years in fact this year. We fairly regularly go over the five per cent and certainly did during COVID as well. My greatest fear is that with only a little over 2,000 private ancillary funds in Australia that where – and where we should have 20,000 right now, looking at any wealth levels in Australia and – you know – levels of people at certain income bands that there should be a lot more. It's very early days and I would be very fearful of discouraging new PAFs being set up.

I think the knowledge on PAFs still isn't anywhere near that it should be around Australia and so there's a lot more to be set up. And I guess I also look at the US where the similar private foundation, while they played around with payout rates there for a while, they haven't changed their five per cent in almost 50 years. And so through lots of economic ups and downs, they've enjoyed great growth. The broad band of private foundations is giving away more each year than new money coming in.

So, you know, the fullness of time that that allows us to look at says five per cent's worked in a much bigger market why are we looking at a very early stage to discourage? And we saw a lot of PAFs not be set up in 2009 and 2010 and there were several reasons for that but one of the main ones was the uncertainty about the change in PPF legislation for PAFs. I'd hate to see that happen again.

And my very, very final comment is I'm very pleased being the data nerd that I am about the comments around improvements to data collection, I won't go into that in any detail but I very much applaud that. The discussion before on volunteering, I think, annually to me makes most sense as well. It matches up with the annual tax data, the annual ACNC data. So that makes a lot of sense to me. And we're also very supportive of the First Nation's Philanthropic Foundation as well, and our submission went into that in a little bit of detail as well. And, obviously, it's how it's done that's most important and that's a particular issue about the concept absolutely is supported. So I will stop talking there but happy to chat. Thank you.

**DR ROBSON:** Thanks, John. I've got a couple of quick questions and then Krystian, I think, was going to ask some and then Julie. You mentioned, you know, the extent to which we have seen a drop-off in – you know – the number of people donating, rather than average donations. So average donations have been going up but the number of people in the – at least in the tax-deductible space donating has been going down.

I wondered if – you know – the giving campaign is one idea. But I wondered if that is a reflection, particularly, with the tax-deductible patterns on the design of that deduction. So I'm sorry I'm going to go into economics here but, you know, I think what you're talking about is the extensive margin – the first dollar for participation. Whereas, you know, the other thing you can think about it is the intensive margin. You know, if someone's already donating, get them to donate a little bit more. And so what you're saying is really about the first one. And I wondered then, you know, what does that say then about the design of the current – you know – tax deduction for giving? I mean should – do you think there'd be merit in thinking about, for example, giving a larger deduction for the first dollar given? Or, you know, a certain – so, for

the first hundred dollars given or something, rather than – you know, at the moment if I am on – you know – the 19 per cent rate or whatever it is I get 19 per cent deduction, effectively, for every – you know – the first dollar, the next dollar and the next. And it's constant.

Whereas – look this is – it's speculative and we haven't thought about this in the draft report but your comments just – you know – set off that in my mind. I wondered, and I don't know it would work but I'm just interested in your reaction with that idea?

**MR MCLEOD:** So a few issues there and I'll just highlight them. I'm talking as much about the participation. So the proportion of people. Obviously we've had population growth over the time so when you look at the numbers of people that's been a little flatter but the proportion has been the falling thing. But numbers have gone down in some states as well. But I just make that comment.

The different rate part of it, when we put some comments in around COVID, and I think it was part of PA's comments perhaps, one of the suggestions was to look at the Singapore higher rate of deductions. And while that's overall and not just on the first bit, and not my – the back of my mind – although I was pushing for higher deductions and anything that could support during COVID, the back of my mind was always the free rider issue.

So those are already (indistinct) donating. Is there an advantage to giving them an extra deduction for the first hundred dollars or whatever? And I suspect without doing the numbers that that might offset the advantage in doing it, because there's a lot of people, even though it's only a third of the taxpayers, that third are probably going to keep on giving anyway. So it's less than a third now but thereabouts, whether or not there is an extra hundred dollars there.

So I think you need some pretty good analysis and don't anyone say anything that I'm trying to discourage good ideas but I would worry about that part of it I think.

**DR ROBSON:** Yes. No, I think that's right. Yes, I think you've got it exactly right. Krystian?

**MR SEIBERT:** Thanks for joining us, John and for all your work over the years, building the data on philanthropy in Australia. Just on National giving campaigns I suppose my question would be if such a campaign has the potential to be effective as – you know – necessary for the points that you observe, why doesn't the philanthropic sector fund one, in the sense that if there's a question of resources – it's a question of resources, as you know, and as the draft report shows there are – you know – very large amounts of resources within the philanthropic sector. And if it wanted to say – get charities together because there may be those kinds of collective acts and issues in terms of different actors organising and calling their funds. But if it wanted to get them the philanthropy does have – you know – two, three, four, five million dollars – whatever that is – to do that. And I suppose we mentioned in Chapter 10 in the draft report that – you know – they're not clear what the role of government here is, given that there is – there are resources within philanthropy to do this. But also it also sort of reverses the roles of government and philanthropy a little bit, in that we're being told that philanthropy funds innovation, trying and testing learning evaluation and then governments just gave up.

Whereas, here, sort of like the government would come in early, rather than say philanthropy funding type thing, trialling, testing learning, evaluating and then it might go to government and say, 'Well, we've done this and we've evaluated it, and here's, sort of, what we've found. You know, we want you to scale it up in partnership with us.' But it's, sort of, like the government need to be involved at the outset so, yeah, I wanted to put that to you.

**MR MCLEOD:** Yes.

**MR SEIBERT:** Yes.

**MR MCLEOD:** Yes. Yes. No, thanks, Krystian. I get the point and, look, I've also long thought about what Government's role should be, and they absolutely shouldn't be the one who runs the campaign because that would potentially be viewed somewhat cynically. As in the more philanthropy, the less government has to put into the sector, and then while that's not the case at all, that's the reason government can't run it. But being supportive of it, both financially and perhaps with influence that it has in, you know, a whole range of areas I think is needed, because the reason that charities and the philanthropic sector, so through Philanthropy Australia, perhaps aren't doing it already, I think is just the competition.

You know, you go to the biggest few charities who raise money in Australia, you know, World Vision, The Salvos, et cetera, right at the top and right down. They're busy trying to raise money for themselves, and while they'll never admit it, there is competition between those charities, so they're going to put all their effort into raising more money for themselves, rather than the sector and them getting a sliver of that bigger pie – picture. I'm just not sure there's the coordination between all of them. Even if you look at, you know, there's each of the different sectors has its peak body, but that peak body is tasked with raising money for that single cause rather than the broad picture. I think that's a reason to have something bigger than having individual charities or even individual cause areas doing it.

**MR SEIBERT:** That's a really interesting point, that coordination problem and, sort of, actors thinking about, sort of, you know, their own private incentives versus say the broader potential benefits. But that wouldn't apply to say, you know, some large philanthropic foundations, for example, because they're not competing with each other for donations, saying, 'Well, you know, we'll each put in a million dollars'. And, you know, and that provides an incentive for some of these charities and others to organise, and couldn't that address some of those coordination problems? As in philanthropic foundations aren't competing with each other to fundraise in the same way.

**MR MCLEOD:** Yes. Absolutely. And I'd be exceedingly disappointed if they didn't join that cause in a funding sense as well and talk about why they've done it. And obviously we've got a huge range there from the, you know, long passed away people who with foresight set things up, to those who are just starting now and those who do it in other ways, so I would hope all these stories got told, and for those who can financially, supported it. I think they're absolutely part of it, but again it comes to the coordination. Even our few very large philanthropic foundations in Australia, and you can look at our AFR list to see that, you know, Ramsey and Minderoo and others, they can't do the coordination themselves and just run it. They need – it needs to be broader coordinated.

I think the Government thing, while obviously some funding there to show their support, it's aiding with the coordination, I think, that's a big part of it. And even Philanthropy Australia, you know, their membership base is largely larger funders and non-profits and, you know, volunteering and other peak bodies and such but, you know, they're not represented of necessarily of Australia as a total in terms of all the individual donors aren't members of it. You need that broader coordinating effort, I think, in there to get it through.

**MR SEIBERT:** Just hypothetically on that, so Government is part of coordinating and we'll bring people together, but then it's up to the philanthropic sector to fund it, like, would that – I mean, I'm, sort of, just obviously testing here and pushing here in terms of its coordination. Maybe Government can be involved in it, but if it's about, yes, resources, that's, sort of, I suppose where we're asking the questions as well.

**MR MCLEOD:** Yes. Yes, look absolutely. I think the coordination is the more important part of it, but look, I have to say most funders love, you know, matching dollars and going to government and saying, 'Well, I'll give X if you give, you know, X as well', or a half X or whatever the number is. I think some financial contribution would make it a lot easier to get those philanthropic funders involved as well, just to show there's skin in the game as well as direction.

**MR SEIBERT:** Maybe you get some of the coordination problems that could be there amongst philanthropic funders as well.

**MR MCLEOD:** Yes. Yes.

**DR ROBSON:** I just want to pick up on that very quickly and then we'll go to Julie, but what you're saying is that – I think you were saying that because of the diversity of the sector there is this problem of fragmentation and competition for want of a better word. Everyone's got their own cause, but there's benefits in, sort of, coordinating on some things, and one of those things might be on a giving campaign.

**MR MCLEOD:** Absolutely. Look, you know, and as Paul Keating has said, 'Self-interest wins most races' or something like that. I'm probably butchering the phrase, but - - -

**DR ROBSON:** 'In the race of life always bet on self-interest, at least you know it's trying'. That's one of my favourite quotes.

**MR MCLEOD:** That's – yes, thank you. And that comes to the individual charities doing their asks. It's the thing that's missing in the ask of the population. The 'what's in it for me' bit. That's why that coordinating effort from, not the players who are deep in it already and really wanting their own bit to grow, but something over the top of that I think's the missing link.

**DR ROBSON:** Thanks. Julie?

**MS ABRAMSON:** Thank you. Thanks, John, and Krystian, thank you so much for the work that you've been doing. I have a question on the tax on super, and you referred to it as the 'death tax'. One of the issues of course is that, yes, it's preferentially taxed through lifetime, we've made that argument, but the other is apart from spouses and dependent children, other children who aren't dependent would pay that 17.5 per cent in the estate. It's hard to make the argument that actually the charitable cause should be preferred over other beneficiaries which, you know, the testator or testatrix has decided to leave money to.

That's part of the other issue, so I am interested in arguments that can be made, because you're right, you can gift inter vivos and you don't have that, but that's the other part of the puzzle. It's not just about, you know, the taxation for the super being preferred during lifetime. It's this other issue of equity within an estate.

**MR MCLEOD:** Yes. No. And I get all of that. I think, and I'm not a financial planner, but I think the reality of all of this is that, and I know through, you know, from our own firm there are – and I'm sure many others, there's been times where there's been a lot of rushed distributions of super on the death bed sort of thing to get it out the day before. And I suspect if you were really desiring to leave some super to charity, you would probably do the same thing. And, you know, we would encourage doing it well during your lifetime rather than that day before anyway. I'm not sure it's the biggest problem. I think it'll just lead to more financial planners going around it the other way. It just continues to strike me, the irony of something you get the tax deduction for the day before, and you don't the day after.

And I don't know the tax system in detail enough, but I wonder whether it's not just, there's no death tax for superannuation going to a charity, but do they get some sort of deduction, whatever the level was, that could offset the other bits that are going to the non-dependents. You know, whether you can play with it another way so they pay the death tax, but there's some sort of credit that comes to the super pool. It's getting complicated, I know, but - - -

**MS ABRAMSON:** No. It's an interesting – I mean, we haven't thought about it like that as I said, but that's an interesting idea. If I may Alex, we've got a little bit of time - - -

**MR MCLEOD:** Yes.

**MS ABRAMSON:** Just wanted to ask you about the living bequest, because I do think that that is a very interesting idea, and it gets around this concern that people have that their superannuation will run out, which seems to be a big motivator for people not wanting to donate inter vivos. And I think you've said in your submission that it is something that's used quite a lot in the US. I am interested in learning a little bit more about that because it seems a very interesting idea.

**MR MCLEOD:** Yes. There was, and I won't rake over the coals, but there was a submission put in, I believe, to Treasury, and I'm going to say about five years ago, maybe, maybe it's a touch more than that, that talked about one of the structures of this, but in the US there's a number of different ways of doing it. You know, once you get financial planners involved with anything you can either give a – sorry, promised to give – enter into a contract with the charity to leave your house, or 100,000 or whatever the number is. Nothing happens until you die, but the IRS has the schedule, and it depends on how old you are, what the type of asset is, the volatility of its value and all of that, and they'll say, 'Well, if you've entered into this contract, and you've said I'm going to leave 100,000' - - -

**MS ABRAMSON:** Yes - - -

**MR MCLEOD:** 'When you're 63, you get' – I don't know the number but, '\$10,000 tax deduction today', and that varies a lot. That's one of the schemes, and there are other schemes where you can quarantine that asset and, you know, you get the income until you die, and then they get the asset value. And there's a whole range of different mechanisms, but all of them have that common purpose to make some financial incentive to support that charity down the track, compared to just, as we do now, just writing it in the will.

And, you know, I think one of the things that struck me is if we put the proportion of people who donate here, and overall it's, you know, 27 per cent or something, as you get older the numbers tend to go up, but the proportion then that give out of their will is only six and a half to seven per cent.

**MS ABRAMSON:** Yes.

**MR MCLEOD:** And so that's always amazed me and said, well, if people are doing that through their lifetime at much higher rates, why is it so low in bequest? And it's partly we haven't thought about it, come back to the national giving campaign, and part of it is there's no incentive and it's a long way off, and I just do my giving when I think about it each year.

**MS ABRAMSON:** Yes.

**MR MCLEOD:** I think anything that raises the focus around what we can do with bequests. We're writing – I'm right in the middle of writing a big report around the intergeneration wealth transfer and bequests, and it's that, you know, how silly it is to die with the most asset values that you've ever had in your life, rather than either enjoying it, supporting the kids, or supporting charities all the way through. The same bit goes for the bequest side.

**MS ABRAMSON:** Thanks, John. Thank you.

**DR ROBSON:** Thanks. Krystian, did you have any other questions?

**MR SEIBERT:** Yes. John, just wanted to ask what your views are on our draft proposals regarding some more granular reporting of information about sub-funds?

**MR MCLEOD:** Yes. Look, sub-funds would be great. I guess – and the US, you'll know this as well as I, or probably better than I, Krystian, but the US has obviously got this little bit of an issue around donor advised funds, and the privacy thing there and the payouts. And, you know, while we haven't got the payout issues that they've got over there, we do have the same privacy, and we do allow privacy for private ancillary funds as well. I think the privacy thing would be a question of whether you're identifying each of the funds in name. I think that's an issue.

Some of the providers do mention the names of all of their sub-funds. They don't break up individual values. But getting better reporting about the number of sub-funds – you know, some of the reports we get on donor advised funds out of the US really highlight how large that sector is, and how well it's growing including community foundations. We don't really have the data here. We do on a one-by-one basis, and I know you've compiled some reports for Swinburn on that, but if we could ask a few more questions around those to be able to get that data, show the trends.

And it's really showing – you know, the main reason to do it is to show other people what's possible. You know, why haven't more people thought of using a sub-fund, same as a PAF. I would very much be encouraging more data, at least on an aggregate level for sub-funds, and really just to highlight the average values of them, know that on a, you know, a total basis would be very helpful.

**MR SEIBERT:** Yes. Our draft proposal would be, sort of, a, you know, aggregate basis, sort of, you know, the number, the asset, you know, the mean, median distribution from sub-funds within a public ancillary fund, that sort of thing.

**MR MCLEOD:** Yes. Yes. No, I think that would be great. Really showing how they work. The other thing, and just since you asked, data – the AC – one of the slight frustrations is the ACNC obviously publish their data cube roughly the same time as the ATO publish their tax



stats, but there's also a live level of information that's there. I can go onto the ACNC website now, and look up individual charities and today get 2023 reports, but I can't get an aggregate of that. And in New Zealand I can. I think it would be good to make a live data cube with all of the most recent AISs on there, rather than wait for that couple of years for the data cube that's currently there. I know there's probably a little bit of data cleansing issue there but, you know, if the caveats are there and all that sort of thing about what that data is, I think that would be very helpful.

**MS ABRAMSON:** Thank you. Thanks so much, John.

**MR MCLEOD:** That's okay.

**MR SEIBERT:** Yes. We appreciate it.

**MR MCLEOD:** A pleasure. Thank you.

**DR ROBSON:** Okay. The next participants, I think, are Jacqueline Phillips and Peter from ACOSS.

**MS J. PHILLIPS:** Hi there.

**MR SEIBERT:** Hi, Jacqueline. Hi, Peter. I think Alex might have briefly – we might have lost him. I don't know, Julie, if you want to just, sort of, step in. You're on mute.

**MS ABRAMSON:** Thanks very much for joining us. I'm sure Alex won't be far away.

**MS PHILLIPS:** That's fine.

**MS ABRAMSON:** I would like to – first of all, thank you for the work that you've previously given us. I'll invite you to have a brief opening statement, and then we'd be very happy if we could ask you some questions, thank you.

**MS PHILLIPS:** Thanks very much. Thanks for the opportunity to appear this morning, and just acknowledging that we're joining from Indigenous land, wherever we're dialling in from, that has not been ceded. Maybe just to start from first principles which we outlined in our original submission which we'll generally take as read, but in approaching the question of the role of philanthropy and the extent to which Government should seek to incentivise giving, our general principle or starting principle is that governments have a unique responsibility to generate the revenue that's needed via the tax system to fund services adequately.

And that responsibility should not be outsourced to philanthropic donors, nor should community organisations be forced to seek additional funding from philanthropic donors to meet what we would consider to be the essential costs of delivering services to the community, what others might have been describing as the, sort of, pay what it takes idea if you like. We also believe government funding for services should be adequate to meet both the real costs of delivering services, but also commensurate with the need in the community.

And ideally, government funding would be flexible enough to support some innovation and some pilot programs to be able to resource work that is not just direct service delivery, but policy, research, and ideally advocacy, and certainly not constrain it. And that government funding should be available and efficiently administered in response to emergencies. As I said,

we take as read the original submission, and really all we wanted to do today was highlight our response to some of the findings and conclusions that the Commission have outlined in your draft report.

And on the whole, and you know in broad terms, just to say that we think you've struck a really good balance in the way that you've approached the issues, and the methodical way in which you've thought through and sort to weigh up the competing considerations and priorities at play in this complex area. The three things - - -

**MS ABRAMSON:** (Indistinct) - - -

**MS PHILLIPS:** Yes.

**MS ABRAMSON:** Can I just stop you there? I'm sorry. I should have asked you. It's my fault. If you could just announce your name - - -

**MS PHILLIPS:** Yes - - -

**MS ABRAMSON:** And what you do for the purposes of the transcript. And, Peter, if you speak as well. I'm sorry, Jacqueline. I should have asked you before.

**MS PHILLIPS:** No, that's fine. It's Jacqueline Phillips and I'm the deputy CEO and director of policy and advocacy at ACOSS.

**MS ABRAMSON:** And, Peter, you're on mute.

**MR P. DAVIDSON:** Okay. Can you hear me?

**MS ABRAMSON:** Yes.

**MS PHILLIPS:** Yes.

**MR DAVIDSON:** Dr Peter Davidson, and I'm principle advisor at ACOSS, and I deal among other things with tax policy for most things.

**MS ABRAMSON:** Thank you, Peter.

**MS PHILLIPS:** All, clearly, DGR questions are to be directed towards Peter.

**MS ABRAMSON:** That's fine. Jacqueline, you were about to, I think, outline three issues that you wanted to talk to us about.

**MS PHILLIPS:** That's right. Am I – I'm not muted am I? No, good.

**MS ABRAMSON:** No. We can hear you, and also Alex can hear us, but he's kind of in the cyberspace so he can't talk but he can hear us.

**MS PHILLIPS:** Okay. Well, good to know.

**MS ABRAMSON:** A cunning plan actually.

**MS PHILLIPS:** Good to know he's here in some form. The three things I quickly wanted to touch on from the draft report, the first is to welcome the Commission's proposed approach to reform to DGR status, including the proposed extension of that status to organisations undertaking advocacy organisations and making that status very clear and unequivocal. Many of those organisations had previously been considered ineligible, or were uncertain about their eligibility following legal decisions and their implications that that in itself has – that uncertainty's been a barrier to them accessing or seeking DGR status.

And so again I think in that area, the Commission's proposed approach strikes an appropriate balance, and is broadly in line with what we had recommended in our submission. The – and including the use of specific listings only in exceptional circumstances. I mean, I think that's a really sensible way forward. And the other issue was just to indicate our broad support for the Commission's finding that there isn't a case for reducing superannuation taxes for bequests, and we made that argument in our submission as well. The purpose of the super system, as the Commissioner's report outlines, is to fund retirement, and the tax arrangements should be squarely focused on that objective.

That was all I wanted to say by way of brief opening comments and, yes, happy to have a discussion, take questions.

**MS ABRAMSON:** Thank you. Well, our learned presiding Commissioner is back now.

**MS PHILLIPS:** Excellent.

**DR ROBSON:** Thanks. I don't know what happened there, but anyway, that's modern technology. I might just ask you, Jacqueline, about the DGR reforms. We have had a lot of comments on a couple of the areas, and I'll get to those, but I wonder if you – we are asking people around the general principles that we came up with. Yes, we did find the current DGR system, you know, has evolved over many, many decades, and is now not fit-for-purpose. It evolves in ways that are unpredictable, and so we came up with some principles and then applied those principles. I wonder if you could just comment on, you know, whether you think those principles are right, and then we might talk briefly about the application of them.

**MS PHILLIPS:** Yes.

**DR ROBSON:** (Indistinct), yes.

**MS PHILLIPS:** Yes. This is the three principles, I think, is that right?

**DR ROBSON:** Yes.

**MS PHILLIPS:** That's the principles you (indistinct) in the draft paper, and I'm just trying to – there they are on page 17.

**DR ROBSON:** Yes.

**MS PHILLIPS:** And, Peter, feel free to also join in here. We were just discussing these earlier. The first thing that the activities are expected to generate net community-wide benefits and would otherwise be undersupplied. I mean, I think that's reasonable. The conversation we were having earlier, I suppose, goes to the relationship between the PBI and the DGR categories, and which tax benefits should be extended exclusively, I guess, to those organisations who are

delivering services to populations who are disadvantaged. And that might be, you know, in a number of different ways which the PBI category – which I understand you were also proposing to modernise, I think, but I didn't get to refresh myself on that position.

Gosh, something's happening with my Zoom. Am I still there?

**DR ROBSON:** Yes, you are.

**MS PHILLIPS:** Still there. Okay. Good.

**MR DAVIDSON:** It's all good.

**MS PHILLIPS:** Look, I think the first principle is reasonable noting that relationship with the PBI. I liked the way that you articulated the net benefits question, including that consideration of the alternative uses of taxpayer funding. That was one of the key issues that we flagged in our submission. And we were just discussing the third principle as well around the risk – the relationship, I guess, between donations and fees where on the surfaces impose user charges, and I suppose the reality that that principle probably is necessary in the way that the system is currently working, where these services that might previously have been directly funded in whole by Government though block grants, for example, are now operating on a fee-for-service basis in much more marketised model.

I suppose, although this ideally wouldn't be the system that we would design if we were setting up – you know, redesigning a universal childcare system, it is where we are. And so I think that probably is a necessary limit for the reasons of integrity et cetera that you've outlined, and so we also indicated that in our submission. I think the principles are sound. I don't know, Peter, if you wanted to add anything on the principles question before we get to the application.

**MR DAVIDSON:** Well, just that I think we need to be careful about excluding fee charging organisations from gift deductibility, because if that applied universally, a very large proportion of community agencies including small charities would be excluded. Because regrettably, community organisations are in a place where they need to rely increasingly on fees from consumers, including consumers with very low incomes. It's regrettable in our view, and so you just need to think carefully about the extent to which those categories align with the sectors that have been more fully marketised so to speak, which may change all the time.

It's not about categories. It's about the extent to which services in a sector are relying heavily, you know, substantially on user charges in some kind of pseudo market structure, and that will change over time. It will – it's been shifting in the market direction. In some places like employment services it might shift in the other direction.

**DR ROBSON:** I think that's a very good point, and I think we do make the point in the report that, yes, the fact that an entity might charge user fees, you know, should not be the be all and end all. You know, there's considerations of equity to be taken into account, but then also whether, you know, the extent to which their activities and any donations might benefit those who are, in effect, outside the organisation. You know, you could have a fee charging entity, it gets donations and it provides, you know, services in exchange for that fee, but then it also does other things in the community. It might go and do outreach or with other things. And then also I think your comments on the PBI are also interesting.

I mean, I think in the – the spirit of – part of the spirit of the DGR changes is that, you know, PBI and, you know, given all the complications around the definition and so on, and squeezing yourself into that definition, you know, I think our view would be, well you may not need to do that as much as you would otherwise would under our changes. It would be easier to get DGR, you know, and not be a PBI, I guess, is part of what we're thinking. And so those are very good and interesting comments. We could talk about application a little bit. Maybe, yes, your views on the draft recommendation on school building funds, and also entities which have the sole purpose of advancing religion.

You know, in the second case, they currently don't have DGR and we don't proposed extending DGR to those entities, and in the first case school building funds (indistinct), yes, interested in - - -

**MS PHILLIPS:** I think we're comfortable with both of those. I mean, certainly, we haven't consulted with our membership in regard to the school building fund, but we express that position – the same position as you're outlining in relation to religious education. And so I don't think – you know, I think that would align with our position, and I can't imagine we would have a different view on the school building funds. I think broadly comfortable with those two groups having DGR status withdrawn. I'm very pleased, as I said earlier, to see the advocacy activities being recognised where, you know, tied to a charitable purpose.

And understand the reasons for excluding, you know, those particular sectors, aged care and child care, given as we discussed earlier they have largely shifted to a more market-based model and the fee for service.

**DR ROBSON:** And they would still get it to the extent that they're PBIs (indistinct) - - -

**MS PHILLIPS:** Yes, exactly (indistinct).

**DR ROBSON:** Krystian, did you want to ask some questions?

**MR SEIBERT:** Yes. No, just to clarify, that I think with the charities with the sole purpose of advancing religion, they currently don't get DGR status - - -

**MS PHILLIPS:** Yes - - -

**MR SEIBERT:** And the status quo would be maintained for them.

**MS PHILLIPS:** That's right. That's right.

**MR SEIBERT:** Yes. Aged care, early childhood and childcare providers that are PBIs, they would retain it as well.

**MS PHILLIPS:** Yes.

**MR SEIBERT:** There wouldn't be any change there. It's just the ones that don't currently have it or wouldn't get it either but, yes, I think just on PBIs, the draft proposal is to, sort of, yes, have a statutory definition of that given that there's very different views about how that concept should be defined. And the regulators and the courts are being required to make policy decisions, in effect, around the scope of it. I think we are – we're saying that, sort of, where it's

at at the moment, there is a court case appeal happening about, sort of, that definition, but generally sort of focussed on charities, focussed on disadvantage, addressing poverty - - -

**MS PHILLIPS:** Yes.

**MR SEIBERT:** - - - is a good place for that sort of institution – PBI institution to focus. There have been some calls to expand it to other types, of course, but we think that it’s appropriately targeted there. I think, as Alex said, given the expansion of DGR status to a range of different other charitable purposes, some of the pressure on becoming a PBI will not be there - - -

**MS PHILLIPS:** Yes.

**MR SEIBERT:** - - - but some charities will still want it because of the FBT concession, but we propose to keep it sort of still relatively confined to where it is more or less now. Yes, and just on fees, I think on page 184 of the draft report, we sort of clarify that it’s not that sort of if you have, say, an aged care or a childcare provider that charges fees that therefore it’s within the scope of that principle; it’s more where you’ve got, say, the donors and the feepayers are one in the same.

**MS PHILLIPS:** The same group, yes.

**MR SEIBERT:** And you then have a potential to kind of have a donation and the fees go down.

**MS PHILLIPS:** Yes.

**MR SEIBERT:** But where, you know, you have a charity that might, say, deliver aged care or childcare or something like that, you know, people might leave a request, they might make donations, but it’s not, you know, ‘Pay your fees and we recommend a donation, you know, once a month as well,’ sort of thing.

**MS PHILLIPS:** Yes. Okay.

**MR SEIBERT:** I just wanted to get your thoughts as well in relation to the DGR system but also tax concessions for philanthropy more broadly, about some of the things that you mentioned in your initial submission around sort of trade-offs regarding tax concessions, tax expenditures, expanding them, et cetera, and the broader sort of link with government and the role of government.

**MS PHILLIPS:** Yes. Peter, did you want to respond to that in the first instance?

**MR DAVIDSON:** Well, the general point would be that every dollar spent, so to speak, on a tax expenditure is a dollar that’s not available for direct expenses. And so the principle here is that the Government and the Parliament are choosing to direct resources to certain benefits, services and so on. There’s a trade-off between that, the capacity to do that, and the desirability of encouraging donations, philanthropy, where needs won’t necessarily be met by a Government program for some time into the future. So there is a – there is a trade-off there.

And of course, people donate to things they care about, and one point I’d make is that – here is that wealthier people tend to care about different things to people on lower, modest incomes, and we wouldn’t like to see the balance of, you know, public expenditures and tax expenditures shifted too far towards the priorities of a particular group in society as distinct from the

community as a whole as mediated through the Parliament. So that's the general – that's the general principle.

We think Government services, publicly funded services are the foundation for a welfare state, if you like. Philanthropy can't replace that. Philanthropy has a role at the margins, and it's an important role, but it's important not to waste a single dollar in tax expenditures.

**MR SEIBERT:** Thank you. And do you think that also means that it's important to really scrutinise sort of proposals and concessions in terms of their potential costs and benefits in that broader context?

**MR DAVIDSON:** Absolutely.

**MR SEIBERT:** And just wanted to sort of just change tacts slightly to ask for your views around advocacy. You've mentioned sort of about how the DGR system reform proposals would sort of expand eligibility for those types of charities, noting that there are sort of certain limitations and constraints around sort of advocacy in terms of 'has to further a charitable purpose' and 'can't have a disqualifying purpose of supporting parties and candidates' and that sort of thing, but would you be able to sort of, yes, just elaborate your point of views about advocacy by charities, its role, why you think it's important that it should be supported through the DGR system and more broadly?

**MS PHILLIPS:** Yes. I mean, I think what we think of is the particular expertise that the community sector in particular has, working very closely on the ground with often very marginalised and disadvantaged communities whose voices and perspectives are often marginalised in public debate. And we have a lot of well-resourced, highly organised and effective lobbyists who represent other interest groups who hold a lot of power already – for example, business groups and farming groups and others – and the most disadvantaged members of the community, they don't organise in the same way for obvious reasons, and so the sector plays an important role in identifying some of the particular issues affecting those groups and advocating to government both about problems but also about solutions.

Having said that, also acknowledging – and it's been a big shift in the sector, I think, over the last decade or so – the importance of hearing from those people directly affected, the people which you might describe as 'service users', people in communities who are disadvantaged themselves, not just mediated by their contact with service providers. But there's a role for both of those voices. I think it's really important that Government hears both. It's really important from a democratic and equity perspective in part to balance the otherwise often dominant voices of other much more powerful and well-resourced interest groups.

And it's a necessary kind of – and I think it's a useful adjunct to service delivery work for organisations to be resourced to translate what they observe and identify in terms of patterns, problems and solutions from service delivery into policy research and practice.

And I think one of the – I mean, I guess there's two parts of this – to this – but one of the things that we observe all the time is organisations effectively self-censoring because of a fear that, to advocate too loudly or too critically on an issue, even when it's very directly affecting the people that they serve, would compromise their government funding. Less so philanthropic funding, but certainly it's perceived as a threat to the security of government funding if they're criticising government.

And so, I mean, as a first principle, we think it's very important – and we say this to government – that governments fund policy and advocacy work and value the expertise and experience of the sector and also the people directly affected, but certainly that it should also have a recognised place within the DGR regime as an activity that contributes to, you know, community wellbeing, overall better policy and more equitable and inclusive policy.

Was there anything you want to add to that, Peter?

**MR DAVIDSON:** Just that one of the important differences that philanthropy and donations can make at the margins is precisely an influence in Government policy to shift its gaze to people, problems and issues that hitherto been neglected. And that's an important role that we think organisations such as ours play. And to the extent that it impacts government policy, it can have far more impact than, you know, additional money for soup kitchens and the like, important as that – important as that is, because of the power of government to alleviate poverty, which is far in excess of the power of an army of volunteers to do so.

A second thing I'd say here is that there's a caveat, of course, which is that charities shouldn't engage in political partisan advocacy.

**MS PHILLIPS:** Yes.

**MR DAVIDSON:** And that's a balance that needs to be struck where, for example, a charity is advocating for causes that are favoured more by one party than another that's still consistent with their charitable purpose, but if – but if they diverge from the charitable purpose and become, you know, advocates for a political party, then they're no longer a charity. And that's a long-established principle, but at the – administering it on the ground is complicated, and it sometimes leads to silly rules such as, 'Charities shouldn't participate in political protests,' and the like, which I don't think is a principled approach to those issues.

**MR SEIBERT:** Thanks. That's very helpful. Julie?

**MS ABRAMSON:** Yes, I had a couple of questions, and one I'll get you to take on notice. Superannuation, we asked for some comments around whether the process of superannuation being able to be nominated to a charity like a binding nomination, we've asked for some comments on that. I'm particularly interested in one aspect of it that I think that you will be able to assist us with, and that's about vulnerable stakeholders. So we're not necessarily talking about well-known charities who we know would not be in that position, but some of these people could be quite vulnerable. So we're interested in around safeguards.

See, for example, as you know, with an estate, testator capacity is super important for them – I didn't mean to have a pun there – but that's really important, and there are mechanisms in the law which support that, 'Did the person have the testamentary capacity?' So I'm interested in any protections you think – or even about the policy principle itself.

**MS PHILLIPS:** I'm going to give that one to you, Peter.

**MR DAVIDSON:** The policy principle is a good one, and, you know, smoothing that process is desirable. It's not an issue we've examined in any – in any depth, but I can see the danger that you raised. That's all I can say, really. The issue that we have examined closely and is in our submission is that we don't believe that there's a case for exempting - - -



**MS ABRAMSON:** From the tax.

**MR DAVIDSON:** - - - donations through to us from estates, from that 17 per cent departure tax, so to speak, that - - -

**MS ABRAMSON:** I like calling it ‘departure tax’. It’s better than a ‘death tax’, isn’t it. Thanks for that, Peter.

**MR DAVIDSON:** And it’s not – and it’s not a - - -

**MR SEIBERT:** (Indistinct.)

**MR DAVIDSON:** It’s not an inheritance tax; it’s about – it’s about superannuation being utilised for its purpose for which government is expending \$50 billion a year in tax expenditures, and that is, you know, for people to have a decent retirement. And regrettably, around 90 per cent of people are retiring with – dying with money still in their account because of, you know, because we tend not to rely on annuities in Australia because people are conservative about preserving their capital, and because, unfortunately, it’s become an estate management and wealth creation vehicle rather than a retirement policy vehicle. And so that’s our – that’s our concern there.

**MS ABRAMSON:** Thank you, Peter. Just one final thing if you could take on notice for us. The government has a proposal that cheques will be withdrawn in four years. We’ve heard a lot of evidence from charities that a lot of older Australians do provide donations to charities via cheques. So, you know, it’s that whole issue of we don’t have bank branches available to elderly people; they’re concerned about using the internet because of scams and things like that. So any light that you could shed on that, in particular demographics that use cheques, and we are thinking quite hard about that because it does seem to be a significant portion of donors to some established charities. Thanks. Thanks, Alex.

**DR ROBSON:** Thanks. I’ll just come back, I think, Peter. We’ve only got a couple of minutes scheduled, but you mentioned, you know, the role of Government – and I guess this is sort of coming back to the philosophical question and the welfare state and so on – but in that context and given you made the, you know, the very legitimate point around, you know, that every tax concession has a – you know, foregone revenue and it has an implicit cost, I mean, what’s your view on the – on the goal of doubling giving in that context?

So the government’s got this goal of doubling giving by 2030. You know, that would potentially come – you know, if it was all tax-deductible giving, that would come at a cost to revenue. Does ACOSS have a view on that – on that overall ball – overall goal given your previous comments?

**MS PHILLIPS:** Do you have - - -

**MR DAVIDSON:** What do you think, Jacqui?

**MS PHILLIPS:** As far as I’m aware, it’s not a position that we have actively supported. So it’s not a push coming from ACOSS. I think, for all the reasons that we’ve outlined, in terms of the difficult choices that need to be made around limited Government funding available and the desire to ensure that that limited funding goes to where it’s most needed, and obviously be aware of some of the gaps that we are particularly impatient to address, including the level of the JobSeeker Payment, et cetera, so, yes, so I think it’s fair to say it’s not – it’s not a campaign that

ACOSS is actively supporting, but we – and we – and in general terms, I think we feel that where the PC have landed in the draft report strikes an appropriate balance.

**DR ROBSON:** Okay. Thank you.

**MS PHILLIPS:** Just to add to that, I think it's always worth – it's always asking the question, 'To what end?' You know, often, targets are set in public policy, often arbitrary ones, but, yes, what's the – what's the purpose? Is there a particular form of philanthropy or a particular need that is not being met? Is there a concern that the scope for philanthropists and others to support innovation in the delivery of services and in public policy is not being realised? Are there – are there gaps in what Government is doing? Yes, it just – it just needs to be teased out, I think.

**DR ROBSON:** Yes, I think you picked up on two of – two of the, you know, the 'To what end?' – or the answer to the question, 'To what end?' I think the other one is obviously social capital. So there's this concern that, you know, in civil society and social capital is sort of eroding and that philanthropy and volunteering – not necessarily the, you know, the handing over of a cheque, but the things that come with that – might provide, you know, the glue that holds society together. So I think that's the other – you know, the third strand of what you were talking about.

**MS PHILLIPS:** Yes. I mean, I - - -

**MR DAVIDSON:** And that's about a lot more than - - -

**MS PHILLIPS:** Yes.

**MR DAVIDSON:** That's about a lot more than philanthropic donations. That's about the strength of community.

**DR ROBSON:** Yes.

**MR DAVIDSON:** Yes.

**MS ABRAMSON:** Can I just ask one final question? And thanks, you've been really generous with your time. Distribution rates for ancillary funds, did you have any views about that?

**MS PHILLIPS:** Peter?

**MR DAVIDSON:** No.

**MS ABRAMSON:** Well, that was short and sharp. Thank you.

**MR DAVIDSON:** Sorry.

**MS ABRAMSON:** No, that's all good. It's all good. No, thank you.

**MR SEIBERT:** If we've got one minute, I might ask a very quick question – I know we're running on – short on time – just about whether ACOSS has got any views about volunteering and how that is considered as part of – or not – as part of sort of the workforce when looking at policy changes? Because we have heard in other consultations that the Government might introduce, say, a particular background check requirement or they're reforming a particular area,

and they think about the paid workforce, but they don't think about volunteering input. So I suppose it's not about sort of – well, it could be about whether there's, you know, substitution between one or the other, but just about governments thinking about volunteering given it is active in a range of different areas, that if ACOSS had any views on that?

**MS PHILLIPS:** Look, I don't – I don't think particularly detailed ones. The role of volunteers is not an area that we've done a lot of work. I know some of our other member organisations have. Obviously, Volunteering Australia are a member. Our workforce work has been mainly focussed on the paid workforce and the implications of underpayment and the need for adequate Government funding to ensure that employers are able to fund adequately and meet required pay rises, et cetera.

So I don't know that we've got a whole lot to say about that except that when – our evidence today, we haven't really been – we haven't been including volunteering in our conceptualisation of philanthropy in the comments that we've made today. I think we would, as Peter said, see that as quite a – I understand that it can fit under that umbrella, but I think, conceptually for us, given the broader role that volunteering plays in terms of community and participation, we would consider that to be a different – raise a separate set of issues.

But I also go back to the original principle that we remain of the view that governments should be paying the full and real costs of delivering a service so that – organisations should not have to rely on volunteers to deliver the core and essential community services. So I think that's the first – that's the principle. And of course, there's a role for volunteers in the community and society, but services shouldn't have to rely on people contributing time for no payment to deliver things that the community needs.

**MR SEIBERT:** Thank you.

**DR ROBSON:** Thank you. Okay. Thanks very much. So we will take a 10-minute break now. We will come back at 11. Everyone on the line, I think, if you could stay in the Zoom call and turn off your cameras and mute yourselves, and we will come back in 10 minutes with the Sports Foundation. Thank you very much.

**MS PHILLIPS:** Thanks very much. Thank you.

**MR DAVIDSON:** Thank you.

**SHORT ADJOURNMENT**

**[10.50 AM]**

**RESUMED**

**[11.00 AM]**

**DR ROBSON:** So I think we'll – it's 11 o'clock, so we'll get started. So I think we've got Patrick from the Australian Sports Foundation. Patrick, are you online? Would you like to join us? Here he comes.

**MR P WALKER:** Yes, I'm here.

**DR ROBSON:** Hello.

**MR WALKER:** Sorry, just with the mute and the (indistinct). My apologies.

**DR ROBSON:** 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 be happy to hear that, and then we can get into some questions.

**MR WALKER:** Great. Thank you. Yes. My name is Patrick Walker. I'm the CEO of the Australian Sports Foundation which I will refer to as the ASF from here on in. I'd like to acknowledge I'm joining this meeting from Ngunnawal country and pay my respects to Elders past, present and emerging. Thank you for giving me the opportunity.

I'm going to keep my opening comments pretty brief, and I just want to cover three things before throwing it open to questions. First, I think it's worth just explaining a little bit about the ASF and how it operates because it is relevant to the submission we've made to the Commission. Secondly, I want to summarise the proposal we're advocating for as simply as possible. It's got some quite complex nuances, but I want to try and keep it as simple as possible, and then really explain why we think this change is important for the amateur sports sector and it's important that it's made now. So those are the three things I want to run through.

In terms of that ASF, we are a federal government agency. Our role is to raise philanthropic money for sport. We're a deductible gift recipient listed by name in the Income Taxes Act, and the way we work is that a donor can make a tax-deductible donation to the ASF and nominate a preferred beneficiary to receive those funds from us, and that beneficiary could be any sports club, community, amateur at any level, sporting organisation or even an individual athlete. So through the ASF, sport is already able to give a tax deduction for donations to any entity or athlete in Australian sport provided that donation comes from a private or corporate donor.

It might seem like a clunky model. In fact, that's a very efficient model. It's the same model that's used by Schools Plus in the education sector, the same model that's used by the Australian Business Arts Foundation (AF) in the arts and cultural sector, and its advantage is that it saves, in this case, thousands of community volunteer-run sports clubs from managing and becoming a DGR, even if the law allowed them to do so, which it doesn't. And secondly, it provides a single point of contact for compliance with the ATO. We work very closely with the ATO to manage compliance among the sporting sector in terms of complying with tax deduction and so on.

And I can't resist referring to one submission that was made to the Commission. Contrary to what was referred to in that submission, it's manifestly successful. So we've increased donations to sport in the last few years from around 40 million to close to 90 million, and that really demonstrates that this is a highly efficient model and a very effective model.

So the important point to note, and the reason for all that preamble, is we are not advocating for any change to DGR system insofar as it relates to sport. We think it would be inappropriate and ineffective in the sporting sector. What we are advocating is for the inclusion of the advancement of amateur sport as a charitable purpose.

And the reason for that is, you know, part of the Commission's inquiry is about removing barriers and impediments to philanthropic giving, and we have a significant barrier or impediment to philanthropic giving to amateur sport, and that's really been caused by the rise of private and public ancillary funds as vehicles for philanthropic giving; and they've been touched on during the conversation this morning. Private and public ancillary funds, you know, there's

2-3,000. The previous speaker thought that should be 20,000, and they're certainly going to play a huge part in the projected growth of doubling philanthropic giving by 2030.

To simply a complex legal point, in summary, most private and public ancillary funds can only distribute to an institution that is both a DGR and is charitable. And in practical terms that means that ancillary funds cannot give to the ASF for distribution to amateur sporting clubs, to grow sports participation, for example, because amateur sport is not recognised as a charitable purpose. So we have this vast and growing amount of philanthropic wealth, this vast and growing amount of philanthropic giving, and it is effectively precluded from supporting amateur and community sport.

So the change we're advocating for is to put the advancement of amateur sport into the Charities Act to facilitate and unlock and enable private and public ancillary funds to support amateur and community sport in partnership with the ASF.

I'll come onto the impact of that change, but I think it's worth just sort of talking about why that – we think that change needs to be made. This is a sector that is in dire need of additional support. We have conducted surveys in recent years and around 20 per cent of community sports clubs are considering closing their doors. They were devastated by the financial shocks of COVID. They're not suffering from cost-of-living crisis. Their own costs are going up and the costs of participating in sport are increasing for their members. So 52 per cent of clubs say participation is declining because of the cost of participation really being a barrier to members.

So we have to find a way to support these clubs. They play a vital role in community health; improved physical health, improved mental health, builds social cohesion, contributors to social capital, teach life skills to our kids, and we think the fact that amateur sport isn't recognised as a charitable purpose currently undervalues the contribution these units contribute to society.

And in passing, I just would like to refer to one stat, which is a survey by The Lancet two years ago which surveyed physical activity levels of children and teenagers in 146 countries, and Australia was ranked 140<sup>th</sup> out of 146 for levels of physical activity among their teenagers. Sport isn't the only answer, but it's an important part of the answer. We have to get people out participating in physical activity, and community sport is a great way to do that.

Thirdly, you'll be aware that the nation is investing significantly in the Brisbane 2032 Olympic and Paralympic games. That is not really what I'm here to talk about today. What I would observe is that we've recently seen the FIFA Women's World Cup and the Matildas' effect and the effect that had on the nation, bringing the nation together, but also getting boys and girls out participating in football, in this case; in soccer. And in many places, there's a 300 per cent increase in applications to be registrants and participants in kids' football.

The problem will be those clubs maybe can't – don't have the resources or facilities to support that. And coming back to our survey, if 20 per cent of those clubs go out of business between now and 2032, if the Olympic and Paralympic Games achieve anything like the same kind of impact, we will not be able to meet the demands. So we have to sustain the viability and the existence of these community sporting clubs.

The change we're proposing is revenue-neutral, in that, as you'll all be aware, donations made into ancillary funds are already tax deductible, so it's not creating an additional tax deduction; it's simply allowing those funds to be used for an additional purpose, being the advancement of amateur sport.

We've conducted modelling through an independent economist, and it's projected that this change will result in \$103 million a year being distributed from ancillary funds to amateur sport by 2030. And over the period of the forward estimates to '27-'28, that will create 190,000 additional participants and generate a \$370 million reduction in health costs at a federal level. So this is a very – it has a great cost benefit. It's a relatively simple measure in concept and it has a great cost benefit.

We're obviously aware of the initial comments in the draft report of the Productivity Commission which (indistinct) came out against supporting this change, and obviously we would like you to reconsider that, which is why we've put in a further submission. We do think this is a once-in-a-generation opportunity to provide this additional support to sport and it's a once-in-a-generation opportunity to overturn, you know, hundreds of years of established case law which dismiss sport as a mere plaything of the rich and famous. That is not the role that sport plays in modern society; it's not the role that sport needs to play in the modern Australia.

So we think it would be a significant missed opportunity if the Commission advocates or decides against making this change. It's a change that has the support of the sector. We have done and are embarking on further consultation among community sports clubs, and early results are extremely supportive and positive, and we will continue to roll that consultation out in the coming months before reporting back to Government.

So that's all I'd like to say by way of opening comments. Happy to take any questions or to elaborate on anything that you need.

**DR ROBSON:** Thanks, Patrick. Krystian, did you want to start?

**MR SEIBERT:** Thanks, Patrick, and thanks for joining us today and for your submissions as well. So just to recap or clarify, you're not seeking to have all amateur sport eligible for DGR status, so as in each sort of, you know, individual organisation, potentially, being able to have it. You're seeking that amateur sport is a charitable community – amateur sport is a charitable purpose - - -

**MR WALKER:** Correct.

**MR SEIBERT:** - - - which then would facilitate ancillary funds that have to give to eligible item 1 DGRs with a charitable purpose - - -

**MR WALKER:** Correct.

**MR SEIBERT:** - - - so they could then give to the Australian Sports Foundation, which is a specifically listed item on DGR. And the barrier at the moment is that, because you have – you're a – amateur sport is not a charitable purpose, they can't make grants to you?

**MR WALKER:** Nailed in one, Krystian. Absolutely perfect. We can't currently access funding from ancillary funds because we have a charitable fund that – to do that, but only use it for limited purposes. It might be, for example, disability support or Indigenous support; so elements of amateur sport that are charitable for other reasons but not in and of themselves (indistinct). Funding, you know, advancement and promotion of amateur sport in and of itself, we cannot do that.

So we do have situations where ancillary funds come to us and say, 'I'd like to fund, you know, my local junior club, the club that my kid played for.' We say, 'We can't do that, but we might be able to if they run a disability program or, you know, are doing some disability access improvements.' So it's a real barrier that is causing us to turn funding requests away. And, you know, as someone who's here to raise philanthropic funds for sport, that hurts.

**MR SEIBERT:** I suppose just on the broader point around – because, you're right. We sort of, you know, recommended that – because there's been two steps to it; in order for community amateur sport to have DGR status, it would first need charitable status, which it doesn't currently have, and then under our principles it would need to sort of fall in to sort of as a category being eligible for DGR status - - -

**MR WALKER:** Yes.

**MR SEIBERT:** - - - where the DGR reform proposal is implemented. But why do you think that community and amateur sport should not be eligible for DGR status more broadly?

**MR WALKER:** Because the vast majority of them – there's 40,000 community sports clubs in Australia – the vast majority don't have the capability, capacity to manage, even apply for, and comply with the requirements of being a DGR. The surveys I referred to, one of the other biggest problems – and you've touched on it in different contexts here – that sports clubs face is pressure on volunteers. The admin burden is already enormous. Volunteering is declining, or at least under pressure, and the last thing clubs want, need, or could handle is the addition of a – of an extra burden.

The reason I said what I said about how we operate at the moment is we provide that DGR facility for the whole of Australian sport as a single point of contact; online donation facilities, absolutely seamless process. It's working extremely effectively; we just can't access funding from a significant and growing part of the philanthropic community. And that's the only change we're advocating for.

**MR SEIBERT:** And I'll just ask some questions sort of slightly more technical ones about that change, but I suppose one question I want to have is – well, a point I make is, yes, we also analysed sort of this through the lens of there could be, you know, potentially sort of substitution from fees to donations in the case of, say, individual sporting organisations, which would sort of raise some issues from our perspective. I don't know if you have any comments on that in terms of a broader based expansion of eligibility for DGR status?

**MR WALKER:** Well, you know, so we do have some comments and we've made some comments in the submission, and I'll just summarise a couple of the key points. One is that, if that – if that is happening or if that were to happen, it's already in breach of the obligations of those clubs that's income tax exempt, not-for-profit entities. You know, you can't – you can't have a private benefit there.

I referenced the role the – that the ASF played, and in – not just do – only do we facilitate, help and guide clubs in their fundraising, we also promote the rules, which is that you have to charge a registration fee. And you can ask your members to donate as well, but it has to be entirely separate from any registration or payment for a fee. And we manage that process and we oversee it and we work closely with the ATO in, you know, in doing so.

So in the last year, we raised around \$90 million, huge amount of it for thousands of community sports clubs. If you want to say, that risk already exists and it's already being managed. All we're seeking to do is to access funding from ancillary funds to allocate into this sector which is in dire need.

**MR SEIBERT:** So would your proposal regarding charitable status be just for community and amateur sport? Because it has been raised by some others, like a prominent charity law academic sort of like, that, you know, for example, you know, could the – could an AFL club – and, you know, I'm a supporter of an AFL club and I think – you know, or rugby league, or et cetera – but, you know, could they benefit from this? Because, I think, you know, it's one thing for community and amateur sports clubs to benefit from something, but a, you know, an AFL club with sort of membership and resources, et cetera, or a - - -

**MR WALKER:** (Indistinct) - - -

**MR SEIBERT:** - - - or would you say, you know, a yacht club that's very wealthy or some other sort of – like, how would they fall into this?

**MR WALKER:** So we have – we have proposed amateur sport only, which excludes professional sport for those reasons. You know, if one was a purist, I could – I could – I could've sought to mount the argument that arts and culture is charitable in and of itself at any level from local community groups to most of the elite organisations. The opera, the ballet, they're still a charitable cause; sport should be viewed in the same way. But I didn't think that was an argument that would ever get up, so I haven't run it. I'm talking about amateur community sport.

There are some areas which I think are a matter of policy for the government to decide whether – you know, you've referenced yacht clubs and so on – you know, I'm sure there are – there are areas of demarcation we'd need to look at, but this measure is aimed at amateur community sport as the beneficiary.

**MR SEIBERT:** And my last question is a very technical one is that the Australian Government, the Commonwealth Government, has, you know, within its sort of powers to – it defines charity for the purposes of accessing tax concession and that sort of thing. It can, you know, amend the Charities Act; it has that – the parliament could do that. But I suppose the challenge is for ensuring that, say, ancillary funds can give to a particular type of entity.

But the entity, its purpose would have to be charitable at a – at a Commonwealth level but also at state and – state level, and I suppose that's just one complicating factor here is that, if it's – I know that different states have got some different application around community and amateur sport, but, you know, it might, say, change – let's just say the law was changed to make amateur sport charitable at Commonwealth law level. That might solve part of the problem, and then you've got all the states and the ancillary fund and trust and incorporated in a particular – made in a particular state, and if that's not charitable under state law - - -

**MR WALKER:** Yes.

**MR SEIBERT:** - - - given the (indistinct) of our federation that it might still be a problem.

**MR WALKER:** No, no, very good point, Krystian. Welcome to – welcome to my world of the last few months. So part of the work we're doing is engaging with every state and territory



around this submission and around the change we're proposing at a federal level and trying to identify if there would be any consequential changes needed at a state level, what they would be and so on to ensure that we don't make a change and we still end up with a barrier in a particular state. So, you know, a complex series of discussions.

In most cases, the answer appears to be, at this stage, 'no', 'no further change'. A lot of the states harp back to common law, and as you know, there's a number of common law sort of buckets of charitable purpose and there's a sort of fourth catchall bucket of other equivalent, benevolent purposes, and their preliminary thoughts are that, if it – if it became charitable purpose at federal law, it would easily slot under that fourth heading. But we are going through that process as part of our consultation and engagement and we will ensure that it's addressed at a state level as well.

**MR SEIBERT:** Okay. Thanks.

**DR ROBSON:** Patrick, I just want to take up some of those things. Very quick question. I mean, would a better way of achieving all of this be just to have government grants for sport given the history of those? And then you talk about the advantages and disadvantages of governments grants versus what you're proposing. And then a follow-up would be, you know, if what you're proposing did go through, would it actually, you know, in some sense be a substitute for or reduce demand for government grants for these organisations?

**MR WALKER:** I think it's a great question, Alex. So my view is sport is already overly reliant on government. So community clubs are interesting because they're self-funded and they're funded out of membership fees and a little bit of local sponsorship and stuff, but at other levels, sport is overly reliant on government. If you look at the stats, 60-80 per cent of our national sporting organisations are mainly funded by government grants. So we are constantly encouraging those organisations to look at other sources.

I don't think that this additional philanthropic funding should be a substitute. I think there's always a role to – for governments to play in sport, but as one of your contributors mentioned earlier, you know, there will always be a gap between what governments can afford to fund and what the sector needs. And, you know, in this case, we're simply saying – and we have evidence – the sector wants to give to its cause. Australians want sport; they recognise the value of it to their societies, but they can't, or at least they can't through their ancillary funds, which are the vehicles set up for the very purpose of supporting causes they care about.

So, you know, there is a gap. I don't see it as a substitute; I see it as filling what will be an ever-increasing gap.

**DR ROBSON:** Thank you. Julie?

**MS ABRAMSON:** Yes. Thanks, Patrick. I wanted to ask you about volunteers. And one of the issues is how can we get some better statistics about volunteers. And we had some proposals about the Census, and we've had some of the volunteer groups ask for different types of measurements because the Census is only every so many years; there's a question about the question about volunteering.

So interested in your views about that, and particularly that a number of people who do volunteering in its space won't call it volunteering. So the fact that you're refereeing your kid's soccer match, parents may not see that as volunteering. So just interested, how can we capture it

better? Also any policies, leaving aside what we've talked about with tax, but any other policies that would support volunteering? Thanks.

**MR WALKER:** Okay. So you raise another – a great point. Unfortunately, I'm not equipped to answer that in many areas. There's a couple of things I'd like to come back on. Our colleagues at the Australian Sports Commission have a national volunteering strategy which they've just developed in sport. They would be the people to really provide any details on that.

But the things I'd like to pick up, volunteering is participation as well, right, so it's, you know, it's participating in the community activity. And we also believe – we have no evidence – but we also believe that, if this change we're proposing around charitable status for amateur sport is enacted, it will actually elevate the role of volunteering in sport in people's minds. They're not just putting the flags out at a football pitch; they're volunteering for their local charity.

And there is this challenge in getting volunteers, as we've said, in sport. It is under pressure. And we think it should be better reflected by – you know, viewed in the same way as volunteering at a soup kitchen or a, you know, or a food charity or Vinnies. It's a real community service.

So we have no evidence, but it's intuitive that it would elevate sport as a cause for volunteering purposes as well. But otherwise, I think you'd have to go to the Commission for real detail on those questions.

**MS ABRAMSON:** Thanks, Patrick.

**DR ROBSON:** Thank you. Any other questions, Krystian, Julie?

**MR SEIBERT:** Just a quick question from me, Patrick, about whether sort of making community amateur sport charitable in general, given that it already is eligible for not-for-profit status and the income tax exemption as a – as a community and amateur sports club, then to make it charitable in order to be able to receive grants from ancillary funds, it's quite a big change to make it all charitable, noting that it wouldn't necessarily be eligible for DGR each club, to sort of address this particular issue.

**MR WALKER:** Yes.

**MR SEIBERT:** Yes, in the club - - -

**MR WALKER:** Are you – yes.

**MR SEIBERT:** Sorry.

**MR WALKER:** Sorry, is what's behind your question the - - -

**MR SEIBERT:** Well, because the way that - - -

**MR WALKER:** - - - (indistinct) with the – with the ACNC and becoming a charity, in effect?

**DR ROBSON:** Well, I think that - - -

**MR SEIBERT:** Well, the way that the - - -

**DR ROBSON:** Sorry, Krystian, I was just going to jump in say – and maybe, Krystian, this is where you were going – but couldn't, instead of taking the route you're proposing, Patrick, couldn't – you know, isn't an alternative just for the government to change the rule you're talking about if it's specifically that?

**MR WALKER:** Yes, no, I wish it was, Alex. We've talked – because the reason that the – the reason that most ancillary funds can't give to this cause is because the model trust deed, which almost all use has this two-legged test. But we did – we did explore that, and unfortunately, charity – expert and eminent charity lawyer said it was not possible, and in engagement with the Government, there was no desire to open that particular can of worms again. I think it was looked at in detail within the last decade. So we think this is the only route.

We did propose to the Government that there was a route – and I'll come back to questions – question really around the regulatory, because both these are related – we did say – because when you become a charity and are doing a charitable thing, you have to register with the ACNC. That's the way the law is drafted.

And we did float with the government putting in a carveout in there in that, 'If you're doing a charitable thing, you have to register with the ACNC unless you're amateur sport,' to avoid adding that burden. That wasn't met with enthusiasm for fear of treating one's sector preferentially as compared with other sectors.

So a big concern and one of the reasons we're doing the extensive consultation we're doing over the coming months with thousands of community sports clubs is to check that they will be able to handle the regulation.

There is a gamechanger here, which is, as income tax exempt sports clubs, they've currently been in a sort of very low drag regime where they have to do nothing positive to retain that income tax exempt status. The ATO is introducing from this financial year an annual return for all income tax exempt not-for-profits, which will cover all sports clubs. So as of this year, they will have to file an annual return, you know, documenting why they are income tax exempt, how they still meet the various tests, et cetera, et cetera, et cetera.

Now the difference between what is proposed by the ATO and what small charities under \$500,000 revenues – which all of these would be – will have to file with the ACNC is minimal. It's a – it's a slight change in regime, but it's not an incremental burden. And this is what we're actually explaining to clubs. So the burden, I think, is almost neutral.

Secondly, there are governance requirements under the ACNC. Well, the sports sector wants to elevate governance. You know, all national, state sporting organisations have governance guidelines for clubs: run a committee; share your financial information; hold AGMs; all the stuff that is – that is normal in charity land, that are no different from charity land. The difference is it's not regulated. That's all. And, you know, we feel that moving it into a regulatory environment would actually help elevate governance in the sector, and that's a good thing. So we think there's a financial benefit here; there's neutral incremental admin, and there's improved governance in the sector.

**MR SEIBERT:** I suppose the challenge would be is that it is sort of – you're right – but you're right to point out that there is the – the ATO is introducing the sort of not-for-profit self-review reporting framework, but there still would be additional compliance costs with ACNC

registration in terms of the governance standards, all those things. Yes, you touched upon that, so there is that potential.

But I think that it would also have cost from the side of the ACNC in terms of having tens of thousands of new entities that would have to register as charities, because the way that – as you – I think you alluded to this – the way that it all works is you're either a not-for-profit but doesn't need to be a charity, or you're a charity. You can't sort of pick or choose.

And there's already many not-for-profits being identified through this ATO process that should be registered as charities and there's a burden on the ACNC to process that, but you potentially have tens of thousands of charities needing to – of sporting organisations needing to become charities. But I can see the benefit in terms of enhancing governance, et cetera, but if it's about allowing ancillary funds to make donations to the ASF – the ASF, it might be, yes, problematic in that sense.

I'd be interested to understand the reasons why you can't deal with this at the ancillary fund end, because there are provisions under ancillary fund guidelines, under various state and territory laws around – say, if you want to give to a government entity from an ancillary fund, you can do that in certain ways, and government entities aren't charitable either - - -

**MR WALKER:** Yes.

**MR SEIBERT:** - - - in the same way that sporting organisations aren't charitable. So when that issue arose a number of years ago, the Government didn't amend charity law and say, 'Okay. Government entities, they're kind of like charitable entities. They can be charities.' They dealt it with at the ancillary fund end. If it's possible, it would help us if you are able to share sort of the information and advice that you've been – you heard, because, yes, there's trade-offs and challenges on either side of this, and help us to understand - - -

**MR WALKER:** So what we'll do, Krystian, I'll have to take that on notice, but I'm happy to come back to you. We certainly looked at it. I mean, my (indistinct) was find the easiest way to overcome this barrier, and in a sense, I'm only reluctantly where I am because all of these hurdles were put in front of us. I do think there are – there are benefits in awarding charitable status to sport in terms of the way it's going to be elevated in the views of society given its rightful place in the – in the – in the eyes of society, perhaps attracting volunteers and so on, but if there was a very much easier way of achieving the same outcome, you know, I'm certainly open to it. So we will share that with you.

Just coming back to the regulatory thing, you know, we are going through this process between now and October. And we intend to report back to the Government after that process, having consulted with thousands of community sports clubs in every state and territory, having regard to the impact on an incorporated association in WA compared with an incorporated association in New South Wales, et cetera. And we will report back on the feedback from the sector of, 'okay, can I handle this change? Do I support this change, or don't I?'

So the change will not go ahead unless the sector wants it, and unless the sector considers that the, you know, the extra regulation if you want to put it that way, is going to be justified by the additional funding. What we would prefer to avoid is the Commission coming out against the idea in concept. It will not progress unless the sector wants it and the issues can be managed. And you know, those discussions we've had with Andrew Leigh and he is very clear about that. And we're very clear.

**MR SEIBERT:** That advice, that additional information about how, like I would like someone that, you know, grapples with the technicalities of ancillary funded charity or understand that, because I'm not – yes, I'm not quite sure about that. But we can (indistinct).

**MR WALKER:** We've been working with eminent legal advisors, Prolegis, who I know you know, and we did run into blockers on that. But I will dig out the advice and engage with Prolegis, and we will respond to you offline.

**MR SEIBERT:** Thank you, Patrick.

**MR WALKER:** Thank you very much.

**MS ABRAMSON:** Thanks Patrick.

**DR ROBSON:** Okay. So now I think we have the Stronger Charities Alliance, Hassan. Hi Hassan, how are you?

**MR H. MIRBAHAR:** I'm good. Hi Alex. Hi Krystian. Hi Julie.

**DR ROBSON:** Thank you for joining us. So if you could just state your name and the organisation that you're from. Then if you'd like to make an opening statement, and then we can get to questions.

**MR MIRBAHAR:** Yes. Thank you very much. My name is Hassan Mirbahar. I am from the Stronger Charities Alliance. And I would like to start by acknowledging the (audio malfunction).

**DR ROBSON:** We are – sorry Hassan, we are having a bit of audio problem. I don't know if others are having that as well. But yes.

**MR SEIBERT:** It should be the headset. Sometimes (indistinct).

**DR ROBSON:** Within the headset.

**MR MIRBAHAR:** Yes. (Indistinct words.)

**DR ROBSON:** We can hear you. But it's not the volume. It's the quality.

**MR MIRBAHAR:** Is it better now?

**DR ROBSON:** Yes.

**MR MIRBAHAR:** Okay. I think I'll just switch to the other microphone. So thank you very much for the opportunity. And I would like to start by acknowledging the country. I'm joining from the Gadigal lands of the Eora nation. And I pay my respects to the elders past, present, and emerging, and recognise that the sovereignty was never ceded. And I would also like to congratulate you all on behalf of the Alliance, on releasing the draft report and holding these consultations and hearings. And thank you very much for the opportunity today.

A word about the Stronger Charities Alliance. It comprises, as of today, of around 140 Australian charities which were brought together with the shared desire and vision of a thriving not-for-profit sector, where charities are empowered to advocate for lasting change in pursuit of their charitable purposes.

The Alliance was formed in 2017 in response to a number of Government Bills that could have silenced the charities on issues of national importance. We were formerly called the Hands Off Our Charities Alliance, but has changed, we have changed our name to reflect the renewed focus on bringing (indistinct) society obligations back into the heart of Australian policy making.

We submitted our initial response and have also sent some reflections on the draft report. And I'll share a couple of key messages from those. First and foremost, we welcome the Commission's recommendation 6.1 to the extent that it suggests making DGR simpler, fairer, and more consistent. As we have highlighted in our initial submission and the Commission has also expressed and emphasised that DGR is a complex system and unfit for the current realities of the charity sector.

Many charitable purposes, including advocacy are not captured by it, hence we welcome and support your recommendation to make it simpler, fairer, more consistent, and expanding the charitable purposes for DGR to (indistinct) advocacy (indistinct) among other things.

We also make two additional recommendations building on our initial submission for Commission's consideration for inclusion in its final report. First, we propose that Commission considers recommending a manifest and transparent appointment process for the Commissioner of the Australian Charities and Not-For-Profit Commission, the ACNC.

And broadly speaking, reading from the report, we appreciate the Commission's view on further strengthening the ACNC and imbuing it with additional powers to increase transparency and trust in the sector. We also welcome particular recommendation to give ACNC test case funding which could, as the draft report also suggests, help further develop the charity sector legal framework.

Generally, the Alliance is open and values any discussions and recommendations that will contribute to further increasing trust and transparency in the sector. However, we also note that the trust and transparency in the sector are intertwined with trust and transparency within the operations of the regulator and the government.

The current government and the ACNC leadership supports the charity sector's advocacy role. However, some previous regulatory approaches have been unfavourable to the sector, particularly with regards to the charity sector's advocacy role. Such (indistinct) still carries a lingering fear within the charity sector. And this was reflected in the Alliance's Voices for Change survey which we released in March 2023, whereby only 19 per cent of the respondents thought that the ACNC understood and appreciated the advocacy role.

In the same survey, 86 per cent of the respondents considered ACNC important and the sector regulation important. But 47 per cent disagreed that ACNC had free, up-front Government influence. This is partly a result of a past appointment of an ACNC Commissioner who did not support the charity sector advocacy role and rather had a strong-armed approach to towards it.

The problem, however, lies in the ACNC legislation which does not require a merit-based, transparent appointment procedure for the ACNC Commissioner, as he leaves it to ministerial

discretion, which could be used for partisan reasons as was mentioned just now. The current Government has followed a merit-based process for the appointment of the ACNC Commissioner, and the sector has warmly welcomed the process as well as the current Commissioner.

However, it is vital to prescribe a legally binding merit-based and transparent process in the law. In another instance, the Government had recently amended the Australian Human Rights Commission legislation to require a merit-based and transparent process for finding its Commissioners, and the Attorney-General's office also published some guidelines for appointments following the amendment.

The process sets a good precedent which could be emulated for the ACNC Commissioner's appointment in consultation with the sector. So based on these, we request the Commission to consider recommending in its final report, an amendment to the ACNC Act to include the transparent, manifest process for the appointment of the ACNC Commissioner.

Secondly, we request the Commission to also consider the impacts of uncertainty around the charitable advocacy on philanthropy and recommend giving more certainty about advocacy to the donors and sector.

In the draft report, the Commission has rightly pointed out, and I quote here, 'the rationale of pro-government regulation is to overcome the important principle-agent problem to protect donors, beneficiaries and taxpayers. An outcome of this is increased donor and public confidence in the charitable sector which can influence giving.

Again, the Alliance supports regulations of the sector to build such transparency and agrees that it will increase the giving. In this regard, we also wish to point out that the past regulatory approach and some gaps in the charity legislation have created uncertainty around charity advocacy role, impacting the philanthropic sector's confidence to fund charitable advocacy. Again, this was reflected in the Voices for Change survey where 66 per cent of the respondents reported that the philanthropic sector was reluctant to fund advocacy.

But compared to this, 77 per cent of the respondents had considered advocacy important for creating a lasting change, especially on complex societal problems. We have plenty of examples, some of which were mentioned by the previous speakers. However, a lack of funding means that a lot of important advocacy often remains challenging with limited resources.

While the past advocacy – anti-advocacy – regulatory approach partly created this uncertainty, it also (indistinct) from the legal ambiguities or shortcomings within the charity legislation, a vital issue in this regard is the intention of whether or not advocacy is of public benefit. Some policymakers have argued in the past that it is not, and that charities should only focus on purposes like eradicating poverty or advancing health and education, et cetera.

The Charities Act 2013 presumes public benefit in case of such charitable purposes. But it does not recognise the same for charitable advocacy, despite plenty of evidence that advocacy is indeed of public benefit.

So we think addressing the legal ambiguities will create more certainty around charitable advocacy and will likely boost philanthropic sector support of advocacy organisations. It will also assure charity sector leaders and philanthropists that legitimate advocacy is not a

compliance risk, and ensuring that charities make full use of the current tools for positive change rather than engaging in self-silencing.

So with that, I would like to repeat that we are seeking an amendment to the Charities Act to reflect that charitable advocacy is presumed to be of public benefit. And just to close out, both of these suggestions, in our assessment, do not carry any budget implications, but remain budget neutral and easy to do as well.

So thank you very much for this opportunity once again. And I'll be here for any – to answer any questions and provide clarifications.

**DR ROBSON:** Thank you, Hassan. Julie?

**MS ABRAMSON:** Look, thanks very much Hassan. Without dealing with the appointment process, and you know, there are various rules around that. I do want to explore a bit more about your views about trust and transparency with the ACNC and if there are any other types of issues like coverage, they don't have full coverage of all parts of the sector. So any other views that you wanted to express around that, and particularly also how you see their test case funding might operate – so test case funding, sorry.

**MR MIRBAHAR:** Yes. I think test case funding, like I said, it's a welcome addition. Currently there are so many areas where there are ambiguities and there is need for, you know, test case funding which could be used to develop the charity legislation further. However, on these questions we don't have a collective position as an Alliance. So our current focus right now, based on the experiences of our members from the past has been on these two specific areas.

**MS ABRAMSON:** Thank you very much.

**DR ROBSON:** Krystian?

**MR SEIBERT:** Thank you, Hassan. And thanks to Stronger Charities Alliance for your submissions and engagement with the inquiry. I just wanted to step back a bit and ask a broader question around the Alliance's view on advocacy and why you think it has a public benefit, and more broadly, why it should be eligible for DGR status.

**MR MIRBAHAR:** Yes, thank you, Krystian. And I think as previously ACOSS was speaking about the importance of advocacy it does have a critical role in Australian society and democracy for creating lasting change. A lot of our members, and charities more broadly speaking, work on several complex societal problems which do not require a simple – which often do not – are not addressed by simple solutions. And they require policy changes, legislative changes. Hence, bringing charities into the policy advocacy spaces (indistinct words).

I would also quote from one of our members from Anglicare which is a quote listed on our website as well, where Casey Chambers has said that, 'Charity isn't about helping people in poverty. It's also about creating a country where poverty does not exist'. And to address that, or create a society where poverty doesn't exist, you have to engage in a series of, you know, policy consultations on a number of issues that contribute to creating or intending a society where poverty doesn't exist.



So I think charities have a far more better role to play, and not just servicing the issues and addressing immediate needs, but much more beyond that. And we have so many examples already present by several organisations that can be brought in here. A recent Robodebt inquiry is one such example where charities and not-for-profit sector in society was more largely speaking (indistinct) advocacy role.

The disability sector has contributed immensely towards the, you know, NDIS creation and so on and so forth. And there are other more recent examples as well from so many different places. So from that perspective, addressing the second part of your question, I think DGR, with regards to the advocacy, I think it's, like I said, there has been challenges to fund advocacy in the sector. Often it is easier to go to (indistinct) and speak about services. But in advocacy it seems a lot of things may not be tangible because, you know, policy often takes a long period in terms of actually bringing the results into fruition. So it might be difficult for the philanthropic sector to see those things as well.

And when there are, you know, legal barriers where advocacy is not recognised within the DGR space, then accessing that funding becomes even more difficult. Because there is legal support for such activities in DGR, so it would become easier for the advocacy related organisations to access that funding.

**MR SEIBERT:** Okay. And I suppose we're taking sort of the – you know, we've looked at the definition of charity and, well haven't recommended any changes to the definition of charity, but then we're obviously looking at the DGR system in which charitable subtypes and purposes should be eligible. And would I be able just to get your views about there are obviously limitations around the kind of advocacy that charities can undertake in terms of they can't have a disqualifying purpose of supporting or promoting a party or a candidate. And they also can't have the disqualifying purpose of acting against public policy defined broadly around our constitutional system of Government, the rule of law, that sort of thing. It doesn't mean they can't – they can obviously disagree with Government about public policy. But they have to operate within sort of the bounds of our democratic system of government. Does the alliance have any particular views about the appropriateness of those disqualifying purposes?

**MR MIRBAHAR:** I think largely the alliance follows those disqualifying purposes as well as limits which are set into the law, and everybody in the alliance is very well aware of those, and operate within that defined legal space that is created. But like you said, there is obviously space for the charity sector to also bring disagreements or alternative views on the (indistinct) or like, ACOSS were saying earlier, to bring communities directly into the policymaking process as well.

So I think that the alliance is largely favourable of those disqualifying, or the limitations which are set by the law, and most of our members operate within those prescribed legal framework.

**MR SEIBERT:** Thank you.

**DR ROBSON:** Thank you. Julie, did you have any other questions?

**MS ABRAMSON:** No, thank you.

**DR ROBSON:** Krystian, are you done?

**MR SEIBERT:** All good, thank you very much. Very helpful.

**DR ROBSON:** Thank you very much, Hassan. That was very good.

**MR MIRBAHAR:** Well, thank you very much for the opportunity and all the best with the very long hearings.

**MS ABRAMSON:** Thank you.

**MR MIRBAHAR:** They are ongoing and then compiling the final report.

**MR SEIBERT:** Thanks so much.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Thank you for your contribution.

**MR MIRBAHAR:** Thank you.

**DR ROBSON:** Okay. So I think we'll take a break now until 12.30. And we've got a bit of a gap in the program. And we'll hear from Evan from Primary Ethics and come back at 12.30.

SHORT ADJOURNMENT [11.48 AM]

RESUMED [12.29 PM]

**DR ROBSON:** All right. So we'll get underway. So have we got Evan from Primary Ethics? Here he is. You may want to mute yourself, Krystian, it's very – it's extremely loud.

**MR SEIBERT:** Sorry.

**DR ROBSON:** The words in bold type or something, they're very - - -

**MR SEIBERT:** I'm writing a letter to the editor. I'm not. I'm not.

**DR ROBSON:** Evan, if you could turn on your mic and your camera. He may not be there – here he is. Okay. Great.

**MR E. HANNAH:** That's a very strange representation of me, I hope it's not that bad to you.

**DR ROBSON:** It does seem a bit purple. But anyway, we're - - -

**MR HANNAH:** All right.

**MS ABRAMSON:** Yes.

**MR HANNAH:** Please forgive me, I'm not trying to anonymise myself.

**DR ROBSON:** All right. Yes. We'll get underway.

**MS ABRAMSON:** It's very cyborg, Evan.

**MR HANNAH:** (Indistinct.)

**DR ROBSON:** So if you could just state your name and the organisation that you're from for the record. And then if you'd like to provide an opening statement, we're happy to hear that and then we'll get into questions.

**MR HANNAH:** My name is Evan Hannah and I am the chief executive officer of Primary Ethics, a New South Wales based not-for-profit. My opening statement is quite short. So thank you Commissioners for scheduling me today (indistinct).

**DR ROBSON:** Sorry, Evan, we're just having trouble hearing you. I think it might be the headphones.

**MR HANNAH:** Right.

**DR ROBSON:** It's not the volume again, it's the quality it's patchy.

**MR HANNAH:** Bear with me one second. (Indistinct).

**DR ROBSON:** Yes. Sure.

**MR HANNAH:** I hope this is better.

**DR ROBSON:** Very good. Crystal clear.

**MR HANNAH:** Okay. Great.

**DR ROBSON:** Thank you.

**MR HANNAH:** Right. We believe the report's recommendations are sound and will support the aims of achieving fairer and more consistent outcomes. However, I'm here today to talk about the potential negative effect of the recommendations on not-for-profits such as ourselves. And the need to ensure an accurate and current review of a charity's work before removing its DGR status.

The main purpose of Primary Ethics when were established was to provide ethics education specifically as an alternative to the delivery of special religious education – also known as scripture – in New South Wales primary schools. In this sense, we were erroneously linked by association to SRE providers who the Commission has recommended be expressly excluded from future DGR processing.

I am aware from an observer at your Sydney public hearing, that when Commissioners were asked specifically about whether Primary Ethics would lose DGR status – lose DGR status, the answer was probably, yes. I intend to make a case that will change that position.

While the opportunity for our work arose out of the need to provide a meaningful alternative to students not attending scripture, Primary Ethics should not in any way be viewed in the same construct as faith-based providers. None of our lesson materials refer in any way to the issues of

faith. What we do is important for all children, and no aspect of their identity, heritage, culture or faith is relevant to how our classes are run, or to the lessons we deliver. Our tie to scripture is a historical artifact that remains relevant to the actual time we deliver classes, but that tie can actually – overshadow what we do. And what we do is important for all children, not only students who do not do scripture.

So does Primary Ethics actually do? Students in our classes learn to use critical thinking, ethical reasoning, respectful discussion in age-appropriate scenarios approved by the Department of Education. Students will have confidence in thinking and talking about ideas, expressing their views, resisting peer pressure, and learning that it's okay to change your mind. In doing so, they acquire skills especially identified by ACARA, the Australian Curriculum and Reporting Authority and as essential for children to achieve in 21st-century learning. Unquestionably, our program aids in promoting equity, all children of all backgrounds develop their capacity to be better decision-makers and have the empathy to listen to the views of others, and confidence to put their case and to disagree respectfully. The process improves self-esteem and inevitably minimises harm suffered.

And statistics are important, in an average week our volunteer-led lessons in our classes supports teaching these valuable skills to 45,000 students, in 2500 classes, in almost 500 schools. It's vitally important to recognise how we all (indistinct words) when we recognise our organisation comprises 2200 volunteers with just 16 FTE staff that support these people as they undergo training and then facilitate classes. We make a huge contribution of social capital to society, estimated in our financial – FY23 financial report. The benefit of more than 13.1 million. And explicitly nothing we do converts taxpayer money to private benefit.

We believe it's entirely consistent with the reports written in principles to allow Primary Ethics to continue to benefit from its DGR status, independent of whatever consideration they bring to the DGR status of religious activity in schools. Everything we do complements the aims of the curriculum body ACARA, and by extension, it furthers government policies.

We receive no funding from parents, from schools, from government, we receive funding solely from donors ranging from smaller but welcome donations from community-based individuals and much larger commitments from established philanthropic groups, who after all will not donate to organisations that do not have DGR status. We never receive enough funding, but we achieve a great deal with what we do receive. But removing our DGR status would, simply, bring our work to a halt.

We align with the priorities of the broader community, as well by building volunteering (indistinct), building an ethics infrastructure and then providing the support to those schools where it is likely to have greater net benefits. I hope that some of that helps makes the case for the retention of DGR status for Primary, should it be reviewed. We are, of course, unaware of any planned processes that might be put in place about removing DGR status from some not-for-profits. And I hope our case highlights the potential poor outcomes if groups identified for review do not have the opportunity to put their case for it.

My thanks again to the Commission for the opportunity to highlight the work of primary ethics. And that's the end of my opening statement, I hope I can help you with anything that needs help.

**DR ROBSON:** Well, thanks, Evan. I'll just point the response first to the first part of your statement. Our position is, we didn't say any specific entity should be excluded, but whatever treatment of, you know, your category, it would be treated the same, in a similar way to special

religious education. And I think that was the point that (indistinct) there were some participants in last week's hearing, that, you know, raised the question, 'Well, why are categories of activities treated differently?' And we made the point, well it would be – whatever the treatment would be, would be consistent to those, just to make that - - -

**MR HANNAH:** Okay.

**DR ROBSON:** But I guess – yes, you know, as you were talking, you know, a question in my mind came up is, you know, if there's the – you know, you, obviously, do what sounds like very valuable and great work, and so, I guess, you know, the initial question, and in the spirit of our report, you know, we do identify, you know, the fact that, you know, philanthropy does fill gaps in what government does.

And so, the initial question is, well, why is there this gap, you know, this teaching that you're doing, you're teaching tolerance and all of those things that you listed? Why isn't that in the curriculum? Why doesn't the government just do it?

**MR HANNAH:** Well, it's a good question. The ACARA recommendations put these as general capabilities that should be built, and that should be done by a range of methods including encapsulating little pieces of subject areas such as, let us talk about English, and we're doing a text on English, by the way, let's have little chat about that ethical question that comes up there. The problem with that is that teachers are increasingly busy, and while it's clearly, and quite respectfully, not an obvious and valued part of their professional work to develop their own lesson plans. They're often finding themselves under pressure to do that, while they're completing a lot of other now regular administrative work. Frankly, we believe that the role of teachers, and the respect for teachers has been diluted significantly, it should be not so.

However, even then, the efficacy of teaching these skills in a concentrated manner, rather than piecemeal across a subject, allows you to determine – make sure every student gets it, every student gets it consistently. If you leave it to teachers to do in their own lesson plans, so can have an ad hoc basis, and you would find certain cohorts of students not keeping up with others.

I think overall, educators would say that this is the best way for you, and we certainly have people saying (audio malfunction). But there's been no ability to pitch to a curriculum body to say, this is obviously the best way to do it. The outcomes are clear, we have high school teachers who identify kids who did ethics classes because of the way they think and their ability to stay calm during contested ideas and discussions. And university lecturers who see this also from their new students who they believe must have done ethics classes at some point. And both groups say this should be done earlier and more consistently to widen the scope of kids' ability to learn.

But also, there's the social – broader social implications, this kids are able to have heated playground discussions without needing to resort to violence, they're capable of changing their mind, so there is benefit in many different places and schools and educators recognise this. There is, however, no scope from curriculum bodies to actually say, 'Well, that's so good, we need to make it a standalone subject.' Yet we can see the benefits of that.

And in the absence of that, and with this current remit that there's a hole in schools for SRE, we are making some good ground. And we're also now attracting quite a lot of interest from people saying, can we have this anyway, even if we're not doing SRE? So we're trying to work out a way to discuss that with them and figure out whether we need to seek some sort of variation on

(indistinct) in what we may need to do. But the demand is very high now and growing. So schools have identified this as a very, very important thing for them to do.

**DR ROBSON:** Yes. So I guess that's our – part of our question is, you know, and in the principles we developed around DGR (audio malfunction) it's the three of them, and I think this is, yes, gets into principle 2 if you like, and it is that given the, you know, given that you say that there is a gap and we accept that. Is, you know, tax-deductible – tax-deductibility for donations the best way to achieve it, or do you think, you know, a more comprehensive way of doing it would be to have it as a standalone subject funded properly by government, eventually at some point?

**MR HANNAH:** I understand the question, Alex. I think it's close to impossible to answer because of the diversity of education qualities. There are faith-based organisations that are interested in our product, that don't have to follow the NSWESA. which is the New South Wales curriculum, people who must adopt the ACARA curriculum principles. So I think that there will be consistently a gap between education systems and what is required and what is delivered and who drives that.

Our view would be that the DGR status allows us to continue to develop and modify curriculum and the pedagogy training for people who deliver this, no matter who consumes it, where. And so that would be an overarching need for some time.

**DR ROBSON:** Okay. Thanks. Krystian or Julie, do you have a question?

**MS ABRAMSON:** Krystian, after you.

**MR SEIBERT:** Thanks, Evan, for joining us. And for - - -

**MR HANNAH:** Thank you.

**MR SEIBERT:** - - - (indistinct). I just wanted to understand because – I understand that this sort of emerged when New South Wales changed the rules of allowing, sort of, ethics education to be provided in schools as an alternative to SRE - - -

**MR HANNAH:** Yes.

**MR SEIBERT:** - - - I think in back in 2010 or 11 or something like that.

**MR HANNAH:** That's correct, yes.

**MR SEIBERT:** So what is the – we're very aware now of the situation in New South Wales following our engagement with SRE providers last week, and by extension now as well, with an ethics education provider. What's the situation in other jurisdictions around Australia?

**MR HANNAH:** Okay. The historical factor of enshrining in legislation the right of religious educators to seek time in school and to be granted time in schools, that which was embedded, I think, in 1880, which is when churches gave up the right to – when they said the government can build schools as well and run them. That's been a key factor in New South Wales and the significant difference between New South Wales and other, you know, states.

Queensland has scripture in a similar manner to New South Wales, but it's not quite as prevalent. And while there's been demand for ethics there, finally the current policies of the education department are that ethics cannot be provided as an alternative. Now we're working on that because it's just illogical, and there's a lot of demand for that in Queensland. So I would say, I think it's 82 per cent of schools run SRE in Queensland, and I can provide those details on backchannels if you require.

Victoria used to have scripture in class time, and it was changed about three or four years ago to scripture can be delivered in schools, but only in non-curriculum hours, so before school, after school, lunchtime. And there's still demand though, for our program down there, and we've had initial discussions with different people – different schools where it might be done, and we are planning an approach to the department there.

The – South Australia, I think, I've heard the other day, has 20 per cent penetration of scripture, and it's normally delivered in a seminar-style maybe two or three hours once a term. So there's no issue there – there's no similar issue there.

WA, same thing, it's up to individual schools to decide whether they will allow scripture to occur or not. They have a different school counsel model which has much more authority over – and rights to decide what curriculum was taught.

The NT is a very changeable beast as is the ACT. The ACT is probably the next likely area for us because they do have scripture, but it's not completely focused and they're trying to work out a different model there.

So New South Wales provides that historical gap that we can step into, but that doesn't quite – I hope that's answered the first part of your question. I think that the piece I was trying to make in my opening statement is that the other schools we deliver – the schools and the effect we had, it's broader than the time constraint of being with SRE, and that's a case we would be making.

**MR SEIBERT:** Because I understand the DGR category though, is that – isn't it that it has to be as an alternative to special - - -

**MR HANNAH:** Yes.

**MR SEIBERT:** - - - religious education?

**MR HANNAH:** That's right. Yes. And that's one of the problems with the special listing, you know, we weren't able, at the time, to espouse all the other things we did and see we have a societal good, and advances, clearly, I think, government policy, all governments would have policies (indistinct words) a better society. So yes, it is that historical hook that we are on, but we were quite official with it the most.

**MR SEIBERT:** Yes. I suppose one challenge for us is that we're looking at the DGR system holistically, one problem with the way it has evolved over time is that it's kind of just had various categories of DGR bolted on.

**MR HANNAH:** Yes.

**MR SEIBERT:** And, you know, they can individually have a rationale. But overall, it lacks as a system, kind of coherence in terms of what's in, what's out - - -

**MR HANNAH:** Yes.

**MR SEIBERT:** - - - and it's evolved in that ad hoc manner. And we aren't the first to sort of find that, and I suppose the challenge in the education space is that, like, I can think of say, other organisations that might want to teach about human rights in schools or about other topics that are certainly, you know, worthy and worthwhile. But how do we develop a principled manner looking at what's in and what's out there and is – like, to go to Alex's point, is it better – and I'm not sure of commenting on any specific organisation or your organisation, but just looking at his from a holistic principles-based perspective to, sort of, go well, education is provided through, sort of, you know, the schools and there are organisations that might come in and give, you know, talks and everything like that. And there is that kind of interaction that, you know, say - - -

**MR HANNAH:** Yes. Yes.

**MR SEIBERT:** charity comes in and talks to – in school about different human rights or things like that - - -

**MR HANNAH:** (Indistinct.)

**MR SEIBERT:** But that overall, it's about, sort of, ensuring that education is provided, sort of, you know, with government, appropriate government support, more in the independent sector with fees and government support.

**MR HANNAH:** Understood. I think the difference would be, specifically, well we're aware of different groups that go into schools for all sorts of reasons. Talking about refugees and the need for empathy, talking about your human rights, talking about different aspects of other things.

**MR SEIBERT:** Yes.

**MR HANNAH:** But we would argue, well hopefully it's not an argument. We'd put the case that we provide the underlying tools and skillsets that allow you to discuss those things better. So to use a tired analogy that we use often, learning to drive a manual car is quite complex, you have to move the clutch, the gearshift, everything about the (indistinct words) where people are coming from? But in a short time, you're using a lot of skills unconsciously in driving a car and you're having a good time doing that.

We provide (indistinct) and support the ability to learn critical thinking, ethical reasoning and respectful discussion in a way that this becomes automatic for kids. And they can then have through – if someone does come in and talk about human rights, they're much more able to engage and develop and discuss ideas that come out of that. And they do that through their traditional subjects as well. These are, quite simply, essential skills for 21st-century learning, that are also quite strong in harm minimisation, making better choices, resisting peer pressure.

And we would say that until and unless departments and education institutes actually make this a bedrock of their education – sorry – respectfully, it is stated in almost every school and department's approach and then non-government organisation education – sorry – non-government education organisation approach that these are desirable things, but none of them actually deliver them in a targeted package.



This is what we're going to do once a week with all these year 2 kids because they need to learn how to do this stuff. And our curriculum is eight years – sorry – six, eight, nine years long. You can start ethics on the first day of kindy once a week and never have the same lesson right all the way through to the end of year 8. Because we constantly bring in these new ideas and scenarios, which are not discussed for their own sake, we're not telling you anything about human rights, although, we may discuss human rights issues and those things, what we're getting you to do is practice the skills underneath to make your better listeners, better decision-makers, better thinkers.

**MR SEIBERT:** Thank you. And I suppose we're also looking at, sort of, you know, the interaction of government and philanthropy, like, as in that sometimes you might provide something through philanthropy, so government then thinks it doesn't need to provide it, or vice versa.

**MR HANNAH:** Right.

**MR SEIBERT:** And this is just a hypothetical, I'm not saying that is necessarily happening, I'm interested in getting your thoughts.

**MR HANNAH:** Yes.

**MR SEIBERT:** Could it be possible, say that in New South Wales, because organisations can come in and teach about ethics and those sorts of things you talked about, the curriculum authorities might think, 'Well, we don't need to do that in the curriculum because they're going to learn that there.' Like, (indistinct) - - -

**MR HANNAH:** Yes. Yes.

**MR SEIBERT:** - - - is that a possibility?

**MR HANNAH:** That is a possibility. And what we would say to you is that, we would prefer, in some cases I think – we have 2200 committed volunteers, you know, they're doing a wonderful job and they're driven by this. But they're driven by this because the opportunity is there as a result of scripture being there. And you're helping kids not do nothing. The current description of 'Meaningful activities' which is the alternative to doing scripture or ethics fits in a lot of things, but you can do no curriculum learning at all in that time while your peers are doing scripture. So that's why we (indistinct) put it up it's a useful alternative.

I think that we would welcome, for instance, say discussion with the Department of Education in New South Wales to say – if they said, 'Look, we think that's brilliant, we want all our teachers trained in that and we want all your lesson materials.' And we work out some sort of model to support that where the funding goes back to support the original program as long as we need to, or the continual work on the development of the curriculum and the expansion of the curriculum to different markets. We would far prefer to see this used as the tool it is than to be jammed into the bucket that we are now.

But we are there, and we don't see that bucket going away for some time. I don't think the current New South Wales government has an appetite for removal of scripture, I think the education minister said so at the end of last year.

So the opportunity to – well, the forced opportunity to remain in schools is going to be there for a consistent time. In the meantime, we are working on how do we carefully develop and build our curriculum to make it more current – currency is important. It’s a bit like the harbour bridge, we have to review it over and over again. And now that we have 320 topics – sorry – 80-something topics or 320 lessons which take half an hour, but it’s a lot of work.

So we would see that our role as, you know, continuing to be a provider and thought leader with philosophers and curriculum experts in working with and training to train teachers and work with the departments elsewhere to deliver this. I think there could be a transition, but it would still need some sort of support.

**MR SEIBERT:** Thanks.

**DR ROBSON:** Julie has been waiting patiently. Julie.

**MS ABRAMSON:** Thank you. Evan, I wanted to ask you about the support that you provide for volunteers. And the context for this is that when we spoke to the religious groups, they said that they provide a great deal of support in terms of curriculum, making sure that people have the right checks to go into schools. So I’m just interested what you provide - - -

**MR HANNAH:** Sure. Sure.

**MS ABRAMSON:** - - - for your volunteers.

**MR HANNAH:** Okay. We have a very structured and deliberately so, rigid induction program, application and induction program. As part of that, all our volunteers must obtain a police clearance, which other providers do not require. But we want to see on there whether there’s anything that relates to honesty, obviously, the more serious issues such as, you know, violence or abuse. We then also require a working with children check and we interview all our applicants against a quite strong set of set of criteria, and this is done by people who have been trained in how to do this - - -

**MS ABRAMSON:** Yes.

**MR HANNAH:** - - - who are our coordinators at school level and our area managers. Some years ago, what we did – sorry – I’ll go back.

Our volunteers undergo two days of training or they can do it online and it’s a combination – it comes to ten hours of online training. It’s mostly demonstrating and participating because we are teaching people how to deliver our classes in a non-engaged way, in terms of they go on the journey which the children. There’s no didactic teaching here, you are going with them, you are not a power. So we teach them how to engage, how to continue conversations, how to expand an idea, and there are no answers, no correct answers. The scripts are very tightly scripted, we have scenarios – long lessons and the scenarios are quite tightly scripted for kids to read, teachers to read, because we don’t want them to stray off the original idea and progression of these thinkings and these learnings into other classes.

We have a very specific spiral and scaled curriculum, which allows a handoff to the next lesson, and a handoff to the next lesson, et cetera, within the topic. And sometimes the subject encourages no topics, and the themes will recur in the next year in a different way. So the

support for teachers initially is quite deep and training and a very strong assessment of them. It's very positive heavy, it's not thou shalt not pass, it's - - -

**MS ABRAMSON:** Evan, could I just interrupt you for a moment?

**MR HANNAH:** Yes. Sure.

**MS ABRAMSON:** So it's the teachers delivering the training, I thought it was the volunteers delivering the training, or (indistinct) - - -

**MR HANNAH:** Beg your pardon, so we call out facilitators in schools – the volunteers – we call them ethics teachers.

**MS ABRAMSON:** Cool. Thank you.

**MR HANNAH:** Sorry. Yes. They are volunteers. They are trained by trained trainers and in a specific situation. Once they progress, and about to hit the classroom, we send them a whole of reminders and tips about what they need to do to engage classes and to not worry about things, things may go slightly wrong the first two lessons. We have an established classroom support team with some paid and volunteer staff who contact every teacher within a few months of them starting. And are a resource for them to call or email at any time for things that may have gone wrong, can you help me here? Can I understand this? We do that with them.

We have coordinators at every school, or an area manager, a paid area manager who supports that school in the absence of a coordinator, the coordinators are volunteers, and help everybody every week to get into the classroom. If they're away, what do we do?

**MS ABRAMSON:** Yes.

**MR HANNAH:** (Indistinct.) And we have constant, the equivalent of PD training, small bits about – don't forget about this, or re-enrol at the (indistinct) to learn a bit more about that. Now that you've been teaching for six months, you may have found this challenging, have a look at this. We have a post-lesson report system, Julie, which all teachers who have taught a lesson, or was scheduled to teach a lesson, get a little alert, 'Tell us how your lesson went today.'

**MS ABRAMSON:** Yes.

**MR HANNAH:** 'How many kids were there? What else can we do? Is there something wrong with the lesson? Can we assess?' And we get close to 80 per cent, at the end of last year, of all teachers responding to that, and of those, 95 per cent saying the lesson went really well. So if we don't get responses from teachers in three weeks, or if we get three slightly negative responses from them in three weeks, they get a call from us, and we help – help them through that.

**MS ABRAMSON:** And, Evan, how many ethics – you might have said at the beginning, so I'm sorry - - -

**MR HANNAH:** Yes.

**MS ABRAMSON:** - - - if I missed it. How many ethics teachers do you support in this way?

**MR HANNAH:** 2200. 2200.

**MS ABRAMSON:** Great. Thank you.

**MR HANNAH:** So it's a pretty busy task.

**MS ABRAMSON:** That's quite a big, yes, undertaking.

**MR HANNAH:** Yes. And the risk, as you can probably understand, is that the 1500 who'd never say anything other than send in their report, they could easily drift off and actually be unhappy. We make sure we contact them anyway over time and see how they're going, and that's a really important, in not only for their satisfaction and equality of teaching, after all the outcome is what the kids get, but also a retention tool. We understand that we can't – we can't bear too high a grade of churn for us because a lot of people are parents, 70 per cent of our teachers are parents – 75 per cent, and they tend to leave the school and leave teaching ethics when their child leaves school. So - - -

**MS ABRAMSON:** That's – Evan, thank you so much. I think that's given us much more information about the ethics – because we – to be honest, I think you're probably the only one that's spoken to us directly about the ethics training.

**MR HANNAH:** Okay.

**MS ABRAMSON:** We've had submissions, I think, but not that – but that's been incredibly helpful, so thank you.

**MR HANNAH:** You're very welcome. Thanks for the opportunity, appreciate it.

Thank you very much.

**MR HANNAH:** Okay. Thanks, Alex. Thanks, Krystian. Okay. Bye bye Julie.

**DR ROBSON:** All right. We will now take a quick break until 1.20 pm and then resume. Thank you.

**MS ABRAMSON:** Thank you.

SHORT ADJOURNMENT [1.00 PM]

RESUMED [1.20 PM]

**DR ROBSON:** We'll get underway. We've got Kate and Kellie, is it? Or at least Kellie.

**MS K. MACNAUGHTAN:** Yes. Hi, how are you going?

**DR ROBSON:** All right. Good, thank you. If you could just state your name and the organisation that you're from – here she is – and if you'd like to make an opening statement, we'd be happy to hear that, and then we'll get into some questions.

**MS MACNAUGHTAN:** Yes. We're just having some issues with the background. It's automatically filled in.

**DR ROBSON:** Yes (indistinct).

**MS MACNAUGHTAN:** And Kate. There we go. As I move out of frame, we're all good.

**DR ROBSON:** It's okay. Yes. I don't know if there's much we can - - -

**MS ABRAMSON:** I think we're turning people into cyborgs. I'm so sorry. It happened with our previous speaker.

**DR ROBSON:** Yes, it was issue with the previous one as well.

**MS WHELLER:** Okay. We can make a start?

**DR ROBSON:** Yes, please. Yes.

**MS WHELLER:** Thank you for the opportunity to respond – to allow us to respond to the Productivity Commission's Future Foundations for Giving draft report. We really appreciate it. My name is Kate Wheller, I'm the executive officer at Community Information and Support, Victoria, CISVic for short, and Kellie is our policy and advocacy consultant.

**DR ROBSON:** Thank you. Please make an opening statement.

**MS WHELLER:** Sure. Just to begin with, keeping in mind we're meeting from different locations in Victoria with the help of technology, I'd just like to acknowledge the traditional owners of the land. We're coming to you from the land of the Bunurong people and I'm paying my respects to Elders past, present and future, and any joining us today from different countries. We're from CISVic. We're a peak body representing local community information and support services, and our local services assist people who are experiencing personal and financial hardship by providing information, advocacy, referrals and support services including emergency relief, and emergency relief being the provision of food and material aid.

CISVic is registered charity with the ACNC and an endorsed DGR recipient, and we have 56 member agencies. Of those 56 member agencies, they are all registered as charities, and 75 per cent of them are endorsed with DGR. We represent a large number of charities, many of which are quite small in terms of resources and funding, and 30 per cent of them are entirely volunteer run. This brings a unique – range of unique challenges when it comes to philanthropy and volunteering which we hope will be helpful to the Commission. We won't speak to every single draft recommendation or information request.

We can't speak to the donor experience, but we can speak to a number of the proposed recommendations that would impact charities with a smaller footprint. In particular, we'd like to focus on how the Australian Government can best support and encourage volunteering, and how programs and policies can help smaller organisations like ours tap into opportunities for philanthropic entities. I do have some points regarding the different recommendations. Would you like me to go through those?

**DR ROBSON:** Yes, please.

**MS WHELLER:** Okay. We'd like to start by saying that we endorse the draft reports emphasis on enhancing philanthropy, making it easier and less complicated for donors. For example, draft recommendation 4.1 to remove the \$2 threshold for tax deductible donations, and draft recommendation 6.1 for a simpler refocused DGR system that creates a fairer and more consistent outcome for donors, charities and the community. However, while we support measures to incentivise philanthropy, it's crucial to acknowledge that smaller and volunteer run charities often experience significant limitations and expenses in accessing donations. It would cost a lot to chase a dollar.

This difficulty is compounded by a philanthropic market that tends to favour more visible charities as you've mentioned in the report, leaving smaller entities at a great disadvantage. With this in mind, we're recommending a balanced approach that not only aims to increase donations across the board, but also to include measures that increase diversity in the market's distribution of philanthropic funding, and promote programs encouraging philanthropists to give locally. Recommendation 10.1 looks at supporting charities to engage with different sources of philanthropy; however, tapping into philanthropic funding requires an immense amount of existing funds, time and expertise to be allocated to this work.

And when you think about 30 per cent of volunteer only member agencies who are delivering services in a period of peak demand, having the time and the resources to put into that can be really challenging. As an entity that's largely funded by government, we're limited in what our existing budget can be allocated to this kind of work. We recommend the Commission consider measures to level this playing field so smaller charities have an enhanced ability to fund raise and access philanthropic donations. For example, the Commission could consider recommending the Government allocate funding annually, to either facilitate training for smaller entities to upskill their marketing and fundraising, or to access this sort of training from third parties.

The Commission could facilitate or incentivise the philanthropic sector to engage with charities sector about where funding is needed, much like the Federal Government departments do in their development of the Federal budget. As well, the Commission could consider incentives for privately run grant programs with open tenders that could connect smaller charities to the wealthiest contributors that charities otherwise wouldn't have access to. On the issue of regulation, draft recommendation 7.2 calls for a suite of reforms to strengthen the ACNC which resonate with our view for transparency and consistency in the regulatory approach as being essential; however, we do encourage the Commission to give particular consideration to how these reforms would impact smaller, volunteer run organisations.

Many of our organisations have a range of reporting requirements associated with existing grant funding, including to the Department of Social Services, state and local government, and other ad hoc funding. Each grant does come with individual reporting requirements; however, there is often a substantial overlap in the information requested by these bodies, and not the mechanisms in place for us to streamline that. CISVic recommends the government consider opportunities to share information or streamline reporting across a wide range of agencies, where the same or similar information is required to reduce the burden of reporting and obligations, and in turn, maximise the impact of each dollar invested whether through private, philanthropy or public grants.

Finally, to the issue of volunteering which is integral to the operations of our member agencies, we believe this area requires more support and recognition, and that's what – that's – than what is proposed in the draft recommendations. Our experience consisting with draft finding 3.2, that

volunteering rates have declined significantly since 2020, this has had a huge impact on our services and the level of support we're able to provide to people doing it tough, with many of our centres having to limit hours of operations to accommodate the volunteers availability. CISVic believes that the Commission's report should recommend policies that reflect the value of the non-financial contributions of volunteering, and reflect the true cost of volunteering.

On recommendation 7.5, we're very supportive of any measures to consider the effects of volunteers when designing policies and programs, but this doesn't go far enough to incentivise volunteering and support the work – the volunteer workforce. The cost of volunteering in Australia should be as close to zero as possible to incentivise volunteering and make it accessible to all. In addition to providing their valuable time, volunteers often pay for working children checks, police checks, training, food, transportation and uniforms. We recommend the Commission consider measures to reduce these costs. For example, allowing volunteers to claim their volunteer expenses associated with DGR organisations on their tax return.

Just as the Commission has recommended measures to support charities to tap into philanthropic funding, they should also consider measures to support charities to access and support their volunteer workforce. For example, government funding to support the cost of volunteer management and training, and funding to support the health and wellbeing of volunteers in the form of mental health resources for those volunteers in sensitive industries such as ours, where we're delivering emergency relief to people in personal and financial hardship.

We saw similar measures implemented during the pandemic, where the Victorian government invested in range of services including weVolunteer, a platform to connect volunteers to community organisations, funding 12 charities to design volunteer roles and provide advice on induction, training and management, and finally funding for programs to help volunteers improve physical and mental health, especially in emergency services. Finally, we would like to remind the Commission, and by extension the Australian Government, that while philanthropic and non-financial giving like volunteering is so important to services in the community, this is not a substitute for adequate funding for charities.

Philanthropy asks the market to fill the gaps in government funding. With this in mind, CISVic recommends the government-funded programs such as the emergency relief program, which relies upon volunteer workforce, is adequately funded to meet the costs associated with recruiting, training, and supporting volunteers. In conclusion, CISVic is broadly supportive of the draft recommendations; however, reflecting on the experience of smaller and volunteer run organisations, a more comprehensive strategy is needed, not only to enhance the volume of philanthropic donations, but also facilitate some more equitable distribution of these funds across the charity sector, and reduces the cost of volunteering in Australia to zero.

We think this approach will help support the vital services that small charities provide in our local communities, particularly as place-based services, recognising their contribution to a cohesive and supportive environment. We thank you again for the opportunity to share this perspective of our member agencies and our volunteers, and for your work in this inquiry. And we welcome any questions and comments on our views and experiences.

**DR ROBSON:** Thanks very much, Kate. I might open with a couple and then we'll go to Julie and Krystian.

**MS MACNAUGHTAN:** Would you mind – just a moment. We're just having some technical difficulties with our tripod. I'm just going to move - - -

**DR ROBSON:** Okay - - -

**MS MACNAUGHTAN:** Move just to prop you up on the back of a - - -

**MS ABRAMSON:** We're getting motion sickness here.

**MS MACNAUGHTAN:** Water bottle – yes, sorry.

**DR ROBSON:** It's like one of those 1980s rock video.

**MS MACNAUGHTAN:** That should (indistinct). Sorry about that. Sorry.

**MS ABRAMSON:** That shows your age, Alex.

**DR ROBSON:** No. Thank you again. I have a question around volunteering, and you talked about the costs of management and, you know, providing mental health services and all of those, sort of, oncosts, but then also cost to volunteers themselves. And, yes, we did have a bit of a discussion in the report around, you know, on the latter point and, you know, whether they should be available as tax deductions to volunteers, and we think there's, you know, problems and issues with that. But more generally, I guess, you know, the question would be, you know, there are some things that government, you know, is best placed to do, and in fact is only placed to do. Whereas there's other things that philanthropy itself can replicate, particularly just with money.

**MS K.WHELLER:** Yes.

**DR ROBSON:** I guess the question is, you know, and I accept that, you know, that philanthropy doesn't do this at the moment, so we're interested in, you know, why couldn't a foundation or a philanthropist come to organisations that you represent and just say, you know, 'We are going to fund those services. We're going to fund, you know, cost of management' - - -

**MS WHELLER:** Yes - - -

**DR ROBSON:** 'I'm going to give you a grant to do this mental health services. I'm going to give you a grant to, you know, cover the transportation costs of volunteers.' Why doesn't that happen? Is it just a lack of innovation, or is there a barrier? What is it? You know, and, you know, we accept, you know, your point that, well, you know, this is something that government should do, but why doesn't philanthropy do it?

**MS WHELLER:** That's a really good question, and I think for us, our experience is that particularly like a trust that's been a bequeathment, that people have been very prescriptive about how the money's going to be used, and for what exact purpose. We don't find that there's a lot of wiggle room when we're applying philanthropic funding to do anything that might be related to operational costs, and it often has to be about innovation rather than funding to do – continue to do and build on the good work that we're doing. I think that for us is a real challenge.

We were fortunate a few years ago to meet with a fellow philanthropic trust, R E Ross Trust, and they came to speak to us and say, 'What is happening as a, you know, as a peak body to say what's happening in the emergency relief space? What are the challenges? What can we be doing to better support the sector?' And I think those kind of engagements and consultations are



really important, and I think there needs to be more scope for that kind of consultation and movement within the philanthropic sector to better actually meet the needs, and respond to the challenges for the sector.

**MS MACNAUGHTAN:** I think as well, I mean, as you know we're a peak body that represents a range of different organisations, and a peak body ourselves, I think we're funded at around \$15,000-ish a year through philanthropy, so not a huge amount of money. But then when you look at what our member agencies are doing that are very local, and they're very much based in the community, those organisations that are based in areas of Victoria that might be more affluent are more likely to get funding for those, sort of, ongoing operational costs, whereas other services that in – are in areas that need our service even more, find it really hard to tap into that incentive of donors wanting to give to something that's in their community, because there's less (indistinct) to go around.

**MS WHELLER:** And an example of that was during COVID on the Mornington Peninsula where there's a Mornington Peninsula Trust, and quite a lot of money that's raised locally from the more affluent community. They were ringing our three member agencies in that area and saying, 'Would you like \$50,000? We know that, you know, demand is high. We know that you're doing it tough to meet the – to meet the demand of your community. Here's \$50,000 do what it with you – as you will'. We would love to have more conversations like that that allow us to do what we need to, you know, but allow us to really support client centred supports versus trying to make what we do, and what we need to do more of, fit within the confines of the eligibility criteria.

**DR ROBSON:** Interesting. Thank you. All right. Julie?

**MS ABRAMSON:** Thanks. I've got two questions, and one I'll get you to take on notice given the brevity of time. The first one is why do you think that volunteer numbers are falling? Is it something to do with regulatory burden? Is it something to do with what people have time available to spend? I'm just interested in your views, because the thing we do observe is that volunteering numbers actually were falling before COVID. Usually if you say, 'Well, it's a COVID thing' but, no, they actually were falling before COVID.

**MS WHELLER:** Yes. Look, I think for our sector particularly, we started in Australia in the early 1970s, we had a lot of volunteers. It was a volunteer-led movement. We had a lot of volunteers who were - - -

**MS ABRAMSON:** I used to volunteer when you had your old name.

**MS WHELLER:** Good. Wow. We had a lot of mums whose kids had gone to school who had time on their hands and wanted to (indistinct) local community. And we've still got some of those volunteers who 50 years later are still actively volunteering at their local service. What we do find is that grandparents – we have fewer mums available because they're working.

**MS ABRAMSON:** Yes.

**MS WHELLER:** We have – we still have – our volunteer base is still mostly 65 years plus.

**MS ABRAMSON:** Yes.

**MS WHELLER:** But they have more grandparenting responsibilities than they used to have, and they have some illnesses. If we're a volunteer only organisation, it's harder to find – it's that regulatory stuff because it's harder to find people who are willing to, kind of, step up into that, you know, quite (indistinct) - - -

**MS ABRAMSON:** Yes - - -

**MS WHELLER:** Role of president or secretary or treasurer to take on all of those responsibilities for the organisation. We tried recruiting younger people, but I think the nature of the work we need to do which is, you know, really skilled work with very complex clients, we need to ensure that we've got people who are adequately trained and supported, but also willing to give of a decent enough stretch of time that justifies the investment that we make in them.

**MS MACNAUGHTAN:** Yes - - -

**MS ABRAMSON:** Sorry, after you.

**MS MACNAUGHTAN:** Yes. I was going to say – I mean, I've got three things that come to mind that you've touched on as well. One of them is a real lack of connection to community that we're seeing, you know, entirely across the country with really increased loneliness, a lack of third spaces as religion is becoming less central in our communities, but whether that's a symptom of a lack of volunteering or a cause of a lack of volunteering, I'm not entirely sure. It's a bit of a chicken or the egg kind of problem. But similarly to what you said as well, you know, the aging volunteer workforce is making it a real challenge.

It's quite hard as a young person who's done quite a bit of volunteering as well. It's quite jarring when you come into an organisation to do volunteering and you don't see any of your peers in the room. It's a bit of a different incentive, especially if, you know, for example, a lot of our volunteers are women. I would be curious to know whether that would make it more difficult for men to come out and volunteer because they're seeing less of themselves in that community. As well as cost of living. Everything is very expensive. That was starting to happen before the pandemic, and if you have, you know, a two income household with kids and both parents are working full-time, I'm not sure where you find the time to do much more beyond that.

**MS ABRAMSON:** Look, that's really helpful. Also, we've heard from other volunteer organisations about problems getting the cost of insurance. Is that a problem for your organisations?

**MS WHELLER:** Look, we're really fortunate. We're funded by the state Department of Families, Fairness and Housing.

**MS ABRAMSON:** Yes.

**MS WHELLER:** And so (audio malfunction) body we get their insurance through VMIA, and that extends to all of our member agencies. You know, that's a really significant initiative - - -

**MS ABRAMSON:** Yes - - -

**MS WHELLER:** But that is of great benefit to our member agencies.

**MS ABRAMSON:** Look, that's incredibly helpful. The question I wouldn't mind if you could take on notice, and you don't have to send reams of paper to us, is you've mentioned that there's a problem, like, with ACNC reporting. Your people are reporting through grants and there's no, sort of, collation of them. I'd just be interested, even if it's just a couple of paragraphs, of the type of information because then we can have a look at it and say, 'Well, you know, why can't regular A accept what gets put into regulator B?' et cetera. Just if you'd be able to give us just a short note on that, we'd be really grateful. Thanks ladies.

**MS WHELLER:** Absolutely.

**DR ROBSON:** Thanks. I'll just ask a quick one, and then Krystian was going to follow up. As you were talking, I can't remember whether it was Kellie or Kate, it might have been both of you, about, you know, trends in volunteering and, you know, we have seen this big increase in female labour force participation which is a very positive development but, you know, part of the potential cost of that is that, you know, fewer people have time to volunteer. I'm wondering then if that points in your view to, you know, a greater role for workplace volunteering? You know, businesses allowing or, you know, funding - - -

**MS WHELLER:** Yes - - -

**DR ROBSON:** A day of volunteering for their employees or just getting your reaction to that.

**MS WHELLER:** Yes. Look, we certainly see the value of it, and for organisations like the like of Foodbank or Food Shares, there's certainly a lot of value that can be delivered. We find it harder in the service delivery function that we have to bring in those kinds of volunteers to do that work, because our volunteers actually have to undergo accredited training on assessing and delivering service to people with complex needs. It's not just something that someone can walk in for a day and deliver and leave. The nature of the work that we're asked by government to do requires us to have, you know, a very skilled and adequately trained workforce.

For us, that kind of – yes, that kind of corporate giving wouldn't be helpful, but we know – we've got member agencies that are Food Shares in regional Victoria who that kind of, you know, that workforce that comes in for a day can deliver an enormous benefit.

**MS MACNAUGHTAN:** Look, we know through data from Volunteering Australia that 78 per cent of companies have a volunteering program of that nature, but only about 15 per cent of employees in those workplaces actually participate in those programs. I would suspect that a lot of it has to do with that participation not being normalised and celebrated and promoted in those workplaces. But as well, that a lot of workplaces would be eligible to claim tax deductions if it were dollars that they were giving to those charities, but whether those sorts of deductions exist for compensation or tax write off, or credits or whatever sort of incentive you want to use for employees time, whether that exists, I'm not sure.

Based on my knowledge I don't believe it does, but any sort of incentive to, yes, encourage that time, because ultimately I feel like with everyone being so busy, and demands increasing on workers, and casualisation of the workforce, it's almost – we almost get a sense that people's time is, you know – people's dollar is really valuable, but often times people's time is even more valuable for them.

**DR ROBSON:** Thanks, Krystian.

**MR SEIBERT:** Thank you for joining us, and this is really interesting so thanks for sharing your perspectives. Just on DGR status, so you mentioned that, I think, you have DGR status, and then I think it was 70 per cent of your members have it and 30 per cent don't, do you know what the reasons are for those that don't have it? What type of organisations they are?

**MS WHELLER:** Some of them don't have it because they are volunteer only organisations that don't have the expertise, or the confidence, or the capacity to do all the required paperwork. It is quite a big process to go through to apply for the DGR. I did that for this organisation myself so I'm aware of that. And we do as a peak body offer support to our member agencies to do that, but if it's a volunteer only organisation, that can be really challenging.

**MR SEIBERT:** So you'd say that the system kind of has a disproportionate impact on volunteer run organisations to - - -

**MS WHELLER:** Yes - - -

**MR SEIBERT:** get that DGR status?

**MS WHELLER:** Yes.

**MR SEIBERT:** Because I looked you up on the ACNC register, you're a public benevolent institution. Would it be the case that most of your members that have DGR status are PBI's as well?

**MS WHELLER:** Yes. Primarily because we deliver services like the emergency relief program where we're providing that direct aid to people.

**MR SEIBERT:** And do any of them that can't get it, would they come up against issues in terms of fitting into the PBI definition? Or if they submit all the paperwork and do all of those things, they usually can fit in? Or is it that some of them have it – yes.

**MS WHELLER:** Yes, it's the fact that they don't have the capacity to do it.

**MR SEIBERT:** Okay. And just in terms of engagement with philanthropy, do any of your member organisations have relationships with, like, local community foundations? For example, I mean, they're not in every community around Australia, but they are in some.

**MS WHELLER:** Yes. I saw that our friend and colleague, Ben Rodgers, spoke to you from Inner North Foundation, so that's one that we work with in the City of Merri-bek, and that's been a great relationship because we can actually ring Ben and say, 'This is the issue that we're having with this community. This is the kind of support we need.' And the same with that – that – you know, that example I gave with the Mornington Peninsula. If they've got an issue, a challenge, they've got a solution, they could go to that trust and have a discussion and look for the funding solution there. I certainly see that there's great value in those local foundations which are flexible to provide funding for solutions that the charities have identified.

**MS MACNAUGHTAN:** But I think it also highlights as well, whether it's those local groups or individual donors, the process of hacking into philanthropic resources is very much one of who you know, not what you know. Any sort of initiatives to ensure that smaller organisations can have access to those resources, that knowledge – like we said incentivising philanthropic programs to be facilitated as open tender, rather than conversations that philanthropists are

having with charities, would really help to open up that world to smaller groups. But otherwise, you know, there are so many groups that are doing amazing work that isn't known or isn't shared because they don't have the knowledge or experience or skills to be able to do that effectively.

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

**DR ROBSON:** Thank you. Julie, did you have any more questions?

**MS ABRAMSON:** No. That was great, and we'll be in touch just to make that easy for you to send that further information in. Thank you very much.

**MS WHELLER:** Thank you. Thank you, I really appreciate this opportunity.

**DR ROBSON:** Thank you. You've been great.

**MS WHELLER:** Thanks.

**MS MACNAUGHTAN:** Thanks. Have a good afternoon.

**DR ROBSON:** You too.

**MS WHELLER:** See you.

**DR ROBSON:** See you. Okay. Now we've got Volunteering Queensland. I think it's Andrew.

**MR A. BARTLETT:** Hello.

**DR ROBSON:** Hello. We can hear you.

**MR BARTLETT:** Hi. You can hear me but not see me yet?

**DR ROBSON:** No, not yet.

**MR BARTLETT:** No. Not sure what I've got to do about the camera. Thought I had it on, but.

**DR ROBSON:** Yes.

**MR BARTLETT:** There we go. Is that better?

**DR ROBSON:** Welcome. Yes. Thank you. Yes. 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 some questions. Thank you.

**MR BARTLETT:** Yes. Thank you for that. My name is Andrew Bartlett. I'm the advocacy advisor for Volunteering Queensland. I should start by apologising for our CEO, Mara Basanovic, who's wanting to be here, but it turned out the time thing didn't work in terms of her travel arrangements. That's why it's me. We've put in a submission which I'm sure you've read and have before you in response to your draft report. I think I would keep it brief just so to keep more time for questions. I'll try to just say a couple of points.

Firstly, both Volunteering Queensland and having a talk with people across the volunteering sector, and I know you've – I mean, I've listened into most of the session this morning with Volunteering Victoria, and I know you've had VWA and Volunteering Australia et cetera, so I don't want to really repeat the same points. But it is actually incredibly affirming how much your draft report recognised volunteering as an essential part of giving for want of a better, you know – for a shorthand term. I think that's an important point to make. Of course, in your final report we'd like you to affirm it even more, but I may talk a little bit about that, but given you have our submission I don't see much point in going back over it.

I think, you know, the key thing, having said nice things about the draft report, the one thing we really would like you to give some reconsideration to is about providing some form of tax deductibility, or some variations on that in regards to volunteering expenses. We think that would be a significant step forward. Not the magic bullet. There's no single solution to all these things, but we believe that that would be a – that is important, and the volunteering sector in general, I think, has been advocating that for a long time. And whilst, you know, I recognise the issues you've stated about, you know, what that might raise in regards to compliance and all those things, I think, you know, those issues apply with any sort of tax deductibility at all, same with donations, cash donations et cetera.

We believe that's the one area we would really like you to give some more thought to finding – to rethinking your views. We have some other views about some of the aspects, you know, fine print I suppose you'd call it, about data collection et cetera which I'm happy to elaborate on depending on your questions, but I thought it'd be easier just to go to the, you know – that's the one bit we'd really like you to reconsider.

**DR ROBSON:** Okay.

**MR BARTLETT:** The direction of your thoughts.

**DR ROBSON:** All right. Thank you. Krystian, did you want to open with some questions.

**MR SEIBERT:** Thanks, Andrew. Thanks for joining us and for Volunteering Queensland's submission. I wanted to ask, in terms of our recommendation around government's, sort of – considering the impacts of policies and regulatory changes on volunteering, that also covers, sort of, governments looking at proactive ways to support volunteering as part of policy change, I wanted to ask you, sort of, in the experience of Volunteering Queensland and or your members, sort of, what your experience is of government in terms of engaging with volunteer run organisations around the volunteer workforce, and the impacts of policy changes on them versus say the paid workforce?

**MR BARTLETT:** Look, it's not my place to pass positive or negative reflections on actions of any particular governments but, you know, I think as a general statement and, you know, I, you know, consulted widely before putting in the submission, you know, of course any organisation, including volunteer involving organisations, appreciate any support from governments. And, you know, I – you know, the part of your recommendation about, or your finding about, you know, it'd be best if there was just consistent government funding, you know, readily applied, evidence based, et cetera, you know, I don't – we don't disagree with that per say.

But the issue, whether it's government funding, or corporate sponsorships, or personal philanthropy or, you know, is that, you know, it can be there and then it's not. And it's not a reflection on any particular level of government or anything. Whereas if you can put something

that's structurally built into the system where volunteers at all sorts of levels from the big to the small, organisations can at least know that they can get at least a little bit of help with the costs of volunteering, then that's permanent. And I guess, you know, maybe I should have said in the opening comments, although you've probably already heard it before but, you know, volunteering, you know, people are doing it willingly, no financial gain, but it's not free.

It actually costs people, and it's costing people more and more. And if it costs them too much, they stop volunteering or they do less volunteering.

**MR SEIBERT:** I suppose my question wasn't so much about the, sort of, like funding per say, although that could be – it was more of drawing on – I don't know if you were here when Volunteering Victoria was speaking earlier in the morning, and they talked about, sort of, how when there were changes rolled out to, sort of, NDIS background checks, that in their view in Victoria there wasn't, sort of, the consideration of the volunteer workforce, versus, say, the paid employee workforce, and the difference with factors and impacts that can manifest themselves in relation to, say, volunteers versus employees. (Indistinct words) - - -

**MR BARTLETT:** Look, I - - -

**MR SEIBERT:** Yes.

**MR BARTLETT:** I'd very much agree with that. And, look, you know, I'm here representing an organisation rather than presenting my own views, but to give my personal experience of someone who's only been in this role for, like, you know, three months or so, and, you know, may or may not know, but, you know, I was in parliament for 12 years, and a parliamentary advisor for a long time, and (indistinct) - - -

**MS ABRAMSON:** We do know that, Andrew. In fact, we remember you.

**MR BARTLETT:** You know. Well, whatever, but you know, just – look, you know I – you know, like I actually, sort of, think it's relevant in that sense, like (indistinct). And, you know, many – you know, I've been on a whole lot of, you know, not-for-profit boards, and management committees, unpaid roles and all that stuff, NGO sector for a long time, and I think what the core of your question is about, although correct me if I'm misreading it, is that it's just never really fully considered, the role of volunteers. It's just, sort of, a given that it will just happen. And then the people want more volunteers, they'll just, you know, they'll ask for them and maybe they'll turn up, maybe they won't.

And it's not understood as such an integral – I mean, an absolutely integral part of the social fabric. You know, you said in your draft report about volunteering being crucial to social capital. I prefer the term social fabric, perhaps because I'm not an economist, but either way, it – you know, there'll always be some of it, but, you know, the things you can do to encourage more of it and also, alongside that, maintaining it. I think, you know, part of it's encouraging people – more people to volunteer willingly, but part of it is also, when they do volunteer, that they don't go, 'Well, this is costing me a lot of money. I've got to stop,' you know. So I think that's under-recognised.

And I guess the reason I was partly saying all that is because, until I started in this role, I – you know, in all that past experience, I'd never thought about it. You know, even though I do mountains of volunteer work myself, I didn't even think of most of it as volunteer work; I just thought that it was stuff I did, you know.

**MR SEIBERT:** It is a common issue that we've heard about in terms of people not thinking that something's volunteering. So when they're asked, 'How much do you volunteer?' they don't necessarily think, 'This what I do there is volunteering.' The word can have different meanings to people, yes. Alex, I think you had some - - -

**DR ROBSON:** Yes. It was good that you raised your experience in parliament and elsewhere, because we're very mindful of that. And I wanted to press you a bit on this recommendation around, you know, governments taking into account differential impact on volunteering versus, you know, paid workforce.

I mean, can you recall in your experience – it's putting you on the spot a bit, I guess – but, you know, in the – in debates with governments of various – you know, on either side of politics, in your experience, you know, was there a focus on volunteering that you can recall and any, you know, big policy programs or – I guess because that's where the spirit of this recommendation is coming from is that, you know, when governments are rolling out things like the NDIS or something on aged care or childcare or whatever it is, it really should be, you know, something where it's, you know, discussed, you know, right from the start but then also at the cabinet level and then, you know, as part of the, you know, the parliamentary process after that. So, yes, from your experience, can you recall something where that has happened?

**MR BARTLETT:** Look, again, I have to affirm that I'm here representing Volunteering Queensland.

**DR ROBSON:** Sure, yes.

**MR BARTLETT:** I'm not here representing myself, but, you know, everybody's personal experience has value and part of what – you know, I think it's part of what I just said. Until I started in this role not many months – not many months ago, it was like – and, you know, and immersed in all the research and issue around volunteering, and I was like, 'Nobody even mentioned this to me.' You know, maybe they did as a passing thing, but nobody would mention it as, like, you know, absolutely central, or at least that I can remember.

I mean, my memory isn't perfect and all that, but, like, you know, it certainly was never – yes, I mean, I genuinely – I was just like, 'Why didn't I ever' – now that I am looking at this, this is so crucial to the fabric of a lot of stuff; not everything, but a lot of stuff. I don't recall anybody really trying to drive that point home or even mentioning it even in a small way, to be honest.

**DR ROBSON:** Yes.

**MR BARTLETT:** Which is why, I think, you know, your draft report is really valuable even though I'd like you to – or we, sorry – we would like you to have a rethink about the tax deductibility or some of the mechanisms around that.

**DR ROBSON:** Yes.

**MR BARTLETT:** The costs and volunteering aspect.

**DR ROBSON:** Thanks. Julie, did you - - -



**MS ABRAMSON:** Yes, I might just pick you up on that, Andrew, about your proposal route regarding the tax deductibility. One of the issues is the – and we’re very direct here – is the integrity risk. So in other things, you can say, ‘Well’ – you know, some things would be quite clear. You know, if you’re with a local SES or something, you’ve got a uniform, you know, there’s those things, but it is how – what type of integrity measures could you put around it. And do you have a view – and thank you for your submissions – that it should be capped at a certain amount? Because that’s another way of doing it.

**MR BARTLETT:** Yes, look, I think, you know, in drafting submission – I know it’s, you know, one of the main people responsible for it, so I’m happy to talk to it – you know, ended up deciding not to try and be too precise.

**MS ABRAMSON:** Yes.

**MR BARTLETT:** We more just wanted to get the principle agreed to and focus (indistinct) had more resources and time to work on it. And, you know, that’s always the issue with everything, you know, (indistinct) any exemptions, GST exemptions or whatever. You know, where you draw the line and all that stuff and how you police it is always an efficiency issue, I think, is the economic term, but whatever. So, you know, I’m not ignoring that. We recognise that.

But I think you balance that against, you know, the mountain of evidence that I know you’ve seen from a lot of people about the costs of, you know – I mean, the cost of living in general – but the cost of volunteering, which is increasing. And I’m sure you’ve got plenty, but, you know, in the last few years, I think the – our New South Wales counterpart released their state of volunteering report not too long ago. You know, the average volunteer expenses were estimated to be \$14.68 an hour. So, you know - - -

**DR ROBSON:** That’s similar to a figure, I think, we recently saw from WA (indistinct) there, yes.

**MR BARTLETT:** Yes. And, you know, we haven’t released our report yet, but ours is, you know, around that as well. So, you know, it costs to volunteer, and, you know, like, that’s – you know, people do it – you know, the whole definition of volunteering is people do it willingly, but, you know, willingness also incorporates, ‘I’m no longer willing because it’s just costing me too much money,’ whether it’s the petrol costs or the – all of those things. So I think that just has to be a counterbalance.

And look, you know, you could – you could put all sorts of boundaries around it, I mean, same as you are doing, and, you know, we support your recommendations about simplifying and broadening the deductible gift recipient criteria. And, you know, encouraging giving of money is good, and in some ways, we support even more the statements you made that indicated that, you know, sometimes giving time and skills is actually more valuable than just writing a cheque. Well, people don’t write cheques anymore, but, you know, (indistinct), giving money.

So if we have a system where people get, you know, a little bit of a deductibility for giving money as opposed to giving time, then it’s, you know, that’s a distortion in its – in its own way as well. But I think you could – you know, you can – you could put different boundaries around, you could say, ‘Well, you know, only if it’s volunteering for registered charities and they’ve got to be responsible for recording it,’ or you could put a cap on it. And, like, you know, to be honest, I don’t – you know, it’s not like volunteers want – you know, spend \$10,000 and want to get \$10,000 back, but - - -

**MS ABRAMSON:** Well, the other thing too - - -

**MR BARTLETT:** - - - if they could even get \$500 or something, some sort of cap on it.

**MS ABRAMSON:** Yes. The other thing too that we would have to - - -

**MR BARTLETT:** There's all sorts of ways you could do it. I - - -

**MS ABRAMSON:** Well, the other thing to think about as well, Andrew, is that a number of the people that volunteer won't actually even be in the tax system, so they won't actually be paying income tax. So that's the other thing when we look at the demographic of people who are – who are volunteering.

Could I ask you another question, please. We've been speaking to a lot of the volunteer groups, as you would've known, about data collection, about the ABS, for example, and the surveys that they do do and Census, do you have a view about what would be a good way of capturing data and the frequency? We've had everything from, 'Well, maybe it should be the monthly labour survey,' to, 'Well, the Census is okay, but it probably doesn't ask the questions in the right way,' and we've talked about that, people not recognising they're volunteering. So do you have sort of views on that?

**MR BARTLETT:** We touched on this a bit in our submission, I think. I guess, overall, look – I was going to say you can never have too much data, but it would be an overstatement – but, like, you know, we certainly - - -

**MS ABRAMSON:** You can if there's a cost to it, I think.

**MR BARTLETT:** Yes. So - - -

**MS ABRAMSON:** You know, you want data that's meaningful.

**MR BARTLETT:** Yes, you want it to be meaningful. I think – I think it's what we said in our submission; like, not against being asked in the Census as an additional way to get a different form of data on this as long as it's recognised that that will have its own limitations. The Census is already a very long form.

And there is also that issue which I know you've heard about already about, you know, how that – even how you frame the question about volunteering, particularly for people – you know, first nations people in particular, and Volunteering Queensland does work with a particular program on diversity, people with disabilities and first nations, and that same issue of, you know, what language you use. Say if you've just got a simple question on a piece of – well, it's probably not a piece of paper; it's online. Sorry, showing my age again – with the Census. It might – you know, it won't collect – you know, it – you need to have that recognition of limitations.

But having said that, you know, the one benefit of the Census is it's universal. And I think particularly for smaller communities – and one of the aspects which I, you know, in hindsight, I wish I had – we had emphasised more strongly in our submission is in regards to regional communities and smaller communities where that sort of data is hard to collect, and the Census can be valuable in that regard in particular.

And also that, you know, volunteering – you know, when talking about the fabric of society, if people aren't able to volunteer – and, you know, we'll talk about volunteers – I'm sure you know, but I think the point still needs to be made that people, when they volunteer, they don't just say, 'I just volunteer for this one group.' They often multiple – volunteer for, you know, five or 10 different groups. They don't think of it that way, but that's what they're doing. And if they're not able to do it for whatever bunch of reasons, you know, that component – the fabric reduces.

And for smaller communities, that has a bigger impact. It's not such – you know, speaking with someone from the middle of, you know, literally in the CBD of Brisbane, you know, you can cope better, but if you're in a smaller community and those things start disappearing from sporting clubs to everything else, then it's a bigger deal. So that's – I've gone beyond your question, I suppose - - -

**MS ABRAMSON:** No, no, that's fine. And if you wanted to say some more about regional issues, we've got a little bit of time; we're very happy to hear it if you didn't have a chance to put a new submission.

**MR BARTLETT:** Well, look, I'd link the regional thing to the other bit which I think we did mention in our submission around, you know, disaster relief - - -

**MS ABRAMSON:** Yes.

**MR BARTLETT:** - - - which is obviously something that people are very aware of. And, you know, it can hit big cities, it can hit the tiniest places, but it's often the smaller places, smaller communities that have the bigger trouble recovering from them. And I would tie that back, because I did want to make it our main point about, you know, urging you to reconsider some mechanism about tax deductibility for expenses. I mean, even if you can find it as narrowly as a trial or a grandfathering or something for that particular type of activity, because, particularly with Volunteering Queensland, we do have an even more a specialty in being a focal point for emergency volunteering, and so we've got a lot of experience with that.

You know, spontaneous people just, like, you know, want to help when stuff happens, and, you know, you've sort of referred to that in your draft report as well. You know, people, when there's a disaster in their local community, they want to help. But, you know, they can then do that, but if they – you know, it can end up being a much bigger cost to them. And, you know, to go back to your point about 'it's better if government directly funds that', well, yes, it is, but – this isn't having a go at government; you know, they've got competing demands all the time.

And also, as I know you all know, you know, when you get an emergency or a disaster, you know, you have the immediate challenges but cleanups and everything or whatever, but then things can go on, you know, a year, two years longer, you know. When the spotlight moves on, then it's often down to local government that's got to pick up the costs, and local governments, you know, don't always have the resources, so you get that inconsistency, which has certainly been our experience in Volunteering Queensland working with, you know, emergency volunteers where, you know, people in one situation can get reimbursement, you know, for their protective clothing or their boots or their shovels or their – all that sort of stuff and, you know, the other lot don't.

And again, that's not criticising anyone that doesn't; if they don't have the resources, they don't have the resources, but I think that, you know, that's a good example where being able to get

some – I know tax deductibility has its limitations given it's income based, et cetera, but at least it's something, because, you know, part of it's encouraging volunteering but part of it's encouraging people to volunteer again. And, you know, not having them massively out of pocket or at least getting a little bit of a way to – I mean, part of it's, you know, feeling valued as well. And I, you know, I think that applies doubly so in regional areas, the local government areas with less – you know, the local councils are less likely to have the resources.

And, you know, the so-called community spirit – I shouldn't say so-called; it's a real thing – but the – you know, you can't just keep urging everybody to rely on the community spirit, you know, providing some extra support underneath and – you know, I'm not suggesting tax deductibility or whatever mechanism you might come up with as a magic bullet, but it would at least assist in an important way, and even just showing people that it's valued.

**DR ROBSON:** Thank you very much. I think we're out of time, so, yes, thank you very much.

**MS ABRAMSON:** Thanks very much, Andrew.

**MR SEIBERT:** Yes, really appreciate it.

**MS ABRAMSON:** Thank you.

**MR BARTLETT:** No worries. Thank you for the opportunity.

**MR SEIBERT:** Thanks for coming in and (indistinct).

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Yes. Thank you. Okay. So we have the next sometimes of participants from the law school at University of QLD. I'm going to be guided here by Francis. Do we have them on the line or not? This is Kim and Damian.

**MS ABRAMSON:** No. Perhaps, Francis, somebody could give them a call maybe?

**DR ROBSON:** Yes.

**MS ABRAMSON:** Unless they thought that it was Melbourne time or – was Queensland time and not Melbourne time.

**DR ROBSON:** Well, should we take a five-minute break anyway - - -

**MS ABRAMSON:** Yes, yes. Yes.

**DR ROBSON:** - - - and then, yes, we'll work out what to do after that.

**MS ABRAMSON:** Cool.

**DR ROBSON:** Thank you.

SHORT ADJOURNMENT [2.17 PM]

RESUMED [2.29 PM]

**DR ROBSON:** Okay. So I think our next participants are here. Damian, is it?

**DR K WEINERT:** Hello?

**DR ROBSON:** Hello. Welcome.

**DR WEINERT:** Hi.

**DR ROBSON:** Hi.

**DR WEINERT:** Can you hear and see us?

**DR ROBSON:** We can.

**DR WEINERT:** We seem to be having IT issues, so apologies, and time difference issues as well.

**DR ROBSON:** That's all right. At least the curtains won't fade, so it'll be fine.

**DR WEINERT:** I appreciate it's been a long day for you all, so thank you very much for tolerating our lateness and, you know, and thinking about the curtains and the cows for daylight savings.

**DR ROBSON:** Thank you. Yes. We'll get underway. If you could just state your name and the organisation that you're from for the record, and then we're happy to take a brief opening statement and then get into some questions. Welcome.

**DR WEINERT:** Thank you. I'm Dr Kim Weinert from the TC Beirne School of Law for The University of Queensland.

**MR D TOPP:** And I'm Damian Topp, CEO of the PA Research Foundation.

**DR ROBSON:** Thank you. So do you have an opening statement?

**MR TOPP:** Yes.

**DR WEINERT:** Yes, we have a very brief opening statement. So first of all, I would like to acknowledge the traditional lands which we – at The University of Queensland which we are speaking to you today. We acknowledge Elders past, present and emerging and their contribution to scholarship here at The University of Queensland and Queensland, Australia, and, of course, globally.

So, I just wanted to run through how we've structured our submissions for today. So, we're just going to make some general, broad observations about the draft report, then Damian's going to take over and talk about the rationalisation of DGR status, the charitable distributions and online

fundraising platforms, and then I will bring it home when we've got time regarding legalities and structures and the ACNC regulatory powers.

So, the general observations that we want to make about the draft report – and we speak to the submissions that we've made and in addition to our submissions – our written submissions that – to the Productivity Commission. So, whilst, in general, we welcome and agree and appreciate the depth and the complexity of the issues in which the Productivity Commission have tackled, it is a big, big task, and we appreciate the efforts and the recommendations that have been made. And in general, we do welcome the recommendations.

So, the basis of the Productivity Commission's original intent for the inquiry was primarily to seek out information to analyse and learn about giving in Australia. Central, of course, to this inquiry was to welcome reform ideas concerning the well-known, problematic areas around giving, mainly taxation and donor governance.

So, in the draft report, well, certainly, the report addresses the taxation issues and donor revenue avenues, which, of course, like we mentioned, we welcome. We are left with a sense of perplexity as to how chapter 7 falls within the inquiry's initial scope. So whilst we do not deny that the regulatory oversight of Australia's charity sector crosses over with giving, but it's the nature and the legal implications of the draft report's request for information, the recommendations pertaining to chapter 7 and parts of chapter 8, that are issues best suited for the Australian Law Reform Commission to address.

So on that point, I would hand it over to Damian.

**MR TOPP:** Okay. Thank you. So first of all, I'd just like to comment on the DGR status. I think being – working in charitable giving for 23 years and in not-for-profits in sport before that, I think – I think the move to rationalise the item 1, item 2, deductible gift recipient status is something that would be really welcomed from not-for-profits and charities right across the country.

And looking at some streamline approach of PAFs and public – whether they be public or private – where we continue to maintain a distribution requirement on those and a requirement of them to be DGR item 2s, I think, is sound, but I think the flexibility of giving within communities, and especially when you look at regional communities where maybe the sports club is their local community that supports so much, I think all those to blanket item 1 DGR status would clean things up in that space.

The second point I want to make is, one of the – one of the items requesting information was around distribution thresholds for charities. I think that would be a real backwards step if we were to move towards that. On many occasions, the charity's got to look to build for the future; they've got to look for sustainability; and they also may be looking to build for capacity to, you know, buy a \$5 million piece of medical equipment or something. So, no, (indistinct) placing – I think the board of the charity is the best place for deciding on where those funds go and charities' donors hold them accountable.

I'll keep moving on quickly so I don't take up lots of time. The other thing that is probably the – one of the real ill points and the thing that has eroded trust in giving in Australia for the last 5-10 years has been the ability for individuals to establish online giving platforms – online giving pages.

Yes, definitely, there should be – there should be crowdfunding for ventures such as new entrepreneurial businesses and products, et cetera, but we should – we should have a process in place where no one can set up a GoFundMe because, you know, my child or my sister's child has had to have medical treatment or has had to buy a new wheelchair or – because there's already a system there. There's a system through government or through existing charities that can provide for that need. That's why the charities were established.

These online platforms – like, even GoFundMes – have really eroded confidence in the community, in charities, because they see that this is a – this is something that could be fraudulent. They see that, 'Why is a charity not doing a good job or the government not doing a good job?' and there's this need for someone to set up a GoFundMe page for something that we already cover as a society.

And there's been numerous cases just the last few years. There's been one of a former Cancer Council employee from North Queensland who's been to jail and been to court numerous times because of the money she fraudulently raised from GoFundMe pages. So I think that's something we need to move on – move away from, and online fundraising managed through charities would really nip that in the bud.

Over to Kim.

**DR WEINERT:** Okay. Thanks, Damian. So a different (indistinct) pace. So we're talking about legality and the structure of the ACNC regulations. So, look, we all know that the Australian model of federation has numerous shortcomings. And how our not-for-profit functions definitely – our sector functions definitely highlights the fault line within our federal state paradigm.

So, what is increasingly clear from the draft report is that there are clatters between how state and territory laws organise and oversee their respective charitable entities. And the increasing – and there seems to be an increasing demand to bind state and territory entities into a federal order; certainly for ease and convenience.

So, as we observed in our submission of 6 February, a strategic read of the draft report indicates that a federal takeover of the not-for-profit sector is a step forward, and it's certainly a step forward in legal reform. And that takeover, federal takeover of the sector would certainly go some way, in fact a long way, to remove the barriers that prohibits a federal agenda to homogenise the structures and the function of the sector itself.

So, concerning recommendation 7.2 of the draft report, a strategic read of the report indicates that there looks like there may be a federal takeover of the sector into the futures, but whether or not the state and the territories are onboard for a federal takeover would definitely be a public and political decision.

Whether the states are prepared to hand over or hand up the responsibility of charities and their incorporated entities to a federal level has legal implications on a constitutional footing, and certainly for Attorney Generals. So if that is to be the case, it certainly warrants a formal investigation, which I think the Australian Law Reform Commission should undertake.

Now if there is one clear point we wish to make today, and that is the contestation that surrounds the constitutional validity of the ACNC and a federal takeover of the charity sector needs to be

resolved sooner rather than later, particularly if we push forward with recommendation 7.2, 7.3, and 7.4.

But of course, there is already an easy solution within our current framework, and that is to create a specialised, federal-incorporated not-for-profit entity. It's certainly well within the federal government's ambit to remove the not-for-profit company limited by guarantee from the Corporations Act and to create a standalone piece of legislation that is crafted to create – and, of course, when – and manage incorporated not-for-profit entities. Now this will reduce the well-known and future legal complexities associated with charity law, and it will certainly achieve greater efficiency and certainty at an organisational level.

So they're the main points that we wanted to make verbally to the Commission. And Damian, do you have any other points you wanted to raise before we go?

**MR TOPP:** No.

**DR WEINERT:** And happy to take questions from the Commission.

**DR ROBSON:** Thank you. Krystian. Did you want to start?

**MR SEIBERT:** Yes. Thanks for joining us. And I suppose I just wanted to quickly touch on sort of the rationale for what we explore in chapter 7. And we do discuss it at the start of chapter 7 why regulation is relevant. We didn't set out, and we don't review, the entire regulatory framework for charities in Australia, but one of the rationales for the introduction of the ACNC regulatory framework, which I was very closely involved in a previous role, was trust and confidence and the role that that plays in terms of supporting a culture of giving, and that's evident in the legislation and also in the explanatory memorandum for the ACNC Act.

And we sort of set out the sort of the logic chain there in the start of chapter 7 around there is relationship between trust and confidence and giving and governance as well. We don't overstate it, but we do say that there is a link there and there are studies that have been done around those links and therefore sort of the scope and the powers in the regulatory framework are relevant, but we don't go too far in that we haven't looked at every single thing that the ACNC Act provides, and there has been a previous review of that Act, a statutory review, that was done in 2018.

So that's sort of a bit of background about sort of why we look at a regulatory framework and why we think it's relevant, but like everything in a draft report, it's open for feedback and input and we appreciate you sharing that with us today.

I sort of wanted to go to the point that you made at the end, because I think that that's an interesting one around sort of a federal NFP entity, because, arguably, the company limited by guarantee structure is an equivalent of a federal NFP entity and we're seeing convergence between the – in many cases – the obligations required of responsible persons of incorporated associations and the duties under the Corporations Act, so they're basically the same, say, under the Victorian Incorporated Associations Act and the Corporations Act for companies limited by guarantee.

So I'd be interested in sort of, yes, your views about why the company limited by guarantee structure is – you know, why it's not sufficient in terms of a federally sort of federal incorporated structure.



But also I will sort of just push it a little bit in terms of – to understand the – your comments about that there would already be scope to create a new structure under the Corporations Act, because my understanding of the referrals from the states that enabled the Corporations Act to be legislated was that it required sort of the Act itself to be legislated rather than sort of new Acts to be created, because, when we were creating the ACNC, we, you know, we looked into these sorts of things and about sort of the – there are actually limitations in terms of the Commonwealth’s power to legislate for the creation of new incorporated associations or companies. You can regulate their conduct once they are incorporated, but that’s where the issue comes in terms of the constitution.

**DR WEINERT:** Yes, yes.

**MR TOPP:** Yes.

**MR SEIBERT:** So, yes, I guess what I don’t understand is that there’s already the power there to do it, because that wasn’t my understanding, but I’m happy to be corrected on that.

**DR WEINERT:** Yes, sure. So I think we need to detangle the charitable or the not-for-profit company limited by guarantee out of the Corps Act for clarity, for donors, and because an incorporated – sorry a company limited by a guarantee can also be a for-profit under the Corps Act. So it can be sometimes quite confusing for donors and for people, so it’s about understand how – what structure they actually are. And it’s a hangover the – from Victorian company legislation as well, the company limited by guarantee.

But the – it’s highly questionable as to – because the statutory duties in the Corps Act are turned off for company limited – well, not-for-profit company limited by guarantees. It’s still questionable as to whether that is actually true, where there’s sort of been sort of discussions that I’ve had with Melbourne – professors at Melbourne University whether or not that is – that’s actually true or not, particularly fiduciary duties. So they’re turned off, and then they’re all under the ACNC Act and governance standards. And so but not every state is yet harmonised in the incorporated associations or duties anyway, but they are when they fall under the ACNC governance standards.

So there is that – still remains that sort of disjoint, and as much as there has been progress in harmonising those laws at a state level – there has been progress made on that – but I think, to detangle it – and there’s certain other sort of – they are still required – companies limited by guarantees still are required to register with the – with the ASIC as well, so there is still that requirement of them to be part of the ASIC regime as well.

Now this is a bit left field, but the framework that actually stands at the moment is that, by detangling the – sorry, the company limited by guarantee out of the framework of the Corporations Act, whilst there is a referral power that the states gave up to federal back in the early 2000s to do it, I think it’s quite arguable that, within that referral power, when they handed over the company limited by guarantee into the Corps Act, that that allows the federal government to create legislation and regulation that touches all those structures that were caught into the Corporations Act under the referral agreement between states.

So I think it’s well within the sort of governmental ambit and power of the federal parliament to create new legislation around those entities. So there’s that argument, I think, although a bit of a long bow, and I’m sure there’s plenty of constitutional lawyers out there that will disagree with

me, but because it could've been handed them up to the federals, it's up to the federal government what laws they create around those structures. It's still - - -

**MR SEIBERT:** Yes, because - - -

**DR WEINERT:** - - - because it's well and truly within the power now of the federal government and parliament.

**MR SEIBERT:** Yes. So when the ACNC was created and the governance standards were introduced, as you noted, the Corporations Act ones are switched off. The common law sort of duties still apply, and there are criminal sort of sanctions for breaches of certain duties under the Corporations Act that still apply to companies limited by guarantee.

The governance standards under the ACNC Act only apply to an – to an entity, not to the actual directors, partly because of this exact issue that the Commonwealth, at the time, got advice they can't actually legislate outside of the Corporations Act. So I think that there – you know, we would – you know, there would be advice (indistinct) on this, but I think that there are actually barriers to removing corporates from the Corporations Act.

And I think the issue there then is, if you need to engage with the states and territories in general about this, it may not solve some of those problems that are identified in terms of enforcement powers, because – and just to also make – sort of say, we haven't actually recommended a referral of powers or a takeover. We sort of had some commentary about sort of, you know, that in a general sense, but we've sort of recommended sort of more incremental changes regarding enforcement powers. It may be sort of where things end up eventually, though, but, yes, we haven't actually said that there should be that.

**DR WEINERT:** No, certainly not, but, you know, it's laying the framework and, I guess, the path towards that direction. Because when the ACNC was conceptualised, I mean – and a lot of terminology gets tripped on itself, where it is a charity in that true charitable trust sense or is it an incorporated association that's just been branded as a charity for the ease of – so we've got all – we've got a variety of structures within the sector that is trying to be tainted by the same brush of charity, and it gets very – the language and the terminology gets tripped up a lot.

So if they were saying, like, 'We can't do this for charities,' well, maybe that's the charitable trusts. So there still remains a lot of sort of confusion and sort of – it's not very clear and the lines are very blurry around sort of structure formation and how everything's tarnished with the – with the one brush of the term 'charity' - - -

**MR TOPP:** Yes. And - - -

**DR WEINERT:** - - - when things are not-for-profit entity (indistinct).

**MR TOPP:** Yes, and – yes, we can – the hospital foundations in Queensland are statutory agencies established under a – under a – the Hospital Foundations Act, and act of parliament in Queensland, and it becomes really very restrictive for us to operate competitively with other charitable entities because we have this horrible dual line of reporting as a quasi-Queensland Government entity and to the ACNC.

And so the ACNC has really not done a lot for us to clean things up other than add yet another layer of reporting on top of what we have to do. So our ability to be effective is actually

hamstrung because of our dual reporting structure, and, you know, maybe there's something there; either statutory agencies are charities and operate under a charitable structure, or we're not.

So I think – and under the – under the definition of 'charity' as it stands at the moment, we found it difficult – might I say not us; we've been established for a while, but I've had to help newly established entities under the Hospital Foundations Act in Queensland reword a lot of the ways they put things to the ACNC to actually get that tick because of the, you know, the clear muddiness of the – of the waters over government oversight.

**MR SEIBERT:** Yes, that could be because they're regarded as a government - - -

**MR TOPP:** Correct.

**MR SEIBERT:** Yes, so that's not a product of the ACNC; that would exist irrespective of the ACNC. That's a charity law income tax exemption (indistinct) baseline case.

**MR TOPP:** Yes. Correct. But if it was either you were a charity or you're not, the statutory agency bit is really messy for us.

**DR WEINERT:** Because they try and tarnish you - - -

**MR TOPP:** Yes.

**DR WEINERT:** - - - and (indistinct) you as a charity.

**MR TOPP:** Yes.

**DR WEINERT:** Yes.

**MR SEIBERT:** Okay. Yes.

**MR TOPP:** Yes.

**MR SEIBERT:** Julie, you had some questions you wanted ask, yes?

**MS ABRAMSON:** I think we're up against the clock, aren't we?

**DR WEINERT:** I am so sorry. Thank you for - - -

**MR SEIBERT:** No, that's okay.

**MS ABRAMSON:** No, don't be – no, don't - - -

**DR WEINERT:** - - - accommodating our Queensland time.

**MS ABRAMSON:** Thank you. Thank you for appearing. That's (indistinct). Thank you for appearing.

**DR ROBSON:** Thanks very much.

**MR SEIBERT:** Yes, thank you.

**DR WEINERT:** Thank you.

**MR TOPP:** Thank you.

**MS ABRAMSON:** Thanks.

**MR TOPP:** Okay. Thanks very much.

**MR SEIBERT:** Thank you.

**DR WEINERT:** Bye.

**DR ROBSON:** Bye. Okay. Do we have Chris Shacht?

**MS ABRAMSON:** I think we've got Chris.

**DR ROBSON:** Do we?

**MS ABRAMSON:** He's out there in the cyberspace.

**DR ROBSON:** There we go.

**MS ABRAMSON:** Chris, we'll just need you to come off mute and put your camera on, if that's okay.

**DR ROBSON:** Yes, I think he's waiting.

**MR C SCHACHT:** Hello, can you hear me now?

**DR ROBSON:** We can.

**MS ABRAMSON:** We can, Chris.

**MR SCHACHT:** Great.

**DR ROBSON:** We can't see you yet, though, so - - -

**MR SCHACHT:** Okay. But you can hear me? That's more important.

**MS ABRAMSON:** We can.

**DR ROBSON:** Yes. Well, I don't know, is it?

**MS ABRAMSON:** Could be someone masquerading as you, Chris, so if we can see you, we'll know it's you.

**DR ROBSON:** Yes, if there's a video button that you've got - - -

**MR SCHACHT:** Yes, sorry. Yes, hang on, that says 'recording video'.

**DR ROBSON:** Down the bottom left-hand - - -

**MR SCHACHT:** ‘Start video’, is that the one?

**DR ROBSON:** Yes.

**MR SCHACHT:** Now what’s – dear oh dear, down there has got a red – I’ll quickly - - -

**DR ROBSON:** Yes, you just click - - -

**MS ABRAMSON:** Yes, it’ll have a little, like, a cross through it cross the video camera.

**DR ROBSON:** Yes, if you just click on - - -

**MS ABRAMSON:** So just click on it and it’ll take - - -

**MR SCHACHT:** Yes, and it’s got a ‘select a camera’. What? No, no, no, none of that.

**DR ROBSON:** Okay. We may just need to do it - - -

**MS ABRAMSON:** Here we go.

**MR SCHACHT:** There we go.

**MS ABRAMSON:** This is promising. We can see – yes.

**MR SCHACHT:** There we are.

**MS ABRAMSON:** We can see you now.

**DR ROBSON:** All right.

**MR SCHACHT:** Now you can see me.

**DR ROBSON:** Welcome. Thank you for coming. So if you could just state your name and the capacity in which you’re appearing, or the organisation that you’re from, and then if you’d like to make an opening statement briefly, and then we’ll get into questions.

**MR SCHACHT:** Very good. My name is Christopher Cleland Schacht, spelt S-c-h-a-c-h-t. In Germany, you say Schacht. Australians have turned it into Schacht. I live at (address supplied). I appear in my own right as an individual citizen, occasional donator to charities, et cetera, and as my submission says, there’s an issue about governance I’d like to raise.

**MS ABRAMSON:** Excuse me one minute. Excuse me one minute, Chris. We don’t need your address. Could I have that taken out of the record, please?

**MR SCHACHT:** Okay.

**DR ROBSON:** Yes. All good. Yes, keep going.

**MR SCHACHT:** Anyway, that's why I'm appearing. So now if you want to, I'll go to my opening statement, which I'll try to keep brief, and you can ask as many questions.

**DR ROBSON:** Thank you.

**MR SCHACHT:** I presume you've read my short letter of submission and the attachment I had from the then chairman of Bush Heritage back in 2019. First of all, I make it quite clear I am a strong supporter of the policies of Bush Heritage. I believe the work they've been doing for 20 years plus is fantastic, and I've always made, from time to time, infrequent, small donations to it and have seen their work.

Personally, I've been in – I've always had an interest going back for decades in the issue of preservation, particularly of the arid, semi-arid areas of Australia, flora and fauna. So that's been my interest, (indistinct) donated, and what they're doing all over Australia.

As a result, back in 2018, for their good work, I did something that I normally do. If I support an organisation and I agree with their aims, I join as a form of support; just become a member in this case. So I made an enquiry to their office in Melbourne: 'I'd like to become a member. What do I do?' Well, over several months of conversations with staff and ultimately the secretary of Bush Heritage, the registered secretary, it became clear that the process, what I thought would've just been filling in a form and sending it off with an appropriate membership fee would all I'd have to do like in most organisations. In the end, it was made clear to me that, no, that's not the way it was done; you have to apply to become a member.

And then I checked the constitution of Bush Heritage and found that, in the constitution, you can only become a member if another two members nominate you to become a member, and then the application goes to the board and the board itself has the right to reject your application with no review. Well, I said, 'Well, I don't know personally two members in the existing members,' and as the letter he sent me, you will see, there's only something – 60-odd members in the whole organisation. I said, 'I don't know any personally. Can you give me two names of members of South Australia I could contact?' They said, 'No, we can't do that. That's private – that's a privacy issue.'

I then worked out that the only two – the members I could work out who I knew that – not personally – the existing directors of the Bush Heritage. By being directors, they had to be a member of the organisation. So I wrote to the then-chairman, Mr Grubb, saying, 'Well, look, I'd like to apply. Could you and get one other of your board members to sign my application to be a member?'

Well, I waited and waited and waited for a long period of time. I made further phone enquiries. Finally, in the end, I received the letter which is an attachment to my submission, which goes on at some length about the wonderful work they're doing. I don't disagree with that. Then in the last part of the letter, it explains how they try to – they don't seek members, it's only a small number of members and you only have to pay \$30 a member, et cetera et cetera, to make it easier for people to afford the membership fee. Then it said, 'We try to keep this amongst ourselves who could be a member who agree to the organisation's policy and activities,' et cetera. And therefore, as you'll see in the last line of the letter, he said he doesn't – it doesn't – as the letter says – he doesn't think it's appropriate for me to be – for them to sign an application, even, to be a member, and that was that. Well, I decided, 'Oh well, I'm not going to waste my time anymore'. But when I – so that was now four years ago, five years ago. But when I found that the government was conducting, through the Productivity Commission, this inquiry into

charities, et cetera, I thought this would be an opportunity to raise an issue of governance. And it's clear to me that if you did in a publicly listed company on the stock exchange - - -

**MS ABRAMSON:** Could I just stop you there. Actually, no, we're not a forum. We don't have the form of privilege that you would have in a parliamentary inquiry. What we are interested in, because you've taken the trouble to contact us, is if you think, and you obviously do, this raises a governance issue about these small – and we're interested in taking your example and talking about it. And I know my colleague, Krystian, has some specific things. But I'm assuming that's really the conversation you want to have with us.

**MR SCHACHT:** Yes. Irrespective of the issue that I have with Heritage, that is irrelevant to what I'm asking. I think that what I'm told by previous conversations with a couple of people at your organisation, at the charities Commission, every year charities who get the tax deductibility had to submit an annual report, financially, on how much they received, what they spent it on, et cetera. And I think absolutely essential that that happen. What I would like to see is a further question going from the charities Commission to everybody who puts their annual report in because they get tax deductibility, is what is their governance structure?

Very simply, how do people become a member, separate from donators, right, separate from donators? How do you become a member? What is the right of a member, a person who applies to get refused, do they have a right of appeal? And above all, the structure says there is a membership list (indistinct). Like any other – I'm a member of other organisations and this is what you have. And when it comes every year or so, there is an election. In this case, they have to tell you when the election is for the next board meeting. Do they have three year terms, five year terms, one year term?

Or there's a vacancy, someone retires, resigns or dies in office, how do they go about notification to the members of how that election will be conducted? It would be by post of course, a postal, as many organisations do, that you would then open nominations. The organisation has a process, calling for nominations. Once nominations close, is there more than the required number, a ballot is conducted. And that's it. That's all I ask. But it doesn't happen now. And I really think this is a weakness. And if we didn't give tax deductibility, it wouldn't be an issue. But remember, all Australian taxpayers are paying for the tax deductibility. I see in a recent report – I don't know whether I'm right or wrong – over \$2 billion a year is foregone in revenue by giving tax deductibility.

**MS ABRAMSON:** They're good points, Chris. And you've raised serious governance points. What I might do, if it's okay with you, Krystian is very good at how things currently work. And we're having a conversation now about the points that you raise. Krystian?

**MR SEIBERT:** Yes. Thanks, Chris, for sharing this with us, and for your submission. So if I just walk you through a few points around this. It's quite common with a company limited by guarantee for its members and its directors to be the same or not too different. It might have the board and a few additional members outside of it. But it's a relatively common practice. But in terms of the way the ACNC handles it, so every registered charity with the ACNC has to provide its governing document. And it's on the – you can look up the ACNC register, the public sort of database. And you can type in the name of any charity.

And there's a link there – it can be a little bit hard to find, but it is there – of its governing document for that charity. So that's its constitution, depending on the kind of structure it is. And the constitution of the company will set out how members are determined, all those

processes around, you know, annual general meetings, and those sorts of things. So that is in there. There isn't a requirement to say that, you know, an organisation publish a list of members. There'd obviously be some privacy issues with that. But all the directors of the company do have to be published as the responsible persons on the ACNC register.

Now once a company, let's say it's got its members, and some companies limited by guarantee that are charities will have their board and then a few additional people. Some will have lots of different members. It just depends on how they decide – how do they decide who a member is and who isn't. And each organisation will make that decision for themselves. Once they have members, there is also an ACNC governance standard which basically says that any registered charity has to be accountable to its members. So that's a general high-level standard, but the ACNC provides examples of how it can do that, providing annual reports to its members, having a meeting – annual general meeting – that sort of thing.

But that's only to those who are already its members. So there are a few things in there in that sense. I think that it's really up to organisations themselves to determine who is a member or who is not a member. I can see problems with a regulator or a regulatory framework mandating who can be or who can't be a member. But there are some, say, some requirements there. And I suppose the broader point would be is that, you know, not commenting on any particular charity, but if people are not happy with a charity and the approach that it takes in general, I'm not saying any specific charity, they can choose, you know, who they donate to and not, et cetera, in response to sort of, you know, their various preferences, et cetera.

So there is also that kind of broader role that donors can choose to donate to another charity and that sort of thing. And that boards – and I know, I'm chair of a charity board as well – they do think about sort of what donors and other stakeholders think of their governance processes, et cetera, and make those decisions accordingly.

**MS ABRAMSON:** I suppose – I'm sorry, Chris, you were going to say something?

**MR SCHACHT:** I just want to – I agree, Krystian, with most of that comment. There's only one difference, is that the taxpayers of Australia, all taxpayers, are contributing to every one of these charitable organisations by the tax deductibility. If the tax deductibility wasn't there, then I'd probably not have much of an argument. I'd then go and do something else. But my taxpayer's money is paying for all of them. Therefore, there is a right, in my view, for the government to have legislation on the governance issue. And all it is, I don't want to write prescriptive – so on.

But what the basis would be, if there is a membership, they should, members should be able to apply. And if they think I'm not a suitable person, or anybody is not suitable, they give you a rejection. They say, no. But they give you – there is in that organisation, as in many, an appeal process. I come from the Labor party. If they rejected my membership and I've only been a member for 55 years, but they rejected it, there's an appeal process separate from the executive who rejected it. And I just think, without getting too complicated, the whole of my argument rests, basically, the taxpayers of Australia, we have no choice. The money is given as a deduction.

I don't have the right to say, 'I don't want the tax deduction, my proportion, to go to whatever the organisation, charity is'. It's automatic. And that's the way it should be. But the other side of it, they should not – they shouldn't accept the money without realising the community in a democracy has a right to know what's happening to the money and how it's being governed.



And the right of an individual to choose to be a member, and if they want to, stand for an election. That's democracy. And I can't see why most of these organisations wouldn't see that as a strength.

**DR ROBSON:** Yes. I might just jump in, Chris. I think we understand the issue that you're raising. And I think it's, you know, I think you've, without prejudicing anything, I think you've put your case very well. So on behalf of, speaking on behalf of the other Commissioners, we will take a look at this one.

**MS ABRAMSON:** Yes.

**DR ROBSON:** I think it's, you know, it does, on the face of it seem to, you know, to me have at least prima facie merit in taking a look and then we'll consider it for the final report.

**MS ABRAMSON:** Yes.

**MR SCHACHT:** Well, thank you very much. I will use another opportunity. I am still a member of the Labor party. I will probably choose to lobby, is it Andrew Leigh, the minister in charge of your organisation or whatever, and the government, as a separate issue. I don't want to belabour it, and I still just want to confirm. One other thing is that what they're doing, Bush Heritage? By the way it was started by a politician called Bob Brown. I don't see – you can't say you can't be political when the bloke who started it was Bob Brown. And he started it well, and a very good reason why I supported it. I was in the Parliament with Bob at the time.

One other thing I would just raise. You talked about joining, if they reject me, I should go and give a donation to someone else. I understand that. One of the things you might look at, which I just briefly mentioned, is that there was another organisation does exactly the same sort of work as the Bush Heritage called Conservancy Australia, mainly based out of Western Australia. They both raise large amounts of money doing excellent work. The point is, if they merge together, the overhead cost per unit should come down.

And that may be more a broader issue of that, just become someone has a good idea to run a charity, they then get the Treasurer or somebody to give you the deductibility. And more of it is gone on administration, which leads me to the final thing which I don't criticise at all. Bush Heritage shows that over 70 per cent of what they raise goes on their (indistinct). There were stories recently – I don't know whether it's true – in the media that the cancer charity that the McGrath Foundation ran at the time of the Sydney test, someone said that 80 per cent of what was raised went to administration promoting the event, and not to cancer research. Well I think, in the end, there ought to be a pretty strong view expressed on the annual reports by the charities Commission that this is not an acceptable diversion.

**MS ABRAMSON:** I understand. Chris, we understand your points. And they're well made. And, Krystian, you just had a small clarification.

**MR SEIBERT:** I wouldn't say that you should donate elsewhere. I was just saying that in general, donors can choose where they donate and if they, you know, want to donate to another charity because they're not happy with something, then that's their choice. I wasn't making a specific (indistinct).

**MR SCHACHT:** I understand. Thank you very much for indicating you will have a look at what I've raised.

**MS ABRAMSON:** Well, thank you.

**MR SCHACHT:** I will probably try and contact Bush Heritage, let them know, if they haven't worked it out that I've given a submission. I see that the chair has now changed from the time I got the letter from Mr Grubb. I hope that means they might have – by the way, I still want to be a member. I don't want to stand for the board. The last thing they need is a 77 year old, ageing, baby boomer, sitting on the board. That last thing any organisation really, at my age.

**MS ABRAMSON:** No, you've just ruined my prospects. Thanks, Chris.

**MR SCHACHT:** I'll just let that go. But thank you very much and I wish you well for your work.

**MS ABRAMSON:** Thanks a lot, Chris. We appreciate it. Thank you.

**MR SCHACHT:** Thank you.

**MS ABRAMSON:** Bye.

**MR SCHACHT:** Bye.

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

**MS ABRAMSON:** Thanks.

SHORT ADJOURNMENT [3.12 PM]

RESUMED [3.31 PM]

**DR ROBSON:** Hello.

**MS C. KAPUT:** Hello.

**DR ROBSON:** We can't see you. We can hear you but we can't see you.

**MS KAPUT:** Okay, I - - -

**DR ROBSON:** Perhaps turn the camera on.

**MS KAPUT:** I think I've worked it out.

**DR ROBSON:** Just testing it all. That's it.

**MS KAPUT:** Okay.

**DR ROBSON:** All right. Thank you for joining us. If you could just state your name and the organisation that you're from for the record and then we're happy to hear an opening statement.

I'll just remind for your benefit, Lara, we did make a statement about this this morning that these hearings are relatively informal but we would ask participants that they not make remarks that are defamatory of others. But other than that there is a recording and a transcript will be published on the website.

So, welcome. If you could state your name and organisation and then we're happy to hear an opening statement and then we'll get into questions. Thanks.

**MS KAPUT:** Thank you. So my name is Larissa Kaput but I prefer to be called 'Lara' and I provide my apologies from Steven Unthank who couldn't make it today. He had hoped to appear. I'm a former a Jehovah's Witness whistle blower and we made a submission, an extensive submission.

My appearance today is different to the others I have been listening to. It's all about extensive philanthropy-related harm and we have eight recommendations which will speak to your inquiry. Seven within the submission and one I will make at the end of this statement today.

Firstly, I will remind you that in our submission we included the Australian Bureau of Statistics showing that about 10 million Australians are now irreligious and the story – I'm going to tell this in a story way. It's about accountability and governance on allegations regarding the Jehovah's Witnesses. So everything here is an allegation and I won't mention any names.

When I first went to make a submission, I read many of the submissions, including all of those that I could find from religious entities. And some made by seemingly independent consultants that actually appeared to be on behalf of religion. And I noted the huge number of submissions and appearances today requesting DGR status. We're not asking for that.

I want to tell the committee and those in government, who are listening and people who read the transcript in the future, about the many complaints that I and others have made over seven years – some up to 11 years – to the Australian Charity and Not for Profit Commission, the ACNC, and the Australian Securities Insurance Commission – ASIC.

The allegations concern the Jehovah's Witnesses, as I said, and primarily relate to children – Australian children – and how important it is that if the committee can act that they should because Australia has lost faith with our charities.

Naively, when the Child Abuse Royal Commission was held, I thought, 'Well, there's no way these institutions can keep their charitable status because with the Jehovah's Witnesses there was 1,800 children that were established – provided by the Jehovah's Witnesses on subpoena to have been sexually abused.'

When I made my first complaint to the ACNC in January 2017 I thought, 'Well, I really don't need to do this because it will be obvious. But this will just fast-track a loss of their charity status. It won't have to go through all of the whole of government machinations for years.' My first complaint included discrimination against women, shunning of former members, forced child labour, which is now known as modern slavery and the covering up of the child sexual abuse I mentioned for a start. And then I was flummoxed, that that harm wasn't sufficient to revoke the charitable status, that is the Jehovah's Witnesses.

So by the second month I thought, 'Well, I'll make a second complaint.' And I made that and it included the forbidding of blood transfusions, discouraging education, about family division that

was institutional and the attitude towards domestic violence, high incidences of domestic violence and poverty and rape. And just the emotional harm that had been forced by the shunning.

When the ACNC responded they asked me to make a petition so that my request would be urgent. So I did that. I went with a group of others. We received over 1,000 signatures quite quickly and I submitted the petition and then we waited. But by October that year nothing had happened. I wrote again to say, 'Well, I understand the Jehovah's Witnesses can be pursued for criminal charges.' For example, for destroying evidence, for being accessories after the fact, perverting the course of justice, felony offences. And by holding judicial committees, that is, using a judicial power as an alternative to our justice system. And I thought, 'Well, for sure, the ACNC will get it now.'

But a year later, after chasing the ACNC many times they allowed us to have a meeting with them and during which we provided a lot of information to support the harms that have been reported. And after that they said, 'Well, we can't tell you anything because of our privacy and security provisions.' And we now know that they perhaps will be changing because it's being reviewed.

So after this we were patient and we waited for due process. I thought someone will call and ask us more questions. Someone will call and ask us to provide more evidence. But, no, as the saying goes 'We heard crickets'.

Well, then in 2020 we found out about a global property sell-off by the Jehovah's Witnesses and my partner, who I might just stop here to say my late partner, Daniel Beacom, I've written a tribute to him in the submission – but he was a major philanthropist and Chris was just mentioning Bush Heritage Australia and the Nature Conservation Foundation, Dan also volunteered with places like that, and donated to them. He believed in them. We both did.

So we spent two months validating every single line of a four billion Australian dollar database of property sell-offs by the Jehovah's Witnesses and we sent it off to the ACNC.

Suddenly, the Jehovah's Witnesses who had refused to join the National Redress Scheme signed up or appeared to sign up but they had already taken the property assets called 'kingdom halls' that's their version of church, from the local congregations that built them. Children like me that helped to build kingdom halls. They took them and left just \$5,000.00 in each local congregation. And they transferred the assets to another entity – an entity that never signed up for the National Redress Scheme. And Australian cash was off-shored.

There was a national news story on this, which I hope you're aware of. There was an eight-page spread in June 2020 regarding a lot of these allegations, and the Jehovah's Witnesses took legal entity to have it taken down. And, in fact, News Corp who did the story, did have it taken down and we don't know why. But I just want to pause here to say that the Jehovah's Witnesses often change out their Board directors and the officers. They change their responsible persons regularly. They also change religious doctrine before or after government inquiries or legal action.

They make new legal entities. And one of our attachments to the submission has the list of – I think – 750 or so legal entities that are charities. They're actually five per cent of all religious charities in Australia. Excuse me for one sec. And when they make these changes they say words to the effect of, well, the new person or the new entity can say, "I've got no idea what

you're talking about. We never do that." But of course that person wasn't there or that entity wasn't there when they actually did do that – I allege.

So in 2020, many years later, we reported they were manipulating privacy provisions and sheltering finances to the ACNC. And I also reported there was an alleged contempt of parliament by a WatchTower director. They had said there were only two child sexual abuse victims in Victoria. Even though they subpoenaed the records and their own database showed that there were actually 216. But, again, nothing happened. No investigation that we are aware of or that we know any detail about or that we have been asked to provide information for.

So then my partner and I moved to Canberra a couple of years ago. And I thought, 'You beauty. I'll have access now to offices and to parliament.' But and Chris just mentioned to him, just now, the Assistant Minister for Charities, the Honourable Dr Andrew Leigh, MP said in his newsletters there's an attack on charities. And I thought, 'We are not attacking the charities, the charities are attacking us and we're reporting them.' I visited his office which is less than 10 minutes from my home but in numerous times asking he has never met with us or me. It seems he refuses.

Then I went to my local member, less than 20 minutes away, the Honourable David Smith, MP. I have never in 51 years gone to see a local member. This was the first time. I asked his staff five times could we meet with him to tell him what was going on and to provide qualified advice to any investigations. But also he hasn't met with us. He refused to meet with me through his staff.

So by 2023, again to the ACNC we reported the destruction of documents resulting in missing and forged documents. Some of these related to financial fraud that I alleged. Some of them related to child abuse records that has been alleged and there's been a number of news articles about that.

Now, New South Wales police investigated and they accepted what the Jehovah's Witnesses told them, that is, the documents were ageing so it was appropriate to replace them. And I thought, 'What?' I'm nearly done.

In March 2023 after the Honourable Andrew Wilie MP revealed another religion was associated with misconduct in parliament. I tried again. Contacted him and highlighted concerns to the new ACNC Commissioner – Commissioner Sue – forgive me, I've forgotten – Wood?

**DR ROBSON:** Woodward.

**MS KAPUT:** Woodward. Thank you. Yes, I wrote to her and I was concerned the governance standards and/or the external conduct standards were contravened because of the issues already reported but I never received any response from her – nothing at all. We're talking about Australian children and current Australian children at risk. Excuse me. My phone's ringing. I'll just try and turn it down.

We know that every three weeks a Jehovah's Witness child is reported to the Jehovah's Witnesses as sexually abused. So since I started reporting – since the start of my story that's 182 children that potentially have been sexually abused.

And also I reported modern slavery, as I mentioned, forced child labour. Most of the 28,000 or so Jehovah's Witness children today are modern slaves of this corporation and I have reported that to the Modern Slavery Commission in New South Wales.

So, in addition to the ACNC though between 2017 and 2023 we contacted not only the ACNC but also ASIC, the ATO and AUSTRAC over 20 times. And some examples of that were to the ASIC customer service team between 2017 and 2020. I contacted the ATOs Phoenix Hotline referrals in January 2019. In the ACNC again I contacted the Assessment and Intelligence team in 2020 and then, finally, between 2020 and 2023 I contacted the Misconduct and Breach Reporting. And all of these issues were like a hot potato between all of the government departments. So nobody took ownership of and actually fully investigated with qualified advice these allegations.

So just about done now. Last year we reported to the National Redress Scheme Parliamentary Inquiry that an alleged perpetrator was in charge. We asked for him to be named and they're currently considering that.

Finally, in the past few years we have informed both the Children and Young Person's Commission in Victoria or the CCYP and the Office of the Children's Guardian in New South Wales that the Jehovah's Witnesses are not compliance with mandatory reporting and nor are they compliant with Working with Children Checks. I personally was in New South Wales last month. I asked two Jehovah's Witness elders who were on the street talking to five children – sorry, it may have been three children – whether they had working with children checks and they said no.

Earlier today you heard from someone who said the working with children checks are in place. It doesn't mean these religions are necessarily compliant and I haven't seen an auditing of that.

So, finally, I would just like to give you my eighth recommendation, the seventh in the submission itself. And you've asked these questions during the course of today so I hope this will answer questions. Why don't volunteers want to give their time and money to charities anymore? Why don't philanthropists donate?

Well, for too many years there has been a presumed benefit for religion and charities. There must be a day of financial reckoning in Australia for religious harm. And surely that day is today. For the avoidance of doubt, to alleviate cost of living crisis and to be fiscally responsible here is my eighth recommendation. That the committee should bravely but confidently recommend the ceasing of financial privileges for corporate religions, that is, no tax deductions. Suddenly, you will have a lot more trust in the system.

Thank you for listening and I open to questions.

**DR ROBSON:** Thank you, Lara. I'll just ask you a question on and I appreciate your last advice to us on recommendations but we do have a recommendation about not extending DGR status to religious charities with the sole purpose – to charities with the sole purpose of advancing religion. So what is your view on that one specifically? I assume you'd be in favour of it. But I'll just get you to respond to our recommendation on that one in retaining the - - -

**MS KAPUT:** Yes. We do have a view.

**DR ROBSON:** Yes. Okay.

**MS KAPUT:** We endorse that.

**DR ROBSON:** Okay, thank you. And then - - -

**MS ABRAMSON:** But Lara – sorry - - -

**DR ROBSON:** Yes, go.

**MS ABRAMSON:** - - -I was just going to say, Alex, I just wanted to say because I know our Alex was probably about to say it as well. We want to thank you for having the bravery to talk to us. This is not an easy thing to do. I was in the Mental Health Inquiry and I know it takes a lot to come before people you don't know and to tell your story. So we do have some precise questions. But on behalf of the three of us I did want to thank you for that. Sorry, Alex.

**MR SEIBERT:** No, I want to thank you as well, Lara for sharing your story and experiences.

**DR ROBSON:** Absolutely. Yes. And then, Lara, we do have another recommendation on abolishing the category of basic religious charities and associated exemptions. Do you have a view on that one?

**MS KAPUT:** We absolutely endorse that.

**DR ROBSON:** Okay. All right. Thank you. Krystian, or Julie did you have any other questions?

**MR SEIBERT:** Julie? Did you have anything?

**MS ABRAMSON:** No. As I said I just am mindful of how hard it is to tell a story like that. And I'm grateful that you've chosen to tell us. Krystian?

**MS KAPUT:** Thank you.

**MR SEIBERT:** And – yes – thank you. And thank you very much for your comprehension submission earlier in the inquiry as well and for you sharing these perspectives and experiences with us.

**MS KAPUT:** It does feel like you've listened and I appreciate that.

**DR ROBSON:** Absolutely. Okay. I think – yes, we've read your submission and we've heard you today and I did want to get feedback on those specifically – those two recommendations. So it's great that you're able to give us such a clear answer. So, thank you very much.

**MS ABRAMSON:** Thank you, Lara.

**DR ROBSON:** Thank you, Lara.

**MR SEIBERT:** Thanks, Lara.

**DR ROBSON:** Bye.

**MS KAPUT:** Bye.

**DR ROBSON:** Okay. Shall we take a 10-minute break now? We've got Steady Advisory coming up at four o'clock. Shall we do that?

**MS ABRAMSON:** Yes. Unless there was something – did you want to – you've got some other commitments, Alex I suppose?

**DR ROBSON:** Yes. So can you take – Julie, I'll hand over to you and then  
- - -

**MS ABRAMSON:** Yes, that's fine.

**DR ROBSON:** - - -I'll rejoin later on.

**MS ABRAMSON:** Okay, thanks a lot. Thanks, Alex.

**DR ROBSON:** Right, thank you.

SHORT ADJOURNMENT [3.51 PM]

RESUMED [4.01 PM]

**MS ABRAMSON:** Hi, Will.

**MR W. ROSEWARNE:** Good afternoon, Commissioners.

**MS ABRAMSON:** We're very informal. I'm Julie. And this is Krystian and Alex is an apology just for this part of the hearing. Well, if you'd like to state your full name and position for the transcript and we invite you to have a short opening statement if you'd like to do so.

**MR ROSEWARNE:** Thank you very much. So my name is William Rosewarne. I am the founder and principle consultant of Steady Advisory which is a corporate governance advisory practice primarily based in Launceston, Tasmania. And we work across a full scope of different activities, from inception to maturity and exit for not-for-profit institutions.

And one of the things that we thought was really a point of interest for us was to delve into behavioural psychology and economics as a way in which we can explore philanthropy, not only as an activity where Government can signal to the market to say we should be supporting these good social quarters but also how we can explore ways in which the public can affect – play a larger role, by tapping into those more behavioural aspects of how humans like to support one another. But, also, you know in a healthy way compete with one another. So our submission was primarily based on that.

We were unable to complete the follow-up submission unfortunately but for the context of this particular hearing we'd also be quite happy to speak to any of the particular findings and recommendations from chapters 6, 7, 9 and 10 if that would be of assistance to the Commission's inquiry.



**MS ABRAMSON:** That would be terrific. We'd be happy to do that. Krystian?

**MR SEIBERT:** I just wonder if you want to maybe expand upon some of your key points and then we can sort of - - -

**MR ROSEWARNE:** Of course.

**MR SEIBERT:** - - -delve into it. Yes.

**MR ROSEWARNE:** Yes. So we have been working with charities for a long time. I have personally been working with them for 10 years and I have been able to see a dramatic shift in how giving has changed over the longer term and particularly the premise that technology can act as a very significant enabler for not-for-profit institutions when leveraged in the right way.

And a lot of this goes back to the sort of 2014s, 2015s, when a well-known business called 'Thankyou' who were in the bottled water space originally were tracking their impact for particular social impact projects in third world countries, around sanitation, and all those sorts of things. And one of the things they did really well was to motivate their target market, being your everyday consumer by saying, 'Your purchase means something'. And you can actually track to see where that particular bottle of water you've purchased has contributed to say the construction of a well in an African country, if that was where the particular relief went.

That was the very beginning of really harnessing this range of technologies which have really amplified giving in a very significant way. And I talked to a few different examples in our initial submission which talk about technologies like Raisely and Fundraise and then also how those could be built into more complex CRM products, to not only enable for initial fundraising campaign to be run and run successfully, but then also provide the foundation for ongoing giving relationships to kind of nurture somebody's real desire to be a good human effectively, and to keep supporting causes which mean things to them.

So it becomes not only an instance of having a single one-off donation, like you might have if you run into a charity collection volunteer on the street, rattling a can, but you can also start building those regular donation relationships into your everyday spending or your monthly budgets. And the technology now which provides a foundation for this is becoming incredibly sophisticated, also to the point where artificial intelligence is now analysing donor data, and it's able to recommend particular donations to individuals based on what their habitual giving behaviour has been in the past.

So they can be offered a donation amount which matches their approximate budget based on what the AI is telling them. So enabled to have a donor who has been spoken to by a charity in a very deep and personal way. It says, 'We'd like to re-engage you this year. We'd like to continue this relationship.' And hopefully there'll be an existence of story-telling in the middle there to continue that motivational effect which is called a trailing reward.

They can have effectively a group of supporters that act as their biggest enablers by continuing an ongoing, empathetic relationship and financial relationship. That kind of takes a lot of the effort out of the particular individuals within the charity who would otherwise be kind of very actively calling or emailing to solicit. There's emails - I'm sorry - I take that back. The technology is now doing this for them very effectively.

And one of the other points I was making in the initial submission was that it's great to have this technology but the charities behind it, trying to use it, also need to be able to understand how to interact with data and then to use data to tell good stories. And there's an example of a charity which I was working within called - - -

**MS ABRAMSON:** We just – sorry, Will – we just lost a little bit of you. We've been having a few technology problems so perhaps if you just restart what you were talking about - - -

**MR SEIBERT:** Speaking of technology - - -

**MS ABRAMSON:** That's right.

**MR ROSEWARNE:** Yes. Of course. I was talking about technology being important but also it's critical that - - -

**MS ABRAMSON:** Yes.

**MR ROSEWARNE:** - - - individuals and charities can actually use it and understand the data. So the more that they can understand the data and leverage that with good story telling the better off their relationships are going to be with their donors, their beneficiaries, with government. I have given an example of 'I Can Network' which was a charity I worked within, who recognised this very early on and with great success to go and grow build from a very small charity in 2014 to an extremely large one now, relatively speaking, that has a very strong supporter base from a beneficiary perspective, from a donor perspective and then as a service provider to government has a very good supporter base. Both in Victoria and in Queensland as a service provider within schools.

**MR SEIBERT:** Thanks so much. We're – you know – we're really interested in sort of understanding obviously where we are now - - -

**MR ROSEWARNE:** Mm.

**MR SEIBERT:** - - - in charities and the sector in terms of – you know – philanthropy – but also thinking about the future, hence the name of the draft report - - -

**MR ROSEWARNE:** Mm.

**MR SEIBERT:** - - - as well – and technology is a really interesting one because it's obviously the kind of – you know – implications for – you know – whether regulatory responses are appropriate or not and we have sort of information requesting in relation to sort of crowd-funding in that context.

**MR ROSEWARNE:** Mm.

**MR SEIBERT:** But also understanding. And it was raised in one of our other hearings earlier this week or last week around sort of digital capacity and capability within charities and not-for-profit.

**MR ROSEWARNE:** Yes.

**MR SEIBERT:** Yes, we're interested in your views about like whether say – because I think – you know – many small charities and not-for-profits would probably have issues there. But I think many small business in general for profits even would probably have perhaps issues there.

**MR ROSEWARNE:** Yes.

**MR SEIBERT:** But do you think, say, like let's say a charity of \$100 million revenue and a for-profit of \$100 million revenue, do you think that they both have the same sorts of challenges in terms of digital capability or capacity? Or there specific challenges within charities over and above or different to ones, let's say that would exist in the case of a full profit as well. Just to try to understand whether there's – you know – maybe specific market failure or some other – you know – issue here.

**MR ROSEWARNE:** Specifically, the challenge I would think would be relevant both for profit and a not for profit would be the story telling that they're trying to articulate to their target market. So whether or not those be consumers of a product or a particular donor, I don't think the challenge is any different for them.

Being able to leverage systems to go and tell them things is something where – you know – there's endless challenge for many businesses, I think, that the depth and breadth of different products out there trying to say, 'Well, we are the solution to you understanding your customers.' And leveraging every single insight that comes in from your emails and all those sorts of things. To go and say, 'Well, this is how we're going to nurture and improve this relationship over time.' Like the amount of challenge I see across all my clients is around about the same. I would say that the very significant challenge that not-for-profits have which is distinct from for profits is that they're also trying to articulate a very specific social benefit. And until recently there were very few tools available to them to allow that to happen. However, this year the release of seed kit has provided some initial free tools for charities and not-for-profits to begin using to start exploring the appropriate measurement of social impact, and then take those particular measurements that they've undertaken and convert those into stories.

That's the whole product – seed kit specifically – is attempting to be. And it's only been out for a very small number of months. So whether or not it's achieved the right amount of impact we don't know yet. But it's certainly something out there which hasn't existed before and has this very distinct purpose in mind that I think will be transforming.

**MR SEIBERT:** Thank you. I think Julie's got a question.

**MS ABRAMSON:** Yes. Well, I wanted to ask you about – I'm calling you 'Will' because I think you've called yourself 'Will' is that okay?

**MR ROSEWARNE:** I prefer the name Will but I put my legal name in there.

**MS ABRAMSON:** Yes. No. Thank you. I'm worried about consumer issues. So when you spoke before about the ability of these fundraising – well, fundraising-type reforms, to be able to follow people and to understand what their patterns of giving, et cetera. Of course, in the telecommunications world we've gone to a lot of trouble to have 'Do not call' lists.

**MR ROSEWARNE:** Of course.

**MS ABRAMSON:** And ways of people opting out. So what sort of consumer protections do you think that we'd need to have in that type of environment so people aren't receiving what they regard as unsolicited – you know – requests for contributions?

**MR ROSEWARNE:** Yes. So the technologies I speak to are very upfront about consent being important. And the particular challenge that might appear to come up when you start talking about AI interpreting data, it's looking at the donations which have come in over a particular period and whether there is a very habitual consistent donation type, or whether there's a variation of different kinds over a period of time. It's not sort of going beyond the donation data set and exploring people's spending behaviour outside of this particular giving platform. So, certainly, those privacy concerns about what it's analysing are very important and recognised in that context.

I think that the issue of not being contacted in an unsolicited way is important. However, when I speak about story telling as a continuous way to nurture the relationship, generally speaking you're not talking about a once-off email as being for a donation. That some people might find to be a little bit abrasive. The continuous communications that a charity or social enterprise, for example, might have should be ongoing over a period of time.

So that kind of is already at a point where somebody's bought in to the story, and has been brought along a particular journey. Let's say, for example, supporting a particular individual or a particular course. Say, construction of a well, somebody's following that journey along a period of time where if they were already at a point where they didn't want to be contacted they probably should have opted out earlier. But there's always means to approve, which the people telling these stories, should be giving people an option to opt out. And I think this opt out is really important because the more that the technology is used for online crowdfunding are trying to say, 'We're going to nurture the ongoing relationship.' the more incentive they have to go and pull in more data, which means the more messages they will send. And the more features they build in to say, 'If we're going to have a peer-to-peer campaign, for example, you can donate to a cause.' but the peer-to-peer campaign is inherently competitive. So it will start to go and generate messaging to say, 'Well so and so's cause donations are growing. If you want to sort of match that particular performance in support of this cause well you need to step up.' Right?

So that might be unwelcome to some particular donors. But at the same time it might also be something which is the incentive which is to very deliberately design to eke out for the charity where people's goodwill, or their other intentions which aren't necessarily solely goodwill are being activated so that particular competition behaviour, which some people have. To say, 'Well, I'd like to be the biggest donor in my workplace.' So, so and so from accounting has gone and spent – sorry, donated or collected \$2,000.00 more than me – but I want the pride of being the biggest donor in my workplace, well then I had better start doing more to collect more donations.

So it comes down to what the individual donor's preferences are. But that person's consent is absolutely going to be vital either way.

**MS ABRAMSON:** And could I ask you something that I'm on a sort of consumer theme here?

**MR ROSEWARNE:** M'mm. Go for it.

**MS ABRAMSON:** One of the criticisms that has been made with some of the platforms that have regular contributions through charities, is although it's very easy to sign up online - - -

**MR ROSEWARNE:** Yes.

**MS ABRAMSON:** - - -you cannot actually get out of it online. You've got to ring someone. So do you think – and I might – there might be something here. I'm not sure. But do you think that there should be some standards or a code of conduct around these type of things? There are some codes aren't there, Krystian, for fundraising. But I'm just thinking about in this new AI informed world if people should – you know – because you've said very clearly, 'Well, yes. Well of course they should have that.'

**MR ROSEWARNE:** M'mm.

**MS ABRAMSON:** But what kind of protections would we have?

**MR SEIBERT:** It's interesting. Because like I was just thinking about the services of it in a very kind of – we'll start thinking here in this context about like – you know – does it matter if a person's not being engaged with by another person? Like does it matter if they're having a conversation or a relationship with something that's the product of AI versus whether it's another human or not. I mean it doesn't matter whether it's required - - -

**MS ABRAMSON:** Will, is going to tell us. He's actually AI generated. It's not the real Will.

**MR ROSEWARNE:** Well, frankly, I think Air Canada might have a particular view on that. Having recently lost an in-court matter where AI – I understand – guaranteed a particular discount and they were bound to honour that discount. I think it does matter where somebody has been communicated to via AI, because AI messaging may not enable somebody to opt out and very easily, depending on how that message has been constructed by a particular platform. And there should typically be a way by which somebody can unsubscribe from particular messaging that they're receiving.

In the context of an ongoing peer-to-peer campaign, though, the totality of that withdrawal from messaging – sorry, the consent being withdrawn – could mean that the person's ongoing relationship with the charity could potentially be terminated in a way in which they want to continue their ongoing relationship but that particular fundraising campaign is one which they've chosen to kind of opt out of communications from.

So we've got to be very careful about the nature of the opt out, and just how much that encompasses. Because, for example, if AI is continuously pumping out messages to tell somebody you need to donate more or this is a campaign update. For some people that might be enough and say, 'Well, I'm done with this particular campaign but I'm still going to support the charity in the long-term. So I still want to receive messaging about that continuous story.'

For some people they might say, 'That's enough. I'm done. My relationship with the charity needs to end now because I have done the donation thing. The system has obviously kept me informed because that's what it's set up to do via a CRM functionality. But I prefer to withdraw now and cease that relationship.' Because that benevolent activity for them has ceased.

**MR SEIBERT:** It might also be something where they're sort of – you know – policy makers have to think about this. And, you know, but also that there is the role for sort of self-regulation as well in terms of like the codes and other sort of mechanisms that are used to kind of set some

sort of voluntary but still kind of – you know – applicable standards around engagements and that sort of thing.

**MR ROSEWARNE:** I think the Fundraising Institute would be very, very interested in having a sole code of conduct that says, ‘If somebody is requesting to withdraw their consent that needs to be honoured by any institution that happens to be part of the fundraising.’

**MR SEIBERT:** Okay. Julie, do you have any other questions?

**MS ABRAMSON:** Yes. Just one other thing, Will. Are you aware – because a lot of this is overseas technology as well, of how other regulators in other countries have been responding to some of these issues?

**MR ROSEWARNE:** Yes. So the technologies that I have mentioned one was founded in Sydney but is now owned by a conglomerate in the US. The other one is founded and based in the US. The scope of my enquiries haven’t quite detailed in how other jurisdictions have dealt with the privacy issues that might be of concern. It certainly would be of interest. I think that there’s certainly going to be a degree of parallel concern about how these technologies – particularly as they become more and more sophisticated are going to also come with consumer protection. Because I think we have seen that left unchecked, especially AI, does tend to make mistakes. And the people behind it, while good intentioned can also program something to perhaps be a little too eager.

And there are examples, in my experience, of even humans, completely unassisted by AI – particularly in campaigns that aren’t performing well – trying to really engender more supporters to donate. And you would be wanting to treat that as equally as a computer-generated message. You know? I don’t think that would be any different between here and say New Zealand and the UK. I would, however, not say that I have researched that for the purposes of this submission.

**MS ABRAMSON:** Thanks. And Will the other thing I wanted to ask you is about scams.

**MR ROSEWARNE:** Mm.

**MS ABRAMSON:** You know? It’s a particular concern of the ACCC as you know. They’ve been doing quite a lot of work on this. So how do we make sure that people know, ‘Well, you can’t do it absolutely.’ But you would want the platforms that you develop that are supportive to AI, to people to know that these are bona fide sites, that they’re not scam sites. So do you have any thoughts around that?

**MR ROSEWARNE:** Particularly for the ones that I have mentioned.

**MS ABRAMSON:** Yes.

**MR ROSEWARNE:** The platform compliance for somebody who has set that up is quite strict. The risk of there being an entity or a person who is trying to – well, maliciously solicit donations or distort messaging to kind of direct somebody to a fake website – I think is fairly remote only because the amount of protections built into those, for somebody even to set up a cause, and then to establish their payment route through systems like STRIPE for example.

**MS ABRAMSON:** Yes.

**MR ROSEWARNE:** They are incredibly locked down. So I think it will be – it would be quite hard for somebody to set up a scam that would appear to use the same technologies because being someone who uses both of these particular websites and STRIPE, the amount of compliance that’s built into the back end to identify the entities concerned verify the tax-deductibility of any kind of payments made through the platform. They’re very, very strict. So for somebody to generate all that, make it look legitimate, set up a payment route and gateway, and receive donations successfully would perhaps be quite a significant exercise. But then, also, a lot of these platforms are generally generating automatic receipts for those people who make donors. And I would think that if anybody was scammed, one of their first clues would probably be the lack of a generated receipt at the other end of that donation exercise.

**MS ABRAMSON:** So do you think, Will, we would probably need to have some consumer education around - - -

**MR ROSEWARNE:** On how to spot scams. Yes.

**MS ABRAMSON:** Yes. On this particular thing because we say, ‘Well, you know, I accept’ – you’re the expert here – ‘about what you say’. But now the banks are having to deal with people who are intercepting their payment systems who are putting their own text on the bank’s actual text line. So the things that we thought – perhaps the banks used to think were protection are not protections. And now I think we all know. You go into online banking to pay someone for the first time and it will ask you, ‘Are you sure you want to make this payment?’

**MR ROSEWARNE:** Yes, they’re incredibly sophisticated exercises now. I think the reason why people will often be able to spot the scam, and in my experience of 10 years, I haven’t run into any donors or for any charities, that have ever encountered the scam. That’s not to say that these things are impossible. But where there is going to be an ongoing relationship where people are aware of the cause they’re donating to, and there’s an ongoing relationship where there’s story telling underpinning it.

**MS ABRAMSON:** Yes.

**MR ROSEWARNE:** There would generally be a level of messaging that suggests that there’s going to be a fundraising appeal of some kind. So if people are primed and priming is kind of a word which I have borrowed from the literature to then be ready for a donation exercise. Like they should expect something to come with the ACNC logo that’s based on their particular website form, they’re using or the website they’re accessing, and then they should be receiving their receipts.

Like I would imagine that somebody, being subject to a one-off email from a website that says, ‘Donate to this.’ would be probably treated similarly to any other kind of person trying to maliciously access a system through like a worm or a Trojan or something like that. Because it would be unusual to receive an irregular donation request. That’s not to say that there are ad hoc appeals or occasional appeals. It really comes down to the sophistication of the particular charity and their engagement with their donor base though. The greater the donor base the more sophisticated the charity, that generally there’s going to be a lot more sophistication and planning around the appeals they’re running and the messaging that underpins all of that.

So, the level of priming I think would dictate whether or not somebody’s attempt to scam would be successful or not. To understand the amount of priming as an outsider acting maliciously would be very difficult, indeed, unless you’re also part of that community.

**MS ABRAMSON:** Thanks very much, Will. Did you have any questions, Krystian?

**MR SEIBERT:** No, all good. That's really helpful. But thanks for joining us.

**MS ABRAMSON:** Yes. And Will if you want to put in a late submission we're very happy to have that. So up to you - - -

**MR ROSEWARNE:** Fantastic.

**MS ABRAMSON:** - - - to provide but we'd be happy to have that. So, thank you.

**MR ROSEWARNE:** Well, thank you for your time, Commissioners. I really appreciate the opportunity to make the submission. I'll certainly see what I can do about speaking to those four chapters – 6, 7, 9 and 10.

**MS ABRAMSON:** Thank you.

**MR ROSEWARNE:** I would like to make a further submission. I spoke with the team about submitting something late but I will see what I can do. Thank you.

**MS ABRAMSON:** That's great. Thanks, Will. Thank you.

**MR ROSEWARNE:** Thank you both.

**MS ABRAMSON:** Thank you.

**MR SEIBERT:** Have a good day.

**MS ABRAMSON:** Now, I'm just communicating with Francis now to see if our (indistinct) person is able to come on a bit earlier. If not we'll take a short break and reconvene. So I know Francis can hear me. Well we might take a short break. Perhaps a 10-minute break and we'll come back at 20 to 5.00 – actually quarter to 5.00 would give us more time.

**MR SEIBERT:** Yes.

**MS ABRAMSON:** Thank you. So we'll be back at quarter to 5.00. Thanks everyone.

SHORT ADJOURNMENT [4.28 PM]

RESUMED [4.44 PM]

**MS ABRAMSON:** Okay. We might reconvene. I can see you're there, Krystian, and I know that Cat is online. So, Francis, I'm sure you'll make the arrangements for Cat to speak to us. Hello.

**MS C. FAY:** Hello.



**MS ABRAMSON:** Hello Cat. Thank you for being a final official speaker and thank you for bringing forward your time as well. Could I get you to state your name for the transcript and also your position and invite you to make an opening statement should you wish to do so?

**MS FAY:** Thanks, Commissioner. And my name is Cat Fay. I'm a managing partner at Perpetual and I am a managing partner actually of our community and social investments business which includes the work that Perpetual does as a trustee for philanthropists, and we also work extensively with not-for-profit organisations and our First Nations communities that have secured or decided to extinguish native title. And to that end, Commissioner, I'd just like to acknowledge that I am coming from Gadigal Lands today and I'd like to pay my respects to any Elders past or present and any Elders that are with us on the call today as well.

**MS ABRAMSON:** We're very informal, Cat. It's fine. I have been calling you Cat. Julie and Krystian and Alex sends his apologies.

**MS FAY:** No worries at all. Thank you for that. And yes, I would like to take an opportunity to make some opening remarks. I will focus my remarks on the information request, 8.3, but I would like to acknowledge, obviously, Perpetual has made an additional submission.

**MS ABRAMSON:** Yes.

**MS FAY:** And there are a whole range of things that we're supportive of and have views around. But for the benefit of today's conversation I will concentrate my remarks with relation to the information request regarding the concentration of the licensed trustee market, and try to address some of the questions that were raised within the draft report.

So, firstly, I'd probably just like to address the underlying premise of the request for information and specifically that concentration of the LTC market reduces competition and could potentially lead to poor outcomes for the community.

I think it's probably fair to say in 2024 the market for trustee services has potentially never been more abundant. And there's a whole wide range of options and corporate trustee structures that are available to philanthropists and philanthropic families that are looking to establish their foundations and receive trustee support.

LTCs today compete with the appointment of, as trustee, with individuals, public trustees, accountants are very prominent today in the trustee market and other trusts and advisors also who offer those services with regards to their board or advisory services. And that's, of course, not to mention other unlicensed and government entities that exist as well.

We're certainly of the view with regards to trustee options. If an individual or family wishes to appoint a gratuitous trustee they have got the option of engaging with individuals who wish to take on that obligation without a fee. They also have the option of appointing State-owned, non-profit public trustees. And if they wish to appoint a professional trustee who is not their accountant or trusted by – then, of course, they've got the option of appointing a licensed trustee in that manner.

And look this – none of this is new. I think licensed trustees have never held the market share as acting as a trustee for philanthropic foundations in this country. Although they have always played a really important role in growing philanthropy since the late 1800s. And if we look at the market, probably the market growth that we have seen since the introduction of private

ancillary funds it's fair to say that that has continued. LTCs don't occupy the majority of trustee positions with regards to private ancillary funds. However, I do think it's worth noting that they continue to be appointed by families and individuals who are setting up their private ancillary funds despite the abundance of market opportunities to seek alternate trustees in those particular instances.

I would just like to touch on the broader community benefit that we certainly see with regards to the licensed trustee market and that obviously has to do with the benefit of pooling smaller trusts that might find it difficult to attract a trustee. And outside of that pooling those trusts to provide larger grants the community organisations which certainly Perpetual takes that approach those that were not unduly burdening the community sector with regards to seeking applications for small amounts of money with a big focus on reducing red tape for applying organisation and there's clearly a cost-benefit ratio to bare for that for charities.

Obviously, the economies of scale more broadly with regards to reducing replication of tasks that are procurement options and the capacity to provide aggregated insights would market. And then, of course, the ability to invest in the broader development of the philanthropic sector which, I think, both ourselves and Equity Trustee have been pretty consistent around, given the fact that this is part of our business. We need to see a healthy and growing philanthropic sector that has the trust of individuals and communities more broadly.

Before I sort of open up for questions I did want to just touch on the unique role of licensed trustee companies. And, certainly, in my experience over the last decade in working in this space are very particular – I think – instances whereby individuals might choose to appoint a licensed trustee company and decide against appointing a lay trustee, for example.

And in many of these instances it's where surety is kind of really sought with regards to the ongoing professional management of the trust in perpetuity. So families or individuals that are looking at having confidence around, not what this looks like in 10 years' time or 20 years' time with a family member but what it looks like in a hundred years' time with regards to their trusteeship.

We also see quite often that family members have indicated a lack of interest in trusteeship. Now, that might be where they are at in their lives. But, certainly, in many instances we're appointed as an LTC where family members just don't want the succession powers of the founders.

I do want to also note that in many instances and this is particularly important with regards to growing philanthropy in this country, many of the individuals and families that we act as a trustee for have long-term relationships with the licensed trustee company. Many of them over multiple generations and it provides a significant level of surety to those families that their funds and their foundations will be looked after in the same manner that it was looked after during their lifetime.

And the final two points. Complexity with beneficiary relationships. I'm not sure whether this has come up in any of the public forums but, certainly, many of the reasons why individuals might choose to establish a philanthropic foundation relates to the fact that they could choose to give directly to an organisation but have concerns around the ability of that organisation to manage it, or they want to ensure that it's not spent or whittled away in the short term, and a charitable trust provides them with an opportunity to do that. But they need a professional trustee in that instance to manage those relationships.

And a final reason that we do see on occasion here at Perpetual is court appointment. And those court appointments typically will take place because of divorces or where there has been some governance issues with lay trustees and the court believes that professional trustee is the most important approach in an ongoing nature.

So we have made an additional submission, Julie and Krystian, just with regards to many of those items. We have attempted to provide some case studies around how we've seen that play out as well. But we do think across that particular issue of concentration – you know – there's lots to note around the benefits of having a professional trustee but also that we do have an abundant trustee option available.

I am happy to take any questions with regards to portability. I know that's another question for the Commission and any other questions that you might have around the role of a licensed trustee company.

**MS ABRAMSON:** Thanks, Cat. I think, Krystian, you've got some questions to start with?

**MR SEIBERT:** Thanks so much for joining us, Cat, and for the very comprehensive submission and also the case studies which are really helpful. And also prefacing this but I say that there's an information request because we don't have any views on this area.

**MS FAY:** Yes.

**MR SEIBERT:** So we were asked as a part of the terms of reference to have regard to previous inquiries and reviews and (indistinct) them.

**MS FAY:** Noted, yes.

**MR SEIBERT:** And that was (indistinct) review and - - -

**MS FAY:** Yes.

**MR SEIBERT:** - - -there was never a response to it and it raised various sort of issues and made various recommendations so we felt it's appropriate to have a look at that given the terms of reference. I want to ask you – sort of – I'll do that a bit later, just about sort of changes in philanthropic practises based on some of the things that we have been hearing from participants in our hearings just in the more general kind of questions in a moment.

But just on sort of the regulation of licensed trustee companies and you address it very comprehensively in the submission. I suppose my question is that there's the sort of the thrust about the sort of the intentions of the settler are sort of paramount and I agree that in trusts well that is certainly a very – the focus of it. But I note that in the CAMAC review it sort of said that it's obviously very important. But the kind overriding consideration is sort of the benefit to the community from charitable trusts. I think that was sort of on page – yes – six of the CAMAC review and I think that's perhaps what led CAMAC to sort of make some of the recommendations later on. Do you think that they're one and the same? Or that there is perhaps some sort of a tension between those two sort of perspectives?

**MS FAY:** Well, I think when the settlor establishes a charitable trust their intent is for those funds to be used for public benefit and to be managed appropriately around that Krystian. But I

think in terms of some of the concerns that were raised a decade ago with regards to licensed trustee companies, transparency around fees, portability questions and so forth. Really, when we're talking about the intent of the settlor we're talking about it with regards to issues, such as portability and grandfathering of those particular issues.

We can't guess at the mind of the settlor or the founder in those instances, and trust law is pretty settled around that. And I think we create really significant concerns if we say we're willing to go down a track where we'll disregard the interests or what the settlor has put in place through the establishment of the trust, including through the appointment process within their deeds et cetera.

So I think the settlor's view is paramount with regards to the governance and oversight of the trust. But then, of course, it does – it is incumbent on the licensed trustee, or any trustee for that matter to ensure that the intention around public benefit is ultimately met as well. And there are many levels to that, Krystian. And I think – you know – in the decades since the CAMAC review we have probably had the ACNC established, which does address some of the transparency questions. I would say that Equity Trustees, like Perpetual, probably bulk uploads, their annual information statements if there was a view that it would be great to ring-fence the information around what's coming from licensed trustee companies for example. There's already a manner to be able to do that, if people wanted to see clear, at least, in those particular instances.

But with regards to public benefit more generally I would probably – look, I would be disappointed with the suggestion that licensed trustee companies, simply for its structure do not provide the type of benefit that other trustees provide with regards to a public benefit in how they manage their trusts. In fact I'd go as far as - - -

**MR SEIBERT:** They wouldn't say that - - -

**MS FAY:** No, no, no. I know. No, and just to be clear with regards to the public benefit component I think it's really important to kind of understand the investment that we make in ensuring that the approaches that we're taking are best practise. We have a number of approaches at Perpetual that we take to ensure were making decisions in a defensible manner. We're managing conflicts and were trying to reduce any of the costs associated with applying for grants. And then we're going through an appropriate due diligence process to ensure distributing for maximum benefit for the community.

I would say, Krystian, the level of detail that we probably go through isn't matched I would say in a majority of and a majority of other foundations in many instances. Sorry, I think we have a very defensible approach to how we manage those particular public interest requirements.

**MR SEIBERT:** Yes. And it's a fair point and it was noted yesterday too about the transparency with the ACNC. And I think I also noted yesterday in my comments with when Equity Trustees appeared about so that – you know – we're also aware that, you know, there are provisions under Charities Acts and Trusts Act in the various States - - -

**MS FAY:** Yes.

**MR SEIBERT:** - - -around where sort of – you know – there can be sort of some – you know – a Supreme Court can be asked to sort of review something and there can be certain circumstances where a trustee can be changed. But obviously a very high threshold for that in

most cases that it can vary between jurisdictions, and I think – so, yes, we are aware of that. I suppose the only other question I would have is in terms of – there’s the portability question which you’ve addressed, then there’s the question around, sort of, the fees because there was the CAMAC recommendation around fair and reasonable fees.

Like, I mean, I know that fees are regulated under the Corporations Act, and there’s also the point you make, which I’ll get you to expand upon as well, around capital versus income - - -

**MS FAY:** Yes - - -

**MR SEIBERT:** Which we asked Equity Trustees yesterday, but, yes, just your views on that, sort of, the fee issue in general.

**MS ABRAMSON:** And can I just add, Cat, that capital income issues is quite an interesting one - - -

**MS FAY:** Yes - - -

**MS ABRAMSON:** So expanding on that.

**MR SEIBERT:** (Indistinct words), yes.

**MS FAY:** Yes. Look, and Krystian, the fee issue around fair and reasonable, if you spent any time looking at the submission that were made to CAMAC around that, I don’t think there was any alignment with regards to how to measure, and how to ultimately land on a position with regards to the fair and reasonable. Obviously, there is a significant amount of regulatory regulation around how trustees, professional trustees in this instance, can charge, what they can charge for, and how they can document charging around those particular issues. And then, of course, there’s the issue of risk.

When you’re holding assets for the benefit of the community, and you have a higher duty of care as Perpetual does, much higher than the regular prudent person, responsibility as required by common law, we’re holding a higher risk. And so how do you measure risk? And how do you become reimbursed around those risk items? I’m probably not going to give you an ideal and clean-cut response to, ‘Is there a way to deal to that question?’, except to say, you know, I think a lot of work has gone into trying to demonstrate that through the CAMAC process, and I don’t think an audit is an appropriate vehicle for ascertaining that purely for a licensed trustee company.

Fees are charged in many different ways by lay trustees, and by accountants and other trusted advisors, so I think, you know, my view on that is probably an audit would be overreach, and it certainly was, you know, the view of licensed trustee companies at the time. With regards to the capital income issue, I do want to note that, you know, we deal with a lot of beneficiaries who are the beneficiary of capital restricted trusts. And there was certainly – I think in the middle part of the 1900s, certainly a view that you provide maximum benefit to the community by ensuring that the capital exists in perpetuity, and provide the income distribution to your preferred beneficiaries.

What we have is a unique situation where charitable trusts are required to take their fees – trustees are required in charitable trusts to take their fees from income. In some instances, that might be the entirely appropriate course of action, but for trusts where income beneficiaries

exist, I can understand in low-income environments that those beneficiaries at times see the capital growth of the trust happening, but may, due to low residual income, you know, not see that growth matched with regards to the income that they're receiving. The uniqueness with regards to trustee fees and the charitable trust space is that this is not an issue faced by other trust structures or trustees.

And so we think that there's clearly, you know, a really simple way to amend this. The trustee, of course, must take seriously it's view on where it's fees should come from, and I want to reiterate for those that are on the line here, this isn't about changing the fee itself, the amount would stay the same, it's whether or not the fee is taken from the income of the trust, or the capital of the trust. I think the response - - -

**MR SEIBERT:** Just quickly, what if the governing document, like, say, the will or something says that it has to be taken from capital?

**MS FAY:** I think in those instances it would probably be – we'd probably be restricted in those particular instances, or certainly that's something that could be explored, Krystian, but in instances where it's silent on where the fees should be taken from, I think the trustees, particularly professional trustees, should have the option to ensure maximum community benefit by looking at what capital growth might have been in a particular period versus income for the same period. And noting that these changes were made in the early 90s when interest rates were incredibly high so, of course, that was, you know – those changes were made with a view that you have a responsibility to protect the capital, and given the type of income generation that was taking place, it made sense to take fees from there.

A balance needs to be struck, and that's a really important approach to this. You can't erode the capital of the trust that will ultimately lead to poor community outcomes in five, 10, 15 years, but I think licenced trustees, professional trustees, already manage that with regards to other trust structures and should be given the opportunity to do it here as well. And not just licenced trustees, other trustees who are charging their fees and are restricted to taking it from the income.

**MS ABRAMSON:** And, Cat, could I ask you about distribution rates from PuAFs and PAFs, and also - - -

**MS FAY:** Yes - - -

**MS ABRAMSON:** The smoothing provisions, because you've got some interesting views about that. Interesting in a good way.

**MS FAY:** Yes. Look, certainly I – look, I think the data that we've provided you in our submission – certainly, COVID was really interesting in many ways because our clients, many of the families and individuals that we work with, have continued to distribute via their PAFs at a higher rate. And so I – you know, I don't think necessarily that all philanthropists are wedded to the mandatory distribution rate, but it is the right starting point for them considering how much they need to plan to give away in year. But certainly, we see consistently the clients and families that we work with generously giving more than that in the PAF space.

I think, certainly, it's the case also in terms of our endowment clients and families that we work with, and that's our public ancillary fund. We would not be opposed to the alignment of a public ancillary fund distribution rate, and a private ancillary fund distribution rate for philanthropists, but I recognise that our historic public ancillary funds were established in many instances by

charities themselves, and that there could be instances where public ancillary fund trustees might have very different views with regards to the pertinence of change in that. But I think for philanthropists specifically, I think we should be up for the alignment, particularly now that portability is available across those structures so there's no incentive to move to a particular structure where your distribution rate is lower.

And I should say, when we are working with families who are interested in coming to philanthropy, I don't think I've ever had one of them say to me, 'I want to set up an account within a public ancillary fund because the rate is 4 per cent, not 5 per cent'. That's our view with regards to that. I don't think there needs to be a shift around private ancillary funds. I would fear that that may lead to, particularly in this inflationary environment, it may unintentionally lead people to not wish to establish a structure, and we need to be really careful to balance that.

**MS ABRAMSON:** I should acknowledge my presiding Commissioner is back. My moment of great power leaves me now that Alex is back. But I'm going to (indistinct) - - -

**DR ROBSON:** Thank you. Sorry, Cat. Yes.

**MS FAY:** That's okay.

**DR ROBSON:** Family emergency.

**MS FAY:** (Indistinct) delegated.

**DR ROBSON:** Yes.

**MS ABRAMSON:** I'm going to – sorry, Cat.

**MS FAY:** Just the smoothing provision, Julie.

**MS ABRAMSON:** Yes.

**MS FAY:** Just to comment on that, I mean, I have to admit that maybe it's the way that we manage multi-year distributions, but we already feel as though there's ample options around impacting what your mandatory distribution rate is in future years where you have forward commitments. I would be concerned around playing around with mandatory distribution smoothing provisions, because in many instances there's already options that are available to us to seek either a ruling, or to simply make plans for our future distributions and hold over those funds for those years.

I don't – I don't necessarily see the value in making those types of changes given the downside risk of it is potentially, you know, significant volatility in the market with regards to certainty around what distributions are coming from foundations in any particular year. We have ways and means of managing those things, and I think those options are available to all trustees.

**MS ABRAMSON:** I just had one final question, and I know the colleagues wanted to ask you some more questions on the distribution rates. Cat, the trust laws are different in all of the states, so one of the things that people have said to us, you know, it's different laws in different states. It matters when we think about things like the ACNC's powers and the relationship with the state

attorneys. Do you have a view about the fact that the laws are different for charitable trusts in different states just as a general proposition?

**MS FAY:** Just as a general proposition, it probably makes our job much harder, Julie.

**MS ABRAMSON:** Yes.

**MS FAY:** Obviously, we need to be very aware of trust laws with regards to where the trust were domiciled, how those particular state laws relate to charging of fees and everything in between.

**MS ABRAMSON:** Yes.

**MS FAY:** I've not turned my mind though to having a formal view around what could be done with regards to that, except to say, yes, you know, for professional trustees like us it's something that we have to be very, very aware of in the management of our trusts.

**MS ABRAMSON:** Thanks, Cat. My moment of power is gone, Alex, so it's back to you to control questions.

**DR ROBSON:** Thank you. Thanks for joining us, Cat. I just want to follow up on the minimum distribution discussion. And, I mean, really, it's about, you know, a minimum distribution – once the money is in there, you're either bringing it forward or pushing it back.

**MS FAY:** Yes.

**DR ROBSON:** And, you know, obviously – well, depending on their preferences, but some charities would prefer to have it today rather than tomorrow all else being equal, but we're thinking about this, you know, the idea of, you know, you can still have a minimum, but maybe a, sort of, recommended rate which would, sort of, be a soft nudge if you like. You have a minimum which you can't, you know, sort of – that's a bind, you know, sort of a hard rule, but then maybe, you know, we could, sort of, ask charities or other organisations, 'Well, what do you think the distribution rate would be?', and then aggregate it, and then that would be a, sort of – come up with some sort of reference rate.

And so entities then wouldn't, you know, be forced to meet that reference rate, but it would be there as a guide to say, 'Well, this is what the view is out there'. I'm looking to get your reaction.

**MS FAY:** Yes. And, Alex, that's with regards to lifting it from 5 per cent, is it?

**DR ROBSON:** Well, I don't know. I mean, it depends - - -

**MS FAY:** (Indistinct words) encouraging beyond 5 per cent?

**DR ROBSON:** Well, it depends. It depends, like, you know, if the – if – you know, potentially, but I don't know if the reference rate came back, you know, something else, but I mean, that's a relevant question. But, yes, it's just something we've been giving a little thought to.

**MS FAY:** Yes. Yes.



**DR ROBSON:** Yes.

**MS FAY:** Look, I think what we want to avoid is confusion to some extent. You know, I think that's really, really important. You know, I'd love to see the Commission's view more broadly around, you know, how do we increase trust-based philanthropy? How do we encourage more unrestricted giving, for example? Because I think those types of things would be far more impactful than playing around the edges of a mandatory distribution rate if we're talking about increasing the benefit for the community. I think, you know, the provisions around professionalism of the philanthropic network, and if you were looking to provide instruction or encouragement in a certain direction.

I thought one of the really fantastic submissions that you guys received in the original submission period came from an academic in New South Wales, where she suggested you should just force all philanthropists to give unrestricted funding and that would be the best way to potentially benefit the community. And I thought that was very bold and quite interesting but, you know, the principle I think of what she was getting at was quite right. You know, if we're talking about growing giving and growing its impact, I don't think playing around the edges of the mandatory distribution rate gets us to where we want to go. I think it's probably about encouraging better practices if you're – if you're – if you're just nudging around the edges there.

I think confidence with the inflationary environment, you know, we're definitely seeing people asking that question and trying to understand what are the types of returns that I need to get, so it is impacting decision making. I think that needs to be front of mind for the Commissioners with regards to recommendations. I'd encourage probably once it's clear, once there's lots of clarity around what's required, we'd probably want to see the detail of what was being recommended.

**DR ROBSON:** Yes. Okay. Thanks. Krystian?

**MR SEIBERT:** Just on, sort of, the practice of philanthropy, and there's an open question about what the role of Government is in terms of shaping that, but we have had obviously lots of feedback that we then also highlight that in the draft report around, sort of, philanthropy's role, sort of, supporting innovation, and then the benefits of, sort of, general operating support versus project specific funding. It was interesting, we had a participant in Sydney last week from a large charity that basically said that their experience with their funders was that overtime there's been less, like, support for general operating support funding, and also, like, - so it's actually gone down from their experience.

And also that they see it as a bit of a mismatch in terms of a lot of philanthropic supporters, the larger ones, actually want evidence of effectiveness already, like – so that they're not necessarily fulfilling that kind of role of funding innovation. I'd be interested – I've got another question about, sort of, philanthropic strategy, but I'd be interested in your, sort of, views about how the sector has changed or not changed given you've been in it for quite a number of years now and, sort of – yes, some of those trends and developments.

**MS FAY:** Krystian, do you remember the period, you know, probably a decade or so ago where people were deriding this idea of cheque book philanthropy? You've just written – you've written a cheque, and you've handed it over to the charity. And I often say to me – the families that I work with, like, you know, if you're unsure the best thing you can do is cheque book philanthropy, because you're providing unrestricted funds and you're not having any of the bells and whistles around reporting requirements. If you trust the organisation, that's a great way to

give and you shouldn't be concerned about, you know, these ideas of professionalism that sit around it.

I think philanthropy as it has become more professional has, kind of, taken on this isomorphic approach, and that is that we've looked the big foundations and how they undertake due diligence, and how they assess applications, and the type of high touch that they want with regards to the impact that those foundations can demonstrate that they're having through their giving. And it's filtered down into every level of philanthropy now that we – you know, we have to ask for paperwork in order to be sure in the distributions that we're making. I've definitely seen that, you know, and its professionalism perhaps and due diligence, you know, that's dressed up as, you know – that ultimately is perhaps overreach in many instances.

Perpetual, we absolutely have a view. We provide advice to our clients about best practice in philanthropic giving, and in many instances we believe best practice is find a great organisation that aligns with your values, aligns with the mission of your foundation, and let's do the due diligence to make sure that they're a good quality group that can manage a distribution, but let's be as light touch as possibly with regards to how we go about it. And I can tell you something else, that leads to a lot more joy for the philanthropist as well who's not up to their eyeballs in paperwork in many instances, particularly for small grants.

I definitely think we need to strike a balance, and the rise of professional advisors in this space, you know, we've got a responsibility to do philanthropy, and do philanthropy well for the benefit of the community in our approach to giving in those instances. I've definitely seen it, Krystian, and it is disappointing to hear that, you know, charities on the front line are feeling the brunt – the brunt of that. I think it is an issue.

**MR SEIBERT:** Just in terms of, like, what Government can do, or if Government should do something to shape, sort of, this space. We did have some evidence in Perth, sort of, saying that, like, you know, it was actually in relation to the minimum distribution, but it was about, sort of, a broader comment that, sort of, there's nothing in the regulations that need to – that, sort of, require trustee funders, say the trustee of an ancillary fund, to think about, sort of, intergeneration justice questions. And we can have a bit more of a broader discussion around that there's nothing really that requires them to think of what their philanthropic strategy is, and that the PAF guidelines say you need to have an investment strategy, but you don't have to have a philanthropic strategy.

I mean, your philanthropic strategy could be cheque book philanthropy - - -

**MS FAY:** Yes - - -

**MR SEIBERT:** Until 2030 when cheques are no longer accepted as Julie comments on a lot but, you know, there's nothing that prompts in the guidelines that actually prompts a trustee of an ancillary fund, the donor, the family, to think about their strategy. Many do do it anyway, and I'm just, you know – we don't have any views on this, but whether, sort of, something explicit about you should have a philanthropic strategy. You know, what it is is up to you, and it's not that, you know, you don't, you know – if they're going to have someone check it and, you know, you could then in that consider, well, do we provide general operating support? Do we support, sort of, you know, first nations led organisations et cetera? I mean, we don't know, that's one option, but - - -

**MS FAY:** Yes.

**MR SEIBERT:** It has been raised in a couple of other submissions about, you know, reporting on the proportion of grants that are general versus project specific, but obviously that can come with compliance costs as well. We're interested in your views about what lead does Government have, and does Government have a role in this space?

**MS FAY:** Well, I think it's probably education, and I think you're right. The guidelines mean that the governance of a lot of foundations focus on exactly what's said in the guidelines, and we're governing and doing our philanthropy right if we're meeting the obligations of the guidelines that have been set out. Perpetual, as a rule we do have philanthropic strategies for all of our living clients. It's one of the joys of being able to think about your giving, and to track whether it's improving, and whether or not you're enjoying the work that you're doing with organisations.

Would love to see people doing more of that Krystian, but I would say it then comes with, you know, an additional level of probably advisory support which comes back to, you know, for those smaller foundations, if we can find a way of doing it very simply, and using tools that make it relatively easy, I think there might be some benefit in supporting that. While we absolutely believe a professional trustee and a professional advisory organisation is a great way to go, I also understand that there are many other people that are trying to do this as efficiently as they can possibly do it, and it might be an additional burden that therefore goes with that.

Perpetual, I should just say has a philanthropy tool kit that we have put on a commons license online that goes through everything from how do you establish a foundation, through to how do you engage your family in a good conversation, through to how to you acquit funds appropriately and design a strategy. We put that on a commons licence deliberately with a view to ensuring that any other advisor, any other family can take it, use it and do what they will because it will lead to better philanthropy. There are probably some tools that could be put to work that already exist and are out there in terms of education as well. Maybe that's the role, Krystian, I'm not sure.

**MR SEIBERT:** Just very quickly on sub-funds. You can see that we've got a draft proposal just for some additional, sort of, reporting on sub-funds given that there is no publicly available data on the number of them - - -

**MS FAY:** Yes - - -

**MR SEIBERT:** And, you know, the amount of assets held in them.

**MS FAY:** Yes.

**MR SEIBERT:** You're aware, obviously, that in the US there's the debate about donor advice funds et cetera.

**MS FAY:** Yes.

**MR SEIBERT:** What would your views be about, sort of, some of that additional reporting given that there isn't any data available now?

**MS FAY:** Look, once it's easily aggregated and provided, we're supportive. I do take your point and I would note for the Commissioners as well, that that's probably one of the areas of

growth that we've seen with philanthropic vehicles as private ancillary funds feel more heavy at a regulatory touch. A lot of the clients and individuals that we're working with just want the joy of philanthropy bit, the giving the money away, and it's easier to do that through a public ancillary fund in those instances. We're, you know – we already do share those data including with yourself, Krystian, previously, and any other researcher that has sought it, we've provided it at an aggregated level so that it's available publicly.

We would not be opposed to that. Once again, it doesn't lead to significant additional reporting requirement that just adds to the cost of what should be a lighter touch vehicle.

**MR SEIBERT:** Thanks so much, Cat. Very helpful.

**DR ROBSON:** Thank you very much.

**MS ABRAMSON:** Thanks, Cat.

**DR ROBSON:** Yes, that was great.

**MS FAY:** No worries. Thank you for your time and thank you for the work that you've undertaken today.

**MS ABRAMSON:** Thank you.

**DR ROBSON:** Very good. Thanks. I think that's it for participants. I will just call for anyone online if they would like to take the virtual floor, as it were, and give some comments. If you would like to, you can raise your hand in the toolbar on the bottom there. I don't see anyone raising their hand. If not, I think we will formally close these hearings. Thank you again to all participants, and again, the final report will be given to Government in May, and then it's up to Government then to release it within 25 sitting days, and as a final piece of work, I'd love to thank the team for all their hard work, and also the transcribers that we've had in various places around the country. Thank you, everybody. And, yes, that's it.

**MR SEIBERT:** Thanks, team, and thanks, everyone.

**DR ROBSON:** Thank you.

MATTER ADJOURNED [5.25 PM]