

# **PHILANTHROPY AUSTRALIA'S ELECTION STATEMENT**

**A National Action Plan to Double  
Philanthropic Giving to Australian  
Charities by 2030**

---

December 2021  
Executive Summary

# Executive Summary

---

## The Proposal

Philanthropy Australia calls on the Australian Government and the Federal Opposition to commit to a grand national initiative – working with Philanthropy Australia and the philanthropic, for-purpose and business sectors on a policy development process aimed at doubling philanthropic giving by 2030.

To ensure the highest standards of fiscal and policy rigour, the process could be run by the Federal Treasury, reporting to the Assistant Treasurer and comprise:

- A Green Paper prepared by Treasury setting out key issues and context and seeking input.
- Submissions from, and engagement with, the philanthropic, for-purpose and business sectors.
- Working Groups involving Treasury and sector experts to consider key reform proposals.
- A final White Paper setting a new strategic direction for philanthropy in Australia, and a suite of funded initiatives to double philanthropic giving by 2030. The paper would be released not later than 12 months after the 2022 election.
- The sector outlining initiatives it will take to increase giving.
- Should the government wish, the process could be overseen by a prominent Australian or Independent Panel.
- To give the process momentum, Government could immediately commit to a long overdue reform – the creation of a new Item 1 Deductible Gift Recipient (DGR) category for Community Foundations, which do critical work especially in regional and rural Australia, so they are no longer stopped by red tape from supporting many charitable activities and can accept funds from Private Ancillary Funds (PAFs).

---

# The Case for Action

## The power of philanthropy to transform society

**Philanthropy supports the charities that change millions of people's lives every year.** Whether helping people in poverty get life back on track (like The Salvation Army or The Smith Family), saving people in desperate need in the outback (The Royal Flying Doctor Service), transforming people's health (The Heart Foundation and The Fred Hollows Foundation), or helping people with mental health challenges (headspace, Beyond Blue and Lifeline), Australian charities make a profound contribution to our nation's economic, social, cultural and environmental fabric.

**Philanthropy also kickstarts innovations that become crucial institutions in society,** like a number of our sandstone universities, leading hospitals and medical research institutes. It enabled the creation of the bionic ear, which has brought hearing to hundreds of thousands of people across the world, and Bush Heritage Australia, which manages 37 reserves and protects more than 11 million hectares of land.

**Philanthropy helps achieve a better sharing of wealth and opportunity in Australia.** According to the Australian Financial Review's Rich List, Australia's 'Top 200' have a combined wealth of over \$480 billion, or an average of \$2.34 billion each. We can and must create a culture in which – like those who sign the Giving Pledge – the majority of this wealth is provided to charity, creating hundreds of billions for those most in need.

**And at a time when governments are facing massive fiscal pressures** – with Federal debt headed towards \$1 trillion and the ageing of the population placing huge pressure on budgets – philanthropy can step up to provide smart, cost-effective support for Australians in need, and test new ideas that can enhance the effectiveness of government investment.

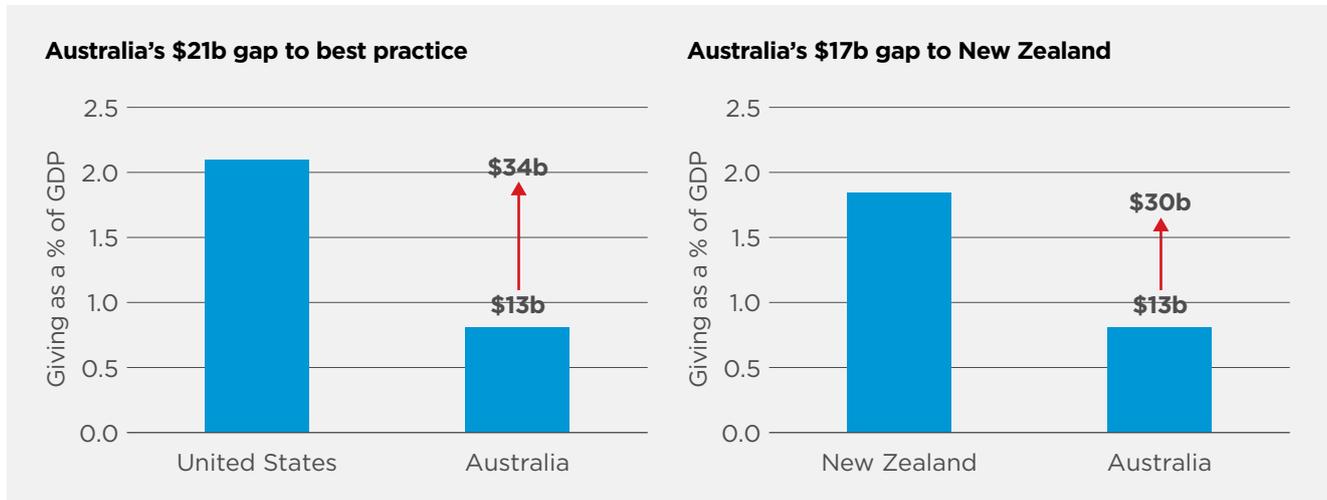
**Philanthropy can empower communities to shape their own futures.** Government cannot solve every social challenge alone. People in local communities – through Community Foundations, religious groups, and grassroots community organisations – can and want to take on the responsibility to get involved in donating, volunteering and participating in projects to help their local community thrive.

**Charities are an important part of the nation's economy.** In 2019, they employed 1.38 million people, or 11 per cent of Australia's workforce, more than the retail or construction sectors, with revenue of \$166 billion and assets of \$354 billion. Around 3.6 million Australians volunteered in 2019.

**Creating a philanthropic culture builds a nation many Australians yearn for.** While we are more connected digitally than ever before, many of us feel less connected to our communities and each other than ever before. A philanthropic culture creates a different society – one in which we recognise we are all in it together, we do our bit to support people in need, and together we solve our biggest challenges. The bushfires and pandemic have reminded Australians that we are stronger when we work together and people are eager to play their part in building a stronger future for their communities and our nation.

## Australia is falling behind, with a \$21 billion gap to best practice

Australians can be generous people, but many of us have lost the giving habit. Giving in Australia is around 0.81 per cent of GDP, compared with 1.84 per cent in New Zealand and 2.1 per cent in the United States. Reaching the US proportion of giving would lift annual giving in Australia from \$13.1 billion to \$34 billion, a \$21 billion increase. Reaching the NZ proportion would unleash an extra \$17 billion per annum.



## The unparalleled opportunity before us

Australia has an unprecedented opportunity to draw on our rising wealth to increase giving to our most important causes. Australia will shortly experience the largest intergenerational wealth transfer in its history. Over the next two decades, \$2.6 trillion is expected to pass to the next generation. If we could pass 10-20 per cent to charity, this would unleash \$260-520 billion to support the most crucial causes in our society. This would be transformational for Australia, catapulting us to being among the leading philanthropic nations in the world.

## Reforms that would deliver billions to charities

Now is the time to introduce a new wave of historic reforms that can leave a lasting legacy for Australia, following the example of the Howard Government's introduction of PAFs in 2001 (the last major reform to spur philanthropic giving in Australia).

*"I wanted to enlist the natural generosity and decency of the Australian community and it's there at all levels of society. I particularly wanted to enlist people of wealth and I understood the contribution they could make and the example they could set."*

**Former Prime Minister John Howard at the Philanthropy Australian National Conference 2021**

These reforms have delivered a significant legacy. There are now almost 2,000 PAFs with total assets of over \$7 billion. PAFs distributed more than \$4.1 billion to charity between 2001 to 2018-19, including almost \$565 million in 2018-19.

The next Australian Government can pick up the reform baton, considering reforms that in combination would deliver billions in additional funds for Australians in greatest need. For example:

- 1. Expanding Charity in Regional and Local Communities by Creating a New DGR Category for Community Foundations** (recommended for immediate implementation): Community Foundations, many of which operate in regional communities (such as the Buderim Foundation in Queensland and Stand Like Stone in Mount Gambier, South Australia), are financed and run by local people who understand their communities, which makes them uniquely placed to provide effective support where it is needed most. Unfortunately, they can only fund Item 1 DGR charities. There can be a lack of organisations with this status in regional areas, and it means that Community Foundations cannot fund many grassroots community groups and initiatives. This reform has long been advocated for, and the time has come for tangible action. Creating a new DGR category for Community Foundations would allow them to fund any charitable activities, provided the activities are covered by the 51 existing DGR endorsement categories, and would end the prohibition against them receiving funds from PAFs, which distributed \$565 million in 2018-19.

Cutting this burdensome and unnecessary red tape would boost funds for rural and regional communities, support grassroots community action across our nation, enable rapid responses to natural disasters, and unleash higher impact support in areas like health and education – all at negligible cost to government and with safeguards to protect the integrity of the DGR framework.

2. **Encouraging Bequests from Superannuation:** With superannuation balances at death set to reach at least \$130 billion by 2059, giving Australians the choice through their superannuation arrangements to leave some money to charity (and abolishing the tax penalty for doing so) would unleash billions for Australian charities.
3. **Creating an Incentive to Leave a ‘Living’ Bequest to Charity:** While \$2.6 trillion is set to be passed between generations in the next 20 years – a huge opportunity – at present only around 7 per cent of Australians are leaving bequests in their wills. An incentive to make a ‘living’ bequest, as exists in leading countries that donate more of their national income to charity, could make a huge difference. As noted above, passing just 10-20 per cent of our intergenerational transfer to charity would unleash \$260-520 billion to support the most crucial causes in our society.
4. **A National, Co-Funded Campaign to Build a Culture of Giving in Australia:** A multi-channel campaign to inspire Australians and give them simple, practical ways to give could help reverse the decline in the proportion of Australians giving to charity and unleash the generosity and ‘fair-go’ ethos that is an essential part of the Australian identity.
5. **Additional High Value Reforms:**
  - (i) **Fix fundraising:** Creating a single national fundraising regulation regime – to replace the seven different State and Territory sets of rules – would cut costly and time-consuming red tape and enable more funds to go where they are needed most – helping people in need.
  - (ii) **DGR reform:** Australia has around 58,000 charities, but only around 30,000 have DGR status (which allows the public to donate and get a tax deduction). Broadening and simplifying access would ensure more charities access DGR, boosting the funds they can attract for their important work.
  - (iii) **Supporting philanthropy by the public:** Allowing Public Ancillary Funds (PuAFs) – a vehicle through which all Australians can chip in and contribute – to receive funding from PAFs, would unleash more funds for foundations supported by the general public. For instance, it would facilitate matched giving and collective giving initiatives, including workplace giving, which are on the rise around the world.

## Sector-led action to create a culture and practice of giving

The policy process could be complemented by sector-led action to expand giving, drawing on initiatives developed in Philanthropy Australia’s *A Blueprint to Grow Structured Giving* (April 2021), such as:

1. **An awareness agenda to build a stronger philanthropic culture and grow giving,** including co-funding the national campaign, initiatives in schools and workplaces, championing stories of giving and establishing a bi-annual survey on giving by wealthy Australians.
2. **Supporting professional advisors to engage their clients about philanthropy,** so lawyers and financial advisors discuss the option of contributing to charity with clients planning their financial futures or preparing their wills.
3. **Supporting Ultra High Net Worth (UHNW) individuals to engage their peers to encourage giving.** With just 54.7 per cent of Australians earning more than \$1 million per annum claiming tax deductions for giving, compared to 90 per cent in the United States, an activist group of UHNW philanthropists could engage their counterparts to foster a stronger culture of giving.
4. **A Research Agenda to grow giving.** The sector can fund and facilitate research and trials on how to foster giving in areas including High Net Worth (HNW) giving, increasing donations in wills, and arresting the downward decline in the proportion of Australians giving to charity.

## Together, we can create new possibilities for Australian society

To capitalise on this opportunity, Philanthropy Australia recommends the Australian Government work with the philanthropic sector, Australia’s leading charities and the business community to develop a National Action Plan to Double Philanthropic Giving by 2030. It has been many years since an Australian Government established a clear strategy to harness the tremendous power of philanthropy to create a stronger society. Instead, policy has evolved from a series of ad hoc decisions that have not created a fully coherent framework. Now is the time for a clear and bold strategic direction and an action plan to lift philanthropic giving to better support Australians in need.

Further detail on ‘The Case for Action’ and the suggested initiatives is provided in the Full Report.



[philanthropy.org.au](http://philanthropy.org.au)