

Practical Policy Priorities to Grow Giving in Australia

PHILANTHROPY AUSTRALIA'S
POLICY PRIORITIES FOR GROWING GIVING

APRIL 2025

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Philanthropy Australia's Policy Priorities for Growing Giving

It's an exciting time for philanthropy in Australia and our joint efforts to build a better enabling environment for giving.

We're celebrating a tangible policy outcome that will support the growth of community philanthropy, with a [new deductible gift recipient \(DGR\) category for community foundations](#) delivered by the Australian Government. Achieving this important reform is the result of more than 20 years of advocacy, and over 3 years of focused policy development.

There is a new focus on strategic collaboration between philanthropy, government and community. The [Investment Dialogue for Australia's Children](#) is working to build a better future for children and young people, and there's an energetic conversation [taking place in Queensland](#) to bring together efforts to support social enterprise in the state.

The Australian Government has an objective to double giving by 2030, supported by the Opposition. The Productivity Commission's comprehensive [Future Foundations for Giving](#) report identified a range of priority reforms to support giving in Australia, and there is genuine and positive engagement between philanthropy and our elected representatives in a way we have not seen before.

Growing Giving to Benefit the Australian Community

We're seeing giving grow in Australia, but at the same time, the demands on charities are bigger than ever. Increases in the cost of living, rising inequality, and climate change are having a real impact. Our diverse charities are on the frontlines responding to these challenges.

*Growing giving matters,
because growing giving
benefits the community.*

Growing philanthropy and its impact is not an end in and of itself. Growing giving matters, because growing giving benefits the community.

It provides additional resources to channel community voice and action to make a difference to people's lives, and build a more inclusive and resilient Australia. It's not a substitute for government, but rather a complement. It fulfils a different, but vital role.

And there are so many [inspiring stories of giving](#) that show how philanthropy can and does contribute to creating real and lasting change.



Just this year, we've seen [new hope of life-changing treatments for people living with glaucoma](#), after the Snow Medical Research Foundation announced a \$50 million partnership with the University of Sydney to launch the Snow Vision Accelerator.

Philanthropy contributes to a better society by providing money, time, skills, assets or lending a voice to people and communities who would otherwise have lower quality outcomes or have less access to goods and services – Productivity Commission, Future Foundations for Giving report, 2024.

Creating a Better Enabling Environment for Giving

When it comes to growing giving, the policy choices of governments make a difference.

We know that the availability of tax incentives or giving structures is not the primary reason people give – but they can and do support people to give, and to give more. There are also other ways to grow giving that do not involve government action, and Philanthropy Australia is actively engaged in working with our members and partners to drive a whole range of initiatives that help build our nation's culture of generosity.

But in the context of the Federal Election, there is an important opportunity to focus on what governments can do to create a better enabling environment for giving in Australia. Therefore, Philanthropy Australia is asking both the Government and Opposition to demonstrate their commitment to growing giving in Australia.

Through a process of engaging with our members and partners, Philanthropy Australia has prioritised the following focused and practical policy actions that we believe are essential to creating a better enabling environment for giving in Australia.

Philanthropy Australia's Policy Priorities

- *Reforming the Deductible Gift Recipient System*
- *Supporting First Nations-led Philanthropy*
- *Making Superannuation Bequests Easier*
- *Following Through and Keeping What Works*

*We are releasing these policy priorities to send a strong signal that in the coming term of the Australian Parliament, we will be seeking **real and tangible action** to enhance the policy settings for encouraging giving, from whoever forms the Australian Government.*

It is not a long list of actions, because we know that reform is hard to achieve and there are many competing requests of government. We also appreciate that growing philanthropy is not usually an issue that is front and centre in election campaigns.

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Focused and Practical Policy Actions to Grow Giving in Australia

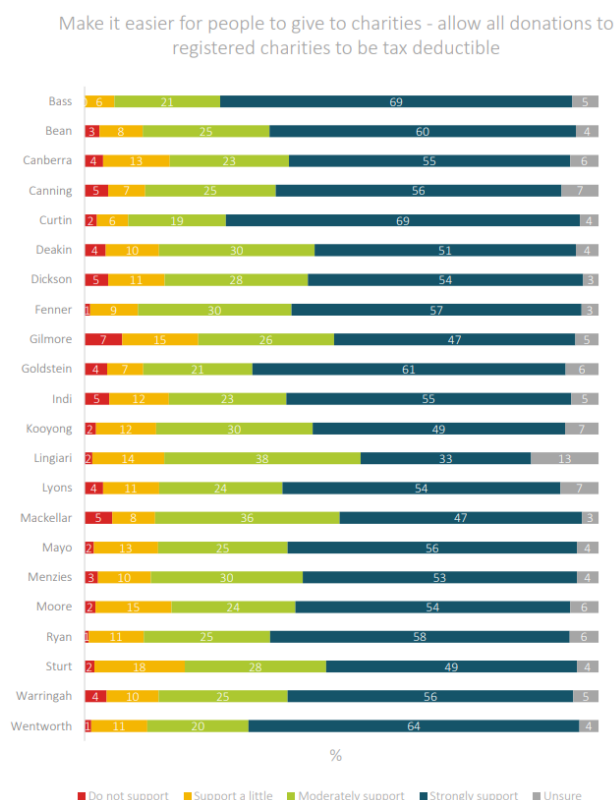
Reforming the Deductible Gift Recipient System

The Productivity Commission's *Future Foundations for Giving* report concluded that the Deductible Gift Recipient (DGR) system, which determines which charities are eligible to receive tax deductible donations, is not fit for purpose and needs reform. This was echoed by the [Not-for-profit Sector Development Blueprint](#) released at the end of last year. This means that we now have **five major reports**, including two in 2024, that have recommended an overhaul of the system.

Only around half of registered charities are eligible for DGR status, with the system leading to many random outcomes. For example, currently a charity focused on preventing *illnesses* in children is eligible for DGR status, whereas a charity focused on preventing *injuries* to children is ineligible. This just doesn't make sense.

By leaving the DGR system as it is, we are making a policy choice that has a disproportionate impact on community-run charities such as neighbourhood houses, charities supporting LGBTQIA+ Australians, and advocacy charities focused on addressing the causes of disadvantage. Many of these charities currently miss out on DGR status, and therefore donations, because our DGR system is not working properly.

We shouldn't be waiting for a sixth or seventh report to recommend reform of the Deductible Gift Recipient system, yet again – there should be action now.



Source: Community Perceptions Survey (Charities), Community Council for Australia and Piazza Research, March 2025

The case for fixing the DGR system is clear. It needs a comprehensive overhaul, with *Future Foundations for Giving* providing a roadmap for reform. [New research](#) commissioned by the Community Council for Australia shows strong public backing for change, with 92% of voters in a survey of marginal seats supporting efforts to make it easier for people to give to charities, by allowing all donations to registered charities to be tax deductible.

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Supporting First Nations-led Philanthropy

A coalition of the First Nations leaders in philanthropy are advocating for the Australian Government to support First Nations philanthropy, as part of the Government's wider efforts to advance self-determination and promote economic development opportunities for First Nations Australians.

The Productivity Commission's *Future Foundations for Giving* report recognised the importance of shifting philanthropic funding practices and approaches in this regard. This is work that is being prioritised within Philanthropy Australia's membership through our First Nations Funders Network. But the Productivity Commission also recognised that government has a role to play.

First Nations leaders stand ready to work with the Australian Government and the philanthropic sector to design and implement a new 'First Nations Philanthropy Collaboration' model – Leah Armstrong, Senior Adviser, International Funders for Indigenous Peoples

First Nations leaders in philanthropy have proposed a multi-faceted approach that seeks to build a new 'First Nations Philanthropy Collaboration' model, to strategically guide philanthropic engagement and ensure funding reaches initiatives that empower First Nations communities.

Philanthropy Australia supports these efforts, and believes it is essential for the Australian Government to contribute to this important work.

Government can, and should play a role in supporting and growing existing and new Aboriginal and Torres Strait Islander philanthropic initiatives – Productivity Commission, Future Foundations for Giving report, 2024.

Making Superannuation Bequests Easier

Superannuation is a key component of Australia's retirement income system, helping support a dignified retirement for older Australians. Many people can have excess superannuation upon death, and a 'binding death nomination' provides a written direction to a superannuation fund, setting out how a person wishes for their excess superannuation to be distributed.

Bequests are an important source of income for charities, but currently, it's very complicated for a person to donate a portion of their excess superannuation to a charity. That is because a direct bequest to a charity cannot be included in a 'binding death nomination', so it must be channelled through a person's will, adding more hoops and roadblocks.

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By cutting red tape that makes it harder to donate excess superannuation to a charity, we can remove a barrier standing in the way of Australians wanting to be generous. Through a targeted and focused regulatory change, the Australian Government could allow a person to choose

whether they include a direct bequest to a charity in their binding death nomination.

Such a change has no tax revenue implications for the Australian Government. It is also fully consistent with the legislated objective of superannuation, as it only relates to how superannuation is distributed after death. It's a common-sense and practical reform, that would provide generous Australians with more choices about how to give to charity.

Following Through and Keeping What Works

Creating a better enabling environment for giving in Australia does require policy changes – but it's not only about that. It's also essential to follow through on policy changes which have already been made, and to keep policy arrangements that are working well. This includes:

- **Full operationalisation of the new DGR category for community foundations**

The new DGR category for community foundations has now commenced operation, with the [first four community foundations now 'declared'](#) as 'community charity trusts' for the purposes of the category, enabling them to be endorsed under the category by the Australian Taxation Office.

It is essential to follow through with declarations of the next tranches of community foundations, to ensure all community foundations can benefit from this new category.

It is also vital to ensure a clear and consistent pathway is in place which enables new community foundations to obtain declarations. This should include publication of public guidance and information about the process and eligibility.

- **Retaining the existing minimum distribution arrangements for ancillary funds**

Ancillary funds, which are proposed to be renamed as '[giving funds](#)', encourage more and better giving for the benefit of the many charities working in our community. The minimum distribution mandates that a certain proportion of a fund's value is distributed as grants each year, which is a key lever that the Government uses to regulate ancillary funds.

Philanthropy Australia supports having a minimum distribution, and takes a measured stance in response to any proposed changes to its rate. For example, back in 2016, we [opposed a Government proposal](#) which would have reduced the minimum distribution and decreased the required flow of funds to charities.

We would adopt the same considered approach in response to any new proposal to change the minimum distribution, seeking an outcome that supports the role of these funds as an important source of giving for the benefit of the community. We think that the current arrangements work well in that regard, and therefore we don't see the need to increase or decrease the minimum distribution, especially given the risk of unintended consequences.



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