

# Future Foundations for Giving (Inquiry into Philanthropy)

## Summary of yourtown's submission 2024



### What is it about?

The Productivity Commission is undertaking an inquiry into philanthropy. The Commission has released the Future Foundations for Giving draft report with findings and recommendations relating to motivations for philanthropic giving in Australia and opportunities to grow it further. In our submission, we examine the impact of proposed reforms aimed at increasing philanthropic giving, while advocating for ways to ensure the community receive maximum benefit from this giving.

### Why is it important?

Philanthropic giving is an integral part of the funding sources enabling charities, not-for-profit organisations, and community groups to support vulnerable Australians. Over the years many reviews of charitable fundraising have resulted in minimal change, including those focused on nationally consistent fundraising regulations. However, as the sector experiences new and emerging pressures (including increasing demand for services, increased complexity of client issues, increased regulatory burdens and costs of doing business), we are having to do more with less.

### Some of yourtown's key messages:

#### 1. There needs to be national harmonisation of fundraising legislation

Fundraising regulations are complex, duplicative, time consuming and costly, reducing the financial return from fundraising and the positive social impact from giving behaviour. **yourtown** currently invests approximately \$300,000 per annum to ensure compliance with various Commonwealth, state and territory fundraising legislation. These significant resources could be better invested into work directly supporting our mission. We recommend that: the Commonwealth government become the sole legislator and regulator of national fundraising activities; charities registered with the Australian Charities and Not-for-profits Commission should only have to apply for a national fundraising licence and not to individual jurisdictions; and any national harmonisation of fundraising regulation captures all methods of fundraising.

#### 2. Changes to the threshold for tax-deductible donations should not increase administrative burden

The draft report recommends the Australian Government should remove the \$2 threshold for tax-deductible donations. We understand that removing the threshold may increase donations, however, we question whether charities would not be expending more on administration burden than they are generating from the amount of donations they would receive. If removing the \$2 tax-deductible donations threshold will result in increasing compliance for charities, then a better solution will be to increase the threshold to \$5 or \$10. The inquiry should also consider how giving behaviour is impacted by people not carrying cash and examine how bank charges on credit card transactions and donations affects people's giving behaviour, and the true value derived from the donor amount once fees have been deducted.

#### 3. There needs to be a wider review of national and international corporate giving data

Corporate giving culture in Australia is underdeveloped compared to other countries. If organisations are more transparent with their data on donations (including goods, money, time), then the Productivity Commission can examine this data as part of a wider review of other countries with tax mechanisms that have successfully promoted corporate giving cultures. The learnings can inform strategies to increase corporate giving in Australia.

#### 4. Regulation and compliance activities for volunteering should be minimised

Regulation and compliance activities for volunteering are required to ensure safety, however, regulatory burden makes it difficult for organisations to maintain an effective volunteer workforce. In addition, time and costs associated with screen checks create less incentive for volunteers. Governments should consider how changes to policies and programs would affect volunteers and organisations.

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