

Submission to Productivity Commission's Philanthropy Inquiry

About Mission Australia

Mission Australia is a national, non-denominational Christian charity that has been serving Australia for more than 160 years. Our vision is an Australia where all of us have a safe home and can thrive. In 2021-22, we supported over 147,900 individuals through 465 programs and services across Australia with housing, homelessness, aged care, child, youth and family, mental health, and other community services.

For many years Mission Australia's donor fundraising program has sustained revenues of between A\$15 and A\$21 million (including bequests), constituting approximately 8% of the organisation's overall income. There is an acknowledgement of the potential of, and appetite for, sustainable long-term growth in this area to support the increasing funding needs within the organisation and to diversify revenue streams.

Our current philanthropic portfolio is relatively diverse, with a higher-than-average dependence on bequest income (26% of income over the past five years compared with an industry average of 13%) and a comparable percentage of income being driven by mass market and philanthropy initiatives.

The potential of philanthropic giving

The experience of fundraising organisations through the Global Financial Crisis and COVID has been that sound strategy, sustained investment, and clear articulation of need can overcome many economic barriers to giving. However, there is no doubt that fundraising has become more challenging and will continue to do so as people face:

- Increased housing costs (rent or mortgage);
- Reduced earnings from shares and dividends; and
- Higher costs of goods and services.

Research conducted in July 2022 by More Strategic¹ demonstrated that, across all age groups, the issues of housing affordability, domestic violence and poverty in Australia were all ranked in the top seven issues of concern by a representative sample of Australians. These are areas in which philanthropic investment has made a significant contribution alongside government spending.

Mission Australia is aware that the benefits of philanthropy extend well beyond the dollar value, including:

- granting freedom to reform and innovate outside the contractual obligations of current government commissioning processes, providing an ability to pilot and scale new initiatives;
- creating a bond between the community and the organisation;

¹ Ref: More Strategic 2022 [Supporter Behaviour & Insights Archives - More Strategic](#)

- giving people constituency, ownership, and influence over issues and actions they care about;
- creating awareness of hidden problems; and
- reinforcing brand positioning to alert people to the availability of supports and help drive service access and usage.

Despite Australia lagging behind the giving behaviour of other countries, our country is well-positioned to create a more generous giving culture and increase the quantum of giving. In addition to unprecedented wealth held by Australians,² Philanthropy Australia estimates that \$2.6 trillion will pass to the next generation over the next two decades. If even 5-10 per cent of wealth could flow to charities, \$130-\$260 billion would be unleashed, helping to catapult us to being among the leading philanthropic nations in the world.

Key issues

Mission Australia is a member of Philanthropy Australia, Fundraising Institute Australia, and the Australian Council on Social Services, each of which are making a submission to this Inquiry. We support those submissions and agree that governance reforms to facilitate engagement between government, philanthropy, charity, and business can radically lift social impact through collaboration on joint initiatives, including social innovation aimed at system change, and co-investment in Flagship projects.

We highlight the following key issues raised in those submissions:

Superannuation bequests: With superannuation balances at death set to reach at least \$130 billion by 2059 (in 2018-19 dollars), giving Australians the choice to leave some money to charity through their super arrangements when they die (and abolishing the tax penalty for doing so) would unleash tens of billions of dollars for charity. This reform could by far be the most powerful lever we have to lift giving. It is highly cost-effective as this method of giving does not attract a tax deduction.

An option to donate at tax time: Providing Australians with a choice to return some or all of their tax return to charity as part of the tax return process could embed in our culture a valued national custom, where every year we consider providing support for people in need, when we can afford to do so. With around \$30 billion being returned from income taxes each year, this prompt could provide additional funds to charities.

Fix fundraising: Creating a single national fundraising regulation regime or harmonisation – 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, which is helping people in need. Now is the time to capitalise on recent momentum for reform, ending what has been government failure lasting decades that costs charities \$15 million a year - money which should be going to support people in need.

² Ref: Philanthropy Australia [A Blueprint to Grow Structured Giving - Philanthropy Australia](#)

Encouraging later-in-life and legacy giving: While \$2.6 trillion is set to be passed between generations over 20 years to 2040 – a huge opportunity – at present only around 7% of Australians are leaving charitable bequests in their wills. Bequests are a consistent and essential revenue stream to Mission Australia. 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. The Productivity Commission should undertake policy design work aimed at delivering maximum benefit, cost the establishment of a Living Legacy Trust structure drawing on previous work and advice from interested philanthropists, and consider alternative means to encourage later-in-life giving and charitable bequests, when people are better positioned to give but relatively few do.

A national giving campaign: Sustained campaigns have shifted our national behaviour in fields including tobacco, sun protection, HIV, and depression. A campaign to inspire Australians and to give them simple, practical ways to give could unleash the generosity and 'fair go' ethos that is an essential part of the Australian identity. It could target markets with massive potential for growth, including ultra-high net worth/high-net worth Australians, financial advisers who advise on the allocation of this money, the general community (still responsible for half of Australia's individual giving), and volunteering (worth more than all other giving combined) and business (with pre-tax profits running at \$500 billion a year).

Businesses: Facilitated by business peak bodies, Australia's 2.6 million employers and 14 million workers could contribute to a business double giving agenda, which could include initiatives such as supporting a national giving campaign, signing on to Pledge 1% (giving 1% of equity, time, products and/or profit), enabling workplace giving by employees, with employers matching donations, and embedding more 'win-win' activity, undertaking philanthropy in ways that also further key business objectives.

Charities: The Productivity Commission's 2010 report, *Contribution of the Not-for-Profit Sector*, outlined a powerful agenda for reform, much of which is yet to be implemented. Measures that strengthen the community's confidence that funds donated will be used well – such as robust evaluation and improving human capital (notably leadership, governance, business planning and fundraising skills) – are crucial to improving the willingness to give and to creating genuine impact. Government can create a better environment for charities by reducing red tape, fixing fundraising, employing a partnership rather than 'command and control' model, and fully funding service provision with improved funding certainty through longer-term contracts and adequate indexation.

Summary of recommendations

In summary, we argue that the Productivity Commission should recommend the following actions:

- Reform superannuation to give people the choice to leave money to charity through their super arrangements.
- Reform taxation arrangements to allow people to return some or all of their tax return to charity as part of the tax return process.
- Create a single national fundraising regulation regime.

- Encouraging later-in-life and legacy giving.
- Design and implement a national giving campaign.
- Encourage giving through Australian businesses.
- Create a better environment for charities through a range of measures including fixing fundraising, employing a partnership model between charities and government, and reforming commissioning processes to give charities greater security.

Further information

For further information, please contact Helen Merrick, GM – Fundraising & Marketing