

**PRODUCTIVITY COMMISSION**

**PHILANTHROPY INQUIRY**

**DR A. ROBSON, Deputy Chair**

**MR K. SEIBERT, Associate Commissioner**

**TRANSCRIPT OF PROCEEDINGS**

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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 flaw 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. 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 cops 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 furphies 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 adjectives 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 secretary 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 motived 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 auspice 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 it 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 Calauit for the high eastern Arctic, all Innuit-led, Innuit 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 Innuit 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 Calauit 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 away 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 XYC, 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 floor, 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 Fransisco 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 Fransisco – 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 an embed it in government policy.

**MR SEIBERT**: It's an interest 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 out 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 deductive 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 it 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 as 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 administer 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.

M**S 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 short 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 of 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**