

Australia - we can give more

Sally Loane

There was a time in Australia when – with a few notable exceptions– the view from the top end of town on corporate and personal philanthropy was: “Why should I? I pay taxes, my company pays taxes. The Government looks after those who can’t look after themselves.”

This attitude began to shift in the late 1990s. This was driven partly by American CEOs running Australian companies who introduced their philanthropic culture via corporate foundations and workplace giving; partly by David Gonski’s innovative and tax effective private ancillary funds (PAFs) which started a culture of intergenerational philanthropy, and partly due to the rise of a more altruistic and globally focused younger generation. The 2013 pledge by Andrew and Nicola Forrest to give at least half of their wealth to charity was also an important landmark.

Data from the 2015 Koda Capital Australian Giving Review shows that the average tax deductible donation claimed by Australians in 2012-13 was \$504 – more than double that of the previous decade. In gross terms, total tax deductible giving in Australia has jumped from around \$0.5 billion in 1994-5 to \$2.3billion in 2012-13, with the steepest acceleration between 2000 and 2008 – before the onset of the Global Financial Crisis.

Australians, however, have crimped their charitable giving since the GFC. According to the Giving Review, only one in three individual taxpayers now claims a tax-deductible gift, with the amount donated representing just 0.32% of their taxable income (compared to 2% in the US).

Research by Philanthropy Australia indicates that Australians continue to give significantly less than US citizens, and slightly less than the British and Canadians. When it comes to the spread of giving, there’s no gap between rich and less well-off. Unlike the experience overseas, measured as a percentage of taxable income, donations across most of the Australian high net wealth population is only marginally higher than those among lower income Australians.

The top end of town – which led our national cultural change in philanthropy – must focus on leading again. Government services which abdicated some of the welfare space when private philanthropy entered, won’t be stepping back in. Our population is aging and the tax base decreasing. The giving gap must be closed again.

As someone who’s passionate about philanthropy from both sides –both sitting on charitable boards raising funds, and foundations which distribute funds–it’s important to me that we continue to embed the culture of giving into our national DNA.

The Financial Services Council’s (FSC) licensed trustee company and public trustee members are philanthropic pioneers in this country, and continue to play an important role in supporting and growing philanthropy.

In some cases, operating for over 120 years, these professional trustees establish, administer and manage charitable trusts and foundations, created by individuals, corporations and communities. Private ancillary funds and public ancillary funds – community foundations – are used for those who

wish to be involved in and see the outcomes of their giving while they are alive. For those preferring a legacy in their will, testamentary trusts allow them to leave all or part of their estate to support causes in perpetuity.

Professional trustees provide expert investment and grant-making advice aimed at ensuring that the community benefit of giving is maximised, and the funds operate perpetually -- providing valuable, consistent funding rather than a one-off boon.

An example is the Harry Lyon Moss bequest which was seeded in 1960 with £1 million to distribute income each year to the Royal Children's Hospital, Melbourne. Prudently managed by a licensed trustee company, the Moss Trust is now worth around \$80million, and has distributed more than \$50 million in income to the hospital since it was established.

Currently, FSC trustee members manage more than 1,500 trusts and foundations, with total assets of around \$4.37 billion. During 2013/14 alone, these trustees distributed over \$190 million to charities via donations and as project grants.

In the last financial year, FSC members contributed around \$600 million in corporate philanthropy. This includes giving via corporate foundations, workplace giving programs, matching funds raised by staff, pro-bono work and volunteering. When global foundations and affiliated offices are taken into account, the figure jumps to around \$1billion.

There are some innovative new examples at the top end of town. Philanthropists Belinda Hutchinson and Geoff Wilson are breaking new ground with the Future Generation Global fund which is aimed at philanthropic investors to help deliver project funds for young people affected by mental illness.

The Prime Minister's Community Business Partnership has been re-established to bring together leaders from the business and community sectors, and to advise the government on practical strategies to foster a culture of philanthropic giving, volunteering and investment. Its focus is on priorities such as eliminating institutional barriers to philanthropic giving; considering the potential of innovative investment models; and building research on trends, education and best practice in the sector. This is important work which can be embraced to really make a difference to our community.

Philanthropy is not just for the big end of town. Through workplace giving programs, direct donations, and giving circles, all Australians can contribute. Volunteering remains an invaluable, time-honoured way of supporting communities.

Given international evidence suggests tax incentives most effectively stimulate philanthropy, there will also need to be further examination of whether current arrangements provide appropriate support. Similarly, charities should not be subjected to suffocating red-tape.

Initiatives like the Community and Philanthropy Partnerships Week this week (from 7-13 December) aim to showcase great projects inspire a giving ethos and provide an opportunity for Australians to think about how they can contribute to the community.

Sally Loane is CEO of the Financial Services Council