

Six broad themes informing Australian Perspectives on International Philanthropy

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Six themes

Australia's public discussion of its citizen's involvement in international philanthropy through charities is unfinished. I would like to help in the carrying forward of that discussion. I might be most helpful, then, to locate the issues within six broad themes for people to consider. The six themes I will briefly summarise are:

1. the level at which the subject is engaged should start with policy;
2. Testing assumptions;
3. Australia's place in the global philanthropic economy;
4. Domestic concerns arising from the history and
5. Finding clarity in language. These are now briefly discussed.

1. *The level at which the subject is engaged.* The debate around the issues should be engaged at the policy level not at the level of legal interpretation. Constraining the debate within the meaning of the words 'in Australia' did not help to bring clarity to the meaning of those words. If the contest was really over what should be Australia's global philanthropy policy then the debate should be conducted at a policy level and not at the level of the interpretation of tax law.

2. *Testing assumptions.* 'For the broad benefit of Australians' has become an important way of considering global philanthropic policy so testing that assumption is important. That assumption can be tested against the literature that suggests that geographic neutrality is in the national interest. Rejecting even that assumption, those who argue that domestic and international beneficiaries of charities should start from the premise of equality of entitlement to beneficence can be heard in this broader policy debate. The argument that geographic neutrality is superior from most moral frameworks and most political theory can be tested in this context. Australia could test the assumptions in light of the best available evidence and then chose and articulate the basis for its policy. This might, but might not, be 'for the broad benefit of Australians' and if it is, a fiscal mercantilist approach might not be the best policy approach to achieve that. The second theme is to identify assumptions and test them.

3. *Australia's place in the global philanthropic economy.* Australia's policy on global philanthropy and its enactment in law must have regards to what other nations are doing. Singapore made the decision to position itself as the pre-eminent jurisdiction in Australia's time zone for international philanthropy in 2009. It peaked its tax deductibility rate at 350% and in 2016 and reduced it to 250%. American tele-evangelists target Australian religious givers. As most Australian giving is religious and as most religious giving (unlike much of the rest of the world) is not deductible Australian donors have no tax incentive to give domestically but many other nations including the US do. There is a tax incentive for an American watching an American tele-evangelist to donate only to an American religious charity as the gift will be tax deductible. There is no tax incentive for an Australian watching an American tele-evangelists to give to an Australian religious charity rather than American tele-evangelists as the equivalent donation is not deductible in Australia. With the rise of funds transfer over the internet it can be easier for an Australian to give to a United States tele-evangelist than an Australian religious institution. Third, tax incentives and the confusion around 'in Australia' has driven Australian PBIs to relocate overseas and led to

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foreign charities not to locate here. An assessment of the economic impact of the current position should be undertaken. International factors influencing philanthropy and charitable organisations should inform the debate: This is the third theme.

4. *Domestic concerns arising from the history.* There will be Australians who are understandably very unhappy about the 'acknowledgement' of a geographically neutral position on the one hand or, on the other, the 'adoption' of a fiscal mercantilist position. In the first group may well be those organisations that navigated the arduous process of obtaining approval through DFAT and the ATO, the overseas aid funds and Australians who simply subscribe to the fiscal mercantilist world view. On the other hand those who favour a geographically neutral policy will be keen to now see the move to the current views on 'in Australia' expressed by government. Amongst this group are likely those who have acted more recently on the more relaxed ATO expressions of 'in Australia'. Managing the past domestic experiences and expectations will be a factor that informs this debate. This is the fourth theme.

5. *Domestic Tax expenditure Analysis.* The issues in contest have revenue implications. This cannot be avoided so if there is to be a tax debate it should be possible to assess the policy positions against the criteria for tax expenditure analysis. In Australia they are: efficiency, equity, simplicity, sustainability and policy consistency that has not been done in Australia. The fifth theme is that where there is to be a revenue debate it should be conducted within revenue policy architecture.

6. *Finding clarity in language.* As much of the confusion has derived from the meaning of 'in Australia', and other countries have adopted alternative ways of stating the need for submission to the jurisdiction, might the phrase 'in Australia' be replaced with another? If there are to be further or other tests imposed, such as the beneficiaries being within the jurisdiction, language that clearly communicates this unambiguous arguably will also be required. The sixth theme is to avoid ambiguity of language and to find clarity.

Conclusion

Australia's public discussion of international philanthropy leading to clear law and policy implementation is unfinished. This paper has set out six themes that can, and arguably should, inform and even frame any discussion about the development of Australia's policy on international philanthropy. There may well be other key themes. In presenting this brief summary of themes my goal is to help conference attendees understand where others in the debate are coming from and introduce attendees to ideas of which you might not have been aware. Millions of people and thousands of organisations are affected by Australia's position on international philanthropy and so our having a clearly articulated and implemented policy on global philanthropy should be, in my view, a priority.

Thank you.

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