



PHILANTHROPY
Australia

Feedback to CAMAC Review into Crowd Sourced Equity Funding (CSEF)

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1. Philanthropy Australia - Background and interest in CSEF

Philanthropy Australia is the national peak body for philanthropy and our members are trusts and foundations, families and individuals who want to make a difference through their own philanthropy and to encourage others to become philanthropists. Our mission is to lead an innovative, growing, influential and high performing philanthropic sector in Australia.

Impact investing is of growing interest in the philanthropic sector generally, and to many of our members, as a new and exciting strategy to assist them to achieve their charitable goals.

In line with its mission to grow philanthropy, Philanthropy Australia has an interest in ensuring that the Australian community is encouraged and supported to invest in both for profit organisations which have social/environmental goals in addition to their financial purpose, and to NFP organisations which have a business arm designed to generate profit that can be reinvested to support their charitable goals. By raising capital through online platforms, CSEF offers opportunities for concerned individuals to participate in impact investing in a small way and potentially provides a valuable source of capital for these companies and organisations working for the public benefit.

Given our remit, we only want to comment on CSEF for those organisations which have the intention of generating measurable social and environmental impact alongside a financial return, and not on start-up/innovative for profit organisations which don't necessarily have a broader social/environmental purpose. This is not in any way intended to suggest these other projects are less worthy, they are simply outside our ambit as philanthropy's peak body.

Having only become aware of the Review into CSEF in the last few days we have not had a chance to canvass the opinions of our membership on this complex issue. We therefore want to make a short general submission only at this stage, but register our interest in participating in any further opportunities there may be as part of the review process to discuss and debate the findings, options and proposed recommendations.

2. General comments on Discussion Paper

Two of Philanthropy Australia's principles in relation to public policy reform are very pertinent to consideration of the Review's key issue of whether there should be provision made in the corporations legislation to accommodate or facilitate CSEF and if so, what form this should take. These are that any relevant legislative reform should:

- Encourage the creation of incentives for giving and the removal of any impediments
- Ensure that the regulatory environment remains positive and that any regulatory changes are positive for the philanthropic sector and not overly complicated or onerous



Given these principles, it is Philanthropy Australia's view that the current legislation creates barriers for small organisations that could benefit from CSEF and provision should be made to accommodate and facilitate CSEF.

We would support the implementation of lighter touch regulation, on the basis that any regulatory regime introduced for CSEF should not have the unintended consequence of discouraging philanthropy. We would support further consideration of Options 2, 4 and 5 in the paper, rather than Options 1 and 3. In principle, there should not be limitations on who may be a CSEF investor, such as a threshold of sophisticated investor only involvement, for organisations raising finance for the provision of goods and services relating to the public benefit. Setting of appropriate maximum levels though we would agree is something that is worth of exploration.

Given the limited time it has had to consider the discussion paper, Philanthropy Australia does not wish to comment further on specific elements associated with each option. Regardless of the regulatory regime adopted, and given that this is an emerging and changing market, it will be important to build in a specified review date to consider whether the new regime is achieving its stated goals in relation to facilitating CSEF and whether there are unintended consequences flowing from it.