Creating a more dynamic and resilient economy inquiry

Questionnaire response 26

Name: The University of Sydney

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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

No response.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

Improve public reporting to incentivise corporate charitable giving

Corporate giving in Australia is still relatively low, but has been on the rise in recent years. In 2024 FY Australia's top 50 corporate givers contributed a record $1.5 billion (1.21% of pre-tax profit), a 14% increase from 2023 and an additional $171M. Growth was pre-dominantly driven by six companies that each lifted their contributions more than $20 million versus 2023: Santos, Telstra, NAB, Rio Tinto, Woolworths and Coles.

Given annual corporate profits in Australia of around $830 billion, there is significant room to grow philanthropic contributions, especially in areas like research.

There is a growing trend in best practice reporting, with an increasing number of companies providing transparent data on their community investments, securing third-party assurance, and itemising contributions. One of the most effective ways to encourage greater corporate giving is improved transparency. Requiring listed companies to publicly report itemised donations (money, goods, and volunteering time) to Deductible Gift Recipient (DGR-status) entities would enhance accountability and help drive increased participation. This could further to encompass private companies through their tax returns, amending company tax returns to include a distinct line item for such donations, enabling the ATO to publish aggregate data by company size, industry, and taxable status.

While corporate donations to DGRs are already tax-deductible, the situation is complex, and current data limitations make it difficult to assess how effective these incentives are in practice. Addressing this data gap, through better reporting and publication, would be a critical step toward understanding and potentially enhancing the tax settings to better support philanthropic investment in research.

Incentivise corporate research investment through changes to the R&D Tax Incentive

The 2016 Review of the R&D Tax Incentive scheme found that significant opportunity exists to enhance its overall impact.
For example, currently, a tax deduction for a philanthropic gift can only be spread over a five-year period. Allowing amortisation of tax deductibility over a longer period could provide a strong incentive to increase philanthropic research funding.
Increasing the R&D tax credit rate for long-term philanthropic research collaborations

involving universities, donors, and industry would provide a financial incentive for these sectors to engage in more long-term partnerships for R&D activities aligned with government priority areas.
Doing so would strengthen the relationships between these sectors, lead to more effective use of resources, and ultimately, create a pipeline of more innovative and impactful research outcomes.

Government matched funding for philanthropy

A government-backed philanthropic matching scheme would create strong incentives for private capital to support R&D in critical national priority areas.
This would build upon a key recommendation from the 2008 Bradley Review of Higher Education. Recommendation #39 describes the role the Australian Government could play in growing philanthropy through a matched giving program, specifically by providing funds to match new philanthropic donations and in turn stimulating an additional revenue stream from this source.

Venture philanthropy

This is emerging concept that has captured the interest of a range of donors, foundations, family offices and impact investors. It offers a promising avenue to blend philanthropic giving with scalable impact-driven research investments. In addition to valuable capital, this approach also engages supporters through strategic advice, networks and commercial expertise that prove invaluable for the translation of research. Tapping into the growing number of family offices also presents an opportunity. Family offices are increasingly the preferred structure for family wealth management. There are an estimated 2,000 family or private offices in Australia, with almost 60% established in the last 10 years. The 350 largest family offices in Australia are estimated to manage between $515 billion and $695 billion of wealth outside their operating businesses.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

No response.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

Two regulatory decisions that have significantly boosted the dynamism and resilience of Australia’s tertiary education sector are:

1. Mid-1980s: the Government allowed public universities and other providers to enrol full-fee international students without regulating tuition fees or fund usage.

2. 2009: the Government announced that caps on Commonwealth-Supported undergraduate student places (except for medicine) would be removed gradually from 2010 and in full from 2012.

The first reform laid the groundwork for international education to become Australia’s largest services export by 2024, worth $51 billion and ranking fourth overall. Operating as a free market (with regulatory to ensure minimum standards) spurred competition and innovation, as providers tailored offerings to diverse student markets.

For public universities, international student revenues have helped offset public funding shortfalls in teaching, research, and infrastructure - issues highlighted in multiple reviews, including the 2025 Australian Universities Accord. However, this growth has also brought risks, notably exposed during COVID-19, and became a focus of political debate in 2023–2024.

The Government's 2009 decision also enhanced sector productivity by encouraging universities to compete for students, increasing participation and attainment. Yet, as noted by the Productivity Commission, some growth involved students who were underprepared, and outcomes varied across demographics.

2. How has your regulatory burden changed over time?

A recent University of Sydney submission to a Senate Education and Employment Legislation Committee (SEELC) inquiry into university governance, highlighted that our Legislative Compliance Register currently records 331 instruments and associated documents, with 157 imposing significant compliance burdens – representing a 10 per cent increase over the last two years.

We roughly estimate the cost of regulatory compliance in the range of 1-2% of total annual expenditure, however this includes only the cost of staff employed in dedicated compliance functions, not the time of staff spent on compliance tasks across the organisation. The true cost of regulatory compliance is likely significantly higher but would require robust activity-based surveying of staff to measure accurately.

While we do not keep detailed records of the amount of time our senior management and governing body (including committees) spend on regulatory compliance, we estimate conservatively that across the board this is likely to account for at least 50% of their time. Moreover, our staff with relevant responsibilities have advised that the time spent on regulatory compliance by our management and governance committees has increased by 20 to 25 % over the last decade, with no indications that this trend will change in the foreseeable future.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

As at 24 February 2025, we had assessed 91 Commonwealth and 66 NSW regulatory instruments as imposing a 'high impact' on our operations - defined as having a compliance burden that 'is intensive, continuous and often spread across multiple units across the organisation.'

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

Australia's regulator for the higher education sector, the Tertiary Education Quality and Standards agency has, for much of its existence since 2012, done a good job seeking to minimise the regulatory burden it places on the business/institutions it regulates.

This is partly because the TEQSA Act requires the regulator to conduct its business in accordance with a set of three ‘Basic Principles for Regulation’: regulatory necessity; reflecting risk and proportionate regulation – with requirements for each specified in the Act.

As TEQSA states on its website:
‘Our approach to quality assurance and regulation is:
o standards-based, risk-reflective and transparent
o positioned to promote and facilitate a culture of effective self-assurance as an integral part of a provider’s operations
o only intervening to the extent necessary to achieve our regulatory purpose
o based on a model of regulatory partnerships, with individual providers and the sector overall.’