



Response to Charitable Fundraising Regulation Reform Discussion  
Paper

April 2012

## Introduction

Mission Australia is a large national, not for profit public company limited by guarantee that has been transforming the lives of Australians in need for more than 150 years. Our vision is to see a fairer Australia by eliminating disadvantage for vulnerable Australians. We aim to do so by strengthening families, empowering youth, striving to solve homelessness and providing life and work skills and employment solutions.

In 2010-11 Mission Australia Community Services delivered 349 services (including our Early Learning Services), assisted 133,807 individuals and 8,568 families and provided in total some 103,728 instances of service while our 210 Employment Solutions teams worked with 154,929 job seekers. During that same period MA Housing grew their housing portfolio from 184 properties in 2009-10 to 1,071 properties in 2010-11 enabling them to provide affordable housing for a greater number of low to moderate income households.

Mission Australia considers the Government's proposal to establish a nationally consistent approach to charitable fundraising to be a generally balanced approach to minimising duplication, red tape and compliance costs for charities engaging in fundraising activities. We would want the introduction of these regulations to improve the already high amount of trust the Australian public has in the charitable sector, and ultimately encourage greater donations. We agree that improved transparency is likely to reduce the need for more prescriptive regulation of fundraising activities as the public will be in a position to monitor fundraising activities of charities, reducing the need for Government intervention.

However, our support for the above is given on the proviso that the fundraising regulations are focussed on strengthening the sector. The purpose of the recent not-for-profit sector reforms has been to reduce the significant regulatory burden the sector faces. We also consider that the ACNC has an obligation to educate the public about the legitimate role of fundraising for charitable organisations, including the costs associated with undertaking this.

Mission Australia welcomes the opportunity to comment on the proposed changes to charitable fundraising regulation, and we have commented only on the specific questions where we have views.

### *Implementing a national approach to fundraising regulation*

Mission Australia agrees with the proposed broad-based approach to fundraising regulation, and agrees the activities suggested in the paper – soliciting for government grants, corporate donations or donations from public and private ancillary funds, workplace appeals for assistance for colleagues and their families, donations to religious organisations from their own members – should be exempt from fundraising regulations.

We also consider reasonable the proposal that annual fundraising of up to \$50,000 be exempt from proposed national fundraising regulation. Funds under \$50,000 present minimal risk and this exemption will help avoid imposing disproportionate costs on smaller entities.

### *Registering for fundraising activities*

We strongly agree fundraising registration should be streamlined through the ACNC as part of the same process as registering as a charity. We also consider reasonable the proposal to allow all charities registered with the ACNC to be automatically authorised to engage in fundraising activities across Australia. This is consistent with the core purpose of introducing national fundraising regulations to reduce regulatory complexity. Automatic authorisation will also improve transparency for donors, hopefully leading to increased donations. To ensure the effectiveness of this approach, the Commonwealth will need to work with the states and territories to remove or minimise duplication in fundraising registration requirements.

### *Information disclosure at the time of giving*

Mission Australia strongly supports fundraisers disclosing information at the time of giving. Our CEO, Toby Hall, has publicly spoken about the need for donors to know they are giving to someone who is bona fide, as well for organisations to be transparent about how the money they raise is spent.<sup>1</sup> We agree an organisation's ABN should be disclosed; disclosure information should be provided on print material; information on whether the gift is tax deductible should be provided; and charity collectors should wear name badges with contact information.

However, we acknowledge the point made in the discussion paper that there are practical limits as to what information can be provided at the time of giving and providing excessive amounts of information can confuse potential donors. For example, we agree that information about whether the collector is paid rather than a volunteer should be provided to donors, but stress this should only occur if the donor specifically requests the information.

### *Information disclosure after the time of giving*

Mission Australia conducts its operations with the highest standard of reporting and public accountability. In 2011, Mission Australia was recognised with a PwC Transparency Award, which recognises the quality and transparency of reporting in the not-for-profit sector. Toby Hall has publicly stated his support for information disclosure – “our sector does an incredibly good job at

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<sup>1</sup> Pow, H (2012) “Spotlight on dodgy charities”, *The Sunday Telegraph*, 12 February.

using the money that is given to it and I think it's good we show people that is the case... If a charity is spending half its money on administration I think the public deserves to know that."<sup>2</sup>

As such, we strongly support the NFP providing information to the ACNC on the amount of funds collected and how these funds were spent. We think this should include requirements around the reporting of information relating to funds collected; accounting and record keeping requirements; and auditing of reported fundraiser information.

In keeping with the overall objective of the Government's NFP Sector reforms to reduce regulatory burden, we believe the ACNC should supersede existing state and territory fundraising reporting requirements. Reporting requirements should also be proportionate to the risks and amount of funds involved, which will help avoid overburdening smaller charities.

However, we would not go as far as to agree reporting requirements contain qualitative elements, such as a description of beneficiaries and outcomes achieved. Undertaking such qualitative outcome analysis is expensive and requires a large amount of resources to track and quantify. Requiring this type of qualitative reporting may undermine the key purpose of the reform, being to reduce regulatory burden. Very few charities could meet these requirements at the present time and smaller organisations would again be disproportionately affected if this proposal was implemented.

#### *Fundraising by third parties on behalf of charities*

Payment of third party fundraisers is a standard practice within the NFP sector, and is a cost-effective way of fundraising. We support third party providers being subject to providing the ABN and contact details of the charity it is collecting for, and we are happy for third party fundraisers to identify themselves as such when requested by a potential donor. However we disagree with the proposal that third party fundraisers disclose the amount of the donations that will ultimately be received by the charity for which they are collecting. As the Community Council for Australia argues, it is the purpose of the charity and the degree to which money raised is directed towards the charitable purpose that matters, not the nature of the fundraising activity undertaken.

Donor acquisition is challenging and requires upfront costs for charities. The Fundraising Institute of Australia's Code of Conduct considers 25-35% as acceptable costs for direct marketing appeals. Fundraising by third parties is an efficient way for charities to raise funds and attract regular donors. The return on the initial fundraising cost of attracting a regular donor increases the longer the donor continues to support a charity. Fundraising methodologies are not always well understood by the public and potential donors sometimes expect there to be no costs associated with securing and processing their donation. Offering information about the costs of fundraising whilst asking for donations could confuse, distract, and deter potential donors. It is also unnecessary if the information is transparently available on the charity's website, giving potential donors a better opportunity to compare and contrast fundraising costs of like-organisations.

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<sup>2</sup> Ibid

## Conclusion

Mission Australia strongly supports the introduction of streamlined fundraising regulation, with the few caveats we have outlined in this response. We would want these fundraising regulations to reduce the regulatory burden and compliance costs on charities, encourage transparency in fundraising and support further charitable giving amongst the Australian public.