

Stand Like Stone Foundation

Re: Charitable fundraising regulation reform discussion paper and draft regulation impact statement

Background

Thank you for the opportunity to comment on the above discussion paper.

The Stand Like Stone Foundation is a Community Foundation, which was launched in 2004 to provide benefit to the geographic region of the Limestone Coast. The Limestone Coast is a rural area located in the South East of South Australia, and includes 7 local government areas; Tatiara District Council, Naracoorte Lucindale Council, Wattle Range Council, Kingston District Council, Robe District Council, District Council of Grant and City of Mount Gambier.

Community Foundations are independent, non-profit, community-based philanthropic organisations whose goal is to encourage, facilitate and generate contributions from the community in order to address social, cultural and environmental issues.

They bring together people who care about their communities and aim to strengthen the community by strengthening philanthropy. They partner with donors to build permanent endowments and other funds, from which to support community projects, and by providing leadership on issues of broad community concern.

The concept of endowment and perpetuity is central to Community Foundations. In general Community Foundations utilise a corpus model where donations are invested and the income earned is distributed in the form of grants to charitable projects and educational scholarships.

The Stand Like Stone Foundation is a Public Company Limited by Guarantee endorsed by the Australian Tax Office (ATO) as a Charitable Institution and is exempt from income tax.

The Public Company is the trustee of the:

- Ø Public Ancillary Fund (to which tax-deductible donations can be given, used to give grants to charitable projects undertaken by item 1 DGRs)
- Ø Educational Scholarship Fund (to which tax-deductible donations can be given, used to give educational scholarships)
- Ø Open Fund (non tax-deductible donations, used to give grants to charitable projects)

2.2

Is there evidence about the financial or other impact of existing fundraising regulation on the costs faced by charities, particularly charities that operate in more than one State or Territory? Please provide examples.

Even though, Stand Like Stone tends to conduct fundraising mainly in our defined region of the Limestone Coast we have received donations from interstate and overseas. We have a

website inviting people to donate which due to the nature of websites cannot be confined to one State or Territory or even country.

As Stand Like Stone has a website inviting people to donate, technically we should have fundraising licenses for each state and Territory in Australia. This would then mean we would need to also report to each state and Territory in Australia. This would be time consuming and for the number of donations we receive from other states seems to be over burdensome, particularly as Stand Like Stone only has 15 hours of paid staff time per week.

Therefore, Stand Like Stone strongly supports a nationally consistent approach to the regulation of fundraising. A national approach would be hugely beneficial and would greatly assist in the reduction of administrative burden on charitable organisations.

2.3

What evidence, if any, is available to demonstrate the impact of existing fundraising regulation on public confidence and participation by the community in fundraising activities?

Currently Stand Like Stone has a section 6 and section 7 license under the South Australian Collections for Charitable Purposes Act 1939. Annually we are required to provide a report to the Office of the Liquor and Gambling Commissioner which is made available on their website.

This report is different to other reports we are required to provide and requires us to extrapolate information from our Annual Report. It is time consuming to prepare and the information provided does not give a clear picture of the benefit we deliver to the community.

The reporting model does not take into the consideration that some charitable organisations, particularly Community Foundations, operate on a corpus model, where only income earned is distributed for charitable purposes. We therefore argue that this report does not impact positively on public confidence.

Points highlighted in 5.2 also relate to our belief that the reporting we are required to provide in South Australia does not impact positively on public confidence.

Any reporting needs to take into consideration more than money given out and consider the whole benefit provided by the charitable organisation as a result of fundraising and the fund development and distribution model adopted by the charity.

2.7

Should national fundraising regulation be limited to fundraising of large amounts? If so, what is an appropriate threshold level and why?

2.8

Should existing State or Territory fundraising legislation continue to apply to smaller entities that engage in fundraising activities that are below the proposed monetary threshold?

Despite the fact that Stand Like Stone would raise more than \$50,000 annually in most years, we consider ourselves a small charity. Over the last eight years our annual fundraising has varied from \$5000 to \$267,000, as listed in the table below.

Year	Fundraising amount
2003/2004	\$5,010
2004/2005	\$49,562
2005/2006	\$29,001
2006/2007	\$79,697
2007/2008	\$107,654
2008/2009	\$266,979
2009/2010	\$108,954
2010/2011	\$85,295

Any legislation relating to amounts is problematic due to the variable success of annual fundraising amounts. This means in different years different legislation may apply and regulation could change from being the responsibility of State to Federal government.

Even though we consider ourselves a small entity we have a strong preference for a national approach to fundraising legislation.

We support Philanthropy Australia's statement that:

"If smaller entities were exempted from the national fundraising law but still subject to State or Territory fundraising legislation, meaning that they must register in each State or Territory in which they operate, this will not lessen the administrative burden, nor will it provide greater clarity. Philanthropy Australia believes that if the aim is truly to reduce the compliance burden, a national approach must be truly national."

2.11

Should charities registered on the ACNC be automatically authorised for fundraising activities under the proposed national legislation?

Stand Like Stone has no objection to charities registered on the ACNC being automatically authorised for fundraising.

2.12

Are there any additional conditions that should be satisfied before a charity registered with the ACNC is also authorised for fundraising activities?

We do not believe there are any additional conditions that should be satisfied before a charity registered with the ACNC is also authorised for fundraising activities. It should be sufficient that the charity has been approved for registration by the ACNC.

4.1

Should all charities be required to state their ABN on all public documents?

Yes, charities should be required to state their ABN on public documents for ease of lookup of their legal names, to avoid confusion in wills and other documents, and so that the legitimacy of charities can be checked online.

4.5

Should a charity be required to disclose whether the charity is a Deductible Gift Recipient and whether the gift is tax deductible?

Yes, DGR status should be disclosed so that taxpayers are clear about which donations they can claim as tax deductions.

4.7

Should charities be required to provide contact details of the ACNC and a link to the ACNC website on their public documents?

Stand Like Stone does not believe it is our role to promote the ACNC. We support Philanthropy Australia's position with respect to this question.

"Philanthropy Australia advises against this requirement as it will be a burden for many entities – especially smaller ones - to pay for redesign or updating of their websites or corporate documents. In time the ACNC will naturally come to be known as the source of information on charities."

5.1

Should reporting requirements contain qualitative elements, such as a description of the beneficiaries and outcomes achieved?

Yes, reporting requirements should enable a narrative or descriptive element, as the activities of charities are difficult to measure in sheer numbers or cost/spend ratio.

Stand Like Stone believes that reporting requirements should also enable an optional description of the fund development and distribution model adopted by the charity.

5.2

Should charities be required to report on the outcomes of any fundraising activities, including specific details relating to the amount of funds raised, any costs associated with raising those funds, and their remittance to the intended charity?

We support Philanthropy Australia's position with respect to this question.

"The phrasing of this question implies that charities are remitting or passing on funds to other charities. This will in fact only be the case for public ancillary funds and others which fundraise for another organisation – fewer than 2000 total organisations. The majority of charities do not merely act as holding vessels but use the money raised to carry out work

such as assessing needs of clients, counselling, educational activities, health care, etc. The level of public understanding of the costs associated with this work is relatively low."

Charities should not be required to report on the outcomes of any fundraising activities, including specific details relating to the amount of funds raised, any costs associated with raising those funds, and their remittance to the intended charity.

This would be extremely difficult, for example when Stand Like Stone conducts a fundraising event donations may be given to one of four entities, as listed in the background information.

Even though donations may be directed in four ways fundraising costs are usually paid from one entity, the Company. As you are conducting an overall fundraising event where the donors determine the purpose of their donation it is difficult and time consuming to determine the cost of fundraising for each entity and to attribute costs to the particular entity which benefits.

Stand Like Stone charges each trust fund a set administration fee and then pays all fundraising expenses from the Company. Being required to report on the outcomes of fundraising activities is therefore problematic and is also why we do not like the South Australian Government's reporting model.

These models also do not accommodate those charities which operate on the corpus model. As we operate on a corpus model, whereby only income earned is distributed, it is not a simple matter of reporting fundraised less costs equals funds remitted.

5.3

Should any such requirements be complemented with fundraising-specific legislated accounting, record keeping, and auditing requirements?

We do not see a need for fundraising-specific legislated accounting, record keeping, and auditing requirements. As we are a Public Company Limited by Guarantee we are required to meet ASIC's reporting requirements and any additional reporting requirements will not reduce red tape or streamline reporting. It will be an additional reporting burden.

5.4

What other fundraising-specific record keeping or reporting requirements should apply to charities?

There should be no other fundraising specific record keeping or reporting requirements.

written for and on behalf of the Stand Like Stone Foundation Board
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