



Charity Fundraising in the 21st Century
Department of the Senate
August 2018

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Charity Fundraising in the 21st Century

About Volunteering Australia

Volunteering Australia is the national peak body for volunteering. We work to advance volunteering in the Australian community.

Volunteering Australia's vision is to promote strong, connected communities through volunteering. Our mission is to lead, strengthen, promote and celebrate volunteering in Australia.

We work collectively with the seven State and Territory volunteering peak bodies to deliver national, state/territory and local volunteering programs and initiatives in accordance with the Government's priorities.

As the primary link between the volunteering sector and federal government, Volunteering Australia provides feedback into key decision making. All feedback is informed by research, evidence and consultation with the volunteering sector.

Introduction

Volunteering Australia welcomes the opportunity to provide a submission to the Department of the Senate on *Charity Fundraising in the 21st Century*.

Over the last 60 years, the number of charities operating in Australia has doubled every 20 years.ⁱ However, the increase in fundraising activities by organisations outside of the charity sector is increasingly putting pressure on charities to ensure a return on investment and ensure long-term viability.ⁱⁱ

In Australia, charities are reliant on the efforts of volunteers for many of their activities, including fundraising. Volunteers encompass 2.97 million members of the charitable sector workforce, compared to one million paid staff members.ⁱⁱⁱ The Giving Australia 2016 report on non-profits and volunteering found that 62.3 per cent of organisations in the not-for-profit sector actively recruited volunteers.^{iv}

Volunteers play a critical role in charitable fundraising activities with research demonstrating they are vital to the delivery of community and emergency services, and are more likely to contribute financially to charitable causes.^v

Within the volunteering sector, fundraising is a significant source of regulatory burden. Volunteering Australia endorses the solutions proposed by Justice Connect and the #fixfundraising partners, to deliver stronger, smarter and simpler laws to support the charity sector, fundraisers and donors.

Volunteering Australia calls on the Government to address the issue with fundraising under Australian Consumer Law, to ensure that there is a nationally consistent, fit-for-purpose fundraising regulatory regime, and to guarantee that the needs of volunteers and Volunteer Involving Organisations are considered in the reforms.

Charity Fundraising in the 21st Century

Volunteering Australia Response

Increasing Administrative Burdens

Volunteers are engaged heavily in the charitable sector. Just under half of all charities operate with no paid staff (49.6%)^{vi}, while 84.5% of all charities engage volunteers.^{vii} Volunteers in the charitable sector are most likely to be involved in sport, welfare, the community sector or religious-based activities.

Despite high volunteer engagement, volunteers are increasingly being deterred from continued engagement due to ever increasing administrative burdens. Volunteering Australia emphasises that the current charity fundraising system needs to be streamlined to encourage volunteering, enable Volunteer Involving Organisations to conduct safe and effective volunteering programs, and reassure donors to continue supporting charitable causes.

A key finding in Volunteering Australia's *2016 State of Volunteering in Australia* report was that "Volunteers are deterred from volunteering because of a lack of flexibility, personal expenses incurred, lack of reimbursement for out of pocket expenses, and burdensome administrative requirements."^{viii} Several respondents found that administrative requirements for volunteering have been a significant deterrent for future volunteering.^{ix}

The reporting requirements in charity fundraising are overly complex and confusing, and result in burdensome administration. Charities are failing to comply with overly onerous reporting requirements, which do not take into consideration that many organisations are largely or entirely volunteer-led.

The *Giving Australia 2016* report on Nonprofit Organisations identified concerns about fundraising practices, including administration costs and duplication.^x

The establishment of the ACNC legislation offers a positive example in the reduction of administrative and regulatory burdens for the charity and not-for-profit sector. This has been particularly important for many charities that engage a large number of volunteers, or that may be entirely volunteer-run.

Volunteering Australia recommends changes to the current charity fundraising regime, that will consider the impact on volunteers and Volunteer Involving Organisations. This includes reducing the administrative requirements that directly impacts on volunteers and the organisations that engage them.

A Nationally Consistent Fundraising Regime

There is urgent need for a nationally consistent, fit-for-purpose fundraising regulatory regime in line with Australian Consumer Law. At present, fundraising legislation differs significantly across States and Territories, which extensively adds to the costs incurred by charities.

This was also recognised by the Productivity Commission in their 2010 inquiry on the *Contribution of the Not-for-Profit Sector*, where they stated: "Harmonisation of fundraising legislation through the adoption of a model act should be an early priority for governments."^{xi}

This was further reinforced several times, including in the *ACNC Cutting Red Tape Final Report* released in 2016^{xii}, and Report of the Inquiry under the *Charitable Fundraising Act 1991 in NSW* that was released earlier this year. Both reports emphasised that charitable fundraising occurs across borders, and that a "unified Australian statutory regime would be of very significant benefit."^{xiii}

Volunteering Australia recommends the implementation of a nationally consistent fundraising system under Australian Consumer Law. We also recommend that the legislation is supported by a code of conduct that clearly articulates the role of volunteers, to protect donors, fundraisers, and charities. When developing a

Charity Fundraising in the 21st Century

code of conduct, there will need to be broad consultation to ensure that it is representative of the charitable sector and relevant stakeholders. Volunteering Australia looks forward to working with the Government on these reforms.

Charitable Trust

Trust in charities, such as Volunteer Involving Organisations, still supersedes all other institutions, and this is supported by the ACNC's data on Public Trust and Confidence. The report found that 86 per cent of Australians trusted charities, and 91 per cent currently support them by volunteering or donating.^{xiv} Furthermore, charities are the fifth most trusted institution in Australia, after doctors, police, the High Court, and the Australian Taxation Office.^{xv}

However, Volunteering Australia stresses that both time and staffing resources could be better spent going toward the issues and causes they are fundraising for. Organisations are currently required to work across multiple jurisdictions, often spending already stretched resources and capacity on duplicative compliance and reporting burdens. Many of these organisations engage many volunteers or may be entirely volunteer-run.

In addition, many small to mid-size charities and not-for-profits are working under severe funding constraints, have been required to increase their operational output, with a critical lack of funding and resources. While Volunteer Involving Organisations are subject to the same reporting requirements as other charities and not-for-profits, there are significant administrative costs associated with managing volunteers. Volunteers are frequently considered "free", but training, equipment, management and compliance have cost implications.

The administrative reporting and regulatory burdens also have the propensity to force many charities to divert resources away from frontline services, advocacy, and the training and management of their volunteers.

The ACNC's report on *Public Trust and Confidence in Australian Charities 2017* indicated that Australians disapprove of charities that "spend what they consider as too much on administration."^{xvi} Similarly, in the *Giving Australia 2016* report on Individual Giving, common responses on why people did not give to charity were:

"I think too much in every dollar is used in administration"^{xvii}; and

"I don't believe the money would reach those in need."^{xviii}

Charity Fundraising in the 21st Century

Recommendations

- Implement a cohesive and nationally consistent fundraising system, which includes repealing fragmented State and Territory laws, implementing a Fundraising Act to govern Charity Fundraising, and removing duplicative regulatory requirements
- Ensure that any changes do not increase the regulatory burden
- Amend Australian Consumer Law to ensure its application to fundraising activities is clear and broad
- Implement a code of conduct for all fundraisers, ensuring that the role of volunteers is clearly articulated
- Guarantee that the needs of volunteers and Volunteer Involving Organisations are considered in the reforms

Conclusion

Volunteering Australia thanks the Select Committee for the opportunity to provide a submission on the *Charity Fundraising in the 21st Century*.

As demonstrated, volunteers and Volunteer Involving Organisations comprise a significant part of the fundraising sector. Volunteering Australia looks forward to working with the Government to #fixfundraising. We strongly believe that by implementing the recommendations it will streamline fundraising practices, reduce red tape, and the immense administrative and regulatory burdens that exist for many volunteers and Volunteer Involving Organisations.

Volunteering Australia would welcome further opportunity to consult or expand on any of our recommendations raised in this submission.

Charity Fundraising in the 21st Century

Authorisation

This submission has been authorised by the Chief Executive Officer of Volunteering Australia.

Ms Adrienne Picone

Chief Executive Officer

Endorsements

This submission has been endorsed by the seven State and Territory volunteering peak bodies.

Glossary

VA	Volunteering Australia is the national peak body for volunteering in Australia. It works collectively with the peaks to deliver national, state and local volunteering programs and initiatives.
VIO	Volunteer Involving Organisations are organisations that engage volunteers as part of their workforce.
VSS	Volunteering Support Services (also known as Volunteer Resource Centres or Volunteer Support Organisations) provide place-based volunteer support services to volunteers and VIOs in their locality.

Charity Fundraising in the 21st Century

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- ⁱⁱⁱ Australian Charities Report (2015), Centre for Social Impact and Social Policy Research Centre, UNSW Australia
- ^{iv} Giving Australia (2016), Giving and volunteering: the non-profit perspective, https://www.communitybusinesspartnership.gov.au/wp-content/uploads/2017/12/nonprofit_report_final_4dec17.pdf.
- ^v ACNC (2017), Public trust and confidence in Australian charities, Kantar Public, Market Research Report, October 2017.
- ^{vi} ACNC (2016), Australian Charities Report 2016, Australian Charities and Not-for-Profits Commission
- ^{vii} ACNC (2016), Australian Charities Report 2016, Australian Charities and Not-for-Profits Commission
- ^{viii} Volunteering Australia (2016), State of Volunteering in Australia, <https://www.volunteeringaustralia.org/wp-content/uploads/State-of-Volunteering-in-Australia-full-report.pdf>
- ^{ix} Volunteering Australia (2016), State of Volunteering in Australia, <https://www.volunteeringaustralia.org/wp-content/uploads/State-of-Volunteering-in-Australia-full-report.pdf>
- ^x Giving Australia (2016), Nonprofit Organisations, Fact Sheet, https://www.communitybusinesspartnership.gov.au/wp-content/uploads/2017/04/giving_australia_2016_fact_sheet_nonprofit_accessible.pdf
- ^{xi} Productivity Commission (2010), Contribution of the Not-for-Profit Sector, <https://www.pc.gov.au/inquiries/completed/not-for-profit>, p.xxiv
- ^{xii} Deloitte Access Economics (2016), Australian Charities and Not-for-Profits Commission Cutting Red Tape: Options to align state, territory and Commonwealth charity regulation, Final Report, <http://acnc.gov.au/ACNC/Publications/Reports/CuttingRedTape.aspx>
- ^{xiii} NSW Government (2018), Report of the Inquiry under the Charitable Fundraising Act 1991 into The Returned Services League of Australia (New South Wales Branch), https://www.finance.nsw.gov.au/sites/default/files/inquiry_report_cfa.pdf
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