

FUNDRAISING INSTITUTE AUSTRALIA

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Inquiry into the Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill 2017

SUBMISSION COVER SHEET

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# FUNDRAISING INSTITUTE OF AUSTRALIA

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## SUBMISSION

February 2018

### ABOUT FIA

With over 1500 members, Fundraising Institute Australia is the largest representative body for the \$12.5 billion<sup>1</sup> charitable and not-for-profits fundraising sector, which is supported by some 14.9 million Australians. FIA members include charities operating domestically and internationally, as well as the organisations and professionals that provide services to them. FIA advocates for the interests of the sector, administers a self-regulatory Code, educates fundraising practitioners, promotes research and creates forums for the exchange of knowledge.

### INTRODUCTION

FIA appreciates the Committee's consideration in accepting this submission to its Inquiry and we welcome the opportunity to briefly explain the bill's potential impacts on charitable fundraising.

While FIA supports the broad policy objectives of these reforms - to protect the integrity of Australia's electoral system – it is concerned about potential unintended consequences for charitable fundraising and wishes to bring these concerns to the attention of the Committee conducting the Inquiry into the legislation.

### COMMENTS AND RECOMMENDATIONS

#### **Charities deemed 'political campaigners'**

Many charities that are not principally 'advocacy' organisations have assumed they would fall outside the definition of 'political campaigners' as described in the bill. However, as the debate unfolds, it is becoming clearer that even charities whose mission is mainly, for example, in support of healthcare could be labelled political campaigners if they were to take a public position on a matter of contested public policy. For example, many FIA members that are not traditionally known for their advocacy work took a public stance on the recent Same Sex Marriage debate. Under the proposed bill, that activity would likely draw them into the regulatory net established by the legislation. FIA submits that further public consultation is needed in order for these organisations to fully understand the implications of the bill for their fundraising and advocacy activities.

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<sup>1</sup> Source: Giving Australia 2016

### **Disclosure of identity of donors over \$10,000**

There is currently no statutory requirement for charities to publish the names of donors. Under the proposed legislation, charities who do advocacy would have to declare the details of any donors who give over \$10,000 even if the donation is for non-advocacy purposes. This is likely to do considerable harm to major gift and bequest fundraising, as many wealthy individuals will be reluctant, for privacy reasons, to have their names placed on the public record.

### **Adding unnecessarily to the red tape burden of charities**

The Government is committed to reducing unnecessary red tape. However the bill, if passed in its current form, would add considerably to the red tape burden on charities, affecting not only donations from overseas, but domestic fundraising as well.

Most FIA members are (or work for) charities registered with the Australian Charities and Not-for-profits Commission (ACNC). Reducing unnecessary regulatory burdens on charities is a statutory object for the ACNC contained in its enabling legislation.

A fundraiser working for a charity that has been designated a 'political campaigner' will be required to obtain statutory declarations from all donors over \$250 and have them witnessed to establish whether or not they are 'allowable donors'. Most donors are unlikely to be willing to submit to this amount of paperwork simply to make a donation. Moreover, the likely confusion over which donations are 'allowable' is certain to add administrative complexity and have a depressing effect on fundraising activity.

Fundraising is already a very challenging occupation and involves a significant investment by charities who commit to professional fundraising programs; putting more hurdles between the donor and the cause will only make it more difficult for charities to acquire the funds they need to pursue their missions.

Charities are already facing heavy scrutiny (and oftentimes media criticism) for their cost of fundraising; the proposed requirement to obtain statutory declarations<sup>2</sup> will only add to their paper burden and lead to further criticism from those in the community who argue too much of the donated gift goes to administration.

### **Penalties**

The significant penalties for non-compliance as set out in the Bill are likely to increase the difficulties charities have in attracting qualified staff and board directors, posing a governance risk to the sector as a whole.

End of Submission

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<sup>2</sup> New section @302P