

FUNDRAISING INSTITUTE AUSTRALIA

Pre-Budget Submission

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2020-21 Pre-Budget

Submission by

Fundraising Institute Australia (FIA)

FIA welcomes the opportunity to make a submission to the Minister for Housing and Assistant Treasurer Michael Sukkar.

About FIA

Fundraising Institute Australia (FIA) is Australia's national peak body representing professional fundraising in Australia. It has over 1200 members who are charities, NFPs, suppliers of fundraising services and individual fundraising professionals.

Most major registered charities are FIA members, accounting for more than 80 per cent of the nearly \$10.5¹ billion donated by Australians each year.

As the peak body for fundraising, FIA champion and facilitate best practice, with our Code for ethical fundraising and through professional development, networking and advocacy for all our members.

We do this by:

- Consulting with Government, influencers and the community to set best practice standards and advance professional fundraising
- Developing and maintaining a self-regulatory regime
- Providing professional development that gives you and your organisation the tools, processes, training, and sector updates you need to fundraise with confidence
- Maintaining and making available the most comprehensive set of resources to support your professional fundraising journey

In this submission, FIA recommends that:

- 1. The Commonwealth Government play a more significant leadership role in ensuring harmonisation of state-based fundraising regulation by the end of 2020.**
- 2. A digital grants fund be established to assist charities and fundraising organisations in meeting the demands of the new digital economy before 30 June 2021**
- 3. The Australian Communication and Media Authority (ACMA) be given powers to 'shut down' and take civil action against fake digital fundraising sites.**
- 4. A charity tax deduction incentive for Australian taxpayers providing a 150% or greater tax deduction on donations before 30 June 2021**
- 5. A tax offset for companies who donate with incentives based on corporate size and donation value.**

¹ <https://www.acnc.gov.au/tools/reports/australian-charities-report-2017>

1. The Commonwealth Government play a greater leadership role in ensuring harmonisation of state-based fundraising regulation.

The Government should place more pressure on State and Territory Governments on regulatory reform. After 25 years of advocacy and consultation with the sector, we are slowly gaining small reforms; however, the impact of COVID-19 has resulted in many charities running on fewer staff members and fewer programs to assist Australians. In the wake of COVID-19 policymakers must ensure that regulation encourages innovation, effectiveness and efficiency while supporting the public good. Regulations must remain fit-for-purpose and take account of changes in business models and the impact, real and potential, on the provision of goods and services.

Key priorities in relation to reducing red tape for charities include:

- Harmonisation – FIA asks that the First Ministers group be the custodians of leadership in state-based fundraising red tape reduction and harmonisation.
- Regulation must be active, flexible, and nimble. Regulations and those who administer them must be able to change rapidly as circumstances warrant.
- Greater use of technology should be utilised to identify and simplify regulation and reduce red tape. No licence expiration date is a good example of how technology can be used to reduce red tape.

We seek a Government mandate for reform to occur within two months of the Budget being announced. We have seen examples of accelerated reform to assist other sectors i.e. Aged Care, Agriculture, Infrastructure and Health.

FIA recommends that all jurisdictions accelerate their efforts to harmonise charitable fundraising regulation so that there is consistent regulation by 30 June 2021.

The Government has previously championed and raised the profile of red tape reform across Government through initiatives such as red tape repeal day, establishing deregulation units in each department.

Harmonising the fundraising regulations for all state and territory governments will save the sector \$6.15 Billion ²every year. This would allow charities to spend more of their donations on program and service delivery to benefit more Australians and their communities.

2. A digital grants fund be established to assist charities and fundraising organisations in meeting the demands of the new digital Economy in Partnership with FIA before 30 June 2021

Even before the impact of COVID-19 on the fundraising sector, Australian charities have faced the pressure of an increasingly digital economy without having been able to make the necessary investments to enable them to unlock the power and opportunities of digital technologies to deliver fundraising activities. In a COVID and the post-COVID world, it is even more imperative given the restrictions on traditional fundraising channels such as face to face events.

² Research into Commonwealth Regulatory and Reporting Burdens on the Charity Sector – 30 September 2014.
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Having access to no-interest loans or grants would allow many fundraising organisations the chance to make investments in digital platforms and technologies that increase the effectiveness and value of their fundraising efforts, provide superior experiences to donors and supporters and as a result, the services they can provide to their beneficiaries.

A fund would provide the opportunity for:

- Website developments which effectively tell the story of outcomes and impact and capture donations from the Australian public more effectively
- Technology infrastructure such as CRM systems and other platforms which help fundraising organisations effectively provide donor and supporter interactions in stitched-up, smart ways that enable stickier donors and greater organisational efficiencies
- Data skills and infrastructure that enable deeper personalisation and more effective communication to donors
- Increased ability to use new technologies such as artificial intelligence and virtual reality to bring home the experience of those in need and more effectively deliver donor support
- Technology that allows fundraising organisations to meet the increasing requirements of cybersecurity protections to safeguard donor and supporter data

FIA acknowledges that government funds are dwindling while demand for services continues to increase. However, the solution to the current recession is achieving productivity within the NFP Sector by way of no-interest loans or grants.

3. ACMA enforcement powers against fake online fundraisers.

Australia's bushfires made global headlines over the summer and attracted a global giving response. Unfortunately, they also attracted the attention of online fraudsters who saw an opportunity to scoop up money intended for bushfire relief. On 17 August 2020 the ACNC reported that 1,081 scams had been picked up by its Scam-watch program since the beginning of the year, with losses of \$138,000.³

Scams took a significant toll on fundraising during the 2019-20 bushfires and COVID-19. Fundraisers were damaged financially by an unprecedented level of online scams taking advantage of the spike in Australian giving to ply their dishonest and illegal trade. This scamming undermines genuine charities in two ways: first, donations are, in effect stolen; and secondly, charity resources are diverted at the worst possible time) trying to identify and close down the fake websites and social media sites.

Natural disasters attract the worst of scammers. Australians, as always, gave generously this year. The increase in digital fundraising and the Australian trend towards 'need giving'⁴ make natural disasters an increasingly attractive target for the unscrupulous operators. Technological advances are making online forms of giving easier and cheaper.

³ <https://australiancharitiesandnot-for-profitscommission.cmail19.com/t/ViewEmail/i/27731B8918DFBAB62540EF23F30FEDED/B55F55D8E72093A3948D468F162BC46E>

⁴ 'Need giving' is the trend particularly prevalent among the millennial generation to give when there is a specific need to do so, rather than on a regular basis.

The warning⁵ issued on 6 January 2020 by Australian Competition and Consumer Commission chair, Rod Sims, revealed how pervasive and insidious the charity scammers were last summer and the extent to which they were a problem for genuine fundraisers. Sims' warning to consumer and potential donors focussed particularly on fake websites and social media sites highlighting the extent of their activities.

FIA is recommending that ACMA be given powers to 'shut down' fake sites and take civil action against the perpetrators. The 'shut down' powers are based on those already in existence for ACMA to control and regulate illegal online gambling. In this way, fundraising scammers would be prevented from creating look-alike sites to those of genuine fundraisers and from siphoning off much-needed donations for natural disaster relief.

The new powers FIA is proposing would be based on those of the Interactive Gambling Amendment Act 2017 which gave ACMA new enforcement rules in which:

- the regulator can require Internet Service Providers (ISPs) to block access to illegal online gambling websites.
- Infringers face criminal charges⁶ and fines as well as civil penalties up to \$1,575,000 for individuals and \$7,900,000 for bodies corporate.

The blocking power to shut down websites derives from Section 313 of the Telecommunications Act, which is also utilised by other regulators such as the Australian Securities and Investment Commission (ASIC).

ACMA has demonstrated these powers can be used effectively. By the end of 2019, more than 90 illegal companies had exited the Australian market since 2017 when ACMA began enforcing the illegal online gambling rules.

Although much fundraising regulation is a matter of state and territory law, online issues are a Commonwealth responsibility. FIA submits that powers to enable the ACMA to shut down fake fundraising sites based on the precedent of the Interactive Gambling legislation could be introduced before the next bushfire season.

Such a measure would provide confidence to Australian donors that there are going to the relief of those affected by bushfires and other natural disaster events as is their intention.

4. A charity tax deduction incentive for Australian taxpayers providing a 150% or greater tax deduction on donations before 30 June 2021

Increased community engagement and philanthropic contributions to charities produce a net benefit to governments as well as to the communities charities serve. Providing one-off incentives for philanthropy and social investment is not unusual in some countries and provides an important stimulus to giving at a time when fundraising revenue is likely to be diminishing.

⁵ <https://www.accc.gov.au/update/bushfires-and-scams>

⁶ (Source: acma.gov.au/about-interactive-gambling-act)

5. A tax offset for companies who donate with incentives based on corporate size and donation value.

The costs of working remotely and innovation in both fundraising approaches and service delivery have hit charities, often with low financial reserves, very hard. Any assistance the Commonwealth can provide in terms of a rebate scheme or other mechanism to help fund this kind of transformation required in the current and likely future climate could also make a significant difference for the future sustainability of charities.

The Commonwealth needs to offer greater tax incentives to companies who contribute to charities.

Summary

This submission outlines recommendations the Federal Government can take to strengthen the fundraising sector and deliver social and economic benefits for both governments and communities across Australia.

Reform is urgently needed in the charities and not-for-profits sector to build greater resilience, trust and transparency. By seeking a whole of government mandate, we firmly believe Harmonisation reforms can occur before the end of 2020.

Over the past two decades, the sector has had limited support from governments to improve capacity and success, due to lack of government funding initiatives. The introduction of greater financial assistance in the form of Interest-free loans or grants, amongst other measures, will assist charities including those that fundraise, in improving digital services to meet the expectations of our digital economy.

Delivering positive change for charities requires an initial investment. However, by enabling them to be more efficient and effective, more significant investment will ultimately provide more reliable, more resilient and productive communities across Australia.

In conclusion, FIA recognises that the Federal Budget is an essential policy document the Federal Government Produces. We believe that the role of NFPs and Government working hand in glove, as well as the implementation of the measures outlined in this submission, will increase sector productivity and growth for the future.