

TREASURY'S NOT-FOR-PROFIT REFORM FACTSHEET

REFORM OF CHARITABLE FUNDRAISING REGULATION

February 2012

AT A GLANCE

The Parliamentary Secretary to the Treasurer, the Hon David Bradbury MP, today released a consultation paper on reforming charitable fundraising regulation. The consultation paper can be found at www.treasury.gov.au.

Submissions to the paper are due on 5 April 2012.

Queries and submissions should be sent to NFPReform@treasury.gov.au.

KEY FACTS

In its February 2010 research report, *Contribution of the Not for Profit Sector*, the Productivity Commission recognised that the costs faced by the not-for-profit sector could be reduced by reform of fundraising laws.

In addition to its 2011-12 Budget commitment to establish the Australian Charities and Not-for-profits Commission (ACNC), the Government has committed to review fundraising regulation applying to charities. The ACNC will be a 'one-stop-shop' with a view to reducing the compliance costs faced by charities.

The consultation paper outlines a proposed framework for a nationally consistent approach to fundraising regulation that has been developed by the Government. Under the proposed framework:

- fundraising regulation would apply to those entities registered as a charity by the ACNC that engage in fundraising activities for a charitable purpose;
- charities whose annual fundraising activities exceed the proposed threshold of \$50,000 or who fundraise over the internet will be required to register with the ACNC;
- charities will be required to meet minimum information disclosure requirements at the time donations are solicited, as well as broader reporting and record-keeping requirements; and
- generic rather than prescriptive laws will apply to the conduct of charities engaged in fundraising activities.

The consultation paper is consistent with the vision of the *National Compact: working together*, as it seeks to reduce red tape and streamline reporting. The Compact sets out how the Government and the not-for-profit sector will work together to achieve common goals.

CURRENT FUNDRAISING REGULATION

At present, every Australian State and Territory, with the exception of the Northern Territory, regulates fundraising by charities.

State and Territory fundraising legislation has been identified as a significant cost for the sector, particularly for charities operating at a national level, who have to comply with multiple legislative and administrative requirements.

PURPOSE OF THE CONSULTATION PAPER

The consultation paper provides information and seeks comments on a proposed framework for a nationally consistent approach to fundraising regulation.

The consultation paper seeks views in relation to the proposed framework on the following issues:

- impacts (financial or otherwise) of existing fundraising regulation on the costs faced by charities;
- defining the scope of regulated activities – including activities that may be exempt from regulation;
- regulating the conduct of fundraising;
- information disclosure at the time of giving;
- information disclosure after the time of giving;
- internet and electronic fundraising; and
- fundraising by third parties on behalf of charities.

FREQUENTLY ASKED QUESTIONS

Why has the Government released this consultation paper?

A great deal of work has been done through previous inquiries and reviews on considering fundraising regulation reform. This work has highlighted that the lack of consistency in regulation and legislation across Australia adds to the overall cost for the sector, particularly for charities operating across State borders.

To reduce the compliance burden on charities, the Government has developed the consultation paper to provide information and seek comments on a proposed framework for a nationally consistent approach to charitable fundraising regulation.

To which organisations will the new fundraising laws apply?

Initially, it is proposed that the fundraising laws would apply to those organisations registered as a charity by the ACNC that engage in fundraising activities for a charitable purpose. The rationale for applying national fundraising laws only to charities at this stage is to align it with the initial role of the ACNC.

The definition of 'charity' (and 'charitable purpose') is the subject of a separate discussion paper that was released for public consultation by the then Assistant Treasurer, the Hon Bill Shorten MP, on 28 October 2011.

If and when regulation by the ACNC extends to not-for-profit organisations other than charities, such as medical research bodies or local sporting groups, consideration would be given to extending fundraising regulation in the same way.

Will the new fundraising laws duplicate existing fundraising regulation?

No. Depending on legislative decisions by State and Territory Governments, charities would only need to comply with one set of laws – the proposed framework outlined in the consultation paper.

Will my organisation need to comply with the new fundraising laws?

The fundraising laws will apply if your organisation is registered as a charity by the ACNC and engages in 'fundraising activities' for a 'charitable purpose'. The scope of 'fundraising activities' to be regulated is discussed in the consultation paper.

Will the Government be publishing 'league tables' based on how much charities spend on the cost of fundraising?

No. As part of the proposed 'one stop-shop' nature of the ACNC, which will provide a public information portal, there will be a requirement for charities to make information about their finances publicly available. The portal will not include 'league tables'.

Can I comment on areas of fundraising regulation not covered by questions included in the consultation paper?

Yes. You can provide views on other aspects of fundraising regulation, which will be considered as part of the consultation process.

In particular, the Government welcomes comments on the impact of existing fundraising regulation on charities and public confidence in the sector, as well as the likely compliance costs of the proposed framework and ways to minimise the compliance burden.