



President: Rev Alistair Macrae BA, BTh, M.Phil

General Secretary: Rev Terence Corkin BA, BTh, BLegS

28:TC:JB

5 April 2012

NFPReform@treasury.gov.au

Charitable Fundraising Regulation Reform Discussion Paper,
Infrastructure, Competition and Consumer Division,
Treasury,
Langton Crescent,
PARKES, ACT. 2600

RESPONSE TO THE CHARITABLE FUNDRAISING REGULATION REFORM DISCUSSION PAPER

1. Introduction

The Uniting Church is supportive of workable, practical and consistent standards for fundraising processes and accountability. But essential to achieving this goal is an unambiguous definition of what is meant by fundraising and the types of fundraising to which such reforms will apply.

The Uniting Church in Australia welcomes the opportunity to comment on the Charitable Fundraising Regulation Reform Discussion paper.

The Church is a diverse group, including local congregations, regional presbyteries and Synods, and a national Assembly, community service agencies, aged care agencies, hospitals, schools all of which engage in fundraising activities of various kinds. Legally the church is created by State and Territory Acts and Ordinances of parliament.

UnitingCare agencies are Public Benevolent Institutions and able to issue tax deductible receipts. Our schools and theological colleges will have a School Building and like Scholarship and Library Funds. Our Synod of Victoria and Tasmania even has a Public Ancillary Fund called the Share Community Appeal.

1.1 Background (Foreword)

The foreword seems to assume all charities are required to report to State Fundraising Authorities. The Uniting Church's Share Community Appeal is operating under the Uniting Church in Australia Property Trust (Victoria) and therefore as part of a religious institution is not required to report. In fact in the past when attempts have been made to provide reports they have been returned and the group advised that religious bodies are exempt. Parts of the UnitingCare network have registered even though they too are not required to lodge reports. Therefore, compared to the present situation there will be an increase in compliance costs.

The Regulator will need to recognise the diverse structures of the Church. Our UnitingCare agencies have DGR status as does the Share Community Appeal, as do other entities for a wide variety of purposes.

With the Share Community Appeal, will the reporting for Fundraising activities be included with the Property Trust or separately (ie Share Community Appeal is a Public

Ancillary Fund operates under the Property Trust (Vic)? Additionally for that Synod, there are also two school building funds operating under the Property Trust (Vic). We also note that this current regulation reform applies to fundraising activities for a charitable purpose. However there is a note on page 2 that this may be extended to Not for Profits if the ACNC extends. Would this mean church congregations? We believe Uniting Church congregations should be exempt as suggested under paragraph 18. We also see the critical need for an unambiguous definition of what constitutes fundraising for the purposes of the proposed "charitable fundraising regulation reform." This is because many of the "unrelated businesses" which the Federal Government desires to subject to income tax are means by which funds are raised to support charitable activities.

2. Chapter 2 – Defining the Scope of regulated activities

Activities that might be exempt from fundraising regulations (paragraph 18)

We agree with these proposed exemptions, specifically point 4, which would exclude our congregations whose main source of income is from the mutual contributions of the members of the congregation, whether they be weekly offerings or responses to special appeals.

Our overall question is how reporting will be managed. Will reporting only be on activities or on an organisation basis? Our Share Community Appeal currently has tax deductible donations and non-tax deductible donations depending on the purpose for which the funds are given. Donations are recorded accordingly. The workplace giving, corporate donations, donations from public ancillary funds will need to be separated. This will require extra work. Consideration should be given to the regulator looking at the type of organisation as well as the type of donation.

Defining Fundraising activities that are to be regulated (Paragraph 22)

This section suggests that annual fundraising less than \$50,000 should be exempt. There would be merit in the threshold being \$250,000 which would be consistent with the small tier in the ACNC financial reporting proposal. The Regulator will need also to recognise that fundraising income can vary greatly from year to year depending on whether there are major disasters for which people wish to contribute. How will this be handled? It could mean that a small charity might be over the threshold for one year and under for another. We would understand that any exempt activities would be excluded from the threshold.

Question 2.8

This question asks whether State or Territory Fundraising legislation should continue to apply to smaller entities. We suggest this not continue and that if exempt they continue to be exempt.

Question 2.9

We suggest a 2 year transition period apply to give charities that will be covered by a nationally consistent approach time to transition to a new national law depending on their financial year end.

Registering for fundraising activities (Paragraph 29)

This paragraph suggests the Regulator could ban a charity in certain circumstances – ie insolvency and significant wrongdoing.

This needs to be defined. A charity can be a victim in a fraud situation where a worker takes funds. The action of banning a charity should be the last resort, such as where the charity itself is fraudulent.

Registering for fundraising activities

We agree with the general thrust of reporting ABN and Charity name on all documentation.

Question 2.11

We suggest charities registered on the ACNC should be automatically authorised for fundraising activities under the proposed national legislation on the principle of “a one stop shop” that has been advanced in the rationale for the ACNC.

3. Chapter 3 – Regulating the conduct of fundraising.

Paragraph 31

This paragraph also needs to recognise that sometimes donations are anonymous.

4. Chapter 4 – Information disclosure at time of giving

We agree with the general directions except whether the collector is paid. We feel this might distort the situation where the donor might consider that since the collector is paid less money will be going to the charity. This may not be the case. It would be more important to indicate how much in every \$1 goes to the beneficiary.

5. Chapter 5 – Information disclosure at time of giving

A Regulator could be helpful in making the public aware that there are costs involved in raising funds, reporting and administering them. There is sometimes a misconception that the total of donations can be forwarded to beneficiaries.

Paragraph 53

This paragraph mentions general reporting framework. Does this mean General Purpose Financial Reports? What will be required to be reported as the discussion paper seems to be based on activities and not organisations?

6. Chapter 6 – Internet and electronic fundraising

Agree with directions proposed, however as the internet is a world-wide issue, we are not sure how the Regulator can implement any protection to the consumer. It seems the measure will only impact registered charities.

7. Chapter 7 – Fundraising by third parties on behalf of charities.

The church does use third party fundraisers. We agreed that the ABN and name of the charity should be stated.

Private participators

Question 7.1

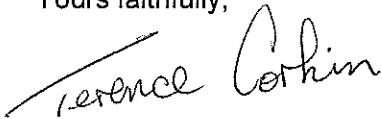
The regulations should apply to third party fundraising on a tier basis – reporting what is raised, what costs have been deducted.

Conclusion

The Uniting Church is supportive of a national system for the regulation of fundraising and accountability that takes into account the particular circumstances of diverse organisations such as the Uniting Church and which does not unreasonably increase compliance costs which ultimately must be to the detriment of the parties for whom funds are being raised.

If you wish to discuss any aspect of this submission, please do not hesitate to contact Mr Jim Mein on 0408 660 591.

Yours faithfully,

A handwritten signature in black ink that reads "Terence Corkin". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Reverend Terence Corkin,
Assembly General Secretary
Uniting Church in Australia