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Association of Australian
Medical Research Institutes

SUBMISSION TO

**SENATE INQUIRY INTO CHARITY
FUNDRAISING IN THE 21ST CENTURY**

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About AAMRI

Thank you for the opportunity to provide a submission to the Senate inquiry into Charity Fundraising in the 21st Century.

The Association of Australian Medical Research Institutes is the peak body for medical research institutes across Australia. Our 49 member organisations, and their 19,000 staff and research students collectively undertake over one-third of all government funded medical research. They work on a broad spectrum of human health issues such as preventive health, chronic disease, mental health, immunology and Indigenous health. Their research ranges from fundamental biomedical discovery through to clinical research and the translation of research findings from bench to bedside.

Growing importance of philanthropy to medical research

AAMRI's members and their 19,000 staff and research students undertake over one-third of all government funded medical research. Philanthropy is an increasingly important component of the medical research sector. Around 25% of our member's revenue comes from fundraising and other philanthropic sources. In 2016-17 this amounted to \$360 million and this has grown by 29% over the previous two years.¹ Without philanthropic support thousands of important medical research projects would be unable to proceed, which would lead to delays in improved health outcomes as well as an increased burden on the health system.

There are two issues that AAMRI would like to bring to the attention of the Committee. The first relates to the unnecessary red-tape burden placed on charities by having different fundraising regulatory regimes across different states and territories. The second is the impact the out of date ASIC register might be having on donor perceptions of charities, as well as the unnecessary red-tape burden it is causing.

Fundraising across different jurisdictions

The ACNC was established, in part, to reduce unnecessary regulatory obligations. As the Minister's second reading speech made clear when the *Australian Charities and Not-for-profits Commission Bill 2012* was introduced, charities are "...subject to overlapping, inconsistent and duplicative regulatory and reporting arrangements."² The importance of pursuing dealing with this issue remains as pertinent today as it did six years ago, as progress has been very slow with respect to reducing the bureaucratic burden placed on charities.

¹ AAMRI (2018) *AAMRI Members Report 2018*. Available at: <http://aamri.org.au/reports/>

² Australian Charities and Not-for-profits Commission Bill 2012, Minister's second reading speech. Available at:

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansardr%2F128166ac-3803-48a6-ba49-c2e6241fb5ed%2F0023%22>

It was hoped by the Government at the time that when the ACNC was established that it would lead to a 'report-once, use-often reporting framework and the use of a Charity Passport'.³ This has largely not been achieved with respect to fundraising activities. In some cases, the regulatory burden has actually become more burdensome as some state governments have increased their regulation of certain fundraising activities.

Charities that fundraise across the country currently have to obtain different licences and permits in each of the different states in which they undertake fundraising activities. They then have to comply with multiple different associated reporting obligations and adhere to different regulations that govern how they can undertake their fundraising. A summary of the different fundraising regimes in place across different states and territories has been produced by Not-for-profit law.⁴ Complying with the requirements of different states and territories increases red-tape as well as associated compliance costs, and it also increases the risk of unintentional non-compliance.

As fundraising for most charities is a national activity that does not stop at state borders it makes sense for there to be a single, harmonised set of rules governing fundraising across Australia, and ideally this would be managed by the ACNC. This issue was explored in-depth by Deloitte Access Economics in their report to the ACNC⁵. Different options for reducing red-tape and achieving greater alignment between different levels of government are set out in this report and these should be pursued by state and federal governments as a priority. This would be best achieved through COAG, who should task a high-level working group to develop specific proposals to harmonise fundraising regulation across all states and territories.

Out of date ASIC register is impacting on community perceptions of charities

Charities are now only legally obliged to report to the ACNC and no longer need to update their details with ASIC. Unfortunately, ASIC continues to display the out of date details of charities on its website, as charities no longer need to report to them. For example, the financial and directors' details on the ASIC website are now incorrect for many charities, presenting a negative impression of a charity's ability to manage its reporting obligations. Despite repeatedly highlighting this issue to both the ACNC and ASIC there has been little progress made in either linking the two data sets together or removing the details of ACNC registered charities from the ASIC register.

Charities now face a choice of risking their reputation by having an out of date ASIC record, or must continue to invest resources into maintaining both their ASIC and ACNC records –

³ Australian Charities and Not-for-profits Commission Bill 2012, Minister's second reading speech. Available at:

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F128166ac-3803-48a6-ba49-c2e6241fb5ed%2F0023%22>

⁴ Not for profit law (2018) Applications to fundraise: Legal information for community organisers. Available at: https://nfplaw.org.au/sites/default/files/media/Applications_to_fundraise_CTH_2.pdf

⁵ Deloitte Access Economics (2016) *Cutting Red Tape: Options to align state, territory and Commonwealth charity regulation*. Available at: <file:///C:/Users/Thomas.P/Downloads/deloitte-au-economics-cutting-red-tape-align-charity-regulation-230216.pdf>

which is contrary to the purpose of establishing the ACNC. Given that the ACNC was introduced with the aim of reducing red-tape compliance and reporting, it is non-sensical that charities should be updating records on a register to which they have no legal obligation. Further adding to this red-tape burden is that ASIC charges charities late fees for any late updates to ASIC records. It will refund these fees for charities, but only after they have first been paid and have spent time pursuing a refund, which again is an unnecessary bureaucratic burden.

AAMRI Members

