



4th May 2023

Australian Government
Productivity Commission
Email: philanthropy@pc.gov.au

Dear Commissioners

Thank you for the opportunity to provide input into the Philanthropy Inquiry. Please see an overview below of who we are, why we exist, our funding, and responses to the relevant information requests. Please note that a separate 'In Confidence' document (Appendix A) is provided which is commercial in confidence.

WHO WE ARE

One of the nation's most trusted and recognisable organisations, Surf Life Saving Australia (SLSA) is also the country's largest volunteer network. SLSA is the peak coastal water safety, drowning prevention and rescue authority.

We have nearly 200,000 members across all age groups and demographics, representing 314 affiliated Surf Life Saving Clubs (SLSCs) around our wonderful coastline.

Since Surf Life Saving (SLS) was established in 1907, more than 715,000 lives have been saved. Last season, our SLS active members were involved in almost 9,000 rescues, 59,000 first aid treatments and more than 1.63 million preventative actions. Our volunteers carried out more than 1.3 million patrol hours, and many have gone on to take leadership positions.

WHY WE EXIST

Our core mission is to save lives – and never has that been more vital than during the current summer period. Our members prevented many people from drowning right around our coastline. But we don't just save lives: we also mentor thousands of young lifesavers who go on to become great Australians, helping to build better and more cohesive communities.

Our vision is zero preventable deaths in Australian waters. But to achieve that we do need additional funding to ensure that we can properly educate and protect everyone who visits the coast – whether to swim or fish or enjoy boating – to reduce the number of coastal drowning fatalities.

OUR STRATEGIES

The four pillars of our current Strategic Plan that guide us to achieve our mission are:

1. Save lives
2. Develop and support our people
3. Grow and sustain our movement
4. Engage the community

FUNDING

As a community cause, SLSA relies on the Australian Government, corporate partners and donors to fund the majority of its activities. The remaining funding is secured via other partners, fundraising, licensing and fees for competitions.

INFORMATION REQUESTS – PHILANTHROPY INQUIRY

Information Request 3: Role of Government in Philanthropy

It would be valuable as one way of demonstrating government support for philanthropy to commit to matching donor donations or using their influence and profile to encourage support for appeals.

Information Request 4: The deductible gift recipient (DGR) framework

SLSA is a Deductible Gift Recipient (DGR) and donations of \$2 or more made to SLSA are tax deductible. This seems to be widely understood in the Australian community and forms a part of the messaging around SLS' appeals for donations particularly as we approach the end of the financial year.

Customers of SLSA's house lottery program buy tickets to support SLSA's cause in a similar way they might make a donation. If the DGR framework were to be expanded it might also enable a tax deduction for the purchase of a non-winning ticket in a charity lottery.

Similarly, the heads of charity for which tax-deductible gifts are made should be reviewed and expanded so as to capture activities and services that are primarily volunteer delivered. SLS clearly falls into this area. Sport and recreation bodies which are very largely volunteer driven do not. This should be reviewed given the enormous contribution such sport and recreation bodies make to community; particularly, but not only in regional Australia. The Australian Sports Foundation (ASF) is not working and its fees (i.e., its keeps a percentage of a donor's donation) is seen as a deterrent to donations through the ASF.

Finally, the DG framework and the ability to become a DGR should be made more simple.

Information Request 5: Other tax concessions for not-for-profit organisations

The role and effectiveness of tax concessions

As a public benevolent institution SLSA benefits from a number of charity tax concessions:

5.1. Income tax exemption

Crucial to all charities is the exemption from paying income tax. Whilst SLSA does not generate large surpluses as most of our funds are spent on its purpose(s), surpluses that are generated can be reinvested into capital or allocated to future program costs. Additionally, the tax system can be quite complicated at times and there are additional costs of tax accounting that would be incurred by charities should they be subject to income tax as are for-profit organisations.

5.2. FBT Exemption

SLSA competes with for-profit organisations in the labour market. This has been particularly apparent in recent years with low unemployment and rising salary costs in certain sectors. It is becoming increasingly difficult to offer salaries that can attract talent to the NFP sector.

SLSA can offer employees certain fringe benefits up to a cap without paying fringe benefits tax. The main benefit here is household expenses which allows SLSA to pay its employees' household expenses up to \$15,900 annually; effectively allowing SLSA employees to receive a portion of their salary tax free and therefore increasing the market value of their remuneration. Meal and holiday expenses can also be paid up to \$2,650. The amounts are grossed up by the FBT rate to the current caps of \$30,000 and \$5,000 respectively. The \$5,000 cap on meal and holiday expenses was introduced in 2016, previously this was uncapped.

SLSA acknowledges the need for a cap on these expenses however it was considered at the time that the \$5,000 cap was too low and had an impact on our ability to offer incentives to workers to join and remain in the NFP sector. The \$30,000 cap on household expenses however has not changed since 2000 so it's real value has decreased. Serious consideration should be given to increasing the cap on household expense fringe benefits to better enable charities to compete with for-profit organisations in the labour market, which was the original intention of the exemption. Such an increase could also go some way to assisting households with the current rising cost of living.

5.3. GST Concession

SLSA can access certain GST concessions, the most significant of these being the sale of our house lottery tickets being GST free. In most cases GST concessions are of greater benefit to smaller charities such as our Surf Life Saving Clubs (SLSCs), rather than SLSA as a larger charity.

Information Request 6 – Unnecessary regulatory barriers to philanthropic giving

6.1. Different fundraising permits in states

A permit is required to fundraise state by state (does not include the Northern Territory), which makes national fundraising campaigns, appeals and events complex and administratively heavy when it comes to reporting and meeting different state regulation requirements.

It would be valuable for the government to consider national regulations, including for charitable lotteries (moving away from Gaming regulations) which would also remove state by state barriers.

6.2. Growing data protection concerns and costs

Growing concerns about data protection and the subsequent costs associated with data protection and the additional resources required to mitigate issues are increasing significantly.

6.3. Complexity of state-based Working With Children Checks

There is a significant amount of costs and administration associated with working with children checks and police checks for all not-for-profit staff regardless of whether staff work with children or not.

Currently, the variations in working with Children Check (WWCC) requirements across different states creates a significant administrative burden and lack of consistency for national organisations aiming to maintain a cohesive approach to safeguarding children. This requirement also has a particularly high administrative and financial burden on not-for-profit organisations. SLSA considers that an option to alleviate complexity in this area would be to have one national WWCC.

One of the primary advantages of implementing a national approach to WWCCs is the improved efficiency it would bring. The current system, where each state has its own set of requirements and exemptions, results in a complex and time-consuming process for organisations operating across multiple jurisdictions. A national framework with standardised criteria and exemptions would streamline the process, enabling organisations to have a more consistent approach to employee and volunteer screening.

Moreover, a national approach to WWCCs would alleviate the financial burden on both organisations and individuals. Currently, employees may be required to undergo multiple checks if they work across different states, leading to duplicated costs and efforts. By adopting a unified approach, organisations and individuals would only need to undergo the check once, reducing the financial burden while still ensuring the necessary protections are in place.

Additionally, a national WWCC framework would facilitate better coordination and information sharing between states, leading to improved protection of vulnerable individuals. It would allow for the efficient transfer of relevant information, such as findings of misconduct or WWCC refusals or disqualifications, across state borders. This would enhance the effectiveness of the screening process, ensuring that individuals with a history of offences or disqualifications are identified and prevented from working with vulnerable populations.

The current inconsistencies in WWCC requirements across different states create unnecessary regulatory burdens for organisations and individuals, resulting in increased administrative complexities and costs. A national approach to WWCCs with standardised requirements and exemptions would bring about improved efficiency, reduced financial burdens, and enhanced coordination between states, ultimately leading to more effective protection of vulnerable individuals. SLSA strongly urges the Commission to recommend the implementation of a national framework for WWCCs as part of its efforts to reduce regulatory restrictions and burdens.

Information Request 7 – Consumer Information on the effectiveness of not-for-profit organisations

In terms of how SLSA communicates how it is performing publicly, SLSA submits an Annual Information Statement (AIS) to the Australian Charities and Not-for-Profit Commission (ACNC). The AIS contains information including a summary of the organisation's activities and charity programs, Human Resources data, and key financial data from SLSA's Income Statement and Balance Sheet.

As a large charity, SLSA also uploads annually to the ACNC a full set of audited financial statements that are prepared in accordance with Australian Accounting Standards and the ACNC Act.

SLSA annually prepares its own comprehensive annual report which is published on our website. The annual report provides detailed information on SLSA's activities throughout the previous year.

Information Request 9 – Cost-effectiveness of public data sources

Risk of overregulation and burdening volunteers

As a not-for-profit volunteer charity, SLSA faces challenges due to the onus of responsibility increasingly being placed on not-for-profit organisations and volunteers. It is crucial to recognise that the current reporting requirements may not be appropriate for organisations of our size, and the impact on smaller volunteer entities such as our SLSCs is even more significant as they are not as well resourced. The risk of changing reporting requirements without considering the capacity and resources of volunteer-based organisations is substantial.

It is important to note that volunteers, particularly after the challenges posed by the COVID-19 pandemic, already experience challenges around increasing paperwork, compliance, time demands and they are at risk of burnout. Introducing additional reporting requirements and expanding existing ones may exacerbate this issue, leading to a potential exodus of volunteers from our movement and ultimately beach patrols.

Additionally, the government should consider the impact of the requirements they impose, particularly when it comes to volunteers. It is essential for government departments to not only focus on meeting compliance objectives, but also to assess the practical rollout of implementation and the impact. This is particularly evident in the case of WWCC requirements, which were imposed on all sporting participants by Sport Integrity Australia. The burden of such requirements on volunteers to undergo full recruitment and screening processes should be carefully evaluated to ensure they are feasible and realistic for volunteers to fulfill. Balancing the need for safeguards with the practicalities faced by volunteer-based organisations is crucial for maintaining their active participation and ensuring the smooth functioning of important community initiatives.

Therefore, any changes to information reporting requirements must be carefully assessed to ensure they do not overly burden volunteer organisations, and that they take into account their limited resources, and consider the potential impact on volunteer retention and overall safety outcomes. Striking a balance between data collection needs and the practical capabilities of volunteer-based charities like SLSA is crucial to maintain effective operations and ensure the safety of beachgoers.

Information 10 – Public Strategies to increase the status of giving

The government could consider initiatives such as:

- Lowering barriers to entry and administrative requirements for volunteers.
- Volunteering could be included in the federal budget as a wellbeing metric like in New Zealand.

- Driving awareness and uptake of sub-funds such as giving accounts or funds within larger public charitable foundations. Tax deductible donations are set aside until the individual nominates a charitable benefactor. According to Swinburne University, at least 4% of the sub-fund balance is given to recommended charities each year by the individual while the balance is invested. Returns are tax-free so good investment management can increase the amount over time. Donor-advised funds are booming in the US.
- Drive awareness of Workplace Giving as an opportunity for every employed Australian to make pre-tax donations to charity. One suggestion may be Workplace Giving Australia (WGA) working with charities as well as employers to drive awareness and uptake.
- Making membership of a Surf Life Saving Club tax deductible.

SLSA welcomes the support of the Australian Government and would like to thank you again for the opportunity to provide feedback into this Inquiry.