



Future Foundations for Giving (Philanthropy Review)

A submission to the Australian Government's Productivity Commission

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Authorised by Tracy Adams,
Chief Executive Officer, **yourtown**
email: advocacy@yourtown.com.au

yourtown is a trusted provider of services for young people, with a focus on mental health and wellbeing, parenting and early childhood development, long-term unemployment, prevention of youth suicide, child protection, and support for those experiencing domestic and family violence. **yourtown** has evolved to helping hundreds of thousands of young people each year through a range of service offerings, supporting them through many difficult challenges.

Our services

- Employment, education, and social enterprise programs to help long term unemployed young people re-engage with education and/or employment
- Domestic and family violence refuge, accommodation, and therapeutic supports for women and their children, including post-refuge support
- Accommodation and therapeutic supports for young parents and their children at high risk
- Parentline, a telephone and online counselling and support service for parents and carers in the Northern Territory and Queensland
- Expressive Therapy interventions for young children and infants who have experienced trauma and abuse, or been exposed to violence
- Young Parents Program providing parenting support to help with child development, life skills and health and wellbeing activities in safe, supportive environments.
- Kids Helpline, providing professional counselling and support to 5–25-year-olds across Australia since 1991
- Kids Helpline @ School and Kids Helpline @ High School, which delivers early intervention and prevention programs through primary and secondary schools
- My Circle, a confidential, private, online peer support network for 13–25-year-olds to share information and build coping skills, and
- Mental health service/s for children aged 0-11 years old and their families, with moderate mental health needs.

Kids Helpline

yourtown's Kids Helpline is Australia's only free and confidential 24/7 phone and online counselling service for any young person aged 5 to 25. It offers children and young people a range of care options that are right for their needs and circumstances. Our commitment to being there anytime, and for any reason, has meant that we have responded to more than 8.7 million contacts from children and young people nationally in the 32 years since our service was first established, whilst also providing tens of millions of self-help interactions via our website and social channels. In 2022, our Kids Helpline counsellors responded to nearly 145,000 contacts from children and young people across Australia, including 5,026 crisis responses for children and young people at imminent risk of harm.

Family and Domestic Violence Refuge and Transitional Housing

yourtown's refuge offers supported accommodation for up to 12 weeks. A specialised team provides women and children with a safe and welcoming environment and creates opportunities for mothers to re-build self-concept and experience control and empowerment over their lives. The wrap-around care also includes linking with transitional housing and community outreach programs for women and children exiting refuges. Transitional housing is a vital steppingstone for women and children moving towards long term, safe and sustainable independent living in the community. **yourtown**'s transitional housing offers a safe and supportive environment for 6 – 12 months, with support for legal and financial matters, accessing pre-employment support, and helping children into school. In 2022-23, we supported 73 mothers and their young children in our refuge and 14 families in our transitional housing.

Children and Families

yourtown provides accommodation and intensive individualised support to vulnerable young parents and their children through our San Miguel service. For over 40 years, San Miguel has provided a place to call home for vulnerable and at-risk families. In 2022/23, San Miguel supported 35 parents and 38 infants and young children.

Early Childhood Development Programs

We support vulnerable pre-school aged children to make a successful transition to school by using prevention and early intervention approaches to create health families and strong, child-friendly communities. This includes working with parents to better understand their child's barriers to reaching social development milestones, how to help them thrive at school, collaborative case management and support, and in-home help. In 2022/23, we supported 179 families in Queensland and Tasmania.

Employment Services

For over 20 years **yourtown** has been delivering specialist youth employment services. Our employment services programs, including Transition to Work, Skilling Queenslanders for Work, Get Back in the Game, and ParentsNext, provide young people with training to expand their options and help them find sustainable employment. Over the last seven years we have secured more than 37,000 job placements for young people. During 2022/23 there were more than 4,000 commencements in our employment services in Queensland, New South Wales, and South Australia.

Social Enterprises

yourtown has worked with young people and employers to break down barriers to sustainable employment for more than 20 years. As a leader in work-based enterprises we provide young people at risk of long-term unemployment paid jobs in the following areas: construction, landscaping, and asset maintenance to help their transition to open employment. In 2022/23, 201 young people were employed in our social enterprises across Queensland, New South Wales, South Australia, and Tasmania, with 90% transitioning into longer term employment in the open labour market or progressing into education.

ParentsNext

We provide specialised support for parents with children under six years of age, to plan and prepare for their future employment in regional South Australia, from Port Pirie. Our primary goal for ParentsNext is to empower parents to embrace life changes, improve their skills and self-confidence, and achieve their education and employment goals. More than 1,200 young parents participated in our ParentsNext program since it commenced in July 2018.

Parentline

Parentline offers free confidential phone and webchat counselling and support for parents and carers of children in Queensland and the Northern Territory. It offers a safety net for families by providing support when it is most needed. This includes after hours and weekends, where families feel isolated and where local services are unavailable. In 2022/23, parents and carers in Queensland and the Northern Territory attempted to contact Parentline over 12,000 times.

yourtown welcomes the opportunity to provide information and feedback on the Productivity Commission's Future Foundations for Giving draft report (the draft report). The charitable sector needs to see clear actions towards national harmonisation and other longstanding recommendations outlined in the final report to ensure it can maximise philanthropic giving to effectively and efficiently support the community.

yourtown has been supporting children and young people across Australia since 1961. We, like the sector, have proven ourselves to be resilient, tenacious, innovative, and responsive to need. For decades, the sector has stepped up swiftly to meet emerging needs, and remained undaunted during economic crises, natural disasters, and pandemics. Despite the revolving door of politics and shifting political and policy agendas, the sector has remained steadfast in its service of the community, relentlessly committed to meeting the needs of those who need support. Whilst we support policy and processes which seek to strengthen the sector, it is also important to acknowledge that there exists great strength already.

To best ensure that it is placed to meet need **yourtown** has diversified sources of funding to allow for the delivery of targeted, evidence informed and community programs. We have strategically adapted our model to include funding from all levels of Government, community fundraising, the conduct of charitable Art Unions, as well as corporate and philanthropic sources. This allows for long term stability, independence and sustainability.

Over the years there have been many reviews of charitable fundraising, that have resulted in minimal change, including those focussed on nationally consistent fundraising regulations. The focus of philanthropic giving has broadened to include time and skills to enable people experiencing cost-of-living pressures the opportunity to contribute to their community. However, as the sector experiences new and emerging pressures, such as increasing demand for services, increased complexity of client issues, increased regulatory burdens and costs of doing business; we are having to do more with less. To meet these challenges more resources are required.

Given our extensive experience and diverse funding sources, we are well-positioned to provide feedback on the draft report. Specifically, we write this submission from the perspective of an organisation that will be impacted by proposed reforms regarding opportunities to increase philanthropic giving in Australia and wants to ensure the community receive maximum benefit from this giving. **yourtown's** submission focuses on:

- The need for national harmonisation of fundraising legislation so charities are not overburdened by numerous compliance requirements
- Changes to the threshold for tax-deductible donations resulting in lower compliance costs and efforts for charities, and
- Streamlined regulations on volunteering to ease the compliance burden on organisations and volunteers.

National harmonisation of fundraising legislation and regulation

Charities funded by civil society play a key role in responding to the gaps in government funded service provision. In an age where governments respond to community concerns regarding unmet social need by arguing their income is finite, it is charities that are increasingly providing a safety net, often to society's most vulnerable.

Despite this important role, charities are confronted by a significant regulatory burden to fundraise and meet these service gaps. Fundraising regulations are complex, duplicative, time consuming and costly, reducing the financial return from fundraising and the positive social impact from giving behaviour. In relation to our fundraising activities alone, **yourtown** currently invests approximately \$300,000 per annum to ensure compliance with the various Commonwealth, state and territory fundraising legislation. These significant resources could be better invested into work directly supporting our mission. Throughout the charity sector this

amounts to a significant diversion of funds donated by the public in good faith to support charitable causes, for which the public are generally unaware.

National harmonisation of fundraising legislation is long overdue. **yourtown** has been one of the many voices for more than a decade advocating for nationally consistent fundraising regulation in numerous inquiries, committees, working groups and papers.¹ Commonwealth, State and Territory governments should partner and co-design with charities a single national legislative and regulatory framework that is fit for the 21st century. In February 2023, the Commonwealth, State and Territory Treasurers agreed to a set of nationally consistent fundraising principles to streamline and harmonise state and territory requirements on charitable fundraiser conduct². However, these principles do not go far enough in reducing the regulatory burden on not-for-profits, particularly charities, without harmonisation the level of compliance activities will still be overwhelming.

yourtown strongly supports the development of a national regulatory framework with the Commonwealth government becoming the sole legislator of national fundraising activities to reduce administrative and regulatory duplication. To avoid this duplication, and the associated costs, the existing Australian Charities and Not-for-profits Commission (ACNC) needs to take responsibility for the oversight and regulatory administration of national fundraising activities. Strengthening of the ACNC's responsibilities needs to be accompanied by appropriate resourcing to ensure it is equipped to provide national, state and territory governments and the wider community with the information and transparency they need. ACNC-registered charities should only have to apply for a national fundraising licence, and not to individual jurisdictions, reducing administrative repetition and barriers to compliance placed on charities. This approach would enable charities to report only once rather than numerous times to various jurisdictions.

yourtown supports the deductible gift recipient (DGR) status as a main mechanism for the Commonwealth government to incentivise Australians to donate to charities. We recognise that it is the responsibility of the charity to advertise this DGR status to donors. We agree that there is currently selective application of DGR status to charities and support the implementation of consistent guidelines which allow more charities to become eligible for DGR status.

Again, we believe this regulation should sit with the ACNC as a national approach. In addition, any compliance associated with an updated DGR system, ACNC charity register, and other information reporting should be streamlined to present data that is more meaningful and accessible to donors and the public while ensuring charities are not overburdened by these tasks. There have been many reviews of charitable fundraising over the years, including recommendations of nationally consistent fundraising regulation. However, there have been very little changes made as a result. We understand this task is complex which is why the Productivity Commission has taken the approach of recommending various reforms. However, national harmonisation will reduce the regulatory burden on charities and ensure funds are not diverted from the community to be used on compliance. We hope to see clear actions towards national harmonisation outlined in the final draft.

¹ The Treasury's Consultation Paper – A Definition of Charity (2011); Not for Profit Sector Tax Concession Working Group's Discussion Paper – Fairer, simpler and more effective tax concessions for the not-for-profit sector (2012); Senate Select Committee on Charity Fundraising in the 21st Century (2018); Charitable Fundraising National Working Group's proposed cross-border recognition model or charitable fundraisers (2020); Department of Social Services' Issues Paper – A stronger, more diverse and independent community sector (2023); Blueprint Expert Reference Group's Issues Paper – Not-for-Profit Sector Development Blueprint (2023)

² Agreement reached on reform of charitable fundraising laws. Media release from The Hon Dr Andrew Leigh MP. <https://ministers.treasury.gov.au/ministers/andrew-leigh-2022/media-releases/agreement-reached-reform-charitable-fundraising-laws>

Recommendation:

- That the Commonwealth government become the sole legislator and regulator of national fundraising activities
- That ACNC-registered charities should only have to apply for a national fundraising licence and not to individual jurisdictions
- That any national harmonisation of fundraising regulation captures all methods of fundraising

Threshold for tax-deductible donations

The draft report recommends the Australian Government should amend the Income Tax Assessment Act 1997 (Cth) to remove the \$2 threshold for tax-deductible donations to entities with DGR status. We note the draft report's statements that: *advances and increases in uptake of technology have reduced the costs of generating and keeping receipts; and removing the tax deductibility threshold would be unlikely to materially change compliance costs for charities given there is no requirement to issue receipts to donors.*

We draw attention to the increasing probability of a cashless society and its impact on donations. The final report should consider how giving behaviour is impacted by people not carrying cash. Moreover, the final report should examine how bank charges on credit card transactions and donations affects people's giving behaviour, and true value derived from the donor amount, once fees have been deducted. We understand that removing the threshold may increase donations, however, we would question whether charities would not be expending more on administration burden than they are generating from the amount of donations they would receive. If this is the case, then **yourtown** believes that the \$2 tax-deductible donation threshold should be raised rather than removed. Further, if the threshold is not raised, then the effect of bank charges on \$2 and \$5 credit card donations will need to be considered.

Our views align with the Henry Tax Review in 2010, noted in the draft report, that raising the deductibility threshold from \$2 (potentially to \$25) would reduce the need for entities with DGR status to issue a large number of receipts for small donations.³ The \$2 tax deductible donation threshold is too low. **yourtown** notes in the draft report that there is an increase in the tax-deductible donations by individuals that is largely driven by people who earn a high income. Specifically, fewer people are giving, but individuals who are giving are donating more. Hence, raising the threshold to \$5 or \$10 would have little impact on the donor and provide charities a means for saving.

If the threshold for tax deductions is lifted to \$25, we would prefer to see this implemented as a phased strategy over several years. This is in recognition of the impact of low wage earners who are limited to donating small amounts and their wage growth rate that has not kept up with cost-of-living increases.

³ Australia's Future Tax System Review Final Report [Australia's Future Tax System Review Final Report | Treasury.gov.au](https://www.treasury.gov.au/australias-future-tax-system-review-final-report)

Recommendation:

- **That any change to threshold for tax-deductible donations ensures a decrease in compliance costs and efforts for charities**

If removing the tax-deductible threshold will result in increasing compliance for charities that will detract from serving the community, then we recommend:

- **That the threshold for \$2 tax-deductible donations be increased to \$5 or \$10**

Corporate giving

Corporate giving culture in Australia is underdeveloped compared to other countries. The review of philanthropic giving needs to recognise corporate giving as an integral component to increase giving in Australia. **yourtown** appreciates that the lack of available data on corporate giving has restricted the Productivity Commission's ability to assess the effect of tax mechanisms on corporate giving in Australia.

We support the recommendation in the draft report to introduce enhanced disclosure and reporting of corporate giving by introducing a requirement for listed companies to publicly report itemised information on their donations of money, goods and time to entities with deductible gift recipient status. This would enhance accountability to shareholders, consumers, employees, and other stakeholders within the community. The Productivity Commission should assess the tax incentives and the aforementioned data made available by the Australian Tax Office as part of a wider review of other countries with tax mechanisms that have successfully promoted and advanced corporate giving cultures.

Recommendation:

- **That the Productivity Commission review how international taxation approaches that are successful in incentivising corporate giving and assess how components can be applied in Australia**

Volunteering

Volunteering is a key activity in the development of social cohesion and connection, but regulatory burden has impacted the ability of **yourtown** to maintain an effective volunteer workforce, reducing options for philanthropic giving. The compliance burden and cost faced by organisations and volunteers is not dissimilar to maintaining a workforce. While regulation and compliance activities are essential to ensure safety this creates a significant compliance burden that is not sustainable for smaller organisations without effective support. People's time is also limited, and they want to maximise their time volunteering by helping the community, not completing paperwork as part of compliance requirements. We appreciate state and territory governments working towards a National Standards for Working with Children Checks. The streamlining of existing checks will reduce the regulatory burden on volunteers and charities. However, the wider issue remains where government policies do not take into account the experiences, motivations, and needs of organisations and volunteers.

Volunteering is a key activity in the development of social cohesion and connection, but regulatory burden has impacted the ability of **yourtown** to maintain an effective volunteer workforce, reducing options for philanthropic giving. Under current requirements we are required to provide job descriptions, contract, induction, training, performance monitoring, supervision, while remaining up to date with risk management and legal requirements. This level of requirement can often outweigh the benefit of philanthropic giving of time and skills, particularly for those who volunteer infrequently or for short periods. When assessing the time and costs versus benefits associated with undertaking screening checks, this creates less incentive for volunteers to proceed with the process due to the personal cost and time

involved. This situation can also result in the organisation taking on legal risks that further reduce the benefit of taking on a volunteer when there is a need to separate the legal and ethical requirements of employees verse volunteers, particularly when working with child and young people.

yourtown supports the stance of the draft report that to support volunteering, Australian, state, territory and local governments should give greater consideration to how changes to policies and programs would affect volunteers. This includes adopting measures that may mitigate any adverse effects on volunteer participation and identifying opportunities for volunteers as part of policy or program design.

Recommendation:

- **That regulations regarding volunteering be streamlined and minimised to ease the burden on organisations and volunteers**

We would welcome the opportunity to explore these ideas with you in further detail. Should you require further information about any issues raised in the submission, please do not hesitate to contact Tracy Adams, **yourtown** CEO via email at advocacy@yourtown.com.au.