



Australian Government
Productivity Commission
E. philanthropy@pc.gov.au

8 February 2024

Dear Commissioners,

Re: Submission by Kidsafe Australia to the Productivity Commission's Future Foundations for Giving Draft Report

Introduction

Kidsafe Australia welcomes the opportunity to provide input into the Productivity Commission's draft findings and recommendations regarding philanthropic giving in Australia. We commend the Commission for its efforts in addressing the current challenges and opportunities in the philanthropic landscape.

By way of background, Kidsafe Australia (Kidsafe) is the leading child safety organisation in Australia, dedicated to the prevention of unintentional death and serious injury to children through education, advocacy and research. Kidsafe was established in 1979 as the Child Accident Prevention Foundation of Australia (CAPFA), and state and territory divisions were established soon after. In July 2003, the Foundation adopted a federated structure so that each state and territory became an independent Incorporated Association. Today, Kidsafe operates in every state and territory.

Preventable injury is the leading cause of death, and one of the major causes of hospitalisation, for Australian children aged 1-14 years. Every year, 149 children are killed as a result of injuries from preventable incidents. Kidsafe works to prevent such tragedies by empowering families by providing practical strategies and knowledge on how to keep their kids safe. This is achieved by delivering evidence-based child injury prevention resources, programs and services.

The lifelong impacts associated with a child's death or severe injury are catastrophic for families and communities, and have significant long-term social, health and economic repercussions, with an estimated cost to the Australian healthcare system totalling over \$10.2 billion every year.

Consideration of Injury Prevention Charities for DGR Status

We are particularly pleased to see the Commission's recognition of injury prevention as a sector for specific Deductible Gift Recipient (DGR) considered in the proposed reforms, as outlined on page 17 of the report. As a registered charity that is currently entitled to receive tax-free donations for all amounts above \$2, we understand and acknowledge this proposed reform reflects a positive step forward for our industry. The expansion of DGR status to injury prevention charities would undoubtedly amplify our collective efforts to create safer environments for Australian children.



Health Promotion Charity Status

Due to the positive development in the DGR status going forward, we strongly encourage the Commission to similarly review the scope of the Health Promotion Charity (HPC) category.

Despite injury placing a significant burden on the healthcare system, many valuable organisations whose operations are dedicated to injury prevention (including those with DGR and tax concession status) are specifically excluded from receiving HPC Status and the accompanying Fringe Benefit Tax (FBT) exemptions. This exclusion stems from the current definition of injury not being considered a disease. Based on our many years of experience in the public health sector, however, we believe that injury prevention deserves similar consideration within that category.

Changes in eligibility to qualify as an HPC would enable injury prevention organisations like ours to have a greater impact, thus decreasing the burden on the health services sector through targeted, primary prevention of acute and long-term injury. Such a change would have a carry-on effect on improving the health status of Australians overall, and work towards federal government policy goals to improve Australian children's health, safety and wellbeing.

The proposed revision would notably enhance the injury prevention sector by bolstering the capacity to offer competitive remuneration features and benefits that other HPCs offer. This improvement is pivotal in attracting and retaining skilled, professional staff dedicated to injury prevention, ensuring the continued effectiveness of our organisations.

The Cost

While Kidsafe receives the Australian Taxation Office's Deductible Gift Registry status, GST concession, income tax exemption, and a Fringe Benefit Tax (FBT) rebate, we face a significant disparity compared to our FBT-exempt charity counterparts.

Charities benefiting from FBT exemption under section 57A of the Fringe Benefits Tax Assessment Act, gain a substantial advantage over those on the FBT rebate. This equates to a \$15,544 difference in tax payable per employee or over \$770,000 across the national Kidsafe network, based on 49.6 FTE staff claiming maximum benefit. This inequity not only hampers the ability to offer competitive market rates but also cascades into challenges in service delivery, employee benefits, and overall operational efficiency.

An urgent and comprehensive reassessment of the current tax framework is imperative to address this discrepancy and strengthen Kidsafe's capacity.

Service donors

As Kidsafe looks towards the future, the potential attainment of HPC status holds the promise of significantly improving our ability to service existing donors and attract new contributors.

A substantial increase of approximately \$770,000 to our staff across the country in support without having to go through a protracted and expensive payrise process will reduce the percentage of donor funds being utilised for admin costs and increase the proportion helping to deliver our vital programs and services. This will strengthen our position to current donors and assist in attracting new donors, as their contribution will provide a greater external impact.



Conclusion

As the Commission continues to play a pivotal role in shaping the philanthropic landscape, Kidsafe is eager to actively participate in ongoing discussions surrounding the DGR system, particularly within the injury prevention sector. In addition, we express our support and welcome the opportunity for a comprehensive review of Health Promotion Charity status, or at the very least, consideration for Kidsafe for an exemption.

Thank you for your consideration of this submission; should you require further information please contact Melanie Courtney, Kidsafe Victoria CEO,

Warm regards,

Richard Franklin
President
Kidsafe