

9 February 2024

Philanthropy Inquiry  
Productivity Commission  
GPO Box 1428  
Canberra ACT 2601

Submitted via online portal: <https://www.pc.gov.au/inquiries/current/philanthropy/make-submission#lodge>

Dear Commissioners,

### **Future Foundations for Giving – Draft Report**

Thank you for the opportunity to make this submission in response to the Commission's Draft Report – *Future Foundations for Giving* as an important part of the Inquiry into Philanthropy.

PayPal Giving Fund Australia (PPGF) does not intend to address all of the draft recommendations and findings covered in the Draft Report. Rather, this submission identifies some matters of particular interest to PPGF.

PPGF supports the Government's goal of doubling philanthropic giving by 2030 and is excited by the opportunities to achieve this goal.

#### About PPGF

PPGF is a registered charity with the Australian Charities and Not-for-profits Commission (ACNC) and a Public Ancillary Fund. PPGF distributes funds to registered charities with item 1, Deductible Gift Recipient (DGR) tax status in Australia that meets the requirements of its Charity Certification Policy. PPGF holds fundraising licenses and complies with requirements in relevant states and territories.

PPGF helps people support their favourite charities online. Our vision is to inspire a new wave of philanthropy, harnessing the power of technology to make giving a part of everyday life.

We pursue our vision by developing innovative programs that introduce charitable giving to new audiences in relevant and engaging ways, benefiting the charity sector. Through our partnerships with

online platforms, we make it easy for donors to support charities they care about on the websites and apps they use every day.

In doing so, we enable charities to forge relationships with new supporters, and to benefit from new sources of funds to apply in the pursuit of their missions. In all that we do, we strive to innovate to provide more opportunities to give, engage more donors, and raise more funds. We provide donation and donor reports, issue tax receipts, distribute grants, and handle registration requirements all without charging charities for our services.

PPGF receives donations through its partners, including PayPal, Meta, GoFundMe and other technology or “online platforms” and makes grants to its donors' recommended charities. Since launching in Australia in 2018 PPGF has granted over \$250M AUD to over 6,000 Australian charities. The top cause areas supported are mental health, cancer research and support services and humanitarian services.

#### About PayPal Australia

PayPal has remained at the forefront of the digital payment revolution for more than 20 years. By leveraging technology and strategic partnerships to make financial services and commerce more convenient, affordable, and secure, the PayPal platform is empowering more than 430 million active consumer and merchant accounts in more than 200 markets to join and thrive in the global economy.

PayPal has been operating in Australia since 2005. PayPal Australia enables transactions, online and offline, for Australian businesses, from sole proprietors, small and medium businesses through to established large merchants, while protecting the personal financial information of our more than 9 million active user accounts. PayPal is passionate about innovation in payments and is excited about the myriad of benefits that can be delivered to Australian customers and the economy more broadly.

#### Relationship between PayPal and PayPal Giving Fund Australia

PPGF is a separate legal entity from PayPal. PPGF uses PayPal technology and financial support to raise new funds for causes without charging individual donors or charities for PPGF's services. PayPal provides payment capabilities so that PPGF can receive donations and distribute funds to charities. In addition, PayPal also provides services to PPGF to ensure benefitting charities are reviewed for money laundering and terrorist financing risks.

#### Growing Philanthropy in Australia

PPGF welcomes the proposed increased flexibility in relation to DGR laws set out in the Draft Report which aim to make the DGR system fairer, simpler and more transparent.

In addition to greater flexibility within the Commonwealth DGR regulatory framework, PPGF also supports the notion that more should be done to improve the regulatory framework (page 209).

The Draft Report recognises that charities are subject to oversight from multiple national, state and territory regulators, each with their own institutional arrangements, responsibilities, powers, priorities and resources (page 21) and that multiple regulators of charities across both levels of government creates inconsistencies, confusion and regulatory burden for donors and charities (page 21).

Indeed, as a public ancillary fund, registered charity, tax concession charity and DGR, PPGF is regulated by ASIC, the ATO and the ACNC. Its compliance requirements include but are not limited to, the Corporations Act 2001 (Cth), the Australian Charities and Not-for-Profits Commission Act 2012 (Cth) and regulations, the Public Ancillary Fund Guidelines 2022 (Cth), various tax legislation, the Australian Consumer Law and the State and Territory Fundraising Legislation.

PPGF understands that regulation aims to build trust and confidence in charities. But requests that the Commission be mindful of scope of the existing regulatory framework. Any new legislation or amendments to the existing legislation should aim to simplify or streamline the existing regime consistent with the aim in the report to support and incentivise philanthropy, to enhance outcomes for donors, charities, taxpayers, people who receive goods and services from charities, and the community as a whole (page 3).

As noted in the Draft Report, it is also important that current reforms to implement nationally consistent fundraising conduct principles are completed so charities can benefit from a simplified set of conduct requirements across all jurisdictions (page 209).

Indeed, PPGF agrees with the concerns about the burden created by state and territory-based fundraising regulations described in the Report (pages 235 and 236).

Existing fundraising laws represent a barrier to undertaking fundraising due to the complexity and cost of compliance requirements that differ state by state. PPGF supports the newly proposed fundraising principles that aim to harmonise certain aspects of fundraising conduct in order to reduce regulatory burden for charities and professional fundraising agencies, individuals or businesses. PPGF notes that even if the National Fundraising Principles are implemented in each State and Territory, each State and Territory will still have different rules around when a fundraising licence is required, which entities are exempted from the requirement to get a fundraising licence, reporting requirements and conduct requirements in relation to commercial fundraising. We believe a commitment to further streamlining fundraising regulation would significantly contribute to achieving the Government's goal of doubling giving by 2030 and should be progressed as a priority.

Separately, businesses represent an opportunity to unlock a significant giving channel to support the growth of individual giving in Australia. Businesses already have payment infrastructure, consumer engagement and a [motivation](#) to support charitable causes. This model is successful in other jurisdictions, including the United States – for example, US-based retailer, Walmart, has had significant impact supporting charities by enabling their customers to give through programs [such as 'Round Up at checkout', which contributed to their customers raising nearly \\$200M USD](#) in two years to support a number charities.

Consideration should be given to how the regulatory framework around fundraising can be amended to enable Australian businesses to balance the ease of fundraising with donor and charity protections to support charitable causes. The requirement to obtain licence to fundraise is an impediment to increased fundraising activity. Consideration should specifically be given to whether the same outcomes could be achieved by removing the requirement to obtain a fundraising licence and fundraising activity itself is the focus of the regulation – the requirement to obtain a licence only presents an additional administrative burden for any organisation.

PPGF supports the idea that a sound regulatory framework is one that is fit-for-purpose for current, emerging and future giving behaviours (page 239). In relation to online fundraising, the Draft Report points to that potential issues that are unique to giving through these online platforms or are at risk of being exacerbated. In particular, that charities can be unaware who is conducting an appeal on their behalf or be unable to cease an appeal they do not wish to occur.

The Draft Report makes the following comment, *“people are increasingly moving toward using digital payments and online platforms for giving, such as PayPal Giving Fund or Facebook”*. It is important to clarify that PPGF is not an “online platform” (such as Facebook / Meta) for giving. PPGF partners with online giving platforms to increase transparency, trust, and security.

PPGF’s programs make it clear to donors at the point of donation how the funds are handled. For charities, PPGF’s operational model is clearly disclosed through its external facing policies which are available on its website, such as the Donation Delivery Policy, Donors Terms, Privacy Policy and Charity Certification Policy.

PPGF informs charities when they benefit from its partner programs in two ways:

1. Enrolled charities can access their charity dashboard which details activity reports, profile page and donor data details when shared.
2. If the charity is not enrolled, PPGF informs the charity either by direct mail and or email of their upcoming grant and how they can enrol in order to access more information and manage their profile page.

A charity may request to be removed from PPGF’s directory and partner websites and programs at any time by contacting PPGF and its partners.

The draft report (page 239) states there are potential issues unique to giving through these online platforms or are at risk of being exacerbated. Our comments on these potential issues are set out below:

- *Crowdfunding platforms accelerate giving and can accumulate funds rapidly, including in-excess of what is needed by a charity.* PPGF does not see rapid accumulation of funds to be distributed to a charity as an issue requiring regulation or government intervention. Where a charity receives funds in excess of what it needs, it is a matter for the charity to consider the most appropriate way to utilise those funds effectively in accordance with the relevant laws.
- *Donors can be unaware they are only making ‘recommendations’ to the trustee of an ancillary fund about which charities should ultimately receive their donation.* As described above, PPGF makes it clear to donors how the funds are handled through its disclosures at time of donation and its external facing policies which are available on its website, such as the Donation Delivery Policy, Donors Terms, Privacy Policy and Charity Certification Policy.
- *Limited transparency on fees charged or time for funds to be transferred to the charity from the platform.* PPGF makes it clear in its disclosures any fees (charged by the partnering online

platforms and payment processor) deducted from the donation. PPGF does not charge individual donors or charities a fee for its services.

Our comments on the specific reforms considered in Information Request 7.2 are set out below:

- *Requiring a regulator to be notified of fundraising appeals once a certain threshold of donations is met.* Any proposed threshold should not impede fundraising activity or create unnecessary administrative burdens.
- *Online giving platforms to make reasonable efforts to notify a charity of appeals being conducted in their name.* As described above, PPGF receives donations in its own right and informs charities of funds when they benefit from its programs.
- *Online giving platforms or a regulator to halt a fundraising appeal being conducted in the name of a registered charity upon that charity's request.* As described above, PPGF receives donations in its own right and informs charities of funds when they benefit from its programs. Charities can opt-out of the programs at any time.

Thank you again for the opportunity for PPGF to provide this feedback in response to the Draft Report. We look forward to the Final Report in May 2024. Please contact Holly Dorber, Director, Government Relations, PayPal Australia (\_\_\_\_\_) if you have any queries regarding this submission.

Yours sincerely

Erica McLernon  
Executive Director PayPal Giving Fund