



Project:	AASB Work Plan 2017-2019	Meeting	AASB May 2017 (M157)
Topic:	Definition of fundraising – project plan	Agenda Item:	3.8
Contact(s):	Tim Austin taustin@asb.gov.au 03 9617 7638 Clark Anstis canstis@asb.gov.au 03 9617 7616	Project Priority:	High
		Decision-Making:	High
		Project Status:	Project planning

Introduction

- 1 As part of the feedback on ITC 34 *AASB Agenda Consultation 2017-2019*, a constituent requested the Board to develop a definition of ‘fundraising’.
- 2 At its August 2016 meeting, the Board considered the feedback received and directed staff to prepare a project plan addressing the definition of ‘fundraising’ for *not-for-profit private sector entities* (NFP entities). This agenda paper sets out the proposed project plan to assist the Board to form its views on whether to add this project to the AASB work program for 2017-2019 (addressed in Agenda Paper 3.0).¹

Project rationale, objective(s) and link to AASB strategy

Project rationale

(responds to RIS² questions *What is the problem you are trying to solve?* and *Why is government action needed?*)

- 3 The project was raised in discussions with a stakeholder as part of the Agenda Consultation outreach. The constituent indicated there is no generally accepted Australia-wide definition of ‘fundraising’ (covering both fundraising income and fundraising expenditure).
- 4 Requirements to report fundraising activities are set out in State/Territory legislation. Each State/Territory has a different approach to defining fundraising and the form of reporting of fundraising activities. The table in Appendix A shows the varying

¹ The staff recommendation as to whether the project should be added to the 2017-2019 work program is included in Agenda Paper 3.0.

² Australian Government Regulation Impact Statement

approaches to defining fundraising. The reporting required by regulators varies from audited financial statements to annual statements of specific information.

- 5 The constituent has argued that the differing approaches result in a lack of transparency and comparability of fundraising activities between NFP entities that operate in different jurisdictions. The ineffective use of fundraising money by NFP entities has seen significant public and media attention recently.
- 6 The convergence of the definition and reporting requirements would:
 - (a) allow for inter-entity comparability of fundraising activities, ensuring that the reporting of fundraising activities in financial statements is suitable for multiple users;
 - (b) aid in the reduction of red tape for NFP entities that operate in more than one jurisdiction; and
 - (c) potentially assist regulators of NFP entities in monitoring fundraising activities.

Project objective(s)

(responds in part to RIS question *Why is government action needed?* through clear identification of the objectives, outcomes or goals of this project)

- 7 The project objective is to develop a generally accepted definition of ‘fundraising’ and fundraising disclosures for General Purpose Financial Statements. This could result in NFP entity financial reports that:
 - (a) meet regulatory requirements for fundraising in any State/Territory;
 - (b) are comparable to other fundraisers; and
 - (c) report information on fundraising activities that is useful and transparent to users.

Link to AASB strategy

- 8 The Board’s strategy for the period 2015-2019 identifies five strategic directions.³ This project is consistent with:
 - (a) strategic direction 4 ‘facilitate and encourage active stakeholder participation in developing standards’. Undertaking the project shows that the Board responds to stakeholder feedback; thereby providing support to the Board’s strategy of encouraging active stakeholder participation. Undertaking this project would require research and significant outreach working alongside stakeholders, including State/Territory regulators; and

3 The AASB Strategy 2015-2019 is available on the AASB website at:
http://www.aasb.gov.au/admin/file/content102/c3/AASB_Strategy_2015-2019.pdf.

- (b) strategic direction 5 ‘investigate the potential for standards to cover external reporting, beyond financial reporting’. The development of the definition of fundraising could be the basis for future accountability measures for NFP entities, whether reported in financial statements or in additional information for regulators.

Project scope

- 9 Having regard to the feedback on ITC 34 and the proposed project objective, staff recommend that the scope of this project is to consider what amendments to Australian Accounting Standards are required, if any, to address concerns about the definition of fundraising and fundraising disclosures. This would also involve working with State/Territory regulators to update their requirements:

Staff assessment

- 10 Having regard to the proposed project scope, and project path/milestones, overall staff assess the project as:
 - (a) Priority Low
 - (b) Timing Not urgent
 - (c) Resource commitment Low (assuming support from other regulators)
 - (d) Project length 12 months (approximation)
 - (e) Project scale Narrow-scope research/outreach project

Key stakeholders

(Identification of key stakeholders will assist in planning for the RIS question *Who will you consult and how will you consult them?*)

- 11 Staff have identified the following as key stakeholders of the project:
 - (a) Not-for-profit private sector entities
 - (b) State/Territory regulators
 - (c) Australian Charities and Not-for-profits Commission
 - (d) Donors, grantors and other fund providers
 - (e) Academics

Project milestones

- 12 Staff have identified the following as key milestones of the project. These will be reassessed periodically and revised/extended to ensure the project path remains appropriate and the project can be adequately resourced.

Major project milestones	Staff comment
Present a project plan	Completed (this agenda paper)
Identifying the specific issues to be addressed by the project (refining project scope), and developing a proposal as to how remaining known concerns could be addressed	Staff have previously been made aware of constituent issues
Develop communications strategy	Staff tentatively think this project will require significant additional effort with respect to outreach activity and communication deliverables
Research – approaches in other jurisdictions, and relevant academic research	Staff think this research activity is likely to require a low level of staff effort
Outreach – engagement with stakeholders, identification of the benefits and costs of additional reporting requirements	Staff think this activity is likely to require significant staff effort
Major decision point	Based on the outcomes of the research and outreach conducted, the Board will need to decide whether amendments to AASB Standards should be proposed. If so, the regular due process will be necessary. If not, the work may be transitioned to other relevant government agencies/bodies or further, formal consultation undertaken.
Develop an Exposure Draft (ED)	Involve Panel to develop guidance that is useful to preparers of financial statements
Board approves the Exposure Draft	Board to determine an appropriate comment period; this may be 60 days
Review of stakeholder feedback on the ED	Extent of staff effort will depend in part on the communications strategy
Redeliberations on the ED completed	Depending on the feedback received, this may take between 1 – 2 Board meetings
Pre-ballot draft of a final document circulated for Board comment	Staff effort will be dependent on Board decisions from redeliberations
Ballot draft issued for voting	Staff effort will be dependent on Board feedback

Major project milestones	Staff comment
Final document approved and issued	Minimal additional staff effort involved

Resources required

13 The following resources will be required:

Resources	Expected contribution
(a) Staffing – standard-setting	Technical director/Assistant – Low Senior project manager – Low Project manager/APM ⁴ /Intern – High
(b) Staffing – research	Research director – Low Project manager/Assistant/Intern – Moderate
(c) Project advisory panel	Staff recommend a Project Advisory Panel be established.
(d) Other	Staff recommend the secondment of staff from interested stakeholders to assist in research, outreach and policy development.

Factors that might add to complexity and length of the project

14 The following factors may add to the complexity and length of the project:

- (a) expansion of the scope of the project beyond that identified within the project scope section; and
- (b) limited assistance from relevant regulators.

Questions for Board members

- Q1 Do Board members agree with the proposed project objective and project scope set out in paragraphs 7 and 9?
- Q2 Do Board members have any other comments about the proposed project plan?

4 Assistant Project Manager

Appendix A – Comparison of activities included or excluded in the definition of fundraising, by jurisdiction

McGregor-Lowndes et al. 2014, 'Defining and Accounting for Fundraising Income and Expenses', Queensland University of Technology, pp.117-118

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Table 5.2. Comparison of activities included or excluded in the definition of fundraising, by jurisdiction

CODE	Queensland	New South Wales	Australian Capital Territory	Victoria	Tasmania	South Australia	Western Australia
	Appeals for support	Fundraising appeal (see Note 3)	Collection for a charitable purpose (see Note 3)	Fundraising appeal (see Note 3)	Soliciting for a charitable purpose	Collection for charitable purpose	Collection for charitable purpose
PLUS	INCLUDED IN REGULATED FUNDRAISING						
DON		Donation					
DON	Money	Money	Money	Money	Money	Money	Money
DON	Articles	Property				Property	Goods
DON		Benefit	Benefit	Benefit			
DON							Disk, token or badge, etc.
DON			Clothing bin collection				
DON			Giving to opportunity shops				
DON		Sponsorship of a walkathon etc.	Sponsorship of a walkathon etc.				
AU	Art union sales	Lottery, art union or competition	Lottery, art union or competition				
SES	Sale of tickets to a function	Supply of food, entertainment	Supply of food, entertainment			Sale of tickets to a function	Entertainment or function
MER	Sale of any articles	Supply of goods	Supply of goods				
MEM	Membership fees						
SVS	Sales of any services	Supply of services	Supply of services				
COM	Sales in conjunction with others	Sales in connection with others					

CODE	Queensland	New South Wales	Australian Capital Territory	Victoria	Tasmania	South Australia	Western Australia
LESS	EXCLUDED FROM REGULATED FUNDRAISING						
UNS		Unsolicited collections	Unsolicited collections				
MEM		Membership fees	Membership fees	Membership fees	Membership fees		
ESVS		Fees for nominated services		Fees for nominated services			
GOV		From Local Councils					
GTF		From Government Trusts					
AU			Lottery, art union or competition	Lottery, art union or competition	Lottery, art union or competition		
BEQ		Bequests	Bequests				
GOV			Government fees and grants	Government fees and grants	Government fees and grants		
COY			Sponsorships from a corporation	From a corporation			
CTF			Charitable trust grants	Charitable trust grants			
PAR				From a partnership			
FT				Money or benefit in lieu of flowers			
MER+SVS					Sale of goods or services		

Note 1: Formula representing the coverage:

QLD FR=DON+AU+SES+MER+MEM+SVS+COM

NSW FR=DON+AU+SES+MER+SVS+COM-UNS-MEM-ESVS-GOV-

GTF-BEQ

ACT FR=DON+SES+MER+SVS-UNS-MEM-AU-GOV-COY-CTF

VIC FR=DON-MEM-ESVS-AU-GOV-COY-CTF-PAR-FT

TAS

FR=DON-MEM-AU-GOV-MER-SVS

SA

FR=DON+SES

WA

FR=DON+SES

Note 2 The terms exclude descriptions which relate to the activities of an institution such as church or university or which describe a means to fundraise such as 'by mail, telephone or Internet.

Note 3 Where an appeal is conducted on an interstate or national basis, no state segregation of financial information is required.

Appendix B – Fundraising legislation of States and Territories

State/territory	Relevant legislation
Australian Capital Territory	Charitable Collections Act 2003 (ACT)
New South Wales	Charitable Fundraising Act 1991 (NSW) Charitable Fundraising Regulations 2008 (NSW)
Northern Territory	No specific legislation
Queensland	Collections Act 1966 (Qld)
South Australia	Collections for Charitable Purposes Act 1939 (SA)
Tasmania	Collections for Charities Act 2001 (Tas)
Victoria	Fundraising Act 1998 (Vic)
Western Australia	Charitable Collections Act 1946 (WA) Street Collections (Regulation) Act 1940

Appendix C – Extracts of ‘meaning of fundraising appeal’

Charitable Fundraising Act 1991 (NSW) - Section 5

- (1) For the purposes of this Act, the soliciting or receiving by any person of any money, property or other benefit constitutes a fundraising appeal if, before or in the course of any such soliciting or receiving, the person represents:
 - (a) that the purpose of that soliciting or receiving, or
 - (b) that the purpose of an activity or enterprise of which that soliciting or receiving is a part, is or includes a charitable purpose.
- (2) It does not matter whether the money or benefit concerned is solicited or received:
 - (a) in person or by other means (such as by post, telephone or facsimile transmission), or
 - (b) as a donation or otherwise (such as by participation in a lottery, art union or competition; by sponsorship in connection with a walkathon, telethon or other similar event; in connection with the supply of food, entertainment or other goods or services; or in connection with any other commercial undertaking).

Fundraising Act 1998 (Vic) - Section 5

- (1) A fundraising appeal occurs if a person solicits or receives money or a benefit on the basis of a representation that the soliciting or receiving is not solely for the profit or commercial benefit of the person or any other person, cause or thing on whose behalf the person is soliciting or receiving the money or benefit.
- (2) For the purposes of this section, it does not matter if—
 - (a) the person who solicits or receives the money or benefit does not make the representation;
 - (b) the representation was direct or indirect;
 - (c) the majority of the money or benefit is not to be applied for the benefit of the person, cause or thing on whose behalf it is solicited or received;
 - (ca) the person who solicits or receives the money or benefit does so as an ongoing activity or in relation to a particular period of time;
 - (d) the person who solicits or receives the money or benefit does so as a volunteer or is paid for doing so.