

**Workplace Giving Australia Submission to  
Australian Government Department of Social Services  
Developing a Not-for-Profit Sector Blueprint  
20<sup>th</sup> December 2023**

## **Introduction**

The Not-for-Profit (NFP) Sector Development Blueprint (the NFP Blueprint) issues paper will start a conversation to inform the development of a sector led Blueprint, a roadmap, advising the government what is needed for a sustainable NFP and charities sector. This is an opportunity to create a better future for the Australian NFP and charities sector and those who benefit and rely on it.

Workplace Giving Australia has outlined below:

- changes that are needed immediately
- changes that can be implemented over a longer period.

As the peak body for workplace giving in Australia, the following input, ideas and views submitted on behalf of the sector stakeholders will help create a more vibrant and thriving NFP and charities sector.

## **Overview of Recommendations**

- 1. Better enable participation in workplace giving by removing barriers which hinder the role of the Australian Workforce and Corporate Australia in philanthropy.**
  - 1.1 Encourage and support the development of a single, consistent measurement and reporting framework for Australian companies regarding workplace giving;
  - 1.2 Creation of an independent body empowered to provide advice on company law, its interpretation and evolution with input from the philanthropic sector;
- 2. Promote confidence, trust and transparency for workplace giving through support of development of standards**
  - 2.1 Promote standards for corporate and workplace giving through a sector led and government supported programme of standard setting
  - 2.2 Support a single set of data and technology standards for the sector

## **Workplace Giving – An Overview**

Workplace Giving is a collective term for all forms of giving in a place of work (corporate and government). This includes:

- Corporate giving (including giving through a corporate foundation);
- Payroll giving (or “Give as You Earn”);
- Volunteering by the workforce;
- Pro-bono provision of goods and services;

- Share gifting and associated activities undertaken by the corporation.

The case for workplace giving is clear for the individual worker, the broader community, the charities and the corporate employer.

#### *For The Workforce*

The majority of workers within a corporation are already engaged with a charity or cause area that represents their passions and desires to help others. By engaging with their colleagues, they create new social networks and sub-communities that give them satisfaction beyond that which would otherwise exist.

The social network inside the workplace and interacting with colleagues has multiple advantages for the worker, including:

- improved enjoyment and overall job satisfaction;
- provides a community to be involved within the face of a more general breakdown of community in our society<sup>1</sup>;
- combats the increasing number of workers reporting loneliness in the workplace;
- helps them develop new skills (functional and personal) which can increase self-confidence, self-esteem, happiness, and even physical health;
- simplification of the selection decision on which charity or charities to donate to;
- removes the need for a direct relationship with the charity while providing a conduit for impact reporting<sup>2</sup>.

#### *For The Community*

The community benefits from the output of workforce giving activities as it enables the advancement of causes as well as providing the output from programmes focused on volunteering. Businesses are recognised as valuable members of our society which create vibrant workplaces.

Engaging with community through workplace giving increases the likelihood of ongoing involvement.

#### *For Charities*

Workplace philanthropy is beneficial to the charities as it:

- increases the amount donated in total, including through the implementation of tools such as peer to peer fundraising and employer matching<sup>3</sup>;
- simplifies the relationship between donor and charity;
- streamlines the impact reporting requirements; and
- provides a regular and cost-effective fundraising mechanism.

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<sup>1</sup> Australian Bureau of Statistics, General Social Survey

<sup>2</sup> Workplace Giving Australia research suggests 2/3<sup>rd</sup> of donors do not want a direct relationship with the charities they support. See also: "Would You Like to Donate Today? Why Charity at Checkout May Backfire" Harvard Business Review March-April 2020

<sup>3</sup> Workplace Giving Australia research shows that c.70% of corporations in Australia match the donation of their workforce. In 95% of cases this is a 1 to 1 match, doubling the amount contributed.

While some charities fear the disconnect to the donor given the intermediary nature of the employer, this is most often welcomed by the donors themselves and is easily allowed for when the worker indicates that they would welcome that relationship.

### *For Corporates*

For the corporate employer, there are two broad categories of benefits, namely:

- enhancing its relationship and position with its workers;
- enhancing its relationship with other stakeholders (sometimes referred to as the 'social licence' or 'social licence to operate').

The first of these sits within the realm of such initiatives as people engagement and winning the war for talent. With an increasingly millennial talent pool demanding social justice and evidence of purpose from employers (or prospective employers), this is rapidly becoming a key differentiator for success. Enlightened leadership recognises and acts on the benefits of engagement to reduce turnover of staff, increase innovation and productivity, and attract new talent.

The second is aligned with the heightened need to meet ESG standards, particularly with respect to the Social component of this.

### **The Opportunity**

The charity sector often views itself and those around it from the inside out. Hence, much of the focus is on how to operate within that sector more efficiently and effectively. While this is to be commended and much remains to be done, there is also the need to view the sector from the perspective of other, large sectors that are or should be invested in actions that drive mutual success. Our recommendations are focused on providing the context for optimised and proper involvement of the Australian workforce and Corporate Australia as two significant, co-operative and independent groups.

The Australian Bureau of Statistics indicates that this workforce is in total c.14 million strong. However, the approach to philanthropy in Australia has largely failed to address the individuals in their role as workers, tending rather to see them as individual donors. This has led to counter-productive attitudes, such as the need to 'own the donor', which is not only offensive to the individual but retrograde in meeting their needs.

Activating the workforce and leveraging its power with the employers will add significantly to the philanthropic dollars and can account for a significant portion of a delivered doubling of philanthropic giving by 2030.

### **The Challenges**

While there exists a plethora of challenges, two fundamental aspects are thwarting the development and uptake of workplace giving, which can be addressed by the Philanthropy Blueprint.

The first is the context in which the workforce and the corporate employer can come together. This context is defined today by the historical framing of the relationships and the legal environment built on that basis.

The second is the inconsistency in the approaches to implementing workplace giving, which creates complexity and friction costs.

Hence, this submission is aimed at practical recommendations for addressing these aspects.

## **1. Better enable workplace giving by removing barriers which hinder the role of the Australian Workforce and Corporate Australia in philanthropy.**

### **1.1 Encourage and support the development of a single, consistent measurement and reporting framework for Australian companies regarding workplace giving.**

The current uncertainty on what and how corporates can report on their philanthropic involvement creates risk for organisations. Where risk exists, the desire to act is reduced. While solid frameworks exist and ongoing work to refine and hone them continues, there is advantage in providing more guidance on the area.

It is noted here that it is important not to make this aspect burdensome or bureaucratic. The business sector does not need any additional reporting burden so simple, yet sufficient guidelines should be considered. Encouraging corporate engagement in philanthropy by allowing it to represent the extent of their operations contribution will encourage additional involvement and add to the philanthropic outcome.

Importantly, the workforce and the corporates should be at the forefront of this, not the NFP sector.

The first area within this realm is to provide guidance on what to report and how. Frameworks such as that promoted by B4SI should be considered as these already exist, are relatively global in scope, and are defined.

The second area is guidance (and, if required, regulation) on what corporates can publicly claim concerning their purpose and cause work. This would apply to corporates engaging with the workforce and beyond in raising funds or volunteering for charities, through to making claims on its corporate structure or involvement. For example, there is no common definition or requirement for making claims that tend to suggest organisations are philanthropic. In the absence of any formal definitions, the market is making its own definitions, which has a risk of becoming misleading or opaque. Examples of this includes:

- B Corp: an American invention that boasts 470 Australian companies. For registration as a B Corp the company must be “committed to creating benefit for all people, communities, and the planet”<sup>71</sup>, be certified by B Corporation and pay an annual certification fee<sup>72</sup>.
- For Purpose, For Profit (and sometimes simply For Purpose): Generally used for genuine reasons with entities established for purpose motives alongside the profit motive. The risk is that they are mistaken for non-profits or charities
- Social enterprise: As there is no legal structure for social enterprises, these can be not-for-profit, for profit or a hybrid. They have a core social purpose built into their business model.

Clarity on claims being made is important to the donor workforce, the corporates who are looking for certainty, and the Australian community that might otherwise be misled.

### **1.2 Creation of an independent body empowered to provide advice on company law, its interpretation and evolution with input from the philanthropic sector to Government and to Corporate Australia.**

In concert with (and to assist in the implementation of) recommendation 1.2, it is contended that the corporate sector, the workforce and the community would benefit from an ongoing ability to have guidance, properly and expertly considered, issued to it on an ongoing basis.

For example, there is still confusion in some circles as to the role of corporate Australia in promoting or being involved in philanthropy. While most recognise the necessity given the demands of the workforce, the consumer and the broader community reflecting the evolved expectations on minimum standards, there are still those who adhere to notions of shareholder primacy as propounded by the Friedman school of economics last century.

Until its dismantling from 2014, the Corporations and Markets Advisory Committee established in 1983<sup>4</sup> existed as an independent body able to provide advice on company law including on reforms needed to promote regulatory or related changes.

While such a body would have a significantly greater impact and reach than on philanthropy alone, it would provide a relevant and thoughtful catalyst to advance this aspect. It is also a cost efficient and effective tool for achieving outcomes.

Notably, we recommend that in such a body, expertise in not only legal matters but in workforce and in technology be considered key. Further, it would be open to taking referrals from the community. We reference recommendation 2.2 (technology and standards) herein as a focus area for the group, as well as noting the potential for this group to advise on amendments to the Fair Work Act (particularly s.324 for workplace giving) and its application.

## **2. Promote confidence, trust and transparency for workplace giving through support for development of standards**

### **2.1 Promote standards for corporate and workplace giving through a sector led and government supported industry body with a programme of standard setting**

Donor uncertainty and negative impacts on charities are being created by a lack of transparency and consistency in how channel aggregators operate, as well as the costs and the timing of funds distribution. Negative news stories of poor behaviour in fundraising shake the confidence of donors, including those in workplace programmes<sup>5</sup>.

There is no oversight on how donor funds are treated and the way in which intermediary or aggregator operators, including charities, deal with these funds. While there are multiple models in play which encourage competition and choice, there are also avenues for thwarting or delaying the intent of the donor.

Examples to be addressed include:

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<sup>4</sup> Established as the Companies and Securities Law Review Committee (CSLRC) by agreement between the States and the Commonwealth in December 1978

<sup>5</sup> For example December 17, 2023 ABC article “John Carter nearly drained his savings giving to charity — his family say those who targeted him need to be put on notice” <https://www.abc.net.au/news/2023-12-17/pensioner-jonn-carter-taken-advantage-of-by-charities/103197048>

- The ‘deductions’ being made to the donors’ funds prior to them being distributed to charity;
- Ongoing disclosure of deductions; and
- Transparency on timing of funds being distributed to the charity they have been raised for.

It is noted here that reasonable deductions, or time to distribute is required. However, ensuring that there are guidelines or standards will provide confidence to the donor community.

For large companies, there are obligations to report and comply with expectations on payment terms to smaller suppliers. There is no such restriction with charitable donations, and funds can be held for prolonged periods before being accounted for to the charities. Where this is part of the expectation of the donor and the charity, there is no foul. However, in many cases this is not made clear to either or both of these stakeholders.

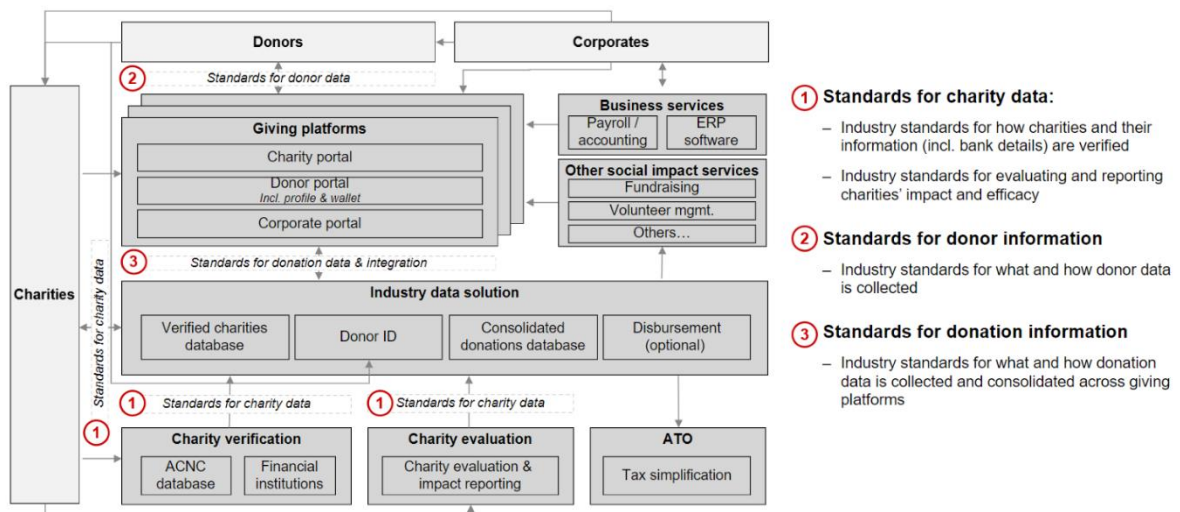
## 2.2 Support a single set of data and technology standards for the sector

Common technology standards and cross-sector harmonisation of information through, for example, a verified charities database would reduce the load on individual charities in technology, an area many are incapable or stressed dealing with.

Rather than seek a solution for each charity on its data and cyber needs, a central and common hub would enable the charities to focus on it needs at the spoke. This would also defray the cost to the sector overall.

Such a utility might be demonstrable by a single, unique dataset, provided the information was set within a common framework and standard, such that more than one database would be workable. This would contain common information drawing on the information currently within the ACNC and ASIC but extending the dataset to meet the majority of the industry needs.

The below diagram is illustrative of the environment that might be created to enable the individual players to work more efficiently (and effectively).



Success would be predicated by ensuring standards for integration of the platforms (such as giving platforms) to ensure a common industry solution is available. To achieve this, a single group established to work in the interests of all would be best placed to move forward.

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The Workplace Giving Australia Group:

The Workplace Giving Australia Group comprises three charitable organisations that make giving part of everyday life in Australia (and New Zealand).

- [Workplace Giving Australia](#), which represents the advocacy and advisory work engaging with workers, Government, Charities and Corporate Australia to promote and enable workplace giving;
- [Good2Give](#), which provides consulting, technology and support services to corporations and charities to enable payroll giving, grants and foundations;
- [ShareGift Australia](#), which works with individuals as shareholders and corporates on the financial and transactional aspects of corporate work to enable share and related philanthropy.