The Use of Ratios to Regulate Expenses

Is there a requirement regarding the ratio of fundraising expenses to receipts?

New South Wales mandates that an authorised fundraiser must take all ‘reasonable’ steps to ensure that fundraising expenses in relation to ‘donations only’ appeals do not exceed 50% of the gross receipts. In respect of all other forms of fundraising such as sale of goods and services, expenses should not exceed a fair and reasonable proportion of the gross proceeds obtained.¹

Victoria approaches this issue on the basis of ‘what is in the public interest’. An application to be registered as a fundraiser will be refused if it is not in the public interest. ‘Not in the public interest’ is defined in section 6B of the Fundraising Act 1998 (Vic) to include a situation where expenses will exceed a reasonable proportion of the total amount raised.² The Director may impose a condition requiring the registered fundraiser to ensure that in any specified period or over the course of the fundraising appeal a specified percentage of the proceeds must be distributed to the beneficiaries of the appeal.³

In South Australia the Minister can impose a condition on a licence for collections or entertainments limiting the proportion of the proceeds of which may be applied as commission or other remuneration to persons acting as collectors under the licence.⁴ A licence may be revoked if commission or remuneration is excessive or if the proportion of the proceeds applied towards charitable purposes is inadequate.⁵

In Tasmania, it is a breach of the Act for an organisation to permit an agent, contractor, officer or employee to receive a benefit out of donated funds which is manifestly excessive. However donated funds can be used to pay reasonable administration expenses and reasonable remuneration.⁶

In Western Australia it can be a condition on the licence that any contracts which will give remuneration out of collection proceeds must be approved by the Minister before being made.⁷ The Minister may revoke the licence at any time or refer a question to the Charities Committee for further inquiry. The Committee may recommend revocation of a licence if it is of the opinion that the amount of money or goods received and applied for the charitable purpose is inadequate when compared to the amount received.⁸

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¹ Charitable Fundraising Regulation 2008 (NSW) Sch 1, condition 8.
² Fundraising Act 1998 (Vic) s 19A.
³ Fundraising Act 1998 (Vic) s 23A.
⁴ Collections for Charitable Purposes Act 1939 (SA) s 12.
⁵ Collections for Charitable Purposes Act 1939 (SA) s 12(4)(b).
⁶ Collections for Charities Act 2001 (Tas) ss 13, 14.
⁷ Charitable Collections Act 1946 (WA) s 12(4).
⁸ Charitable Collections Act 1946 (WA) s 13(2)(b).
In Queensland, if there is to be a commission paid or expectation of reward by the fundraiser, a charity or association must enter into a written agreement and then have it approved by the Minister. Queensland has no specific provision in respect of ratio of receipts over proceeds but there is a general requirement to keep records which include ‘an accurate statement showing full details of all income and expenditure associated with the appeal (in the approved form) and of the moneys and property raised by or resulting from the appeal and of the disposal of all such moneys and property’.  

Licensees in the ACT are able to incur lawful and proper expenses in the running of the collection. Reasonable expenses incurred by the licensee include paying commercial fundraisers. However it is an offence to apply funds other than for the purpose collected, except for the lawful and proper expenses of conducting the collection. The deducting of excessive expenses would be an offence and can incur a penalty of up to 200 penalty units and/or 2 years imprisonment.

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9 Collections Regulations 2008 (Qld) reg 33
10 Collections Act 1966 (Qld) s 30
11 Charitable Collections Act 2003(ACT) s 44