

CHARITABLE STATUS FOR AMATEUR SPORT

THE ASF SEEKS TO BOOST PHILANTHROPIC GIVING IN AUSTRALIA, UNLOCKING \$103 MILLION PER ANNUM FROM ANCILLARY FUNDS FOR THE SPORT SECTOR BY 2030

PATRICK WALKER, ASF CEO



OUR OBJECTIVES FOR TODAY



- Ensure you all **understand** what we are proposing and why
- Explain the **benefits & practical implications** for amateur sports clubs and athletes
- Seek your **input** on aspects of the proposals
- Hear the **questions** you and your clubs may want answered
- Seek your **support** in reaching and engaging clubs in your sport, state or territory

A QUICK NOTE

This meeting is being held under the Chatham House Rule.

Participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

Additionally, please note that all statements made during this meeting are provided for discussion purposes only and should not be construed as factual or relied upon for any purpose.



WHAT WE'RE COVERING TODAY

- **Why advocate for charitable status?**
- **About the ASF**
- **Current Philanthropic Landscape in Sport**
- **Charitable Status for Amateur Sport**
 - Benefits & Regulatory impacts
 - What we've heard so far
 - What's next for charitable status
- **Q & A**



WHY ADVOCATE FOR CHARITABLE STATUS FOR AMATEUR SPORT?



Having **'Amateur Sport' included** as a charitable purpose under section 12 of the **Charities Act (C'th) 2013** will :-

Provide amateur sport with its **rightful recognition as a major contributor to community health and social capital**, comparable to other similar charitable activities, such as the arts, health and education. This change will enable ASFCF and amateur sports clubs to:

- **raise nearly \$103 million per annum from Public Ancillary Funds (PAFs) by 2029-30** for Australian sport
- **generate a total saving** of nearly **\$370 million in healthcare expenditure** for the Federal Budget from FY25 to FY28

ABOUT THE AUSTRALIAN SPORTS FOUNDATION

The Australian Sports Foundation is Australia's leading non-profit sports fundraising organisation and charity, **and the only organisation to which donations for sport are tax-deductible.**

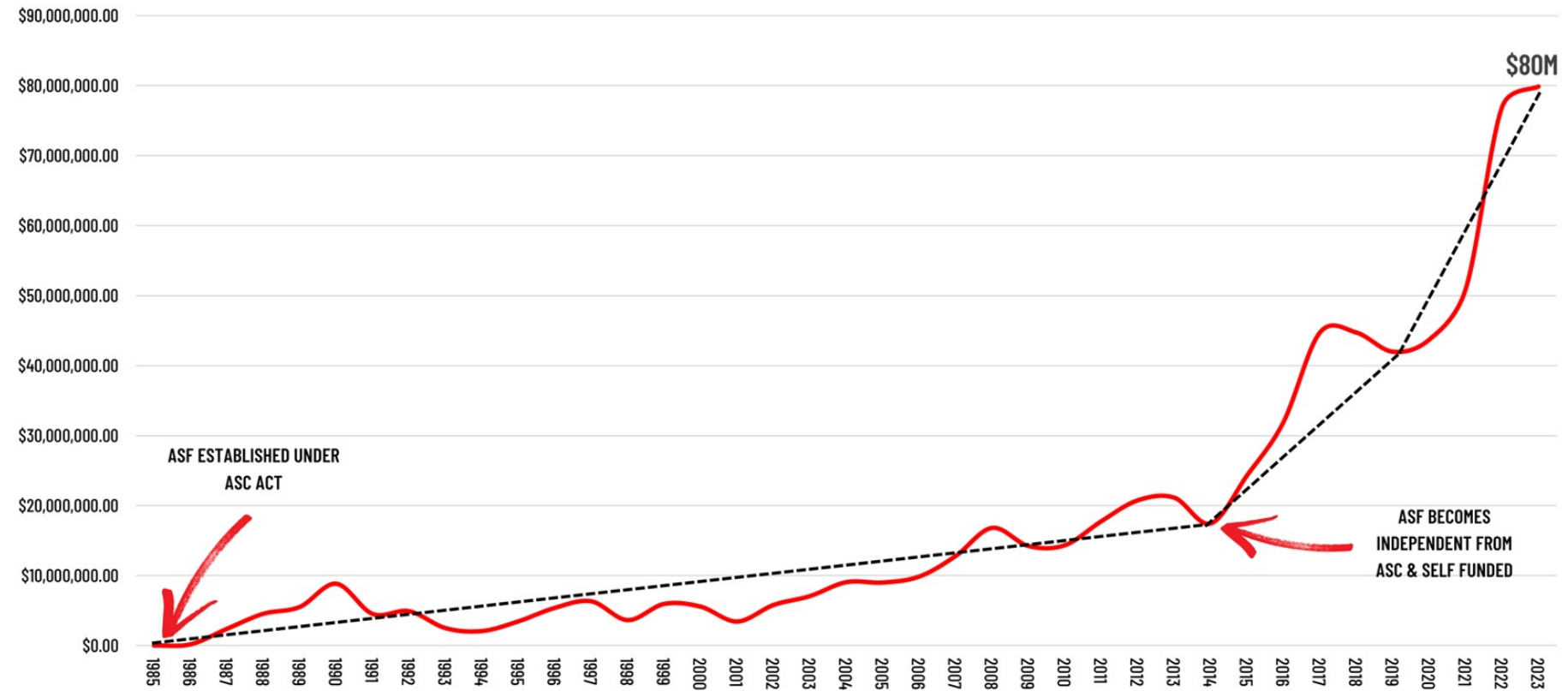
In the last 37+ years the **ASF has distributed over \$700m to Australian sports clubs and athletes** to help develop an inclusive and active sporting nation, and to strengthen local communities.

We believe in an Australia where everyone can play.

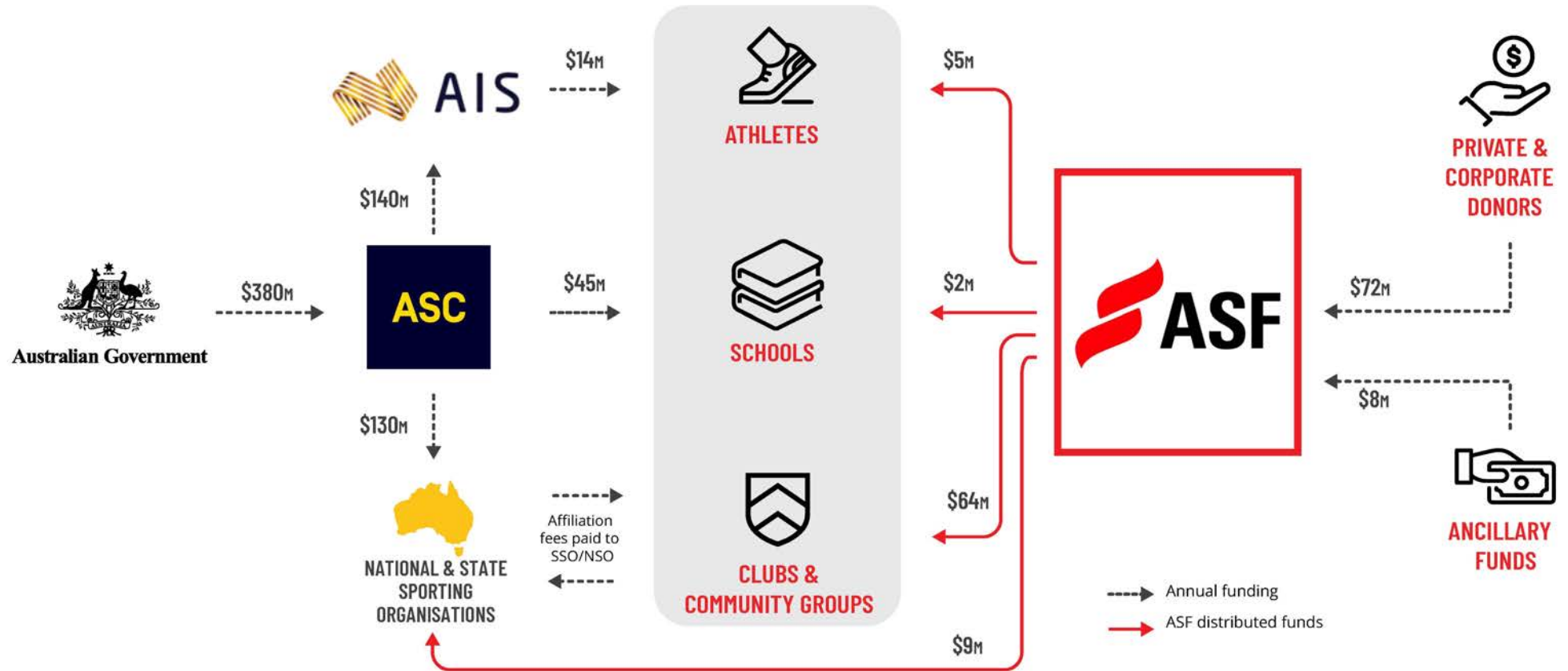
asf.org.au

WE ARE THE AUSTRALIAN SPORTS FOUNDATION

- We are the only **DGR** for sport in Australia.
- Over **\$700m** was raised between 1986-2023 with a dramatic increase in recent years.
- This is a **step change** in giving to sport **but sport needs more**.
- We advocate for the **social and community benefits of sport** and aim to change the conversation around sport in this country.

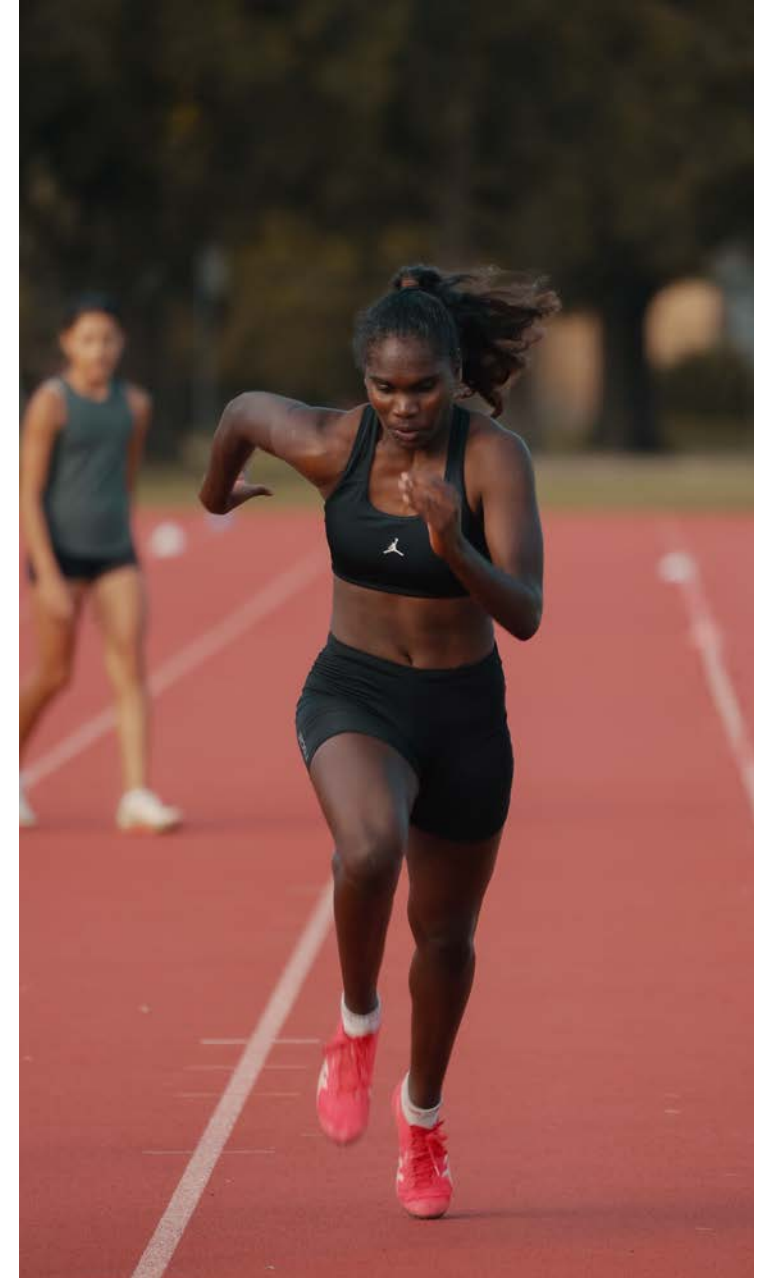
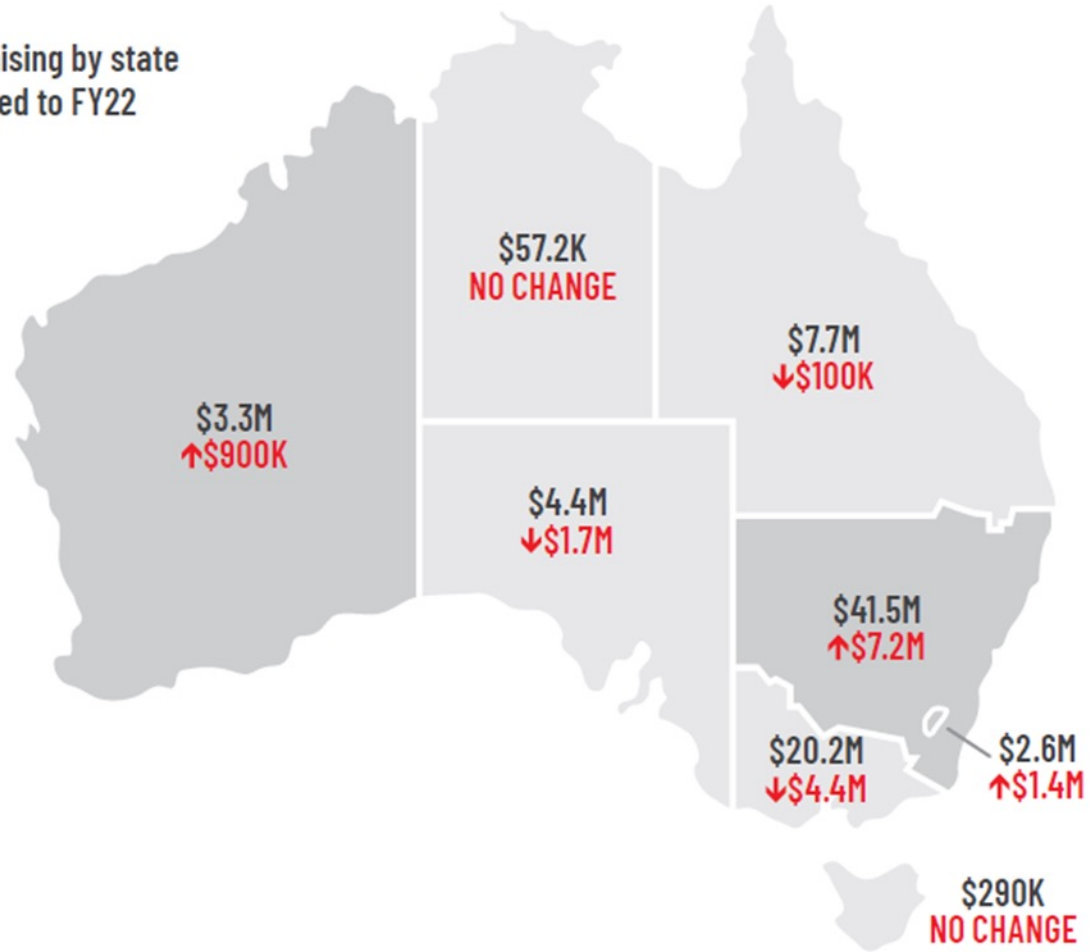


\$80M | ASF'S CURRENT CONTRIBUTION TO AUSTRALIAN SPORT

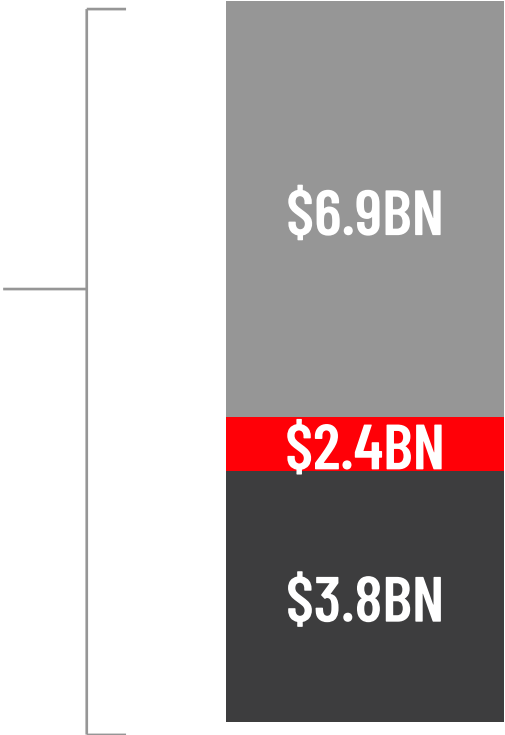


STATE OF PLAY TODAY | SPORTS PHILANTHROPY IN FY23

Figure 1: Fundraising by state in FY23 compared to FY22



AUSTRALIAN PHILANTHROPIC MARKET | ANNUAL CASH GIVING



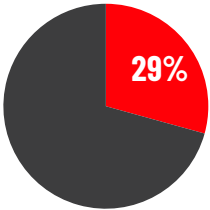
- CORPORATE DONATIONS
- STRUCTURED GIVING (esp PAF/PuAF's)
- TAX-DEDUCTIBLE GIVING FROM INDIVIDUALS

Sources: Giving Trends and Opportunities, Philanthropy Australia

Arts raises
OVER 5 TIMES MORE
each year

Sport secures
LESS THAN 0.7%
of tax-deductible donations

PAF's and PuAF's
c\$1BN a year



INDIVIDUAL TAXPAYERS
claiming tax-deductible donations



PAF CASE STUDY

THE DICKINSON FOUNDATION

The Active Kids Grants program, generously funded by The Dickinson Foundation in partnership with the Australian Sports Foundation, aims to improve the physical and mental health of children and young Australians by encouraging and/or increasing sports participation through the provision of equipment or uniforms to eligible community organisations.

- The Dickinson Foundation is a forward-thinking philanthropic organisation who has established a **Private Ancillary Fund** (PAF) dedicated to ensuring all young Australians are supported to participate, develop and stay in sport.
- Aligned charitable purpose: Advancing health and advancing social or public welfare.
- Reframing the program to focus on the charitable purpose of improving health was at times a **deterrent to the donor** and doesn't effectively recognise sport for the good it does for society.
- **\$426,556.67** awarded in 2023 to 126 community sports clubs and organisations from 24 sports, benefiting more than 29,000 young Australians.
- A total of **\$3,229,673.28** awarded to 624 community sports clubs and organisations since 2019.

STATE OF PLAY TODAY | FUNDING FOR SPORT

Our recent research into the economic health of sports clubs told us:



24% of small clubs considered **closing** in the **past year**



Clubs want **facilities, participation** and **volunteer support** ahead of 2032.



27% of all clubs reported a **decline in participation** of 15-19 year olds



Rising **cost of living** is **impacting participation** and pushing many clubs towards **insolvency**

Our recent athletes survey told us that in Australia:



Elite athletes are in **financial distress**



Mental health is declining and greater support is in higher demand



43% of Brisbane 2032 hopefuls have considered **leaving their sport**



The **green and gold runway** needs **investment** in athletes



THE PROPOSED SOLUTION

Change the Charities Act 2013. We propose to add *"the purpose of advancing amateur sport"* to the Act

This would bring sport into line with other causes that benefit from this status and that positively impact society in similar ways (eg advancing public welfare, health, culture etc).

There would also be regulations enabling the Minister to define "amateur" for these purposes.

1 Charities Act 2013 (Cth)

12. Definition of charitable purpose

→ (1) In any Act:

charitable purpose means any of the following:

- (a) the purpose of advancing health;
 - (b) the purpose of advancing education;
 - (c) the purpose of advancing social or public welfare;
 - (d) the purpose of advancing religion;
 - (e) the purpose of advancing culture;
 - (f) the purpose of promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia;
 - (g) the purpose of promoting or protecting human rights;
 - (h) the purpose of advancing the security or safety of Australia or the Australian public;
 - (i) the purpose of preventing or relieving the suffering of animals;
 - (j) the purpose of advancing the natural environment;
 - (k) any other purpose beneficial to the general public that may reasonably be regarded as analogous to, or within the spirit of, any of the purposes mentioned in paragraphs (a) to (j);
- Note: → In the case of a purpose that was a charitable purpose before the commencement of this Act and to which the other paragraphs of this definition do not apply, see item 7 of Schedule 2 to the *Charities (Consequential Amendments and Transitional Provisions) Act 2013*.
- (l) the purpose of promoting or opposing a change to any matter established by law, policy or practice in the Commonwealth, a State, a Territory or another country, if:
 - (i) in the case of promoting a change—the change is in furtherance or in aid of one or more of the purposes mentioned in paragraphs (a) to (k); or
 - (ii) in the case of opposing a change—the change is in opposition to, or in hindrance of, one or more of the purposes mentioned in those paragraphs;
 - (m) the purpose of advancing amateur sport.

WHAT THIS MEANS FOR AMATEUR SPORT

The ASF Proposes that **'Amateur Sport' be included** as a charitable purpose under section 12 of the **Charities Act (C'th) 2013**.

This change will provide amateur sport with its **rightful recognition as a major contributor to community health and social capital**, comparable to other similar charitable activities, such as the arts, health and education. This change will enable ASFCF and amateur sports clubs to:

- **raise nearly \$103 million per annum from PAFs by 2029-30** for Australian sport
- **generate a total saving of nearly \$370 million in healthcare expenditure** for the Federal Budget from FY25 to FY28

It will not change eligibility to obtain endorsement as DGR's and ASF/ASFCF will continue to fulfil this function on behalf of all Australian sports clubs and organisations.

PAFs are an increasingly important mechanism for philanthropy in Australia, distributions estimated to grow from \$1.4b in FY24 to \$2.3b in FY30



AMATEUR DEFINED

The below information has been developed for the purposes of consultation only and is subject to change over time.

Amateur Sport excludes professional sports clubs and professional athletes

For the purposes of this consultation, we are testing the definitions below:

- An 'amateur' sports club/organisation is defined as **collectively paying its players below \$50,000 per annum**
- Those *athletes* who **earn \$39,000 or less per annum** in income would be deemed 'amateur'
- An 'amateur' sports club/org would be **required to register** with the **Australian Charities and Not-for-profits Commission (ACNC)**. There would be no equivalent requirement for amateur athletes.

What are your views on the financial thresholds suggested for "amateur" sports clubs and elite and aspiring athletes? What do you think thresholds should be?



REGULATORY IMPACTS

ATO – changes in reporting requirements for sporting clubs

- **Not-for-profit (NFP) sports clubs** with an active **Australian Business Number (ABN)** need to lodge an annual **NFP self-review return** to continue accessing income tax exemption
- The first NFP self-review return needs to be lodged for the **FY24 (current)** income year **between 1 July and 31 October 2024**
- ATO advises preparing for the changes by:
 - Checking the organisation has **an ABN**
 - Notifying the ATO if **the organisation's address and responsible persons' details** need to be updated
 - Identifying the **organisation's main purpose**
 - Completing **an early self-review** to check the sporting organisation is eligible to be income tax exempt
 - Setting up **myGovID** and **Relationship Authorisation Manager (RAM)** to avoid delays.

Are you and your community clubs aware of these changes in reporting requirements to the ATO?



For more information see <https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/not-for-profit-newsroom/changes-in-reporting-requirements-for-sporting-clubs>

REGULATORY IMPACTS

ACNC – Annual information statement **VS.** ATO – NFP self-review return

ABOUT YOUR CHARITY

ABN number, name, address, contact details, annual revenue, incorporated association status

KEY PERSONNEL

Details of 'responsible people' eg Board/Committee members, paid employees, volunteers

CHARITY PROGRAMS

Operations and programs undertaken

FINANCES

Financial reporting, transactions, income statements

ORGANISATION DETAILS

Annual gross revenue, ABN up to date, myGOVID set up to link to RAM and online services

INCOME TAX SELF-ASSESSMENT

Main purpose of the organisation

SUMMARY AND DECLARATION

Prohibiting the distribution of income or assets to members, governing documents, existing operating and incurring expenditure in Australia, charitable purposes

How well equipped do you think your clubs are to manage the proposed change?

What level of support will you and your clubs/athletes require?

WHAT WE HAVE HEARD FROM THE SECTOR ABOUT CHARITABLE STATUS

In 2023 ASF commissioned a report into sentiment towards charitable status for sport. 23 targeted stakeholder interviews were conducted with representatives from national sports agencies, sporting peaks, government offices for sport, National Sporting Organisations (NSOs), State Sporting Organisations (SSOs), State Sport Associations, Philanthropy and Community Clubs as well as athlete representatives.

INTERVIEWEES SAW THREE KEY BENEFITS OF THE CHANGE:



3 of the **7** groups interviewed think **charitable status will lower the cost to participate**, making sport more accessible.



4 of the **7** agree there could be **better mental health outcomes** for sports.



5 of **7** agree charitable status will promote access to more **fundraising opportunities**

MOST TO GAIN

Athletes have the most to gain, with almost half of athletes earning less than \$23k.

Most athletes say fundraising, accountancy and staying inspired can be difficult.



Average Australian income, \$90,800

Average athlete income, \$35,000



KEY CONSIDERATIONS TO IMPLEMENT CHANGE:

How 'amateur' is defined,
"... It's not elite. It's not professional. It's you know, I get what you're saying, there's a threshold there somewhere."

The administrative and regulatory changes as a hurdle to achieving charitable status,

"I suspect that a lot of these smaller organisations and clubs would need advice that's quite specific to them."



MOST EXCITED

State sporting organisations are the most excited about the change.

"[its] giving athletes and their families a chance to experience all the amazing things that sport can bring"

WHAT'S NEXT FOR CHARITABLE STATUS

ASF is committed to engaging with you and your Clubs on this important legislative change. Following the CEO roadshow the ASF will undertake broad engagement with Australian Sporting Clubs across Australia. We need your assistance to make sure we hear the voices from clubs from all sports and across all states and territories.

2024	NOW	JULY-SEPT	OCTOBER
	<p>We are visiting every capital city to talk to NSOs and SSOs about the proposed change.</p> <p>We are also attending industry events to talk to the Sport Sector about the change.</p> <p>We would appreciate your help in identifying future events in your state and territory</p>	<p>We will consult with community clubs about the proposed change and how it will affect them.</p> <p>We propose:</p> <ul style="list-style-type: none">- Emailing community sports clubs with the discussion paper and survey- Working with you to host targeted focus groups with sports clubs- Launching a ASF consultation website. <p>We will need your help to reach these clubs and welcome your ideas on how best to do it.</p>	<p>We will report back to government with our findings and recommendations from talking with you.</p>

How can we work with you to ensure that this consultation is treated as an important issue for the sector?

What is the best way to reach and engage with your clubs?

WHAT WE NEED FROM YOU

We need your help as key stakeholders, custodians and influencers in the sporting sector to assess the best way to engage with Australia's amateur sports clubs to seek their input and feedback.

Following today, please read the discussion paper to learn more about the proposed change, understand how it may affect amateur sports clubs and discuss how best to engage clubs in your sport.



Discussion paper

For more information or to provide feedback, please contact **ricardo.piccioni@asf.org.au**

