

To our valued Surf Life Saving Supporters

It has recently been reported in the media that the Surf Life Saving Foundation (SLSF) had a high percentage cost of fundraising. The various headlines serve to reinforce the commentary in the article that it is potentially misleading to use bland “league tables” to inform people on the efficiency of charities.

The simple calculation that SLSF had Gross Fundraising Revenue of \$23.8M, a Cost of Fundraising of \$14.8M representing a ratio of 62% is a correct lifting of two figures from our published 2010 Annual Report. However this ignores several operating factors that may be peculiar to our organization and its fundraising. We conduct a major lottery – accounting for \$13M of the revenue and \$10.3m of the expenses (prize homes and the like). We are also making large investments (of over \$2.0m in 2010) in the acquisition of future donors (through giving programs and seeking bequests) - where little revenue has yet to be received but all the costs have been expended. Importantly the Foundation also makes expenditures on activities (including our Grant Seeking Unit and National “Boardies Day” fundraiser) where no revenue accrues to SLSF, but does go directly to Surf Lifesaving Clubs.

Adjusting for these factors would show that our gross revenues are more like \$10m and our direct administrative and overhead costs \$2.5m – which would translate to a percentage of 25%; similar to other major charities on the published table. But again, each charity will have its own story and adjustments to make – including the receipt of government grants which do not appear in our accounts.

SLSF is a significant contributor (\$7.3M in 2010) to Surf Life Saving nationally – which has substantial further requirements to be met by government and public support. It is an efficient and innovative fund raising body. We welcome the proposed governance arrangements through the Australian Charities and Not-for-profits Commission; and the availability of sensibly constructed comparable data for public consumption.

Stephen Maitland OAM RFD

Chairman

Surf Life Saving Foundation

MEDIA RELEASE

24th October 2011

Surf Life Saving Foundation Executive Director Steve Francia has reconfirmed the organisation's support for the proposed National Charitable Reform agendas but has urged caution when reviewing reported 'administration costs' in the media.

Mr Francia said, "While the figures mentioned are true in the broad sense of our operations, to refer to these expenses purely as administration costs, is simply not true". "There is no smoking gun here – all our financials are and have always been available on our website – we have always fully disclosed our operating costs in the public arena".

"The charitable sector does operate in a number of different ways. Charities throughout Australia run a variety of fundraising activities to generate funds and the type of fundraising programs conducted also determines the type of return. For example unlike many other charities, Surf Life Saving operates a significant lottery which obviously has higher costs than other forms of fundraising because of the prizes. Our lottery prizes alone are in the region of \$3.7M" Mr Francia stated.

"To give you some example of the scale of the operations, to earn \$23M in revenue we have nearly 1 million transactions – this alone represents a cost to us of \$200,000 in bank charges. Out of the total revenue of \$23M our lottery revenues are in the vicinity of \$13M".

"If you took our Lottery product out of the equation, our income would reduce to c\$10.8M, and our expenses for Fundraising and administration would be down to \$4.5M (which would represent expenses of 42% of revenue)".

"We have also embarked on an acquisition program to secure new donors - mainly because Australians, while generous, typically don't give without being asked, so if you deducted this expense our income reduces to c.\$10.3M and our expenses drop to c.\$2.5M – which means our total expenses are at 24.3%."

"Today's media article certainly highlights the difficulties and inherent risks of trying to compare charities to each other, but it's just not comparing apples to apples" Mr Francia said. "Our marketing costs and many of our surf safety messages are also included as fundraising costs."

"The Surf Life Saving Foundation is also quite unique in that it was established to not only conduct fundraising programs in order to directly raise funds, but it also facilitates and manages fundraising activities and opportunities for SLS entities to raise funds directly. So while the Foundation may incur the expense of these activities, the funds generated go directly back to clubs, branches and states throughout Australia. For example the Foundation has its own Grant Seeking Unit where all expenses are shown as fundraising expenses however no income is derived for the Foundation – grants are provided directly to Surf Clubs or State entities (i.e \$900k last year)."

Mr Francia stated "As referenced in the recently released PwC Report into the Economic Benefit of SLS to Australia, the value of the services our volunteers provide to the community is in the region of \$3.6 billion per annum and while we believe that this should warrant additional Federal Government funding, until such time as that occurs, we must use every available resource at our disposal to generate funds to ensure the delivery of our all-important services on Australian beaches. We want to ensure that our volunteer lifesavers can continue to do what they do best – and allow them to spend the time they volunteer on the beach saving lives."

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