

# The Sydney Morning Herald

Exclusive Politics NSW Charity

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## A charity raised \$69m to support NSW firefighters. They got only \$12m



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A not-for-profit charitable organisation supposed to support the state's volunteer firefighters has spent only 16 per cent of the \$69 million raised since 2014 directly on Rural Fire Service members, with more than half being paid to a commercial telemarketer who faces allegations of unethical sales tactics.

With another horrific bushfire season on the horizon, an investigation by *The Sydney Morning Herald* can reveal tens of millions of dollars of the public's charitable donations are being spent on administration costs rather than flowing to the state's volunteer firefighters.



The Gospers Mountain bushfire of December 2019. Another horrific bushfire season is predicted for NSW this year. NICK MOIR

The Rural Fire Service Association (RFSa) was established in 1996 as the official representative body for the volunteers and staff of the NSW RFS. Registered as a large charity with the Australian Charities and Not-for-profits Commission (ACNC), the organisation derives its funding from donations for a raffle draw.

The RFSa claims the raffle supports “fundraising efforts for rural firefighters across NSW” and that the organisation is “prioritising mental health and crisis support” for volunteers. Operated by for-profit telemarketer 4Mile, on average, the raffle drive generates \$7.6 million in donations each year.

But very little of those donations are benefiting the estimated 70,000 RFS volunteers.

The RFSa website claims the organisation provides a “broad range of operation and welfare support” for volunteers and staff: sponsoring training exercises, education scholarship, volunteers’ family days, chaplaincy, counselling and family support, and brigade and district grants program.

But analysis of financial documents submitted by the RFSa to the ACNC over the preceding nine years reveals that only 16 per cent of the \$68.6 million in revenue generated through fundraising by the not-for-profit has been spent on these programs.

Over that period, just under \$12 million has been spent directly on volunteers across these programs – an average of \$1.25 million per year: \$1.2 million went to chaplaincy and family support, \$400,000 on volunteer family day expenses and \$144,000 on scholarships.

Since 2014, \$6.2 million has been spent across nine years on a grants program, aimed at improving the level of equipment, training and welfare of members. But in the past six years, funding for this has fallen to about \$376,000 per year.

Just over \$500,000 has been spent on a members benefits scheme and \$2.3 million on sponsorship costs. Around \$900,000 has been spent on donations and “other giving programs” over the nine years.

Comparatively, more than \$36 million (or 53 per cent of gross revenue) has been directly spent with telemarketer 4Mile, while another \$16.7 million has been ploughed into operational costs such as printing, postage, IT, advertising and salaries.

More than \$52 million – representing more than 75 per cent of the \$69 million received by the RFSA in charitable donations – has been spent on payments to the for-profit telemarketer and administration costs over the nine years.

Employee expenses for 10 full-time employees have equated to \$8.9 million since 2014.

By comparison, more than 80 per cent of World Vision’s total funds go towards field program and advocacy work, with 9.3 per cent spent on “admin and accountability”, according to the company’s website.

Two academics who specialise in the charity and not-for-profit sector said while there was no “magic number” an organisation should be spending on administration costs, most donations should be going to the charity’s mission.

Queensland University of Technology associate professor Dr Craig Furneaux, a member of the Australian Centre for Philanthropy and Nonprofit Studies, said an “excellent” charity would spend around 10-15 per cent on administration.

“The vast majority should be going to mission. That’s why they exist. They exist to deliver a charitable purpose,” he said.

Asked whether it was unusual for a charity to spend around three-quarters of revenue from donations on administration costs, Monash University Professor Ralph Kober said: “That’s definitely not the norm.”

“The majority of funds would be spent on the actual purpose of the charity. I can’t actually give you an average, but the World Vision number would seem right,” Kober said.

As part of their top-ranking charity list, the American-based Charity Watch has compiled a number of metrics to judge organisations, including “spending 75 per cent or more of their budgets on programs”, and not holding “excessive assets in reserve”.

Raffle which supports our fundraising efforts for rural fire fighters across NSW. This raffle will be drawn on **29 September 2023**.

Your payment has been received and processed for **\$15.00**.

You are now in the draw to **WIN \$25,000 cash plus other fantastic prizes!**

The RFSa is prioritising mental health and crisis support for volunteer firefighters. Recent research revealed that one in 20 volunteers who battled the Black Summer bushfires contemplated suicide the following year.

Along with calling on the NSW Government to expedite legislation to ensure easier access to treatment for PTSD, the RFSa has provided 1200 mental health and crisis support courses to volunteers, with plans to offer hundreds more this year.

to
2 [REDACTED]
<b>Your Bonus Entries</b>
2 [REDACTED]
to
2 [REDACTED]
<b>Amount Pledged</b>
<b>\$15.00</b>

An entry into the RFSa’s raffle draw competition in which it derives charitable donations.

According to documents lodged with the ACNC, the RFSa has collected around \$5 million from revenue streams other than donations since 2014, including \$3.7 million from investments.

The RFSa holds another \$16 million in assets across listed shares and three commercial properties in Penrith and the Hunter. In the 2021-22 financial year alone, the charitable organisation pumped \$1.7 million into the stock market.

This is despite consistent and repeated calls from volunteer firefighters for gear upgrades. During the catastrophic Black Summer blazes, RFS members tried to use social media to crowdfund for face masks because of supply shortfalls.

The RFSa had grossed nearly \$7 million in charitable revenue in the financial year before the historic natural disaster and had another nearly \$8 million in listed shares.

A RFSa spokesperson said the organisation was proud of the “services provided to members”, highlighting a range of spending offered by the organisation.

“We have this year delivered a series of Recovery Tour events to 17 communities across the state to thank members for their efforts, and have a further five events planned later this month in the state’s south-east, where volunteer firefighters have recently been on the ground protecting the community,” he said.

A spokeswoman for the RFS said: “The RFSa works closely with the RFS in support of RFS volunteers who provide invaluable service to the community.

“The RFS can advocate for particular projects or items on behalf of its members, but does not have influence on RFSa fundraising activities or the distribution of its funds.”

It is not the first time the RFSFA's lack of spending on frontline volunteers has come under the spotlight. The organisation faced heat in 2016 after being pinned for spending 58¢ in every dollar donated with the telemarketer Contact Centres Australia.

According to documents lodged with the financial regulator, one of the owners of Contact Centres Australia then established 4Mile.

Across a number of posts left on a website where employees can review their company, multiple former staff of 4Mile claimed the company "encouraged" staff to exploit customers, particularly the elderly.

"Predatory sales tactics. You will only call elderly pensioners all day who will say no, but you are not allowed to take no for an answer and must push them to give you their credit card details," one former employee wrote on the Glassdoor webpage on September 22.

"Employees would have mental breakdowns due to stress Unethical (sic) fundraising ... exploitation of old people over phone encouraged," another telemarketer said on September 17.

One former salesman in April said: "Exploitation of the customer is subtlety [sic] encouraged, with the focus mostly on the elderly", while one former employee named Rie L said his team leader "encouraged tricking the elderly for higher pledges".



4Mile executive Peter Thomson said the company had complied with all its obligations.

In response to questions from this masthead, 4Mile chief executive Peter Thomson denied the company engaged in predatory sales tactics or focused on the elderly, but said the claims would be investigated if further details were provided.

"4Mile does not engage in predatory sales practices and this statement is contrary to training provided. We deny that 4Mile undertakes any unfair tactics or engages in pressuring of call recipients," he said.

Asked whether 4Mile taking 53¢ in the dollar represented a good return value, Thomson said: "All clients that use 4Mile services are compliant with (and exceed) state and territory fundraising minimum return obligations."

Former 4Mile employees also accused the company of timing toilet breaks, saying if they exceeded three minutes, an internal timer would automatically log them out of the system, meaning they wouldn't get paid.

Thomson also denied this allegation.

A spokeswoman for Emergency Services Minister Jihad Dib said: "The Rural Fire Service Association is independent of government and answerable to its membership. All charitable organisations should be expected to spend money in a way that benefits the cause it is established to support."

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