



Organisation CAF Australia
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Contact Duncan Power, Executive Director

14 May 2004

Re Submission on the workability of the draft definition of a charity

Dear Mr. Warburton,

CAF Australia is an international not-for-profit organisation providing programs and services to assist the corporate, government and not-for-profit sectors in the development of community investment. CAF Australia's mission is to increase the level of funding to the community sector, bringing donors and the community together for mutual benefit. CAF Australia provides a comprehensive range of administration and consultancy services that cover the whole spectrum of giving;

- o payroll giving programs - "Give As You Earn"
- o matched giving programs for the corporate sector
- o foundation management in partnership with Macquarie Bank
- o community banking as an agent of Bendigo Bank
- o advisory service on Corporate Community Investment

We are grateful for this opportunity to comment on your proposal for a new charity definition, and it is with great enthusiasm as a charitable organisation and financial manager within the not-for-profit sector that we can contribute to this debate.

We, as an organisation, agree that the public benefit test in the exposure draft should require the dominant purpose of a charitable entity to be altruistic, as recommended by the *Report of the Inquiry into the Definition of Charities and Related Organisations*.

To provide the flexibility to adapt to the changing needs of society we recommend in regards to attachment A, section 3 (the definition of Charitable Purpose), and section 4 (the definition of Advancement) the following additional solutions;

- o It is in our opinion very important to include within subsection 4 the provision for 'prevention' as being part of the definition of advancement. *For example "Life Education" is a van that frequents statewide primary schools annually teaching the children all aspects of health, including the human body, the effects of drugs, and substance abuse including drug, alcohol and cigarettes. The results are educated knowledge among children which parents may not necessarily be able to provide, reinforcing an awareness that is remembered by the children for life.* This is considered to be a charitable activity just as much as curing a later illness inflicted as a result of such addictions.
- o In section 3 (subsection e) we would add to the advancement of culture, that of arts, heritage and science.
- o We would like to propose a further charitable purpose on the advancement of amateur sport. This we find is a very important addition given the health and social benefits resulting from increased participation in amateur sport.



- o Finally we would recommend further additions to section 3 to include as a charitable purpose, the promotion of human rights and animal welfare, and the provision of community and social housing.

These additions would in our opinion provide greater flexibility to ensure that charities can adapt to the ever-increasing changing needs of our Australian society.

It is our belief that with the introduction of a modern definition (to replace the traditional Elizabethan definition of 1601 of charity) there will in the medium term be a stronger need for self regulation and the establishment of a charity commission-type body to assist the ATO with interpreting and controlling charitable activity. In this respect we do see there may be an additional administration cost to the sector in meeting a tougher regulatory environment.

Consideration will also need to be made within the framework of the new charity definition as to which organisations can receive tax-deductible donations.

We welcome your proactive draft and look forward to seeing a new and more flexible legislation in the near future.

Yours sincerely,

A handwritten signature in black ink that reads 'D Power'.

Duncan Power
Executive Director