

SUBMISSION TO THE CONSULTATION ON THE DEFINITION OF A CHARITY

- 1 Our Centre is the
CAROLINE CHISHOLM CENTRE for HEALTH ETHICS INC
7/166 Gipps St.
East Melbourne, 3002

- 2 The main or dominant purpose of our Centre is research and the advancement of education at every level in health ethics without limits. Ethics is integral to the delivery of health services and the conduct of medical research. This requires professional qualifications in ethics as well as science and medical disciplines in order to be able to critically evaluate health services delivery, medical practices and medical research. This is even more necessary when private enterprise companies collaborate with medical faculties in the conduct of human research and the publication of results of research into the safety and efficacy of new drugs destined for prescription medicine. The findings of our research activities are published in the Centre's quarterly journal, *Chisholm Health Ethics Bulletin*, books and educational kits for the use of secondary and tertiary students. This *Bulletin* is sold by subscription but it is also available *gratis* on our web site: www.chisholm.healthethics.com.au Educational talks are given upon request to hospital staff, secondary and tertiary students on any topics related to health ethics. The proceeds from talks and the sale of publications of our research help to fund the Centre.

- 3 We make this submission as a response to a letter of invitation received from Ms Jane Schwager, Chair, Charities Definition Working Group of the Board of Taxation. I appreciate the interest of the Working Group to receive responses from us re the workability of the Charities Bill 2003. I have read the relevant documents and find no practical difficulties in the Bill re its workability for our Centre.

- 4 Yes, we are currently endorsed by the ATO as an endorsed ITEC. Yes I do think we would retain this endorsement if the Exposure Draft of the Charities Bill 2003 is enacted into law. We are also endorsed as a Deductible Gift Recipient by the ATO.
- 5 N/A
- 6 From my reading of the Bill I see no reason why we would have any additional administrative burden imposed on us beyond what the GST law requires.
- 7 Yes. I think the Bill has been well drafted in this respect. Our Centre is not currently impeded in its capacity to provide its usual services by any legal definitions of charity nor are any constraints imposed on our ability to adapt our attributes, purpose and behaviour to changing demands. The definitions in the Exposure Draft of the Charities Bill 2003 would likewise allow our Centre to continue operations in today's contemporary and evolving social and economic environment without difficulties..
- 8 I doubt if the public benefit test were further strengthened by the requirement that the dominant purpose of a charitable entity be also altruistic would make our Centre cease to be a Charity if altruism is understood as a "*voluntarily assumed obligation towards the wellbeing of others or the community generally*" The public and private hospitals that established, fund and appoint members to this Centre and its Board of Management for its charitable purposes of providing research and community education in health ethics to healthcare professionals, secondary and tertiary students and the broader community were under no obligation to do so nor are they obliged to continue to do so. The Centre's dominant purpose is precisely that, and not to serve its own healthcare members. Any income generated by its research and educational activities is used to fund its operations. These funds are derived from publishing its research findings in health ethics and organising Conferences on the same. Apart from its regular financial contributions from its member healthcare institutions, the funds it generates derive from activities that "are in aid of, and are ancillary or incidental to its purposes that are for the public benefit" (Charities Bill 2003 section 6). At the Centre's Board of Management Meeting in May 2003 it was decided to post on the Internet free of charge all our *Bulletins* and researched articles since the Centre's inception in 1995. This public benefit is also truly altruistic with no material or financial gain to any of the Centre's members. The Centre's activities that generate funds are all fall within the scope of the Centre's charitable purposes.

The Treasury's press release of on 29 August 2002 contained the Government's

response to the *Report into the Definition of Charities and Related Organisations*. The Government agreed with the *Inquiry's* recommendation that a charitable entity's "commercial purposes should not deny charitable status where such purposes further, or are in aid of, the dominant charitable purposes or where they are incidental to the dominant charitable purposes" of a particular charity. We agree with this statement. The response went on immediately to add that it is concerned "to ensure that the taxation concessions provided to charities are not abused." It seems that the meaning or intent of this statement needs to be clarified. This is particularly the case if the Board of Taxation pursues its option of linking *altruism* to the definition of a charity in addition to the requirement of public benefit in the Charities Bill 2003 and eventual legislation.

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Rev Norman Ford SDB, STL, PhD

Director

1 September 2003