

Enquiries: Bob Searle – (08) 9364 0618

Your Ref:

Our Ref: 680486

24 September 2003

Consultation on the Definition of a Charity  
The Board of Taxation  
C/- Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sirs

#### **CHARITIES DEFINITION EXPOSURE DRAFT**

I write in response to the call for public submissions on the workability of the legislative definition of a charity as proposed within the draft legislation.

The necessity of charitable organisations in our communities is fully acknowledged and supported by this Council. However, the financial loss due to the diverse nature of organisations seeking charitable status impacts on the whole of the community as it forces the Council to seek other sources for raising revenue.

Whilst the City of Melville welcomes the move to clarify the definition of a Charity, we are concerned that the extension of it to explicitly include not-for-profit child care available to the public, self-help bodies with open and non-discriminatory membership, and closed or contemplative religious orders that offer prayerful intervention for the public, will represent a potential further erosion of our rate base. A further concern is the decision to accept the advancement of culture as a charitable activity without the application of an education merit element in the criteria.

The inclusion of an "other" category in the definition of a charitable purpose creates a potential minefield for local authorities in that we are approached by many groups seeking exemption from rates on the basis of their work, which they strongly advocate as charitable, but which may not fall into what has, until now, been an accepted mainstream definition. The inclusion of the "other purposes beneficial to the community" category would seem to strengthen their case.

.../2

Councils are frequently asked for rates concessions and any extension of the existing position in this area creates an additional burden on the remaining ratepayers. We are concerned that the legislation should not create a situation whereby an unreasonable burden is created for the rest of the community. A number of Local Governments in Western Australia are now becoming increasingly apprehensive about granting rate exemptions to organisations claiming charitable status. A number of organisations seeking 'charitable exemption' are in some instances involved in profit-making ventures yet are still able to claim grant exemptions due to the nature of the organisation. There is, of course, the potential for such exemptions to undermine the "level playing field" concept required by National Competition Policy and strongly supported by the Government in other areas of business life.

Should you require further information please do not hesitate to contact Mr Bob Searle, Manager Financial Services, on (08) 9364 0618.

Yours faithfully

**JOHN McNALLY**  
**CHIEF EXECUTIVE OFFICER**