



Moreland City Council

26 September 2003

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

Dear Board Members

Thank you for the opportunity to make a submission in relation to the draft *Charities Bill 2003*. Council supports the contribution of charitable organisations to the quality of life of Moreland citizens. These organisations are important as they provide direct service delivery, form partnerships with other organisations including with local Councils and advocate to policy makers and funding bodies to facilitate development of more responsible and sustainable services. Council considered the draft Bill and the public comments made about the Bill by the Australian Council of Social Service and other peak bodies at its meeting held on 22 September and resolved to make this submission.

The City of Moreland is located approximately 8.5 kilometres north-west of Melbourne's Central Business District, covers 51 square kilometres and has a population of around 140,000 people. The population of Moreland is culturally and linguistically diverse and has a high level of needs, including higher than average rates of people with disabilities, low-income families, unemployed citizens and retirees.

Council's experience in working with charitable organisations has provided it with an understanding of the issues in relation to the Charities Bill including the 'workability' of the definition of a charity which is included in the draft legislation. Council is of the view that this definition does not provide the flexibility required to ensure charitable organisations can provide a responsive and effective role in a society with evidence of increasing inequalities and social exclusion and where Governments are withdrawing from service delivery. Not-for-profit organisations have an important role in pro-actively raising issues of concern to their clients. The definition of charitable organisations which is included in the Bill would result in not-for-profit organisations being unable to undertake such a role.

Charitable organisations' resources, knowledge and advice are highly appreciated by Council. Council relies on the contribution provided by these organisations. Local organisations have been involved in the development and implementation of Council policies that affect the wellbeing of the community. These include those policies which relate to arts and cultural development, community safety, economic development, education and training, the environment, faith, gambling, health, multicultural communities, reconciliation and women's issues. The details in the explanatory material to the draft Bill that "the independence of charities from Government and from political processes is an important component of their role in serving the public benefit" is therefore rejected by Council.

Council is concerned about the potential of cost impacts for charitable organisations in relation to administrative work required to assess and monitor compliance with the specifications in the proposed Bill, and the effects of additional administrative work on direct service provision.

Finally, Council is of the opinion that there will potentially be financial implications associated with the proposed *Charities Bill 2003* for local governments. If charities lose their tax concessions as a result of the proposed legislation they face substantial loss of funding. As a consequence, State and local governments may face increased demands for funding services provided by charitable organisations to compensate for the loss of tax-deductible donations and other tax exemptions.

If you wish to discuss any of the matters raised further, please contact May Haeder, Social Policy Officer, on 03 – 9240 2313.

Yours sincerely

A handwritten signature in black ink, appearing to read "Joe Ficarra". The signature is written in a cursive, flowing style.

CR JOE FICARRA
Mayor