



Tasmania

PREMIER

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Ms Jane Schwager
Chair, Charities Definition Working Group
The Board of Taxation
C/- The Treasury
Langton Crescent
PARKES ACT 2600

7 OCT 2003

Dear Ms Schwager

Thank you for your letter of 5 August 2003 inviting the Tasmanian Government to make a written submission on the exposure draft of the *Charities Bill 2003*. Although the Tasmanian Government does not propose to make a formal submission, I would like to comment on issues raised by the proposed legislation.

Charitable organisations are an essential part of our community fabric. It is the view of the Tasmanian Government that charities and related organisations should not be disadvantaged by the proposed enactment of the *Charities Bill 2003*.

I am concerned that the proposed changes to the public benefit test, where the requirement is that the dominant purpose of a charitable entity must be altruistic, could disadvantage various organisations that are currently classified as charitable for the purpose of tax benefits.

Cultural and educational institutions, and volunteer-based community organisations, may be disadvantaged by no longer being eligible for tax benefits as a Deductible Gift Recipient under the proposed changes to the public benefit test. Examples are the Tasmanian Museum and Art Gallery, the State Library of Tasmania and the Tasmanian Symphony Orchestra, which have Deductible Gift Recipient status. This status allows such organisations to confer tax benefits on donations made. This fund-raising activity supports these organisations in providing significant benefits to the community.

Under Section 8(2)(c) of the Bill, a charitable organisation may be disadvantaged by not receiving tax deductible donations if one of its objectives is to alter Government policy or law on any issue. The Bill provides that this is a 'disqualifying purpose' if it is more than 'ancillary or incidental' to the main purpose of the organisation. It is difficult to foresee a situation in which an organisation would lobby for a change to government policy that was merely incidental to its main purpose.

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The Bill is also unclear about the process for deciding whether an objective to change Government law or policy is 'ancillary or incidental' to the main purpose of the organisation. This provision could have a significant financial impact on some organisations operating under the Tasmanian *Collections for Charities Act 2001*.

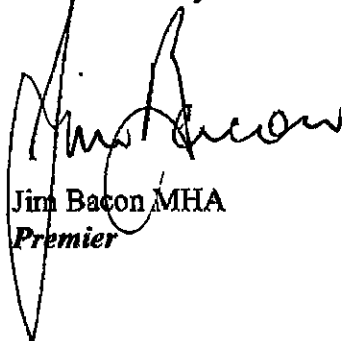
Advocacy work is now an integral part of service delivery by charitable organisations working with disadvantaged and special groups. Attempts to regulate taxable donations to a narrow definition of charity, by excluding advocacy work, would undermine the ability of many organisations to undertake this important aspect of service delivery. Furthermore, any such restriction would be interpreted by the general public as a form of controlling criticism of Government policy.

For these reasons I am strongly of the view that Section 8(2)(c) should be removed from the Bill.

In view of the potentially significant implications of the changes, I would appreciate if the Tasmanian Government could be kept informed of progress with the legislation.

Thank you again for the opportunity to comment.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jim Bacon', written in a cursive style.

Jim Bacon MHA
Premier