

DANKS

TRUST

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16 December 2012

NFP Sector Tax Concession Working Group Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Madam / Sir

We refer to the Not-for-profit Sector Tax Concession Working Group's November 2012 Discussion Paper on a "Fairer, simpler and more effective tax concessions for the not-for-profit sector". In particular, we wish to express our alarm that this paper suggests that the current practice of allowing the refund of franking credits might be removed for charitable trusts.

The family Trustees of the **Danks Trust** and the **Annie Danks Trust** would like to provide a number of comments and strongly endorse submissions made by other Not-for-Profit sector participants.

Background

The Danks Trust was created by Sir Aaron T Danks in his Will in 1928 and continues to be administered to this day by strong family representation. Over recent years this Trust has contributed around \$1.0 to \$1.2 million dollars per annum to those less fortunate in our community.

The Annie Danks Trust was established by Sir Aaron's daughter, Annie Danks MBE in her Will in 1969, and this Trust contributes around \$130,000 to \$200,000 to charitable organization each year.

The three family Trustees of the two Trusts act in a total voluntary capacity, but do receive a fixed honorarium of \$200 per annum. The administration for the Trusts has been fully funded by the publicly listed company, Danks Holdings Limited (DHL) which was taken over in November 2009 by Woolworths (WOW) and they have continued to underwrite the administration costs fully.

The total investment of these two Trusts were held indirectly via a family investment company in DHL shares and therefore received fully franked dividends as their only source of income which was then distributed to many DGR charities. Currently, the holdings are in a transitional phase, but a substantial portion of the funds will be returned in the near future to investments in listed companies. The removal of the franking credit rebates from these two Danks Trust entities would reduce the funds available for distribution by **\$300,000 to \$350,000** per annum.

Argument

We believe that the organisations that we support through our donations provide an invaluable service to the community. Often these organisations harvest the goodwill of volunteers to achieve a very high level of cost-effectiveness. It is common knowledge within the Not-for-Profit sector that

the gap between the 'haves' and the 'have nots' in our society is widening every day. Governments at all levels and all political persuasions are not able to keep up with this widening gap. Therefore, the level of support to the community via our donations is ever more crucial. We believe that it would be a mistake to remove such a significant amount of money from the less fortunate in our community.

Secondly, we argue that it would simply be inequitable that a Charitable Trust not be allowed to receive a 'franking credit' refund when an individual tax payer can receive this privilege.

Support for the Myer Family Company Submission

The family trustees of the above two Charitable Trusts strongly support and endorse Section 1 (entitled 1. Refundable Franking Credits) in the Myer Family Company submission, which has been provided to the Working Group Secretariat.

In addition, we are in agreement with the views expressed in the rest of the submission.

Support of the Submission made by Philanthropy Australia

The Danks Trust and the Annie Danks Trust are both fully paid up members of Philanthropy Australia (PA).

The family Trustees support the views and the conclusions that are expressed in the PA's submission under Section 1 (1. Income Tax Exemption and Refundable Franking Credits)

If the 'Working Group Secretariat' would like further explanation of these views, please contact the Trustee, Graeme Danks via the address above or on mobile 0408 332 883

Yours sincerely,



J. Graeme Danks
Trustee, Danks Trust



Michael M Danks
Trustee, Danks Trust



R. Andrew Danks
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