

From: Grenfell

Sent: Friday, 28 October 2011 9:12 PM

To: NFP Reform Consultation

Subject: TRIM: Definition of A Charity - Attention: The Manager Philanthropy and Exemptions
Personal and Retirement Income Division

I refer to the Consultation Paper on the Definition of A Charity. As a retired (executive) management consultant who has been and still is heavily engaged in volunteer work for many charities, I would like to offer the following comments for your consideration. For the sake of brevity I do so in dot point form and I would make myself available to elaborate should you so wish.

1. There is a need to distinguish between the operations of the charity and the business and commercial operations of the charity. Many charities, such as St Vincent de Paul, the YMCA, Salvation Army, the Smith Family, Australian Red Cross to name a few, have highly organised and nationally orientated business structures that include retail and wholesale outlets for the sale of donated items. These are fully commercial business operations that compete, in some shape or form, with smaller private sector organisations. The commercial operations of charities should be treated separately and distinct from the 'community service' operations of charities.
2. Tax-exempt status should only be provided for the community service operations of charities. In this context many charities are in a most-favoured position in which governments (local, state and/or Commonwealth) provide assistance in various forms, such as rent-free leases, provision of commercial property for business purposes etc.
3. Registered charities which seek and obtain donations from the community and/or government should, as a condition of their registration, be required to provide a full set of audited financial statements and certification report of their operations. The audited statements and director's reports should also indicate the proportion of donations actually applied to delivering community services. Such certification should also include an indication of the percentage of donated and other funds applied to fund-raising organisations and management and administration. These requirements should be essential for continuous registration of the charity.

Yours in good faith

James Grenfell