

From: Jeremy Johnson
Sent: Monday, 12 December 2011 4:20 PM
To: NFP Reform Consultation
Subject: Definition of Charity -Submission by The Sovereign Hill Museums Association

To Whom It May Concern:

The Sovereign Hill Museums Association ABN 87 565 053 651 is a not-for-profit, community –based organization that was established on 29 March 1967 , incorporated under the then Victoria Companies Act 1961. It is a company limited by guarantee and was established to develop and operate the acclaimed outdoor museum “Sovereign Hill”, Ballarat Victoria, as well as the associated Gold Museum and the Narmbool Environmental Education programme at Elaine , Victoria.

It has operated Sovereign Hill successfully in that time , having first opened its doors to visitors on 29 November,1970. The gold Museum was opened in 1978 and Narmbool in 2001. The Association currently has an annual turnover in excess of \$22m per annum and employs over 350 staff. The entity is managed by a Board of 13 community volunteers, elected from the membership base. It provides volunteering opportunities for over 200 members of the Friends of Sovereign Hill and a further 70 volunteer roles for the Gold Museum Society .

Sovereign Hill has received capital funding for its development in that time from both the Federal and State Governments . One- third of its capital base has come from these combined sources , one-third from our own fundraising using the income tax deductible status that the Association has enjoyed since its establishment and the remaining one-third has come from retained earnings . Sovereign Hill has never made an operating loss in its trading history and does not receive major recurrent funding from Federal, State or Local Governments. It generates 98% of its own operating income and in turn expends almost this entire income stream on operating costs .

The Association holds the following current endorsements for charity tax concessions:

*Income Tax Exemption from 1 July 2000 under Subdivision 50-B of the Income Tax Assessment Act 1997.

*GST Concessions from 1 July 2005 under Division 176 of A New Tax System (Goods and Services Tax) Act 1999

*FBT Rebate from 1 July 2005 under section 123E of the Fringe Benefits Tax Assessment Act 1986

*Deductible Gift recipient from 1 July 2000 under Item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997 Subdivision 30-D of the Income Tax Assessment Act 1997 under the item 12.1.3 public museum .

In effect, the Association has held income tax exempt status and deductibility for donations received since its inception . It has held FBT and GST endorsements also since these two taxes were first introduced. This places it on an equal taxation footing with its peer museums operated by State and Federal Governments.

If the definition proposed for what constitutes a “Charity “ does not continue to entitle the Association to these taxation benefits as a public museum , then it would cease to exist as a viable , independent not-for-profit, community –based organization .

Our education programmes which are delivered to over 100,000 school children annually as part of the Victorian Essential Learning Standards mandated by the Victorian Education Department . would cease and this valuable public education service would no longer operate. The public museum work that the Association performs would stop.

The definition being proposed for what constitutes a "Charity " must not diminish the status quo that our museum has enjoyed since its inception .

Yours faithfully

Jeremy Johnson