



Australian
**Philanthropic
Services**

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Senior Adviser
Indirect Taxes and Not-for-profits Unit
Individual and Indirect Tax Division
The Treasury
Langton Crescent
Parkes ACT 2600

By email: DGR@treasury.gov.au / ExternalConductStandards@treasury.gov.au

Dear Madam/Sir

Deductible Gift Recipient Reforms and External Conduct Standards for Charities Registered with the Australian Charities and Not-for-profits Commission

Thank you for the opportunity to make a submission in relation to the for charities registered with the Australian Charities and Not-for-profits Commission (ACNC). As our expertise is specifically in the ancillary fund space our submission relates to the possible effect of the proposed External Conduct Standards on ancillary funds.

Who we are?

Australian Philanthropic Services (APS) is an independent, not-for-profit organisation that inspires and supports effective philanthropy.

- We set up and administer private ancillary funds for individuals and families.
- We offer a public ancillary fund, the APS Foundation, and work with others to do the same.
- We provide grantmaking support and advice.

APS provides specialist advice for high net worth individuals, families and business owners, and education to financial advisers, bankers and the community more broadly. Working with approaching 400 clients, APS is now the leading philanthropic services organisation in Australia, with a high-profile dedicated board and an expert team. For more details visit

www.australianphilanthropicservices.com.au

Our Submission

APS has been involved in, and supports, the Philanthropy Australia submission on the External Conduct Standards. We see the proposed standards as part of the suite of measures to support the integrity and proper conduct of Australian charities that are pursuing charitable purposes overseas. We also see such measures as contributing to maintaining the community's trust and confidence in the charitable sector in keeping with the ACNC's first objective.

However, we believe that inclusion of funders of ACNC registered charities as well as those Registered Charities themselves in needing to comply with the Standards, is a duplication of the compliance obligation. To include the funders of ACNC registered charities would be unnecessary red tape in direct contradiction of the ACNC's third objective. (We agree that funders of entities that are not Registered Charities should continue to be included in the Standards.)

We therefore support Philanthropy Australia's suggestion to reword the Application clause for each of the standards.

Application

- (2) This standard applies to a registered entity that is:
- (a) operating outside Australia; or
 - (b) working with third parties that are operating outside Australia (other than registered entities).

We point out that this is in effect applying the approach already suggested for Standard 2 (refer 50.25(3)(b) "other than resources provided to another registered entity"), to the other Standards.

To provide a practical example, the Australian Philanthropic Services Foundation and Public Ancillary Fund with 171 donor sub-funds made 416 grants, 81 of those were for use overseas to 48 different Registered Charities that are also DGR Item 1s. Some of these grants were for \$1000 and the detail of each grant is provided to the ACNC (which shares the data with the ATO) as part of the Annual Information Statement.

Clearly for larger grants funders, including APS, undertaking significant due diligence on the recipient charity including governance structure, financial strength as well as policies such as those covered by these standards. This will continue.

In summary, we support the principles which these External Conduct Standards seek to introduce but only support their introduction if the amendment proposed by this requirement and would oppose the introduction of the overall standards without amendment to remove the duplication.

If you would like to discuss this further please do not hesitate to contact David Ward, APS Technical Director on 02 9779 6300.

Kind regards



Antonia Ruffell
Chief Executive Officer