



Greek Orthodox Charitable Foundation

21 September 2018

Senior Advisor
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Sent via email: DGR@treasury.gov.au

Subject: Deductible Gift Recipient (DGR) Reforms Consultation Paper August 2018 and External conduct standards for charities registered with the Australian Charities and Not-for-profits Commission

Dear Senior Advisor

The Greek Orthodox Charitable Foundation ("GOCF") welcomes the opportunity to make a submission on the two consultation papers recently released by Treasury, being Deductible Gift Recipient (DGR) Reforms Consultation Paper August 2018 and External conduct standards for charities registered with the Australian Charities and Not-for-profits Commission.

The GOCF is a charitable foundation established under auspices of the Greek Orthodox Archdiocese of Australia, being a company limited by guarantee and a Public Benevolent Institution for the numerous public charitable purposes as outlined in Appendix A.

The GOCF is supportive of the recommendations and makes certain recommendations (refer Appendix B & C) to ensure that the proposed reforms improve consistency and transparency of charitable organisations, whilst ensuring that the administrative recommendations achieve their purpose.

Please contact me with any questions in relation to this submission on (02) 8204 4222.

Yours sincerely,

Nicholas Augustinos
Director



Appendix A

The GOCF is a charitable foundation established under auspices of the Greek Orthodox Archdiocese of Australia and intends to serve the following public charitable purposes:

1. Providing direct benevolent relief to people in need. Solely in furthering that purpose, the GOCF's purposes specifically include:
 - a. providing food and clothing to the homeless across Australia;
 - b. undertaking social welfare projects and programs to support disadvantaged members of the Australian community, including Aborigines and Torres Strait Islander communities, elderly Australians and young adults with physical and intellectual disabilities; and
 - c. undertaking drug and alcohol programs which provide counselling, advice and support for those impacted by such afflictions.
2. Providing development assistance to communities in developing countries that are disadvantaged or in poverty. Solely in furthering that purpose, the GOCF's purposes specifically include:
 - a. establishing, monitoring and evaluating development projects within the relevant developing countries that are focussed on educating local communities;
 - b. entering into partnerships with local organisations that share the GOCF's purpose of providing development assistance to communities in developing countries that are disadvantaged or in poverty;
 - c. assisting in the building and maintenance of educational facilities; and
 - d. targeting assistance to specific disadvantaged groups to assist in transition into education or paid employment with the objective of those recipients becoming self-sustaining.
2. Establishing and acting as the trustee of a trust that is a Cultural Organisation.
3. Administering a School Building Fund.
4. Administering a Necessitous Circumstances Fund.
5. Administering a Religious Education Fund.
6. Establishing and acting as the trustee of a Public Ancillary Fund.
7. Establishing and acting as the trustee of a Paupers' Funeral Fund.

Appendix B

General Comments on the DGR Consultation Paper August 2018 (the 'Paper') and on the DGR reform changes announced by the Government on 5 December 2017 (the 'Changes')

The GOCF is supportive of the Changes and of the measures which have been recommended for the strengthening of governance arrangements in the Not-for-Profit/DGR sector. The GOCF considers that the policy objectives of enhancing:

- transparency in DGR dealings;
- adherence to governance standards; and
- consistency of administration,

will be advanced by requiring DGRs to be registered charities whose charitable status is regulated by the ACNC and whose DGR status is regulated by the ATO.

The GOCF understands and supports that, under the Changes, the four DGR registers currently administered by various government departments will be integrated into the ACNC's charity register and that duplicative reporting requirements will be abolished. The GOCF further notes that DGR endorsement assessments for the registers will be undertaken by the ATO.

However, the GOCF suggests, that attention be given to the further reduction of administrative complexity through the streamlining of the process that entities must undergo in order to become registered on the Register of Cultural Organisations (ROCO) and on the Overseas Aid Gift Deduction Scheme (OAGDS) register.

As indicated by the outline of the GOCF's charitable purposes stated above, these extend to both cultural activities and to overseas aid.

The GOCF is in fact currently working towards becoming registered on the ROCO and OAGDS registers in respect of these activities. The GOCF considers, however, that given it has already been formally recognised as a Public Benevolent Institution, it should not be required to undergo additional registration requirements with respect to these activities but that these should be treated as additional eligible uses within the GOCF's overarching PBI framework.

From the outline of the GOCF's charitable purposes stated above, it can also be seen that under current arrangements, the GOCF is required to maintain a number of separate public funds in order to conduct its intended charitable activities. Ideally, it

should be administering one fund in furtherance of a number of charitable purposes. The GOCF consequently welcomes the reduction in administrative burden underlying the proposed public fund requirement abolitions. These will permit the GOCF to administer a single public fund for multiple DGR purposes instead of having separate funds and bank accounts for each separate purpose.

Additional Specific Comments on the Paper

The GOCF's public ancillary fund will potentially be distributing moneys to existing DGRs that have been granted an exemption from charity registration.

The Paper suggests (page 10) that the GOCF will need to apply for an exemption from the Commissioner of Taxation in order to make such distributions. The GOCF notes that Circumstance 4 of Table 4 of the Paper specifically acknowledges that the Commissioner may provide an exemption in this instance. This is acceptable to the GOCF provided that clearer and more detailed guidance is provided as to the exercise of the Commissioner's discretionary power in this circumstance.

Given that the GOCF, in light of its charitable purposes and recognition as a Public Benevolent Institution, has already submitted its application for DGR status to the ATO and is presently waiting for a determination of its application, it is not at this stage possible for the GOCF to comment on the Paper's suggested transition arrangements aimed at assisting affected DGRs to register as a charity and comply with charity obligations.

The GOCF in any case notes that it has already been registered as a charity with the ACNC for most of its intended activities (and that most of its intended activities are acknowledged to be charitable sub-types in its record of ACNC registration).

The only exceptions are the GOCFs cultural and overseas aid activities, in respect of which comment has already been made above. As stated above, given the GOCFs overarching status as a PBI and given the Changes' underlying policy objectives of reducing administrative complexity and streamlining administrative processes, the GOCF suggests that it should not be required to undergo additional registration burdens in respect of these activities but that they should be considered as additional eligible uses within the overall charitable framework for which it has already been formally registered.

Appendix C

Comments on the External conduct standards for charities registered with the Australian Charities and Not-for-profits Commission

The GOCF notes that item 7 of the recommended Changes envisage the introduction of external conduct standards to be enforced by the ACNC with the aim of strengthening the ACNC's oversight of overseas activities conducted or funded by registered charities.

The GOCF understands that Treasury has already prepared draft legislation on this matter and has invited comment by the same deadline as applies to submissions made in response to the Paper.

In light of the overseas scope of the GOCF's purposes and activities, the draft standards have direct impact on the GOCF.

The standards make clear that when it comes to providing overseas assistance, the GOCF cannot simply hand money over to organisations and persons based overseas whom the GOCF may want to assist. Under the draft standards, the GOCF is required to take reasonable steps to ensure that moneys are strictly applied in furtherance of the GOCF's purposes, that records are kept and that steps are taken to mitigate the risk of fraud and corruption.

Whilst these measures are acceptable to the GOCF, the GOCF notes that they do impose a heavy administrative resource burden on smaller charitable entities such as the GOCF whose purposes and activities nevertheless have an international scope.

Accordingly, the GOCF suggests that further consideration be given as to whether the implementation of the suggested external conduct standards could be simplified for small to medium sized charitable entities through the incorporation of a concept of overseas distributions being made by such

entities to a 'responsible/authorised person' that acquits the moneys for authorized projects and/or activities.