

Tax concessions - Australian Non-Government Organisations (NGOs)

- Australia applies a range of tax concessions to NGOs.
- The concessions available depend on the type of NGO – for example, whether it is a charity, club, society or association. Charities receive the highest level of tax concessions.
- Generally each concession has different thresholds and conditions that are required to be satisfied.

Income tax exemption and franking credits

- An income tax exemption is provided to NGOs whose purposes are broadly beneficial to the wider Australian community, such as charitable, religious, scientific and public educational institutions.
 - An income tax exemption means that the entity does not pay income tax on the income they derive.
- Franking credits arise for shareholders when certain Australian resident companies pay income tax on their taxable income and distribute their after-tax profits by way of franked dividends. Certain NGOs may be eligible to receive refunds on franking credits, meaning the NGO would be able to receive a refund on any tax the company has paid in respect to that share.

Goods and services tax concessions

- Not-for-profit organisations have a GST registration threshold of \$150,000 a year (turnover) compared with the general registration threshold of \$75,000 a year.
 - Organisations with turnover below this threshold can choose to register for GST.
- If the organisation is not registered, GST cannot be included in the price of the products the organisation sells. Furthermore, the organisation cannot claim GST credits for the GST included in the price of purchases it makes in carrying on its activities.

Fringe benefits tax exemption and rebate

- Fringe benefits tax (FBT) is a tax paid by the *employer* on benefits that they provide to their employees outside their salary or superannuation, such as the use of a work car.
- FBT exemption: Public benevolent institutions (a type of charitable institution whose main purpose is to relieve poverty or distress) and health promotion charities are provided with a \$30,000 capped exemption from FBT per employee. Public and not-for-profit hospitals and public ambulance services are provided with a capped exemption of \$17,000 per employee.
- FBT rebate: Certain registered charities, public educational institutions, and trade unions are eligible for a *partial* rebate of the FBT that would otherwise be payable up to \$30,000 per employee.

Gift deductibility

- An income tax deduction is provided to donors who gift \$2 or more to organisations endorsed as deductible gift recipients (DGRs).
 - If a donation is tax deductible, donors can deduct the amount of their donation from their assessable income when they lodge their tax return.
- DGR endorsement is determined by the Australian Taxation Office (or named in tax law). A large number of organisations with DGR status are charities.

Tax concessions from state, territory and local governments

- There are a number of tax concessions available to charities from state, territory and local governments.
- State government concessions are available for the following taxes: stamp duty (a tax on some financial and property transactions); payroll tax (a tax on wages that exceed a certain

threshold paid by employers); and land tax (a tax on land owners). Local governments may also give concessions (for example, on rates).

- Each jurisdiction has different requirements for accessing these concessions.

Further information is available at:

https://www.ato.gov.au/uploadedFiles/Content/SME/downloads/Nonprofit16966Tax_basics_for_non_profit_organisations.pdf

https://www.acnc.gov.au/ACNC/FTS/Fact_ConcAvail.aspx

CHARITABLE DONATIONS

Gifts and donations (property or money, including shares) are tax deductible if given to an organisation which has deductible gift recipient (DGR) status and of which there is no personal benefit attached (such as raffle tickets or the purchase of fundraising chocolates). An individual must have made donations of \$2 or more to be able to claim a tax deduction.

Australia has a very generous tax treatment of charitable donations compared to other countries. DGR status is estimated to cost \$1.2 billion in forgone revenue in 2015-16.

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In the United States, there is a clearer provision of information to the public to assist individuals to decide which charities to donate to (without attempting to influence individuals) through the Charity Navigator – which publish top 10 lists each month, such as 10 most highly-rated charities with low paid CEOs, 10 top-notch charities and 10 consistently low rate charities. Individuals may be encouraged to donate more if they can have confidence that their money is going to a worthy charity. s47C

Background

The Australian Taxation Office (ATO) decides on DGR endorsement and the Australian Charities and Not-for-profits Commission (ACNC) decides on whether an organisation is a charity. Registration of an organisation as a charity by the ACNC does not automatically imply DGR status, just as DGR status does not automatically imply that an organisation is registered as a charity.

For an organisation to maintain charity status they must keep financial records that record and explain its transactions and financial position. Charities must submit an Annual Information Statement, a financial report for medium and large charities, every year. Should a charity fail to submit their reports for two consecutive years they can risk losing their ACNC registration resulting in a loss of their DGR status – as at 11 February 2016, 5496 charities had not met their reporting obligations.

There are currently 54,000 ACNC registered charities – welfare activities such as homeless shelters or other services for the disadvantaged only account for around 20 per cent of all charities. Since the ACNC was established in late 2012, around 8,000 new charities have been registered, and 13,000 charities have been deregistered because they were no longer operating or failed to report for two years.

Past economic research (predominantly undertaken in the US and the UK) suggests that high income earners are more responsive to increases in tax incentives for donations than middle income earners. However, high income earners tend to only change their behaviour in the short-term and will drop back down to their original level of charitable donations in the longer-term. Evidence

suggests that low and middle income earners do not significantly change their behaviour when there are changes to tax incentives.

Other countries

Other countries are looking at a range of measures to encourage further charitable donations, including through the lowering of floors on deductibility requirements and allowing individuals to draw money out of their superannuation in retirement tax free when it is being made as a donation.

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The Canadian Government commissioned a review on *Tax Incentives for Charitable Giving* in Canada in 2013. In response, the Canadian Government introduced a temporary First-Time Donor's Super Credit in the hope of encouraging new donors. This temporary measure increases the value of the existing federal Charitable Donations Tax Credit (15 per cent credit on donation amounts up to \$200, and 29 per cent on the amount of donations over \$200) by 25 percentage points if neither the taxpayer nor their spouse has claimed the credit since 2007, applying to cash donations up to \$1,000. Other recommendations in the report related to:

- Increasing the use of social finance to support charities to address societal challenges related to employment, literacy, skills training, health and wellness.
- Improving transparency and accountability in the charitable sector, including through requiring charities to demonstrate that they have a "public benefit".
- Increasing public awareness regarding the role of charities in society.

Social finance

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The NSW Government backed a social impact bond in 2013 to reduce the number of children in foster care. Based on the first year of results, the impact bond has returned 7.5 per cent to investors.

Social impact bonds seek private investment to improve a social outcome, whereby the Government will pay a return if certain social targets are met. The idea being that the private sector can deliver these social outcomes at a lower price than the Government, and that improvements will reduce the long-term dependency of individuals on social security.

Charities

Charities receive the highest level of tax concessions. Charities must be registered with the Australian Charities and Not-for-profits Commission (ACNC) before they can be endorsed by us to access charity tax concessions. Charity tax concessions are income tax exemption, FBT exemption, FBT rebate and GST charity concessions. Charities that are endorsed to access any of these concessions are known as 'tax concession charities' or TCCs.

Charities can be further broken down into the following types:

- public benevolent institutions (PBIs)
- health promotion charities (HPCs)
- other charities.

PBIs and HPCs receive wider tax concessions than other charities.

Not-for-profit Organisations

NFP organisations that are not charities can self-assess their entitlement to certain tax concessions, such as income tax exemption.

Examples of these types of organisations are sporting and recreational clubs, community service organisations, professional and business associations, and cultural and social societies.

Self-assessment means an organisation can work out for itself whether it is entitled to access a tax concession, and it does not need to be endorsed by us to access the concession.

Deductible gift recipients

Some charities, clubs, societies and associations are also deductible gift recipients (DGRs).

DGRs are organisations that are entitled to receive tax-deductible gifts. DGRs are either:

- endorsed by us
- listed by name in the tax law.

Tax deductions for gifts are claimed by the person or organisation that makes the gift (the donor). Gifts are also referred to as donations.

There is a misconception held by some people that all charities can receive tax-deductible donations. This is incorrect – not all charities are DGRs, and not all DGRs are charities.

To be entitled to receive tax-deductible donations, an organisation (including a charity) must be a DGR. Organisations can apply to us for endorsement if they fall in a general DGR category specified in the tax law. This is done through the DGR endorsement process which is different to the TCC endorsement process where charities apply for approval to access charity tax concessions.

Listed by name DGRs

DGRs listed by name in the tax law include organisations such as the Australian Sports Foundations and Amnesty International Australia. For an organisation to become a DGR listed by name, parliament must amend the tax law to include the name of the organisation in the law. We do not process inquiries for listing a DGR by name. Requests, in writing, should be directed to the Treasurer.

Endorsed DGRs

There are approximately 40 categories of organisations we can endorse as DGRs. Examples are:

- Animal welfare charities
- Australian disaster relief funds
- Developed country disaster relief funds
- Necessitous circumstances funds
- Overseas aid funds
- Private ancillary funds
- Public ancillary funds
- Public hospitals
- Public libraries, museums and art galleries
- Public universities
- Registered health promotion charities
- Registered public benevolent institutions
- Scholarship funds
- School building funds
- Volunteer fire brigades

Gift condition

For some DGRs, the law adds extra conditions affecting the types of deductible gifts they can receive. The gift may only be tax deductible if it was given either:

- between certain dates
- for a specific use.

Non-profit

An organisation is non-profit if it is not carried on for the profit or gain of its individual members. This applies for direct and indirect gains and both while the organisation is being carried on and on its winding up. We accept an organisation as non-profit if it is prohibited, by law or its governing documents, from distributing profits or gains to individual members and its actions are consistent with the prohibition.

Non-profit company

The company must be:

- not carried on for the purposes of profit or gain to its individual members, and
- prohibited by its constitution from making any distribution of money or property to its members.

Registered charity

Registered charity means an entity that is registered with the Australian Charities and Not-for-profits Commission (ACNC) as a charity.

Several DGR categories may require the fund, authority or institution to be either of the following:

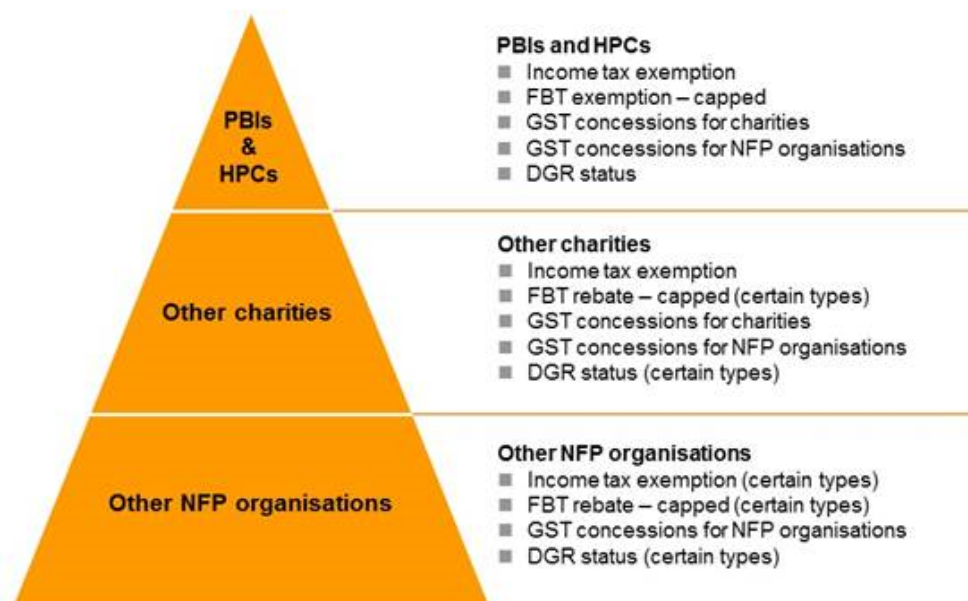
- a registered charity
- operated by a registered charity.

For these categories, if your organisation is a charity it must be registered with the ACNC.

Diagram – organisation types and concessions

The following diagram shows the types of NFP organisations discussed above and some of tax concessions they can access, including DGR status.

- The diagram does not represent the relative size or population of each type.
- Not all concessions are shown.
- Some concessions require endorsement by the ATO.



Reference: MC17-009017

The Hon Kelly O'Dwyer MP
Minister for Revenue and Financial Services
Parliament House
CANBERRA ACT 2600

Dear Minister

Thank you for your letter dated 22 January 2017 seeking approval to take appropriate steps to ensure the Bourke Street Fund is granted deductible gift recipient (DGR) status.

s47C



Yours sincerely

MALCOLM TURNBULL

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Yours sincerely

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Private Ancillary Fund Guidelines 2009

as amended

made under section 426-103 in Schedule 1 to the

Taxation Administration Act 1953

Compilation start date: 5 May 2016

Compilation number: 1

Includes amendments up to: *Private Ancillary Fund and Public Ancillary Fund Amendment Guidelines 2016*

Prepared by The Treasury

About this compilation

This compilation

This is a compilation of the *Private Ancillary Fund Guidelines 2009* as in force on the date of registration. It includes any commenced amendment affecting the legislation to that date.

This compilation was prepared on 29 April 2016.

The notes at the end of this compilation (the *endnotes*) include information about amending laws and the amendment history of each amended provision.

Uncommenced amendments

The effect of uncommenced amendments is not reflected in the text of the compiled law but the text of the amendments is included in the endnotes.

Application, saving and transitional provisions for provisions and amendments

If the operation of a provision or amendment is affected by an application, saving or transitional provision that is not included in this compilation, details are included in the endnotes.

Modifications

If a provision of the compiled law is affected by a modification that is in force, details are included in the endnotes.

Provisions ceasing to have effect

If a provision of the compiled law has expired or otherwise ceased to have effect in accordance with a provision of the law, details are included in the endnotes.

PART 1 PRELIMINARY

1. Name of Guidelines

These Guidelines are the *Private Ancillary Fund Guidelines 2009*.

2. Commencement

These Guidelines commence the day after registration.

3. Interpretation

Expressions have the same meaning in these Guidelines as in the *Income Tax Assessment Act 1997*. The interpretation rules in Division 950 of that Act also apply to these Guidelines.

Note 1: To find definitions of asterisked terms: see section 995-1 of the Income Tax Assessment Act 1997. However, some defined terms may not be asterisked: see section 2-15 of the Income Tax Assessment Act 1997.

Note 2: See section 4AA of the Crimes Act 1914 for the current value of a penalty unit.

If a fund has 2 or more trustees, **trustee** means all of those trustees jointly, or any of them severally, as the case requires.

4. Penalties

If a person is liable to an administrative penalty under section 426-120 in Schedule 1 to the *Taxation Administration Act 1953* because of a contravention of a provision of these Guidelines, the amount of the administrative penalty is the penalty that these Guidelines set out, or the penalty worked out in accordance with these Guidelines, in relation to that provision.

Note 1: The Commissioner may remit all or part of an administrative penalty: see section 298-20 in Schedule 1 to the Taxation Administration Act 1953.

Note 2: An administrative penalty under section 426-120 in Schedule 1 to the Taxation Administration Act 1953 cannot be reimbursed from the fund: see subsection 426-120(4).

5. Part 2: Rules for endorsement as a deductible gift recipient

Part 2 sets out the rules that a *private ancillary fund must comply with in order to be endorsed, and remain endorsed, as a *deductible gift recipient.

6. Part 3: Transitional rules for funds established before 1 October 2009

Part 3 sets out transitional rules modifying how Part 2 applies to a *private ancillary fund that was a *prescribed private fund at the end of 30 September 2009.

Societies and Medical Registration Boards) which has a professional code of ethics and rules of conduct. Individuals who have received formal recognition from the Government for their services to the community (for example, an Order of Australia award) will also usually have the requisite degree of responsibility.

- 14.1. That individual must be an active director of the trustee and a member of any other controlling body of the fund.
- 14.2. An individual with a degree of responsibility to the Australian community as a whole includes an individual before whom a statutory declaration may be made.

Example: An individual before whom a statutory declaration may be made includes those who are licensed or registered to practise in a range of occupations such as a dentist, legal or medical practitioner; a nurse, a pharmacist, a bailiff, a bank officer or officer of a building society or credit union with 5 or more continuous years of service; a clerk of the court; a justice of the peace, a judge, a magistrate; a member of various professional associations including a member of Engineers Australia, a member of Chartered Secretaries Australia; a member of the various professional accounting associations in Australia; a marriage celebrant, mayors, town clerks and members of Parliament; a government employee with 5 or more years of continuous service; a teacher employed on a full-time basis at a school or tertiary education institution.

- 14.3. This guideline does not apply to the Public Trustee of a state or territory.
15. The trustee or any other controlling body of the fund must not exercise any discretion or power while guideline 14 is not being complied with.
 - 15.1. However, the trustee or other controlling body may exercise a discretion or power:
 - to appoint a new trustee; or
 - to protect the property of the fund; or
 - to deal with an urgent matter that cannot be postponed.
16. An individual must not be a director of a trustee or a member of any other controlling body of the fund if he or she has been convicted of a taxation offence (within the meaning of Part III of the *Taxation Administration Act 1953*) that is an indictable offence.
 - 16.1. If an existing director is convicted of such an offence, he or she must cease to be a director within 1 month after the conviction.

CHANGES TO GOVERNING RULES

17. The trustee must notify the Commissioner in the *approved form (within 21 days) of any change to the fund's governing rules.

Note: Certain changes to the governing rules may require the fund to seek re-endorsement as a deductible gift recipient.

- 17.1. However, the trustee does *not* need to notify the Commissioner under this guideline if the trustee is required to notify the Commissioner of the Australian Charities and Not-for-profits Commission of the same information under Division 65 of the *Australian Charities and Not-for-profits Commission Act 2012*.

PENALTY: 5 penalty units.

LIABILITY OF TRUSTEE

18. The governing rules of a *private ancillary fund must prohibit the fund from indemnifying the trustee, or an employee, officer or *agent of the trustee, for a loss or liability attributable to:

- dishonesty of the trustee, employee, officer or agent; or
- gross negligence or recklessness of the trustee, employee, officer or agent; or
- a deliberate act or omission known by the trustee, employee, officer or agent to be a breach of trust.

Note: An administrative penalty under section 426-120 in Schedule 1 to the Taxation Administration Act 1953 cannot be reimbursed from the fund, see subsection 426-120(4).

OPERATION OF A PRIVATE ANCILLARY FUND

MINIMUM ANNUAL DISTRIBUTION

19. During each *financial year, a *private ancillary fund must distribute at least 5 per cent (***minimum annual distribution rate***) of the *market value of the fund's net assets (as at the end of the previous *financial year).

Note 1: While net assets are used to determine the fund's minimum distribution, the amount of the distribution itself is not net of any amount (for example, expenses of the fund).

Note 2: The minimum annual distribution rate may be lowered under Guidelines 19.2 and 19.7 for a financial year.

- 19.1. The fund must distribute at least \$11,000 (or the remainder of the fund if that is worth less than \$11,000) during that *financial year if any expenses of the fund in relation to that financial year are paid directly or indirectly from the fund's assets or income.

- the terms and other circumstances relating to any gift to the fund under a will; and
- any other matter the Commissioner considers relevant.

*Note: Having regard to the general market conditions in Australia, could include reviewing the Reserve Bank of Australia's target for the cash rate (which is the overnight money market interest rate), the *base interest rate, current returns of other ancillary funds, and the performance of *approved stock exchanges. It could also include examining changes in conditions over time.*

VALUATION

20. The *market value of the fund's assets (other than land) must be estimated at least annually.

Note: See section 2B of the Acts Interpretation Act 1901 for the meaning of 'land'.

- 20.1. Subject to guideline 22, the trustee may estimate the *market value itself or arrange for a qualified valuer or another appropriate entity to make the estimate.

Note 1: It is not intended that making or arranging for an estimate of market value be onerous or expensive.

Note 2: A trustee should consider using a qualified valuer if the value of an asset represents a significant proportion of the fund's value or if the nature of the asset means that the valuation is likely to be difficult or complex.

Note 3: The trustee may ask the Commissioner to undertake a valuation. The Commissioner may charge the trustee for undertaking a valuation.

- 20.2. Whoever makes the estimate must base it on reasonably objective and supportable data. The methodology and data used for an estimate should be documented in the fund's records.
- 20.3. The estimate should be of the *market value as at the end of the relevant *financial year. Unless to do so would be unnecessarily onerous and expensive, the estimate should be conducted within 2 months before or after 30 June for each asset.
21. The *market value of land must be estimated at least once every 3 *financial years.
- 21.1. The *market value of land must be estimated by a certified and independent valuer or by the Commissioner.
- 21.1.1. The trustee must obtain from the valuer a written estimate of the *market value of the land. The written estimate

must also include the valuation methodology and a reference to supporting materials used in making the estimate.

Note: The trustee may ask the Commissioner to undertake the valuation. The Commissioner may charge the trustee for undertaking a valuation.

- 21.2. The trustee may use the estimate as the *market value of the land for the next 3 *financial years.

22. If the Commissioner considers the estimate of the *market value of any asset to be unreasonable, the Commissioner may request the trustee to arrange for another valuation to be undertaken. The trustee must comply with the request.

Note: The Commissioner may seek the trustee's agreement to undertake the valuation or the trustee may ask the Commissioner to undertake the valuation. The Commissioner may charge the trustee for undertaking a valuation.

23. Estimates must be completed before the fund is required to give to the Commissioner its *income tax return for the relevant *financial year.

Note: A private ancillary fund will be required to lodge an income tax return whether or not it is exempt from income tax. The Commissioner will approve an appropriate income tax return form for private ancillary funds.

ACCOUNTS

24. The trustee must keep, or cause to be kept, proper accounts in respect of all receipts and payments of the fund and all financial dealings connected with the fund, and must retain those accounts for a period of at least 5 years after the completion of the transactions or acts to which they relate.

Note: See also Subdivision 382-B in Schedule 1 to the Taxation Administration Act 1953 for rules about record keeping obligations of deductible gift recipients.

PENALTY: 10 penalty units.

25. The trustee must make the accounts available to the Commissioner upon request.

PENALTY: 10 penalty units.

- the composition of the fund's investments as a whole, including the extent to which the investments are diverse or involve the fund being exposed to risks from inadequate diversification; and
- the liquidity of the fund's investments, having regard to its expected cash flow requirements (including distribution requirements); and
- the ability of the fund to discharge its existing and prospective liabilities; and
- the investment requirements imposed by *State laws or *Territory laws; and
- status of the fund as a *registered charity (where applicable); and
- perceived or actual material conflicts of interest in holding particular investments (including those relating to individuals involved in the decision-making of the fund); and
- the terms and other circumstances relating to any gift to the fund under a will.

PENALTY: 10 penalty units.

31. The trustee must implement the investment strategy, and must ensure that all investment decisions are made in accordance with it.

PENALTY: 15 penalty units.

32. The investment strategy (and a record of the associated decision-making processes) must be available in a written form so that the trustee, an auditor, a reviewer, or the Commissioner can determine whether the fund has complied with these Guidelines and other *Australian laws.

PENALTY: 10 penalty units.

INVESTMENT LIMITATIONS

33. The trustee must not *borrow money or maintain an existing borrowing of money.

- 33.1. However, this guideline does not prohibit a trustee from *borrowing money if:

- the purpose of the borrowing is to enable the trustee to make a distribution to a *deductible gift recipient which the trustee must make under these guidelines and which, apart from the borrowing, the trustee would be unable to make; and

- the period of the borrowing does not exceed 90 days; and
- the borrowing, when made, would not result in total borrowings exceeding 10 per cent of the *market value of the fund's assets.

- 33.2. This guideline also does not prohibit a trustee from *borrowing money if:

- the purpose of the borrowing is to enable the trustee to cover settlement of a transaction for the acquisition of a financial instrument; and
- at the time the relevant investment decision was made, it was likely that the borrowing would not be needed; and
- the period of the borrowing does not exceed 14 days; and
- the borrowing, when made, would not result in total borrowings exceeding 10 per cent of the *market value of the fund's assets.

- 33.3. Guideline 33 also does not apply to the acquisition of a financial instrument excluded by the Commissioner from that guideline.

34. The fund's investments must be made and maintained on an *arm's length, unless another guideline allows otherwise.

35. The trustee must not give a security over, or in relation to, an asset of the fund.

- 35.1. However, this guideline does not apply to:

- the acquisition of a financial instrument excluded by the Commissioner from that guideline; or
- an agreement to guarantee the repayment of any money lent by a creditor for the sole benefit of one or more *deductible gift recipients.

36. The fund must not acquire an asset (except by way of gift) from, and must not make a loan or provide any other kind of financial assistance to, a founder of the fund, a donor to the fund, the trustee, a director, officer, agent, *member or employee of the trustee, or an *associate of any of these entities except:

- by way of an arms' length commercial transaction; or
- on terms more favourable to the fund than would otherwise be expected under an arms' length transaction.

- a deceased estate of any of those entities.

PENALTY: 10 penalty units.

47. The fund must issue a receipt for every gift it receives.

- 47.1. The receipt must include the name and *ABN of the fund and the name of the donor and must state that the receipt is for a gift received by the fund.

COMPLIANCE WITH ALL RELEVANT LAWS

48. The fund must comply with all relevant *Australian laws, all legally binding directions given to it by the Commissioner and all the requirements contained in these Guidelines.
49. The trustee must ensure that the fund's distributions to *deductible gift recipients do not put at risk the validity of the trust under *State law or *Territory law.

Note: In some states and territories, distributions cannot be lawfully made from a charitable fund to a non-charitable deductible gift recipient.

WINDING UP A PRIVATE ANCILLARY FUND

WINDING UP OR CEASING TO BE A PRIVATE ANCILLARY FUND

50. If the fund winds up or ceases to be a *private ancillary fund, all the fund's net assets must be provided as described in paragraph (a) of item 2 in the table in section 30-15 of the *Income Tax Assessment Act 1997*.

Note: see note to guideline 10.

CONVERTING A PRIVATE ANCILLARY FUND INTO A PUBLIC ANCILLARY FUND

51. With the agreement of the Commissioner, the fund may amend its governing rules to convert the fund into a public ancillary fund.

- 51.1. Nothing in these Guidelines prevents a conversion agreed to by the Commissioner.

Note 1: This means that after receiving the agreement of the Commissioner, the trustee may ignore any guideline to the extent that it would prevent the conversion of the private ancillary fund into a public ancillary fund.

Note 2: After the conversion, the rules applying to public ancillary funds apply to the converted fund.

PORTABILITY

- 51A. With the agreement of the Commissioner, a *private ancillary fund may transfer assets to another * ancillary fund if:

- it transfers all of its net assets to that ancillary fund; and
- it has already complied with guidelines 19 to 19.6 for that financial year (about minimum annual distributions); and
- the net assets of the fund have not been received from another ancillary fund during the 2 previous financial years.

Endnotes

Endnote 2—Abbreviation key

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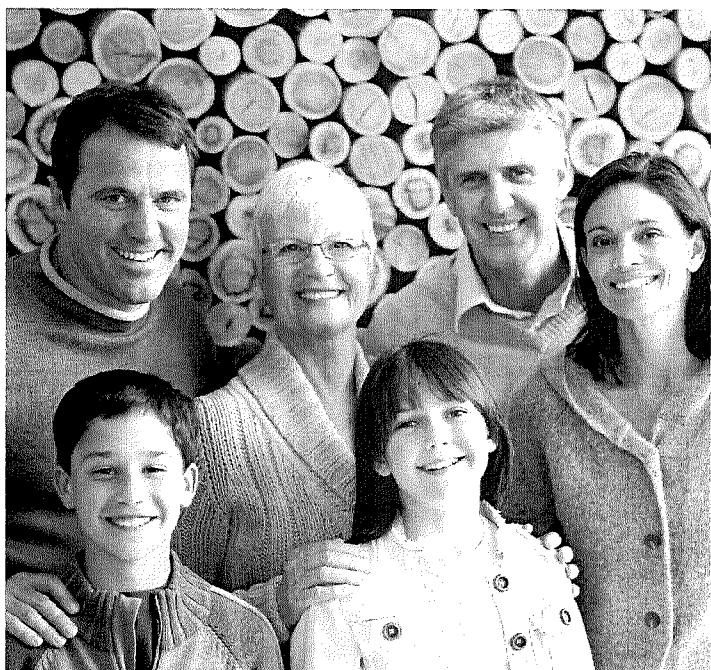
ad = added or inserted	pres = present
am = amended	prev = previous
c = clause(s)	(prev) = previously
Ch = Chapter(s)	Pt = Part(s)
def = definition(s)	r = regulation(s)/rule(s)
Diet = Dictionary	Reg = Regulation/Regulations
disallowed = disallowed by Parliament	reloc = relocated
Div = Division(s)	renum = renumbered
exp = expired or ceased to have effect	rep = repealed
hdg = heading(s)	rs = repealed and substituted
LI = legislative instrument	s = section(s)
LIA = <i>Legislative Instruments Act 2003</i>	Sch = Schedule(s)
mod = modified/modification	Sdiv = Subdivision(s)
No = Number(s)	SLI = Select Legislative Instrument
o = order(s)	SR = Statutory Rules
Ord = Ordinance	Sub-Ch = Sub-Chapter(s)
orig = original	SubPt = Subpart(s)
par = paragraph(s)/subparagraph(s)	
/sub-subparagraph(s)	

Endnotes

Endnote 3—Legislation history

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Name	FRI registration or gazettal	Commencement	Application, saving and transitional provisions
Private Ancillary Fund Guidelines 2009	F2009L03700	1 October 2009	
Private Ancillary Fund and Public Ancillary Fund Amendment Guidelines 2016	F2016L00651 (4 May 2016)	5 May 2016	



Private Ancillary Funds A guide

Charitable giving

Sharing your wealth to make a difference can be enormously rewarding, but many Australians take an ad-hoc approach to their giving, making it difficult to see the impact of their generosity.

There are all sorts of ways in which you can help the wider community.

You could consider:

- > Volunteering your time and skills
- > Donating money directly to a charity
- > Setting up your own private ancillary fund
- > Joining a public ancillary fund
- > Leaving a bequest in your will.

Ancillary funds are a simple and effective way to help you make the most of your giving. Private ancillary funds and public ancillary funds are the two types of foundations in Australia that facilitate immediate income tax deductions for individuals while supporting the charities of their choice over many years.

With the right advice, a private ancillary fund (often referred to as a PAF) is simple to establish and administer and provides a range of benefits to you, your family and, most importantly, the community.

Australian Philanthropic Services Limited is a not-for-profit organisation that helps you make the most of your giving. We inspire and educate people about philanthropy, and provide practical support for individuals and advisers.

Key features of a PAF

Feature	Private Ancillary Fund (PAF) Setting up your own PAF with APS
Establishment	
How long does it take to get started?	6-8 weeks
Donations	
How much do I need to get started?	\$500,000 is recommended
How often do I have to contribute to my fund?	As often or as infrequently as you like. There is no requirement to contribute on a regular basis
Can I get a tax deduction?	Yes – can be spread over 5 years
Can the general public contribute to my fund?	Restricted
Control	
Who is the Trustee?	You can choose. APS will arrange a special purpose company, for whom you nominate directors, to act as trustee
Who are the directors of the trustee?	You can choose. Directors will generally be family members and/or business associates and one independent person (the 'Responsible Person')
Can I have a say in grantmaking decisions?	Yes. The directors of the trustee company have the final say
Grantmaking	
Who can receive grants?	Charities with Deductible Gift Recipient (DGR) item 1 status
How much has to be distributed each year?	At least 5% of net assets (which is usually around the income earned after costs allowing capital gains to compound)
Investments	
Who manages the investments?	You choose the wealth manager or can manage investments yourself. APS does not manage investments in your PAF
Are the investments tax-exempt?	Yes
Are franking credits refunded?	Yes
Administration & compliance	
Who is responsible for compliance with the Law and PAF Guidelines?	The Directors of the trustee company (with guidance and support from APS)
What does APS Administration Service include?	All accounting, administration, secretariat and compliance functions.
What are the costs?	As a not-for-profit organisation, APS charges modest fees to establish and administer PAFs.
Is an audit required?	Yes - APS will facilitate

What is a private ancillary fund?

A private ancillary fund (PAF) is a type of charitable trust, which exists for the purpose of providing grants to eligible charities over time.

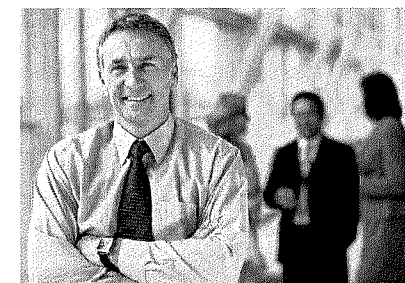
Key features of a PAF:

- A PAF is a charitable trust controlled by a company as trustee. The board is usually comprised of family members but must contain at least one independent director (the 'Responsible Person').
- Donors receive a tax deduction for donations, which can be spread over five years.
- The investment strategy is set by the directors. Earnings are income tax exempt with franking credits reclaimable and testamentary gifts have Capital Gains Tax (CGT) exemption.
- Distributions are made to charities with Deductible Gift Recipient (DGR) status, and a minimum of 5% of the value of the fund must be distributed each year.
- PAFs are governed by Australian Taxation Office (ATO) Guidelines and have Australian Charities and Not-for-profits Commission (ACNC) compliance obligations.

Is a PAF right for me?

A PAF may be appropriate for individuals, families and companies that:

- Want certainty over the choice of organisations they support
- Would like to provide a sustainable gift to a chosen cause(s)
- Have a recommended minimum of \$500,000 for an initial donation
- Would like a tax deduction for donations.



The benefits of having a PAF

- **Satisfaction and enjoyment** - By establishing something in your lifetime, you can see the benefits of giving first-hand and, if you choose, be directly involved with the causes you support.
- **Family engagement** - Giving through a PAF is a satisfying way to engage and bring together other family members. It can increase children's and grandchildren's social awareness and help to inspire future generations.
- **Tax effectiveness** - A PAF enables you to take advantage of tax benefits while having a positive impact on the lives of others. Donations are tax deductible, the funds in the PAF are tax exempt and franking credits are refunded, so your philanthropic dollar goes much further.
- **Control** - You can act as a director of the trustee company that controls the PAF, directing all investment and grantmaking decisions.
- **Flexibility** - PAFs break the link between the timing of the tax deduction and the timing of your grantmaking decisions. You can take the tax deduction now and decide where to distribute the money over the coming years.
- **Sustainable funding** - Establishing a trust in perpetuity allows you to provide charitable causes with long term sustainable funding even when financial situations change.
- **Community impact** - Having a PAF allows you to be more strategic in your grantmaking. You can plan for multi-year grants and redirect support as community needs change.
- **Leaving a legacy** - By setting up a PAF, you can create an enduring legacy to support charitable causes that are important to you, or establish a PAF in memory of a loved one.

Donations

How much do I need to start?

The recommended minimum donation required to establish a PAF is \$500,000.

Tax deductibility

Individuals can claim a tax deduction on donations made to their PAF:

- Deductions for a donation can be spread over a period of up to five years.
- Cash donations are generally deductible up to the limit of an individual's taxable income.

Contributions

You can contribute to your PAF as often or as infrequently as you like. There is no requirement to contribute on a regular basis.

Donating non-cash assets

In addition to cash, the following types of assets can be donated and may be able to be claimed as a tax deduction:

- Assets acquired during the 12 months before making the donation
- Shares of \$5,000 or less
- Assets including shares and property in excess of \$5,000 (valuation requirement applies).

Donors should obtain advice from their tax adviser or accountant.

PAFs and estate planning

When a Capital Gains Tax (CGT) asset owned by a deceased person passes to a beneficiary in their estate, the estate may incur a capital gain on which tax is payable. This is referred to as CGT Event K3. CGT Event K3 is disregarded if the beneficiary is an existing entity with DGR status, such as a PAF.

The trustee

Who can be a trustee of a PAF?

A PAF is a charitable trust controlled by a company as trustee. Most of the directors of the trustee company can be family members or business associates provided that at least one of the directors is an independent person who is a 'responsible person' who is not:

- The founder
- A donor who has contributed more than \$10,000 to the fund or an associate of such a donor.

The responsible person must have a degree of responsibility to the Australian community as a whole. Examples of such people as provided by the ATO are:

- Clergy
- School principals
- Lawyers
- Doctors
- Other people who perform a public function and belong to a professional body, such as the Institute of Chartered Accountants Australia (ICAA) or the Australian Institute of Company Directors (AICD).

Duties and responsibilities of the trustee

The trustee is responsible for carrying out the terms of the trust and preserving safely the trust property. The duties of trustees include:

- Administration – The processes of managing the fund to meet its compliance obligations.
- Investment – The investment of fund assets to protect and grow the real value of the fund.
- Distributions/Grantmaking – The distribution or granting by the fund to eligible entities.

Administration

Administration and compliance

Like any trust or other legal structure good basic housekeeping is required. The trustee must:

- Keep the assets of the fund separate from all other assets and not provide any benefit to donors or trustees.
- Prepare financial statements showing the financial position of the fund at the end of each financial year, and have those financial statements and compliance with the PAF Guidelines audited.
- Obtain a valuation of any land in the fund every three financial years and revalue other assets annually.
- Lodge annual Ancillary Fund Return with the ATO and ACNC Annual Information Statement.
- Ensure adherence with the PAF Guidelines 2009 and ACNC Governance Standards.
- Prepare, maintain and adhere to an investment strategy for the fund.
- Ensure the fund's investments are made and maintained on an arm's length basis.

- Ensure the fund does not carry on a business, and does not borrow money.

If a compliance breach occurs, administrative penalties can be imposed which must be paid by the trustee or the directors of the trustee.

If you use an administrator, managing a PAF and ensuring you meet your compliance obligations needn't be difficult. The Australian Philanthropic Services PAF administration service includes all accounting, secretariat and compliance requirements.

Investments

What investments can be held in my PAF?

PAFs can invest in a wide range of investments including cash, shares, fixed interest securities and property. A PAF must have and adhere to a written investment policy and a review of investment assets is required at least annually.

Investment limitations:

- PAFs cannot run a business.
- PAFs cannot borrow other than in exceptional circumstances.
- Investments must be made on an arm's length basis.
- Collectibles cannot be purchased and any donated must be sold within 12 months.

Prudent Person considerations

In considering trust investments, trustees must 'exercise the care, diligence and skill that a prudent person engaged in that profession, business or employment would exercise in managing financial affairs of others.' Where the trustee's profession includes being a trustee or managing investments, the duty of care is higher.

In managing trust investments, trustees are required to consider:

- The benefits of diversification
- Investing not speculating
- The purpose and objectives of the fund
- Balancing risk
- Maintaining real value of capital and income
- Tax consequences of investment decisions
- Liquidity of the investments
- Costs of investment alternatives and transactions.

Grantmaking

Annual distributions

During each financial year, a PAF must distribute at least 5% or the market value of the fund's net assets (as at the end of the previous financial year).

If the 5% is less than \$11,000, the PAF must distribute at least \$11,000 during that financial year. No distribution is required in the year in which the PAF is established.

It is important to record any conditions attached to grants and monitor grants to ensure they are properly allocated and expended.

Who can I make grants to?

PAFs can only make distributions to Deductible Gift Recipient (DGR) Item 1 charities and, if incorporated in the Deed, to Government entities that have a purpose that is "charitable" i.e. public hospitals and public museums. The logic for this is simply that by allowing a tax deduction on donations made to a PAF the PAF can then only pass money on to organisations that if the donor gave to directly he/she would also get a tax deduction for.

DGR endorsement

A deductible gift recipient (DGR) is a fund or organisation that can receive tax deductible gifts. The deduction is claimed by the person or organisation that makes the gift. DGR endorsements are managed by the Australian Taxation Office (ATO).

There are two distinct categories of DGR endorsement. It is critical to understand this as PAFs are limited to funding only one of these types.

- **DGR Item 1** – known informally as a 'doing' DGR. Most organisations which are endorsed as DGRs will fall into this category. It includes public benevolent institutions, universities, health promotion charities, environmental organisations and cultural organisations.
- **DGR Item 2** – known informally as a 'giving' DGR. This category includes public and private ancillary funds. These organisations exist only for the purposes of providing donations to 'doing' DGRs.

DGR Item 2 organisations must only provide funds to DGR Item 1 organisations. A DGR Item 2 may not fund another DGR Item 2, i.e. under no circumstances can a PAF distribute funds to another ancillary fund.

To find out the DGR status of an organisation and whether or not they are a DGR Item 1, you can check the Australian Business Register at www.abn.business.gov.au

International giving

PAFs can make grants internationally if they are made to a charitable organisation that is a registered DGR Item 1, income tax exempt and based in Australia. This includes some 200 approved overseas development organisations.

Which charities should I support?

Deciding which organisations you'll support can be hugely rewarding, but can also be a challenge. You want to know that your charitable gift is going to be put to good use by the charity you choose. However, it isn't always easy. The not-for-profit sector in Australia is complex. There are over 55,000 tax concession charities in Australia, and nearly 28,000 of these are able to accept tax deductible donations.

If you are unsure where to start, APS can help you to develop a set of philanthropic goals, gain insight into particular areas of need and measure the impact of your giving, as well as providing practical tools to help put your grantmaking plans into action.

Getting started

How do I establish a PAF?

Australian Philanthropic Services (APS) does all the work to set up your PAF and handles the paperwork from day one. To start the process, all you need to do is complete a simple establishment form and we will do the rest. We will:

- Arrange the incorporation of the trustee company
- Prepare the PAF deed and supporting documentation
- Manage all approvals with the ACNC and ATO
- Brief all directors on their duties and responsibilities.

How long does it take?

It normally takes between 6-8 weeks for APS to establish a PAF.

How can Australian Philanthropic Services help with ongoing administration?

The administration service provided by APS is a one-stop-shop for PAFs, including all accounting, secretariat and compliance requirements. This means you can decide how much or how little involvement in the PAF you would like – from attending just one annual meeting to being actively involved in the charities you support.

The APS PAF administration service includes:

- We take care of all ongoing administration, preparation of accounts, organising meetings, overseeing compliance, arranging the annual audit, and all dealings with the ACNC and ATO, including preparation of returns.
- We will check the eligibility of organisations you want to support.
- Clients have access to our online system and can access information on their PAF at any time.
- Directors of the PAF trustee are fully briefed on and guided through compliance issues.
- We charge a low annual fee, and ensure our clients know upfront any costs that will be incurred.
- We provide grantmaking support to help our clients make the most of their giving.
- Each client has a dedicated client service manager, with extensive experience in managing PAFs.

Who manages the investments in the PAF?

Importantly, APS doesn't manage the investments in the PAF. Your trusted adviser can manage the investments without the hassle of worrying about administration and compliance.

Fees

As a not-for-profit organisation, APS charges a low fee for the establishment and administration of your PAF. Contact us for a full list of services and fee schedule.

Online access

Once you have established your PAF you will be given online access to all your PAF information, including documentation, statutory records, and regularly updated accounts and investment reports.

Australian Philanthropic Services

Australian Philanthropic Services is a not-for-profit organisation that inspires and supports effective philanthropy. Our team is highly regarded in the sector for its expertise and is backed by a vastly experienced Board, all of whom are philanthropists.

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

We're unique because we're completely independent, not-for-profit, and charge very modest fees.

Contact us

If you have any questions, would like more information, or you would like to arrange an introductory conversation, call us on 02 8004 6758.

Website: www.australianphilanthropicservices.com.au

Email: hello@australianphilanthropicservices.com.au

Address: Level 6,
6 O'Connell Street,
Sydney NSW 2000

Phone: 02 8004 6758

This publication is intended as a guide only. For details of the APS service and private and public fund regulations please contact APS on 02 8004 6758 or hello@australianphilanthropicservices.com.au

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Page 1 of 2

\$33m man on mission to make giving easy

DAMON KITNEY
PHILANTHROPY

They are known in the trillion dollar wealth management industry as PAFs. And Chris Cuffe has a dream that in the future they will be as well known as SMSFs.

"One day private ancillary funds (PAFs) will be talked about in people's affairs in the same way people talk about self-managed super funds (SMSFs). People will know they are out there and easy to do," he says.

Cuffe will be forever remembered in corporate folklore as the \$33 million man, the value of his package when he left star fund manager Colonial First State in 2003 after being hand-picked by James Packer to run Challenger Financial Services.

Now he's most commonly known as the chairman of \$40 billion superannuation fund Uni-Super. Few know he is also the chairman of a group quietly trying to turn philanthropy in Australia on its head.

Cuffe is the founder and chairman of Australian Philanthropic Services, a not-for-profit organisation he set up four years ago to encourage wealthy Australians to get involved in giving.

He set up APS out of frustration that people were unaware of philanthropic investment structures — known as PAFs — which provide a simple and tax-effective way to set up your own foundation. A founder donates capital into their PAF and receives a tax deduction for the donation. The capital is invested and a minimum of 5 per cent of the value of the PAF's assets is distributed as grants to charities each year, while leaving the founder free to make further uncapped donations.

"There is nothing pushing us towards philanthropy here. Before groups like APS came along, there were roadblocks everywhere. We just made it difficult for people in Australia. I wanted to bring it mainstream by setting up APS," Cuffe says.

"This stuff isn't just the mainstream of billionaires, either. You need to bring it much more to the street. You needed a group to get out and market this stuff. And I still think we haven't even scratched the surface.

"The average financial adviser still has a very low knowledge of this. For people who have money, there is a complete absence of information in this sector."

APS, whose board includes David Gonski, Michael Traill, Tim Fairfax and Belinda Hutchinson, now services 200 clients with a view to connecting better with the

1700 wealth management advisers in the country. It sets up more than 30 per cent of all PAFs in Australia.

Earlier this year, it took over the affairs of Malcolm Turnbull's Turnbull Foundation, which counts Kerry Stokes's right-hand man, Bruce McWilliam, as one of its directors.

But APS is not alone. Myer Family Company, Perpetual and the IOOF-owned Australian Executor Trustees — among others — have also moved into the PAF administration space, which has had a positive impact on

growing philanthropy in Australia. PAFs have also been recently boosted by long-awaited amendments to their governance guidelines, including the introduction of portability for PAFs, greater clarity around impact investments and discretion for the tax office to approve lower minimum distributions.

These changes, announced earlier this year, were the first made to PAF guidelines since 2009.

This week's news the Australian National University had received its largest gift from a single

donor after philanthropists Graham and Louise Tuckwell added another \$100m to their 2013 gift of \$50m was further welcome news for the space.

It came after the Packer family

last year announced a \$200m philanthropic fund, Melbourne billionaire Alex Waislitz revealed plans to donate \$50m to charity, and mining entrepreneur Andrew Forrest went public with a donation of \$65m to West Australian universities.

"There are changes happening. We have seen some big donations in the past five years that have made the headlines. It doesn't happen overnight, but people are getting more comfortable with it here," Cuffe says of the growing culture of giving.

"There is nothing to be ashamed of if your motives are good. But if you are going to use it as a calling card to get to the right party or function, that doesn't make sense."

Cuffe has set up his own family foundation, the Christopher Cuffe Foundation, which he uses as a tool to engage his family in giving.

Hutchinson has done the same, establishing a foundation with her husband, the Eureka Benevolent Foundation, to support community-based projects, including the Hunger Project in Malawi, Africa, which provides assistance to 10 villages through a food bank and micro-finance program.

But Cuffe says there is generally not enough engagement of the younger generation in philanthropy in Australia, which needs to change.

"I don't know if enough people understand the joy they would have in involving their family in giving from a young age," he says.

"There is a lot of upside on that. We all, as parents, look for ways to stay close to our kids through a common interest in philanthropy.

"The current generation see more to life than just money. They want to see a bit of soul, a bit of compassion, even where they go to work."

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There is nothing pushing us towards philanthropy here.

CHRIS CUFFE, AUSTRALIAN PHILANTHROPIC SERVICES

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Research projects

The Department of Social Services has commissioned research aimed at improving the knowledge base about giving and volunteering patterns and trends to support evidence-based policy development.

Collective giving and its role in Australian philanthropy

DSS, on behalf of the Prime Minister's Community Business Partnership, recently commissioned Creative Partnerships Australia to undertake research to develop a better understanding of giving circles in the Australian context.

There are a growing number of collective giving mechanisms appearing in Australia and this research will focus on giving circles. The unique attributes of giving circles include they are made up of individuals who pool their resources and decide together where these funds will be distributed, they are initiated by philanthropists and use social connection and collaborative decision making to achieve shared philanthropic goals. They are inclusive and encourage learning about effective giving and the needs of the local community.

The research will determine the scope of collective giving in Australia, examine the different structures and determine the impact, both of grants given and the impact on the giving behaviour of members. It will include surveys of collective giving groups; host organisations, usually in the form of a community foundation; and charities that have been through the grant-making process. The research will highlight current trends and ideas about support to encourage greater philanthropy through giving circles.

The research is expected to be completed in late 2016.

Giving and volunteering in culturally and linguistically diverse and Indigenous communities




DSS, on behalf of the Prime Minister's Community Business Partnership, recently commissioned a research report to better understand volunteering and giving within culturally and linguistically diverse (CALD) and Indigenous communities.

The research provides some insights and case stories, highlighting the valuable contribution that migrants and refugees make to Australian community life. Key findings are:




- there is a gap in knowledge in this area
- volunteering and giving are important drivers of social cohesion in Australia
- the significant philanthropic and volunteering activity in CALD and Indigenous communities is often under-reported and poorly understood by mainstream organisations, policy makers and academics
- there are a number of barriers to volunteering and giving among CALD and Indigenous groups
- there are opportunities for volunteer involving organisations to engage more effectively.

Attachments

Final report

- [Giving and volunteering in culturally and linguistically diverse and Indigenous communities](#)
– Final report  [764 kB] |  Listen
- [Giving and volunteering in culturally and linguistically diverse and Indigenous communities](#)
– Final report  [568 kB]

Literature review

- [Giving and volunteering in culturally and linguistically diverse and Indigenous communities](#)
– Literature review  [1 MB] |  Listen
- [Giving and volunteering in culturally and linguistically diverse and Indigenous communities](#)
– Literature review  [777 kB]

Program Related Investment research project

To support the development of advice to Government by the impact investing and partnership's working group of the Prime Minister's Community Business Partnership, the Department of Social Services commissioned Philanthropy Australia to undertake research in relation to how Program Related Investments (PRIs) could operate in Australia.

"PRIs are investments made by foundations in support of charitable purposes, with the explicit understanding that those investments will earn below-market returns, adjusted for risk and mission ... (GrantCraft, 'Program-Related Investing: skills and strategies for new PRI funders', 2006, p2)

The project:




- researches and reports on how PRIs operate in the United States and provides evidence of the potential for PRIs to increase the effectiveness of philanthropic giving;
- identifies options for how a similar model might operate in Australia, including providing worked examples of PRI models that are likely to suit Australia's needs/ the Australian context; and
- analyses the outcomes of the consultation process and recommends a model suitable for implementation in Australia.

Attachments

Disclaimer

This report was commissioned by the Commonwealth of Australia, represented by the Department of Social Services. The purpose of this report is to assist the work of the Prime Minister's Community Business Partnership.

Any views and recommendations of Philanthropy Australia expressed in this report do not necessarily reflect the views of the Commonwealth of Australia, or indicate a commitment to a particular course of action. The Commonwealth of Australia makes no representation or warranty as to the accuracy, reliability, completeness or currency of the information contained in this report.

- [Program Related Investments – an Opportunity for Australia](#)  [698 B] |  [Listen](#)
- [Program Related Investments – an Opportunity for Australia](#)  [356 kB]

Giving Australia 2016

The Department has commissioned the Queensland University of Technology [Australian Centre for Philanthropy and Non-profit Studies](#) to manage *Giving Australia 2016* in partnership with the Swinburne University of Technology's Centre for Social Impact and Centre for Corporate Public Affairs.

Giving Australia 2016 will collect comprehensive, up-to-date information from individuals, charitable organisations, philanthropists and businesses in Australia. This includes the giving of time, information, goods and services, voice and influence, as well as money, to improve the wellbeing of humanity and the community. *Giving Australia 2016* will provide critical information about giving and volunteering behaviours, attitudes and trends.

This data collection will refresh and expand on information gathered through *Giving Australia 2005*, commissioned as an initiative of the previous Partnership (1999 – 2007), to improve the understanding of philanthropic behaviours by individuals and businesses in Australia and to provide baseline data.

Giving Australia 2016 is expected to be completed in late 2016.

Technology and platforms for giving and volunteering

The Department has commissioned the Queensland University of Technology Australian Centre for Philanthropy and Non-profit Studies to research emerging technology and platforms for giving of money, goods and skilled and un-skilled volunteering in Australia and overseas. This project will assess:

- technology and platforms currently available in Australia and internationally
- what has been evaluated about technology and platforms for giving that work in Australia and internationally
- current Australian use and engagement with these, from existing literature and selected stakeholders
- demographic information on usage:
 - by individual givers
 - by organisations that are effectively using platforms to raise funds (actively and passively)
 - users and non-users, to identify enablers and constraints;
- emerging technology and platforms (what is on the horizon) in relation to:
 - giving cash and goods/items
 - skilled and unskilled volunteering
 - the potential for Australian givers, volunteers and the charitable sector to engage with these platforms and technologies, identifying any barriers

Technology and platforms for giving and volunteering was completed in mid 2016.

Fact sheet — Ancillary funds

What are they? When were they created? Why were they created? How do they differ from Item 1 DGRs?

- Ancillary funds provide a link between people who want to give (donors) and organisations that can receive tax deductible donations as deductible gift recipients (DGRs).
 - Ancillary funds are set up for the purpose of providing money, property or benefits to DGRs but do not deliver services in their own right. They can either be a private ancillary fund (PAF) or a public ancillary fund (PuAF). The distinction between these two types of funds is that a PAF does not need to seek contributions from the public.
 - Established as a vehicle to encourage philanthropy, donations to ancillary funds are deductible at the time of donation, though the funds are only applied to their DGR purpose at the annual distribution rate. This should allow a well-managed fund with a successful investment strategy to continue in perpetuity if that is the intent.
 - Ancillary funds must be endorsed by the ATO to obtain DGR status, and are sometimes referred to as item 2 DGRs and are not able to actively undertake projects. Rather they are required to make a minimum annual distribution to item 1 DGRs (which are the active or 'doing' DGRs) based on a percentage of the fund's total assets. The current annual minimum distribution levels are 5% of assets for PAFs and 4% of assets for PuAFs.
 - Ancillary funds are prohibited from distributing to each other. This has been a longstanding integrity feature and is intended to ensure that donated funds make their way to item 1 'doing' DGRs and do not merely circulate between ancillary funds.
- PAFs were formerly known as prescribed private funds (PPFs), which came about as a response to a 1999 report on philanthropy in Australia by the Business and Community Partnerships Working Group on Taxation Reform. In 2009, existing PPFs were renamed and converted to PAFs and new legislative guidelines for the establishment and maintenance of these PAFs were introduced.
 - In 2011, a regulatory framework for PuAFs was introduced, similar to the PAFs Guidelines.

Who regulates them? Do they have to comply with specific State laws?

- Ancillary funds must comply with the rules set out in the *Public Ancillary Fund Guidelines 2011* and *Private Ancillary Fund Guidelines 2009*, with compliance administered by the ATO.
- Ancillary funds registered with the ACNC have ongoing obligations under the ACNC Act. These include: notifying the ACNC of certain changes; keeping records; reporting annually by submitting an Annual Information Statement (AIS) and financial reports where required; and complying with governance standards.
- Ancillary Funds are also required to report annually to the ATO although negotiations are underway for this reporting to be integrated with the ACNC AIS from 2017.
- Ancillary funds must comply with all obligations with state, territory or local government agencies.



How many are there?

- At 22 February 2016 there were 3,035 ancillary funds, with 1,378 PAFs and 1,657 PuAFs.

How many were deregistered in the last 2 financial years (voluntarily or otherwise)?

- In the last two financial years ATO has revoked the endorsement of 24 PuAFs and 7 PAFs while 45 PuAFs and 11 PAFs have been disendorsed at their own request.

The Sydney Morning Herald

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Paul Ramsay's billions left to charity

Jessica Gardner

Published: May 2, 2014 - 8:16PM

Healthcare and media entrepreneur Paul Ramsay died on Thursday night after a short illness, leaving a philanthropic bequest of more than \$3 billion – one of the largest in Australian history – to his personal foundation that could distribute as much as \$50 million a year.

The late chairman and founder of private hospital operator Ramsay Health Care is believed to have suffered a heart attack just over a week ago while on his private yacht Oscar 11. He was travelling in Europe with a close circle of friends including deputy chairman Michael Siddle. After being admitted to a hospital on the Spanish island of Ibiza, Mr Ramsay was flown to his home in Bowral in the NSW Southern Highlands, where he died.

There had been speculation about the future of his \$3.3 billion stake in Ramsay, with some confidantes suggesting funds could have gone to the Catholic Church or his alma mater, Saint Ignatius' College, Riverview, the North Shore Jesuit school attended by Prime Minister Tony Abbott.

However, the details of the 78-year-old's wishes, which related to his 36.2 per cent stake in Ramsay, were announced by the company on Friday.

The Paul Ramsay Foundation "will receive the benefit of the vast majority of his controlling shareholding in Ramsay Health Care Limited, which will largely be retained on trust for the Foundation," the company said.

The "bulk" of Mr Ramsay's wider estate, most recently estimated by Forbes to be worth \$3.4 billion, will be transferred to the foundation also.

Mr Ramsay, who was the 11th-richest Australian, never married and had no children. He is survived by two siblings, Peter and twin sister Ann.

Philanthropy Australia chief executive Louise Walsh described the bequest as the biggest single charitable donation in Australian history. "Paul Ramsay's decision is an incredible act of generosity," she said.

Ms Walsh said she hoped it would "inspire other local entrepreneurs to follow his example".

The bequest will certainly make the foundation one of the most wealthy and sustainable philanthropic bodies in the country. If the complete Ramsay shareholding is maintained by the foundation it would provide a lucrative income stream worth tens of millions annually. Mr Ramsay held about 73 million shares in the company. In 2012-13 his dividend payment, on a distribution of 70.5¢ per share, would have been \$51.2 million.

However a spokeswoman for the company declined to provide further details on what causes it would support. Mr Ramsay lived a very private life and the previous activities of his charitable foundation were not widely publicised.

In December 2011, Mr Ramsay donated \$300,000 to the actor Kevin Spacey to support his foundation's work in supporting arts education.

Mr Ramsay's foundation is listed as a "major donor" in the 2008 annual report of Parent Infant Family Australia, which supports vulnerable families and is run by the official welfare agency of the Catholic Church, CatholicCare. The foundation has donated to the Prostate Cancer Foundation of Australia. Mr Ramsay was also a prominent donor to the Liberal Party.

Mr Ramsay's former school, St Ignatius' College, Riverview, said on Friday in a statement that he had been a generous benefactor and had previously arranged for him to come and address the school at an assembly later in 2014 this year but "sadly, this is not to be".

Earlier this year, Mr Ramsay celebrated the 50-year anniversary of the \$9 billion hospital operator that he built from a 16-bed psychiatric facility on Sydney's North Shore. He entered the media sector in 1983, buying a stake in Prime Media and leading its expansion into regional areas like Tamworth and Orange. Mr Ramsay sold his \$96 million, 30 per cent stake in Prime Media in February.

Seven executive chairman Kerry Stokes said Mr Ramsay had guided the development of Prime as a partner with the metro broadcaster for nearly 30 years. "During that period, he conducted his business with us as he lived his life. There was never a cross word or a raised voice. That's a miracle in our business," Mr Stokes said.

The Ramsay foundation is controlled by Mr Siddle, as well as Peter Evans and Tony Clark. The trio have had a long-term association with Mr Ramsay and are also directors of the company.

Although the announcement leaves room for some shares to be sold, the implications of this are not expected to be very significant. The company's share price has gained about 39 per cent in the past year, making it the second best performer among healthcare stocks in the S&P/ASX200 index.

with Sally Rose and Jake Mitchell

This story was found at: <http://www.smh.com.au/business/paul-ramsays-billions-left-to-charity-20140502-37m6t.html>

ABN	Clnt_Typ	ACNC_Reg	GENERAL	ITM_1_N	MAIN_NAME	STATE
95609948978	Non_GOV	Y	Research	3.1.1	THE WINSTON FOUNDATION LIMITED	?
48110456856	Non_GOV	Y	Research	3.1.1	INSTITUTE FOR REGIONAL SECURITY LTD	?
95102677417	Non_GOV	Y	Research	3.1.1	AUSTRALASIAN CENTRE FOR CORPORATE RESPONSIBILITY	ACT
90061969284	Non_GOV	Y	Research	3.1.1	THE AUSTRALIA INSTITUTE LTD	ACT
82061897158	Non_GOV	Y	Research	3.1.1	CAMBIA	ACT
68737804032	Non_GOV	Y	Research	3.1.1	AUSTRALIAN NEUROSCIENCE SOCIETY INC	ACT
68100902921	Non_GOV	Y	Research	3.1.1	AUSTRALIAN RESEARCH ALLIANCE FOR CHILDREN AND YOUTH LIMITED	ACT
65152955667	Non_GOV	Y	Research	3.1.1	REGIONAL AUSTRALIA INSTITUTE LTD	ACT
62051850563	Non_GOV	Y	Research	3.1.1	AUSTRALIAN SPACE RESEARCH INSTITUTE LIMITED	ACT
53067359684	Non_GOV	N	Research	3.1.1	THE MENZIES RESEARCH CENTRE LIMITED	ACT
51078396601	Non_GOV	N	Research	3.1.1	AUSTRALIAN PASTORAL RESEARCH TRUST	ACT
40090953236	Non_GOV	N	Research	3.1.1	AUSTRALIAN LIBRARY AND INFORMATION ASSOCIATION LTD	ACT
32152447142	Non_GOV	Y	Research	3.1.1	THE MCKELL INSTITUTE	N/A
99411356609	Non_GOV	Y	Research	3.1.1	THE AUSTRALASIAN COLLEGE OF DERMATOLOGISTS	NSW
98122077767	Non_GOV	Y	Research	3.1.1	PER CAPITA AUSTRALIA LIMITED	NSW
97428769214	Non_GOV	Y	Research	3.1.1	THE TRUSTEE FOR THE AUSTRALIAN SOCIETY FOR MEDICAL RESEARCH RESEARCH FUND	NSW
97000710074	Non_GOV	Y	Research	3.1.1	NEWCASTLE INNOVATION LIMITED	NSW
95001683334	Non_GOV	N	Research	3.1.1	APACE RESEARCH LTD	NSW
94082552574	Non_GOV	Y	Research	3.1.1	AOA RESEARCH FOUNDATION LIMITED	NSW
94050110346	Non_GOV	Y	Research	3.1.1	NEUROSCIENCE RESEARCH AUSTRALIA	NSW
92002789424	Non_GOV	Y	Research	3.1.1	AUSTRALIAN INSTITUTE OF MUSCULO-SKELETAL RESEARCH	NSW
91883702895	Non_GOV	Y	Research	3.1.1	MC CAUGHEY MEMORIAL INSTITUTE	NSW
91257269334	Non_GOV	Y	Research	3.1.1	THE HUNTER VALLEY RESEARCH FOUNDATION	NSW
91135539963	Non_GOV	Y	Research	3.1.1	CULTURE AT WORK	NSW
90085953331	Non_GOV	Y	Research	3.1.1	THE GEORGE INSTITUTE FOR GLOBAL HEALTH	NSW
85127315931	Non_GOV	Y	Research	3.1.1	THE ST GEORGE & SUTHERLAND MEDICAL RESEARCH FOUNDATION	NSW
85001422895	Non_GOV	Y	Research	3.1.1	NATIONAL FOUNDATION FOR MEDICAL RESEARCH AND INNOVATION	NSW
84117222063	Non_GOV	Y	Research	3.1.1	SYDNEY INSTITUTE OF MARINE SCIENCE	NSW
82163027192	Non_GOV	Y	Research	3.1.1	GOOD2GIVE RESEARCH AND TECHNOLOGY LTD	NSW
82124425896	Non_GOV	Y	Research	3.1.1	CENTRE FOR POLICY DEVELOPMENT LIMITED	NSW
82078401206	Non_GOV	Y	Research	3.1.1	SUSTAINABILITY RESEARCH INSTITUTE	NSW
80922162639	Non_GOV	N	Research	3.1.1	SCIENCE-ART RESEARCH CENTRE OF AUSTRALIA INC.	NSW
78689565952	Non_GOV	Y	Research	3.1.1	HUNTER VALLEY EQUINE RESEARCH CENTRE LIMITED	NSW
78669804328	Non_GOV	Y	Research	3.1.1	JUBILE AUSTRALIA RESEARCH CENTRE	NSW
78550982409	Non_GOV	Y	Research	3.1.1	AUSTRALIAN AND NEW ZEALAND CHILDREN'S HAEMATOLOGY/ONCOLOGY GROUP INC	NSW
74158998399	Non_GOV	Y	Research	3.1.1	IVF AUSTRALIA RESEARCH FOUNDATION	NSW
70980743398	Non_GOV	Y	Research	3.1.1	SUTHERLAND ASTRONOMICAL SOCIETY INCORPORATED	NSW
70169043467	Non_GOV	Y	Research	3.1.1	SPACE ENVIRONMENT RESEARCH CENTRE LIMITED	NSW
69081064486	Non_GOV	Y	Research	3.1.1	BOWEL CANCER FOUNDATION PTY LTD	NSW
66095659447	Non_GOV	N	Research	3.1.1	LINNEAN SOCIETY OF NSW	NSW
66095659447	Non_GOV	N	Research	3.1.1	LINNEAN SOCIETY OF NSW	NSW
62330391937	Non_GOV	Y	Research	3.1.1	THE GARVAN INSTITUTE OF MEDICAL RESEARCH	NSW
57076854021	Non_GOV	Y	Research	3.1.1	THE TAXPAYERS RESEARCH FOUNDATION LIMITED	NSW
56067381999	Non_GOV	Y	Research	3.1.1	AUSTRALIAN BUSINESS FOUNDATION LIMITED	NSW
55108556207	Non_GOV	Y	Research	3.1.1	COLORECTAL SURGICAL SOCIETY OF AUSTRALIA AND NEW ZEALAND FOUNDATION PTY LTD	NSW
54963830138	Non_GOV	N	Research	3.1.1	AUSTRALIAN DENTAL RESEARCH FOUNDATION INC.	NSW
53292618546	Non_GOV	Y	Research	3.1.1	APPROPRIATE TECHNOLOGY FOR COMMUNITY & ENVIRONMENT INC	NSW
51856560421	Non_GOV	Y	Research	3.1.1	LIZARD ISLAND REEF RESEARCH FOUNDATION	NSW

ABN	Clnt_Typ	ACNC_Reg	GENERAL	ITM_1	MAIN_NAME	STATE
49081303282	Non_GOV	Y	Research	3.1.1	BRIEN HOLDEN VISION INSTITUTE	NSW
48066780005	Non_GOV	Y	Research	3.1.1	ANZAC HEALTH AND MEDICAL RESEARCH FOUNDATION	NSW
47513310423	Non_GOV	Y	Research	3.1.1	THE TRUSTEE FOR SYDNEY INSTITUTE OF MARINE SCIENCE FOUNDATION	NSW
46789710580	Non_GOV	Y	Research	3.1.1	MOTOR NEURONE DISEASE RESEARCH INSTITUTE OF AUSTRALIA INCORPORATED	NSW
45126369757	Non_GOV	Y	Research	3.1.1	MANLY ASTROPHYSICS PTY LTD	NSW
44001171115	Non_GOV	Y	Research	3.1.1	GASTROENTEROLOGICAL SOCIETY OF AUSTRALIA	NSW
38523266751	Non_GOV	Y	Research	3.1.1	THE TRUSTEE FOR FINANCIAL MARKETS FOUNDATION FOR CHILDREN	NSW
37008393146	Non_GOV	Y	Research	3.1.1	THE OPHTHALMIC RESEARCH INSTITUTE OF AUSTRALIA	NSW
34093854267	Non_GOV	Y	Research	3.1.1	AUSTRALASIAN GASTRO-INTESTINAL TRIALS GROUP	NSW
32107937717	Non_GOV	N	Research	3.1.1	AUSTRALIAN AND NEW ZEALAND SOCIETY OF BLOOD TRANSFUSION LIMITED	NSW
31000007518	Non_GOV	Y	Research	3.1.1	ROYAL ZOOLOGICAL SOCIETY OF NEW SOUTH WALES	NSW
29107483661	Non_GOV	Y	Research	3.1.1	AUSTRALIAN FARM INSTITUTE LIMITED	NSW
29001511253	Non_GOV	N	Research	3.1.1	OCEANIC RESEARCH FOUNDATION LTD	NSW
28349680213	Non_GOV	Y	Research	3.1.1	THE TRUSTEE FOR NEW DEMOCRACY FOUNDATION	NSW
27076461360	Non_GOV	Y	Research	3.1.1	AUSTRALIAN CANCER RESEARCH FOUNDATION	NSW
25096242410	Non_GOV	Y	Research	3.1.1	AUSTRALIA 21 LIMITED	NSW
24539575487	Non_GOV	Y	Research	3.1.1	AUSTRALASIAN RESEARCH INSTITUTE	NSW
23002284862	Non_GOV	Y	Research	3.1.1	THE SAINT JUDE FOUNDATION	NSW
22092454279	Non_GOV	N	Research	3.1.1	AUSTRALIAN SYSTEMATIC BOTANYSOCIETY INCORPORATED	NSW
22089078464	Non_GOV	Y	Research	3.1.1	TRISH MS COMPANY LIMITED	NSW
15134203419	Non_GOV	Y	Research	3.1.1	INSTITUTE FOR ECONOMICS AND PEACE LIMITED	NSW
14758725506	Non_GOV	Y	Research	3.1.1	AUSTRALIAN FLORA FOUNDATION INC	NSW
14084315380	Non_GOV	Y	Research	3.1.1	THE GUT FOUNDATION	NSW
81160498448	Non_GOV	Y	Research	3.1.1	DESERT KNOWLEDGE FOUNDATION LTD	NT
70413542847	Non_GOV	Y	Research	3.1.1	MENZIES SCHOOL OF HEALTH RESEARCH	NT
97132199976	Non_GOV	Y	Research	3.1.1	ONCOLOGY RESEARCH AUSTRALIA	QLD
87014673068	Non_GOV	Y	Research	3.1.1	THE ROYAL GEOGRAPHICAL SOCIETY OF QUEENSLAND INC	QLD
85066149666	Non_GOV	Y	Research	3.1.1	WESLEY MEDICAL RESEARCH LTD	QLD
81763914979	Non_GOV	Y	Research	3.1.1	THE TOWNSVILLE HOSPITAL FOUNDATION	QLD
74005305117	Non_GOV	Y	Research	3.1.1	AUSTRALIAN SPINAL RESEARCH FOUNDATION	QLD
66114027649	Non_GOV	Y	Research	3.1.1	PA RESEARCH FOUNDATION	QLD
63942912684	Non_GOV	Y	Research	3.1.1	THE UNIVERSITY OF QUEENSLAND	QLD
58601910141	Non_GOV	Y	Research	3.1.1	MAHARISHI VEDIC RESEARCH INSTITUTE LTD	QLD
48074684049	Non_GOV	Y	Research	3.1.1	THE AUSTRALIAN PERIODONTOLOGY RESEARCH FOUNDATION	QLD
46053146491	Non_GOV	Y	Research	3.1.1	SEA WORLD RESEARCH & RESCUE FOUNDATION INC.	QLD
45120223369	Non_GOV	Y	Research	3.1.1	EIDOS INSTITUTE LIMITED	QLD
43891564740	Non_GOV	Y	Research	3.1.1	QUEENSLAND ORNITHOLOGICAL SOCIETY INC	QLD
39100927544	Non_GOV	Y	Research	3.1.1	QUEENSLAND FERTILITY GROUP RESEARCH FOUNDATION LIMITED	QLD
39084904594	Non_GOV	Y	Research	3.1.1	CANNAN INSTITUTE LIMITED	QLD
34853168302	Non_GOV	Y	Research	3.1.1	THE PRINCE CHARLES HOSPITAL FOUNDATION	QLD
31411813344	Non_GOV	Y	Research	3.1.1	THE COUNCIL OF THE QUEENSLAND INSTITUTE OF MEDICAL RESEARCH	QLD
12076595072	Non_GOV	Y	Research	3.1.1	ST ANDREW'S MEDICAL INSTITUTE FOUNDATION LIMITED	QLD
90528422430	Non_GOV	Y	Research	3.1.1	THE AUSTRALIAN CENTRE FOR SOCIAL INNOVATION INC	SA
86248830078	Non_GOV	Y	Research	3.1.1	THE QUEEN ELIZABETH HOSPITAL RESEARCH FOUNDATION INCORPORATED	SA
71448549600	Non_GOV	Y	Research	3.1.1	THE DON DUNSTAN FOUNDATION	SA
65711753656	Non_GOV	Y	Research	3.1.1	AUSTRALIAN SOCIETY OF EXPLORATIONGEOPHYSICISTS RESEARCH FOUNDATION	SA
52218428050	Non_GOV	Y	Research	3.1.1	THE A.W. HOWARD MEMORIAL TRUST INCORPORATED	SA
41138376753	Non_GOV	Y	Research	3.1.1	INTEGRAL INSTITUTE AUSTRALIA	SA

ABN	Clnt_Typ	ACNC_Reg	GENERAL	ITM_1_N	MAIN_NAME	STATE
34010641179	Non_GOV	Y	Research	3.1.1	BONE GROWTH FOUNDATION INC	SA
23637146431	Non_GOV	Y	Research	3.1.1	CHANNEL 7 CHILDRENS RESEARCH FOUNDATION OF SA INC	SA
18148172347	Non_GOV	Y	Research	3.1.1	AUSTRALIAN RESPIRATORY AND SLEEP MEDICINE INSTITUTE LIMITED	SA
32255262915	Non_GOV	Y	Research	3.1.1	ROYAL HOBART HOSPITAL RESEARCH FOUNDATION INCORPORATED	TAS
99709792885	Non_GOV	Y	Research	3.1.1	BLUE WHALE STUDY INC.	VIC
99697841525	Non_GOV	Y	Research	3.1.1	MONASH INSTITUTE FOR NEUROLOGICAL DISEASES INC	VIC
97085318743	Non_GOV	Y	Research	3.1.1	MELBOURNE ORTHOPAEDIC RESEARCH INSTITUTE LTD	VIC
96562879327	Non_GOV	Y	Research	3.1.1	THE AUSTRALIAN COLLEGE OF EDUCATORS	VIC
96562879327	Non_GOV	Y	Research	3.1.1	THE AUSTRALIAN COLLEGE OF EDUCATORS	VIC
95736750613	Non_GOV	Y	Research	3.1.1	PHYSIOTHERAPY RESEARCH FOUNDATION TRUST	VIC
92536010060	Non_GOV	Y	Research	3.1.1	SIR EDWARD DUNLOP MEDICAL RESEARCH FOUNDATION	VIC
92087981510	Non_GOV	Y	Research	3.1.1	BIRCHIP CROPPING GROUP INC	VIC
87838627010	Non_GOV	Y	Research	3.1.1	THE TRUSTEE FOR AUSTRALIAN MULTICULTURAL FOUNDATION RESEARCH TRUST	VIC
87004076475	Non_GOV	Y	Research	3.1.1	ROYAL AUSTRALASIAN ORNITHOLOGISTS UNION	VIC
85098918686	Non_GOV	Y	Research	3.1.1	ORYGEN	VIC
82005181671	Non_GOV	Y	Research	3.1.1	THE AUSTRALIAN ORCHID FOUNDATION	VIC
72076481984	Non_GOV	Y	Research	3.1.1	CENTRE FOR EYE RESEARCH AUSTRALIA LIMITED	VIC
72074002029	Non_GOV	Y	Research	3.1.1	ELEVO INSTITUTE	VIC
71730586761	Non_GOV	Y	Research	3.1.1	CAROLINE CHISHOLM CENTRE FOR HEALTH ETHICS INC	VIC
69630583817	Non_GOV	Y	Research	3.1.1	PROSPER AUSTRALIA RESEARCH INSTITUTE LIMITED	VIC
69169307528	Non_GOV	Y	Research	3.1.1	NINTI ONE FOUNDATION LIMITED	VIC
62024076688	Non_GOV	Y	Research	3.1.1	O'BRIEN FOUNDATION	VIC
59135483055	Non_GOV	Y	Research	3.1.1	EPWORTH RESEARCH INSTITUTE LTD	VIC
59083092255	Non_GOV	Y	Research	3.1.1	O'BRIEN INSTITUTE	VIC
58105407798	Non_GOV	Y	Research	3.1.1	NATIONAL EDUCATION AND EMPLOYMENT FOUNDATION	VIC
50169561394	Non_GOV	Y	Research	3.1.1	AUSTRALIAN RED CROSS SOCIETY	VIC
49008627727	Non_GOV	N	Research	3.1.1	INSTITUTE OF PUBLIC AFFAIRS LIMITED	VIC
49008600922	Non_GOV	Y	Research	3.1.1	COMMITTEE FOR ECONOMIC DEVELOPMENT OF AUSTRALIA	VIC
48101228451	Non_GOV	Y	Research	3.1.1	THE MENTAL HEALTH RESEARCH INSTITUTE PTY LTD	VIC
42006173379	Non_GOV	Y	Research	3.1.1	NATIONAL STROKE FOUNDATION	VIC
39093685879	Non_GOV	Y	Research	3.1.1	INSTITUTE FOR BREATHING AND SLEEP	VIC
33886902896	Non_GOV	Y	Research	3.1.1	THE TRUSTEE FOR INSTITUTE OF PUBLIC AFFAIRS RESEARCH TRUST	VIC
32386589943	Non_GOV	Y	Research	3.1.1	ALLERGY & ENVIRONMENTAL SENSITIVITY SUPPORT & RESEARCH ASSOCIATION INC	VIC
32386589943	Non_GOV	Y	Research	3.1.1	ALLERGY & ENVIRONMENTAL SENSITIVITY SUPPORT & RESEARCH ASSOCIATION INC	VIC
29875430244	Non_GOV	Y	Research	3.1.1	THE TRUSTEE FOR WESLEY COLLEGE INSTITUTE FOR INNOVATION IN EDUCATION	VIC
25875253851	Non_GOV	Y	Research	3.1.1	EARTHWATCH INSTITUTE	VIC
21006566972	Non_GOV	Y	Research	3.1.1	MURDOCH CHILDRENS RESEARCH INSTITUTE	VIC
19004398145	Non_GOV	Y	Research	3.1.1	THE AUSTRALIAN COUNCIL FOR EDUCATIONAL RESEARCH LIMITED	VIC
17134323756	Non_GOV	Y	Research	3.1.1	GRATTAN INSTITUTE	VIC
13063150739	Non_GOV	N	Research	3.1.1	THE AUSTRALASIAN INSTITUTE OF JUDICIAL ADMINISTRATION INCORPORATED	VIC
12570495196	Non_GOV	Y	Research	3.1.1	THE TRUSTEE FOR AUSTRALIAN SOCIETY FOR MICROBIOLOGY RESEARCH TRUST	VIC
12004251423	Non_GOV	Y	Research	3.1.1	THE WALTER AND ELIZA HALL INSTITUTE OF MEDICAL RESEARCH	VIC
11004857827	Non_GOV	Y	Research	3.1.1	AUSTIN MEDICAL RESEARCH FOUNDATION	VIC
86009278755	Non_GOV	Y	Research	3.1.1	TELETHON KIDS INSTITUTE	WA
78098197636	Non_GOV	Y	Research	3.1.1	INSTITUTE FOR RESPIRATORY HEALTH INC	WA
71092965485	Non_GOV	Y	Research	3.1.1	FUTURE DIRECTIONS INTERNATIONAL PTY LTD	WA
69785472536	Non_GOV	Y	Research	3.1.1	THE ASTRONOMICAL SOCIETY OF WESTERN AUSTRALIA INC	WA
67161830965	Non_GOV	Y	Research	3.1.1	IMMUNOGENETICS RESEARCH FOUNDATION WA INC	WA

ABN	Clnt_Typ	ACNC_Reg	GENERAL	ITM_1_N	MAIN_NAME	STATE
65924844121	Non_GOV	Y	Research	3.1.1	CENTRE FOR WHALE RESEARCH WESTERN AUSTRALIA INCORPORATED	WA
61616369313	Non_GOV	Y	Research	3.1.1	MURDOCH UNIVERSITY	WA
58366731760	Non_GOV	Y	Research	3.1.1	BUSSELTON POPULATION MEDICAL RESEARCH INSTITUTE (INC.)	WA
41168648165	Non_GOV	Y	Research	3.1.1	INTEGRAL LEADERSHIP INSTITUTE INC	WA
32841244952	Non_GOV	N	Research	3.1.1	WESTERN AUSTRALIAN SURGICAL RESEARCHAND DEVELOPMENT FOUND INC	WA
32609695701	Non_GOV	Y	Research	3.1.1	MARS SOCIETY AUSTRALIA INC.	WA
25721799421	Non_GOV	Y	Research	3.1.1	THE LIONS EYE INSTITUTE OF WESTERN AUSTRALIA INC	WA
11605454144	Non_GOV	Y	Research	3.1.1	AUSTRALIAN CYBER SECURITY RESEARCH INSTITUTE LIMITED	WA
41687119230	GOV	N	Research	3.1.1	COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION	ACT
35201451156	GOV	N	Research	3.1.1	AUSTRALIAN RESEARCH COUNCIL	ACT
71599574122	GOV	N	Research	3.1.1	PARKS & WILDLIFE COMMISSION OF NT	NT
35302506443	GOV	N	Research	3.1.1	SA PATHOLOGY	SA
38052249024	GOV	N	Research	3.1.1	DEPARTMENT OF PARKS AND WILDLIFE	WA

Ramsey 2014-15 → 3 billion
to PAF.

Taxation statistics 2013–14 Charities and deductible gifts: Put

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Number of Private Ancillary Funds (PAFs) approved	54	57	28	95	84	153
Total number of PAFs²	822	879	907	1,002	1,069	1,204
PAF donations received	272,705,651	321,042,818	304,391,894	354,494,009	293,842,602	517,302,549
PAF distributions made^{3,4}						
Health	14,410,340	18,435,455	14,160,319	33,001,353	27,926,685	na
Education	14,540,161	20,261,363	9,977,762	24,771,616	36,360,901	na 3
Research	2,874,685	25,081,891	4,931,365	32,605,299	8,999,479	na
Welfare	49,651,302	48,878,297	42,091,825	69,836,571	72,427,783	na 1
Environment	13,006,208	12,645,892	13,311,684	8,153,522	9,049,031	na
International Affairs	10,243,277	16,179,924	17,584,209	18,019,217	19,568,947	na
Sports & Recreation	17,369	53,535	87,697	65,743	41,900	na
Cultural Organisations	18,546,509	26,368,480	28,341,761	22,760,139	40,937,178	na 2
Other	22,290,872	23,983,222	22,916,849	33,015,696	21,427,641	na
Ancillary Fund DGRs	7,153,762	4,631,412	11,611,933	6,382,749	4,442,391	na
Not a DGR	1,252,612	949,900	32,100	1,991,891	562,130	na
Not a DGR but a TCC	1,256,764	0	362,640	1,059,832	1,804,772	na
Insufficient details provided	na	na	na	na	937,633	na
Total distributions made	155,243,860	197,469,370	165,410,144	251,663,628	244,486,471	300,717,768
Net PAF assets	2,038,190,489	2,266,832,328	2,124,462,317	2,933,595,859	2,811,803,991	3,966,074,142
Number of Public Ancillary Funds (PubAFs) approved	na	na	na	101	99	91
Total number of PubAFs^{2,5}	na	na	na	1,437	1,527	1,550
PubAF donations received	na	na	na	337,480,586	275,430,757	435,046,389
PubAF distributions made^{3,4}						
Health	na	na	na	54,550,247	48,184,549	na 3
Education	na	na	na	65,139,978	104,753,951	na 1
Research	na	na	na	26,527,038	11,571,858	na
Welfare	na	na	na	192,109,915	100,694,479	na 2
Environment	na	na	na	918,933	1,072,759	na
International Affairs	na	na	na	4,355,701	7,972,587	na
Sports & Recreation	na	na	na	633,227	698,365	na
Cultural Organisations	na	na	na	11,030,854	13,929,865	na
Other	na	na	na	1,801,370	1,527,638	na
Ancillary Fund DGRs	na	na	na	3,456,273	5,836,347	na
Not a DGR	na	na	na	6,652,301	1,292,749	na
Not a DGR but a TCC	na	na	na	3,270,894	6,995,191	na
Insufficient details provided	na	na	na	na	1,815,097	na
Total distributions made	na	na	na	370,466,731	306,345,435	330,358,550
Net PubAF assets	na	na	na	1,682,074,592	1,572,506,096	1,732,923,370

~~PROTECTED Sensitive: Cabinet~~

PDR: MC17-046317

DEPARTMENT OF THE PRIME MINISTER AND CABINET

PM&C
Secretary
Dr Gruen
Mr Duggan
Mr Castellino
Ms Parry
Ms Borwick

To: Assistant Minister to the Prime Minister (for decision by Friday 9 June 2017)**CONSULTATION PAPER ON DEDUCTIBLE GIFT RECIPIENT TAX CONCESSIONS**

PMO
CoS
s22 s22
s22

AMO
CoS

Recommendation - that you:

1. sign the letter at Attachment A agreeing to the Acting Minister for Revenue and Financial Services releasing the consultation paper on Deductible Gift Recipient (DGR) tax concessions.

Signed / Not Signed

JAMES MCGRATH

Date:

Comments:

Key Points:

1. We support the Acting Minister for Revenue and Financial Services' request (Attachment B) to release a consultation paper exploring several proposals to improve governance, reduce complexity and reduce the DGR stock.

s34(3)

s47C

3. s34(3)

Background

4. The Prime Minister's Community Business Partnership (the Partnership) will welcome an invitation from the Minister for Revenue and Financial Services to make a submission in response to the DGR tax concessions consultation paper.

~~PROTECTED Sensitive: Cabinet~~

- a. At the Partnership's 18 April 2017 meeting, the members noted their concerns with the current DGR framework, particularly the challenges to gaining DGR status. They are keen to pursue these issues further.
- b. The Partnership held a roundtable in 2016 with relevant stakeholders to discuss DGR reforms and has engaged with Treasury and the Australian Charities and Not-for-profits Commission on this matter in the past.
- c. The Minister for Social Services, who is Deputy Chair of the Partnership, has stated his intention to invite the Minister for Revenue and Financial Services to provide a briefing on DGRs at the next meeting.

Rachel Lloyd
Assistant Secretary
Taxation, Financial Sector and
Employment Branch
7 June 2017

Policy Officer: s22
Phone no: s22
Consultation: Regulatory Reform, Fiscal,
CabDiv, Social Policy.

ATTACHMENTS

ATTACHMENT A DRAFT RESPONSE

ATTACHMENT B INCOMING CORRESPONDENCE



SENATOR THE HON JAMES MCGRATH
ASSISTANT MINISTER TO THE PRIME MINISTER

Reference: MC17-046317

Senator The Hon Mathias Cormann
Acting Minister for Revenue and Financial Services
Parliament House
CANBERRA ACT 2600

Dear Minister

Thank you for your letter to the Prime Minister dated 23 March 2017 regarding deductible gift recipient (DGR) tax concessions. I have been asked to respond on the Prime Minister's behalf.

s34(3)

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I welcome your intention to write to the PM's Community Business Partnership inviting them to make a submission in response to DGR tax concessions discussion paper as they have done significant work in this area.

I have copied this letter to the Minister for Social Services.

Yours sincerely

JAMES MCGRATH

/ / 2017