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29 September 2003

Consultation on the Definition of a Charity
The Board of Taxation
C/- The Treasury
Langton Crescent
PARKES ACT 2600

Re: Submission to the Board of Taxation on the Definition of a Charity

Thank you for the opportunity to respond to the terms of reference of the Consultation on the Definition of a Charity.

What is the name of your charitable organisation? what are your contact details?

The Association of Neighbourhood Houses and Learning Centres (ANHLC Inc.)
Floor 9, 289 Flinders Lane
MELBOURNE 3000
Phone 9654 1104
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What is the dominant (main) purpose/s of your charitable organisation?

The Association of Neighbourhood Houses and Learning Centres (ANHLC Inc.) was established in the early 70's and is the peak body for Victoria's three hundred and fifty neighbourhood houses and community learning centres. Membership services of the ANHLC include: representation of sector interests to the state government, the adult education bureaucracy and relevant statutory and regulatory bodies, opportunities to network with others in the neighbourhood house sector, resourcing and referral on financial, legal, industrial and management issues.

ANHLC is managed by an elected board of house co-ordinators and management committee members. The present board has strong

representation from rural and regional areas. The organisation is funded by membership fees, the Department of Human Services and the Adult Community and Further Education Board.

The vision of the Association of Neighbourhood Houses and Learning Centres is of just and empowered local communities in which our member organisations provide opportunities for people's participation and learning.

The mission of the Association of Neighbourhood Houses and Learning Centres is to support and develop the movement of Neighbourhood Houses and Community Learning Centres as individual organisations and as a collective.

Neighbourhood houses and community learning centres are community managed non-profit organisations. The centres are managed by voluntary committees and operated by part-time staff and volunteers. The houses/centres are all non-profit entities and although they may be funded by government departments [this varies significantly] most houses/centres are reliant on funding from community support, fundraising and fee-for-service programs in order to operate.

Neighbourhood houses and community learning centres provide a range of community support and adult learning programs. These services are developed in response to the needs and concerns of the residents in the locality in which they are based.

With reference to the preamble on 'workability' do you have any concerns or issues that you wish to raise about the workability of the legislative definition of a charity proposed in the exposure draft Charities Bill 2003?

- For Community Houses the proposed legislation does provide greater clarity, particularly through clauses 1.63 1.65 -1.67. (Charities bill explanatory material). However concern still remains as to the interpretation, and ongoing precedents taken by the ATO in interpreting the definitions. In the past there has not always been consistency.
- Hopefully it will provide transparency, but again this will rely on consistent interpretation by the ATO.

Would the Charities Bill 2003 impose any additional administrative burden on your charitable organisation? How? What additional compliance costs do you anticipate?

- Increased administrative time in completing appropriate paper work.

In your assessment, does the Charities Bill 2003 provide the flexibility to ensure the definition can adapt to the changing needs of society?

- The definition creates a certain amount of increased flexibility that will accommodate some changes to the way services for public benefit are delivered in the foreseeable future. **However:**
- Clause 8 disqualifies organisations which "have the purpose of attempting to change the law or government policy." Many of our member organisations exist to enhance the lives of the community through their advocacy role. These organisations constantly work to change government policies and laws to improve the educational and life opportunities of their participants. The advocacy work of our members is for the public benefit as in keeping with 1 a,b,c of section 7

of the Exposure Draft. In our sector it is impossible to be committed to the public benefit and not to be committed to social and policy change.

- There is concern regarding organisations with current PBI status, and the impact a review and consequent change to this status would have on the organisation.

If the public benefit test were further strengthened by requiring the dominant purpose of a charitable entity to also be altruistic, would this affect your organisation? If so, how?

- ANHLC can only support the requirement that the dominant purpose of a charitable entity to also be altruistic if the definition of altruism is 'unselfish concern for the welfare of others where there is no connection to the direct interest of the individuals that control the entity'.
- ANHLC cannot support a notion of altruistic that is 'characterised as a voluntarily assumed obligation to community well being' (as in Tax Board Guide on Preparing a Submission). Our member organisations are run by a combination of paid staff and community volunteers, the suggested definition of altruistic would be quite unworkable and confusing in our sector.

Thank you for the opportunity to put forward this submission.

Yours sincerely,

Clare Corbet
Acting Executive Officer

