



Monday, 7 April 2014

General Manager
Law Design Practice
The Treasury
Langton Crescent
PARKES ACT 2600

Response to Restating and Centralising the Special Conditions for Tax Concession Entities 12 March 2014 Exposure Draft

Introduction

St John Ambulance Australia (St John) appreciates the opportunity to provide input into the *Restating and Centralising the Special Conditions for Tax Concession Entities, 12 March 2014, Exposure draft* (Restating and Centralising the Special Conditions for Tax Concession Entities).

St John largely supports the intent of the draft legislation to ensure that income tax exempt entities must generally be operated principally in Australia and for the broad benefit of the Australian community (with some exemptions). St John also supports the intent that deductible gift recipients must generally operate solely in Australia.

While St John understands the need for, and supports such reforms however, it is important to note the need for clarity around a number of important issues with the proposed Restating and Centralisation the Special Conditions for Tax Concessions that impacts charitable entities like St John. Namely, St John contends that some incidental support for overseas organisations should be allowed without the requirements to set up Overseas Aid Gift Funds.

About St John Ambulance Australia

St John is one of the world's oldest health charities. In Australia, St John aims to empower the community through our central goal of making first aid a part of everybody's life.

Active in Australia for over 130 years, St John is a self-funding, charitable organisation active in all states and territories, dedicated to helping people in sickness, distress, suffering or danger. St John provides first aid and related services to the community, including:

- first aid services at events and emergencies
- first aid training
- youth development opportunities
- various community care programs
- a national public access defibrillation program, and
- ophthalmic programs.

St John Ambulance Australia is the country's leading supplier of first aid services and training.

St John is largely self-funding, with government contracts limited to provision of ambulance services in Western Australia and Northern Territory, some community services programs and specific project grants.

St John in Australia consists of nine (9) separate organisations (Associations or Companies limited by guarantee). The eight (8) state/territory organisations are responsible for delivering the wide range of charitable services provided by St John. The ninth organisation, referred to as the National Office, is responsible for ensuring the St John name and reputation is protected as well as providing a wide range of services to the state/territory St John organisations. All nine (9) St John organisations are currently registered as charities.

The need for incidental support for overseas organisation under the DGR framework to be broadened

St John is part of a larger international organisation working in 42 countries across Europe, North America, the Caribbean, Africa and Asia Pacific. This organisation, the 'Order of St John', is the world's oldest health charity and has its origins with an Eye Hospital in Jerusalem originating in 1099, well over 900 years ago.

St John has provided support for the last several years to some of our international entities. This support includes training in first aid as well as some financial support for initiatives falling within a community development context. St John provides some financial support to the St John Eye Hospital, as well as providing a small amount of support to St John Entities in Papua New Guinea and the Solomon Islands. Whilst this support is minor and incidental to the activities of St John across Australia, St John has been advised that we need to establish an Overseas Aid Fund.

Over the last three years St John has submitted two applications to AusAid (now Department of Foreign Affairs and Trade or DFAT) regarding Overseas Aid Deductible Gift Scheme (OAGDS) in order to ensure that Australians willing to donate for international projects can claim their donation as a tax deduction. St John was informed that it could take several years to receive status as an 'Overseas Aid Gift Fund'. When our first application was submitted, we were informed that it would take several months due to the number of applications received by AusAid. Our understanding was that was due to the announcement of the new 'In Australia' legislation.

St John's first application was unsuccessful. Although St John addressed the concerns that were raised by AusAid in the first application, in the second application, several new concerns were raised and this application too was unsuccessful. These new concerns included that, although St John had been registered by both the Australian Taxation Office (ATO) and the Australian Charities and No-for-Profits Commission (ACNC), AusAid did not consider that St John had successfully met the criteria of a 'voluntary, not-for-profit and non-government entity'.

St John will again be submitting an application for OAGDS despite our support activities outside of Australia being minimal, unless our incidental international activities can fall under the Tax Laws Amendment.

Given the incidental amount of work that St John undertakes internationally (currently, financial support makes up 0.5% of our annual expenditure Australia-wide), the burden placed on St John—a charitable, not-for-profit organisation—with respect to these applications and meeting their significant requirements has been considerable both in time and effort, and could certainly be considered out of proportion to the minimal international support provided by us. Time and effort placed in these applications has also detracted from our ability to provide support to organisations, and in turn developing communities, in need internationally.

St John believes that the lengthy and onerous process for obtaining OAGDS is prohibitive for charitable organisations like St John when considered in light of the small amount of support given internationally by us. OAGDS makes sense for organisations providing significant support internationally or where such support is an organisations primary purpose, but less so for minimal support initiatives and especially where an organisation’s activities are undertaken primarily in Australia. If St John is unable to achieve OAGDS, we will be unable to continue providing the international community with much needed support.

As such, St John advocates the need for other avenues for organisations providing ‘minimal’ or ‘incidental’ international support/activities, such as through the current Centralisation the Special Conditions for Tax Concessions.

The Tax Laws Amendment (2014 Measures No. #; Regulation 2014) provisions provide special conditions to environmental organisations and an exemption from the ‘In Australia’ legislation. Touring arts organisations are also given special exemptions providing certain provisions are met. Organisations like St John, involved in providing incidental health or related services internationally (i.e. first aid) appear to have been overlooked, requiring us to proceed to the OAGDS process. If environmental and touring arts organisations are afforded special exemptions, surely organisations that provide incidental support to benefit developing communities internationally, when their business is primarily conducted in Australia and in line with their mission, can be considered under the Tax Laws Amendment.

The primary work of St John in Australia and any work undertaken or supported overseas is consistent with the charitable goals of St John, namely; to save lives and provide first aid and related services that build community and individual resilience. The support activities undertaken by St John internationally aid in meeting the Millennium Development Goals that the Australian Government has committed to, that guide ‘...the international community in the goal of eliminating poverty, hunger, inequality and disease, and to achieve environmental sustainability and inclusive growth for all’ (Australian Government, 2010). Every bit of support to these international communities in need counts, no matter how small. By not making provisions for such incidental support internationally and reducing the red tape, a reduction in such valuable work will ensue, the consequences of which will be felt in the international community and by the people most in need.

Conclusion

In summary, St John seeks to:

- have it clarified in the legislation that if deductible gift recipients are generally operating solely in Australia, incidental support (including minor financial support) will be allowed if the support is aligned with an organisation's charitable goals.
- To include 'incidental financial support' examples in 'incidental activities'.

St John welcomes the opportunity to comment on the draft 'In Australia' legislation. I am happy to discuss any aspect of this submission.

Peter LeCornu
Chief Executive Officer
St John Ambulance Australia

7th April 2014