

11 April 2007

Mr Peter Hallahan  
Committee Secretary  
Senate Economics Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

By email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Mr Hallahan

Re: Inquiry into the Tax Laws Amendment (2007 Measures No. 2) Bill 2007 (the "Tax Bill")

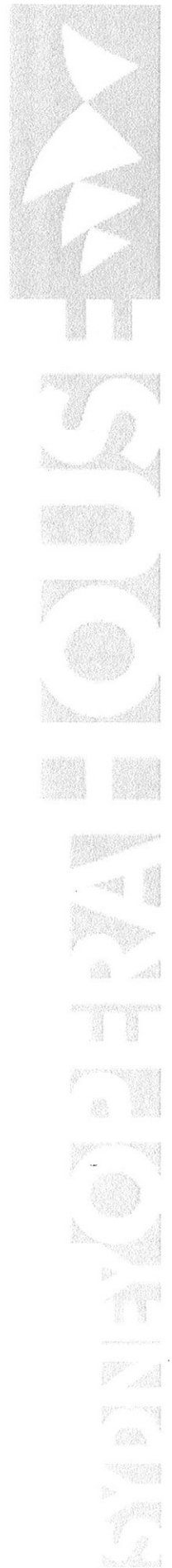
I am writing to record the support of Sydney Opera House to the proposed amendments to the provisions dealing with "exempt entities" contained in the above Tax Bill.

As commented in the second reading speech for the Bill:

*"This Bill will make technical amendments and corrections to the way the income tax law applies to exempt entities. It will ensure that Public Ancillary Funds or Prescribed Private Funds do not lose their income tax exempt status if they distribute money to Commonwealth, State or Territory bodies which are exempt from tax and also deductible gift recipients. Examples of such bodies are the National Gallery of Victoria, the Sydney Opera House and the National Portrait Gallery."*

The relevant amendments are contained in Schedule 7 of the Tax Bill - refer to section 14 - the proposed changes to the definition of "exempt entity" contained in subsection 995-1(1). Refer also to sections 7.2 to 7.12 of the Explanatory Memorandum for the Tax Bill.

The amendments contained in the Tax Bill are the last step in what has been a long process for entities such as Sydney Opera House, the Powerhouse Museum, the National Gallery of Victoria and many others, in creating an environment where philanthropic gifts can be received from ancillary funds and prescribed private funds ("PPF's").



Up until now cultural institutions that are linked to Government have not been able to receive gifts from ancillary funds or PPF's. The solution to this problem has been two fold:

1. Amendments were required to NSW and Victorian Charities law to deem gifts to such cultural entities (with DGR status) to be charitable – these amendments were made in late 2006;
2. the ATO needs to confirm that such gifts will not adversely affect the ancillary fund or PPF's charitable status – the ATO cannot do this until the amendments proposed by the Tax Bill are made.

There is increasing reliance by cultural institutions on philanthropic gifts to support their operations. Current estimations are that there are over 500 PPF's in Australia and also many ancillary funds. It is clear that much of the philanthropic dollar is tied up in these funds.

I am aware that many institutions have promised gifts from PPF's waiting for these changes to go through. In the case of Sydney Opera House, recently we launched our Annual Fund program, which is our first significant philanthropic program. A broad range of prospects will be targeted and undoubtedly many of these will have PPFs.

Furthermore, Sydney Opera House is currently in discussions with a prospective donor concerning a major gift. This gift is designed to broaden audiences for Sydney Opera House by creating access programs for financially disadvantaged people. The donor wishes to make the gift through his charitable fund – a PPF. There is a real risk that we will not receive this major gift without the legislative changes proposed by the Bill being made.

This submission therefore is to record our full support and endorsement for the proposed changes set out in Schedule 7 of the Tax Bill and to request that these changes be approved and legislated in the near future.

Please contact our General Counsel, Julia Pucci, (Ph (02) 9250 7672 or [jpucci@sydneyoperahouse.com](mailto:jpucci@sydneyoperahouse.com)) if you have any questions relating to this submission.

Yours sincerely



David Antaw  
Acting Chief Executive