



Mid Mountains Neighbourhood Centre Inc

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Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

**SUBJECT: INQUIRY INTO THE DISCLOSURE REGIMES FOR CHARITIES
AND NOT-FOR-PROFIT ORGANISATIONS**

To the Committee,

Mid Mountains Neighbourhood Centre welcomes this inquiry.

In particular we encourage the Committee to review the processes for charities and not-for-profit organisations to become eligible for and be held accountable for tax deductible status.

Mid Mountains Neighbourhood Centre Inc (MMNC) is a community based not-for-profit organisation that exists to improve the quality of life of people who live in the Mid Mountains area in Blue Mountains LGA. We operate with a strong commitment to social justice principles. Our activities are fully transparent and accountable.

MMNC programs include

- those that directly relieve poverty (eg No Interest Loans Scheme; Emergency Relief outreach)
- providing accessible services to those who would otherwise not access those services (eg Toolkit For Overcoming Depression course for men with low fees and fee concessions; Strengthening Over Sixties exercise program with low fees)
- facilitating access to other services in the Interagency we are networked with
- creating opportunities for people to connect with each other in their community (eg annual Lawson Festival; Sunday at the Centre).

We have applied for Deductible Gift Recipient (DGR) status and were unsuccessful. We believe that the process for determining DGR has in the past applied inconsistent and arbitrary interpretations of the eligibility criteria. Some organisations similar to MMNC have DGR and some do not.

The result of operating without DGR is a considerable disadvantage in attracting funds to deliver charitable and community development services. It also creates a disadvantage for us not having exemption from the fringe benefits tax, in not being able to attract staff with the salary packaging benefits that other not-for profit charitable organisations have.

We call for reform to improve governance of DGR status for charities and not-for-profit organisations, with a focus on benefits for the clients of these organisations. Such a reform would allow equitable status to organisations (like MMNC) that can pass on these benefits to those whom DGR status is intended to support.

This reform would set up a national regulator that understands how small not-for-profit organisations like MMNC operate, to determine equity amongst organisations that apply for DGR status.

There should be either an independent administrative body or an advisory panel that includes peak bodies such as NCOSS, Local Community Services Association, and Western Sydney Community Forum, that can represent small not-for profit organisations.

The definition of charitable purpose for the purpose of determining eligibility for DGR status should take into consideration the activities of organisations (like MMNC) that have strong local community networks to benefit people in the local and the global community.

Yours faithfully,

Mick Barrett
Manager MMNC