



western sydney
community forum

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Re: Inquiry into the disclosure regimes for charities and not-for-profit organisations

Dear Committee,

Thank you for the opportunity to contribute to the Inquiry.

Western Sydney Community Forum is the peak organisation for non government agencies in Western Sydney, servicing a population of almost 2,00,000 people.

There are several issues continually raised by our member organisation.

There appears to be a lack of consistency and equity in the approval approach to the granting of Public Benevolence Institute / Deductible Gift Recipient status (PBI/GRS). In a sample of Western Sydney Community Forum members, of 150 agencies 94 have Public Benevolence Institute / Deductible Gift Recipient status and 56 do not. Yet there is often not a discernable difference between the work or structure of those organisations which have PBI/DGR and those that have not been successful in their application to the Australian Tax Office.

For example

- Blue Mountains Family Support Service has PBI/DGR status and Lower Mountains Family Support Service does not. They do the same work of supporting families; have the same funding sources but different auspices.
- Macarthur Forum and Northside Community Services both have PBI/DGR status. They are sister organisations to Western Sydney Community Forum which does not. We all provide resourcing and training to community organisations in our geographic area.
- Springwood and Blackheath Neighbourhood Centres have PBI/DGR, Katoomba and Mid Mountains Neighbourhood Centres' applications have failed. Again they operate very similar services, have similar client bases and funding sources and their management structures and constitutions do not have significant differences.

Why is having Public Benevolence Institute / Deductible Gift Recipient Status important?

Firstly, because access to PBI/DGR gives an organisation access to the salary sacrificing system.

Recruitment in the non-government is extremely competitive as the wage levels are almost 20% lower than the public sector. Attracting and keeping staff is a major challenge. Those organisations which have PBI/DGR status and can offer salary sacrificing are advantaged in the recruitment market.

Those that do not have PBI/DGR status, and usually they are smaller organisations, continually lose good staff to larger charities. The large charities such as Mission Australia, Anglicare, UnitingCare Burnside, and The Benevolent Society all have PBI/DGR status. This difference in employment conditions creates inequities and tensions, even though we are often working together for the same types of families in similar ways.

Secondly, PBI/DGR status gives agencies access to philanthropic funds for projects. These organisations are in a good position to implement projects to benefit local marginalised groups and usually have already developed good networks and relationships with key people to ensure effective outcomes. However the lack of PBI/DGR status means that these groups are not eligible to apply for trust fund money. We are told that only 20,000 of the more than 700,000 fantastic community groups around Australia have access to the benefits of tax-deductible status.

The application of the “advocacy gag’ on eligibility is one more factor in prohibiting an equitable system in gaining PBI/DGR status. Almost all community agencies are working within an advocacy framework, whether systematic or individual, by the very nature of assisting disadvantaged people and communities. That is basic to their role and purpose. However some are more public about this role than others and this can deem them ineligible. Those that are associated with churches can usually maintain their advocacy role while those who are not have been seen to lose their tax status.

Western Sydney Community Forum would like to recommend that eligibility for PBI/DGR is more consistent .It could be tied to successful funding applications. Our members are funded by State and Federal governments and adhere to stringent accountability requirements. The Australian Tax Office can be confident that our work is well scrutinised to ensure we are working within the spirit of the intention of the Act.

Yours Faithfully,

Mary Waterford,
Executive Officer,
Western Sydney Community Forum
26th August, 2008