



Mirboo North & District
community foundation

Strong foundation, strong communities

Submission to the Federal Dept of Treasury on NFP Tax Concessions 14/12//12

We are a small rural charitable Not-for-Profit (NFP) supporting our local community with grants and funding for projects and programs to enhance the social and economic strength of our community. We have provided grants of \$216,000 over the past 3 years.

Regarding the items raised for consultation, we have very limited resources to review and comment but have studied the submission being made by Philanthropy Australia and support the points made by Philanthropy Australia.

This submission focusses only on the impact of the possible reduction or elimination of imputation credits for NFP's

The Mirboo North & District Community Foundations expected income from franking credits for the current financial year is around \$45,000 to \$50,000. If this were to reduce or be eliminated we would be forced to cut back by the amount of this reduction in our granting & funding programs to those MOST IN NEED. This would result in a reduction of our grants in the order of 50%.

We do not disburse grants & funding from our Capital, and we can only hope Treasury recognises this as a truly important policy, to grow our capital so that in future years we can GIVE MORE from increased income. The subject of Capital growth is irrelevant in this context as ours and hopefully all other charities distribute funds from income **not from capital**.

We cannot understand why the NFP sector has been singled out? Surely the government recognises the benefits Philanthropic and Charitable organisations provide to the Australian community and that it will be the Government who will have to fill the gap that results in the removal of income from charitable organisations

One of the guiding principles of the consultation paper is *"to maximise the social good"*. How this will be achieved by reducing our income totally escapes us. We assume that if total Australian charitable imputation credits of the order of \$520 million per annum for NFP's are eliminated the immediate outcome would be a reduction in the ability of not-for-profit entities to provide services and benefits to those most in need in the order of \$520 million. The logical extension of this is that such a policy would result in a heavier government burden to provide services where the not-for -profits can no longer do so.

E D Ehmke

Executive Officer