

17 December 2012

Manager
Charities Unit
Indirect, Philanthropy and Resource Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

By: on-line submission

Dear Sir / Madam

Response to NFP Sector Tax Concession Working Group Discussion

The Foundation for Young Australians (FYA) is a national, independent, non-profit organisation dedicated to unleashing the brilliance of young Australians. We develop and deliver innovative initiatives that foster engagement in learning, access and equity informed by our internationally recognized research.

For more than a decade, FYA's research and evaluation team has informed policy reform and practice in relation to the education and wellbeing of young Australians and the strengthening of their communities. Our most recent publication [How Young People are Faring \(HYPAF\)](#) is an annual, independent and in-depth analysis of the most current information available on the education, training and work activities of young Australians.

Informed by this substantive research base, we have a national focus and also link to schools and communities across the country. Our major initiatives include: Impact and NIYLA (supporting young Indigenous leaders), Change it Up (for young people in regional and rural Australia), Worlds of Work (WOW) (supporting young people aged 15 years and up to build skills and make successful transitions into life beyond school), Young People Without Borders (a structured journey into volunteering and global citizenship for young Australians aged 13 to 20), Centre for *new* Public Education (an independent education centre for mobilisation and research) and Young Social Pioneers (a unique leadership program for young change makers).

With our focus on capacity and capability building (and not on deficit programs) FYA provides a national platform of respect and opportunity for the best ideas and actions that young Australians have to offer. Our vision is for a generation of connected, confident and optimistic young people with a deep sense of purpose and belonging. Our mission is to empower young Australians to be successful learners and creative, active and valued citizens. We believe that all young people have the **courage, imagination and will** to shape their education and create social change.

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Our comments on the NFP Sector Tax Concession Working Group Discussion paper are set out below. Our greatest concern is that the current DGR system fails to adequately deal with charitable initiatives relating to young Australians and inequity in the education system:

1. The current categories of DGR are too limited and the language expressed in the criteria of some of those categories is outdated and unhelpful. In particular, both definitions of a Public Benevolent Institution and Harm Prevention Charity in their application to young people are deficit focused. This means that effective interventions including those which enable young people to build the skills for life and work, be confident and successful learners and/or make a positive contribution to the world around them would not be covered.

Case Study: One of FYA's young social pioneers has developed a technology platform to connect young people to community and charitable initiatives that require volunteer support. A significant body of research illustrates the social benefits of volunteerism not only for individual volunteers but the community at large. This program has had a significant impact for the young people engaged in the program providing them with the opportunity to make a meaningful contribution to their community, develop meaningful connections with others and increased self efficacy. Despite the significant impacts on young people and local community, and despite attracting philanthropic and corporate interest, it does not fall within a DGR category and so the long term funding and expansion of this program might be impacted.

2. In fact, we believe that narrow DGR categories work to disadvantage many effective programs (and the populations they serve) as often these programs re-engineer their program design to "fit" an outdated DGR category rather than operate on the basis of what would be a successful and effective intervention.
3. DGR categories should be regularly reviewed and updated, and at the least align to government policy direction. Focus should also be given to those charities who are working in the community and where effective outcomes are being driven. By way of example, if the government's policy direction is on improving educational outcomes, ensuring Australia is prepared in the Asian Century, and a national volunteering agenda then a charitable initiative that is consistent with one of those policy directions (like the case study described above) should attract DGR. In that way, charities can attract philanthropic and private sector funding to complement the investment of government, and all sectors of the Australian economy will be aligned on delivering objectives in the national interest.

4. Specifically, securing educational equity and an excellent education for all students in all schools is, encouragingly, on the national agenda. The draft Bill¹ implementing the Gonski recommendations also includes reforms to address the funding of schools, and to encourage strong partnerships across the broader community. We consider that programs directly working to secure educational equity and/or working to ensure that young Australians reach their full potential are charitable and have an inherent public benefit over and above the private benefit for an individual child.
5. State schools are often the hub of a community and in disadvantaged areas can be very much in need of additional support including for general upkeep, class room and ground maintenance and development, or for equipment, additional program or curriculum supports, counsellors and tutors, etc. The public consider education is charitable so find it hard to distinguish between non-charitable State schools and private non-profit schools which are charitable.
6. The complex issues created by the divergence in State and Commonwealth laws and the confusion surrounding entities 'controlled by government' could be simplified by (in decreasing order of preference):
 - (a) allowing a government body to be a charity; or
 - (b) inserting in the proposed list of charitable purposes providing money, property or benefits to government or government bodies which would be charitable but for their connection with government.
7. In that way, State schools could attract DGR in the same way as public hospitals attract DGR.

In summary, what we would look for and recommend is greater flexibility in the criteria and a mechanism which allows DGR criteria to reflect not only Government policy but appropriate institutions and delivery mechanisms for providing community benefit particularly those working with children and young people who are disadvantaged.

Yours sincerely

Jan Owen AM
Chief Executive

**courage.
imagination.
will.**

¹ A Bill for an Act in relation to school education and reforms relating to school education, and for related purposes