

31 July 2017

Senior Adviser
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

MAV submission to Tax Deductible Gift Recipient Reform Opportunities (Discussion Paper 15 June 2017) re Cultural Gifts Program

The MAV commends the Government's initiative to strengthen the DGR governance arrangements and make the process of applying for DGR status less complex.

With especial reference to the Cultural Gifts Program that offers tax incentives to encourage people to donate cultural items to public art galleries, museums, libraries and archives in Australia, the MAV proposes that councils are added to the Register of Cultural Organisations (ROCO) or are issued the equivalent DGR status.

Local Government is responsible for the sustainability of the majority of the above listed cultural organisations across Australia. It is therefore logical that councils receive DGR status to achieve the Government's aims of simplifying the process, while reinforcing the governance around donations. This proposal has the potential to increase both the access to cultural assets and the number of local donations - further benefiting local communities from the breadth of cultural assets available to them in their region.

Benefits Include:

- The ATO would be able to manage Cultural Gifts with the confidence that councils across the country would add donations to local government asset registers
- The method of accepting Cultural Gifts could be maintained to ensure significant items important to Australia's culture were donated and that good governance was observed
- Items accepted as cultural gifts would be subject to the stringent framework National Asset Management Strategy (NAMS) and the Local Government Asset Management and therefore aligned with the International Standards Organisation (ISO) 55000 series of asset management standards
- Donors would be able to offer recognised items regionally where they have the most cultural significance whether the area had a gallery, museum, library or not and where the gifting could be acknowledged hopefully encouraging other locals to act philanthropically

- Councils would be free to manage the location of their collections to maximum community benefit, allowing the rotation of artworks between cultural organisations and council owned venues within their municipalities as required without arduous loan agreements and condition reports, although a comprehensive assets register would have to be maintain as is required
- By awarding councils with DGR Status for this purpose, the Government achieves its aims of simplifying the gifting of culturally significant items as councils would be responsible for all documentation and registration
- This strategy does not preclude the gifting of culturally significant items to specific public art galleries, museums and/or libraries
- Development of industry expertise in local areas would be encouraged, as councils would be required to engage professionals (e.g. Curators, Conservationists) either directly as council staff or indirectly as employees of arts and cultural institutions (e.g. Gallery Directors)
- Councils and communities would be more inclined to value their cultural assets, maintaining the highest standards of excellence in preserving, researching, exhibiting and communicating their collections

While the MAV supports any measures that reduce red tape and application processing time, we recommend the professional assessment of Cultural Gifts. The MAV acknowledges the administrative benefits associated with the transfer of the Register of Cultural Organisations (ROCO) to the Australian Tax Office (ATO), but advises that the examination of donations by technical experts not only ensures that donations meet the Cultural Gifts Program's requirements, it would give councils reassurance that gifts and contributions were culturally significant and therefore worthy of their care and investment.

Recommendation

That in reference to the Cultural Gifts Program, councils be added to the Register of Cultural Organisations (ROCO) - or are issued the equivalent DGR status.

Should you require any further information regarding this proposal, the MAV contact officer is Francesca Valmorbida, Arts and Culture Policy Adviser, (03) 9667 5579, fvalmorbida@mav.asn.au

Yours sincerely



ROB SPRENCE
Chief Executive