

8 July 2011

Manager
Philanthropy and Exemptions Unit
Personal and Retirement Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam,

Response to the Better Targeting of Not for Profit Tax Concessions Consultation Paper

AGPN is pleased to provide the following response to the Government's review of the tax concessions for the not-for-profit (NFP) sector.

AGPN is the peak national body of the divisions of general practice, comprising 111 divisions across Australia, as well as eight state based organisations (SBOs). Network Members (divisions, SBOs and AGPN) are not-for-profit small to medium enterprises whose core activity is to promote the health and wellbeing of Australians through the delivery and organisation of primary care through general practice and broader primary care teams.

AGPN is an income tax exempt charitable entity under subdivision 50-B of the *Income Tax Assessment Act 1997* and a tax concession charity (health promotion) under paragraphs 57A(5) (a) and (b) of the *Fringe Benefits Tax Assessment Act 1986*.

Through its core activity of health promotion, the Network plays a pivotal role in ensuring all Australians can access a high quality health system. Many programs implemented by Network Members at the local level are funded through the Australian Government Department of Health and Ageing. These programs include aged care, mental health, practice nursing, immunisation, rural palliative care, quality use of medicines, chronic disease management and eHealth. Many of these programs are supported at the SBO level through state networks and/or are coordinated at the national level through AGPN.

At a local level there are numerous instances of other innovative individual divisional programs that add value to the health system by promoting health, improving access or through the provision of services. Funding for these programs may be through a variety of means: state or area health funding, local government funding, community grants, or private enterprise funding negotiated at a local level.



Australian General Practice Network Limited

25 National Circuit Forrest ACT 2603 | PO Box 4308 Manuka ACT 2603

T 02 6228 0800 | F 02 6228 0899 | www.agpn.com.au | ABN 95 082 812 146

Delivering local health solutions through general practice

AGPN supports the policy intent of the Government's NFP reforms in relation to tax concessions and welcomes the Government's assurance that "it is not the ... intention for these reforms to affect the use of tax concessions to further a not-for-profit entity's altruistic purpose, even where the charitable operation is conducted commercially".

AGPN also supports the principle that any profits generated from the commercial activity of a charitable entity should be exempt from income tax, so long as all profits are directed back to the core purpose of the entity.

Similarly, AGPN agrees that any profits generated from commercial activities that are unrelated to the primary purpose of a charitable institution – and not directed back its altruistic purpose – should be subject to income tax.

With respect to the scope of related and unrelated commercial activity, AGPN would support a principles-based approach rather than a prescriptive definition-based approach. For example, AGPN considers the UK description of related commercial activities as "activities exercised in the course of the actual carrying out of primary purpose of the entity" to be applicable given the intent of the Governments' reforms.

Thank you once again for the opportunity to comment on these important reforms.

Yours sincerely



Leanne Wells
A/g Chief Executive Officer