

30 August 2012

Dr Ian Holland  
Committee Secretary  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Submitted by email: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Dear Dr Holland

**RE: Inquiry into the Tax Laws Amendment (Special Conditions for Not-for-profit Concessions) Bill 2012**

On 23 August 2012, the House of Representatives referred 3 bills to the Parliamentary Joint Committee (PJC) on Corporations and Financial Services; I have taken the opportunity to write on behalf of our member research institutes to re-state our position on the *Tax Laws Amendment (Special Conditions for Not-for-profit Concessions) Bill 2012*.

The Bill, if passed, will essentially require organisations with deductible gift recipient (DGR) status to operate solely in Australia and to pursue their purposes solely in Australia.

Australia's independent medical research institutes are charities, and rely on donations and their deductible gift recipient (DGR) status for their livelihoods. Many other health and medical research organisations, including universities, are also the recipients of tax deductible donations. There are also a large number of charitable funds and foundations with the specific mission of funding health and medical research.

AAMRI and other sector representatives have had constructive discussions at Ministerial and departmental level and is pleased that the most recent draft of the legislation provides an in-principle foundation for DGR status to continue for those medical research institutions that conduct research both in Australia and overseas.<sup>1</sup> And further, we now look forward post the passage of the Bill to the timely tabling of Regulations which will formally list those institutions.

The Federal Government has also advised us that it intends to implement a long-term solution for new entrants into the sector, which we applaud.

At the end of the day, health and medical research is an international activity and from that perspective Australia cannot conduct health and medical research in isolation from the rest of the world. Health and medical research is necessarily collaborative in nature, and in many cases involves partners based overseas, including at some of the most renowned universities such as Oxford University and Harvard

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<sup>1</sup> s30-18 of the Income Tax (Transitional Provisions) Act 1997.

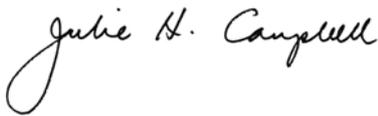
University as well as organisations such as the World Health Organisation. Working with overseas collaborators necessarily involves overseas expenditure.

Finally, just as health and medical research is a partnership between its collaborators, the funding of health and medical research is a partnership between the Australian Government, the private sector and the not-for-profit sector. The nature of the activity and the funding models adopted in Australia are such that it is not practical (or in many cases possible) to quarantine tax deductible donations from the overseas activities and expenditure of health and medical research organisations.

Australian medical research institutes rank among the best in the world. The success of their work and growing reputations has led to increasing requests for international collaboration. Any change from current policy could have resulted in some key activities being halted and could have jeopardize the health of Australians and the potential for cutting edge healthcare treatments developed by Australian organisations.

We attach our original submission that was co-authored with Research Australia on the issue for your reference.

Yours sincerely

A handwritten signature in black ink that reads "Julie H. Campbell". The signature is written in a cursive style with a large, looping initial 'J'.

Professor Julie Campbell AO, FAA  
President

### **About AAMRI**

The Association of Australian Medical Research institutes (AAMRI) represents Australia's 42 independent medical research institutes. Independent medical research institutes are affiliated with, but independent from, universities and hospitals, and represent a vital and highly successful sub-group of the health and medical research sector. Combined they account for over 8,000 staff and students, and an annual research income of over \$700 million.

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