

13 March 2018

Equity Trustees concerned proposed law would stifle advocacy by charities and increase red tape

Equity Trustees' Chairman, the Hon Jeff Kennett AC, says a proposed Federal Government bill would stifle public advocacy by many charities and add an unnecessary layer of red tape.

"As Australia's leading trustee with responsibility for more than 500 charitable trusts, Equity Trustees is deeply concerned the proposed bill has gone well beyond the original intent to protect our democracy from malicious external interference," Mr Kennett said.

Mr Kennett has written to the minister, Senator Cormann, expressing his concern over the impact of the proposed Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill 2017.

"Equity Trustees believes there are many cases in which the proposed law would stifle public advocacy by charities on policy issues that are legitimate and important topics for public discussion.

"This Bill may have been developed with the best of intentions, but it has gone too far."

Mr Kennett said the reporting and compliance obligations of the proposed Bill were also onerous and could apply to hundreds of charitable trusts overseen by Equity Trustees.

"The proposed law would add a layer of red tape to many charities increasing the cost of compliance and requiring significant resourcing."

Mr Kennett said, as a trustee for charitable trusts, Equity Trustees was responsible for granting funds to thousands of not-for-profit organisations to the tune of around \$70 million annually.

He said it was Equity Trustees' responsibility to speak up for those who appointed a trustee company to carry out their instructions in perpetuity.

"There are many examples of the practical impact; two of our foundations currently fund work being done to create change for young people in out of home care, another trust funds advocacy to achieve better outcomes for ageing Australians including those at risk of homelessness. We are responsible for Trusts that are committed to better outcomes for Indigenous Australians – work which cannot rule out looking at policies and structures that prevent progress.

"Advocacy on behalf of vulnerable Australians is essential work for many organisations funded through our trusts," Mr Kennett said.

"However, the proposed legislation threatens to stifle Australian philanthropy which provides millions of dollars to the social sector complementing government funds every day to make our community better, healthier and safer."

Mr Kennett said the compliance and reporting requirements under the proposed changes would be burdensome on charities and funding bodies and included potentially severe civil and criminal penalties for breaching the reporting requirements to the AEC.

"This will require significant resourcing by us as trustee, as well as not-for-profits and charities."

Mr Kennett said Equity Trustees regularly distributed grants well in excess of the threshold amount of

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\$13,500 multiple times per year, across a large number of not-for-profits, meaning that the majority of granting would need additional scrutiny to test whether it came under the new requirements and therefore additional reporting.

“I can’t help but wonder what the founders of our largest and most generous foundations and trusts, which have been responsible for building some of our great national institutions and still fund them to this day, would think, if we, as trustee, find ourselves in a position of spending time and resources on compliance obligations for no benefit to the community – or the safety of our democracy,” he concluded.

Media inquiries:

Alicia Kokocinski
Senior Manager – Marketing & Communications
03 8623 5396 / 0403 172 024
akokocinski@eqt.com.au

About Equity Trustees

Equity Trustees was established in 1888 for the purpose of providing independent and impartial Trustee and Executor services to help families throughout Australia protect their wealth. As Australia’s leading specialist trustee company, we offer a diverse range of services to individuals, families and corporate clients including asset management, estate planning, philanthropic services and Responsible Entity (RE) services for fund managers.

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