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The Treasury
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10th July 2017

Dear Sir/Madam,

RE: Submission in relation to Tax Deductible Gift Recipient Reform Opportunities Discussion Paper - 15 June 2017

Thank you for the opportunity to provide a submission in relation to the Discussion Paper "Tax Deductible Gift Recipient Reform Opportunities Discussion Paper 15 June 2017" (Discussion Paper).

About the Alternative Technology Association (ATA)

The [Alternative Technology Association](#) (ATA) is a not-for-profit organisation that exists to enable, represent and inspire Australians to live sustainably in their homes and communities. Established in 1980, the ATA provides expert, independent advice on environmentally sustainable solutions for the home to households, government and industry. The ATA's main areas of focus are renewable energy, energy efficiency, water conservation, transport and sustainable building design.

The ATA engages with well over 250,000 people each year all around Australia. We work with over 6400 members in a network of 15 active branches; readers of our two market-leading sustainability magazines *ReNew* and *Sanctuary*; users of our online tools Tanklator and Sunulator; people contacting our advice service and thousands of participants in our events Speed Date a Sustainability Expert and Sustainable House Day, volunteers and project partners are all part of our community.

The ATA plays a unique and important role supporting the uptake of sustainable technologies and practices, working in partnership with a wide range of stakeholders. All levels of government consult with the ATA on sustainable technology and behaviours with many referring members of the public to the ATA for independent advice on sustainable living in homes and communities.

The ATA is on the Register of Environmental Organisations and operates a DGR fund called the Renewable Energy Development Trust Fund. Sixteen per cent of our total income in the 2015/16 financial year (gross income = \$2,065,668) was from donations. Without the support we receive from philanthropic trusts and individual donors, the important services we provide to the community, free of commercial influence and which lead to reductions in energy and water use, waste and cost of living, would not be possible.

The ATA needs the financial support received from donations to assist a broad cross-section of Australian society in creating healthy, resilient and sustainable communities.

Why is Advocacy Important to the ATA?

As defined by the Purpose in our organisational constitution:

“The ATA exists to enable, represent and inspire people to live sustainably in their homes and communities.”

Without engaging in direct advocacy, to governments, regulators, industry and other policy makers, ATA cannot bring the experience of our members and everyday Australian consumers to important policy debates regarding energy, water, transport and waste management.

Energy and water markets in particular have been increasingly privatised and deregulated over the past 15 years. Economic theory suggests that where price and other market control mechanisms are deregulated, strong, consistent consumer advocacy, free from government and commercial influence, is critical to ensuring consumers have both representation in public policy debates and that policy outcomes are firmly judged on the basis of the long term consumer interest.

The Importance of Advocacy Leading to Practical Action

The ATA advocates on behalf of consumers to government and industry for improved access to sustainable solutions as well as continual improvement of technology, information and products needed to change the way we live. Advocacy plays an important role in supporting households and communities to accelerate the adoption of practical and effective sustainability solutions

The ATA is dedicated to understanding consumer choices, opportunities and risks in the demand side of energy, water, transport and waste markets. Our objective is to empower consumers at all levels to utilise cost-effective, efficient and environmentally sustainable technology as part of the day-to-day management of their households, businesses and communities.

Over the past decade, there has been significant change in the relationships between technology, economics and consumer behaviour. A real opportunity has emerged in the National Electricity Market (and the WA and NT markets) for Australian energy consumers to take greater control over their demand, cost and emissions intensity of their energy supply. The ATA believes that people can drive the type of change that is required for a more socially, economically and environmentally sustainable energy system.

We use the experiences of our members, many of whom are early adopters of sustainable technology, to advocate for regulatory and policy changes which are crucial to making new technology and practices mainstream.

An example, of how the ATA's advocacy had lead to long-term benefit is looking at the barriers faced by households installing PV system at their homes. The ATA conducted research into the experiences of homeowners who have rooftop solar photovoltaic systems. A series of surveys from 2005-2010 showed that while solar users had a high level of satisfaction with their systems, the process to connect them to the grid was difficult. With this information, the ATA worked with government, industry bodies and energy retailers to provide guidelines, codes and regulations to simplify the grid-connection process.

There are now two million Australian households with rooftop solar. The process for grid connection has been streamlined with fewer consumer complaints or issues. Without the advocacy to make it easier for solar households to connect to the grid, fewer people would have chosen to install a solar system.

Widespread national installation of rooftop solar has many benefits including:

- Reduction in carbon emissions
- Providing energy back into the grid at times of peak demand
- Helping to stabilise electricity prices, benefiting all Australians
- Reducing the energy bills of the household

Community Education

The ATA's technical expertise, independent advice and real-life case studies have educated and motivated consumers to live more sustainably and contributed to water and energy savings in homes and communities across Australia. The ATA reaches a broader audience through its community education:

- Publishing two magazines on sustainable living, [ReNew: technology for a sustainable future](#) and [Sanctuary: modern green homes](#), with an audience reach of 120,000.
- Developing and maintaining free online resources on ATA websites and tools such as the [Sunulator](#) and [Tankulator](#). The Tankulator, an online rainwater harvesting tool developed by the ATA with support from the Victorian Government's Sustainability Fund, was launched in October 2011 by then Mitcham MLA Dee Ryall and Whitehorse Mayor Ben Stennett at a sustainable home in suburban Melbourne. Ms Ryall mentioned Tankulator in the Victorian parliament and it received good media coverage. In its first six months there had been about 10,000 views on the Tankulator website, more than 3000 hits and about 800 profiles created on the website.
- Attending and presenting at home shows, sustainability expos, agricultural shows and community gatherings. At these events the ATA provides advice on sustainable solutions to a broad cross-section of Australian society. As an example, from February 2008 to July 2010 the ATA attended more than 100 events, reaching an audience of more than 600,000 people.
- Conducting Sustainable House Day, held on September 11th 2016 with over 17,000 people visiting 150 open houses across Australia. The free event allows you to inspect and learn from the best environmental homes, on how to make your home more comfortable to live in and cheaper to run while lessening your impact on the environment.

Research and Consumer Protection

The ATA conducts research into new and emerging sustainable technology and associated consumer behavior.

In the National Electricity Market (NEM), the ATA is a formally recognised Consumer Advocacy organisation, and has been active and effective in energy market policy and regulatory issues over the past ten years. As part of our ongoing consumer advocacy work, the ATA is a participant member of the National Consumer Roundtable on Energy. The ATA has conducted research that looks at the economics and environmental benefits of new sustainable solutions – from both the perspective of individual consumers and from the energy market supply chain as a whole.

The energy market is becoming more complex for consumers with new products and services as a result of smart metering, energy storage, smart appliances and the urgency to reduce carbon emissions. However, the rules that govern the energy market – enforcing standards for safety and reliability, and protecting customers from market failures – are based on the old monolithic and centralised energy network, and don't even apply to many of these new products and services.

After speaking with many people from government and the energy industry as well as consumer advocates, it is the ATA's view, energy consumer protection frameworks should be expanded to cover the provision of all current and future energy-related services for households – not only where there is an explicit sale of energy. ATA's discussion paper, *Empowering the Future: Appropriate Regulation and Consumer Protections in Emerging Energy Markets* was developed as a tool for advocacy by groups that represent consumer interests in the policy development process.

ATA proposes a re-visioning of the scope and application of energy market regulation to better suit the evolving market and ensure that consumers can participate in it with confidence, thanks to appropriate consumer protections. Consumer protections should apply based on the impact of market failures on the consumer and their essential supply of energy, rather than on the particular business model used to deliver the energy product or service.

The ATA was also the first organisation nationally to publicly identify the changing economic case for electricity versus gas fuel choices for residential consumers. With the advent of solar and efficient electric appliances for space and water heating, the economic drivers of the past 30 years for residential energy management have completely changed – with a transition away from residential gas use now being critical to ensuring lowest cost energy supply for Australian homes.

The ATA has received significant interest in the findings of the research and has been providing advice related to its findings to government departments, energy networks, the Australian Energy Market Operator (AEMO) and the Australian Energy Market Commission (AEMC).

Due to the ATA's unique mix of technical knowledge and consumer representation we are often invited by governments and energy market institutions to present on consumer issues at public forums. We are recognised as a key consumer advocate by bodies such as the AEMC, AEMO, Australian Energy Regulator, COAG Energy Council, numerous federal and state government departments, industry peak bodies and other consumer groups.

Feedback on consultation questions

The ATA has a number of concerns to some of the issues raised in the discussion paper including:

- **Focus on Activities Rather than Purpose**

In the discussion paper both charitable purpose and charitable activities are raised. Charity law focuses on purposes and not activities, and the DGR framework generally has a focus on purpose rather than activity. The current legal regime is robust in outlining the purposes for which charities can legitimately be established, as well as, in ensuring charities must demonstrate that they do not have a 'disqualifying purpose.' Furthermore, the regulatory environment does account for other, relevant laws, which further specifies prohibitory conditions on DGRs in pursuing their purpose.

- **Erosion of the Right of Charities to Undertake Advocacy**

Advocacy plays an important role in helping the ATA achieve its purpose of supporting households and communities to accelerate the adoption of practical and effective sustainability solutions. Australian charities can undertake advocacy to further their charitable purposes, for example through supporting or opposing relevant government policies and decisions. The importance of this was recognised by the High Court in the *Aid/Watch* decision of 2010, where the Court held that charities undertaking advocacy was essential to Australia's constitutional system of parliamentary democracy. This decision was subsequently legislated in the *Charities Act 2013*.

ATA and our supporters are in the best position to determine what approaches are most appropriate in order to achieve our purpose, therefore any new restrictions and limitations are strongly opposed on the basis that they would impose new and unjustified red tape which will make it harder for us to achieve our purpose.

As seen in the example above on making it easier for households to install a solar system. The ATA conducted an integrated approach to the problem including:

- **Research:** ATA conducted research into the barriers faced by rooftop-solar households.
- **Independent information:** Providing independent information on solar systems to make it easier for homeowners to choose and install a system. This includes the *Solar Power Buyers Guides*, *Solar Electricity: Plan Your Own Solar Electricity System* booklet as well as presentations at home shows and community events country-wide.
- **Case studies:** ATA profiled case studies of houses with grid-connected solar in our *Renew* and *Sanctuary* magazines
- **One-on-one advice:** Through our advice service.
- **Advocate for reform:** ATA worked with government, industry bodies and energy retailers to provide guidelines, codes and regulations to simplify the process.

- **Introduction of Reviews and Audits to investigate continual compliance with DGR requirements over-time**

We welcome and accept that the transparency and accountability of DGRs is important. However, we believe reviews and audits should be conducted only at the point where systemic issues have been identified and/or certain risk thresholds amongst categories of charities and DGRs have been surpassed

In accordance with good governance the ATA conducts annually the Self-Governance Checklist for Non-profit Organisations and a Review of a DGR Endorsed for the Operation of a Fund, Authority or Institution. Our Renewable Energy Development Trustees are active in monitoring donations in accordance to the trust and organisations purpose.

The ACNC and the ATO already have the power to undertake reviews and audits where they believe they are warranted, and it is not apparent that introducing new and costly formal review processes is necessary. The expertise of the ACNC and ATO should be respected, and they should be allowed to independently determine what types of reviews and audits are necessary, and in what circumstances. The government should not interfere with their independence and second guess their expertise in this regard.

The work undertaken by the ATA in community education, research, and advocacy has had a tangible impact in reducing greenhouse gas emissions, water use and waste. There are also the social and economic benefits of healthier, more resilient and socially inclusive communities.

We are concerned that any changes to the regulation of our DGR fund would prevent our valuable work in helping to create a more sustainable future. This work would then need to be delivered by other agencies, putting more pressure on government, the commercial sector and other organisations who may not have the technical information, independence or understanding of consumer needs.

Thank you for the opportunity for feedback and if you require additional information please contact me on 03 9631 5410 or email: donna.luckman@ata.org.au

Yours sincerely



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