

Tax Deductible Gift Recipient Reform Opportunities Discussion Paper

I wish to make a submission regarding the consultation paper which proposes potential reforms to Deductible Gift Recipient (DGR) tax arrangements.

It is clear to me that there is a political motive in this review process. While ostensibly it relates to management arrangements for all not for profits, it singles out environmental organisations (ENGOS) for particular scrutiny.

I will therefore limit my responses to the questions raised in the discussion paper that are most relevant to environmental organisations.

ENGOS have already been subject to considerable scrutiny in recent years. The House of Representatives Standing Committee on the Environment's inquiry on the Register of Environmental Organisations (REO inquiry) was widely criticised as being political in nature. During the REO inquiry process, it was made clear that the Australian Charities and Not for Profits Commission (ACNC) believes that it has the appropriate enforcement powers to regulate charities.

I find it extremely disappointing that Treasury has therefore decided to re-open this line of attack by revisiting issues from a politically motivated inquiry. It looks like an attempt at social engineering of the environmental movement to fit the interests of the fossil fuel and mining lobby.

Response to specific consultation paper questions

4/ Should the ACNC require additional information from all charities about their advocacy activities?

- Charities are already subject to substantial annual reporting requirements
- If a member of the public believes that a charity is engaging in inappropriate activity, they can make a complaint to the ACNC
- This would increase the time and resources that charities need to put into reporting and compliance

11/ What are stakeholders' views on the idea of having a general sunset rule of five years for specifically listed DGRs?

- The time and effort that would be required within charities to re-apply, and for this paperwork to be processed by government would be enormous. This would be at a direct cost to taxpayers.
- If the system isn't broken, why try to fix it? Stick with the current system, where there is regular reporting and a complaints process that can identify charities which may need to be reviewed.

12/ Stakeholders' views are sought on requiring environmental organisations to commit no less than 25 per cent of their annual expenditure from their public fund to environmental remediation, and whether a higher limit, such as 50 per cent, should be considered? In particular, what are the potential benefits and the potential regulatory burden? How could the proposal be implemented to minimise the regulatory burden?

- This issue was already dealt with at length during the REO inquiry.
- There are many thousands of organisations already working on remediation activity.
- Why would the government force ENGOS to limit or unduly constrain their activity? Once again this could only be seen as being politically motivated.
- If the Treasury wishes to propose reforms to the management of DGR listed organisations, it should as part of this process reaffirm advocacy as being an entirely valid and necessary activity of charity.

13/ Stakeholders' views are sought on the need for sanctions. Would the proposal to require DGRs to be ACNC registered charities and therefore subject to ACNC's governance standards and supervision ensure that environmental DGRs are operating lawfully?

- I do not support the introduction of specific sanctions for environmental DGRs
- This is exactly what the Minerals Council of Australia have been calling for – the government would be seen as following the lead of the fossil fuel and mining sectors if it placed specific sanctions against ENGOS

- Non violent protest is a cornerstone of sustaining a healthy democracy. Being engaged in peaceful protests does not imply that an NGO is involved in 'illegal' activity
- This question also refers to 'recommendation 6' of the REO review. This would penalise NGOs where their staff, volunteers, members or even people 'without formal connections to the organisation' were involved in 'illegal' activity. This is both unable to be policed and deeply draconian. How would it even be monitored?
- This question clearly intends to try and limit the activity, and it could be argued the effectiveness, of ENGOs.

Conclusion

In conclusion, I urge you to put aside the recommendations in the paper which are clearly politically motivated.

A legitimate and non political review of the governance arrangements for not for profits will be broadly welcomed, both by the community and the NFP sector, if they remove unnecessary duplication, inconsistencies in how different charities are managed, and reduce reporting burdens while ensuring transparency and rigor in the reporting process.

However, an attempt to limit or sanction environmental groups for working to protect the natural environment will be seen as being politically motivated and will be seen as such by the broader community.