

2 August 2017

Senior Adviser
Individual and Indirect Tax Division
The Treasury

Dear Sir/Madam

Discussion paper. Tax Deductible Gift Recipient Reform Opportunities.

I wish to express my concern about a number of recommendations made in the above discussion paper. I am a strong supporter of a wide range of charities and not for profit organisations. They fulfil an important in our society and I do not wish their effectiveness diminished, or hampered, as a consequence of the implementation of the paper's recommendations. In particular, my concerns are:

1. Should the ACNC require additional information from all charities about their advocacy activities?

Charities are already subject to adequate reporting and compliance requirements and I believe that the imposition of further burdens would result in charity resources being diverted to compliance, rather than the achieving their purpose. Not all charities that I support engage in advocacy, but I believe that in many instances it is a valid and essential activity of a charity, and often critical in achieving its purpose. I keep myself informed of how my donations are being used and I will not support those charities that do not do what they promise. As a donor, I do not wish my money to be diverted in the preparation of unnecessary documentation, reducing the effectiveness of my donation. Furthermore, as far as I am aware, there is no abuse of the current regime and I see no need to implement this change.

2. What are the stakeholders' views on the introduction of a formal rolling review program and the proposals to require DGRs to make annual certification? Are there other approaches that could be considered?

This is another proposal that I believe will also tie up charities in time consuming and excessive annual compliance activities that are of no real benefit. As I have indicated above, there is already an adequate compliance regime in place and I see no need to add to this burden. The ANAC has an effective audit and compliance process that is able to deregister those charities that do not comply. There is no evidence that significant problems exist that would require the implementation of this recommendation, which would also incur unnecessary cost to tax-payers.

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

This recommendation proposes excessive red tape without providing any justification. As a donor I look for continuity in an organisation and confidence in how my donation will be used. This will not be achieved where regular uncertainty exists about the status of a DGR. By all means, review those DGRs that have breached the rules and are not doing the right thing by donors. But the imposition of

this requirement across the board is unwarranted and will significantly divert the resources of these organisations that perform an essential and important role in our society. I do not wish my donations to be wasted in excessive and unnecessary compliance activity.

4. 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?

I am absolutely opposed to this recommendation, which makes little sense. The most logical approach is to support those organisations that act to prevent degradation, rather than require them to focus on repairing the damage once it has been done. This is akin to requiring charities that conduct research on disease to spend a large portion of their donations on treating infected patients, thereby seriously hampering their effectiveness. From where I stand this makes no sense. This is not to say that there is not a place for such an approach where this is appropriate, but to make it mandatory is a nonsense.

5. 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 am concerned that this requirement unfairly targets environmental DGRs without providing justification that such draconian action is necessary. It alludes that these organisations are behaving unlawfully and need to be curtailed. Far from behaving unlawfully, these organisations perform an invaluable role in informing the community of important developments or events. For example, there have been several occasions in Victoria where forestry operations have breached rules, and this was only brought to public attention through the work of environmental DGRs. Their role in raising public awareness of these and other related matter is crucial to the operation of an informed democracy, and ensuring that state agencies and private companies abide by our laws. This recommendation is deeply concerning and I oppose it strongly.

Yours sincerely

Joe Erftemeyer

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