

# Submission on Tax Deductible Gift Recipient Reform Opportunities

## Discussion Paper

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### ***My background***

My background and professional career is in environmental sciences. I hold a first class Honours degree in Science from the University of NSW, and have worked for over 30 years in professional positions spanning the fields of environmental science, ecology and conservation management. My area of specialist expertise is evaluating and reporting on management effectiveness for World Heritage Areas to support informed, evidence-based, transparent, adaptive management. My publications and career details can be accessed from my LinkedIn page - [view LinkedIn profile](#).

### ***Comments***

1. I support the Objects of the *ACNC Act 2012* which include: “to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector”. I am concerned that several of the recommendations emanating from the Parliamentary Enquiry into the register of environmental organisations do not appear to uphold the above object and if adopted would, in my opinion, be contrary to the intent of the Act.
2. In relation to concerns raised in the discussion paper that “some charities and DGRs undertake advocacy activity that may be out of step with the expectations of the broader community, particularly by environmental DGRs which must have a principal purpose of protecting the environment”, this statement appears to be somewhat misleading as it fails to recognise the second alternative principal purpose as stated in subsection 30-265(1) of the *Income Tax Assessment Act 1997* which states: “Its principal purpose must be: (a) the protection and enhancement of the natural environment or of a significant aspect of the natural environment; **or (b) the provision of information or education, or the carrying on of research, about the natural environment or a significant aspect of the natural environment**” (my emphasis added). Many environmental organisations undertake advocacy work which relates to the second principal purpose of providing information and education about the natural environment.
3. In relation to the view put forward by the Parliamentary Committee that it is unfair for people who disagree with what environment groups are doing to have to subsidise their work via the tax deductibility of donations, the absurdity of this argument is made clear if we consider applying the same logic to the tax deductibility of donations to different political parties or religious charities.

4. In relation to reporting requirements on DGRs, I would urge that to the extent possible, government imposed requirements for reporting for small not-for-profits be minimised and kept as simple and user-friendly to complete as possible – especially for community based environmental organisations that rely heavily on volunteers and have small operating budgets. This may mean limiting reporting requirements to periodic confirmation/updating of basic online information records and requiring significantly less frequent and less onerous reporting than for large entities. Excessive Government requirements for reporting could quite readily overwhelm the administrative capacity of small organisations and erode the goodwill of good people who give of their time and energy to make a positive difference to the world.
5. In relation to priorities for reviewing organisations, I suggest it could be appropriate to consider prioritising review of organisations with charitable status on the grounds of “advancing religion” where there is an identified risk of the religion being associated with harmful activities or advocating harm to others, such as through acts of violence, paedophilia and/or discrimination. In contemporary Australian secular society (where the latest ABS census data reveal that the greatest percentage of Australians no longer identify with any religion), it may be appropriate to consider reviewing the potential merits of tightening (or removing) the eligibility criterion of ‘advancing religion’ from the ACNC Act or at least ensuring the same governance standards apply to all religious charities.

### ***Specific Comments***

#### Parliamentary Inquiry into the Register of Environmental Organisations

**Re Recommendation 4:** *The Committee recommended that the ATO maintain a publicly available list of organisations that receive DGR endorsement as an environmental charity*

6. I would not support environmental organisations being singled out and treated differently from other DGRs in relation to listing by ATO.

**Re Recommendation 5:** *The Committee recommended that legislative and administrative changes be pursued by the ATO to require that the value of each environmental DGR’s annual expenditure on environmental remediation work be no less than 25 per cent of the organisation’s annual expenditure from its public fund.*

#### **7. I am strongly opposed to Recommendation 5.**

- There should not be any requirement for environmental organisations to commit any amount or percentage of their annual expenditure from their public fund to environmental remediation.
- Environmental organisations should be allowed to further the stated purposes as they see fit.
- Many environmental organisations recognise that prevention of loss or damage to natural values is far more effective and cost-efficient than trying to undo environmental damage and biodiversity losses after the event. In many cases it is simply impossible to bring back collapsed ecological systems, species that have become extinct, and reef/wetland/forest systems that have been removed or in other ways destroyed. Quite rightly, environmental organisations often focus

their efforts on educating the community and policy-makers about environmental and social values, risks and community aspirations for the future. They often work proactively to support better policy settings and decisions that will contribute to achieving long-term environmental outcomes – often in fact outcomes that are recognised as government responsibilities under state, national, and/or international legislation and agreements.

- If there were to be any requirement imposed on DGRs for a minimum percentage of annual expenditure from public fund to be put to an identified purpose, I suggest that such requirement should apply to all DGRs and should be framed as a requirement to further the stated principal purpose/s. This provision should only be considered if applied equitably to all DGRs.

**Re Recommendation 6:** *The Committee recommended that administrative sanctions be introduced for environmental DGRs that encourage, support, promote, or endorse illegal or unlawful activity undertaken by employees, members, or volunteers of the organisation or by others without formal connections to the organisation*

8. **I strongly oppose a ‘disqualifying purpose’ including wording of the following nature or intent:** “the purpose of engaging in or promoting activities that are ...contrary to public policy, or the purpose of promoting or opposing a political party or a candidate for political office.” These concepts are fraught with erroneous assumptions such as that public policy or political candidates are always right or correct or always working in the best long-term interests of society. Clearly this is demonstrably not the case and these concepts should have no place in administrative sanctions. Education, facts and informed evidence-based decision-making is what is necessary to advance the achievement of Australia’s long-term social, environmental and economic goals.
9. Informing and involving the community in the protection or advancement of the natural environment is an important role for environmental organisations and often involves education and advocacy activities. The notion that advocating against public policy should mean a group is disqualified from DRG tax deductibility is particularly inappropriate and should be rejected.
10. Government positions and policies are not fixed and infallible. A Government’s current policy may not always be the best or most appropriate solution or direction for achieving the short and/or long term best outcomes for community and environmental well-being. Advocacy by environmental organisations plays an important role in helping to inform and contribute to public debate by alerting decision-makers to alternative views and/or evidence which should be considered. Advocacy by environmental DGRs for their stated purposes should be seen as an important and legitimate role which contributes to robust democratic processes which support better, more informed decisions.
11. Time and again over the course of history, environmental groups have proactively urged for policy changes that were at the time at odds with and contrary to prevailing government policy but which have subsequently been adopted by government and are now well-accepted and established as policy norms. I can think

of no better example of this than the Tasmanian Wilderness World Heritage Area which at the time of listing as a UNESCO World Heritage Area was the focus of one of the largest and most controversial environmental issues in Australia's history. The protests associated with efforts to halt the proposed Franklin River dam and the logging of Tasmania's old-growth forests were contrary to the then government's policies of continuing a range of environmentally destructive and unsustainable practices. The Tasmanian Wilderness World Heritage Area is now rightly recognised the world over for its outstanding wilderness, wildlife and tall forests, and by all levels of government as a jewel in the crown for Tasmania's tourism industry and an icon of the state's clean green 'brand power'.

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