



Ku-ring-gai Bat Conservation Society Inc.

Post Office Box 607, Gordon NSW 2072 Australia

Individuals and Indirect Tax Division
The Treasury
DGR@treasury.gov.au

3rd August 2017

Dear Senior Adviser,

RE: Tax Deductible Gift Recipient Reform Opportunities Discussion Paper

Thank you for this opportunity to comment on Tax Deductible Gift Recipient Reform. The Register of Environmental Organisations (**REO**) under the *Income Tax Assessment Act 1997* has recognised the importance and public good of environmental purposes for over 20 years. The REO supports Australians donating to charities with the principal purpose of protecting, researching, educating and informing people about the natural environment by allowing tax-deductible donations.

Ku-ring-gai Bat Conservation Society Inc. (KBCS) has been listed on the REO since 1998. Donations to the Bat Conservation Gift Fund from members and the general public have been used to:

- restore habitat in Ku-ring-gai Flying-fox Reserve, Gordon NSW
- undertake research and monitoring of wild flying-foxes
- assist with care and display of a small group of flying-foxes trained to be presented at public education events
- provide scientifically based information on bats, mainly flying-foxes, to the public.

Without the incentive of tax deductibility donations would have been fewer and smaller. Consequently little of this environmental work would have been possible.

DGRs required to be charities

KBCS supports the proposal that all Deductible Gift Recipient (DGR) organisations are subject to the Australian Charities and Not-for-profits Commission (ACNC) requirements so there is streamlined and consistent reporting across all DGR organisations.

KBCS is in favour of reducing the burden of reporting to one organisation (ACNC) rather than both REO and ACNC. Finding volunteer office bearers for community organisations would become more difficult if reporting requirements are made unnecessarily onerous.

4 – 6: advocacy reporting requirements

KBCS is opposed to the proposal that charities be required to provide information about their advocacy activities. Advocacy is one of a range of legitimate activities that DGRs might use to further their charitable purposes. It is unclear why this particular activity should be singled out for special treatment.

Focus on charity purposes, not activities

There are a number of instances where the consultation paper focuses on charity activity. This is inconsistent with the approach taken by the Charities Act 2013. At law, purposes define charitable status, not activities. The DGR framework has also generally focused on purposes rather than activities. Charity law is very clear on what constitutes charitable purposes and what is 'a disqualifying purpose'. We caution against taking an activities focus, as this approach tends to lead down a path of complex and unsatisfactory rules for charities.

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?

Although KBCS does undertake habitat restoration for a threatened species, the financial contribution to this from the Bat Conservation Gift Fund varies from year to year according to the needs of the project, contributions of the land holder and impacts of the weather. KBCS objects strongly to any proposal to dictate to this community organisation how much of its expenditure from the Fund should be allocated to 'environmental remediation'.

KBCS also objects to this terminology which has not been defined. Australia has developed well documented environmental recovery methods variously described as ecological restoration, Landcare, bush regeneration and there is considerable scientific research and respected publications on these subjects.

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?

KBCS has always operated lawfully. It can see no reason why environmental DGRs should be treated any differently to all the others.

In conclusion, KBCS welcomes a legitimate and non-political review of the governance arrangements for not-for-profits, 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.

Submitted by

Jocelyn Chenu
Treasurer
KBCS Inc.