

3 August 2017

To: Senior Adviser
Individual and Indirect Tax Division
The Treasury
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RE: TAX DEDUCTIBLE GIFT RECIPIENT REFORM OPPORTUNITIES DISCUSSION PAPER, 15 June 2017

As a biologist, conservationist, and one who is extremely concerned about the state of our planet, I would like to make the following submission on this discussion paper.

The existing legislation says that environmental DGRs must have a principal purpose of protecting the environment - Subsection 30-265(1) of the Income Tax Assessment Act 1997 – “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”.

Given the wording of subsection 30-265(1), there can be no justification in specifying any proportion of the expenditure of the organization on remediation, or indeed any of the stated principal purposes. Note that the wording is about ‘principal purpose’, and it does not exclude other purposes, so long as they are not ‘principal’.

There seems to be a concern about the organisation taking part in advocacy, or working for or against any particular government policy. But, if it can be reasonably argued that these activities are for the protection or enhancement of the environment, or that such activities constitute education of the public about the natural environment or its protection, then there is every reason for a conservation organisation to undertake these sorts of activities.

In respect to the argument by the Parliamentary Committee that it is unfair for people who disagree with what the environment groups are doing to have to subsidise their work via the tax deductibility of donations: unless we apply the same logic to the tax deductibility to religions, or to political parties this is absurd and special pleading.

In respect to the argument by the Parliamentary Committee that arguing against public policy should disqualify a group from DRG tax deductibility: although governments may think their policies are perfect, few are, and groups of all kinds have an obligation to point out the flaws, and advocate for improvements. This is education and will lead to protection and enhancement of the environment.

Should ACNC require additional information from all registered charities about their advocacy activities (question 4)? This question presupposes that there is something inappropriate about advocacy, when advocacy must be at the core of what environmental groups do – advocate for the environment to protect and enhance it. So, the answer is “no”,

unless, of course the act is changed to explicitly require that environment groups have a duty to advocate for sustainability and the environment.

The Parliamentary committee seems to argue that the primary work and expenditure of these groups must be remediation of environmental damage. However, an ounce of prevention is worth a pound of cure: it is much more efficient to prevent damage by good policy and regulation than to try to repair it. Secondly, along the same lines, education and research supported by the environment groups play legitimate roles, as recognised by the income tax act. This can have many benefits for the country. Just where does education stop and advocacy activity begin? They blend naturally into one another.

Businesses can deduct the costs of their advertising and lobbying (and probably also their membership fees to their business associations, which are nothing more than lobbying organisations) from their taxable income as business expenses, so the taxpayer is subsidising this lobbying even more than donations to conservation groups who engage in advocacy activity.

Wrt question 11: a general sunset rule of no more than five years for specifically listed DGRs – The answer is: not a good idea at all. Few environmental issues can be ‘sorted’ in five years, and it would place an unnecessary burden on the groups to have to re-apply for existence as a DGR at frequent intervals.

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