



Senior Adviser
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

*Submission in response to Tax Deductible Gift Recipient Reform Opportunities
3 August 2017*

Dear Madam/Sir,

About Port Phillip EcoCentre

The Port Phillip EcoCentre is a community-managed not for profit in Melbourne, with 3 full time staff, 9 part time/casuals, and a volunteer pool contributing 10,000 hours annually to our research, practical action projects and governance. The EcoCentre mission is **to build relationships to inspire, educate, and demonstrate sustainable environmental practice and reconnect people to the natural world.**

Port Phillip EcoCentre Incorporated is a charity on the Register of Environmental Organisations, and have a Public Fund with Deductible Gift Recipient status. The Public Fund has a separate bank account and clear accounting procedures, overseen by a panel of Public Fund Managers.

We place great value on our REO status and believe the definition of 'environmental organisation' in the Income Tax Exemption Act 1997 accurately fits our purpose.

The purpose of the EcoCentre is clearly defined in our Rules of Association. We achieve our purpose by:

- Providing a base, resources and support for local environment groups;
- Providing information or education to the general public;
- Facilitating collaborative projects between community groups, educational institutions, government agencies and corporates;
- Conducting research and monitoring of our local environment;
- Promoting Environmentally Sustainable Design (ESD) principles, including use of renewable energy recycling and waste minimisation.

EcoCentre work includes a variety of on-ground projects, strategic partnership building, community engagement and Education for Sustainability. For example:

- Conducting Street to Sea Litter Audits and clean-ups to build cohesive data around litter volumes, locations and pathways;
- In-river microplastics studies to calculate the volume and type of pollutants;
- Wildlife protection and monitoring during breakwater construction;
- Design and planting of habitat areas and community food gardens;
- Organic waste composting program at a neighbourhood scale;
- Citizen Science programs with school, public, and corporate groups to monitor a variety of beach health indicators;
- Maintaining a publicly accessible demonstration sustainable house and garden;
- Writing and delivering Early Years, Primary and Secondary curriculum, teacher professional development, and community capacity building workshops;

- Supporting schools and businesses to improve resource efficiency;
- Providing data and community connections to government agencies and local governments during development of environmental Strategies and Plans;
- Production and distribution of a film on plastic pollution in Port Phillip Bay.

Our focus is to build relationships that cultivate sustainable environmental practice and long-term social well-being. This approach resulted in the EcoCentre winning numerous awards including the 2014 Premier's Sustainability Award and the 2016 Keep Australia Beautiful Sustainable Cities/Clean Beaches Overall National Winner.

Summary response

The Port Phillip EcoCentre opposes regulation specifying how charities can best pursue their charitable purpose, whether that relates to environmental or other types of charities. Purpose, not activity, should determine both charitable and DGR status. Additional compliance regulations or Sunset Rules will create a burden, without compelling evidence of potential benefits.

We are concerned that groups may lose their DGR status if they engage in 'advocacy'; and that the category 'advocacy' may be conflated with 'education' (our key focus). If participants in our litter collection audits, for example, subsequently advocate for increased institutional and community efforts to reduce waste and pollution entering the Bay, this would be no more than citizens exercising their natural rights.

The Paper states that "The Government provides a substantial financial contribution to NFP entities through tax concessions. The cost to the Commonwealth of deductions from donations to DGR organisations is \$1.31 billion in 2016-17..." (p5, para 20) However these numbers only tell part of the story, and do not reflect the value of the public benefits generated by charities. Since social and environmental benefits over various time scales are complex to quantify, we use as one proxy indicator the value of volunteering in Australia which makes an estimated annual contribution of \$290 billion to our economic and social good.¹ We note that without research, advocacy, education and organisational development (non-remediation activities that may receive donation-based support) it would be difficult to inspire and support such levels of volunteerism.

Consultation Question 4: Requiring additional data on advocacy initiatives

We are often called upon to comment on draft government policy and in issues forums with government and the business sector. There is a clear expectation that we fulfil this function. We therefore would oppose any change in REO regulation that reduced our ability to provide education and advice on environmental matters.

Existing charity law sets appropriate boundaries for which advocacy activities are acceptable for registered charities. Should charities engage in illegal activities, the rule of law may be applied using existing instruments.

Consultation Question 6: Collecting additional information without burden

Like many not for profits, the EcoCentre is full of activity with a portfolio of planned projects, in addition to responding to community needs and emerging issues. The proposed additional reporting burden provides no value to our organisation or the public, and needless administration arguably distracts us from the very purpose that drives our charity status.

Consultation Question 9 and 10: Introducing a formal rolling review program

While the logistics are hypothesised (e.g. how often) the Discussion Paper does not provide adequate evidence or examples to illustrate a rolling review is necessary; nor does it define 'high risk'; nor calculate the costs and benefits of formal reviews. Reviews create administrative burden

¹ <https://www.volunteeringaustralia.org/policy-advocacy/towerofstrength/>

for both the organisations and the government. If further scrutiny is to be required, we do not support a frequency any less than 10-year intervals.

Consultation Question 11: Sunset Rule

We do not believe potential benefit is amply demonstrated in proposing a Sunset clause. If a charity is inactive it is causing no harm; and if it is practicing illegal conduct or winding up, these problems can be pursued through existing instruments.

Consultation Question 12: Activity regulation for environmental DGRs

Environmental organisations (or any other DGR charities) should not be required to spend a nominated portion of their expenditure on activities specified by the government.

Environmental improvement activities that are strategic or deliver longer-term outcomes may require investments in the short term that are not on-ground works, yet are valuable. For example, philanthropic giving can provide critical funding to test, refine and risk-mitigate innovative ideas; or to fill research gaps. With the resulting evidence, charities can advise (or 'advocate') to a range of audiences including government with public benefit in mind, providing reasons either to adopt, prevent or phase-out a given practice. A successful example would be the global phase-out of CFCs over 30 years, and the resulting 'healing' of the ozone layer.²

Any enterprise tackling complex social or environmental challenges applies a range of approaches (e.g. educational, practical, research-based, advisory); the balance of various approaches may impact a group's *effectiveness* but not its *validity*. Charity and DGR status should therefore retain purpose not activity as their determinant.

Conclusion

We appreciate the privilege of our 'environmental organisation' status and are not averse to changes that streamline the government's management processes. However, we see no need to alter current compliance arrangements. We consider it already quite clear that any work we undertake with the Public Fund moneys or otherwise be restricted to the protection of the natural environment. We manage this transparently within the scope of existing governance and annual reporting, including to the REO.

Yours sincerely,



April Seymore
Executive Officer

² <http://science.sciencemag.org/content/353/6296/269>, July 2016