

From: [Bruce](#)
To: [DGR Inbox](#)
Subject: FW: Tax Deductible Gift Recipient Reform Opportunities
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Attachments: [TNR submission to aph inquiry into eco charities 280515.pdf](#)

To DGR@treasury.gov.au

Dear Treasury

I am writing in response to your request for feedback and comments in relation to your Discussion Paper "Tax Deductible Gift Recipient Reform Opportunities" dated 15 June 2017.

My name is Bruce Holland, and I am the Secretary for The Norwood Resource (TNR), which is a NFP charity, registered with the ACNC.

We made a submission to the House of Representatives Standing Committee on the Environment dated 28 May 2015 (attached), and TNR representatives also presented to the Committee when it sat in Adelaide.

Our presentation, and submission focussed on a number of issues, namely

1. Many of the so called environmental Non Government Organisations (eNGOs), actively pursue donors (customers) for donations, on the back of misinformation, misrepresentation, and some outright lies in the name of 'saving an area, native habitat, species, or 'the world from global warming' but do not expend any of these funds on actual environmental activities.
2. In our view, this behaviour is fraudulent, and should be investigated by such Government bodies, as the ACCC.
3. In our submission (attached) TNR urged the HoR Standing Committee on the Environment to consider the application of Australian Consumer Law (ACL) to all NGO's, Charities, and particularly so called eNGOs which do not perform any environmental 'on the ground' works.
4. We are of the view, that eNGO's are no different to any other company operating in Australia, as they vie for funds, just as every company vies for funds (through sales), and they advertise just like many Australian companies, except their advertising is not subject to any particular sanctions if it is misleading and/or deceptive.
5. Many eNGOs have email lists, web sites, Facebook sites which they use to advertise, just like many Australian companies also vying for funds.
6. However, many eNGOs also use these funds for advocacy of an ideology (no fossil fuels, renewables etc) despite their own duplicity of using fossil fuels themselves.
7. Further, many of these eNGOs also use these funds for political advocacy, and political influence, for example of supporting one candidate Vs another.
8. We also believe some eNGOs have been effectively 'highjacked' away from their core purpose, and have then pursued advocacy and political influence under the original well intentioned banner.

It is on this basis that we commend Treasury for this opportunity of a review of the gaining and

retention of DGR status for those organisations which have it and we also support a regular review of compliance and circumstances which would mean organisations need to regularly confirm their status and therefore their ongoing eligibility for the retention of DGR status.

In relation to the specific consultation questions contained in your Discussion Paper, we offer the following comments.

Summary of consultation questions

1. What are stakeholders' views on a requirement for a DGR (other than government entity DGR) to be a registered charity in order for it to be eligible for DGR status. What issues could arise?

Response

We are of the view that this could assist in ensuring that there is compliance with the the law, particularly in relation to ideological and / or political advocacy becoming the sole purpose for some DGR eNGOs rather than undertaking actual activities, such as environmental works that will help our society.

1. Are there likely to be DGRs (other than government entity DGRs) that could not meet this requirement and, if so, why?

Response

We do not have a view on this question.

2. Are there particular privacy concerns associated with this proposal for private ancillary funds and DGRs more broadly?

Response

We do not have a view on this question.

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

Response

Yes - as detailed above, and included in our submission to the HoR Standing Committee on the Environment, we have detailed instances of eNGOs using misleading assertions, misinformation and misrepresentation and manufacturing of so called 'evidence' etc to further their appeal for donor dollar gifts, as well as to garner support for an ideological or political position or candidate.

The ACNC ought to be looking at how the Australian Consumer Law can be used to apply to all the activities of all eNGOs.

4. Is the Annual Information Statement the appropriate vehicle for collecting this information?

Response

We would agree the annual Information Statement be used for annual compliance

reporting. However, as we all know, there are many instances of baseless scare stories in the media (social and mainstream) directed toward the demonization of an industry, company etc, then the ACNC ought to have the discretion to ask that organisation to 'show cause' why it ought not be sanctioned, such as loss of DGR status and fines.

5. What is the best way to collect the information without imposing significant additional reporting burden?

Response

The Annual Information Statement and Report, and also on an ad hoc basis where there is a complaint or a report that an eNGO is using deceptive and misleading advertising either from itself and its staff, or so called 'volunteers' working in league with the administration staff of an eNGO, or group that has DGR status.

6. What are stakeholders' views on the proposal to transfer the administration of the four DGR Registers to the ATO? Are there any specific issues that need consideration?

Response

This makes sense, and there should not be any 'special cases' for exemption.

7. What are stakeholders' views on the proposal to remove the public fund requirements for charities and allow organisations to be endorsed in multiple DGR categories? Are regulatory compliance savings likely to arise for charities who are also DGRs?

Response

TNR has not applied for DGR status, however, we believe we would be eligible. One of the apparent hurdles we perceived when we reviewed the application process was setting up a Public Fund, which was to operate on an arms length basis. The time and effort to apply toward this appeared too much particularly given our very tight time and budgetary resources.

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

Response

We agree. We do not think that DGR status should be a 'set and forget' process as it is now.

Things change, organisations change, principal purposes get modified, and organisations get 'highjacked'.

There needs to be a regular (5 yearly) review, although a review ought to be triggered by the ACNC once an organisation is detected of non-compliance, particularly in ideological and/or political advocacy.

9. What are stakeholders' views on who should be reviewed in the first instance? What should be considered when determining this?

Response

Many of the 'high profile' so called eNGO's, particularly those with financial links to overseas, which are perpetuating an ongoing anti fossil fuel ideology, and associated political advocacy.

10. What are stakeholders' views on the idea of having a general sunset rule of five years for specifically listed DGRs? What about existing listings, should they be reviewed at least once every five years to ensure they continue to meet the 'exceptional circumstances' policy requirement for listing?

Response

Agree - 5 years plus or minus a year or so.

11. 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?

Response

We agree with the suggestion. Many eNGOs are pseudo environmental groups, deluding people into supporting them and giving them funding.

We agree that a minimum ought to be around 50% or more, after all that is why they are a eNGO, isn't it?

12. 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?

Response

We agree this is a step in the right direction, but only a baby step.

As outlined above, in our view, all NFP and in particular all eNGOs ought to be subject to ACL, and subject to the full extent of the law for deceptive and misleading conduct and advertisement, especially since they are in competition for money from people and organisations, which is the same as any other corporation in Australia which are subject to Australian Consumer Law and if they breach the ACL are subject to significant sanctions. NFP groups should not be able to breach the provisions of ACL with impunity.