

17th of February 2023

Director
Personal and Indirect Tax , Charities and Housing Division
Treasury
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Email: charitiesconsultation@treasury.gov.au

SUBMISSION ON DEDUCTIBLE GIFT RECIPIENT (DGR) REGISTERS REFORM

ABOUT CLIMATE ACTION NETWORK AUSTRALIA

Climate Action Network Australia welcomes the opportunity to input into this important reform.

Climate Action Network Australia (CANA) is made up of 145 civil society organisations working together to protect people from climate change and its impacts, to safeguard our natural environment, and to build a fairer and healthier Australia for everyone.

CANA maintains the CANA Public Fund with DGR Item 1 status currently administered under the Register of Environmental Organisations. Many of our members maintain DGR status and we provide assistance to members in gaining DGR status.

RECOMMENDATIONS

1. CANA welcomes the measure to transfer administration of the four unique DGR categories to the Commissioner of Taxation.

As well as being a more consistent approach to DGR status and reporting for applicants and endorsed organisations this change will remove any potential for undue influence by Ministers and departments in the administration of DGR status and reduce waiting times for DGR applications to enable more Australian charities to receive funding needed to pursue their purpose .

2. Review and potentially update the required principal purpose criteria for environmental organisations to more accurately reflect the breadth of work undertaken by environmental organisations for public benefit.

The reform proposes to keep the existing eligibility for DGR endorsement of an environmental organisation as organisations with a principal purpose of the protection and enhancement of the natural environment or of a significant aspect of the natural environment; or the provision of information or education, or the carrying on of research, about the natural environment or a significant aspect of the natural environment.

This wording does not account for the full breadth of activities undertaken for the protection of the environment and public benefit and has been, in particular, restrictive for organisations undertaking advocacy efforts in relation to environmental protection.

We recommend that the Treasury, in further consultation with endorsed DGR and non endorsed environmental charities, acts to update the principal purpose criteria for environmental organisations to better reflect the range of work undertaken by environmental charities acting in the public benefit.

Further reviews may also be required of other principal purpose criteria for other DGR categories. We recommend the Treasury undertake similar consultation with relevant organisations of other categories to assess their efficacy in providing public benefit.

3. We welcome the change for all endorsed environmental organisations to maintain a gift fund with existing public funds satisfying the requirements as gift funds.

Moreover, we recommend that the Treasury, with the intention of reducing red tape and administrative burdens for charities, also remove the requirement for a fund (presently required for public funds) to be administered by a separate committee. Presently the REO requires a public fund be managed by a 'Public Fund Management Committee' composed of 'responsible persons' as assessed by the Department. This requirement creates undue administrative burden on charities that are otherwise able to satisfy responsible use and accounting of funds without an additional committee.

4. We welcome the consolidation of information reporting and recommend reporting on DGR fund expenditure be administered through the ACNC reporting framework.

We would welcome the opportunity to work further with the Treasury on these and further DGR reforms. CANA is available to answer questions on any aspect of our submission.

Sincerely,



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