

Submission to *Tax Deductible Gift Recipient Reform Opportunities Discussion Paper*

We support regulatory changes, as outlined in the discussion paper, which focus on removing complexity for organisations, simplifying procedures and reducing administration costs.

On the other hand, we have serious concerns about the proposals targeting advocacy by environmental organisations, and requiring remediation activities by all environmental organisations.

1. Introduction of new advocacy reporting requirements are not supported (consultation question 4).

Our democracy ostensibly supports free speech. Advocacy is an important aspect of a free and secular society. Many organisations in our society are beneficiaries of tax-deductible donations while also engaged in advocacy, such as political parties, health focussed organisations and sporting associations. Why should one sector of our society be required to provide extensive information about advocacy when all the other sectors are exempted?

Presently Parliament House is full of lobbyists for all manner of corporations, both local and foreign-owned, all advocating for their own financial interest. If advocacy is to be limited for environmental organisations that advocate for public good, then lobbying for corporate benefit should also be limited. Lobbyists should also be made to provide similar reporting, and companies employing them should not be able to claim tax deductions for the cost of their services.

We dispute the statement (Discussion Paper para 15) “that some charities and DGRs undertake advocacy activity that may be out of step with the expectations of the broader community, particularly by environmental DGRs which must have a principal purpose of protecting the environment.” As far as we are aware, environmental DGRs’ advocacy activity is always consistent with the principal purpose of protecting the environment. Advocacy is an important and legitimate activity in the pursuit of environmental protection.

Our response to consultation question 4 is therefore no, the ACNC should not require additional information from all registered charities about their advocacy activities.

2. Strong objection to proposed requirement to spend 25 to 50% of funds on environmental remediation (consultation question 12).

We strongly object to a mandatory requirement that all environmental organisations be directed to undertake certain activities and have specific targets for ‘remediation’.

Firstly, the environmental organisations are not responsible for the environmental damage so why should remediating someone else’s damage be required of all DGR environmental organisations? At best this is offensive retrospective assigning of responsibility to another entity (blame switching); at worst this reeks of an authoritarian state telling community organisations how to act.

Secondly, the businesses, government and individuals responsible for environmental damage should be responsible for full environmental remediation. It is an illogical argument to say community organisations should repair environmental damage when the perpetrators of the damage contribute little or nothing. Where is the natural justice in such a ruling?

Thirdly, we have laws to prevent environmental damage which are often flouted with impunity. The Government, by having laws regarding avoidance or remediation of environmental damage accepts it has responsibility in this area, and should enforce the laws.

Fourthly, given the Government's clear interest in having more environmental remediation which is implicit in the discussion paper, we support more resources being spent by government on this issue; we support stronger laws to prevent environmental damage; and we support new taxes and higher penalties in relation to environmental damage. As a first step, the Government should report annually on how it is progressing in preventing environmental damage and how it is supporting environmental remediation.

Fifthly, environmental remediation works are complex and require skilled staff and specialised equipment. As far as we are aware, the proposal that environmental remediation should be undertaken by all environmental groups has not been supported by organisations presently undertaking such work. It is fanciful to expect that all environmental organisations, irrespective of their present aims and objectives, will ever be in a position to undertake successful environmental remediation. There is no evidence in the discussion paper that works such as tree planting - which is outside the expertise of many environmental organisations - will be successful in the long term.

Six, the discussion paper does not provide any mechanism to assure donors that any proposed "environmental remediation" works will be secure and maintained into perpetuity. Why should there be compulsory new rules requiring organisations to undertake remediation works when there are no new rules to ensure such works become permanent improvements? Does the Commonwealth propose to fund the state-based agencies to audit the property owners to ensure improvements are permanent? Will land titles be affixed with caveats to notify and warn new owners of their responsibilities? If not, why not?

Lastly, it is clear that the proposal has not been properly thought out. On one hand, the present government has a philosophical position that it wants the free market to provide specialised services but then with the proposals in the discussion paper the government wants to pass laws to enforce community organisations to compete with the private sector using volunteer labour and donations to undercut free market suppliers of these services.

3. No more red tape (consultation questions 4-6, 9 & 10)

In submissions and at a meeting attended by us with the House of Representatives Inquiry into the Register of Environmental Organisations, environmental donors emphasised that they do not want their donations wasted on red tape: i.e. on auditing and reporting on the proposed new requirements. Environmental organisations, and for that matter government departments, are already struggling for funds to do their existing work. Adding new red tape will reduce the already limited funds available for environmental protection and remediation.

4. Concluding comments

We have each had over 40 years of experience in the environmental sector, in varying capacities including as professional consultants, office bearers of community organisations, members of environmental organisations and volunteers. We have also been donors to environmental organisations among many types of organisations that we have financially supported.

As donors to environmental organisations we want our donations to be applied efficiently to environmental protection and rehabilitation, not being wasted on unnecessary administration and reporting to government.

As volunteers we are not attracted to providing labour and time to repair environmental damage caused by business, government and individuals who should be fully accountable for their conduct and who should be pursued by existing responsible authorities.

As people on management boards and committees of environmental organisations we strongly dislike being told what our activities should be, to have our costs increased by unproductive red tape and to have our financial position weakened by undermining our relationship with existing funders.

To quote from the Treasury Discussion Paper (p.iii), "The DGR tax arrangements are intended to encourage philanthropy and provide support for the not-for-profit (NFP) sector. Along with other tax concessions to the NFP sector, DGR status encourages the delivery of goods and services that are of public benefit." We similarly support proposals that support the NFP sector, and encourage the diverse public benefit services of environmental organisations.