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To: Department of Treasury, Australian Government

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From:

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Subject: Tax Deductible Gift Recipient Reform Opportunities

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?

We support this course of action; it appears it would add consistency and transparency to the sector. Some issues that arise could relate to privacy, and hacking. The mitigation measures could be similar to how other government department's deal with these matters.

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

No comment.

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

No comment.

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

We suggest this could simply be an annual disclosure, whereby the charity declares "that's its advocacy activities in the past year, and those planned for the upcoming year, have and are undertaken with the intent to solely aide its charitable purpose" i.e. the organisation has not breached ACNC's advocacy rules.

The declaration could be strengthened with the caveat that should the charity be called upon (audited) on this point that the detailed particulars evidencing those activities would need to be provided. Perhaps penalties could apply if an audit finding disputed the charities earlier 'declaration'.

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

The AIS would be the appropriate means to include the declaration (we refer to in Q4), however if the reform did result in a requirement for charities to list or provide details of advocacy activities then yes the AIS would also be the appropriate vehicle to collect this information.

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

We make the following suggestions:

- A form with a generic list and 'Tick boxes'
- Drop down menu from a live document e.g. writable PDF or online form.
- Have the charity upfront define/list its scope of advocacy activities, and then annual ask from ACNC is if there has been any deviation from the organisations predefined activities, and if so describe.
- Declaration statements.

The consultation committee should consider responsible and mature ways to manage this, whereby there is transparency and trust. For example declaration statements work highly effectively in other areas for example Australian Health Practitioner Regulation Agency (AHPRA). A declaration methodology puts the onus on the charity to maintain its records and instils faith in the charity that the government trusts them to do their job.

- A model of exception reporting which could be achieved easily with the development and implementation of good guidelines.

7. 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?

This seems a sensible proposal. Considerations to the pros and cons of whether this should be 'gradual transition' or 'set-date transition' need to be thoroughly explored. The time, grace period, for this to come into effect needs to be clearly communicated.

8. 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?

No comment.

9. 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?

We support rolling review and annual certifications.

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

Suggest develop some form of a risk-matrix related to purpose, activities, size, any past issues etc... and from that assess according to high, medium or low risk. Then start with high risk charities.

Reform could commence with starting with charities that have had high profile but negative media exposure, or with those charities that appear to have excessive advertising (i.e. overcome issues that are raised by the public regarding allocation of the donated dollar to administration and advertising versus the charitable purpose).

Otherwise could adapt a completely random approach.

11. 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?

We understand that the primary concern identified, or what this proposed action is trying to overcome, is "why or what has hindered the charity from achieving non-exempt status?"

Yes the review could be 5-years, but should be on the basis that the charity in accepting its exemption under an 'exceptional circumstance' actually commits to use its best endeavours to achieve non-exemption within the upcoming period.

12. 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?

No comment

13. 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?

Yes, support the limit of 5-years, and also we reference our answer in Q11.

About us:

The ALLG is a member-based organisation established to represent the interests of its members. ALLG's mission is to improve the treatment and the lives of patients with Leukaemia, Lymphoma and other blood malignancies by advancing 'leading edge' clinical trials in Australasia.

www.allg.org.au