

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

By email: DGR@treasury.gov.au

Dear Sir/Madam,

Tax Deductible Gift Recipient Reform Opportunities

Please find attached Bluearth Foundation's submission in response to the Discussion Paper on tax deductible gift recipient reform opportunities.

Bluearth Foundation thanks the Treasury for the opportunity to make a submission in response to this important issues and would welcome the opportunity to further discuss matters raised in this submission.

Bluearth Foundation also strongly supports the submission made by Philanthropy Australia and endorses the position put forward in both the general comments, related to advocacy, in Australia requirements, and community foundations as well as the responses to specific consultation questions.

If you require any further information or would like to discuss the attached submission, I can be contacted on 03 9820 6304.

Yours sincerely



Wendy Gillett
Chief Executive Officer

1 August 2017

Tax Deductible Gift Recipient Reform

Bluearth Foundation welcomes the reform process and is in support of a number of the general measures to improve the DGR process.

In particular,

- the introduction of the requirement for a DGR (other than a government entity) to be a registered charity in order for it to be eligible for DGR status which would ensure that there is appropriate oversight of specifically listed DGRs by the ACNC. ,
- transferring the administration of the four DGR Registers to the Australian Taxation Office (ATO) simplifying reporting and reducing red tape, and
- removing the public fund requirements for DGRs.

However, along with many other charities we have major concerns about the proposed introduction of new reporting requirements for charities undertaking advocacy. As one of many charities working to address gaps and issues in society, one of our core roles is to advocate for changes that would address the cause/s of the issues we are working to address. Advocacy is the responsible appropriate response to addressing societal issues, rather than just responding to the impact the issues create.

The discussion paper states 'some charities and DGRs undertake advocacy activity that may be out of step with the expectations of the broader community', however in discussions with supporters we find the opposite is true. The community expects us to be working to address the cause of the issue, not just working on the issue itself.

Responses to Specific Consultation Questions Strengthening Governance Arrangements

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?

Bluearth Foundation supports a new requirement for a DGR (other than a government entity) to be a registered charity in order for it to be eligible for DGR status.

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

Bluearth Foundation strongly opposes this proposal, see above.

3. 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?

Bluearth Foundation supports the transfer of the administration of the four DGR Registers to the Australian Taxation Office. This proposal should decrease administrative effort and improve processing times for DGR applications.

Given the increasing importance of philanthropy in supporting the work of the Australian charity sector, Bluearth Foundation further reform is required as highlighted in the Not-for-profit Sector

Tax Concession Working Group to create fairer, simpler and more effective tax concessions for the not-for-profit sector.

- 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?

Given there are charities that work across existing DGR categories, allowing organisations to be endorsed in multiple DGR categories will reduce red tape and decrease the complexity of the DGR framework.

- 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?

Given public concerns related to a very small number of high profile charities, Bluearth Foundation strongly supports measures to strengthen the transparency and accountability of DGR operations. The Annual Information Statement provides an opportunity for charities to demonstrate they meet DGR eligibility requirements.

We do not believe that the introduction of a formal rolling review program is necessary to improve transparency and accountability, rather this is likely to increase administration effort for the majority who are already doing the right thing.

Instead we would support, as suggested by Philanthropy Australia that "the ACNC and the ATO to determine whether to undertake a compliance review of a particular cohort of charities and/or DGRs is necessary, with these decisions informed by an assessment of identified compliance risks and systemic issues."

- What are stakeholders' views on the idea of having a general sunset rule of no more than five years for specifically listed DGRs? What about existing listings, should they be reviewed at least once every, say, five years to ensure they continue to meet the 'exceptional circumstances' policy requirement for listing?

The existing DGR framework does not enable some charities to be eligible for DGR status other than through a specific listing. The system failure should not then place a burden on these charities through a regular review program.