

2nd August 2017

cohealth
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Senior Adviser
Individual and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT

By email: DGR@Treasury.gov.au

To Whom It May Concern,

RE: Tax Deductible Gift Recipient Reform Opportunities – discussion paper

Thank you for the opportunity to provide feedback on the consultation paper considering potential reforms to the Deductible Gift Recipient (DGR) tax arrangements.

cohealth is one of Australia's largest not-for-profit community health services, operating across 14 local government areas in Victoria. Our mission is to improve health and wellbeing for all, and to tackle inequality and inequity in partnership with people and their communities.

cohealth provides integrated medical, dental, allied health, mental health and community support services, and delivers programs to promote community health and wellbeing. Our service delivery model prioritises people who experience social disadvantage and are consequently marginalised from many mainstream health and other services – such as people who are experiencing homelessness, or mental illness, Aboriginal and Torres Strait Islanders, refugees and asylum seekers, people who use alcohol and other drugs, recently released prisoners and LGBTIQ communities.

As a large charity with DGR status cohealth appreciates the importance of ensuring that the broader public has confidence in organisations that hold such status. As such, we welcome measures that increase transparency and accountability around the operations of charitable organisations and those in receipt of DGR status.

Balanced against this however, is the need to reduce the regulatory burden faced by the charitable sector - which can often be very significant. In our case, this includes the heavy reporting requirements associated with the vast number of government funded contracts and grants we receive, combined with the significant compliance and accreditation requirements associated with operating



as a health organisation. As a charitable organisation where operating margins are very small and the public expectation is that a maximum percentage of our income will be spent on direct service delivery, resourcing these reporting and regulatory requirements can be extremely challenging.

cohealth thus has some concerns about a number of proposals in the discussion document, including the recommendations for:

- rolling review of organisations with DGR status;
- regulation of all organisations by the ACNC; and
- additional reporting requirements for organisations engaged in 'advocacy activities.'

Additionally, cohealth is particularly troubled by the proposal that advocacy activities should be singled out from any other type of activity undertaken by a charitable organisation for reporting and scrutiny. No evidence appears to have been put forward to explain either the necessity for, or benefits of, specific reporting of advocacy activities, and we therefore oppose the introduction of such a proposal on the basis of the increased red tape this would place on organisations.

Furthermore, cohealth believes that this significantly increased scrutiny of a lawful activity – namely advocacy – has a secondary effect of casting doubt over the legitimacy of that activity, resulting in a potentially chilling effect on advocacy activities. This is highly undesirable.

As an organisation whose purpose is to improve health and wellbeing, we know that advocacy is essential to delivering on our mission. Whilst, as described above, we provide a broad range of health and medical services to the communities we operate in, we also recognise that health is affected by many factors including education, housing, employment, and social inclusion and we are committed to addressing these underlying causes of health inequality. To this end, we undertake an active program of advocacy activities designed to shift some of these underlying systemic drivers of poor health outcomes. Our advocacy activities are as critical to achieving our purpose as are our service provision, health promotion, and community education activities. From our own experience, and thinking of the experience of other organisations who are involved in similar purposeful work we cannot understand why advocacy activities should be singled out for special scrutiny, and we do not support the proposal.

Yours sincerely



Lyn Morgain

Chief Executive

