

14 July 2017

Dear Senior Advisor,

**Re: Tax Deductible Gift Recipient Reform Opportunities**

Thank you for providing Diabetes Australia with the opportunity to respond to the Government consultation paper titled "Tax Deductible Gift Recipient Reform Opportunities". The efficient and effective operation of Deductible Gift Recipient tax arrangements are extremely important to Diabetes Australia and its Member Organisations, who operate with limited resources to improve the lives of all people affected by diabetes.

We are registered with Australian Charities and Not-for-profits Commission (ACNC) and have embraced and maintained the required governance standards. Balancing the compliance burden can be difficult. While we understand the importance of upholding the eligibility criteria for new and existing charities, we also support the need to reduce red tape in the sector.

Please find below Diabetes Australia's response to each of the 13 Consultation questions. We understand this consultation is targeted at DGR Reform Opportunities and, to that end, we welcome the opportunity to provide advice on other issues to improve the efficiency and effectiveness of the not-for-profit-sector.

If you have any questions please contact Paul Southcott, General Manager Corporate Services on 02 6232 3822.

Regards



Greg Johnson  
Chief Executive Officer, Diabetes Australia  
Adjunct Professor, Deakin University

## Summary of 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?*

**Response:** Diabetes Australia supports the requirement for a DGR (other than government entity DGR) to be a registered charity in order for it to be eligible for DGR status. This will strengthen governance by ensuring compliance through ACNC requirements. This will provide the public greater confidence, and ensure the requirements are transparent, with information on each charity publicly available.

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

**Response:** Diabetes Australia is unable to respond on behalf of other charities.

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

**Response:** Diabetes Australia currently has no concerns with the existing ACNC governance requirements in respect of privacy requirements. The proposed actions in this consultation paper in principle do not raise new privacy concerns, and any new detailed change would be closely assessed by Diabetes Australia.

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

**Response:** Diabetes Australia does not support the ACNC seeking additional information from charities about their advocacy activities. The advocacy requirements that are publicly available from the ACNC are quite clear and the information provided by Diabetes Australia in an Annual Information Statement addresses these requirements.

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

**Response:** Diabetes Australia notes that the Annual Information Statement was first completed in December 2014 and remains a relatively new governance requirement. We remain confident this is the most appropriate vehicle for collecting information from charities and the next key step is for all DGR to complete the Annual Information Statement. Refer to response 1.

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

**Response:** Diabetes Australia supports the continuance of the Annual Information Statement.

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?*

**Response:** Diabetes Australia in principle supports the transfer of the four DGR Registers to the ATO as it would provide greater consistency and may reduce administrative efforts. The input of the affected parties needs careful consideration.

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?*

**Response:** Diabetes Australia supports the proposal to remove the public fund requirements for charities and allow organisations to be endorsed in multiple DGR categories. Diabetes Australia is not in a position to comment on whether regulatory compliance savings are likely to arise for charities who are also DGRs.

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?*

**Response:** Diabetes Australia supports self-assessment - For DRGs to certify they meet DGR eligibility requirements and to report this as part of the Annual Information Statement. There should also be a review process by the regulator based on risk profile. The introduction of rolling reviews across 28,000 organisations may not be the best use of resources.

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

**Response:** Diabetes Australia believes all reviews should be based on risk after a desktop review has been completed by the regulator.

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?*

**Response:** Diabetes Australia is not in a position to comment on specifically listed DGRs or the 190 specifically listed organisations, as they have been granted DGR status in exceptional circumstances.

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?*

**Response:** Diabetes Australia is not in a position to comment on environmental organisations.

*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?*

**Response:** Diabetes Australia is not in a position to comment on environmental organisations.