



PHCC Working Together
Peel-Harvey Catchment Council

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Reform Opportunities Discussion Paper

*Submission by
Peel-Harvey Catchment Council Inc.*

The Peel-Harvey Catchment Council Inc (PHCC) is an incorporated, not-for-profit, community-based Natural Resource Management organisation in Western Australia, which promotes an integrated approach to catchment management and the way we protect and restore the environment within the Peel-Harvey catchment.

58 Sutton Street, Mandurah
Western Australia 6210
T: +61 8 6369 8800

www.peel-harvey.org.au

*We acknowledge the Noongar people as Traditional Custodians
of this land and pay our respects to all Elders past and present*

Re the following consultation questions, the Peel-Harvey Catchment Council Inc (PHCC), respectfully submits the following comments:

DGR Discussion Paper Consultation Questions	PHCC Comment
<p>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?</p>	<p>PHCC is already registered as a large charity with the ACNC, and has found the process of registration to be straightforward. We have found no issues which would impede a comparable organisation from registration, and welcome the simplification of the process for DGR eligibility as proposed in this paper and the ROE Report. We therefore especially support the following ROE recommendations:</p> <ol style="list-style-type: none"> 1) that the Register of Environmental Organisations be abolished and that the administration process for endorsement as a DGR for environmental organisations be transferred wholly to the ATO. 2) that registration as an environmental charity through the ACNC be a prerequisite for environmental organisations to obtain endorsement as a DGR by the ATO. <p>It is our belief that the publicly available ACNC Register, and its annual reporting and updating requirements, are sufficiently robust mechanisms as to enable transparency and accountability for ATO oversight of DGR status. PHCC does not currently have DGR status. It has been a deliberate decision by our board to not pursue this due to the time consuming and complex processes currently in operation.</p>
<p>2. Are there likely to be DGRs (other than government entity DGRs) that could not meet this requirement and, if so, why?</p>	<p>No comment.</p>
<p>3. Are there particular privacy concerns associated with this proposal for private ancillary funds and DGRs more broadly?</p>	<p>No comment.</p>
<p>4. Should the ACNC require additional information from all charities about their advocacy activities?</p>	<p>The PHCC supports Proposed Actions 31 and 32, and believes that the ACNC will be able to develop appropriate mechanisms to assist organisations to be clear about their responsibilities in this area.</p> <p>With respect to footnote 19:</p> <p><i>Subsection 30-265(1) of the Income Tax Assessment Act 1997 - Its principal purpose must be: (a) the protection and enhancement of the natural environment or of a significant aspect of the natural environment; or (b) the provision of information or education, or the carrying on of research, about the natural environment or a significant aspect of the natural environment.</i></p>

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	we note that the section (b) statement “ <i>the provision of information or education</i> ” can be taken to include advocacy, and is thus consistent.
5. Is the Annual Information Statement the appropriate vehicle for collecting this information?	The PHCC supports Proposed Actions 31 and 32, and believes that the ACNC will be able to develop appropriate mechanisms to assist organisations to be clear about their responsibilities in this area.
6. What is the best way to collect the information without imposing significant additional reporting burden?	The PHCC supports Proposed Actions 31 and 32, and believes that the ACNC will be able to develop appropriate mechanisms to assist organisations to be clear about their responsibilities in this area.
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?	<p>PHCC welcomes this proposal as per REO Report Recommendations 1 & 2, noting that we support <i>abolition</i> of the REO, rather than its <i>transfer</i>. ACNC registration will ensure that an environmental organisation meets the requirements of a registered charity, and there should be no need for further classification registers within the ACNC.</p> <p>This proposal will greatly simplify the process of obtaining DGR status with the ATO, and will greatly reduce the compliance burden for NFPs.</p> <p>PHCC supports Proposed Actions 38 – 44.</p>
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?	<p>PHCC supports Proposed Actions 51 and 52.</p> <p>We have very robust financial governance and financial processes which are transparent and already publically reported to the ACNC. As such, we have the capacity to administer donor funds via our Chart of Accounts in such a way as to be able to both audit and acquit them in a transparent and timely manner.</p> <p>We already engage in these processes with both Federal and State governments, involving multi-million dollar project funding, and would find it an undue burden to have to set up a public fund for what is a basic accounting procedure.</p>

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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?	PHCC supports Proposed Action 59.
10. What are stakeholders' views on who should be reviewed in the first instance? What should be considered when determining this?	No comment.
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?	PHCC supports Proposed Action 61 as a matter of general principle.
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?	<p>PHCC <u>does not support</u> the implementation of the proposal that environmental organisations be required to commit a statutory percentage of their donor funds to environmental on-ground remediation.</p> <p>We raise the query as to whether there are similar proposals to require other types of charitable organisations to spend their donor funds in a prescribed fashion? If not, is this a fair and reasonable approach?</p> <p>PHCC submits that testing compliance against a standard like this is not realistic, and it is not consistent with the ATO definition of an environmental organisation, viz., <i>(Subsection 30-265(1) of the Income Tax Assessment Act 1997 - Its principal purpose must be: (a) the protection and enhancement of the natural environment or of a significant aspect of the natural environment; or (b) the provision of information or education, or the carrying on of research, about the natural environment or a significant aspect of the natural environment.)</i>,</p>

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	<p>which allows for a range of types of environmental organisation. In other words, this seems to us to be an attempt at a “one size fits all” approach, and it is our view that it will impose artificial restrictions on environmental organisations. It might also be a disincentive for donors who might, for example, wish to fully fund a research proposal, rather than direct the funds to on-ground works. This works against the goal of encouraging philanthropy in the environmental sector.</p> <p>There are two other approaches which could be considered.</p> <p>Firstly, with regards to ACNC registration, the emphasis should be on whether, according to the ACNC standards, the organisation was delivering outcomes which were in alignment with its expressed purpose. The ACNC has the following as one of its requirements for continuing registration: <i>“To remain eligible to be registered, charities must continue to be not-for-profit and pursue their charitable purpose or purposes.”</i> Proposed Action 59 (rolling reviews) could cover this requirement.</p> <p>Secondly, with regards to DGR donor funds received by the organisation, the audit and acquittal process can be designed to capture whether the outcomes of the use of the funds meet the <i>specific purposes of the donor (if conditional) or the purposes of the organisation</i> as registered by the ACNC.</p> <p>In other words, the test for proper use of the funds should be against the publically stated purposes of the organisation to which the donor is directing the funds. This respects the donor’s ability to research and direct funds to an organisation which aligns to his/her values, and also respects the integrity of the organisation itself in expending those funds in an ethical and lawful manner.</p>
<p>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?</p>	<p>PHCC believes that the ACNC will be able to develop appropriate mechanisms to assist organisations to be clear about their responsibilities in this area.</p>