

# **Tax Deductible Gift Recipient Reform Opportunities**

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Discussion Paper  
15 June 2017

Submission from  
**Rotary Australia World Community Service Limited  
(RAWCS)**

in relation to the  
Tax Deductible Gift Recipient Reform Opportunities Discussion  
Paper

of  
15 June 2017

## Background

Rotary Australia World Community Service Limited (RAWCS) is an Australian company limited by guarantee that enables Australian Rotarians and Rotary Clubs to deliver humanitarian aid projects to assist disadvantaged peoples and communities. RAWCS is a registered charity with the ACNC and is a registered DGR with respect to the following DRG registers:

- The Department of Foreign Affairs and Trade administering the Overseas Aid Gift Deduction Scheme.
- The Department of Social Services administering the Register of Harm Prevention Charities.

## 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

**RAWCS is of the view that it is appropriate for a DGR to be registered as a charity and for them to be regulated by the ACNC.**

**This view is held on the basis that it is imperative that the public have confidence in the integrity and transparency of DGRs**

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

### Response

**RAWCS is of the view that it is unlikely that this requirement could not be met.**

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

### Response

**RAWCS is of the view that some private ancillary funds may be concerned as to their identity becoming public. We believe that any public ancillary fund that is distributing funds should be publically accountable.**

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

**Response**

**RAWCS believes it is appropriate for charities involved in advocacy activities to disclose this annually.**

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

**Response**

**RAWCS is of the view that the Annual Information Statement (AIS) should only include a check box to identify that a charity is engaged in advocacy activities and that a separate process should be devised to obtain information on a charity's advocacy activities where that is applicable.**

**RAWCS believe that it is not desirable to expand the AIS to collect information which further enlarges and complicates the AIS. To require all charities to review material that relates to additional information applicable to a minority of charities is unnecessary.**

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

**Response**

**RAWCS believes that the most appropriate means of collecting information relating to advocacy activities is through a separate return from those charities that engage in this activity.**

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**

**RAWCS is of the view that locating all four registers in the ATO is acceptable provided that the policy aspects of each register remain with the respective agencies.**

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**

**RAWCS is of the view that there would be advantages in removing the public fund requirements and allowing organisations to be endorsed in multiple DGR categories. We believe there would be some savings to organisations arising from this change**

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**

**RAWCS is of the view that a rolling program of reviews for DGR registered charities is an appropriate means of ensuring organisations still meet the requirements for DGR registration. We see the ACNC as the most appropriate agency to conduct these reviews and would recommend no less than a five year review program.**

**Annual certification could be included in the AIS provided the information sought did not increase the cost of compliance.**

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

**Response**

**Any DGR registered organisations not currently registered as a charity should be reviewed in the first instance.**

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**

**RAWCS is of the view that there should be consistency with respect to the review of DGR status across all DGR categories. A five year review cycle is appropriate.**

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**

**RAWCS is of the view that any charity should be required to ensure a minimum percentage of annual expenditure from their public fund be spent on direct charitable outcomes. This is to ensure the public can have confidence that all registered charities deliver a minimum charitable outcome.**

**A 25 per cent direct charitable outcome expenditure requirement could be regarded as a minimum. Certification of such expenditure could be collected through the AIS where clear definition of the nature of this expenditure would have the clearly explained.**

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**

**RAWCS is of the view that in order to maintain public confidence in DGRs, a requirement for ACNC charitable registration is not unreasonable. However ACNC charitable registration is not a guarantee that environmental DGRs are operating lawfully.**