

To DGR2treasury.gov.au  
Att: Senior Advisor  
Individuals and Indirect Tax Division  
The Treasury



Dear Senior Advisor,

**Tax Deductable Gift Recipients Reform Opportunities**  
**Discussion Paper 15 June 2017**  
**Response to Invitation to provide Feedback and Comments**

Thank you for the opportunity to provide feedback and comments. My feedback all relates to the category: Environmental Organizations.

<Quote from the Discussion Paper>  
(Under the heading “Issues” Page 4.)

**15. There are also concerns that some charities and DGRs undertake advocacy activity that may be out of step with the expectations of the broader community, particularly by environmental DGRs which must have a principal purpose of protecting the environment.**

<end quote>

My concern here is that the question of how best to deal with any particular environmental matter might not have an obvious answer. The answer that is established after detailed consideration might not be the same as “ the expectations of the broader community”. Generally, the “broader community” will not be sufficiently involved in the details to have developed an expectation that could be taken seriously. Naive expectation is not a valid challenge to carefully prepared analysis. I urge that very little weight be given to naïve “ expectations of the broader community”.

For a particular environmental issue, it will often be the case that sensible action is to raise the awareness of those whose actions are causing (or failing to reduce) the problem. There is no point planting ten trees if some government action has approved the removal of a thousand trees.

“Advocacy” and “ protecting the environment” are not mutually exclusive concepts.

<Quote from the Discussion Paper>

**Recommendation 5**

**73. The Committee recommended that legislative and administrative changes be pursued by the ATO to require that the value of each environmental DGR’s annual expenditure on environmental remediation work be no less than 25 per cent of the organisation’s annual expenditure from its public fund.**

**74. In making this recommendation, the Committee acknowledged the benefits of a diverse range of environmental work and said it wished to ensure that the concessions conferred on environmental DGRs were directed, at least in some part, to environmental work that achieves clear on-ground environmental outcomes. ...**

(Page 13 and repeated on Page 15)

**Consultation Question**

**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? (sic) In particular, what are the potential benefits and the potential regulatory burden? How could the proposal be implemented to minimise the regulatory burden?**

<end quote>

Again, the choice of words in the Discussion paper is based on the naïve supposition that the report writers (or the members they seek to be representing) know in advance what the most beneficial action should be in addressing some environmental matter. Such a thing cannot be known until the matter is addressed in detail.

“remediation” could be a very foolish approach if it is taken to remedy some damage, whilst the opportunity to seek to prevent the damage in the first place is passed up.

As the result of these particular changes could only be to degrade the efforts of the organizations which are supposed to be encouraged by the very existence of the DGR status in the first place, these particular proposed changes seem to be badly thought out. I feel that the committee could have better done its work if more information had been sought from Environmental DGR's about the nature of the environmental matters that they seek to address.

yours faithfully,

Richard Schurmann.