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Tax Deductible Gift Recipient Reform Opportunities Discussion Paper

As a member of several environment NGOs and a donator to more, I wish to make a submission regarding the consultation paper which proposes potential reforms to Deductible Gift Recipient (DGR) tax arrangements. In essence it appears that the point of the proposed 'reforms' (read restrictions) is to try to take Australia along the path that 'President Trump' aspires to for the USA; not a positive direction.

There are many instances where the environment and conservation movement has had to do the work of negligent governments to identify the ecological and economic values of our environment – Fraser Island, Gordon River, Great Barrier Reef are some of the high profile examples. Less tangible to many would be the (relatively) clean air that Australians (especially in urban areas) now enjoy compared to past times when transport and industry pollution was endured before environmentalists got governments moving. I could remind you of similar examples in relation to the quality (and quantity) of water in rural and urban areas (all being drought-prone as you know).

Emasculating the environment movement would be totally the opposite of what Australian politicians, and especially us poor citizens, need for our future life-styles (if not survival). Action on climate change is the high profile example of where the environment and conservation NGOs have led the community in recognising the need to reduce emissions, working on alternatives to fossil fuels, and looking to adaptation strategies. Less obvious to many would be the work these groups have been doing to retain the many working ecosystems upon which our (human) existence depends. Governments and industry have given token recognition of these needs, but it has been the environmental organisations (ENGOS) and community that continue to shoulder the bulk of the work.

It is clear to me that there is a political motive in this review process. While ostensibly it relates to management arrangements for all not for profits, it singles out ENGOS for particular scrutiny.

ENGOS have been 'in the sights' of those who prefer to profit (in direct \$, or influence) from exploitation of our environment – yes 'our', since it is Australian's collective commons on which we all (grand-kids included) depend. A few years ago the House of Representatives Standing Committee on the Environment's inquiry on the Register of Environmental Organisations (REO inquiry) was widely criticised as being political in nature. During the REO inquiry process, it was made clear that the Australian Charities and Not for Profits Commission (ACNC) believes that it has the appropriate enforcement powers to regulate charities.

It is woeful that Treasury has therefore decided to re-open this line of attack by revisiting issues from a politically motivated inquiry. Specifically there are some points I want you to

recognise; some may have been made by others who are similarly distressed at the current inquiry and discussion paper:

- . ACNC wanting additional information from all charities about their advocacy activities -

Charities are already subject to substantial annual reporting requirements. If a member of the public believes that a charity is engaging in inappropriate activity, they can make a complaint to the ACNC. Additional information would increase the time and resources that charities need to put into reporting and compliance - would Treasury or the Commonwealth fund acquisition of this information, given that current government policies are based on user-pays?

- . general sunset rule of five years for specifically listed DGRs -

The time and effort that would be required within charities to re-apply, and for this paperwork to be processed by government, would be enormous. This would be at a direct cost to taxpayers. Apart from those with specific political ideologies to promote, who says there is a problem with the current system – if isn't broken, why stuff around with it? Rather maintain the current system which is both efficient and provides clear accountability - where there is regular reporting and a complaints process that can identify charities which may need to be reviewed.

- . 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 -

Such a suggestion immediately raises the point of whether Australian governments, especially the Commonwealth, similarly would be putting 25% (or whatever %) of their budgets into remediation etc. Further, this issue was already dealt with at length during the REO inquiry. There are many thousands of organisations already working on remediation activity. Why would the government force ENGOs to limit or unduly constrain their activity? Once again this could only be seen as being politically motivated. The ideology of restricting action to cures/fixes/remediation, ie getting someone to do the dirty work after the exploiters have created problems, is apparent. Why would there be no requirement for the ENGOs to put specific effort into preventing and/or managing environmental problems? I guess we all know the reason.

- . need for sanctions -

I do not support the introduction of specific sanctions for environmental DGR. Does the Commonwealth wish to be so explicitly seen to be intimidating the public for the benefit of business interests (who are happy to 'repatriate' so much of their profit from Australia's resources to other countries). This is exactly what likes of the Minerals Council of Australia have been calling for – the government would be seen as following the lead of the fossil fuel and mining sectors if it placed specific sanctions against ENGOs. Non-violent protest is a cornerstone of sustaining a healthy democracy – surely the base of what it means to be Australian (if not a human right), and one of the values that the Commonwealth is exploring. Being engaged in peaceful protests does not imply that an NGO is involved in 'illegal' activity.

Finally, you need to scrap the recommendations in the discussion paper which are clearly politically motivated.

A legitimate and non-political review of the governance arrangements for not-for-profits will be broadly welcomed, both by the community and the NFP sector; that is if a review can remove unnecessary duplication, inconsistencies in how different charities are managed, and reduce reporting burdens while ensuring transparency and rigor in the reporting process.

As you will appreciate, an attempt to limit or sanction environmental groups for working to protect the natural environment will be seen as being politically motivated and will be seen as such by the broader community.