Senior Advisor
Individual and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

3 August 2017

Dear Senior Advisor

TREASURY TDGR REFORM SUBMISSION

I am writing in response to the invitation for public comment by Treasury on its discussion paper regarding reforms to DGR tax arrangements.

My submission addresses only some of the potential reforms and questions raised in that paper. It is focused on potential reforms to the charitable status of and tax concessions to environmental DGRs (and donors).

In summary, my submission is that:

- Treasury and the Australian Government ("the Government") should support the fundamental role of environmental DGRs and organizations, and philanthropy, by maintaining existing tax concessions for such charities and donors.

- Treasury and the Government should reject proposals that would make charitable tax status and concessions dependent upon environmental DGRs and groups spending a nominated percentage of funding on remediation or similar activities. It should be rejected on the basis that such a reform would be destructive of the fundamental aim of environmental protection and its many direct, and indirect, benefits for the community, the economy and future generations.

- Treasury and the Government should only pursue administrative and reporting reforms if reasonably necessary to improve efficiency and transparency for the sector, as opposed to making reforms that might regrettably or inadvertently increase administrative burdens and costs with no measurable benefits.

In further support of the above, I submit that:

1. There is indisputable evidence of the fundamental importance of protecting the environment and improving environmental outcomes for Australians (and globally). It is not hyperbole, indeed it is arguably trite to point out that the environment provides the "*life support systems*" for the Australian community and future generations. It cannot be separated from, for example, the economy and jobs.

It follows that environmental DGRs and environmental organizations are involved in fundamental, critically important work.

2. There is no evidence, or no meaningful evidence that the curtailing, or removal of tax deductible status and concessions for environmental DGRs, environmental groups and donors that do not spend a nominated percentage of their funding on remediation or a similar activity would better facilitate environmental protection and improve environmental outcomes.

3. Indeed these potential reforms would *discourage* philanthropy and support, and *likely* degrade environmental protection and outcomes.

4. Instead, there is overwhelming evidence, and support, for the great importance and measurable benefits of the many activities undertaken by environmental DGRs and environmental organizations that would likely not be classified as "*remediation*", or something similar. These activities include environmental and scientific research, the formulation of policies, education including, for example, of the public or a community about the status of a particular ecosystem (for example the Great Barrier Reef) in the context of the impact of a proposed activity or development on the ecosystem (again for example the Great Barrier Reef), advocacy (again for example advocacy in relation to protection of the Great Barrier Reef concerning specific activity or developments, and this effectively means advocacy for specific communities, industries such as the tourism industry and the wider Australian community) law reform and public interest litigation.

   These activities are in recognition of and put into practice the precautionary principle, and that it is better, more effective and less costly to "*prevent, than attempt (if possible) a cure*."

   To use the example of the well-known threats to the continued health, and existence of the Great Barrier Reef and the communities, and jobs which depend upon it arising from (a) water pollution and poor water quality from "*run-off*" of urban centres, industry and agriculture, and (b) climate change, it is difficult to see how, if at all, the Great Barrier Reef could be "*remediated*" in relation to these threats, and the questionable wisdom of environmental groups or governments attempting to do so after the fact. That would seem, with respect, to be futile.

5. Treasury and the Government should take heed of the reports, and Court judgment(s), that have underlined the public benefit of activities such as advocacy, policy formulation, law reform proposals and public interest litigation. I refer to the comments made by the High Court in *Aid/Watch Inc v-Commissioner of Taxation* [2010] HCA 42, the report of the Productivity Commission titled "*Access to Justice Arrangements*" (2014), and the report titled *Report of the Inquiry into the Definition of Charities and Related Organisations"* (2001) of the Honourable Ian Sheppard QC, Robert Fitzgerald and David Gonski.

6. Treasury and the Government should also take into account, and apply, the concerns and position adopted by half of the committee members who conducted the Register of Environmental Organisations inquiry and who rejected proposed limits on the activities of environmental DGRs and environmental organisations.

7. Furthermore, it would be illogical, and inconsistent, to "*single out*" environmental DGRs and organisations (and consequently donors) *only* for these kinds of restrictions. Such potential reforms have the capacity to be reasonably seen as ideological, partisan and promulgated to advance the interests of specific commercial interests rather than the wider community.

8. Such potential reforms would also have a chilling effect on public advocacy and civic society. It would not increase the participation in civic society by community interests, likely the opposite.

9. While efforts to improve efficiency and transparency of charities are to be supported, ensuring that DGRs understand their obligations, for example in relation to advocacy, are best achieved through annual information statements and annual financial statements, as well as providing proper resourcing for the charities regulator.

10. It is not necessary nor it would be of public benefit to require DGRs and charitable organisations to provide specific additional information on their advocacy activities.

11. Transparent reporting, registration with the ACNC and governance are sufficient and appropriate to ensure compliance, and rolling reviews and "*sunsets periods*" are unnecessary and would be unduly disruptive to DGRs and charitable organisations being able to carry out activities and programs (and funding of same).

Thank you for considering my submissions.

As I ask that my address details not be published on the Treasury website, I have provided my address details separately.

Yours sincerely,

Karen Vegar