



17 April 2023

Committee Secretary  
Senate Standing Committees on Economics  
Parliament House

### **Submission on the Treasury Laws Amendment (Refining and Improving Our Tax System) Bill 2023 Inquiry**

Thank you for inviting the Stronger Charities Alliance (SCA) to make a submission on the *Treasury Laws Amendment (Refining and Improving Our Tax System) Bill 2023*. Our submission is related to the Bill's *Schedule 3 - DGR registers reform*. The Treasury had previously released an exposure draft of DGR registers reform bill for consultation<sup>1</sup> and we had shared same opinion as below for the consultation.

The submission is co-signed by 55 members of the Alliance, listed below. However, the submission does not override any policy positions outlined in any individual submissions/documents by SCA member organisations.

#### **SUMMARY OF OUR RECOMMENDATIONS**

**We support and welcome the bill to bring the four DGR registers under the Australian Taxation Office's (ATO) domain.** It is likely to reduce red tape and have a more consistent approach to DGR status for these categories.

But there are other fundamental issues within the DGR system which need the government's attention. Regulation of DGR status is complex, with over 50 categories of recipients identified in Division 30 of the *Income Tax Assessment Act 1997*, administered by different authorities (pending the proposed reform). Despite the complexity and confusion that navigating over 50 potential categories causes the sector, the current system does not capture the diversity of modern Australian charities and the issues we work on. As a result, charities struggle to understand a key element of our operating environment. This is a particular obstacle to emerging charities and those with fewer resources.

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<sup>1</sup> See here: <https://treasury.gov.au/consultation/c2023-354087>

**Hence, we recommend that the government prioritises holistic DGR reform by simplifying and progressively extending it to all the charities registered with the Australian Charities and Not-for-Profit Commission (ACNC).**

### **ABOUT STRONGER CHARITIES ALLIANCE**

Stronger Charities Alliance, previously known as Hands Off our Charities Alliance, consists of over 120 charities and was formed in 2017 in response to several bills that would have silenced charities' voices on issues of national and public importance. For a list of current member charities, please see our website <https://www.strongercharities.org.au/about-us/>.

The Alliance envisions a thriving not-for-profit sector where charities are empowered to advocate for lasting change in pursuit of their charitable purposes.

Together, the members of SCA represent millions of Australians concerned with a wide range of issues, including education, social welfare, human rights, international development, animal welfare, the environment, health, climate change, disability rights and philanthropy. Our organizations, the issues we work on, and the communities we represent are diverse, but we all share a fundamental commitment to serving the public interest.

### **FUNDAMENTAL PROBLEMS WITHIN DGR SYSTEM**

Adequate funding is essential for charities to pursue their purpose and serve their communities. Without access to DGR status, it is extremely difficult to access funds from major donors and philanthropic trusts and foundations, making it nearly impossible to fund a charity of any size sustainably. But many charities are unable to access DGR status because of the complexities within the system.

As the past Commonwealth-sponsored independent reviews and charity sector submissions have highlighted, DGR is a cumbersome regime often written in vague and bureaucratic language that many charities find challenging to understand<sup>2</sup>. DGR's categories are outdated as they do not capture the diversity and current realities of the Australian charity sector. While charities have to demonstrate partial or complete compliance with a DGR category, in reality, many charities do not always neatly fit into one of the fifty-plus categories. Some important issues, such as democracy, are not represented in the existing categories at all. Even for those charities that do fit an existing category, wait times to be granted DGR status are extremely long, leaving new and small charities with the problem of fundraising without DGR for unreasonable lengths of time.

Besides, four registers, as listed in the exposure draft, are dealt with by their relevant / portfolio Ministers and departments. Such arrangements have provided scope for some Ministers to exercise undue political influence by granting, revoking or delaying DGR status, which could be

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<sup>2</sup> Productivity Commission, *Contribution of the Not-For-Profit Sector*, Research Report, 2010, *Not-for-Profit Sector Tax Concession Working Group – Final Report*, May 2013

used to silence some charities. This approach also increased the administrative burden on charities in those categories who had additional reporting requirements; and meant that charities wanting to be endorsed as a DGR in those categories had to wait longer. **Bringing the four categories under ATO's domain is a good step to address these issues with the four DGR categories. Therefore, we support and welcome this bill.**

But, the reform will not address other fundamental problems within the DGR regime. To that effect, in 2010, the Productivity Commission recommended the Commonwealth Government to progressively widen the scope of DGR status to include all endorsed charitable institutions and funds<sup>3</sup> - the 2013 Not-For-Profit Sector Tax Concession Working Group had supported the recommendation.<sup>4</sup> **Building on these recommendations, we advocate that the government continues and prioritises a holistic DGR reform, simplifying and progressively extending it to all the charities registered with ACNC.**

Once again, we thank you for presenting us with the opportunity to make this submission on the proposed inquiry. We will be available to answer any questions about our submission or provide oral evidence if helpful.

Please direct your inquiries or requests to Hassan Mirbahar, Coordinator of the Stronger Charities Alliance, at [redacted]. He can also be reached via his phone number, [redacted].

## CO-SIGNATORIES

ACT Council of Social Service



Australasian Centre for Corporate Responsibility Inc



Adult Learning Australia



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<sup>3</sup> Productivity Commission, *Contribution of the Not-For-Profit Sector*, Research Report, 2010, Recommendation 7.3.

<sup>4</sup> *Not-for-Profit Sector Tax Concession Working Group – Final Report*, May 2013, 6–7.

Aid/Watch



Australian International Development Network



Anglicare Australia



Allevia Limited



Amnesty International



Animals Australia



Australian Religious Response to Climate Change  
(ARRCC) Inc.



Asylum Seekers Centre



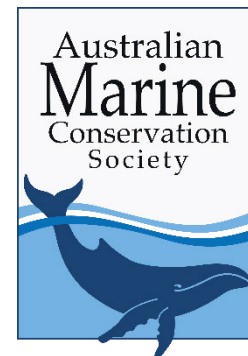
Asylum Seeker Resource Center



Australian Conservation Foundation



Australian Marine Conservation Society



Australian Refugee Association



Australian Youth Climate Coalition



Australian Democracy Network



Baptist Care Australia



Barnardos Australia



BirdLife Australia



Buddhist Council of NSW



Catholic Social Services Australia



Climate Action Network Australia



Community Broadcasting Association Australia



Community Council for Australia



Community Legal Centres NSW



Community Mental Health Australia



Conservation Council of SA



Country Needs People



Dying with Dignity NSW



Engineers Without Borders Australia



Environmental Justice Australia



Environment Victoria



FOUR PAWS Australia



Friends of the Earth Australia



Greenpeace Australia Pacific





Human Rights Law Center

Human  
Rights  
Law  
Centre

Humane Society International Australia



**HUMANE SOCIETY**  
**INTERNATIONAL**  
AUSTRALIA

International Women's Development Agency

**IWDA** INTERNATIONAL  
WOMEN'S  
DEVELOPMENT  
AGENCY

Jesuit Social Services



Koala Action Inc.



Lock the Gate Alliance

**LOCK THE GATE**

Mackay Conservation Group



**MACKAY**  
**CONSERVATION**  
**GROUP**

Medical Association for Prevention of War



Medical Association for  
Prevention of War (Australia)

Mental Health Community Coalition ACT



**mental health**  
community coalition ACT

Micah Projects



Mountains Community Resource Network Inc



Public Health Association of Australia



St Vincent de Paul National Council of Australia



Sunshine Coast Environment Council



Transparency International Australia



Voluntary Assisted Dying South Australia Inc



Whitsunday Conservation Council



Wilderness Society



World Animal Protection

