

I refer to those organisations which qualify for DGR status by listing either as private funds, through the Government Gazette or by amendment to the ITAA. The draft report, whilst referring to this method of gaining DGR status descriptively, makes no criticism of it but recommends that such inclusions be continued (Rec 7.2 para 2).

When sourcing this list on the ATO website I was surprised at the large number of organisations which have gained DGR status in this apparently 'back door' way. Whilst I have no doubt that many have legitimate claims for listing, there are others which, at the very least, raise doubts about the rationale for their inclusion.

This aside, this method of selection appears to be ad hoc and lacking in rigour or system. It is likely to be politically influenced in a partisan way and, since the list is so long and not subject to the same criteria as other categories, it must distort the whole DGR assessment system to the disadvantage of many legitimate claimants.

Since the Commission has recommended “*a single national application process for organisations for tax status endorsement, or mutual recognition of endorsement across all jurisdictions*” (Rec 7.1), and a “*widening of the scope for deductibility to include all charitable institutions proposed by the National Register*” (Rec 7.2 para 1), I do not believe that it can logically recommend a continuation of tax deductibility for the listed groups as suggested in recommendation 7.2, para 2. In the interests of fairness, transparency and the desirability of systematic, arms-length appraisal, such listed organisations should be subject to re-appraisal under current criteria or whatever criteria are ultimately developed. Furthermore these methods of circumventing the current assessment processes should be discontinued.

Should the Commission not be prepared to make such a bold recommendation it should at the very least draw attention to the distortions caused by the inclusion of such 'back door' methods of inclusion and recommend cessation of such methods and perhaps the phased re-appraisal of those organisations on the list.

I congratulate the Commission on a thorough and well argued draft research report and hope that you will take my comments into account.

Yours sincerely

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