



HUMANE SOCIETY INTERNATIONAL

Australian Office:
PO Box 439
Avalon
NSW 2107
Australia
+612 9973 1728
admin@hsi.org.au
www.hsi.org.au

Head Office:
2100 L Street, NW
Washington, DC
20037
USA
301-258-3010
Fax: 301-258-3082
hsi@hsihsus.org

Officers
Wayne Pacelle
President
Andrew N. Rowan,
Ph.D.
Vice President
G. Thomas Waite
III
Treasurer

Australian Office
Michael Kennedy,
Director
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Director

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Dr. Andrew Rowan
Michael Kennedy
Verna Simpson

Manager
Philanthropy and Exemptions Unit
Personal and Retirement Income Division
The Treasury
Langton Crescent
Parkes ACT 2600

11 August 2011

To Whom It May Concern,

**Re: Humane Society International submission to the Treasury consultation on the
*Exposure Draft: 'In Australia' Special Conditions for Tax Concession Entities***

Humane Society International (HSI) welcomes the opportunity to comment on the *Exposure Draft: 'In Australia' special conditions* (the exposure draft), which will reinstate 'in Australia' special conditions for tax concession entities.

As a national not-for-profit organisation within an international network, HSI Australia works as a major non-government force in Australia and the region for wildlife conservation and animal protection. We concentrate on the preservation of endangered animals and ecosystems and work to ensure quality of life for all animals, both domestic and wild. We are primarily a national organisation, but also work at a broader regional scale to conserve regional threatened ecosystems and species and their habitats.

Our regional efforts encompass relationships with the United Nations and work with various treaty and international agreements, including the World Trade Organization and the UN Food and Agriculture Organisation, affecting animals and their habitats. HSI works with national and jurisdictional governments and conservation NGOs to find practical, culturally sensitive, and long-term solutions to common environmental and animal problems.

Over 80% of funds raised are delivered into our conservation animal protection work within Australia and its region. HSI's donors recognise that their contributions are dispensed to both national and regional projects, working to implement conservation at wide-ranging levels.

At a regional scale, HSI works with local organisations in implementing conservation and animal welfare programs, including:

- HSI joined forces with 60 UNEP Global 500 winners as part of a campaign to halt

illegal clearing of native vegetation and later to combat climate change.

- HSI provided disaster response emergency relief assistance to local non-governmental organisations working on the ground in affected areas to provide relief to wildlife, livestock and companion animals. For example, the 2011 Japan earthquake and tsunami and the 2005 floods in India.
- Our work in promoting avoided deforestation solutions in Australian policy, including securing key amendments to the CPRS and inclusions in the Carbon Farming Initiative and carbon tax schemes; efforts in forming an international coalition of NGOs to fight for global forest protection at the UN climate negotiations; and funding a critical UNEP report on global carbon stores and biodiversity.
- HSI has been supporting Orangutan habitat conservation projects in Indonesia since 2000.
- HSI supported legal action in Papua New Guinea, providing funds to the PNG Eco-Forestry Forum, fighting illegal forest activities over concession rights for approximately 5 million hectares of forest.
- HSI worked with the Friends of the National Parks Foundation in Indonesia, to help purchase a small rainforest block on the island of Nusa Penida, off the coast of Bali, a safe release site for the highly endangered Bali starling.

Much of HSI's work is directly partnered with the Australian Government. Of significance, in 2003 HSI worked with the Prime Minister of Australia to establish a \$10 million Regional Natural Heritage Program (RNHP) to give grants to conservation projects in the global biodiversity hotspots of the Asia Pacific. The fund was used to conserve biodiversity hotspots that provide habitat for iconic species such as Asian elephants, orangutans and the Sumatran rhino. HSI was also a member of the RNHP Advisory Committee established by the Minister for the Environment to assess grant applications and provide recommendations to the Minister.

Other examples of collective works with the government include:

- Collaborative working arrangements with various industry bodies, such as the Australian Fisheries Management Authority and the development of Australia's largest commercial fishery – the Southern and Eastern Scalefish and Shark Fishery.
- HSI's 'Extinction Denied' program, which used legislative opportunities to afford protection to nearly 4 million hectares of endangered habitats, over 100 nationally threatened species, more than 40 threatened ecological communities and key threatening processes, and policy wins adding a further 1.3 million hectares in biodiversity rich hotspots.
- Advocacy work in the passage of the *Environment Protection and Biodiversity Conservation Act* (the *EPBC Act*) through the Parliament in 1999.
- After gaining a national policy commitment and working with the Commonwealth's Threatened Species Scientific Committee and the Australian Museum, HSI co-sponsored a workshop which led to the identification of 15 priority biodiversity Hotspots areas and the purchase of seven Hotspots reserves.

Taking into consideration our framework and scopes, HSI would like to provide comment on the following details of the exposure draft -

The exposure draft's context of amendments (1.5) states that,

The purpose of the introduction of 'in Australia' special conditions for income tax exempt entities...was to address tax avoidance arrangements which could use charitable trusts and certain other not-for-profit organisations to shift untaxed funds overseas.

However, there are no further details regarding the scope of this issue, nor how restoring 'in Australia' special conditions will resolve this. It remains to be understood how preventing a not-for-profit, such as HSI, from funding its regional conservations programs has any application to preventing tax avoidance.

Furthermore, the exposure draft explains that,

Entities that are deductible gift recipients under the category of 'international affairs' are exempt from the deductible gift recipient 'in Australia' special conditions. (1.94) [and that] ...deductible gift recipients include overseas aid funds, developed country relief funds and similar deductible gift recipients where their activities are clearly intended to be undertaken overseas. This is in recognition that although some organisations are not operating in Australia, it is considered that they nonetheless further Australia's overseas aid objectives and therefore contribute to Australia's broad public benefit. (1.95) ... [And that such exemptions] ensure that this taxpayer funded concession is directed to the causes that it was donated for, and not at risk of being misdirected to inappropriate and unauthorised operations. (1.97)


HSI considers this limiting to organisations who do not fall into such narrow scopes, and unfair for those, such as ourselves, who work overseas within different capacities. Such rules for deductible gift recipients will limit HSI's ability to implement regional projects which are also beneficial to Australia.

In response, HSI recommends to the following:

1. Amend provisions to allow deductible gift relief status for Australian not-for-profit organisations based on criteria involving development and conservation goals applied at wider capacities.
2. Modify criteria for listing as an 'international affairs' organisation to take on a wider-ranging and justifiable scope, and taking into consideration aims and objectives of sustainable development.
3. Amend the criteria for the Register of Environmental Organisation to provide suitable exemptions for conservation organisations operating in Australia as well as overseas.

HSI is grateful for the opportunity to provide comment on the exposure draft of legislation that will restate the 'in Australia' special conditions for tax concession entities, and welcomes and further discussions.

Yours Sincerely,



Verna Simpson
Humane Society International