



Great Barrier Reef Foundation

Tax Deductible Gift Recipient Reform Opportunities *Discussion Paper 15 June 2017 – Comments*

Introduction

The Great Barrier Reef Foundation (the Foundation) is an Australian not-for-profit company limited by guarantee.

The Foundation was established in 2000 in response to the United Nations World Heritage Convention encouraging countries with world heritage sites to establish a national foundation whose purpose is to invite donations for their protection.

The Foundation is the lead charity for the Great Barrier Reef, dedicated exclusively to funding solutions for its long-term conservation.

The Foundation is a registered charity and endorsed under the ITAA 1997 for exemption from income tax. We must comply with the Corporations Act 2001 and the Australian Charities and not-for-profits Commission Act 2012. The Foundation has a public fund called 'The Great Barrier Reef Foundation Public Fund (the Public Fund) which is on the Register of Environmental Organisations (REO) and the Foundation is endorsed under the ITAA 1997 as a deductible gift recipient for the operation of the Public Fund.

The Foundation also holds fundraising licenses in New South Wales (Office of Fair Trading), Victoria (Consumer Affairs Victoria), Tasmania (Consumer Affairs and Fair Trading) and Western Australia (Department of Commerce). Each of these departments have statutory obligations the Foundation must also adhere to.

The administrative demands required to be a charity in Australia is complex and onerous and the Foundation welcomes the opportunity to comment on reform opportunities. We have highlighted our main areas of concern in the paragraphs below and provide comments on the consultation questions on the following pages.

Summary of concerns

The Foundation welcomes any review into the effectiveness and integrity of its charity sector. We understand the concerns that led to the inquiry in 2015 and are willing to contribute in any way to a successful inquiry.

The Foundation has provided a number of responses to the consultation questions provided. However, our main concern relates to consultation question 12 and is around the need for a clear definition of what is environmental remediation. It is our firm belief, in the case of the Great Barrier Reef, that scientific research, in-lab piloting and technological advances can have a profound impact in the environmental state of a marine or terrain ecosystem.

Furthermore, given the high level of protection in the Great Barrier Reef Marine Park, it is not common to undertake on-ground activities without significant pre-testing.

As such, the Foundation believes that the most important requirement of an environmental organisation should be to achieve genuine environmental benefit and that its funded activities should be evaluated for their environmental effectiveness.

We strongly recommend that any definition of environmental remediation includes the activities such as research, monitoring and evaluation, or that these activities be expressly specified as appropriate activities to complement environmental remediation.

The Foundation would be happy to contribute further to this dialogue at any stage during the Inquiry.

Comments on the consultation paper

1. **What are stakeholders' views on a requirement for a DGR (other than government entity DGR) to be a registered charity in order for it to be eligible for DGR status. What issues could arise?**

- The Foundation supports this reform. Given we are already a charity that holds DGR status it would have no impact on us directly.
- We believe that all DGR's should be transparent and accountable to their donors and the public. They should all have the same governance and compliance requirements and this would be enforced if they have to comply with the ACNC.

2. **Are there likely to be DGRs (other than government entity DGRs) that could not meet this requirement and, if so, why?**

The Foundation has no comment

3. **Are there particular privacy concerns associated with this proposal for private ancillary funds and DGRs more broadly?**

The Foundation has no comment

4. **Should the ACNC require additional information from all charities about their advocacy activities?**

The Foundation has no comment

5. **Is the Annual Information Statement the appropriate vehicle for collecting this information?**

- If all non-government DGRs are charities with the ACNC this would make it a more inclusive and fair system.

6. **What is the best way to collect the information without imposing significant additional reporting burden?**

- A clear definition with examples would help charities determine what activities are to include as advocacy.
- The most effective way would be for the charity to either do a time estimate annually (based on clear guidance from the ACNC – and this will still be very subjective) or track their funding to determine the proportion spend on advocacy.
- It would be difficult to come up with a comparable method for charities to track different activities given the subjective nature.

7. **What are stakeholders' views on the proposal to transfer the administration of the four DGR Registers to the ATO? Are there any specific issues that need consideration?**
- The Foundation supports transferring the administration of the four DGR Registers to the ATO. It would reduce the complexity and make it easier for the application of a charity to go to the one statutory body and gain tax concessions and DGR status at the same time. Hopefully this would also mean time efficiencies with the set up as well.
 - Once a charity is set up the administrative burden is not that onerous. Given this, although complexity overall would be reduced, I would assume that the reporting requirements and onus on the charity would be similar.
8. **What are stakeholders' views on the proposal to remove the public fund requirements for charities and allow organisations to be endorsed in multiple DGR categories? Are regulatory compliance savings likely to arise for charities who are also DGRs?**
- The Foundation does note that the actual establishment of the Public Fund was a significant undertaking but once set up the maintenance is not onerous and from our perspective is appropriate. We support the requirements of having a separate bank account and accounting/reporting procedures as it assists with management of the Foundation and again, contributes to donor confidence that the funds are being used and managed appropriately.
 - If the public fund requirements were removed, we would still maintain the separate bank account for DGR funds and management of the public fund would be governed by our financial authorities rather than the management committee. This would remove some of the administrative burden for the Foundation.
 - Given the Foundation's purpose is centered around reefs and reef resilience it is clearly environmental we would not seek to be endorsed in multiple DGR categories so it is difficult to comment in this regard.
9. **What are stakeholders' views on the introduction of a formal rolling review program and the proposals to require DGRs to make annual certifications? Are there other approaches that could be considered?**
- The Foundation supports the introduction of a formal rolling review to make annual certifications. We are of the belief that if charities are following their charitable purpose then partaking in this kind of review each year should not pose a problem or threat. It would be a great way to identify the entities that are no longer DGR compliant and ease the burden on taxpayers.
10. **What are stakeholders' views on who should be reviewed in the first instance? What should be considered when determining this?**
- The Foundation has no comment
11. **What are stakeholders' views on the idea of having a general sunset rule of five years for specifically listed DGRs? What about existing listings, should they be reviewed at least once every five years to ensure they continue to meet the 'exceptional circumstances' policy requirement for listing?**
- The Foundation supports any initiative to ensure the operations of charities in Australia remains transparent and effective.
12. **Stakeholders' views are sought on requiring 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? In particular, what are the potential benefits and the potential regulatory burden? How could the proposal be implemented to minimise the regulatory burden?**

- The Foundation believes that the most important requirement of environmental organisations should be to achieve genuine environmental benefit. This is not a one size fits all model and there is a need for flexibility to cater for a range of models.
 - The Foundation funds research and on ground programs for the protection of the Great Barrier Reef. Each project we fund has been designed to meet a genuine gap and therefore we do not follow a standard project type where there is a pre determined threshold of on ground activity.
 - The Foundation supports a condition that no less than 25% of expenditure from the Public Fund go to environmental remediation. It would be comfortable with increasing the percentage to 50% but on the basis that the definition of environmental remediation includes the activities such as research, monitoring and evaluation, or that these activities be expressly specified as appropriate activities to complement environmental remediation.
 - With regard to the extent of environmental remediation undertaken by organisations on the register, this ultimately comes down to how it is defined, as is it a broad and subjective term. It is important to note that the Long Term Sustainability Plan for the Great Barrier Reef (basically the blueprint for the protection, preservation and restoration of one of the world's greatest environmental assets) outlines the actions that need to be undertaken to ensure that the environmental values of the Reef are maintained. These actions include a combination of monitoring, research, on-ground works and community engagement. Assuming on-ground works is part of environmental remediation, if not underpinned by strong science and an appropriate monitoring and evaluation framework, it can result in unintended consequences (environmental, social and economic) or they may simply fail due to a lack of understanding about the cause and effect relationships at play. For example, the restoration of a habitat through on-ground or remedial action where the underlying cause of the habitat's decline has not been addressed would likely fail and thus would not be an effective use of donor funds.
 - The Foundation therefore strongly recommends that any definition of environmental remediation includes the activities of research, monitoring, evaluation and community engagement, or that these activities be expressly specified as appropriate activities to complement environmental remediation.
13. **Stakeholders' views are sought on the need for sanctions. Would the proposal to require DGRs to be ACNC registered charities and therefore subject to ACNC's governance standards and supervision ensure that environmental DGRs are operating lawfully?**

The Foundation has no comment