



3 August 2017

Senior Adviser,

Individuals and Indirect Tax Division The Treasury Langton Crescent Parkes ACT 2600

By email: DGR@treasury.gov.au ;

Dear Sir/Madam,

Tax Deductible Gift Recipient Reform Opportunities

My personal submission in response to the Discussion Paper on tax deductible gift recipient reform opportunities is as follows. I strongly oppose the proposals relating to the need for new reporting obligations for advocacy activities put forward in the Discussion Paper, including those requiring that a certain proportion of an environmental organisation's activities be directed towards environmental remediation. The four, linked grounds for my opposition are as follows:

1. Australia's Natural Resources (the Environment) are Essential to the future of Australian Food Security and Economy. Currently they are in a parlous state:

- Ecosystems in much of Australia's farm landscape today are under serious threat, due to the impact of two centuries of unsustainable land management practices. Soils and water are contaminated, compacted and depleted; invasive pests and animals are rampant; and extensive clearing of native vegetation has resulted in more native plants and mammals becoming extinct in Australia than in any other country, and in more species being listed as "threatened" than in 98% of all other countries.
- Functioning ecosystems in the environment are the communities of flora, fauna, bugs, fungi, yeasts and bacteria above and below ground. They provide invaluable ecoservices that are the foundation for all future sustainable production of quality food in Australia. Ecoservices provided to society by functioning ecosystems include: clean water and air; nutrient cycling and soil enrichment; crop pollination; carbon sequestration; climate change and flood mitigation; decomposition of waste; disease control and much more.
- With the global population is heading towards 9 billion, the World Bank predicts food security and the associated health of land and its ecosystems is now a major issue. The Bank believes that, just to keep pace, food production needs to increase by 50 per cent. It also predicts that crop yields could be cut by over 25 per cent, due to climate change and other resource factors.
- Australia's food security and our ability to keep producing quality food into many future generations is highly dependent on the protection, restoration and care of the natural resources and ecosystems in the environment.
- The economies and resilience of Australian rural, regional communities depend heavily on the continuation of functioning of healthy ecosystems.

2. Australia faces a massive challenge in Restoring and Protecting Natural Resources. This requires involvement of all sectors and all levels, and it needs integrated strategic approaches. Advocacy will be an integral part of these approaches.

- The *scale* of the challenge involved in restoring and caring for Australia's ecosystems - and thereby ensuring our food security and regional economies, is so great that it requires the involvement of all individuals, all organisations and all sectors at all levels – including the Philanthropic sector.
- The *nature* of the challenge requires strategic integrated solutions achieved through a combination of approaches; i.e. policy setting, strategic planning, coordination of disciplines and



sectors at all levels, local capacity-building, and very importantly ... promotion and communication. Inevitably these activities will involve advocacy on occasions; e.g. encouraging all land managers and farmers in a catchment to become involved in solving water quality or salinity issues; communicating with the local media around holding consultative community planning meetings; encouraging urban people to participate in stream-side, tree-planting working bees, etc etc.

3. Supporting organisations in caring for Australia's natural Resources (the Environment) is a vital and legitimate role of the Philanthropic sector

- It is essential that community organisations are able to play a role in caring for the health of our natural resources and restoring ecosystems. When they do, they are doing so on behalf of the whole society. It is also essential the philanthropic sector be in a position to fund their efforts.
- I use our own story as a case study. I run a food and wine business in rural Victoria, where my children are seventh generation associated with our farm and vineyard. In the 1870s to 1890s it was the governments of the day that required settlers (our ancestors) to clear the land (or risk forfeiting their land claim). As a result, our land and ecosystems all but died. Totally cleared land was rapidly going saline, soil was compacted, biodiversity was nearly gone. Then in the early 1980s, local farmers established the Warrenbayne Boho land Protection Group (WBLPG) which has worked successfully for almost four decades in advocating the need for land care – and in encouraging farmers in the sub-catchment to get involved. This work involves advocacy, consultative planning and practical assistance. Indeed, for over three decades our own family has worked with friends and community in regenerating the vegetation cover across half our farm landscape, in networks that surround production zones and create connective habitat. Networks are bringing back the ecosystems and ecoservices required to sustain quality food and wine production. WBLPG would never have got off the ground, nor been so successful if the Myer Foundation had not provided it with seed-funding in the early 1980s.
- Australian charities are legitimate in funding work that includes advocacy to further their charitable purposes. The High Court recognised the importance and legitimacy of this in the Aid/Watch decision of 2010,¹. The Court held that charities undertaking advocacy was essential to Australia's constitutional system of parliamentary democracy. This decision was subsequently legislated in the Charities Act 2013 (Cth).
- It would be contrary to the principles of a civil society for the government to decide constrain or dictate the approaches being taken by responsible charitable trust and foundations, in ways that would inhibit them from funding reputable community groups who are caring the our natural resources – so helping to ensure Australia's future.

4. Reputable Trusts are well equipped to govern their affairs and make grants with integrity

- I am a Trustee of the HMST which runs an Environment Program. Through this we fund a range of community to organisations to engage in activities that protect and restore our natural resources. We have an excellent Board and staff who are well placed to assess whether our funds are likely to be utilised wisely and with integrity. The Trust monitors activities closely and has stringent reporting requirements – which groups observe carefully. Our competency, capacity and integrity is similar to all the other philanthropic bodies with which I am associated.

Yours faithfully,

Winsome McCaughey AO

Director, Seven Sisters Vineyard Pty Ltd

