

The Intrepid Foundation

Submission to the Productivity Commission Review of Philanthropy

4 May 2023

1. Executive Summary

This submission focuses on the impediments that The Intrepid Foundation faces with achieving efficiency in our not-for-profit operations, specifically regarding donation collecting capability which we consider to be directly linked to the tax deductibility rules governing the current system. We also put forward some proposals at the end of the submissions.

We summarise the main impediments as follows:

- (a) We find that the current Deductible Gift Recipient (**DGR**) framework is limiting to our organisation. This is because it does not adequately meet the needs of intermediary organisations like ours that are seeking to increase giving to global charities; and
- (b) Our current DGR2 status inhibits our ability to receive donations from Private Ancillary Funds (**PAFs**) or offer tax deductibility to all of our Australian donors.

2. Background to our current structure

We provide the following by way of background to our current structure. The Intrepid Foundation consists of the following two entities:

- (a) The Trustee for the Intrepid Foundation Limited (**TIFT**) is an unincorporated fixed trust which is a registered charity with the Australian Charities and Not-for-profits Commission. It is a DGR (item 2); and
- (b) The Intrepid Foundation Limited (**TIFL**). TIFL is a public company limited by guarantee. TIFL is the trustee of TIFT but also accepts and distributes donations in its own right.

This structure allows us to accept public donations and make distributions to both Australian DGR1 charities and global non-DGR charities.

We also note the following:

- (a) The Intrepid Foundation both fundraises and makes charitable donations and is the philanthropic arm of the world's largest travel B-Corporation, Intrepid Travel;
- (b) The Foundation receives income from Intrepid Travel's company donations, as well as donations from our travellers in Australia and globally;
- (c) We are one of few corporate foundations that actively seeks out philanthropic donations from our 150,000+ customers a year. The donations are not built into the cost of our trips; instead, we promote the work of our on-ground charity partners on trips and inspire generosity from our travellers to make donations via our secure donation website at time of booking, as well as post-trip;
- (d) In a typical year, the Intrepid Foundation could raise up to \$1M in donations from customers and other supporters, and Intrepid Travel will contribute up to a further \$800,000 in company donations to the Foundation. Intrepid Travel absorbs all administration costs associated with running the Foundation so that 100% of donations go directly to our partners.
- (e) We currently partner with 36 not-for-profit organisations globally. Just seven of these are DGR1 charities such as WWF Australia, Blue Dragon Children's Foundation and Greening Australia. The other 29 partners are small to medium sized not-for-profits that are not registered in Australia and include Adelante Foundation in Honduras, Patinaai Osim in Kenya and Grand Canyon Conservancy in the US. The causes that we support are broad-ranging to reflect the diverse issues that travellers are exposed to on their Intrepid trips and include social and economic inequality, wildlife and animal protection, and climate action and the environment. We have partners working on every continent of the world.

3. Challenges we face

As a DGR2, the Intrepid Foundation plays an important intermediary role in inspiring and encouraging philanthropy to our customers. We also make giving easy, by completing due diligence on all of our charity partners. We know our customers trust the Intrepid brand for giving them a great travel experience, for ensuring their trip is environmentally considered, and they trust us when we tell them about a charity partner that is creating impact in their travel destination, even if they had never heard of that charity before. Our Foundation exists because from the day we founded Intrepid Travel, our travellers were asking us, "How can I give back?"

4. Current limitations due to legislative constraints

However, one major limitation we face is that not all of our Australian donors to the Intrepid Foundation will receive a tax benefit for their donation. Due to our DGR2 status, a donation to the Foundation is only deductible if the donor specifies that their donation goes towards one of our seven DGR1 charity partners. A donation from an Australian taxpayer to any of our other 29 charity partners will not be tax deductible.

Not being able to provide tax deductibility limits the size of donations from our Australian donors and it also becomes a barrier to donors setting up recurring monthly donations. Of our 126 recurring donors, 84 give to a DGR1 charity partner and receive a tax benefit. The remaining 42 donors do not receive tax deductibility.

Furthermore, as a DGR2 charity we are not able to receive donations from PAFs. We already receive donations up to the value of \$10,000 in a single gift. In late 2022, we needed to reject a donation from a PAF.

The Intrepid Foundation has spent time and resources investigating ways to become a DGR1 charity so that we can overcome these two barriers. Unfortunately, becoming a public benevolent institute (PBI) does not adequately cover our range of work in environment and wildlife protection.

In short, the current DGR framework creates a number of unnecessary obstacles for organisations like the Intrepid Foundation to inspire more giving from the Australian public.

We believe intermediaries like the Intrepid Foundation play an important role in inspiring more philanthropy in Australia by tapping into new audiences and making giving accessible and enjoyable.

5. Our ambition

Intrepid Travel's mission is to create positive change through the joy of travel. We firmly believe that a small donation to a local not-for-profit at the end of an Intrepid adventure is just the start of something bigger for our customers. That first donation might be the start of a relationship with a community or cause, the start of a form of responsible travel, and for some, the beginnings of the joy of giving. For many Australians, this would be their first international donation. With just 10% of donations from Australians going overseas, we know this is an area that needs more leadership from the corporate sector, among others.

There are few for-profit businesses in Australia that actively use their customer reach to encourage philanthropy. Unlike other corporate models such as building a donation into the retail price of a product, or selling a particular product line with profits going to charity, Intrepid actively asks customers to consider a philanthropic donation as part of their engagement with our everyday products. We do this because we genuinely believe in the importance, and joy, of giving. Supported by a more accessible and equitable DGR framework, we hope our way of business may inspire others to use their customer reach to do more good for people and the planet.

6. Proposal

With the above in mind, it is proposed that consideration be given to reforming the current system to allow for the following:

- (a) Provide tax deductibility for all donations to intermediaries such as The Intrepid Foundation from Australian residents for tax purposes regardless of whether they donate to an Australian DGR1 charity partner or a non-DGR1 partner;



- (b) Provide tax deductibility for all donations to intermediaries such as The Intrepid Foundation regardless of whether the cause relates to human, environment or animal protection; and
- (c) Enable PAFs to donate to DGR2 intermediaries such as The Intrepid Foundation.