



TRUST FOR NATURE

Presiding Commissioner Alex Robson
Philanthropy Inquiry
Productivity Commission

Online submission; cc: philanthropy@pc.gov.au

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Dear Commissioner Robson

Submission to the Philanthropy Inquiry

Trust for Nature welcomes the opportunity to make a submission to the Productivity Commission's Philanthropy Inquiry, and thanks you for agreeing to a short extension of time.

About Trust for Nature

Trust for Nature (the Trust) is Victoria's dedicated private land conservation agency, established under statute, and responsible for ensuring the long-term protection and management of nature on private land in Victoria. Among others, it works with farmers, First Nations groups, natural resource management bodies and conservation organisations. It has helped protect more than 110,000 hectares of important habitat on private land, principally by entering into voluntary, permanent, legal agreements on title with more than 1,600 committed landowners. These landowners are protecting and actively managing their conservation values for public benefit, often incurring costs as a result of active management and regeneration; as well as forgoing financial benefits in perpetuity, including as a result of reduced land value or limitations on land use. The Trust is a registered charity with Deductible Goods Recipient (DGR) status.

Response to Terms of Reference

The Trust is a member of the Australian Land Conservation Alliance (ALCA) and endorses ALCA's submission to this Inquiry. In particular, we wish to draw the Inquiry's attention to:

1. The scale and devastation that the unfolding nature crisis will have upon our collective wellbeing. This crisis, alongside the related climate crisis, will dwarf all but the very biggest issues facing our nation and will rival them in importance.¹ However, this urgency is not reflected in the charitable status of environmental charities.

¹ See: p1, Dasgupta, P. *The Economics of Biodiversity: The Dasgupta Review*, HM Treasury, Government of the United Kingdom; <https://www.gov.uk/government/publications/final-report-theeconomics-of-biodiversity-the-dasgupta-review>

Current barriers to philanthropic giving in the conservation sector include:

2. Environmental charities lack fringe benefit tax (FBT) concessions that are currently afforded to Public Benevolent Institutions (PBIs). This is notwithstanding the fact that conservation organisations undertake on-ground work with direct benefits to the health and stability of our environment, done in the public interest, both for current and future generations.

These settings significantly limit the capacity of environmental charities to progress their critical work, including the pressing need to attract highly skilled staff at salaries reflective of the expertise required to address the biodiversity crisis. To resolve this issue, the Trust supports an extension of the FBT benefits to include environmental charities; or alternatively the creation of a new category, i.e. an ‘conservation PBI’.

3. Landholders entering into permanent and binding conservation agreements over their property to protect nature in the public interest currently receive unequal Commonwealth tax treatment as compared to other land uses, such as agricultural production. This is notwithstanding the fact that these agreements are entered into altruistically (a form of philanthropy) and are used by the Australia government to meet its international obligations.²

In particular, the income tax assessment regime provides limited opportunity for private landholders to claim against losses in land value as a result of entering into these permanent agreements, and is very rarely taken up because the settings aren’t right. As a result this significantly limit the appeal of protecting nature in the public interest. This is in stark contrast to tax incentives for nature protection available in other jurisdictions, including the US.³ To remove this barrier the Trust recommends amendments to the *Income Tax Assessment Act 1997* (Cth), including:

- a. Expanding the ‘Landcare operations’ deductions under Section 40.630 to include ‘ecological management and restoration’ or ‘management and restoration of ecosystem goods and services’; and
- b. Amending Section 31.5 of the *Income Tax Assessment Act 1997* to remove the qualification around receiving money or other material benefits to allow conservation covenantors to meaningfully access this exemption.

This could be achieved by way of a formal Inquiry into Commonwealth, State and Territory taxes upon private conservation landholders and their conservation activities – activities that are undertaken in the public and/or charitable interest.⁴

Current opportunities to increase philanthropy

4. The Federal Government should seriously consider co-investment models for protecting nature that help to deliver its ‘30 by 30’ and ‘no new extinctions’ commitments.⁵ The now discontinued

² Australia is a party to the Convention on Biological Diversity, which includes targets to protect 30 per cent of nature by 2030 (see footnote 5 below).

³ See eg: <https://landtrustalliance.org/resources/learn/explore/income-tax-incentives-for-land-conservation?queryID=5d7d111a284a6cd93935b1ca6c00f08c>

⁴ This would be aligned to Recommendation 28(d) of the Independent Review of the EPBC Act.

⁵ See: Threatened Species Action Plan, Government of Australia; <https://www.dcceew.gov.au/sites/default/files/documents/threatened-species-action-plan-2022-2032.pdf> including Target 4 for 30x30 commitment.

National Reserve System Program is one example of such a model run by the Australian Government. Co-investment models would enable the government to unlock and leverage significant philanthropic giving to support environmental as well as social and economic outcomes in regional, rural and remote Australia.

5. A further opportunity to increase philanthropy is by way of split receipting, whereby a donor can receive an advantage for a gift, and still be eligible for a tax receipt. This is particularly relevant in the context of conservation land transactions, where a landowner can receive a payment or incentive for permanently protecting environmentally sensitive land and at the same time receive a tax deduction spread over (say) five years for any unremunerated value of the 'land use and development rights' effectively given up (gifted) in establishing permanent protection. This approach is commonplace in Canada and the US.⁶

Acting on these recommendations would significantly increase the capacity of environmental charities to expand their donations and increase their urgent and much needed efforts and impact in slowing Australia's nature crisis.

The purpose of philanthropic giving is to improve the wellbeing of humankind by preventing and solving social problems. The dual crises of climate change and biodiversity loss are now leading existential threats to humanity, and our legal and policy frameworks – including those regulating philanthropic giving – should reflect this.

Thank you for considering our submission. We would be happy to elaborate on any aspects of interest, and look forward to providing further input following the release of the Inquiry's draft report.

Kind regards

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⁶ Eg: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/split-receipting.html>