

Presiding Commissioner Alex Robson
Philanthropy Inquiry
Productivity Commission
Online submission; cc: philanthropy@pc.gov.au

12 May 2023

Dear Commissioner Robson,

RE: Submission to the Philanthropy Inquiry

The Australian Land Conservation Alliance (ALCA) welcomes the opportunity to provide a submission to the Productivity Commission's Philanthropy Inquiry.

The Australian Land Conservation Alliance is the peak national body representing organisations that work to conserve, manage, and restore nature on privately managed land. We represent our members and supporters to grow the impact, capacity, and influence of private land conservation to achieve a healthy and resilient Australia.

Please note that ALCA is happy for this submission to be published in full.

Summary

The challenge

Whilst the nature crisis is less well-known than the parallel, albeit interconnected, climate crisis, it is just as serious for our society and economy. A recent report has confirmed Australia's trajectory towards the collapse of ecosystems¹ and we have seen the largest documented decline of biodiversity than any other continent in the world².

More broadly, according to the World Economic Forum:

"Humanity has already wiped out 83% of wild mammals and half of all plants and severely altered three-quarters of ice-free land and two-thirds of marine environments. One million species are at risk of extinction in the coming decades – a rate tens to hundreds of times higher than the average over the past 10 million years...."

Human societies and economies rely on biodiversity in fundamental ways. ...over half the world's total GDP – is moderately or highly dependent on nature and its services."³

Using the same methodology, **approximately half of Australia's GDP has also been demonstrated as having a moderate to very high dependence on nature⁴.**

The scale and devastation that the unfolding nature crisis will have upon our collective wellbeing will dwarf all but the very biggest issues facing our nation and will rival them in importance. As per the British Government's Dasgupta Review:

¹ See: Bergstrom et. al, 'Combating ecosystem collapse from the tropics to the Antarctic', *Global Change Biology*, 2021; <https://onlinelibrary.wiley.com/doi/10.1111/gcb.15539>

² See: DCCEEW; <https://www.dcceew.gov.au/environment/biodiversity/conservation>

³ See: World Economic Forum, *Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy*, January 2020; <https://www.weforum.org/reports/the-global-risks-report-2020>

⁴ See: Australian Conservation Foundation, *The nature-based economy: How Australia's prosperity depends on nature*, September 2022; <https://www.acf.org.au/how-australias-prosperity-depends-on-nature>

“We are facing a global crisis. We are totally dependent upon the natural world. It supplies us with every oxygen-laden breath we take and every mouthful of food we eat. But we are currently damaging it so profoundly that many of its natural systems are now on the verge of breakdown.”⁵

The key findings of the Federal Government’s 2021 State of Environment Report highlight the seriousness of the nature crisis as specific to Australia:

*“Overall, **the state and trend of the environment of Australia are poor and deteriorating** as a result of increasing pressures from climate change, habitat loss, invasive species, pollution and resource extraction. Changing environmental conditions mean that many species and ecosystems are increasingly threatened. Multiple pressures create cumulative impacts that amplify threats to our environment, and abrupt changes in ecological systems have been recorded in the past 5 years.*

*...Our inability to adequately manage pressures will continue to result in species extinctions and deteriorating ecosystem condition, which are reducing the environmental capital on which current and future economies depend. **Social, environmental, and economic impacts are already apparent.**”⁶*

Indeed in 2021, Australian scientists confirmed evidence that already 19 of Australia’s ecosystems have either collapsed or are collapsing⁷.

ALCA represents charitable organisations that seek to respond to the urgency and magnitude of the nature crisis. They work at scale to conserve, manage, and restore nature on privately managed land.

Collectively, ALCA’s members currently annually invest in excess of \$280 million into protecting, managing and restoring our natural environment. The majority of this was non-government funding, demonstrating the critical role that philanthropy has and continues to play in supporting outcomes for our natural environment, as well as the people and communities that manage and rely upon it.

However, the urgency of responding to the nature crisis is not reflected in the current treatment of environmental charities, **most significantly, environmental charities lack fringe benefit tax (FBT) concessions** that are currently afforded to Public Benevolent Institutions (PBIs).

In practice, this means that environmental charities struggle to attract talent when compared with other organisations in the charity sector, let alone the wider workforce, with average salaries being significantly less than in PBIs for equivalent roles⁸.

On-ground conservation activities undertaken by environmental charities are also burdened by unequal Commonwealth tax treatment as compared to other land uses (such as agricultural production), creating a drag upon the effectiveness and efficiency of the use of donations. This unequal treatment also occurs within many State and Territory jurisdictions.

There is a momentous opportunity for the Federal Government to drive an uplift in land under perpetuity conservation – and to deliver upon a range of Government commitments (as detailed in Recommendation 2 below) – by being a cornerstone investor to leverage co-investment from State Governments, Australian environmental charities, major international philanthropic foundations and corporate investors.

⁵ 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-the-economics-of-biodiversity-the-dasgupta-review>

⁶ See: Government of Australia, 2021 State of Environment Report; <https://soe.dcceew.gov.au/overview/key-findings>

⁷ As above, n2

⁸ ALCA would be happy to facilitate a salary benchmarking exercise with its members to further evidence this claim.

There is also scope to expand Federally-approved conservation covenant program into the Australian Capital Territory and the Northern Territory, where they can be utilised by environmental charities to help attract domestic and international philanthropy.

The environmental charity sector urgently needs all the levers to be pulled that will help aid its work to halt– and eventually reverse – the desperate and escalating challenge being posed by the nature crisis to our shared environment, our society, and our economic wellbeing.

Recommendations

Note that ALCA's recommendation predominantly relate to parts 2.iii, 5, and 6.iii within the Inquiry's Terms of Reference. Collectively, acting upon 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.

Agnostic treatment of environmental charities:

1. Ensure that the operating environment facing land conservation employers is, at the very least, agnostic rather than discriminatory. This means:
 - a. **extending the Fringe Benefit Tax (FBT) concessions currently afforded to organisations with Public Benevolent Institution (PBI) status to environmental charities, especially those undertaking on-the-ground environmental management;** and
 - b. extending tax relief measures currently afforded to agricultural land-use to conservation land-use, so as to not actively penalise conservation activities (see Recommendation 3 below) and to optimise the effectiveness and efficiency of the use of donations.

Federal co-investment in nature:

2. The Australian Government has committed to commitment to protect 30% of Australia's land by 2030 ('30 by 30')⁹, which is in-turn aligned with Australia's international commitments under the Kunming-Montreal Global Biodiversity Framework¹⁰ under the auspices of the UN Convention on Biological Diversity. The Federal Government has also committed to a highly ambitious target of no new extinctions¹¹.

There is a momentous opportunity for the Federal Government to grow Australia's environmental safety-net by driving an uplift in land under in-perpetuity conservation and deliver on these commitments. The government should be a cornerstone investor to leverage co-investment from State (and Territory) Governments, Australian environmental charities (especially land conservancies, included within ALCA's membership), major international philanthropic investors, as well as corporate investors. Often this model is described as a 'blended finance' model¹².

Being a cornerstone investor means providing reassurance and certainty of Federal Government support, helping de-risk additional investment and greatly magnify the impact of Australia's on-ground conservation effort, ordinarily through the acquisition of and effective

⁹ See: Threatened Species Action Plan, Government of Australia;
<https://www.dcceew.gov.au/sites/default/files/documents/threatened-species-action-plan-2022-2032.pdf>

¹⁰ Specifically, Target 2; see: <https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>

¹¹ As above n9

¹² The Nature Conservancy Australia submission to the Inquiry investigates this blended finance model further and ALCA encourages the Commission to consider their submission closely.

management of land for conservation that has high quality environmental value, and that contributes to a comprehensive, adequate and representative (CAR) national reserve system¹³. Funding under the National Reserve System Programme (discontinued circa 2014) was a highly successful example of a co-investment model for a conservation land acquisition program which demonstrated a substantial lift in the quantum of land privately managed for in-perpetuity conservation. For example, according to the independent Government evaluation in 2006 (prior to the Programme's completion):

*"The NRS Programme has been demonstrated to be an important and cost-effective component of the Australian Government's efforts to conserve Australia's unique biodiversity. [As at 2006 t]he Programme has invested \$80 million in the establishment of an additional 20 million hectares for the NRS since 1996–97."*¹⁴

The Federal Government should urgently and seriously consider co-investment models for nature that help to deliver its '30 by 30' and 'no new extinctions' commitments. This would enable the government to significantly leverage philanthropic giving to support environmental as well as social and economic outcomes in regional, rural and remote Australia.

Strengthening conservation covenants:

3. Conservation covenants are a legal encumbrance on property title that affords in-perpetuity protection for land with high quality environmental value¹⁵. They are utilised by environmental charities (often charities described as 'conservancies') as well as by private individual landholders. Conservation covenants – and the legal protection they provide – assist environmental charities to attract domestic and international philanthropy, and occasionally also to attract corporate and Government investment.

The protection provided by conservation covenants can formally contribute to Australia's commitment to protect 30% of Australia's land by 2030 ('30 by 30')¹⁶ and aligns with Australia's international commitments under the Kunming-Montreal Global Biodiversity Framework¹⁷ under the auspices of the UN Convention on Biological Diversity.

Conservation covenant programs require Federal approval in order for landholders with conservation covenants to receive access to relevant tax concessions – specifically, section 31.5 of the *Income Tax Assessment Act 1997* (Cth).

Currently, neither the Australian Capital Territory nor the Northern Territory have accredited conservation covenant programs¹⁸. Both jurisdictions should be strongly encouraged to develop programs and secure their Federal approval. Where necessary, this should be done with the proactive support of the Federal Government.

¹³ For further details about the National Reserve System, see:

<https://www.dcceew.gov.au/environment/land/nrs/about-nrs>

¹⁴ p4, <https://www.dcceew.gov.au/environment/land/nrs/publications/nrs-programme-evaluation>

¹⁵ For further details, see: DCCEEW;

<https://www.dcceew.gov.au/environment/biodiversity/conservation/covenants>; further detail on the required Federal standards for approved conservation covenanting programs can be found here: <https://www.dcceew.gov.au/environment/biodiversity/conservation/covenants/how-to-apply#guidelines>

¹⁶ See: Threatened Species Action Plan, Government of Australia;

<https://www.dcceew.gov.au/sites/default/files/documents/threatened-species-action-plan-2022-2032.pdf>

¹⁷ Specifically, Target 2; see: <https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>

¹⁸ See: DCCEEW;

<https://www.dcceew.gov.au/environment/biodiversity/conservation/covenants/approved-programs>

4. Queensland is currently the only jurisdiction which has created a type of conservation covenant that prohibits mining activity, called “Special Wildlife Reserves”¹⁹ (SWRs – a conservation covenant ‘plus’, as it were).

SWRs are valuable to Government and the conservation sector because they greatly assist in leveraging international investment and philanthropy who ordinarily seek the highest level of in-perpetuity protection for their investment.

States and Territories should be encouraged to develop SWRs (or their equivalent).

More information on SWRs can be found online at:

<https://www.qld.gov.au/environment/parks/protected-areas/private/special-wildlife-reserves>,
and by contacting the Queensland Government at swr@des.qld.gov.au.

A review of taxes upon conservation:

5. That the Commission undertake 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 – as aligned to Recommendation 28(d) of the *Independent Review of the EPBC Act*²⁰. With such a review, the following amendments to the *Income Tax Assessment Act 1997* should be provided particular consideration:
 - 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 to remove the qualification around material benefit to allow conservation covenantors to meaningfully access this exemption.

Environmental charity roundtable:

6. That the Productivity Commission hold a roundtable for environmental charities as part of its Inquiry. ALCA would be happy to help facilitate such a roundtable.

Thank you again for the opportunity to contribute to the Commission’s Philanthropy Inquiry.

ALCA and its members look forward to engaging further with the Commission to advance environmental charities and their urgently important work for nature and our community.

Australian Land Conservation Alliance

¹⁹ As enacted under: *Nature Conservation (Special Wildlife Reserves) and Other Legislation Amendment Act 2019* (Qld); see: <https://www.legislation.qld.gov.au/view/pdf/asmade/act-2019-008>

²⁰ See: <https://epbcactreview.environment.gov.au/resources/final-report/chapter-8-planning-and-restoration/84-government-effort-alone-not-enough>

Annex: About the Australian Land Conservation Alliance

The Australian Land Conservation Alliance is the peak national body representing organisations that work to conserve, manage, and restore nature on privately managed land. We represent our members and supporters to grow the impact, capacity, and influence of private land conservation to achieve a healthy and resilient Australia. Our fifteen members are:

- Australian Wildlife Conservancy
- Biodiversity Conservation Trust NSW
- Bush Heritage Australia
- EcoGipps
- GreenCollar
- Greening Australia
- Landcare Australia
- Nature Foundation
- Odonata
- Queensland Trust for Nature
- South Endeavour Trust
- Tasmanian Land Conservancy
- The Nature Conservancy Australia
- Trust for Nature (Victoria)
- World Wildlife Fund – Australia

ALCA member land conservation efforts have influenced over 3 million square kilometres with more than 4,000 landholders. We have over 70,000 supporters and our combined annual turnover exceeds \$280 million. Together ALCA and its members address some of the most pressing conservation issues across the country, including restoring endangered ecosystems, building the protected area estate, tackling invasive species, expanding private conservation finance, and funding and using nature-based solutions to tackle climate change.

Through their active land management, ALCA member organisations are deeply embedded in rural communities and economies, providing jobs, securing significant regional investment, and safeguarding remaining native habitat, with its many positive spill-over effects for community, wellbeing, and food security. We seek to demonstrate the role and value of private land conservation as a cornerstone of the Australian economy.

Some ALCA members are statutory entities; the views expressed in this submission do not necessarily represent the views of the Government administering those statutory entities.