



Philanthropy: Sustaining our Parks



Supplementary submission

Senate Environment,
Communications,
Information Technology and
the Arts References
Committee

Inquiry into Australia's
National Parks,
Conservation Reserves and
Marine Protected Areas

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New Tax Incentives to grow Australia's parks

This supplementary submission provides evidence to the Senate Inquiry into Australia's National Parks, Conservation Reserves and Marine Protected Areas.

This submission was invited by Senator Andrew Bartlett, Chair of the Inquiry.

The document supports previous calls for new taxation incentives to stimulate environmental philanthropy.

It is an effective and efficient way for the Federal Government to win private sector support to grow Australia's parks.

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Introduction

Philanthropy is the voluntary planned donation of money, time and services for the public good.

Taxation is recognised as a driver of philanthropy and a mechanism to facilitate partnerships between individuals, not-for-profits, business and government.

Through taxation support for environmental philanthropy the Federal Government acknowledges the value and importance of giving for nature conservation for the public good.

It also stimulates higher levels of giving by providing direct financial assistance to the donor. This in turn drives innovation in land conservation mechanisms and markets.

Tax Incentives to Grow Australia's Parks

Tax incentives for property donations introduced in May 2000 by the Federal Government provided a mechanism to attract land donations for Australia's parks as well as for conservation on private land.

The Foundation for National Parks & Wildlife conducts the national pilot marketing program to grow the National Reserve System in NSW. The Dunphy Wilderness Fund successfully promotes these incentives to attract bequests and land donations for national parks.

Since the launch of the marketing campaign in 2002 the Foundation has received a bequest of \$1 million for land purchase, cash donations of over \$300,000 and land donations of over \$1.85 million.

Many more bequests for national park acquisition have been registered, and several landowners are considering donating land to the Foundation.

The results of this pilot program have pointed to some obvious areas with great potential to enhance private support for growing Australia's parks:

1. New taxation incentives
2. Promotion of tax incentives
3. Education of the need for a National Reserve System
4. Awareness-raising for the National Reserve System
5. Promotion and support for growing environmental philanthropy in Australia
6. Seamless partnerships between Federal and State Governments, non-Government organisations and private landholders, and
7. Public recognition of donors

This submission focuses on Item 1 New Tax Incentives.

“The success of the NRS depends on effective partnerships between the Australian, State and Territory Governments, and between governments and non-government organizations, private landholders and indigenous landholders and organizations. These partnerships should continue to be built on to ensure the effective on-going development and management of the NRS”

Directions for the National Reserve System: A Partnership Approach—Natural Resource Management Ministerial Council

Setting the Benchmark

Canada and the US have shown that taxation incentives work. Land donations of high quality habitat and promotion of these donations has snowballed into more and larger donations. In May 2006 Canada proposes to reduce the capital gains inclusion rate for such donations from 25% to zero.

“Through the Ecological Gifts Program, to date, over 488 ecogifts valued at over C\$141.3 million have been donated across Canada, protecting 45,100 hectares of wildlife habitat. More than one-third of these ecogifts contain areas designated as being of national or provincial significance, and many are home to some of Canada's species at risk”
<http://www.cws-scf.ec.gc.ca/egp-pde/>

Recommended New Taxation Incentives

The Foundation for National Parks & Wildlife currently uses the following tax incentives to grow Australia's national parks:

- tax deductibility for donations of property and land over \$5,000 and apportionment of the tax deduction over 5 years, and
- capital gains tax exemption for testamentary gifts of property.

The following attached reports recommended to the Federal Government a range of taxation provisions to encourage private land conservation;

Philanthropy: Sustaining the Land

Carl Binning & Mike Young, CSIRO Wildlife & Ecology 1999 for the Ian Potter Foundation, and

Building a Stronger Social Coalition

Dr Stephen Hatfield Dodds, The Allen Consulting Group August 2002 for the Steering Group on Incentives for Private Conservation

Of the recommendations made in these reports, the Foundation for National Parks & Wildlife supports new incentives:

1. **Capital gains tax exemption for donations of property for conservation purposes** as currently given under the Cultural Gifts Program and a proven driver of donations in Canada and the US
2. **Tax deductibility over five years and exemption from capital gains tax for:**
 - **Bargain sales of property (receipt splitting)** ie; the difference between the assessed market value and the sale price to the conservation organisation
 - **Donations of land with a retained right of occupancy** by the existing owner. This is particularly valuable in a time of intergenerational exchange of wealth and when law favours family over charities in the case of disputed wills.

Thank you for the opportunity to present this submission.