



Australian Government

Department of the Prime Minister and Cabinet

ANDREW FISHER BUILDING
ONE NATIONAL CIRCUIT
BARTON

Ms Christine McDonald
Committee Secretary
Environment and Communications References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Ms McDonald

Thank you for your letter dated 12 September 2018 to the Secretary of the Department of the Prime Minister and Cabinet, Dr Martin Parkinson AC PSM regarding the Senate Committee Inquiry into the Great Barrier Reef 2050 Partnership Program. Dr Parkinson has asked me to reply on his behalf.

The Senate Committee provided four questions in relation to the involvement of the former Prime Minister, the Hon Malcolm Turnbull, in the grant to the Great Barrier Reef Foundation.

Question 1: Correspondence between the former Prime Minister and the former Minister for the Environment and Energy or the Foundation.

I attach a letter from the Managing Director of the Great Barrier Reef Foundation, Ms Anna Marsden, to the former Prime Minister. I also attach two letters from the former Minister for the Environment and Energy, the Hon Josh Frydenberg MP, to the former Prime Minister. Any other documents within scope of this request could potentially reveal the deliberations of the Cabinet, which are confidential.

Question 2: Advice from the Department to the former Prime Minister prior to 9 April 2018.

My letter to you dated 7 September 2018 responds to this question. As mentioned in that letter, it is longstanding practice not to disclose information about the operation and business of the Cabinet.

Questions 3 and 4: Meetings between the former Prime Minister and the Foundation.

The Department is aware that a meeting took place on 9 April 2018 between the former Prime Minister, the former Minister for the Environment and Energy and the Chairman of the Great Barrier Reef Foundation, Dr John Schubert AO. The Department did not provide briefing for this meeting. The Department does not have any further information to provide in relation to these questions.

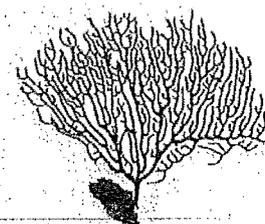
Yours sincerely

Barry Sterland PSM
Deputy Secretary

18 September 2018

14 June 2018

The Hon Malcolm Turnbull MP
Prime Minister
Parliament House
Canberra ACT 2600



Great Barrier
Reef Foundation

Copy: Dr Martin Parkinson, Secretary, Department of the Prime Minister and Cabinet

Dear Prime Minister

It has been some weeks now since your significant announcement to invest \$443.3 million in a partnership with the Great Barrier Reef Foundation for Reef protection projects, so I wanted to update you on how we are tracking.

We understand one of the reasons the Foundation was selected to manage and distribute these funds was due to our unique capacity to raise further corporate and philanthropic dollars to support the Reef. We have a track record of raising significant funding for the Reef, more than \$80 million, and we will continue to do that to leverage these government funds.

We have been working hard to continue our fundraising efforts and expect to have some new funding partnership announcements coming up from July. We will keep your team updated in case you would like to be involved. This will of course continue to remain a key priority for us.

Since the Australian Government funding announcement, we have been working to establish a transparent process to deliver this funding and scale up our operations. We are working closely with the relevant Departments to establish this. We have written to our stakeholders and shared a webpage where interested organisations and individuals can register and then be added to our email list for this program. From 1 July we will start regularly communicating with each interested, registered party.

The web link is <https://www.barrierreef.org/contact/register-your-interest>

We are already working closely with the Department of Environment and Energy, the Great Barrier Reef Marine Park Authority, the Office of the Great Barrier Reef and Reef stakeholders to map out the plan to ensure this investment will be delivered to best effect. The projects resulting from this new partnership will be designed to be implemented from 2019 onwards. We will look to build on and accelerate the impact of the good work already underway as well as seek out new ideas and initiatives for the Reef. Our major focus continues to be driving collaboration to implement the Reef 2050 Plan. We will seek advice from the key Reef advisory bodies that are already established to assist the governments in implementing the plan.

As you know we are also uniquely placed to broker constructive partnerships for program delivery for the Reef. We have a history of securing partnerships for innovative projects to protect the Reef, such as the *Raine Island Recovery Project*, the pioneering *larval reseeding ('coral IVF')* project and the *sun shield for the Reef* project, to name just a few. We have been continuing this work and working with the Department of Environment and Energy and other key science and research partners to roll out more programs throughout 2018-19.

We are very confident that over the next six years, this significant government investment, with additional private funding that we will raise, will support the delivery of key actions under the Reef 2050 Plan and help ensure the future health of the Reef.

Since we were established in 2000, our focus has been single and clear – saving the Great Barrier Reef.

We have one client and that is the Great Barrier Reef. Everything we do is focused on restoring this wonder of the natural world and keeping it safe for our children and grandchildren. This is our lifeblood and our dedicated Queensland based team of experts work tirelessly to meet this challenging goal.

We will continue to keep you updated and let you know exactly how this process is going to work at every step.

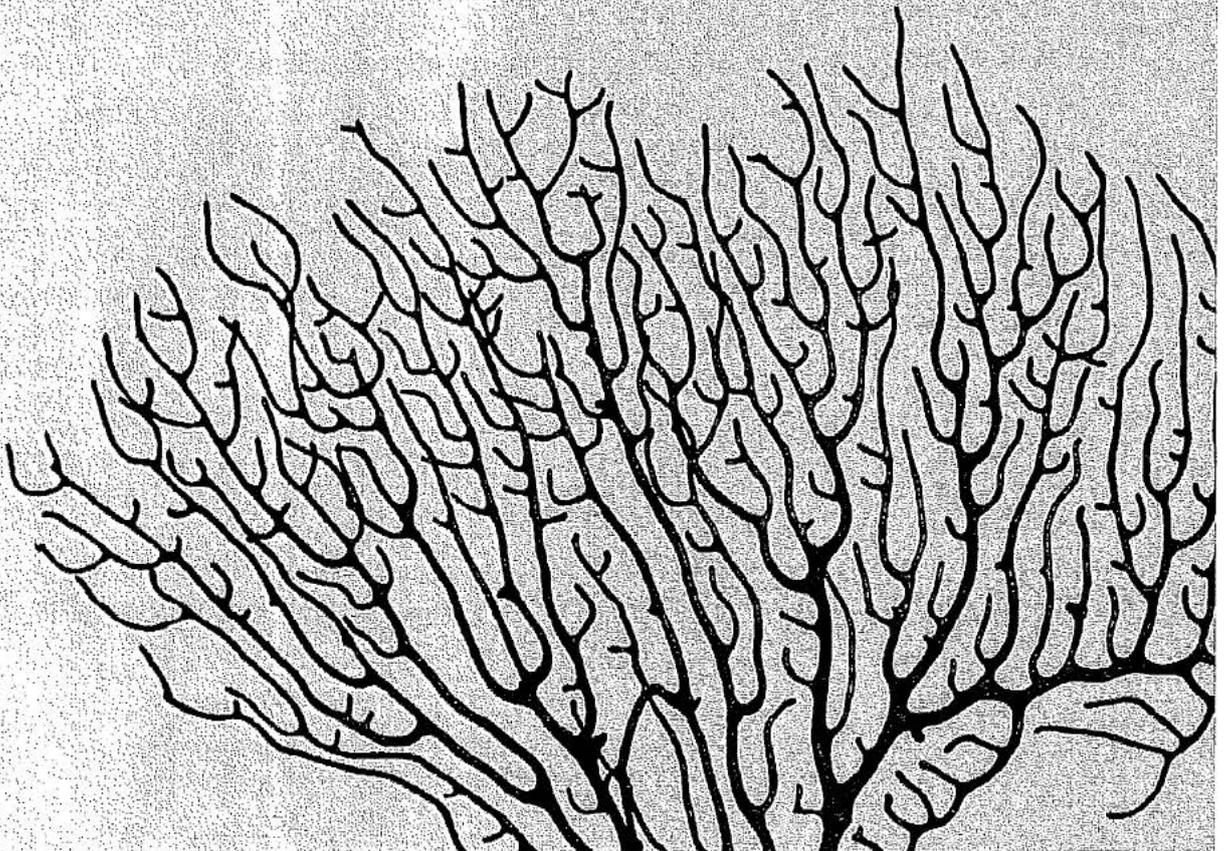
Importantly, we have provided the Department of Environment and Energy with our media and public messages. The Foundation has been receiving some additional media attention and we wanted to share everything that we are saying with our federal government partners and key stakeholders.

Thank you for your kind support and for continuing to work to protect and restore the Reef.

Yours sincerely



Anna Marsden
MANAGING DIRECTOR





**THE HON JOSH FRYDENBERG MP
MINISTER FOR THE ENVIRONMENT AND ENERGY**

MS18-900282

The Hon Malcolm Turnbull MP
Prime Minister
Parliament House
CANBERRA ACT 2600

20 JUN 2018

Dear Prime Minister

I am writing to inform you that negotiations with the Great Barrier Reef Foundation to deliver the Reef Trust – Great Barrier Reef Foundation Partnership are progressing well. To this end, and in accordance with my obligations under the *Public Governance, Performance and Accountability Act 2013*, I have now approved expenditure of \$443.303 million (GST exclusive) as a one-off grant from the Reef Trust Special Account to the Foundation.

The Foundation's grant funding proposal was reviewed by my Department and found to meet the requirements set out in the Grant Guidelines and to demonstrate the Foundation's suitability as an appropriate program delivery partner.

My Department is now finalising the terms of the grant funding agreement with the Foundation with the intention to execute on or before 29 June 2018. In line with the Government's decision on establishing this grant, I attach a summary of the key details, including governance arrangements, for your information. This agreement has been informed by the Partnership Collaboration Principles and the Foundation's grant funding proposal. It has been developed with advice from the Australian Government Solicitor and with the advice of officers from your Department, the Treasury and the Department of Finance.

Payment of the grant will be made following execution of the grant funding agreement and the appropriation of the approved budget to my Department.

Yours sincerely

JOSH FRYDENBERG

CC: The Hon Melissa Price MP, Assistant Minister for the Environment

Enc: Reef Trust – Great Barrier Reef Foundation Partnership Grant Agreement Summary

Reef Trust – Great Barrier Reef Foundation Partnership
Summary of key clauses in the Draft Grant Agreement
(Noting that the Agreement is subject to ongoing negotiation)

- The Agreement sets out the requirements for the Foundation to spend the Grant **consistently with the purposes of the Reef Trust Special Account Determination** and the **objectives and outcomes of the Reef 2050 Plan** to achieve significant, measurable improvement in the health of the Great Barrier Reef World Heritage Area during the six year term.
- **Five core Activity Components** are outlined in separate Schedules that the Foundation must perform activities across: water quality improvement; crown-of-thorns starfish control; reef restoration and adaptation science; Indigenous and community engagement; and integrated monitoring and reporting. The Agreement also includes the option for further components to be added as additional Schedules if agreed by both parties.
- The Foundation is required to **select and implement projects** for each component, based on the **best available science** with clear, outcome-based and independently verifiable performance measures.
- The Foundation agrees to **monitor and evaluate** each Activity's outcomes and to participate in any review or evaluation of the Agreement, and will develop a **Monitoring and Evaluation Plan** that sets out how it will monitor and report on each Activity.
- The Agreement also includes an **Administrative Component** which details key milestones that the Foundation must deliver in the initial stages of the partnership. This includes the requirement for the Foundation to prepare a number of **Plans** (as referred to in various sections of this summary) to ensure that it has the core requirements in place to scale up its capability. These Plans will then be updated as required.
- The Foundation will develop a **Resourcing Plan** which sets out how the Foundation will increase its capacity to deliver the Activities. The Agreement also confirms that the Department may make **seconded staff available** to the Foundation from time to time, particularly in the early stages.
- The Agreement provides for an adaptive management approach, incorporating annual planning (including co-investment by non-government organisations), reporting and review over the six years of the Grant. The Foundation is required to prepare an **Investment Strategy and the Annual Work Plans in consultation** with the Department, the Great Barrier Reef Marine Park Authority and Queensland's Office of the Great Barrier Reef. In addition, the Foundation will provide these Plans to the following **advisory bodies** for their review and comment: the Reef 2050 Independent Expert Panel; the Reef 2050 Advisory Committee; and the Great Barrier Reef Ministerial Forum.
- The Foundation is also required to prepare a **Communication and Stakeholder Engagement Plan** that sets out its approach and proposed activities regarding its communication of the Activities under the Grant and its engagement with the full range of stakeholders.
- Standard **subcontracting provisions** are included in the Agreement such that the Foundation may subcontract the performance of Activities to appropriately qualified and experienced subcontractors, selected using **rigorous and robust assessment criteria** in accordance with the principles of open, transparent and effective competition, **value for money** and fair dealing.
- The Agreement includes **strong governance requirements** including a **Commonwealth Observer** on the Foundation's Board. In addition, the Foundation is required to notify the Department of any proposed or actual material change in the Foundation's **constitution, structure, management or financial position** and of any notice regarding placing the Foundation under **external administration** under the *Corporations Act 2001*.
- The Foundation also agrees to **engage governance and risk management experts** to assist it to develop and implement robust governance, anti-corruption, fraud prevention and risk management policies and procedures. This includes the development of a **Fraud Prevention Plan** that sets out the

Foundation's approach to ensuring that fraud does not occur in relation to the Grant, including by the Foundation's personnel and subcontractors. The Foundation will also prepare a **Risk Management Plan** that outlines how it will manage and mitigate risks, including appointing a Risk and Compliance officer.

- The Agreement details requirements for **recordkeeping** and that the **Grant is held in a separate account** to the Foundation's other operational accounts and its Public Fund.
- The Foundation agrees to develop and implement a **Co-Financing Strategy Plan**, which sets out how the Foundation will leverage the up-front payment of the Grant to raise other contributions from private and philanthropic donors.
- A strict **Security in favour of the Commonwealth** clause is included in the Agreement detailing that the Foundation **grants a security interest** over any part of the Grant that has not been spent on the agreed Activity to the Department to secure the proper performance of the Foundations obligations.
- The Foundation also agrees to **acknowledgment and publicity** requirements to use the Department's 'Reef Trust' branding and to seek the Department's comment on any publication, promotional or advertising materials relating to the Activities.
- A **Termination of reduction in scope of Agreement** clause outlines the conditions under which a termination event occurs and that the Department may give notice to terminate or reduce the scope of the Agreement immediately under these circumstances.
- The Agreement specifies **Step in rights** which details the Department's rights to issue a Step-In-Notice to the Foundation, **removing the Foundation's right to use the Grant** for the part of the Activity specified in the notice and outlining further actions to recover costs from the Foundation if required.
- **Suspension and repayment of the Grant** is also outlined in detail, specifying the conditions under which the Department may exercise its rights to direct the Foundation to **immediately cease expenditure of some or all of the Grant**; obtain information about the **Grant amount or bank account**; **recover any part of the Grant relating to any removed Activity**; and **recover any part of the Grant not legally committed for expenditure** prior to the end of the Activity period or that the Department deems has **not been spent in accordance with the Agreement**. This clause also covers requirements for the Foundation to take all reasonable steps to **recover amounts from Funding Recipients** and for the Foundation to **pay any amount owed as a Debt to the Department, including Interest** on any amount due but unpaid.
- Schedule 1 details **Reporting Requirements**, with the Foundation to provide the Department with **six monthly progress reports** and an annual report with **audited financial statements** each year regarding the receipt and expenditure of the Commonwealth Funds and other contributions.
- The Agreement also includes **standard provisions** for: Assets; Intellectual property; Confidential information; Privacy obligations; Conflicts of Interest; Compliance with Legislation; Work Health and Safety; Warranties; Audit and access; Liability; Insurance; Dispute resolution; Force majeure events; Notices; and Australian Industry Participation Plan.



**THE HON JOSH FRYDENBERG MP
MINISTER FOR THE ENVIRONMENT AND ENERGY**

MS18-900215

The Hon Malcolm Turnbull MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

I wrote to you on 22 April 2018 providing an update on progress regarding a tied grant from the Australian Government's Reef Trust to the Great Barrier Reef Foundation. I would now like to advise you that I have approved the Grant Guidelines for this partnership and attach a copy for your information.

During development of the Grant Guidelines, my Department consulted with officers from your Department, the Treasury and the Department of Finance. In line with the advice received and to increase transparency of the grant process, I have approved publication of the Grant Guidelines.

We are continuing to work with the Great Barrier Reef Foundation to establish a productive partnership and the Grant Guidelines will inform development of a grant funding proposal. I intend to write to you again as negotiations advance to keep you abreast of progress.

Yours sincerely

JOSH FRYDENBERG

CC: The Hon Melissa Price MP, Assistant Minister for the Environment

Enc: Reef Trust – Great Barrier Reef Foundation Partnership Grant Guidelines

