

# Chapter 4

## Matters raised in evidence about the \$444 million Foundation Partnership

4.1 This chapter sets out the issues raised in evidence about the \$444 million Foundation Partnership, including:

- that such a large increase in funding for the Reef should have been administered by a public agency, to ensure proper oversight, transparency, accountability and value for money;
- the serious challenges and risks for the Foundation in delivering the agreement given its size and unpreparedness, particularly in upscaling its operations, while keeping down administration costs, and maintaining transparency in its awarding of funding;
- the potential for unnecessary duplication of funding, administration costs and governance frameworks in the Reef sector;
- the need to manage conflicts of interest effectively, both within the governance of the Foundation and more broadly in the Reef-related sector;
- that the Foundation's investment of Commonwealth funds should avoid industries that contribute to climate change or other causes of damage to the Reef; and
- the serious shortcomings of Commonwealth investment concentrated on Reef repair and rehabilitation, rather than on addressing underlying causes of environmental damage to the Reef, particularly climate change.

### Choice of an organisation outside of government

4.2 The committee was interested in why a single organisation outside of government was chosen to administer \$444 million in Commonwealth funds, instead of this investment being managed by experienced and expert Commonwealth agencies. On the choice of a beneficiary outside Government for such a substantial grant, the former Prime Minister, the Hon Mr Malcolm Turnbull, stated that it was due to the resolve of the Treasurer and Minister for Finance to fund a Reef proposal, 'so long as it was expensed in 2017/18', which:

...was the reason why a partner *outside the Commonwealth Government* sector was sought; it also brought with it the possibility of leveraging the Commonwealth's contribution with private sector contributions.

The arrangement allowed the Government to book the grant expenditure in one year, 2017/18, notwithstanding that the investment of the funds in the

various reef projects by the GBRF would take place over a period of six years.<sup>1</sup>

4.3 The choice of using a non-government organisation to deliver such a substantial public investment was criticised by some stakeholders. For example, Mr Matt Rose, Economist with the Australian Conservation Foundation (ACF), told the committee that funding for Reef activities would be delivered to on-ground projects more quickly through established Commonwealth bodies:

...obviously [the Foundation] have to build their expertise and their scale very quickly, whereas if the money was given directly to government agencies or dispensed through the environment department grant process then that money would hit the ground quicker into Great Barrier Reef science, which is extremely important.<sup>2</sup>

4.4 Mr Christian Slattery, a Campaigner for the ACF, expanded on this argument and stated:

...a further comparison could be drawn with the Great Barrier Reef Marine Park Authority [(GBRMPA)], whose operating revenue in 2016–17 was about \$61.8 million. If [the \$444 million] funding package is spread over the six years that the foundation have suggested it will be, that would be an operating revenue of about \$74 million a year. The point we would make is that there are existing Commonwealth agencies that are already delivering rehabilitation, research, reef restoration projects, and doing so very successfully, so it is concerning to us why that money would be redirected to a private foundation that does not have the comparable levels of experience and delivery of programs at this scale.<sup>3</sup>

4.5 It was also noted that Commonwealth agencies are subject to greater oversight than private organisations. For example, Ms Anna Maria Arabia, Chief Executive, Australian Academy of Science, suggested that:

Historically, where a government department has been able to administer that, you can ensure transparency, accountability and all of those features I outlined earlier. I would like to think and believe that the Great Barrier Reef Foundation would be able to incorporate all those principles and would be working with government. Time will tell.<sup>4</sup>

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1 The Hon Malcolm Turnbull, *Answers to written questions taken on notice* (received 1 October 2018), p. 1.

2 Mr Matt Rose, Economist, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 7.

3 Mr Christian Slattery, Campaigner, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 7.

4 Ms Anna Maria Arabia, Chief Executive, Australian Academy of Science, *Committee Hansard*, 21 September 2018, p. 27.

4.6 Other submitters expressed disappointment that the \$444 million of expenditure in the Reef was not given to GBRMPA. They noted its good track record of disbursing funding, program delivery, consultation through the sector and that it had sufficient staffing levels to drive positive outcomes for the Reef. For example, the Australian Coral Reef Society Inc. (ACRS) suggested it:

...would have preferred that such a large amount of taxpayer funding for such an important block of work was delivered through a government agency with reef expertise, to coordinate decisions on allocation of money. This organisation (for example, GBRMPA) could have consulted with other government, academic and research organisations to determine the most effective ways to use the funds.<sup>5</sup>

4.7 The submission made by the Science Party expressed a hope that the Foundation would work with GBRMPA to identify efficient and effective measures to assist the Reef. It commented that:

It is simply not acceptable to give such a large amount (or any amount) of public money in such an unprecedented manner, to an organisation that has neither planned nor applied for it.

The absurdity of the grant is heightened by the fact that the Great Barrier Reef Marine Park Authority (GBRMPA; the agency established by the government to manage and advise on the reef) has an annual budget in the tens of millions, considerably greater than that of the GBRF, but well below the grant amount.<sup>6</sup>

4.8 Dr Russell Reichelt, the Chairman of GBRMPA at the time he gave evidence, told the committee that governments had the prerogative to set budget allocations, and that GBRMPA was supportive of the Foundation Partnership:

The budget process is just a matter for the government. Agencies like ours are advised after their processes are finished...Don't forget that the scope of the work on the \$443 million is in areas such as R and D and catchment management, which are not typically things that we would get funding for anyway...We've been well looked after in terms of our base funding, and then these funds—however they're administered; through whatever partnership—for us is good news for the reef.<sup>7</sup>

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5 Australian Coral Reef Society Inc., *Submission 6*, p. 3.

6 Science Party, *Submission 4*, p. 1.

7 Dr Russell Reichelt, Chairman, Great Barrier Reef Marine Park Authority, *Committee Hansard*, 30 July 2018, p. 26.

4.9 CSIRO did not make substantive comment on the Government's choice of the Foundation Partnership to disburse funds for Reef-related research and activities. However, Dr Larry Marshall, Chief Executive Officer of CSIRO, reflected:

CSIRO is a delivery organisation, and so are AIMS and GBRMPA. We see the foundation more as management of funding...and leveraging other organisations to actually deliver programs.<sup>8</sup>

4.10 The committee asked the Australian Institute of Marine Science (AIMS) directly if it would be capable of administering such a substantial Commonwealth investment in the Reef. Dr Paul Hardisty, the Chief Executive Officer of AIMS, told the committee:

I'll tell you exactly what I would have said [were this offered]. I would have said, 'We are probably not the right place to put the whole \$443 million because there are a lot of aspects that are operational and we are a research agency.' A lot of what's being funded in the other components isn't research. Are we of a scale and do we have the experience and capability to manage, for instance, \$100 million for reef restoration and adaptation? Absolutely, we are and we do.<sup>9</sup>

4.11 It was also noted in evidence that the Commonwealth has significantly depleted funding for the department. Mr Lyndon Schneiders, National Director of The Wilderness Society, stated that the \$444 million for the Partnership was 'extraordinary in the context of the gutting and aggressive cuts that have been made by this government to their own environment department'.<sup>10</sup> Mr Matt Rose, an economist with the ACF, argued that the funds for the Partnership could be disbursed by the department itself:

I don't think the government needs to give a private organisation with links to some of Australia's biggest companies money to build capacity when it's ripped money out of the environment department. Give \$45 million to the environment department to build back some of that capacity and let them do reef grants as well. It's too much money to give a tiny foundation like this, in our opinion.<sup>11</sup>

### **Potential loss of the Reef's World Heritage status**

4.12 One reason put forward for the Commonwealth's establishment of the Partnership, was that it had partially been motivated by the short-term need to meet

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8 Dr Larry Marshall, Chief Executive Officer, CSIRO, *Committee Hansard*, 21 September 2018, p. 13.

9 Dr Paul Hardisty, Chief Executive Officer, Australian Institute of Marine Science, *Committee Hansard*, 21 September 2018, p. 34.

10 Mr Lyndon Schneiders, National Director, The Wilderness Society, *Committee Hansard*, 21 September 2018, p. 16.

11 Mr Matt Rose, Economist, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 8.

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spending commitments in the Reef 2050 Plan Investment Framework. This commitment, endorsed by UNESCO, was to spend a total of \$716 million on measures protecting the Reef between 2015 and 2020.<sup>12</sup>

4.13 Evidence received by the committee argued there has been a serious shortfall in the Government's delivery of Reef-related investment, which meant there is a real risk that the World Heritage Listing Committee of UNESCO could potentially de-list the Reef as a World Heritage Area.<sup>13</sup>

4.14 Mr Rose, ACF, suggested that a reclassification of the Reef's UNESCO status could be disastrous:

Obviously, it's a terrible look for the government with this iconic marine park that they've neglected to look after. The World Heritage Committee is quite a powerful committee in terms of the publicity it can generate in instructing or letting people know that it has been listed as in danger. There are ramifications for the country with that listing, as well, in terms of tourism and our role as a player in the international diplomacy. It's a very big deal. So the government does have that imperative to try and spend the money and show that it's trying to do something about the reef.<sup>14</sup>

4.15 Mr Rose also provided the committee with a summary of this shortfall:

The federal government promised that it would spend \$716 million between 2015 and 2020 on their place in the Reef 2050 plan. If we take the Great Barrier Reef Foundation money as it's been budgeted, which is in last year's budget, and say, 'Well, that's spent,' the government pretty much meets that commitment to the World Heritage Committee. There's a small shortfall of \$34 million.<sup>15</sup>

4.16 The department responded to this assertion by noting that ACF estimates of a shortfall in Commonwealth expenditure on Reef-based activities were not based on the full range of Commonwealth measures being undertaken. These included:

...other Departmental programs that support Reef 2050 Plan delivery, such as the National Environmental Science Program, as well as funding to the Great Barrier Reef Marine Park Authority, the Australian Institute of Marine Science, the Australian Maritime Safety Authority and other

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12 This view has been advanced by Geoff Cousins, a former President of the ACF. See Mike Secombe, 'Accounting trick frames reef grant', *The Saturday Paper*, [www.thesaturdaypaper.com.au/news/politics/2018/08/18/accounting-trick-frames-reef-grant/15345144006727](http://www.thesaturdaypaper.com.au/news/politics/2018/08/18/accounting-trick-frames-reef-grant/15345144006727) (accessed 7 November 2018).

13 See, for example, Australian Conservation Foundation, *Submission 2*, pp. 6–7; WWF-Australia, *Submission 5*, pp. 2 and 5; and The Wilderness Society, *Submission 13*, p. 5.

14 Mr Matt Rose, Economist, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 8.

15 Mr Matt Rose, Economist, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 9.

Australian Government agencies contributing to delivery of Reef 2050 Plan actions.<sup>16</sup>

4.17 However, the committee notes that the report of the Auditor-General stated that the department had raised this matter with the Commonwealth as a serious concern, stating in its timeline that on 16 June 2017:

Government advised by the [department] of the need to 'escalate the response to the declining health of the reef' to avoid an 'in-danger' listing by the World Heritage Committee.<sup>17</sup>

### **Concerns about Partnership delivery and administration**

4.18 The committee explored some potential areas of concern that were raised in evidence regarding the Foundation's capacity to manage such an unprecedented level of Commonwealth funding. This went to several areas, including: risks from a rapid upscaling of the Foundation's budget and workload; administration costs; avoiding unnecessary duplication and complexity in the Reef sector managing conflicts of interest; and ensuring transparency in funding disbursement.

#### ***Risks of upscaling and program delivery***

4.19 As outlined in the previous chapter, the departmental evaluation of potential risks for the \$444 million grant suggested that the Foundation would face challenges to upscale its work, develop its 'delivery capacity' and in addressing a lack of expertise in crucial component areas of the Partnership.<sup>18</sup>

4.20 Some evidence considered over the course of this inquiry also noted the significant challenges the Foundation faces, particularly in increasing its capacity and administration of such a massive growth in its budget.<sup>19</sup> For example, 350.org Australia submitted:

The organisational challenges associated with this kind of rapid increase in revenue are vast. It will take time and expose the Foundation to substantial execution risk. It is important to remember that the primary delivery mechanism for the *Reef 2050 Plan*, the Foundation, currently has only six full-time and five part-time employees. Allowing a single organisation, that has primarily functioned as a grantmaking institution to third party

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16 Department of the Environment and Energy, *Submission 7*, Supplementary Submission, p. 5.

17 Australian National Audit Office, *Award of a \$443.8 Million Grant to the Great Barrier Reef Foundation*, Report 22 of 2018–19 (16 January 2019), p. 19. This is discussed further in chapter five of the committee's report.

18 Department of the Environment and Energy, Documents Produced pursuant to the Senate Order agreed on 21 August 2018 (notice of motion no. 978), Attachment A3 (Proposal Evaluation), pp. 5, 7, and 11.

19 For example, see: WWF-Australia, *Submission 5*, p. 2; Australian Coral Reef Society, *Submission 6*, p. 2; and 350.org Australia, *Submission 10*, pp. 4–5.

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beneficiaries, to essentially hold the GBR recovery program in its palm, is a huge risk both for the reef and for the \$444,000,000 of public funds.<sup>20</sup>

4.21 The ACF commented that, as well as the significant increase in budget, the Foundation would also have to manage to transition from being a grant making organisation concentrated on research, to disbursing funding for projects:

Historically, the Foundation has primarily functioned as a grant making institution issuing research funding to third party beneficiaries. This is the principal way in which the Foundation has delivered programs and activities related [to] Reef restoration and protection. It remains unclear whether a pipeline of viable research and other projects exists at the scale required to match the Foundation's increase in funding capacity. A shortage of viable projects ready and able receive funding may restrict the Foundation's ability to deliver *Reef 2050 Plan* outcomes through its existing operating model.<sup>21</sup>

4.22 While noting that the Foundation has a good record of fundraising and corporate engagement, the ACRS commented on the limitations of its staffing arrangements, noting that:

...it does not have the depth of full time staff fully occupied with reef issues that an organisation like the GBRMPA has. A funding allocation of this magnitude will require significant expansion of the GBRF team to responsibly manage the expenditure and ensure the directed outcomes for the GBR have the best chance of success. Appropriate resourcing for administration will be important, as will selection of appropriate staff to fill these and project management roles.<sup>22</sup>

4.23 Mr Stephen Oxley, a First Assistant Secretary at the department, recognised that 'there were and would be risks or challenges for the Foundation in stepping up' to the scale of activity associated with the \$444 million Partnership. However, he assured the committee that its governance arrangements and 'the quality of the people who sit on the foundation board' meant that, 'while the scale of the investment was beyond what the foundation was managing now, it would be able to step up'. Mr Oxley added:

It's also important to remember that it is not just the foundation that is going to be delivering this. It is going to be partnering with organisations throughout Queensland, primarily, in the delivery of these funds. So we expect that it will be doing partnership agreements with the regional natural resource management bodies. We expect that there will be skin in the game, so to speak, for the Australian Institute of Marine Science, because the

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20 350.org Australia, *Submission 10*, p. 5.

21 WWF-Australia, *Submission 2*, p. 4.

22 Australian Coral Reef Society, *Submission 6*, p. 2.

foundation isn't going to become overnight a marine science delivery organisation.<sup>23</sup>

4.24 Dr Marshall, CSIRO, confirmed that the Foundation would also be assisted in meeting its new responsibilities by experts seconded from research organisations and universities. This includes Dr Christian Roth, a CSIRO Senior Principal Research Scientist assigned to assist the Foundation with the design and preparation of the program from July to December 2018.<sup>24</sup>

4.25 The committee notes that the Foundation's Resourcing Plan provides an indication of the growth in staffing levels to 1 July 2019.

**Table 4.1–Great Barrier Reef Foundation staffing levels**

Department	Staffing levels at 1 July 2018	Forecast staffing levels at 1 July 2019
Executive	1	1
Projects	4	15
Development & Fundraising	3	9
Communications	3	6
Operations and Finance	4	8
<b>Total</b>	<b>15</b>	<b>39</b>

**Note:** Staffing levels are recorded as head count and not FTE. The FTE for the GBRF will be determined and clarified during the transition period and as part of the implementation phase.

Source: Great Barrier Reef Foundation, *Resourcing Plan*, p. 5.

4.26 The plan goes on to state that the Foundation has:

...employed flexible short-term approaches to scaling up its personnel such as seconding experts from other organisations and engaging with consultants. This offers value for money in the first six months of the Reef Trust Partnership when there is an immediate and heightened need for project design and subject matter experts. It is anticipated that the number of consultants will reduce from 1 January 2019 when longer term staffing arrangements are fulfilled.

It is anticipated that subcontracting and outsourcing will be amongst the methods used to fulfil our resourcing needs. The Agreement clearly states the requirements for all contracts using funds from the Reef Trust

23 Mr Stephen Oxley, First Assistant Secretary, Heritage, Reef and Marine Division, Department of the Environment and Energy, *Senate Environment and Communications Legislation Committee Hansard*, Budget Estimates 2018–19, 21 May 2018, p. 102.

24 See Dr Larry Marshall, Chief Executive, and Dr Christian Roth, Senior Principal Research Scientist, CSIRO, *Committee Hansard*, 21 September 2018, pp. 1 and 2 respectively.

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Partnership. The GBRF will ensure all contracts comply with the Agreement and the GBRF's Procurement Policy.<sup>25</sup>

4.27 This information concurs with the concerns that were raised in evidence received by this committee, as well as similar evidence considered by the ANAO, that the Foundation would need to lift its staffing numbers significantly to scale up its operations, including significant expenditure on external consultants.

### *Accountability and capacity in meeting fundraising targets*

4.28 The Government stated that a central reason for the selection of the Foundation for a Partnership outside government was its fundraising track record, particularly the potential it has to leverage private and philanthropic donations for Reef-based research and programs. This was also cited in the department's Reef Trust–Great Barrier Reef Foundation Partnership Proposal Evaluation:

The Foundation has demonstrated its capacity to attract co-investment (refer Proposal Section 6.4). Fundraising is core business for the Foundation and it has a good track record of raising funds and partnering with the national and international non-government sector. The Proposal includes evidence of fundraising for reef protection projects, including \$10.45 million from BHP Billiton for the Raine Island Recovery Project and for eReefs. For the Australian Government's funding of \$12.5 million for the Foundation's Resilient Reefs portfolio of projects, the Foundation raised \$25 million in additional cash and in-kind contributions. In 2009, the Foundation developed and published a \$100 million project portfolio 'Resilient Reefs Successfully Adapting to Climate Change', which was co-developed with input from more than 75 people representing 15 organisations (refer Proposal Section 6.5 and Appendix 3). The Foundation's proposal also notes it will launch and implement a \$100 million fund raising campaign which was approved by the Foundation's Board in 2018.<sup>26</sup>

4.29 However, some evidence examined by the committee questioned how the Commonwealth could make the Foundation accountable for its fundraising efforts in the non-government sector, and also pointed to instances where the Foundation had not been able to meet its funding targets from private donations.

4.30 The committee sought evidence from the Foundation about how it would ensure its targets leveraging non-government sources of funding were met in a transparent and accountable way. Although Ms Marsden, Managing Director of the Foundation, acknowledged the role of the Commonwealth, she also suggested that the Foundation would ultimately be accountable to the public:

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25 Great Barrier Reef Foundation, *Resourcing Plan*, p. 6, [www.barrierreef.org/uploads/Resourcing%20Plan%20FINAL%20inc%20RT%20logo.pdf](http://www.barrierreef.org/uploads/Resourcing%20Plan%20FINAL%20inc%20RT%20logo.pdf) (accessed 24 January 019).

26 Department of the Environment and Energy, *Submission 7*, Supplementary Submission Attachment D (Reef Trust–Great Barrier Reef Foundation Partnership Proposal Evaluation), pp. 4–5.

I think we remain accountable to our partners in this, which are the Reef Trust, the department and government, and questions should be asked, particularly if we start to publish the kinds of targets and the endeavours that we hope to do. But the bottom line is: we're accountable to the public. The public want to see as much money raised and directed towards reef projects, so, for us to hold our heads high and really be able to have the role and the status of being the lead charity for the reef, we have got to deliver. So we are accountable to the reef and we are accountable to the Australian public, absolutely.<sup>27</sup>

4.31 The committee also sought information on a water remediation project for the Cape York Peninsula that the Foundation attempted to undertake in partnership with the Queensland Government. This did not go ahead, allegedly because corporate donors were not attracted to support the project.<sup>28</sup> In response to questions, Ms Marsden told the committee:

There was an agreement between the Queensland government, the Office of the Great Barrier Reef, to provide \$3 million of match funding for a project that we could bring a partner into. There was a discussion around a project in Cape York. At the final stage, the partner fell through, but the Queensland government agreed that it would find a new project with us. So that \$3 million matched funding arrangement or offer was moved onto another project, called Reef Islands, which has been fully funded at \$14 million.<sup>29</sup>

### ***Collaborative Investment Strategy***

4.32 On 12 October 2018, the Foundation released its Collaborative Investment Strategy (the strategy).<sup>30</sup> The Foundation stated that through the strategy, it will 'amplify the impact of the investment by the Australian Government in the Reef through the continued application of a collaborative investment model'. The Foundation indicated that it would increase the Government's investment by \$300 million to \$400 million over the next six years.<sup>31</sup>

4.33 The strategy is not a detailed work plan. Individual work plans will be developed by January 2019. These will 'remain commercial in confidence, to ensure

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27 Ms Anna Marsden, Managing Director, Great Barrier Reef Foundation, *Committee Hansard*, 30 July 2018, p. 51.

28 See Nicole Hasham, 'Reef charity's fundraising record casts doubt on \$444 million grant', *Sydney Morning Herald*, [www.smh.com.au/politics/federal/reef-charity-s-fundraising-record-casts-doubt-on-444-million-grant-20180524-p4zhdt.html](http://www.smh.com.au/politics/federal/reef-charity-s-fundraising-record-casts-doubt-on-444-million-grant-20180524-p4zhdt.html) (accessed 21 November 2018).

29 Ms Anna Marsden, Managing Director, Great Barrier Reef Foundation, *Committee Hansard*, 30 July 2018, p. 51.

30 Australian National Audit Office, Award of a \$443.8 Million Grant to the Great Barrier Reef Foundation, Report 22 of 2018–19 (16 January 2019), p. 72.

31 Great Barrier Reef Foundation, *Collaborative Investment Strategy*, p. 5.

the [Foundation's] positioning in a competitive fundraising environment is on compromised'. Secured donations will be published on the Foundation's website.

4.34 The Foundation recognised that 'this strategy will be exposed to uncertainties and unpredictable variabilities in the external environment. To factor this into our planning, a target range for each component has been developed with an overarching collaborative investment financial target set of \$300M – \$400M'.<sup>32</sup>

4.35 The fundraising component summary is provided in Table 4.2.

**Table 4.2: Fundraising component summary**

Component	Description	Target*	Campaign length	Relevant section of strategy
<b>Raised funds</b>				
Capital campaign	The largest marine science fundraising campaign in Australia – an intensive fundraising campaign with a focus on philanthropy and individual giving tied to Reef Restoration and Adaptation Program (RRAP)	\$100M	5 years	Section 4, p7
Corporate giving	Developing corporate partnerships with iconic Australian businesses that deliver impact and enable planned programs, specific initiatives and activities	\$50M	5 years	Section 5, p11
Individual giving	Five-year strategy developed to build awareness of GBRF and acquire new individual donors through regular giving, planned giving, bequests and community fundraising	\$7M	5 years	Section 6, p14
<b>Contributed funds</b>				
Research and delivery partners	Formal agreements with collaborators on projects across the RTP portfolio with an initial focus on RRAP that accurately capture the cash and resource investment made by research and delivery partners	\$200M	5 years	Section 7, p17

Source: Great Barrier Reef Foundation, *Collaborative Investment Strategy*, p. 7.

### **Administration costs**

4.36 Under the terms of the Grant Agreement, the Foundation is allowed to expend up to \$44.5 million of the grant in administration and upscaling costs, which works out to roughly 10 per cent of the initial grant payment total. This is made up of \$22.5 million in administration written into the direct upfront payment of the grant, and the interest on the grant up to a further \$22 million, which the Foundation can use for administration costs.<sup>33</sup>

4.37 Some evidence expressed concern with the size of potential administration costs. For example, Mr Rose, ACF, argued:

<sup>32</sup> Great Barrier Reef Foundation, *Collaborative Investment Strategy*, p. 6.

<sup>33</sup> 'Overview: Grant Agreement between the Reef Trust and the Great Barrier Reef Foundation', p. 2.

...when you've got an environment department sitting there that gives out grants, why do you have to spend \$45 million, that should be going into reef science, on building the capacity of a private organisation? That's a question we'd ask, and it's something we're very concerned about. That money should be going into reef science, not into administration, because you have a perfectly competent department that could do that administration.<sup>34</sup>

4.38 Mr Slattery, also from the ACF, commented that the Partnership would create unnecessary administration costs, particularly when the Foundation redirects Commonwealth funding back to Commonwealth agencies. He noted that this had happened in the past, with the Foundation awarding funding to bodies including AIMS, GBRMPA and universities. Mr Slattery added:

I think this raises the spectre that this money is being provided from the Commonwealth to the foundation and that that money will then be delivered back to the Commonwealth via, essentially, a churn process where the foundation will obviously apply administration costs et cetera. To be frank, it's a really inefficient use of Commonwealth funds.<sup>35</sup>

4.39 This concern was shared by Greenpeace, which stated:

Australia's lead scientific organisations, including the CSIRO, [GBRMPA], the [AIMS] and Australia's universities, play a critical role in Reef-related projects. Indeed, the lion's share of the [Foundation's] disbursements to date have been to these agencies. It is poor practice to introduce additional administrative costs and overheads by channeling money through a Foundation backed by private interests, especially when a key member of the Reef Trust Partnership Management Committee is also a director of Origin Energy.<sup>36</sup>

4.40 Mr David Barnden, the Principal Lawyer with Environmental Justice Australia, informed the committee that he had examined the Foundation's accounts, and believed that its administration costs were in the order of 35 per cent. He stated:

The foundation does not necessarily take substantive actions to achieve its goals; instead, it distributes the funds to others to do this. These are called project costs in the accounts. Over the last five years, the foundation's average revenue was \$7.7 million per year. Of that, it spent just over \$5 million each year on project costs. This means around 35 per cent of the funds used by the foundation are eaten up as administrative costs and this is the high end of administrative costs for a charity. The ACNC recognises difficulties in equating higher administrative costs with effectiveness. However, its guidance provides the example of a charity that distributes

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34 Mr Matt Rose, Economist, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 7.

35 Mr Christian Slattery, Economist, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 12.

36 Greenpeace Australia, *Submission 17*, p. 1.

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funds to others as having administrative costs of 10 per cent whereas organisations undertaking the work had administrative costs of 35 per cent. We think that the minister and the department should have reviewed the foundation's accounts and come to a view on the effectiveness of its previous oversight of funding.<sup>37</sup>

4.41 On the administration costs of the Foundation, Ms Marsden, its Managing Director, suggested:

We have a firm commitment to cap our overheads at 20 per cent, and we make a firm commitment to all of our donors that 80c in every dollar gets to the reef. The contract we have with the government is very similar to the contract that we have used with the Australian government in the past—and with the Queensland government, where we cap our administrative overheads at 10 per cent.<sup>38</sup>

4.42 The department also responded to concerns about the administration costs for the Partnership, arguing that they are set lower than for most other Commonwealth grants. Mr Dean Knudson, Deputy Secretary of the department, stated that:

In particular, I think it's important to note here—because this is part of getting at the question of value for money—that normally, when the department administers a grant, we're looking at a 15 per cent cap on administration for the recipient. This is at 10 per cent.<sup>39</sup>

### ***Adding duplication and complexity to the Reef sector***

4.43 The committee received evidence that argued the \$444 million Partnership between the Commonwealth and the Foundation would lead to duplication and increased complexity in the governance frameworks of the Reef-related sector. This perception was apparent in evidence obtained by the committee from stakeholders directly, as well as information made available publicly through FOI processes.

4.44 For example, an email from CSIRO Executive Director, Mr Peter Mayfield, to his colleagues shortly after the grant was announced, indicates he perceived that the Partnership could add complexity to the sector, and commented that it 'would be good if [Commonwealth departments] could review the governance. It's getting very messy with layers upon layers'.<sup>40</sup>

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37 Mr David Barnden, Principal Lawyer, Environmental Justice Australia, *Committee Hansard*, 30 July 2018, p. 14.

38 Ms Anna Marsden, Managing Director, Great Barrier Reef Foundation, *Committee Hansard*, 30 July 2018, p. 46.

39 Mr Dean Knudson, Deputy Secretary, Environment Protection Group, Department of the Environment and Energy, *Committee Hansard*, 30 July 2018, p. 66.

40 CSIRO, Documents Produced pursuant to the Senate Order agreed on 20 June 2018 (notice of motion no. 857), Document 13, p. 1.

4.45 Information provided by AIMS expressed concern on governance issues in initial meetings with the secretaries of the Departments of the Environment and Energy, and Industry, Innovation and Science:

AIMS raised not 'reinventing the wheel' with additional layers of governance in a space where several well established advisory bodies and plans are already in place (Reef 2050 plan, Reef Advisory Committee, Independent Expert Panel); details of how the funding would be managed; whether the \$100m earmarked for science would be guided by the current RRAP feasibility study (which the government had funded with \$6m earlier in the year) and to what extent; the ability of the GBRF funding to enable a coordinated, collaborative approach among the nation's science agencies and universities; and whether the current RRAP feasibility study should be altered to accommodate the changed funding environment.<sup>41</sup>

4.46 Mr Hardisty told the committee at its 21 September 2018 hearing that there were still some areas that were still uncertain in the Foundation Partnership's governance:

At the time, which was only a few weeks—just two weeks or so I think—after the announcement, there was very little clarity about how this was going to unfold, and there was concern about how the funds would be managed, organised, delivered and passed through. We didn't know. You have to understand that for AIMS this is material, then it goes to council and it needs to be discussed. [At the next council meeting] I'm going to tell them what I just told you: we've got more clarity but there are no guarantees.<sup>42</sup>

4.47 Some stakeholders emphasised that the Commonwealth and Queensland Governments should maintain responsibility for the governance and delivery of the Reef 2050 Plan.<sup>43</sup> WWF-Australia called for these matters to be clarified following the new role of the Foundation in the Reef sector:

The new role of the Foundation does not mean that the Australian and Queensland governments will not need to meet their Reef responsibilities. In fact it will be critical that the roles and responsibilities of each entity is set out, so there is clarity around delivery and the ability to assess performance.

For example, both governments have agreed on new pollution reduction targets specific to the 35 catchments that flow into the Great Barrier Reef. The actions and investment needed to achieve these targets must be clearly

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41 These concerns were also addressed in answers to questions on notice given to the committee by the Australian Institute of Marine Science (AIMS), *Answers to questions taken on notice, public hearing, Canberra, 21 September 2018* (received 5 October 2018) p. 4.

42 Dr Paul Hardisty, Chief Executive Officer, Australian Institute of Marine Science, *Committee Hansard*, 21 September 2018, p. 32.

43 For example, see: WWF-Australia, *Submission 5*, p. 1; Australian Academy of Science, *Submission 14*, p. 3.

set out—and then responsibility assigned to either the Australian or Queensland government or the Foundation. Annual report cards should assess the performance of programs undertaken by the three separate key investors.<sup>44</sup>

4.48 Regarding the potential for the Foundation Partnership to add a layer of complexity and administrative costs to Reef funding, the committee notes that the first Reef Trust Partnership funded project announced by the Foundation was an award of \$574 000 to AIMS, which is a Commonwealth agency.

4.49 This grant is to undertake a health check of remote far northern reefs. In the media release announcing the project, Dr Hardisty, AIMS, seemed to indicate that these activities had been part of the agency's ongoing 'commitment to survey the current health of the Great Barrier Reef, as it has done every two years for the past 35 years'.<sup>45</sup>

### ***Ensuring transparency in funding decisions***

4.50 During Senate Budget Estimates, the department indicated that the Foundation's scientific body, the International Science Advisory Committee (ISAC), would be used to provide detailed analysis on projects and to provide the Foundation 'with some guidance on what they think would be appropriate projects to fund'.<sup>46</sup> Nevertheless, stakeholders queried how the Foundation will make decisions about the allocation of funding to recipients.

4.51 The ACRS emphasised that it considers the Foundation has a good record of supporting Reef projects and engaging with stakeholders. However, it advised the committee that:

We strongly encourage that a requirement be incorporated into this award for the GBRF to establish a clearly articulated strategy for open, democratic, competitive and strategic allocation of these government funds. While we understand that the funds will be used for addressing strategic research priorities that have already been set, we maintain that they should be allocated in a manner that potentially galvanizes meaningful critical inquiry across the whole research community.<sup>47</sup>

4.52 Submitters also questioned whether it would be appropriate for individuals who provide advice to the Foundation to also be eligible to receive funds disbursed

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44 WWF-Australia, *Submission 5*, p. 1.

45 Great Barrier Reef Foundation, 'First Reef Trust Partnership funded project underway', *Media Release*, 21 January 2019, [www.barrierreef.org/latest/news/first-reef-trust-partnership-funded-project-underway](http://www.barrierreef.org/latest/news/first-reef-trust-partnership-funded-project-underway) (accessed 23 January 2019).

46 Ms Deb Callister, Assistant Secretary, Reef Branch, Heritage, Reef and Marine Division, Department of the Environment and Energy, *Senate Environment and Communications Legislation Committee Hansard*, Budget Estimates 2018–19, 21 May 2018, p. 103.

47 Australian Coral Reef Society, *Submission 6*, pp. 3–4.

under the Grant Agreement. For example, although the Academy of Science expressed confidence that the Foundation would apply 'appropriate rigour and transparency in its activities and funding decisions', it specifically argued that individuals who advise the Foundation should not be eligible to receive Partnership funding to avoid potential conflicts of interest.<sup>48</sup>

4.53 The Science Party submitted that there was a risk that donors to the Foundation would seek favour when making submissions for funding under the Partnership:

Probity is a requirement for procurement in the public sector. With no such requirement imposed on the GBRF and without a requirement that contracts be publicly tendered, the process of disseminating the \$444m grant becomes open to abuse. There is even the possibility for other entities to 'buy' favour for contracts on projects using a donation to the GBRF. These donations could then be claimed against tax.<sup>49</sup>

### ***Governance of the Foundation and managing conflicts of interest***

4.54 The committee was interested in real or perceived conflicts of interest that may affect the Foundation's work, not only at the board level, but also in the membership of the Chairman's Panel, other donors, and potential funding recipients.

#### ***Board of Directors***

4.55 In assessing potential risks of the Partnership measure, the department noted that the then Chairman of GBRMPA, Dr Reichelt, was also a member of the Foundation's Board of Directors. The department stated:

The only 'perceived' conflict of interest identified by the Foundation is that Dr Russell Reichelt, a Director of the Foundation, is the Chairman and Chief Executive of the [GBRMPA] which is a potential recipient of grant funding. The Foundation state that Dr Reichelt is a member of the Foundation's Board as an independent expert in his own right, not in his professional capacity as CEO and Chair of GBRMPA.

The Department notes that the Foundation has a policy and procedures relating to conflict of interest in place. The Foundation's process for managing conflict of interests is described in Section 7.7 of their Proposal.<sup>50</sup>

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48 Australian Academy of Science, *Submission 14*, p. 4.

49 Science Party, *Submission 4*, Supplementary Submission, p. 3.

50 Department of the Environment and Energy, Senate Order No. 978, Attachment A3 (Proposal Evaluation), pp. 20–21.

4.56 In its evidence to the inquiry, EJA summed up some concerns with the potentially problematic nature of Dr Reichelt's two roles:

We know Dr Reichelt has been a director of the foundation since 31 August 2004 and director of the authority since 1 November 2007. So for one decade he has held these two positions simultaneously and there has been an ongoing relationship, including a financial relationship, between the two entities. Last year, the foundation received \$69,300 from the authority, and the authority received \$200,000 from the foundation. So it seems to me that it's likely there should have been at least some concerns around conflict of interest previously.<sup>51</sup>

4.57 Dr Reichelt addressed this issue directly at a committee hearing, stating that:

It's acknowledged that there is a potential for conflict of interest as a result of the roles that I've held and hold and, as such, I declare my interest at every board meeting of both the authority and the foundation. To prevent potential conflict of interest generated by recent discussions around the funding proposal, I removed myself from all discussions held by the board of the foundation when they were considering the approach they received from the Australian government and, going forward, I won't be participating in any foundation board discussions about allocation of funding as a foundation board member while I remain chair of the authority.<sup>52</sup>

4.58 Other evidence questioned the broader capacity of the Foundation to administer the governance risks of such a significant grant, given the high number of its directors with backgrounds in sectors with vested interests in Reef-related areas, including:

- bodies that compete for funding for Reef activities, particularly GBRMPA;
- industries that benefit from the Reef, such as tourism; and/or
- sectors that may contribute to the environmental degradation of the reef directly (such as fossil fuel producers or mining) or indirectly through investment portfolios (such as banking or finance).<sup>53</sup>

4.59 For example, the ACF noted that Mr Grant King, a board member and president of the Business Council of Australia (BCA), had recently publicly advocated for 'continued growth' of fossil fuel exports, and argued this was a 'stance completely incompatible with a healthy [Reef] and with the Foundation's stated view'.<sup>54</sup> Mr Grant

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51 Mr David Barnden, Principal Lawyer, Environmental Justice Australia, *Committee Hansard*, 30 July 2018, p. 14.

52 Dr Russell Reichelt, Chairman, Great Barrier Reef Marine Park Authority, *Committee Hansard*, 30 July 2018, p. 25.

53 For example, see: Science Party, *Submission 4*, pp. 3–4; 350.org Australia, *Submission 10*, pp. 4 and 6; Australia Institute, *Submission 18*, Cover letter, pp. 2 and 15.

54 Mr Matt Rose, Economist, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 6.

was given an opportunity to speak to this issue at a public hearing. He commented that, while he understood that 'people might see an inconsistency' between his BCA position and Foundation board membership, he did not 'think that inconsistency exists'.<sup>55</sup>

4.60 Mr Barnden, EJA, commented that, whereas Commonwealth organisations like GBRMPA have had to address conflict of interest and diversity issues at board level, the Foundation has no such requirements to do so:

I understand the history of [GBRMPA] is that it has had some criticism around previous directors and their involvement in the fossil fuel industries. Those criticisms have apparently been addressed. We have this review which was released last year which recommends that the directors of the authority hold no cross-directorships with relevant interest groups. The authority also has requirements for characteristics of board members, like having Indigenous representatives and having tourism representatives. So we see that the authority has a balance, but we don't have those same requirements for the foundation.<sup>56</sup>

*Members of the Chairman's Panel, corporate partners, and other donors*

4.61 Some evidence raised questions about the potential conflicts of interest between the aims of the Partnership and the commercial or professional interests of members of the Chairman's Panel, corporate partners and other donors to the Foundation.

4.62 The committee is aware that members of the Chairman's Panel include representatives of AGL, BHP, ConocoPhillips, Peabody Energy, Rio Tinto, and Shell.<sup>57</sup> It was suggested to the committee that some of these organisations took positions on critical Reef issues that were irreconcilable with the environmental needs of the Reef, and the Foundation's work under the Partnership. For example, ACF argued:

There are many members of the foundation's chairman's panel who have links to fossil fuel companies, including the president of Peabody Energy, George Schuller. Across the world, Peabody has actively funded climate denial groups.<sup>58</sup>

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55 Mr Grant King, Director, Great Barrier Reef Foundation, *Committee Hansard*, 18 September 2018, p. 9.

56 Mr David Barnden, Principal Lawyer, Environmental Justice Australia, *Committee Hansard*, 30 July 2018, p. 18.

57 As noted by, for example: 350.org Australia, *Submission 10*, pp. 4 and 6; Environmental Justice Australia, *Submission 11*, p. 3. A full list of Chairman's Panel Members can be found at [www.barrierreef.org/our-partners/chairmans-panel](http://www.barrierreef.org/our-partners/chairmans-panel) (accessed 15 November 2018).

58 Mr Matt Rose, Economist, Australian Conservation Foundation, *Committee Hansard*, 30 July 2018, p. 6.

4.63 The ACRS noted stakeholders could be concerned that the Foundation 'may have to consider the perceptions of its donors when making decisions on the uses of this funding and the choices of recipients'. The ACRS indicated that any such pressure from stakeholders may be difficult to manage, as the Foundation will not be subject to the same transparency obligations and consultation processes applied by government decision-makers.<sup>59</sup>

*The Foundation's awarding of funding*

4.64 Some evidence advanced the view that the Foundation should develop effective approaches to the management of conflict of interests in funding decisions, including managing the perceptions of its donors about the projects they chose to fund. For example, ACRS submitted:

We strongly encourage that a requirement be incorporated into this award for the GBRF to establish a clearly articulated strategy for open, democratic, competitive and strategic allocation of these government funds. While we understand that the funds will be used for addressing strategic research priorities that have already been set, we maintain that they should be allocated in a manner that potentially galvanizes meaningful critical inquiry across the whole research community.

We note concern that the GBRF may have to consider the perceptions of its donors when making decisions on the uses of this funding and the choices of recipients, and how this could affect future donations for the GBRF.<sup>60</sup>

4.65 Ms Arabia from the Australian Academy of Science commented that there would be a certain amount of difficulty in the Foundation's seeking appropriate scientific advice for its funding of projects, while ensuring that competition for funds was fair and transparent. Ms Arabia stated:

It is difficult. On the one hand, as you point out, you want the best scientific advisers to be advising the direction going forward, but they can't be responsible for allocating funds...Historically, where a government department has been able to administer that, you can ensure transparency, accountability and all of those features I outlined earlier. I would like to think and believe that the Great Barrier Reef Foundation would be able to incorporate all those principles and would be working with government. Time will tell. You need scientific advisers advising on priorities, but you draw the line—they then need to be competing in a competitive process for those funds. Otherwise, there's an inherent conflict.<sup>61</sup>

4.66 The committee is aware that some CSIRO staff have close links to the Foundation, including secondment to assist the Foundation in its transition and

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59 Australian Coral Reef Society, *Submission 6*, p. 4.

60 Australian Coral Reef Society, *Submission 6*, pp. 3–4.

61 Ms Anna Maria Arabia, Chief Executive, Australian Academy of Science, *Committee Hansard*, 21 September 2018, p. 27.

growth. In addition, Dr Marshall is a member of the Chairman's Panel. Of these ties, CSIRO stated:

When you then get to the issue of what the nature of a transaction between the foundation administering the grant and CSIRO is, there are many people inside CSIRO involved in the decision-making process on the CSIRO side, so we are not relying in any way on a conflicted person in relation to that side of the transaction. We have fairly robust processes internally to be able to handle that sort of thing automatically, especially for a high-profile situation like this, so I'm pretty comfortable that we've got it covered. The criteria that are in the answer to question 3 are generic; they're not specific precisely to this. They're not custom designed for this circumstance; they're generic ones. They reflect the way we make those decisions routinely.<sup>62</sup>

4.67 On governance issues more generally, in a Senate Budget Estimates hearing, Mr Knudson from the department suggested that the Foundation's governance arrangements 'will be adjusted to account for not only the size of the money that they will be administering but also, quite frankly, the deeper relationships that will need to be created with existing entities like the [Reef 2050 Plan] independent expert panel'.<sup>63</sup> As part of this adjustment, he noted that the grant agreement for the Partnership 'provides for a Commonwealth Observer on the Foundation's Board of Directors to observe and report to the Department on the administration of the grant and the performance of the Foundation in delivering the grant'.<sup>64</sup>

4.68 The Foundation informed the committee that its conflict of interest policy is publicly available on its website.<sup>65</sup> Ms Marsden also indicated to the committee that a governance and advisory framework would be published 'within six months'.<sup>66</sup>

### ***The Foundation's investment of Commonwealth funds***

4.69 The submission made by The Australia Institute and Future Super noted connections between the banking sector and the Foundation:

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62 Dr John (Jack) Steele, Director, Science Impact and Policy, CSIRO, *Committee Hansard*, 21 September 2018, p. 8.

63 Mr Dean Knudson, Deputy Secretary, Environment Protection Group, Department of the Environment and Energy, *Senate Environment and Communications Legislation Committee Hansard*, Budget estimates 2018–19, 21 May 2018, p. 35.

64 Department of the Environment and Energy, *Submission 7*, p. 10.

65 Great Barrier Reef Foundation, *Answers to questions taken on notice, public hearing, Canberra, 18 September 2018* (received 16 October 2018) p. 5.

66 For the conditions of the Grant Agreement, see chapter 2 of this report. On a public governance framework for the Foundation, see Ms Anna Marsden, Managing Director, Great Barrier Reef Foundation, *Committee Hansard*, 30 July 2018, p. 39.

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The \$443.3 million in grant funding is currently sitting in term deposits with six banks and five of those banks have connections to the GBRF's Chairman Panel and two of them with members of the GBRF Board.<sup>67</sup>

4.70 Mr Richie Merzian, Director of the Climate and Energy Program for The Australia Institute, argued that investments undertaken by banks contributed to climate change in the following way:

The big four are the largest funders of the fossil fuel industry in this country. Based on research by Market Forces, lending by the big four to the fossil fuel industry increased 50 per cent between 2016 and 2017. This matters because the emissions associated with those funded fossil fuel projects over their lifetime are equivalent to five times the emissions reductions that Australia will need to make in order to meet our Paris target. The foundation, by parking its money with these banks, is indirectly supporting the operations and growth of an industry that is directly contributing to the reef's greatest threat. This can change if the foundation adopts a divestment strategy regarding its banking and an investment policy to guide the use of its undispersed funds.<sup>68</sup>

4.71 The Australia Institute and Future Super submitted that the Investment Policy that the Foundation must develop under the Agreement should exclude investment in 'the fossil fuel industries that directly contribute to climate change', as well as in companies that 'directly contribute to threats to the [Reef] including climate change'.<sup>69</sup> It stated:

If the Great Barrier Reef Foundation is to gain credibility in its role protecting the Great Barrier Reef it needs to align its investments with the health of the Reef. The Foundation has an opportunity to select its banking partners and its investment portfolio based on an ethical fossil free investment policy that screens out companies and projects that threaten the Reef.<sup>70</sup>

4.72 The Australia Institute and Future Super highlighted that there is currently no stipulation that the Foundation's Investment Policy is aligned with abating climate change or addressing other causes of damage to the Reef, including poor water quality, coastal development, or over-fishing.<sup>71</sup>

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67 The Australia Institute and Future Super, *Submission 18*, p. 5.

68 Mr Richie Merzian, Director of the Climate and Energy Program, The Australia Institute, *Committee Hansard*, 21 September 2018, p. 46.

69 The Australia Institute and Future Super, *Submission 18*, p. 2.

70 The Australia Institute and Future Super, *Submission 18*, p. 15.

71 The Australia Institute and Future Super, *Submission 18*, pp. 8–9. See also the Grant Agreement between the Reef Trust and the Great Barrier Reef Foundation, p. 22.

## Addressing critical underlying causes of damage to the Reef

4.73 A significant amount of evidence received by the committee noted that the Foundation's work under the Partnership would be directed into mitigation and adaptation programs. It was argued that the Commonwealth's adoption of this approach would not address the critical underlying causes of damage to the Reef, particularly climate change from fossil fuel consumption; the deforestation of Reef catchment areas; and the run off of sediment, chemicals and fertilisers, which reduce the quality of water around the Reef.

4.74 Dr Martin Rice, Acting Chief Officer and Head of Research for the Climate Council of Australia, suggested that the funding of the Foundation Partnership will be 'nothing more than a golden bandaid solution and possibly a monumental waste of money'.<sup>72</sup>

4.75 The Australian Academy of Science provided a summary of the reasons why the policy would fail to address crucial underlying environmental issues:

The Academy notes with concern many of the ongoing stressors to the Great Barrier Reef World Heritage Area—such as global warming, land clearing, coastal development, port expansion, dredging, dumping of maintenance dredge spoil, commercial and recreational fishing, ship anchoring, and many other impacts of escalating shipping—all of which continue to accumulate. The proposed funding does little to address these issues.

In the aftermath of unprecedented back-to-back coral bleaching and mass mortality in the northern and central GBR, the Academy is concerned with the direction of attention away from curbing the escalation of the major stressors on the Reef in favour of small-scale restoration projects such as underwater fans, coral sunscreen and coral gardens.<sup>73</sup>

### *Climate change*

4.76 The committee considered a large amount of evidence that argued that the Commonwealth should be working to reduce climate change, which was the cause of the most significant damage to the Reef, including reducing carbon emissions, which is the greatest single cause of climate change.<sup>74</sup>

4.77 Dr Reichelt appearing as then Chairman of GBRMPA at Budget Estimates 2018–19 commented that:

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72 Dr Martin Rice, Acting Chief Officer and Head of Research for the Climate Council of Australia, *Committee Hansard*, 30 July 2018, p. 1.

73 Australian Academy of Science, *Submission 14*, p. 1.

74 For example, see: Australian Conservation Foundation, *Submission 2*, p. 2; Queensland Government, *Submission 9*, p. 3; Australian Academy of Science, *Submission 14*, p. 1; Greenpeace Australia Pacific, *Submission 17*, p. 1.

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In the long run the steady rise in global ocean temperatures continues to be the single biggest risk to the health of the Great Barrier Reef. We acknowledge the national and international efforts to reduce greenhouse gas emissions to meet the goals of the Paris agreement, and I am sure this committee is extremely aware of the importance of meeting these targets if the health of tropical coral reefs is to be secured.<sup>75</sup>

4.78 The Queensland Government submitted that the lack of focus on climate change in Commonwealth policy meant that current measures would be insufficient to protect the Reef's future. It was argued:

Climate change is the most pervasive threat to the Great Barrier Reef. Successive bleaching events in 2016 and 2017 were unprecedented in their level of impact and are clearly linked to man-made global warming. Almost half of the Reef's shallow water corals were killed as a result of these two bleaching events and the situation can only be expected to worsen as climate change continues to intensify.<sup>76</sup>

4.79 A number of submitters spoke of the need for the Government to make more efforts to address climate change, noting that it was of the utmost importance in any efforts to preserve the Reef.<sup>77</sup>

4.80 The Queensland Government concluded that the new Commonwealth funding 'is appreciated'. However, it warned:

...without commensurate effort by the Australian Government to reduce Australia's carbon emissions, and show strong leadership in the international arena to drive global action, the new funding will be insufficient to protect the Reef for future generations.<sup>78</sup>

4.81 Dr Rice of the Climate Council of Australia argued that the current approach of Commonwealth investment in the Foundation Partnership would be unsuccessful, as putting 'measures on local stressors without really tackling climate change is not going to do anything'. Instead, he suggested:

...what the partnership program should really be doing is recommending much stronger federal government greenhouse gas emission reduction targets. If we don't do that, non-climate mitigation activities such as culling the crown of thorns starfish and improving water quality will be nothing more than a bandaid solution.

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75 Dr Russell Reichelt, Chairman, Great Barrier Reef Marine Park Authority, *Senate Environment and Communications Legislation Committee Hansard*, Budget estimates 2018–19, 21 May 2018, p. 51.

76 Queensland Government, *Submission 9*, p. 3.

77 For example, see: Australian Conservation Foundation, *Submission 2*, p. 2; Climate Council of Australia, *Submission 3*; WWF-Australia, *Submission 5*, p. 1; Australian Coral Reef Society, *Submission 6*, p. 1; Australian Academy of Science, *Submission 14*, p. 3.

78 Queensland Government, *Submission 9*, p. 3.

...Basically the situation is caused by the burning of fossil fuels—coal, oil and gas. That is driving up global temperatures, and that is increasing the frequency and intensity of marine heatwaves. Since the 1980s we have already seen a quadrupling in the occurrence of marine heatwaves, driving up the chances of coral bleaching because the corals become stressed by temperatures that are one to 1.5 degrees above the average summer maximum. Ultimately the only way we can stop the stress on the reef is to cut the emissions at source.<sup>79</sup>

4.82 EJA went further in its criticism of the Commonwealth Government's approach. It argued the Partnership funding should 'be revoked on the basis it does not adequately deal with climate change'. It added that any further funding decision 'must deal with mitigation of climate change and the source of carbon emissions, including from Australia's fossil fuel exports'.<sup>80</sup>

### *Deforestation and effects of run-off*

4.83 The committee received evidence from stakeholders that suggested the Partnership would not sufficiently tackle another significant cause of damage to the Reef, namely water degradation caused by deforestation and land clearing, which results in run-off off of both sediment and fertiliser.<sup>81</sup>

4.84 For example, Mr Schneiders, The Wilderness Society, stated that addressing deforestation would not need a large amount of funding, but could be achieved by clear guidance on and enforcement of Commonwealth laws, in association with new state frameworks:

The first thing is that you would not need \$444 million to effectively address issues surrounding land clearing and tree clearing. What it would take, and what has started to happen in Queensland, is stronger state based laws being in place—and they have been put in place by the Queensland government quite recently—and the Australian government implementing their own existing laws, particularly in respect of commitments under the Environment Protection and Biodiversity Conservation Act to protect the habitat of rare, threatened and endangered species and the commitments that they've made to UNESCO that they're going to work together with the Queensland government to address the outrageous rates of clearing. It wouldn't cost \$444 million.<sup>82</sup>

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79 Dr Martin Rice, Acting Chief Officer and Head of Research for the Climate Council of Australia, *Committee Hansard*, 30 July 2018, p. 2.

80 Environmental Justice Australia, *Submission 11*, p. 6.

81 For example, see: Mr David Arthur, *Submission 12*, pp. 3–4; The Wilderness Society, *Submission 13*, p. 2; Australia Institute and Future Super, *Submission 18*, p. 9.

82 Mr Lyndon Schneiders, National Director, The Wilderness Society, *Committee Hansard*, 21 September 2018, p. 17.

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4.85 Mr David Arthur noted that deforestation and poor land use in Queensland had resulted in a number of poor outcomes from the Reef, including high levels of fertiliser in the river discharge nourishing and encouraging crown-of-thorns starfish populations. He argued that the Foundation lacked expertise in this area:

What the GBRF Board lacks is expertise or experience with the greatest single threat to the Great Barrier Reef, namely the poor quality of water flowing to the GBR from Queensland rivers. This poor quality is a consequence of historic and ongoing poor land management practices in farming, forestry and coastal development industries in terrestrial Queensland; the absence of expertise related to Queensland land use on the Board of the GBRF is noteworthy.<sup>83</sup>

4.86 On the failure of the Partnership agreement to address the effects of run-off of sediment and undissolved nitrogen from fertilisers, the Academy of Science contended:

...the objectives of the Reef 2050 Plan will fail to achieve its objectives if funding for improving water quality is not increased. Reduction in nutrients and sediment from rivers flowing into the GBR is far short of target levels. Particularly noticeable is the small reduction in dissolved inorganic nitrogen - 17% compared with a target of 50%. This nutrient is most closely linked with crown-of-thorn starfish infestations. In this regard, the new package merely represents business as usual. The Academy recommends increasing the level of funding for water quality, to be paid directly to [National Resource Management Regional Bodies (NRMs)]. While improving water quality will not prevent future bleaching events, it can improve the capacity of the Reef to recover.<sup>84</sup>

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83 Mr David Arthur, *Submission 12*, p. 3.

84 Australian Academy of Science, *Submission 14*, p. 3.

