



15 July 2023

Personal and Indirect Tax and Charities Division  
Treasury  
Langton Cres  
Parkes ACT 2600

To Whom It May Concern

### **Deductible Gift Recipient status for community foundations**

Foundation Barossa is a charitable foundation located in the Barossa Valley region of South Australia. It was incorporated in 2002 and the support provided to our community has been increasing over time. Currently, the Foundation has 68 recipients of its various awards and scholarships. Total corpus is about \$2 million.

The provision of DGR status to all our trust funds will create a greater incentive for the community to support the work of the Foundation and simplify our operations, thereby reducing operating costs.

Having reviewed the draft proposals, there are a number of concerns not adequately addressed:

1. Community foundations are seeking to simplify their structures and the red tape, compliance and administrative costs and burdens and so urge the government not to *require* community foundations to have to establish a new trust or company.

As community foundations will not be able to convert their public ancillary funds to be a community charity fund (CCF) nor distribute the funds to the corporate trustee (due to the wording in the PuAF trust deeds and PuAF Guidelines), most community foundations will want to be able to distribute the funds in their public ancillary funds to a CCF in an existing charitable trust and get rid of one of the entities in their existing complicated structures.

The current wording of the proposed Bill does not allow the CCF to sit within a trust with broader charitable purposes and we strongly request this is possible in the same way the proposed Bill allows a CCF to sit within a corporate entity. This will reduce red tape by not requiring new trusts to be established.

2. The Bill does not seem to allow distributions to non-DGRs for DGR purposes or activities and this is an essential part of the application to the government to facilitate the role of community philanthropy, particularly relevant in rural and regional areas, but applicable everywhere. Could the Bill and Explanatory memorandum be amended to make this clear?
3. Community foundations are often the first organisation on the ground when a disaster occurs. We would appreciate further clarification about the way in which the principal purpose of a DGR category will be interpreted when there are other requirements for the DGR category. In this example, would community foundations still need to wait for a disaster

to be declared to receive tax deductible donations for disaster relief purposes? Another example is scholarships which community foundations often get approached to fund.

Would any scholarship be able to be funded from tax deductible donations as the principal purpose or only those which still meet the DGR scholarship fund requirements?

We are grateful for the efforts made on behalf of community foundations by Mr Tony Pasin MP and Mr Michael Sukkar MP. We look forward to revised legislation that comprehensively supports the purposes and operations of community foundations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Neil Retallick', with a stylized flourish at the end.

Neil Retallick  
Chair  
Foundation Barossa