



Geelong Community Foundation

PO Box 1 Geelong Victoria 3220 Telephone: 03 5244 7831 www.geelongfoundation.org

14 July 2023

charitiesconsultation@treasury.gov.au

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

Re: Building Community – deductible gift recipient status for community foundations

To whom it may concern

The Geelong Community Foundation was established in 2000 with the intent of developing a significant fund with a permanent capital base which would grow substantially over time. The fund would provide grants to community organisations in the four local government areas of the City of Greater Geelong, Surf Coast Shire, Golden Plains Shire and the Borough of Queenscliffe.

Today the corpus is valued at just over \$32m having contributed grants to the value of \$13.3m to community organisations in our region since inception.

The corpus is made up of 215 Sub Funds with gifts from individuals, families, corporates and gifts in wills. In the last financial year alone, record donations were received of just over \$2m and record grants made of \$1.34m to 51 local community organisations.

The commitment from the Australian Government to develop a new class of DGRs for 28 community foundations is welcome and exciting news for our organisation and the community we support. The opportunity to submit a response to the current consultation is appreciated.

Community foundations are seeking to simplify their structures, 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.

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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?

Community foundations are often the first organisation on the ground when a disaster occurs. We would appreciate further clarification about the way in which 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 are 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?

Your review and consideration of these requests would be greatly appreciated to ensure the growth of community foundations and their capacity to support their local communities.

Yours sincerely

GAIL R RODGERS

Chief Executive Officer

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