

Not-for Profit Unit  
Federal Treasury  
Langton Crescent  
Parkes ACT 2600



Submitted via email: [charitiesconsultation@treasury.gov.au](mailto:charitiesconsultation@treasury.gov.au)

Dear Sir/Madam

### ***Community Charity Guidelines 2024 Exposure Draft***

Firstly, on behalf of the Community Foundation for Tumut Region, I would like to thank all involved in the successful legislation for this important reform for Community Foundations. This will provide an opportunity for significant philanthropic outcomes for many old and emerging community foundations that will benefit their many diverse communities across Australia

### **Background**

The Community Foundation for Tumut Region (CFTR) is one of the 28 community foundations listed in the current legislation for DGR reform.

CFTR was formed in January 2004 to serve the residents within the boundary of Tumut Shire, During the summer of 2019/20 the foundation's boundary was extended to encompass the whole of the merged LGA of Snowy Valleys which includes the Tumbarumba district increasing the population we serve to 14,000.

### **Mission**

Our mission is to assist and support the aspirations and needs of our community by attracting funds for a focus on giving.

### **Our Structure**

**CFTR is a public company limited by guarantee.** Non DGR funds are raised, invested and distributed for various charitable purposes.

Our areas of interest are:

- assist in disaster relief when a natural disaster has been declared
- Arts & Culture
- Children, Youth & Families
- Community economic development
- Disadvantaged Groups
- Education
- The Environment
- Health & Social Development
- Heritage
- Indigenous community

**CFTR is also the trustee of a public ancillary fund** with separate ABN and DGR 2 status to received tax deductible donations. These funds are used as grants/donations to local organisations with DGR1 status within our defined area for charitable purposes.

**Sub funds:** CFTR does not at this stage operate any dedicated DGR sub funds, however we are currently in negotiations with local organisations to develop sub funds. Sub Funds, or named Funds are a “selling point” for foundations.

**Auspice:** CFTR acts as an auspice for small local organisations from time to time that do not have the necessary requirements for applying for small grants.

We also act as the lead organisation for community groups undertaking grassroots work that have not incorporated and become ‘Friends of the Foundation’.

For example - Tumut Says NO to Domestic Violence. A collaboration of Community professionals coming together under this banner to raise awareness of the issue of domestic violence.

**Connections and Networks:** CFTR works with other community foundations in southern NSW and northern Victoria. We are being very active in pursuing opportunities to connect with other foundations made possible by Community Foundations Australia. To develop relationships to share and support each other. We are proactive in taking opportunities presented to learn at the national and global level to inform our work at a local level. Examples of this have been the opportunity to send a representative to the Shift the Power Summit in Bogota last December as well as National Conferences such as the recent CFAus Forum Week and Philanthropy Australia Summit in Canberra in 2023. These opportunities deliver results in tangible ways as we are better informed and allow us to contribute to the framework for community philanthropy in Australia.

**Disaster Relief:** Over the last four years of bush fire recovery (Black Summer 2019/2020) CFTR has “touched” or helped in excess of half the population of the Snowy Valleys LGA.

#### **FRRR’s Role**

- Has been important in creating special purpose accounts to process DGR donations which are subsequently returned to the CFTR to be used for non DGR charitable purposes. The process however, requires the proposal to be submitted to the FRRR board prior to approval which may result in a delay depending on the timing of their board meeting. When the request could be of an urgent nature eg bush fire appeal.
- It’s also accepted the fee of 2.5% charged by FRRR is fair, however this also reduces the amount of the donation.
- CFTR accepts that there will still be a need to maintain an account with FRRR for special non DGR charitable projects.

### **Community Charity status - How would this change CFTR ?**

- While there must be detailed discussions and understanding regarding this change it appears on balance changing from our Public Ancillary Fund to the Community Charity will be of significant benefit for us.
- CFTR's engagement with the community will be enhanced by offering DGR to donors to give in their chosen field as an investment or for immediate community philanthropic distribution.
- DGR funds will be used to enhance existing programs of charitable purpose, currently held in the public company
- The need to distribute the DGR 2 funds to only a DGR 1 in the local area will be negated.

### **Community Foundation for Tumut Region Case Study**

#### **The fires of 2019/20**

During Black Summer of 2019/20, the fires knew no boundary. CFTR decided to extend our geographic reach to encompass the entire Snowy Valleys LGA which included the original Tumbarumba shire. To enable this to happen contact was made with Alice MacDougall of Herbert Smith Freehills to ensure our current constitution would facilitate this change, this was approved.

**The benefit realised**, was at least half the residents of a population of 14,000 have been assisted through various programs and donations that have contributed to the community's recovery. These have included 27 Fireshed Fridays (bringing together Rural Fire Brigade members and their families for social connection) ,high teas ( in affected communities); Back to school vouchers; Convening of The Resilience Program in all local schools and funded diaries for the Resilience programs; Distribution of 135 UHF radios for people and families in locations where there was no mobile communication during the fires.

**A bush fire appeal was launched** that attracted donations some requiring a tax deduction.

- Tax deductible donations were deposited in the Public Ancillary fund. These funds could not be used immediately and were sent to FRRR to be processed
- Non- taxable donations in the open fund could be used immediately.

**FRRR'S important and valued role:** Using the DGR funding for individuals directly impacted required applying to FRRR to open a special purpose account. With FRRR's legislated tax concession the account was created to deposit all the DGR funds received in the bush fire appeal which took approximately 3-4 weeks then returned to the foundation and used in gift cards to make purchase for goods and services within the LGA. One dollar circulates seven times in a community.

**The downside** was at this stage his process was time consuming for all the volunteers and kept funds back for a few weeks, that could have been distributed immediately to those in need and had lost their homes. This also came at the extra cost of 2.5% for FRRR's charge.

## **The benefit of Community Charity status and comments on Proposed Guidelines:**

**In times of declared disasters** or dedicated charitable purposes would be advantageous to us for the immediate use of funds raised without the extra impost in the rural communities we serve.

Like other Foundations operating in small rural areas, **we have few eligible DGR1** organisations in our community, however the granting of Community Charity status to the Foundations will allow us to grow the work that we can undertake and how we support other organisations conducting activities of charitable purpose.

The development of a **Model constitution** for a Community Charity would assist in the process of restructuring our organisation if we choose to become a Community Charity.

Clarification is required on the **minimum annual distribution** as the amount listed will be very difficult for small foundations such as the Community Foundation for Tumut Region. The proposed \$8,800 will be a great impost as we do not have a large endowment or have built up a strong corpus. We would like to propose that the minimum distribution is set at 4% of current cash assets and income, and that the 4% includes the operating expenses of the DGR1 Community Charity itself.

Local Community Foundations operate within their local area and are connected to a national (and international) **network of Community Foundations**. In times of need we turn to support others in need. This was demonstrated to use during the Black Summer Fires when we received financial support from other Community Foundations (including Fremantle and an internal fund) to support the work we were undertaking in our bushfire affected communities. We need to ensure this ability to assist others at times of need will still be available to us through the changes.

Clarification on the purpose of the Community Charity compared to an existing DGR2 Public Ancillary Fund. We would like to ensure that we are able to transfer our funds from our current DGR2 entity into the new entity. This flexibility would significantly help simplify our operations, reporting and management. If not, it adds a higher administrative burden on our volunteers.

As a small rural Community Foundation, we also have concerns about Section 20 (3). Volunteers for community based organisation Boards in small regions are often in demand and participate and/or support numerous community organisations. The potential for a conflict of interest is managed through governing documents of the organisation and declaration at times of conflict when abstention from decision making is undertaken.

The use of the term indirectly in this section does cause concern and could place significant restrictions on both the organisation we may support and the ability to attract high quality volunteer directors.

Yours sincerely

*Louise Halsey CF*

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