



Monday, 2 December 2024

Mr Peter Robjent
Treasury
Langton Crescent
Parkes ACT 2600
e. charitiesconsultation@treasury.gov.au

Lodged online

Dear Mr Robjent,

**Re: Draft Taxation Administration (Community Charity) Guidelines 2024
Response to Building Community – Ministerial Guidelines for Community Foundations Draft Guidelines**

Thank you for the opportunity to respond to the draft “Building Community – ministerial guidelines for community foundations”.

The Fleurieu Community Foundation was officially launched in 2010, following a comprehensive two-year feasibility and sustainability study. Despite being a small foundation with financial assets of \$400,000, we make a significant impact in our community by disbursing over \$100,000 annually in grants through 14 diverse funding streams.

Our grant programs include *Back to School*, *Stay in Sport*, *Support for Youth Arts*, and initiatives addressing critical community issues such as homelessness. These programs reflect our commitment to improving lives and strengthening the Fleurieu Peninsula.

What sets us apart is our deep connection to the community and our ability to collaborate effectively with like-minded individuals and organizations, particularly local service clubs. These partnerships allow us to amplify our impact and ensure that support reaches those who need it most.

The Fleurieu Community Foundation remains dedicated to fostering a stronger, more resilient community through meaningful and strategic giving.

As a foundation dedicated to identifying and addressing gaps and disadvantages within our community, we are excited about the opportunity to establish a Community Charity with DGR1 status. However, we wish to highlight several key elements that could influence how the Fleurieu Community Foundation operates under the proposed guidelines.

The following points outline the key issues as identified by the Fleurieu Community Foundation:

1. **Portability of Quarantined Financial Assets:** We advocate for provisions allowing the transfer of quarantined financial assets within a subfund between community charities, akin to the arrangements for Public Ancillary Funds.
2. **Intermediary Role for Donations:** The Fleurieu Community Foundation sees significant value in a DGR1 community charity acting as an intermediary for distributing donations. This role would enable us to facilitate funding flows effectively, enhancing support for local initiatives.
3. **Streamlining Disaster Response Provisions:** While the Fleurieu Community Foundation may never need to activate these provisions directly, we strongly support streamlined disaster response mechanisms. Such measures would be highly beneficial for neighbouring communities like the Adelaide Hills or Kangaroo Island in times of need.

The considerations detailed in the specific sections detailed below are detailed in an effort to enhance the effectiveness and responsiveness of community foundations within the proposed guidelines.



1. Section 25 Portability

Issue:

The guidelines do not currently allow for the transfer of partial assets from one community charity to another. There may be cases where a community charity wishes to seed another community charity by transferring only part of its assets to a newly established independent entity.

Suggested Amendment:

Include a provision explicitly allowing partial asset transfers between community charities, similar to the arrangements for Public Ancillary Funds. Alternatively, clarify that partial asset transfers are permitted in circumstances where a new entity is established.

2. Section 25 Portability

Issue:

The current requirement for Commissioner of Taxation approval for asset transfers between community charities is burdensome, particularly for partial transfers. This creates unnecessary delays when both entities meet the requirements of a DGR1 community charity.

Suggested Amendment:

Remove the requirement for Commissioner approval in cases of partial asset transfers between DGR1 community charities to streamline the process.

3. DGR1 Community Charity as Intermediary Entity

Issue:

The guidelines do not address the role of a DGR1 community charity acting as an intermediary to distribute donations. For example, a national foundation such as the Australian Communities Foundation may wish to donate funds to a regional foundation like the Fleurieu Community Foundation, which can then distribute these funds to local DGR1 charities for programs such as family and child support.

Suggested Amendment:

Include a provision explicitly allowing a DGR1 community charity to act as an intermediary, facilitating the pooling and distribution of funds to other DGR1 entities.

4. Process for Seeking Approval as a Community Charity

Issue:

While 28 community foundations are listed for approval as DGR1 community charities, the process for future applications remains unclear. Early guidance would benefit community foundations awaiting consideration.

Suggested Amendment:

Publish a clear procedure for applying for DGR1 community charity approval, aligned with the release of these guidelines.

5. Responsiveness to Disasters

Issue:

This issue pertains to DGR1 requirements more broadly. Current rules mandate that disaster relief funding can only be raised after a disaster is officially declared by a government entity. This delays fundraising and response efforts.

Suggested Amendment:

Amend DGR1 listing requirements to enable community charities to commence fundraising immediately during the onset of a disaster, such as a bushfire or flood, without waiting for an official declaration.

Fleurieu
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The structural requirements governing community foundations remain complex and time-consuming. Addressing the issues raised above would significantly strengthen the community foundation sector, enabling us to better support our communities and fulfill our mission.

Thank you for considering our feedback on the draft guidelines. For further information, please contact Brad Butler, Chairperson of the Fleurieu Community Foundation, via email or by phoning 08 8552 2411.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brad Butler', written over the words 'Yours sincerely'.

Brad Butler
Chairperson
Fleurieu Community Foundation