

3 December 2024

Australian Treasury
Submission by email to: charitiesconsultation@treasury.gov.au

Submission to the Australian Treasury Department: consultation on the Taxation Administration (Community Charity) Guidelines 2024

Thank you for the opportunity to participate in consultation on the Taxation Administration (Community Charity) Guidelines 2024 exposure draft.

NRCF are one of the 28 listed community foundations named in the 2022 budget and are excited about the community charity amendment. We believe it has potential to support a strengthening and expansion of the community foundation network, and result in an effective and enduring community philanthropy mechanism.

Our experience and recommendations are below. The terms 'Community foundations' and 'community charities' are used interchangeably.

About Our Organisation

The Northern Rivers Community Foundation (NRCF) was founded over two decades ago by visionary community leaders, businesspeople, and residents with the shared intent to grow community philanthropy and reduce reliance on government funding. This ethos remains the driving force behind our work today.

We cover seven Local Government Areas (LGAs) in northeastern NSW and the many diverse regional cities, towns, villages, and hamlets within them.

NRCF recently passed a giving milestone of \$10,000,000 for local community-led projects. This place-based giving is a powerful tool to ensure local causes that matter are supported.

Our Role in Disaster Response

NRCF have played a significant role in supporting the community through disasters, including multiple floods, bushfires, and the COVID pandemic.

The catastrophic floods of 2022 revealed the limitations of government agencies to provide timely, localised support in the immediate aftermath of a disaster. The NRCF stepped in to fill

this critical gap, demonstrating the unique value of community foundations in disaster response.

- **Rapid Response:** Within eight weeks of the floods, NRCF had mobilised its trusted network of over 300 partners and distributed over \$1 million to support 106 local organisations. This grew to almost \$2 million in the months that followed.
- **Impact:** This enabled grassroots organisations to deliver immediate, tailored support to affected communities when it was needed most.
- **Recognition:** NRCF's flood response efforts earned recognition with a National Award and extensive media coverage, underscoring our effectiveness and capacity to act swiftly in times of crisis.

Our response exemplifies a level of agility and local knowledge that government systems often cannot achieve in disaster scenarios.

Portability of Funds Between Community Foundations

We believe the current restrictions preventing community charities from distributing funds to other community charities are counterproductive and detrimental to communities.

For example, under current guidelines, NRCF would not be able to accept donations from the nationally based Australian Communities Foundation for disaster relief efforts. Such restrictions hinder the ability of well-equipped, locally-led organisations to act promptly and effectively in times of need.

Recommendation: Amend the guidelines to allow fund transfers between community charities, particularly for disaster relief and recovery. This change would enable seamless collaboration and ensure resources reach affected communities without unnecessary bureaucratic delays.

Excluding Disaster Response Funds from the 4% PUF Distribution Requirement

Disaster funds, by their nature, must be held and distributed based on need rather than an arbitrary annual distribution requirement. The current requirement that philanthropic funds allocate at least 4% annually is ill-suited for disaster response funds.

Recommendation: Exclude funds explicitly set aside for disaster response and recovery from the 4% PUF distribution requirement. This flexibility would empower community foundations to build reserves for immediate and future disaster response.

Permanent Australian Disaster Relief Fund (ADRF) Status

Community foundations are uniquely positioned to serve as permanent disaster response infrastructure, given their local connections and relationships with grassroots organisations. Establishing community charities as holders of place-based permanent ADRF would:

1. Enable ongoing fundraising for place-based disaster preparedness and response.
2. Allow for expedited support to grassroots organisations during crises.
3. Strengthen local disaster resilience and reduce dependence on government resources.

Recommendation: Establish permanent status for community charity-held Australian Disaster Relief Funds (ADRF).

Supporting the Growth of Community Foundations

The network of community foundations across Australia has the potential to play a transformative role in achieving the government's goal of doubling philanthropy while fostering self-reliance within communities.

With relatively small inflows of capital, the government can establish a connected and powerful network of place-based funders. A government offer to 'match fund' contributions from Private Ancillary Funds will be a true legacy – a system changing and intergenerational benefit across Australia.

Portability is likely to enhance capacity for community foundations to actively participate in the building of the network. By creating pools of community-based capital, this initiative would reduce reliance on government funding (in both short- and long-term) and enhance local capacity to address emerging challenges.

Recommendation: Provide inter-community foundation portability and government support to aid the establishment of new community foundations and strengthen existing ones.

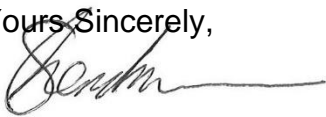
Summary of Recommendations

1. **Allow fund transfers between community foundations, particularly for disaster relief purposes.**
2. **Exclude disaster response funds from the 4% PUF distribution requirement.**
3. **Establish permanent ADRF fund status for community foundations.**
4. **Support the development of community foundations to build localised philanthropic capacity.**

The Northern Rivers Community Foundation thanks the Treasury Department for this opportunity to contribute to the consultation on the Taxation Administration (Community Charity) Guidelines 2024 exposure draft.

We look forward to supporting policy changes that enhance the role of community charities in building a more resilient and equitable Australia.

~~Yours,~~ Sincerely,

A handwritten signature in black ink, appearing to read 'Sam Henderson', with a long horizontal flourish extending to the right.

Sam Henderson

CEO

Northern Rivers Community Foundation