

13 July 2023

Australian Government
The Treasury
Langton Crescent, Parkes ACT 2600

E: charitiesconsultation@treasury.gov.au

To Whom It May Concern

Draft legislation: Building Community – special listing for new deductible gift recipient status for community foundations

Thank you for your ongoing support and interest in the philanthropic sector of Australia. The opportunity for Border Trust to be considered for declaration by the Minister for the new general DGR category is a significant milestone we are thrilled to be a part of.

ABOUT BORDER TRUST

Border Trust Community Foundation is the local catalyst for positive change.

We connect the generosity of donors with the ideas and creativity of our community groups and not-for-profit organisations, funding projects and initiatives that build our community's capacity to cope with disruption and create positive change, now and into the future.

We are building a generous, connected, resilient community.

Our region includes six local government areas crossing the Victorian and NSW border significantly impacted by fires, floods and droughts – Albury, Federation, Indigo, Greater Hume, Towong and Wodonga.

We activate the power of giving for lasting impact across our region.

Since 2005, Border Trust has distributed over \$3.9 million to local projects and initiatives enhancing community resilience and making our region a more connected and inclusive place for everyone.

Our focus is:

Local

Border Trust is 100% place-based and focused on building community capacity in the border region. We take an evidence-based approach and understand our communities, businesses and landscapes, as well as what they need to reach their potential.

Generous

Border Trust activates and celebrates a culture of giving and generosity across the Border region. We are inspired by the kindness, care and altruism that motivates the gifts of time, money, energy and ideas that make our region a better place for everyone.

Connected

Border Trust creates the connections that drive and sustain positive change. We are the conduit that links the possibility provided by our donors and philanthropic partners, with the practice of grassroots change provided by our grant recipients.

OUR RESPONSE TO THE CONSULTATION

Border Trust would like to put forward three items for consideration.

1. The way in which the principal purpose of a DGR category will be interpreted when there are other requirements for the DGR category.

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 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?

2. 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.

3. 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?

Our Board members and I are eagerly anticipating the passing of the Treasury Laws Amendment (Measures for Consultation) Bill 2023. This is a significant measure that will strengthen our ability to activate the power of giving in our border region.

warm regards, Sue



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