

12 July 2023

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

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

The Northern Rivers Community Foundation are a medium-sized community foundation covering 7 local government areas in northern coastal NSW. We were founded in 2005 and have distributed over \$5.6m to regional charities and not-for-profits since inception.

Operation of community charity funds within our existing charitable trust

At NRCF we try to maximise the efforts and funds we can distribute to our local community and in line with this, reduce 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.

Our experience is that every additional entity incurs additional audit (~\$4,000) and management costs, which is diverting funds from community needs.

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.

Distribution to non-DGRs for DGR purposes

Immediately post the 2022 flooding events in the Northern Rivers NSW, the Northern Rivers Community Foundation received temporary Australia Disaster Relief Fund DGR1 status, enabling us to distribute funds to non-DGRs. This was an absolute game changer in getting help on the ground in rural and remote (and the larger) communities of the region. Regional areas do not have the number of DGR that metropolitan areas do, and allowing community foundations to distribute them will greatly assist charitable activities in areas of need.

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?

Yours sincerely



Sam Henderson
CEO