

2 December 2024

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

Building Community – ministerial guidelines for community foundations

Consultation 05 November 2024 - 03 December 2024

Exposure Draft guidelines, DGR reform

To Whom it May Concern,

RE: Gippsland Community Foundation (GCF) Ministerial Guidelines for Community Foundations Submission

Thank you for the opportunity to make a submission in relation to these important guidelines.

Who are we, how we formed, what we do?

Company/Trustee and Trust setting

This submission comes from the Gippsland Community Foundation, we are a member of Community Foundations Australia (CF Aus). We participate in several CF Aus working groups and forums.

Our current entities are:

- East Gippsland Community Foundation trading as Gippsland Community Foundation Ltd (GCF). This operates as a company limited by guarantee (trustee).
- East Gippsland Community Bushfire Disaster Relief Fund (EGCBDRF) is a trust, with funds in place from the Australian Disaster Relief Fund on the back of the Black Summer Fires of 2019/2020.

Both entities are registered with the Australian Not for Profit & Charity Commission (ACNC) and all regulatory reporting associated with these entities is up to date.

Gippsland Community Foundation – our footprint is across four (4) LGAs on our own; and six (6) LGAs collaboratively with other local, place based Community Charities (CC)'s

Our foundation was formed in East Gippsland, for communities impacted by Black Summer Fires of 2019/2020. Three and a half years on, we now service four (4) Local Government Areas (LGA) who were previously without a recognised community foundation. We collaborate closely with three (3) other existing CC's in Gippsland – Mirboo North Community Foundation; Leongatha & District Community Foundation; and Bass Coast Community Foundation. As a collaborative group we service the six (6) LGA's of Gippsland. We utilise this collaborative network to ensure that we can work with and foster community led initiatives across Gippsland as they arise. We believe the DGR 1 reform will further enable us to attract funding and donations from a wider private, public, corporate and individual donor audience.

How essential are we to community?

GCF was formed by State of Victoria (Department of Justice & Community Safety) and Community Enterprise Foundation (CEF) which is the charitable arm of Bendigo Bank, recognising there was no community foundation in East Gippsland to support local recovery from the Black Summer Fires 2019.2020. We received \$8.8M of public donations from the Australian/Victorian Bushfire Appeal. Approximately \$6M has been

disbursed or allocated to date, with several more years to disburse remaining funds from the EGCBDR Fund/trust.

We have recently completed an external independent impact evaluation of our community engagement and funding disbursements to date. Major outcomes of the report highlight:

- GCF's ability to allow community to decide on what is funded specific to their community needs – the empowerment transfer model
- The clarity and simplicity of the process and criteria (to receive funding)
- Working as a supportive partner, being an example to other funders
- Communities' ability to choose (local) contractors
- Partnership based funding disbursement methods and un-themed funding

Additional funds raised and community impacted in the past two years

We have attracted further funding in the past 18 months additional to our EGCBDR Fund.

This has been in the form of grant hosting to:

- East Gippsland Shire Council / Emergency Recovery Victoria – community grants 2023 - \$170,000
- East Gippsland Shire Council / Emergency Recovery Victoria – community grants 2024 - \$200,000
- Fire to Flourish / Monash University research partnership - \$2.6M of funds allocated to community led projects east of Orbost to Genoa, East Gippsland.

Focus of our community fundraising and related community benefit

As an established foundation, our focus is shifting from a funder of projects and activity to Black Summer Fire impacted communities, to one of a business as usual in terms of running a community foundation. We are facilitating conversations, leverage networks and connections and raising capital to assist community fulfill their current and future aspirations.

We are on the cusp of a major fundraising campaign to build a corpus of monies for long term endowment to support our Gippsland based community in their future needs.

Our focus for community fundraising and disbursement is broadly two-fold:

- The ability to raise funds to provide (free of charge) our signature youth program across Gippsland. Our continued vision is to ensure every young person in our footprint has access to the **Gippsland Youth on Purpose Program**. The program is currently available to schools and community youth groups. TAFE Gippsland have just picked up the program and we are actively securing corporate and philanthropic funding to assist delivery (as the program delivery is outside TAFE core funding). We believe that long term development and capacity building of our youth is a key to lift some of our communities from disadvantage in terms of employment and socioeconomic status. Our youth are our future.
- The ability to raise funds to build our **Community Futures Endowment Fund**. This long-term endowment fund will be broad in its disbursement to ensure that genuine community led initiatives can be supported. Funds disbursement capture diversity among community and will ensure that communities have the resources to create self-sustaining futures; initiate activity in response to climate change; address local sustainability factors; and become more adaptive to adverse events. Future disbursements for renewable energy projects and activities are also expected to be a major need in our community in future, noting that Gippsland was the first declared offshore wind zone and there is significant community need as we transition from fossil fuels to renewable energy. Other aspects of funding will be considered on a case-by-case basis depending on community requests and their needs as they change over time.

Issues identification & DGR Impact

Portability - Transfer of existing trust to community charity

Formation of our entities took over 1 year to establish and we formally launched in April 2021. This meant that the natural disaster that was declared on 2 Jan 2020 (with relevant DGR status of 2 years from the 'event') expired on 20 January 2022. This limited our ability to fundraise into the EGCBDR Fund for the Black Summer Fire impacted communities for a six-month period only.

Having access to DGR 1 will ensure that in future disaster events, we can fund raise as soon as a disaster occurs. Note that this may be very specific to a centralised community or location.

We seek clarification as to whether the EGCBDR Fund (trust) can be transferred into a community charity setting post DGR reform.

We also seek clarification that DGR 1 status to CF Aus members will automatically apply Australian Disaster Relief status so that fund raising on the back of a new disaster or natural hazard event can commence immediately.

DGR reform – increase our donor base and reduce our cost to hold funds

We know that Australians are the most generous people in terms of giving when natural disaster events occur (both locally, nationally and internationally) and expect that the DGR reform will enable Community Charities to become one of the most accessible places for funds receipt in response to these events.

We currently hold a Foundation for Rural and Regional Renewal (FRRR) account at a cost of 2.5% on funds donated. This fund is held to ensure we meet tax deductibility needs of some donors.

Accessing DGR 1 status as a member of CF Aus will enable us to increase our donor base and reduce our cost of receiving funds. Both aspects ensure that a higher level of monies is available to meet community led needs (and the burden is not always expected from a government resource).

Fire to Flourish – Monash University (F2F) Rapid Response (legacy) Fund – minimum disbursement consideration

Additional to disbursing funds to Black Summer Fire impacted communities in East Gippsland over the past 3.5 years we have partnered with Fire to Flourish /Monash University on a research project that has operated as a 'flow through fund.' We have disbursed or allocated \$2.6M of funds to community led projects in East Gippsland.

We are about to receive a \$500,000 endowment from our F2F partners to implement a Rapid Response (legacy) fund which we will operate as a sub fund to our GCF Ltd entity.

The intent is for these funds to be utilised in the next locally declared 'disaster'. This could be fire, flood, storm, or any other instance where multiple dwellings and persons are adversely impacted from a natural hazard event. It is likely that we will be able to continue to raise funds additional to this to create a long-term endowment fund for Gippsland disasters. We see some challenges with the minimum disbursement model under the intent of this sub-fund.

We recommend that consideration is made for exceptions to the minimum disbursement rules in the draft legislation. The trigger for the Rapid Response disbursement (or any future disaster) is nature dependent. A natural disaster may occur next week, or it may not occur for several years. Our need to meet legislative requirements of minimum disbursement with this fund is tied to disaster event trigger, and we request a reconsideration or exception is made to extend timeframes in these instances.

We recommend a cumulative disbursement model on disaster or natural events from any endowment fund – i.e. No minimum annual disbursement if no local disaster event is declared, but when it is a cumulative disbursement is mandated which is calculated as a higher minimum distribution. An example of this is the Black Summer Fires of 2019/2020, 4 years on and still no major disaster in East Gippsland (thank goodness!). Therefore, in practice using this example, if a disaster event occurs in say 2025, a 5-year time period since last “disaster” and a 4% minimum distribution is required – so 5 x 4% is equal to 20% minimum distribution.

We also request clarification that CF Aus members under DGR 1 reform have ADRF status for fund raising purposes.

Minimum distribution – 4% clarification

Our foundation covers four (4) LGA’s across a wide Gippsland footprint and whilst some engagement can be conducted online once a relationship is established, much activity occurs by driving to and attending community supported meetings and events.

We seek clarification as to whether community engagement activities will be considered as a % of disbursement of funds. This is likely to include salaries, travel and meeting related expenses with/to community.

Membership with Community Foundations Australia – outside the 28 listed CC’s

Our entities were formed in 2021. We joined the Community Foundations of Australia as a member in 2022 and are therefore not listed in the 28 members legislated listing.

We seek clarification on the process to obtain Ministerial sign off for DGR 1 status as we are keen to take advantage of the benefit to our community in obtaining DGR.

Scholarships – ensure consideration is made to the ability to fundraise and to be able to disburse to individuals for an education and local community capacity building purpose

We have funded scholarships to Black Summer Fire impacted individuals for the past three years and will do so again in 2025. To date we have funded over 85 individuals and over \$450,000 in this stream. We look to the DGR reform to make it easier to raise and disburse funds for this purpose. It is extremely well received by community and the ability to increase locally based skill sets is extremely important for local community capacity building.

We seek clarification on the position of fund raising for and disbursing funds to individuals for scholarship purposes.

Sharing great news stories and testimonials

- Our **Gippsland Youth on Purpose** program video can be viewed here (<5 minutes)
[Youth On Purpose - 5 Min Promo on Vimeo](#)
This is a major fundraising drive for us at the present time. We have Gippsland TAFE and local schools requesting the program delivery.
- The **independent third-party evaluation of our funding disbursements** to community from the EGCBDR Fund can be found here (<5 minutes video)
[GCF Impact Evaluation Report 2024 on Vimeo](#)
- Testimonial – Julie Saunders
“The silver lining in the cloud of the Black Summer Fires. The single best thing to come out of bushfire recovery has been the arrival of the [East] Gippsland Community Foundation.

By working on the ground with our fire affected communities, who all have differing needs and priorities, GCF has enabled non-competitive access to funding for community-led projects and activities. This has reduced our workload, stress and boosted our resilience.

They are independent of government which alleviates bureaucracy and red tape. They are flexible and adaptive to assist with funding to achieve our community driven recovery priorities, which are not static, our needs change over time and GCF funding flexes with our needs.”

Julie Saunders, Wairewa Public Hall & Recreation Reserve, Community Recovery Committee Secretary.

Yours sincerely,

Barry Henwood

Chairperson

On behalf of the Gippsland Community Foundation Ltd