



INNER NORTH
COMMUNITY
FOUNDATION

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To Whom it May Concern.

The Inner North Community Foundation welcomes the opportunity to give feedback to the **Taxation Administration (Community Charity) Guidelines 2024** exposure draft, and thanks Treasury for progressing changes to date.

To ensure the guidelines achieve community benefit, and continue community confidence in charitable framework, we request the following changes to the draft guidelines:

- 1) Minimum Annual Distribution to be calculated on investible assets, not total assets on balance sheet
- 2) Allow sub-fund portability, continuing the current practice and commitments made to donors
- 3) Allow Community Charities to give to Community Charities for specific projects

We also support the submissions of Community Foundations Australia and our community foundation peers.

Background and context

The Inner North Community Foundation is committed to the people, places and opportunities of the place we call home: Melbourne's inner north. The region covered by the Inner North Community Foundation consists of three local government municipalities, and eight state and three federal electorates.

The inner north of Melbourne stretches from Brunswick to Bundoora and from Richmond to Reservoir. Around 500,000 people, 45,000 businesses and 932 charities call the inner north home. Some of Melbourne's wealthiest and poorest people live here, and some of its most generous.

Like all strong communities, people in our region have a sense of place, a shared interest in and commitment to the wellbeing of that place and its people, strong social connections or ties, and joint action to address local needs and advance opportunities that leverage and build on the diversity, resources and strengths within our community.

This is important because there is both prosperity and disadvantage within the inner north; and the gap between the 'haves' and 'have nots' is growing. There is a desire within the inner north community to close that gap and to address issues affecting the community such as homelessness, poverty, housing

affordability, domestic violence and mental health; and that local people and businesses are looking for opportunities to connect with and contribute to their community.

In the inner north, local people often have the solutions to respond to local issues. Each year the Foundation grants \$500,000 to around 50 groups in the region. Over time, the Inner North Community Foundation will continue to strengthen community resilience, build trust, and create a platform for effective community-led solutions.

The changes to DGR1 reform will deepen the Foundation's capacity to make important contribution impact.

Experience of DGR1 barriers to date

The Foundation has had a DGR1 Fund previously, the Covid-19 Disaster Relief Fund, and this experience informs some of our comments.

The temporary DGR1 Disaster Relief Fund raised ~\$120,000 in donations requiring DGR1. Of this, ~\$15,000 was received in donations from DGR2 entities.

ACNC and ATO data shows that there are 44 DGR2 entities located in Melbourne's inner north. Over the past 17 years there have been requests from Private Ancillary Funds both within and outside our region to fund the Inner North Community Foundation. Without a clear pathway to invite Private Ancillary Funds to give, the potential for collaborations and partnerships haven't happened.

The Foundation is also in touch with people and groups undertaking activity for broad public benefit, that are hyper-local and hyper responsive to the circumstances of their suburb or community. This includes providing emergency relief for newly arrived refugees and people seeking asylum, to local artists.

The Foundation's experience during the C19 Disaster Relief Fund was organizations that were responsive, relevant and rapid to their communities sometimes did not have DGR1 status.

Of the ~160 groups funded during the C19 Disaster Relief Fund, 90% were charities with standard charitable and/or DGR1 endorsements. Of the remaining 10% (around 10-15 organisations) there was an additional process of due diligence.

Some of these relationships between local groups and the Foundation continue, and being able to fund activity that is emerging and relevant to our community has been an important way to create value for our communities.

Specific requests

To maximise benefit and ensure confidence in the charitable regime, we request consideration in the following areas:

1) Minimum Annual Distribution:

Minimum distribution rates are important for donors and local people, who recognize the balance of stewarding an enduring community assets over a longer time, while funding important activity now. The Inner North Community Foundation has consistently granted over the required minimum annual distribution, with between 8-12% granted to community projects.

We look forward to further clarity on how our activities can be reflected, as this reflects the work convening, sharing knowledge and accelerating change across broad DGR1 activities.

Currently, our assets are invested in a variety of asset classes, as per our Investment Policy. Over time however, there is potential for local people to give donations for assets that achieve our purpose and public benefit, that are not held in managed funds. It would be counter-productive if assets that create broad public benefit are also required to generate funds for granting.

Request that the calculation of the Minimum Annual Distribution uses investible assets.

2) Portability

Responding to donor wishes is critical to building trust with people. Understanding donor intent, working with people to create meaning and value for their gifts to community is essential to strong relationships, and broader reputational trust. Our policy is that requests from donors to port sub-funds to other appropriate entities would be considered by the Board.

To date, none of our 44 sub-funds have requested porting to another entity. However, for many donors it is important to have the option to change, as it allows confidence in the relationship between donors and the Foundation.

The draft guidelines allow portability for all funds under management, which is not how community foundations have worked previously.

Request that portability occur at a sub-fund level, continuing the current practice and commitments made to donors

3) Community Charities to give to Community Charities

The principle of ensuring that money don't circulate between different philanthropic structures, and hit the ground, is really important. It's important that funds grants go to end users.

There are however examples where the relationships between community foundations across the country can mean greater confidence between donors and local activity. There are sub-fund holders at other community foundations that have strong connections to the inner north region, and there are times that the Inner North Community Foundation is best placed to lead grantmaking in the region due to our local knowledge and connections.

Request that community charities can give to other community charities

Please get in touch if we can provide further detail, and we look forward to seeing the impact of these changes in the inner north region of Melbourne.

Kind regards,

Ben Rodgers
Executive Officer