



Australian Community Philanthropy

Australian Community
Philanthropy Limited
www.australiancommunityphilanthropy.com
ABN 11 128 866 419

P.O. Box 9418, Mount Gambier West, 5291

Australian Community Philanthropy (ACP) is a not for profit organisation incorporated in 2007 and granted charitable status by the Australian Taxation Office in March 2008. ACP was established with the mission to build and support community foundations and the communities that support them.

Community Foundations began in Australia in 1996, with the Melbourne Community Foundation and there are now over 30 Community Foundations across Australia. These community foundations vary in size and area covered and most rely heavily on volunteer input, with minimal part time staff. Most have been set up with seed funding and support from The Foundation for Rural and Regional Renewal and mentoring from existing foundations through networking. Many have relied on the philanthropic generosity of founding donors and all have worked to ensure that running costs are kept to a minimum.

Australia is a vast country in geographic area, with varying and changing needs across all regions. Our community foundations are set up to best interpret the needs of their specific area and some cover geographically large areas, whilst others cover more densely populated areas. There is generally in Australia, a low, but growing level of knowledge about community foundations and a lack of longer term sources of funding.

ACP was established to assist in building the capacity of foundations, by providing networking, learning opportunities, fellowships and peer support programmes. It aims to act as a focus point for consultation with external stakeholders, government, philanthropic donors, national and international organisations. Currently we represent twelve community foundations and five individual members and we aim to promote collaborative approaches and develop and strengthen networks of community foundations and other philanthropic institutions, nationally, regionally and internationally.

Community Foundations are independent, philanthropic, community based, not-for-profit organisations, set up by a community to encourage and allow the community to address social, cultural and environmental issues impacting on their area or region. They provide an opportunity for communities to develop a better understanding of the needs and assets of their region and to invest in its growth and development. Through the public ancillary funds of community foundations, small amounts of money can be invested, added to, combined with larger donations for the good of the community. They offer the possibility for all members of the community to have a part in this process and develop their philanthropic involvement no matter what the size of the individual investment. For some this investment will be through volunteering, for some, small donations to a sub-fund and for some a larger tax-deductible donation.

Their structure gives them flexibility to introduce new grant programs around issues of local concern at any time, as long as there are funds available and the need is evident locally. They are a philanthropic community needs knowledge bank within the community, able to assist donors and community organisations connect to make a difference.

Community Foundations act as facilitators and convenors, bringing together different groups within the community to tackle current problems or take action where there are opportunities. They are publicly accountable because of the corporate trustee structure, which requires compliance with the Corporations Act 2001.

Australian Community Philanthropy welcomes the opportunity to comment on the Consultation Paper, *Development of Governance Standards*.

Australian Community Philanthropy supports the principles outlined in the Consultation paper and seeks to comment specifically on some of the draft proposals. We are supportive of a principles-based approach to governance.

General comments on the draft standards

The language used in the draft standards is not always accessible or understandable to the lay person. Standards which are principles-based should not require complicated cross-referencing to various regulations.

It is difficult to determine the identity of “responsible entity” which is often taken as a collective and not an individual. The term is often used to encompass a charity or combined group and could be difficult to define for many local rural and regional communities. Many of the people involved in community foundations are time poor but willing and responsible people who serve their communities, but do not have the time to search for meanings of sometimes ambiguous terms.

Australian community Philanthropy believes that all community members are stakeholders in their community foundation and should be considered as members therefore and it is not clear what role they play in these governance standards.

Draft Governance Standard 4: Responsible management of Financial Affairs

The wording in this standard may be confusing when considered with the standards already followed. Trustees are already subject to a fiduciary duty to exercise “the care, diligence and skill that a prudent person would exercise in managing financial affairs of others”.

Draft Governance Standard 5: Suitability of Responsible Entities

This standard raises a number of questions for trustees of charitable trusts which are not answered in the explanatory materials.

Australian Community Philanthropy agrees with the comments and statements made by Philanthropy Australia.

“Firstly, in the case of a trust which has a corporate trustee, the trust is the registered entity but who or what is the responsible entity? Is it the corporate trustee or is it each of the individuals who are directors of the corporate trustee? Trusts with corporate trustees effectively have a doubling-up of “responsible entities”.

Secondly, there is an issue for trusts in relation to the removal of a noncompliant responsible entity. If the corporate trustee is the responsible entity, it can hardly take steps to remove itself. If the individual directors are the responsible entities, how can a collective group of individual trustees take steps to remove a noncompliant individual trustee? Under Trust Law this can only be done through referring to the Attorney General.

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- They act as **Community Foundations Explained**

What they do

- They are **community-based grant-making** foundations that support projects to benefit people in a defined geographic location (most focus on a town or a region; however some have a state-wide or national focus).
- Their **local focus** enables people and business to increase their involvement with their community through volunteering or through tax deductible giving.
- They are a **perpetual community asset** thanks to the creation of an endowment that can create income each year for distribution to eligible local community projects.
- Their structure gives them **flexibility** to introduce new grant programs around issues of local concern at any time, as long as there are funds available and the need is evident locally.
- They are a philanthropy and community needs **knowledge bank** within the community, able to assist donors and community organisations connect to make a difference.
- They cater to people on average incomes who want to experience hands-on philanthropy but can't afford to set up a private trust. A subfund can be named in honour of a person or place, the Community Foundation Board takes responsibility for the governance and legal compliance of the operation of the subfund and the donor enjoys the opportunity to connect with their community at a deeper level and to understand how their giving is impacting their own community.
- They act as facilitators and convenors, bring different groups within the community together to tackle current problems or take action where there are opportunities.
- They are publicly accountable because of the corporate trustee structure, which requires compliance with the Corporations Act 2001.

What they've achieved

- In less than 15 years, more than 30 Community Foundations operate across Australia, many in rural and regional areas.
- These Foundations hold more than \$150 million in endowments and grant more than \$12 million annually towards local community projects (Philanthropy Australia).
- Many are engaged in community building projects relating to youth in philanthropy, education, community needs monitoring and other areas.

- Worldwide more than 1,400 Community Foundations operate across 51 countries. Around 70 new Community Foundations are formed each year (Global Fund for Community Foundations)

What they aspire to do

- Develop a strong funding base so that operations can be supported to maximise impact for the community – most Community Foundations in Australia are volunteer-run, the more fortunate Foundations have one or two part-time staff.
- Build understanding across the Australian community of what a Community Foundation is and the opportunities it offers that are not available elsewhere.
- Address the lack of a longer term source of seed funding to support the initial fundraising and grants administration effort;
- Achieve a less complicated legal and tax structure (particularly the complexity of multiple trusts with multiple DGR status) so that Community Foundations can free up more of their operational time to be working with the local community. This is especially important in smaller settings.
- Expand their role as community leaders and community finance providers, through the development of innovative funding models.
- Support the ongoing public accountability of community philanthropic organisations as a trusted resource.

