



Improving the Integrity of Public Ancillary Funds

Submission by Eyre Peninsula Community Foundation Incorporated

December 2010

Introduction

Eyre Peninsula Community Foundation Incorporated wishes to support the submissions lodged by Geelong Community Foundation and Philanthropy Australia in response to the discussion paper "Improving the Integrity of Public Ancillary Funds".

Eyre Peninsula Community Foundation Incorporated

Eyre Peninsula Community Foundation's geographical area covers 10 local government areas encompassing the Councils areas of Port Lincoln, Lower Eyre Peninsula, Kimba, Whyalla, Cleve, Franklin Harbour, Le Hunte, Ceduna, Tumby Bay and Elliston. The population of these council areas is approximately 57,500 and the land mass area covered is some 230,000 square kilometres.

The Eyre Peninsula Community Foundation Incorporated (EPCF) is a relatively new organisation which has only made it's launch to the community in April 2010.

The EPCF is trustee for 3 separate and distinct trusts :-

- The Eyre Peninsula Community Foundation Trust is a public ancillary funds endorsed as Item 2 Deductible Gift Recipient (DGR) and Income Tax Exempt Fund (ITEF). This fund can only make grants to income tax exempt organisations endorsed as DGR;
- The Eyre Peninsula Community Foundation General Fund has Tax Concession Charity (TCC) endorsement. Grants from the general fund can be made for charitable purposes to organisations that do not have DGR endorsement. Donations to this Fund are not tax deductible;
In many cases gifts to this fund come from wills and estates where tax deductibility is not applicable.
- The Eyre Peninsula Disaster Fund is a public fund endorsed with Item 1 DGR and TCC. Grants from this fund must meet specific ATO tests for allocations to individuals in necessitous circumstances as the result of a natural disaster.

The various trust funds operated by EPCF are at an embryonic stage of development with only limited public donations having been received to date.
Total corpus held at 30th June 2010 in all trusts was \$41,922.

Whilst EPCF had funds of \$41,922 at 30th June 2010 a major fundraising activity is being undertaken currently in conjunction with a local builder and a land developer to build a charity home that will raise between \$200 - \$300,000 for the EPCF.

Our structure makes giving accessible to many donors than other available structures however also enables such an activity to provide a needed injection of capital into the trusts to ensure ongoing success and stability.

Points of Note


Eyre Peninsula Community Foundation Inc joins the Geelong Community Foundation and Philanthropy Australia in committing to clear guidance on establishment, maintenance and governance of Public Ancillary Funds.

However EPCF notes the following:

- The current guidelines for distribution of income are effective and a change whereby a distribution of 5% of capital per annum are required could in fact result in a detrimental effect on all overall distribution levels and threaten the perpetuity nature of community foundations.
- Efforts should be made to encourage philanthropy at all levels of giving. Public Ancillary Funds allow for smaller amounts of money to be collected without reducing the total capital of community foundations.
- The current level of compliance and transparency is extensive with requirements of more than 50% of Directors to be responsible persons; requirement to hold a Charitable Collections License (requiring National Police Checks and a designated auditor), requirements for opening bank accounts.
- As an incorporated body regular updates of information are required by the SA Office of Consumer and Business Affairs.
- It is very important that the regulations and guidelines concerning the operation of public ancillary funds, recognise, are relevant to and facilitate the operation of the different types of organisations that use the public ancillary fund structure.
- Community Foundations have an important and particular community role and purpose. Issues of transparency, accountability and public confidence are essential for Community Foundations. EPCF fully supports increasing the public transparency and accountability of all ancillary fund structures.

The EPCF would be happy to further discuss any aspect of the review of public ancillary funds.

Yours Sincerely,



Glenn Karutz
Chairman
Eyre Peninsula Community Foundation Inc Board