



12<sup>th</sup> July 2023

Karen Dunn  
Director  
Not for Profits Unit, Not for Profits and Tax Administration Branch  
Personal and Indirect Tax and Charities Division

Karen

Mumbulla Community Foundation is a small, volunteer managed and run, community foundation based in the Bega Valley on the far south coast of NSW.

Mumbulla Foundation (ABN 75 094 731 601) was founded in 2000 and has a long history of supporting our community.

Mumbulla Foundation (trading as Mumbulla Community Foundation) is the Trustee of the Mumbulla Foundation Trust (ABN72 199 314 980), registered as a Deductible Gift Recipient Item 2 trust.

Over the last twenty-two years, Mumbulla Community Foundation has donated over \$1.7M into our community, to over three hundred different social and community groups. We have also been able to support a number of significant educational programs for a number of years, to assist young people in our community.

Most of the organisations we have supported do not have DGR status, so our ability to support them is limited to the funds that are not subject to tax deductibility or through the more complex arrangement of auspicing via a DGR Item 1 organisation.

On behalf of Mumbulla Community Foundation, and many local community foundations like us, we would like to highlight that:

1. Community foundations are seeking to simplify our structures and the red tape, compliance and administrative costs and burdens. We strongly encourage the government not to *require* community foundations to have to establish a new trust or company.

As we will not be able to convert our small 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 like us will want to be able to distribute the funds in our public ancillary fund 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 keenly request that 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, along with the associated auditing and reporting costs.

2. The Bill does not seem to allow distributions to non-DGRs for DGR purposes or activities. 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. This is a critical component of our future strategy, to assist those small, local organisations delivering critical front-line services (often voluntary) to our community. Could the Bill and Explanatory memorandum be amended to make this clear?

Simplifying the draft legislation as described above would significantly assist community foundations – especially small foundations like Mumbulla Community Foundations – to deliver on our mission to support our local communities without adding addition cost or complexity.

Thank you for considering our submission.

Yours sincerely

A handwritten signature in blue ink that reads "Michael Pryke".

Michael Pryke  
Chair, Mumbulla Community Foundation  
Board Member, Community Foundations Australia