12 February 2016

Law Design Practice
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

Exposure draft of amendments to the Private Ancillary Fund Guidelines 2009 and the Public Ancillary Fund Guidelines 2011.

Good2Give (formerly Charities Aid Foundation) is a not-for-profit that aims to make giving a part of everyday working life in Australian and New Zealand. We advise businesses and their employees on how to engage with charitable organisations, and offer solutions to efficiently and securely process their donations. Our clients range from large corporate organisations and government bodies, through to small and medium sized enterprises.

We are now half-way towards meeting our commitment to deliver $300 million to charitable communities by 2020. Critical to this target is a policy and regulatory environment that encourages giving, and allows for funds to go where they're needed most – our communities.

As a member of industry bodies, Philanthropy Australia and Community Council for Australia, Good2Give endorses their corresponding submissions and welcomes this review of the existing guidelines.

Ancillary Funds are a critical vehicle for structured giving in Australia and are responsible for over $550 million to Australia's not-for-profit sector each year. Good2Give has a Public Ancillary Fund (PuAF) from which we manage a number of sub-funds for our business clients. We also advise and manage independent PuAFs for corporate clients to ensure their donations are efficiently and securely distributed. These are valuable structures for facilitating corporate community investment in Australia – helping to ensure community grant programs and workplace giving is processed as efficiently as possible.

While the existing guidelines have been conducive for these efforts, there are a number of operational areas that could improve our access to funds, investment strategies and reporting requirements. Addressing these barriers in this one review is important to ensure ongoing clarity and consistency in charitable giving. A stable regulatory environment with minimal interference is necessary to preserve donor confidence and build our ability to guide clients' community investments.

Good2Give welcomes amendments detailed in Philanthropy Australia's submission along with particular interest in addressing the concerns detailed below.

Yours sincerely

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1/ Maintain existing distribution rates

Good2Give does not support the proposed change to minimum annual distribution requirements under Item 7 of Schedules 1 and 2.

Ancillary Funds were designed to enable strategic and high-impact giving to our communities. This amendment introduces unnecessary complexity that undercuts this very policy intention. Floating the minimum distribution rates creates ambiguity in the planning process for our clients and our PuAF corpus. For an already burdensome administration process, this introduces further complexity and a possible barrier for companies wishing to establish an Ancillary Fund or sub-fund in the future.

The minimum distribution rates are already at a level that enables balanced investment portfolios to provide the necessary returns to make the required distributions, cover expenses and maintain the real value of assets within the fund. Negative returns in one year can also be offset by positive returns in later years. In the absence of any compelling evidence to the contrary, we recommend maintaining the fixed four per cent minimum distribution rate for PuAFs and five per cent for Private Ancillary Funds (PAFs).

2/ Enable collective giving

PuAFs can efficiently transfer a range of donations to DGR status charities. This enables donors to pool together funds and maximise their impact on a specific cause. It also allows Good2Give to accept workplace giving donations from employees across hundreds of employers to support the distribution of funds to thousands of charities each year.

If an employer seeks to match employees' donations or contribute to these collective giving efforts, they currently are unable to do so by using funds from their dedicated PAF or PuAF. Good2Give has had difficulty navigating this a number of times in the past and has witnessed its ability to deter corporate charitable investment. This is currently not included in the proposed draft amendments. If Australia is to grow workplace giving and corporate involvement through PAFs and PuAFs, the regulatory environment needs to address this existing obstacle.

3/ Increase portability

Introducing the portability of PAFs under Schedule 1, Item 32, will support Good2Give's ability to service clients' changing needs. PAFs are the most viable option for clients with over $1 million in charitable funds. Providing companies with an option to manage funds as low as $20,000 as a sub-fund is a great option to continue their ongoing support for charities through a more cost-effective structure. Making this transition of assets from a PAF to a PuAF sub-fund as easy and cost effective as possible will help to encourage ongoing corporate community investment in Australia.

4/ Reduce reporting duplication

Eliminating duplicate reporting between the ACNC, ATO and ASIC reduces barriers to giving and helps Ancillary Funds direct their resources to the community. As the future uncertainty of the ACNC dissolves, Good2Give strongly recommends the Treasury accommodate its regulatory role and support its ability to streamline reporting obligations.

Introducing the ACNC as a 'co-regulator' of Ancillary Funds alongside the ATO will directly reduce the need to duplicate reporting on matters such as updating governance details and financial statements for PuAFs. Introducing this capacity would be a great step forward to embrace the charity regulator's potential and its mission to reduce sector red tape.

Please advise if you require further detail on how the above is likely to affect corporate community investment and Good2Give's work. We welcome the opportunity to further contribute to this discussion.