



Philanthropy Incentive Program

Guidelines

The Philanthropy Incentive Program (**Program**) intends to encourage individuals, groups of individuals, and businesses to establish prescribed private funds, foundations or other charitable trusts (together referred to as **Funds**) that are philanthropic to the arts.

The Program enables the Department of Culture and the Arts (DCA) to contribute an amount of up to 7.5% of the initial capital funds of an eligible Fund (capped at \$50,000) to an arts organisation of the Fund's choice. This contribution by DCA will give due recognition to the Fund.

The benefit of this Program is that it allows eligible Funds to effectively cause a donation to be made to arts organisations at the commencement of the Fund. In addition, the Program allows donors who are setting up Funds to view first hand the benefits to the community of a gift made to the arts, and aims to assist in the establishment of relationships between arts organisations and donors.

The Program has been established by the Department of Culture and the Arts (DCA) with administrative assistance from the Australia Council for the Arts through Artsupport Australia – see www.australiacouncil.gov.au/philanthropy.

Eligibility Criteria

The essential element for participation in the Program is a donor who establishes, or intends to establish an eligible Fund, whether in the form of a prescribed private fund, foundation or other charitable trust. The donor can be a business, an individual donor, or a group of donors.

DCA and Artsupport Australia encourage all donors who are considering establishing any kind of fund or who have an interest in philanthropy to contact the WA Manager of Artsupport Australia to discuss options for giving and their eligibility for the Program (see contact details below).

Eligible Funds

To be eligible a Fund must fulfil the following criteria:

- Be established (and approved by the Australian Taxation Office, if necessary) after 1 July 2008 and before 30 June 2011.
- Be endorsed as a tax concession charity, income tax exempt fund or a deductible gift recipient.
 - DCA will consider on a case by case basis the establishment of new accounts within third party ancillary funds.



- Be established with an initial level of funds of \$500,000 or greater.
- Provide a sustainable source of income to the community:
 - The intent of the Philanthropy Incentive Program is to encourage the establishment of funds which provide ongoing sources of income, rather than funds which exhaust their capital in a short period of time.
 - Where the aim of the fund is to distribute all of its capital within less than 5 years, it *may not* be considered to be eligible for the Program.
- Provide a benefit to the Western Australian community.
 - Funds based in Western Australia (i.e. who have their principal business address in WA) will be automatically considered to benefit the Western Australian community.
 - Funds which are not based in Western Australia will have to provide a statement or other information which sets out how the Fund intends to benefit the Western Australian community, which will be assessed by the review panel.
- Be set up so that its establishment deed or constitution enables the Fund to contribute to activities which benefit the arts.

Applications will be accepted from established Funds that meet the above criteria, as well as donors looking to establish a Fund that will meet the above criteria, provided it can be shown that all criteria will be met.

Donors are encouraged to approach the WA Manager of Artsupport Australia before they set up a Fund to determine their eligibility for the Program.

Arts organisations

A Fund approved under the Program may select one or more arts organisations to receive the funds (**Funds Recipient**) which will be donated by DCA in recognition of the Fund.

The Funds Recipient must:

- be a not for profit arts organisation(s); and
- be based in Western Australia.

Selection for the Program

Selection for the Program is based primarily on whether the Fund meets all the eligibility criteria, and in particular the amount of available funds.

The review panel will also determine the Funds which will be supported and the amounts granted on the basis of the following selection criteria:

- prioritising Funds which are considered to provide a greater ongoing source of income to the arts in Western Australia; and/or
- prioritising Funds which are considered to provide a benefit to multicultural, indigenous or regional arts in Western Australia.

A review panel made up of DCA staff and Artsupport Australia staff will assess each application and reserves the right to refuse any application in its sole discretion.



How to apply

Please contact James Boyd, the WA Manager of Artsupport Australia for further details and to register your interest. There is no closing date for the receipt of applications however the Program will finish in June 2011 and applications will not be accepted after 1 June 2011. DCA also reserves the right to amend these guidelines at any time.

Expressions of interest are welcomed from all persons who have set up a fund, trust or foundation or who are considering setting up one, regardless of whether they have identified an arts organisation who they would like to support.

Material required by DCA on application

DCA, in its own discretion, may require an eligible Fund to provide information and materials which it deems necessary to show the eligibility criteria and selection criteria are satisfied. The information and materials may include:

- The constitution or establishment deed of the Fund;
- Endorsements as a tax concession charity, income tax exempt fund or a deductible gift recipient;
- Proof that the Fund has the adequate level of funds required. A statement from a bank or holding fund will be sufficient evidence;
- If the Fund is not based in Western Australia, then a statement or other information which sets out how the Fund intends to benefit the Western Australian community; and
- Information as to the Fund's intent or priorities as they relate to the arts in Western Australia.

Contact

Artsupport Australia

James Boyd – WA Manager Artsupport Australia

Email: j.boyd@australiacouncil.gov.au

Ph: (08) 9238 9582

Department of Culture and the Arts

Helen McLean – Senior Project Officer, Business Development

Email: helen.mclean@dca.wa.gov.au

Ph: (08) 9224 7310



Example – The Red Family Foundation

Mr Red is an individual who wishes to establish a fund to enable him to donate to community based causes or projects which interest him. After consultation, he decides to set up a Prescribed Private Fund, which will be a tax income exempt fund, which he decides to call the “Red Family Foundation”. This fund is intended to be set up in April 2009. With the consultation of Mr Red’s accountant he sets up an accumulation and distribution plan for the Red Family Foundation which is as follows for the first three years:

Financial Year One 2008/2009:

- donate \$600,000 to the Fund

Financial Year Two 2009/2010

- donate \$100,000.
- distribute approximately \$30,000 of the income component of the Fund in year two (or as determined by the Trustees).

Financial Year Three 2010/2011

- donate \$50,000.
- distribute approximately \$40,000 of the income component of the Fund in year three (or as determined by the Trustees).

Mr Red has appointed a board of trustees to the Fund, which includes himself, his accountant and his daughter Mary. The Fund’s constituting documents allow the Fund to donate monies to the arts, medical science and health related projects or organisations.

Mr Red contacted Artsupport Australia’s WA Manager and has discovered that Mr Red’s fund is eligible for the Philanthropy Incentive Program. As Mr Red has a particular interest in youth arts, he has suggested that the DCA contribution go towards a youth oriented theatre company called BLUE. Together, with the help of Artsupport Australia, BLUE and Mr Red submit the application in January 2009 despite the fact that the Red Family Foundation has not yet been formally established. The fund is assessed as eligible and an amount of \$45,000 is approved from the Philanthropy Incentive Program towards BLUE, subject to the Red Family Foundation being constituted and proof of funds being delivered to DCA on establishment.

Working with DCA and Artsupport Australia, the \$45,000 is granted to BLUE from DCA in the name of the Red Family Foundation in April 2009. This announcement is made at the opening night launch of the next BLUE production. The following year, the trustees of the Red Family Foundation approve their first philanthropic grant towards BLUE’s future activities and the ongoing relationship between the Fund and BLUE is cemented.