

# HOBSONS BAY COMMUNITY FUND

## ADDITIONAL INFORMATION FOR

### SPORTING CLUBS 2021



#### **PURPOSE**

This paper outlines the issues the HBCF must consider when wishing to support sporting activities or scholarships to assist individuals in sporting endeavours. .

#### **Is sport charitable?**

1. No. Charitable purposes do not include the encouragement of sport, recreation or social activities. This is clear in the tax ruling TR1999/D21.
2. Sporting purposes are not charitable, even though there might be elements of benefit to the community.

#### **How does this affect grantmaking?**

3. The HBCF is restricted in its constitution to provide money or benefits for charitable purposes.

#### **CAN SPORTING ACTIVITIES BE WITHIN A CHARITABLE PURPOSE?**

4. Yes, if the sporting activity is done as an integral part of, or is incidental to, a charitable purpose, then grants can be considered to support that charitable purpose.
5. Sport for sports sake cannot be a principal purpose, but sport may be able to be used as a means to a charitable purpose (i.e. getting street kids off the street), or as an integral part of a charitable purpose (i.e. an accepted part of children's education).
6. Examples of sport within a charitable purpose are:
  - The advancement of education – in connection with programs run at schools (further considerations apply under dot point 16 below)
  - Social welfare (i.e. programs aimed at socially and financially disadvantaged people in order to build self-esteem, self-confidence, communication and concepts relating to team work and interaction)

#### **SPORT WITHIN EDUCATION**

7. If a grant can be properly characterised as educational, then it will be charitable notwithstanding that the subject of the education may be, or relate to, sport.
8. Where the sport is a requirement of, or connected to, a school or university, and the purpose is part of the education of the students, as its true purpose, then it has been accepted as charitable. This is because it is regarded generally as an important element of the development of children in schools to have some physical education.
9. In these situations, it is expected that access to the sport or the facilities provided as a result of the grant is available to all students, not just those who excel in this area, which may suggest the grant is for promotion of sport to those students already displaying particular talent.

10. This approach must be avoided where the school is a state school. It is difficult to distinguish between granting to charitable purposes at a state school and granting to the school, particularly in relation to equipment, and particularly as schools have a wide discretion as to curriculum. This is likely to make any grant or benefit not charitable, as state schools are not charitable as being a department of government (government is not charitable).

## **SPORT AS A MEANS TO SOCIAL WELFARE**

11. Where sporting activity is carried on for a social welfare purpose it can be charitable.

12. Examples include:

- Funding for a sporting or recreational activity where it is targeted to street kids with the purpose of getting them off the street. Motivating them into activity and teaching communication skills, improving self-esteem etc.
- Promotion of a specific sporting activity which had a proven effect on the symptoms of a particular disease or condition where the participants were only those suffering from that disease or condition.

13. An argument that the purpose is for the general health and well-being of people and therefore for the benefit of the community will not be sufficient to overcome the argument that it is sport for sport's sake.

14. In these situations, it is expected that access to the activity or the facilities is available to all people within the disadvantaged group, not just those who excel in this area, which may suggest the grant is for promotion of sport to those already displaying particular talent.

## **INFRASTRUCTURE FOR COMMUNITY BENEFIT**

15. The provision of public playing fields, parks and recreational halls where open to the whole community have been considered to be charitable.

16. Again, as with government schools, careful consideration will be taken when working with local governments to ensure that the grant is not for the benefit of the local government, but is for the public benefit and specifically expressed as being for the charitable purpose of benefiting the community as a whole.

## **GRANT SUPPORT**

For further information, or to discuss an idea or opportunity, please email the HBCF Grants Sub-Committee here <mailto:contact@hbcommunityfund.org.au>