

## Government Announces Changes Impacting Private and Public Ancillary Funds

### **Authors:**

Donna Benge ([dbenge@piperalderman.com.au](mailto:dbenge@piperalderman.com.au) – Partner)

**Practice Group:** Companies, Trusts, and Taxation

**Date:** 20/03/2026

*The Australian Government has announced reforms affecting private and public ancillary funds, which will now be known as private giving funds and public giving funds. The changes are intended to increase the flow of philanthropic funding to Australian charities and expand access to deductible gift recipient (DGR) status.*

*The name change is designed to better reflect the purpose of these structures and does not, of itself, require existing funds to be re-established or restructured.*

The measures were announced on 26 February 2026 by the Assistant Minister for Charities and Treasury and form part of the Government's response to recommendations from the Productivity Commission's *Future Foundations for Giving* report and the Not-for-profit Sector Development Blueprint.

*These announcements are not yet law. Implementation will depend on amendments to the relevant giving fund guidelines and any supporting guidance issued by the Australian Taxation Office (ATO).*

### **Key changes**

The key changes include:

#### **New terminology – “giving funds”**

Private and public ancillary funds will be referred to as private giving funds and public giving funds. This is primarily a change in language rather than substance.

#### **Increase in minimum distribution rate**

The Government will set the minimum annual distribution rate for both private giving funds and public giving funds at 6% of net assets. The policy objective is to ensure that funds benefiting from tax concessions provide greater near-term support to operating charities, while still allowing investment growth over time.

#### **Transitional relief for existing funds**

The new 6% distribution rate will apply from the first financial year following amendment of the giving fund guidelines. Existing funds will benefit from a two-year transition period before the new minimum distribution requirement applies.

### **Three-year averaging of distributions**

Giving funds will be permitted to average minimum distributions over a three-year period, enabling donors to support larger initiatives, multi-year projects or capital campaigns without being constrained by annual distribution mechanics.

### **Expansion of community charity DGR category**

The Government has also announced the addition of 34 organisations to the ministerial declaration for community charities, representing the largest update to this DGR category since it was introduced in 2024. Once endorsed by the ATO, these organisations will be able to receive tax-deductible donations and grants, including from giving funds.

### **Why this matters**

For individuals and families using private giving funds as part of their broader wealth and succession strategy, the proposals signal a shift in policy emphasis toward increased near-term giving, while still recognising the importance of long-term philanthropic capital.

The key considerations for trustees and their advisers include:

- whether planned distribution levels remain appropriate under a higher minimum rate;
- how three-year averaging could support legacy gifts, impact investing strategies or significant one-off grants;
- aligning philanthropic plans with broader family governance, investment and estate planning objectives; and
- identifying new eligible charities that align with personal or family philanthropic priorities.

At this stage, no immediate action is required, but early consideration may assist in smoother implementation once the reforms are finalised.

Further detail is expected once the giving fund guidelines are amended and updated ATO guidance is released. Advisers will play a key role in helping donors navigate the transition and optimise outcomes under the new framework.

If you would like to discuss how these developments may affect your philanthropic structures or long-term giving strategy, please contact [Donna Benge](#).

*Disclaimer: This publication is for general information only and is not legal advice. You should seek specific legal advice for your own circumstances.*