

HSC & COMPANY

17 December 2010

Manager, Philanthropy and Exemptions Unit
Personal and Retirement Income Division
The Treasury
Langton Crescent
PARKES ACT 2600

Response to the Treasury discussion paper, Improving the Integrity of Public Ancillary Funds

Dear Sir,

I enclose HSC & Company's submission in response to the Treasury discussion paper, *Improving the Integrity of Public Ancillary Funds* (PuAFs).

HSC & Company is a specialist consulting firm that provides expert private philanthropy and community investment advice. Our clients range from individuals and families to corporate organisations and professional service firms who wish to engage their clients in private philanthropy.

In welcoming this examination of the integrity of PuAFs, our submission is largely in support of the views presented by Philanthropy Australia and as a result we encourage the Treasury and the Australian Taxation Office (ATO) to consider the following:

- PuAFs are an important and understated mechanism for encouraging "grass roots" philanthropy and the opportunity does exist to simplify the rules of establishment, distribution and governance.
- The almost 50 year history of PuAFs and the evolution of its various forms is tied to the fact that a model deed has never existed and as Philanthropy Australia correctly identifies, founding documents will vary greatly. This is a central issue which should not be underestimated when designing the *new* PuAF. As such, approaching this review in a similar way that resulted in the transformation of the Prescribed Private Fund is likely to be problematic and present a raft of unintended consequences.
- Easily accessible and insightful education about PuAFs is essential, needed and currently unavailable.

We understand that this is a complex issue. As specialist advisors in private philanthropy and community investment, we welcome the opportunity to work closely with the Treasury and ATO on this important and future-shaping issue.

Please direct any questions you have to the team in our Sydney office.

Yours Sincerely,



Phil Hayes-St Clair
Executive Chairman