



Email: [ppfreview2008@treasury.gov.au](mailto:ppfreview2008@treasury.gov.au)

13 January 2009

Manager  
Philanthropy & Exemptions Unit  
Personal & Retirement Income Division  
The Treasury  
Langton Crescent  
Parkes ACT 2600

Dear Sir/Madam,

**Improving the integrity of Prescribed Private Funds (PPFs)**

Thank you for the opportunity comment on 'Improving the integrity of Prescribed Private Funds (PPFs)' Discussion Paper 2008. As an organization that substantial relies on support for the private sector through various Trusts and Foundations I would like to submit the following comments, as an attached paper.

I trust they will be useful in the review of the Prescribed Private Funds.

Yours faithfully

A handwritten signature in black ink, appearing to read "Robert Lindsay", with a long, sweeping underline.

Robert Lindsay  
Director  
McClelland Gallery+Sculpture Park



Comments pertaining to  
**Improving the integrity of Prescribed Private Funds (PPFs)**  
Discussion Paper 2008

#### Background

McClelland Gallery+Sculpture Park is Australia's leading Sculpture Park and the national focus of sculpture. It is part of the Victorian Regional Gallery network. As a visual arts cultural organization we rely on philanthropic support for 89% of our annual turnover of \$1.4m.

Since our inception in 1971 we have developed our Sculpture Park to showcase over 72 major works, on permanent display in the grounds, developed a collection valued in the order of \$20m expanded through gifts and donations, developed our exhibition and public programs are now attracting annual attendances of 123,000 visitors annually.

Entirely through philanthropic support, from 10 foundations and individuals, we have recently acquired additional land which has doubled the size of the Sculpture Park and ensured the future development of McClelland as Australia's leading Sculpture Park and the national focus of sculpture.

#### Comments

A significant aspect of our success is based on long term relationships with individuals, Foundation and PPFs. The most efficient and meaningful associations are developed over time. One-off grants are time consuming, often small in monetary value and do not allow for long term planning and continuity.

Our planning and achievements has been predicated on developing long term and meaningful associations with various individuals, foundations and PPFs. From experience we have found meaningful benefaction start modestly, testing the viability of the partnerships before increasing over time.

#### Concern – rate of distribution

Although it is timely and appropriate to review the integrity of PPFs I am concerned with the proposition that 15% compulsory distribution of the assets at market value of the various PPFs would led to a significant depreciation of the viability of various funds leading towards their termination within a 15 year period.

The philosophy behind the establishment of the PPFs is to encourage philanthropy and build a 'tradition of giving'. Thus a demise of established trusts after 15 years would undercut the



viability and development of a tradition of giving and be a disincentive to the establishment of new trusts.

In America, a good model of a viable 'tradition of giving' the distribution rate is 5%, which allows and encourages trusts to mature over time and in this maturity make significant and ongoing contributions to their communities.

I agree with the establishment of minimum distribution rate and suggest the rate of 5%. This prudent rate would allow for longevity of the trusts and the resultant viable long-term planning of PPFs and their recipient DGRs.

#### Concern – disclosure

In speaking with a number of individuals associated with PPFs there is a concern about full disclosure of contact data that they and their trusts will be inundated with requests and applications for assistance, that their initiative to quietly select recipients in their areas of interest will be compromised and to efficiently deal with such applications they will require higher expenditure of funds on administration.

To retain the initiative of the benefaction with the PPFs, to encourage the creation of new PPFs which in part is dependent on maintaining the privacy of present and future benefactors, it is suggested that Applicants Register be developed. This is similar to Philanthropy Australia approach, where applicants register their area of interest. As an intermediary organization Philanthropy Australia then provides these submitted resumes to future benefactors, according to their interests.

#### Summary

The above comments are intended to ensure the future longevity of PPFs and thus allow a tradition of philanthropy to grow and flourish in Australia. It is important to encourage the creation of new PPFs and support the efficiency of the distribution of their funds, which in turn will enrich the social and cultural capital of Australia, creating a better nation, better equipped for challenges and changes of the future.

Yours faithfully,

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Robert Lindsay  
Director  
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