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**Australia
Business Arts
Foundation**

Australia Business
Arts Foundation Limited
ABN 88072479835
Level 2
405 Collins Street
Melbourne Victoria Australia 3000
Telephone 61 3 9616 0300
Facsimile 61 3 9614 2550
Email information@abaf.org.au
www.abaf.org.au

13 January 2009

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

Dear Sir,

The Australia Business Arts Foundation (AbaF) supports the review of regulations governing Prescribed Private Funds (PPFs).

We commend the submission from Philanthropy Australia in response to Treasury's discussion paper on Improving the Integrity of Prescribed Private Funds and concur with their position that it is in the interests of charities and the community, the Federal Government and the philanthropic sector that a clearer regulatory framework is established for PPFs which is simple to administer, monitor and comply with.

AbaF is a company of the Australian government established in 2000 to promote private sector support for the arts. Our board, appointed by the government, invites prominent business leaders to join the AbaF council to act as advocates for business support for the arts and to contribute resources for the national operations of the organisation.

With offices in every state and territory, AbaF promotes private sector support through three programs – partnering with the arts, volunteering for the arts and giving to the arts. AbaF's giving program incorporates information, advice, professional development and support for artists and arts organisations seeking income from corporate and philanthropic foundations and individual donors as well as information, advice and assistance to grant-makers and donors. AbaF also honours leadership in cultural philanthropy through the annual Goldman Sachs JBWere Philanthropy Leadership Award.

In a decade of working with both the corporate and private sectors, AbaF has no doubt that philanthropy is not just about money. It's as much about the contribution that a company, a family or an individual can make; it's about seeing potential for change and providing resources to enable that change to happen; it's about making a difference to individuals, to communities, to society.

It is notable that since the introduction of PPFs as a vehicle for tax-effective giving, a whole new generation of givers has been discovered. Many of them are highly entrepreneurial people who've made substantial wealth. The PPF provides a channel for their engagement with a community issue or cause and their expertise causes them, in their grant-making, to focus on outcomes and to seek evidence that these are pursued with efficiency and effectiveness.

PPFs have not only become a major source of new support for community organisations, of which the arts are a substantial number, they have become an important medium for the promotion of contemporary philanthropy.

AbaF agrees with Philanthropy Australia's view that the minimum distribution rate applied to a PPF should be consistent with maintaining the real value of the foundation and that a minimum rate of 5% would enable a PPF to maintain its real value over the economic cycle as well as to maintain the real value of distributions over time.

AbaF strongly supports greater transparency in regard to the philanthropic sector and believes that issues related to managing expectations which might arise if there was greater public information about PPFs could be addressed through other means than withholding information about PPFs.

AbaF is one of three foundations in Australia (the others being the Australian Sports Foundation and the Foundation for Rural and Regional Renewal) with permission from the Australian Taxation Office to use its deductible gift recipient (DGR) status to receive and 'pass through' gifts for other 'entities' (being individual artists and arts organisations that do not have DGR in their own right). Over the past five years AbaF has received more than \$4.5M in tax-deductible gifts which the board has granted to eligible artists and arts organisations.

One great frustration for many PPFs that wish to support the arts and, in particular, individual artists, is that they cannot make a grant to AbaF to 'pass on' to eligible recipients due to AbaF's not having ITEC status. This is also a great loss for many artists. AbaF would welcome an opportunity to work with Treasury to investigate options to remedy this deficiency.

AbaF encourages Treasury to make certain that the new legislative and administrative regime retains the great value that PPFs have contributed to community organisations in Australia and aligns with the government's expressed wish to facilitate increased private sector support.

AbaF would welcome the opportunity to work closely with government and I would be more than happy to provide more details information or advice if required.

Yours sincerely



Jane Haley
Chief Executive Officer