

**IMPROVING THE INTEGRITY OF PRESCRIBED PRIVATE FUNDS (PPFs)
THE TREASURY – DISCUSSION PAPER, NOVEMBER 2008**

SUBMISSION BY Playoust Family Foundation – 24 December 2008

The Playoust Family Foundation was established in 2008 to provide certainty and inter-generational continuity to our family's support for various eligible charities and gift recipients in Australia.

We believe the Foundation provides an essential part of desire to contribute to our society by way of helping people and organizations in need of funding and support.

We are most concerned that the Treasury Discussion Paper on PPFs will result in a loss of motivation to form and maintain PPFs, which can only result in reducing the amount of funding and support to Australian charities and registered gift recipients, to the detriment of our community.

The Playoust Family Foundation was established to accumulate a substantive corpus capital greater than \$10,000,000 so that the Foundation would continue to distribute all investment income except for an amount that may be retained so as to maintain the real capital value if the fund based in the CPI figure for the previous financial year.

It is intended that the Foundation will operate indefinitely.

Our constitution provides that, after the accumulation period, the Foundation may if necessary distribute limited capital from the corpus of not more than 5% of the total corpus in any one year, as determined by the Trustee.

Maintaining the corpus of our Foundation was seen as an essential part of the establishment criteria because:

- it provides for some certainty for the gift recipients
- it allows the Foundation directors to plan ahead for many years to come
- it provides for inter-generational leadership whereby we anticipate our children and their children will be shown a good example for how to participate in society by giving to worthwhile charities, etc, and
- it provides our Foundation the opportunity to join with other Foundations and organizations like Philanthropy Australia in order to share information and make a greater, unified contribution in areas where the funds are most needed.

For example, we have a specific charter that supports three areas: the Arts, the community and the environment and some of the recipients we have given to in the past, or are considering subject to confirming their eligible status, are the following:

CHARITIES AND DGRS DONATED TO	<ul style="list-style-type: none"> • Art Gallery of NSW • National Gallery of Victoria • National Gallery of Australia • Ensemble Theatre • Botanical Gardens Foundation Sydney • The Nature Conservancy • Bush Heritage Australia • Taronga Zoo • St Aloysius College • Life for Kids • Amnesty International 	<ul style="list-style-type: none"> • Jesuit Mission • The Smith Family • World Vision of Australia • Youth Off the Streets • The Salvation Army • Matthew Talbot Hospital • Mater Hospital • Sydney Children's Hospital • Guide Dogs NSW/ACT • Caritas Australia • Red Cross
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Our particular concerns that arise from the Treasury Discussion Paper include the following:

- We would not have established a PPF under the rules suggested by this Discussion Paper, in particular if PPFs are compelled to:
 - **distribute as much as 15% of the closing value of the fund each year, effectively eliminating perpetuity; and**
 - **make their contact details available publicly.**
- The proposal to distribute 15% per annum is inconsistent with the original rules under which our Foundation was established. We would consider this a breach of faith by the Government.
- The rules suggested in Treasury's Discussion Paper will likely:
 - **close down the majority of existing PPFs within a 15 year period, and;**
 - **result in very few new PPFs being established.**

One of the major reasons for establishing the Playoust Family Foundation was for the family to engage with the community over a long period of time, for many generations. Depending on various assumptions, a distribution rate of 15% per annum will result in the Foundation having an immaterial corpus within approximately 10 years, resulting in the Foundation being closed.

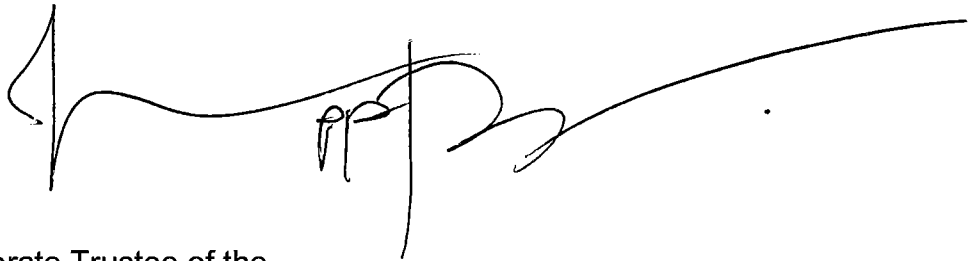
We believe this is inconsistent with creating a 'culture of giving & support' and good business and social planning whereby Philanthropy requires a long term approach to major issues facing the community. Lack of perpetuity will make this very difficult and certainly result in a short term focus.

We believe a reasonable distribution rate is 5% per annum as this will ensure at least 5% of the corpus reaches the community each year and allow the Foundation to accumulate funds over a reasonable period of time.

Further, we believe that if PPFs are required to publicly provide their contact details we would be inundated with requests for funds. This would have a material adverse impact on grants made by the Foundation each year and result in a significant waste of resources for us and the charities we support.

In short, we believe Treasury should be encouraging families to commence traditions of giving, not discouraging them, as the proposals in the Discussion Paper will do, and we urge Treasury to reconsider these critical aspects proposed by the current 'Improving the Integrity of Prescribed Private Funds' review.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Julien Playoust', with a long horizontal flourish extending to the right.

Julien Playoust
Director of the Corporate Trustee of the
Playoust Family Foundation



17 December 2008

Improving the Integrity of Prescribed Private Funds - Consultation Paper Released

Dear Sir/Madam

We're writing to let you know that the Assistant Treasurer has released a discussion paper to provide a point of reference for public submissions on the Government's 2008 Budget commitment to improve the integrity of prescribed private funds (PPFs).

The Assistant Treasurer encourages interested parties to provide their comments on the paper by 14 January 2009. Submissions lodged electronically are preferred, but they may also be lodged by post.

An extract of the Assistant Treasurer's press release No. 101 dated 26 November 2008 is shown below.

The Treasurer announced in the Budget that the Government will legislate guidelines to improve the integrity of PPFs and to provide the trustees of PPFs with greater certainty as to their philanthropic obligations. This measure is to have effect from 1 July 2009.

The discussion paper outlines the Government's views on the essential characteristics of a PPF and outlines a proposal for several changes to the current guidelines and regulatory system.

PPFs are limited to distributing their wealth to a group of organisations known as deductible gift recipients. Most deductible gift recipients are charities, some of which work directly with the community to address issues of social inclusion.

Since their inception PPFs have received donations of over \$1.3 billion, and made distributions of over \$300 million.

More information

The full press release can be viewed on the Assistant Treasurer's website at www.assistant.treasurer.gov.au. The press release also contains links to further information and a downloadable copy of the discussion paper.

Mark Konza

Deputy Commissioner of Taxation