

Krail Heritage Foundation
PO Box 1690
MILTON BC QLD 4064

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

17th December 2010

Dear Sir/Madam,

**Submission re Discussion Paper dated November 2010:
“Improving the integrity of public ancillary funds”**

I refer to paragraphs 58 – 64 on pages 11 and 12, regarding a fit and proper test for trustees. We wish to comment that for smaller funds (such as ours), it can be very difficult to meet the current requirements for having a majority of “Responsible Persons” as Trustees / Directors. This problem is further exacerbated by the relatively narrow definition of such Persons. Persons acceptable on the present list tend to be very busy, and not always available for philanthropic work with small scale niche trusts. Volunteers of integrity, often retirees, are the backbone of much philanthropic activity, but are rarely able to meet the stringent requirements

We would respectfully request that the requirement, particularly as applies to small funds, be changed to one responsible person instead of “a majority”. That is to say a single “responsible person” be permissible for small ancillary funds, with assets of (say) under \$5,000,000. We understand that this is the case with Private Ancillary Funds, and was also the case for Public Funds prior to 2008.

Alternatively, you may wish to consider expanding the list of responsible persons to include:

- those who would have qualified but for the fact that they have retired; or
- other responsible professionals, such as say school teachers.

Further, I note that a requirement for extensive minimum training or qualifications would also make it even harder to find sufficient people to be trustees of philanthropic funds. Again, an exemption from this requirement for smaller trusts would be warranted.

We appreciate the opportunity to comment on the proposed new rules, and would appreciate your serious consideration of the above suggestions in regard to small asset trusts.

Yours sincerely,

Andrew Smith
Chairman
Board of Directors of Krail Heritage Foundation