

UNSW



Professor Peter Smith
Dean
Faculty of Medicine

12th January 2009

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

Our Ref: DM09/00079

Dear Sir/Madam,

Improving the Integrity of Prescribed Private Funds (PPF's) Discussion Paper

The University of New South Wales (UNSW) is one of the premier research-strong Universities in Australia and a member of the prestigious Group of Eight (GO8). I write to you in my capacity as Dean of one of the key strengths of this University, the Faculty of Medicine. We very much welcome this opportunity to provide a submission to The Treasury on its Discussion Paper, '**Improving the Integrity of Prescribed Private Funds (PPF's)**', and see that this review as necessary and appropriate. We would welcome any legislation that improves the clarity surrounding the operation of PPF's as well as their funding guidelines and mechanisms of distribution. We see PPF's as an extremely important philanthropic vehicle for our UNSW medical research funding endeavours.

Increasingly over the last decade, with reduced levels of support from the Federal and State Governments, Universities in Australia have come to rely on the financial support of individuals, alumni, the corporate sector and donations from foundations and trusts such as PPF's for the support needed to run the programs, and to fund the medical research necessary to compete with the best in the world. This is certainly the case in a large University such as UNSW and very true of our Faculty. Not only do we employ a multitude of renowned researchers, well known both here in Australia and overseas, but we also govern important Centres and Institutions which are important entities in their own right, which also attract significant medical research funding from entities such as PPF's.

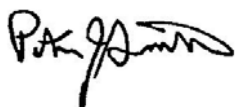
In fact, UNSW is at present, looking to increase its cooperation and collaboration with relevant PPF's in Australia and, given this, we would be particularly concerned regarding any regulation which potentially curtailed their ability for monetary growth and their ability to legitimately distribute funds to acceptable Deductible Gift Recipients (DGR's). We would see the increase in the compulsory distribution requirement of PPF's to 15 percent of invested funds as such a curtailment. Not only would this be a disincentive for others to set up a PPF, we would expect that such an increase would lead to a diminishing corpus for most, if not all PPF's and, correspondingly, a reduced distribution for medical research amount made available to DGR's such as UNSW and UNSW Foundation.

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I would respectfully conclude that the increase to 15 percent distribution rate as outlined in your discussion paper should not occur as it does not improve the integrity of existing PPF's and would, in fact, lead to a disincentive to potential philanthropists wishing to formalise their philanthropy by way of a PPF. It is also my concern that this would also lead to a premature winding up of many PPF's under most market conditions, notwithstanding the volatile projected times ahead and the significant losses that many have already experienced. The integrity of a funding body is often captured by their longevity and CV of funded projects, their ability to fund year on year and by their ability to see longer-term projects through to fruition. This would be diminished with this increase, especially as almost all medical research-based projects are funded over a minimum five year period.

With now over 800 PPF's Australia-wide, I see the nurturing of our philanthropists and the formal operating framework to which they distribute their funds as paramount to the continued funding of essential and often ground-breaking medical research in these challenging times ahead.

Yours sincerely,



Professor Peter J Smith
Dean, Faculty of Medicine