

EARTH WELFARE FOUNDATION

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Manager
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Business Tax Division
The Treasury
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Dear Sir/Madam,

RE: Draft - Private Ancillary Fund Guidelines 2009

I am writing to express my thoughts regarding the proposed Guidelines for Private Ancillary Funds.

Albeit small in nature, the Earth Welfare Foundation Fund was set up to help make a difference to the well-being of this planet and its inhabitants. Having only been established in 2008, the Foundation has had little opportunity to accumulate funds so that it can support substantial philanthropic activities in the future which will have greater benefit to those it supports. Most funds would experience this difficulty during their early years of establishment unless they are set up with very large dollar amounts.

I am disappointed, therefore, to discover that the new Guidelines have made two major changes that will affect the ability of the Earth Welfare Foundation Fund to fulfill this objective, namely:

1. That distributions will be based on the market value of the funds assets rather than its income from donations; and
2. A minimum of \$11,000 will be required to be distributed unless expenses are not paid from the Fund.

If the funds assets decrease significantly in value over a period of time due to poor market conditions, then it will not take very long for the funds capital base to be severely eroded and lead to its eventual demise. Moreover, if assets need to be sold in order to meet distribution requirements then this will mean additional costs at the expense of funds being used to support philanthropic activities. One of the desirable benefits of setting up a PAF is to have it exist in perpetuity. The proposed Guidelines are likely to revoke that expectation.

My other concern relates to the requirement for written records of investment and distribution strategies. Whilst recognising the importance and necessity for transparency and accountability, this adds additional administrative burdens for Funds that are smaller in nature and a written record for what are virtually thought processes in how the Fund is to be managed and distributions made, particularly if distribution is to only one eligible charity per financial year and donations are from one or two primary sources.

These are my major concerns. I wish thank you for the opportunity to respond to the proposed Guidelines.

Yours faithfully,

Josette Wunder
(Founder/Director)

