

1 August 2011

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

Dear Chris,

Re: Exposure Draft, Improving the Integrity of Public Ancillary Funds

Thank you very much for the opportunity to comment on the above Exposure Draft. On behalf of the Board of Australian Communities Foundation (formerly Melbourne Community Foundation) I would also like to thank you and your team for being so open with the sector and for being so responsive to feedback and discussion on the proposed Guidelines, it is very much appreciated.

The only comment we would like to make about the Exposure Draft in relation to the legislation, is that the mechanism to enable portability does not seem to have been included. The revised draft Guidelines (clause 50) make provision for the transfer of assets from one public ancillary fund to another, and / or from a sub-fund of a public ancillary fund to a private ancillary fund (PAF).

Portability within the sector is very welcome, and it needs to be both ways (so equally, from a PAF to a sub-fund of a public ancillary fund).

The legislation needs to allow such a transfer of assets, and should apply to both forms of ancillary fund (private and public) in both directions. This could be included in the table in subsection 30-15(2) or an additional provision inserted. The proposed transitional provision in item 40 in Division 3 of the Exposure draft only applies to a transfer of assets from a PuAF with individual trustees to a new PuAF with a corporate trustee. It does not cover the portability contemplated in clause 50.

We will provide a few comments on the revised draft Guidelines as a separate submission and again appreciate the opportunity to have an input.

Please contact me if you have any queries or would like to discuss.

Yours sincerely,



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