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sculpture by the sea

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Sculpture by the Sea Incorporated
ABN 84 103 984 756
Trading as 'Sculpture by the Sea'

Bondi 16 Oct – 2 Nov 2008
Cottesloe 5 – 24 March 2009
Aarhus 5 – 28 June 2009

Exhibition Patrons
Neil & Diane Balnaves through
the Balnaves Foundation

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

12 January 2009

Dear Sir/Madam,

I am pleased to present this submission on behalf of Sculpture by the Sea Incorporated (SXSINC) to Treasury regarding its November 2008 Discussion Paper on Private Prescribed Funds (PPFs).

Since its incorporation as a not for profit incorporated association in 2003 SXSINC has been listed on the National Cultural Register and has deductible gift recipient status. Our organisation produces the annual *Sculpture by the Sea* exhibitions at Bondi in Sydney and Cottesloe in Perth which exhibit over 160 national and international sculptures each year for an estimated 600,000 visitors.

Sculpture by the Sea, Bondi is the largest and most popular annual free to the public sculpture exhibition in the world. As such our exhibitions generate a considerable amount of:


- exhibition and revenue opportunities for Australian sculptors;
- interest in sculpture as an art form among the Australian public;
- interest among schools with an estimated 20,000 school children visiting our Bondi exhibition each year;
- favourable international media coverage for Australia; and
- enjoyment for the people of Sydney and Perth and the visitors to these cities.

It would not be possible to fund our exhibitions without the donations we receive from the public which account for 25% of the revenue of our Bondi exhibition alone. Importantly by far the largest private donations our organisation receives are from PPFs. Some of these donations are focused on funding for exhibiting artists while others assist us with our production and administration costs, together they make what we do possible.

From discussions with the PPFs that support our organisation it is our understanding that while they welcome certain of the proposed changes to the rules governing PPFs they are particularly concerned by two the recommendations in Treasury's discussion paper, namely the proposal that a PPF be required to spend 15% of its corpus each year and that PPFs be required to publicly provide their contact details. We share these concerns for the following reasons.



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If a PPF is required to spend 15% of its corpus each year it will have no funds remaining within approximately 10 years. This would be a disaster for the not for profit sector as PPFs would effectively cease to exist as a source of funding. This in turn would require the not for profit sector to look to the Government for support to replace the income previously provided by PPFs.

A requirement that a PPF spend 5% of its corpus each year would enable PPFs to continue well into the future, if not indefinitely, as a substantial source of funding. The figure of 5% is not only in line with the practice in the USA it will encourage a culture of philanthropy in Australia which will be of benefit to generations of this nation's artists, scientists, doctors, educators and charities.

On the question of whether a PPF should publicly provide its contact details, while at first glance this might appear sensible, it will pose a huge administrative burden on PPFs. The reason for this is that many not for profit organisations will conduct mass mail outs asking for donations, applying a scatter gun approach in the hope that some of their requests will be successful. In turn this will require PPFs to either ignore all requests or to employ staff simply to handle the hundreds if not thousands of letters and to send letters politely declining the request.

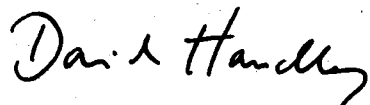
From our organisations experience a successful relationship with a PPF can come about in a variety of ways but we never employ a scatter gun approach, instead looking to build a relationship where we are either introduced to the PPF which wishes to consider being involved with us or otherwise approaching a PPF which appears to share common aims.

In conclusion, given the strong feelings expressed to our organisation by the key PPFs which support the *Sculpture by the Sea* exhibitions we would ask Treasury to be very cautious before making any changes to the rules governing PPFs that would be likely to serve as a serious disincentive to the formation or continuation of PPFs.

PPFs are a tremendous initiative that promise much for Australia.

Thank you for considering our organisation's submission. Should you wish I would be pleased to discuss this submission further.

Yours faithfully,



David Handley BA LLB (Sydney) LLM (London)
Founding Director
Sculpture by the Sea Incorporated