

Dear Commissioners

I am a tax professional supporting the private education and welfare sectors and would like to respectfully submit my views on one or two of the recommendations in your draft report.

The terms of reference of your enquiry note the Government's commitment to doubling philanthropic giving by 2030. Your recommendations in response to this include expressly excluding religion and education activities from DGR status, particularly School Building Funds which as you note is the second largest category of DGR behind PBIs.

It seems an assumption underlying this proposal is that giving can be increased by banishing entire heads of charity from the arena of concessional treatment (heads of charity that wise administrators have been promoting since the Charitable Uses Act of 1601) because there is a perfect mobility of funding by generous donors.

It is simply not the case that private philanthropic giving is perfectly mobile.

Donors are motivated by emotion, by relationships, by causes, by life experiences and by desire to make an impact. Donors are not going to replace their donations to faith-based charities with double the amount to something completely unrelated.

The draft report also states your view that there is an increased risk of private benefit from, inter alia, religious education and school building funds.

Private schools seem to take great care not to be in a position of substituting deductible gifts for market value fees, as they have too much to lose.

While there will always be isolated cases in any part of society, the contention that faith-based charities, and in particular school building funds, are at higher risk of malign misuse of tax concessions than other sectors does not seem to be supported by presented evidence. It is frankly discriminatory, and I am sure that much of the sector is reading the recommendation that way.

Further, in building funds I've seen, donations by fee paying parents are very much the minority of donations, in one example around 5%. The vast majority of contributions to school building funds are from others, notably alumni or persons who support the ethos of the school in question.

Reducing the ability of these more established economic groups to support school building funds would not reduce the risk of parents obtaining relief from school fee expenses but would have an immense impact on the viability of private schools to provide and maintain education infrastructure.

According to Productivity Commission figures, 35% of the Australian student population attends faith based or independent schools which receive only 24% of total government expenditure on education. Significant reduction in the viability of this sector will only increase the load on an already overburdened public school sector with none of the current private giving to assist.

In my limited experience Australia is an outlier in advanced economies in not providing tax concessions for donations to all aspects of education and welfare. Surely this is the way to remove barriers to philanthropic giving and increase the benefits to society that come from doing the very best we can for future generations.

Yours sincerely