



2 February 2024

Submission to the Productivity Commission – Draft Report on Philanthropy

About Launceston Church Grammar School

Launceston Church Grammar School (LCGS) is the oldest continuously operating school in Australia. It has a junior school campus in East Launceston and a senior school campus in Mowbray, a disadvantaged and multicultural suburb of the city. The school has around 720 pupils, including a few whose parents have come to Australia as refugees.

Our comments are limited to the School Building Fund proposals.

The private benefit rationale

LCGS recognises the rationale for removing DGR status from school building funds because of the private benefit issue. We note, nonetheless, that not all donors to schools have such a private benefit. Philanthropic campaigns will often seek support from alumni who do not have children at the school. Indeed they are most likely to give later in life when their children (if any) have grown up.

It would be relatively easy to establish a system whereby, in order to obtain tax-deductibility, a donor has to certify that they do not have a child or grandchild at the school, and for the school to have a legal duty to check this before issuing a receipt of the donation as being tax-deductible.

The problem of legacy buildings

In addition, we urge the Philanthropy Commission to consider the circumstances of schools such as our own which have many legacy buildings that need to be repaired and maintained, and which are situated in less advantaged parts of the country. We are very constrained in terms of the fees we can charge given the socio-economic status of the community as a whole.

The senior school campus at LCGS is particularly old, and its sandstone buildings, while presenting a magnificent impression at a distance, are much in need of repair work. Legacy buildings incur substantially higher maintenance costs than newer buildings.

Proposals

1. Either permanently, or on a transition basis, the Government should adopt a generous approach to the tax-deductibility of donations for the maintenance and repair of buildings used by students and staff which are more than 50 years old.



If a staged approach were to be taken to the removal of DGR status (e.g. in the first stage, building funds cannot be used for new buildings or other new facilities), then the last concession to be removed should be donations for the maintenance and repair of these buildings that are more than 50 years old. We would certainly like to have ten years of more generous philanthropic conditions to be able to raise funds for this purpose.

2. Again, either permanently, or on a transition basis, tax-deductibility should apply only to donations from persons who will not receive a private benefit for themselves or a family member. This eliminates the 'private benefit' problem of school building fund programs and allows for donations from alumni and other interested members of the community. It is relatively easily policed. Donors could be required to sign a statement of eligibility for a tax deduction and schools would commit an offence if they knowingly issued a donation receipt to a person who had a child or grandchild at the school.