

5 February 2024

The Productivity Commission

Re The Draft Report : Future Foundations for Giving, released 30 November 2023

The Recommendation: the withdrawal of deductible gift recipient status to Building Funds in primary and secondary schools.

Dear members of the Commission,

I write as someone who has led fundraising at three schools and two universities in four countries over a period of 24 years, and who has been a consultant working with schools and other organisations across Australia since January 2020. I was responsible for fundraising at Geelong Grammar School 2010 – 2016 and Xavier College KEW 2017- 2019. For a fuller outline of my background please see my website at www.brethertonconsult.com

I have considerable direct experience of raising funds for schools in Australia and in the UK, and I write to ask you to reconsider your recommendation to withdraw DGR status from school Building Funds.

As well as having fundraising feasibility studies undertaken for me at Geelong Grammar School and Xavier College, as a consultant I have been involved in undertaking feasibility studies for significant fundraising campaigns at four schools in Australia – all with DGR Building Funds.

Those being asked about the potential campaigns and their possible giving intentions were, on the whole, clear regarding their desire to support either buildings or scholarships. In each case and whether alumni, parents or past parents, the tax deductibility of their gifts mattered. It was and is a key cultural assumption, and the ongoing issue discussed with donors has not been the tax deductibility of gifts given to buildings, but why (as regarding universities) all gifts to schools are not tax deductible.

While at Geelong Grammar School I led a fundraising campaign that raised over \$31.0M in the years 2012 – 2016. Over half these funds were for buildings, including \$10.0M towards a building known as the School for Performing Arts and Creative Education (SPACE). Donors large and small cared about their tax deduction. Yes, their gifts were for an educational building and arguably in the context of a school known to have a wealthy community surrounding it. But there was also an ongoing critical educational process at work as well.

School Building Funds attract gifts from people learning to be philanthropic. I have worked with many people who have been used to giving \$50 to a cause here and there, who for the first time were considering a gift of a much larger amount. They were moving from being a donor (where their gift is often not thought of again) to becoming philanthropic (where their gift is more akin to being an investment in education). I have no doubt that the tax deductibility of their gifts matter as they learn to give, to give more generously and thoughtfully, and to give more widely in the community.

I believe school Building Funds are a key gateway to more generous giving more widely in society. I believe people learn in a context that is increasingly professional led and managed, and widely spread across the country. School Building Funds are increasing in number, and less affluent school communities are coming to understand that this funding channel can be effective for them, as it is for others. In my view, removing DGR status from school Building Funds would impede our teaching and encouragement of philanthropy via schools and beyond schools across the country.

In my experience (and this includes being involved in fundraising for major building projects in New Zealand, Ireland, the UK as well as Australia) building facilities with philanthropic support provide substantial public benefit. The Gallagher Academy of Performing Arts at the University of Waikato (in Hamilton NZ) has guaranteed access to the wider community, established by way of an agreement with the Hamilton City Council. The Irish World Academy of Music and Dance (Limerick University, Ireland) and Cedars Hall (Wells Cathedral School, Somerset UK) provide numerous concerts and community benefits. The SPACE and the Hanbury Sports Centre at Geelong Grammar School have been used by many external community organisations. This world-wide trend that provides community access to school and university facilities is enhanced by appropriate tax gift incentives, and this should, in my view, continue within Australia.

It has been suggested that donors receive an undue personal benefit when giving to school Building Funds. My experience is that those who give are motivated to enable young people to have an educational experience at least equal to their own, and preferably somewhat better. Yes, a parent may enjoy seeing their child enjoying studying and learning in a new facility – and yes, a past student may like to see their name on a classroom door – but that is only a small part of the picture. The facility will be appreciated by hundreds of students, teachers, and community groups over very many years, and it is they who are the primary beneficiaries.

The motivation for making gifts to education institutions is seldom self enhancement or self-serving, in the same way that gifts to cancer research are not to make a much-loved family member well. The gift might have its motivation within a personal human context, but the purpose extends much further than any direct personal benefit or reward.

Removing DGR status from school building funds would make a key area of fundraising within Australia much harder. Building philanthropic culture within schools is not just helping to provide enhanced buildings – it is inspiring people to understand philanthropy and to act with enhanced generosity. I hope we will continue to build on what has already been achieved, and I thus hope that the Productivity Commission will consider retaining DGR status for school Building Funds. Indeed, I believe providing DGR status for all gifts (over \$5) to all schools would enhance philanthropy, the learning of philanthropic culture, and help Australia towards the heightened philanthropy being sought by Government.

Thank you for the work you are doing, and for the opportunity to make a submission to you.

If I can assist further, or answer any questions you may have, I would be pleased to assist.

With kind regards,

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