



2 February 2024

Response to the recommendation contained in the draft report: Withdrawal of deductible gift recipient status to Building Funds in primary and secondary schools.

Response from:

Korowa Anglican Girls' School, 10-16 Ranfurly Crescent, Glen Iris, Victoria, 3146, to the Productivity Commission's Draft Report Future Foundations for Giving, released 30 November 2023.

Brief Description of Korowa Anglican Girls' School

Korowa Anglican Girls' School was founded by Henrietta Akehurst in 1890 specifically to educate girls to university entrance. She was a visionary who saw education as a way to advance women beyond the societal expectations of the time and the School has succeeded in this aim by producing women of character who possess a strong sense of self-worth and a strong desire to give back to the community through service to others. This is evidenced in the recognition of 37 Korovians who have received Australian Honours. Our values of courage, respect, integrity and service are lived values that permeate every aspect of school life from ELC to Year 12. We are enormously proud of our consistently outstanding VCE results and celebrate the diversity of tertiary choices that our students undertake. Our alumni, that now numbers more than 12,000, live across Australia and in twenty-six countries around the world.

The School has a Foundation that was established in 1990 for the purpose of raising funds that will directly benefit the students and the generous support of staff, parents, alumni and friends of the School to either the Building, Scholarship or Library Fund has enabled the School to provide opportunities to students that would not have been possible without this support.

Request

We are writing to request that the Productivity Commission reconsider its recommendation of withdrawal of Deductible Gift Recipient Status (DGR) for School Building Funds as all funds donated go directly to the educational offering and are an 'investment' in the future of our society. Education and the pursuit of excellence should be encouraged and philanthropy directed to this aim should be supported by the government. Australia lags behind many other countries in terms of philanthropy directed towards education and to remove DGR status will only hinder this further.

Case Studies

To give an indication of the transformative power of philanthropy, the Korowa Foundation through the Building Fund, donated \$150,000 in November 2023 to enable the School to create an Applied Design, Technology and Engineering Laboratory. The Foundation Directors considered the detailed submission from the School and, based on the following reasons, agreed to support the request for funds: the importance of encouraging STEM in the curriculum (particularly in a girls school), the introduction of STEM electives in Years 9 and 10 in 2024 with 70 students selecting this elective, the success of Korowa's Year 10 2023 F1 team as the only all girls team in the State F1 Competition and becoming State Champions, with two Korowa teams going on to compete in the Nationals F1 Championships in 2024.

Another recent example is the completion in 2022 of an indoor swimming pool in the new Sports and Wellbeing Centre that was funded by philanthropic support and borrowings. This facility enhances our ability to teach water safety to our students, but also to others in our community. The local area has very limited access to swimming facilities and since we opened the pool, we have established swimming classes that are open to all in the community and we have enabled the local state primary school to utilise the facility free of charge. Korowa views the School as a community asset and, where possible, we are only too willing to share our facilities with our local community. In addition, we offer extensive holiday programs that utilise our facilities and are open to the wider community.

So many of these opportunities would not have been possible without the support of parents, staff and alumni generously donating to the Building Fund as, like so many schools, Korowa's tuition fee income (our prime source of funds) essentially only covers operational costs. There is no doubt that the DGR status of the Building Fund provides a powerful incentive to donors.

Donor Profile

Below is a comparison of giving to the Korowa Foundation's Annual Giving Appeal to each DGR fund and the number of donors over the last three years:

	2021	2022	2023
Building Fund	\$ 19,300.00 (25)	\$ 11,100.00 (5)	\$ 59,450.00 (41)
Library Fund	\$ 1,700.82 (15)	\$ 510.00 (8)	\$ 100.00 (1)
Scholarship Fund	\$ 16,767.00 (32)	\$ 59,805.18 (73)	\$ 19,637.00 (23)
Total	\$ 37,768.00 (72)	\$ 71,415.18 (86)	\$ 79,187.00 (65)

Analysis of Donors and Donations to Annual Giving 2023

The average donation was \$1,218.26 (\$830.00 in 2022).

Of the active donors, alumni comprised 58 % of active donors, current parents, 20% of active donors with the remaining 22% comprised of staff and friends of the School.

Of the \$ 79,187.00 raised in 2023, \$67,075.00 was donated by the alumni thus representing 85% of total donations (70% in 2022).

Voluntary Contributions to Building Fund and Scholarship Fund

Current parents are also encouraged by the Foundation to philanthropically support the School via voluntary contributions to the Building Fund or the Scholarship Fund. A large number of parents support this Foundation initiative as can be evidenced in the last three years:

	2021	2022	2023	Total
Building Fund	\$ 82,750.00	\$ 87,017.00	\$ 77,025.00	\$ 246,792.00
Scholarship Fund	\$ 74,557.00	\$ 110,066.00	\$ 65,975.00	\$ 250,598.00

Since 2007 the total amount raised in donations to the Building Fund has been \$1,740,371.00 compared to the Scholarship Fund total of \$829,336.

Impact of loss of DGR Status to the Building Fund

There has been a gradual decline in giving from parents in the Annual Giving Appeal which is largely due to the increasing pressure of the cost of tuition fees, the general rise in the cost of living and current interest rates resulting in less disposable income. Interestingly, there has been a modest increase in parent giving via voluntary contributions to the Building Fund in the last three years. This is most probably due to parents seeing the direct educational benefit of improved facilities to opportunities and outcomes for students and that facilities improvements are tangible. When looking at the patterns of parent giving since 2007, it is clear to see that the Building Fund has attracted nearly twice the amount of donations compared to the Scholarship Fund.

The removal of the DGR status to the Building Fund would severely impact the level of giving from all donors to Foundation appeals as tax deductibility obviously acts as a powerful incentive to any donor to the not-for-profit sector.

Benefits to Donors

The Productivity Commission expressed concern that some donors might receive financial or other benefits from the institution as a result of giving. At Korowa, the School honours donors in a variety of ways: invitation to key school events, a tiered system of membership of the Foundation, an annual Christmas card etc. No donor at Korowa has ever received any direct financial benefit or otherwise from the School as a result of their donation. To give an example, at the opening of the Sports and Wellbeing Centre in 2022 the building itself and four other spaces within it were named to honour the contribution of Korovians and a past Principal. This honorific naming was in terms of either their service to the School, educational leadership, or their contribution to the community through sport and the arts. None of those being honoured had donated to the project.

Our appeal to donors is always aimed at altruism and the direct benefit that their contribution will make to the lives of students, future students, and the wider community. We see donations as an investment in the future of young people that can only be of benefit to society as a whole and an investment in the power of education to transform lives.

Summary

For the reasons articulated above, we respectfully request that the Productivity Commission re-consider their recommendation regarding removal of DGR status to school Building Funds. This would have a detrimental effect on the work of the Korowa Foundation as it would directly impact on giving and ultimately the School's ability to offer opportunities to our students and the wider community. There are over 10,000 schools across Australia all with varying degrees of access to resources. As a society we need to value education and advance the opportunities available to **all** students. It is hard to see how the removal of DGR status to Building Funds in schools will advance this aim. It is also wrong to assume that all independent schools are 'wealthy'. Whilst some enjoy the benefits of extensive and long-established philanthropy, this is not the case for the vast majority of schools and certainly not in the independent girls' school sector.

The Directors of the Foundation have worked hard to build a culture of philanthropy in the school community and the DGR status of the Building Fund has greatly aided them in achieving this aim.

Since its establishment in 1990 the Korowa Foundation whose Directors are volunteers, have worked to advance the School and more importantly advance the educational opportunities available to girls thereby closing the gender gap. Their altruism is to be commended.

We thank the Commission for the opportunity to provide feedback and we would be more than willing to provide any other resources if required, to assist you in your deliberations.

Yours sincerely,

Sandra Ivory
Chair, Korowa Foundation

Frances Booth
Principal