



**GEELONG GRAMMAR SCHOOL**  
EXCEPTIONAL EDUCATION



## **Response to the Productivity Commission Inquiry into Philanthropy Geelong Grammar School and Geelong Grammar Foundation**

### **INTRODUCTION**

This submission is made by Geelong Grammar School (GGS) on behalf of our School community, including 1,476 current students and their families across our four campuses, 1,091 current staff, 24,321 past students and their families, and the many other members of our community who support our School, through their philanthropy or other contributions.

This submission is also made and supported by the Geelong Grammar Foundation, a unique entity created to advance our School through philanthropy, and on behalf of our 5,197 donors and 979 Members of the Geelong Grammar Foundation.

We value the opportunity to provide this response to the Commission and feel strongly regarding the importance of this review for inspiring the future of philanthropy in Australia.

We make two key and related recommendations in response to the Commission's findings, being a request for the reversal of the Commission's proposal to remove DGR status for Building Funds, and the conferral of full DGR status on all schools as the best means by which to strengthen philanthropic investment across all schools and in support of education in Australia.

We believe that the support of full DGR status for schools is critical to the prosperity of public and independent education alike and, rather than a series of gift funds providing limited and complex arrangements for tax deductibility, could further cultivate a truly impactful culture of giving for the benefit of our young people and the advancement of education in Australia.

### **OUR RECOMMENDATIONS**

#### **1. Reversal of Proposed Removal of Building Fund DGR Status**

We believe that, with the objective of increasing philanthropy overall, a proposed approach which results in a narrowing of 'giving structures' is counter intuitive.

We argue strongly against the conclusions drawn by the Productivity Commission regarding the value of Building Funds and their tax-deductible status and advocate for the continuation of tax deductibility for gifts in support of school building projects. We address each of these items below.

##### **a. The matter of private benefit**

In line with the guidelines for tax deductibility, donors who support our DGR gift funds receive only non-material benefits such as inclusion in honour rolls. Further, our case for supporting building projects is based on the notion of paying forward the opportunity of a GGS education for the benefit of generations to come, recognising that gifts now will support the advancement of the School into the future.

More than 70% of Building Fund donors to our School in the last 20 years have been alumni, past parents or unaffiliated supporters of the School at the time of their gift, and therefore, not beneficiaries of the buildings their gifts have funded. Gifts from these donors accounted for 63% of all funds contributed by donors to support building projects. Of the small number of gifts received from current families to support the Building Fund, in more than a quarter of these cases, the children of these donors had left the School by the time the building works their families supported were complete.

Should the Commission consider this issue is a relevant consideration for the tax deductibility of school Building Funds, we question the equity of the tax deductibility of gifts to support other institutions, such as medical research institutes, hospitals and universities, where funding is often provided from within the organisation's community of beneficiaries. We do not advocate for any reversal of tax-deductible status for these or other entities but highlight the need for a fair and equitable position for all.

#### b. Building Fund donations and fees

GGs fees are determined annually informed by the School's overall financial position and the level of funding required to sustain the School, now and into the future. For 2024, GGS fees increased by 8% to cover rising costs, including staff salaries and other fixed costs (including utilities) and to address changes in funding, including payroll tax exemptions in Victoria.

GGs is a high fee School with a large program of ongoing building works required to maintain our existing and heritage facilities, in addition to our plans for new construction.

While fee notices at GGS do not carry an option for giving to the Building Fund and there is no capital levy included on our statements (tax deductible or otherwise), we do not hold a concern regarding the inclusion of *voluntary* donation options on fee statements if applied in line with legislative guidelines. The opportunity to invite donors to consider voluntary contributions through various communication channels is a routine fundraising practice across the philanthropic sector, providing the opportunity to highlight various avenues for giving, particularly for those who might otherwise be unaware.

It is important to note that all those involved in fundraising at GGS, as we understand to be the case across the sector, uphold a high standard of professionalism and do so in line with industry codes of conduct and legislative standards.

#### c. The community benefit of school facilities

Investments in school infrastructure can have broad economic and community benefit.

The facilities of GGS are made available to the wider community for approximately 11 weeks of the year in accordance with overarching student safeguarding requirements. Our donor-funded Handbury Centre for Wellbeing is used by local community and other groups within the guidelines of the applicable planning permit; our donor-funded SPACE (School for Performing Arts and Creative Education) provides external groups with access to performance and auditorium facilities; our boarding houses, classrooms and grounds at our Corio campus are made available during school holiday periods for sports camps and other programs.

It is important to note that the accessibility of our facilities publicly is, in many cases, limited by the requirements of local government planning permits. These permits specify that certain facilities are not to be made accessible for sole commercial use, therefore limiting our ability to open these to exclusively external groups.

We believe it is of important to address the notion that independent schools and their facilities provide limited or no public benefit. Independent education is an essential and valuable component of the Australian education landscape. The burden of education in Australia cannot be borne solely by the Government. Independent schools reduce the financial burden on Government by educating 17% of the Australian student population and 15% of Victorian school students.

As highlighted by Independent Schools Australia (ISA), independent schools receive considerably less funding than government schools with most income being attributable to families. ISA reports that parents whose children attend independent schools contribute \$8.1 billion annually towards the cost of their child's education through school fees. According to ISA, governments saved an estimated \$5.7 billion in funding for education in 2021 through contributions from families and other private sources to independent schools. On average, each enrolment in an independent school in 2021 saved the taxpayer \$8,680.

Independent schools make a major contribution to the Australian economy with ISA reporting that 115,090 people are employed in independent schools, earning \$9.5 billion in salaries and wages, and contributing an estimated PAYG tax of \$2.0 billion and a further \$965 million in superannuation. In the mostly regional communities in which GGS is located we are significant employers of local staff and major customers of supermarkets, hardware stores and other local businesses.

Independent schools offer important choice and competition, driving innovation and ongoing improvement. Non-government education provides a further community benefit through provision of diversity and inclusiveness, catering to varied educational philosophies, religious beliefs, or specialised learning needs that may not or cannot be adequately addressed in the public system.

#### d. Government funding for non-government schools

Save for Building the Education Revolution (BER) funding, GGS has no history of being a recipient of capital development funds from Government across the last 20 years.

While some government funding for independent schools has increased since the establishment of Building Funds in the 1954, this recurrent funding is not for capital and is therefore not comparable with funds raised through donations to Building Funds. Further, capital investment from Government into independent schools is primarily allocated to new, low-fee schools to support their development.

Our schools require diverse funding sources to meet ongoing and unique infrastructure and educational needs. Relying solely on government funding limits our ability to undertake specific or innovative projects, particularly in areas where government funding may be inadequate or slow to respond. Building Funds are critical in facilitating this investment.

Over the past 20 years, GGS has made considerable investments into capital works. Donors have contributed approximately 19% of these costs. Contributions from government to support capital expenditure at GGS across this period were received only through BER funding, a fund established to stimulate the economy post GFC not as an educational investment. BER funding totalled just 1.5% of all capital expenditure. GGS has not been eligible for other capital investment from government.

The GGS Corio campus is entering its 110th year, with many heritage buildings on the site dating back to the early years of the campus. The Timbertop campus has recently celebrated 70 years. The age of these campuses demands significant ongoing capital investment. The needs of our growing student community across our four campuses, ongoing compliance requirements and advances in approaches to learning and teaching also place pressure on the physical assets of the School and our need to update and renew facilities. In addition, the opportunities afforded by funds obtained through the Building Fund supports the integration of sustainability initiatives into our capital works, thereby enabling impactful benefits on a local and global scale.

At GGS, an ambitious capital works programme is anticipated across the next ten years underpinned by the actualisation of the School's strategic plan. Through a robust philanthropic campaign, it is intended for a significant proportion of work to be supported through tax deductible gifts. The removal of tax deductibility for our Building Fund would considerably limit this opportunity for support and make many of these projects potentially unviable.

Limitations on our ability to attract support through the Building Fund also has the potential to impact on scholarships we provide to support students in need of financial support. GGS currently contributes in excess of \$4m annually towards student scholarships, in addition to donor funds. Without the support of Building Fund donations, it may be necessary for the School to redirect at least some of these funds in future to support capital projects.

Further to this, the removal of tax deductibility will particularly impede the support able to be received from Private Ancillary Funds (PAFs), which are only able to disburse to DGRs. These entities are an important source of ongoing support for our School and many others.

#### e. Redirecting giving

We do not consider there is evidence to suggest that donors would redirect their funds elsewhere if DGR status was removed for Building Funds.

We employ a donor-led, strategy-informed approach to philanthropy. We seek to inspire the engagement of our donors by connecting them with our work in a way that is meaningful to them. Those who give to our Building Fund, particularly in significant ways, do so because that is what they are passionate about.

The ability to contribute to school Building Funds fosters a sense of community and involvement amongst parents, alumni, and in some cases, local and other organisations. This involvement can have positive effects beyond the monetary value of donations, such as increased community engagement and a sense of shared responsibility for local education outcomes.

We argue strongly against the conclusions drawn by the Productivity Commission regarding the value of Building Funds and their tax-deductible status. We advocate for the protection of tax deductibility for gifts in support of school building projects through the ongoing DGR status of school Building Funds.

## **2. Full DGR Status for Schools**

We recommend the conferral of full DGR status on all schools.

We appeal to the Commission to prioritise a position of widening access to tax deductibility for schools and removing barriers to giving and administering donor funds.

We believe that to achieve the best outcomes for education in this country, we need a strong and supported public and independent education sector, which works collaboratively with government to maximise the value for the young people and families we serve.

We appreciate that government alone, nor private funders alone, can deliver these world class outcomes. Instead, we believe in effective partnership between public and private support.

One of the greatest opportunities for government to influence private philanthropy is through tax effective giving structures.

Current structures for giving to schools in Australia are complex, confusing and ineffective at delivering the level and nature of support to truly transform our educational standards. Government and non-government schools alike grapple with these inefficiencies and are equally hindered by the current approach.

In addition, changes to government funding and, particularly in Victoria, recent changes to payroll tax exemptions are placing considerable financial pressure on independent schools, elevating the importance of philanthropy in our ability to maintain a high level of quality educational facilities, standards and outcomes for our students.

We recommend a new approach to drive educational philanthropy, focused on attracting and delivering more investment overall in education – to enable support for staff and the programs they deliver, for students in financial need, for buildings and other facilities, for learning resources, and for the wide range of other needs of schools, public or independent.

While not all donors are motivated by tax deductibility, many are and, for many, the size of their gift is determined based on its tax-deductible status. Tax deductibility can therefore provide the potential for fundraising organisations to access greater support and a higher level of support.

Since 2000, GGS has received \$5.68m in support for our non-tax-deductible Endowment Trust. This funding was received to provide support for learning programs and resources, staff and staff development, sporting programs and equipment, and prizes and awards, none of which are currently eligible for DGR contributions. We believe this amount could be considerably more if tax deductibility for these gifts was made possible.

It is our experience that donors supportive of education have a keen interest in giving not only to the bricks and mortar of our institutions and to scholarships for the individual students who study within them, but also towards the programs we deliver.

For example, since 2009, \$1.36m in non-tax-deductible donor funding has been gifted to support our Positive Education program which exists not only as a resource for our School and our students but for more than 200 other schools who have participated in our Discovering Positive Education, foundational and deep dive courses across the past 16 years.

It is our belief that a widening of tax deductibility to make it possible for donors to support initiatives such as staff and education programs and the many other worthwhile endeavours of schools, would see far greater investment flow into the school sector, for the benefit of all.

We champion the implementation of a broadening of tax-deductible status to enable tax deductibility for all gifts to all schools, government and non-government, primary and secondary, mirroring the current arrangement for universities.

## **GEELONG GRAMMAR SCHOOL**

We have been educating students from across Australia for more than 168 years. We believe deeply in the transformational power of education to make a positive difference in our world.

We educate young people from our 3-year-old early learning centres through to the completion of Year 12 studies, in preparation for tertiary and other post-secondary opportunities.

We are Australia's largest co-educational boarding school with almost 1,500 students, including more than 800 boarders. We deliver our program across four unique campuses, located in regional and metropolitan Victoria, each offering our students an immersive educational experience, for many, inclusive of boarding.

Our campus at Corio dates back to 1914 and houses many heritage buildings relevant to the history of our country. It incorporates spaces available to the public such as the donor-funded Handbury Centre for Wellbeing and the SPACE (School for Performing Arts and Creative Education).

We have a robust commitment to growing access to private education for all. Nearly a quarter of the Senior School students studying at GGS receive financial support to make their education possible. For many of these students, the opportunity to access a holistic education like that on offer at GGS would not be possible without the support of a scholarship or other financial aid, jointly funded through donors and School contributions.

Our Indigenous Education programme is a critical component of the offering at GGS, supporting our First Nations students and the education of every member of our School community. We have a strong relationship with the Yalari Foundation and provide living and learning opportunities for First Nations students from communities across Australia. We have 22 Indigenous students currently enrolled at the School and approximately 100 Indigenous students have benefited from a GGS education since 2006.

## **GEELONG GRAMMAR FOUNDATION**

The Geelong Grammar Foundation was founded in 1976 to advance the School. The Foundation is governed by a Board of Directors, tasked with achieving the purposes of the Foundation through their support for fundraising activities, stewardship of donors and Foundation Members and the management, allocation and investment of gifts received.

The Foundation is appointed by the School Council as the Trustee for the Geelong Grammar School Scholarship Fund and the Geelong Grammar School Endowment Trust.

The Scholarship Fund was established in 2008. In 2023, the Geelong Grammar Foundation contributed \$1.57m to support scholarships for students joining the School who would otherwise not have the opportunity of a GGS education. Of the \$3.9m in funds raised to support GGS in 2023, 87% has been gifted to support student scholarships.

The Geelong Grammar Foundation Board and the Geelong Grammar School Council have significant ambitions for philanthropic support for capital projects in the coming years to enable the delivery of essential works outlined in our Corio and Timbertop campus Masterplans.

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