



9 February 2024

**Ms Julie Abramson**

Commissioner

The Australian Productivity Commission

4 National Circuit

BARTON ACT 2601

Via <https://www.pc.gov.au/inquiries/current/philanthropy/make-submission#lodge>

Dear Commissioner,

**Feedback to Productivity Commission's Review of Philanthropy and its draft report:  
Future Foundations for Giving**

Thank you for the opportunity to make submissions on the recommendation of the Productivity Commission's draft report, *Future Foundations for Giving*, to remove deductible gift recipient (DGR) status from school building funds.

In our submission, the recommendations are flawed and have caused significant consternation and anxiety for our school and those who support us. This has the potential to hinder philanthropic giving significantly and, in doing so, impact The King's School and the two separate charitable organisations that exist to advance the school's objectives: The King's School Foundation Limited and The Tudor House Foundation Limited.

Since 1831, The King's School has contributed to the social and economic life of the local community. Today, the School has an enrolment of over 2,200 students across three campuses and employs more than 800 staff. King's is a Christian school that seeks to make an outstanding impact for the good of society through its students and by the quality of its teaching and leadership in education. The School has strong local community engagement and shares our buildings and facilities with local organisations, including sporting clubs and holiday camp providers. Our ethos is underpinned by a culture of philanthropy, with a rich history of benefactors generously supporting various initiatives of the School.



The King's School

The proposed removal of DGR status from school building funds threatens the philanthropic ecosystem that sustains institutions like ours. The School has historically relied on the generosity of donors to fund essential capital projects, including the construction and renovation of educational facilities. These contributions have been instrumental in meeting the evolving needs of our students and ensuring access to high-quality education for all.

The impact of this recommendation extends far beyond the school gates. Non-government schools are vital in Australia's education landscape, catering to a significant portion of the student population. The support received through DGR-status building funds enables the School to bridge funding gaps and provide essential infrastructure, ultimately benefiting current students and the broader community.

Furthermore, the notion that donors derive personal benefits from their contributions to school building funds is unsubstantiated and misleading. Australian Taxation Office regulations prohibit donors from obtaining private benefits from tax-deductible donations. Any insinuation otherwise disregards the genuine altruism of our donors and fails to acknowledge the long-term societal impact of their generosity.

The School's facilities, scholarships, bursaries, and prizes are primarily the result of previous generations. Indeed, even if a current parent donates to a DGR building fund, the relevant construction project is likely to take years to complete. Accordingly, suggesting that parents obtain a personal benefit from their donation is misguided as the asset enriched via the donation will often not materialise until their children have left the school or will only be available to their children for a limited time.

The report's concern for any 'potential' private benefits needs to be weighed against the real benefit of donations that have helped provide school infrastructure with a life far beyond the 13 years a child spends at school. As noted above, in most cases, an asset will be completed well after the donor parent's child has finished schooling.

It is not only the families of current students who contribute to school-building funds but also alumni, community groups, philanthropic donors, and others through various fundraising activities. Therefore, it is doubtful that a community member or a school alumnus – who may have left the school many years ago – could benefit directly from these donations.

Removing DGR status for non-government school building funds will inevitably reduce contributions from donors and restrict non-government schools' capacity to meet future demand for student places. By stifling philanthropic donations, the proposed measure threatens to impede the School's ability to meet the future needs of students and drive up costs for educational infrastructure projects.

While the School receives Government funding, that funding is used for core educational activities, and is less than staff salaries. The School does not receive funding for building projects. In our view, the proposal is remarkably shortsighted and will result in further government spending (where it doesn't need to), reduced student outcomes, and increased inaccessibility to schools like King's when fees ultimately have to rise. It is yet another example of the continuing ideological attack on the independence of non-government schools, their legitimate autonomy in determining how best to meet the needs of their communities and their significant role in the education sector and is symptomatic of the growing trend to attempt to defund them.

The Government should champion all efforts made to reduce reliance on Government funding, and one of the best ways is to offer tax benefits for donors who wish to donate to a DGR school building fund.

The removal of DGR status will shift more of the financial burden of providing the necessary infrastructure for children onto governments, who will be forced to build new capacity in government schools at a higher cost to taxpayers than the current DGR-based system. This would be counter-productive to the government's intended outcomes.

In light of these considerations, we respectfully urge the Productivity Commission to reconsider its recommendation to remove DGR status from school building funds. Instead, we advocate for policies that incentivise philanthropic giving and empower institutions like King's to continue serving our communities effectively. We stand ready to engage in further dialogue with the Productivity Commission.

Thank you for considering our submission. We remain committed to fostering a constructive dialogue on this issue and working to ensure that the final report reflects the interests and concerns of all stakeholders involved.

Sincerely,

**Tony George**

Headmaster – The King's School