

Friday 9 February 2024

## Response from Lauriston Girls' School to the Productivity Commission's Draft Report

Future Foundations for Giving, released 30 November 2023

### **Regarding Recommendation: Withdrawal of deductible gift recipient status to Building Funds in primary and secondary schools.**

We are writing to request that the Productivity Commission reconsider its recommendation of withdrawal of Deductible Gift Recipient Status for School Building Funds.

Removing DGR status will discourage private investment in education and will place greater pressure on both State and Federal Governments to fund education facilities. This is an avoidable additional cost on an already strained fiscal position of governments.

Foregone private investment in education facilities - which will occur if adverse changes are made to DGR status as proposed by the Commission - will have negative implications for employment, construction activity, broader economic growth, and education outcomes.

The Commission fails to recognise that building facilities at many private schools have wider positive externalities for local communities. At Lauriston, for example, our sports centre provides community access to facilities otherwise not available in the local area and it provides a swim school open to the local community. This facility would not have been built without private donations. Lauriston also delivers childcare facilities for approximately 127 families from the local community through facilities that would not have been built without private donations.

Removing DGR status places private schools at a competitive disadvantage to public schools when it comes to building investment. Public schools are overwhelmingly funded by the State and Commonwealth and thus do not need to attract funding from the private sector.

Private schools receive very minimal funding from governments, thus necessitating a need to attract private sector investment. Removing DGR status places private schools at a cost disadvantage vis-a-vis public schools which receive tax-free funding for capital investment.



Removing DGR status undermines competitive and productivity dynamics in the education sector. Private schools have an incentive to deliver facilities and education outcomes that are attractive to prospective and current parents. As such, there is a functioning, competitive market for attracting private sector investment regardless of the size of the school.

By removing DGR status, private schools will either forego capital investment or will seek to offset lower donations by increasing student cohort sizes to realise higher margins and cash flow through scale economies. This will invariably favour large private schools and will, over time, reduce competition and choice in the sector.

The Commission is also incorrect to state that “government support for non-government schools has expanded considerably.” As an independent school we receive no government funding for infrastructure development. Only 8.2% of Lauriston’s annual revenue comes from government sources. In addition, the Victorian Government’s recent changes to payroll tax has resulted in significant additional costs to the School.

Lauriston has a track record of investing in facilities that deliver benefits for our students and for the local community. Removing DGR status will be counter to future investments that would further education outcomes and produce greater positive externalities for local communities.

The ability for women to participate fully in public life and contribute to their communities and the economy of Australia has come about because of improved opportunities for females to have the same access to an education as males.

We ask that the Commission reconsider its recommendation to withdraw DGR status from school Building Funds. Lauriston is willing to be a resource to the Commission if you have any further questions, particularly relating to girls’ education and women’s causes.

We thank the Commission for the work they are doing and the opportunity to provide feedback.

Susan Just  
Principal  
Lauriston Girls’ School

Elise Gillespie  
Chair  
The Lauriston Foundation