



To: Australian Productivity Commission  
Via online submission

**Subject: Response from All Hallows School to the Productivity Commission's Draft Report Future Foundations for Giving, released 30 November 2023**

Dear Members of the Australian Productivity Commission,

I am writing as Principal of All Hallows' School, the oldest secondary school in Queensland. On behalf of the school's community, current, past and future, I am writing to request that the Productivity Commission reconsider its recommendation to withdraw Deductible Gift Recipient Status for School Building Funds.

Our school is 163 years old with a campus physically showcasing a legacy that requires perpetual preservation while simultaneously needing to invest in the development of contemporary and innovative learning spaces. With many historic, heritage listed buildings on a challenging inner city site, it is a costly and challenging undertaking to continue to maintain and improve upon these culturally significant buildings to accommodate a growing community and its future needs.

All Hallows' School has the most heritage listed buildings in the one precinct of any precinct in Queensland. As such, our obligation to steward and maintain these expensive buildings is of significance not only to our school community but to our state and our country. The cost implications for our school to maintain buildings that are of enormous cultural value to the wider community is a significant burden for the school community to fund.

An inner city school on the banks of the Brisbane River, we educate 1700 young women each year. Our vibrant past pupil community is an extraordinary group of women who utilise their All Hallows' Mercy foundations to positively contribute to areas of sport, business, health and culture throughout Australia and around the globe.

Our school is currently a beneficiary of a building fund with Deductible Gift Recipient (DGR) status. We appreciate the opportunity to provide feedback on the recommendation to remove DGR status from school building funds. In this response, we aim to outline the potential impacts of this change, highlight the benefits our

projects bring to the community, and share our future plans and compliance measures.

### **1. Impact on Charitable Giving and Community Benefits:**

- The Commission's aim to reform the DGR system to ensure greater net benefits to the community is commendable. Removing DGR status from school building funds, however, may not align with this goal.
- The DGR status has historically been a significant motivator for donors, encouraging contributions that directly benefit the broader community through improved educational facilities. These facilities are not only utilised by current students, but they also serve future generations, contributing to the long-term educational and social fabric of the community.
- The removal of DGR status is likely to lead to a decrease in donations, contrary to the government's desired outcome of increasing charitable contributions and could inadvertently reduce the community-wide benefits that these funds currently support.
- Our school not only serves the student body and their families, but it also contributes to the fabric of the wider Brisbane community and community groups, who continually utilise our facilities outside of school hours.
- Our building projects have been instrumental in enhancing the local community. For instance, our event space in the Potter Building has been the venue of choice for 17 external community groups in the last year, welcoming over 1800 patrons outside of our own school community.
- Our theatre, which accommodates 305 audience members in stadium-like seating, has hosted 12 community organisations involving more than 50 performances to 5500 people in the last year.
- Our two sports halls and outside courts are the venues of choice for evening adult sporting competitions four nights each week as well as various dance and volunteer programs. Together, these programs accommodate an incredible number of guests on site in excess of 18,000 over the year. As we are located in the CBD these competitions and volunteer activities, run by independent organisations, provide the opportunity for members of the Brisbane community to participate in various social activities. These venues require ongoing maintenance and upgrades for the safety and enjoyment of our patrons.
- As mentioned in the introduction, All Hallows' School plays a vital cultural role in the fabric of Queensland society. Our campus has the largest number of heritage listed buildings of any precinct in Queensland. Our oldest building was built in 1857. Our school building fund provides essential funds to support the ongoing renovation and updating of our seven heritage listed buildings and structures. The donors to our building fund provide a valuable service to the Queensland community through giving so that these vital architectural artifacts can continue to be enjoyed by the wider Queensland

society. Our school's ability to not only maintain but improve these heritage listed and culturally significant buildings will be impacted in donations to our building fund decrease due to the removal of DGR status.

## **2. Integrity and Public Benefit of School Building Funds:**

- It is important to address the concern that school building funds might be diverted for private benefits. At All Hallows' School, our building fund is managed with strict adherence to its intended purpose: improving and maintaining educational infrastructure.
- We strictly adhere to the principle that donors do not receive private benefits for their gifts. There is no correlation between donations and school fees or any other form of personal advantage. Our focus is on ensuring that the buildings and facilities funded through these donations serve both current and future students, as well as the broader community, reinforcing the public benefit of these contributions.
- The timeline of the building projects and their long-term nature further dispels the notion of private benefit, as the benefits are distributed over a wide range of current and future students. The impact of these building projects reaches far wider than the current donor community and in fact, these donors give knowing that they and their families are not the beneficiaries.
- This includes essential projects like upgrading classrooms and specialist learning spaces and ensuring a safe and conducive learning environment is provided for all students.
- These improvements serve a public good, contributing to the broader community by fostering an educated populace, one that goes on to influence and contribute to future communities and workplaces.

## **3. Consideration of Current Educational Funding Landscape:**

- While it is acknowledged that government support for non-government schools has increased since 1954, this support does not sufficiently address the diverse and ever expanding needs of educational institutions. The role of philanthropy in bridging these gaps is crucial.
- The DGR status of our school building fund plays a vital role in enabling All Hallows' School to meet the specific needs of our students and community, which is only partially covered by government funding.
- With the decrease in government funding over the coming years, we will find ourselves in a similar situation to pre-1950 when government funding for schools was introduced. With our school's projected ongoing decline in government funding and a likely decrease in philanthropic giving if the DGR status is removed from the building fund, we will experience a decline in the standard of educational facilities that will negatively impact the educational experience, safety and educational outcomes for our students and our future.

- The Commission has assumed that the removal of indirect financial support through school building funds would potentially allow government funding to be better prioritised according to a systemic assessment of the infrastructure needs of different schools. If this proposition is to have any merit, then further assessment by Commonwealth and State Governments would be required to determine the funding model required to ensure safe and fit-for-purpose educational buildings and infrastructure are able to be provided and maintained, in a fair and transparent manner, across both state and non-government schools.
- As the non-government school sector largely sources funding for the inter-generational investments in school buildings over time, from private rather than public funding sources, such a large shift would potentially need to be done in conjunction with significant reforms across Australia's indirect and direct taxation systems.

In the last ten years, philanthropic support through our building fund has assisted us to improve our (then) out of date science facilities, performing arts spaces, collaborative teaching and learning facilities, library and research spaces, community function space, quiet reflection areas, our primary school classrooms, and student bathroom facilities.

We have several projects in progress and in planning stages. These projects are crucial for the continued development of our educational facilities. We anticipate that these projects will require a combined philanthropic support of approximately \$8M-\$10M to support projects projected to cost \$70M, which would be at risk if DGR status was to be removed. These projects include a dedicated student wellbeing centre, upgraded play spaces for our primary years' students, renovating our main classroom building that was built in stages from 1881 – 1920, heritage spaces to celebrate our history, mission and spiritual foundation, sporting facilities and further community spaces that would be made available to the wider Brisbane community. With the removal of DGR status from school building funds, many, if not all, of these projects would need to be reconsidered and could be in jeopardy.

#### **4. Nexus between Donor Giving and Receipt of Benefits**

The Commission put forward a view that converting a tax-deductible donation into a private benefit is, in principle, a substantial risk for primary and secondary education including school building funds. The idea that school families who contribute to school building funds receive a commensurate private benefit from their donations is unrealistic given the significant time delays between the planning of school master plan building projects, and the construction and implementation of individual building projects. In the timeframe of a family's journey from year 5 to year 12 for one or two students, it is likely that the family will be donating for a new library or science centre

that is much more likely to benefit the next generation of students. The substantial investments of this school in educational buildings and infrastructure were the outcome of planning between 2015-2018, and parents of students who attended the school between 2012 – 2019, helped to make possible the development of our new library and research spaces which opened in 2022.

Non-government schools rely on a combination of funding from past surpluses, private debt and donations from current and past families to maintain their financial viability.

If the removal of tax deductibility of donations to school building funds becomes a reality, the impact upon the financial viability of many non-government schools will be significant, and the unintended outcome could be even higher tuition fee increases which would add significant cost pressures across many Australian families.

Given these considerations, we respectfully request that the Commission re-evaluate its recommendation to remove DGR status from school building funds. We believe that maintaining this status is essential not only for the sustainability of schools like ours but also for the continued enhancement of educational infrastructure, which benefits the Australian community as a whole.

We would be willing to provide further information or clarification on any of these points. Our experience and data would be similar to many schools nationally and could be a valuable resource in your deliberations.

We thank the Commission for its diligent work in reviewing the DGR system and for considering the perspectives of educational institution like ours.

Thank you for the opportunity to contribute to this important discussion.

Sincerely,

Catherine O'Kane  
Principal