



8th February 2024

To whom it may concern

**Re: Submission to The Productivity Commission : review of philanthropy and its draft report,  
"Future Foundations for Giving."**

I write to you on behalf of an Independent School community which stands to be negatively affected by a recommendation in the draft report of the Productivity Commission's "Future Foundations for Giving".

As a community believe the recommendation of the Productivity Commission's draft report, "Future Foundations for Giving" to remove deductible gift recipient (DGR) status from school building funds is not supported by facts and indeed is causing demonstrable anxiety for our school and particularly for parents, grandparents and supporters of our school.

St Columba Anglican School, Port Macquarie has enrolled some 1200 students in 2024 and employs almost 200 teachers and other staff. It has contributed significantly to the social and economic life of the Mid North Coast of NSW.

Like most non-government schools, St Columba Anglican School, is a not-for-profit entity, registered with the Australian Charities and Not-for-Profits Commission (ACNC) with the charitable purpose of advancing education. This recognition of the importance and public benefit of non-government schools in educating Australia's young people underpins the DGR status of the school building fund at our school (and others around Australia.)

St Columba Anglican School relies on the school building fund to finance its capital works projects, which are essential to meeting demand from families for places and ensuring educational facilities are upgraded. Of note, is that more than one-third of all students in NSW attend a non-government school. Of particular note, is that some 75% of secondary students in the Port Macquarie area attend non government schools. The City of Port Macquarie and environs is acknowledged as one of Australia's leading regional growth centres, hence relieving the enormous pressure on housing and education in Sydney. The State Government relies on schools like ours to ensure there are enough places for all NSW school students.

The removal of DGR status from school building funds would, therefore, have a significant negative impact on our school community and on thousands of others around Australia. It would seriously jeopardise our school's ability to raise the funds necessary to provide and improve our teaching and learning infrastructure.

In addition, in the Draft Report by the Productivity Commission called "Future Foundations for Giving", its rationale for removing DGR status appears to be based on incorrect and outdated assumptions about non-government schools. For example on page 15 - *"There are also some charitable activities where the reasons for the DGR status have lessened over time. School building*

*funds – which are widely, but not exclusively, used by non-government schools – are a case in point. School building funds were given DGR status in 1954 when government support for non-government schools was very limited. Since then, government support for non-government schools has expanded considerably.”*

The report confuses the expansion of recurrent Government funding – which all not-for-profit schools receive to help fund their annual operating costs – with capital grants, which are available only to a small number of needy non-government schools. This year, the NSW Government will provide just \$17 million in capital grants to be shared between the entire Catholic and Independent sectors, which comprise more than a third of this State’s schools.

The report also states: (page 18). *“The potential for a donor to be able to convert a tax-deductible donation into a private benefit is especially apparent for primary and secondary education, particularly where students are charged fees. Potential donors are most likely to be people directly involved with the school and benefit directly from donations, such as students, their parents or alumni.”*

This is an incorrect assumption and dismisses the benefits provided by donors to future generations of students. Schools seek donations to building funds from parents annually, well before a specific development has been identified, planned, and approved. In many cases, a new building is completed well after their child has left the school.

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

In summary then, we respectfully advance our argument to ensure that the Productivity Commission and the Australian Government understand the potential impact of this matter on non-government schools.

- a) Removing DGR status for non-government school building funds will only reduce contributions from donors and restrict non-government schools’ capacity to meet future demand for student places.
- b) The removal of DGR status will shift more of the financial burden of providing the necessary classroom places for our State’s 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.

On behalf of our students, families and the wider school community I ask that the Productivity Commission withdraw this recommendation from its final report.

Yours Sincerely,

Allan Guihot  
Principal