JOHN COLET SCHOOL

Stillness • Truthfulness • Courage • Service • Respect

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 flawed and has caused significant anxiety for our school and those who support us.

John Colet School enrols 285 students and employs 53 teachers and other staff. It has contributed to the social and economic life of the local community since 1985.

Like most non-government schools, John Colet 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.

John Colet 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.

More than one-third of all students in NSW attend a non-government school. The State Government relies on schools like ours to ensure there are enough places for all NSW school students.

To date, the buildings and resources needed to accommodate the growth of our school – like almost all non-government schools – has been substantially funded by families, alumni and other donors through our school building fund. Our school has received just $200,000 in capital grants from government since the BER program towards a project worth $1.2 million. This project added two new classrooms and upgrade the administration area and was completed in 2017. The remaining project costs were funded by loans that are being repaid over time from any operational surpluses and additional contributions to our school building fund.

Our most recent development was a new building that provides two full sized classrooms (allowing the repurposing of two undersized classrooms for other teaching spaces), student toilets and a dedicated art teaching space. Upgraded play spaces and outdoor learning areas, including a kitchen garden. The total cost of these works over the last three years is around $4 million and have been funded by loans that are being repaid over time from any operational surpluses and additional contributions to our school building fund.

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.

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Our School is embarking on the redevelopment of the school hall, library and music facilities to accommodate the current and future needs of the students and the school and intends to raise funds by seeking contributions to our school building fund as well as applying for loans that are to be repaid over time from any operational surpluses.

The Productivity Commission's report alleges that in the case of school building funds "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."

This claim is not supported by any evidence or data - and it is highly unlikely that such a benefit would accrue to donors. Obtaining a benefit from a donation is expressly excluded in the Australian Taxation Office rules for Tax Deductible Gift Recipient Funds; if it did occur, it would be grounds to deregister the DGR fund through existing compliance mechanisms.

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

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.

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.

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 we ask that the Productivity Commission withdraw this recommendation from its final report.

Regards,

Christine Condos
Bursar
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