

Submission to Productivity Commission re Philanthropy

Introduction

I write on behalf of the Board of Wycliffe Christian School Community located at Warrimoo, NSW. Wycliffe Christian School is a non-denominational Christian school of 550 students (K-12) serving a community of about 270 families with a staff of about 120 persons. It also includes on its campus a preschool offering early childhood care to 45 children across each week and a separate special school – Wycliffe Hope School – which addresses the learning needs of about 40 students who live with mild to moderate autism or intellectual delay diagnoses.

Honouring and Celebrating Philanthropy

First, we endorse the observation in the Draft Report that philanthropy is a very desirable, community-building activity that should be warmly encouraged across the whole society. Philanthropic giving undoubtedly contributes to a much healthier, more cohesive society by means of services and projects of charitable entities that complement the overall functions of Government and address the needs and aspirations of citizens and, potentially, the well-being and diversity of most, if not all, sectors of the community.

The Limits of Government and the Taxation System

We note that it is simply not possible for Governments to meet the myriad aspirations of citizens, nor should it even be contemplated. However, it is possible, indeed imperative, for Governments to facilitate the provision of some services by *non-government entities* to address some aspirations through means of direct grants for specific purposes and through various mechanisms within the taxation system (e.g. tax exemptions, tax write-offs, etc). The

allocation of DGR status to building funds is a specific example of such mechanisms. This particular mechanism not only stimulates the motivations for philanthropic giving – e.g. compassion, generosity and community-mindedness – but, by means of beliefs, values and loyalties, it facilitates the distribution of funds across a very diverse demographic.

Most donations/gifts/bequests are undoubtedly motivated by these deeply held personal beliefs, values and loyalties. The characteristic motives of donors, being many and varied, ensure that communities of need are supported by different populations over the length and breadth of the nation – geographically, economically, demographically and philosophically/religiously, etc.

The Introduction of Principles-based Eligibility for DGR Status in Primary and Secondary Schools

While we are not opposed to the idea of introducing a principles-based assessment process for determining eligibility for DGR status on school building funds going forward, our enthusiasm for this initiative would very much depend upon the interpretation of the three principles articulated in Recommendation 6.1.

What is clear to us is that, without the DGR status on our school building fund, it would certainly have been *much more difficult* for the Wycliffe School community to have established its permanent buildings on its own land. In the late 1970s and 80s the DGR-rated school Building Fund was a pivotal part of our strategy to commence a building program and to expand our enrolment. The demand for places in the school was huge (enrolments went from 75 in

1979 to 360 + in 1983 and 700 + by about 1986) and the goodwill of the community was at its peak. Tax deductibility was unquestionably a significant incentive in attracting a strong donation stream to our building fund at that time. And, though it is less prominent as a source of funds for current projects, it is still valued as a background factor that can be used to promote donations when new projects are being developed. We certainly would want to see DGR-rated Building Funds retained into the future for essential educational facilities (i.e. classrooms, special learning areas for disabled students, etc.)

We certainly believe that there are strong grounds for retaining school building funds with DGR status for primary and secondary schools, even if only to encourage the ownership by the school community of the ongoing need for the provision of facilities to achieve the school's stated educational objectives.

We acknowledge that the other major Government support mechanism for school building projects is the Commonwealth Capital Grants Program administered by the State Independent Schools Block Grant Authorities. Though relatively small as a proportion of total costs of construction, these grants certainly enable schools to sustain reasonable facilities for the provision of core educational services within their local communities.

However, it is important to state that the Block Grants programs do not compete with or duplicate the role of DGR-rated Building Funds. Rather, it is our view that these two programs complement each other. The school authorities are in a position to announce to their communities the approval of a Block Grant and then use that announcement as a springboard to appeal to

the community for donations that are 'tax-deductible' to the DGR-rated Building Fund. We believe this is a very healthy *partnership message* to communicate to the school community.

The Commission's Focus on Religious Schools

The Commission's Draft Report seems to specifically single out 'religious' school communities (pp 191-192) as potential 'losers' over and above the wider changes it is proposing for 'primary and secondary schools' in general. We believe that the proposed recommended changes to taxation law (i.e. the removal of DGR status from school building funds for schools that the Commission deems to be being operated to 'advance religion'), needs a much more thorough examination.

In our submission, we wish to express our deep concerns regarding the proposal by the Commission to remove DGR status from specifically targeted building funds in schools that are deemed by the Commission to operate to 'advance religion'. (Recommendation 6.1 of the Draft Report)

Deep flaws in the Commentary on Recommendation 6.1

The commentary in the section of the Draft Report dealing with Recommendation 6.1 (pp179-201) seems to us to be deeply flawed in that the concept of 'religion' is neither clearly defined or adequately explained. Indeed, the definition of 'religion' or 'religious' seems to be simply assumed and the assumed definition certainly does not represent the reality of the educational goals of our school. Being a **non-denominational Christian school**, it does not exist to 'advance' the specific aspirations or standing of particular Christian denominations. Rather, if anything, it exists to exemplify a Christian

‘worldview’ where the requirements of the Australian Curriculum are examined through the lens of a Christian philosophy of education.

Within this approach to education there is no coercion and no conscription. It is simply an unashamed acknowledgement that in all education, beliefs make sense of life and learning. They inform the very questions of curriculum and the values and ideas that inspire content choice and pedagogy. They are present in the examples set by teaching staff and in the perspectives taken by the authors and publishers of teaching resources. Even in the desirable value of relative ‘objectivity’, there is no such thing as complete neutrality.

Antecedents of the Notion of ‘Advancing Religion’

The notion put forward in the phrase ‘advancing religion’ in the Draft Report appears as though it may have its antecedent in the phrase ‘establishing religion’ from Section 116 of the Australian Constitution – though, from my reading of the Draft Report, that does not appear to be specifically stated.

The concern at the time of the drafting of the Australian Constitution (and even before the late 19th century) was this: In the early days of the colonies on Terra Australis, historic roles and powers of the early colonial Christian denominations (mainly Anglican, Catholic and Presbyterian) emerged out of patently obvious needs. In that context, the early colonial Christian denominations had to pull their weight to keep the Colony from *withering on the vine*. Their initiatives in commencing schools and offering welfare and even some legal services were welcomed by the colonial authorities. However, over time, and as the machinery of legislation and ‘public service’ bodies emerged, there was a need to clarify and define roles and make appropriate

separation between the powers and legitimate functions of the religious institutions on the one hand and those of the Colonial authorities on the other. That was a necessary phase in the evolution of the fledgling Colonies. So, the 'separation of powers' between 'Church and State' emerged in that period of our history and continues to this day to be a necessary principle for maintaining justice, stability and equity within Australian society.

However, while the powers of institutional Christianity (namely, the major Christian denominations) may have been redefined in the late 19th century, the place of Christian thought and social support was certainly not excised from society. Nor were Christian/denominational schools marginalized. In fact, the non-Government schools sector steadily expanded to include schools of other non-Christian religions and non-religious philosophies.

Defining 'Religion' in the 21st Century Context.

It is important to specifically define the term 'religion' and 'religious' in the Final Report that comes from the Commission. The term 'religion' does not *only* refer to formalized, institutional communities of faith that, by dint of history, have come to exercise power and authority within the community at large. In 21st Century usage 'religion' has come to refer more to belief-systems, cosmologies, ideologies, etc than theistic movements. For example, **Buddhism** is a belief-system that is, for the most part, non-theistic. Yet it is unquestionably a world 'religion'. The same thing applies to **Confucianism** and a few other world belief-systems.

Just as the term 'secular' has morphed in meaning from 'non-sectarian' in the 19th Century to a meaning of 'non-religious' in the 21st Century, so too

‘religion/religious’ have morphed in meaning from ‘denominational’ in the 19th Century colonies to ‘global belief systems’ in the 21st Century.

These changes in meaning have great significance for the future implementation of the Productivity Commission’s proposed changes to the DGR status of schools deemed by the Commission to exist to ‘advance religion’ – if that part of Recommendation 6.1 remains.

Moving the Thinking About ‘Religion’ in Australian Schools

There is a strong case to be made for the view that we should move away from the reference to ‘religions/religious’ in our public discourse about religion in schools towards the more generic and broader notion of ‘worldviews’. As already referenced above, in the modern use of the term ‘religion’, there are ‘theistic and non-theistic religions’. So, with this in mind, it is not inconceivable that, under the proposals put forward by the Productivity Commission, Australia could face a future scenario where schools that promote a *non-theistic* ‘worldview’ as the basis for curriculum, policy and school culture could be eligible for their building funds to receive DGR status, while those that celebrate a *theistic* ‘religion’ could be excluded. This would not only be terribly inequitable and dangerously divisive, but also discriminatory. So, for the sake of even-handedness, it would seem timely to mature our discourse as a nation and move to a recognition of wide ranging ‘worldviews’ – including non-religious, secular worldviews that, in effect, function as proxies for ‘religions’ in certain societal contexts and which can be reasonably examined against other ideologies and belief-systems.

Schools and General Education

But there is also another reason for challenging the commentary around Recommendation 6.1 in the Draft Report of the Productivity Commission. Schools, that is, all registered schools in our nation, offer a broad 'general' education where curriculum content is largely prescribed by a central authority (ACARA). It is therefore tenuous for the Commission to assert that any school in Australia, by means of their curricula, their teaching practices, their staffing, enrolment and operational policies or their rules and regulations, could substantially '**advance**' a particular '**religion**' in the sense of building its reputation, size or power or influence in the society. Specific religious education is a very small element in the overall curriculum offering of this school (and most religious schools) and is designed more as a 'perspectives' course than a form of recruitment to a specific religion/denomination.

We do acknowledge, however, that students may make choices and commitments arising from our school's educational offerings that are shaped by the lens through which they examine curriculum content. But, to be fair, that happens in all schools across the world.

The worldview of the particular religion/philosophy sponsoring a school will no doubt be celebrated and referenced in many aspects of school life. That is not unique to schools sponsored by a designated 'religion' or 'philosophy'. This also takes place in schools that are sponsored by ethnic communities and in schools that are the outworking of particular educational theories (e.g. Rudolph Steiner, A.S. Neil and Maria Montessori). In fact, it occurs in every school to varying degrees. The dominant worldview of a school comes to the

surface instinctively – even in Government schools and secular independent schools.

The 'Belief Curriculum' – a Feature in All Australian Schools

We believe that there is a blind spot in the rationale behind Recommendation 6.1. Beliefs of all kinds inform the way that humans make sense of life. They inform the values we embrace, the choices we make, the lifestyles we pursue and the destinies we envisage for ourselves. They certainly inform the questions we ask - or prefer not to ask. This applies in the most 'religious' of schools, but it also applies in the most strident of 'secular' schools. It's unavoidable. If it isn't evident by means of intentional planning, it is certainly evident by dint of observing casual behaviours and attitudes of individual teachers going about their daily tasks and through the influence they may have on the students they teach.

For some schools, the 'Belief Curriculum' may be formalized in various documents, policies and practices. In other schools, the 'Belief Curriculum' is somewhat hidden from examination, but it is nevertheless present in the personal worldviews of the teachers, the undisclosed agendas of textbook writers and publishers and even in the activities of peer 'influencers' within the student body.

For the Commission to attempt to thread its way through this complex reality of competing 'worldviews' to single out some religious worldviews as somehow unworthy of Government support is, in our view unnecessary, dangerous and courting controversy that will inevitably be tested in the courts at some stage in the future.

Acknowledgement of Inequities and Misuses of the Provision of DGR Status

We observe that every school is unique and some operate in partnership with community organizations in such a way as to create dual usages of facilities and competing design features (e.g. school assembly halls used as church meeting facilities).

It is right that the Productivity Commission should scrutinize such arrangements carefully to ensure that there is full transparency and few, if any, conflicts of interest.

However, dual usage should not, of itself, be a concern. Where a school is sponsored by another organization (e.g. an ethnic community group or a church) it is right that the Government (through a BGA) should lay out boundaries regarding the primary user (using the criteria for Government benefits). This already exists to some extent in the BGA environment. But, maybe there is room for greater clarity in the area of taxation benefits around DGR qualified building funds.

In this regard, we think there is room for the Commission to recommend restrictions around the types of projects that can be undertaken using DGR-rated building funds. We also believe it is reasonable for there to be ceilings or caps on the total value of the projects qualifying for tax deductibility.

However, we are firmly of the view that the existence of tax-deductible (DGR-rated) building funds for non-government schools should be maintained for the foreseeable future.

The Cost-Effectiveness of the DGR Status for Australian Non-Government School Building Funds.

Though it is acknowledged that Governments forego some taxes in offering DGR status to school building funds, Governments also significantly benefit from the existence of non-Government schools in terms of the overall cost savings to Government for compulsory school education. When fully factoring in the private contributions made through school fees, donations to various voluntary funds and the savings to State Governments (funded largely through States Grants from Federal taxes) of not having to fully fund the education of over 30% of the school-aged population in Government schools, the relatively small costs to Government of reduced income taxes collected arising from the provision of DGR status on school building funds make the cost-effectiveness of this policy quite compelling for Governments.

In Summary

It must be remembered by the Productivity Commission and Government that the graduates of all schools, Government and non-government alike, contribute to the economic potential; the social capital, the productive capacity, the creative reserves and the leadership potential of the nation. The dividend from all schools to society is patently obvious in the metrics that reveal Australia as one of the most desirable, technologically advanced, peaceful and prosperous nations on Earth.

Recommendations

- 1. Do not exclude all primary and secondary schools from DGR-rated School Building Funds, but, rather, potentially limit the contributions that can be tax-deductible within a DGR-rated fund in any given year to ensure that overall DGR benefits are better targeted and distributed**
- 2. Define ‘religion’ and ‘religious’ in the Final Report (if Recommendation 6.1 remains part of the final set of proposals).**
- 3. Do not single out ‘schools that advance religion’ for exclusion from DGR status on their school building funds.**
- 4. If Recommendation 6.1 remains in the final version of the Report, indicate how the Commission plans to identify schools it deems unqualified for DGR status on their building funds. (See first line of the last paragraph of p187 of the Draft Report that acknowledges that the determination of those schools that will be targeted for exclusion from DGR status will require ‘a degree of judgement’.)**