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Foundation

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Response to the Productivity Commission's "Draft Report Future Foundations for Giving"

Shore Foundation Limited

Request

We write this submission to request that the Productivity Commission reconsider its recommendation of withdrawal of Deductible Gift Recipient status for School Building Funds.

About the Shore Foundation

The role of the Shore Foundation is to assist and support Shore to develop and maintain excellence in education, facilities and community service and is dedicated to Shore's continual development as an educational institution.

The Shore Foundation was established as a Public Company in 1976. Its activities are managed by a Board of Directors, providing the necessary direction for its programmes and delegates day-to-day management to the Executive Director (Mr David Mason-Jones as at February 2024) and his team. The Foundation is a registered charity with the Australian Charities and Not-for-Profit Commission (ACNC) and the Shore Foundation Building Trust has deductible gift receipt status (DGR).

Encouraging giving at Schools is a good thing for the wider philanthropic sector

Shore recognises that it is a fortunate community and equally recognises it has a role to help people better understand why it is important to give and how to give, far earlier in their lifetimes. This can, over time, significantly increase the overall philanthropy in our country. There is a clear link between people having donated or volunteered in the past and doing so again in the future.

A 2019 report by the ACNC reported that 59% of Australians did not understand the meaning of the word 'philanthropy' nor did they understand the importance of supporting charities and NFPs or have knowledge about effective giving. If younger generations can be engaged early in a culture of giving, this is likely to build a stronger pipeline of future philanthropists.

This raises the prospect that instead of restricting the DGR status of schools, that we should widen it in schools. In the US, education is the second biggest recipient of voluntary donations (14%), after religion. In Australia, education only receives half of that, about 7% of the total. One



factor that we believe inhibits philanthropic support for Australian schools is the restriction of DGR status to a limited set of funds (Scholarships, Buildings).

We thoroughly agree with the submission of *Educate Plus* when it states – “The absence of DGR status for an activity disincentivises giving, both through the loss of the tax benefit to the donor, but also through the implication that the activity is not deemed socially desirable and worthy of charitable status. It seems arbitrary to completely exclude school sports, mental health and wellbeing initiatives, arts and cultural programmes. The requirement to establish and maintain multiple DGR Funds for activities that are currently deemed permissible also places an unwelcome additional administrative burden on schools and can create confusion for potential donors. This contrasts with the tertiary sector, where public universities hold ‘whole of organisation’ DGR status”.

To elevate giving to primary and secondary education, and signal that society values our schools (and our educational industry), we support the idea that “whole of organisation” DGR status be automatically given to all NFP schools, and that consideration also be given to create a mechanism for extending this to Government schools, to enable them to receive donations directly. Schools have the ability to help create a more vibrant and effective philanthropic sector in Australia and many, including Shore, are significantly shifting the dial on embracing philanthropy with the use of new technology platforms and concepts to encourage giving.

The Shore Foundation assists over 80 boys to receive an opportunity to be educated at the school. These opportunities are enabled via its Scholarships Trust (which has DGR status). The number of boys supported in this way has doubled in the past six years, primarily driven by wider philanthropic participation within the Shore community. The Shore Foundation also assists Shore will Service Orientated activities such as hosting Sony Camp (<https://www.youtube.com/watch?v=ihjZsFkXrvs>), however there is no DGR vehicle to raise funds for an initiative such as this and consequently we see lower participation in giving to such an initiative. The Shore Foundation uses capital to enable such camps to happen. This is the same for initiatives to support teacher’s professional development. It resonates with our community however when asked to give funding, the response does not match the positive intent.

A data point to illustrate this can be seen in the Shore Foundation Giving Day of 2022. In this appeal eight options of where donations could be made were presented to the Shore community. Four of them were tax deductible and 4 were non-tax deductible (this included teacher development, sports programs, service learning opportunities and ‘general’ educational needs). *76% of donors directed their giving to causes which had DGR status.*

Buildings at Shore exist due to donated funds.

Almost every physical structure at Shore has been built, in part, through donations raised by its community. As an independent school that receives no government funding for physical expansion or maintenance, this has been crucial in the growth of Shore as an educational institution.

From the school’s playing fields at Northbridge (purchased during World War One and funded through donation drives), to the recent re-development of school classrooms, pool and physical



activity centre (which received more than 8,500 individual donations (both large and small)), the school relies on its current parents and alumni for additional contributions for educational space.

The impact of withdrawing DGR status to the Shore Foundation Building Trust

In twenty different conversations I have had on this matter with current and past donors, 17 of respondents said they were driven, in a “large way” to donate funds due to the taxable receipt they would receive. This response did not differ by donation size amount – it was equally shared by major donors (\$25,000 or more (three of whom I spoke to)) and all other donors.

Anecdotal evidence and conversations outside of this group of twenty, actually suggest that smaller donors rely on such a tax receipt more than any other category of donor.

The reality of removing DGR status from a school Building Trust will be a material decrease (our estimate is close to 50%) in funds gathered for ongoing capital development. A consequence of this could be further pressure on Tuition fees*, and the knock-on effect would be to make independent schools like Shore far harder for individuals to consider.

*Please note that the Shore Foundation is not involved in decisions relating to the setting of fees. This statement is a judgement call having seen how capital donations do assist in keeping downward pressure on Tuition fees.

Benefits to the community of the buildings at Shore which have been funded via donations

Shore provides access to its buildings to the wider community for use. This includes its classrooms, Auditorium, gymnasium, pool and playing fields. Organisations range from other schools and educational bodies to community sporting groups.

The donors to Shore’s Building Fund receive no ancillary benefits from having made such a donation. This includes no fee discount or other financial benefit. They are not given preferential access to any buildings or facilities. Major donors and those who buy “Tiles” or “Seats” however are recorded on honour boards as a Thank You.

We request that the Productivity Commission reconsider its recommendation of withdrawal of Deductible Gift Recipient status for School Building Funds.

Thank you for the opportunity to put forward some thoughts regarding the potential effects of removing the DGR status from school Building Funds. I hope that not only a change to the draft recommendation is considered but also that a consideration to actually widen the DGR applicability to wider school programs may be considered. It is our belief that this may actually help with the intended national goal of doubling charitable giving by 2030.

I would be happy to be a resource to the Commission should you have further questions.

David Mason-Jones

Executive Director, Shore Foundation

