

Philanthropy Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

9th February 2024

SUBMISSION REGARDING PROPOSED REMOVAL OF DGR STATUS OF SCHOOL BUILDING FUNDS AND TAX CONCESSIONS APPLICABLE TO RELIGIOUS CHARITIES.

Dear Commissioners,

I write as a registered tax practitioner, former long-standing member of a private school board and a parent whose children and grandchildren have attended and are attending a private school.

I note with grave concern, the current government's proposals remove the 'deductible gift recipient' (DGR) status from private school building funds. Augmenting this, is an apparent proposal to remove the charitable status of entities engaged in the 'furtherance of religion'. Such changes are extremely alarming given the widespread negative ramifications which would inevitably flow from them.

Our society has reaped the benefit of privately funded education at least since 1954 when voluntary contributions to school building funds became tax deductible. Since then, the costs of private education facilities have basically been privately funded, thereby relieving the government of huge infrastructure cost. The cost of granting a tax deduction to the unselfish donors is little in comparison to the total infrastructure funded privately which would otherwise need to be government funded. Were the government to remove the DGR tax concession as is being suggested, the total cost of providing the facilities now privately funded, would necessarily need to be government funded. This will increase the overall taxation burden by far more than the cost of the existing DGR concession. Therefore, the proposal seems to be financially flawed!

Apart from this, there will be negative consequences at the school operating level also. Necessary capital expenditure will need to be covered from somewhere or neglected. In the absence of School building fund contributions, we will most likely and necessarily, be faced with an increase in school fees. Where parents are unable to sustain this there will be an exodus to the already overcrowded public system. Meanwhile we will risk negativity in the educational experiences of our children with impacted academic results.

I urge the government to abandon these proposals rather than risk the consequences.

Yours sincerely

Nelson Teiffel

