



FROM THE PRINCIPAL

The Hamilton and Alexandra College submission to the Productivity Commission's Draft Report - *Future Foundations for Giving*

Introduction

The Productivity Commission's draft report into Philanthropy – Future Foundations for Giving – has provided a range of recommendations in relation to philanthropic giving in Australia. The Hamilton and Alexandra College welcomes the opportunity to provide feedback.

This submission will focus on the recommendation to remove DGR status for school building funds on the basis that there is "the potential for a donor to be able to convert a tax-deductible donation into a private benefit."

We are extremely concerned that the Productivity Commission in its interim report has recommended the removal of Deductible Gift Recipient (DGR) status for School Building Funds and we believe that this action would have a significant negative impact on our community and thousands of others around Australia, and urge the Commission to reconsider.

The Hamilton and Alexandra College is located in regional Hamilton in Victoria and currently enrolls 454 students and employs 89 teachers and other staff. The school contributes to the social and economic life of the community in which it is situated. Our facilities, many of which have been made possible by philanthropic donations, are frequently used by our community – including public information sessions in our auditorium, Riding for the Disabled using our equestrian facility, public concerts by Orchestra Victoria, and the Australian Chamber Orchestra, among others. These events are made possible by the facilities we enjoy, which were only made possible by donations. There is no private benefit garnered through the donations, these facilities very tangibly contribute to our community and to the social good.

Schools as not-for-profit entities

Like the majority of non-government schools in Australia, The Hamilton and Alexandra College 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 the work of schools in educating Australia's young people underpins the DGR status of the school building fund at our school and others around Australia.

The importance of building funds for schools

Across Australia, Independent school families, alumni and communities collectively contribute 86 per cent of school capital income nationally. Two-thirds of Independent schools receive no government funding for capital expenditure. In many schools, capital funding is 100 per cent sourced from parents and school communities.

In 2021, the value of this contribution from Independent school families, alumni and communities was around \$1.14 billion for school building and capital works. These same families contribute around \$5.7 billion annually to the ongoing costs of educating their children, with their after-tax dollars.

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At The Hamilton and Alexandra College, there are many specific examples. In 2007, \$2.4 million was raised for the construction of a new Sports Centre, replacing a hall over 25 years old. The Sports Centre's basketball courts are used regularly by outside community competitions. In 2009, \$6.3 million was raised for our Music and Performing Arts Centre, which now provides the location for music instruction for students from many local schools, not only our College, as well as the venue for events such as those listed above. Our boarding houses were extended in 2018, again made possible through private donations of over \$100,000. These boarding facilities are now used by external groups such as the annual [Challenge Cancer camp](#). These are not private benefits, but rather benefits shared by the entire community made possible by individual contributions. Capital works between 1999 and 2015 amounted to over \$25 million, much of it contributed by private donors for the good of the school community, but also for the Hamilton community.

Private Benefit

The Productivity Commission has argued in its report that in the case of school building funds, there is "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." However, the Productivity Commission has shown no real evidence to support its argument that there is a material risk of tax-deductible donations to school building funds being converted into a private benefit.

School Building Funds support capital works programs and develop assets with a life that extends far beyond the 12 years a child spends at school. Further, it is not only the families of current students that contribute to school building funds, but alumni, community groups, and others through a range of fundraising activities. It is extremely unlikely that a member of the community, or a school alumnus – who may have left the school many years ago – could benefit directly from these donations.

And while the draft report raised the possibility of there being a link between donations and fees charged for education services, this is not the case in schools. Capital works are funded separately to the recurrent operating costs that are recouped through fees, and deductible donations to a School Building Fund therefore do not materially reduce the fees payable by parents.

Impact of the removal of DGR status for school building funds

Removing DGR status for non-government school building funds will shift more financial burden onto families, who already make significant sacrifices to support their children's education and are doing their best to manage the ever-increasing cost of living pressures.

For The Hamilton and Alexandra College the removal of DGR status for school building funds will directly impact the capacity of the school to provide the best possible learning environment for our students. This will include future building projects such as an outdoor learning facility in the Grampians, about which we are already in discussions for use by community groups such as Landcare, and a new Senior Years Building.

Conclusion

The Hamilton and Alexandra College does not support the Productivity Commission's recommendation to withdraw DGR status from school building funds and is concerned about the very detrimental impact it could have on the provision of quality education nationally.

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On behalf of our students, families and the wider school community we ask that the Commission reconsider this recommendation.

Thank you for your consideration of this submission.

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