

Productivity Commission

Sent via online submission

Date: 8 February 2024



Dear Commission,

Subject: Maintaining DGR Status for School Building Funds

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 a community concern and has caused significant anxiety for our college and those who support us.

- Cabra Dominican College enrolls approximately 1,200 students and employs approximately 170 staff. It has contributed to the social and economic life of the local community since 1886.
- Like most non-government schools, Cabra Dominican 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 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.
- Cabra Dominican College relies on the school building fund to finance its heritage capital works projects, which are essential in supporting our Dominican Sisters' story, college community and alumni. Ensuring we maintain our heritage works provides an essential but unmeasurable richness to the lives and experiences of students – past and present.
- The State Government relies on schools like ours to ensure there are enough places for all South Australian school students.
- To date, the non-heritage buildings and resources for our school – like almost all non-government schools with heritage assets – has been funded by families, donors and specific heritage grants.
- The removal of DGR status from school building funds would, therefore, have a significant negative impact on our school community's heritage assets and on thousands of others around Australia. It would significantly jeopardise our school's ability to raise the funds necessary to provide, improve and maintain our heritage infrastructure.

- The report does not acknowledge nor recognise that some non-government schools need to preserve and maintain its heritage assets from private income and the occasional heritage grant (which are difficult to obtain), often heavily reliant on donations. In addition, these heritages assets are often 100+ years old, bound by complex rules and regulations overseen by each State's heritage governing authority.
- 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. In addition, the building rules associated with the fund should prevent it.
- 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 years a child spends at school. In relation to Cabra Dominican College, the heritage assets are over 100 years old and continue to be in place following 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 preserve and maintain heritage facilities, which are bound by complex heritage rules and regulations.
- 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.

Yours sincerely,



Karl Barber  
Business Director