

9 February 2024

Edmund Rice Education Australia submission to submission to the Productivity Commission's Draft Report - *Future Foundations for Giving*

Edmund Rice Education Australia Ltd (EREA) is the member for five subsidiary companies all registered as not-for profit with the Australian Charities and Not-for-Profits Commission (ACNC). Through its subsidiary entities, EREA owns and operates 55 schools nationally with an enrolment of approximately 40,300 young people. These schools support children, people with disabilities, young adults enrolled in schooling, Aboriginal and Torres Strait Islander people and people from culturally and linguistically diverse (CALD) backgrounds.

EREA welcomes the opportunity to provide a submission to the Productivity Commission's Philanthropy inquiry and particularly in response to the Draft Report - *Future Foundations for Giving*.

EREA is bound by its Charter for *Catholic Schools in the Edmund Rice Tradition* which specifies four Touchstones: Liberating Education, Gospel Spirituality, Inclusive Community and Justice and Solidarity. These Touchstones provide an explicit instruction to our schools to focus on their role as agents for justice, compassion and peace for their students, families communities and globally. EREA has a robust validation and accreditation process that ensures all schools are faithful to this philosophy in policy and practice.

We are deeply concerned about the proposal that Deductible Gift Recipient (DGR) status for school building funds should be removed. The rationale surrounding government funding for building and capital works for non-government schools having increased is flawed. For the 2018-2022 period, the average contributions, as a percentage of the total building spend by EREA schools, were 2.4% in Commonwealth funding and 5% from State governments. The remainder as an average over the same time period, approximately \$8.3 million, was contributed by the schools and by donations from parents, alumni and community groups.

It is important to note that school capital works are funded separately to the recurrent operating costs of our schools. Levels of recurrent government funding for schools per capita have increased only in line, or below the trends in Consumer Price Index (CPI) as published by the Australian Bureau of Statistics. The suggestion of significant increases in government funding for schools may hold true since 1954, however this claim is not reflected in the data since 2018.

The removal of the DGR status from building funds and predicted subsequent reduction in donations would significantly impact the opportunities for our schools to continue to develop facilities that enable not only a rich education for all students but provide valuable community access for social justice and outreach, sporting and cultural activities alongside school operations. Some examples of this in the recent term include emergency meals and shelter for flood and bushfire victims, hosting of weekend and holiday programs for organisations such as

St Vincent DePaul and Edmund Rice Camps, Christmas lunch for the local community who may be unable to provide this for themselves and COVID-19 testing centres.

Furthermore, our schools invest significantly in the education of the whole person and supporting young people to engage locally and nationally in social justice and charitable works including soup vans, community service programs and immersion experiences. The suggestion by the report that there is a “substantial risk” of tax-deductible donations being converted to private benefits is a narrow and an overly simplified assessment of the situation. The good works of our schools that result in socially-minded and just graduates is of significant benefit to the community immediately, and for the long term. Additionally, the simple fact that building takes time suggests that parents who donate to their school’s building fund are not singly motivated by that improvement being realised for their own children, rather they are investing in opportunities for those who are to come.

This said, philosophically, EREA does support the the call to clarify and simplify the deductible gift recipient system in so much as we believe it should support all schools to understand and access DGR status. The vital and important work of all schools to educate young people and pursue the aspirations of the Alice Springs (Mparntwe) Education Declaration is dependent on adequate and predictable resourcing and income streams. This includes the option for schools to encourage giving to support the development of school buildings and facilities.

Yours sincerely

Dr Liam Smith

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