



9 February 2024

Philanthropy Inquiry  
Productivity Commission  
**By Online Lodgement**

Dear Sir/Madam

### **Future foundations for giving Draft Report**

The Association of Independent Schools of South Australia (AISSA) represents the interests of 104 not-for-profit South Australian Independent schools. Independent schools are a significant partner in the South Australian education system, educating 19.2% of South Australian school students from a wide range of cultural, religious and socio-economic backgrounds.

The AISSA welcomes the opportunity to provide comment on the *Future foundations for giving draft report*. This comment is specifically focused on the recommendation to remove DGR status for school building funds, which has raised significant concern and alarm across the membership. The AISSA also signals its strong support for the broader arguments made in the submission by our national organisation, Independent Schools Australia (ISA).

In schools, building programs are funded outside of a school's recurrent operational costs which are funded through fees and recurrent government funding. Importantly, with the exception of special, special assistance and majority Aboriginal/ Torres Strait Islander schools, under the *Australian Education Act 2013*, Australian Government recurrent funding cannot be used for capital works. In South Australia, the use of recurrent funding for capital purposes is prohibited for all schools under the State Government Funding Deed.

It is of major concern to the Independent school sector that no real evidence appears to underpin the key claim 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." We consider this claim to be significantly flawed.

The lifespan of school buildings and timeline of building projects means that donations not only benefit the current student cohort but also have a substantial long-term impact on future cohorts of students. Additionally, AISSA member schools facilitate access to school infrastructure to the wider community, including but not limited to sporting and other interest clubs, cultural activities, and open spaces for public use.

Independent schools are heavily reliant on school families, school communities and alumni to fund capital works with limited capital funding available from the State and Commonwealth governments. The current DGR status which is available to schools is vital to the ability of Independent schools to fund and provide a range of services and programs including bursaries and scholarships and to fund capital works in schools.

Any removal of DGR status for non-government school building funds will shift the financial burden onto families who already make significant sacrifices to support their children's education and will compromise the capacity of schools to provide the best possible learning environment for students. The AISSA calls for the Productivity Commission to reconsider this recommendation.

Yours faithfully

Anne Dunstan  
Chief Executive