

16/01/2024

To: Productivity Commission

*Re: Future Foundations for Giving*

***Submission on Draft Report***

I write to express concern regarding the Draft Report 'Future foundations for giving' commissioned by Jim Chalmers.

I hold concerns about the several aspects of the Draft Report, including excluding Deductible Gift Recipient status for certain categories of charitable entities and removal of basic religious charity provisions.

**DGR Status – School Building Funds – Cost to Society**

I am concerned that removing the right to DGR status for School Building Funds, which has been clearly established in Australian law since 1954, risks destabilising giving to religious and independent schools across Australia.

Having, or not having, DGR status is likely to mean the difference between getting, or not getting, this giving. This is likely to mean the difference for non-government schools between being able, or not being able, to provide for future educational facilities required to educate our children.

With Australian population climbing, parents have been free to choose how their child is educated. The choice has been between no-cost or low-cost options such as public schools, or private schools who often charge a fee. Should private and independent schools not be able to build the facilities they need through DGR funded philanthropy, there would be an increase in school fees to cover these costs, making education less accessible to parents facing a cost-of-living crisis.

This would lead to some parents being forced to send their children to public schools, increasing direct cost to governments to fund education. 2020/21 data – cost to all governments to fund education of a student:

- Government school \$20,939 / student
- Non-government school \$12,442 / student <sup>1</sup>

These reductions will lead to demands from non-government schools for increased capital grants and funding from all levels of government, like the \$16.2 billion Building the Education Revolution.

This would also increase the direct capex cost to government, with the capex cost per student in public schools being over 700% higher than the equivalent direct cost to the government for non-government schools. Government capex cost (state/ territory and federal combined) capital expenditure on schools, per sector 2021:

- Government school \$5.068 billion or \$1,922 per student
- Catholic school \$210 million or \$285 per student
- Independent school \$154 million or \$226 per student <sup>2</sup>

Increased government oversight required to administer these programs can reduce the effectiveness of the outcome and add layers of cost and inflexibility not required when projects are designed and implemented by the DGR recipient directly.

The additional public school placements required would likely overwhelm current public school development plans, which already forecast a requirement for an additional 180,000 enrolment spaces in public schools in NSW alone by 2039<sup>3</sup>. This would lead to overcrowding or creation of demountable cities, with potential detrimental educational outcomes.

This would all lead to an increased cost to society, increased taxes and inferior outcomes. The Draft Report foresees this, noting: *“Removing DGR status for school building funds would be a substantial change from the status quo. The Commission has proposed transition arrangements (discussed below), which would provide time for schools and potential donors to adapt. The Australian Government could also consider whether its alternative funding arrangements, including the current grant program for capital works in non-government schools, should be revised in light of these changes.”*<sup>4</sup>

### **DGR Status – School Building Funds – Benefit to Society**

Outside of the obvious financial benefits of school building funds having DGR status, they also clearly demonstrate benefit to society at large. The presumption that there is a close nexus between the donor and recipients of the benefit of the funding cannot be accurate.

- Donor support causes they care about. Someone supporting CareFlight could have their life saved by their services. Someone supporting an environmental cause could have environmental enhancement works completed adjacent to their property. Someone supporting a school building fund could have a child educated at that school. However:
- Projects constructed through school building funds have a far greater lifespan than that of a student’s school attendance, and benefit thousands of students over the projects life.
- It is discriminatory to single out non-government school building funds, when government schools are funded by taxpayers. Parents have a right to choose how their child is educated. As a tax payer, I cannot choose not to support the costs of government education through my tax dollars. I should at least be able to gain a tax deduction if, through my philanthropy, I support construction of school infrastructure.

The proposal to remove DGR status for school building funds sounds like an attack on religion, with most non-government schools being established by a religious group.

### **Removal of ‘Basic religious charity’ provision**

This unnecessary proposed change will increase reporting costs and complexity for basic religious charities. The thought process by the Commission clearly overlooks the fact that these entities are basic, simple entities and that there is no need for more complexity or ‘nanny state’ government interference in what many would consider a sacrosanct area of our personal lives – our religion.

This attack on religion will make it harder, more expensive, and more time consuming to administer a basic religious charity like a local church congregation, making the essential beneficial right of attending church less accessible.

Increased reporting requirements will mean increased government officers pouring over annual reports and chasing up complicated and unnecessary reporting from charities, a massive waste of taxpayer dollars.

### **Summary**

I thank you for considering my submission and request that these important aspects of the Draft Report are changed with consideration of my concerns, which I am sure would be shared by many Australians.

Regards,

Geoffrey Napier

### **Sources:**

- 1 Acara: government recurrent spending report <https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/school-funding/government-recurrent-expenditure-on-government-and-non-government-schools>
- 2 Acara: government capital expenditure by sector [https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/school-funding/school-income-and-capital-expenditure-for-government-and-non-government-schools-\(calendar-year\)](https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/school-funding/school-income-and-capital-expenditure-for-government-and-non-government-schools-(calendar-year))
- 3 NSW Audit office: <https://www.audit.nsw.gov.au/our-work/reports/delivering-school-infrastructure>
- 4 Draft report – Future foundations for giving, page 191