



**FROM THE PRINCIPAL**  
ASHLEIGH MARTIN

9 February 2024

Productivity Commission Inquiry into Deductible Gift Recipient (DGR) Status  
Australian Productivity Commission  
GPO Box 1428  
CANBERRA, ACT 2601  
Email : philanthropy@pc.gov.au

Dear Commissioners

### **Retention of Deductible Gift Recipient (DGR) Status for Building Funds in Independent Schools**

#### Background

Caulfield Grammar School, a not-for-profit entity, registered with the Australian Charities and Not-for-Profits Commission (ACNC), dedicated to advancing education. With campuses in Caulfield, Wheelers Hill, Malvern, and Yarra Junction, currently plays a pivotal role in the educational journey of over 3,300 students, supported by a dedicated team of more than 650 Full-Time Equivalent (FTE) teachers and staff. Caulfield Grammar School actively contributes to the social and economic fabric of Melbourne and Kakadu NT through our Year 9 program.

#### Concerns and Impact

The proposed removal of DGR status for non-government school building funds will have a detrimental impact on our community. Independent schools, as exemplified by Caulfield Grammar School, heavily rely on contributions from alumni, current and past parents, constituting an average of 86% of capital funding. The potential loss of DGR status poses a substantial threat to our ability to provide an optimal learning environment for our students and jeopardizes critical future building projects.

#### Philanthropy and Community Support

Caulfield Grammar School, like many other independent schools, has a rich tradition of fostering philanthropy and community engagement, dating back to the 1930s. Our school actively encourages volunteering activities, contributing to the betterment of both local and global communities. Parents appreciate and recognize these efforts, and our institution places a significant emphasis on cultivating a sense of social responsibility among students. As a result, four in five parents strongly agree that their child's school encourages them to become more active citizens and contributors to society.

#### Analysis on the Potential Implications

The removal of DGR status for non-government school building funds, as proposed by the Productivity Commission, has the potential to impose a substantial financial burden on future families and students. This is particularly concerning given the significant sacrifices families already make to support their children's education amidst the ever-increasing cost of living pressures. In addition, the introduction of State payroll tax on Caulfield Grammar has already resulted in a significant increase in tuition fees and Caulfield Grammar becoming a net tax payee for State Tax.

Moreover, independent schools like Caulfield Grammar School play a crucial role in providing needs-based scholarships to students from regional Australia, First Nations and refugee families. These scholarships are largely funded through philanthropic support from the school community.



### Private Benefit and Misconceptions

The Productivity Commission has expressed concerns about the potential for tax-deductible donations to school building funds to be converted into private benefits. However, this assertion lacks concrete evidence and overlooks the fact that School Building Funds primarily support capital works programs and assets with lifespans far beyond a child's time at the school. Additionally, the benefits extend beyond current students, as alumni and community groups actively contribute through various fundraising activities. The draft report raises the possibility of a link between donations and education fees; however, capital works are funded separately from recurrent operating costs covered by fees, ensuring that deductible donations do not significantly impact the fees payable by parents.

### Impact on Building Projects and Educational Programs

The removal of DGR status for school building funds would undoubtedly impede our ability to execute essential building projects. Caulfield Grammar School has plans for future developments, including significant investment in facilities in Jabiru (Kakadu) that will benefit both the local community and visiting Caulfield Grammar students. The absence of DGR status poses a significant threat to the realization of this project and projects at all campuses, which are essential for enhancing the overall educational experience for our students.

### Community Impact

In addition to Kakadu, essential facilities supporting the broader community, including local government schools, Learn to Swim programs, club water polo, swim meets, soccer, basketball and tennis training and competition camps, may not be upgraded or developed.

### Philanthropy Impact

More than 99% of building fund donations are \$100 donations from parents via fee invoices.

Losing Building Fund DGR status will lead to an estimated 80-90% reduction in these donations.

### Conclusion and Call to Action

In conclusion, Caulfield Grammar School strongly opposes the Productivity Commission's recommendation to withdraw DGR status from school building funds. We are deeply concerned about the potential adverse impacts on the provision of quality education and the ability of schools to support students and communities in need. On behalf of our students, families, and the wider school community, we request the Commission to reconsider this recommendation.

Thank you for your time and consideration of this submission.

Yours sincerely

Ashleigh R Martin  
Principal