

SAVE OUR SCHOOLS

Education Policy Comment

Wealthy NSW Private Schools Rake in Millions in Donations & Investment Income

The wealthiest most exclusive private schools in NSW are raking in millions of dollars in donations and investment income. These millions are ignored in assessing the need for government funding. It exposes a major flaw in how private schools are funded. The flaw means the schools are massively over-funded by the taxpayer. Funding of private schools must be overhauled.

New figures obtained from the [Australian Charities and Not-for-profits Commission \(ACNC\)](#) show that 41 NSW private schools received \$287 million in donations and investment income over five years from 2017 to 2021 (see table below). Donations totalled \$226 million and investment income was \$61 million. Just eight schools received \$146 million over the period. The average income from these sources for the 41 schools was \$7 million per school over the five years.

SHORE raked in the most donations and investment income at \$37.8 million comprised of \$25.4 million in donations and \$12.4 million in investment income. Other schools with highly lucrative income in these forms were Scots College with \$33 million (\$31.8 million in donations and \$1.2 million as investment income), Cranbrook with \$21.4 million (\$20.2 million in donations and \$1.2 million from investments) and Moriah College with \$19.1 million (\$18.9 million in donations and \$0.2 million from investments).

Three other schools received over \$10 million – Loreto Kirribilli \$13.2 million; SCEGGS Darlinghurst \$11.3 and The King's School \$10.8 million. Ascham also received \$9.4 million. Other schools with multi-million donations and investment income include Newington College \$7.7 million and St Aloysius' College \$7.5 million.

Donations and investment income of these wealthy exclusive schools dwarf other private income of public schools. The average such income of NSW public schools in 2020 was \$154 per student. By contrast the donations and investment income of SHORE averaged \$4,533 per student and \$3,243 per student at The Scots College.

These 41 private schools also received \$330 million in funding by the Commonwealth and NSW governments in 2020. This funding was determined without regard to their donations and investment income.

Under the current Commonwealth funding method, private school funding is determined by the capacity of families to pay fees. This is measured by the adjusted taxable income of families as reported by the Australian Taxation Office. It ignores other very lucrative sources of income for private schools such as donations and investment income.

These schools raise additional funds through multiple tax-exempt organizations such as foundations, building funds, scholarship funds and others. For example, SHORE raises funds through its SHORE Foundation which has assets of \$42 million. The King's School Foundation has building, scholarship and bursaries funds and has assets of \$50 million.

It should also be noted that donations to private schools and their foundations and trusts also reduce the tax burden of the donors, so even more money goes to private, not public benefit.

The failure to include donations and investment income in determining Commonwealth funding of private schools is a major flaw in the current funding model. It results in over-estimation of the financial need of private schools and massive over-funding by the taxpayer. However, it is not sufficient to just include other school income in determining the financial need of private schools because there are other major flaws in the model.

A major flaw is the assumption that the parents of students pay the school fees and other charges. This is demonstrably untrue. Many private school students have their fees at least partly paid by their grandparents. The

funding model also ignores other income provided by grandparents such as money for house renovations, household assets such as whitegoods, furniture and IT equipment, cars, holidays and medical expenses that free up family income to be spent on school fees. [Over 50% of parents help their adult children](#) with a variety of expenses including school fees. The Bank of Mum and Dad is reputed to be the [9th largest home lender in Australia](#). As a result of this direct and indirect financial support for families, which is not recorded in adjusted taxable income, the capacity of private school parents to pay school fees is vastly under-estimated and private schools are consequently massively over-funded by taxpayers.

Even apart from these flaws, the current funding model is over-funding many wealthy schools according to its own criteria. Private schools are supposed to be funded at 80% of their Schooling Resource Standard (SRS) by the Commonwealth Government and the remaining 20% by the NSW Government. However, many of these exclusive schools are already hugely over-funded by the Commonwealth. For example, Loreto Kirribilli was funded at 143% of its SRS in 2022 by the Commonwealth instead of 80%, St Aloysius' College was funded at 140% and Newington College at 126%. Cranbrook and The King's School were funded at 85% of their SRS.

The over-funding of Loreto Kirribilli amounted to \$2.3 million in 2022, Newington College \$3.2 million, St Aloysius' College \$2.4 million. The total over-funding for 31 of these private schools was \$45 million. Seven schools were funded at slightly less than 80% in 2022 but will be funded at 80% in 2023. Figures for the other three schools could not be obtained.

The current funding model for private schools needs a complete overhaul. A new system should be governed by the principle that government funding for private schools should only fill the gap between private income and a revised SRS. The base SRS should be set as the cost of highly successful public schools with minimum disadvantage. Funding for private schools should be conditional on meeting social obligations and education standards. Private schools whose private income is above the SRS should not receive government funding because it extends their resource advantage over public schools.

A significant first step towards this model would be to end all government funding for wealthy, exclusive high fee private schools. They don't need taxpayer funding. It is a complete waste and simply adds to their huge resource advantaged over public schools. It is funding that would be better used to support disadvantaged students and schools where additional funding will have much greater impact on improving education outcomes than the taxpayer money being squandered on wealthy schools.

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Donations & Investment Income of Wealthy Private Schools, NSW

School	Donations 2017-2021 (\$)	Investment Income (2017-2021 \$)	Total (\$)	Govt Funding 2020 (\$)	Fees per Student 2020	C/W Share of SRS 2022 (%)	Students in Top 2 SEA Quartiles (%)
SHORE	25,431,667	12,422,028	37,853,695	6,047,663	28,039	78	94
The Scots College	31,788,233	1,172,680	32,960,913	9,080,571	35,032		94
Cranbrook	20,252,566	1,191,143	21,443,709	5,957,420	36,481	85	97
Moriah College	18,953,007	154,887	19,107,894	14,620,916	19,261	78	98
Loreto Kirribilli	11,208,472	1,962,610	13,171,082	9,379,134	22,435	143	97
SCEGGS, Darlinghurst	10,014,996	1,304,229	1,319,225	3,440,262	34,433	80	98
The King's School	4,361,000	5,927,269	10,288,269	19,628,052	31,915	85	92
Ascham	9,150,275	287,574	9,437,849	4,820,973	36,752	87	97
Kincoppal-Rose Bay	6,954,165	1,814,197	8,768,362	4,463,979	25,912	99	94
Emanuel School	7,200,718	1,187,136	8,387,854	8,319,111	19,704	98	96
Knox Grammar	6,744,412	1,279,220	8,023,632	11,544,430	29,106	97	96
Newington College	1,823,955	5,874,253	7,698,208	11,182,469	27,095	126	95
St Aloysius' College	4,642,735	2,823,296	7,466,031	8,483,491	19,274	140	99
Sydney Grammar	3,185,297	4,093,134	7,278,431	7,114,586	40,709	87	99
St Joseph's College	4,931,103	2,065,646	6,996,749	13,168,839	29,751		86
St Catherine's School	2,669,002	2,840,781	5,509,783	5,489,783	31,330	122	93
Mount Sinai College	5,083,228	121,647	5,204,875	3,605,980	9,341	74	93
Wenona School	2,804,613	2,190,135	4,994,748	5,505,917	30,707	88	97
Monte Sant' Angelo							
Mercy College	3,787,500	673,423	4,460,923	8,463,297	2,941	139	95
Central Coast							
Grammar	3,206,550	853,571	4,060,121	12,374,877	16,184	109	91
Barker College	3,634,721	202,038	3,836,759	10,518,380	31,685	88	95
SCEGGS Redlands	1,084,646	2,553,919	3,638,565	5,189,524	32,510	77	98
St Vincent's College	2,582,724	1,048,915	3,631,639	6,685,011	19,998	111	92
Abbotsleigh	2,205,671	1,347,169	3,552,840	5,989,386	24,655	96	97
Trinity Grammar S	3,150,211	359,845	3,510,056	15,654,304	27,008	115	93
Kambala	2,760,827	658,357	3,419,184	3,623,878	35,552	85	96
St Ignatius' College	3,256,187	135,123	3,391,310	9,175,610	29,941	97	95
PLC	2,941,288	9,808	2,951,096	8,929,094	28,477		95
Masada College	2,836,645	18,513	2,855,158	5,542,315	17,340	74	92
St Andrew's							
Cathedral School	2,799,574	24,393	2,823,967	1,071,140	28,759	102	95
Queenwood	1,740,196	780,267	2,520,46	4,066,306	31,314	91	97
St Augustine's							
College	2,394,825	-	2,394,825	13,281,567	16,718	173	87
Loreto Normanhurst	1,426,570	684,024	2,110,594	7,833,369	25,491	143	92
Macarthur Anglican							
School	1,884,982	19,211	1,904,193	9,419,184	12,647	92	84
Tara Anglican School	1,382,650	440,032	1,822,682	4,611,968	23,263	74	95
International							
Grammar	812,646	786,939	1,599,585	6,238,734	21,745	117	94

School	Donations 2017-2021 (\$)	Investment Income (2017-2021 \$)	Total (\$)	Govt Funding 2020 (\$)	Fees per Student 2020	C/W Share of SRS 2022 (%)	Students in Top 2 SEA Quartiles (%)
Oxley College	1,295,705	146,252	1,441,957	7,058,771	15,134	96	91
Illawarra Grammar Arden Anglican School	418,870	978,722	1,397,592	7,519,953	16,154	105	90
Brigidine College	1,269,916	25,386	1,295,302	5,067,403	18,780	78	94
Mount St Benedict College	1,139,427	104,171	1,243,598	7,347,420	19,248	128	90
	1,157,886	69,928	1,227,814	12,026,759	14,295	105	89
Total	226,369,661	60,631,871	287,001,532	329,541,826			