

SAVE OUR SCHOOLS

Education Policy Comment

Wealthy WA Private Schools Rake in Millions in Donations

The wealthiest most exclusive private schools in Western Australia 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 11 WA private schools received \$69 million in donations and investment income over five years from 2017 to 2021 (see table below). Donations totalled \$53.2 million and investment income was \$15.8 million. Just one school, Christ Church Grammar, raked in over half the total of donations and investments. The average income from these sources for the other ten schools was \$3.3 million per school over the five years.

One of Perth's most exclusive, high fee schools, Christ Church Grammar, raked in \$36.3 million over the five years, comprising \$25.1 million in donations and \$11.2 million in investment income. In 2017, it received \$17.8 million in donations.

Wesley College collected \$7.4 million (\$7 million in donations and \$0.4 million in investment income). St Mary's Anglican Girls' School raked in \$5.4 million (\$3.6 million in donations and \$1.8 million in investment income). Other schools receiving several million from these sources included All Saints College with \$3.9 million, St Hilda's Anglican School \$3.4 million and Penrhos College \$3.3 million.

Donations and investment income of these wealthy exclusive schools dwarf other private income of public schools. The average donations and other income of WA public schools in 2020 was \$147 per student. By contrast, the donations and investment income of Christ Church Grammar averaged \$1,170 per student.

These 11 private schools also received \$98 million in funding by the Commonwealth and WA 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, the Christ Church Grammar Foundation manages a building fund for the school. In 2021, it received \$3.5

million in donations and bequests and \$1.4 million from investments. It has assets of \$51 million. The Wesley College Endowment Fund received investment income of \$12 million in 2021 and has assets of \$55 million. St. Mary's Girls School Foundation has assets of \$34 million.

These donations 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 WA Government. However, many of these exclusive schools are already hugely over-funded by the Commonwealth. For example, St Mary's Anglican School was funded at 140% of its SRS in 2022 by the Commonwealth instead of 80%, Wesley College at 123% and Penrhos College and All Saints College at 113%. Christ Church Grammar was funded at 85% of its SRS.

St Mary's Anglican School was over-funded by \$3 million in 2022, Wesley College and All Saints College by \$2.1 million and Penrhos College by \$1.7 million. Christ Church Grammar was over-funded by \$0.3 million. The total over-funding of 10 of the 11 schools was \$13.9 million. The over-funding of the other school could not be obtained.

The current funding model for private schools needs a complete overhaul. The Commonwealth Government's funding model purports to assess the financial need of schools for taxpayer funding but it ignores millions of dollars in donations and investment income received by private schools and additional income provided to families by grandparents of children in private schools. It is a highly inequitable funding system. It unfairly over-funds private schools while massively under-funding public schools.

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, Western Australia

School	Donations (\$)	Investment Income (\$)	Total (\$)	Govt Funding 2020 (\$)	Fees per Student 2020	C/W Share of SRS 2022 (%)	Students in Top 2 SEA Quartiles (%)
Christ Church Grammar	25,127,100	11,158,073	36,285,173	11,191,693	25,032	85	94
Wesley College	7,010,597	427,743	7,438,340	6,199,373	21,459	123	89
St Mary's n Girls' School	3,616,601	1,767,384	5,383,985	13,355,426	20,613	140	91
All Saints' College	3,915,459	13,171	3,928,630	10,379,485	18,142	113	92
St Hilda's Anglican School	2,983,959	432,576	3,416,535	8,324,576	22,561	102	96
Penrhos College	2,558,828	768,400	3,327,228	5,854,531	21,974	113	87
Bunbury Cathedral Grammar	2,806,989	92,843	2,899,832	8,112,018	14,471	109	82
Scotch College	2,300,298	65,617	2,365,915	11,736,330	26,437	88	94
Perth College	806,714	763,372	1,570,086	9,533,755	20,723	115	87
Methodist Ladies' College	1,311,654	8,417	1,320,071	2,995,30	25,681	82	93
John XXIII College	721,126	331,856	1,052,982	10,574,005	12,652		95
Total	53,159,325	15,829,452	68,988,77	98,256,497			