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Not-for-profit Sector Tax Concession Working Group – Discussion Paper

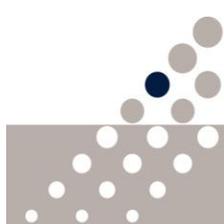
The Independent Schools Council of Australia (ISCA) welcomes the opportunity to present this submission to the Not-for-profit Sector Tax Concession Working Group in response to the Discussion Paper released in November. ISCA is the peak national body covering the independent schools sector which also comprises the eight state and territory Associations of Independent Schools. Through these Associations, ISCA represents a sector with 1,090 schools and around 550,000 students, accounting for nearly 16 per cent of Australian school enrolments. ISCA's major role is to bring the unique needs of independent schools to the attention of the Australian Government and to represent the sector on national issues.

Independent School Structures

Independent schools are a diverse group of non-government, not-for-profit (NFP) schools serving a range of different communities. Many independent schools provide a religious or values-based education. Others promote a particular educational philosophy or interpretation of mainstream education.

Their legal structures can be diverse with many falling into the following categories:

- Schools that are fully owned by a church (e.g. some Uniting Church Schools);
- Schools established by state Acts of Parliament with the specific purpose of establishing the school as a charitable institution (e.g. some Grammar Schools);
- Schools which are an administrative unit operating within an Association or “system” owned by a church;
- Schools which are a company. Many of these are limited by guarantee and assets can be owned by an underlying church property trust. In some cases the company owns the school outright;
- Public benevolent institutions (e.g. some Indigenous Schools).



Some schools with common aims, religious affiliations and/or educational philosophies also belong to a system within the sector. This means that some operational functions are carried out by the system on behalf of all schools within the system. However, all schools have formal boards of governors or committees of management who are the key decision-making bodies for most independent schools and are responsible for issues such as the school's educational provision, current and future development and staffing.

Independent School Affiliations

Many independent schools are faith-based schools with varying degrees of legal and administrative links to their church bodies encompassing the full spectrum of faiths across the Australian community including not only the well-known Anglican, Uniting Church and Catholic schools, but also Lutheran, Baptist, Seventh Day Adventist, Islamic, Greek Orthodox, Christian and Jewish schools. Table 1 below provides a breakdown of the affiliations of independent schools.

Table 1: Affiliations of independent schools, 2011

Affiliation	Schools	Student FTE	%
Anglican	151	139,915	25.3%
Non-Denominational	187	72,325	13.1%
Christian Schools	134	55,731	10.1%
Uniting Church in Australia	44	50,344	9.1%
Catholic	59	47,903	8.7%
Lutheran	86	37,410	6.8%
Islamic	33	21,576	3.9%
Baptist	43	18,647	3.4%
Inter-Denominational	27	16,592	3.0%
Seventh Day Adventist	48	11,147	2.0%
Presbyterian	14	9,961	1.8%
Jewish	19	8,899	1.6%
Steiner School	43	7,687	1.4%
Pentecostal	17	7,465	1.4%
Assemblies of God	11	5,635	1.0%
Brethren	8	4,514	0.8%
Montessori School	39	4,098	0.7%
Greek Orthodox	8	3,760	0.7%
Other Catholic	7	3,441	0.6%
Other Orthodox	6	2,092	0.4%
Other Religious Affiliation *	12	5,238	0.9%
Other**	90	18,381	3.3%

Independent School Funding and Reporting

The Australian Government is the source of most of the public funding for non-government schools and in order to be eligible for this funding assistance, non-government schools must be NFP institutions and comply with a wide range of legislative requirements. This requirement is made clear in

* Other Religious includes Churches of Christ, Ananda Marga, Hare Krishna and Society of Friends

** Other includes special schools, international schools, indigenous schools, and community schools.

the *Schools Assistance Act 2008* Administrative Guidelines: Commonwealth Programs for Non-government Schools 2009 to 2013/14 which state under the Commonwealth's requirements for eligibility for Commonwealth funding:

“The memorandum and articles or other instruments by which incorporation is effected must:

a) include the power of the incorporated body to conduct a school; and

b) provide for the non-profit status of the body including a requirement that any surpluses generated by the school, or recognised group of non-government schools be used for the purposes of the school or recognised group of non-government schools and not be transferred to any other activity that the body is authorised to undertake.”

Schools are obliged to work co-operatively with their state or territory government to support that government in fulfilling its obligations under the National Education Agreement. Independent schools must also agree to support the achievement of the National Declaration on Educational Goals for Young Australians and the Council of Australian Governments (COAG) outcomes for schooling.

Schools must participate in all specified National Student Assessments, participate in the preparation of the National Report on Schooling in Australia, collect and provide extensive information relating to individual students and school information to all organisations specified in the Regulations, including the Australian Government Department of Education, Employment and Workplace Relations (DEEWR) and the Australian Curriculum, Assessment and Reporting Authority (ACARA). Schools are also required to report to parents in compliance with legislated requirements, annually report and publish specified information relating to aspects of the school and its operations and implement the national curriculum.

Independent schools must submit to DEEWR annually a Financial Questionnaire. The Financial Questionnaire is an annual collection of financial income, expenditure and liabilities from all non-government schools receiving Australian Government general recurrent grants. The Financial Questionnaire data draws on a school's audited financial statements. Schools are also subject to scrutiny of their financial operations including the financial viability and funding sources of the school. Independent schools must demonstrate that the funds received under each Australian Government funding program have been expended appropriately. This includes providing the Australian Government with certificates certified by qualified accountants regarding the expenditure of Australian Government grants. All accounts, records and documents as well as free access to each campus of a school must be available to the Auditor-General or DEEWR officers.

Independent schools are bound by a number of other legal requirements associated with their operations. For example, as companies limited by guarantee or as incorporated associations, independent schools are currently accountable to the Australian Securities and Investments Commission, or to their state or territory registrar of associations. They must submit audited financial statements to these bodies which are available for public scrutiny. They are also subject to regulation by the Australian Taxation Office.

As employers, independent schools must comply with legislation and regulations covering such issues as occupational health and safety and industrial awards. As educational institutions they must comply with health and safety, privacy and child protection requirements, town planning requirements, human rights and equal opportunities legislation, as well as regulations relating to building and fire codes.

My School web site (operated by ACARA) offers an additional and easily accessible level of transparency to the operations of schools in all sectors. ACARA collates and publishes a range of student outcomes and performance indicators of school services, including a comprehensive overview of the financial aspects of a school's operations.

The Commonwealth, through the Minister for School Education, Early Childhood and Youth, The Hon Peter Garrett AM MP, is also proposing to State and Territory Governments that there is a need “to improve regulatory harmonisation for the purposes of administering public funding to non-government schools”. This proposal is being considered by the Standing Council on School Education and Early Childhood (SCSEEC), of which the Commonwealth, State and Territory Government Ministers are the only members. There is no non-government representative on this forum. There are a number of key areas in these reforms, with the objective being:

To achieve greater consistency and clarity in the eligibility criteria of non-government schools for public funds, and the appropriate use and accountability of these funds across all jurisdictions.

Key areas of the project plan include:

- *Operation of not-for-profit requirement*
- *Minimum viability standards for schools*
- *Claim for, and use of, recurrent funding*
- *Joint investigations and issue management*

In addition to the impact of the proposed “harmonisation” project, schools are already under considerable reform pressure in relation to funding, curriculum and potential reporting reforms (DEEWR and ACARA). As an already highly regulated charity, each non-government school (both independent and Catholic) must now comply with the proposed new range of Australian Charities and Not-for-profit Commission (ACNC) regulatory reforms recently legislated by the Commonwealth Government.

In response to the Working Group’s discussion paper: *“Fairer, simpler and more effective tax concessions for the not-for-profit sector”*, ISCA has the following general comments to make regarding a number of consultation questions raised in the paper that are relevant to the ongoing operations of independent schools:

Current Taxation Position

Independent not-for-profit schools currently qualify for the following tax concessions being considered by the Working Group:

- (a) income tax exemption;
- (b) DGR status for their school building funds, library funds and certain scholarship funds;
- (c) FBT rebates for certain benefits provided to employees (subject to annual 'caps' for each employee); and
- (d) GST-free school fees.

Schools can also benefit from certain State and Territory tax concessions, such as exemptions from payroll tax, land tax and stamp duty, although these concessions are not included in the considerations of the Discussion Paper.

Preamble

In considering the implications of the questions raised by the Working Group, it is important to firstly highlight that the Discussion Paper does not deal directly with the fundamental issue of the definition of a charity which predicates the capacity to access benefits of tax exemption, FBT and DGR status. It is imperative that any future statutory definition of charity mirrors the current common law with respect to the status of independent schools. The operations of a school entity is clearly of public

benefit (that of education of students) and as a not-for-profit entity, this should in all situations determine that a school is a charity.

Operations of the school which should be considered within the definition include those “core activities” of education, including those of childcare, kindergarten, primary, secondary and vocational education, as well as activities to support the school such as fundraisers by students, parents, P&F bodies where the funds go to support the operations of the school. Similarly, it is important that schools maintain access to DGR status for school building fund donations as it is often due to receipt of tax deductible donations received through this giving that schools have the capacity to provide buildings for the conduct of school (see attached “*How Governments Fund Independent Schools?*”).

It is surprising that the Working Group has been encumbered as part of their terms of reference to ensure that they “...will identify offsetting budget savings from within the NFP sector for any proposals that have a budget cost”. This has a severely limiting effect on the Working Group’s ability to consider the flow-on community benefits of proposed changes outside of pure budgetary financial cost structures. Any net change in school revenue as a result of taxation concessions being modified would need to be fully offset by increases in school funding by all levels of Government. Schools and their parent communities are not in a position to manage a net reduction in funding as a result of any proposed changes in the NFP taxation structures.

Chapter 1 – Income Tax Exemption and Refundable Franking Credits

Q1 – What criteria should be used to determine whether an entity is entitled to an income tax exemption?

In paragraph 16, in summarising the current situation, the paper states “*For an entity to be classed as a charity, it must be NFP, its sole purpose must be charitable, and it must exist for the public benefit or for the relief of poverty. Accordingly, entities that limit the benefits that they provide to particular segments of the community may, in certain circumstances, not be considered charities.*”

We would see that the phrase “its sole purpose must be charitable” should be replaced by “Its dominant purpose must be charitable”. This would resolve any issues for the schooling sector as to whether essential operations such as outside school hours care, kindergarten, child care, and fundraising which are not strictly “education” but are core parts of a school’s operation, come under the definition of “charitable”. We would also advocate strongly that, if the government continues with developing a statutory definition of charity (for incorporation into amended ACNC legislation in 2013), that the provision of education and associated activities continue to be defined as being charitable, without requiring an educational institution to prove that it is for “public benefit”.

Q3 – Should additional special conditions apply to income tax exemptions?

As indicated above, ISCA would advocate strongly that, if the government continues with developing a statutory definition of charity, that the provision of education and associated activities be defined as being charitable (and therefore automatically able to access income tax exemptions), without requiring an educational institution to prove that it is for “public benefit”.

In the context of fairness, simplicity and effectiveness, independent schools are not selective and provide a material public benefit through the provision of educational services to a broad range of communities. Should the Income Tax exemptions be removed the resultant increased cost for the provision of these services would be prohibitive to many. Further, the impact on government to provide these same services, should the independent schooling sector not be able to meet the need, would dramatically increase. This alone shows a direct and quantifiable public benefit being provided by the independent schooling sector. The loss of income tax exemption status would have resounding

and catastrophic impacts on the independent schooling sector, which in turn would have significant impact on the provision of education services generally. The current determination of the provision of education as a head of charity provides certainty and simplicity in identifying that the provision of education services by independent schools is charitable and therefore exempt from income tax. Reversing this current presumption would introduce significantly more complexity and a much higher burden of compliance.

The exercise of asking each independent school to “prove” that it is of public benefit is an exercise in red tape, and futility, requiring an already extremely “over-complianced” industry to undertake an exercise where the only outcome could be determining that it is indeed for the public benefit.

<i>Independent School Fact</i>	
Bursaries and fee relief provided to families	\$350m

Q4 – Does the tax system create particular impediments for large or complex NFPs?

The independent schooling sector is a group of large (by turnover) NFP entities. Continuing the theme outlined above, should the heads of charity be altered and the presumption that the provision of education is not charitable, significant compliance and potential financial hardship would ensue for the independent schooling sector. The current system of income tax exemption is simple and easy to apply.

<i>Independent School Fact</i>	
Total school recurrent income (all sources)	\$7.49b
Total school recurrent expenditure	\$7.85b

Q5 – Should other types of Not for Profits also be able to claim a refund of franking credits? and

Q6 – Should the ability of tax exempt charities and DGRs to receive refunds for franking credits be limited?

The Paper suggests that the benefit of this refund is generally received by 'large, well funded NFPs' and perhaps such entities have less need for such a benefit. ISCA would suggest that vast majority of independent schools do not fully fit this description. Some schools have accumulated over many years an investment portfolio that provides valuable support funding for educational activities. The majority of schools in such a position are the recipients of very low Government funding and almost no public capital funding at all. As a result, a loss of the entitlement to refundable imputation credits would reduce the return on such investments, and would likely cause independent schools to reconsider their investment strategies (that is, the change may result in an artificial distortion in a independent school's investment strategies). For example, they may perhaps reduce their exposure to listed share investments and instead invest on overseas companies or Australian property trusts (which would generally provide a return that did not include franked dividends).

As a matter of principle, for consistency, charities should be able to access franking credits where this is applicable.

<i>Independent School Fact</i>	
Other private income for capital purposes (not tax deductible)	\$514m
Total capital expenditure (includes 2010 BER funding)	\$2.35b

Chapter 2 – Deductible Gift Recipients

Q11 – Should all charities be DGR’s? Should some entities that are charities (e.g. those for the advancement of religion, charitable child care services and primary and secondary education) be excluded?

At present, independent schools are not generally entitled to DGR status for all of their activities. There are specific arrangements for building funds, library funds and certain scholarship funds. The Paper discusses whether to extend DGR status to all charities, however for both cost and integrity reasons it is not intended to extend DGR status to independent schools.

Independent schools rely on the receipt of deductible gifts to be able to access building funds and in a limited number of cases, library funds in support of the operations of the school. Such funds are critical in enabling schools to undertake development of a capital building programme at a school, something that would be unable to be undertaken without the support of tax deductible gift funds. In the interest of minimising “red tape”, it would be counter-productive to force independent schools to have to set up a separate “entity” to deal with DGR gifts – the best option for independent schools would be to keep the status quo i.e. option 2.3. While there is still a certain amount of clumsiness around the current administration of a DGR fund i.e. separate bank account and reporting, it is preferable to not being able to access the funds.

On the positive side, the Paper raises the possibility of allowing tax concessions for testamentary gifts, though the anticipated benefits for DGRs is expected to be limited (given existing CGT concessions for testamentary gifts).

As a broad principle, independent schools should be able to access DGR status and therefore tax deductibility for voluntary donations to support those activities in a school setting that are not directly related to the ‘private’ benefit.

Independent School Fact

Income from building funds (mostly tax deductible)	\$189m
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Q19 – Would a clearing house linked to the ACNC Register be beneficial for the sector and public?

ISCA does not support the use of a clearing house for the distribution of funds to charities. Independent schools have close links with their school communities and the use of a clearing house for DGR gifts would break the nexus between the school and this community. This could be detrimental to the DGR giving to a non-government school. The school community are the primary givers through the DGR fund and a requirement to transact through an “external” body to be able to give a tax deductible gift could severely diminish the amount of funds given. Schools typically have a process where members of the school community can make a tax deductible donation at the same time as paying for non-tax deductible items such as fees, resources, uniforms etc. and have an efficient and effective mechanism for identifying the DGR donation and for receipting it appropriately. As well, schools need timely access to building fund donations in order to facilitate cash flow for payment of capital costs and adding an extra layer of bureaucracy into the process would significantly impede the timely access to funds.

Q24 – Are the public fund requirements, currently administered by the ATO, either inadequate or unnecessarily onerous?

We agree with option 2.9 in that for charities registered with the ACNC, the requirement to comply with a specific set of regulatory requirements including governance and reporting requirements then eliminates the need for public fund requirements. In the interest of cutting red tape and simplifying processes, this requirement therefore becomes redundant and can successfully be eliminated.

Q26 – Should the threshold for deductible gifts be increased from \$2 to \$25 (or to some other amount)?

ISCA does not believe that the statement in paragraph 122, “any change to the threshold may have a minimal impact on donor behaviour” is true. We would see that increasing the threshold could have a detrimental effect on deductible giving to independent schools given that giving takes a number of forms from one-off gifts to small amounts given regularly over the year.

We would advocate that if the government did decide to raise the threshold, in order to mitigate the possible reduction in giving, the government should allow small amounts given to one charity over the year (that are below the threshold) to be able to be accumulated to allow for a tax deduction on the total amount.

Chapter 3 – Fringe Benefits Tax Concessions

Q29 – Also assuming the current two tiered concession structure remains, what criteria should determine an entity’s eligibility to provide rebateable benefits to its employees? Should this be restricted to charities? Should it be extended to all NFP entities? Are there any entities currently entitled to the concessions that should not be eligible?

At present, schools that are endorsed charities can qualify for an FBT rebate on certain fringe benefits, up to a notional value of \$30,000 per year for any particular employee.

In the area of schooling, there are also no issues of competitive neutrality as all non-government schools can access the same FBT concessions as they are offered currently. Employment in a charity does not attract the same salary scales as in a for-profit entity with the FBT benefits allowing an opportunity to make the package more attractive. The non-government schooling sector has very limited access to use of meal entertainment, entertainment facility leasing and car parking expense benefits and so would have no issues if they were brought within the existing cap on FBT concessions.

<i>Independent School Fact</i>	
Number of school employees	76,914
Salaries and wages all staff	\$4.75b
Superannuation contributions	\$456m

Q36 – Should the limitation on tax exempt bodies in the minor benefits exemptions be removed? Is there any reason why the limitation should not be removed?

Minor benefits should be exempt from FBT for rebateable employers as well as for tax exempt employers.

***Q38 – Should FBT concessions (that is, the exemption and the rebate) be phased out? and
Q39 – Should FBT concessions be replaced with direct support for entities that benefit from the application of these concessions?***

Schools are already faced with significant FBT changes as recently announced by the Government. These changes include the removal of the concessional FB treatment for in-house benefits if they are accessed by way of a salary sacrifice arrangement. This measure applied from 22 October 2012 for salary sacrifice arrangements entered into from its announcement on 22 October 2012, and from 1 April 2014 for salary sacrifice arrangements entered into prior to its announcement on 22 October 2012. Under this measure, the taxable value of in-house fringe benefits provided through a salary sacrifice arrangement to school staff will be either the lowest price at which an identical benefit is sold to the public (e.g. school fees) or under an arm's length transaction, depending on the nature of the benefit, without any concessional reduction.

The independent schooling sector appreciates this capacity to access FBT concessions for its employees as a means of “value adding” to their contribution to the NFP sector. Staff of non-government schools broadly access benefits across the areas of in-house benefits (school fees in particular), remote area housing benefits (extremely important for schools in rural and remote areas) and salary packaging (a means of attracting, rewarding, and keeping highly competent staff in the sector). A phasing out of FBT concessions would lead to significant increased pressure on wage rates in the sector and to a substantially reduced capacity to attract good staff, particularly to more rural or remote areas.

We do not support the introduction of direct support as a replacement to the current FBT concessions. Independent schools need surety at the time of engaging a new employee and negotiating their employment contract as to what “benefits” or concessions are available to them. The proposed introduction of a direct payment of an amount per employee would be inefficient and ineffective as it would not be timely for the employment of a new employee and therefore would make it ineffective in assisting the sector. As well, we consider the compliance burden for an initiative such as this would be very high and as it would not be specific to an individual employee, could be very confusing in the application.

The impact of any change to FBT measures will either see a real reduction in school revenue or a similar reduction in the value of employee remuneration in schools.

Q40- Should FBT concessions be replaced with tax based support for entities that are eligible for example, by refundable tax offsets, direct tax offset to the employees or a tax free allowance for employees.

As a principle any system that maintains the benefit to the employee and therefore to the NFP entity and reduces the burden of compliance on the employer is worth consideration. Currently FBT allows the employer to offer a benefit to the employee at an overall reduced cost to both the employer and the employee. We have a concern that providing a tax offset or a tax-free allowance to employees does not replace the cost to the organisation of providing the benefit to the employee and so effectively becomes an extra burden to the employer with no benefit to them.

Chapter 4 – Goods and Services Tax Concessions

Q45 – Should current GST concessions continue to apply for eligible NFP entities?

School fees are currently GST free, and schools are entitled to a refund of input tax credits for any GST paid on the cost of certain 'inputs'. There are also a number of concessions for other taxable

supplies, including certain fundraising concessions and also schools can choose to treat school tuckshops or canteens as 'input taxed' and therefore not required to impose and remit GST on sales.

ISCA believes it is appropriate to continue the current GST concessions available to eligible NFP entities.

<i>Independent School Fact</i>	
Tuition fees charged for educational services (GST free)	\$3.44b

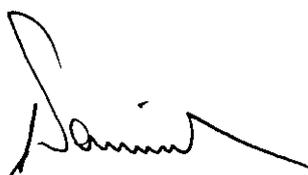
Q48 – If an opt in arrangement is favoured, would the preference be to treat the supplies as taxable or input taxed? Why?

We support allowing independent schools the option to select whether a particular supply is treated as taxable or input taxed. We are not aware of any compliance issues with the independent schooling sector and believe that the sector understands the current requirements of selecting the appropriate GST treatment, which may vary with the particular activities undertaken.

Overall, independent schools currently operate in a dynamic educational environment which is influenced not only by changing societal expectations, demographics and world financial markets, but also by changing government policy. The Australian Government's education reform agenda has a significant impact on the operations of individual independent schools, including through non-government schools' funding agreements with the Government. Any additional levels of uncertainty relating to their financial structures and responsibilities as a charity could have a significant impact on the educational outcomes of independent schools.

ISCA looks forward to further consultation on these initiatives.

Yours sincerely



Bill Daniels
Executive Director

Note – The statistics provided in “independent school facts” are primarily derived from the 2010 Financial Questionnaire provided by independent non-Catholic schools to DEEWR and as summarised on My School website.

How Governments Fund Independent Schools

Sources of income for independent schools

Private sources of funding (mainly parents)	55%
All government sources	45%

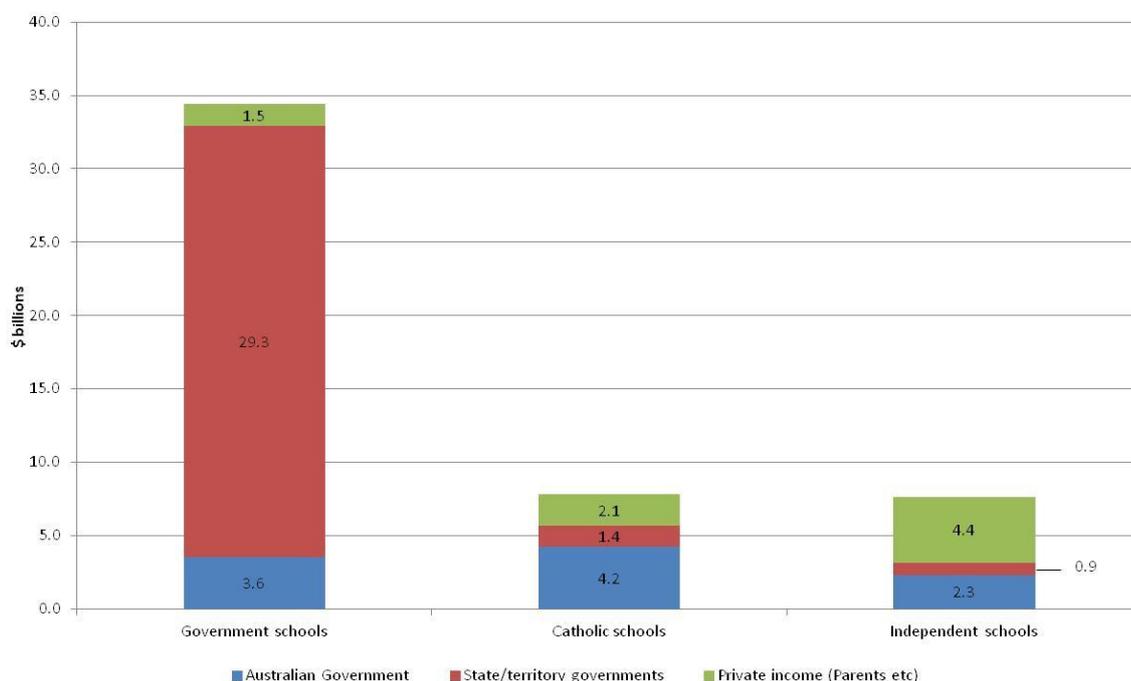
The proportions of private/government funding vary greatly from school to school.

Estimated savings to governments from the independent schools sector	\$3.9 billion p.a.
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Public funding of independent schools

All state and territory governments and the Australian Government share responsibility for the public funding of schools in Australia. State and territory governments are the main public funding sources for government schools, while the Australian Government is the main public funding source for non-government schools.

Recurrent funding for school education, 2009-10



Average government recurrent funding per student 2009-10

Government school	\$14,380
All non-government schools	\$7,427
Independent school	\$6,450

State and territory government funding

Overall, state and territory governments provide 27% of total government recurrent funding for independent schools. However the levels of funding for schools and methods used to assess them varies among the states and territory.

Australian Government recurrent funding 2009-13

Legislation authorising the Australian Government to maintain the SES funding model for non-government schools over the 2009-12 quadrennium passed federal parliament in 2008 and in 2011 an amendment was passed adding an additional year. Most of the funding is in the form of general recurrent grants. It also includes funding for capital grants and existing targeted programs, including literacy, numeracy and special learning needs, languages education, ESL new arrivals, country areas and short term emergency assistance.

During 2011 there was a major review of funding undertaken by a panel chaired by Mr David Gonski AC. The Report was released in February 2012.

Australian Government general recurrent grants

The Average Government School Recurrent Costs (AGSRC) amount is used to determine the level of Australian Government recurrent grants for non-government schools. The changes in the recurrent costs of educating a student in a government school, as measured by the AGSRC index, are the basis for annual increases in Australian Government funding for both government and non-government schools.

AGSRC amounts for 2011

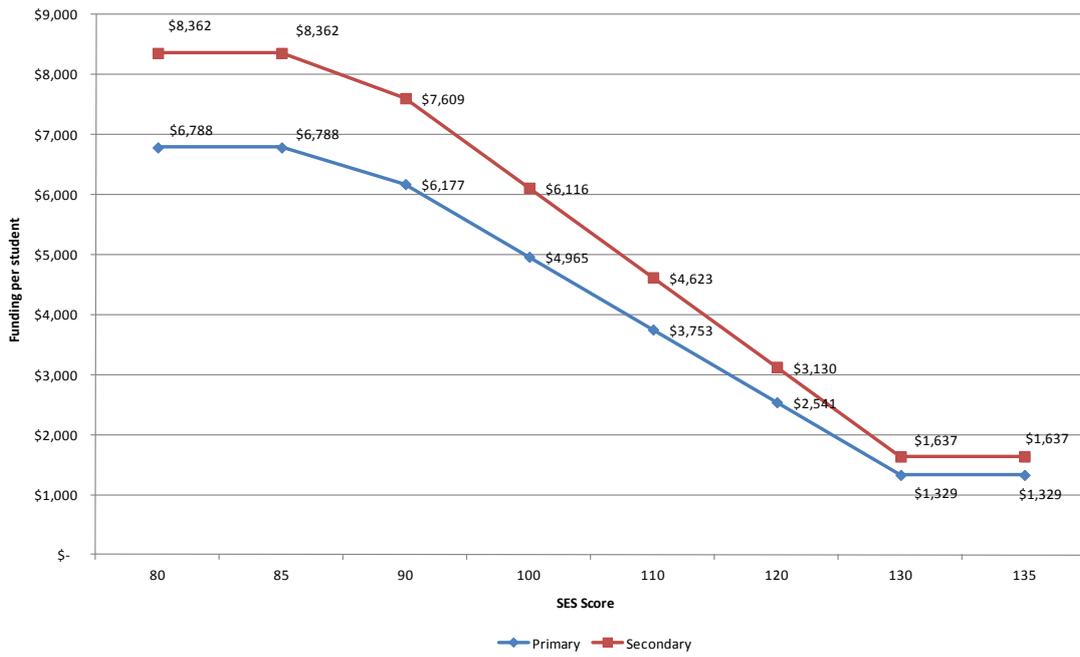
Primary	\$9,697 (6.9% increase from 2010)
Secondary	\$11,945 (4.8% increase from 2010)

Needs-based funding

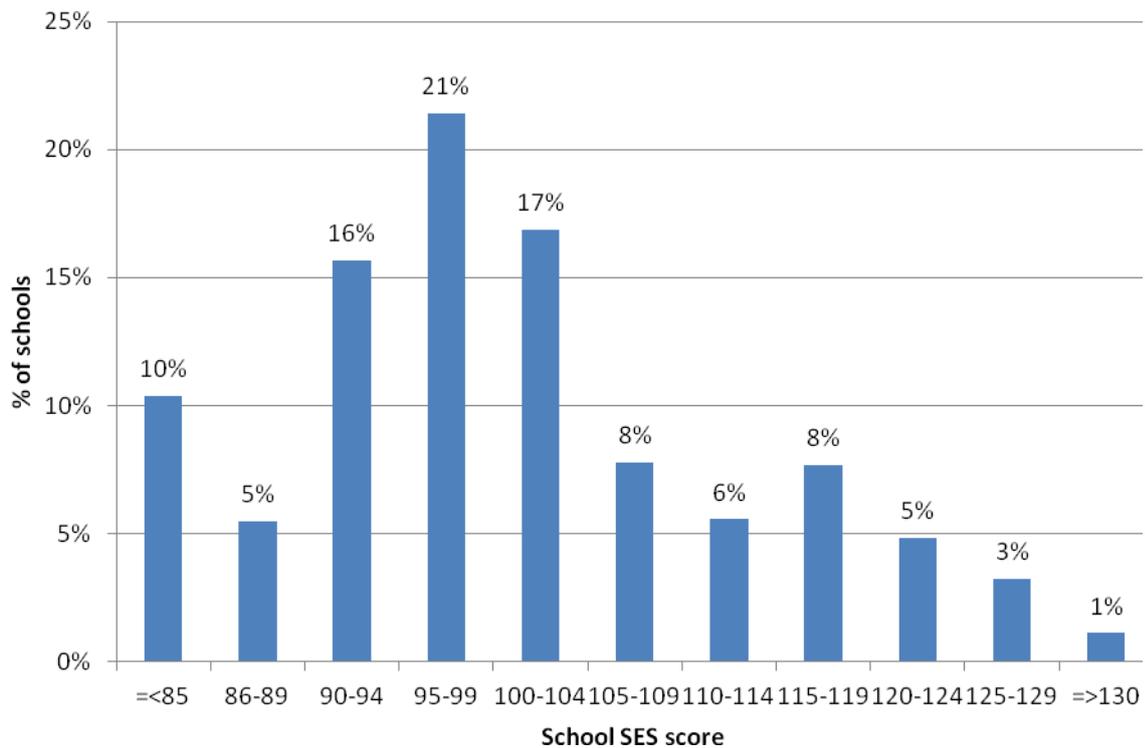
The Socio-Economic Status (SES) funding scheme for Australian Government funding measures the relative socio-economic status of independent school communities. A score is derived for each school which places it on a sliding scale of funding entitlement. SES scores range from 63 to over 130.

- schools with SES scores of 85 and below receive 70% of the AGSRC amount
- schools with SES scores of 130 and above receive 13.7% of the AGSRC amount.

Sliding scale of funding entitlement according to SES status 2011

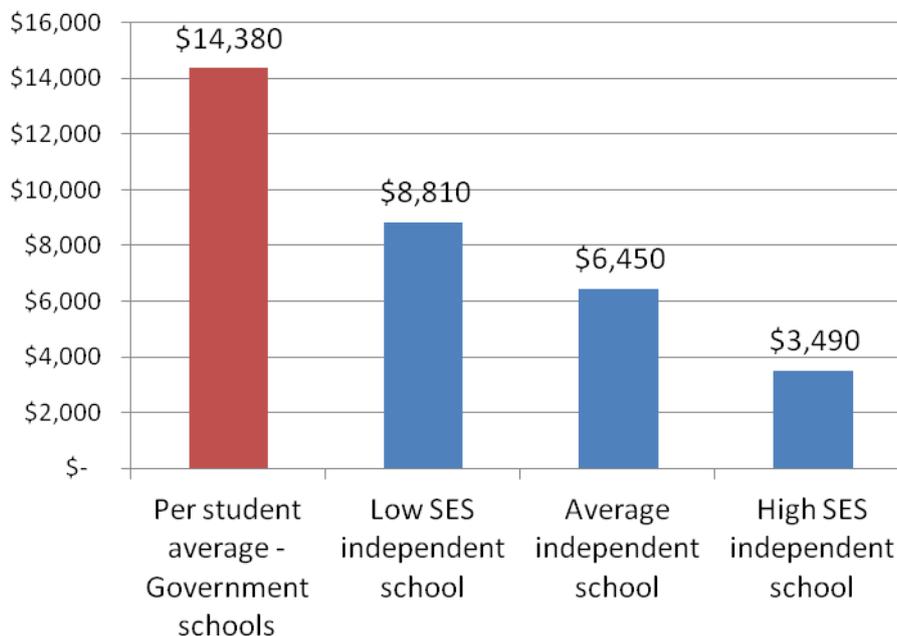


Distribution of schools by SES score range 2011



Total government recurrent funding per student 2009-10

(all government sources)



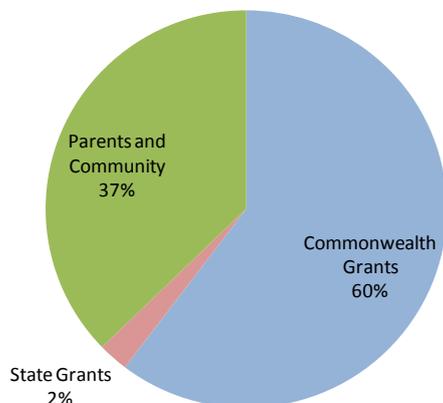
The amount of funding received from all government sources varies significantly depending on the circumstances of the school.

Capital Funding

Parents and Donors

Normally, parents and donors in independent school communities contribute approximately 80% of funds for capital developments, such as school buildings, grounds and equipment. However, all schools in Australia are currently experiencing the one-off effect of the Building the Education Revolution (BER) which will provide \$16.2 billion over four years for school capital funding projects.

Sources of funding for capital development 2010



Capital Grants Program

Independent committees called Block Grant Authorities in each state and territory administer capital grants for non-government schools on behalf of the Australian Government. In 2011 it is estimated that grants for the independent sector will total approximately \$48 million.

In the independent sector Australian Government capital grants are distributed on a needs basis, with priority given to disadvantaged school communities with the least capacity to raise funds. On average, 66 per cent of total capital funding available to independent schools goes to schools with an SES score less than 100, and 90 per cent of grants goes to schools with an SES score of less than 110.

State and Territory government assistance

In Queensland some capital grants for independent schools are provided by the state government. Several state and territory governments also provide interest subsidy arrangements.

Note: Funding figures in this document use the latest available data which is for the financial year 2009-10, or for the calendar year 2010.

For more information visit: www.isca.edu.au