Most Independent schools are set up and governed independently on an individual school basis. However, some Independent schools with common aims and educational philosophies are governed and administered as systems, for example Lutheran schools. Systemic schools account for 20 per cent of schools in the Independent sector. Four out of five schools in the sector are autonomous nonsystemic schools.

2.

All Independent schools that are eligible to receive Commonwealth funding are individual not-forprofit (NFP) institutions that are established and governed independently. All Independent schools are registered by the relevant state or territory education authority. Not-for-profit Independent schools are entitled to charitable status in accordance with the Charities Act, 2013.

Key decisions around education provision, school development and staffing are usually made by governing boards. Unlike other educational sectors, the majority

encourages them to become better citizens and contributors to society.¹

school

It has been noted by Independent schools that there is a genuine desire within school communities to give to schools, usually from parents and other relatives of existing or past students or from alumni. How ever, donations are not limited only to the direct school community. Independent schools serving disadvantaged communities may also seek out additional sources of support and income to support particular programs or offerings. The importance of having a framework in place that encourages philanthropy towards key national endeavours, such as education, cannot be overstated.

4.

Independent schools rely on the receipt of Deductible Gift Recipient (DGR) Funds to support the ongoing operations of the school for such activities as school building funds and scholarship/bursary funds.

The key DGR Funds which schools can operate in order to either raise funds include the following.

- Building Funds
- Scholarship Funds
- Libraries

School building funds are critical in enabling schools to undertake development of a capital building program. Through fees and donations, Independent school communities nationally provide 82 per cent of capital funding for school buildings, grounds and equipment. In many schools, capital funding is 100 per cent sourced from parents and school communities.

Independent schools fund the majority of their capital costs (building and equipment) through three sources external (borrowed) finance, DGR gifts and any retained earnings. While there is access to small amounts of capital funding assistance provided by the Commonwealth and state/territory governments through the Block Grant Authorities, the majority of the capital funding burden falls directly upon the school to source.

As a broad principle, Independent schools should be able to access DGR status and therefore tax deductibility for voluntary donations to support specific activities in a school setting. The ability to offer tax deductibility for donations greatly assists schools in sourcing support that may not be otherwise available and enhances their capacity to offer additional educational resources.

It has been noted that in addition to broadening the DGR categories for schools, that schools would greatly benefit from more flexibility within the application of existing DGR categories that are applicable for schools. For example, the current requirements for scholarships include that they be

¹ ISA survey of 233 schools, unpublished.