

12 May 2023

Commissioner Alex Robson  
Deputy Chair, Productivity Commission  
4 National Circuit  
Barton ACT 2600

Upload: <https://www.pc.gov.au/inquiries/current/philanthropy/make-submission#lodge>

## Review of Philanthropy Inquiry

The National Catholic Education Commission (NCEC) welcomes the opportunity to provide a response to the Productivity Commission's Review of Philanthropy Inquiry.

NCEC does not intend to address all of the Terms of Reference for this inquiry. Rather, this submission identifies some matters of particular interest to Catholic schools and systems. NCEC intends to make a further submission when sought in response to the release of the draft report.

### Background

NCEC is the peak body for Catholic education in Australia and is responsible for the national coordination and representation of Catholic schools and school authorities. Our role is to ensure the needs of Catholic schools are served through funding, legislation, and policy.

Working closely with state and territory Catholic Education Commissions, NCEC advocates at the national level on behalf of the Catholic sector and the hundreds of thousands of Australian families who entrust the education of their children to our schools.

The mission of Catholic education, since its inception, has been to serve students from a range of socioeconomic backgrounds, particularly the disadvantaged and marginalised. NCEC works to foster a thriving Catholic education sector that offers parents a choice of, and affordable access to, faith-based education for their children. Catholic education continues to advocate for fair and inclusive funding that sustains both government and accessible faith-based schools across Australia.

Catholic schools are universal in reach, open to all families who seek a Catholic Education and are the nation's largest provider of education outside government. Australia's 1,759 mostly low-fee Catholic schools educate one in five, or nearly 794,000, students and employ more than 104,000 staff.

Catholic education supports over 85,000 full time equivalent teaching and non-teaching jobs and estimates the total Gross Value Added (GVA) contribution to the Australian economy to be approximately \$12.7 billion.<sup>1</sup> This represents more than 17% of the school education sector per year.

Our schools ensure that parents can choose an affordable education that is consistent with Catholic beliefs, values, and teachings. Our schools welcome students from a range of backgrounds including an increase in Aboriginal and Torres Strait Islander students (up 195% since 2000). Students with disability represent almost 21% of Catholic school enrolment, and 42% of students experience socio-educational disadvantage. Almost 40% of Catholic schools are in regional and remote areas.

Catholic schools make a significant contribution to the educational, moral, and social fabric of this nation. Our schools are committed to educational excellence and are underpinned by charisms of prayer, witness, catechesis, social justice, and pastoral care. Providing learning opportunities for

---

<sup>1</sup> Estimation based on 2019 Ernst & Young analysis of Catholic Education Western Australia.

students, staff, and parents to nurture and display these qualities in service of others plays a crucial role in the educational, service, and faith formation provided by Catholic schools.

#### Catholic Education, the Not-for-profit Sector and Philanthropic Giving

As the Call for Submissions paper notes, education is one of the primary services that not-for-profit organisations provide to the Australian community.

In keeping with the *Australian Education Act 2013* and other relevant legislation, Catholic schools and systems are not-for-profit. In addition to being subject to the reporting requirements of the Australian Charities and Not-for-profits Commission (ACNC), Catholic schools and systems provide annual educational and financial reports to Federal and State governments as part of a rigorous and detailed process of transparency and accountability.

As not-for-profit organisations providing services in numerous communities across Australia, Catholic schools and systems have a significant interest in encouraging philanthropy and maximising the potential for identifying opportunities, as well as increasing the quantum of philanthropic giving. NCEC strongly welcomes the commitment of the Australian Government to work towards doubling philanthropic giving in Australia by 2030.

In 2021, Catholic school parents, families, and communities supplemented government funds by contributing approximately \$3.9 billion of after-tax dollars in recurrent funding towards their children's education. This commitment represents a substantial saving to Australian taxpayers, but it is only one element of the generous contribution that parents, families, and school communities make to Australia's common good through education.

Catholic school parents, families, and communities also make substantial contributions through donating additional funds for classrooms, libraries, sports facilities, and other capital projects. In 2021 these funds amounted to \$2 billion or almost 90% of the cost of capital expenditure in Catholic schools. The issue of capital funding will be further addressed below.

Catholic Education also acknowledges the ongoing support by Australian governments in the funding of Catholic schools.

In addition to the significant financial donations and contributions to funding school expenses, Catholic school parents, families, and community members donate countless hours of their time in formal and informal volunteering and in-kind donation of goods and services, across a broad array of activities.

Catholic school communities are deeply reliant on the contributions which parents, families, and others make to ensure they can provide a high quality education for students. Encouraging philanthropy and maximising opportunities for financial and non-financial contributions are vital for Catholic schools recurrent as well as long term sustainability.

#### Information request 2

##### Vehicles, trends and motivations for giving

The Call for Submissions paper highlights that motivation for donating and volunteering can be multiple and mixed, vary across time, and be intimately connected to an individual's or family's values and life experiences. Importantly the paper recognises that religious faith, belief, and practice can be the source and inspiration for giving.

NCEC welcomes the Call for Submissions paper's acknowledgment that government policy intervention can be used to encourage, support, and enhance altruistic reasons for philanthropy.

As noted above, Catholic schools are inclusive, welcoming students from all backgrounds. Australia's low-fee Catholic schools give families the choice of a holistic, balanced, and affordable education. Almost 40% of Catholic schools are located outside major metropolitan areas and 42% of students enrolled in Catholic schools experience socio-educational disadvantage. Sharing our Catholic faith, lifting educational standards, and supporting the diverse needs and wellbeing of students is at the heart of our mission.

The latest Australian Bureau of Statistics (ABS) Census data shows Catholic education remains the major provider of education outside of government, with enrolments growing from 766,088 students in 2017 to almost 794,000 in 2022.

The ABS data also shows strong growth across all faith-based non-government schools, with enrolments increasing by around 8% over five years. Overall enrolments in faith-based schools increased from over 1.2 million in 2017 to 1.3 million in 2022.

Over 30% of all Australian students are educated in faith-based schools, and Catholic schools are the major provider of faith-based education in the country, enrolling about 60% of students in the non-government sector. This growth, and the sustained trend over many years, shows the great importance Australian families place on choosing a school that meets the needs of their child and reflects their values and beliefs.

The faith-based nature of Catholic schools and their communities, similar to other faith-based non-government schools, is highly likely to underpin the motivation of many parents and donors to make significant financial contributions, formal and informal volunteering, and in-kind donations to Catholic education.

A 2017 report by Deloitte Access Economics *Economic value of donating and volunteering behaviour associated with religiosity*<sup>2</sup> examined the economic impact of religiosity (specifically, attendance at religious services of any organised religious denomination) on giving and volunteering behaviour in Australia. Analysing data from a national survey of over 7,000 Australians, the study indicated that religious people are more likely to be donors and volunteers than non-religious people.<sup>3</sup>

Deloitte Access Economics calculated that the approximate extra volunteering hours and extra financial donations associated with religiosity resulted in an annual value to society of volunteering and giving associated with religiosity was conservatively estimated at \$481 million in 2017.

The conclusions of the study that in Australia

- there appears to be a relationship between religiosity and the likelihood of volunteering and giving, and
- religious organisations play an important role in promoting the wellbeing of individuals and communities,

is in keeping with a range of similar research internationally.

---

<sup>2</sup> See <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economics-donating-volunteering-behavior-associated-with-religiosity-01062018.pdf>, accessed 2 May 2023.

<sup>3</sup> The study was commissioned by The Study of the Economic Impact of Religion on Society (SEIROS) which is an organisation formed to study the role and impact of religious institutions and practice in Australian society. See <https://seiros.study/>, accessed 2 May 2023.

The Deloitte Access Economics study conclusions indicate that there is a significant likelihood that Catholic school parents, families, and communities are strongly motivated to donate and volunteer due to their faith and beliefs. Potentially, there is a greater motivation and a stronger likelihood to donate and volunteer when parents and families are able to choose a school that meets the needs of their child and reflects their values and beliefs.

#### Information request 4

##### The Deductible Gift Recipient (DGR) framework

As the Call for Submissions paper notes Deductible Gift Recipient (DGR) ‘status allows an entity to receive tax-deductible gifts and contributions from the public.’

While required by law to be not-for-profit, Catholic schools and systems do not automatically receive DGR status for all educational activities. As providers of education services, Catholic schools and systems must meet the Australian Tax Office (ATO) Education Category requirements to be eligible for DGR endorsement.

##### *The Current DGR Framework*

Generally, Catholic schools and systems are endorsed for DGR status for the following two main purposes:

Type and Item number	Requirements
School building fund 2.1.10	A public fund established and maintained solely for providing money for the acquisition, construction or maintenance of a school or college building. The building must be used, or going to be used, as a school or college.
Scholarship fund 2.1.13	A public fund that is established and maintained solely for providing money for eligible scholarships, bursaries or prizes. To be eligible, the scholarship, bursary or prize must have all the following characteristics: <ul style="list-style-type: none"> <li>awarded only to Australian citizens or permanent residents within the meaning of the <i>Australian Citizen Act 2007</i></li> <li>open to individuals or groups of individuals throughout a region of at least 200,000 people, or at least an entire state or territory</li> <li>for the purpose of promoting the recipients' education</li> <li>in approved Australian courses, and/or</li> <li>at educational institutions overseas to study as a component of an approved Australian course</li> <li>awarded on merit or for reasons of equity.<sup>4</sup></li> </ul>

There are, however, also circumstances where Catholic schools and systems have DGR status for funds for the acquisition, construction, or maintenance of a rural school hostel building or other Catholic education entities for the provision of religious instruction in government schools.

<sup>4</sup> DGR table - Deductible Gift Recipient Categories – Education. See <https://www.ato.gov.au/Non-profit/Getting-started/In-detail/Types-of-DGRs/DGR-table---Deductible-Gift-Recipient-Categories/?anchor=Education#Education>, accessed 5 May 2023.

Eligible Catholic schools (those with a value below 1000 on the Index of Community Socio-Educational Advantage (ICSEA)) can also receive support from independent bodies with DGR status such as Schools Plus. Schools Plus is a national education charity which improves the education outcomes of students in need by increasing philanthropic support to disadvantaged schools and school communities.

Schools Plus was founded in response to Recommendation 31 of the *Review of Funding for Schools – Final Report* (the ‘Gonski Report’) which identified a need for philanthropic funding in schools to help close the education gap caused by disadvantage. Schools Plus provides sector blind project funding for individual schools or school clusters, via a competitive application process, to facilitate the delivery of strategic school projects that improve learning outcomes.<sup>5</sup>

School building (or capital works) funds and Scholarship funds enabled and endorsed under the DGR framework are significant sources of philanthropic contributions by parents, families, and others to Catholic school communities.

Catholic school parents and communities must raise the costs of capital projects privately, although disadvantaged schools can apply for assistance through government grants. In contrast, government school capital costs are mainly funded by state and territory governments with a small contribution from parents.

For example, in making the choice of a Catholic education, families take on almost 90% of the funding required to support school buildings and capital works in Catholic schools. In 2021 alone, this investment was about \$2.0 billion in capital projects, with federal and state governments contributing 4.4% and 6.9% respectively.

This is in addition to the nearly \$3.9 billion of after-tax dollars in recurrent funding which parents and families contribute towards their children’s education noted above.

Through these generous donations, facilitated by the current DGR framework, Catholic school communities contribute to Australia’s capital infrastructure through the construction and maintenance of school and community assets.

As an area of significant financial support for Catholic school communities, which falls outside of government funding, consideration should be given to reforms that would maintain and enhance the current DGR framework to further encourage donations to School building funds and Scholarship funds.

One such measure would be to revisit the recommendations in the *Review of Funding for Schools – Final Report* (the ‘Gonski Report’) regarding school capital and infrastructure costs. These recommendations sought to encourage cross-sectoral planning and efficiency in school provision, and to assist with the costs of establishing or appropriately expanding schools in new suburbs and towns.

Initiatives to further encourage philanthropy and maximise opportunities for financial contributions to school building and infrastructure, possibly also supported by a matching funding stream by governments in line with the Gonski recommendations, would be strongly welcomed by Catholic school communities.

---

<sup>5</sup> See <https://www.schoolsplus.org.au/>, accessed 12 May 2023.

### *Suggested Addition to the DGR Framework*

The former Australian Government announced in the 2021-22 Mid-Year Fiscal and Economic Outlook that it would establish a DGR category to enable funds to access DGR status where the fund supports pastoral care services delivered to students in Australian primary and secondary schools.

In March and April 2022, the Treasury sought feedback and views from stakeholders on the implementation design of the new DGR category relating to pastoral care services.<sup>6</sup>

Catholic Education strongly supports initiatives that enable and strengthen student wellbeing and pastoral care services in Australian schools. The NCEC welcomed the proposed DGR category to enable funds to access this status where the fund supports pastoral care and student wellbeing services as a means of encouraging greater private philanthropic assistance to non-government and government schools.

The provision of student wellbeing and pastoral care services in Australian schools are crucial to support young people facing challenges relating to stress, relationships, managing emotions, social media, bullying, and health and lifestyle issues. Supporting young people and communities through pastoral care and wellbeing services are particularly important to Catholic schools as these services are central to the mission of Catholic Education.

There has been an increase in student mental health and wellbeing issues being addressed by Australia's schools. The COVID-19 pandemic has continued to present unprecedented challenges for schools and education systems. The pandemic has not only increased the number of students seeking support for mental health issues but also intensified the degree of the issues experienced by students.

The addition of a new DGR category to encourage greater philanthropy to assist schools meet the growing demand for pastoral care services would be consistent with the policy objectives of the DGR framework in promoting the welfare and priorities of the Australian community. Moreover, the addition of the new category would complement existing Australian Government initiatives to fund new and existing programs to raise awareness and provide additional support for student mental health and wellbeing.

### Conclusion

The not-for-profit and philanthropic sectors play an essential and vibrant role in the Australian community. As a not-for-profit, non-government organisation which are the nation's largest provider of education outside government, low-fee Catholic schools and systems have a vital interest in maximising financial and non-financial philanthropy in Australia.

NCEC strongly welcomes the commitment of the Australian Government to work towards doubling philanthropic giving in Australia by 2030.

As faith-based organisations, providing opportunities for students, staff, and parents to serve the wider community is a crucial part of the educational, service, and faith formation mission of Catholic schools and systems. There is strong evidence that religious faith, belief, and practice is an inherent motivation for individuals and communities to donate money and volunteer time for the benefit of others.

Catholic school communities are deeply reliant on the contributions which parents, families, and others make to ensure they are able to provide an affordable, high quality education for students. The opportunity for parents and families to make financial contributions to School building funds and

---

<sup>6</sup> See <https://treasury.gov.au/consultation/c2022-252330>, accessed 5 May 2023.

Scholarship funds enabled and endorsed under the DGR framework is vital for Catholic schools recurrent as well as long term sustainability.

Reforms to maintain and enhance these contributions through further supporting donors, matched government funding for capital works, and the addition of a new DGR category to attract funds to support pastoral care and student wellbeing services deserves thoughtful consideration by the Commission in support of the Australian Government's goal.

Should you have any further questions in relation to this submission, please contact me

Yours faithfully

Jacinta Collins  
Executive Director