



## The Association of Independent Schools of New South Wales Limited

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Ms Susan Bultitude  
Senior Adviser  
Individual and Indirect Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Email: [DGR@Treasury.gov.au](mailto:DGR@Treasury.gov.au)

Dear Ms Bultitude,

The AISNSW thanks the Treasury for the opportunity to provide feedback on potential reforms to the Deductible Gift Recipient (DGR) tax arrangements.

The AISNSW is the peak state body representing the independent schools sector in New South Wales. The AISNSW represents more than 478 schools and campuses, enrolling approximately 195,000 students, and accounting for some 16% of NSW school enrolments.

Independent schools and the populations they serve are diverse. Many independent schools provide a religious or values-based education, while others promote a particular educational philosophy or interpretation of mainstream education. A large proportion of independent schools are small; almost half of independent schools enrol fewer than 200 students, and more than a third enrol fewer than 100 students. Independent schools can be found in communities across the breadth of SES areas, in metropolitan and regional locations. It is little understood that 65% of independent schools in NSW are classified as being in the lower range of the SES range.

All member schools of the AISNSW are not-for profit institutions, registered with the Australian Charities and Not-for-profits Commission (ACNC). Many member schools would operate related not-for-profit entities such as building funds, library funds and scholarship funds. Organisations related to a school, such as a Parents' Association, are also likely to be registered charities with the ACNC. Depending on the purpose of these various charitable entities, some may be eligible for DGR status.

The AISNSW understands that the community would expect a degree of accountability from organisations which benefit from DGR status. The intent of a number of proposed reforms to align DGR reporting and accountability requirements with those already in place under the ACNC is welcomed as a way of reducing potential increases in red-tape stemming from any changes.

It has been proposed that public fund requirements be removed, and organisations be able to be endorsed in multiple DGR categories. For some of independent schools, there may be a regulatory compliance benefit in the proposal to allow a charity to be endorsed across multiple DGR categories and for public fund requirements to be removed. That said, there are a range of reasons why schools might operate a number of not-for-profit entities with DGR status, and so adjustments to DGR provisions alone may not result in a reduction in the number of charitable entities associated with independent schools.

Regarding the proposal that all DGRs be reviewed every five years, the AISNSW would welcome consideration from the Treasury of whether some categories of DGR should be exempt from this requirement. Many of the charities with DGR status associated with independent schools, such as building funds and scholarship funds, are unlikely to change in their purpose over time. For such entities, the AISNSW suggests that an annual certification that the charity continues to meet the DGR eligibility criteria, captured through a process aligned to ACNC reporting, could be sufficient. Independent schools undertake certification processes in the context of other regulatory requirements, and the AISNSW anticipates that most independent schools in NSW would be able to undertake this requirement with confidence.

As far as the AISNSW is aware, the DGR entities of member schools fall within the types which are endorsed by the Australian Taxation Office. A number of specifically listed DGRs do undertake work with independent schools, and the AISNSW recognises the important community benefit provided by these organisations. While there may be instances where the purpose of an organisation changes over time, the AISNSW suggests that situations could be addressed through a risk-based auditing process of a sample of organisations rather than introducing a uniform sunset clause across all specifically listed DGRs

The AISNSW would be pleased to elaborate on any aspects of this submission as required.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G Newcombe', written over a horizontal line.

**Dr Geoff Newcombe**  
Chief Executive