

16th December 2012

NFP Sector Tax Concession Working Group Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Email: NFPReform@treasury.gov.au

Submitted on behalf of:

Monivae College;
Monivae College Foundation

Dear Working Group

In reviewing your discussion paper we note some of the consultation questions and other areas of discussion. We refer to the following questions:

Q 11 Should all charities be DGRs? Should some entities that are charities (for example, those for the advancement of religion, charitable child care services, and primary and secondary education) be excluded?

Response:

Monivae College is a Catholic Secondary school in the Western District of Victoria. We have an SES of 96 which means our school is rated as having an average level of income in the area.

We also have a foundation which is called the Monivae College Foundation. This foundation has DGR status. The sole purpose of this foundation is to help Monivae College raise external funds to help with building programmes and bursaries and scholarships. Money donated to the Foundation is sourced from Old Collegians and members of the community. The vast majority of money comes from high net worth individuals. Due to what we are able to charge families in way of schools fees, Monivae College relies heavily on the Foundation to offer support to the College. Excluding a foundation to our school and other schools from having DGR status could significantly impact on our ability to raise funds for our vital activities. It should be noted that money raised from private sources relieves the burden on government for having to make other funds available.

While we recognise that is proposed via paragraph 76 that Gonksi has recommended a central system whereby funds could be directed, there is an important aspect missing here. Foundations exist with schools as it helps form the tight bond between Old Collegians and the school. Additionally funds are often sourced by Old Collegians with their peers and there is a notion of comfort they share knowing they manage the funds. It is possible that the creation of this fund could sever this close connection with the school and actually limit opportunities. While we don't fully understand how the concept suggested by Gonksi would work, we have reservations as to this approach.

Q 12 Based on your response to Q11, should charities endorsed as DGRs be allowed to use DGRs funds to provide religious services, charitable child care services, and primary and secondary education?

Response:

We have answered part of this above. In our view it is vital that these entities still be able to have DGR status and support education. It would severely impact our ability to function without external assistance.

The Monivae College Foundation is highly dependent on high net worth individuals. Without their generosity the Monivae College Foundation would cease to exist and many Western District students would not be able to receive their choice in education. Accordingly we are absolutely against and loss of full deductibility for DGR 's related to education . The current funding levels are not enough to deliver the high grade education our children should expect [i.e. we are now ranked 27th in the world !!].

Q 15 Would a fixed tax offset deliver fairer outcomes? Would a fixed tax offset be more complex than the current system? Would a fixed tax offset be as effective as the current system in terms of recognising giving?

We can't see how it would be fairer if it penalises those with the highest incomes. The current system allows for people to be appropriately rewarded based on their level of income. We would doubt that a fixed system would be considered as "recognising giving". We need to ensure that we continue to incentivise people with the capacity to give to actually give.

Q 19 Would a clearing house linked to the ACN Register be beneficial for the sector and public?

Response:

We can see the potential benefits of this approach.