

**AUSTRALIAN COUNCIL FOR THE DEFENCE OF
GOVERNMENT SCHOOLS
PRESS RELEASE 865**

**Wealthy private schools doing property deals while public schools
go begging**

In a recent Independent Report entitled *Adam Rorris*, education economist discovered that Private schools are over-funded by approximately \$1 billion during the period 2020–23 while public schools are under-funded by \$19 billion. (\$27 billion if depreciation tax is added).

<http://www.aeufederal.org.au/news-media/media-releases/2020/october/03102>

We also discover that, while schools for the wealthy and powerful are overfunded, neither they or their patrons pay very much tax. On 20 October the ATO revealed that more than \$31 billion in lost tax is slipping through the cracks in Australia, [with the latest Tax Office snapshot](#) revealing nearly 7 per cent of personal and business obligations going unpaid.

The new total, revealed by the Australian Tax Office on Monday, shows about \$423 billion in tax is being paid voluntarily but efforts by the ATO to hit [a 96 per cent compliance rate, before enforcement](#), remain out of reach for now. In March, the first ever tax gap analysis for Australia's high-wealth taxpayers – made up of 9000 individuals and 18,000 companies – found 7.7 per cent of total income tax liabilities went unpaid in the 2016-17 financial year.

That meant deliberate tax avoidance and accounting mistakes by Australia's richest individuals and companies [was costing the federal budget \\$772 million a year](#). Detailing the full reach of tax gap research for the first time, the ATO said small business had a gap of \$11.1 billion, ahead of individuals at \$8.3 billion, based on 2017-18 figures.

But, to add insult to injury we also discover, in the last week, how much money these educational businesses have to throw around in the property market.

On October 21, 2020, [Simon Johanson and Madeleine Heffernan from *The Age*](#) tell us that Xavier, one of Victoria's oldest schools, has said it will close the 83-year-old Kostka Hall, on the corner of New Street and South Road, at the end of next year due to falling enrolments.

As a result, the Jesuit Catholic order, the property's owner, is moving to sell the 32,800-square-metre school site.

ANd who is in the market?

Australia's biggest school, Haileybury, is vying with property developers to get control of Xavier College's Brighton campus, which is expected to fetch between \$100 million and \$130 million.

Haileybury is understood to be eyeing the campus, although property industry sources suggest it has baulked at the \$100 million-plus asking price. A loose land value for the area is between \$3000 and \$4000 per square metre.

Haileybury bills itself as "one of the most entrepreneurial and enterprising schools in Australia". It has four campuses across Melbourne – Brighton, Berwick, Keysborough and the CBD – plus schools in Darwin and China.

It also has a history of acquisitive property deals. In 2019 it bought two residential properties in Brighton to support its crowded Brighton campus – about one kilometre east of Kostka Hall – which has 1100 students. About four years before that, it paid \$52.5 million for an eight-storey building at 383 King Street, where it established Melbourne's first "vertical school". Haileybury's latest financial accounts show it has a strong balance sheet, raking in \$100 million in tuition fees and \$44 million in government grants in the 2018 calendar year. The school's property, plant and equipment was valued at \$233 million.

Religious Property Developers Tax Free

The Xavier campus has never paid rates or land tax or any other federal taxes. The Jesuits who will pocket more than \$100 million will not pay capital gains tax. If Haileybury buys the property they will not pay any stamp duty, land tax or council rates. And as they rake in the fees and public grants, making mouth watering profits, they will not pay any federal taxes like income tax, GST or fringe benefits tax either.

So public school parents who pay their taxes – usually because they are not wealthy and cannot afford tax accountants - are subsidising a growing religious education property industry with both direct and indirect billions of dollars, while their schools go begging.

Their reaction was not unsurprising:

Pablo

Time for another debate on how much taxpayer money is going in to subsidise a private concern.

TH

The "debate" has been ongoing for as long as I can remember. What IS needed is a government with the political courage to step and say enough is enough.

Pablo

True enough, but why I framed it that way is because every time it surfaces it dies. I am old enough to remember DOGS so it is high time this group was re-imagined.

Stockholm Syndrome

Imagine a world with no private schools and all these young men and women in the local government school system?

Sally

Imagine also a world with no private schools and all these teachers in the local government school system?

MJE

And Haileybury was the school that stood down all their music teachers back in April. Obviously that was not necessary.

Reportflag

On the other hand...

Got that right Pablo.

David G

Good to know while local secondary colleges struggle to make ends meet and repair their buildings, rich private schools are able to spend millions on facilities, camps and extras. This of course all funded with the millions they receive annually via the Taxpayer in addition their very fees, (doesn't happen anywhere else in the western world).

RESPECT

Reportflag

seabrook

The word was out months ago that Hailebury was the buyer. They probably approached Xavier with the offer as the sale plans came out of the blue. Tax free income anyways

RESPECT

Reportflag

JTNN

When you invest in 1 dollar to private school, you will get about 45 dollars back/ each student over a span of 30 years for national economy .

No brainer. You do the maths

DN

Reportflag

JV

Good to see our tax dollars are being put to good use..

Also I drove past my old public primary school the other day... I'm pretty sure they're the same portables I was in over 30 years ago. That's heritage for you.

Redda

1 DAY AGO

Hailebury had better move quickly as I know the local government school has a cool \$100 mill just waiting to be spent on something.

Fishy

Really this could be sold for development NOT as a school .. ?
I wonder what Planning would say about that...?

Kerry Moore

What about Capital Gains tax forgone because the school (which is commercially run) is a religious institution? No tax paid on that sale means the rest of the country has greater tax obligations to make up the gap.

Tuppy

Ahh, the business of education.

bazzajy

It's interesting Xavier appears to be contracting, while Haileybury is expanding. Perhaps it is because Haileybury, while having links to the Presbyterian Church in its origins, has offered a more secular brand of education. In the late fifties, quite a few pupils had Jewish parents.

Pluto

This school gets government grants?

bazzajy

Haileybury's beginnings at the South Road property in Brighton were quite humble. It started to expand when D.M. Bradshaw was the headmaster, acquiring property at Keysborough which was farmland. Since then, it has grown into an education behemoth.

I can remember at the time there was some controversy within the school council and Presbyterian Church about the wisdom of buying the land. It was Bradshaw that pushed it through, from what I hear.

LISTEN TO THE DOGS PROGRAM
855 ON THE AM DIAL: 12.00 NOON SATURDAYS
<http://www.3cr.org.au/dogs>