



Independent Schools  
Council of Australia

**ISCA Submission**  
  
**to the**  
  
**Competition Policy Review**

**21 November 2014**

## INTRODUCTION

The Independent Schools Council of Australia (ISCA) welcomes the opportunity to provide this submission to the Competition Policy Review.

The Competition Policy Review is examining two issues that are of particular relevance to the Independent school sector:

- Human Services
- Competitive Neutrality.

The Review's Terms of Reference instruct that the Competition Policy Review Panel:

*"...should also examine whether government business activities and service providers serve the public interest and promote competition and productivity, including consideration of separating government funding of services from service provision..., and competitive neutrality policy."*<sup>1</sup>

This statement informs one of the key questions that the Issues Paper notes arises from the Terms of Reference:

*"Would there be a public benefit in encouraging greater competition and choice in sectors with substantial government participation (including education, health and disability care and support)?"*<sup>2</sup>

Independent schools play a critical role in providing choice, diversity, innovation and excellence in Australian schooling. This submission:

- Provides background information for the Panel on the the characteristics, contribution and public benefits of Independent schools in Australia;
- Addresses the Context of the Competition Policy Review and in particular two of the Draft Report's Recommendations;
- Provides information on the funding and regulation of Australian schools, including the funding and regulation of Independent schools; and
- Discusses the funding and regulation of Independent schools in the context of the Australian Government's National Commission of Audit recommendations and Reform of the Federation initiatives.

## BACKGROUND

ISCA is the peak national body representing the Independent schooling sector. It comprises the eight state and territory Associations of Independent Schools (AISs). Through these Associations, ISCA represents a sector with 1,080 schools and 560,000 students, accounting for approximately 16 per cent of Australian school enrolments. ISCA's major role is to bring the unique needs of Independent schools to the attention of the Australian Government and to represent the sector on national issues.

Independent schools are a diverse group of non-government schools serving a range of different communities. Many Independent schools provide a religious or values-based education. Others

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<sup>1</sup> Terms of Reference, pg 4

<sup>2</sup> Issues Paper, pg 7

promote a particular educational philosophy or interpretation of mainstream education.

Independent schools include:

- Schools affiliated with larger and smaller Christian denominations for example, Anglican, Catholic, Greek Orthodox, Lutheran, Uniting Church, Seventh Day Adventist and Presbyterian schools;
- Non-denominational Christian schools;
- Islamic schools;
- Jewish schools;
- Montessori schools;
- Rudolf Steiner schools;
- Schools constituted under specific Acts of Parliament, such as grammar schools in some states;
- Community schools;
- Indigenous community schools;
- Schools that specialise in meeting the needs of students with disabilities;
- Schools that cater for students at severe educational risk due to a range of social/emotional/behavioural and other risk factors.

Many Independent schools have been established by community groups seeking to meet particular needs. Examples include the Independent community schools for indigenous students in remote areas, special schools for students with disabilities and boarding schools to educate children from rural and remote areas. There are also schools that seek to reflect the religious values of a particular community or that seek to practice an internationally recognised educational philosophy such as Rudolf Steiner or Montessori schools. Independent Catholic schools are a significant part of the sector, accounting for 10 per cent of the Independent sector's enrolments.

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 systems. Systemic schools account for 18 per cent of schools in the Independent sector. Four out of five schools in the sector are autonomous non-systemic schools.

## **ABOUT THE INDEPENDENT SCHOOL SECTOR**

Independent schools are not-for-profit institutions that are set up and governed independently on an individual school basis. Independent schools are registered by the relevant state or territory education authority. Boards of governors or committees of management are the key decision-making bodies for most Independent schools and are responsible for issues such as a school's educational provision, current and future development and staffing. Unlike other sectors, the majority of Independent schools operate autonomously. These schools do not rely on central bureaucracies or bodies and are separately accountable to their parent and school communities.

There is a common perception, encouraged by media portrayal, that Independent schools are large, urban schools which only cater to high income families. In fact, ninety percent of Independent schools are low to medium fee establishments which cater to the full spectrum of Australian society.

The range of fees paid varies greatly from school to school reflecting the diversity of the sector. The spectrum of fees range from schools serving highly disadvantaged communities which charge no fees, through to schools which charge in excess of \$20,000 per year. It should be noted that schools charging in excess of \$20,000 per year only represent 6 per cent of Independent schools. The median fees charged per student in Independent schools are \$4,270 per year<sup>3</sup>.

Independent schools cater to specific groups of disadvantaged students including: high needs students with disability attending special schools; indigenous students attending remote 100 per cent indigenous schools in Western Australia and the Northern Territory; and highly disadvantaged urban youth who have been excluded from both government and non-government schools attending Independent special assistance schools.

The numbers of disadvantaged students in Independent schools, including students with disability, indigenous and students with a language background other than English, have been increasing at a higher rate than overall enrolments for many years.

It is also important to remember that, while government schools continue to educate the majority of disadvantaged students, half of high income families choose to send their children to government schools.

**Table 1: Family Income by School Sector**

| Sector      | Top tier income \$130,000 + |
|-------------|-----------------------------|
| Independent | 24 %                        |
| Catholic    | 27%                         |
| Government  | 49%                         |
| Total       | 100%                        |

*(Source: ABS Census of Population and Housing 2011)*

## INDEPENDENT SCHOOL ENROLMENTS AND TRENDS

The Independent school sector is the third largest school education provider in Australia (after the New South Wales Government and the Catholic education systems) and at secondary level is the second largest provider of schooling services.

Enrolments in Independent schools have grown steadily since the 1970s. According to ABS data, in 2013 Independent schools accounted for 14.4 per cent of total student enrolments (18 per cent of secondary enrolments) compared to 4 per cent in 1970. Full time enrolments have increased from around 124,000 in 1970 to nearly 520,000 in 2013.<sup>4</sup> With the inclusion of Independent Catholic school enrolments, the sector enrolment is 560,000 students.

<sup>3</sup> Excludes full fee paying overseas students

<sup>4</sup> Note: ABS independent sector data excludes independent Catholic enrolments.

## THE CONTEXT OF THE COMPETITION POLICY REVIEW

The *Context of the Review* as discussed in the Draft Report is useful for highlighting the multifaceted forces to which the Australian community and economy continues to be exposed and which create a complex operating environment for Independent sector schools. In this context, Independent schools offer the Australian community a broad range of choice and diversity for their families' options for school education.

The Independent sector supports the Panel's emphasis on the need for a competition policy that is 'fit for purpose' to help meet the challenges and opportunities the Australian community faces now and into the future. Of the six attributes of competition policy outlined by the Panel, the Independent sector supports in particular the following three that focus on:

- Fostering choice, diversity and responsiveness in service provision;
- Encouraging a stable regulatory environment which lowers the barriers to entry for new not-for-profit service providers in order to meet community needs, preferences and expectations; and
- Promoting the efficient and effective use of government expenditure and investment in infrastructure.

## FINDINGS AND DRAFT RECOMMENDATIONS

The Competition Policy Review Findings and Draft Recommendations include two that are of direct relevance to Independent schools:

- Draft Recommendation 2 - Human Services
- Draft Recommendation 13 - Competitive Neutrality.

### Draft Recommendation 2 – Human services

*“Australian governments should craft an intergovernmental agreement establishing choice and competition in the field of human services.*

*The guiding principles should include:*

- *user choice should be placed at the heart of service delivery;*
- *funding, regulation and service delivery should be separate;*
- *a diversity of providers should be encouraged, while not crowding out community and voluntary services;*  
*and*
- *innovation in service provision should be stimulated, while ensuring access to high-quality human services.*

The Independent sector welcomes the guiding principles that are at the core of this recommendation. The principle that “funding, regulation and service delivery should be separate” is critical to ensure an appropriate and effective operating environment for Independent schools.

The sector supports the emphasis that regulation of service providers should be independent of government's policy and funding roles and that funding should be allowed to follow people's choices.

On average, the majority of funding for Independent schools is provided from private sources, mainly from parents as fees paid from their after-tax income.

In terms of public funding, students in government schools receive the most public funding, and the main source of this public funding is the state or territory government that owns and operates the school.

Students in Independent schools receive a lower level of public funding, and the main source of this support is the Australian Government. The Competition Policy Review Draft Report notes that “a significant portion of government funding for schools is provided on a ‘per student’ basis. This funding arrangement ensures that each student has an entitlement to a certain level of funding, regardless of which school they attend”<sup>5</sup>. More details of the funding arrangements for Independent schools in Australia are provided at Appendix A.

As noted above, state and territory governments are the owners, operators, and primary funders of government schools. Independent schools are set up and governed independently on an individual school basis or as part of system of Independent schools. However, responsibility for the registration and regulation of both government and non-government schools rests with state and territory governments.

This means that responsibility for the regulation of Independent schools rests with one level of government and responsibility for the majority of public funding of Independent schools rests with a different level of government. This separation of funding and regulation is critical to the continued autonomy and ongoing funding security of Independent schools and consistent with Draft Recommendation 2 which supports the separation of funding, regulation and service delivery.

### **Draft Recommendation 13 – Competitive neutrality policy**

*“All Australian governments should review their competitive neutrality policies. Specific matters that should be considered include: on the application of competitive neutrality guidelines during the start-up stages of government business; the period of time over which start-up government businesses should earn a commercial rate of return; and threshold tests for identifying significant business activities.*

*The review of competitive neutrality policies should be overseen by an independent body, such as the proposed Australian Council for Competition Policy.”*

ISCA notes that in the Draft Report the Panel identifies competitive neutrality as one of the top five issues raised in submissions on the Issues Paper<sup>6</sup>. While the situation of Independent schools does not strictly meet the criteria as defined in the Draft Report for when competitive neutrality arrangements apply<sup>7</sup>, the Independent sector believes that competitive neutrality is an important principle in creating a level playing field for schools.

Government and non-government schools in each state and territory draw their enrolments from the same pool of potential students. While Independent schools rely on individuals, religious or community groups to establish schools and then depend on gaining and maintaining enrolments to provide the resources to provide education services, government owned schools are supported by the full weight of state/territory government resources.

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<sup>5</sup> Draft Report, pg 142

<sup>6</sup> Draft Report, pg 1

<sup>7</sup> Draft Report, pg 168

This disparity is most clearly reflected in that the Independent school sector relies primarily on the willingness and commitment of parents to pay fees from their after-tax dollars in order to fund the costs of operating schools. In addition, through fees and donations, Independent school communities nationally provide 80 per cent of capital funding for schools buildings, grounds and equipment, and in many schools, 100 per cent.

Government and non-government schools in each state and territory draw their enrolments from the same pool of potential students. The Independent sector does not believe that the political imperatives of state politics would allow the states to play the role of impartial and disinterested funders of Independent schools, as the primary interest of state and territory governments is to ensure the ongoing operation and viability of government schools in their jurisdiction. Separating the primary funding roles and the regulatory roles of governments for Independent schools ensures the competitive neutrality in the provision of school education is preserved.

## **ISSUES FOR INDEPENDENT SCHOOLS**

It would be highly problematic for Independent schools if this separation of responsibilities was changed and the factors operating to ensure competitive neutrality were compromised. Any arrangement whereby state/territory governments were responsible for both the regulation and funding of Independent schools would result in decisions relating to Independent schools being made by the owners and operators of the very schools operating in the same market and competing with Independent schools for the same enrolments.

This situation would be a significant challenge to both Draft Recommendation 2 relating to the separation of funding and regulation and Draft Recommendation 13 on competitive neutrality.

There are a number of significant problems with removing the separation of responsibilities for the primary funding and regulation of Independent schools:

- The combination of primary funding roles and regulatory roles would create a direct conflict of interest for state governments.
- The level of support and facilitation for Independent schools across jurisdictions would depend on the philosophical and political leanings of the various state/territory governments. While state governments in theory have responsibilities to all schools, experience has shown that some governments could be considered mildly supportive of Independent schools; while others are far less supportive.
- There is no guarantee that any funding model developed by state/territory governments would ensure that all Independent schools continued to receive a base level of public funding support. All students should be entitled to a level of government support. All schools contribute to the common good and the nation's social and economic wellbeing. Since the early 1970s, successive Australian Governments of all political persuasions have supported the principle of a basic entitlement for all schools and have ensured that funding is provided. Schooling is a legal requirement for all children and because parents pay taxes, governments should acknowledge a responsibility to contribute at least a minimum amount towards each student's schooling. Leaving decisions regarding funding allocation to state governments could threaten the concept of a basic entitlement.

- As state/territory governments changed, Independent schools would likely become captive to the vagaries of state politics and individual personalities, creating the potential for significant instability in the funding and regulation of Independent schools. Funding changes would also impact on schools' entire public funding rather than just a proportion as is currently the case.
- State political imperatives will always overlay funding decisions regarding schooling. Maintaining adequate levels of funding for non-government schools will always be seen by some to be at the 'expense' of 'underfunded' state government schools. These perverse incentives will continue to play despite the clear incentive to state governments of potential savings by encouraging enrolment shift to non-government schools.
- If funding to non-government schools was to be totally devolved to state governments, there would be no national consistency in the approach to funding non-government schools. The level of support and facilitation for non-government schools would very much depend on the fiscal position and philosophical and political leanings of the various state/territory governments. This circumstance would significantly impact on the viability of non-government schools, the capacity of the sector to operate and would distort the market in which non-government schools operate.

The current situation in which the Australian Government is the main source of public funding to Independent schools ensures that there is some level of separation between the funding of Independent schools and state/territory governments as the regulators of non-government schools and systems.

There are also significant benefits for the Australian Government from its direct funding relationship with Independent schools. This includes that funds are used by schools for education purposes with little funding lost to administration or overheads (this contrasts sharply with large government and non-government systems).

As it stands, the direct funding relationship that Independent schools have with the Australian Government is the sector's only assurance of a degree of competitive neutrality.

## **CURRENT ENVIRONMENT**

ISCA notes that the Australian Government is presently engaged in a number of processes which may impact on the current effective operation of the separation of the funding and regulation of Independent schools.

The Terms of Reference for the Government's Reform of the Federation include the objectives of streamlining the efficiency of the operations of the various levels of government in Australia including reducing the duplication of roles and eliminating overlap in the delivery and funding of public programs. The education sector will be the focus of one of the specific Issues Papers released to promote public discussion.

While the Independent sector appreciates the broad objectives of the Reform of Federation, it is critical that in streamlining government service delivery, the rationale for the various roles of governments in the area of school funding and regulation continue to be recognised and preserved. Under the Constitution state governments have responsibility for school education. There may therefore be a temptation to devolve school education policy and funding completely to the state/territory level. The Independent sector does not believe that the political

imperatives of state politics would allow the state government to support non-government schools to the same level as is currently provided by the Australian Government. The continuation of parallel sources of public funding from both the Australian Government and State/Territory governments limits the ability of any single government to diminish competition from non-government schools by denying them public funding.

Following its election in 2013, the Australian Government has also undertaken a National Commission of Audit. The Report of the National Commission of Audit in February 2014 included Recommendation 23 which stated that all policy and funding responsibility for schools should be transferred to the states, and state governments should have responsibility for allocating public funding to schools in the Independent sector as well as to government schools.

This recommendation directly conflicts with the guiding principles inherent in the Draft Report of the Competition Policy Review.

It will be critical that the Australian Government in considering its responses to both the Reform of the Federation and the National Commission of Audit is cognisant of the principles espoused in the Draft Report of Competition Policy Review. In particular, it will be important to preserve the principles outlined in Draft Recommendations 2 and 13 which relate to the separation of funding and regulatory responsibilities and ensuring competitive neutrality.

Devolving the allocation of funding of Independent schools to state/territory governments would establish a situation where there would be no separation of funding, regulation and service provision in the school education sector. State governments as owners and operators of government schools and systems would also have direct control over decisions for funding and regulating schools in the Independent sector, which they do not own or operate. This scenario would directly threaten competition from non-government schools.

In this situation, non-government schools would be competing for enrolments in an environment in which their funding and the regulations under which they operate were being determined by their competitors. This undesirable circumstance would significantly impact on the viability of non-government schools and the capacity of the Independent sector to operate.

The Independent sector is opposed to an operating environment in which choice and diversity in schooling is restricted because the funding and regulation of Independent schools is directly determined by their competitors.

## **SOCIAL AND ECONOMIC CONTRIBUTION OF INDEPENDENT SCHOOLS**

As noted above, the Independent sector educates a significant proportion of the Australian school-aged population and an increasing share of educationally disadvantaged students. This represents a major contribution to the overall economic and social wellbeing of Australia.

Independent schools are committed to providing their students with a high quality education experience that meets the needs of their students. The autonomous nature of the sector allows schools the opportunity to be innovative and flexible in their efforts to improve educational outcomes and meet the particular educational needs of all their students.

The efforts of Independent school communities in supporting their children's education results in significant savings to government. Overall, the Independent school sector relies primarily on

parents to fund schools, with 59 per cent of recurrent income coming from private sources. This willingness and commitment of Independent school parents to pay school fees saves governments an estimated \$4.3 billion per annum in recurrent schooling costs. In addition, through fees and donations, parents and donors nationally provide 80 per cent of capital funding for Independent school buildings, grounds and equipment.

This parental contribution frees up scarce government resources to be allocated to other priorities and reduces the need for government revenue-raising. Public funding allocated to Independent schooling represents a highly efficient and effective use of government resources because of the sector's capacity to leverage private contributions to education and its social and economic benefits.

The wide range of family incomes for students attending Independent schools indicates that it is not only capacity but also *willingness* to pay that influences families to choose an Independent school. Regrettably, those families who elect to utilise their after-tax income to contribute to their children's education are sometimes accused of contributing to the "marginalisation" of the public school sector.

Many parents of children in government schools are also exercising choice. For a variety of reasons, many high socio-economic families exercise their right to choice and elect to send their children to government schools. Many parents of students in government schools have the capacity to pay for their children's education but choose to spend their after-tax income on other priorities. These parents choose the government sector, as is their right, for reasons that best suit their family's priorities and choices. The situation for parents who choose to contribute to their children's education through an Independent school is no different.

It is important to stress that ISCA is not advocating for high income parents in government schools to make a further contribution to their children's education. ISCA is merely seeking to highlight the contribution of Independent school parents' after-tax dollars to reducing government outlays on education thus freeing up public funding for other public priorities.

## **THE SCHOOL EDUCATION ENVIRONMENT TO 2020 AND IMPLICATIONS FOR GOVERNMENTS**

The key influence on the school education environment for the foreseeable future will be projected enrolment growth. The impact of projected school enrolment growth is a crucial consideration for all levels of government and all school sectors. As well as having an impact on recurrent costs, the critical need for capital infrastructure will be a significant burden for governments which must be recognised and funded. Based on Australian Government projections, by 2020 Australia will need to educate an additional 532,956 students. ISCA estimates that this will translate to 1,381 additional schools; 935 government schools; 241 Catholic schools and 190 Independent schools.

### **Recurrent costs**

Governments at both national and state and territory level will need to find the billions of additional dollars required to accommodate and educate these students. ISCA conservatively estimates this additional cost to government as being around \$9 billion, in current dollars, in recurrent funding alone by 2020 and does not include any capital costs. Raising this level of funding for investment will be difficult for both the Australian and state/territory governments.

Based on 2011-12 figures, the *cost to governments* of educating a student in a government school is on average \$15,770, in a Catholic systemic school \$9,000 and in an Independent school \$7,200.

For governments facing limited revenue raising capacity into the future, the decision where to invest most efficiently educate the growth in school enrolments is clear.

### Capital costs

For many years, the Independent sector has been the fastest growing schooling sector and the demand for capital support is high. Parents contribute more than 80 per cent of the cost of buildings and equipment in the Independent sector, mainly through school fees. For many Independent schools, parents fully fund all capital facilities.

The Commonwealth Government currently provides some support for capital infrastructure in Independent schools under the Government Capital Grants Program. Funding under this Program is administered by non-government Block Grant Authorities on a needs basis, with priority given to disadvantaged school communities with the least capacity to raise funds.

Many long-established Independent schools receive no capital assistance in the form of direct capital grants from governments. The extent and quality of their facilities reflect instead many years of contributions from families, former students and other donors.

Most Independent schools borrow funds to finance capital development and spread the cost of these borrowings over the generations of students who will benefit from the investment. The level of borrowings per student in the Independent sector is on average \$6,400 per student. This debt is usually carried by school communities at commercial rates of interest. Servicing this level of debt is built into school fees.

Government investment in Independent school capital is a very efficient use of scarce government resources. For example, the Building the Education Revolution initiative leveraged an additional \$370 million in private contributions from Independent school communities towards BER projects.

Examination of the growth in enrolments in Independent schools over several decades shows that these increased enrolments have been achieved for the most part by increasing the size of existing Independent schools rather than the costly undertaking of establishing new Independent schools. This is an indication of the very high costs associated with establishing a new Independent school and the often significant administrative and legislative barriers and expenses.

**Table 7: Average size of Independent school 1980 - 2013**

|             | No. schools | Full-Time enrolments | Average school size |
|-------------|-------------|----------------------|---------------------|
| <b>1980</b> | 529         | 144,270              | 273                 |
| <b>1990</b> | 803         | 252,611              | 315                 |
| <b>2000</b> | 938         | 357,507              | 381                 |
| <b>2010</b> | 1,017       | 491,233              | 483                 |
| <b>2013</b> | 1,015       | 520,311              | 513                 |

*(Source: ABS Schools Australia)*

As the number of schools with extensive waiting lists would indicate, many schools have now reached their optimal operational size and have no further capacity for expansion. The current unmet demand for independent education, together with the projected enrolment growth and

need for unprecedented numbers of new schools, means that significant resources will need to be directed to new Independent schools.

The future enrolment-driven capital needs of Independent schools, including the capacity of the sector to meet the projected need for an additional 190 new schools will not be able to be achieved without substantial government assistance.

Governments must acknowledge and support the role of Independent schools in establishing new schools by providing significant capital assistance to establish and expand new schools.

Without the capacity of the Independent sector to leverage private capital investment, governments will struggle to be able to meet future demands for school enrolments.

## **CONCLUSION**

ISCA welcomes the opportunity to make this submission to the Competition Policy Review. The Independent sector supports the guiding principles that are at the core of the Competition Policy Review Draft Report.

Independent schools represent an efficient use of public funding for school education, providing an incentive for parents to contribute their after-tax dollars to support their children's education, resulting in significant savings to government and maximising the utility of public funding to support school education.

The benefits of Independent schools to both communities and governments are maximised when Independent schools can operate in a stable regulatory environment which fosters choice and diversity in order to meet community needs, and public funding is allocated in an effective and efficient way.

The Independent sector particularly welcomes the Draft Report's emphasis on the importance of establishing choice and diversity through the separation of funding and regulation, and the focus on competitive neutrality, in human services. These principles are critical to ensure an appropriate and effective operating environment for Independent schools.

The current circumstances in which Independent schools are funded directly by the Australian Government separate the funding of Independent schools from their regulation by state/territory governments. The distinct responsibilities of the two levels of government provide a degree of assurance that Independent schools will be able to operate in a stable environment of relative competitive neutrality.

The Independent sector is concerned to ensure that the principles articulated in the Competition Policy Review Draft Report, particularly those articulated in Draft Recommendations 2 and 13, are considered by the Australian Government in its approach to the broader intergovernmental reform agenda. In order for Independent schools to continue to provide choice and diversity in schooling in Australia, it is critical that the Australian Government's approach to the Reform of Federation acknowledges and supports the continued direct role of the Australian Government in the funding of Independent schools and the importance of the separation of the primary funding and regulation of Independent schools.

ISCA appreciates the opportunity to raise these issues with the Panel.

This submission has been prepared by the Independent Schools Council of Australia on behalf of our member associations:

Association of Independent Schools of South Australia  
Independent Schools Tasmania  
Independent Schools Victoria  
Association of Independent Schools of Western Australia Inc.  
Association of Independent Schools of the ACT Inc.  
The Association of Independent Schools of New South Wales Ltd.  
Association of Independent Schools of the Northern Territory Inc.  
Independent Schools Queensland

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21 November 2014

## APPENDIX A: HOW GOVERNMENTS FUND INDEPENDENT SCHOOLS

### Sources of income for Independent schools, 2011-12

|   |     |
|---|-----|
| Private sources of funding (mainly parents) | 60% |
| All government sources                      | 40% |

### Sources of recurrent income for Independent schools, 2012

|   | \$M   | %   |
|---|-------|-----|
| Private sources of funding (mainly parents) | 5,343 | 59% |
| State government grants                     | 959   | 11% |
| Australian government grants                | 2,574 | 30% |

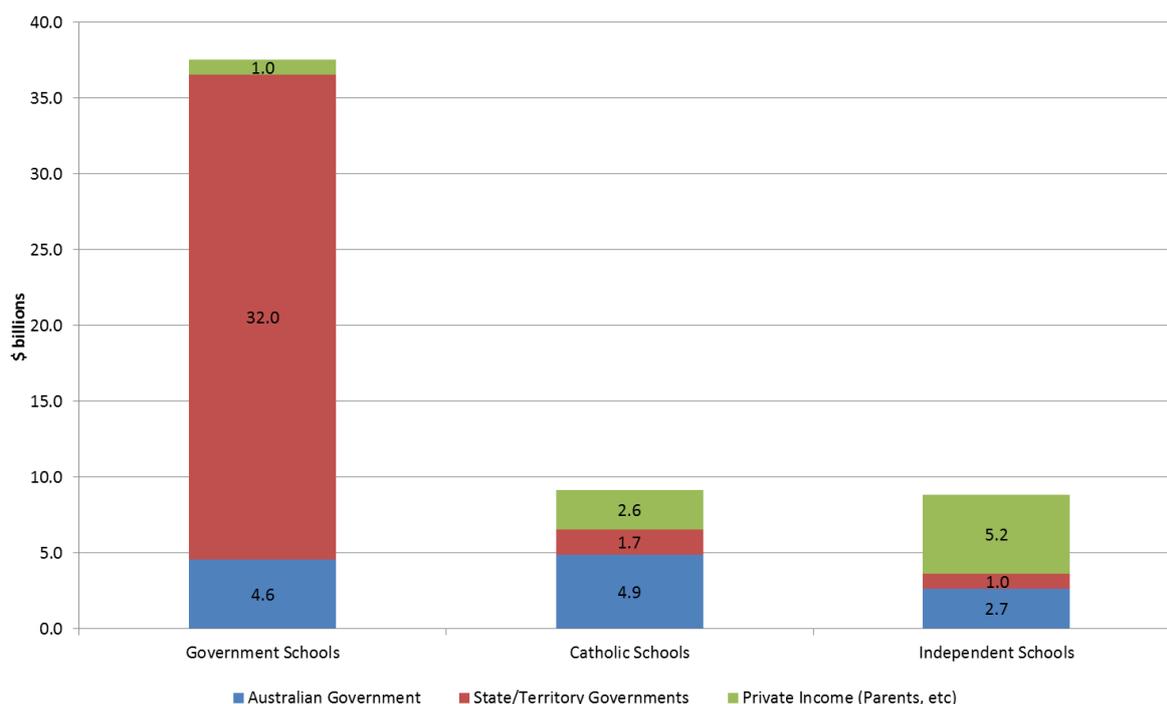
The proportions of private/government funding vary greatly from school to school.

|  |                    |
|--|--------------------|
| Estimated savings to governments from the Independent schools sector | \$4.3 billion p.a. |
|--|--------------------|

### Public funding of Independent schools

All state and territory governments and the Commonwealth Government share responsibility for the public funding of schools in Australia. State and territory governments are the main public funding sources for government schools, while the Commonwealth Government is the main public funding source for non-government schools.

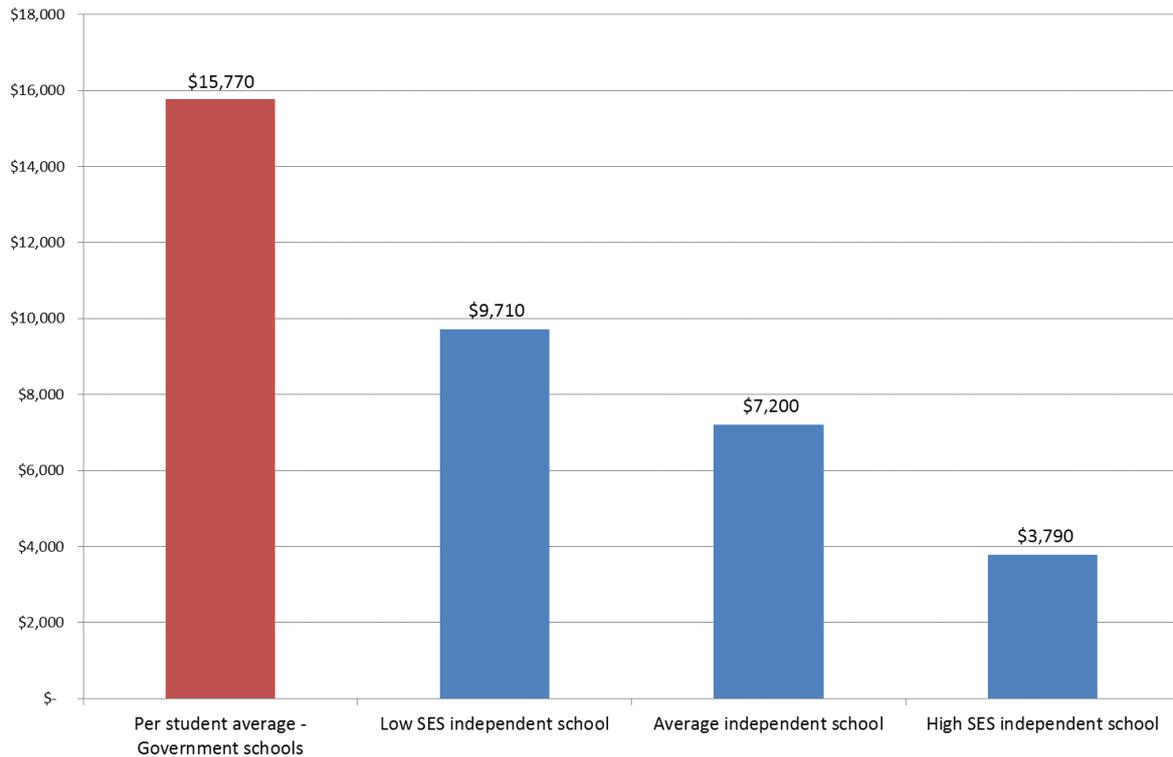
### Recurrent funding for school education, 2011-12 (\$billions)



## Average all government recurrent funding per student 2011-12

|                           |          |
|---------------------------|----------|
| Government school         | \$15,770 |
| Catholic Systemic schools | \$9,000  |
| Independent school        | \$7,200  |

## Total government recurrent funding per student in Independent schools 2011-12 (All government sources)



The amount of funding received from all government sources varies significantly depending on the circumstances of the school.

### State and territory government funding

Overall, state and territory governments provide 27% of total government recurrent funding for Independent schools. However the levels of funding for schools and methods used to assess them varies among the states and territory.

### Capital Funding

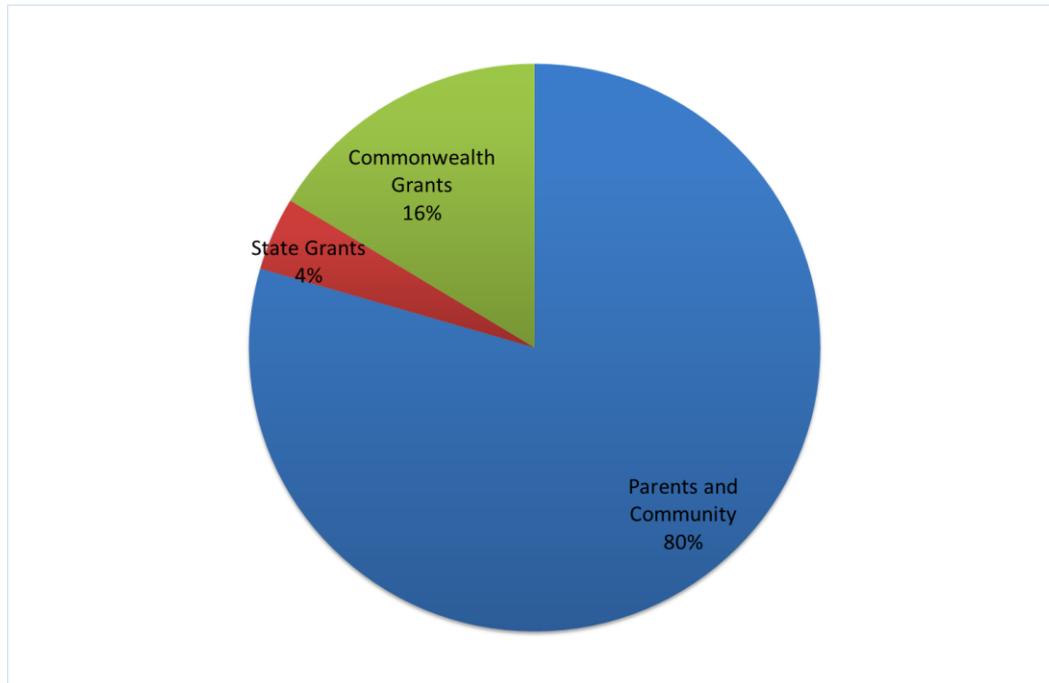
#### Parents and Donors

Normally, parents and donors in Independent school communities contribute approximately 80% of funds for capital developments, such as school buildings, grounds and equipment.

## Capital Grants Program

Independent committees called Block Grant Authorities in each state and territory administer capital grants for non-government schools on behalf of the Commonwealth Government. In 2013 it is estimated that grants for the Independent sector will total approximately \$50 million. In the Independent sector Commonwealth Government capital grants are distributed on a needs basis, with priority given to disadvantaged school communities with the least capacity to raise funds.

### Sources of funding for capital development, 2012



### State and Territory government assistance

In Queensland some capital grants for Independent schools are provided by the state government. Several state and territory governments also provide interest subsidy arrangements.

*Note: These figures utilise the latest available data which is for the financial year 2011-12, or for the calendar year 2012.*