



INDEPENDENT SCHOOLS
COUNCIL OF AUSTRALIA

Independent Update

Number 3, 2018

Capital Funding

The Independent sector is the fastest growing school sector and the demand for capital support is high.

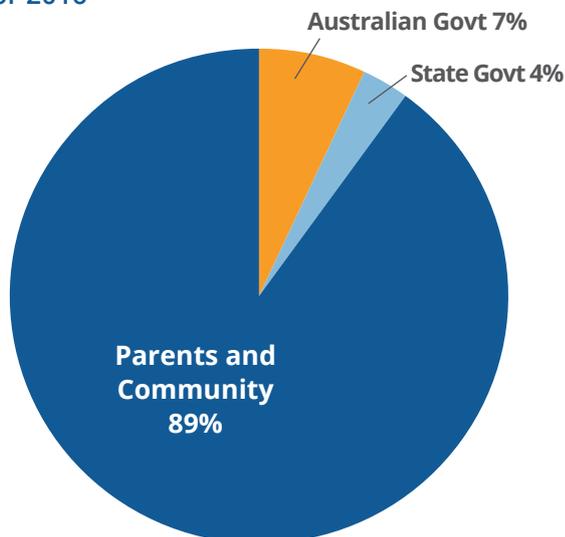
Independent sector enrolments have grown by 22 per cent or almost 99,000 students in the last ten years.

Independent sector enrolments are projected to grow by another 16 per cent or just over 88,700 students by 2028.

Parents have traditionally paid for most capital development in Independent schools such as buildings, grounds and equipment through fees, donations to building funds and other fundraising activities.

On average, school community contributions generally provide about 90 per cent of the funds available for capital development in Independent schools.

Sources of capital funding for the Independent sector 2016



Parents provide the bulk of funding to build, equip and maintain Independent schools.

In 2016, over \$88 million was contributed by parents to the sector to be spent on capital development – for new facilities to meet the demands of growing student enrolments, for the refurbishment of existing buildings

and to upgrade facilities and equipment to meet changing curriculum needs.

The Australian and state and territory governments also contribute some capital funding to the Independent sector.

Australian Government capital funding

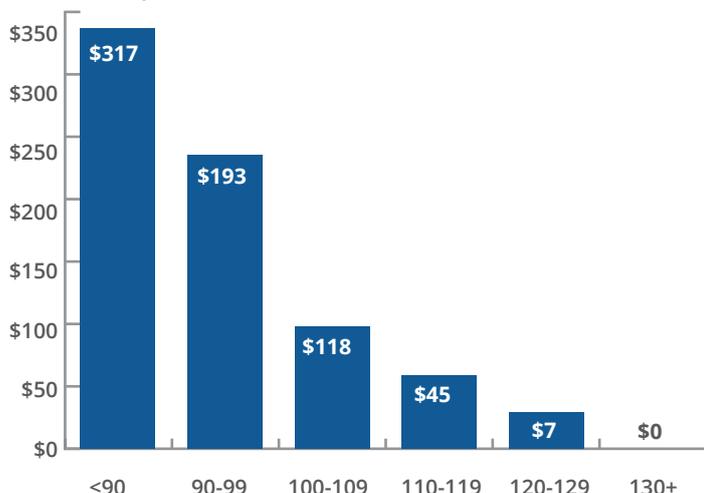
Traditionally Australian Government capital funding for Independent schools was limited to the funding available via its Capital Grants Program. However, between 2009 and 2011, substantial investment in capital infrastructure across all schooling sectors was provided through the Australian Government's Building the Education Revolution (BER) program, in particular, through the Primary Schools for the 21st Century element (P21).

The BER funding has had a significant, short term impact on capital grants provision for Independent schools. The P21 element of the BER funded 1,098 projects in 917 Independent schools for a total of \$1.6 billion.

In addition to the BER, the Australian Government provided approximately \$247 million to Independent schools under its Capital Grants Program over the 2009-13 funding period. With the introduction of the SRS funding model in 2014, the Capital Grants Program will continue under the Australian Education Act 2013.

Australian Government capital funding goes to Independent school communities with the least capacity to raise funds.

2016 Australian Government capital funding for Independent schools by school SES score (\$ per student)



In line with Government policy, Australian Government capital grants to Independent schools are distributed on a needs basis to benefit those students who are most educationally disadvantaged. This graph shows that the bulk of Australian Government capital grants for the Independent sector benefits students in schools with a low SES score. Socio-economic status (SES) is a common measure of relative educational disadvantage and is also used to measure relative need for the distribution of Australian Government general recurrent grants to Independent schools.

The Independent sector also benefited from a range of other Australian Government capital programs including the Digital Education Revolution and the Attorney General's Security Fencing Grants.

Capital grants are needs-based

In the Independent sector, Australian Government capital grants are distributed on a needs basis, with priority given to disadvantaged school communities with the least capacity to raise funds.

Capital grants are administered according to government guidelines by expert panels in each state and territory. These Block Grant Authorities assess and prioritise proposals for capital grants.

The latest available data for 2015 shows that 62 per cent of the total capital funding available to Independent schools went to schools with a socio-economic status (SES) score of less than 100, and 92 per cent of grants went to schools with an SES score of less than 110.

Many long-established Independent schools receive no capital grants from governments. The extent and quality of their facilities reflect instead generations of

contribution from families, former students and other donors.

State and territory government support

All state and territory governments have provided some support for capital development in the Independent sector. This support may be in the form of direct grants or through interest subsidy or low interest loan schemes, and varies considerably in amount from state to state.

Any reduction in government support for capital development in the Independent sector increases the cost burden on families.

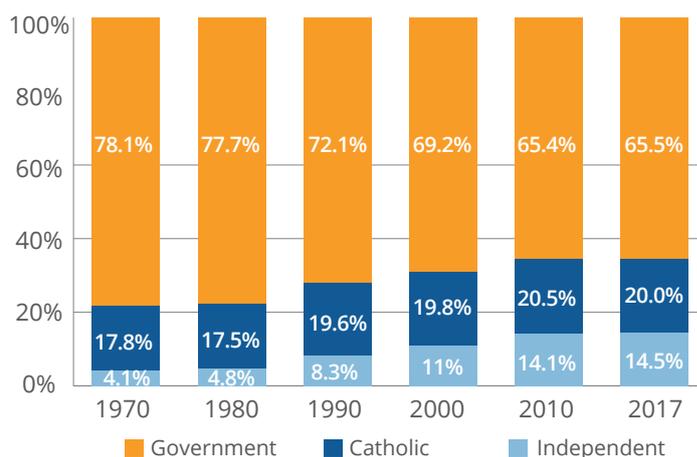
Several state or territory governments have reduced their capital support for Independent schools in recent years.

Borrowing to build

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. This debt servicing is built into school fees.

In 2016 the net total borrowings of the sector for capital were \$3.5 billion, which equates to \$5,819 per student.

Change in enrolments by sector 1970 to 2017



There has been steady and continued growth in the Independent school sector for over 40 years. Since 1990, full time enrolments in the sector grew by some 305,000 students, almost the same growth of full time enrolments as in the government sector despite only accounting for almost 15% of total enrolments. The demand for Independent schooling is projected to continue and, in face of escalating land and building costs, is placing unprecedented financial pressure on Independent school communities.