



OPINION

Busting a popular myth on school funding

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During this election campaign, education funding has been an important focus for the major political parties. All too often, some sectors of our community question the reasons why apparently wealthy and well-resourced Independent schools continue to receive public funds. Conveniently, a very small number of Independent schools are highlighted in these references, and even more conveniently, a very large number of poorly resourced Independent schools are forgotten.

Yes, there is no doubt that impressive educational facilities are a feature of a small, though important, proportion of Independent schools. And subsequently we hear the far too often repeated myth that government funding to these schools is being used to build extravagant sports amenities, concert halls etc. But the fact is, federal and state/ territory governments supply varying levels of recurrent funding to all Independent schools solely for the provision of education. This includes the payment of teacher salaries, curriculum-related and general school running costs. Spending recurrent funding on capital works is not allowed, and schools' compliance in this is carefully monitored.

So where do Independent schools get funding for capital works? The answer is, almost entirely from parents. They contribute close to 90 per cent of the cost of buildings and equipment in the Independent sector, mainly through school fees.

The Australian Government does provide some support for capital infrastructure in Independent schools. This is provided under the Capital Grants Program, which must give priority to schools with the least capacity to raise funds from their school communities. In 2015 grants for the Independent school sector totalled approximately \$52 million.

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

Contrary to media stereotypes and misinformation from government school lobby groups, the majority of Independent schools are not particularly wealthy. In 2015 the median fee of an Australian Independent school was less than \$4,800. To finance capital development most Independent schools borrow funds 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 \$5,860 per student, with debt servicing having to be built into school fees.

For many years now, the Independent sector has been Australia's fastest growing schooling sector, and 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. The cost of establishing an Independent school is a major inhibitor to the continued growth of the sector.

As the number of Independent schools with extensive waiting lists would indicate, many schools have now reached their optimal operational size and have no further capacity for expansion, further reducing the capacity of the sector to continue growing.

In addition to current unmet demand, projected enrolment growth for the next 10 years suggests an increase of nearly 100,000 Independent school students. This equates to around 187 new schools. But these new schools will not all be built, and the sector will not meet projected demand, without substantial government assistance.

Critics will ask why capital assistance should go to non-government schools. But it is worth remembering that Independent schooling is a very cost effective schooling option for governments. For every student turned away from an Independent school, due to it being at capacity, the government will have to contribute an average of about \$7,000 extra every year to educate that student in a government school. A school where the government also has to meet the entire cost of capital infrastructure. This just adds further strain to the financial resources available for education.

The majority of capital funding for Independent schools will, of course, always come from parents. Even just a modest increase in government support for capital development in the Independent sector would ease the future cost burden on governments and help stimulate school building activity.

Without extra support, the Independent sector will struggle to be able to meet future demands for school enrolments, which will have an impact across all school sectors and a significant impact on the budget bottom line for all governments.