

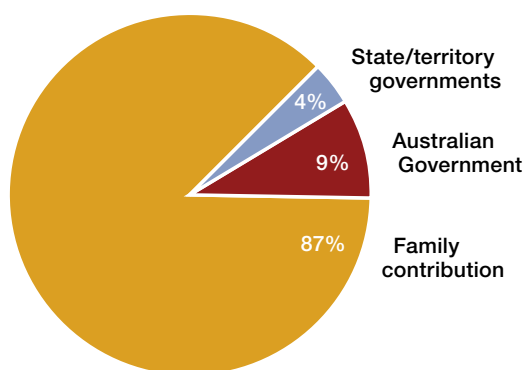
Communities build independent schools

The growth of the independent schools sector is a community effort. Almost 90 per cent of the cost of capital development in the sector comes from families – through fees, donations and fundraising.

In 2005 (latest available data), families contributed \$3.4 billion to help meet the cost of educating their children in independent schools. Of this amount, \$3 billion was for recurrent costs, that is, day to day running costs such as teacher and support staff salaries.

Some \$368 million of parental contribution to the sector was 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.

Sources of capital funding for the independent schools sector, 2005



While the capital assistance provided by governments is highly valued by the independent sector, and vital in helping schools provide adequate facilities for students, it represents only 13 per cent of the sector's capital funding. In the independent sector capital development is mostly financed by family contribution.

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

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

The independent sector is the fastest-growing schools sector and the demand for capital support is high.

Enrolments in the independent sector have grown by 18.8 per cent or nearly 70,000 students in the last five years.

Australian Government capital funding

The Australian Government will provide some \$1.7 billion under its Capital Grants Programme to Australian schools over the 2005-08 funding period. Around \$164 million or 9.6 per cent of grants will be available to independent schools, which enrol 13 per cent of students.

The Investing in Our Schools Programme provides an additional \$1.181 billion in capital assistance for small projects, of which 10 per cent has been allocated for the independent sector.

Capital grants are needs-based

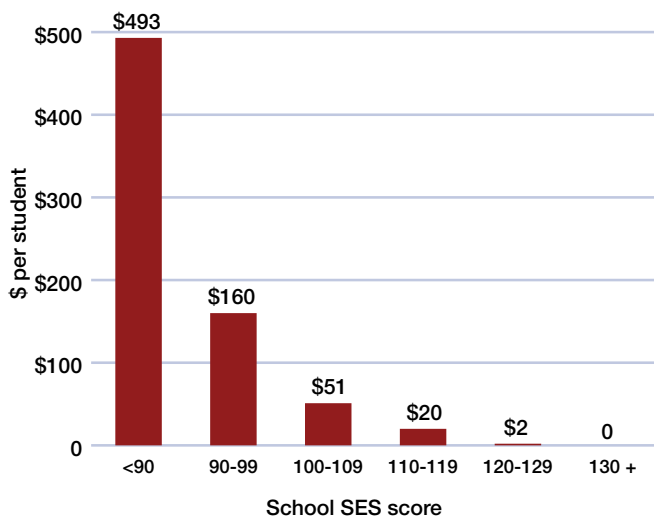
Australian Government capital grants for independent schools are administered according to government guidelines by expert panels in independent state- and territory-based authorities.

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.

In 2005, 74 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 94 per cent of grants went to schools with an SES 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.

2005 Australian Government capital funding for independent schools by school SES score, expressed as \$ 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 educational disadvantage and is also used to measure relative need for the distribution of Australian Government general recurrent grants to independent schools.

Capital grants go to independent school communities with the least capacity to raise funds.

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.

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

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

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 2005 the net total borrowings of the sector were \$2.5 billion which equates to \$5,770 per student.

More information about independent schools is available at www.isca.edu.au