

AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

Press Release 1005

POLITICIANS, OFFICIAL REPORTS AND COMMENTARIAT SEEKING A COMPROMISE IN THE STATE AID FIASCO

The gross inequities in the Australian education system, not to mention the segregation of children on the lines of class, creed and culture, is largely caused by State Aid to private religious schools. But while the funding problem is recognised, solutions offered are merely piecemeal and symbolic rather than effectual.

On the positive side, lobby groups like the *Australian Education Union*, and *Save Our Schools* have done a sterling job in the war of facts and figures. They have exposed the rapacious greed of the private sector and changed the prevailing educational rhetoric from that of ‘parental choice’ to ‘equity’ for “disadvantaged children.” The vast majority of these children have long been relegated to underfunded public schools. The result is that in the past months at least three interesting things have happened.

1. Firstly, in the May 2023 Budget, the Victorian Labor Government has decided that wealthy private schools are businesses and should pay payroll tax like public schools. The private schools reacted of course and in August there was a partial backflip. Private schools in Victoria earning over \$15,000 per student will now be subject to [the state government's payroll tax](#) .

The payroll tax, announced following the May state budget and [signed into law the following month](#), will apply to roughly 110 of Victoria’s wealthiest high-fee private schools, who will now lose their payroll tax exemption from July 2024.

Although compromises have been made, the basic finding that these wealthy private schools are businesses, not charities, is an important breakthrough.

2. Secondly, The Charities Commission has reacted to [A draft report on philanthropic giving released by the Productivity Commission at the end of November which recommended stripping tax-deductible status from “school building funds”](#). Many of these funds are run by religious schools. Research by *Save Our Schools* has shown that 10 of Australia’s wealthiest schools received [more than \\$200m in donations](#) over a five-year period – income that does not affect the level of government funding they receive. *School building funds were given DGR (Deductible Gift Recipient) status in 1954 when government support for non-government schools was “very limited”, the report said.*

“Since then, government support for non-government schools has expanded considerably”, but the indirect support through DGR status “is not prioritised according to a systemic assessment of the infrastructure needs of different schools”.

The commission also warned that the tax-deductible donations could be “directly converted into lower fees”, giving people a tax break on their school fees.

Save Our Schools says donations contribute to the [over-funding of private schools](#).

“At the very least, income from donations and investments should be included in the assessment of the financial need of private schools,” the organisation said in a statement earlier this year. Current data does not distinguish between school building funds and other donations.

The proposed change would affect about 5,000 school building funds.

The religious schools are fighting back, so this is not a foregone conclusion. However, it is an interesting development.

3. Thirdly, and perhaps the most interesting development of all is the *Report of the panel set up to Inform a Better and Fairer Education System* which has exercised the minds of many educationists . This Report will inform the [next round of federal funding for schools](#), as part of the [National School Reform Agreement](#). This is due to start in January 2025.

The report was commissioned off the back of a scathing review by the Productivity Commission in January 2023. This found initiatives in the current agreement “have done little, so far, to improve student outcomes”.

The two most interesting recommendations relate to full funding of public schools and enrolment policies of private schools. For example it notes it is: *critical all schools have access to 100 per cent of Schooling Resource Standard funding as soon as possible.*

In questioning existing arrangements, the report also contemplates the possibility that public funding of non-government schools is only provided “on the condition that they cannot charge fees.”

Jason Clare, the Federal Minister for Education has endorsed the findings of the Report.

There have been a number of interesting commentaries on the Report, most notably in [The Canberra Times](#) ; [The Conversation](#) ; *the* , [Guardian Australia](#) and [Tom Greenwell has a superb piece](#) in Pearls and Irritations.

DOGS POSITION

The above developments, introduced by State and Federal Labour Parties are merely an attempt to placate the very angry public school parents who have long agitated for proper funding of their schools. In past decades they have watched billions of dollars of public money being channelled into luxurious private school buildings while their principals and teachers suffer poor conditions and burnout.

The reality of the current situation is that the dual system is failing to adequately educate the majority of Australian children, most particularly those from disadvantaged home backgrounds.

Yet, in spite of all the billions of dollars diverted into the segregated denominational system, the public system has performed better than its rival on the PISA international tests! [Catholic and Independent schools had the biggest declines in the OECD’s Programme of Student Assessment \(PISA\)](#)

[test results since 2009](#). Their students lost 1½ to nearly two years of learning in reading, mathematics and science. The falls in test scores were far bigger than for public schools.

The learning loss in Catholic and Independent schools occurred even though they were heavily favoured by government funding increases since 2009. Government (Commonwealth and state/territory) funding, adjusted for inflation, increased by \$2,697 per student in Catholic schools and by \$2,310 in Independent schools between 2009 and 2021 compared to \$1,062 in public schools.

This means only one thing.

The State Aid experiment commenced in the 1950s and consolidated in the 1960s onwards, is not only socially divisive. It is educational and economic madness.

The way forward is not chipping at the edges with taxation and charitable status questions. Nor is it a demand for open enrolment policies for private schools if they take public money. These are interesting steps, but they only chip away at the fundamental problem.

But the only way forward is to withdraw State Aid from any private school that is not prepared to become a genuinely public school. Why? Because the public system is the only one which has as its objective the education of all, not some of the children in our democratic society.

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