

**AUSTRALIAN COUNCIL FOR THE DEFENCE OF
GOVERNMENT SCHOOLS**

Press Release 983

**THE VICTORIAN STATE BUDGET:
PUBLIC EDUCATION SOLD SHORT
BUT**

CHINK IN THE PRIVATE SCHOOL BONANZA

Despite an increase in overall expenditure, high inflation and student population growth have combined to deliver state schools an effective funding cut this year, according to a state budget analysis by the Australian Education Union (AEU).

[The Australian Education Union has found that State school students will suffer an effective 2.7 per cent cut to funding in this week's state budget, Australian Education Union analysis has found.](#)

The state budget includes a 5.8 per cent increase in total school funding in 2023-24 to \$14.03 billion. State schools will get \$12.66 billion of that, while the remainder will go to Catholic and independent schools.

But once the budget's 7 per cent inflation rate and a projected 1.65 per cent increase in enrolment this year is factored in, the public system faces an effective 2.7 per cent funding cut, the union's analysis shows.

The Union is calling foul at this point, but many of its members are disappointed with its lack of stamina in confronting the Andrews Government. Perhaps the Victorian branch of the AEU could learn something from the NSW Teachers Federation and its President Angleo Gavrialatos.

HOWEVER

The Andrews Government has done something almost unprecedented. It is effectively questioning the billions of dollars that the private sector receives in taxation exemptions by virtue of the fact that they are – believe it or not- CHARITIES!

And this will be the legal question if they appeal the decision of the Treasurer. Are high fee paying or indeed any fee paying private schools charities or businesses?

Private religious schools do not have to pay any tax while public schools are forced to pay payroll taxes.

In a very interesting move the Andrews government has [targeted “high-fee” non-government schools](#) to help pay down the state’s \$31.5 billion COVID-19 debt.

About 110 schools will lose their long-held exemption to payroll tax – which Premier Daniel Andrews characterised as a “sweetheart taxation deal” – from July 1 next year. The change will raise a forecast \$422.2 million over three years.

- About 110 of the state’s highest-fee schools will lose their payroll tax exemption from July 2024.
- The change will also hit the finances of many mid-fee schools.
- The change will net the state more than \$420 million in revenue over three years.
- It’s too soon to say if schools will pass the tax increase onto families.

Private schools in Victoria will be stripped of their long-held exemption to payroll tax next year, netting the state more than \$420 million in revenue over three years.

The change means that many private schools will, for the first time, pay two other levies on top of their new payroll tax obligation: the mental health levy that was introduced last year and a new temporary increase to payroll tax that was announced in Tuesday’s budget.

The schools will have to pay 4.86 per cent payroll tax and the additional two levies, which will each add between 0.5 per cent and 1 per cent to the tax bill of affected schools, depending on their size.

About 110 of the state’s highest-fee non-government schools will lose their payroll tax exemption from July 2024. The budget papers say the change will affect roughly the 15 per cent of schools that have the most expensive fees, though many mid-fee schools could also pay more.

Premier Daniel Andrews said private schools have had “*a sweetheart taxation deal*” that was not affordable in the state’s current financial situation.

“They have had a preferential tax treatment for a long time, and they’re running businesses,” Andrews said “These schools have always been judged to be in a unique category. They have not been eligible for our other support. They are not low-fee schools. They are very high-fee, elite schools, and therefore they’re in a very different position. And they have now a tax treatment that recognises their profitability.”

More than 130 independent and Catholic schools in Victoria charge fees above \$7500 – the sum at which schools are defined as high-fee and therefore ineligible for government support programs such as [catch-up tutoring](#) or capital grants.

Most of those schools are expected to [lose their long-held exemption to payroll tax](#), in an Andrews government measure to pay down the state’s debt.

Non-government schools have reacted with alarm, [warning it will force them to raise fees](#) and cut educational programs. But the private schools are continually threatening to raise fees if they don’t get more and more of taxpayer’s largesse. And even when they do receive more public money, they raise the fees anyway.

Predictably, Dan Andrews has partially caved into their demands.

However, DOGS commend the Andrews Government for their courage in taking on the private school lobby and calling them ‘businesses’ rather than charities.’

But they look forward to the time when public schools no longer have to pay payroll tax, and these private school businesses accept their fair share of the tax burden, not only in payroll tax, but also land tax and stamp duty on their billion dollar assets, as well as their Council and water rates.

LISTEN TO THE DOGS PROGRAM
855 ON THE AM DIAL: 12.00 NOON SATURDAYS
<http://www.3cr.org.au/dogs>