

SAVE OUR SCHOOLS

Education Research Paper

Over One Billion of Taxpayer Funding Squandered on Over-Funding the Richest Families and Schools

New figures reveal a scandalous squandering of \$1.3-1.4 billion in Commonwealth Government over-funding private schools that enrol children of the richest families in Australia. The over-funding estimate is based on never before published data provided to Senate Estimates on the median income of families with children in private schools. This over-funding of the schools of the rich is in stark contrast to massive under-funding of public schools that serve the vast majority of disadvantaged students. The current school funding system heavily favours the already advantaged sectors of Australian society at the expense of the most disadvantaged. There is still no plan by governments to correct this grossly unfair system.

The new estimates show that just 105 private schools with a median family income of \$209,000 or more a year will be over-funded by \$692 million over the period 2022-2028 (see Table 1). These schools are over-funded relative to the amount they should receive as the Commonwealth funding share of their School Resourcing Standard (SRS). There are 52 schools with a median family income of over \$260,000 per year and they will be over-funded by \$316.7 million. Twenty-one schools with family income between \$234,000 and \$260,000 will be over-funded by \$163.8 million while 32 schools with a family income between \$209,000 and \$234,000 will be over-funded by \$211.7 million. These 105 schools will receive \$4.9 billion in Commonwealth funding during 2022-2028.

Table 1: Commonwealth Recurrent Funding of Private Schools with a Median Annual Family Income of \$209,000 or more, 2022-2028

| | Median Family Income | | | Total |
|-----------------------------------|----------------------|---------------------|----------------|---------------|
| | \$209,000-\$234,000 | \$235,000-\$260,000 | Over \$260,000 | |
| Over-Funded Schools | 32 | 21 | 52 | 105 |
| Total C/W Funding 2022-2028 (\$) | 1,996,681,871 | 981,102,566 | 1,897,289,860 | 4,875,074,297 |
| Total Over-Funding 2022-2028 (\$) | 211,739,379 | 163,812,862 | 316,666,319 | 692,218,560 |
| Schools Not Over-Funded | 17 | 5 | 9 | 31 |
| Schools - Funding Not Available | 72 | 24 | 31 | 127 |
| Total Schools | 121 | 50 | 92 | 263 |

Sources:

Median Family Income: Senate Standing Committees on Education and Employment, Supplementary Budget Estimates 2023 – 2024, Answer to Question on Notice SQ23-001010.

Commonwealth recurrent funding: Senate Standing Committees on Education and Employment, Budget Estimates 2022 – 2023, Answer to Question on Notice SQ22-000248.

Notes:

1. Family income is adjusted taxable income.
2. Commonwealth over-funding is estimated by comparing funding at 80% of the Schooling Resource Standard with projected funding.

There are 263 private schools with a median family income of \$209,000 or more. Of these, 105 are over-funded and a mere 31 are not. The other 127 schools belong to school systems and the Commonwealth funding shares of the Schooling Resource Standard are only available at the system level and not for the individual schools. Also, the systems include schools whose family income is less than \$209,000.

As these 127 systemic schools comprise nearly 50% of the total, it is reasonable to estimate that they are over-funded by an amount similar to the 136 schools for which data is available. The level of Commonwealth funding is determined by the median income of families with students at the schools. This suggests that the total over-funding of all schools with a median family income of \$209,000 or more is of the order of \$1.3-1.4 billion. This is about one-quarter of the total over-funding for all private schools of \$5.8 billion over the period. The over-funding is heavily concentrated in these 263 schools as they account for only about 10% of all private schools.

The top 20 over-funded schools are shown in Table 2. Essendon & Penleigh Grammar School in Melbourne with a median family income between \$235,000 and \$260,000 will be over-funded by \$24 million during 2022-2028. Other highly over-funded schools include St. Augustine's College in Sydney at \$22.7 million and Haileybury College in Melbourne at \$21.9 million. The 20 schools will be over-funded by \$294 million.

Table 2: Top 20 Over-Funded Private Schools With a Median Family Income of \$209,000 or More, 2022-2028

| School | State | Median Family Income | Over-Funding (\$) |
|-------------------------------------|-------|----------------------|--------------------|
| Penleigh & Essendon Grammar | Vic | \$235,000-\$260,000 | 24,064,524 |
| St Augustine's College | NSW | Over \$260,000 | 22,726,458 |
| Haileybury College | Vic | \$209,000-\$234,000 | 21,906,798 |
| Cannon Hill College | Qld | \$235,000-\$260,000 | 17,859,589 |
| Northern Beaches Christian School | NSW | Over \$260,000 | 17,393,032 |
| Trinity Grammar School | NSW | \$235,000-\$260,000 | 16,627,869 |
| MLC School | NSW | Over \$260,000 | 16,342,344 |
| Newington College | NSW | Over \$260,000 | 13,424,107 |
| William Clarke College | NSW | \$209,000-\$234,000 | 13,243,597 |
| Brisbane Grammar | Qld | Over \$260,000 | 13,083,524 |
| Newcastle Grammar | NSW | Over \$260,005 | 12,940,422 |
| Ivanhoe Grammar School | Vic | \$209,000-\$234,002 | 12,796,809 |
| Hunter Valley Grammar School | NSW | \$209,000-\$234,000 | 12,699,038 |
| Loreto Kirribilli | NSW | Over \$260,000 | 11,595,708 |
| St Margaret's Anglican Girls School | Qld | Over \$260,000 | 11,486,201 |
| Mentone Grammar | Vic | \$235,000-\$260,000 | 11,476,986 |
| St Mary's Anglican Girls' School | WA | \$235,000-\$260,000 | 11,469,905 |
| Central Coast Grammar | NSW | \$209,000-\$234,000 | 11,448,922 |
| Hale School | WA | Over \$260,000 | 10,744,508 |
| Inaburra School | NSW | \$235,000-\$260,000 | 10,691,002 |
| Total | | | 294,021,343 |

Source: See Table 1.

These estimates are based on previously unpublished data provided to Senate Estimates by the Commonwealth Department of Education in response to a question on notice by Green's Senator Penny Allman-Payne. They reveal there are 263 private schools with a median family income of \$209,000 or more per year, 92 of which have a median income of over \$260,000. This is the first time the Department has published these figures.

In fact, the over-funding of private schools is vastly under-estimated because the current funding method fails to take account of lucrative sources of income of families and schools. The above estimates are just the tip of the iceberg of taxpayer funding of the most privileged families and schools.

Under the current arrangements for Commonwealth Government funding of private schools, the extent of funding is determined according to the capacity of families to contribute financially. This is determined by the family income of families with children at the school, referred to as the Direct Measure of Income (DMI) model. The level of Commonwealth funding is determined by the median income of families with students at the schools. Family income is measured by the Adjusted Taxable Income (ATI).

ATI is a better measure of family income than taxable income because it includes several forms of income not included in taxable income such as employer and personal superannuation contributions, fringe benefits from exempt employers such as re-imbursement of school fees, tax-free government pensions and benefits and losses from negative gearing. However, it does not include income and payments made by grandparents – the Bank of Mum and Dad. School fees are often partially or fully paid by grandparents who also gift money for home deposits and other expenditures such as cars, household assets, childcare, etc. that frees up income to be spent on school fees. Nor does ATI include non-taxed capital gains or business and investment diverted to family trusts, which are largely the preserve of high income earners. It also ignores income held in secret overseas bank accounts and tax havens, another preserve of the rich.

These omissions and others mean that family income is likely to be significantly higher than estimated by ATI. Based on [Australian Taxation Office statistics \(Table 10\)](#), the average total income of families with an assessed ATI of \$260, 000 is likely to be significantly above \$300,000. For example, [many millionaires](#) are able to use deductions to reduce their taxable income below \$180,000 and some even some pay no tax. All this indicates that ATI significantly under-estimates family income and therefore private schools, especially the so-called elite schools are substantially over-funded.

Basing government funding of private schools solely on family income also ignores lucrative sources of income of high-fee schools such as donation, investment income, rental income and income from the hire of facilities. Figures obtained from the Australian Charities and Not-for-profits Commission show that 50 private schools received \$611 million in donations and investment income over five years from 2017 to 2021. Donations totalled \$461 million and investment income was \$50 million. Just 10 schools raked in \$291 million, or nearly one-third of the total of donations and investments. In 2022, Melbourne Grammar received \$5.2 million in donations and \$6.4 million in investment income.

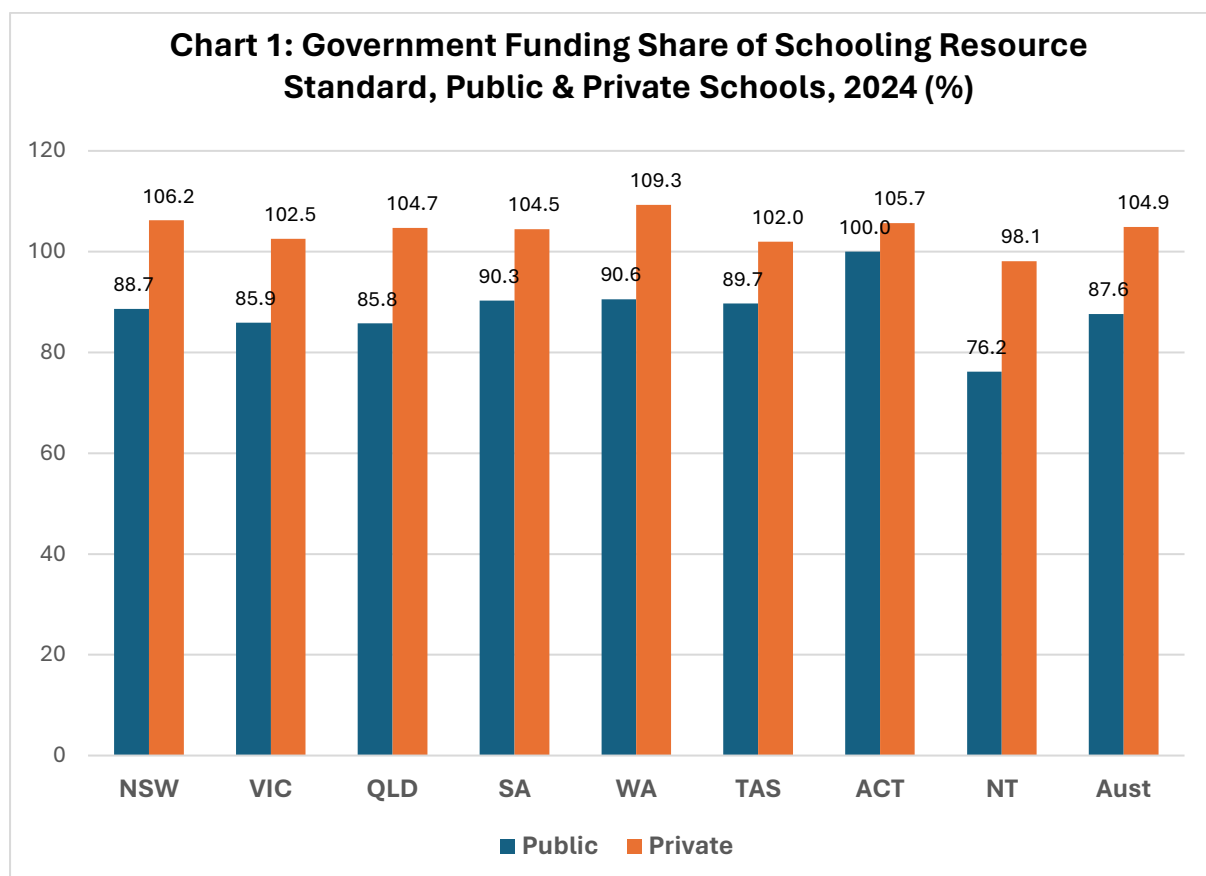
Many high fee private schools also derive income from rental properties and the hire of school facilities. For example, Abbotsleigh received over \$1 million in rental income in 2022 while Kincoppal-Rose Bay – Pool received \$1.4 million from the hire of school facilities. Both schools have a median family income of over \$260,000.

None of these sources of family and school income are included in the assessment of the financial need of private schools for government funding. It means that official figures on Commonwealth over-funding of private schools are vastly under-estimated.

The fact is that the current funding model for private schools is designed to over-fund them.

In contrast, to the extensive over-funding of private schools serving the richest families in Australia, public schools are massively under-funded and there is no plan as to when they will be fully funded. This is despite the fact that public schools enrol over 80% of disadvantaged students and 90% of disadvantaged schools are public schools.

There are massive differences in the funding shares of public and private schools. Private schools across Australia are funded at 104.9% of their SRS in 2024 while public schools are funded at only 87.6% (Chart 1). Private schools in all states except the Northern Territory are funded at over 100% of their SRS while public schools in all states except the ACT are funded at 90% or less.



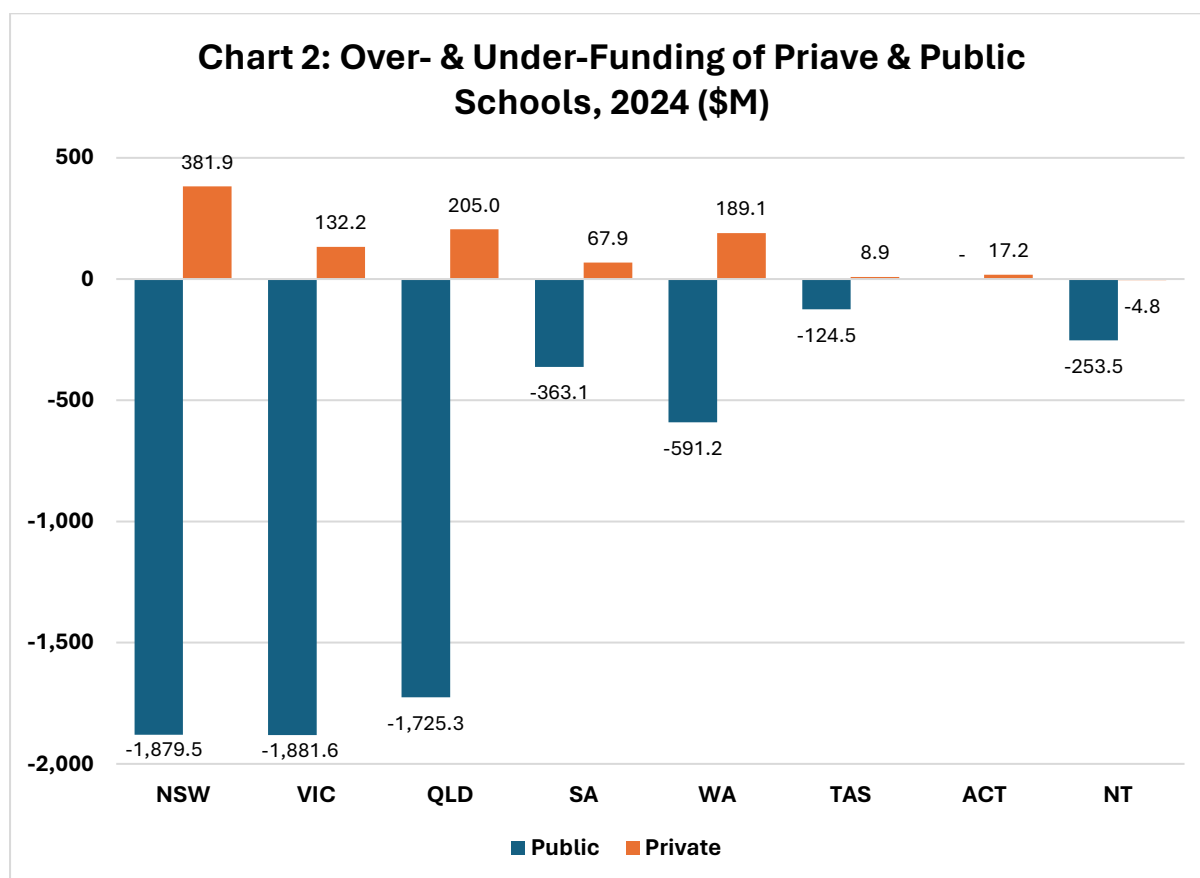
Source: Senate Estimates, Commonwealth-State bilateral agreements, National Schools Resourcing Board Compliance Report 2021.

Note: Private school shares include Choice and Accountability Fund.

In 2024, public schools across Australia will be under-funded by about \$6.8 billion while private schools will be over-funded by about \$1 billion. Public schools in NSW and Victoria will be under-funded by about \$1.8 billion and those in Queensland by about \$1.7 billion (Chart 2). Private schools in those states will be over-funded by \$382 million, \$132 million, and \$205 million respectively.

The massive under-funding of public schools is evident in large shortages of teachers, support staff and educational materials as well as inadequate infrastructure. These shortages contributed to the large achievement gaps of five or more years in learning between highly advantaged and disadvantaged 15 year old students revealed in the latest PISA results.

The new national schools reform agreement being negotiated between the Commonwealth and state/territory governments must correct the bias against public schools. The current school funding system is destroying public education. Public education is being progressively dismantled and reduced to a welfare safety net while the privatisation of education increases. Inequality in school outcomes and social segregation between schools is deepening. Apart from the disastrous effect on the lives of disadvantaged students, it has serious implications for the nature of our society and Australia's future economic prosperity.



Source: Updated SOS Estimates.

This parlous situation demands a comprehensive revision to better direct taxpayer funding to where it is most needed and will do most to reduce the large achievement gaps between rich and poor. Public schools must be fully funded at 100% of their SRS by 2028. The Commonwealth Government must play a greater role in the funding of public schools to fulfil its obligation to support greater equity in education. At present, the Commonwealth role is restricted to funding public schools at 20% of their SRS. However, the Albanese Government has signalled its intent to break with this arbitrary restriction by agreeing to increase its share to 22.5% for the future [funding of Western Australian public schools](#).

The new funding agreement must end the defrauding of public schools by the Morrison Government's agreements with the states whereby the states can claim expenditures that are

specifically excluded from the measure of the SRS as part of their share of funding public schools. They can claim expenditures on school transport, capital depreciation and some other items up to 4% of its SRS shar. On top of this, it can also claim expenditure on regulatory functions such as curriculum and standards authorities. These allowances will cost public schools about \$2.4 billion in lost funding in 2024.

As Shadow Minister for Education, Tanya Plibersek promised that a Labor Government would end the “[accounting tricks](#)” that allowed the states to artificially boost their funding share of the SRS of public schools. Now in government Labor has broken this promise. The accounting tricks have been [retained in the new agreement](#) struck with the WA Government and it is a signal for the agreements to be negotiated with the other states.

Apart from ensuring that public schools are fully funded by 2028, the Labor Government should crack down on the over-funding of private schools that has continued for the past 20 years or more, especially that of high fee, exclusive private schools serving the richest families in the country. Commonwealth over-funding of private schools should end by 2026. In addition, the new funding agreement should require state governments to end their over-funding of private schools. The caveats in the current agreements that allow several states to continue to over-fund private schools indefinitely should be dropped.

We are at a critical point in school funding. The defrauding of public schools and the over-funding of private schools must end. The challenge for the next National School Reform Agreement is to deliver a fairer funding system and greater equity in school outcomes.

13 February 2024

Trevor Cobbold
National Convenor

SOS - Fighting for Equity in Education

<https://saveourschools.com.au>

Attachment: Tables of Commonwealth Funding of Private Schools With a High Median Family Income

Table A1: Commonwealth Recurrent Funding of Private Schools with a Median Annual Family Income of Over \$260,000, 2022-2028 (\$)

| School | State | Commonwealth Funding | Over-Funding |
|--------------------------------------|-------|----------------------|--------------|
| St Augustine's College | NSW | 25,363,373 | 22,726,458 |
| Northern Beaches Christian School | NSW | 41,009,948 | 17,393,032 |
| MLC School | NSW | 42,919,718 | 16,342,344 |
| Newington College | NSW | 52,944,952 | 13,424,107 |
| Brisbane Grammar | Qld | 50,461,182 | 13,083,524 |
| Newcastle Grammar | NSW | 36,803,257 | 12,940,422 |
| Loreto Kirribilli | NSW | 38,156,312 | 11,595,708 |
| St Margaret's Anglican Girls School | Qld | 37,197,277 | 11,486,201 |
| Hale School | WA | 48,047,992 | 10,744,508 |
| Radford College | ACT | 52,271,611 | 10,670,054 |
| Brisbane Girls Grammar | Qld | 48,662,139 | 10,441,060 |
| Oxford Falls Grammar | NSW | 40,808,709 | 10,238,504 |
| Loreto Normanhurst | NSW | 34,217,761 | 10,232,925 |
| Monte Sant' Angelo Mercy College | NSW | 34,544,141 | 9,993,680 |
| St Aloysius' College | NSW | 48,164,508 | 9,647,791 |
| St Leonard's College | Vic | 41,598,656 | 8,352,117 |
| Pittwater House | NSW | 25,554,874 | 8,109,772 |
| Melbourne Grammar | Vic | 44,526,705 | 7,234,328 |
| St Andrew's Cathedral School | NSW | 58,180,163 | 6,745,906 |
| St Vincent's College | NSW | 32,626,431 | 6,550,627 |
| Carey Grammar | Vic | 61,290,529 | 6,280,675 |
| International Grammar | NSW | 29,880,705 | 6,132,140 |
| International French School | NSW | 25,439,470 | 5,808,659 |
| Methodist Ladies College | Vic | 22,293,045 | 5,717,439 |
| St Catherine's School | NSW | 24,852,449 | 5,586,001 |
| Brighton Grammar | Vic | 35,016,005 | 4,268,775 |
| Saint Ignatius' College | NSW | 35,775,730 | 4,179,586 |
| Mount Scopus Memorial College | NSW | 34,142,463 | 3,594,387 |
| Scotch College | Vic | 46,752,052 | 3,384,491 |
| Barker College | NSW | 77,035,543 | 3,334,178 |
| Firbank | Vic | 29,920,501 | 3,322,782 |
| St Hilda's Anglican School for Girls | WA | 39,202,052 | 3,320,753 |
| Trinity Grammar | Vic | 36,211,868 | 3,204,627 |
| Abbotsleigh | NSW | 31,741,194 | 3,074,838 |
| Melbourne Girls Grammar | Vic | 26,717,703 | 3,040,581 |
| St Michael's Grammar | Vic | 31,675,896 | 2,803,078 |
| The Emanuel School | NSW | 22,445,719 | 2,581,553 |
| Kincoppal-Rose Bay | NSW | 21,763,510 | 2,476,942 |
| Scotch College | WA | 32,469,510 | 1,985,430 |
| Sydney Grammar | NSW | 36,869,654 | 1,706,902 |
| Ruyton | Vic | 21,128,183 | 1,622,465 |
| Wenona School | NSW | 28,181,647 | 1,524,073 |
| Canberra Grammar | ACT | 52,586,146 | 1,423,984 |
| Queenwood | NSW | 19,890,575 | 1,412,141 |
| Christ Church Grammar | WA | 37,613,368 | 1,198,611 |

| | | | |
|-----------------------------|-----|----------------------|-------------------|
| Presbyterian Ladies College | WA | 23,639,635 | 1,128,491 |
| Ascham School Ltd | NSW | 22,655,324 | 1,048,258 |
| Canberra Girls Grammar | ACT | 22,257,402 | 891,253 |
| Lauriston | Vic | 21,518,387 | 861,684 |
| Kambala | NSW | 20,687,393 | 761,858 |
| Cranbrook | NSW | 34,287,188 | 694,597 |
| Methodist Ladies College | WA | 57,289,305 | 342,019 |
| Total | | 1,897,289,860 | 316,666,31 |

Sources:

Median Family Income: Senate Standing Committees on Education and Employment, Supplementary Budget Estimates 2023 – 2024, Answer to Question on Notice SQ23-001010.

Commonwealth recurrent funding: Senate Standing Committees on Education and Employment, Budget Estimates 2022 – 2023, Answer to Question on Notice SQ22-000248.

Notes:

3. Family income is adjusted taxable income.
4. Commonwealth over-funding is estimated by comparing funding at 80% of SRS with projected funding.

Table A2: Commonwealth Recurrent Funding of Private Schools with Median Annual Family Income of \$235,000-\$262,000. 2022-2028 (\$)

| School | State | Commonwealth Funding | Over-Funding |
|-----------------------------------|-------|----------------------|--------------------|
| Penleigh & Essendon Grammar | Vic | 123,276,480 | 24,064,524 |
| Cannon Hill College | Qld | 60,098,185 | 17,859,589 |
| Trinity Grammar School | NSW | 85,198,078 | 16,627,869 |
| Mentone Grammar | Vic | 70,995,959 | 11,476,986 |
| St Mary's Anglican Girls' School | WA | 46,673,541 | 11,469,905 |
| Inaburra School | NSW | 44,364,677 | 10,691,002 |
| Wesley College | Vic | 105,484,487 | 10,225,310 |
| Pembroke School | SA | 55,668,466 | 9,650,788 |
| Brigidine College | NSW | 30,868,798 | 8,850,142 |
| Perth College | WA | 38,469,191 | 8,474,550 |
| Scotch College | SA | 40,355,824 | 7,085,929 |
| Wilderness Schoool | SA | 32,726,220 | 6,818,301 |
| Stella Maris College Manly | NSW | 38,018,841 | 6,181,983 |
| Camberwell Grammar | Vic | 35,659,620 | 4,948,202 |
| Walford Anglican School for Girls | SA | 14,950,316 | 4,019,616 |
| Mentone Girls Grammar | Vic | 32,439,747 | 3,050,323 |
| Strathcona | Vic | 24,920,032 | 1,152,331 |
| Mount Scopus (Gandel-Besen Hou) | Vic | 8,785,181 | 555,385 |
| Knox Grammar | NSW | 63,713,591 | 436,090 |
| Aidan\'s Girls School | Qld | 26,037,745 | 130,010 |
| Westbourne College Sydney | NSW | 2,397,587 | 44,027 |
| Total | | 981,102,566 | 163,812,862 |

Sources:

Median Family Income: Senate Standing Committees on Education and Employment, Supplementary Budget Estimates 2023 – 2024, Answer to Question on Notice SQ23-001010.

Commonwealth recurrent funding: Senate Standing Committees on Education and Employment, Budget Estimates 2022 – 2023, Answer to Question on Notice SQ22-000248.

Notes:

1. Family income is adjusted taxable income.
2. Commonwealth over-funding is estimated by comparing funding at 80% of SRS with projected funding.

Table A3: Commonwealth Recurrent Funding of Private Schools with Median Annual Family Income of \$209,000-\$234,000, 2022-2028 (\$)

| School | State | Commonwealth Funding | Over-Funding |
|-------------------------------------|-------|----------------------|--------------------|
| Haileybury College | Vic | 208,021,040 | 21,906,798 |
| William Clarke College | NSW | 84,676,609 | 13,243,597 |
| Ivanhoe Grammar School | Vic | 93,087,402 | 12,796,809 |
| Hunter Valley Grammar School | NSW | 65,060,769 | 12,699,038 |
| Central Coast Grammar School | NSW | 69,964,337 | 11,448,922 |
| Guildford Grammar School | WA | 64,199,063 | 10,434,252 |
| St Peter's College | SA | 49,388,302 | 10,133,156 |
| Oakhill College Castle Hill | NSW | 98,090,233 | 9,076,558 |
| Mount St Benedict College | NSW | 57,502,865 | 8,570,975 |
| Wesley College | WA | 42,699,365 | 8,053,140 |
| All Saints' College | WA | 48,935,599 | 7,292,546 |
| Geelong Grammar School | Vic | 52,889,704 | 7,127,915 |
| Burgmann Anglican School | ACT | 68,559,072 | 6,940,916 |
| Hillbrook Anglican School | Qld | 39,629,624 | 6,001,101 |
| Star of the Sea College | NSW | 75,532,448 | 5,800,393 |
| The Essington School Darwin | NT | 50,129,412 | 5,633,846 |
| The Illawarra Grammar School | NSW | 38,443,683 | 5,475,766 |
| Caulfield Grammar School | NSW | 129,110,072 | 5,170,911 |
| Daramalan College | ACT | 80,044,122 | 4,822,658 |
| Frensham School | NSW | 27,710,180 | 4,791,902 |
| Moreton Bay College | Qld | 52,410,849 | 4,185,132 |
| Prince Alfred College | SA | 48,794,098 | 4,040,559 |
| Pulteney Grammar School | SA | 36,141,867 | 4,015,230 |
| Kilvington Grammar School | Vic | 31,373,271 | 3,526,207 |
| Toorak College | vic | 39,004,998 | 3,449,951 |
| The King's School | NSW | 83,665,187 | 2,801,905 |
| St Peter's Collegiate Girls' School | SA | 31,365,336 | 2,774,546 |
| Ivanhoe Girls' Grammar School | Vic | 32,172,861 | 2,470,874 |
| ELTHAM College | Vic | 31,722,798 | 2,346,012 |
| Santa Sabina College | NSW | 56,611,168 | 2,267,832 |
| OneSchool Global NSW - Sydney | NSW | 91,303,549 | 1,247,337 |
| Northholm Grammar School | NSW | 18,441,988 | 1,192,596 |
| Total | | 1,996,681,871 | 211,739,379 |

Sources:

Median Family Income: Senate Standing Committees on Education and Employment, Supplementary Budget Estimates 2023 – 2024, Answer to Question on Notice SQ23-001010.

Commonwealth recurrent funding: Senate Standing Committees on Education and Employment, Budget Estimates 2022 – 2023, Answer to Question on Notice SQ22-000248.

Notes:

1. Family income is adjusted taxable income.
2. Commonwealth over-funding is estimated by comparing funding at 80% of SRS with projected funding.