

SAVE OUR SCHOOLS

Education Research Paper

Wealthy Victorian Private Schools Massively Over-Funded by the Morrison Government

Many Victorian private schools are massively over-funded by the Commonwealth Government. Victorian Catholic education system and about one-third of Independent schools will be over-funded by \$510 million by the Commonwealth Government from 2022 to 2028.

The Catholic system will be over-funded by \$225 million and 67 Independent schools by \$285 million. Just 33 Independent schools are over-funded by \$224 million. They account for nearly 80% of the total over-funding of Independent schools. They include many of the most expensive and exclusive schools in Victoria. The full list of over-funded Independent schools is in Attachment 1 below. The estimates are based on official figures presented to Senate Estimates.

Under the current funding arrangements for private schools, the Commonwealth Government is responsible for funding private schools at 80% of their Schooling Resource Standard (SRS). However, many Victorian private schools are funded at well above 80% as shown in the table below.

Penleigh & Essendon Grammar School is the top over-funded school. Its cumulative over-funding for 2022 to 2028 will amount to \$23.4 million. The school is currently funded at 115% of its Schooling Resource Standard (SRS) by the Commonwealth Government instead of the target 80%. The Victorian Government is responsible for the other 20% of the SRS target, but its current funding of individual private schools and systems is not divulged.

Penleigh & Essendon Grammar is a highly privileged school. Just under 70% of its students are from the highest socio-educationally advantaged (SEA) quartile and over 90% are from the top two quartiles. Only two per cent are from the lowest SEA quartile.

Haileybury College is not far behind Penleigh & Essendon Grammar in the over-funding stakes. It is currently funded at 97% of its SRS by the Commonwealth and will be over-funded by \$22 million to 2028. Nearly 80% of its students are from the top SEA quartile and 94% are from the top two quartiles.

Other over-funded wealthy schools include Melbourne Grammar which is currently funded at 107% of its SRS by the Commonwealth and its cumulative over-funding to 2028 will be \$7.3 million. St. Leonard's College is funded at 117% of its SRS and will be over-funded by \$8.5 million to 2028; Carey Grammar is funded at 96% of its SRS and be over-funded by \$6.2 million and Methodist Ladies College is funded at 98% of its SRS and will be over-funded by \$5.7 million.

Around 80% of students in these schools are from the top SEA quartile and about 95% are from the top two quartiles. They have virtually no students from the lowest SEA quartile, not surprising given their average fees of around \$30,000 a year.

The Victorian Ecumenical School System, consisting of 17 schools, is also heavily over-funded at 90% of its SRS. It will be over-funded by \$86 million to 2028, that is, an average of \$5 million per school. Many of its schools are highly privileged. For example, 79% of students at Huntingtower are from the top SEA quartile and 97% are from the top two quartiles. Nearly 70% of students at Ballarat and Clarendon College are from the top SEA quartile and 91% are from the top two quartiles with only 2% from the bottom quartile.

In summary, the over-funding of Independent schools heavily favours highly privileged schools. Of the top 32 over-funded schools for which student composition figures are available, 21 have about 60% or more of their students from the top SEA quartile and 26 have about 80% or more from the top two quartiles. Only four schools have more than 5% of their students from the lowest quartile and 21 have only 0-2% of students in the lowest quartile. Half of the schools have annual fees of about \$20,000 or more.

Top Over-Funded Independent Schools in Victoria

Schools	C/W SRS Share 2022	C/W Over-Funding 2022	C/W Over-Funding 2022-2028	Fees 2019	Students in Lowest SEA Quartile	Students in Top SEA Quartile	Students in Top 2 SEA Quartiles
	%	% points	\$	\$	%	%	%
Penleigh & Essendon Grammar	115	35	23,424,587	16,464	2	69	91
Haileybury	97	17	22,033,933	25,002	1	77	94
Ivanhoe Grammar	99	19	10,386,779	26,000	2	65	90
Mentone Grammar	104	24	9,085,457	24,791	1	63	91
Kardinia I/N College	92	12	8,731,442	12,324	2	54	87
St Leonard's College	117	37	8,488,284	27,317	1	77	95
Melbourne Grammar	107	27	7,284,300	31,954	0	76	95
Wesley College	89	9	6,931,316	29,470	2	70	92
Girton Grammar	94	14	6,614,073	13,180	2	58	85
Carey Grammar	96	16	6,194,469	30,572	1	75	95
MLC	98	18	5,738,648	31,236	1	80	96
Caulfield Grammar	86	6	5,181,325	29,316	15	58	77
Ecumenical Schools (17)	90	10	5,069,701	12,752	5	46	75
Lowther Hall	100	20	4,774,692	20,463	1	65	92
Geelong Grammar	93	13	4,681,244	22,430	2	69	91
Brighton Grammar	100	20	4,278,741	27,627	2	65	91
Mount Scopus College	98	18	4,213,514	24,552	0	76	96

Sources: See Attachment 3: Data Sources and Methodology.

Note: The over-funding, fees and student composition of Ecumenical schools are an average for the 17 schools. See Attachment 2 for details of the Victorian Ecumenical System of Schools.

The Victorian Catholic school system is only slightly over-funded at present according to the Department of Education figures provided to Senate Estimates. However, the Commonwealth share will increase from 80.4% of its SRS to 81.7% in 2023 and remain above 80% until 2029. This will result in over-funding of about \$225 million for nearly 500 schools.

The over-funding of private schools is due to end by 2029 as the Commonwealth reduces its funding share to 80% of their SRS. However, there is no guarantee this will occur. Several private school organisations are campaigning against losing their over-funding and, indeed, want more. Their greed is unrestrained. In effect, it is a campaign against funding for those most in need.

[In its pre-Budget submission](#), Independent Schools Australia called for increased funding to support choice in education. Their demands include more funding for schools to transition to the Direct Measure of Income (DMI) methodology for calculating the financial need of private schools. This is despite receiving \$455 million over ten years from 2019-2029 under the Choice and Accountability slush fund, \$66 million in various forms of transitional assistance to the DMI approach in 2019 and hundreds of millions in JobKeeper payments in 2020. It also wants more funding for regional boarding schools and an increase in capital grants.

Not to be outdone, the [National Catholic Education Commission](#) also wants additional funding for its schools in regional, rural and remote areas and for regional boarding schools. This is despite its huge windfall of \$3.7 billion over ten years from 2019 to 2020 from the introduction of the DMI to assess the financial need of schools, \$727 million in additional funding under the Choice and Accountability Fund and \$157 million in transitional assistance to the DMI in 2019.

The Victorian Ecumenical school system is in the forefront of the campaign to retain over-funding. The principal of Bacchus Marsh Grammar, a leading voice in the system, complained last year that his school will lose about \$5 million in Commonwealth funding by the end of the decade. He told the ABC's [7.30 Report](#) that "Our people are Menzies' 'forgotten people', they are Howard's 'battlers', and they do ask the question, why a conservative government is doing this to them."

The refusal to give up millions in over-funding can only be seen as blatant greed while public schools are under-funded by the Commonwealth and Victorian governments.

Bacchus Marsh Grammar is a P-12 school which serves more advantaged families and has far more resources than its public school neighbours. Only 5% of the school's students are from the lowest SEA quartile while 76% are from the top two quartiles and it has no Indigenous students. Its total income per student in 2019 was \$21,422.

This compares with average funding for two local public schools, Bacchus Marsh PS and Bacchus Marsh College, of only \$13,399 per student. This is only 60% of the income of Bacchus Marsh Grammar. Yet, these two schools have a much larger proportion of disadvantaged students – 46% in the case of the College and 24% in the case of the primary school. This highlights the unfairness of the school funding system whereby those most in need are denied adequate funding.

The [Coalition of Metropolitan and Outer Regional Schools \(COMAIRSA\)](#), which has six member schools in Victoria including Bacchus Marsh Grammar and several other Ecumenical schools, is also campaigning against the planned reduction in Commonwealth funding to 80% of their SRS. It is opposed to the DMI method of assessing the financial need of schools because many of its members will have less funding than under the previous model. It wants yet another special deal from the Morrison Government to retain the funding privileges of its members. It has called for a "zero disadvantage" clause to be adopted whereby schools do not lose funding due to the DMI model.

We can expect to hear more of these demands in the Federal election campaign.

In contrast to the over-funding of private schools, the chronic under-funding of public schools in Victoria is set to continue for the rest of the decade. Victorian public schools are only funded at

84.6% of their SRS in 2022. They will be funded at less than 91% of their SRS until 2029 because the [Commonwealth-Victorian bilateral funding agreement](#) allows the Victorian Government to defraud public schools.

Formally, the Victorian Government is only required to fund public schools to 75% of their SRS instead of 80% by 2029, with the Commonwealth providing the other 20%. However, the agreement also allows the Victorian Government to claim expenditure on depreciation and rural school transport up to 4% of its target share. It can also claim expenditure on regulatory authorities such as the Victorian Curriculum and Assessment Authority and the Victorian Registration and Qualifications Authority.

These expenditures are specifically excluded from the definition of the SRS and so allow the Victorian Government to reduce its target share to be achieved by 2029 to less than 71%. Thus, public schools will only ever be funded at less than 91% of their SRS by 2029 under current arrangements.

This skulduggery robs public schools of billions in funding. The cumulative under-funding of public schools from 2022 to 2029 is estimated by SOS at about \$15 billion.

We are at a critical point in the future of school funding. The Morrison Government is under pressure to provide another special deal for private schools to protect their millions in over-funding. The question is not whether it will deliver to its clients, but how much in the lead up to the Federal election.

Meanwhile, public schools continue to suffer from massive chronic under-funding. The Federal election is an opportunity for Labor, the Greens and Independents to address the inequity in school funding.

Labor and the Greens must deliver on their promise to ensure that public schools are fully funded at 100% of their SRS. Shadow Minister for Education, Tanya Plibersek, has committed to this goal several times in the last few months. However, there are no details on when this will occur.

The Commonwealth Government must play a greater role in addressing disadvantage in education. A priority should be to increase the funding loadings for disadvantaged students. Another priority is to immediately revise the Commonwealth-State bilateral funding agreement to ensure that the states, including Victoria, fulfil their responsibilities in funding public schools.

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Attachment 1: Full List of Over-Funded Victorian Independent Schools

School	C/W Over-Funding 2022-2028 (\$)
Victorian Ecumenical System Schools -17 schools	86,184,922
Penleigh & Essendon Grammar	23,424,587
Haileybury	22,033,933
Ivanhoe Grammar	10,386,779
Mentone Grammar	9,085,457
Kardinia International College	8,731,442
St Leonard's College	8,488,284
Melbourne Grammar	7,284,300
Wesley College	6,931,316
Girton Grammar	6,614,073
Carey Grammar	6,194,469
MLC	5,738,648
Caulfield Grammar	5,181,325
Lowther Hall	4,774,692
Geelong Grammar	4,681,244
Brighton Grammar	4,278,741
Mount Scopus Memorial College	4,213,514
Overnewton Anglican College	3,947,083
Firbank Grammar	3,471,608
Camberwell Grammar	3,448,521
Kilvington Grammar	3,422,566
Scotch College	3,375,772
Toorak College	3,289,473
Trinity Grammar	3,251,070
Mentone Girls' Grammar	3,198,412
Melbourne Girls Grammar -	3,036,614
St Michael's Grammar	3,030,755
Beaconhills Christian College	2,906,006
Aitken College	2,705,365
Flinders Christian Community College	2,421,046
One School Global	2,233,467
Billanook College	2,162,853
Kilmore International	2,095,337
Cornish College	1,803,467
St Margaret's School	1,712,259
Southern Cross	1,675,931
Woodleigh School	1,559,772
Eltham College	1,107,649
Strathcona Girls Grammar	1,107,305
Lauriston Girls' School	800,361
Cire Community School	754,958

River Nile School	693,313
Bialik College	506,372
Geelong College	395,251
Melbourne Montessori School	392,495
Fintona Girls' School	370,260
PRACE College	172,014
Christian Community College	135,944
Sandridge School	120,125
Ozford College	15,622

Attachment 2: Victorian Ecumenical System Schools

Schools	Fees 2019	Students in Lowest Quartile	Students in Top Quartile	Students in Top 2 Quartiles
	\$	%	%	%
Bacchus Marsh Grammar	9,462	5	42	76
Balcombe Grammar	8,970	5	40	76
Ballarat Clarendon College	13,097	2	67	91
Ballarat Grammar	12,981	2	58	86
Braemar College	12,274	3	58	85
Casey Grammar	6,619	10	31	67
Clyde Grammar	na	6	36	76
Gippsland Grammar	10,349	4	42	79
Goulburn Vallery Grammar	13,176	2	55	85
Highview College	12,670	28	11	37
Huntingtower	19,501	1	79	97
Newhaven College	6,635	na	na	na
Peninsula Grammar	22,691	4	50	82
St Paul's Grammar	9,562	5	44	78
Geelong College	24,014	2	60	88
Hamilton & Alexandra College	15,706	4	43	79
Westbourne Grammar	19,079	2	64	90
Average	12,752	5	46	75

Attachment 3: Data sources and methodology

The over-funding estimates are based on data provided to Senate Estimates by the Commonwealth Department of Education for the 2021-22 Budget. Data on Commonwealth Government funding for school systems and individual schools and the Commonwealth shares of the Schooling Resource Standard were supplied in answer to a question on notice by Senator Mehreen Faruqi (2021-22 Budget Estimates, SQ21-000848).

The two sets of data were used to calculate the funding due to systems and schools at the target 80% Commonwealth share. The over-funding is estimated as the difference between their projected Commonwealth funding estimates and that at the 80% share of their SRS. The over-funding estimates ignore other sources of Commonwealth Government funding such as the Choice and Accountability Fund which operates until 2029.

Data on school fees and student composition were obtained from My School.