Independent schools

Jurisdiction-specific comments

- A key distinguishing feature of the independent school sector compared to government schools is that with very few exceptions, independent schools operate autonomously with school operating costs as well as capital expenditure needs being met directly by each school.
- Revenue derived by independent schools through tuition fees not only covers the education of students but also pays for the overhead and infrastructure costs associated with these small to medium sized, not-for-profit businesses. These additional costs include property maintenance, technology, data, electricity, legal & compliance, debt servicing, workplace management, as well as professional development costs. Government and Catholic systems utilise economies of scale by partially or wholly managing these activities at a regional or state level on behalf of their schools. Therefore, in comparing the resources available to schools across sectors, it is important to consider the different operational nature of schools and the additional costs and infrastructure needs faced by independent schools.
- Accountability mechanisms are also reflective of the autonomy of independent schools as these schools have a high level of direct accountability to parents and their communities, as well as to Government/s via the Department/s of Education, the Australian Securities and Investments Commission (ASIC), and the Australian Charities and Not For Profits Commission (ACNC).
- My School shows capital expenditure by source. For most independent schools, the necessary facilities and infrastructure such as new school buildings, maintenance and renovation of existing buildings, grounds, and equipment, are paid for by contributions from parents and the school community, with less than 10 per cent on average of these capital costs contributed by the government. Many schools receive no government contribution at all for capital developments and therefore their revenue structure reflects the inter-generational nature of their assets and the requisite need to generate sufficient revenue to meet not only current debt servicing needs but future demands for capital expenditure. It should be noted that for the period 2009-2012 the Federal Government's stimulus package (the Building the Education Revolution Program) injected significant additional capital funding, enabling an accelerated growth of facilities for schools across all sectors.
- As noted for some government and Catholic jurisdictions, there are some independent schools where Year 1 minus 2 (pre-school) costs and enrolments have been included where they could not be accurately separated from school financial data.
- A notional amount has been recorded against both recurrent income and capital expenditure for each independent school that represents the annual administrative cost incurred by Block Grant Authorities in administering Australian Government Capital Grant Programs and state government capital grant programs for independent schools. This recognises that these schools may be in planning, design,

or construction phases for projects that can span a number of years and that the costs are not just related to one year.

- In January 2011, ACARA, Australian Government Department of Education and the independent sector worked collaboratively to resolve an issue regarding the treatment of debt. The methodology was revised to remove the potential for double counting debt servicing in income deductions to arrive at the net recurrent income figure. The technical aspects of this approach are outlined in the ACARA FDWG Financial Data Reporting Methodology report provided on My School.
- For independent schools which have enrolled full fee paying overseas students, finance data includes income from these students.
- My School measures independent and Catholic systemic schools by total income whereas government schools are measured on expenditure as a proxy for income. Therefore, certain allowances and deductions have been made in an attempt to equalise operational costs across the various sectors and reflect the additional capital costs borne by independent and Catholic system schools. Therefore there will be limitations in the comparability of the financial data across schools and systems due to the methodology adopted. The agreed methodology was recognised to have limitations and these were recognised in the Deloitte Letters of Assurance.