

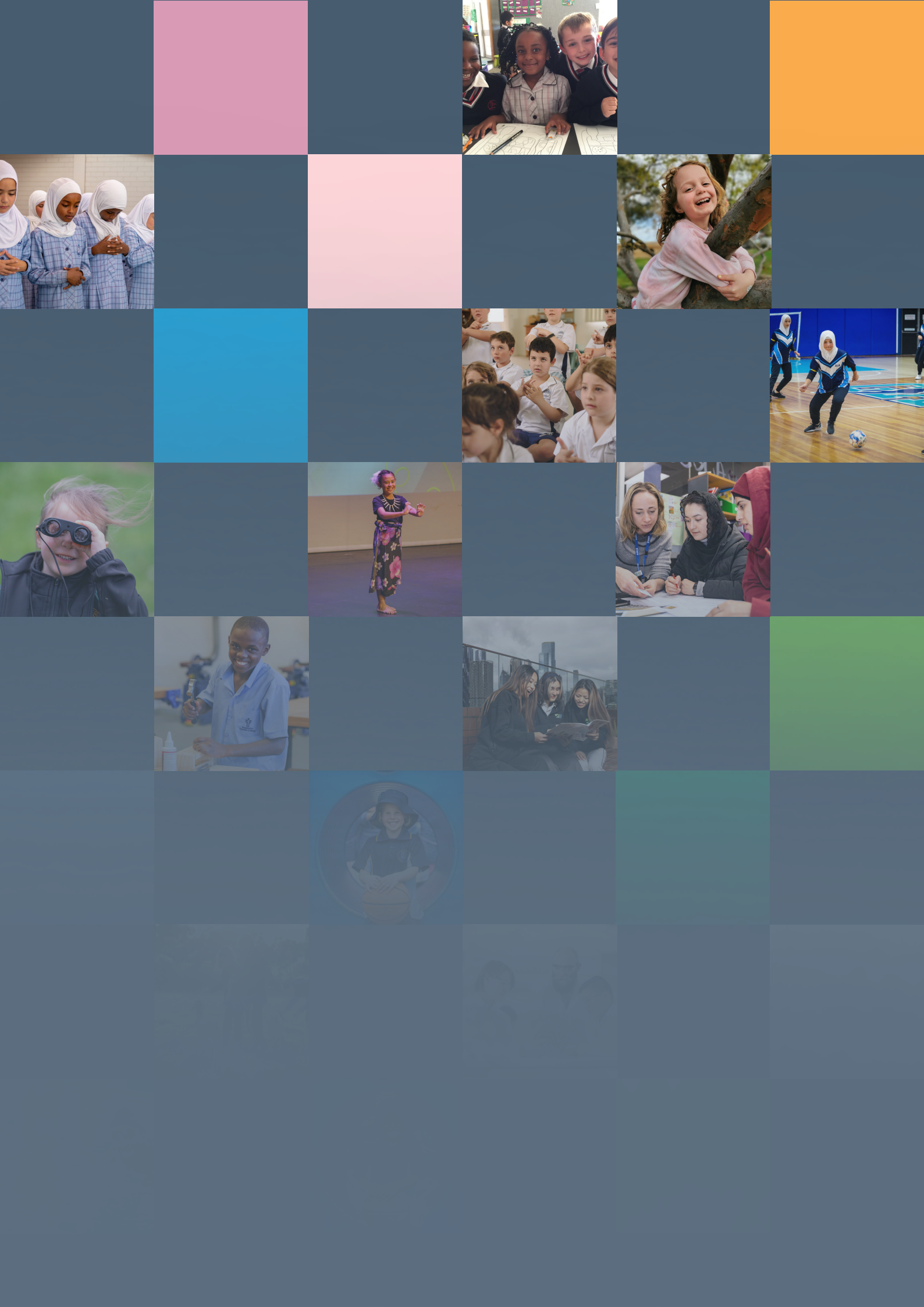


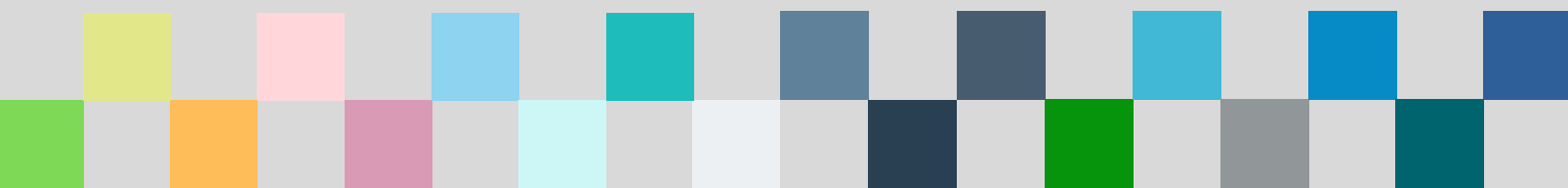
Table of Contents

- 01** Chief Executive Message
- 02** Executive Summary
- 03** Report Narrative
- 04** Independent Schools in Victoria
- 05** Challenges faced by Victorian Independent schools
- 06** The value Independent schools provide to Victoria

We acknowledge the Traditional Owners of the land on which we gather
and pay our respect to their Elders, past and present.

We are fully committed to reconciliation between Aboriginal and Torres
Strait Islander Peoples and all other Australians.

is.vic.edu.au/reconciliation



01 Chief Executive Message



Rachel Holthouse
Independent Schools Victoria

This independent impact report marks an important milestone for the Independent school sector in Victoria. While it reinforces what many of us already know – that Independent schools are woven into the fabric of our communities – it also brings to light, perhaps for the first time, impartial evidence of our sector’s broader economic and social value to both our state and nation.

The findings confirm that Independent schools not only deliver strong educational outcomes but also contribute significantly to our state’s economy and represent substantial savings for government. We support families, strengthen communities and help relieve pressure on public resources.

This report celebrates the impact Independent schools make every day. Our schools don’t just educate students, they create jobs, invest in infrastructure, attract international visitors and contribute millions in community programs.

02 Executive Summary

Independent Schools Victoria (ISV) represents Independent schools Victoria-wide across advocacy, support and engagement

- Independent schools are a crucial part of Victoria's education system, with **~230** independent schools that educate **~16% (165k)** of the state's students
- Independent schools provide a diverse range of education options and drive significant benefits for students, parents, communities and the state
- ISV has developed an impact narrative to support the articulation of the benefits driven by Independent schools and to support engagement with key stakeholders



Independent schools in Victoria face multiple challenges

- Independent schools are perceived as elitist by the media and the public, when in reality, more than half (**~53%**) are classified as “low-fee” and charge **<\$7.5k** per student
- The Capacity to Contribute (CTC) test reduces government funding for schools with higher median parental incomes. But this creates a cycle: as lower-income families leave, the median income rises, funding falls further, fees increase, and more families are pushed out
- The payroll tax imposed on schools with fees **>\$15k** per student annually is exacerbating existing financial challenges already being faced by Victorian independent schools
- Three-quarters of the **55** independent schools paying payroll tax will pay more in payroll tax than they receive from state government funding
- **20** additional schools are within **\$3,000** of the payroll tax fee threshold, and may soon exceed the threshold – notably, half of these are small schools with fewer than **200 students**



Victorian Independent schools contribute nearly \$7 billion in economic value annually

- Independent schools contribute **\$6.6 billion** in annual economic impact to Victoria, through supporting jobs, infrastructure, broader economic spillovers, and other activities (e.g. income attraction from overseas students, investment and donation attraction)
- A reduction in Independent school enrolments would create significant costs to the Victorian government, e.g. every **5%** decline in enrolment could lead to an additional annual burden of **\$135 million** to the state due to the current funding structure. Collectively, the Independent school sector saves the state government **\$3 billion** annually in government school funding it would otherwise have to pay



Independent schools also contribute to a range of social and community benefits, some of which are quantifiable while some are qualitative

- Quantifiable social outcomes include enabling leading outcomes in literacy and numeracy, educating a growing number of First Nations and regional students and contributing to the broader education sector (e.g. offering teaching placements)
- Many Independent schools offer individualised support for disadvantaged students, including students with disability, refugees, asylum seekers and First Nations students
- Independent schools can also re-engage previously disengaged students through specialised programs, hybrid teaching models and individualised support structures
- Independent schools play a key role in supporting the community, through initiatives such as providing disaster relief, delivering food to those in need and providing support in times of crisis



03 An impact narrative has been developed for Victorian Independent schools

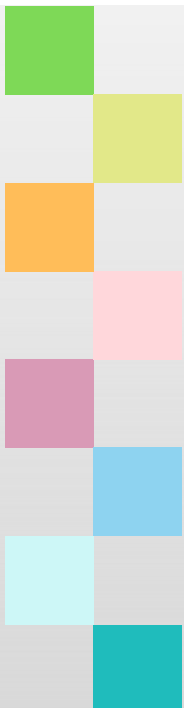
Report Context

- Independent Schools Victoria (ISV) is a not-for-profit organisation that represents and supports Victoria's Independent school sector, promoting choice, diversity and excellence in education
- ISV's membership is made up by over **230 independent schools** across Victoria, representing a broad range of religious, non-denominational, co-educational, single-sex, boarding and specialist institutions
- These schools support more than **165k students (16% of Victoria school students)**
- ISV provides member schools with professional development, curriculum support, governance and leadership advice, compliance assistance, and advocacy with government and education bodies
- While Independent schools deliver an extensive range of benefits, the sector faces challenges including negative public perception, a lack of understanding about government funding and the additional burden of payroll tax changes
- ISV commissions this independent development of an impact narrative to better articulate the value and societal contributions of Victorian Independent schools

Report Purpose

This report aims to:

1. Quantify and communicate economic and social impact by building a robust, evidence-based model
2. Analyse the implications of the payroll tax, including its financial impact on schools
3. Showcase exemplar case studies that highlight the sector's community and educational impact



ISV provides a wide range of services to members



PROFESSIONAL REPRESENTATION

Serve as the representative body for Independent schools across Victoria, representing their interests to governments, regulatory bodies, media, and the public



SUPPORT SERVICES

Offer a range of support services to its member schools, including funding and accountability services, research and innovation support and media and communications assistance



DIVERSITY AND CHOICE

Champion the diversity and autonomy of Independent schools, which allows them to offer varied educational approaches tailored to the needs of their students



ADVOCACY AND REPRESENTATION

Advocate on behalf of its member schools, promoting the importance of Independent education and representing their interests to government and other stakeholders



PROFESSIONAL DEVELOPMENT AND TRAINING

Offer training and resources for school board members to help them understand their roles and responsibilities, which include courses on governance, risk management, and financial literacy



COMMUNITY ENGAGEMENT

Help schools communicate effectively with their communities, including parents, staff, and students, as well as the wider public

ISV has a wide range of stakeholders with different priorities

Students

ISV supports and advocates for students in member schools

Parents

As key decision-makers in school choice, parents are supported indirectly by ISV

Schools

All Independent schools in Victoria are members of ISV

Teachers

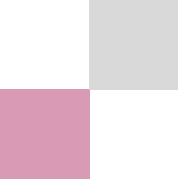
Teachers have access to ISV's professional learning and leadership development services

Media

ISV is focussed on productive and proactive engagement with media

Government

ISV is actively engaged with both the Victorian and Commonwealth governments to ensure the interests of Independent schools are well represented

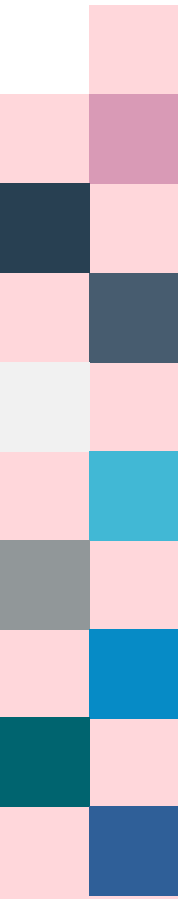


The Gonski Review sets out the government priorities for Australian education

While the federal government expressed in-principle support for the recommendations, implementation progress has been mixed

About the Gonski Review

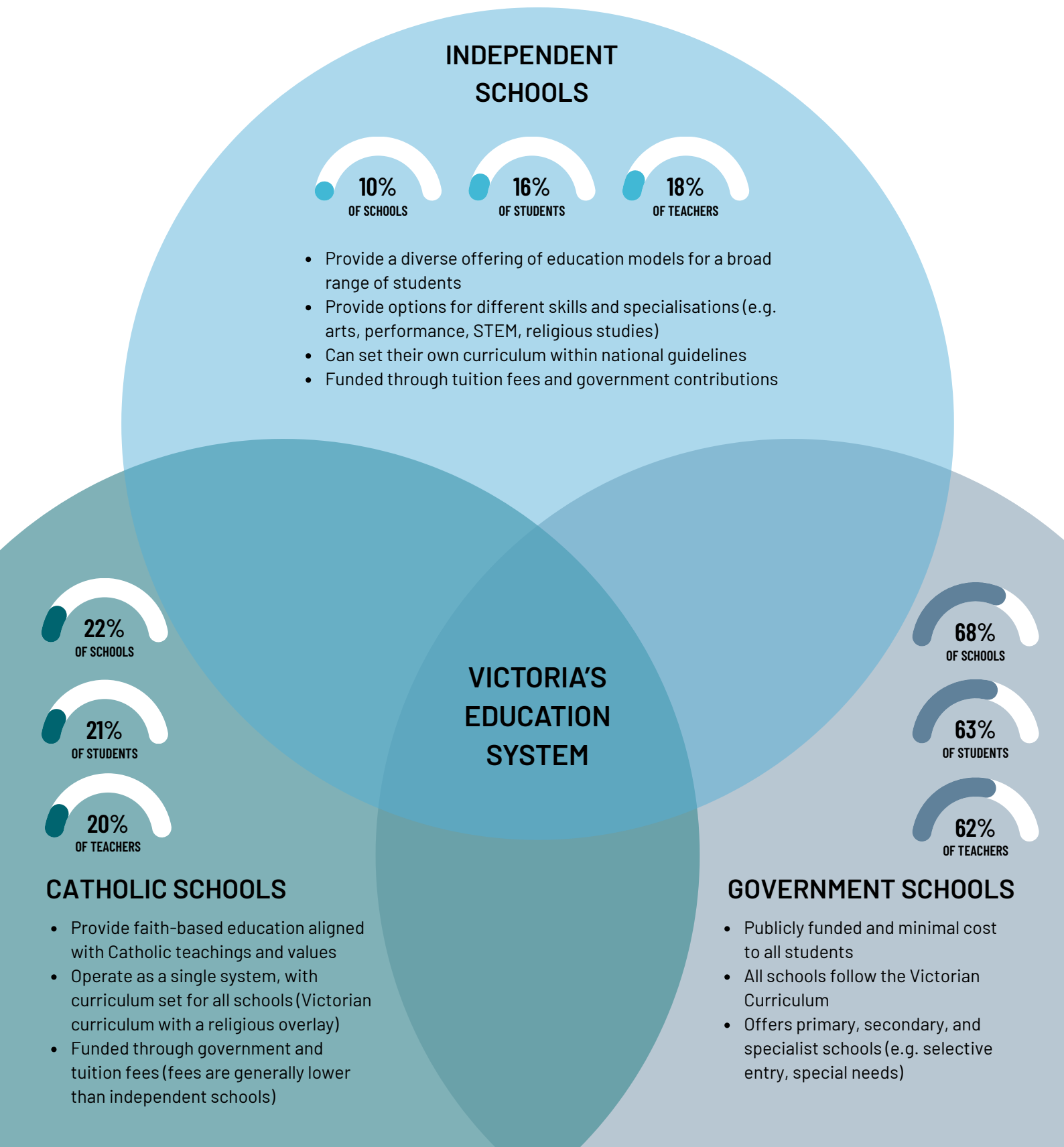
- The 2018 Gonski Review, *Through Growth to Achievement*, builds on the first Gonski Review (2011) and analyses how Australia's school funding should be used to improve student outcomes
- The review shifts the national focus from how much funding schools receive (addressed in the first Gonski Review) to how that funding is used to personalise learning, lift teaching quality, modernise the curriculum, and close achievement gaps, especially for disadvantaged students
- Victoria has made steady progress in implementing Gonski reforms
- Further, Victoria has also committed to fully funding their agreed portion of funding for public schools by 2034 via the 2025 Better and Fairer Schools Agreement (BFSA)



Key Recommendations

1. **Individual Learning Growth:** Focus on ensuring every student achieves at least one year's growth in learning annually
2. **Curriculum Overhaul:** Revise the curriculum to emphasise essential skills, capabilities, and deep learning
3. **Early Childhood Education:** Prioritise high-quality early learning to support smooth transitions to school
4. **Teaching Excellence:** Improve teacher education, development, and career pathways to attract and retain top educators
5. **School Leadership:** Redefine school leadership to emphasise instructional leadership and a culture of continuous improvement
6. **Data and Evidence Use:** Implement strong data systems to track student progress and guide teaching practices

04 Independent schools are a crucial part of Victoria's education system



Victorian Independent schools offer choice to students and parents



STUDENTS

168,932

Student type	% of students
Primary	42%
Secondary	58%
Male	49%
Female	51%
With disability	27%
Indigenous	0.8%
Enrolled in Special Assistance Schools	2.3%



SCHOOLS

228

Student type	% of schools
Primary	15%
Secondary	4%
Combined	68%
Special	13%
Co-educational	92%
Single sex (male)	4%
Single sex (female)	8%
Non-denominational	31%
Religious affiliations	61%
Other	8%



FEES

Median: \$6.9k

School type	% of schools
Low fee (<\$7.5k)	53%
Mid fee (\$7.5k - \$20k)	27%
High fee (>\$20k)	10%

The funding landscapes for schools is complex

There are three funding components for Victorian schools including the Schooling Resource Standard (SRS)

Indicative view of the funding model (high-level illustration):

Loadings act as a multiplier to increase the base SRS based on certain school characteristics

Tuition fees

Independent and Catholic schools only

The base amount provided to all schools before adjustments

~\$14k (primary students)
~\$17.5k (secondary students)

School location

School size

Low-English proficiency

Socio-educational disadvantage

Aboriginal and Torres Strait Islander

Students with disability

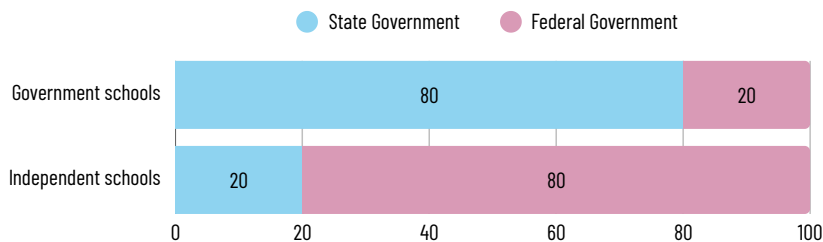
Base SRS

Loadings

Tuition fees

The government contribution to the SRS varies depending on the type of school and can be adjusted

How the Base SRS is funded (high level illustration %):



The additional amount on top of the base SRS is made up of parent fees

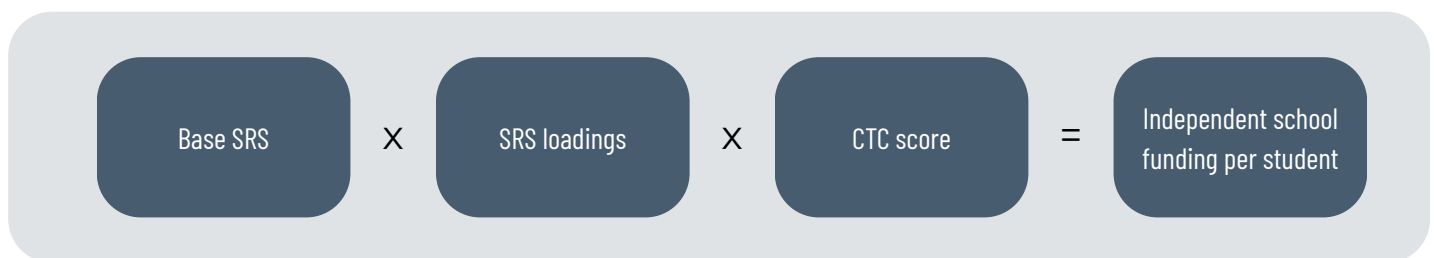
Adding further complexity to this is that the actual government contribution can change:

- **Government schools** – loadings based on student or school information can be added to increase the amount of funding per student
- **Independent schools** – loadings may apply, and the size of the SRS can be adjusted based on the capacity of the parents to contribute. See the following page for further detail on this

The SRS paid to Independent schools is adjusted based on a Capacity To Contribute (CTC) test

Introduced in 2020, the CTC test assesses the capacity of the parents at an individual school to contribute to ongoing costs of running the school, relative to the capacity at public schools.

The government funding to independent schools is adjusted based on this.



The CTC adjustment uses the Direct Measure of Income (DMI) methodology to make adjustments by:

1. Taking the (de-identified) taxable income of all parents at an independent school
2. Calculating the median number to determine the DMI score
3. Ranking the schools to inform the overall CTC score

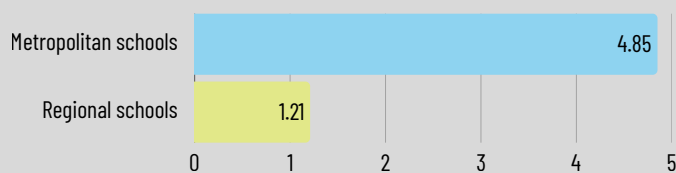
Adjustments range from 10% of the SRS for schools with the lowest capacity to contribute to up to 80% of the SRS for schools with higher capacity

Victorian schools with fees >\$15k are now subject to a payroll tax

About the tax

- From July 2024, schools with an income per student of >\$15k are subject to payroll tax
- The \$15,000 threshold will be in place until at least 1 January 2029, when it will be reviewed

The tax is applied to total wages paid by the schools, at a rate of (%):



NOTE: While government schools are also subject to the payroll tax, it essentially functions as a 'transfer of accounts' between different departments, and is expected to have no material financial impact.

Impact of the tax on Independent schools

Among the 55 Independent schools subject to payroll tax:

93% plan to increase fees to cover part or all of the tax

28% plan to reduce teaching staff

35% plan to increase class sizes

24% will cancel or reduce existing curricular programs

43% will cancel, delay or reduce the scope of proposed capital works



05 Addressing the challenges faced by the Independent school sector



Independent schools are viewed as elitist

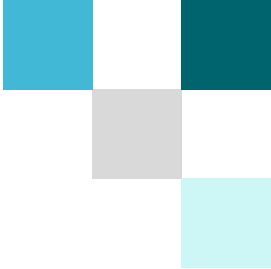


The sector is facing financial challenges driven by the funding model and rising expenses



The payroll tax unfairly impacts schools, parents and students

-
- Independent schools educate more than **one-sixth** of the state's students, who come from all sorts of cultural, religious and socioeconomic backgrounds
 - These schools are often positioned in the media as being elitist, when in reality, more than half of the schools are classified as low-fee, costing less than **\$7.5k per student**
 - The median fee across Independent schools is less than **\$7k**. **4 out of 5** schools collect less than **\$20k** per student
 - The capacity to contribute (CTC) test reduces funding for schools with higher median parental incomes - this can lead to a cycle where lower-income families choose other schools, which raises a school's CTC score, leading to funding reductions and necessary fee increases, and even more families choosing other schools
 - Many schools are currently operating on thin margins or in deficits, as growth in expenditure has outpaced growth in income over the past **3 years**
 - Many schools affected by the payroll tax are already running deficits, and the tax will worsen their financial position – raising the total shortfall to **~\$100 million** across all impacted schools
 - In aggregate, Independent schools impacted by payroll tax are paying the Victorian government **\$22 million** more than they receive in funding, with **40 (75%)** out of the **55** Independent schools paying more than they receive
 - **~55k** students and their families will effectively be paying the state government to receive education from independent schools
 - **20** additional schools are within **\$3,000** of the payroll tax threshold and are expected to be impacted soon – notably, half of these are small schools (**<200 students**), and many of them would need to raise fees by **>5%** to offset the tax impact



There are several key challenges faced by the sector

Challenging public perception

- Independent schools are often perceived as elitist, which suggest these educational institutions as catering primarily to the affluent and privileged
- Commentary often does not recognise the diversity of the sector, as more than half of schools are classified as “low-fee” by the Victorian government
- There are many initiatives and programs which exclude Independent schools

Disadvantageous funding model leading to uncertainties

- The “capacity to contribute” assessment model can lead to a cycle of increasing fees for parents, which may exclude lower income families
- Costs have grown in recent years, with many schools operating at financial deficits, and expenditure growth outpacing income growth across the sector

Current and anticipated burden of the payroll tax

- The payroll tax would aggravate operating deficits of many impacted schools, which could threaten their ongoing financial viability
 - The tax would also impact some schools who are near the threshold, and the schools are likely to pass onto the extra costs to parents
 - This is anticipated to disproportionately impact smaller schools, which would need to increase their fees by a higher amount to offset the tax liability
- 

Independent schools are perceived as elitist, but the data portrays a diverse sector

Independent schools and students are often portrayed as elitist in the media and by the public

The elite schools hardest hit by
Victoria's payroll tax change
The Age

What your elite private
school says about you
Herald Sun

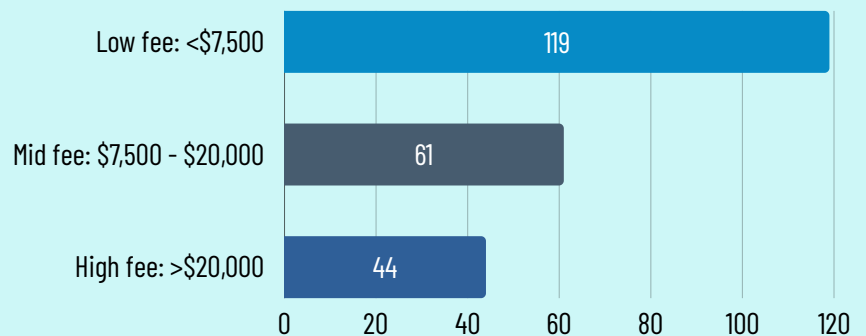
Elite schools a breeding
ground for arrogance
Independent Australia

Elite Melbourne school a 'bubble
to rehearse oppression without
consequence'
SBS News

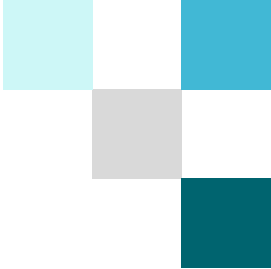
Private schooling might come with 'old school tie'
elite status but it won't help your child's resume
ABC News

In reality, Independent schools vary in shapes and sizes, with the majority of them collecting less than \$7.5k in annual fees

Independent schools by fees
collected per student[^]
(number of schools, 2023)



More than half (53%) of Independent schools are 'low-fee' schools, charging less than \$7,500 per year



Many education resources exclude Independent schools

Some professional development programs are not accessible to Independent schools:

Inclusive Classrooms

Professional Development courses on practical teaching strategies and support

Only available to staff from government schools

Victorian Aspiring Principal Assessment

Assessment determining if individuals can be appointed to a principal role

Fully subsidised for government schools

Independent schools are also excluded from various scholarships and programs for teaching degrees:

Undergraduate employment-based teaching degrees

\$30,000 scholarship for undergraduate teaching students

Only available to staff from government or specialist schools

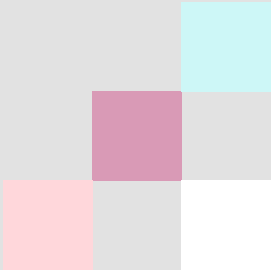
Postgraduate employment-based teaching degrees

\$2,400 scholarship for Master of Secondary Education students

Must be employed in government school during study

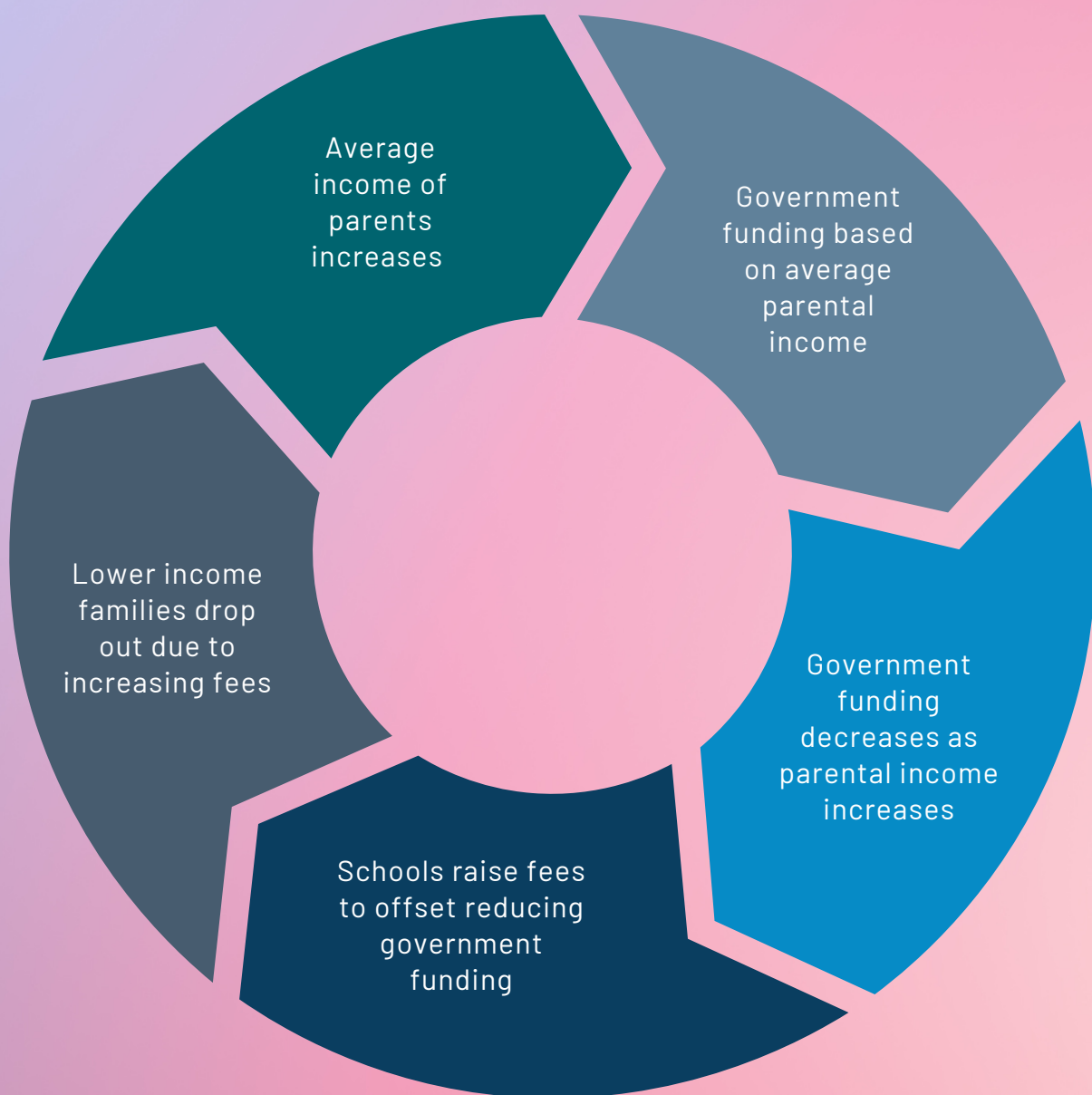
Many programs and initiatives are exclusive to government schools, resulting in barriers for Independent schools

In addition to professional development opportunities and scholarships, Independent schools are also excluded from the sharing of teaching resources and curriculums which are only available to government schools



The CTC funding model can lead to increasing fees for parents

The structure of the CTC funding model may have unintended consequences, causing Independent school fees to rise through a self-fulfilling cycle

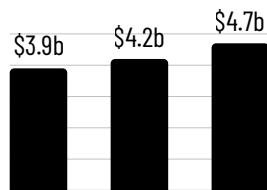


Expenditure has outgrown income in recent years

As a result, many schools are operating on thin margins or in deficits

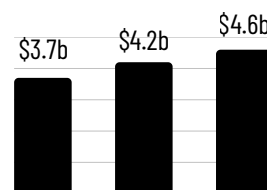
+10% CAGR

ANNUAL GROWTH OF
RECURRENT INCOME FOR
VICTORIAN INDEPENDENT
SCHOOLS (2021-23)



+11% CAGR

ANNUAL GROWTH OF
RECURRENT EXPENDITURE
FOR VICTORIAN INDEPENDENT
SCHOOLS (2021-23)



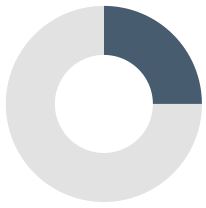
UNSTABLE AND DECLINING

OPERATING RESULTS FOR VICTORIAN
INDEPENDENT SCHOOLS (2021-23)



Schools impacted by the payroll tax are facing >\$100 million deficit in aggregate

Coverage of current payroll tax



Independent schools subject to payroll tax

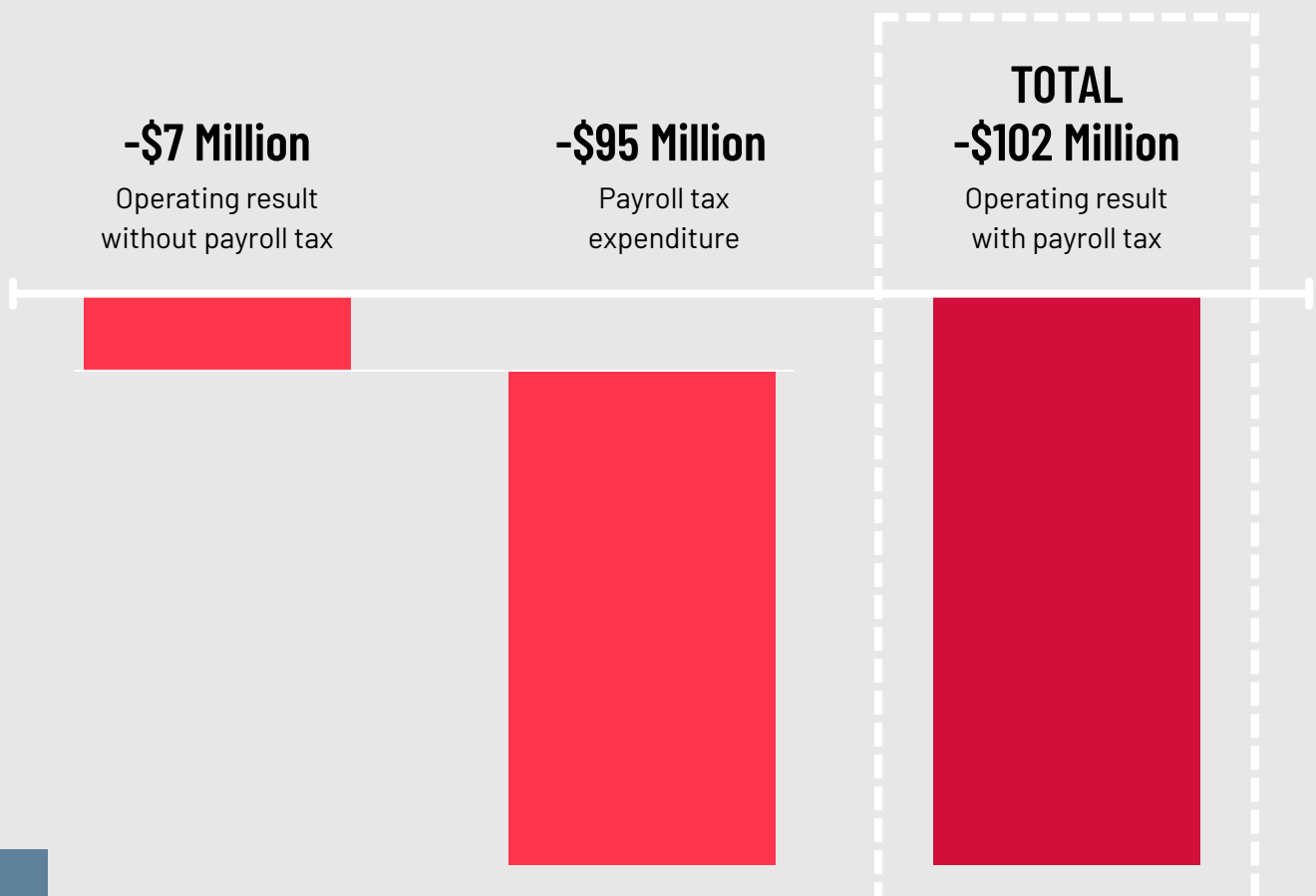
55 Independent schools are subject to payroll tax (currently in aggregate losing \$7 million p.a.) from 1 July 2024, representing a quarter of the sector



Students in schools subject to payroll tax

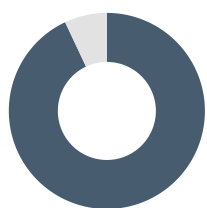
>68k students are educated in those schools, representing 42% of Independent school students

Aggregate financial implications for schools impacted by payroll tax



Schools are reluctantly passing payroll tax obligations straight onto parents via fee increases

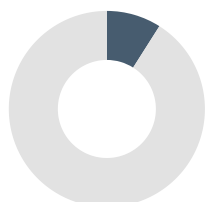
Schools will be increasing fees to pass payroll tax obligations



>90% of impacted Independent schools plan to increase fees in response to the payroll tax



More than half of impacted schools plan to increase fees by more than 3% over and above any other, normal fee increases



9% of schools will be increasing fees by more than 5% over and above normal fee increases, as they are disproportionately impacted by the tax

'We are required to increase [fees] as we don't have surplus to absorb'

Independent girls' school

'Our only option will be to increase fees to cover the amount of payroll tax payable'

Independent Jewish school

'There is a significant impost and fees will rise despite the cost control and cuts we make'

Independent boys' school

'[There will be an] introduction of a new levy to cover cost of payroll tax'

Independent co-educational school

Payroll tax paid by impacted Independent schools exceeds the Victorian government grants received

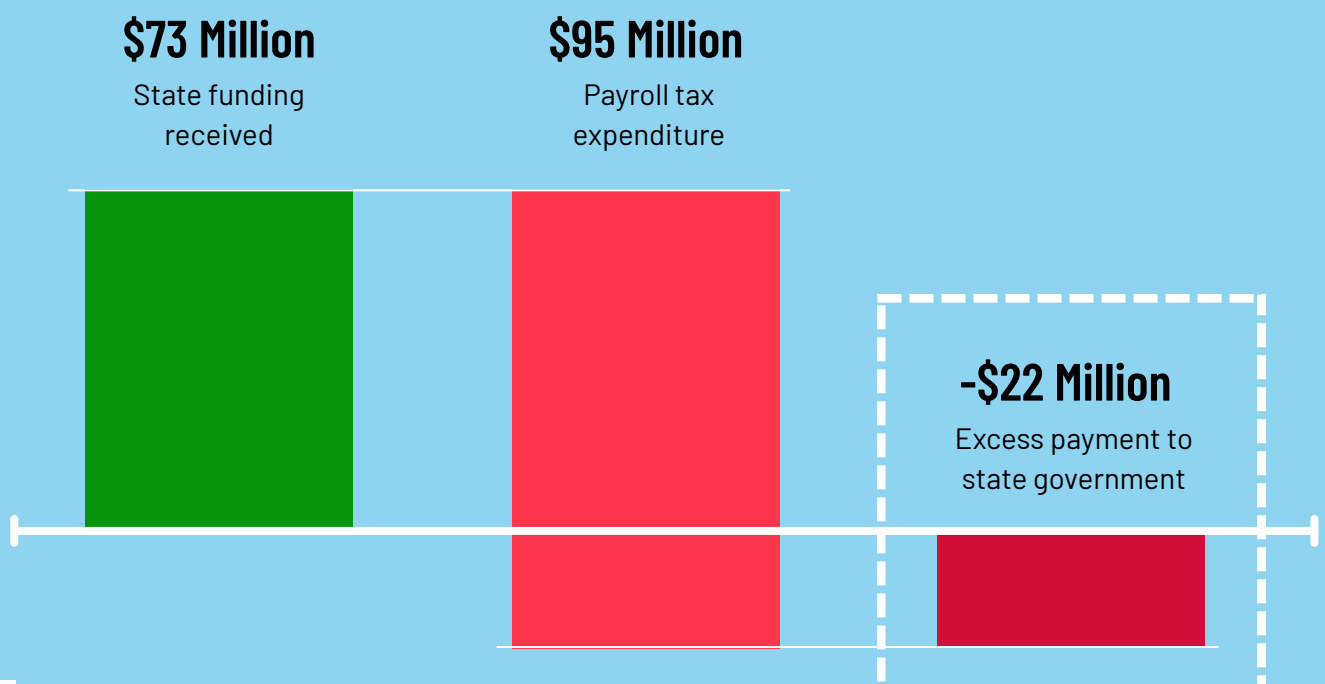


Three-quarters of the 55 Independent schools subject to payroll tax would pay more in taxes than they receive from state government



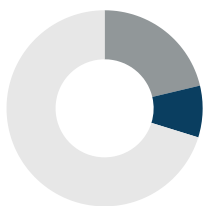
The Victorian government receives \$22 million more in payroll tax income than it spends on funding Independent schools

This goes against the objectives of the Gonski review of delivering school funding that is primarily supported by public investment



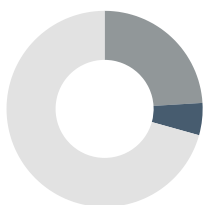
Fees at additional 20 independent schools likely to exceed payroll tax threshold over coming years

Anticipated coverage of future payroll tax



Independent schools subject to payroll tax

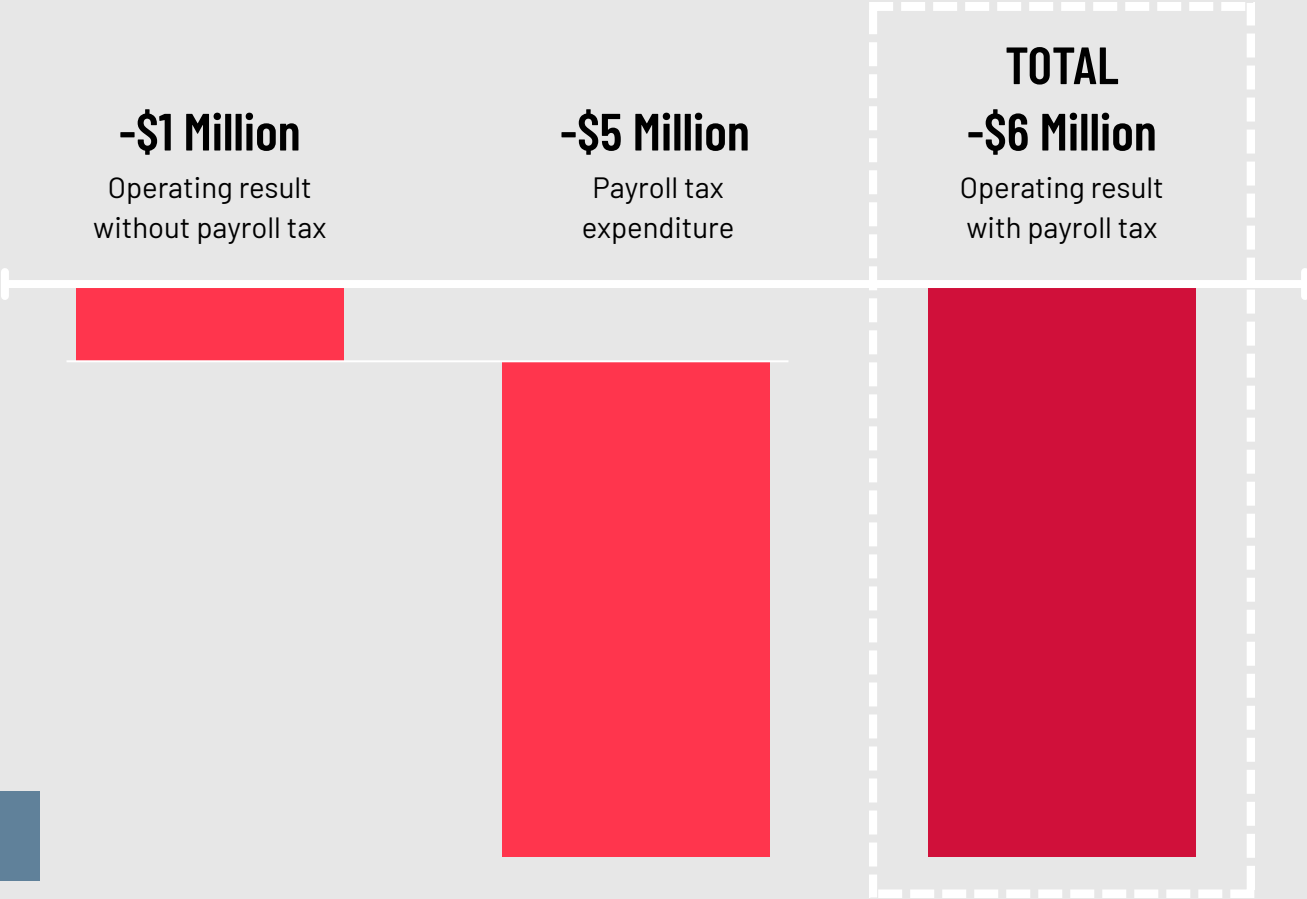
20 additional Independent schools are likely be subject to payroll tax in the near future (within \$3,000 of current threshold)



Students in schools subject to payroll tax

>15k students are educated in those schools, representing 9% of Independent school students

Aggregate financial implications for schools



Many of the schools with fees close to the payroll tax threshold have less than 200 students



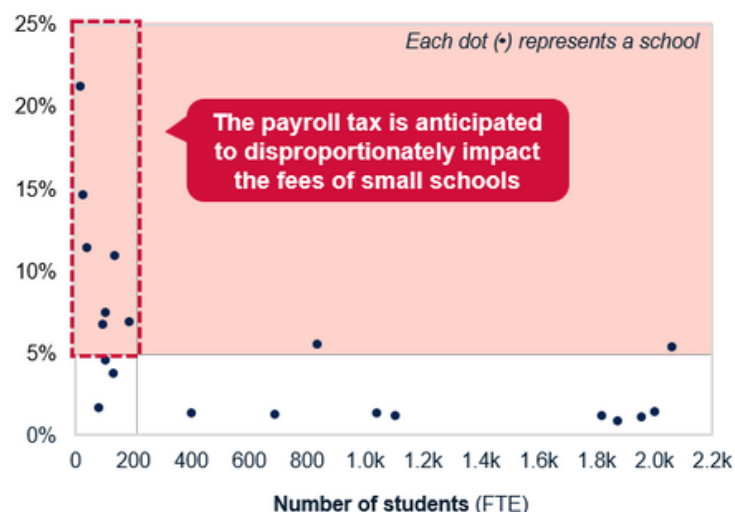
Small school are disproportionately impacted

7 out of the 9 schools that would need to need to raise their fees by between 7 and 22% to cover the payroll tax have less than 200 students

Small schools will disproportionately be impacted by payroll tax

Implication of the payroll tax for schools near the threshold

Fee increase per student (%) required for the school to maintain the same operating position if they cross over the payroll tax threshold



06 The benefits generated by Victorian independent schools

Economic output

- Contribute nearly **\$7 billion** each year in economic value, by supporting jobs, contributing to infrastructure, and stimulating the economy
- Spend **\$3 billion** each year in staff salaries, which directly supports over **26,000** full-time roles
- Deliver **\$325 million** in economic impact from the investment of non-government income in infrastructure each year, supporting over **1,600 full-time jobs** in the industry and stimulating the broader economy
- Contribute **\$1 billion annually** to broader Gross State Product (GSP), through spending on buildings, grounds, and general operations like computers and textbooks
- Contributed **\$5 billion to GSP** in 2024, representing about **1%** of total economic activity in Victoria

Attraction of external contributions

- Educate over **1,300 international students** each year, who spend **\$40 million annually** in living expenses
- Attract visitors for international students, who contribute **\$8 million** each year through tourism spending

Public expenditure cost avoidance

- Save the Victorian Government **\$2.7 billion** in avoided costs, if they were to no longer exist
- Save the Victorian Government **\$135 million** in avoided costs, for every **5% of students** who attend Independent schools
- Help retain students who are at risk of dropping out - saving the government welfare, support and other services and payments, which equates to an average of **\$350,000** across a lifetime per individual

Student empowerment

- Have retention rates of **97%** from Years 7 to 12, well above the sector average
- Enable students to achieve better literacy and numeracy results, as indicated by NAPLAN outcomes

Ecosystem contribution

- Provide many teacher placements per annum, which contributes to training the sector
- Contribute to the broader ecosystem by supplying its teachers as VCE examiners

Social equity and inclusion

- Support **4,000** special assistance students at **21 Special Assistance Schools**, which saw enrolments **more than double** in the past **3 years**
- Educate more than **1,300 Aboriginal and Torres Islander students** each year
- Had moderate increases in enrolments from disabled students and students in regional areas over the past **3 years**

Support across the education sector

- Provide a diverse range of education options, choices and specialised support that the Victorian Government may not otherwise be able to
- Support public schools through partnerships and sharing resources and facilities
- Bring innovative and evidence-based teaching to the Victorian education sector

Community contribution

- Provide emergency or crisis support, such as helping with the 2022 flood relief efforts in Echuca
- Support disadvantaged students, such as offering free education to young refugee women
- Provide outstanding contributions to sports, science, music and arts

Independent schools bring interconnected prosperity to Victoria



ARTS

- Cultivate talent through creative programs
- Educate award-winning performers and composers
- Engage through student-led productions



EDUCATION

- Drive academic excellence in literacy and numeracy
- Deliver enriching extra-curricular activities
- Innovative and evidence-based education models



FAMILY

- Empower parental choice in education pathways
- Provide tailored education through specialist schools
- Offer financial aid for families in need



GOVERNMENT

- Contribute to GDP
- Generate significant tax revenue
- Stimulate economic activities via procurement and services



INFRASTRUCTURE

- Invest in modern facilities: libraries, labs, sports facilities
- Drive construction and maintenance jobs
- Enhance access to school-built amenities



JOB

- Employ teachers and support staff
- Support regional employment and workforce development
- Enable jobs in broader roles (e.g. nurses, psychologists, etc.)



SCIENCE

- Deliver advanced STEM curricula with industry partnerships
- Contribute to national research through student-led initiatives
- Educate Nobel laureates and leading innovators



SPORTS

- Support elite athletes and Olympians via specialised training
- Offer inclusive programs for social and competitive sports
- Host inter-school tournaments that engage the community



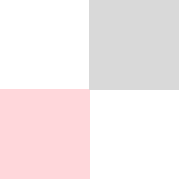
STUDENTS

- Award scholarships for excellence and support
- Prioritise student wellbeing through dedicated support
- Foster diversity and inclusion with policies and events



TOURISM

- Attract overseas students around the globe
- Boost local hospitality through family visits
- Stimulate local economy through tourism activities



Independent Schools bring a range of benefits and value to Victoria

Economic impact

Quantifiable contribution that Independent schools make to the Victorian economy (e.g. jobs, operating expenditure and infrastructure)

Quantifiable social value

Quantifiable value that Independent schools bring to the broader society (e.g. retention rates, academic results)

Other social value

Broader value that Independent schools bring to the society (e.g. educational choice, community engagement and support)



The value of Independent schools is driven by a range of key factors

Economic impact

Economic output:

- Jobs at Independent schools, including teaching and non-teaching jobs and the spillover benefits of salary payment
- Contribution to infrastructure development sourced from private income, including salaries, and the spillover benefits of the infrastructure and salary payment
- Other direct economic benefits from schools spending on other operating expenses

Attraction of external contributions:

- Income from international students, including tuition (as export income), boarding, and living costs
- Visitor contribution from visitor spending for overseas students

Public expenditure cost avoidance:

- Lower demand for recurrent government funding
- Lower demand for capital use and investment

Quantifiable
social value

Other social
value

Victorian Independent schools contributed nearly \$7 billion to the Victorian economy in 2024

TOTAL IMPACT

\$6.6 Billion

ANNUAL ECONOMIC IMPACT

In 2024, Victorian Independent schools contributed **approximately \$7 billion** to economic activities in Victoria

ECONOMIC CONTRIBUTION

\$5.3 Billion

CONTRIBUTION TO DIRECT EMPLOYMENT

Victorian Independent schools spend **\$3 billion** each year in teaching and non-teaching salary, which directly supports over **26,000 full-time staff**, who spend it on goods and services that stimulate the economy by **\$5.3 billion annually**

\$1.0 Billion

ANNUAL ECONOMIC IMPACT

Victorian Independent schools contribute **>\$1 billion annually** to the economy, through spending on buildings, grounds and general operations (e.g. computers)

\$325 Million

CONTRIBUTION TO INFRASTRUCTURE

Independent schools invest more than **\$200 million** of non-government income in infrastructure each year, supporting over **1,600 full-time jobs** in the industry and stimulating the broader economy by more than **\$300 million**

INVESTMENT ATTRACTION

\$38 Million

CONTRIBUTION TO DIRECT EMPLOYMENT

There are over **1,300 overseas** students in Victorian Independent schools, who contribute about **\$40 million annually** in living expenses.

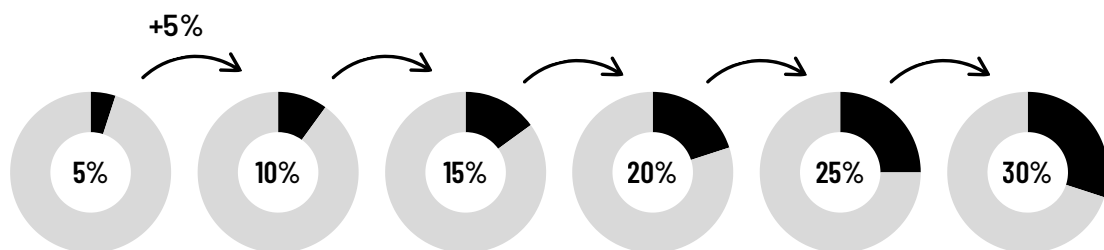
\$8.7 Million

ANNUAL ECONOMIC IMPACT

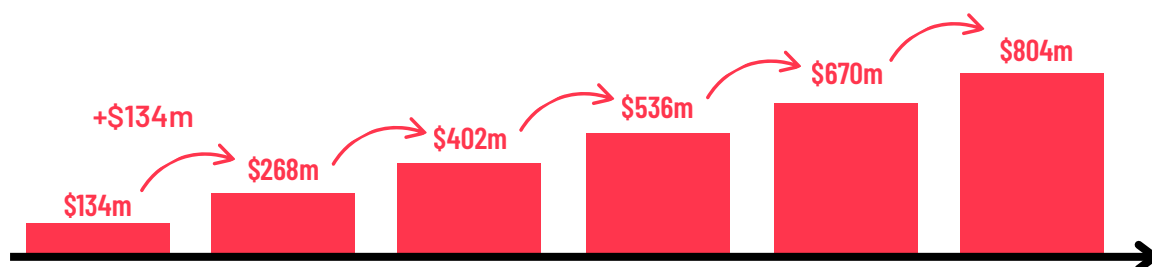
Visitors for international students contribute **\$9 million each year** through tourism spending.



Drop in student enrolment



Increased annual burden for state government



Every 5% drop in student enrolments could cost Victoria an extra ~\$135 million each year

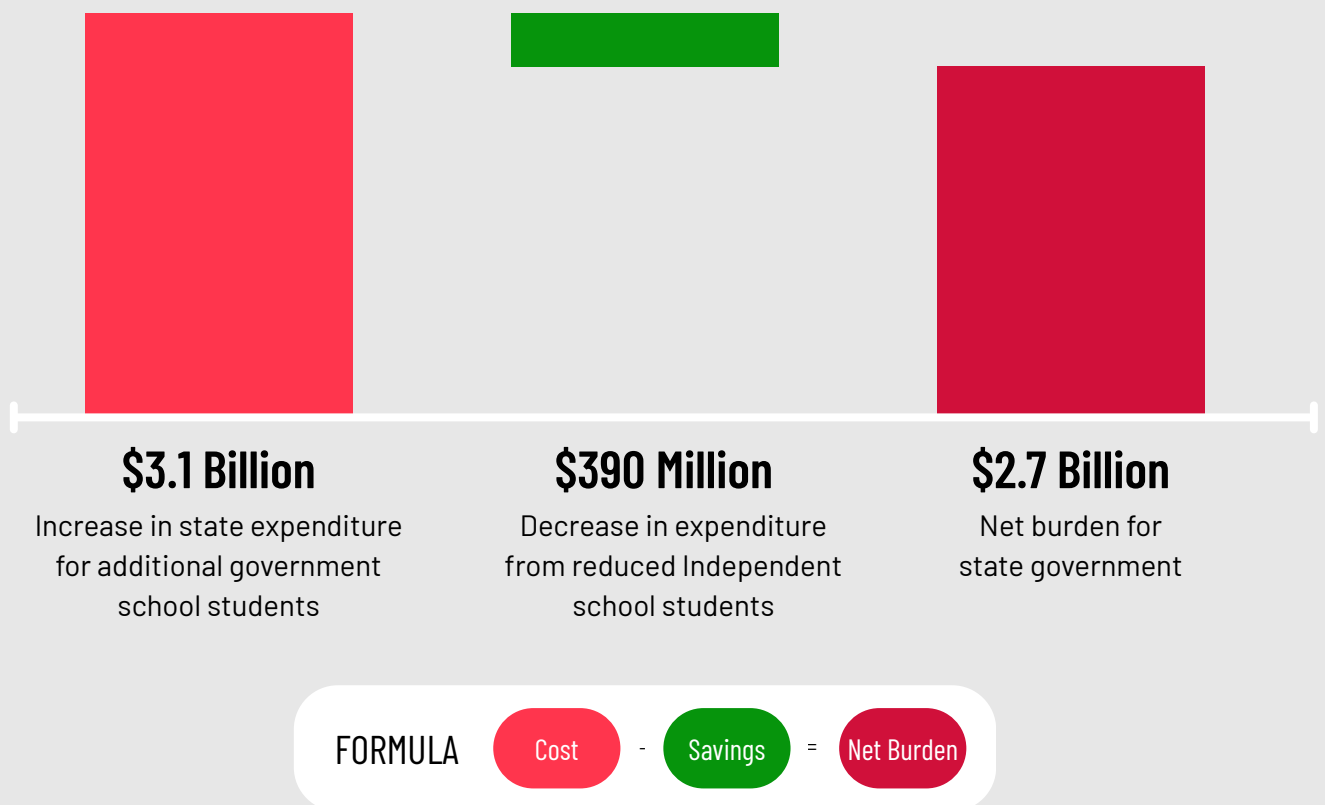
Yes – you read that correctly. We’ve crunched the numbers and there is a hidden cost to Payroll Tax.

Applying payroll tax to Independent schools may appear to boost state revenue, but the long-term impact tells a different story.

Rising fees driven by payroll tax will force more families to consider public education for financial reasons, placing greater pressure on the government system and erasing any short-term tax gains.

In short: taxing Independent schools will cost the state far more than it saves.

Scenario: If all 170,000 students from Independent schools transitioned to government schools



It would cost the state **an extra \$3.1 billion annually** if all Independent school students transitioned to government schools. By doing so, they would save **\$390 million annually**.

However, this represents an increased annual burden for our state government of **\$2.7 billion**.



The value of Independent schools is driven by a range of key factors

Economic
impact

Student empowerment:

- Improved graduation rates – as observed from apparent retention rates, also leading to costs avoided through keeping students in school
- Numeracy and literacy – enhanced numeracy and literacy outcomes

Ecosystem contribution:

- Teaching development – additional teaching placements and internships offered to university students
- VCE assessment – significant numbers of teachers from Independent schools assess VCE exams

**Quantifiable
social value**

Social equity and inclusion:

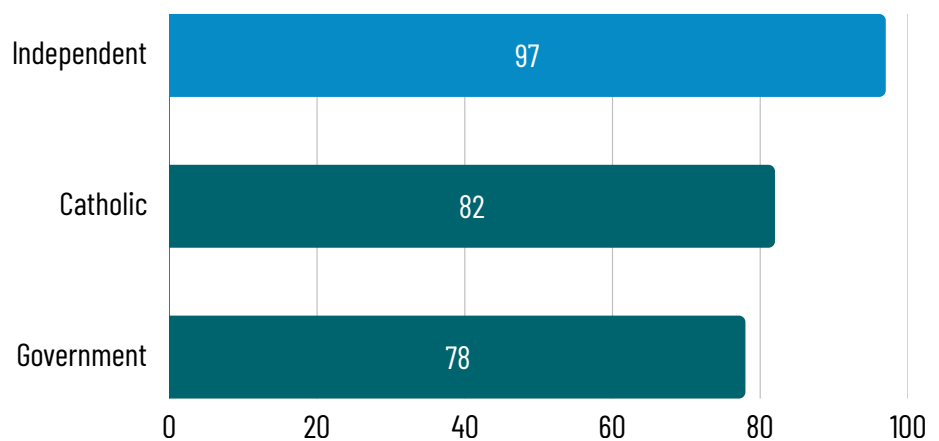
- Number of disadvantaged students educated (e.g. SAS, cultural, socioeconomic and regional background)
- Number of First Nations students educated

Other social
value

Independent schools deliver strong outcomes for students

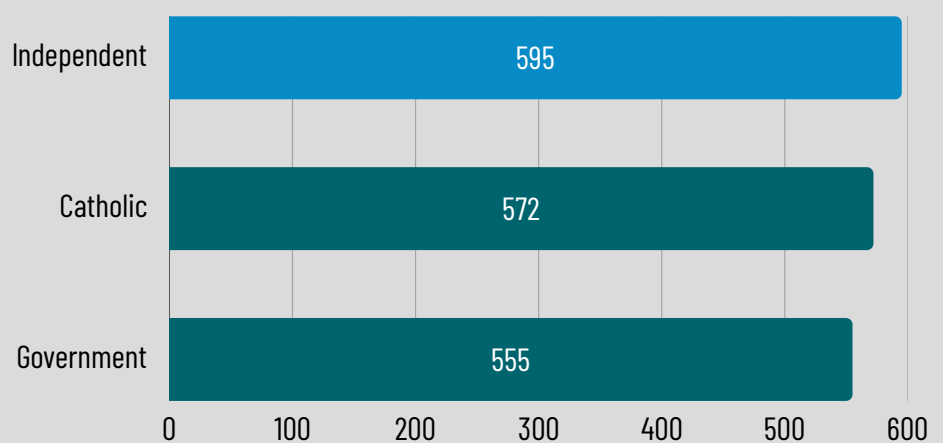
Independent schools have high graduation rates as seen through retention rates

Apparent retention rate of Years 7 to 12 students (2023)



Independent schools deliver strong academic results for its students

Average NAPLAN score for Year 9 students (2023)

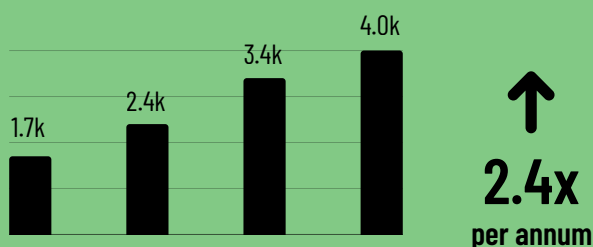


Independent schools support students across different backgrounds

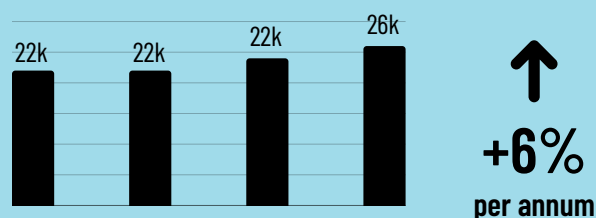
Each year, between 2021 and 2024...



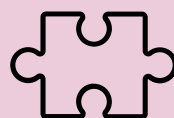
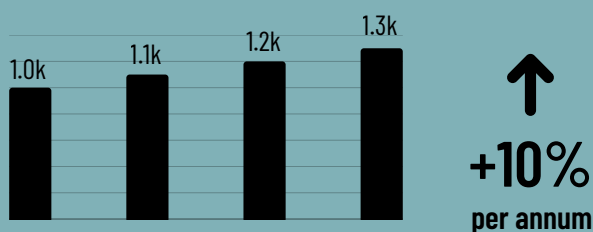
Enrolments in Special Assistance Schools have more than doubled



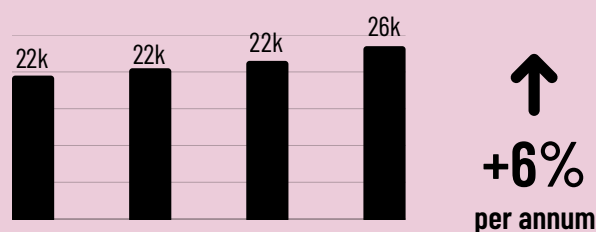
Regional student enrolments have grown steadily at 6%



First Nations students have increased by 10%



Enrolments from students with disability have increased at 6%



Independent schools increasingly retain students at-risk of not completing their education

AT RISK STUDENT

An Independent school can capture these students and provide a more tailored education experience

INDEPENDENT SCHOOLS

The variety and choice at Independent schools can increase retention rates of at-risk students

- Special Assistance Schools
- Aboriginal and Torres Strait Islander Schools
- Religious Schools
- ...and much more

SUPPORT PROGRAMS

Further, Independent schools can provide a range of additional support services to increase student retention

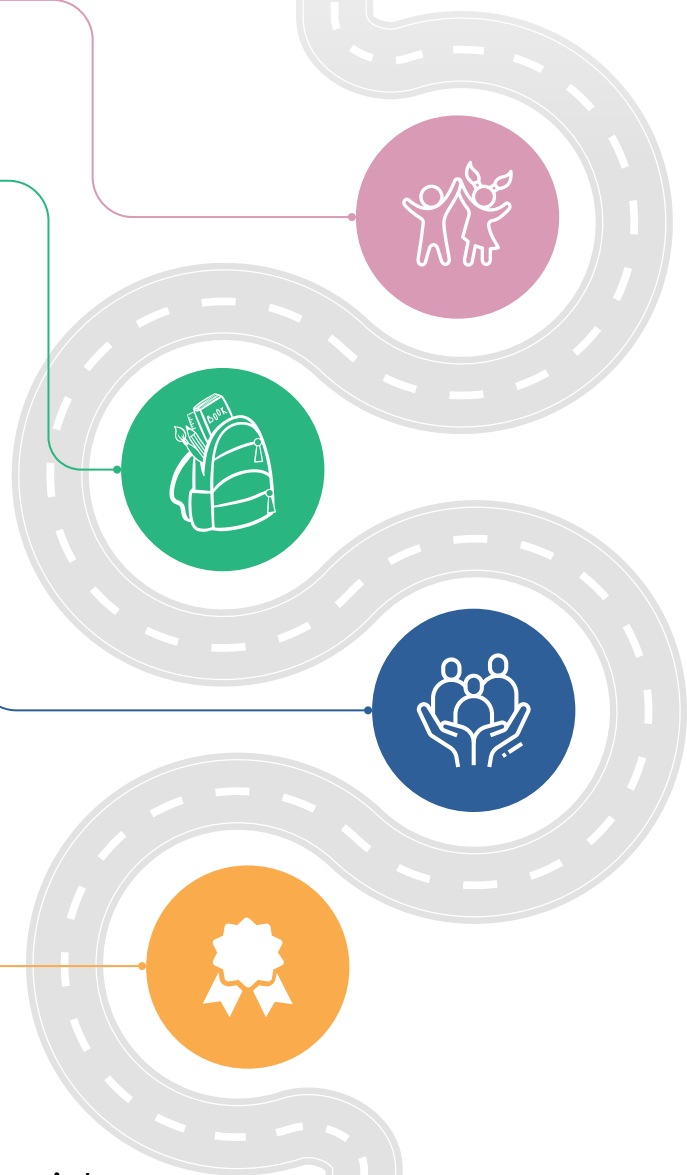
- Specialist Teachers
- Psychologists
- Speech Pathologists
- EAL Specialists
- ...and much more

SUPPORT PROGRAMS

The likelihood of an at-risk student remaining in school is boosted through the diverse and tailored offerings of Independent schools

Without Independent schools, many at-risk students may not complete their education, which can lead to significant costs to everyone.

Lifetime fiscal cost of \$335k (cost to the government, e.g. welfare payments, support programs). There are also additional costs over a lifetime such as reduced earnings, health costs, reduced quality of life and loss of productivity spillovers.



The value of Independent schools is driven by a range of key factors

Economic impact

Quantifiable social value

Other social value

Support across the education sector:

- Curriculum development and diversity – provide a more diverse curriculum to public schools, and often involved in curriculum development
- Supporting public schools – partnership with public schools and local organisations for joint programs
- Educational choice – a variety of educational options that Victorian Government schools are unable to provide (regional, specialist etc)

Community contribution:

- Access to facilities (e.g. sports grounds, auditoriums, libraries) for public and community use
- Emergency or crisis support (e.g. bushfires, hosting vaccination hubs)
- Community engagement (particularly regional)
- Sporting, scientific, music, arts contributions
- Graduates who pursue careers with workforce shortages (e.g. healthcare workers)

Independent schools deliver a broad range of additional social benefits

A few of these benefits have been illustrated through selected case studies. ISV should continue to gather and highlight the examples of these benefits.



Offer
educational
choice



Contribute to
curriculum
development
and diversity



Offer
emergency or
crisis support



Contribute to
achievements in
sports, science,
music, arts and others



Support and
collaborate with
government
schools



Provide
access to
facilities



Engage with
local and
regional
communities



Address
workforce
shortages

Case Studies: Independent schools deliver significant social value to the community



Helping with flood relief in impacted communities



Empowering the first student with cerebral palsy to be accepted into Medicine at the University of Newcastle



Re-engaging disconnected students through hybrid and flexible learning



Supporting young refugee women through free education



Empowering the first student with cerebral palsy to be accepted into Medicine at UoN

CONTEXT

- Oakleigh Grammar is a co-educational school grounded in Hellenic values and the Orthodox faith tradition, with a culture that is inclusive, multicultural, and committed to nurturing the academic, emotional, and spiritual growth of every student
- One example of this was Arthur Demetriou, who was born with severe cerebral palsy, which affected both movement and speech
- The challenge was not only to provide consistent physical and academic support, but also to ensure his inclusion as a full and valued member of the school community

APPROACH

- Oakleigh Grammar's Teaching and Learning staff provided consistent in-class support that ensured Arthur, who received tailored learning support across all subject areas, remained fully engaged in his education
- Complementing this was the Learning Enhancement team, who offered personalised assistance through in class support, the use of scribes, scaffolding strategies, and tailored learning plans
- His wellbeing – emotional, spiritual, and social – was prioritised alongside his academic growth, creating a truly holistic learning experience

IMPACT

- Arthur successfully gained entry into the University of Newcastle to study medicine – becoming the first person with cerebral palsy ever admitted into their medical program
- His academic success was matched by his leadership, as he was proudly elected by his peers for numerous leadership positions, including Vice-Captain of the School

Arthur's journey shows that with inclusion and support at school, every student can lead, excel, thrive and inspire



Re-engaging disconnected students through hybrid and flexible learning

CONTEXT

- Started in 2017, Hester Hornbrook Academy is a Special Assistance School that supports students who have faced significant barriers to education and are disengaged from mainstream schooling
- The student cohort was diverse, with a significant proportion identifying as neurodiverse, who experienced challenges such as sensory overload, social anxiety, or difficulty with concentration
- There is also a growing number of disengaged students aged 15–25 who were unable to attend school on a full-time basis, but could commit to more than two days a week

APPROACH

- A hybrid approach of offering two days of on-site learning combined with two days of structured learning from home was implemented to re-engage students through a more flexible pathway
- Students were provided with laptops, digital resources and access to home learning resources
- This program involved several key stakeholders, including students, parents or guardians who were required to supervise learning at home, and school leadership and staff responsible for the planning and delivery of hybrid education

IMPACT

- In its first year, the program re-engaged a class of 16–20 previously disengaged students, with attendance data showing the highest rates in the school
- Community feedback has been overwhelmingly positive, with parents and students appreciating the consistent communication, and the opportunity to support learning from home
- By 2025, the success and demand for the program have led to its expansion, growing from one to three hybrid classes

Hybrid Learning at Hester Hornbrook re-engages youth through flexible, tech-supported model with measurable impact



Supporting young refugee women through free education

CONTEXT

- River Nile School (RNS) is a specialist secondary school that provides free education to refugee, asylum-seeker and disadvantaged young women
- These include young women from refugee backgrounds who were disengaged from education, many of whom had also experienced trauma
- All students who attend RNS have English as an Additional Language (EAL), with 97% of students being born outside of Australia

APPROACH

- The school offers a flexible applied learning curriculum, with a trauma-informed teaching style
- River Nile provides further support with transport, childcare, meals, mental health, legal and healthcare links, ensuring potential barriers to education are removed
- RNS has also designed programs which enable students to complete their senior secondary program over 2 to 5 years, allowing more time for students to develop the language, literacy, numeracy and learning skills they need to successfully

IMPACT

- 100% of the graduating senior class received VCE certificate, when only 8% of those students were regularly engaged in school when they enrolled
- More than 90% of students reported that they enjoy school, feel respected by their teachers, and get the support from teachers and peers to succeed
- 100% of students reported that the school gives them the things they need to learn at school and online (e.g. books, notebook, headphones, etc.)

River Nile School supports young refugee women through specialised, inclusive and empowering education



Helping with flood relief in impacted communities

CONTEXT

- The 2022 flood in Echuca was one of the most severe in the town's history, driven by rising waters in both the Campaspe and Murray Rivers, with the Murray River reaching up to 94.98 metres above sea level – its highest level since 1916
- In partnership with Samaritans Purse, students and staff from Waverley Christian College supported with the flood relief efforts in Echuca

APPROACH

- The students helped to clean up houses that had been damaged which, in some cases, involved dismantling houses that had been flooded by sewerage
- Students also worked with the local residents to move their damaged personal belongings onto rubbish piles
- The students gained a deeper understanding of the utter devastation that many families encountered during the floods

IMPACT

- The students helped the community with flood relief efforts, which include dismantling run-down facilities (e.g. walls, floors, bathrooms, etc.), moving furniture, and decluttering houses
- Students' efforts were greatly recognised and appreciated by the Samaritans Purse, who appreciated the enthusiasm, energy, and vibrance that the students have injected into their volunteering team
- The students shared their learnings to the broader community, helping to raise awareness of the devastation of floods and the importance of volunteer relief efforts

Students aided Echuca's 2022 flood recovery by cleaning damaged homes and offering support to the community

Disclaimer



This report was commissioned by Independent Schools Victoria (ISV) and was conducted by SPP, an independent advisory firm.

LIMITATIONS

The material in this report was prepared by Strategic Project Partners (SPP), based on the inputs and assumptions received from, or developed in conjunction with, Independent Schools Victoria (ISV).

All care should be taken by the reviewer to check these inputs, assumptions, and calculations before making any decisions based on this material.

Noting that any claims, statements, and figures are those of ISV. SPP has taken due care in the development of the material, but takes no responsibility or liability for decisions based upon it. Forecasts and modelling are best estimate only.

SPP does not make any statement in this report as to whether any forecasts or projections included in this report will be achieved, or whether the assumptions and data underlying any prospective financial information are accurate, complete or reasonable. SPP does not warrant or guarantee the achievement of any such forecasts or projections.

SPP acknowledges the presence of data gaps in the analysis presented in this report.

To the extent that our report presents or implies current and future economic impact, it does so within the limitations of the scope of our engagement and the information available to us. The actual outcomes may vary from those presented or implied, and those variations may be material.

NO RELIANCE

The attached report should not be regarded as suitable for use by any person or persons other than ISV personnel.

No party, including ISV, may rely on the attached report and SPP:

- owes you no duty (whether in contract or in tort or under statute or otherwise) with respect to or in connection with the attached report or any part thereof; and
- will have no liability to you for any loss or damage suffered or costs incurred by you or any other person arising out of or in connection with the provision to you of the attached report or any part thereof, however the loss or damage is caused, including, but not limited to, as a result of negligence.

