



ISSUE PAPER

CAPITAL FUNDING FOR THE NON-GOVERNMENT SECTOR

The provision by governments of capital funding to non-government schools has long been a source of concern to the sector. The performance of state and territory governments in providing capital funding is extremely patchy, with only one state government providing anything like a reasonable capital funding program for the sector. There is therefore a significant responsibility upon the Australian Government to support capital provision in the sector.

While the injection of additional capital funding into non-government schools through the Australian Government's Investing in Our Schools Programme (IOSP) has been welcome, an analysis of the latest available figures indicates that significant shortfalls still exist. The parents of non-government school students are largely responsible for making up those shortfalls.

According to the Building Research Index (BRIX), buildings have become significantly more expensive to construct across the past six years. All states have seen building costs rise by over 30% since 2001. Cost increases have been even higher in some states like Queensland and Western Australia, the latter of which saw building prices rise by over 12% during 2006.

Between 2000-01 and 2006 the Australian Government's capital funding to non-government schools increased from \$89.8 million to \$119.7 million, a 33.2 per cent increase. However, when the movement of student numbers into the sector is factored in that increase is reduced to 21.3 per cent.

In the same period, capital expenditure by non-government schools increased by 46.2 per cent, from 1.083 billion to 1.583 billion, whilst the cost of debt servicing in the sector rose 55.8 per cent to \$233.3 million.

APC believes the increase achieved by the IOSP programme has in fact been overtaken by increased demand and cost pressures and there is a strong case for the current level of Australian Government capital funding to the sector to be doubled.

That in turn should be complemented by the Australian Government entering into a formal schools funding agreement with the States and Territories which would require all state and territory governments to meet their fair share of capital funding in both the government and non-government schooling sectors.
