

## Independent schools

### Jurisdiction specific comments

- A key distinguishing feature of the Independent school sector is that the majority of independent schools operate autonomously with school operating costs being directly met by each school.

Under this approach Independent school income not only covers the education of students but is also required to cover the management of a not-for-profit business including governance, legal, compliance, debt servicing, employment relations, human resources and professional development costs. In government and Catholic systems such activities may be partially or wholly managed at a regional or state level on behalf of a school. Therefore, in comparing the resources available to schools across sectors, it is important to consider the different operational nature of schools and the different cost structures 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.
- *My School* shows capital expenditure by source. For independent schools, an average of around 80 percent of funds (income) for capital developments, such as school buildings, grounds and equipment, are contributed by parents and the school community. As part of their resource structure independent schools need to raise sufficient revenue to meet current and future demands for capital expenditure. It should be noted that for the period 2009-2012 the Federal Government's stimulus package injected significant additional capital funding 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 Queensland 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, DEEWR 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.

- 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.