

School's payroll tax will hit families and could cost more than it's worth

The Catholic Education Commission of Victoria (CECV) says the Victorian Government's new payroll tax for non-government schools unfairly targets hard-working Victorian families and won't improve the budget as much as forecast.

'The Victorian Government is forecasting the new payroll tax will raise about \$135 million each year, starting in 2024-25,' CECV Executive Director Jim Miles said.

'The tax can't be funded from profits because schools don't make a profit. Any surpluses are re-invested into schools and students. This is a requirement of Government regulation.

'What this effectively means is schools will have to raise \$135 million each year from cuts to educational programs, cuts to campus refurbishment plans, and increases in fees and charges for families.

'Catholic schools strive to keep fees as low as possible to remain accessible, so any increases will significantly impact hard-working, middle-class families. More families won't be able to afford their school of choice.

'It would be naïve to think that \$135 million of cuts in schooling expenditures and fee increases won't cause pressure on some families to move their children from non-government schools to government schools, especially at a time when many families are already doing it tough.

'Any shift to the government school sector would mean the new tax won't improve the budget bottom line as much as the government thinks.

'Based on the latest available financial data, every student that moves into a government school could cost the Victorian Government an extra \$9,500 per annum. That's the average difference in what the Victorian Government pays, between a student in Victoria who attends a mainstream government school in Melbourne, and a student who attends a mainstream non-government school with fees and charges of over \$8,000.

'Catholic schools educate more than 20% of Victorian children. We want to work in partnership with the State government to help build a world class education system and ensure all Victorian children receive a high-quality education of their family's choice.

'Given the new tax will put more pressure on families, cause school spending cuts and fee increases, and may not improve the budget, surely this new tax will cost more than it's worth,' Jim Miles said.

Average cost to the Victorian Government, by school type (2021)

	Average cost to Victorian Government (\$/student)
Students in government schools (excludes special and special assistance schools) (excludes schools outside of Melbourne)	\$10,748
Students in non-government school with average fees > \$8,000/student (excludes special and special assistance schools)	\$1,242
Extra cost to the Victorian Government from a student moving to a government school	\$9,506

Source: Financial data from the ACARA My School website.

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Media contact: Gerard Delaney on 0413 274 176 or gdelaney@macs.vic.edu.au