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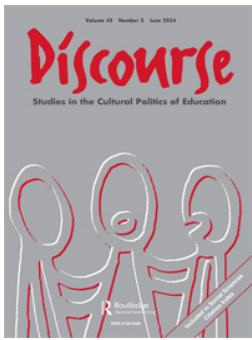
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The accumulation economy of private schools: extraction, mystification and depletion

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ABSTRACT

Too few studies of elite private schools consider how they derive power and prestige from their relationships and interactions with other social and political groups and institutions, including the State. This paper contributes to elite school studies by examining the relationality between the Australian State and private sector schools around how government funds public and private education. Of all Australian students, 35.5% attend private schools. All private schools, including elite schools, receive significant amounts of taxpayers' money. After explaining the complex policy architecture of this funding regime, this paper offers a fresh set of conceptual resources to help deepen the analysis of this situation. We argue that the whole Australian private school sector operates as an accumulation economy, essentially utilising public sector resources to enlarge, enrich and sustain itself. This happens via three dynamics – accumulation by extraction, by mystification and by depletion. We show how elite schools are part of, and benefit from, each.

KEYWORDS

Private schools; public schools; elite schools; funding policy; the State

Introduction

Elite schools exercise power via their relationships with other types of schools, social groups and institutions, including the State itself. Yet this relationship is under-researched. Taking Australia as its focus, this paper examines the wider private school sector, its relationship to the State and elite schools' relationship to both.

Australia is globally distinctive. It has the eleventh lowest government school participation rate amongst the 70 OECD countries that participate in PISA (OECD, 2020); 35.5% of all its schools are private, or 'non-government' (Australian Bureau of Statistics, 2022). We estimate that around 7% can be considered elite. We define elite schools as ones which are a mixture of wealthy, prestigious, often linked to a major religion, have over a 100-year history, and charge high fees. On the My School (My School, 2024) website's *Index of Community Socio-Educational Advantage* (ICSEA) elite schools are invariably

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at the upper end, predominantly serving families in the highest two quartiles of socio-economic advantage.

The high fees characteristic of elite schools vary by state/territory and metropolitan/regional locations. In 2024, the most expensive ten schools, charging above 44,000AU\$ a year, were in Victoria and New South Wales. High-fee schools in other states/territories charge around 30,000AU\$, except in Tasmania where the most expensive schools charge between 20,000 and 30,000AU\$ (Edstart, 2024).

In terms of private schools' relationality to the State, despite these fee levels, all receive significant direct and indirect public funding – even the wealthiest. To comprehend this situation, it is necessary to understand the complex architecture of Australia's school system and its labyrinthine funding mechanisms. We thus start with an overview. We then argue that the financial relationality between the Australian State (Commonwealth, state/territory and local governments) and the private school sector has facilitated an *accumulation economy* in which private schools (both elite and non-elite) extract increasing amounts of educational resources from the public purse for themselves. We identify and explicate three interrelated dynamics that sustain this accumulative process. These are *accumulation by extraction*, *accumulation by mystification*, and *accumulation by depletion*. We demonstrate that elite private schools, and their advocates, play a powerful role in this accumulation economy.

Into the labyrinth

Australia is a federal entity; its constitution lays out the distribution of powers between the federal government ('the Commonwealth'), and the six states and two territories. The Commonwealth assumed the majority of tax-raising powers in 1942 and redistributes the revenue arising to the states/territories. Under the constitution, school education is a matter reserved to each of the states/territories, which are legally responsible for funding schools.

However, Section 96 of the constitution allows the Commonwealth to grant money specifically earmarked for schools to the states and territories, and to direct how it is spent. Since the 1960s, the Commonwealth has increasingly become directly involved in the school sector via this route, enabling it to shape schooling across Australia. As well as funding schools, the Commonwealth is involved in shaping the national curriculum, pedagogy, national testing and reporting, various enrolment policies, and teacher accountability. Consequently, schooling is now a *de facto* shared responsibility between the Commonwealth and the states/territories.

Schools are classified as either government (public) or non-government (private). Private schools are officially divided between the Catholic and Independent sectors. Public schools account for about 65.5% of enrolments, Catholic schools around 19% and Independent schools around 15.5% (Australian Bureau of Statistics, 2022). Both the Catholic and Independent sectors include elite schools, as defined above. Elite Catholic schools were typically established by religious orders such as the Marist Brothers and the Loreto nuns. The Independent elite schools' religious affiliations include Anglican, Presbyterian, the Uniting Church, and Judaism.

All private schools, including elite schools, receive significant Commonwealth funding, mostly for recurrent expenditure. They also receive Commonwealth capital and other

indirect and ad hoc government funding. Their additional private income includes fees and bequests. Public schools receive no capital funding from the Commonwealth (Rorris, 2020).

Commonwealth recurrent funding for all schools is based on the Schooling Resource Standard (SRS). The SRS is 'an estimate of how much total public funding a school needs to meet its students' educational needs' (Australian Government Department of Education, 2022). The SRS comprises a base amount for all primary and secondary students. Six needs-based categories for additional funding are then computed: students with a disability, low English proficiency, the socio-economically disadvantaged, Aboriginal and Torres Strait Islander students, school location and size.

All private schools should receive 80% of their SRS from the Commonwealth and public schools 20%, with the states/territories making up the difference between Commonwealth funding and the SRS. The National School Funding Agreement is being renegotiated in 2024 under the current Labour government. Already there is discussion of lifting the Commonwealth's contribution to public schools (Di Gregorio, Sinclair, & Kenway, 2024).

The methods of calculating government payments to private schools present a calculative rationality that has varied over time. For example, in 2002 a scheme was introduced

– based on the socio-economic level of the neighbourhood in which students lived ... It was a flawed scheme that involved the ecological fallacy (assuming private school students generally have the same socio-economic status as their neighbours) and an inherent incentive for schools to recruit higher socio-economic status students from lower socio-economic status neighbourhoods. (Preston, 2023a, p. 5)

Such flaws led, in 2020, to the Direct Measure of Income (DMI) approach, under which the personal tax income data of parents/carers is used to calculate a Capacity to Contribute (CTC) score for each school. An individual school's SRS is subsequently adjusted by the capacity of a school community's parents/carers to contribute to the school's operating costs (Australian Government Department for Education, n.d.).

The funding allocated is currently distributed via 'approved authorities' and 'approved system authorities' responsible for the administration and operation of schools. In the approved authorities – usually a single school – public funds for recurrent expenditure are distributed strictly by the SRS formula. The approved system authorities include state/territory governments, Catholic systems and Independent systems and look after groups of schools. Approved system authorities distribute government funding between member schools according to their own needs-based criteria (Australian National Audit Office, 2021). Most elite Independent and Catholic schools are funded as approved authorities as they are not part of systems.

The accumulation economy

The Australian school funding model reveals the private school sector's intricate economic relationships with the State, which since the late 1980s has been characterised by neoliberalism (Harvey, 2007). Neoliberalism has captured both the State and everyday thinking on economic, governmental and educational matters (Reid, 2019) from earlier public policy notions of the redistributive State.

Harvey (2007) argues that capitalist economies are primarily accumulative – driven to amass capital and wealth in the hands of private owners. Neoliberal economies have very particular accumulative relationships with the State in which they tend to colonise and hollow it out financially, using it as a resource and a site for profit-taking (Harvey, 2007). Paradoxically, as Harvey notes, this means the State must enact re-regulation to facilitate the operation of capital to accompany the deregulation which enabled financial forces to take over in the first place. Rather than receding, the state transforms itself, making new institutional arrangements typically involving new legislation and regulatory frameworks that facilitate various processes of privatisation and competition. The State does not wither as capital accumulation advances, rather it becomes an important facilitator.

Harvey terms these predatory practices *accumulation by dispossession* (Harvey, 2003). He likens this to Marx's notion of *primitive accumulation* – the appropriation of the commons via the enclosure of land and the 'forceful expulsion of peasant populations' (p. 144). He opines that the contemporary 'reversion of common property rights' associated with various public services and public assets 'is one of the most egregious of all policies of dispossession pursued in the name of neo-liberal orthodoxy' (p. 148).

Such practices involve selling off or otherwise divesting state assets, which are then subjected to 'the logics of capitalist development' and 'market behaviour' (Harvey, 2003, p. 153). He argues that, in effect, this new iteration of the enclosure of the commons became an 'objective of state policy' that opened 'new terrains for profitable activity' (p. 158). Remaining public institutions have been subjected to similar logics, producing a 'radical transformation in the dominant pattern of social relations and a redistribution of assets that increasingly favoured the upper rather than the lower classes' (p. 159).

Harvey's analysis can be adapted to explain much about private school funding and expansion in Australia. However, rather than being sold off by the State, private schools are now, in various ways and to various degrees, paid for by it. They consume education resources, but are allowed to operate privately, with the State asking for little in return. This accumulative economy has three principal dynamics: growth without limits; the development of a formidable alliance with the State, and a form of financial enclosure built on the fiscal imbalance between states/territories and the Commonwealth.

This engenders a virtuous circle – the more resources are allocated to private education, the more it grows. And the more it grows, the greater its market dominance and share of allocated public and reputational resources. This produces a sense of entitlement to funding because the sector is 'successful', leading the opening of more private schools and the upgrading and expansion of existing ones almost at will, using taxpayers' money for at least part of the capital costs and most of the recurrent costs in many cases (Ting, Liu, & Scott, 2020). In effect, all private schools benefit from being inside an increasingly financially privileged enclosure, whilst public schools are locked outside with diminishing resources.

Thus, private schools, collectively and individually, enclose and amass government educational resources. Wealthy schools hoard them alongside real estate and other assets and investments. This capital in turn produces other capitals – human, cultural,

social, and symbolic (James, Boden, & Kenway, 2022). This accumulation occurs via three processes – extraction, mystification and depletion.

Accumulation by extraction

Extraction from the public purse occurs via direct funding, indirect funding and the operation of charity and tax law. Direct government funding, through approved authorities and approved system authorities, is the primary extraction route. Certain Commonwealth policies have been enabling turning points for the private sector.

Until the 1950 and 1960s, all private schools were fee-charging and self/church funded. There were many poor Catholic schools, and a small set of wealthy schools following the British ‘public school’ model and serving the well-off (Preston, 2023b). The states funded free, compulsory and secular public schools. Precedents for Commonwealth public funding of private schools were set in this period under a Liberal (i.e. right of centre) government. In 1952 tax deductions for school fees up to £50 a year were introduced and, in 1954, donations to school building funds were made tax deductible. In 1963, both non-government and government schools received funding for science labs and Commonwealth scholarships. Marginson (1993) argues that this funding disproportionately favoured elite private schools as they had higher enrolments in their upper schools. From 1968, the Commonwealth funded all school libraries (Smart, 1978).

Commonwealth financial support to private schools began in earnest in response to a report by the Australian Schools Commission, known popularly as the Karmel Report (Karmel, 1973). Karmel reported at a time when most Catholic and many government schools were sorely in need of additional financial aid. Karmel succeeded in embedding the Commonwealth government’s role in school funding, leading to recurrent grants for government and non-government schools alike on a ‘needs’ basis, and the establishment of a common resource standard for all schools. Karmel recommended increasing resource levels across the board, except for elite private schools. However, intense political pressure also led to increased funding for those schools (Greenwell & Bonnor, 2022).

Despite the Karmel Report’s commitment to both sectors of schooling, it and the politics flowing from it ultimately supported private schools.

The expansionary genie was released. The tolerance of the substitution of Government funds for other sources, and the promotion of private sector expansion, created a mathematical certainty that into the future there would be a continual rise in the proportion of the total Commonwealth school funds that went to the private sector. (Marginson, n.d., p. 21)

Following Karmel, Commonwealth funding for private schools grew so significantly that, in the 1980s, Labour governments introduced a New Schools Policy to restrict their growth. However, in 1996 the incoming Liberal government abolished this policy and introduced a new funding scheme for private schools that, once again, led to its significant expansion (Connors & McMorrow, 2015). During this time, elite schools began to join forces with the wider private school sector, while religious and secular groups established schools almost at will and had them funded. In contrast, the initial injection of Commonwealth funding for public schools under Karmel diminished over time and many were left, once again, in financial difficulty (Connors & McMorrow, 2015).

The next major turning point was the *Gonski Review of Funding for Schooling* (Gonski, 2011) under a Labour government. This was the most significant examination of school equity and funding since Karmel, and sought to ensure 'that differences in educational outcomes are not the result of differences in wealth, income, power or possessions' (Gonski, 2011, p. 105).

... It recommended a needs-based model comprised of a base funding level and funding loadings for various categories of disadvantage. Public and private schools would be funded according to the same principles and framework [and] a nationally integrated funding model combining Commonwealth and state funding. (Cobbold, 2021, p. 45)

The review's outcomes did not match its ambitions, hamstrung by the Commonwealth government's promise that no school would lose money (Gillard, 2010) and the high-octane campaigning of all parties. The Commonwealth, states/territories and the private schools cherry-picked sections of Gonski for political reasons, diminishing its coherence (Greenwell & Bonnor, 2022).

A third major policy turning point was 'Gonski 2.0', under a Liberal government. It proposed new funding arrangements, which resulted in the Australian Education Amendment Bill 2017. This involved a revival of needs-based funding based on a new School Resource Standard, a big injection of funds into public schools with clawback mechanisms if the states did not meet its conditions. However, the prime minister who introduced Gonski 2.0, was replaced by his party in 2018. The new PM undermined most of the key features of Gonski 2.0, instead making funding deals with the states and the private sector that significantly boosted private school funding (Greenwell and Bonner, 2022).

Ultimately Gonski 2.0's main achievement was the establishment of a National Schools Resourcing Board (an independent expert body to provide advice on the SRS and other funding arrangements). This board's work eventually led to the 2020 Direct Measure of Income (DMI) and Capacity to Contribute (CTC) schemes and the end of the flawed area-based measure of socioeconomic status. These changes were not welcome by the private school sector. To appease it the Liberal government made generous transitional arrangements regarding the Capacity to Contribute scheme, delaying full implementation until 2029 and providing some schools with transitional adjustment funding. These arrangements benefited elite schools, which stood to lose the most.

Extraction via indirect routes occurs through infrastructure support. Commonwealth and state/territory governments provide private schools with a range of services gratis, including curriculum, assessment and reporting regimes, and initial teacher education and professional development activities. In effect, private schools externalise many of their operating costs to taxpayers.

Private schools also benefit indirectly from ad hoc funding, markedly so in the case of the Commonwealth Liberal governments between 2018 and early 2021. Some of this was intended to drive the government policy agendas, such as providing funds to 'approved non-government representative bodies to support non-government schools in the implementation of' agreements (Australian Government Department for Education, 2018, p. 14). Other funding aimed to drive the government's ideological agendas. To supplement needs-based recurrent funding arrangements in the period 2020–2029, the Liberal government introduced the *Choice and Affordability*

top-up – a \$1.2 billion fund to enable the private sector to drive government priorities, including supporting parental choice and affordability and assisting schools in regional, remote and drought-affected areas (Australian Government Department of Education, n.d.).

The third extractive route for private schools arises from their charitable status. Much Australian charity law follows English law (Boden, Kenway, & James, 2022), under which charities must be not-for-profit, have a charitable purpose and provide public benefit. Both systems recognise education as a charitable purpose and in both countries governments have conferred significant tax breaks on charities which explicitly relieve them from taxes otherwise payable. In Australia, these tax breaks are from Commonwealth, state/territory and local government charges including income tax, goods and services tax, capital gains tax, stamp duty, payroll tax, fringe benefits tax, land tax and municipal rates (Harding, 2017).

Many organisations associated with private schools and which provide benefit to them are also registered charities. These include the National Catholic Education Commission, Catholic Education Offices, the Australian Catholic Bishops' Conference, Independent Schools Australia (ISA) and its state-based associations, and certain parents' and ex-students' associations that raise funds for such things as buildings and scholarships. Most schools are registered as deductible gift recipients, which means that donations from parents and other benefactors are tax-deductible for the donor. Those who receive these tax breaks include very wealthy schools.

There have been recent outcries from various municipal associations about their revenue losses arising from the exemption of private schools from local business rates (Willingham, 2019). These schools use local council infrastructure such as roads, footpaths, drains, traffic measures, car parking, and even school crossing supervision. In expensive suburbs with a high proportion of elite private schools, local councils are particularly aggrieved.

... there are 69 rates exempt private school properties owned by 30 private schools in the Boroondara Local Government Area (LGA) which includes the suburbs of Balwyn, Camberwell, Canterbury, Kew and Hawthorn. These are some of the most expensive suburbs in Melbourne. The private school properties have a Capital improved Value [*sic*] of \$969 million and the revenue loss from the rate exemption will amount to \$1.4 million in 2019–20. (Cobbold, 2020a)

Tax breaks are a form of public expenditure known as 'tax expenditures' (Boden, Childs, & Wild, 1995). They have the same net effect as the state collecting taxes and then spending the revenue raised. In Australia, as in the UK, because tax expenditures are income forgone, they tend to escape proper public or parliamentary scrutiny (Boden et al., 1995) – the tax income forgone is rarely reported or calculated, and taxpayers have an absolute right to confidentiality. As such, this public expenditure is obscured, despite it flowing to some very wealthy organisations.

Wesley College and Caulfield College along with Victoria's Haileybury College and Sydney's Knox Grammar School ... [are] ... Australia's richest schools. Together, these four charities spent more on new facilities and renovations (\$402 million) than the poorest 1,800 schools combined (less than \$370 million) yet they teach fewer than 13,000 students. The poorest 1,800 schools teach 107,000 students. (De Maria, 2021)

Under Australian charity law, charitable schools must provide ‘public benefit’. But, as in England (Clough, 2024 – this issue), this is vaguely conceptualised, and the benefits arising are minimal and poorly regulated. There is no requirement to serve a wider community (Harding, 2017). This laxity in the law enables the private sector to defend its tax privileges. For instance, in its submission to a Commonwealth government’s consultation paper on the definition of a charity, the ISA argued that because private schools were engaged in ‘the advancement of education’ they complied with the definition of a charity, and hence their public benefit was ‘self-evident’ (ISA, 2011).

The education of the individual not only benefits that individual but the cumulative education of individuals benefits society as a whole. These benefits to the individual and society are recognised and reinforced through government policies relating to compulsory school attendance and funding support for all not-for-profit schools. (p. 2)

The ISA continues to emphasise that tax privileges fund these schools’ services, programmes, scholarships and bursaries, and capital works. With its emphasis on scholarships, bursaries and volunteering the ISA seems unaware of the irony, identified in Kenway and Fahey (2015), that private schools expect to be rewarded for their act of altruism.

This extraction by private schools by direct and indirect means and through their charitable status raises many issues. These funds are in addition to these schools’ often substantial income from fees, associated charitable trusts, bequests and donations – money that is not part of the SRS-assessed need. ‘It results in over-estimation of the financial need of private schools and massive over-funding by the taxpayer’ (Cobbold, 2023).

Accumulation by mystification

A second accumulation strategy is mystification, which has two aspects: the intertwining of private schools and the State, and the discursive politics of private schools’ lobby groups. The State has sought to accommodate private schools into the public funding regime whilst also seeking to appear impartial. The State’s attempts to regulate these relationships have led to complex and obscure funding regimes, resulting in considerable opacity. Simultaneously, its language of accounting, formulas and rules gives it an aura of objectivity and fairness. This legitimises the State’s role, masking the operations of private school lobby power.

The calculation of the Capacity to Contribute element in the SRS is a prime example of this. The Direct Measure of Income, which informs the CTC calculation, appears completely objective as it relies on individual parents’/carers’ income tax records. But it ignores other sources of wealth used to pay fees, such as capital, family trust funds and contributions to school fees made by other family members. Yet this partial measure of family wealth, through its calculative procedures, imparts a sense of objectivity and of ‘paying your way’. It is argued that the CTC is calculated to smooth annual fluctuations in familial incomes and prevent ‘unfairness’ (see for example: Australian Government Department of Education, 2022), but information on how government funding tapers as school communities’ CTC increases is somewhat vague.

Taxation is a further area where mystification helps occlude the socially unjust but perfectly legal relationship between private schools and the State. It’s frequently argued that parents who choose private schools pay taxes and also relieve the State of the cost of

educating their child in a government school. Parents are, therefore, entitled to financial compensation via the State's subsidisation of their children's private schools. Such rationalisations are grounded in the false assumption that general taxation is a service charge of sorts, with refunds due to those who don't use services. Such arguments collapse when one asks simple logical questions such as 'Does that mean childless people get a tax rebate?'

Mystification is also undertaken by private school lobby groups. These bodies advocate on behalf of their sector and translate and reframe public policies related to private schools. This is very evident in the Catholic sector, which has long been keen to protect and promote parental choice of religious schooling, on the grounds that to do otherwise would be religious discrimination. Creating the capacity for choice engenders funding needs and the Catholic sector has historically pushed hard for state aid from the Commonwealth (Pascoe, 1998). Since the 1962 so-called 'Goulburn incident' (Lee, 2020), meeting the private Catholic sector's funding needs was deemed necessary to sustain educational choice – and opposing their demands was construed as sectarianism.

Notions of choice and need have been redeployed and reconfigured to defend the vested interests of the private sector (Forsey, Proctor, & Stacey, 2017). For instance, in its submissions to Gonski, Independent Schools Victoria sought to sever the link between needs and resources by arguing against an SES needs financial loading in the allocation mechanism, maintaining, somewhat at odds with evidence, 'that low SES background students are not necessarily constrained in their ability to achieve at, or beyond that of students with higher SES background rankings' (Cobbold, 2012).

More recently, new lobbying concepts have emerged. The website of ISA foregrounds 'DIVERSITY CHOICE CONTRIBUTION' (ISAa, n.d., capitals in original). The website's images, text, and policy submissions it posts indicate that diversity is a key concept in its self-representation. Its diversity claims include –

community schools for Aboriginal and Torres Strait Islander students in remote areas, specialist education settings for young people at risk and students with disability, boarding schools to educate students from regional and remote locations, large and small multicultural schools in cities and regional areas. (ISAa, n.d.)

Whilst foregrounding such affiliated member schools the ISA downplays, by omission, the high percentage of its member schools that are higher fee/higher status. Tellingly, the ISA does not use the MySchool Index of Community Socio-Educational Advantage to report on the diversity of its member schools. However,

Independent schools have the highest ICSEA average at 1060. Catholic schools are next on 1040, followed by government schools on 983 (government selective schools have an ICSEA of around 1180). (Bonnor, Kidson, Piccoli, Sahlberg, & Wilson, 2021).

Proclaiming the virtue of diversity is possibly a discursive ruse that allows high-fee private schools to present the sector as diverse by highlighting less advantaged private schools, which in turn benefit from the elite schools' status, power networks and lobbying savvy.

The ISA also says it advocates 'for ongoing and sustainable Australian Government support and fair funding' (ISAb, n.d.), making arguments that –

In 2020-21, some 65 per cent of school enrolments were in government schools, which received 76 per cent of total government expenditure on schooling. In comparison, non-

government schools accounted for 35 per cent of enrolments and 24 per cent of total government expenditure ... Independent school students receive considerably less government funding than their counterparts in government schools. (ISAb, n.d.)

The inference is that government schools receive more than their fair share of funding and that Catholic and Independent schools should receive public funding equivalent to their share of enrolments. 'Fairness' in this context means funding equivalence. This elides the distinctions between government and private schools. The latter have freedoms, such as charging fees, enrolment choices and in governance, that the former do not have. They are allowed to operate as private entities in the private interest of their paying clients, not directly in the interests of the whole schooling sector.

In a discursive shift, private schools also resort to relabelling themselves to further mystify how they are perceived. So Collette Colman of the Independent Schools Council of Australia says –

The term 'private school' is largely meaningless. It is not used in this country by any government or formal educational organisations. It is commonly, and incorrectly, used to describe non-government schools, including Independent and Catholic system schools. But these schools are certainly not 'private' in the sense of being for-profit businesses. (Colman, 2018)

Accumulation by mystification involves using accounting and financial matters to occlude the relationship between the State and private schools. It also involves shaping and controlling the discourse around schooling, using notions of diversity, fairness and of the private. This mystification is, in part, enabled by actors such as the high-ranking ex-students of elite schools. Sinclair and Brooks (2022) demonstrate that the Independent and Catholic sectors were over-represented and exerted disproportionate influence, before and at key turning points of the policy cycle associated with the Gonski Review. Featch (2023) shows that wealthier private school graduates are overrepresented among federal politicians.

Likewise, Catholic bishops and archbishops have direct lines to the political class, especially to high-ranking graduates of Catholic schools. They also have a big influence over Catholic school constituencies which they can, and have, readily mobilised in marginal electorates to influence funding policies (Maiden, 2018). Further, some senior staff at diocesan education offices have used bureaucratic mystification to divert funds from less to more wealthy Catholic schools. Drawing on leaked documents about one scheme in New South Wales, Ting, Shatoba and Palmer (2020) say –

Administered by Catholic school authorities and approved by the state's bishops, the scheme aims to keep fees low for families in wealthy parts of Sydney, according to the documents.

Reports about other states (Cobbold, 2020b) identify similar schemes under which the pool of public money allocated to Catholic Education Offices was not needs-based. The Catholic church elite has kept fees lower at Catholic schools in wealthy suburbs to ensure such schools can compete with non-Catholic elite schools (Greenwell & Bonnor, 2022, p. 223).

Accumulation by depletion

The combination of routes by which private schools get access to public funds (accumulation by extraction), and the evident lack of transparency over the processes that ensure

funding (accumulation by mystification) has enabled the sector to accrete to itself resources that might otherwise go to the government school sector, which is left depleted.

The ongoing enclosure of funding that might otherwise have gone to government schools by the private sector is marked and has been escalating. Using My School data, Ting, Liu, et al. (2020) meticulously document how recurrent public funding of private schools has risen dramatically as compared to public schools over the last decade or so. They drilled down and compared like-with-like schools and found that in '2009, fewer than 1,500 private schools received more public funding per student than a similar public school. By 2016, that number was more than 2,100'. In 2009 some 58% of all private schools were getting more funding than any similar public school, and by 2016 that percentage had risen to 85%. Moreover, amongst private schools which received more public funding than similar public schools, the median funding gap grew by 76% between 2009 and 2016 – to \$970 per student. And where public schools had more funding than private, the median gap had shrunk by 16% in the same period.

For the 2023–28 period, private schools begin from a position of major over-funding against their minimum SRS levels in 2023 (overfunded by \$800 million). By 2028 they are still in a position of overfunding (\$140 million above SRS levels). For public schools, the 'official' SRS funding gap remains massive and moves little from a shortfall of \$4.5 billion a year in 2023–3.7 billion a year in 2028. (Rorris, 2023, p. 2)

Ting, Palmer, and Scott (2023) also demonstrate how wealthy private schools are comparatively lavishly resourced in capital terms compared with public schools. The capital expenditure of the four richest schools (all non-government) between 2013 and 2017 was greater than that of the 1,800 poorest schools. Schools with significant capacity to raise funds through borrowing or fundraising also received a disproportionate amount of the total government funding. Half of the \$22bn spent in 2013–17 was spent in just 10% of the schools: those same schools received 28% of the total government funding (\$2,4bn out of \$8.6bn).

Ting, Liu, et al. (2020) note that the substantial and increasing public contribution to the recurrent costs of private schools has enabled them to channel their substantial fee incomes into these capital projects. This enables them to engage in an educational facilities race, like that in England (James et al., 2022), which in turn allows for the further depletion of the public sector by attracting student numbers.

This financial depletion is affecting the very nature of public schools, some of which are forced to adopt private school practices, such as seeking additional income from fees, charges and charities. Fees and charges intensify inequalities between public schools (Thompson, Hogan and Mahimi, 2019). Public schools are also becoming the recipients of philanthropic giving via, for example, Australian Schools Plus Ltd —a registered charity with gift deductibility status (Rowe, 2023). Private schools attract teachers and students away from the public sector.

Private sector school authorities (systems and individual schools) are substantially stronger in the teaching labour market than public sector school authorities. This competitive strength in the teaching labour market parallels the private sector's competitive strength regarding students: they can select and exclude, while the public sector must take all comers; in times of

enrolment fluctuation the private sector can maintain optimal enrolments while the public sector bears more than its proportional share of overcrowding or costly under-utilisation. (Preston, 2023b, p. 32)

Such depletion would be somewhat less problematic if the private sector served all Australians equally and if the outcomes justified the funding levels. However, whilst the whole private school sector caters for low, medium, and high-income families, both the Independent and Catholic sectors have a significantly higher percentage of higher-income families than government schools. Census data for 2016 shows that –

... at the secondary level, [where] 54% of students in independent schools were from HIGH income families (only 23% from both LOW and MEDIUM income families), and just 26% of public school students were from HIGH income families (45% from LOW and 30% from MEDIUM income families). Again, the Catholic sector was closer to the independent than to the public sector, with almost half (46%) of its secondary students from HIGH income families. (Preston, 2018, p. 1)

As private schools are better resourced at the expense of government schools, they attract increasing numbers of families away from the government sector, depleting it of wealthier families who might be best placed to act as advocates and champions.

This cycle of public sector depletion is facilitated by three key factors. First, by the priorities of the State – there is a symbiotic relationship between the expansionist impulses of private schools and the neoliberal State's preference for shedding the costs and responsibility for public services (Harvey, 2007). In effect, they both want the public school sector to shrink and the private school enclosure to expand.

A second reason for this depletion lies in the funding structure. The 80%/20% split between the Commonwealth and the states/territories means that government schools must rely primarily on the states/territories despite the fiscal power imbalance between them and the Commonwealth. The states/territories carry the heaviest burden of supporting public schools and administering all schools. Consequentially, the states do not always meet their SRS funding obligations to public schools.

However, the states also engage in some budgetary fudging. Rorris' (2020) analysis of the outcomes of the SRS funding model demonstrates that, whilst the Commonwealth and states/territories more than fully fund the SRS of private schools, they do not do so for government schools. A substantial part of the problem is that the school funding bilateral agreements, signed in 2018–2019, between states/territories and the Commonwealth allowed the states to treat the depreciation in the value of capital assets such as school buildings in government schools as a contribution to the SRS. This capital depreciation charge is set at 4% – meaning that, at best, government schools only receive 96% of their SRS funding. No such deduction is made for private schools, which Rorris found are often funded above their SRS.

A third factor facilitating depletion is the plethora of competing interests in the Australian education system. Commonwealth government consultations and negotiations on funding are marked by complicated wrangling and deal-making behind the scenes. When elections are imminent the opportunities for sectional leverage are at their greatest. For example, this happened after the Gonski Review was released during the run-up to the 2013 federal election. Ken Boston (2016), a member of the Gonski Committee and then Director General of the New South Wales Education Department, observes that

the wrangling between sectional interests was intense and resulted in many of Gonski's key recommendations going unheeded. For example, the Labour government disregarded the recommendation for the creation of one National Schools Resourcing Body. Instead, it introduced the National Education Reform Agreement (NERA) for public schools and the National Plan for School Improvement (NPSI) for private schools. This maintained the funding distinction between public and private schools. As a result of sectional interests and deals, the structures that allowed the private school sector to deplete the public school sector remained and the depletion process continued unabated.

The state/territories do not appear to embrace the role of defending and promoting public schools, something left largely to teachers' unions, government school parents' groups and sympathetic thinktank and advocacy groups such as Save Our Schools. However, these actors have also been left depleted. Government school lobby groups and supporters are at a structural disadvantage in this policy environment as they have little affinity with the neoliberal state and are not core members of political power networks. They must compete with the private school lobby on similar discursive terrain but with fewer resources. And they must mobilise support for a diminished sector – often depicted as in crisis. Crisis talk by government school advocates is designed to provoke redistributive action by the state. However, it also potentially provokes parents to 'go private'.

Concluding remarks: elite schools and the accumulation economy

This paper identified three interrelated dynamics that sustain private schools' accumulative process – accumulation by extraction, mystification and depletion. It shows that this accumulative strategy is facilitated by the nature of the relationship between the private school sector and the neoliberal Australian state.

We identified three routes through which accumulation by extraction occurs. First, Australia has evolved an education funding system whereby the State is locked into directly providing core funding for private schools, even elite ones. State funding is often more favourable for private than for public schools. Second, the funding architecture enables the Commonwealth, which has greater fiscal flexibility, to provide enhanced indirect funding to private schools. And finally, the constitution of the private schools as charities enables them to benefit from significant tax exemptions – tax expenditure directed at private schools rather than government ones.

These funding arrangements are vehemently defended via a well-organised repertoire of mystification by private school lobby groups. They are well-resourced, organised and connected and can readily gain press coverage about their concerns (e.g. see Sinclair & Brooks, 2022, p. 13). Non-elite private schools benefit from the status, power networks and lobbying savvy of their elite school colleagues. And, in acting on behalf of the whole private sector, elite schools reinforce their pre-eminence. As we have demonstrated, they engage in a form of 'elite capture' (Táiwò, 2022) which involves the deployment of progressive rhetoric by essentially conservative institutions. As we have shown, elite schools can also have a mystifying influence over education policy via their policy networks and high-ranking ex-students. It is probable that a disproportionate number of politicians have little or no familiarity with public schools and that their sympathies lie with the private sector that educated them. Crucially given Australia's significant Catholic sector, bishops and archbishops have direct lines to the political class.

Elite schools demonstrably accumulate by depletion. They –

suck the lifeblood from other, ‘lesser,’ schools with regard to such things as reputation, money, ‘good’ teachers, and ‘good’ students. In effect, they depend on these other schools not only as their negative referents via incessant detraction, but also as a pool for potential extraction. (Howard & Kenway, 2015, p. 1023)

Accumulation by depletion results as the private sector encloses educational resources, excluding the government schools. This is akin to what Harvey (2007) describes as the hollowing out of the state. Their aura of prestige and excellence depletes the government school sector of standing to the point where, for some, the choice of a private school is synonymous with wanting the best for one’s children, and a way of insuring against negative social mobility.

This paper explicates and demystifies the longstanding relationship between the Australian private school sector, its elite layer, and the State, demonstrating how the private school sector’s processes of accumulation function and how they are facilitated by a collusive State. Despite their public funding, private schools are allowed to operate as private entities in the private interest of their paying clients. Overtly tackling the extraction of public resources by the private sphere, the mystification of funding processes and principles, and reversing the depletion of government schools might facilitate reform in the interests not just of social justice but also of Australian economic self-interest as a consequence of more economically efficient allocation of educational resources.

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