ECONOMIC CONTRIBUTION OF THE INDEPENDENT SCHOOL SECTOR

INDEPENDENT SCHOOLS AUSTRALIA

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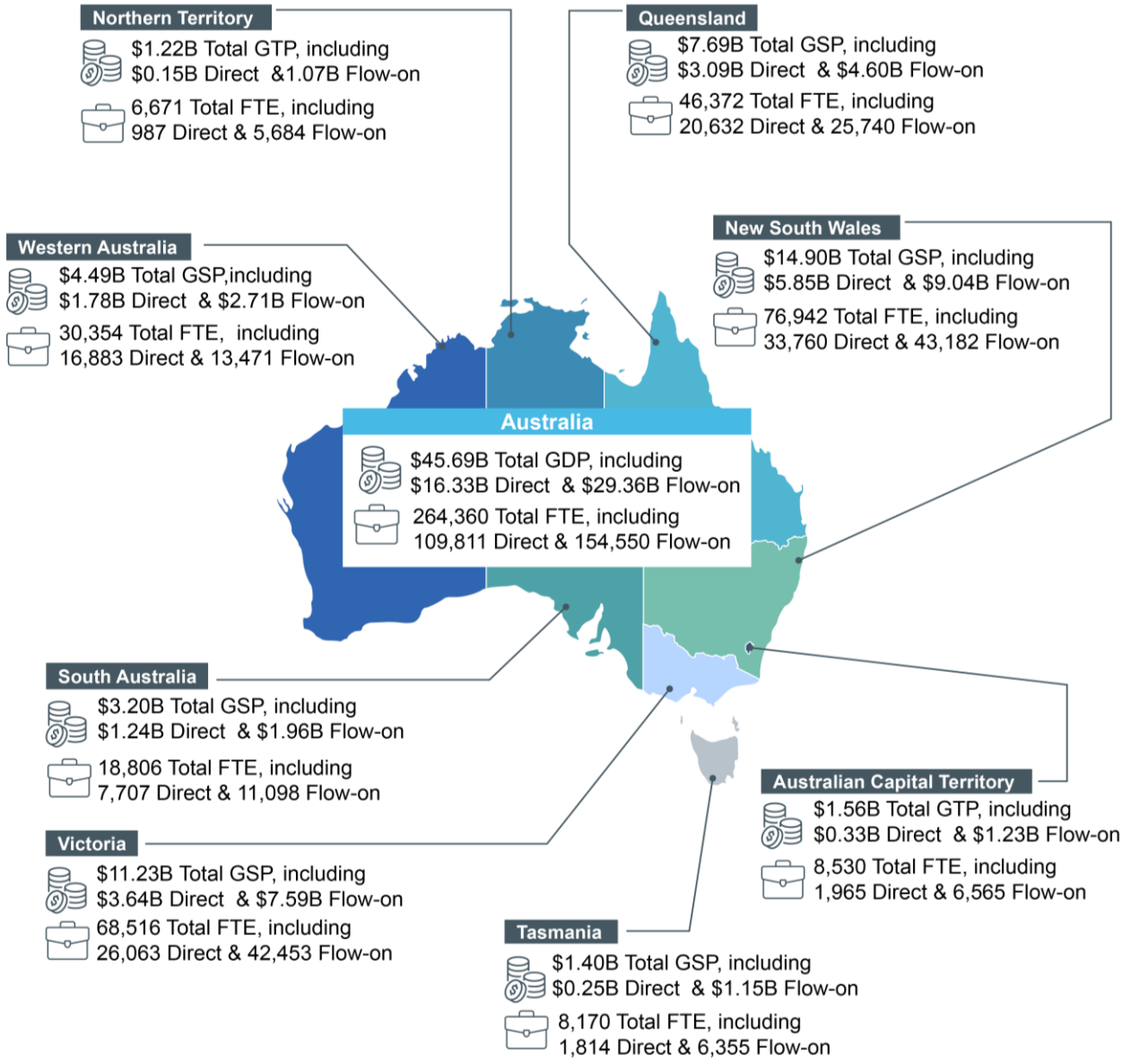
EXECUTIVE SUMMARY

QUICK STATS

Independent schools delivered the following economic activity across Australia in 2023-24, as a result of educating 716,848 students[1]:



Notes:
- GDP – Gross Domestic Product, GSP = Gross State Product, GTP = Gross Territory Product
- FTE = full time equivalent, where one FTE is equivalent to one person working full time for a period of one year.

Source: AEC.

Independent schools also:

- Saved **$12.51 billion for taxpayers** through a combination of savings of $9.91 billion in recurrent education costs and $2.60 billion in capital costs; and
- Delivered **$1.55 billion in additional economic growth** through enhanced education outcomes.

[1] Note, economic modelling was undertaken for 714,250 students due to incomplete data available for approximately 2,600 students.

BACKGROUND

Independent Schools Australia (ISA) is the peak body representing Independent schools across Australia. The Independent school sector across Australia plays a vital role in delivering high-quality education services to children and families nationwide. As an essential component of the education landscape, this sector provides choice for families and diverse schooling options that complement the government and Catholic school systems.

In 2023, 716,848 students were enrolled at over 1,200 Independent schools across Australia, which represented 17.6% of the Australian student population.

ISA has engaged AEC Group to estimate the contribution of Independent schools to Australia's Gross Domestic Product (GDP), employment and household incomes, as well as the savings they deliver to governments and therefore taxpayers and the economic value that flows from the enhanced education outcomes achieved by Independent school students. In undertaking the analysis, AEC used Input-Output modelling techniques within an economic significance framework. This is a recognised modelling approach to assess the economic contribution of an existing industry. Verified data from ISA for 2023 was used (the most recent year that validated and complete data was available) as well as published financial year data from the Australian Bureau of Statistics (ABS) and other agencies to produce the estimates in this report for the 2023-24 financial year.

KEY FINDINGS

ECONOMIC CONTRIBUTION OF INDEPENDENT SCHOOLS

In 2023-24 Independent schools across Australia:

- **Contributed approximately $45.69 billion to the national Gross Domestic Product (GDP) and supported jobs for 264,360 full-time equivalent (FTE) staff** through direct and flow-on contributions. This accounted for 1.8 percent of the total contribution to GDP by all industries in Australia and 2.1 percent of the total employment. Of note:
    - Independent schools' total contribution to GDP was **comprised of more than $16.33 billion directly** through activities such as school operations, capital expenditure of Independent schools and expenditure of international students in the broader economy, and **$29.36 billion through flow-on demand for goods and services** by Independent schools for the delivery of their education services (e.g. utilities, teaching materials, equipment), subsequent flow-on production-induced activity for the production of these goods and services, and household consumption from Independent school employees.
    - The employment contribution by Independent schools was comprised of **109,811 FTE employees directly** supported through operational activity, capital expenditure and international student expenditure, as well as **approximately 154,550 FTE employees supported through flow-on activity**.
- **Contributed $29.51 billion in employee compensation**, which includes $13.39 billion in employee compensation directly due to the Independent school sector and approximately $16.12 billion was paid to workers as a result of flow-on activity supported by Independent school sector.
    - Approximately $12.52 billion in staff compensation was paid by Independent schools directly to school staff, representing approximately 72.4% percent of total Independent schools' operational expenditure for the year. This is reflective of the large labour component in service delivery and the important role Independent schools play in providing jobs and incomes to the nation. It is worth noting that jobs in Independent schools are predominantly highly skilled, service sector positions and are key to growing the Australia economy.
    - A further $863.8 million in compensation of employees was directly contributed to the Australian economy by Independent schools through capital works and expenditure of international students.

- **Made significant contributions to each State and Territory**. For example, including direct and flow-on activity, Independent schools contributed:
  - $14.90 billion to the Gross State Product (GSP) of New South Wales and approximately 76,950 FTE Jobs
  - $11.23 billion to the GSP of Victoria and approximately 68,500 FTE Jobs
  - $7.69 billion to the GSP of Queensland and approximately 46,370 FTE Jobs
  - $3.20 billion to the GSP of South Australia and approximately 18,800 FTE Jobs
  - $4.49 billion to the GSP of Western Australia and approximately 30,350 FTE Jobs
  - $1.40 billion to the GSP of Tasmania and 8,170 FTE Jobs
  - $1.56 billion to the Gross Territory Production (GTP) of the Australian Capital Territory and 8,530 FTE Jobs
  - $1.22 billion to GTP of the Northern Territory and approximately 6,670 FTE Jobs.
- **Made significant contributions to the local and regional economies in which they operate**. For example, including direct and flow-on activity, Independent schools contributed:
  - The greater capital city statistical areas (GCCSA) of Victoria (Greater Melbourne), Western Australia (Greater Perth), and South Australia (Greater Adelaide) are critical regions for Independent schools in these states. Over 80% of Independent school activity is located in these GCCSAs.
    - Independent schools of Greater Melbourne contributed 83.8% of Victoria's Independent school supported GSP ($9.42 billion) and 78.3% of the employment (53,626 FTE Jobs).
    - Greater Perth Independent schools accounted for 81.9% of Western Australia's gross product ($3.68 billion) and 80.9% of the state's employment (24,557 FTE Jobs).
    - Greater Adelaide contributed 84.9% of the Independent school supported GSP in South Australia ($2.72 billion) and 85.8% of the employment in South Australia (16,142 FTE).
  - The GCCSA of Queensland (Greater Brisbane) and Tasmania (Great Hobart) accounted for approximately half of the total economic contribution of the Independent schools in their respective states. Greater Brisbane contribution 50.6% of the total GSP supported in Queensland ($3.89 billion) and 49.8% of total employment (23,112 FTE). Greater Hobart accounted for 50.8% of total GSP supported in Tasmania ($713 million) and 52.0% of total employment (4,246 FTE). The dispersion of Independent school activity outside the capital cities of these states shows the importance of Independent schools and the critical role in the education landscape across the whole state.

SAVINGS TO GOVERNMENTS AND TAXPAYERS

There were over 716,848 school children in Australia enrolled in Independent schools in 2023 that were entitled to, but did not take up a place, in a government school. In 2023, Independent schools **saved the Federal and State Governments an estimated $12.51 billion in expenditure**. This comprised $9.91 billion in recurrent education costs and $2.60 billion in infrastructure costs, representing a significant and ongoing saving to taxpayers. The savings by state and territory are shown in the table below.

Table ES. 1 Savings to Governments and Taxpayers, by State and Territory

Region	Recurrent Education Costs ($ million)	Capital Costs ($ million)	Total Savings to Taxpayers ($ million)
New South Wales	$3,904.6	$1,028.6	**$4,933.2**
Victoria	$2,152.7	$672.6	**$2,825.3**
Queensland	$1,869.8	$437.1	**$2,306.9**
South Australia	$527.6	$134.8	**$662.4**
Western Australia	$980.6	$241.2	**$1,221.9**
Tasmania	$128.7	$15.8	**$144.5**
Northern Territory	$60.3	$26.6	**$86.9**
Australian Capital Territory	$343.0	$44.7	**$387.7**
Australia	**$9,906.8**	**$2,601.5**	**$12,508.3**

Source: Productivity Commission (2025), ISA (unpublished), AEC.

THE ECONOMIC VALUE OF ENHANCED EDUCATION OUTCOMES

Enhanced educational outcomes provided by **Independent schools can be linked to an estimated contribution to growth in GDP of around $1.55 billion in 2023-24**. This economic benefit is estimated to be provided annually by the enhanced education outcomes delivered by Independent schools. The quality of learning and teaching provided by Independent schools support students in achieving excellent outcomes across a range of educational measures:

- Students attending Independent schools are estimated to have contributed to a 3.34 point increase in the mean PISA test score for Australia's overall student body in 2023.
- Australian Independent schools recorded a mean PISA test score of 538 for scientific literacy, 526 for reading literacy, and 519 for mathematical literacy in 2022 (ACER, 2023). These scores were well above the overall mean PISA test scores for all Australian schools, as well as the OECD average.

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1. INTRODUCTION

1.1 BACKGROUND AND PURPOSE OF THE REPORT

The Independent school sector across Australia plays a vital role in delivering high-quality education services to children and families nationwide. As an essential component of the education landscape, this sector provides diverse schooling options that complement the government and Catholic school systems. This diversity in educational offerings allows families the freedom to choose schools that align not only with academic or extra-curricular goals but also with specific values, religious beliefs, and educational philosophies.

The Independent school sector has a peak body, Independent Schools Australia (ISA), which represents the interests of over 1,200 Independent schools from each state and territory throughout Australia.

In 2023, Independent schools educated over 700,000 students across Australia, representing nearly 18% of the national student population. Over the past decade, this sector has been the fastest growing within the Australian schooling system, with substantial enrolment increases across nearly all states and territories. the appeal of Independent schools lies not only in their commitment to academic excellence and pastoral care but also in their flexibility to meet the unique needs of individual students and families, including specialised programs, higher staff to student ratios, and targeted learning support. This growth reflects a wider trend among families who prioritise investment in education and who value the opportunity to choose schools that resonate with their personal or philosophical beliefs.

ISA engaged AEC Group Pty Ltd (AEC) to estimate the contribution Independent schools made to the Australian economy in 2023-24. This assessment considers the economic contribution of Independent schools in terms of their contribution to the nation's Gross Domestic Product (GDP), employment and household incomes (that is, compensation to employees), as well as the savings they deliver to governments and therefore taxpayers and the economic value that flows from the enhanced education outcomes achieved by Independent school students.

1.2 SCOPE OF THE REPORT

1.2.1 GEOGRAPHIC SCOPE

The scope of this report covers the economic significance of Independent schools to Australia, across each state and territory. Modelling was also undertaken to assess the economic contribution of Independent schools to regions and sub-regions of each state and territory. The regions evaluated include The Greater Capital City Statistical Area (GCCSA) and rest of state/ territory (as defined by Statistical Area 4 (SA4)) while the sub-region analysis has five identified levels of remoteness: Major City, Inner Regional, Outer Regional, Remote, and Very Remote. The sub-regions are identified on a Statistical Area 2 (SA2) basis by ISA with reference to Accessibility/ Remoteness Index of Australia[2] (ARIA) classification and reflect the population density of each SA2. As such, the Major City classification of sub-region analysis will not directly align to the greater capital city statistical area identified in the region analysis.

1.2.2 INDEPENDENT SCHOOLING SECTOR

In 2023, 716,848 students were enrolled at Independent schools across Australia. They serve a diverse range of students including those from high and low socio-economic backgrounds, Aboriginal and Torres Strait Islander students, disengaged youth, students with disability, and international students.

The number of students educated in the Independent school sector, by state and territory, used in the economic modelling of the sector is outlined in the following table. This figure varies from the total students enrolled due to gaps in financial data available for schools these students were enrolled in.

[2] ARIA classification is managed by the University of Adelaide's Australian Centre for Housing Research and has been adopted by the Australian Bureau of Statistics (ABS). Details are available at https://able.adelaide.edu.au/housing-research/data-gateway/aria

Table 1.1 Independent School Students, 2023-24

Region	Primary Students	Secondary Students	Total
New South Wales	96,046	139,047	235,093
Victoria	69,097	96,712	165,809
Queensland	63,744	82,708	146,452
South Australia	25,843	28,510	54,353
Western Australia	33,444	47,704	81,148
Tasmania	5,085	6,007	11,092
Northern Territory	2,791	3,107	5,898
Australian Capital Territory	5,641	8,769	14,410
Australia	**301,691**	**412,564**	**714,255**

Source: ISA (unpublished).

1.3 METHODOLOGY

1.3.1 INDEPENDENT SCHOOL DATA USED FOR ANALYSIS

Data from ISA for 2023 was used (ISA, unpublished) to produce the estimates in this report as this was the most recent year that validated and complete data was available. Independent school data was assessed on a per campus basis across all SA2s. There were seven schools (across 12 campuses) which were excluded from analysis to ensure the validity of all data presented due to insufficient data (including financial data). As such, the total students included in this analysis is approximately 3,000 students less than known enrolments for Independent schools. Therefore, the economic contribution estimated is a conservative estimate and the contribution in 2023-24 is likely to be slightly higher than estimated and presented in this study.

1.3.2 MEASURING THE ECONOMIC CONTRIBUTION OF INDEPENDENT SCHOOLS

The estimates in this report were produced using Input-Output transaction tables and models developed by AEC, within an economic significance framework. This is a recognised and standard modelling approach to assessing the economic contribution of an existing industry.

In addition to the Independent school data supplied by ISA, economic modelling also relied on publicly available data including State and National Accounts and industry specific Australian Bureau of Statistics (ABS) and other agency data. The significance model was developed based on a 2022-23 Input-Output transaction table from the Australian Bureau of Statistics, which was then 'rebased' to the 2023-24 financial year using available data from the Australian Bureau of Statistics and AEC internal datasets on Gross Regional Product and employment.

Data from ISA regarding operations of Independent schools (e.g. revenue, expenditure, staffing, enrolments) is for the 2023 calendar year, but has been used as a reasonable estimate of ISA activity for the 2023-24 financial year. Modelling was undertaken based on financial year as outside of data from ISA, all other available data is primarily based on financial years.

The Input-Output significance model was used to produce estimates of the direct and flow-on contributions of Independent schools to the national economy. Measures used in this report include industry output, Gross Domestic Product (GDP), Gross State/ Territory Product (GSP/ GTP), Gross Regional Product (GRP), employment, and incomes (i.e. compensation to employees). Appendix A presents a detailed description of the methodology. Appendix B provides definitions and explanations of the terms and measures used.

1.3.3 QUANTIFYING THE SAVINGS TO TAXPAYERS FROM INDEPENDENT SCHOOLS

Estimates of taxpayer savings were developed across two key components:

- Cost savings in terms of recurrent education costs, including expenditure on user costs of capital; and
- Cost savings in terms of contributions made by parents to capital infrastructure and improvements.

To identify the cost savings in recurrent education costs, data from the Productivity Commission (Productivity Commission, 2025) regarding average federal and state government expenditure per government school student in 2022-23 was escalated to 2024 dollar terms and applied to the number of Independent school students across each state and territory. This was then compared to data from ISA (unpublished) regarding the level of government funding received to provide a net difference in government funding required if Independent school students were enrolled in government schools.

To estimate the capital cost saving, school capital income data by source of income ISA (unpublished) was assessed to determine the total amount and proportion of capital contributions made by parents and the community to Independent schools.

1.3.4 IDENTIFYING THE BENEFITS OF INDEPENDENT SCHOOLS' ENHANCED EDUCATION OUTCOMES

Desktop research was undertaken to review academic studies, reports and the latest industry views on the enhanced educational outcomes provided by Independent schools. The enhanced educational outcomes provided by Independent schools have economic impacts for Australia. Estimates of the benefits Independent schools provide to Australia's GDP and each state and territory Gross Product are estimated using the difference in PISA scores between Independent schools and government schools as well as research identifying a relationship between education performance and economic growth (using PISA scores). The latest PISA results available are from the 2022 calendar year, it is assumed for the purpose of analysis, that these results can be used to estimate the economic value of enhanced education outcomes in 2023-24.

2. CONTRIBUTION TO AUSTRALIA'S ECONOMY

This chapter describes the economic contribution of Independent schools to the Australian economy as well as each state/ territory.[3] A summary of the contribution by region and sub-region is presented Sections 2.5 and 2.6, detailed impact tables for these geographies are in Appendix D and Appendix E. It includes estimates of direct and flow-on contributions to other industries where relevant. The approach used in identifying the economic contribution, and measures used, are detailed in Appendix A.

2.1 DIRECT CONTRIBUTION OF INDEPENDENT SCHOOLS TO AUSTRALIA

Independent schools directly contributed to the national economy through their provision of education services to more than 714,250 FTE students in 2023. In providing these services, Independent schools:

- Undertook operating activities and expenditure, including:
    - Employing staff, such as teaching staff, administrative/ clerical staff, and operations and maintenance staff;
    - Generating turnover (or revenue), including revenue from student fees and charges, income from excursions/ trips, and private and government grants and funding; and
    - Purchasing goods and services for operational activities, for example on education/ class materials, and building and grounds maintenance.
- Made capital purchases and expended money directly on items such as land acquisition, building/ facility construction and other capital purchases.

Independent schools also contribute to the economy through the attraction of fee-paying international school students. These students would otherwise not be expected to live in Australia during the course of their studies.

In addition to international students, domestic boarding students also contribute to the local economies in which they are staying. However, the activity of domestic boarders has been excluded as boarding students with a usual place of residence elsewhere in Australia represent a transfer of activity from one locality to another, rather than generating an overall increase in economic activity.

The living expenses of interstate boarding students provide an increase in each state/ territory and regional/ sub-regional economic activity that would not otherwise occur, however, there is insufficient data available to identify the total number and expenditure of interstate boarders across each geography. Interstate boarders have conservatively been excluded from the state and territory assessment as well as the regional and sub-regional assessments. This may underestimate the value of Independent schools in each state/ territory, region, and sub-region.

Estimates of the direct economic activity associated with operational activities and capital expenditure of Independent schools, as well as international student expenditure, are outlined for Australia and each state and territory below. The regional and sub-regional contribution is outlined in Appendix D and Appendix E.

Note that all estimates presented of these activities are for the 2023 calendar year, but for modelling of impacts have been used a proxy for the activity of Independent schools during the 2023-24 financial year. From here onwards, all 2023 data is referred to as being for the 2023-24 financial year.

[3] The estimates presented are likely an underestimate of the total contribution of Independent schools as the financial data provided does not include independent school revenue and expenditure derived through some avenues, for example study tours. Living expenses of domestic boarding students within the Australian economy was also unable to be estimated due to insufficient data.

2.1.1 OPERATIONAL ACTIVITY

In 2023-24 Independent schools generated approximately $19.82 billion in turnover[4] (similar to industry output – see Appendix B for a description) and spent approximately $4.78 billion on goods and services (excluding expenditure on staff) for operational activities. Subtracting Independent schools' operational expenditure on goods and services (excluding staff) from turnover provides an estimate of the value Independent schools' operational activities added to the nation's economy in 2023-24. This equates to a direct contribution of approximately $15.04 billion to Australia's Gross Domestic Product (GDP). The total GSP/ GTP across each state and territory is outlined in the following table.

Table 2.1. Direct Operating Activity and Gross Product, State and Territory, $ million, 2023-24

Region	Industry Output	Non-Labour Operating Spend	Gross Product
New South Wales	$6,875	$1,466	$5,409
Victoria	$4,970	$1,618	$3,352
Queensland	$3,685	$825	$2,860
South Australia	$1,379	$283	$1,096
Western Australia	$2,049	$402	$1,647
Tasmania	$309	$68	$241
Northern Territory	$191	$46	$145
Australian Capital Territory	$366	$74	$291
Australia	**$19,824**	**$4,783**	**$15,041**

Source: ISA (unpublished), AEC.

Independent schools employed nearly 98,600 FTE staff in 2023-24 comprised of:

- 1,260 FTE principals;
- 6,690 FTE specialist support staff;
- 59,540 FTE general teaching staff;
- 249 FTE senior executive staff;
- 23,385 FTE administrative/ clerical services staff; and
- 7,199 FTE building operations and maintenance staff.

Staff at Independent schools were paid $12.52 billion in compensation in 2023-24. This equates to expenditure on staff compensation of approximately $127,000 per FTE employee. The majority of this expenditure was on teaching staff which highlights the sector's focus on the provision of high-quality educators.

Table 2.2 Independent School Staff and Staff Compensation, 2023-24

Region	Total Staff	Staff Compensation ($ million)	Average Salary
New South Wales	31,753	$4,261	$134,206
Victoria	24,594	$3,137	$127,540
Queensland	19,465	$2,309	$118,614
South Australia	7,074	$878	$124,187
Western Australia	11,123	$1,367	$122,924
Tasmania	1,760	$210	$119,285
Northern Territory	967	$114	$117,443
Australian Capital Territory	1,856	$246	$132,575
Australia	**98,592**	**$12,522**	**$127,012**

[4] Turnover is a similar measure to industry output - see Appendix B for a description of turnover and industry output.

Source: ISA (unpublished), AEC.

2.1.2 CAPITAL EXPENDITURE

Independent schools spent $3.64 billion on capital expenditure in 2023-24, of which $183.56 million was Federal or State Government funded, $2.60 billion privately funded, and $852.17 million funded through new loans. Capital expenditure was allocated to relevant industries represented in the Input-Output transaction tables as outlined in Table 2.3.

Table 2.3. Capital Expenditure of Independent Schools by Industry, Australia, 2023-24

Input-Output Industry	% of Expenditure Item	Estimated Capital Expenditure ($ million)
Non-Residential Building Construction	55%	$2,000.5
Heavy and Civil Engineering Construction	25%	$909.3
Wholesale Trade	20%	$727.4
Total	**100%**	**$3,637.2**

Note: Total may not sum due to rounding.
Sources: ISQ (unpublished), AEC.

In estimating the direct economic contribution of this capital expenditure, standard Input-Output production functions for the industries outlined in Table 2.3 were assumed, using a transaction table developed as outlined in Appendix A. Based on these production functions, Independent schools' capital expenditure is estimated to have directly generated the following economic activity for Australian businesses in 2023-24.

Table 2.4. Economic Contribution of Capital Expenditure by Independent Schools, State and Territory, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
New South Wales	$422.4	$281.6	1,837
Victoria	$256.7	$170.8	1,192
Queensland	$202.5	$134.5	891
South Australia	$135.9	$91.1	356
Western Australia	$121.4	$81.9	5,648
Tasmania	$6.8	$4.5	44
Northern Territory	$7.3	$4.8	20
Australian Capital Territory	$36.3	$25.5	82
Australia	**$1,189.3**	**$794.6**	**10,069**

Source: ISA (unpublished), AEC.

2.1.3 INTERNATIONAL STUDENT EXPENDITURE

Independent schools attract international students to study in Australia in a range of individual and group programs. Schools registered with the Australian Government can enrol students with the appropriate visa for periods of longer than three months on a full-time basis in in a registered school course, including English Language Intensive Course of Study (ELICOS). Independent schools can also offer short-term study programs of less than three months, such as study tours and holiday programs.

In 2023-24 there were 3,759 full fee-paying international students. Independent schools received $130.34 million in revenues from international students in 2023-24, through student fees and charges as well as for boarding. International students also spend money in the broader economy (i.e. in addition to school tuition and boarding), however information specific to identifying the expenditure of international students in the broader economy is not available. To develop an indicative estimate of their expenditure on goods and services, data from the ABS (2023) regarding expenditure of international school students on tuition fees compared to goods and services was used. Data indicates around 60% of international school student expenditure over the ten years between 2013-14 and 2022-23 was on goods and services (with the remaining 40% spent on tuition fees).

On the basis that tuition and school fees account for 40% of the total international student spend in Australia it is estimated $195.5 million was spent by international students for general goods and services throughout Australia in 2023-34. The estimated spend by international students in each state and territory (not including tuition and school fees) is presented in the following table.

Table 2.5. Direct Expenditure by International Independent School Students, State and Territory, 2023-24

Region	Direct Expenditure ($ million)
New South Wales	$45.6
Victoria	$61.5
Queensland	$50.3
South Australia	$19.8
Western Australia	$14.8
Tasmania	$1.7
Northern Territory	$0.1
Australian Capital Territory	$1.7
Australia	**$195.5**

Source: ISA (unpublished), AEC.

To allocate expenditure on goods and services to Input-Output industries, average expenditure splits from the most recent household expenditure survey (ABS, 2017) was used and allocated to their most relevant Input-Output industry. Expenditure on education and housing costs were excluded, as this expenditure is already accounted for in tuition fees and boarding. A summary of expenditure by international students across Australia is presented in Table 2.6. For a breakdown by industry for each state and territory, refer to Appendix C.

Table 2.6. Expenditure on Goods and Services by Independent School International Students, Australia, 2023-24

Input-Output Industry	% of Expenditure Item	Estimated Expenditure ($ million)
Retail Trade	49.5%	$97.35
Accommodation	0.1%	$0.15
Food and Beverage Services	7.9%	$15.63
Road Transport	0.6%	$1.12
Rail Transport	0.2%	$0.35
Water, Pipeline and Other Transport	0.1%	$0.17
Air and Space Transport	0.2%	$0.33
Postal and Courier Pick-up and Delivery Service	0.2%	$0.32
Motion Picture and Sound Recording	0.1%	$0.27
Broadcasting (except Internet)	0.3%	$0.65
Internet Service Providers, Internet Publishing and Broadcasting, Websearch Portals and Data Processing	0.3%	$0.64
Telecommunication Services	3.2%	$6.20
Finance	0.2%	$0.40
Insurance and Superannuation Funds	13.6%	$25.97
Auxiliary Finance and Insurance Services	0.0%	$0.09
Rental and Hiring Services (except Real Estate)	1.1%	$2.29
Non-Residential Property Operators and Real Estate Services	8.3%	$15.49
Professional, Scientific and Technical Services	0.5%	$0.87
Building Cleaning, Pest Control and Other Support Services	0.4%	$0.75
Public Administration and Regulatory Services	4.9%	$10.14
Health Care Services	2.5%	$4.86
Heritage, Creative and Performing Arts	0.6%	$1.27

Input-Output Industry	% of Expenditure Item	Estimated Expenditure ($ million)
Sports and Recreation	1.3%	$2.76
Gambling	0.4%	$0.76
Automotive Repair and Maintenance	1.1%	$2.19
Other Repair and Maintenance	0.2%	$0.34
Personal Services	1.8%	$3.65
Other Services	0.2%	$0.46

Sources: ABS (2023), ABS (2017), ISA (unpublished), AEC.

In estimating the direct economic contribution of this expenditure on goods and services by international students, standard Input-Output production functions for the industries outlined in Table 2.6 were assumed, using a transaction table developed as outlined in Appendix A. Based on these production functions, expenditure on goods and services by Independent school international students is estimated to have directly supported economic activity for each state and territory 2023-24, outlined in the following table.

Table 2.7. Economic Contribution of International Students at Independent Schools, State and Territory, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
New South Wales	$23.4	$16.1	187
Victoria	$31.6	$20.8	289
Queensland	$26.1	$18.5	228
South Australia	$10.4	$7.3	281
Western Australia	$7.2	$5.2	176
Tasmania	$0.9	$0.7	10
Northern Territory	$0.1	$0.05	0.5
Australian Capital Territory	$0.7	$0.5	28
Australia	**$100.4**	**$69.1**	**1,200**

Source: ISA (unpublished), AEC.

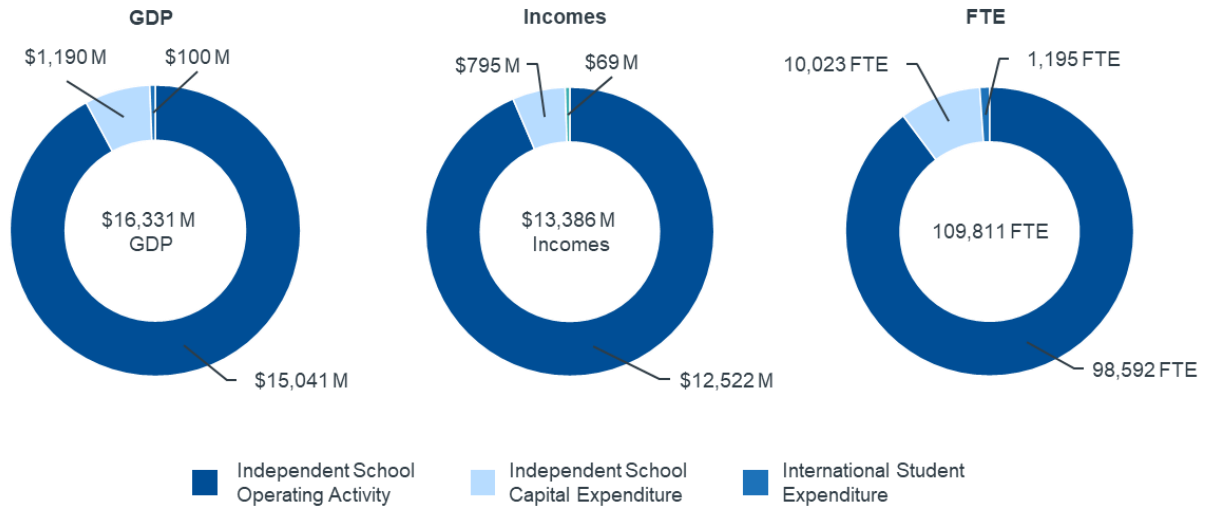
2.1.4 SUMMARY OF DIRECT CONTRIBUTION OF INDEPENDENT SCHOOLS TO AUSTRALIA

A summary of the direct economic contribution of Independent schools to the national economy in 2023-24 is presented in Figure 2.1. In total, Independent schools directly contributed $16.33 billion to Australia's GDP, including $15.04 billion from Independent school operations and a further $1.29 billion due to capital investment and expenditure by international students (not including their tuition and school fees).

Importantly, Independent schools are largely a labour driven service provider, directly supporting 98,592 FTE jobs in 2023-24 for school operations. A further 11,269 FTE jobs were supported through capital expenditure and expenditure by international students. Collectively, Independent school directly support over 109,860 FTE jobs.

Staff compensation accounted for 72.4% of total operating expenditure by Independent schools in Australia ($12.52 billion), with a further $863.8 million in compensation delivered through capital expenditure and expenditure by international students.

Figure 2.1. Direct Contribution of Independent Schools to Australia, 2023-24



Sources: AEC.

2.2 FLOW-ON CONTRIBUTION OF INDEPENDENT SCHOOLS TO AUSTRALIA

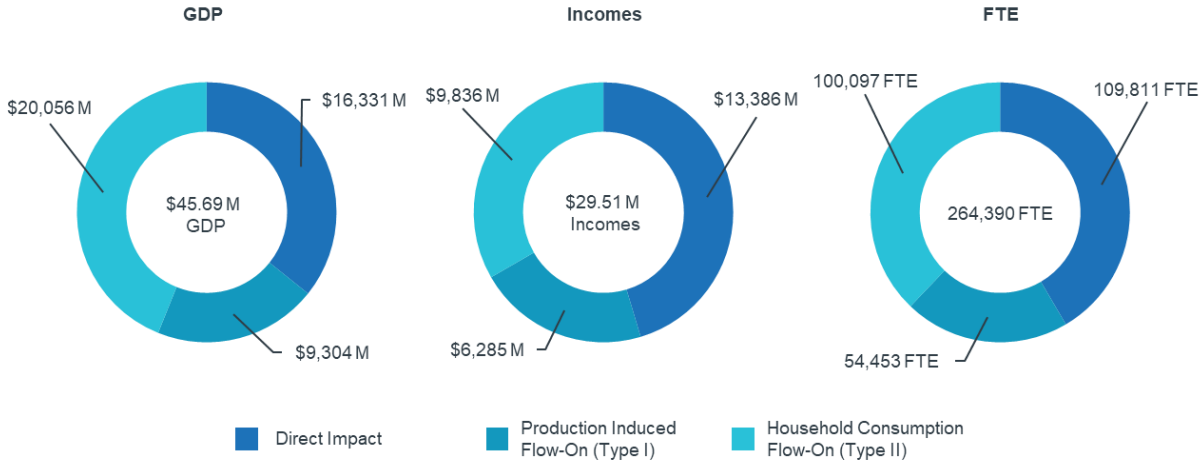
The flow-on (or indirect) contribution of Independent schools to Australia has been estimated using Input-Output models, as outlined in Appendix A. In undertaking the modelling, direct operational activity, capital expenditure and expenditure on goods and services by international students outlined in Section 2.1 was allocated to relevant industries in the Input-Output model:

- For operational activity, this process is based on estimating the inter-industry purchases of goods and services by Independent schools, which was done using financial data for Independent schools (ISA, unpublished) broken down to 115 Input-Output industries using the structure for the 'Primary and Secondary Education Services (including Pre-Schools and Special Schools)' industry; and
- For capital expenditure and expenditure on goods and services by international students, standard industry purchasing patterns were applied for expenditure by industry outlined in Table 2.3 and Table 2.6.

The above process provides the multipliers used for estimating Type I flow-on activity (or production induced impacts). Financial data for Independent schools (ISA, unpublished) was also used to estimate the total purchases of Independent school services by households. This is used in developing multipliers for estimating Type II flow-on activity (or household consumption induced impacts). Refer to Appendix B for additional descriptions of Type I (i.e. production induced) and Type II (i.e. consumption induced) flow-on impacts.

Collectively, Independent schools are estimated to have contributed approximately $29.36 billion to Australia's GDP through flow-on activity in 2023-24, including both production induced (type I) and consumption induced (type II) impacts (Figure 2.2). Flow-on activity supported 154,550 FTE jobs in Australia in 2023-24, paying more than $16.12 billion in compensation for the year.

Figure 2.2. Estimated Direct and Flow-On Contribution of Independent Schools to Australia, 2023-24



Sources: AEC.

2.3 TOTAL CONTRIBUTION OF INDEPENDENT SCHOOLS

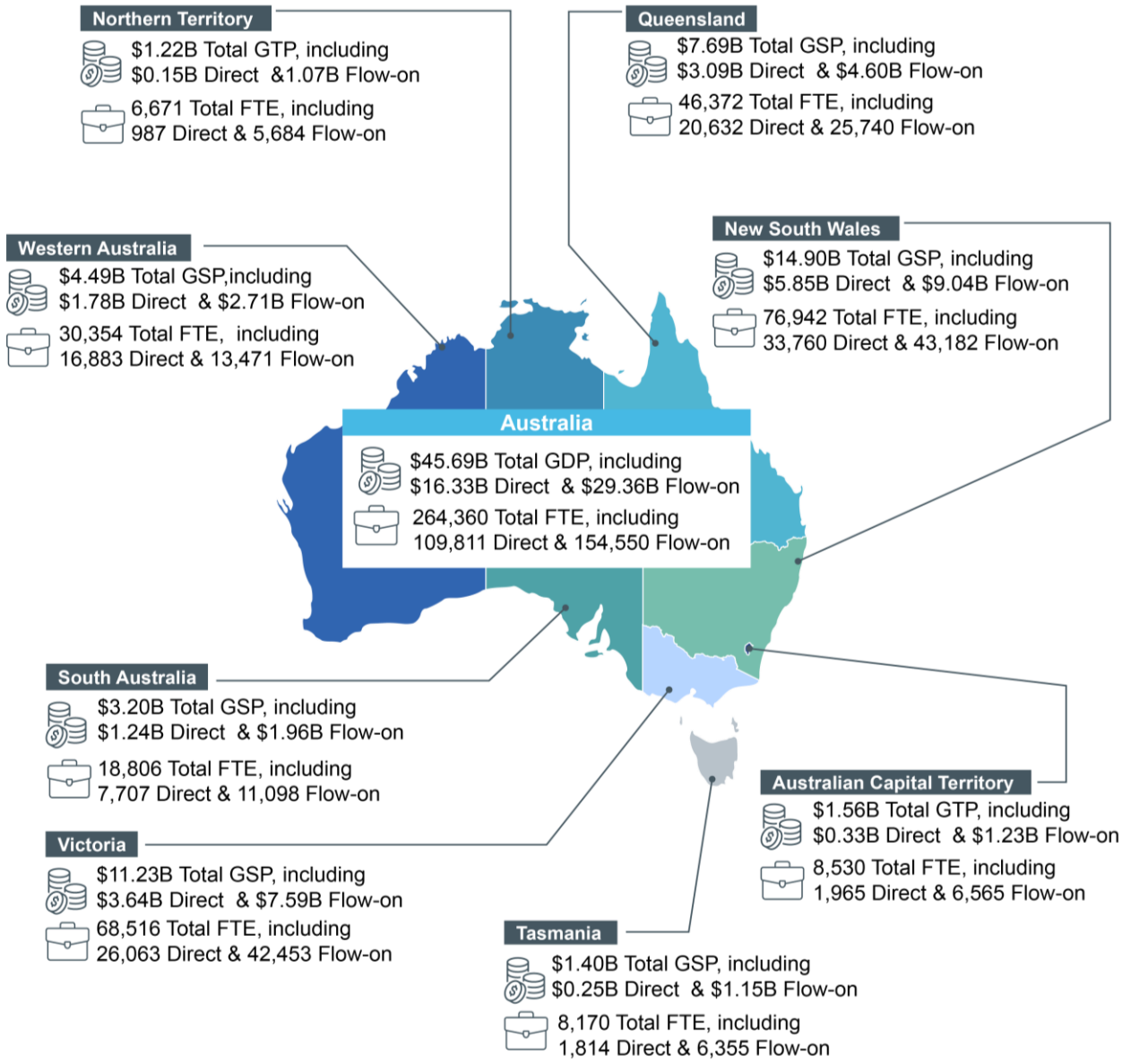
Including direct and flow-on activity, Independent schools are estimated to have contributed $45.69 billion to Australia's GDP in 2023-24, while supporting more than 264,000 FTE jobs paying a total of $29.51 billion in total employee compensation.

Table 2.8 Economic Contribution of Independent Schools to the Australian Economy, 2023-24

Impact	Gross Product ($ billion)	Incomes ($ billion)	Employment (FTEs)
Direct Impact	$16.33	$13.39	109,811
First Round Type I Flow-On Impacts	$2.72	$1.86	16,433
Industry Support Type I Flow-On Impacts	$6.59	$4.43	38,020
Household Consumption Type II Flow-On Impacts	$20.06	$9.84	100,097
Total	**$45.69**	**$29.51**	**264,360**

Source: AEC.

Figure 2.3. Direct and Flow-On Contribution of Independent Schools, 2023-24



Sources: AEC.

2.4 COMPARISON WITH OTHER INDUSTRIES

Economic modelling presented in the sections above highlights the important contribution Independent schools make to the economy. The significance of this contribution to the national economy can best be outlined through comparisons with other, recognisable industries. While a total of 116 industries were modelled, including the Independent school sector, the figures below present comparisons between the Independent school sector and nine other industries, selected to show relative size to industry both larger and smaller in terms of total size (as measure by each indicator – Gross Product and employment).

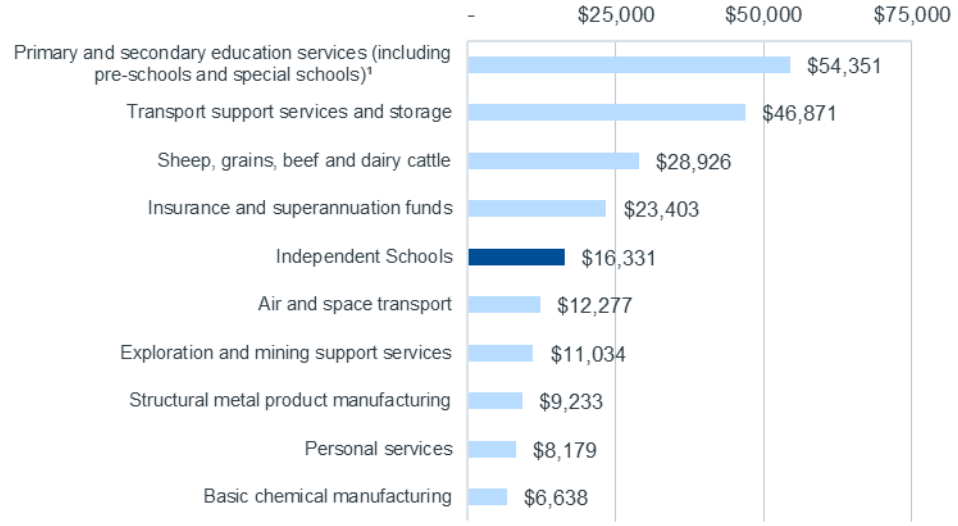
The comparisons are of the direct contribution Independent schools make to the national economy against other industries modelled within the significance model developed for this project.[5] This section only presents the direct contribution of Independent schools compared to the direct contribution of other industries. Flow-on contributions

[5] A total of 116 industries were modelled – the 115 industries classified in the Input-Output transaction table produced by the ABS (2025) plus Independent schools. Additional details are provided in in Appendix A.

cannot be presented as this would introduce double counting of economic activity (as flow-on contributions of Independent schools represent direct activity of the industries it purchases from, and vice versa).

Australia's total industry contribution to GDP was $2,507.5 billion in 2023-24[6], of which Independent schools directly contributed approximately $16.33 billion. This is comparable with the contribution of Australia's non-residential building construction industry and more than twice the contribution of the personal services industry. Overall, Independent schools ranked 34th of the 116 industries modelled in terms of contribution to GDP.

Figure 2.4. Direct Contribution of Select Industries to Gross Domestic Product, $ million, 2023-24

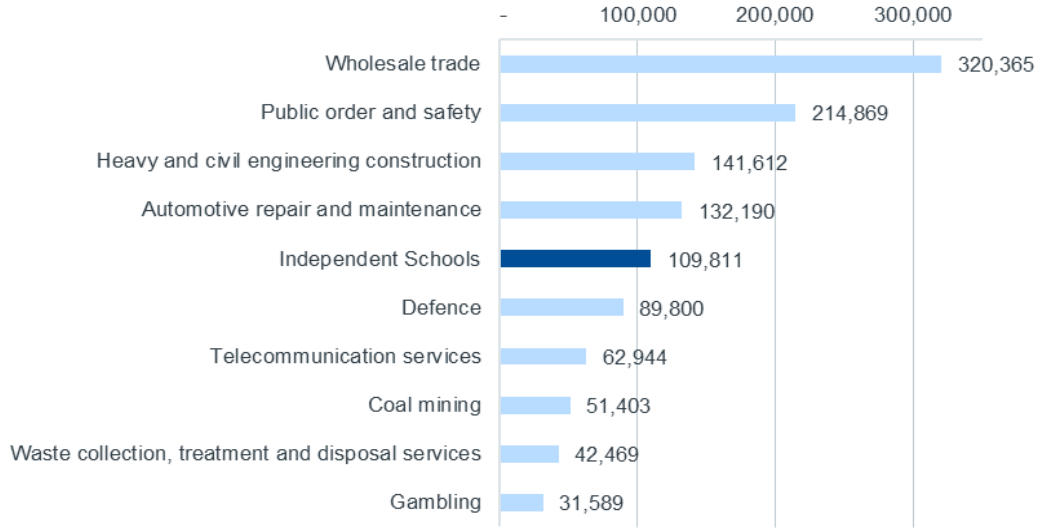


Note 1: Primary and secondary education services (including pre-schools and special schools) does not include Independent schools.
Sources: AEC.

There were over 12.81 million FTE workers in Australia in 2023-24, of which 109,811 were employed directly as a result of the operational activities and capital works of Independent schools, or through expenditure of international students studying at Independent schools. The Independent school sector was the 29th largest contributor overall to Australian jobs of the 116 industries modelled. The direct employment of Independent schools is more than double that of the coal mining industry and nearly half the size of the public order and safety industry.

[6] Total GDP for Australia in 2023-24 was $2,673.3 billion (ABS, 2024b). The difference between total GDP and the industry contribution to GDP comprises taxes less subsidies on final demand rather than production by industry. Only the industry contribution to GDP has been examined in the economic contribution assessment.

Figure 2.5. Direct Contribution of Select Industries to Employment, FTE, 2023-24)



Sources: AEC.

2.5 REGIONAL ECONOMIC CONTRIBUTION

Across Australia, approximately 70% of the total economic contribution of Independent schools occurs within the GCCSAs, which equates to a contribution of $32.11 billion in GDP and 184,123 FTE jobs (including direct and flow-on impacts). This is heavily influenced by New South Wales and Victoria, which collectively accounted for 56.1% of total Independent school student enrolments in 2023-24 (that is, nearly 401,000 students).

For the direct and flow-on contribution for each region by state and territory, refer to Appendix D.

Table 2.9 Direct and Flow-On Contribution of Independent Schools to Australia by Region, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Greater Capital City Statistical Areas	$12,205	$9,959	81,358
Rest of State/ Territory	$5,356	$4,126	35,018
Direct Impact Total	**$17,562**	**$14,085**	**116,376**
Flow-On Impact			
Greater Capital City Statistical Areas	$20,903	$11,379	102,764
Rest of State/ Territory	$7,226	$4,043	45,220
Flow-On Impact Total	**$28,129**	**$15,422**	**147,984**
Total Impact			
Greater Capital City Statistical Areas	$32,108	$21,338	184,123
Rest of State/ Territory	$12,583	$8,169	80,238
Total Impact Australia	**$45,691**	**$29,507**	**264,360**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

New South Wales has the highest proportion of students (32.9%) and accounts for 32.6% of the total gross product supported by Independent schools in Australia ($14.90 billion including direct and flow-on impacts). Greater Sydney contributes, on average, 75% of the total economic contribution to New South Wales (including direct and flow-on impacts), including:

- $11.51 billion in GSP (of $14.90 billion total GSP supported in New South Wales)
- $7.18 billion in compensation (of $9.43 billion total compensation paid in New South Wales)
- 55,970 FTE jobs (of 76,942 FTE jobs in total for New South Wales).

This contribution broadly aligns with the distribution of Independent school campuses across New South Wales, where Greater Sydney is home to approximately 63% of the Independent school campuses across the state. Similarly, Greater Sydney is home to 63% of the total New South Wales population. The higher proportion of activity generated by Independent schools within Greater Sydney compared to the Rest of New South Wales reflects a number of contributing factors, such as activity associated with boarding students in Greater Sydney, international student activity, and the average school fees of schools within Greater Sydney.

The high proportion of economic contribution supported in the GCCSAs is also driven by the activity in Victoria, Western Australia, and South Australia. Over 80% of the total economic contribution supported by Independent schools in these states is generated within their respective GCCSAs.

- The economic contribution of Independent schools in Greater Melbourne, including direct and flow-on impacts, supported $9.42 billion in GSP (83.8% of the $11.23 billion total GSP supported) and 53,626 FTE jobs (78.3% of the 68,516 total FTE jobs supported).
- Greater Perth Independent schools contributed $3.68 billion to the state's GSP (81.9% of the $4.49 billion total GSP supported) and accounted for 24,557 FTE jobs (80.9% of the 30,354 FTE jobs supported).
- 84.9% of the total Independent school supported GSP in South Australia was within Greater Adelaide ($2.72 billion of $3.20 billion total GSP, including direct and flow-on impacts) and 85.8% of employment supported by Independent schools in South Australia was within Greater Adelaide (16,142 FTE jobs of the 18,806 total FTE jobs supported).

Comparatively, The GCCSAs of Queensland (Greater Brisbane) and Tasmania (Greater Hobart) accounted for approximately half of the total economic contribution of the Independent schools in their respective states. The dispersion of Independent school activity outside the capital cities of these states shows the regional importance of Independent schools and the critical role in the education landscape across the whole state.

- Independent schools supported $3.89 billion GSP in Greater Brisbane, including direct and flow-on impacts, which is equivalent to 50.6% of the total GSP supported in Queensland ($7.69 billion). Independent schools supported 23,112 FTE jobs in Greater Brisbane which is less than half of the total employment supported in Queensland, including direct and flow-on impacts (49.8% of the 46,372 FTE jobs supported).
- Greater Hobart accounted for 50.8% of total GSP supported in Tasmania ($713.4 million of $1.40 billion GSP) and 52.0% of total employment (4,246 FTE jobs of 8,170 FTE jobs).

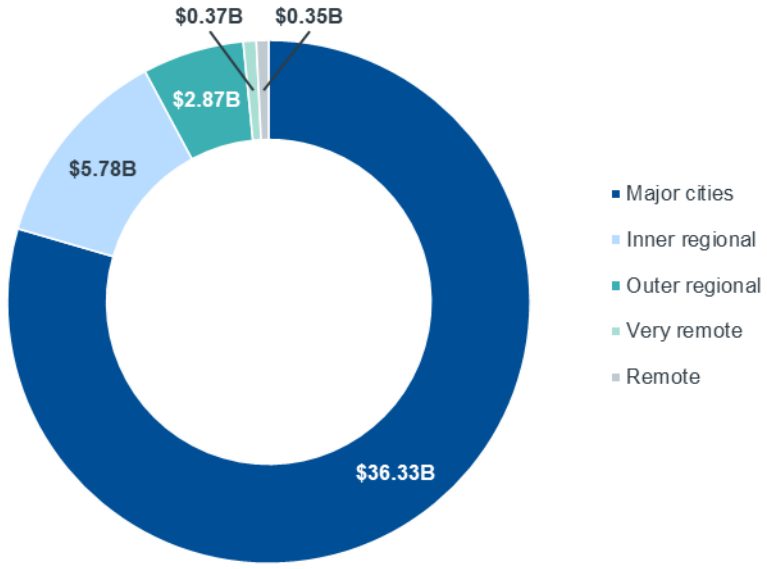
2.6 SUB-REGIONAL ECONOMIC CONTRIBUTION

In terms of gross product supported by Independent schools, Major cities accounted for approximately 79.5% of the total economic contribution by Independent schools across Australia ($36.33 billion, including direct and flow-on impacts) in 2023-24[7]. The regional areas collectively accounted for 18.9% ($8.65 billion total gross product) and remote areas collectively accounted for 1.6% ($714.7 million total gross product).

For the direct and flow-on contribution for each region by state and territory, refer to Appendix E.

[7] Note: Major cities defined for the purpose of the sub-region analysis do not align with the GCCSA defined by the ABS.

Figure 2.6 Breakdown of Gross Product Supported by Independent Schools by Sub-Region, 2023-24



Source: ISA (unpublished), AEC.

As with the regional breakdown (refer to Section 2.5), New South Wales and Victoria hold a critical mass of activity undertaken across the Major City regions, with the Major City regions of these two states supporting $22.43 billion in total gross product (including direct and flow-on impacts), which is 61.7% of total gross production supported by the Independent school sector across the Major City regions of Australia.

Queensland's Independent schools made significant economic contributions to the Inner Regional and Outer Regional geographies. Queensland accounted for nearly 20% of total gross product (including direct and flow-on impacts) supported by Independent schools in Inner Regional geographies across Australia. Similarly, Queensland's Outer Regional geographies accounted for 24% of total gross product supported by Outer Regional Independent schools across Australia. Collectively, the economic contribution of regional geographies of Queensland was:

- $1.81 billion in total GSP, including $721.3 million directly
- 11,319 total FTE jobs, including 5,186 FTE directly.

The majority of economic activity undertaken in Very Remote geographies were in Western Australia and the Northern Territory. Western Australia accounted for 44% of the total Very Remote gross product (including direct and flow-on) supported by the Independent school sector across Australia while the Northern Territory accounted for 32% of the total gross product. This economic activity is:

- $159.9 million in total gross product in Western Australia and 837 FTE jobs
- $117.0 million in total gross production in the Northern Territory and 720 FTE jobs.

Table 2.10 Direct and Flow-On Contribution of Independent Schools to Australia by Sub-Region, 2023-24

Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$13,443	$10,955	89,438
Inner Regional	$2,054	$1,778	14,592
Outer Regional	$676	$542	4,686
Very Remote	$77	$50	524
Remote	$80	$61	570
Total Direct Impact	**$16,331**	**$13,386**	**109,811**

Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Flow-On Impact			
Major Cities	$22,883	$12,467	113,274
Inner Regional	$3,723	$2,094	24,607
Outer Regional	$2,194	$1,248	12,676
Very Remote	$290	$163	1,536
Remote	$267	$148	2,444
Total Flow-On Impact	**$29,357**	**$16,120**	**154,538**
Total Impact			
Major Cities	$36,326	$23,422	202,712
Inner Regional	$5,777	$3,872	39,199
Outer Regional	$2,870	$1,790	17,362
Very Remote	$368	$213	2,060
Remote	$347	$209	3,014
Total Impact Australia	**$45,688**	**$29,506**	**264,348**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

3. SAVINGS TO GOVERNMENTS AND TAXPAYERS

This chapter provides an indicative estimate of the savings Independent schools deliver to state and federal governments and taxpayers, as a result of the education services they provide. On average Independent schools receive a lower per student rate of total government funding than government schools, however all students at Independent schools are entitled to a place at a government school. By providing tuition and school facilities to Independent school students who would otherwise be enrolled in a government school, Independent schools deliver direct savings to governments and taxpayers.

In estimating the savings generated by Independent schools, two categories have been examined:

- Cost savings in terms of recurrent education costs, including expenditure on user costs of capital (which effectively refers to the cost for accessing capital assets, and can be considered to encompass the ongoing maintenance and upkeep of school assets); and
- Cost savings in terms of contributions made by parents and philanthropists to capital infrastructure and improvements.

Independent schools are estimated to have saved taxpayers $12.51 billion in 2023-24, through a combination of savings of $9.91 billion in recurrent education costs and $2.60 billion in capital costs.

3.1 RECURRENT EDUCATION COSTS

In estimating the recurrent education cost savings delivered by Independent schools, Productivity Commission (2025) data was used to estimate the average recurrent costs to the federal and state government (including user costs of capital) per government school student. The data indicates the recurrent cost to governments to educate students in 2023-24 was $26,559 per student[8]. On average, primary school students cost $24,914 per student, while secondary school students cost an estimated $28,979 per student. Comparatively, Independent schools received $13,440 per student in government funding (ISA, unpublished).

Table 3.1 Government Recurrent Funding Per Student, by State and Territory, 2023-24

Region	Government Schools			Independent Schools		
	Primary School	Secondary School	Average	Primary School	Secondary School	Average
New South Wales	$26,932	$31,313	**$28,668**	$13,659	$12,448	**$12,943**
Victoria	$23,376	$27,142	**$24,883**	$12,982	$12,335	**$12,605**
Queensland	$24,035	$29,160	**$26,184**	$13,910	$14,481	**$14,233**
South Australia	$24,811	$24,282	**$24,579**	$15,263	$14,432	**$14,827**
Western Australia	$23,420	$28,056	**$25,218**	$13,972	$14,132	**$14,066**
Tasmania	$25,538	$30,746	**$27,750**	$16,648	$16,843	**$16,754**
Northern Territory	$31,856	$36,722	**$33,635**	$23,529	$24,796	**$24,196**
Australian Capital Territory	$27,650	$31,474	**$29,255**	$7,902	$7,766	**$7,820**
Australia	**$24,914**	**$28,979**	**$26,559**	**$13,751**	**$13,213**	**$13,440**

Source: ISA (unpublished), Productivity Commission (2025).

[8] Note: the estimated recurrent cost to government's is based on the 2022-23 data, escalated to 2023-24 values.

There were 716,848 FTE school students at Independent schools in 2023-24, of which 303,078 were primary school students and 413,770 were secondary school students. The average government expenditure per government primary and secondary school student (by state/ territory as outlined in Table 3.1) indicates the estimated government funding required for recurrent education if Independent school students were enrolled in government schools is $19.54 billion for the year (refer to Table 3.2 below).

Table 3.2 Indicative Recurrent Funding Required if Independent School Students Attended Government Schools, by State and Territory, $ million, 2023-24

Region	Primary School Students	Secondary School Students	Total Students
New South Wales	$2,591	$4,361	**$6,952**
Victoria	$1,621	$2,625	**$4,246**
Queensland	$1,541	$2,425	**$3,966**
South Australia	$641	$692	**$1,333**
Western Australia	$784	$1,339	**$2,123**
Tasmania	$130	$185	**$315**
Northern Territory	$89	$114	**$203**
Australian Capital Territory	$172	$292	**$464**
Australia	**$7,551**	**$11,991**	**$19,541**

Source: Productivity Commission (2025).

However, Independent schools received an estimated $9.63 billion in combined Commonwealth and State Government funding for recurrent education expenses in 2023-24 (ISA, unpublished). Independent schools saved governments, and by extension taxpayers, $9.91 billion in government expenditure which is equivalent to $13,119 per student educated by the Independent school system in 2023. This is indicative of the savings to taxpayers provided by Independent schools in terms of recurrent education costs.

Table 3.3 Total Savings to Governments, by State and Territory, $ million, 2023-24

Region	Indicative Independent Student Cost	Actual Costs Incurred by Governments	Total Savings to Government
New South Wales	$6,952.5	$3,047.9	$3,904.6
Victoria	$4,245.7	$2,093.0	$2,152.7
Queensland	$3,965.8	$2,096.0	$1,869.8
South Australia	$1,333.5	$805.9	$527.6
Western Australia	$2,122.6	$1,142.0	$980.6
Tasmania	$314.6	$185.8	$128.7
Northern Territory	$203.0	$142.7	$60.3
Australian Capital Territory	$464.3	$121.3	$343.0
Australia	**$19,541.3**	**$9,634.7**	**$9,906.6**

Source: Productivity Commission (2025).

3.2 CAPITAL EXPENDITURE

The vast majority of students across Australia require brick and mortar school facilities. In the Independent school system, these facilities are primarily paid for through private contributions. If Independent school students were all educated in the government school system, there would be a significant investment required to provide appropriate school infrastructure through state and federal government funding. Independent schools' utilisation of private funding for school infrastructure avoids a tax burden on households that would be incurred if all school infrastructure was required to be paid for in full by public funds from federal and state governments.

The infrastructure investment made by Independent schools in 2023-24 is used as a proxy to identify the extent to which government funding (that is, the tax burden on households) for infrastructure development is avoided. Financial data from ISA (unpublished) indicates $2.60 billion in 2023-24 was contributed by parents of Independent school children and the community to fund capital infrastructure and improvements. Approximately 39.5% of this was for Independent schools throughout New South Wales.

Table 3.4 Capital Expenditure Savings, by State and Territory, $ million, 2023-24

Region	Capital Cost Savings
New South Wales	$1,028.6
Victoria	$672.6
Queensland	$437.1
South Australia	$134.8
Western Australia	$241.2
Tasmania	$15.8
Northern Territory	$26.6
Australian Capital Territory	$44.7
Australia	**$2,601.5**

Source: ISA (unpublished).

4. THE ECONOMIC VALUE OF ENHANCED EDUCATION OUTCOMES

Enhanced educational outcomes provided by Independent schools can lead to economic growth. Based on the latest Programme for International Student Assessment (PISA) test results, Independent schools are estimated to have contributed $1.55 billion in GDP in 2023-24 due to enhanced educational outcomes. Enhanced economic outcomes of students, and therefore this economic benefit, is generated on an annual basis.

The quality of learning and teaching provided by Independent schools support students to achieve excellent outcomes across a range of measures:

- Students attending Independent schools are estimated to have contributed to a 3.34 point increase in the mean PISA test score for Australia's overall student body in 2023.
- Australian Independent schools recorded a mean PISA test score of 538 for scientific literacy, 526 for reading literacy, and 519 for mathematical literacy in 2022 (ACER, 2023). These scores were well above the overall mean PISA test scores for all Australian schools, as well as the OECD average (Table 4.2).

In addition to the measured academic achievement of students, Independent schools are the fastest growing school sector by enrolments. Over half of all new school enrolments over the last five years are in Independent schools. This speaks to the Independent school sector's ability to cater to the needs and values of the communities, families, and students they serve.

4.1 CONTRIBUTION TO ECONOMIC GROWTH

Education is a fundamental building block for economic growth. It imparts the learnings and experience gained throughout human history to young minds, allowing generation after generation to build upon the collective knowledge, infrastructure and technology of our predecessors, and advance economies and communities through new and innovative practices.

Research by the OECD (2010), found a causal relationship between academic performance and economic growth using standardised PISA test scores[9] against economic performance over 40 years across 23 OECD countries. The OECD found that one standard deviation increase in PISA scores correlates with a 1.74 percentage point increase in GDP.

It can be indicatively estimated that Australia's mean PISA score would be 3.34 points lower without Independent schools based on the 2022 PISA scores (ACER, 2023). Based on the OECD's findings, this would have equated to a reduction in Australia's economic growth of approximately 0.06 percentage points, which is equivalent to $1.55 billion in GDP for 2023-24. The approach (and findings) to estimating economic growth is detailed in Appendix F.

This economic benefit is estimated to be provided annually by the enhanced education outcomes delivered by Independent schools. They also deliver legacy benefits with the increased activity and productivity delivered by enhanced education outcomes being carried forward to subsequent years.

[9] PISA tests 15-years olds on Reading, Mathematics and Science.

Table 4.1 Estimated Economic Contribution due to Enhanced Education Outcomes of Independent Schools, $ million, 2023-24

PISA Scores	Additional Gross Product Supported
New South Wales	$511.8
Victoria	$321.7
Queensland	$283.8
South Australia	$96.7
Western Australia	$272.2
Tasmania	$19.1
Northern Territory	$16.3
Australian Capital Territory	$37.1
Australia	**$1,552.2**

Source: ABS (2024b), ACER (2023), AEC.

4.2 MEASURES OF ACHIEVEMENT

4.2.1 HIGHER LEVELS OF ACADEMIC PERFORMANCE

Independent schools cater for a diversity of students from a range of backgrounds. Whilst variations in academic performance generally relate to individual student characteristics as well as the characteristics of schools and school systems, schools with a high degree of autonomy, such as Independent schools, generally have been shown to achieve higher levels of performance in academic outcomes, even after adjusting for students' socio-economic background.

Table 4.2. PISA Scores, Australian Independent Schools versus Australian and OECD Means, 2022

PISA Scores	Reading	Mathematics	Science
Australian Independent Schools Mean	526	519	538
Australian Schools Mean	498	487	507
OECD Schools Mean	476	472	485

Source: ACER (2023).

At a national level, results of the 2022 PISA scores (ACER, 2023) show that students from Australian Independent schools on average recorded higher PISA scores than students from Australian government schools in each category (reading, mathematics and science), by an average score of around 43 points. Adjusting for socio-economic background, Australian Independent schools still outperformed government schools by around 19 points on average across reading, mathematics and science (see Table 4.3).

Table 4.3. Difference in PISA Scores, Australian Independent Schools versus Government Schools, 2022

PISA Scores	Reading	Mathematics	Science	Average
Base Scores	41	44	44	43
Adjusted for Socio-Economic Background	17	20	19	19

Source: ACER (2023).

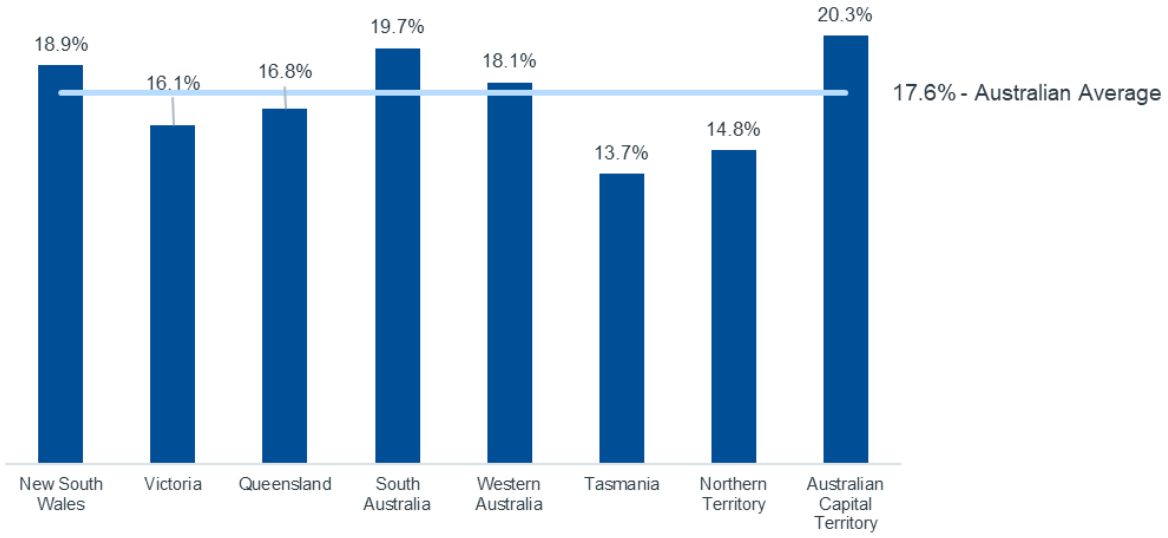
2022 PISA results for each state and territory Independent school relative to other schools are not available. Even so, the results achieved by all students within the Independent schooling sector is strong evidence of the quality teaching and learning provided by Independent schools.

4.2.2 STRONG GROWTH IN ENROLMENTS

Independent schools in Australia have been the fastest growing in terms of enrolments of the three school sectors in Australia (Independent, government, or Catholic). Between 2022 and 2023 Independent school enrolments increased by 3.8%, well above the 1.1% total student growth and the 0.3% increase in government school enrolments. Over five years to 2022, enrolments in Independent schools grew by 3.0% on average each year, triple the 1.0% average annual growth in enrolments across the broader schooling system. Over the six years to 2023, over half of all additional enrolments have been at Independent schools.

Independent schools increased their share of enrolments in every state and territory in 2022 and recorded a national market share increase for seven consecutive years (to 2023). Growth has been especially strong in New South Wales, Victoria, and Queensland, which together accounted for the majority of national enrolment increases. The Australian Capital Territory has the highest proportion of Independent school enrolments (on a state/ territory basis) with Independent schools educating over one-fifth of all students in the Territory.

Table 4.4 Proportion of Enrolments in Independent Schools by State and Territory, 2023-34



Source: ISA (unpublished), Productivity Commission (2025), AEC.

Much of this growth is being driven by low-fee Independent schools, with the strongest increases seen in schools charging under $7,500 annually. This growth is driven by increasing parental demand for school choice and highlights a clear shift in educational preferences, with Independent schools becoming an increasingly prominent choice for Australian families.

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APPENDIX A SIGNIFICANCE ASSESSMENT METHODOLOGY

The economic significance estimates in this report are produced using Input-Output transaction tables and models developed by AEC for the purposes of this assessment, combined with data from a range of sources, including State and National Accounts data, other industry data from the ABS, and data on ISA member schools from ISA. The Input-Output models were used to produce estimates of the direct and flow-on contribution of ISA schools to the Australian economy, each state/ territory, and each Statistical Area 4 (SA4) and Statistical Area 2 (SA2) in terms of output, gross product, employment and income (i.e., compensation to employees).

OVERVIEW OF INPUT-OUTPUT MODELLING

Input-Output analysis demonstrates inter-industry relationships in an economy, depicting how the output of one industry is purchased by other industries, households, the government and external parties (i.e. exports), as well as expenditure on other factors of production such as labour, capital and imports. Input-Output analysis shows the direct and indirect (flow-on) effects of one sector on other sectors and the general economy. As such, Input-Output modelling can be used to demonstrate the economic contribution of a sector on the overall economy and how much the economy relies on this sector or to examine a change in final demand of any one sector and the resultant change in activity of its supporting sectors. The types of measures examined and reported on using Input-Output modelling is outlined in Appendix B.

SIGNIFICANCE ASSESSMENT VERSUS IMPACT ASSESSMENT

The framework employed in significance assessment **differs from that employed in traditional economic impact analysis** in that economic significance assessment primarily seeks the contribution of an existing industry as opposed to the impact of a "stimulus" (or expansion) in a particular industry or in several industries. The usual approach of comparing what the economy would be with and without the industries whose contributions are to be assessed does not work because the inter-relationship between industries means whether or not the industries to be assessed exist, there will still be demand for their outputs (e.g., a complete vehicle needs tyres so that whether or not the entire tyre manufacturer is closed down, the car manufacturer's demand for tyres still exists). From a modelling stance, this problem is solved by assuming that demand for outputs of the industries to be assessed will instead be met by imports.

MODEL DEVELOPMENT

The models used in this assessment are derived from sub-regional transaction tables developed specifically for this project. The process of developing a sub-regional transaction table involves developing regional estimates of gross production and purchasing patterns based on a parent table, in this case the 2022-23 Australian transaction table (ABS, 2025a).

Estimates of gross production (by industry) in the study areas (Australia, each state/ territory, each SA4 and each SA2) were developed based on the percent contribution to employment (by place of work) of the study areas to the Australian economy. This is based on AEC's annual employment estimates by industry by small area (AEC, unpublished[a]) applied to Australian gross output identified in the 2022-23 Australian table. Estimates for 2023-24 were developed based on estimates of annual change across a range of data sets, including:

- GRP from AEC's in-house estimates of GRP by small area (AEC, unpublished[b]), as well as Gross State Product and Gross Domestic Product (ABS, 2024b), was used to estimate change in both gross product and output between years (from the base of 2022-23).
    - An exception to this approach was construction-based industries, which used data regarding the change in total value of construction work done by state for buildings (ABS, 2024c) and engineering construction activity (ABS, 2024d).
- Annual employment by industry estimates from AEC's in-house employment by industry by small area model (AEC, unpublished[a]) was used to estimate changes in employment between years for each industry.

Industry purchasing patterns within the study area were estimated using a Flegg Location Quotient approach, as described in Flegg *et al*. (2021), with a fixed degree of convexity applied to the regional size scalar. These were then adjusted based on differences in industry value added activity per employee between the state/ region/ sub-region and Australia, as estimated using AEC's GRP and employment estimates models.

INPUT-OUTPUT ASSUMPTIONS

The key assumptions and limitations of Input-Output analysis include:

- Lack of supply-side constraints: The most significant limitation of economic impact analysis using Input-Output multipliers is the implicit assumption that the economy has no supply-side constraints so the supply of each good is perfectly elastic. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- Fixed prices: Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using Input-Output multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. The system is in equilibrium at given prices, and prices are assumed to be unaffected by policy and any crowding out effects are not captured. This is not the case in an economic system subject to external influences.
- Fixed ratios for intermediate inputs and production (linear production function): Economic impact analysis using Input-Output multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. That is, the input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs). As such, impact analysis using Input-Output multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount. Further, it is assumed each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies there is only one method used to produce each commodity and that each sector has only one primary output.
- No allowance for economies of scope: The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the "additivity assumption". This generally does not reflect real world operations.
- No allowance for purchasers' marginal responses to change: Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- Absence of budget constraints: Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these limitations, Input-Output techniques provide a solid approach for taking account of the inter-relationships between the various sectors of the economy in the short-term and provide useful insight into the quantum of final demand for goods and services, both directly and indirectly, likely to be generated by a project.

In addition to the general limitations of Input-Output analysis, there are three other factors that need to be considered when assessing the outputs of sub-regional transaction table developed using the above approach, namely:

- It is assumed the sub-region has similar technology and demand/ consumption patterns as the parent (Australia) table (e.g. the ratio of employee compensation to employees for each industry is held constant).

- Intra-regional cross-industry purchasing patterns for a given sector vary from the national tables depending on the prominence of the sector in the regional economy compared to its input sectors. Typically, sectors that are more prominent in the region (compared to the national economy) will be assessed as purchasing a higher proportion of imports from input sectors than at the national level, and vice versa.

The size of the regional economy is assumed to have an inverse relationship with the requirement to import goods/ services to meet its needs (i.e. the smaller the economy, in general the greater the reliance on imports).

SIGNIFICANCE ASSESSMENT APPROACH

CONTRIBUTION TO AUSTRALIA

Input-Output tables utilise an aggregated system of industry classifications based on the ANZSIC system. In total, the 2022-23 Input-Output tables produced by the ABS (2025a) define 115 distinct industries. In assessing the contribution of Independent schools, the activities of Independent schools were extracted from the relevant Input-Output aggregated industries.

In practical terms this is achieved in the model by splitting each of the 115 industries represented in the Input-Output transaction tables into an “Independent Schools” and “Non-Independent Schools” component based on financial and employment data provided by ISA (unpublished) on their operating activities and capital expenditure, and attributing these to their most relevant industry in the transaction tables. Assumptions regarding expenditure of international students were also developed and allocated to relevant industries. An overview of the aggregate expenditure and industry allocation is presented in Section 2.1.

Once the transaction tables were complete, the significance models were developed through the development of coefficients using a Flegg Location Quotient approach. The significance assessment is initially undertaken for the 2022-23 financial year to be consistent with the IO transaction tables utilised. These estimates are then “rebased” to 2023-24 values based on the approach outlined in the ‘Model Development’ section of this Appendix above.

CONTRIBUTION TO STATES/ TERRITORIES, REGIONS AND SUB-REGIONS

State and regional allocation of the direct and flow-on effects is performed as follows.

1 Individual Input-Output transaction tables and significance assessment models were developed for each state/ territory, SA4 and SA2 (as described in the ‘Model Development’ section of this Appendix). This approach produces regional estimates of direct and flow-on independent school contributions assuming each region operates in isolation, and therefore does not account for any inter-regional flow-on relationships.

2 To account for inter-regional flows of demand for goods and services between regions, the difference between the total Australian flow-on effects and the sum of flow-on effects for each state/ territory by industry (the “inter-regional” flow-on effects) has been redistributed to each state/ territory based on the proportion that each state/ territory contributes to total Australian activity in each industry (i.e., if NSW accounts for 50% of total Australian output in retail trade, then 50% of the inter-regional retail trade flow-on effects have been allocated to NSW).

3 The above step is then replicated to rebalance SA4s to their respective states/ territories, and then SA2s to their respective SA4s.

4 Results by SA2 were then aggregated to the relevant sub-regions.

APPENDIX B MEASURES USED IN MODELLING

The contribution of Independent schools to the national economy is estimated across the following three key measures:

- **Gross Product**: Refers to the value of all outputs of an industry, including taxes/ subsidies on its final products, after deducting the cost of goods and services inputs in the production process. Gross product (e.g., Gross Domestic Product, Gross State/ Territory Product, Gross Regional Product) defines a true net economic contribution of a state/ region and is subsequently the preferred measure for assessing economic impacts.
- **Incomes**: Measures the level of compensation paid to employees of each industry, as well as gross mixed income of owner-operators/ self-employed workers.
- **Employment**: Refers to the part-time and full-time employment positions supported by an industry (including owner-operators/ self-employed workers), and is expressed in terms of full-time equivalent (FTE) positions[10].

An additional measure is also referenced:

- **Industry output (or turnover)**: Refers to the total dollar value of all goods and services produced during the year, thereby including the costs of goods and services used in the development and provision of the final product. This measure overstates the true economic contribution of the industry as it double counts the value of material and services inputs used in the production of an industry's goods and services.

The economic contribution is measured in terms of:

- **Direct (initial) impacts**, which represents the economic activity of the Independent schools themselves, as well as activity from their capital expenditure and from international student expenditure.
- **Flow-on impacts**, comprising:
    - **Production Induced (Type I)**, which represent the effects from direct expenditure on goods and services by Independent schools and international students, as well as the second and subsequent round effects of increased purchases by suppliers in response to increased sales.
    - **Household Consumption Induced (Type II)**, which represent the consumption induced activity from household expenditure on goods and services resulting from compensation being paid to independent school employees and those within the Independent schools' supply chain.

[10] Where one FTE equates to one person employed full time for a period of one year.

APPENDIX C EXPENDITURE ON GOODS AND SERVICES BY INTERNATIONAL STUDENTS

Table C. 1 Expenditure on Goods and Services by Independent School International Students, $ million, 2023-24

Input-Output Industry	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Retail trade	$21.93	$30.17	$25.39	$10.39	$7.59	$1.06	$0.07	$0.76
Accommodation	$0.03	$0.03	$0.08	$0.01	$0.01	$0.00	$0.00	$0.00
Food and Beverage Services	$3.66	$5.01	$4.01	$1.57	$1.10	$0.14	$0.01	$0.13
Road Transport	$0.26	$0.34	$0.34	$0.08	$0.09	$0.01	$0.00	$0.01
Rail Transport	$0.14	$0.13	$0.06	$0.01	$0.01	$0.00	$0.00	$0.00
Water, Pipeline and Other Transport	$0.05	$0.06	$0.04	$0.01	$0.01	$0.00	$0.00	$0.00
Air and Space Transport	$0.23	$0.02	$0.03	$0.01	$0.05	$0.00	$0.00	$0.00
Postal and Courier Pick-up and Delivery Service	$0.07	$0.11	$0.07	$0.05	$0.02	$0.00	$0.00	$0.00
Motion Picture and Sound Recording	$0.06	$0.11	$0.06	$0.03	$0.01	$0.00	$0.00	$0.00
Broadcasting (except Internet)	$0.21	$0.16	$0.13	$0.08	$0.07	$0.01	$0.00	$0.01
Internet Service Providers, Internet Publishing and Broadcasting, Websearch Portals and Data Processing	$0.17	$0.19	$0.14	$0.07	$0.05	$0.00	$0.00	$0.01
Telecommunication Services	$1.49	$2.31	$1.36	$0.59	$0.37	$0.04	$0.00	$0.04
Finance	$0.12	$0.12	$0.05	$0.09	$0.02	$0.00	$0.00	$0.00
Insurance and Superannuation Funds	$6.69	$9.09	$5.68	$2.38	$1.80	$0.14	$0.02	$0.17
Auxiliary Finance and Insurance Services	$0.03	$0.03	$0.02	$0.02	$0.01	$0.00	$0.00	$0.00
Rental and Hiring Services (except Real Estate)	$0.46	$0.76	$0.77	$0.14	$0.14	$0.01	$0.00	$0.01
Non-residential Property Operators and Real Estate Services	$4.18	$4.15	$4.73	$1.14	$1.04	$0.07	$0.02	$0.17
Professional, Scientific and Technical Services	$0.31	$0.20	$0.24	$0.04	$0.03	$0.00	$0.00	$0.04
Building Cleaning, Pest Control and Other Support Services	$0.17	$0.22	$0.20	$0.08	$0.08	$0.00	$0.00	$0.00

Input-Output Industry	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Public Administration and Regulatory Services	$1.84	$3.39	$2.60	$1.33	$0.68	$0.12	$0.00	$0.18
Health Care Services	$1.09	$1.36	$1.28	$0.53	$0.52	$0.04	$0.00	$0.03
Heritage, Creative and Performing Arts	$0.27	$0.33	$0.42	$0.12	$0.10	$0.01	$0.00	$0.02
Sports and Recreation	$0.52	$0.93	$0.71	$0.31	$0.25	$0.02	$0.00	$0.02
Gambling	$0.16	$0.26	$0.17	$0.04	$0.12	$0.01	$0.00	$0.00
Automotive Repair and Maintenance	$0.47	$0.72	$0.56	$0.23	$0.19	$0.02	$0.00	$0.02
Other Repair and Maintenance	$0.10	$0.08	$0.09	$0.04	$0.03	$0.00	$0.00	$0.00
Personal Services	$0.82	$1.15	$0.91	$0.37	$0.33	$0.03	$0.00	$0.02
Other Services	$0.07	$0.12	$0.16	$0.08	$0.03	$0.00	$0.00	$0.00

APPENDIX D REGIONAL ECONOMIC CONTRIBUTION

Table D. 1 Direct and Flow-On Contribution of Independent Schools to New South Wales, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Greater Sydney	$4,463	$3,452	24,984
Rest of New South Wales	$1,392	$1,107	8,776
Total Direct Impact	**$5,855**	**$4,559**	**33,760**
Flow-On Impact			
Greater Sydney	$7,044	$3,729	30,986
Rest of New South Wales	$1,997	$1,141	12,196
Total Flow-On Impact	**$9,042**	**$4,870**	**43,182**
Total Impact			
Greater Sydney	$11,507	$7,180	55,970
Rest of New South Wales	$3,389	$2,249	20,971
Total New South Wales	**$14,896**	**$9,429**	**76,942**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table D. 2 Direct and Flow-On Contribution of Independent Schools to Victoria, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Greater Melbourne	$3,120	$2,776	21,532
Rest of Victoria	$520	$552	4,531
Total Direct Impact	**$3,640**	**$3,328**	**26,063**
Flow-On Impact			
Greater Melbourne	$6,299	$3,492	32,094
Rest of Victoria	$1,295	$739	10,358
Total Flow-On Impact	**$7,594**	**$4,231**	**42,453**
Total Impact			
Greater Melbourne	$9,419	$6,268	53,626
Rest of Victoria	$1,815	$1,291	14,890
Total Victoria	**$11,234**	**$7,559**	**68,516**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table D. 3 Direct and Flow-On Contribution of Independent Schools to Queensland, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Greater Brisbane	$1,538	$1,213	10,019
Rest of Queensland	$1,550	$1,248	10,612
Total Direct Impact	**$3,088**	**$2,462**	**20,632**
Flow-On Impact			
Greater Brisbane	$2,351	$1,304	13,093
Rest of Queensland	$2,247	$1,233	12,648
Total Flow-On Impact	**$4,598**	**$2,537**	**25,740**
Total Impact			
Greater Brisbane	$3,889	$2,518	23,112
Rest of Queensland	$3,797	$2,481	23,260
Total Queensland	**$7,686**	**$4,999**	**46,372**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table D. 4 Direct and Flow-On Contribution of Independent Schools to Western Australia, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Greater Perth	$1,465	$1,208	14,722
Rest Of Western Australia	$311	$247	2,161
Total Direct Impact	**$1,775**	**$1,454**	**16,883**
Flow-On Impact			
Greater Perth	$2,211	$1,204	9,835
Rest Of Western Australia	$502	$263	3,636
Total Flow-On Impact	**$2,712**	**$1,467**	**13,471**
Total Impact			
Greater Perth	$3,675	$2,412	24,557
Rest Of Western Australia	$812	$510	5,797
Total Western Australia	**$4,488**	**$2,922**	**30,354**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table D. 5 Direct and Flow-On Contribution of Independent Schools to South Australia, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Greater Adelaide	$1,072	$850	6,636
Rest of South Australia	$170	$127	1,072
Total Direct Impact	**$1,242**	**$977**	**7,707**
Flow-On Impact			
Greater Adelaide	$1,645	$899	9,506
Rest of South Australia	$314	$174	1,593
Total Flow-On Impact	**$1,959**	**$1,074**	**11,098**
Total Impact			
Greater Adelaide	$2,717	$1,749	16,142
Rest of South Australia	$484	$301	2,664
Total South Australia	**$3,201**	**$2,051**	**18,806**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table D. 6 Direct and Flow-On Contribution of Independent Schools to Tasmania, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Greater Hobart	$135	$120	962
Rest of Tasmania	$114	$95	852
Total Direct Impact	**$249**	**$215**	**1,814**
Flow-On Impact			
Greater Hobart	$579	$325	3,284
Rest of Tasmania	$576	$319	3,071
Total Flow-On Impact	**$1,155**	**$644**	**6,355**
Total Impact			
Greater Hobart	$713	$445	4,246
Rest of Tasmania	$691	$414	3,923
Total Tasmania	**$1,404**	**$859**	**8,170**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table D. 7 Direct and Flow-On Contribution of Independent Schools to the Northern Territory, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Greater Darwin	$84.3	$68.4	539
Rest of the Northern Territory	$68.5	$50.1	448
Total Direct Impact	**$152.8**	**$118.4**	**987**
Flow-On Impact			
Greater Darwin	$774.4	$425.3	3,966
Rest of the Northern Territory	$295.4	$174.6	1,718
Total Flow-On Impact	**$1,070**	**$599.9**	**5,684**
Total Impact			
Greater Darwin	$858.7	$493.7	4,505
Rest of the Northern Territory	$363.8	$224.6	2,167
Total Northern Territory	**$1,222.5**	**$718.3**	**6,671**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table D. 8 Direct and Flow-On Contribution of Independent Schools to the Australian Capital Territory, 2023-24

Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact	$328	$272	1,965
Flow-On Impact	$1,231	$699	6,565
Total Australian Capital Territory	**$1,559**	**$971**	**8,530**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

APPENDIX E SUB-REGIONAL ECONOMIC CONTRIBUTION

Table E. 1 Direct and Flow-On Contribution of Independent Schools to New South Wales, 2023-24

New South Wales Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$4,895	$3,805	27,767
Inner Regional	$876	$693	5,479
Outer Regional	$82	$60	504
Very Remote	$1	$1	10
Remote	$-	$-	-
Total Direct Impact	**$5,855**	**$4,559**	**33,760**
Flow-On Impact			
Major Cities	$7,727	$4,110	34,273
Inner Regional	$1,121	$636	7,556
Outer Regional	$176	$112	1,222
Very Remote	$9	$6	79
Remote	$8	$6	52
Total Flow-On Impact	**$9,042**	**$4,870**	**43,182**
Total Impact			
Major Cities	$12,622	$7,916	62,040
Inner Regional	$1,997	$1,328	13,035
Outer Regional	$259	$172	1,726
Very Remote	$10	$7	89
Remote	$8	$6	52
Total New South Wales	**$14,896**	**$9,429**	**76,942**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table E. 2 Direct and Flow-On Contribution of Independent Schools to Victoria, 2023-24

Victoria Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$3,276	$2,908	22,623
Inner Regional	$285	$344	2,812
Outer Regional	$79	$76	628
Very Remote	$-	$-	-
Remote	$-	$-	-
Total Direct Impact	**$3,640**	**$3,328**	**26,063**
Flow-On Impact			
Major Cities	$6,531	$3,621	33,152
Inner Regional	$865	$495	7,368
Outer Regional	$197	$115	1,931
Very Remote	$-	$-	-
Remote	$-	$-	-
Total Flow-On Impact	**$7,593**	**$4,231**	**42,452**
Total Impact			
Major Cities	$9,807	$6,529	55,775
Inner Regional	$1,150	$839	10,180
Outer Regional	$276	$191	2,560
Very Remote	$-	$-	-
Remote	$-	$-	-
Total Victoria	**$11,233**	**$7,559**	**68,515**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table E. 3 Direct and Flow-On Contribution of Independent Schools to Queensland, 2023-24

Queensland Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$2,337	$1,857	15,261
Inner Regional	$489.8	$400	3,528
Outer Regional	$231.6	$184	1,659
Very Remote	$8	$5	36
Remote	$22	$16	148
Total Direct Impact	**$3,088**	**$2,462**	**20,632**
Flow-On Impact			
Major Cities	$3,452	$1,902	19,328
Inner Regional	$644	$352	3,599
Outer Regional	$449	$251	2,534
Very Remote	$34	$22	187
Remote	$19	$10	92
Total Flow-On Impact	**$4,598**	**$2,537**	**25,739**
Total Impact			
Major Cities	$5,789	$3,759	34,589
Inner Regional	$1,134	$752	7,126
Outer Regional	$680	$435	4,192
Very Remote	$42	$27	223
Remote	$41	$26	240
Total Queensland	**$7,686**	**$4,999**	**46,371**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table E. 4 Direct and Flow-On Contribution of Independent Schools to Western Australia, 2023-24

Western Australia Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$1,549	$1,275	15,279
Inner Regional	$96	$81	654
Outer Regional	$80	$64	534
Very Remote	$39	$27	342
Remote	$12	$8	72
Total Direct Impact	**$1,775**	**$1,454**	**16,883**
Flow-On Impact			
Major Cities	$2,317	$1,247	10,603
Inner Regional	$139	$79	717
Outer Regional	$108	$66	534
Very Remote	$120	$58	495
Remote	$27	$17	1,122
Total Flow-On Impact	**$2,712**	**$1,467**	**13,470**
Total Impact			
Major Cities	$3,866	$2,522	25,882
Inner Regional	$235	$159	1,371
Outer Regional	$187	$130	1,068
Very Remote	$159.9	$85	837
Remote	$39	$25	1,194
Total Western Australia	**$4,487**	**$2,922**	**30,353**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table E. 5 Direct and Flow-On Contribution of Independent Schools to South Australia, 2023-24

South Australia Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$1,058	$838	6,542
Inner Regional	$99	$78	627
Outer Regional	$78	$57	500
Very Remote	$7	$4	37
Remote	$-	$-	-
Total Direct Impact	**$1,242**	**$977**	**7,707**
Flow-On Impact			
Major Cities	$1,625	$888	9,353
Inner Regional	$117	$66	677
Outer Regional	$189	$110	985
Very Remote	$27	$10	83
Remote	$-	$-	-
Total Flow-On Impact	**$1,959**	**$1,074**	**11,098**
Total Impact			
Major Cities	$2,683	$1,726	15,895
Inner Regional	$217	$144	1,305
Outer Regional	$267	$167	1,485
Very Remote	$34	$14	121
Remote	$-	$-	-
Total South Australia	**$3,201**	**$2,051**	**18,806**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table E. 6 Direct and Flow-On Contribution of Independent Schools to Tasmania, 2023-24

Tasmania Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$-	$-	-
Inner Regional	$208	$182	1,492
Outer Regional	$41	$33	322
Very Remote	$-	$-	-
Remote	$-	$-	-
Total Direct Impact	**$249**	**$215**	**1,814**
Flow-On Impact			
Major Cities	$-	$-	-
Inner Regional	$836	$468	4,691
Outer Regional	$301	$168	1,504
Very Remote	$4	$3	71
Remote	$13	$5	85
Total Flow-On Impact	**$1,154**	**$643**	**6,350**
Total Impact			
Major Cities	$-	$-	-
Inner Regional	$1,044	$650	6,183
Outer Regional	$342	$201	1,826
Very Remote	$4	$3	71
Remote	$13	$5	85
Total Tasmania	**$1,403**	**$858**	**8,164**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table E. 7 Direct and Flow-On Contribution of Independent Schools to the Northern Territory, 2023-24

Northern Territory Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$-	$-	-
Inner Regional	$-	$-	-
Outer Regional	$84	$68	539
Very Remote	$22	$14	98
Remote	$47	$36	350
Total Direct Impact	**$153**	**$118**	**987**
Flow-On Impact			
Major Cities	$-	$-	-
Inner Regional	$-	$-	-
Outer Regional	$774	$425	3,966
Very Remote	$95	$64	622
Remote	$200	$111	1,094
Total Flow-On Impact	**$1,069**	**$600**	**5,681**
Total Impact			
Major Cities	$-	$-	-
Inner Regional	$-	$-	-
Outer Regional	$859	$494	4,505
Very Remote	$117.0	$78	720
Remote	$246	$147	1,444
Total Northern Territory	**$1,222**	**$718**	**6,668**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

Table E. 8 Direct and Flow-On Contribution of Independent Schools to the Australian Capital Territory, 2023-24

Australian Capital Territory Sub-Region	Gross Product ($ million)	Incomes ($ million)	Employment (FTEs)
Direct Impact			
Major Cities	$328	$272	1,965
Inner Regional	$-	$-	-
Outer Regional	$-	$-	-
Very Remote	$-	$-	-
Remote	$-	$-	-
Total Direct Impact	**$328**	**$272**	**1,965**
Flow-On Impact			
Major Cities	$1,231	$699	6,565
Inner Regional	$-	$-	-
Outer Regional	$-	$-	-
Very Remote	$-	$-	-
Remote	$-	$-	-
Total Flow-On Impact	**$1,231**	**$699**	**6,565**
Total Impact			
Major Cities	$1,559	$971	8,529
Inner Regional	$-	$-	-
Outer Regional	$-	$-	-
Very Remote	$-	$-	-
Remote	$-	$-	-
Total Australian Capital Territory	**$1,559**	**$971**	**8,529**

Note: Numbers may not add up due to rounding
Source: ISA (unpublished), AEC.

APPENDIX F CONTRIBUTION TO ECONOMIC GROWTH

The enhanced educational outcomes provided by Independent schools have economic impacts for Australia. Estimates of the contribution to economic growth by Independent schools were developed using research findings from the OECD (2010) and differences in PISA scores that can be attributed to Independent schools per data from ACER (2023).

The approach used is consistent with that used in estimating the contribution of Independent schools in Queensland in 2013-14, 2017-18, and 2021-22, (AEC, 2016, 2020 & 2023), Western Australia (2014-15 and 2017-18) and the Australian Capital Territory (2014-15), as well as that applied by Oxford Economics (2014) in their study of the contribution of Independent schools to the British economy.

ACADEMIC PERFORMANCE AND ECONOMIC GROWTH

Research by the OECD (2010) found a relationship between academic performance and economic growth. The study, which examined standardised PISA test scores[11] against economic performance over 40 years across 23 OECD countries (including Australia), found that a one standard deviation increase in PISA scores (which equates to 100 points on the PISA scale) correlates with a 1.74 percentage point increase in GDP growth.

This relationship was used to identify the contribution of Australia's Independent schools to economic growth, by identifying the enhanced academic performance of Independent schools compared to government schools.

DIFFERENCE IN PISA SCORES

Results of the 2022 PISA scores (ACER, 2023) show that students from Australian Independent schools on average recorded higher PISA scores than students from Australian government schools in each category (reading, mathematics and science), by an average score of around 43 points.

However, it is important to recognise the effect that family and socio-economic background have on student performance. ACER present PISA scores accounting for variance in socio-economic background, and found Australian Independent schools still outperformed government schools by around 19 points on average across reading, mathematics and science. In estimating the benefit to economic growth derived from Independent schools, the difference in PISA scores of 19 points has been used to ensure results are not influenced by variance in socio-economic background of students between Independent schools and government schools.

Table F. 1 Difference in PISA Scores, Australian Independent Schools versus Government Schools, 2022

PISA Scores	Reading	Mathematics	Science	Average
Base Scores	41	44	44	43
Adjusted for Socio-Economic Background	17	20	19	19

Source: ACER (2023).

In assessing the contribution of Australia's Independent schools to economic growth, the difference in PISA scores (accounting for socio-economic background) of 19 points between Australian Independent schools and Australian government schools has been assumed to also apply across all states and territories.

OVERALL INCREASE IN AUSTRALIAN PISA SCORE BY INDEPENDENT SCHOOLS

Without Independent schools, it can be assumed the approximately 716,848 students enrolled in Independent schools in 2023 would otherwise be educated in the government school system. Based on ACER (2023) findings, it can further be assumed that the PISA scores received by the approximately 716,848 students enrolled at Independent schools in Australia would otherwise be approximately 19 points lower on average if they were enrolled in government schools.

[11] PISA tests 15-years olds on Reading, Mathematics and Science.

It is assumed the 17.6% of Australia's total student body who attend an Independent school in 2023 would receive a PISA score 19 points lower if they attended a government school and PISA tests were undertaken (or alternatively, by having Independent schools, PISA scores received would be 19 points higher than they would have otherwise have been for 17.6% of Australia's overall student body).

Without Independent schools, Australia's mean PISA score across all students in 2023 (had PISA tests been conducted in 2023) can therefore indicatively be estimated to have been 3.34 points lower without Independent schools (i.e., 19 points multiplied by 17.6% of Australia's overall student body). This approach, applied to all states and territories, results in the following estimated PISA points which would have otherwise been achieved.

Table F. 2 Estimated PISA Scores due to Australian Independent Schools, 2022

PISA Scores	Proportion of Students in Independent Schools	Difference in PISA without Independent Schools
New South Wales	18.9%	3.58
Victoria	16.1%	3.05
Queensland	16.8%	3.19
South Australia	19.7%	3.74
Western Australia	18.1%	3.43
Tasmania	13.7%	2.61
Northern Territory	14.8%	2.82
Australian Capital Territory	20.3%	3.85
Australia	**17.6%**	**3.34**

Source: ACER (2023), AEC.

CONTRIBUTION TO ECONOMIC GROWTH

OECD's research findings regarding the change in economic growth of 1.74 percentage points for every 100 point increase on the PISA scale, combined with an estimated overall difference in Australia's mean PISA score of 3.34 points as a result of Independent schools, suggests that without Independent schools Australia's economic growth would be approximately 0.06 percentage points lower.

Australia recorded GDP of $2.67 trillion in 2023-24 (ABS, 2024b). A reduction in economic growth of 0.06 percentage points is equivalent to approximately $1.55 billion in GDP for 2023-24. This economic benefit is estimated to be provided annually by the enhanced education outcomes delivered by Independent schools. They also deliver legacy benefits with the increased activity and productivity delivered by enhanced education outcomes being carried forward to subsequent years.

Table F. 3 Estimated Economic Contribution due to Enhanced Education Outcomes of Independent Schools, 2023-24

PISA Scores	Gross Product Supported
New South Wales	$511.8
Victoria	$321.7
Queensland	$283.8
South Australia	$96.7
Western Australia	$272.2
Tasmania	$19.1
Northern Territory	$16.3
Australian Capital Territory	$37.1
Australia	**$1,552.2**

Source: ABS (2024b), ACER (2023), AEC.

DOCUMENT INFORMATION

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