

Friday, 31 January 2025

The Hon Stephen Jones MP  
Assistant Treasurer and Minister for Financial Services

Dear Assistant Treasurer

**2025-26 Pre-Budget Submission**  
**National Catholic Education Commission**

The National Catholic Education Commission is pleased to share this submission to the Australian Government for the 2025-26 Budget.

**Background**

The National Catholic Education Commission (NCEC) is the peak body for Catholic education in Australia and is responsible for the national coordination and representation of Catholic schools and school authorities.

Working collaboratively with state and territory Catholic education commissions, NCEC advocates through effective liaison with the Australian Government, state and territory governments and key national education bodies. NCEC's role is to ensure the needs of Catholic schools are served through funding, legislation, and policy.

Australia's 1,755 Catholic schools educate one in five, or over 820,000 students, and employ over 112,000 Australians. This makes Catholic schools the nation's largest provider of education outside of government.

NCEC's strategic priorities for the next three year cycle (2024-2026) are:

- **Faith** - Enhance the capacity of Catholic school communities to be places of faith and mission
- **Excellence** - Support the continual improvement of educational outcomes for all students
- **Access** - Enhance access to a Catholic education for any family that chooses it

**CATHOLIC EDUCATION PRIORITIES**

**1. Affordability and School Choice**

NCEC strongly supports the right of families to choose a Catholic education for their children. Successive Australian governments, over many years, have also committed themselves to the principle of providing families with real school choice.

One of the most unique and valuable features of Australia's education system is the wide-ranging availability of genuine, affordable school choice. Genuine and affordable school choice is possible only if Australian families and schools have funding certainty.

For Catholic students, governments fund on average around 73.5 per cent of the recurrent cost of education with families making up the shortfall through school fees. Catholic education should not be restricted to families who can afford fees.

The level of government funding to non-government schools is determined by the Capacity to Contribute (CTC) which is means-tested according to family income. A school's CTC score affects the amount of base recurrent funding the school attracts from the Australian Government under the *Australian Education Act 2013* from between 10 per cent (minimum base funding) to 80 per cent (maximum based funding).

NCEC strongly supports the continuation of existing needs-based recurrent funding arrangements. The current funding agreement delivers certainty to school communities and enables families the choice of an affordable choice of a Catholic education across Australia.

While the CTC model is more equitable than previous models, NCEC supports advancing a review and refinement of CTC settings to ensure the fairest funding formula is in place for all families and communities.

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## **Recommendation**

That the Capacity to Contribute formula be reviewed to ensure the fairest funding formula to support affordability and school choice for all families and communities.

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## **2. Inclusive Initiatives, Programs, and Funding Opportunities**

In recent years there has been an increase in Australian Government initiatives that have been targeted to government schools and exclude Catholic schools.

Recent examples include Commonwealth Teaching Scholarships (only available to those who teach in government schools or government-run early learning settings) and by far the greatest proportion of the Schools Upgrade Fund (to support capital infrastructure projects in government schools only).

Also significant has been the cessation of the Non-Government Reform Support Fund (NGRSF). Catholic schools have been active in the implementation and delivery of Commonwealth school reform priorities. The NGRSF enabled Catholic education authorities to maintain support for progressing ongoing and emerging national priorities in school reform in line with national and state and territory policy initiatives.

The support provided by the Australian Government to non-government representative bodies (NGRBs) through the NGRSF was critical as non-government schools are often excluded from state and territory reform initiatives. The end of the NGRSF means that there is no longer recognition for the specific context of implementing reform in non-government schools.

NCEC would welcome the opportunity to work with the Australian Government to ensure Catholic schools are supported to implement the government's reform priorities and initiatives.

School funding and support programs should be needs-based and sector neutral. The highlighted initiatives run counter to this principle and discriminate against Catholic schools.

While pilots within such programs might target specific needs, like low socio-economic status (SES) schools or regions with staffing challenges, the opportunity to participate should be available to both government and non-government schools alike.

Funding initiatives such as the National Teacher Workforce Action Plan (NTWAP) should be available and equitably distributed across all sectors.

Australian Government Minister for Education, the Hon Jason Clare, recently identified NTWAP, including Commonwealth Teaching Scholarships worth up to \$40,000 (but only available to those who teach in government schools or government-run early learning settings), as decisive in “tackling the teacher workforce shortage”.

Like government schools and early learning centres, Catholic education communities have experienced a shortage of teachers in recent years. However, graduates who teach in a Catholic school or early learning setting are excluded from eligibility for the Commonwealth Teaching Scholarships Program.

In encouraging young people to become a teacher rather than a lawyer or a banker, the Minister has stated that “being a teacher is the most important job in the world, and we don't have enough of them”.

Effective and long term solutions to the teacher workforce shortage will depend on local contexts and may differ across communities. Opening the Commonwealth Teaching Scholarships Program to be inclusive of those who teach in Catholic schools or early learning settings will support governments in their aim of tackling the teacher workforce shortage.

The Australian Government has prioritised building a universal early education system that is simple, affordable, and accessible for every family, particularly through making a substantial investment in the \$1 billion *Building Early Education Fund* to be rolled out from July 2025.

NCEC welcomes this significant initiative to bring much-needed early education services to regions and outer suburbs identified as ‘childcare deserts’ where access has been historically limited, including by co-locating services on school sites.

Early Childhood Education is critical to building the competency and capability of young people to successfully transition into school. NCEC encourages the government to ensure that the Fund guidelines are inclusive and enable Catholic early education and care providers with access to the initiative. We look forward to working with the government to bring this priority to fruition.

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## **Recommendation**

That equal opportunity to participate in Australian Government funding initiatives and support programs, such as Commonwealth Teaching Scholarships and the Building Early Education Fund, be available to both government and non-government schools alike on a needs-based and sector neutral basis.

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## **3. Capital Funding**

Predominantly low-fee, Catholic school communities serve all those in their local community who seek a Catholic education.

An integral part of the mission of Catholic education is to provide universal, affordable schooling which is accessible to all students and children across Australia to provide families with a genuine choice of a faith-based school in or accessible from their area.

Over 42% of all Catholic school students are funded for socio-educational disadvantage.

In making the choice of a Catholic education, families contribute approximately \$4.19 billion in after-tax dollars towards the annual recurrent costs of their children's education.

It has become increasingly difficult for Catholic education to balance the needs of existing schools for refurbishments and upgrades to capital infrastructure with the responsibility to build new schools in high-demand communities.

Despite identifiable need, Catholic schools have significant capital funding needs that are not recognised in current funding arrangements. Capital funding is overwhelmingly sourced from Catholic school communities.

In addition to recurrent costs, Catholic school families also contribute nearly 90 per cent of the costs required to support school buildings and other capital works in Catholic schools. In 2022, this investment was about \$2.2 billion, with governments contributing only 10.3 per cent.

Over the past two years, Australia has experienced its strongest population growth in more than two decades.

In 2024, enrolments in Catholic schools grew by almost 14,000 students; the sixth consecutive year of growth. While numbers of students have increased across all school sectors, per centage enrolment growth in Catholic education was greater than the national average.

This expansion places pressure on existing Catholic schools to renew ageing capital infrastructure and to expand capacity. There is also strong demand for early childhood centres, which are increasingly being integrated within school communities, and new schools to be constructed in growth areas.

NCEC acknowledges the ongoing support of the Australian Government in the funding of Catholic schools through the Australian Government Capital Grants Program (CGP) which provides funding to assist non-government school communities to improve capital infrastructure.

While the CGP is indexed annually, the quantum of funding available under this program has not changed in any material way for many years with the result that the CGP is insufficient to meet the ongoing capital needs of non-government schools given growing demand along with cost-of-living pressures facing local school communities.

Nearly 40 per cent of Catholic schools are located outside of metropolitan cities in regional, rural, and remote communities. However, the current indexation methodology considers only price increases in capital cities, while remote and rural areas of Australia have much higher costs compared with metropolitan areas.

Through the Schools Upgrade Fund (SUF), the Australian Government has provided capital funding of \$284.3 million to schools to help meet the cost of new classrooms, buildings, or other major refurbishments. \$246.5 million (almost 87 per cent) of this funding was available exclusively to government schools (SUF Targeted Round - \$30.7 million; SUF Round 2 - \$215.8 million).

NCEC supports the well-established principle that school funding and support programs should be needs-based and sector neutral. These funding rounds ran counter to this principle and discriminated against Catholic schools.

Only \$32 million available through the SUF Open Round was inclusive of Catholic schools. While all schools were eligible to apply, the assessment process prioritised the applications of the most disadvantaged schools with the highest need projects in each jurisdiction and sector. Through this methodology, the SUF Open Round Guidelines provided a notional allocation of 17.7 per cent of total funding.

On the basis of equity, the Australian Government should provide Catholic Education with catch up support for the rounds from which low-fee, disadvantaged Catholic schools were excluded.

Based on the precedent established through the SUF Open Round, Catholic Education seeks a comparable (pro-rata) increase in the Capital Grants Program to help low-fee non-government schools meet the significant cost of much-needed capital works. Early childhood facilities on Catholic school sites should also be eligible for funding under this allocation.

This would amount to immediate, one-off support to Catholic school communities for capital works of approximately \$43.63 million.

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### **Recommendations**

That the Capital Grants Program funding for non-government schools be increased to facilitate the construction of new and expansions of existing, low-fee schools particularly in areas of high population growth.

That low-fee non-government schools be provided with a pro-rata increase in the Capital Grants Program comparable to the Schools Upgrade Fund provided exclusively to government schools.

That capital funding be equitably distributed to the Catholic sector to expand early childhood services in areas of need.

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NCEC appreciates the opportunity to make this submission for the 2025-26 Budget.

Should further information be required in relation to this submission, please contact me via phone (02) 8229 0808 or email [Jacinta.Collins@ncec.catholic.edu.au](mailto:Jacinta.Collins@ncec.catholic.edu.au).

Yours sincerely



Jacinta Collins  
Executive Director