



Independent Schools
Council of Australia

EDUCATING AUSTRALIA FOR THE 21ST CENTURY: RESOURCING SCHOOLS THROUGH SUSTAINABLE PARTNERSHIP

**Keynote address, 2004 ISCA National Biennial Conference
Gold Coast, Queensland, 20 – 22 May 2004**

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INTRODUCTION

It is often too easy, when funding is under discussion, to lose sight of the real issue, and that is the education of young Australians.

The government funding of our schools has received plenty of attention from the media this year, and you could be forgiven for believing funding is no more than a political game, far removed from the nitty gritty of the classroom and the issue of education provision.

As those attending this Conference know, the funding game may be played on a political field, but it is our students and their families who stand to be the real losers or winners in the game.

It is vital that we continue to affirm the link between government funding and what happens in the classroom, between public subsidy and student gains.

It is my argument today that if Australia is to meet the demands of schooling in the 21st century, governments must focus on funding models for schooling that are designed to meet the needs of students instead of focusing on the development of complicated mechanisms that seem aimed more at keeping public money out of non-government schools than on how to support the education of the students who attend them.

There are now over one million students enrolled in non-government schools and the communities of these schools rightly look to governments to act as responsible partners with parents and non-government schools in the education enterprise.

I will return to the theme of partnership in schools resourcing a little later. First I want to put the issue of schools funding into the broader context of the national education agenda.

THE NATIONAL AGENDA

Governments today want to see results for their expenditure, and the Howard government is certainly no exception. It is contributing billions of dollars to schooling in this country – over \$6 billion this year alone – and has some very firm ideas about what it wants in return.

[POWERPOINT SLIDE: *The national agenda*]

- **Commitment to quality schooling**
- **Increased expenditure**
- **Competitive environment**
- **Reporting to parents**
- **Teacher quality**
- **Literacy and numeracy gains**
- **Benchmarking/standardised tests**
- **National consistency in schooling**
- **Multiple pathways for school leavers**
- **Values education**

First and foremost on the national agenda is a commitment to quality schooling. The Government is setting about achieving this in several ways. Most obviously it has upped expenditure. It has also committed to supporting a viable non-government sector and there is no doubt it sees competition in schooling as an important means to leverage quality gains across all school sectors. Hence the repeated claims from the Government that it supports choice in schooling. This is not empty rhetoric.

To support competition or choice, the Australian Government wants to see more reporting to parents. Again, this is another attempt to ramp up the external pressures on schools to lift their performance.

At the same time, the Government has not been backward in taking more direct measures to influence what happens in the classroom. Among these are a focus on improving teacher quality and a focus on literacy and numeracy.

The Government is working to achieve gains in literacy and numeracy both overall and for targeted groups, most particularly for indigenous students. This objective is linked to the Government's push for benchmarks and standardised testing. All state and territory

governments have now fallen into line on literacy and numeracy benchmarking for Years 3, 5 and 7.

That such benchmarking is now to be a condition of Federal funding is no doubt a great incentive for all school sectors to adjust to this demand but, even so, there has been a gradual acceptance that such testing is inevitable. If you look back just eight years, when there was vehement opposition by state education ministers to the Commonwealth's intervention on literacy and numeracy, you can appreciate how far we have come as a nation on this issue.

Another condition for funding is a commitment to common outcomes testing in the key areas of Maths, Science, English and Civics and Citizenship.

Benchmarking and standardised testing are also part of the Government's push for greater national consistency in schooling. Standardised testing is a powerful means of exerting indirect control over the curriculum. The Government also wants a uniform school starting age by 2010. At the other end of the schooling cycle, it is aiming for a common national tertiary entrance scheme. At the same time, it has focused on the need for multiple pathways for school leavers, investing in research and programs that focus on the transition from school to post-compulsory education and training and work.

Parallel to this push for educational accountability is a drive by state and territory governments to make non-government schools – and independent schools in particular – more accountable in other ways, especially financially. State governments want more financial data on our schools – a difficult issue given that state governments are also our competitors.

[POWERPOINT SLIDE: ***Minister Nelson's National Education Framework***]

- 1. Supporting the professional standing of teachers**
- 2. Attracting the best to the profession**
- 3. National consistency in schooling**
- 4. Giving more autonomy to school principals**
- 5. Intolerance of poorly performing schools**
- 6. Providing meaningful information to parents**
- 7. Making values a core part of schooling**
- 8. Creating safer schools**
- 9. Accelerating indigenous education outcomes**
- 10. Creating smooth transitions from school to career**

While wanting to exert more influence over schooling, the Australian Government is at the same time encouraging school autonomy, and supports the move in South Australia and Victoria to self-management models for government schools. However, the Government's rhetoric on autonomy is yet to be tested. It may go no further than support for the freedom of principals in government schools to hire and fire staff.

As can be seen from the list of 10 points that make up Brendan Nelson's National Education Framework, the Government is also concerned with ensuring that schools are safe environments for their students. Commitment to the National Safe Schools Framework is to be a condition of funding for the 2005-2008 quadrennium.

The Government is also interested in values education. It has just released the report of a study of values education in schools it funded last year, and last month held a national values education forum in Melbourne. The federal Budget has committed almost \$30 million to support values and drug education during the quadrennium, some of which will be to support values education forums in every school in Australia. The Government has already established a dedicated website to the topic and, as I'm sure you're all aware, the Prime Minister has been successful this year in bringing the issue into public debate.

That debate has unfortunately been subsumed within the old 'public versus private' debate, which has been revived this year with particular ferocity. Not everyone shares the Howard government's view that competition is an acceptable means of promoting school quality. The federal opposition parties and public education lobby groups have honed in on the Coalition support for non-government schools as a point of policy difference in what is set to be a tough federal election. Schools funding is firmly on the election agenda.

HISTORY OF FEDERAL FUNDING FOR SCHOOLS

I want to start my exploration of the issue of schools resourcing with a very brief history of federal funding for schools. We're now four years into the Commonwealth's SES model for allocating general recurrent funding and it won't hurt to remind ourselves of what came before, especially as the SES model is under attack and other means of distributing funding are being mentioned in the public debate.

Between 1895 and the early 1960s there was no direct government funding, or 'State aid' as it is sometimes called, for non-government schools, although in 1952 tax deductibility of some school expenses was introduced (and continued until the early 1970s). In the early 1960s some capital grants were made to non-government schools by the Federal government. Then in 1967, some State governments introduced flat per capita recurrent grants to non-government schools, followed in 1970 by the Federal government.

The interest of governments at this point was largely to ensure that standards in non-government schools were on a par with those in government schools and that capital infrastructure was meeting the changing demands of the curriculum. For example, the first capital grants were targeted for science laboratories and libraries.

Government funding was a recognition that, post-World War 2, the costs of schooling had grown, and grown rapidly, outstripping the capacity of most parents who were using the non-government school system to meet these costs solely from their own pocket.

Cost escalation was certainly linked to the increasing numbers of lay teachers required in Catholic schools.

In 1973, the Whitlam Labor government introduced a needs-based recurrent funding formula for non-government schools. The 'needs' of schools were assessed according to the expenditure of each school measured against a standard of government costs for schooling. The formula for assessing need was known as the Schools Recurrent Resources Index (SRRI). There were eight categories of need, including a separate one for Catholic systemic schools.

In 1985 the Hawke Labor government replaced the SRRI formula for recurrent grants with the Education Resources Index (or ERI). The ERI assessed 'need' according to the income non-government schools generated as compared with the costs of educating a child in a government school. Schools were placed in one of 12 funding categories, with students attending Category 1 schools attracting the least funding and students in Category 12 schools the highest. This model prevailed until 2000. (Some State and Territory governments still use this model for allocating funds to non-government schools.)

As I will argue later, this link between federal and state funding models could have serious consequences if there is a change in funding arrangements at the federal level to the detriment of a number of schools. Some states will follow suit.

Both the SRRI and the ERI funding models had their own complications and flaws and were subject to manipulation by politicians and clever accountants. Neither formula accurately reflected the diverse needs of students and families within a school. Rather, each assumed a homogeneous socio-economic profile of students attending the school.

THE SES MODEL

In January 2001, the Howard Coalition government introduced a new general recurrent funding model that represented a significant shift in the funding of non-government schools.

While still a needs-based approach to funding, the SES model focuses not on the resources of the school but on the capacity of the school's community to support it, as determined by the socio-economic profile of the school's student body. Hence the name SES model.

Under the SES model, using residential addresses, each student at an independent school is assigned to a Census Collection District and in turn assigned the SES score of that district, which takes into account income level, occupation and educational attainment. The SES scores of all the students in a school are averaged to determine the score for the school.

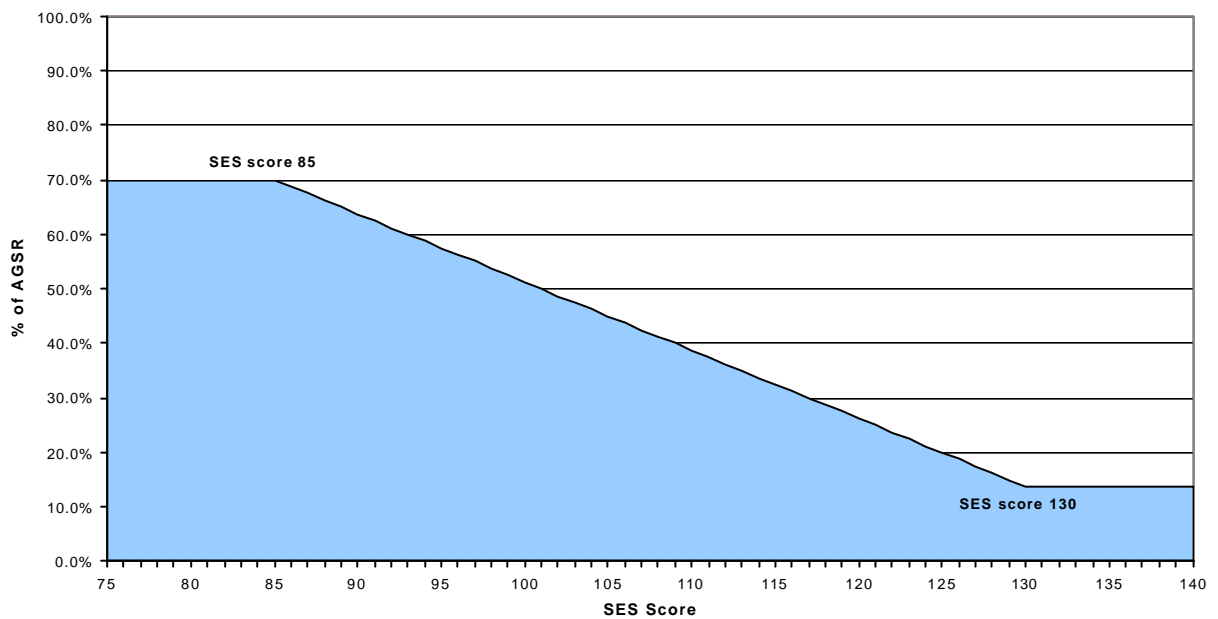
In other words, the SES model is far more student-focused than previous funding models.

Many commentators – and even education academics – persist in describing the SES model as based on postcodes. It is not. Postcodes would be a very crude and therefore

inequitable measure for funding allocation of this kind. Census Collection Districts contain approximately 200 to 250 homes and as far as possible are defined so that the characteristics of the community within each district are relatively homogeneous.

A school's SES score determines its per capita percentage entitlement of what is known as the AGSRC or Average Government School Recurrent Cost index. The AGSRC is a measure that represents the average operating costs to government of educating a student in a government school. Note, it is a measure only. We estimate it reflects about 85 per cent of actual recurrent costs.

[POWERPOINT SLIDE: ***Sliding scale of funding entitlement according to SES status***]



There is a sliding scale of entitlement under the SES model. Schools with the lowest SES scores are eligible for the highest funding and vice versa. Students attending schools with an SES score of 130 or above are eligible only for the basic entitlement of 13.7 per cent of AGSRC. At SES scores below 130 the funding level progressively increases to a maximum of 70 per cent of AGSRC for those schools with an SES score of 85 or below.

[POWERPOINT SLIDE: **SES funding – per student dollar amounts**]

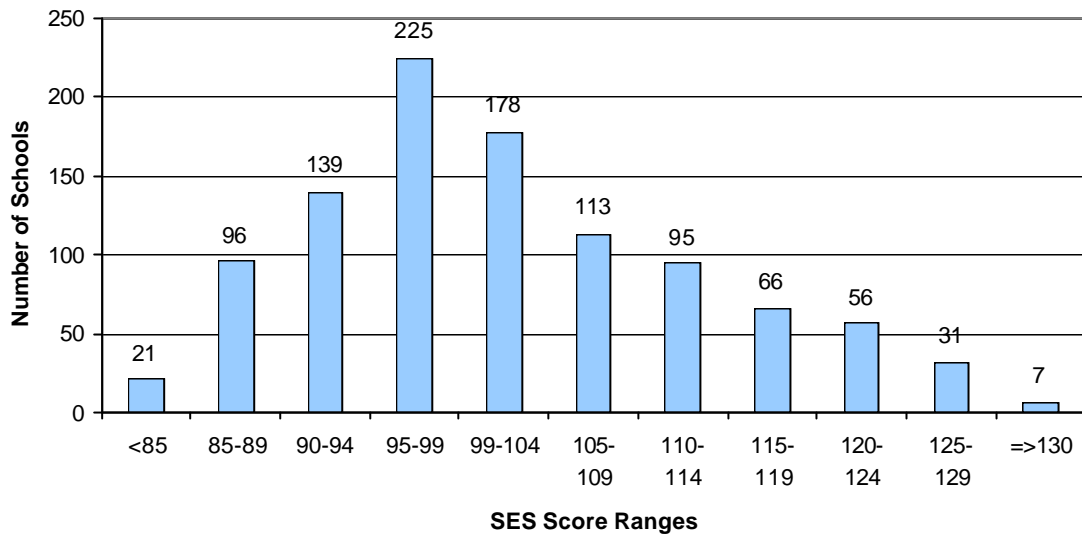
SES funding 2003 (2004 commencing)			
SES score	SES funding level	Primary	Secondary
	(% of AGSRC)	(\$)	(\$)
2003 AGSRC	100.0	\$6056	\$8021
85 or less	70.0	4240	5615
90	63.7	3858	5110
96 (former Catholic deemed score)	56.2	3404	4508
100	51.2	3101	4107
110	38.7	2344	3105
120	26.2	1587	2102
130	13.7	830	1099
2001-02 Total Govt Recurrent Expenditure Govt School Students		\$7561	\$9856

This is how these percentage allocations translated into dollars for 2003 against a handful of SES scores. What is worth noting is the gap between the 2003 AGSRC and the maximum entitlement, and the gap between the 2003 AGSRC and actual government expenditure in 2001-02.

Note also the SES score of 96. For the 2001-2004 funding quadrennium Catholic systemic schools negotiated their own arrangement under the SES model and – in all States and Territories except the Australian Capital Territory – receive per student funding at 56.2 per cent of AGSRC, equivalent to that for an independent school with an SES score of 96.

As you are no doubt aware, Catholic systemic schools will be participating in the SES model as of next year with a funding maintenance guarantee. This means around 60 per cent of these schools will continue to be funded at 56.2 per cent of AGSRC and the remainder above it, according to their actual SES score.

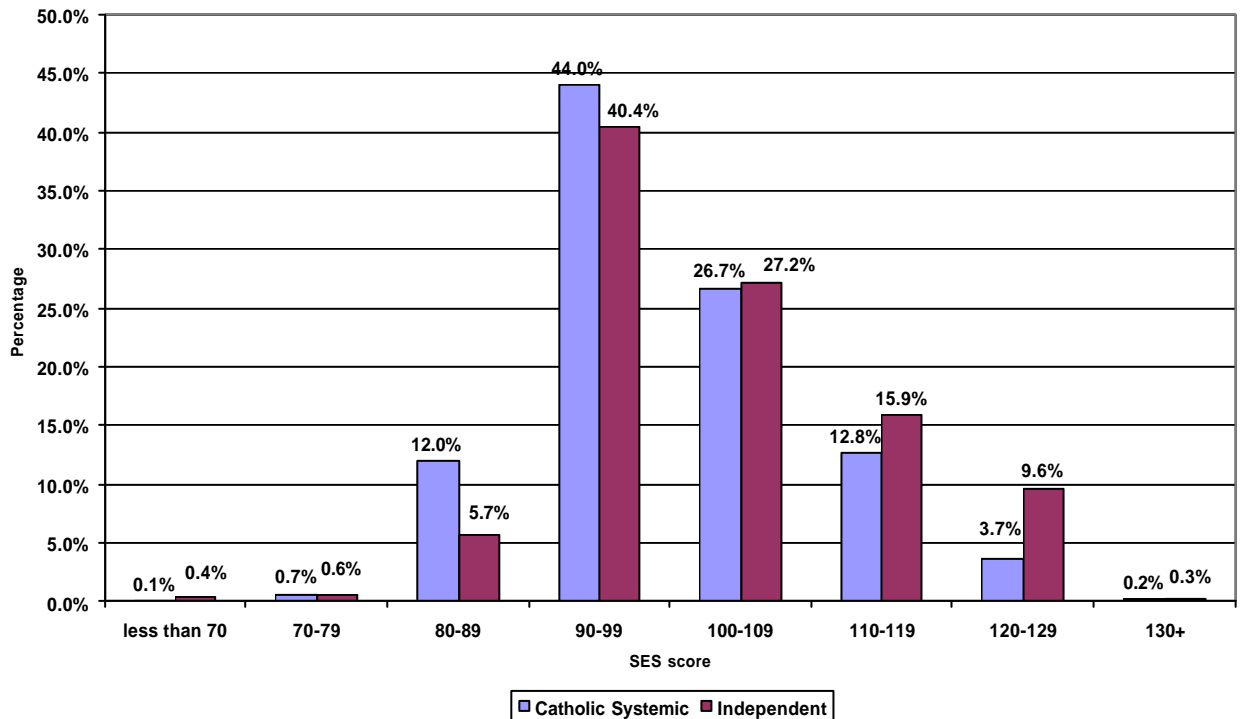
[POWERPOINT SLIDE: **Distribution of independent schools by SES score range**]



Most independent schools have an SES score in the middle to low range.

This graph shows SES scores for the 2001-2004 funding quadrennium. This distributional spread changes little for the next quadrennium. However, it is interesting to map this spread against SES scores of Catholic systemic schools.

[POWERPOINT SLIDE: **Distribution of non-government schools by SES score range for 2005**]

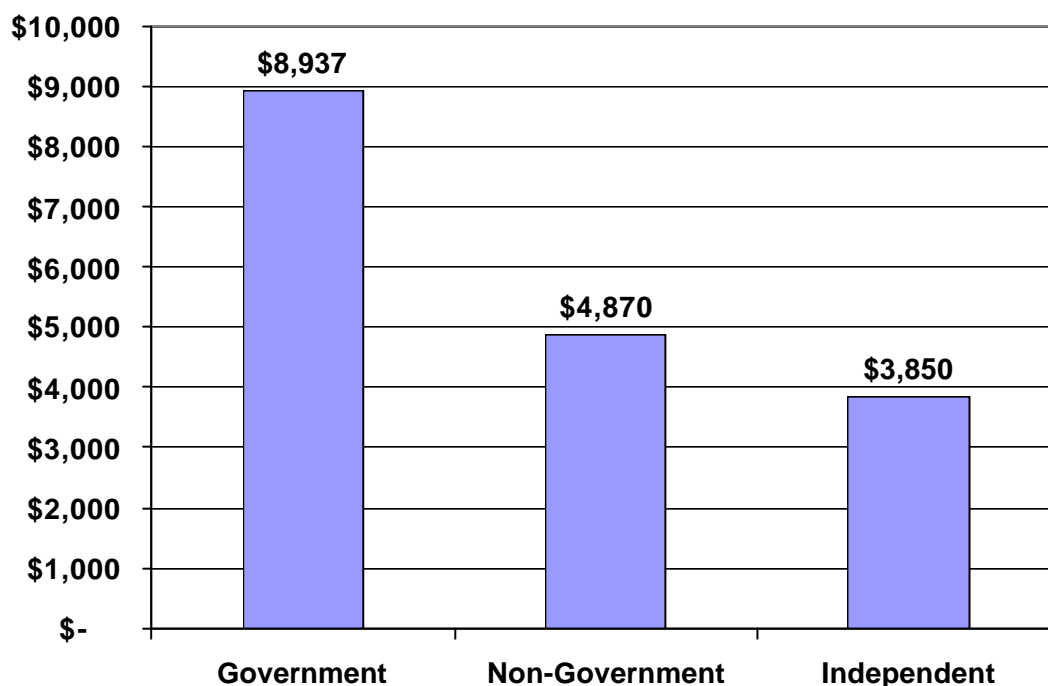


Now that the SES scores of Catholic systemic schools are publicly available we can get a grasp of how the independent and Catholic sectors compare in terms of distribution of schools by SES score. This graph shows the proportion of schools in each SES band, excluding special schools which have a deemed score of 85.

It would be very interesting to see government schools included in this kind of analysis. Unfortunately, the data is not publicly available.

[POWERPOINT SLIDE: *Per student expenditure*]

Average Recurrent Per Student Government Funding, 2001-02



Just to bring to a point now our venture into funding history. This graph shows the latest available data on per student government expenditure by sector. We may have come a long, long way since the 1960s but, in average terms, students at non-government schools are still well behind their government school counterparts in terms of public subsidy.

SECTOR GROWTH

I want to take a little time now to explore the growth of the independent schools sector. There is no doubt this continued growth has exercised considerable pressure on governments to improve resourcing models.

The Centre for Independent Studies (or CIS) last month released their publication, [State of the Nation: An Agenda for Change](#). The book was edited by Jennifer Buckingham, whom many of you will know from her writings on school choice, boys' education and school reporting.

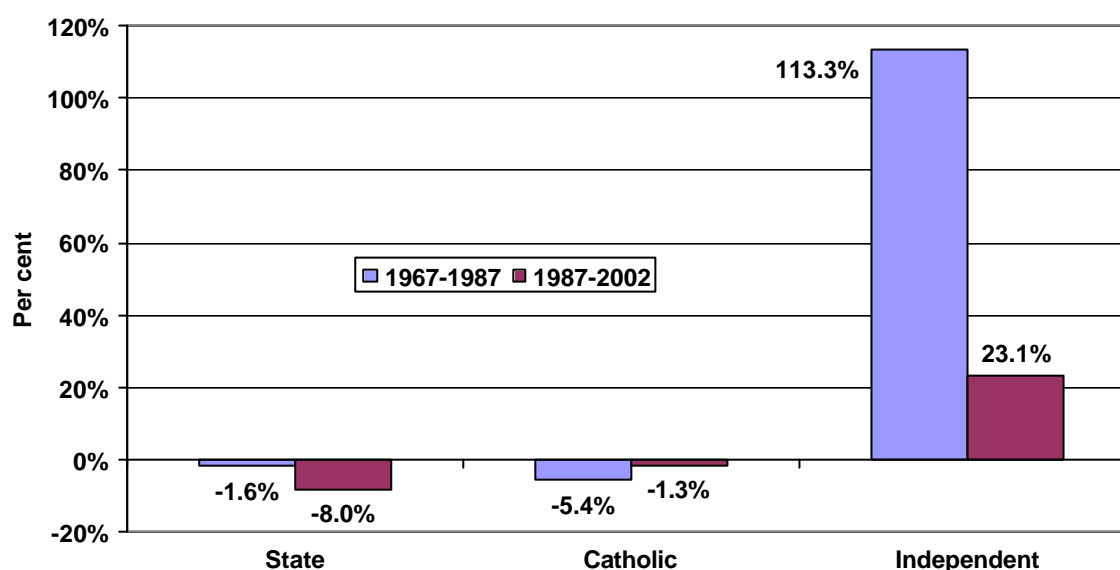
The CIS notes three trends in schooling in Australia over the last 50 years:

- A decline in boys' educational performance relative to girls
- A large increase in students choosing to study to year 12, and
- An increasing preference for non-government schools

We tend to describe this last trend in more politically neutral terms as sector growth – but however it is described, there is no doubt of the trend.

[POWERPOINT SLIDE: *CIS graph on school numbers*]

Growth of State and Non-Government School Sectors, 1967-2002
Per cent change in the number of state, Catholic and independent schools



The CIS chooses to illustrate its point with this startling graph showing change in numbers of schools.

Percentage change is shown in all three school sectors in two periods, 1967 to 1987, and 1987 to 2002. Growth of 113 per cent is shown for the independent sector in the first period and growth of 23 per cent in the number of schools since 1987. The number of schools in the government and Catholic sectors is shown to have declined in both periods.

It's this kind of interpretation of how the sector is growing that seems to engage so much of the energy of the public education lobby. It's startling, yes. But slightly misleading. A truer picture of what is occurring is gained by looking at student numbers.

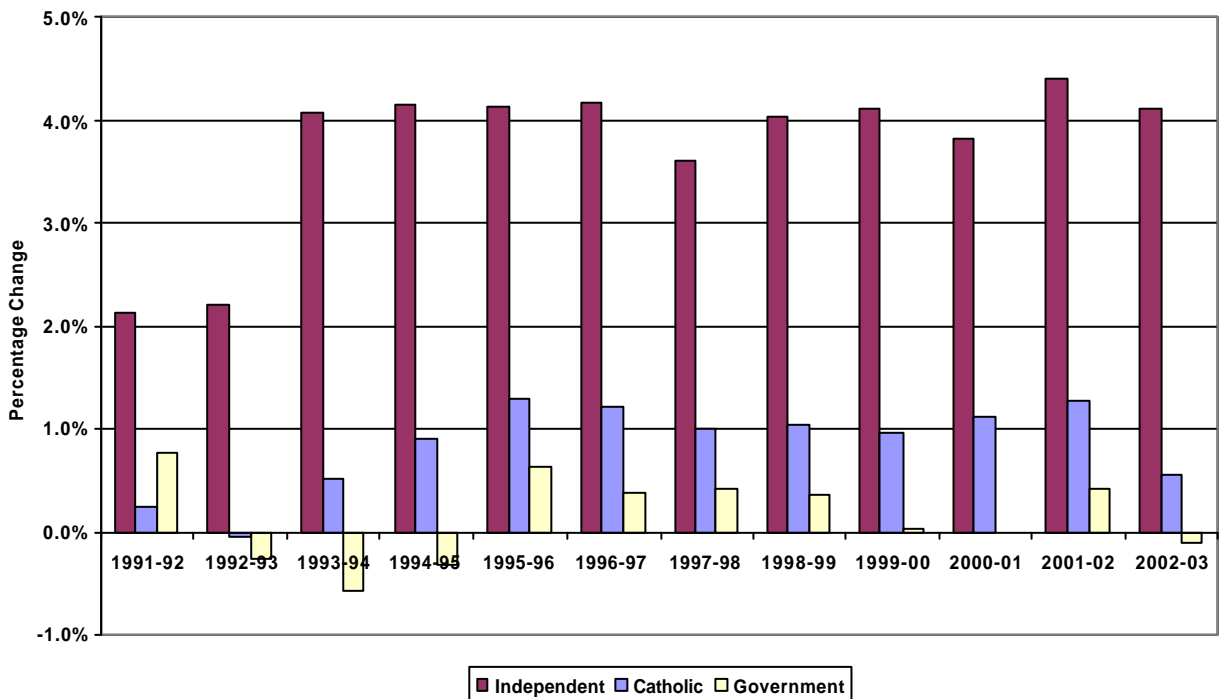
[POWERPOINT SLIDE: **Enrolment growth 1980-2002**]

Number and proportion of students by sector 1980 - 2002						
Year	Government		Catholic		Independent	
	('000)	%	('000)	%	('000)	%
1980	2.318	77.7	0.522	17.5	0.144	4.8
1985	2.231	74.2	0.574	19.1	0.201	6.7
1990	2.193	72.1	0.596	19.6	0.252	8.3
1995	2.208	71.0	0.608	19.5	0.293	9.4
2000	2.248	69.2	0.642	19.8	0.357	10.9
2001	2.248	68.8	0.649	19.8	0.371	11.4
2002	2.257	68.4	0.657	19.9	0.388	11.7
2003	2.255	67.9	0.661	19.9	0.403	12.2

As you can see, in 1980 there were 2.3 million students enrolled in government schools; in 2000 there were 2.25 million. However, while enrolments in the government sector have remained relatively steady, the non-government sector – and particularly the independent sector – has gradually been increasing its enrolment share. In terms of total enrolments, since 1980 the independent sector has grown by over a quarter of a million more students, and nearly tripled its enrolment share.

[POWERPOINT SLIDE: **Enrolment growth 1991-2003**]

Growth Rates by Sector, 1991 - 2003



This graph shows percentage enrolment change over the last 12 years. As you can see, our sector has experienced steady growth averaging around 4 per cent over the last decade. Last year, enrolments in our sector increased by 16,000 students, enrolments in

the Catholic sector increased by almost 4,000 and enrolments in the government sector declined by just over two-and-a-half thousand students. But, as you can see, there have been years of enrolment growth in the government sector.

[POWERPOINT SLIDE: **Australian school enrolments 2003**]

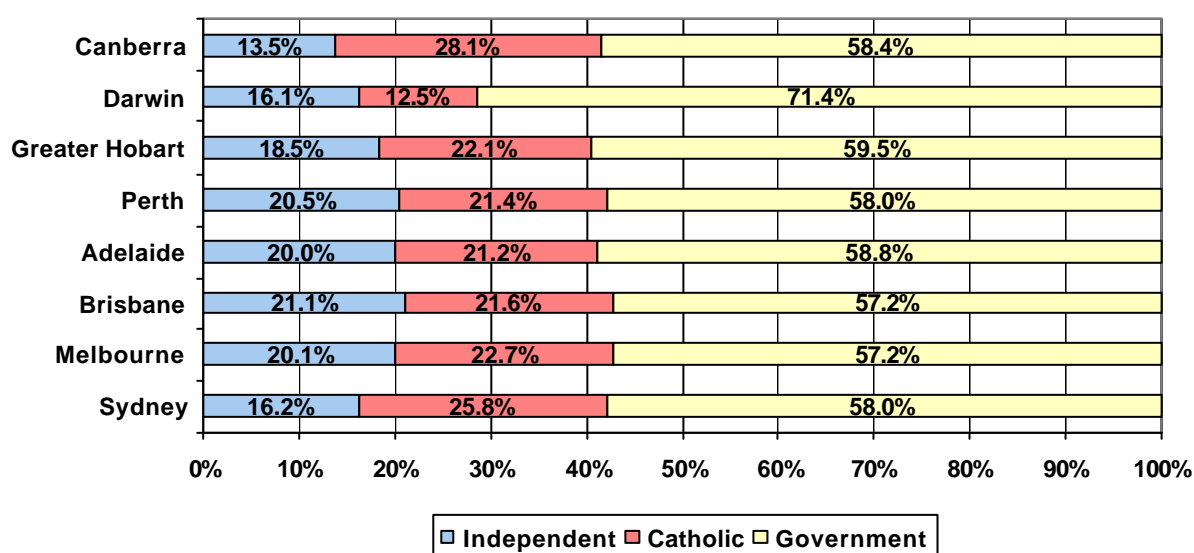
	No of schools	No of students	Enrolment share
Independent	979	403,397	12%
Catholic	1,698	660,591	20%
Government	6,930	2,254,632	68%
TOTAL	9,607	3,318,620	100%

SOURCE: ABS Schools Australia 2003

Today, the independent sector's share of total enrolments is 12.2 per cent, Catholic schools' 19.9 per cent and government-owned schools' 67.9 per cent. Our share of primary enrolments is lower – only 9.4 per cent. However our primary enrolments have more than tripled since 1980, from 54,000 to over 180,000.

In contrast, our share of total secondary enrolments is much higher – at 16 per cent.

[POWERPOINT SLIDE: **Secondary enrolments by capital city**]



The non-government sector together accounts for close to 40 per cent of total secondary enrolments in Australia and even higher in all capital cities except Darwin.

In Perth, Adelaide, Brisbane and Melbourne secondary enrolments in independent schools are just over 20 per cent. These are 2001 figures based on Census data, so the proportion of students in our sector will have grown.

There can be no doubt that today independent schools are significant providers of education in Australia. Annual turnover of the sector has now topped the four billion dollar mark – more than double its turnover of \$1.7 billion a decade ago.

Interest groups such as the Australian Education Union point to both the SES model and the abandonment of the New Schools Policy by the Howard government as the major reasons for the independent sector's growth, even going so far as to call Brendan Nelson the 'minister for private schools'. However, as we saw earlier, the sector has been growing steadily for nearly a quarter of a century both in school numbers and student enrolments under both Labor and Coalition federal governments.

The SES model has delivered significant increases to some schools over their previous funding allocation, including those schools that had experienced deterioration in their funding position relative to other non-government schools since 1985. However, the SES model overall has delivered a funding increase of around only two percentage points to the sector.

Increases in government funding to the sector are driven by two key components – enrolment growth and supplementation, or cost indexation. Enrolment numbers aside, the real source of growth in federal government funding for the independent schools sector (and for Catholic systemic schools and state schools) is the use by the Commonwealth of the AGSRC as an index to supplement general recurrent funding.

The AGSRC has been used by both Labor and Coalition federal governments to index general recurrent funding. However, the AGSRC used to run at a similar rate to the Consumer Price Index. In the last few years, it has been rising at between roughly 4.5 per cent and 7.5 per cent per annum, while the CPI which has been increasing by only around 1.0 to 2.0 per cent per annum from 1996-97.

The federal education department has projected that between 1996 and 2004 the AGSRC will have grown by some 63.5 per cent compared to an estimated increase of only 21.5 per cent in the CPI for the same period.

What is most important to note is that while AGSRC supplementation has supported the growth of the sector, particularly for schools with lower SES scores, private contribution still represents 61 per cent, or the bulk of the sector's source of income.

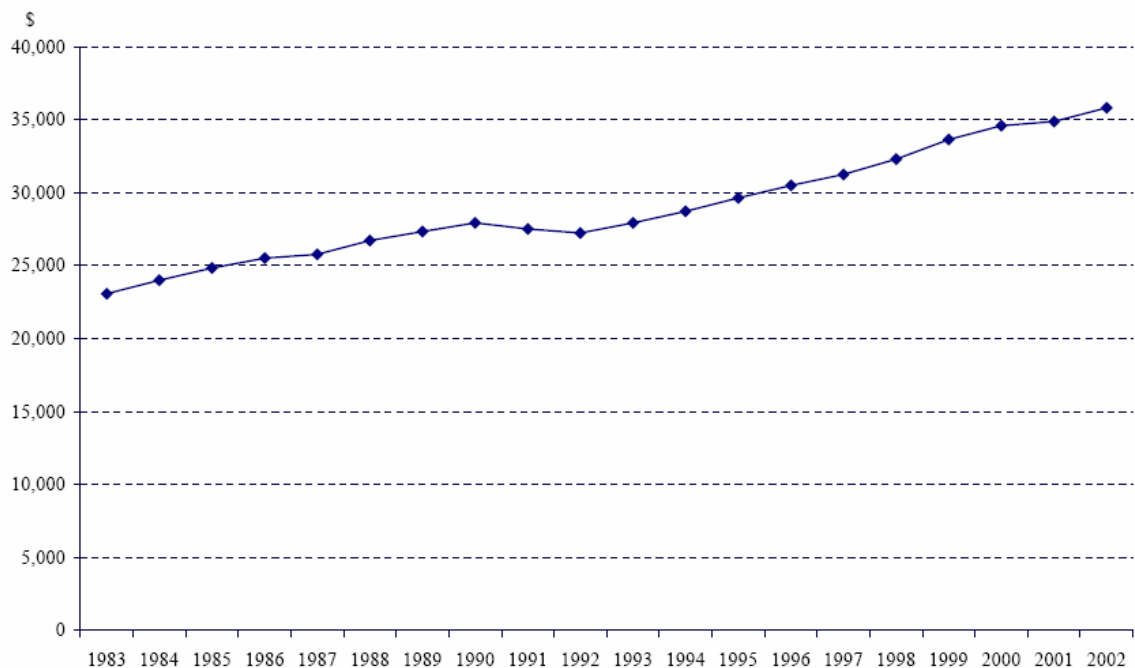
It may be politically convenient to blame or praise the actions of governments for the growth in the independent schools sector. However, there is every indication that it is the increasing income and wealth of Australians, rather than government intervention, which is underpinning the growth of the sector.

ECONOMIC AND POPULATION TRENDS

As noted in a recent Business Council of Australia paper, Australia's economic performance over the past 20 years has been one of the best in the OECD. For example,

from 1980 to 2001 Australia was one of only three OECD countries to increase its share of world GDP.

[POWERPOINT SLIDE: **Business Council of Australia: Australian GDP per capita**]

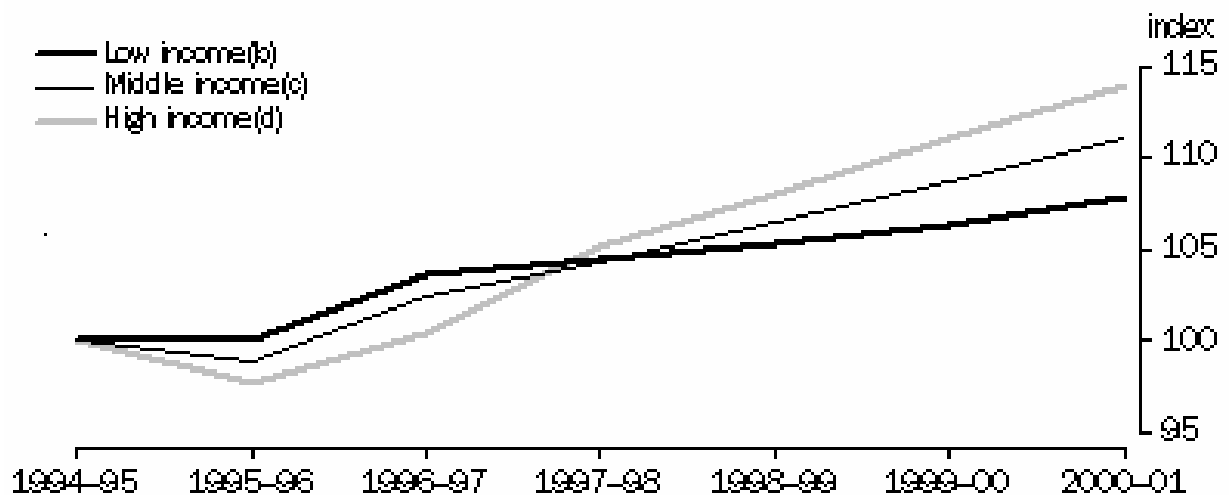


Data source: ABS cat no 5206.0 (Table 42).

Economic growth has been particularly strong over the past decade, with an average growth rate of almost 4 per cent. Australian Gross Domestic Product per capita has increased by 30 per cent since 1991.

[POWERPOINT SLIDE: **Australian Bureau of Statistics: Increase in disposable income**]

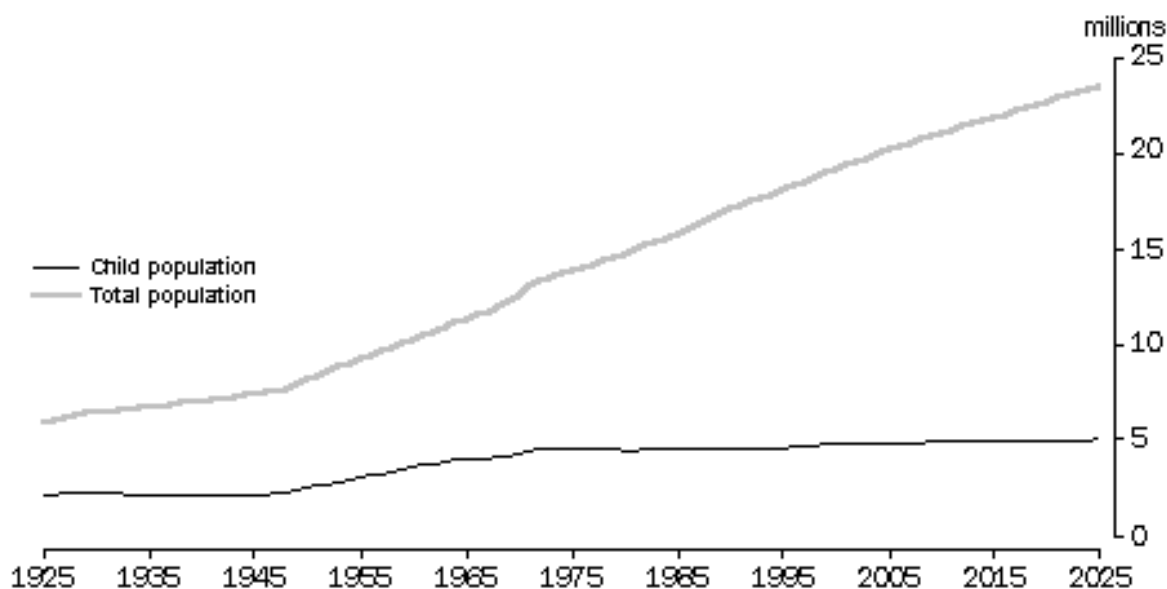
7.1 INDEXES OF REAL MEAN EQUIVALISED DISPOSABLE HOUSEHOLD INCOME(a)



The disposable income of Australian households has also increased, even for low income households, although not to the same extent as those with high incomes. In real terms, equivalised disposable household income for all people increased, on average, by 12 per cent between 1994-95 and 2000-01.

That Australians are better off now than ever before has been well documented in the media. We have all heard, too, of Australia's ageing population.

[POWERPOINT SLIDE: **Australian Bureau of Statistics: Population growth**]



As you can see from this ABS graph, while Australia's total population is expected to grow substantially – by around another 5 million in the next 20 years – the number of children is not, and will represent a decreasing proportion of the population.

Nor is economic growth sustainable at the current rate, although the 2004 Budget estimates growth for next year at a healthy 3.25 per cent.

In other words, growth in the independent sector has pretty much kept pace with both the growth in the school-age population and growth in the economy. We are now facing a plateauing of the child population and a projected slowing in economic growth. A shift in the numbers of primary and secondary students is also imminent. The decrease in the numbers of primary school aged children is due to bite as early as 2006.

At the same time, state governments are becoming openly competitive with non-government schools, not only using their substantial resources to introduce measures such as reduced class sizes, but to fund marketing and advertising campaigns.

Government schools have an obvious edge in their low cost to families. And of course their owners have the power to manipulate this further by reducing funding and services to students attending non-government schools, squeezing support for capital development in the non-government sector and regulating both the establishment and expansion of non-government schools. Some state governments have shown little hesitation in exercising that power.

Clearly, as we are about to enter a highly competitive environment, having our competitors as regulators puts us in a highly vulnerable position. But it is worthwhile remembering that if our schools are vulnerable, so is the freedom of Australian families to exercise their rights and responsibilities in regard to the education of their children.

That's a freedom worth fighting for, but it is also a freedom that is constantly being traded against national social policy goals and the need to appease powerful interest groups with strongly held ideologies about the role of schools in achieving a socialist state.

Well, it didn't take long to get back to the politics of education.

THE POLITICS OF FUNDING

There are a number of significant players engaged in influencing – or attempting to influence – national education policy:

- Federal Minister for Education and advisers
- Prime Minister and advisers
- Australian Department of Education, Science and Training
- Treasury
- Federal Opposition Leader, Shadow Minister for Education and their advisers
- MPs and Senators with an active interest in education
- State and Territory Ministers for Education
- Teacher unions
- National Catholic Education Commission
- Australian Council of State School Organisations
- Principals' associations
- Australian Parents Council and other parent groups
- Academics and consultants
- Australian Vice-Chancellors Committee
- Schools groups, including ISCA and the state and territory Associations of Independent Schools and a host of other school-related groups, representing sections of both the government and non-government sectors.

Some of these individuals and groups have formed a public education alliance, which is actively campaigning for more federal funding for government-owned schools. At the same time this lobby group is advocating for abandonment of the SES model, and hefty cuts in funding to non-government schools.

For all those intent on influencing the national education agenda 2004 has been, and will continue to be, a big year. Latham's ascension to leadership of the ALP has upped the political stakes dramatically.

[POWERPOINT SLIDE: **2004 Calendar**]

15 Feb	AEU campaign launch
29 Feb	Catholics brought into SES model
9 March	Proposal to amend Sex Discrimination Act
11 March	Quadrennium funding package
26 March	ALP 'bare bones' policy
5 April	Indigenous education package
17 April	Careers counselling package
27 April	'Lighthouse' schools for boys' education
30 April	School reporting conditions
3 May	Scholarships for male teachers
6 May	Backing Australia's Ability: science, technology, maths teaching
11 May	Federal budget: values education
13 May	Inquiry into schools funding
Mid June	Quadrennium funding legislation introduced into Parliament by 24 June
August?	Federal election may be held as early as August

The Government released a string of initiatives prior to the Budget, including the extension of the SES general recurrent funding model to Catholic systemic schools, schools funding arrangements for the 2005-2008 quadrennium, amendments to the *Sex Discrimination Act* to allow for the offer of teaching scholarships to males, and initiatives in indigenous education and careers counselling.

The Australian Education Union launched its television campaign in February and is participating in the Public Education Alliance. It was also active in the Services First alliance in the lead up to federal Budget, advocating for increased spending on public health and public education rather than tax cuts. Public Education Day this week was the focus of more activity and further media and community campaigns are expected.

In March the ALP released a 'bare bones' schools policy, promising more detail after the federal Budget.

With the federal Budget has come funding for values and drug education and hot on its heels a Senate inquiry into schools funding.

Just this week came another initiative – a \$700 tuition coupon to assist students in some states who fail to meet the Year 3 literacy benchmark – as well as the release of part of the schools policy that the Greens will run with in the lead up to the federal election.

Greens Senator Kerry Nettle this week addressed the Australian Council of State School Organisations with promises to scrap the SES model and funding maintenance, immediately end public funding to the former Category 1 schools, phase out public funding of the former Category 2 schools and ‘significantly reduce’ the funding of category 3 schools, reintroduce the New Schools Policy, introduce standards of full financial disclosure, transparency and accountability, remove exemptions to discrimination laws and otherwise freeze funding to non-government schools pending the outcome of a funding inquiry. The six billion dollars in estimated savings in the non-government sector from these measures would be redirected to government schools.

We could see these ideas gain considerable media coverage in the lead up to the election.

By 24 June we can expect the introduction of legislation for the 2005-2008 quadrennium. It could even be as early as next week. The Learning Together: Achievement through Choice and Opportunity Bill – formerly known as the *States Grants (Primary and Secondary Education Assistance) Act* – will bundle funding together with new reporting and accountability arrangements.

Schools funding legislation must be passed by the last sitting day of the year to ensure schools have their first instalment of funding for 2005.

THE NEXT QUADRENNIUM

If the Coalition retains government, we have had plenty of indications of what is in store and we can expect the government to continue to pursue the issues of national consistency in schooling and educational accountability no matter who is Minister for Education.

If the ALP wins government the outlook for independent schools is, at this stage, uncertain.

[POWERPOINT SLIDE: **ALP's 'bare bones' schools policy**]

- **Needs based funding**
- **No distinction between sectors**
- **No reduction in overall funding**
- **Redistribution of funding within sector**
- **Most non-government schools 'better off'**
- **Funding reductions for 'over-resourced' schools - King's, Trinity, Geelong Grammar named**
- **National funding standard**
- **Schools below standard will receive more funds**

This is the outline of the ALP's policy as it stands so far:

- Needs based funding. This appears to mean from comments made to the media by Jenny Macklin retention of the SES model with an ERI-style overlay relating to school fee levels.
- No distinction between sectors. This will depend on an accord being established with the state and territory governments.
- No reduction in overall funding to the non-government sector BUT there will be a redistribution of funding within the sector. According to Latham and Macklin, this means 'most non-government schools will be "better off"'.
- Funding reductions will be made to 'over-resourced' schools. King's and Trinity in NSW, and Geelong Grammar in Victoria have been given as examples of over-resourced schools.
- Of interest in the proposal to date is mention of a national funding standard; schools below the standard will receive top up funds from government and we must assume schools operating at resource levels above the standard will not be eligible for government funding, or at most only a basic entitlement.

[POWERPOINT SLIDE: **ALP's 'struggling schools' policy**]

- **Guarantee of quality -- strong resourcing, teaching, discipline**
- **4600 additional teaching places by 2008**
- **Extra funds for quality teachers in struggling govt and non-govt schools**
- **Program to encourage male students in Yrs 10, 11 and 12 into teaching**
- **Resources for discipline programs**

Other measures announced by the ALP were:

- A guarantee of quality -- strong resourcing, teaching, and discipline
- 4600 additional teaching places by 2008
- Extra funds for quality teachers in struggling government and non-government schools
- Program to encourage male students in Years 10, 11 and 12 into teaching
- Resources for discipline programs.

At this stage the ALP appears to be committed to a basic funding entitlement for all students in non-government schools, although it remains to be seen how much this might be. No mention has been made to date of supplementing general recurrent funding by the AGSRC, which is a major plank of the Coalition's funding package.

It is clear that the ALP is influenced by the work of the Ministerial Council on Education, Employment, Training and Youth Affairs' (MCEETYA) Schools Resourcing Taskforce, which has been attempting to identify a least cost standard for achieving the National Goals of Schooling. However this has so far proved elusive. Schools have different needs depending on their age and stage of development, just as students have varying needs depending on their background and abilities.

As to the ALP's claim that most non-government schools will be better off, this is by no means clear.

If the ALP adopts a resources model for allocating recurrent grants based on school fees, then our school communities will be penalised for private effort. If you take into account that some 147,000 – or well over a third – of students in the independent sector are enrolled in former Category 1 to 3 schools, you can get an idea of the extent of the bite on the sector that Labor appears to be advocating.

Also of concern is that no mention to date has been made of any funding guarantee mechanisms, and certainly no mention of a continuation of funding maintenance arrangements.

The federal government has committed to funding maintenance to 2008.

When we pass into the 2005-2008 quadrennium around 20 per cent of our schools will be funding maintained. That is, they will continue to receive the same level of funding, plus supplementation, for which they were eligible in 2000 under the old ERI model. Some 260 or around 25 per cent of schools will be funding guaranteed. That is, their SES score will have risen and the level of funding for which their students are eligible will have fallen. However, under the funding guarantee arrangement their level of funding will not fall, but will be progressively adjusted through successive cost supplementation rounds.

Funding maintenance has been the cause of some tension within the independent schools sector, as new independent schools can point to already established independent schools, serving similar student bodies, which because of funding maintenance are funded at much higher levels. Funding maintenance is also under attack from the public education lobby and it will no doubt be a focus of the Senate inquiry into schools funding announced last week.

The Independent Schools Council of Australia has consistently advocated in support of funding maintenance on the grounds that it provided financial stability to schools on the introduction to and then phase-in of the SES model. Given the funding differential that exists between students attending independent schools and those in government schools, maintenance of existing levels of funding always seem worth the fight.

We certainly need more detail from the ALP on their schools policy, but we also urgently need a clearer indication of the principles on which such a policy is determined.

FUNDING PRINCIPLES

I have already demonstrated that non-government schools are an integral element of Australia's schooling landscape. With over one million students, non-government schools must be recognised as bona fide providers of education to the public. The sector is now just too large for political parties to risk the education of these young people with policies that owe more to outmoded ideologies than the reality of modern schooling provision.

The Independent Schools Council of Australia envisions the resourcing of schools as a partnership arrangement between the Australian Government, state and territory governments, and parents.

[POWERPOINT SLIDE: ***Principles of funding***]

- **Equity**
- **Incentive**
- **Flexibility**
- **Transparency**
- **Simplicity**
- **Predictability**

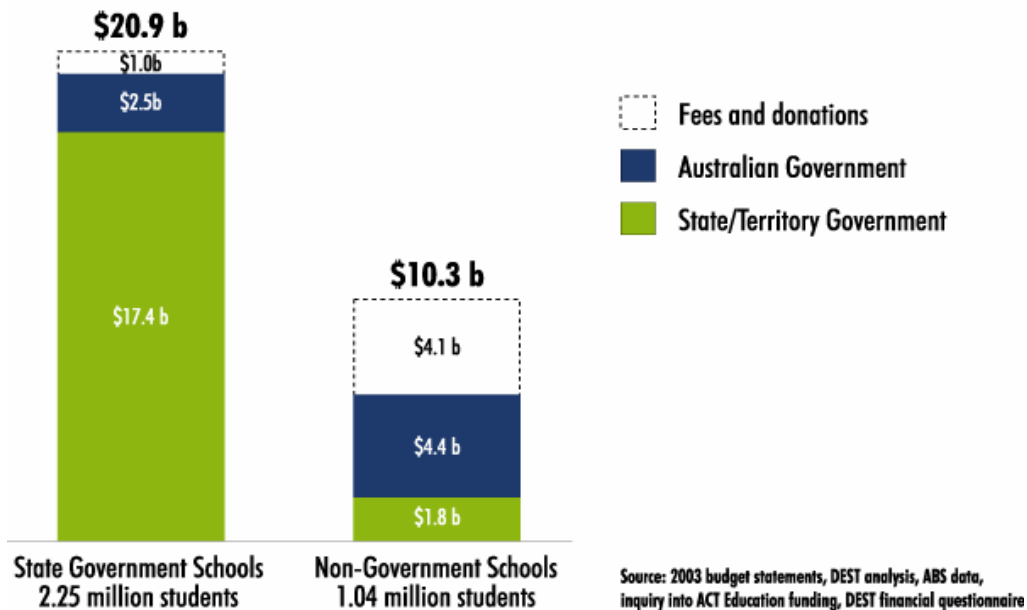
To ensure the continued quality of schooling in Australia, it is vital that this partnership is reliable, stable and sustainable. Government funding arrangements for independent schools must therefore reflect the following principles:

- Equity – at the very least, the rough balance between funding equity and social equity now achieved through basic entitlement should be maintained.
- Incentive – private effort must be encouraged, not penalised.
- Flexibility – schools should not be locked into a particular funding level that would hinder their response to changes in their school community.
- Transparency – assessment of need should be based on reliable and transparent data.
- Simplicity – funding arrangements should be easy to understand, simple to administer, and with low administration costs for government and low compliance costs for schools.
- Predictability. Families and schools should have a high degree of certainty about future funding to facilitate financial planning and management.

In particular, funding models must recognise the substantial financial contribution of families to the cost of educational provision in independent schools.

[POWERPOINT SLIDE: *Total resourcing of schools*]

TOTAL PUBLIC AND PRIVATE FUNDING TO SCHOOLS 2003/4




As I mentioned earlier, private effort accounts for 61 per cent of independent sector income.


This graph, released by Brendan Nelson this year, shows total resourcing of both government and non-government sectors. As you can see private effort in the non-government sector allows governments to harvest a contribution of some \$4 billion dollars and more towards annual expenditure on education in this country.

If Australia is to meet the National Goals for Schooling for the Twenty-first Century, no government can afford to treat this contribution with contempt. Parents should not be made to feel guilty for being prepared to spend money on their children's education. Schools should not be reviled for their traditions or their commitment to quality.

[POWERPOINT SLIDE]



**Supporting choice, diversity and
partnership in education**



If we are to move forward into the next quadrennium in a spirit of partnership, there is much that the independent sector can do to help foster that spirit. Most important is sector unity.

The range of opinions in our sector is as diverse as our schools, but while our differences are important to our identity, and while we explore them with vigour, especially in forums such as this Conference, our differences are also being exploited by those who would turn them against us.

ISCA will prepare for the recently announced Senate inquiry into schools funding a detailed submission arguing the six principles for schools resourcing models that I have outlined. All state and territory Associations of Independent Schools will be signatories to this submission and in addition will make their own submissions.

The state and territory perspective to federal funding models is vital. Government funding for our schools comes as a bundle of federal and state/territory grants. The total funding package is cumulative and schools – and families – are seriously affected when one or other of the government contributors to the funding partnership reduces their effort.

There is a further threat that a lowering of resources by a federal government via a revised funding mechanism will flow on to state funding allocation – collateral damage with families left to pick up the tab.

Our submissions to the inquiry will include case studies showing the impact of changes to the current funding arrangements on particular types of schools.

I also encourage individual schools to make submissions to the inquiry.

I can assure you that ISCA's submission will reflect its support for all independent schools.

- We do not support any funding model that would mean cuts in funding to our schools. Robbing Peter to pay Paul is not the way to resource Australian schooling.
- We advocate better resourcing for all schools – government and non-government – in the interests of providing a quality education to all Australian children.
- We promote diversity in schooling options.
- We uphold the freedom of families to choice in the education of their children.
- We call on governments to be responsible partners with parents in meeting the costs of the education of their children in non-government schools.
- We insist that all school students deserve government support for their education, no matter which school they attend.
- We affirm the benefits of school autonomy.

As a sector, we need to focus on these core issues that are common to all of us. Any backward step in government support that we suffer now will take years to redress. Our strength as a sector, possibly our independence, will ultimately depend on our ability to stand united.

ENDS