



Independent Schools  
Council of Australia

## FUTURE IMPERFECT: INDEPENDENT SCHOOLS AND THE NATIONAL EDUCATION AGENDA

AHISA Chairs of Governing Bodies Conference  
*20/20 Vision: What Price Independence?*  
10-12 March 2006

Keynote address and Powerpoint presentation by Bill Daniels, ISCA Executive Director

My presentation this morning is in two parts. First, I will present a sketch of the Australian schools sector and the place of independent schools within it. Then I will look at the way schools, governments and politics interrelate and the impact of this on the autonomy of independent schools.

### PART 1: OVERVIEW OF THE AUSTRALIAN SCHOOLS SECTOR

#### Student enrolment

##### Australian Full-time School Enrolments 2005

	Schools	Students	Enrolment share			
			TOTAL	PRIMARY	SECONDARY	SENIOR SEC
Independent*	996	429,070	12.8%	10.0%	16.7%	18.4%
Catholic	1,698	672,982	20.1%	19.1%	21.5%	21.7%
Government	6,929	2,246,087	67.1%	70.9%	61.8%	59.9%
<b>TOTAL</b>	<b>9,623</b>	<b>3,348,139</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

SOURCE: ABS Schools Australia 2005

\*Including independent Catholic schools:  
1069 schools educating 479,903 students

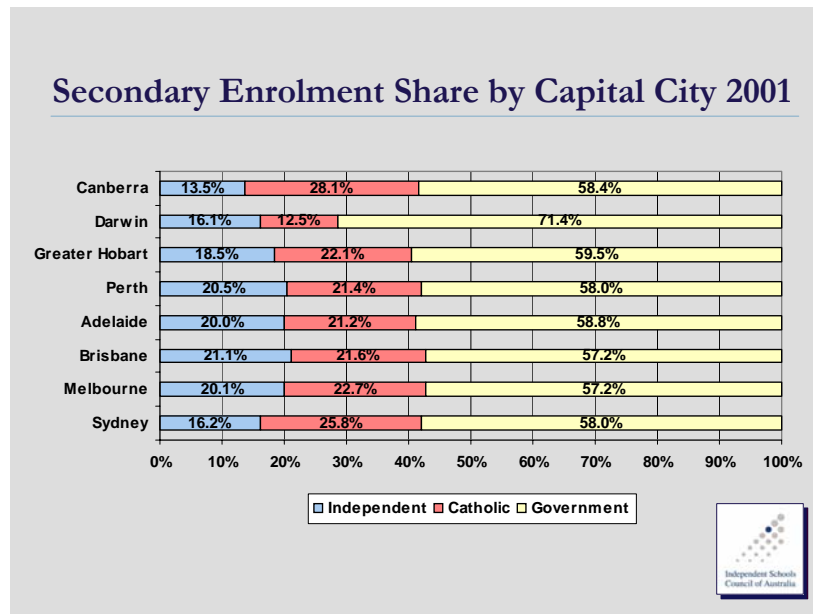


Australia's school population is 3.35 million. The Australian Bureau of Statistics records enrolment in independent schools as just over 429,000 students. The ABS categorises non-government schools as Catholic and 'other'. If we include the independent Catholic schools, the sector comprises 1069 schools and some 480,000 students.

Using the ABS categorisations, independent schools account for 12.8 per cent of total enrolments, 10 per cent of primary enrolments and 16.7 per cent of secondary enrolments.

While primary enrolment share is less than the total average share, it's worth noting that our primary enrolments have more than tripled since 1980, from 54,000 to some 193,000 students.

I particularly want to draw your attention to the enrolment share at senior secondary level. The sector's share of senior secondary enrolments, that is, students in Years 11 and 12, is 18.4 per cent. The total non-government sector accounts for 40.1 per cent of senior secondary students.



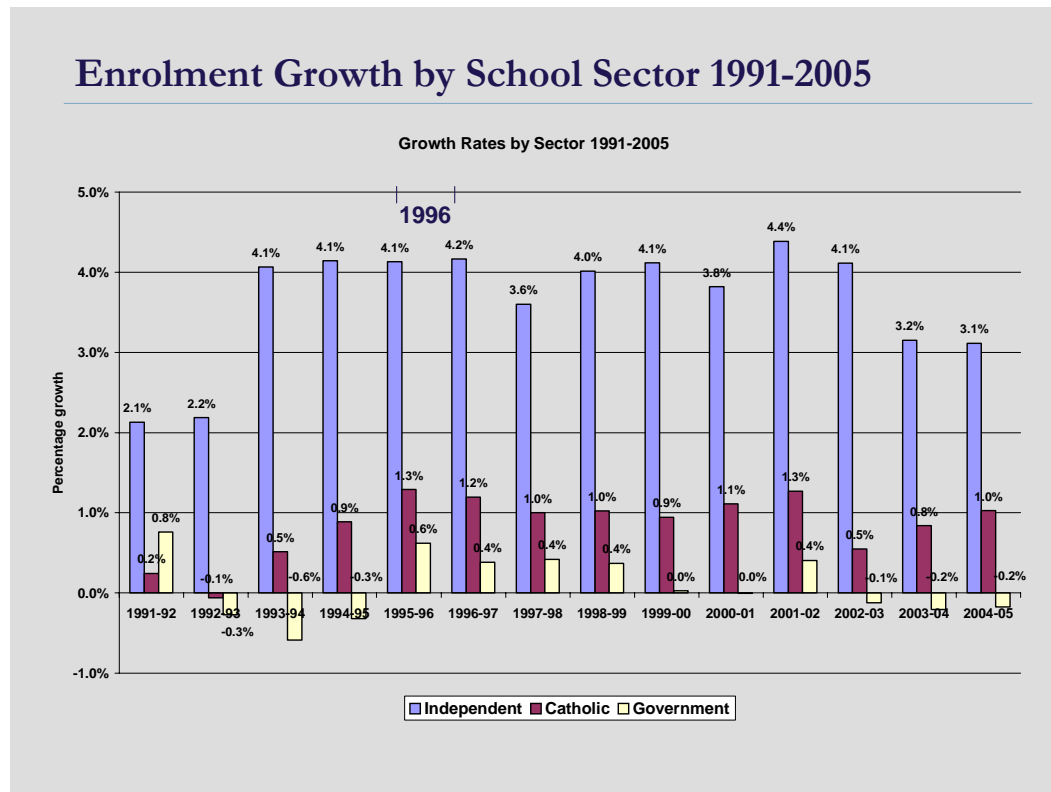
Data from the last Census in 2001 show that in the capital cities, except for Darwin, over 40 per cent of all secondary students were in non-government schools. In some cities, over 20 per cent of secondary students were in independent schools. As we know, there has been substantial growth since 2001 so we can expect the 2006 Census to show an even greater level of secondary schooling provision by the non-government sector in the state capitals.

The message we get from this data is that non-government schools are making a very significant contribution to the education of young Australians. Almost one in every two students who finishes Year 12 will have had part of their education in a non-government school.

When you look at figures like this it is quite apparent that government-owned schools cannot be considered to have a proprietary claim to the provision of public education. The reality of schooling provision in Australia today is one of supplier diversity.

The schools sector is not alone in that trend. There is also rapidly growing private provision in early childhood services, and in the post-secondary and tertiary education and training sectors.

## Enrolment growth

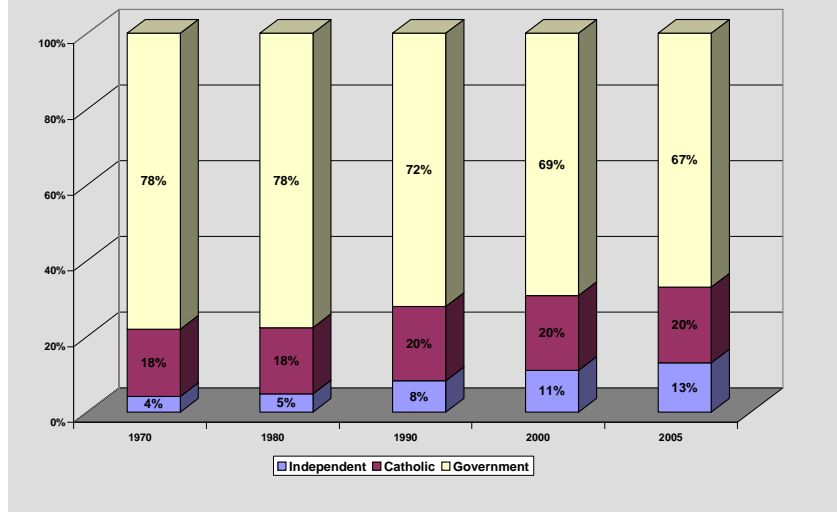


Taking an historical view of school enrolments we can see that the independent sector has experienced steady growth averaging around 3.6 per cent over the last decade or so. What is interesting to observe here is that this growth was established well before the advent of the Howard government in 1996.

The Coalition government is routinely accused of undermining public education by encouraging the drift to the private sector. But the reality is that the growth of non-government schooling in Australia is driven by parental demand. Governments have been followers, not leaders in this trend.

It is true however that growth in the independent sector has largely been at the expense of the government sector.

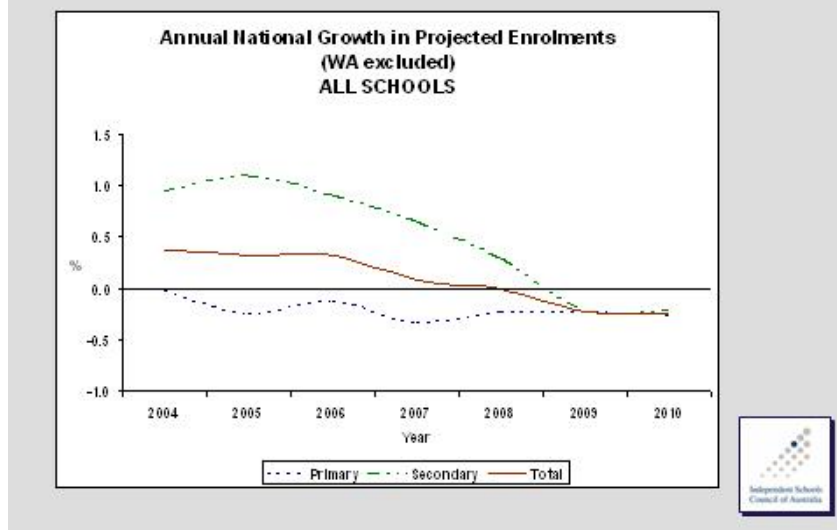
## Enrolment Change by Sector 1970-2005



As you can see from this graph, the Catholic systemic sector's enrolment share has remained relatively steady since the 1970s. The government sector's share of enrolments has shrunk by 11 percentage points and the independent sector's share has more than tripled.

ISCA's enrolment projections indicate that this trend will continue into the near future, although at a slower pace given that Australia's school age population is about to decline.

## Projected Enrolment Growth to 2010



This graph projects movement in the school population to 2010. As you can see, primary enrolments are already declining and overall enrolment numbers will begin to decline in 2008. (Western Australia is excluded from this graph simply because their decision in 2001 to hold back a half cohort for one year skews the trend line.)

The decline in school age population is worth noting because of its impact on our operating environment. I will return to this in the second part of my address.

### Staffing levels in independent schools

#### Student to Teacher Ratios 1973 - 2005

Year	Government		Non-Government			
	Primary	Secondary	Catholic		Independent	
			Primary	Secondary	Primary	Secondary
1973	25.1	16.2	29.6	22.2	17.1	14.2
1981	20.0	12.3	23.6	16.2	17.5	13.2
1990	17.9	12.0	21.1	14.0	16.9	12.2
1996	17.8	12.7	20.0	13.7	16.1	11.7
2000	17.1	12.4	19.1	13.4	15.6	11.4
2005	16.1	12.4	17.9	13.1	14.6	10.7



There is a significant difference between the independent and other school sectors in terms of class size. Looking back 30 years or so, there has been a dramatic reduction in student:teacher ratios in the government and Catholic sectors. This has put upward pressure on government expenditure on schooling and, at least in the Catholic sector, fee levels.

#### School Staff 2005

	Teaching staff	Non-teaching staff	Total	Ratio of teaching to non-teaching staff
INDEPENDENT	35,260	15,264	50,524	2.3
CATHOLIC	43,971	14,744	58,714	3
GOVERNMENT	156,564	51,212	207,775	3
<b>Total</b>	<b>235,794</b>	<b>81,220</b>	<b>317,014</b>	

SOURCE: ABS Schools Australia 2005



The difference in the ratio of teaching staff to non-teaching staff between the independent and other schooling sectors is also worth noting.


The category non-teaching staff includes teacher aides, assistants and specialist support staff as well as administration and clerical staff, building operations and general maintenance and other staff.

While the higher proportion of non-teaching to teaching staff in the independent sector does reflect the self-managing nature of independent schools, it also reflects the emphasis on pastoral care and individual student support in independent schools.

In 1995 the ratio of teachers to non-teaching staff was 2.8:1 in the independent sector. In the Catholic and government sectors it was 4:1. So there has been a significant rise in the number of non-teaching staff relative to teachers over the last decade. This is partly why school costs have been increasing at a rate well above CPI increases.

**FTE Teaching and Non-Teaching Staff 1995-2005**

	Change 1995-2005		
	Students	Teachers	Non-teaching Staff
INDEPENDENT	46.1%	58.6%	94.0%
CATHOLIC	10.7%	20.9%	63.9%
GOVERNMENT	1.7%	8.9%	41.0%



This graph compares the increases in full-time equivalent students, teaching staff, and non-teaching staff since 1995.

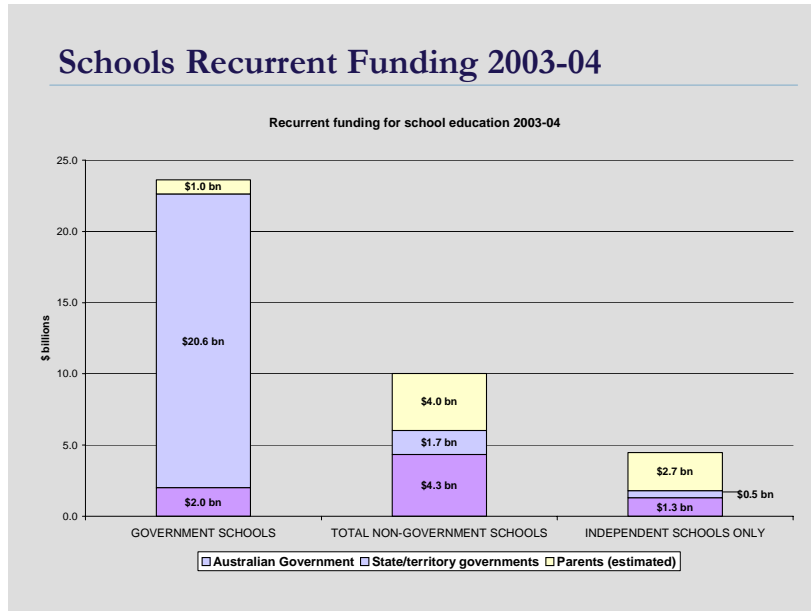
We can see here that while the rate of growth of non-teaching staff in the independent sector has been almost double that of the growth of teaching staff, the rate of growth of non-teaching staff in the other sectors has dramatically outstripped that of teachers. In the case of the Catholic systemic sector the rate is three times higher and in the government sector nearly five times higher.

In other words, it is the increase in numbers of staff – and in non-teaching staff in particular – that is a major driver of school costs, not just teacher wage hikes as is commonly claimed.

In the independent sector, the increasing enrolments of students with disabilities – and among these students, the higher proportion of students with higher level needs – can be expected to

feed the continued growth in non-teaching staff, as will the added administrative and compliance demands on schools.

## The funding partnership



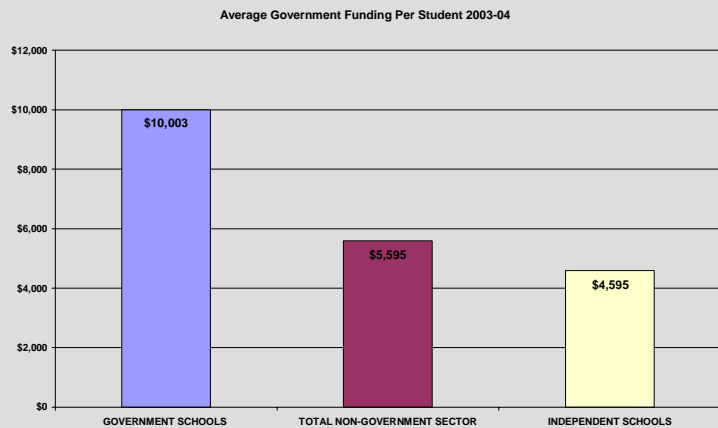
The independent schools sector in Australia is supported by a funding partnership comprising the Australian Government, state and territory governments, and parents. But this is not a partnership of equals: private contribution is the major source of independent sector income.

This graph maps recurrent funding only. We do not have the data for state government capital expenditure for government schools. Even so the graph shows clearly enough for our purposes the relative contribution of the three funding partners in both the government and non-government sectors.

If capital were included it would push up considerably private contribution in the non-government sector. Some 60 per cent of total independent sector income comes from fees and donations and around 90 per cent of capital costs in the sector are covered by private contribution.

This graph also shows that while the federal government does indeed spend more of its direct grant dollars on the non-government sector, in terms of total government funding a quite different picture emerges. The relativities are seen more clearly when expressed as a per capita average.

## Average Total Government Expenditure Per Student



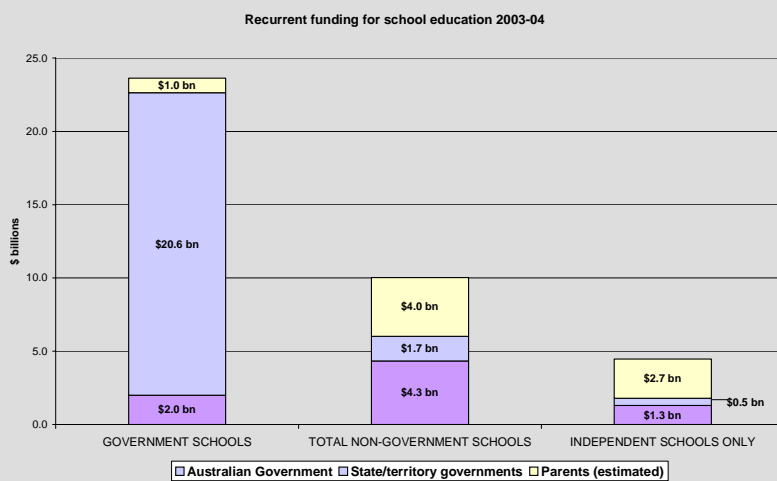
SOURCE: Productivity Commission Report on Government Services 2006 and DEST Financial Questionnaire Data 2003 and 2004

In average terms students in non-government schools – and particularly independent schools – are still well behind their government school counterparts in terms of public subsidy. On average a student in an independent school gets less than half the government funding of a student attending a government school.

## PART 2: THE INTERRELATIONSHIP OF SCHOOLS, GOVERNMENTS AND POLITICS – THE IMPACT ON SCHOOL AUTONOMY

### The power to regulate

## Schools Recurrent Funding 2003-04



Returning to the slide showing the recurrent funding of schools we can see from the relative contributions of the three funding partners that the person who pays the piper does not necessarily call the tune. This is particularly apparent in the independent sector.

I am sometimes asked whether independent schools would be better off to ditch their government funding and retain their autonomy. Let's be clear – meeting the conditions of funding represents a huge administrative burden and therefore cost to schools, but relief from that burden is not the same as autonomy. Governments have the power to regulate our schools and enact legislation governing our operations whether or not they contribute to school costs.

Before even one dollar of public subsidy can be applied for or granted, independent schools must meet state registration requirements – a lengthy and stringent process that determines whether and under what conditions a school can be established and continue to operate. And independent schools, like other organisations, are also subject to legislation and regulations covering a raft of issues including corporate operations, employment conditions, occupational health and safety, child protection, privacy, discrimination, building codes and even parking.

In my view, it is far more helpful to think of government funding as the sweetener for the bitter pill than as a poisoned chalice. However, what remains at issue is the size of the pill. It is getting larger, and more difficult to swallow.

### **New Australian Government Requirements**

- **Data collection on student characteristics**
- **Participation in common national testing and benchmarking tests**
- **100% student achievement of national standards**
- **Commitment to National Safe Schools Framework, National Values Framework**
- **2 hours physical activity per week**
- **Principals' autonomy to hire and fire**
- **Public reporting of school performance measures**
- **Plain English reporting to parents**

ISCA's checklist is online at [www.isca.edu.au](http://www.isca.edu.au)



As you are probably aware, the Australian Government introduced a raft of new regulations as conditions of general recurrent funding for the 2005-2008 funding quadrennium. These regulations apply to schools in all sectors and range from values issues, including flying the Australian flag, to data collection, school performance and student reporting issues. For the first time, the Australian Government now has a regulatory influence over the day to day activities of teachers.

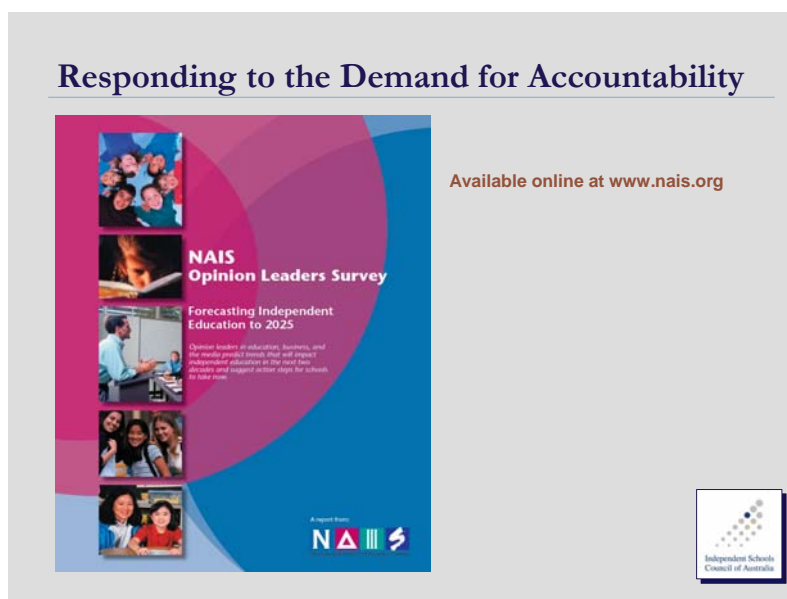
Could these regulations be avoided if schools gave up their federal funding? By and large the answer is 'no'.

These new conditions are also binding on the state and territory governments, which enter into schools funding contracts with the Australian Government. In anticipation of these regulations some states had already moved to make similar or even more onerous requirements part and parcel of the non-government school registration package.

This returns us to the point made earlier, that regulation can be onerous irrespective of the level of funding received.

This erosion of independent schools' autonomy through increased regulation must be viewed in context. School systems in most of the developed world are facing increasing regulation as governments move to make them more accountable for the education they deliver. Standardised testing for example has been rigorously applied in the United Kingdom and is credited with major gains in literacy and numeracy. It is still a highly contentious issue in the United States. Again, in the United Kingdom, schools are inspected and assessed against a range of performance criteria.

While it is important to understand the drivers behind this increasing intervention in and regulation of school business, we should certainly continue to make our case against them.



Educational accountability is an important aspect of autonomy that has already been well canvassed. This morning I want to concentrate on those autonomies we tend to take for granted. But I do recommend that you read a publication produced last year by the National Association of Independent Schools in the United States. Some of the strategies suggested to US independent schools to respond to increasing accountability demands are remarkably similar to the federal regulations we must now comply with as a matter of law.

### **Independent schools are still autonomous**

In 2000 the OECD conducted an international survey of the literacy and numeracy achievement of 15-year-olds. The PISA – or Programme for International Student Assessment – study measured a number of factors linked to student achievement, including school autonomy.

## OECD School Autonomy Measures

- **Appointing teachers**
- **Dismissing teachers**
- **Establishing teachers' starting salaries**
- **Determining teachers' salary increases**
- **Formulating the school budget**
- **Deciding on budget allocations within the school**
- **Establishing student disciplinary policies**
- **Establishing student assessment policies**
- **Approving students for admittance to school**
- **Choosing which textbooks are used**
- **Determining course content**
- **Deciding which courses are offered**



To measure school autonomy, principals of schools included in the study were asked whether their school had at least some responsibility for the following aspects of school policy and management:

- Appointing teachers
- Dismissing teachers
- Establishing teachers' starting salaries
- Determining teachers' salary increases
- Formulating the school budget
- Deciding on budget allocations within the school
- Establishing student disciplinary policies
- Establishing student assessment policies
- Approving students for admittance to school
- Choosing which textbooks are used
- Determining course content
- Deciding which courses are offered

The PISA study is a useful base from which to explore the relative autonomy of our schools.

Australia's results in literacy and numeracy achievement in the PISA study were consistently and significantly above the OECD means. Only Finland's performance was significantly better than Australia's in reading literacy. In mathematical literacy, Japanese students were the only ones to perform significantly better, on average, than Australian students. The PISA results allow us to compare Australia with these top performers and a few other developed nations when it comes to school autonomy.

## OECD School Autonomy Measures

	AUST	NZ	UK	USA	CANADA	FINLAND	JAPAN
Appointing teachers	60	100	99	97	82	35	33
Dismissing teachers	47	99	89	98	61	21	32
Establishing teachers' starting salaries	18	17	72	76	34	1	32
Determining teachers' salary increases	19	41	70	74	4	2	32
Formulating the school budget	96	98	92	96	77	56	50
Deciding on budget allocations within the school	100	100	100	99	99	99	91

This table records the percentage of students enrolled in schools that have at least some responsibility for specific aspects of school policy and management.

In Australia, some 60 per cent of the students surveyed for the PISA study were in schools that had at least some responsibility in the appointment of teachers. Less than 20 per cent of Australian students surveyed were in schools that had some responsibility in establishing teachers' starting salaries or determining salary increases. (We can take it that those were students enrolled in independent schools!)

Note the relative lack of autonomy of Finnish and Japanese schools on some of these measures.

## OECD School Autonomy Measures

	AUST	NZ	UK	USA	CANADA	FINLAND	JAPAN
Establishing student disciplinary policies	100	100	99	99	98	96	100
Establishing student assessment policies	99	100	100	93	94	89	100
Approving students for admittance to school	94	94	66	89	89	54	100
Choosing which textbooks are used	100	100	100	92	89	100	99
Determining course content	84	87	94	84	49	91	99
Deciding which courses are offered	96	100	100	97	90	95	98

On this set of measures, there is a high level of autonomy in all seven countries, the exception being the relative lack of freedom of Finnish schools in regard to enrolment.

What we learn from the PISA study is that, as far as the rest of the world is concerned, Australian schools in general enjoy considerable autonomy and independent schools in particular could be said to be highly autonomous.

### **Autonomy of Australian Independent Schools**

- **Pick and choose students**
- **Hire and fire staff**
- **Hire staff who support the school's ethos**
- **Materially reward staff who perform well**
- **Attract quality staff with higher salaries or attractive conditions**
- **Determine how the curriculum is taught**
- **Offer co-curricular programs of own choice**
- **Set tuition fees**



By and large independent schools are free to:

- Pick and choose their students
- Hire and fire their staff – and to hire staff whose beliefs and lifestyle match the ethos of the school
- Materially reward staff who perform well
- Attract quality staff with the offer of higher salaries or attractive conditions
- Determine how the curriculum is taught if not what is taught, and
- Offer co-curricular programs of their choice

Of vital importance is our schools' financial freedom. As government funding arrangements currently stand, acceptance of public subsidy does not limit the level at which independent schools can set tuition fees. That is, in Australia, private contribution to school education is encouraged.

Recent discussion on autonomy has focused on the new federal regulations yet two of our greatest freedoms – the freedom of independent schools to determine their own enrolment policies and to set fee levels – are extremely vulnerable to political intervention. There are also ongoing challenges to exemptions for religious schools under discrimination laws in regard to the employment of teachers.

These freedoms are just as critical to the ability of independent schools to develop and maintain distinctive cultures as the educational autonomy that has just been given a shake up by the federal government.

It is interesting to note that recently the vice-chancellor of Melbourne University, Professor Glyn Davis, called on state and federal governments to allow all universities to set their own fees, student and staff numbers, and educational missions. A timely reminder to our sector not to take our very considerable freedoms for granted.

## **Commonwealth-state relations**

There is no doubt the new federal funding regulations introduced for the 2005-2008 quadrennium are an attempt by the Australian Government to make the state and territory governments more accountable for the quality of education they deliver. They build on the national benchmark testing for literacy and numeracy first introduced by former federal education minister, Dr David Kemp, and represent a level of federal intervention in state education provision that is unprecedented in Australia's education history.

### **'New Federalism' and the Schools Sector**

- **\$700 literacy tuition vouchers**
- **Australian Technical Colleges**
- **Direct capital grants to government schools**
- **Right to hire and fire for government school principals**
- **Common school starting age**
- **Australian Certificate of Education**
- **National testing**
- **National student data collection**
- **Increasing federal regulation**

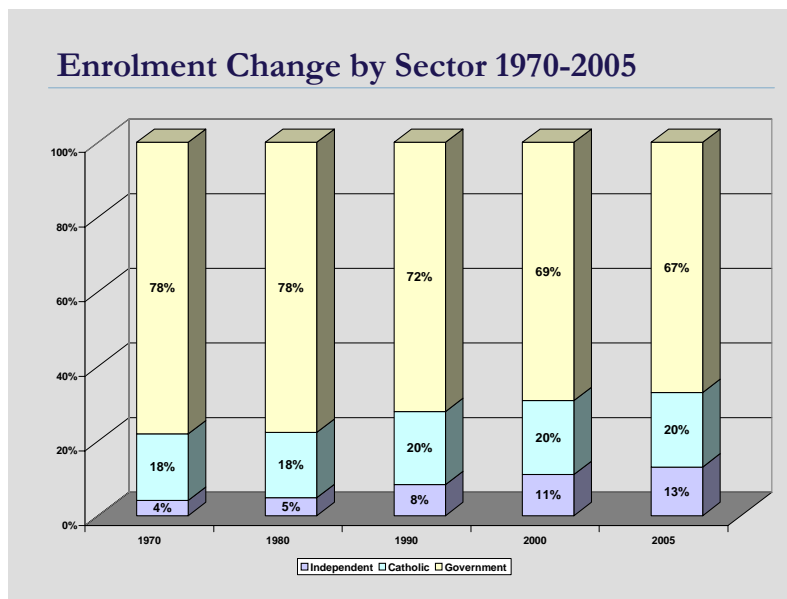


The changing nature of Commonwealth-state relations and what some see as the centralist tendencies of the Howard government have given rise to the term 'new federalism'. This slide lists the ways this new federalism is manifesting in the schools sector.

The aim of the new federal regulations is to make the state government provision of education more accountable, more transparent, more competitive and more autonomous. But this move to drive quality gains in the government schools sector at the same time threatens to undermine the educational autonomy that has underpinned the high quality and unique character of education provision in the independent sector.

As the federal and state governments forge their way to a new relationship over government schools, the independent sector is suffering the collateral damage.

## The politics of enrolment growth



Returning to the issue of enrolment growth, I will now explore its political dimensions.

Enrolment growth in non-government schools is a political difficulty for the federal government, which gets accused, among other things, of robbing poor state schools to give to rich private schools and undermining public education. There are a number of standard but quite inaccurate and politically motivated statements that get applied in response to the continued growth of the sector.

Enrolment growth in the non-government sector is also politically sensitive for state governments, which are vulnerable to accusations that it is the poor quality of education offered in their own schools driving the enrolment drift. The problem of excess capacity in schools and the political cost of school closures only add to the states' problems.

The enrolment growth in independent schools that you see mapped in this graph has occurred while the school age population has been increasing. While the government sector's share has declined, their enrolment numbers have remained relatively stable. Now we are about to face a decline in the school age population.

This makes for a highly charged competitive environment that is particularly challenging for independent schools. When your competitor is not only your regulator but a funding partner in your enterprise you have real cause for concern.

State governments find it all too easy to put the financial squeeze on independent schools. In NSW the total funding pool for non-government schools is set by legislation, and in Victoria the state government has just announced a move to quadrennial funding arrangements for non-government schools. But in other states and territories funding for our schools is an annual budget line item – which makes it very easy to freeze or lower indexation on general recurrent grants. Even if recurrent funding is legislated, it's still very easy to drop an interest subsidy scheme, for example, or close it off to certain schools.

## Partners as competitors

It is important that we recognise that most state and territory governments do see themselves as active competitors with the non-government sector. This has been beneficial to the overall quality of Australian education.

### State/Territory Governments Are Competitive

- **Reduced class sizes**
- **Diversity in provision**
- **Combined schools**
- **Specialist schools**
- **Focus on leadership**
- **Status of teachers**
- **Increasing involvement of parents**

DEST report: [High Demand Government Schools](http://www.dest.gov.au), available at [www.dest.gov.au](http://www.dest.gov.au)



Noted earlier was the huge jump in investment in human capital in the government sector. Also worth noting is the greater diversity in government sector provision, with streaming for gifted and talented students and the establishment of selective high schools for example.

In NSW the new senior colleges are showing substantial enrolment growth, and some have waiting lists. Combined schools – a distinguishing feature of the independent sector – are also proving very successful for some state governments. There is also a move to schools with a curriculum specialisation.

While there is no time this morning to go into further detail, I draw to your attention the federal Department of Education's report released late last year on a survey of high-demand schools in the government sector. It is recommended reading for those who want to know more about how state governments are upping the quality of their schooling provision.

## Looking ahead

### Looking Ahead

- **Increased competition**
- **Some stability in government funding arrangements**
- **Possibility of reduced funding under a federal Labor government**
- **Cost increases associated with administration of new regulatory requirements**
- **Inroads on autonomy**
- **The importance of sector unity**



As we look ahead, there are some positives. With Victoria moving to quadrennial funding arrangements there is now a strong precedent for other states and territories to follow. Any move to greater funding certainty helps the stability of the sector.

I would expect that if the Coalition retains government there will be a continuation of current funding arrangements into the 2009-2012 quadrennium. That's another positive for the sector in terms of stability.

However, the ALP's schools policy is still of concern. To date there has been no shift in the policy detailed in the lead up to the 2004 federal election. This means that unless the ALP changes its mind, if Labor wins federal government there will be a reduction in funding to the independent sector. Our challenge is to make inroads on the size of that reduction if not reversing it before the 2007 federal election.

We can expect benchmarking and national testing – and the reporting requirements around them – to exert a strong conforming influence on what happens in the classroom. And, as government schools are encouraged to become more like independent schools through increasing autonomy for principals, then a very real challenge for the sector will be how to retain those characteristics that make each school a distinctive education community.

There are significant external pressures on the autonomy of independent schools. If the independent sector is to effectively manage these pressures it must reach internal agreement on those freedoms it values most. If independent schools cannot manage their relationship with each other, they will most certainly have difficulty in managing their relationship with governments.

But most vital to the continued health of the sector will be the health of the relationships independent schools maintain with their parent communities. And central to that relationship is the welfare of our students. After all, our sector has flourished not because of what we do for governments, but what we are able to do for students.

ENDS