



**Submission to the
Senate Education and Employment Committee
Schools Funding and Reform Arrangements
May 25th, 2017**

Committee Secretary
Senate Education and Employment Committee
PO Box 6100
Parliament House
Canberra ACT 2600

1. Introducing AACS

The Australian Association of Christian Schools represents more than 120 schools and more than 54,000 students across Australia. Our schools are located in every state and territory and range from very small to very large; from urban to regional, rural and remote. They include several indigenous schools in remote Australia. Our schools are almost all low-fee or no-fee (indigenous) schools with our highest fee schools (very few) only in the mid range of independent non-government schools. Our SES average is 97.4 and average ICSEA quartiles are 19% in the bottom quartile and 25% in the next (2nd) quartile.

2. We Support this Reform

AACS has expressed its profound support for the bold schools funding policy as captured in the Gonski 2.0 proposals and outlined in the *Australian Education Amendment Bill 2017*.

We have expressed this support because it:

- provides a long term funding model,
- provides a model that can be applied fairly across all sectors and jurisdictions,
- addresses deals and inconsistencies in the present model,
- is an improved needs-based approach,
- establishes a sector-blind approach,
- consistently applies the SRS funding principles and formula,
- develops a policy framework that has a strong chance of legislative success,
- tackles the timidity of 'no school will lose a dollar',
- offers a very reasonable adjustment period of 10 years of adjustment for 'over-funded' schools and even offers extra transition arrangements where there's a reasonable case,
- continues to provide a generous measure of most reasonable funding (for the Commonwealth's part that is).

Our support is simply based on the fact that this is good policy. It is good policy to bring about a needs-based, affordable, fair, consistent, stable and sector blind approach. For decades, the different tiers of government, sectors and unions have been arguing and 'at each other', wasting time and resources on an area that can be settled. The ridiculous school funding wars have gone on for too long. Gonski 2.0 is a rare moment that gives us all the chance to establish a foundation for that outcome. The lack of predictability and lack of settled-ness in this area has been a long-term problem, which has caused schools in every sector quite some concern.

For the past four years, the Christian school sector has been highly critical of the government for its lack of a clear long-term funding policy. Now the government has come up with a fine piece of policy work and we are offering the policy our strong support. No matter which government/ party it comes from, good policy should be acknowledged and supported, and not shallowly critiqued from the viewpoint of self-interest.

Our support is not because we would benefit from its successful implementation. In fact, we have six schools within our group, who will get significantly less and, should the 2013 Act remain intact, all AACs would be better off. This is not about self-interest. This is about what is best for all schools, across all sectors in the long term.

3. Christian Schools' position

For the past four years, along with our colleagues from the other Christian school sectors (CSA, ASA, ASC) we have encouraged the government to embrace the Gonski framework for schools' funding, but within an affordable frame for both government and for parents.

A joint paper was submitted in Sept 2015 titled '*Equitable, Predictable, Sustainable – A proposal for school funding*'. In it we said,

Of course any approach needs to be equitable, the notion of a 'fair go' for all is foundational to our national character. Schools are also desperately looking for a predictable financial base to allow secure planning for the future. In a tough economic and fiscal environment, any approach also has to be sustainable. This is understood and accepted.

This proposal outlines such an approach encompassing:

- the immediate resolution of the historic injustices in relation to funding students with special needs;
- embracing a more realistic timetable for the implementation of the broader funding reforms;
- greater clarity around Commonwealth and State/Territory funding responsibilities;
- an investigation of options for more effective use of capital funding.

We followed this up with a short paper titled '*Christian Schools - Statement on Future Funding Priorities* (Nov 29, 2016). In this paper we said,

We are calling upon all parties and all Governments to work co-operatively to quickly resolve the uncertainty around future schools' funding. It is vital that all schools receive fair, consistent and predictable funding. We strongly encourage the adoption of the following principles in the approaches being considered:

- The Funding Methodology: We support the Gonski principles which provides a fair and reasonable framework for school funding. Any methodology must be needs based, sector

blind and student focussed. The approach of base funding and loadings as currently being provided is endorsed. This includes funding of autonomous independent schools, and approaches to funding when delivered through unique systems and groups of schools.

- **Authentic Implementation:** There is a shared commitment to authentic implementation of principles based 'Gonski' model for funding reflecting the structure embedded in the current *Australian Education Act 2013* (Cth).

Priority should be given to ensuring that implementation is consistent across states and sectors guaranteeing that students in the same circumstances are funded on an equal basis and distortions and special arrangements adopted during the initial transition phase are eliminated. The model should be adopted in a consistent and 'pure' form across all sectors and jurisdictions.

- **Addressing Anomalies:** We acknowledge that, in current economic circumstances, to fund this approach it may be necessary to address the extensive transitional timeframes applicable to some schools funded at 'above' the applicable School Resource Standard (SRS) for that school.

4. Our Concerns

There are a number of concerns and questions we have about the model.

4.1 Is it sufficiently 'needs-based'?

Some have queried the rise of government income provision to wealthy schools and the lack of quick re-dress for 'needy' schools. We would sympathise with some of this commentary. There might well be measures that could address these concerns.

- a. There might be measures that could be adopted that allow for a quicker period of transition for very needy schools, i.e. bring the furthest away from the SRS line onto a faster trajectory (e.g. within 5 years).
- b. Whilst the SES data collection is a well-trusted and stable set of data and has been a well-established and 'reasonable' means to determine 'wealth', there are anomalies and oddities. We would recommend the continued use of this data set, and the continued use of 'appeal and review' mechanisms for all schools (at both ends).

Whilst AACS understands that any radical changes to the SES-CTC methodology would be, most likely, unwise within the short period of time that legislative amendments are to be considered, AACS does recommend a longer term review of the SES model.

One suggestion here would be develop a new review mechanism (separate to the present difficult SES review process) that allows schools to request an adjusted SES based on being a low-fee school in a high SES area. The rationale is that the standard SES data does not sufficiently represent some schools that cater for less well-off families living in wealthier suburbs. Such schools will be forced to become high-fee schools or to relocate, and both alternatives will reduce choice to the diversity of families even in generally high SES suburbs.

A consultation across a group of AACS Business Managers and Principals thought that this provision could readily work within the existing SES – 'Capacity to Contribute' mechanism,

by allowing for a modified SES input, whilst leaving the rest of the CTC mechanism unchanged.

Such a low fee status would need to be calculated in a way that is simple, transparent, verifiable and with limited capacity to manipulate, etc. A possible mechanism within this proposal would be to use current Financial Questionnaire income data to calculate the proportion of school income from parents. Some adjustments may need to be made, such as for operating surplus or capital grants or income. There may need to be a sliding scale of parent contribution for different SES levels. There may need to be a threshold level, so that only those with a significant discrepancy can get an adjusted SES.

- c. Are there ways in which genuine need, that is not adequately addressed through the SES - CTC and Loadings' provisions, can be better addressed without compromising the integrity of the model?
- d. The Gonski model never factored in school fees because it was seeking to establish a national system relevant to all sectors. There were other parameters. We are not raising the issue of the income derived from school fees and its relationship to CTC because it is presently irrelevant. If there were proposals that would seek to incorporate fees we would need to start again with a completely new funding model and we'd be set back many, many years. In that light, we recommend that the Inquiry does not get distracted by this issue and focuses on 'tweaking' provisions within the SES/CTC and Low SED Loading as a means of addressing this concern.

4.2 Those 'caught up' in the transition

We are pleased to see that schools that have been unreasonably caught up in the adverse consequences can argue their special circumstances and then appeal for some support from the 'Transitional Fund'. We would argue that these arrangements should be kept within the bounds of special transitional arrangements and not take the form of 'special deals' that will make the model a farce. Here, we applaud the measures of transparency that are a refreshing feature of this policy initiative.

We have six 'overfunded' schools (through the application of the 2013 SRS formula) and two schools in the group of '24'. Both are not wealthy schools (low and mid-range fees) but feel the affects of 'historical funding deals and high SES demographics.

4.3 Student with Disabilities

We applaud the move towards a greater 'sector blind' Commonwealth approach with the NCCD data informing funding. However, everyone acknowledges the data set is not stable and this raises concerns about it informing funding. We understand that refinements to the data collection might improve the understanding of standard definitions. However, we express concern about the strength of the NCCD model. Whilst expressing this concern, it is the model we have, it cannot be adjusted quickly, and it might well improve over time.

One possibility would be to offer each state or territory jurisdiction a per capita proportion of the allocated funding and then to 'lock in' agreements with the jurisdictions to apply the percentages for primary and secondary across the 3 funded categories on a sector-blind basis. This doesn't address

anomalies further 'down the line', but it would, at least, moderate the significant differences at the state/ territory level.

We also query the very low measure of funding allocated to the 'supplementary' category (33% for secondary and 42% for primary). The funding for 'substantial' and 'extensive' appears to be generous, though we have not been informed about the rationale for these levels. Whilst we cannot compare the old funding formula (no. of SWD students using previous definitions x 186% flat) to this fairer graduated approach, we are concerned about an overall drop in SWD funding to our sector because our highest number of SWD students are within the 'supplementary' category.

The reasons for this are largely historical. Funding for 'high needs' students has been so disproportionate (e.g. In Victoria it has been 10x greater in a state school). Therefore 'high needs' students' have received vastly greater measures of financial assistance within state schools. Even with that being the case most of these students have tended to go where the funding support is the greatest. Even so, a number have still chosen a 'Christian' education out of faith commitment, despite receiving immensely less.

4.4 State Funding

AACS applauds the approach the government has taken to the cost sharing arrangements that currently exist between Commonwealth and State/Territory jurisdictions. The difficulty of achieving agreement across nine jurisdictions was clearly evident back in 2012/13. Without a common agreement across any funding model, the next best approach is the one that has been taken.

Here we applaud the government's common sense, response to the contextual reality, and willingness to lay out their funding commitment. The Commonwealth has clearly made a generous improved funding offer at an established proportional percentage (80:20; 20:80) and then informed the States and Territories that they need to, at least, maintain their 2017 per-student funding levels.

AACS would appeal to the States and Territories to go further than that and to adopt the same guiding framework for funding as that of the Commonwealth. This would further establish the clarity and reliability of the model.

5. Conclusion

The substantial negative financial impacts for some AACS members and the overall loss (small for most; i.e. the difference between 3.56% and 3.6% indexation) that every AACS school would experience should the proposed legislation be successful, does not inhibit our strong endorsement of the model. For a long time now, AACS has been encouraging all sides to set aside the politics and find the desire and commitment to implement a stable and fair funding model, one that all parties could work with, even if it involved some sacrifice and compromise. The Gonski framed model offers this opportunity.

AACS sees the *Australian Education Amendment Bill 2017* as a vital and unique opportunity (I do not think it is over-stating it by saying it is a 'once in a lifetime' opportunity) to achieve a sound (not perfect) basis for a stable and long-term schools' funding model. Once the legislation has been passed, further specific problems can be addressed and refinements made, to better address areas of fairness and improve the 'needs-base' aspects of the model.

We appeal to all sides to support this bold and courageous (and even unusual) piece of policy reform. All students, all schools, all sectors in all jurisdictions will be better off in the long run to see a needs-based, affordable, fair, consistent, stable and sector blind approach.

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