

1 INTRODUCTION

1.1 Profile of ISB

This submission to the Inquiry into the States Grants (Primary and Secondary Education Assistance) Bill is presented by the Independent Schools Board (ISB) on behalf of its 86 member schools.

1.1.1 The standing committee structure of the Board includes representation of member schools and interest groups and school authorities within the sector. The diversity of affiliation within the independent sector is demonstrated in the table provided in Appendix I.

1.1.2 Member schools cover the full range of current Commonwealth funding categories (1-12). (See appendix II)

1.1.3 The enhancement of parental choice, through government policy, has resulted in the enrolment increase within the **Catholic and independent** sectors in South Australia; over the past five years the enrolments have increased from 65,896 in 1995 to 74,125 students at the commencement of 2000; ie an increase of approximately 12.5% over the period.

1.1.4 This enrolment growth demonstrates the wish of parents to select a school for their children, which is consistent with their values and educational goals. It also represents the empowerment of parents and others in communities to be involved in the establishment and management of schools for their children.

1.1.5 The ISB contends that a democratic society benefits from the diversity of choice now available within the school education sector.

1.2 SES Funding Arrangements

The States Grants (Primary and Secondary Education Assistance) Bill 2000 includes changes to the recurrent funding arrangements for non-government schools.

1.2.1 The overwhelming majority of member schools support the implementation of the Socio-Economic Status (SES) index model for the distribution of general recurrent grants to non-government schools on a needs basis.

1.2.2 This approach will over time eliminate many of the long-standing inequities generated by the current ERI formula for families and schools, particularly in South Australia.

1.2.3 **The ISB urges the Senate Committee to support the new recurrent funding arrangements for non-government schools and to facilitate the passage of the legislation through the Parliament so that schools across Australia (government and non-government) can undertake budget planning for 2001.**

2 RECURRENT FUNDING ARRANGEMENTS FOR INDEPENDENT SCHOOLS

2.1 Background

The new Socio-Economic Status (SES) funding arrangements outlined in the States Grants (Primary and Secondary Education Assistance) Bill, 2000 represents a significant step in the development of a fairer, equitable, objective and efficient approach to recurrent funding of students that attend independent schools.

2.1.1. In its submission to the Commonwealth's review of the ERI in 1997, the ISB argued that the existing recurrent funding arrangements, based on the ERI index:

- was overly complex because a series of changes had been made to the formula over a long period of time
- locked many schools into funding categories that no longer reflected the socio-economic profile of their school communities
- lacked transparency
- failed to recognise the special needs of specialist schools such as boarding schools
- discouraged private investment and
- limited the choice of school by parents.

2.1.2 It also severely disadvantaged some schools in South Australia in the school "market place" as the Commonwealth government moved to deregulate the expansion of non-government schools.

2.1.3 Numerous research projects undertaken by various Federal Labor and Liberal governments questioned the validity of the ERI as a genuine measure of need in determining public funding of non-government schools and students. These findings were again supported by the recent KPMG study in 1997.

2.1.4 Various versions of socio-economic index are use by government (eg, SA Government and non-government agencies (eg, Catholic system authorities) to allocate public funds to schools and students. There is on going support among the school authorities in South Australia for the SES approach to the allocation of the State Grant to non-government schools.

2.2 ISB Funding Policy and SES Scheme

2.2.1 In its submission to the Commonwealth's review of the ERI the ISB proposed an alternative model for the recurrent funding of students enrolled at non-government schools. The model included the following components:

- A basic entitlement of at least 25% of the average cost of educating a child in a government school, regardless of the school attended
- A needs component based on the socio-economic profile of the families whose children attend the school
- Targeted support for students who have specific educational needs, such as students with disabilities, indigenous students with low levels of literacy and numeracy and vocational education.

2.2.2 The ISB considers that the SES funding scheme, outlined in the above Commonwealth legislation, incorporates the basic principles that supported the proposed ISB model.

2.2.3 The legislation encompasses an entitlement to a minimum level of per capita funding to students enrolled at independent schools; (ie, 13.7% of the average cost of educating a child in a government school), ensures that students receive a higher per capita funding if they are from more needy families and maintains Targeted Programs for specific educational needs of students.

2.3 Benefits for Independent Schools in South Australia

- 2.3.1 Significantly, the proposed model recognises the wide variation in the socio-economic levels within the Australian community. Varying levels of need are recognised along a continuum, reaching a maximum level of 70% of the average cost of educating a child in a government school. (See Appendix III).
- 2.3.2 In the case of South Australia the proposed funding arrangements recognise the relatively lower average socio-economic status of families in the State compared to most other States.
- 2.3.3 The ISB considers that the new recurrent funding model will benefit rural families by recognising the differential economic capacity of rural families to contribute financially to the education of their children and also to and improve their access to school choice.
- 2.3.4 The ISB is currently reviewing its funding policy. A working party of representatives from member schools has recommended that non-government school students are entitled **to a base level of public funding and access to a wide range of public funds and services regardless of the school attended**. The new States Grants (Primary and Secondary Education Assistance) Bill is a step towards achieving this broader perspective of **entitlement and places greater emphasis on the characteristics of the families rather than the institutions**. The ISB intends to pursue this approach beyond the current legislation with all levels of government.

3 PRINCIPLES UNDERPINNING ISB POSITION

3.1 Out-dated Perceptions of Independent Schools

- 3.1.1 The ISB considers that all major political parties have recognised that students in non-government schools have entitlement to funding support from Commonwealth and State governments. However, some more radical political elements continue to attack the public funding of non-government schools via the outmoded State-aid debates of the 1960's. They continue to pedal a divisive message that is based on a stereotype of older non-government schools as "... wealthy and elite parents..." or more recently established schools as "...fundamentalist Christian schools". They also claim that a government dominated school system is the basis of a democratic society and that the expansion of non-government schools is socially divisive, inequitable and undemocratic.

3.1.2 These stereotype messages are inconsistent with an Australian society that is based on principles of diversity and multiculturalism. Further they are in conflict with the International Covenant on Economic, Social and Cultural Rights that recognises the responsibility of parents as the primary educators of their children and the rights of parents to exercise choice in the education of their children

3.1.3 The above out-dated notions do not recognise the changing profile of families who send their children to non-government schools or the very strong desire of parents to be involved in their children's education and to have a choice of school that is consistent with their goals and values.

3.2 Principles of ISB Funding Policy

3.2.1 The ISB bases its funding policy relating to access to government resources for schools, families and students on the following principles:

- The education of children is primarily the responsibility of parents, assisted by schools and other agencies. Parents are entitled to access to schools and other related services that are consistent with their beliefs, educational values and aspirations for their children
- A strong, diverse and innovative school education system, including both government and non-government schools, is critical for the provision of high quality education for all children
- All young people are entitled to receive financial assistance from governments regardless of whether they attend government or non-government schools
- All young people are entitled to services that will improve their access to government provided services that enhance the quality of their school education, regardless of the school they attend
- The funding of school education should be a partnership between State and Commonwealth governments, parents and others in each school community
- The community gains major benefits from the investment in school education by governments, regardless of the sector that children attend

- Diversity in both government and non-government schooling is beneficial to the development and maintenance of a democratic and innovative society.

4 WHO FUNDS SCHOOL EDUCATION?

4.1 Contribution From Parents

- 4.1.1** The ISB considers that the resourcing of schools should be based on a partnership approach between governments, parents and others in the community. The needs of families and students should be the primary focus of the public funding of institutions.
- 4.1.2** Families who send their children to independent schools and others in school communities still contribute a significant proportion of the operating costs of their schools; in South Australia this average contribution is 58% of the operating costs compared to the national average of 45%. (See Appendix 1V). This investment by parents and extended families towards the cost of educating their children should be applauded not belittled by out-dated rhetoric about “wealthy and elite parents”. Families who contribute after tax income to the education of their children should not be financially penalised for their commitment.
- 4.1.3** Parents of children attending independent schools over many generations have contributed most of the funds for capital works programs. The Commonwealth and State governments only supplement this investment. This is another major saving for both levels of government.

4.2 Contribution of Commonwealth and State Governments

- 4.2.1** **The ISB draws attention of the Senate Committee to the fact that the Commonwealth government is the most significant provider of public funds to independent schools. The non-government school sectors in South Australia rely most heavily on the Commonwealth government for recurrent, capital and targeted program funds.** In South Australia the average contribution to the operating costs of an independent school from the Commonwealth government is 29% of the overall costs.
- 4.2.2** The State government provides approximately 13% of the operating cost of an independent school; the average per capita (\$882) allocation to independent school students is the second lowest out of the eight States and Territories.

4.2.3 It is important to recognise that:

- the increased funding to independent schools is a reflection of the continuing expansion of enrolments in the sector (See Section 1 of submission) and a recognition that many schools have received inequitable treatment under the current ERI over a long period of time
- the new SES funding arrangements will be phased in over four years, with schools receiving 25% of any increase in per capita funding at the rate of 25% per year
- State governments provide on average 89% of the expenditure on government schools. This is often neglected by the opponents of public funding to Non-Government schools
- The private income generated by government schools through private contributions made by parents and others in the school community is excluded in the determination of the Average Government School Recurrent Cost (AGSRC) which is used as the base to determine the level of funding received by each independent school. It is therefore appropriate and fair that the new funding model does not rely on the private income of non-government schools in the assessment of relative need.
- In addition the AGSRC does not include major expense items such as superannuation, payroll tax, provision for long service leave, etc. These budget items add significant costs to the operation of independent schools. Superannuation costs alone would add an additional 7.5% onto the AGSCR figure. This would in turn lead to a fairer per capita allocation per student across all non-government schools.

4.2.4 The ISB requests that the Senate Committee endorse the development of a more accurate AGSRC as the basis of providing a more equitable allocation of public funds to students attending non-government schools.

4.2.5 In South Australia, non-government schools are excluded from access to many State Government initiatives such as information technology programs that provide public funds for the purchase of computers and vocational education programs for the delivery and purchase of VET services. The increasing use of the “user pays” approach also limits access

- to education related services by many non-government schools and their students.
- 4.2.6** No funds are provided by the State Government in South Australia for such social education policy initiatives as Drug Education HIV/AIDS programs, etc. The non-government school sector in South Australia is entirely dependent on public funds from the Commonwealth government for such social education programs.
- 4.2.7** Nor do independent schools in South Australia have access to the vast resources of a Government department to develop and administer a wide range of significant educational programs.
- 4.2.8** The misleading argument put forward that the States Grants (Primary and Secondary Education Assistance) Bill, (2000) will deliver greater funding to independent schools at the expense of government schools fails to take the above facts into account; **in particular, it entirely ignores the differential role of State and Commonwealth governments in the funding of government and non-government schools.**
- 4.2.9** **The ISB requests that the Senate Committee acknowledge this differential role in the allocation of funds.**
- 4.3 Savings to Governments**
- 4.3.1** State governments are the greatest beneficiaries of the entrance of the Commonwealth Government into the schooling sector as the latter provides by far the highest proportion of public funds for recurrent, capital and targeted programs to the non-government sector.
- 4.3.2** Further, both levels of government are beneficiaries from the growth of non-government schools. It is estimated that non-government schools save both levels of government across Australia about \$2.5 billion per year.
- 4.3.3** National data indicates that for every \$1 spent by governments on a student in a government school, \$0.26 dollars is allocated to a student in a non-government school.

4.4 Full Services Approach to Youth Policy Development

4.4.1 The ISB argues that a comprehensive government policy initiative developed to improve the access and quality of education and training and related services to young people across Australia should be inclusive of both government and non-government students.

4.4.2 **The “full services” approach by both Commonwealth and State governments to youth policy must acknowledge that young people and their families in non-government schools are entitled to access to these services for their benefit and that of society.**

4.4.3 The ISB welcomes the Commonwealth Government’s strategy to include representation of non-government school representatives on major education policy committees and taskforces, in particular MCEETYA taskforces. This strategy should continue to ensure the views of the two non-government sectors are considered.

5 WHO ATTENDS NON-GOVERNMENT SCHOOLS?

5.1 Out-dated Profile of Independent Schools

5.1.1. Some anti-non-government lobby groups continue to present an outdated profile of families who send their children to independent schools as one of *elite wealthy parents*. This stereotyping is fuelled by sections of the media.

5.2 Current Profile of Independent School Families

5.2.1 The socio-economic profile of families who enrol their children at **non-government** schools has changed markedly.

5.2.2 ABS census data (1996) indicates that in South Australia:

- 12, 600 families of **non-government** school children earn less than \$36,400 per year; 6,714 of these families earn less than \$20,800 per annum
- 5,820 families who send their children to **government** schools have an annual income of between \$78,000- \$104,000; ie 56.3% of families in South Australia in that income range.

- 3,563 children attending independent schools were from lone parent families
- 55.9% of independent school students were from double income families, compared to 44.8% in government schools

5.2.3 State government data also indicates that 31% of independent schools in South Australia have more than 40% of their students as recipients of School Card, which is used by the Government as an indicator of socio-economic disadvantage

5.2.4 This changing profile will be reflected in the SES scores of individual independent schools that in turn will be recognised in the allocation of Commonwealth funds. This needs based approach to funding is already applied to the distribution of State funds to non-government schools in South Australia. The socio-economic index scores for this purpose are spread across the spectrum again confirming the varying socio-economic profiles of families that now enrol their children at independent and Catholic schools in South Australia.

5.3 Parents as Consumers

5.3.1 It is also interesting to note from ABS 1996 census data that in South Australia there are 7,407 families who send children to both government and non-government schools. This is a reflection of the trend for parents to make individual decisions about the appropriate school for their children and breaks down the portrayal of independent schools being the preserve of the wealthy and elite.

6 FUNDING MAINTENANCE

6.1 Situation in South Australia

6.1.1. Several ISB member schools have indicated that their SES score generated from the pilot project (conducted by DETYA in 1999) would severely disadvantage a significant proportion of their families in terms of future changes to recurrent funding.

6.2 Position of ISB

6.2.1 They therefore welcome the commitment by the Commonwealth Government to enshrine funding maintenance in the State Grants Bill, 2000. The guarantee that no schools will be worse off as a result of the SES

funding model will avoid significant dislocation for some families. This will enable these schools to maintain their mission of providing non-government school education to a wide cross section of the community.

6.2.2 It is fair and equitable that the funding maintenance for the above schools be supported by the Commonwealth Parliament.

6.2.3 Consideration needs to be given to a longer term maintenance policy for these schools

7 NEW ACCOUNTABILITY REQUIREMENTS

7.1 Acknowledgment of the Need for Accountability

7.1.1 The new funding arrangements will be accompanied by a significant enhancement of accountability requirements. The ISB recognises the need for accountability for the use of public funds.

7.1.2 Whilst there is unlikely to be difficulties encountered in the implementation of either financial and educational accountability requirements set by the Commonwealth there are a number of matters that have been raised by member schools and representatives of school authorities in the sector.

7.1.3 These concerns led to the development of a policy statement of accountability that has been endorsed by the ISB Council. The key elements of the policy recognize the obligations of schools and the sector in terms of accountability for public funds; however they also recognise the prime accountability to parents and the desire for the requirements not to stifle innovation and diversity in school education.

7.2 ISB Policy on Accountability

7.2.1 The following principles are included in the ISB policy statement on accountability:

- All non-government schools should be accountable for :
 - education matters to their respective school communities
 - the maintenance of acceptable educational standards, to the general community and registration authorities
 - the use of public funds to the State and Commonwealth authorities

- Government accountability requirements should recognise the non-systemic and systemic organisation of independent schools
- Government accountability requirements should not restrict or limit the ability of non-government schools to provide diversity, innovation and choice of parents.

7.2.2 The ISB acknowledges that governments must be satisfied that public funds provided to non- government schools meets the requirements of agreements with the Commonwealth; however there is concern among some member schools that excessive intrusion into the school based management decisions, in particular, to achieve uniformity in the school curriculum outcomes will not in fact lead to improved educational standards nor encourage innovative approaches to teaching and learning.

7.3 Accountability to Parents

7.3.1 Governments should not underestimate the significant commitment that families of non-government school students make to the education of their children. This investment will be a key element in maintaining the on-going accountability of individual schools.

8 STRATEGIC INITIATIVES FOR IMPROVING OUTCOMES

8.1 Structural Changes

8.1.1 The States Grants (Primary and Secondary Education Assistance) Bill proposed to introduce some structural changes to Targeted Programs. The consolidation of several separate programs into the Targeted Strategic Assistance to Improve Student Outcomes will hopefully generate more flexibility in the development and delivery of programs according the needs of students and teachers.

8.1.2 However the ISB is aware the increasing expectations are being placed on school authorities and schools to achieve a wide range of policy initiatives based on specified targets. The ISB considers that any additional outcomes demanded by the Commonwealth within the above-expanded program should be allocated additional funds.

8.2 Significance of Funding

8.2.1 The ISB acknowledges the significance of these programs and associated funds in assisting students with special learning needs, in particular, the

funds provided by the Commonwealth for independent schools in South Australia are by far the most significant source of public funds to provide services to students, teachers, parents and schools within the sector.

8.3 Administration of Targeted Programs

8.3.1 The significant majority of interest groups, school authorities and individual schools in South Australia support the:

- separate contract agreements between the Commonwealth and school authorities in each school sector. The Commonwealth must continue to recognise the school authorities in each school sector as legitimate organisation for the purpose of consultation and administration
- separate allocation of Targeted Program funds to each school sector in each State/Territory on the basis of agreed formulae and
- the administration of the funds for each sector via a single education authority within each school sector in each State/Territory. This will generate efficiency in the administration of the programs and ensure the maximum amount of funding is directed to the provision of services to parents, students and teachers. In South Australia the SA Independent Schools Targeted Program Authority Inc administers the current Targeted Program on behalf of all independent schools in South Australia. The Committee, which has overall responsibility for the coordination of the Program, has representatives from the key interest groups within the sector, including parents and non-member schools.

8.4 Funding Of Students with Disabilities

8.4.1 The improved access to public funding and services for students with disabilities has been identified by member schools as a major policy issue for the sector. This is supported by all key lobby groups in the sector.

8.4.2 The Advisory Committee for Non-Government Schools in South Australia has recently collated reports from visits to non-government schools across the State; this report confirms the concerns of schools in meeting the needs of students with disabilities within their resource base.

8.4.3 The ISB therefore welcomes the recognition in the new States Grants Bill that students with disabilities require additional public funds to facilitate their access to school education of their choice. In particular, the sector

strongly supports the funding of special schools at the maximum level of 70% of the AGSRC and the transition arrangements for schools that currently receive more than the proposed \$522 per assessed student proposed in the legislation.

8.4.4 However the ISB considers the allocation of an additional \$522 per student will be grossly inadequate for many students with various disabilities and is seen as a first step in the improvement of funding for young people with disabilities Available data indicates that it costs 4-5 times (\$20,000 - \$25,000) of the AGSRC to provide school education for some students with disabilities. The ISB will continue to seek further funding justice for students with disabilities in non-government schools both in significant additional funding and access to required services provided by a wide range of government agencies. In any future restructuring of special education funding the needs of young people must take precedence over the institution; ie funding and related services should follow the student not the sector of schooling attended.

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Signed
Garry Le Duff
Executive Director
SA Independent Schools Board Inc

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Date