

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into Commonwealth Funding for Schools

Submission no: 4

Received: 21/06/2004

Submitter: Mr Barry Johnson
General Secretary

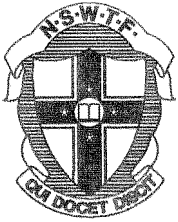
Organisation: NSW Teachers Federation

Address: Locked Bag 3010
DARLINGHURST NSW 1300

Phone: 02 9217 2100

Fax: 02 9217 2470

Email: barry@nswtf.org.au



NSW TEACHERS FEDERATION

TEACHERS FEDERATION HOUSE Locked Bag 3010 Darlinghurst NSW 1300

Please address all correspondence to
THE GENERAL SECRETARY

17 June 2004

In reply please quote: 807/2004/SE/MH

The Secretary
Senate Employment, Workplace Relations and
Education References Committee
Suite SG.52, Parliament House
CANBERRA ACT 2600



Dear Sir,

Please find enclosed the NSW Teachers Federation submission to the Senate Inquiry into Commonwealth funding for schools.

The contact people at the Federation are the Senior Vice President, Angelo Gavrielatos and a Research Officer, Sally Edsall. Both can be contacted at the address above, or on 9217-2100.

Yours sincerely,

Barry Johnson
General Secretary

Encl.

NEW SOUTH WALES TEACHERS FEDERATION

SUBMISSION

To

SENATE INQUIRY INTO SCHOOLS FUNDING

“...[Public Education] splendid in throwing open the doors of our schools to all children of all sects, making no distinction of faith, asking no question where the child has been born, what may be their condition in life, or what the position of their parents, but inviting all to sit side by side in receiving that primary instruction which must be the foundation of all education ...”

- Sir Henry Parkes

“There is a primary obligation, in relation to education, for governments to provide and maintain government school systems that are of the highest standard and are open without fees or religious tests, to all children.”

- Schools Commission Act 1973

INDEX

Section	Page
1.0 Executive Summary	2
2.0 Recommendations	3-4
3.0 Introduction	5
4.0 Provision of Public Education and Funding of Private Schools	6-8
4.1 Commonwealth Funding Context	6-7
4.2 Planned Educational Provision	7-8
Areas with falling enrolments	7
Growth in developing areas	8
Areas with stable populations	8
5.0 NSW Government Grants and Subsidies to Private Schools	9-14
5.1 Per Capita Recurrent Grants	9-11
5.1.5.1 Increase of Students with Disabilities in NSW public schools	11
5.2 Interest Rate Subsidies	11-12
5.3 Text Book Subsidies	13
5.4 Transport Subsidies	13-14
5.5 Payroll Tax Exemption	14
6.0 Financial Accountability of Private Schools	14-15
7.0 Profit-Making Schools	15
8.0 Information	16

1.0 EXECUTIVE SUMMARY

- 1.0.1 This submission should be read with that of the Australian Education Union of which the NSW Teachers Federation is an Associated Body. It is set within the context of the policy position of the New South Wales Teachers Federation. The Federation has grave concerns about the dual system of schooling, for reasons outlined in the Introduction to this submission. However recognising that such a system exists, it opposes the funding of that system.
- 1.0.2 The Federation therefore calls for the cessation of funding of private schools, particularly in the context of the beneficence bestowed upon such schools by successive Commonwealth governments, and particularly the conspicuous favouring of private schools by the current Commonwealth government. This began with the dismantling of the New Schools Policy in 1996, and proceeded through the re-categorisation of the Catholic schools system to a higher funding category, and the introduction of the SES model of funding. Some of these moves were endorsed by the Labor opposition; others were agreed to in the final analysis.
- 1.0.3 This submission sets out to demonstrate that the funding of private schools is detrimental to the continued health and vitality of public schools.
- 1.0.4 The Federation's position is that funding private schools is detrimental to the obligation of universal provision of free, secular and compulsory education as envisaged by the founder of the public education system, Sir Henry Parkes.
- 1.0.5 No system of Commonwealth funding of private schools can be considered without also taking into account the funding provided by the State government. This submission advances contextual information which needs to be taken into account by the current Inquiry.
- 1.0.6 Apart from per capita grants, private schools receive from the State government subsidies in a variety of ways. This submission refers to text book allowances for private secondary schools, subsidies on interest rates on loans, transport subsidies and payroll tax exemptions. The submission does not consider the panoply of other, hidden subsidies such as curriculum support and advice through the Board of Studies, access to services such as the HSC Advice Line, access to TAFE and Distance education courses at nominal cost (while still charging full fees to parents).
- 1.0.7 All these are available to schools which themselves are under absolutely no obligation to publicly report on any matters either financial or otherwise. The public education system is subject to the most intense scrutiny, through reports to Parliament and other bodies, to parents and through the media. Public schools have found themselves in the position of having their bank balances published in the tabloid press, the information provided to them by official channels. No such scrutiny is applied to private schools which act with the benefit of 'commercial-in-confidence' clauses.
- 1.0.8 There can only ever be a perception of any semblance of "fairness" in funding when there is full knowledge of the circumstances of the private schools sector, including their private financial position, and the ways in which they meet the common objectives of schooling. A good measure of the latter is the National Goals for Schooling, agreed nationally by all Ministers for Education and known as the Adelaide Declaration. The former cannot be ascertained, as there is a lack of publicly available information. This submission calls for that information to be made known.

2.0 RECOMMENDATIONS

The New South Wales Teachers Federation recommends that:

General

Recommendation 1

That the Commonwealth government state a commitment to public education as the prime system of education and foremost educational responsibility of all governments. It must be free, secular, compulsory and universal. (3.0.3)

Recommendation 2

That the Commonwealth government repudiate the failed rhetoric of “choice” and accept responsibility for attracting back students to the public education system by providing funding to enable the enhancement of facilities and programs of the highest quality in all areas of the nation. (4.1.2)

Planned Provision

Recommendation 3

That in areas of declining enrolments, public education must remain available whilst ever there is a need for educational provision. There must be no withdrawal of public education provision where the only choice left would be a private provider. This priority must be recognised in Commonwealth funding arrangements. (4.2.4)

Recommendation 4

That Establishment Grants be abolished (4.3)

State Government Funding Per Capita Grants

Recommendation 5

That the nexus be broken between the average cost of educating a student in a government school and private school funding. If the government insists that funding is to occur, then it should be from a finite pool of resources. It should be subject to public scrutiny via publication. (5.1.7)

Recommendation 6

That the allocation of that finite amount be subject to submission by the private schools on the basis of their demonstrated "need", and an assessment of their contribution to the common objectives of schooling, based on the Adelaide Declaration on National Goals for Schooling in the Twenty-First Century.

All Subsidies and Grants

Recommendation 7

Given the array of subsidies and grants from both the Commonwealth and State Governments, a full Inquiry should be held into schools funding, as recommended in the AEU Submission. (5.6)

Financial Accountability

Recommendation 8

That private schools be required to fully disclose their financial position, and to report publicly each year. That full disclosure would be a condition of any funding received. (6.0.2)

For-profit schools

Recommendation 9

That any school which is established as a profit-making venture should not receive any public funding. (7.0.1)

Information

Recommendation 10

That information be published immediately about which private schools are operating at levels above AGSRC and/or above average NSW costs. That their funding be ceased immediately and redistributed to public schools. (8.0.5)

Recommendation 11

That the following information, called for at Point 8.0.3, be collected and published immediately. (8.0.6):

- Commonwealth per capita grants to each school and authority - both the per capita grant and the total per school
- Commonwealth capital grants to each school
- Commonwealth specific purpose payments
- All other Commonwealth payments to schools, including Establishment Grants and Emergency Assistance Grants
- State per capita grants to each school and authority - both the per capita grant and the total per school
- State interest subsidies - amounts to each school
- State text book subsidies - amounts to each school
- Cost of pupil conveyance to private schools through the subsidy to transport operators
- Any other State government grants
- Actual costs to government of full provision of public education to all in public schools in order to meet all the needs of all students.

3.0 INTRODUCTION

3.0.1 The New South Wales Teachers Federation, a registered Trade Union representing 65 000 teachers in public education in New South Wales, has grave concerns about the "dual system" of schooling in Australia and as such it is opposed to private schools receiving funding from governments.

3.0.2 The dual system is characterised by the following features:

- The residualisation of the public system. It is reduced to a non-universal role in schooling at the local as well as the systemic level, while at the same time it remains the only system with responsibilities to society as a whole. The result is the devaluation of the public system in the eyes of the community.
- An emphasis on sectional, special and private educational interests at the expense of a common set of social purposes and functions. Instead, it is a means of mobilising resources for individual gain.
- A high level of competition between students, schools/colleges and systems.
- The public financing of private purposes, including the reproduction of religion and private belief systems through schooling.
- Substitution of public monies for private monies that are then used for non-educational functions. In a recent judgement of the NSW Industrial Relations Commission, increases were awarded to Principals and other teachers in leadership positions in Catholic schools, partly in recognition of the importance of their role in "the renewal of the Church" and "in providing education from a Catholic world view, the incorporation of the mission and values of the Church...". Catholic employers acknowledged in the same case that "Catholic schools rely on government and private income sources for their financial viability..." Thus public money is being used to fund salary increases for private religious mission of faith-building and church renewal. This privileging of one world view is the antithesis of the "mission" of public education, which is to build community cohesion in a vibrant , multicultural Australia, amongst adherents of all belief systems.
- Very considerable diseconomies and waste in the maintenance of the dual system.
- The reduction of recurrent and capital payments to the public schooling system.

3.0.3 Recommendation 1

That the Commonwealth government state a commitment to public education as the prime system of education and foremost educational responsibility of all governments. It must be free, secular, compulsory and universal.

4.0 PROVISION OF PUBLIC EDUCATION and FUNDING OF PRIVATE SCHOOLS

4.1 COMMONWEALTH FUNDING CONTEXT

4.1.1 The current Commonwealth government has developed a philosophical underpinning to its funding mechanism, the so-called “SES model”, which is hostile to the interests of public education. Inherent in this is a redefinition of both the meaning of key terms and a number of the basic philosophies around private school funding.

The major changes include:

- The term “need” being applied not to the needs of schools and their students, but to the so-called “need” of parents to receive help to meet private schools fees.
- Commonwealth funding being no longer about achieving a community standard or ‘fair go’ for all, but about subsidising a privatised education and privileging private choice.
- Helping the disadvantaged now means making it easier for a few to leave the public system rather than helping the vast majority who will remain in the public system. Thus the private schools will offer a small number of scholarships and bursaries to the poor in some modern manifestation of noblesse oblige, whilst The Smith Family begs people to contribute to their scholarships program to help the genuinely needy to meet school expenses at public schools. The support for the poorest in our community with respect to education is reduced to the equivalent of a charity seeking sponsorship for children in the Third World. (In The Australian 26/03/01 the then new Headmaster of Geelong Grammar said “the idea that you give from a position of privilege is very, very important...I want to make sure that we encourage that here, that we foster it.” To that end, Geelong Grammar is “committed to using the recent Commonwealth funding boost of \$1.3 million on strengthening its scholarship program and increasing its accessibility.”)
- The Commonwealth government’s asserts that its role is to support and provide for private schools as its priority. The shift in the balance of funding to private schools has been proceeding for 25 years. The only era during which the balance was reversed was during the Fraser government years, when education generally received a larger share of spending as a proportion of GDP, and public schools received a larger slice of the pie. Since then there has been a steady decline under successive governments, and education is now back at pre-Whitlam government levels of GDP share. The Hawke and Keating governments’ education policies and funding were heavily biased towards private providers.
- The notion of “choice” is being used wherever possible. Choice is a word that resonates in a consumerist society used to “choosing” between differently badged washing powders, and is one associated with rights and an informed citizenry. It is also adopted by the NSW government in its arguments about school closures and re-organisation. However, what the version of “choice” favoured by governments on both sides really achieves is the extension of choice to the few at the expense of the majority, or those unable to avail themselves of the “choice” on offer. Implicit in the Commonwealth government’s funding system is a recognition that affordability may be one motivating factor in determining choice, and so that choice is being actively

assisted. This is the preferred choice of the government (ie private schools) and is a euphemism for privatisation. The “choice” that the majority of people actually want – to be able to send their children to a fully resourced local public school, where all their educational needs will be met – is undermined, and too often denied. This applies equally to the State government when it sets up schools to compete with each other, supposedly offering some “specialisation”, but having the effect of destroying the viability of local and comprehensive schools.

Adopting the language of the marketplace, school choice advocates disparage the public education system and view education as a solitary act of consumerism. By framing the issue in these terms, the history and vision of public education – to serve both as a private benefit and the public good - is distorted beyond recognition.

- 4.1.2 **Recommendation 2:** That the Commonwealth government repudiate the failed rhetoric of “choice” and accept responsibility for attracting back students to the public education system by providing funding to enable the enhancement of facilities and programs of the highest quality in all areas of the nation.

4.2 PLANNED EDUCATIONAL PROVISION

Areas with falling enrolments

- 4.2.1 Between 1997 (after the abolition of the new Schools Policy) and 1999, 83 new private schools opened in NSW. Of these 69 were primary, 29 Junior Secondary and 3 senior secondary (schools may operate in more than one category - total 101). When these schools opened, 34 had fewer than 20 students, 73 fewer than 50 students and 92 fewer than 100 students (each level is counted separately).
- 4.2.2 With respect to primary schools, the Catholic Church continues to operate primary schools in the areas where the public schools have closed, or were targeted for closure by the State government. Waterloo Primary School closed, and Erskineville Public School¹ was targeted for closure, yet Catholic primary schools continue to be supported by both the Commonwealth and State government in both those suburbs. This is evidence of governments’ preparedness to abandon universal provision of public education in favour of continuing to support private schools.
- 4.2.3 The Federation views as reprehensible a situation where the only locally-available education is private education. It is the view of the Federation that a public school must be the first school opened in a local community, and remain available whilst ever there is educational demand in the area.
- 4.2.4 **Recommendation 3: That in areas of declining enrolments, public education must remain available whilst ever there is a need for educational provision. There must be no withdrawal of public education provision where the only choice left would be a private provider. This priority must be recognised in Commonwealth funding arrangements.**

¹ Erskineville PS remained open after a concerted community campaign. It has increased its enrolments.

Growth in developing areas

- 4.2.5 There are particular problems in implementing the dual system in areas of new housing developments.
- 4.2.6 In such areas, the main issue to do with planned provision is the *under-provision* of public schools. Any such planning must ensure that there is provision of public schools, and that no student is pressured to choose a non-government school on the basis of lack of availability of a government school.
- 4.2.7 It is not unusual for public schools to be established in growth areas, which very quickly reach over capacity. Recent examples will be found in the growth areas to the north-west of Sydney, the "Hills District".
- 4.2.8 The schools very quickly take on an air of impermanence and scruffiness, with rows of 'temporary' demountables arrayed along 'temporary' paths, often without protection from the rain and sun.
- 4.2.9 It is no coincidence that this is an area where Christian and Anglican Schools Corporation entities are also expanding their operations. They are able to quickly establish the 'need' for their brand of sectarianism where there is an obvious under-resourcing and under-provision within the public sector. They build attractive new buildings and so the drift away from the public schools is exacerbated and takes on a momentum that is attractive to the government which then has no "need" to fully and properly provide a universal system.

Areas with stable populations

- 4.2.10 As mentioned above, the former New Schools Policy stopped the funding of schools in areas of stable population where there would have been an impact on the existing provision of schooling. The situation is much more serious now because of the vigorous pro-private attitude of the Commonwealth government.
- 4.2.11 The evidence is in that by providing funding, a supply-driven "choice" is enabled. The "choice" of schooling which the Commonwealth government favours is the choice of private at the expense of the public. There is significant growth in the "cloning" of existing schools into new areas.

4.3 Recommendation 4: That Establishment Grants be abolished

5.0 NSW GOVERNMENT GRANTS AND SUBSIDIES TO PRIVATE SCHOOLS

5.0.1 In addition to the Commonwealth recurrent grants, dealt with in detail in the AEU submission, the NSW Government provides significant support to private schools, in a variety of ways. Each is dealt with in turn.

5.1 PER CAPITA RECURRENT GRANTS

5.1.1 Since being gazetted in July 1992, Section 21 of the NSW Education Act 1990 has specified that per capita payments can be made to private schools and that the average grant shall be 25% of the average per capital cost to the State of educating children at government schools (as assessed by the Minister).

5.1.2 This nexus in funding operates in the same disadvantageous way to public education as the Commonwealth formula based on Average Government School Recurrent Costs (AGSRC) does.

5.1.3 By linking per capita state aid to private schools to the cost of educating a child in a public school, this section of the Act strongly disadvantages public education. Any attempt by State or Commonwealth governments to improve the funding of public education, or provide betterments which might 'close the gap' between higher resource levels in private schools and lower resource levels in public schools, attracts an automatic flow-on, so betterments can never actually be achieved.

5.1.4 An inevitable consequence of the use of this formula in determining private school funding is that, under the current funding formula, as enrolment share increases in private schools, a disproportionate amount of the state's funding for education is directed towards private school funding increases.

5.1.5 Declining enrolments in public schools increase the average cost. As the public school system becomes more residualised, it will have a greater proportion of more-expensive-to educate-students. Private schools have little interest in educating such students, and actively remove many whose needs are greater than those who are easier and cheaper to educate.

These include:

- Students with learning difficulties, emotional and behavioural difficulties or physical disabilities (see below)
- Students in isolated and remote areas where the cost of education is greater, and where private schools are less likely to set up.
- Nearly 88 percent of Aboriginal and Torres Strait Islander students attend public schools
- Students from low socio-economic backgrounds. Public schools educate most students from low-income families. More students in both catholic and non-Catholic private schools come from high income families, and fewer in both sectors from low-income families. It is not true, as often asserted, that "Catholic schools have as many poor students as public schools. (see AEU submission).

5.1.5.1 Increase of students with Disabilities in NSW Public Schools

- 5.1.5.1.1 In the past decade, there has been a rapid increase in both the numbers of students with all sorts of disabilities, across the full range, from the mildest to the most severe in all domains: intellectual, physical, sensory, psychological, behavioural, enrolled in public schools in NSW.
- 5.1.5.1.2 The 2002 *Inquiry into the provision of public education in NSW* (the ‘Vinson Inquiry’) reports (Table 9.1 page 259, Annexure 1) that in 1988 there were 13 353 students with disabilities in support classes and schools for specific purposes. In 2002 the number was 18, 618. That represents a growth of 39.43 percent.
- 5.1.5.1.3 In 1988 there were 1,135 students with disabilities were in integrated settings, that is, enrolled in mainstream classes in regular schools. By 2002 the number was 16,638, an increase of 1 365.90%
- 5.1.5.1.4 Of the 16 638 integrated students, 8 423 (50.63%) were identified as having low support needs, 7 907 (47.52%) moderate support needs, and 308 (1.85%) with severe needs. (Vinson Inquiry p 260 Table 9.2 Annexure 2)
- 5.1.5.1.5 The Senate Inquiry into the Education of Students with Disabilities, tabled in December 2002, shows (http://www.aph.gov.au/senate/committee/eet_ctte/ed_students_withdisabilities/report/c01.pdf) that the greatest increase in students with disabilities has been in government schools.
- 5.1.5.1.6 Figures provided to the Senate Inquiry by the Commonwealth Department of Education, Science and Training show the growth in funded school students with a disability between 1997 and 2001.
- 5.1.5.1.7 In 1997, in NSW, 20 596 (75.87%) were in public schools, 5 278 (19.44%) in Catholic schools and 1 273 (4.69%) in Independent schools. In 2001, there were 31 706 (78.82%) in public schools, 6 507 (16.18%) in Catholic schools and 2013 (5.00%) in Independent schools.
- 5.1.5.1.8 Not only are the vast majority of students with disabilities attending government schools, those schools have also experienced the greatest growth.
- 5.1.5.1.9 The inclusion of students with disabilities in mainstream schools is so widespread that the impact is felt right across the school system.
- 5.1.5.1.10 Table 9.3 on page 262 of the Vinson Inquiry (Annexure 4) looks at the impact across eight school districts. Vinson concludes that “there are virtually no schools in any of these school districts that do not have students on funding support, suggesting the breadth of impact of inclusion.” (Vinson Inquiry p 261)
- 5.1.6 The total amount available for private schools is not capped in the way that all other budget areas are. Increased enrolments in private schools and decreased enrolments in public schools work to both increase the average cost, and therefore the dollar amounts going to

private schools, and expand the total funds available to private schools, as they are allocated on a per capita basis.

- 5.1.7 **Recommendation 5:** **That the nexus be broken between the average cost of educating a student in a government school and private school funding. If the government insists that funding is to occur, then it should be from a finite pool of resources. It should be subject to public scrutiny via publication.**
- 5.1.8 **Recommendation 6:** **That the allocation of that finite amount be subject to submission by the private schools on the basis of their demonstrated "need", and an assessment of their contribution to the common objectives of schooling, based on the Adelaide Declaration on National Goals for Schooling in the Twenty-First Century.**

5.2 INTEREST RATE SUBSIDIES

- 5.2.1 The subsidy on the interest rates on loans taken out by private schools have their origin in the lower cost of capital expenditure to government. The argument is that the public education sector is "advantaged" by having its capital needs met through lower cost government borrowing or budgetary provision.
- 5.2.2 The NSW government spends approximately \$34 million a year subsidising the capital asset accumulation of the private sector of schooling and at the same time has slashed capital expenditure on public schools.
- 5.2.3 The fact is that the capital needs of public schools are not being met. Massive cuts were made to capital works funding in education in the period between 1996 and 1999 so that the government could boast that the Olympics were paid for. In 1995/96 the cut was 17%, it was 9% in 1997/98, about 15% in 1998/99. The 12.2% increase in 1999/2000 did not make up the lost ground. The 2000/01 budget saw capital works cut again by 5.32%. These figures, and the need for increased funding are contained within the Teachers Federation submission to the NSW State Budget 2001/02.
- 5.2.4 As well, many capital projects in public schools are only being undertaken through the concerted fundraising of the school community and the efforts of individual schools in finding sponsors. Schools can now only get necessary capital expansion for necessities like school halls, playground improvements and Covered Outdoor Learning Areas (COLAs) through 1:1 schemes, which require enormous fundraising efforts. Under these schemes, the school has to raise 50% of the cost of construction, which is then matched by government. Often this takes years, and all the time the project is deferred the cost increases. Alternatively, some schools sell school land to raise capital.
- 5.2.5 Private schools, on the other hand, can access both capital grants from the Commonwealth government and borrow commercially to fund the scheme, in the knowledge that their interest on such loans will be subsidised by the State government. As an article from the Parramatta Advertiser states, while public schools wait for a shaded playground area, The Kings School is spending \$16 million on an upgrade including "...more colonnades and quadrangles for 'a beautiful ambience'..." This includes a contribution of \$1.4 million from the Commonwealth government.

- 5.2.6 Contributions to Building Funds made by parents are tax deductible. This is another subsidy provided by the Commonwealth government.
- 5.2.7 The Trinity Grammar School web site describes the Trinity Grammar School Foundation as "the vehicle which Trinity uses to raise funds for its development program and for increasing its corpus of funds whose interest earnings provide additional income from the school." As well, there is the Building Trust, Educational Trust and Library Trust.
- 5.2.8 The Financial Statements of Trinity Grammar School Foundation Limited (A.C.N. 002 882 046) for the year ended 31st December, 1996 stated that "The company is a non-profit company limited by guarantee and since incorporation on 27th June, 1985, it has acted solely as trustee of the Trinity Grammar School Foundation Limited Building Trust, Trinity Grammar School Foundation Limited Education Trust and Trinity Grammar School Foundation Limited Library Trust." (Attachment 6)

5.2.9 The financial positions of those Trusts at 31 December, 1996 showed:

	\$
Cash at Bank	1 397 238
Australian Guarantee Corp	70 000
Commonwealth Bank	1 587 369
Advance Bank unsecured note	2 233
General Property Trust	35 975
BZW Commercial Property Trust	5 817
Mortgage - A&L Denham	50 000
Accrued Income	128 984
Other Debtors	2 756
Other Creditors and Accruals	(755 556)
Fixed Assets	31 367
	<hr/>
	2 656 183
	<hr/>
Trust Income Earned	652 812

- 5.2.10 Unless the position of Trinity Grammar School has changed dramatically since December 1996, this is not a school which needed assistance with its interest rates on loans. In recent times it has managed to boast about its newest addition, the Roderick West School of Music, a modern four storey school of Science, completed in 1996 (the building houses the rare and unique Foucault's pendulum, according to the web site!), a modern Design Centre. The web site also details the 25 metre indoor swimming pool, sports centre, numerous ovals and cricket nets, and so on.
- 5.2.11 A private school which has a Building Trust or fund-raises for building programs can invest that money and earn interest at a rate greater than the amount at which they would be repaying loans, with subsidy. They can thus make money at taxpayer subsidised expense.
- 5.2.12 The NSW government has made an announcement that it is lowering the cap from a subsidy of 10.5 percent interest rate to 7.5 percent, and that the wealthiest private schools will no longer be eligible. It is, however, a huge benefit to the schools receiving the vast majority of both federal and state government funding and still forms part of the overall funding scenario.

5.3 TEXT BOOK GRANTS

- 5.3.1 The level of direct subsidy to private secondary schools for text books far outstrips the resources available to public schools for the purpose of purchasing text books.
- 5.3.2 The Global Budget received by public schools includes a general Operations Grant. This grant includes money to be spent on teaching and learning resources, soap and towels, funds for urgent minor maintenance, library materials, funds to pay casual teachers to cover short term absences, computer resources, library resources and textbooks. This is based on an historical notional amount and does not reflect current costs of resources, particularly in upgrading technological resources such as scientific equipment.
- 5.3.3 Contrast this with the generosity afforded private secondary schools who in 2000 received \$63.92 per Year 7 – 10 student and \$158.02 per Year 11 – 12 student in Textbook Allowance. This is in addition to per capita grants.
- 5.3.4 Yet, it remains the case that in many private schools, parents are required to purchase books for their children. There is no accountability required for the expenditure of the subsidy amount, even if it is never spent on textbooks.
- 5.3.5 Many private schools operate an “account” for each student. Parents must keep the account topped up each term. From that account, the school will order text books, deduct the cost of excursions, etc. By operating an account in this manner, parents also avoid paying GST on books purchased for their children.
- 5.3.6 Most of the private schools had no difficulty with respect to resources with the implementation of the new HSC curricula at the beginning of 2001. This was most definitely not the case with public schools, where there are severe shortages of resources, including library resources and text books, and scientific equipment such as graphics calculators. Many curricula require greater levels of independent study and research. There has been no increase in resources available to public school libraries to assist in this task.

5.4 TRANSPORT SUBSIDIES: SCHOOL STUDENTS TRANSPORT SCHEME

- 5.4.1 The following table shows the amounts various transport providers are given to convey students. The government has hitherto been unable or unwilling to provide a breakdown of what proportion was spent on conveying students to public schools and private schools. The Minister for Transport and Minister for Roads has said that the Department of Transport does not keep a data base which provides such a breakdown.

Provider	1998/99 \$	No of students	Per capita subsidy \$
State Rail Authority	19 061 000	91 360	208.63
State Transit Authority	30 388 000	73 200	415.14
Private operators	297 332 000	463 918	640.91

Source: Legislative Council Questions and Answers Tuesday 4 April 2000.

- 5.4.2 In 2002-03 the NSW government spent about \$ 427 million on the School Student Transport Scheme (SSTS). The Vinson Inquiry received figures from the Department of Transport that indicated that across NSW, 67 percent of students who attend public schools receive 56 percent of the benefits of the SSTS.

- 5.4.3 In February 2002, the NSW Legislative Assembly Public Accounts Committee released a report of an inquiry it had conducted into the SSTS. It found that NSW provides free school travel to more than twice the proportion of students in any other state. Over 60 percent of students receive free school transport in NSW, compared to less than 30 percent in all other states except Tasmania, where it is just over 30 percent. All other states place restrictions on eligibility – eg possession of a health care card, attendance at nearest appropriate school, or nearest public school, or geographical location, eg rural or urban fringe areas.
- 5.4.4 As a result of the Commonwealth government's policy of unfettered choice of schools and promotion of private schools, it has become easier to establish and expand private schools. As a consequence, the cost of the SSTS has increased as more students are travelling further. The Department of Transport's response is to expend considerable amounts of SSTS resources to convey predominantly private school students large distances to schools of their choice regardless of their circumstances. Free transport provided for non-government school students is a hidden subsidy to the users and proprietors of private schools.

5.5 PAYROLL TAX EXEMPTION

- 5.5.1 The NSW Government exempts private schools from the requirement to pay Payroll Tax. This amounts to another subsidy in the order of \$75 million a year.

5.6 Recommendation 7: Given the array of subsidies and grants from both the Commonwealth and State Governments, a full Inquiry should be held into schools funding, as recommended in the AEU Submission.

6.0 FINANCIAL ACCOUNTABILITY OF PRIVATE SCHOOLS

- 6.0.1 NSW Public Schools are subject to minute scrutiny with respect to their financial arrangements. The Principal of each public school must make publicly available a full statement of financial accounts each year. This must include all revenue and all outgoings. It includes ALL forms of income: government grants, fund-raising, donations, voluntary contributions (ie 'fees').
- 6.0.2 There is no such requirement for private schools. They are not required to account publicly for monies received from government, that is, the public. Private schools hide behind 'commercial-in-confidence' excuses at the same time as they are treated as not-for-profit charities under the Taxation Act. No scrutiny is applied to the accumulation of assets, much of which is subsidised by the public.
- 6.0.3 On one occasion the Bishop of the Maitland-Newcastle diocese of the Catholic Church did present a balance sheet to his parishioners with respect to the Catholic schools within his diocese for the year 1996-97. It is interesting to note that:
- Of total operating expenses of \$58 486 172, 65.5% (\$38 323 570) came from Commonwealth Grants and 28.8% (\$16 865 902) came from the State government, a combined total of \$55 189 472 or 94%. The amount expended on school staff salaries (including cleaning, building, administration and clerical, teachers aides, librarians and teachers) was \$49 709 914. The combined schools salaries and total teaching materials (\$5 379 026) amounted to less than the grants from government - \$55 088 940.

Since this balance sheet was prepared and the Bishop made the comment about "favourable changes to government funding", Catholic systemic schools were re-categorised from Category 10 to Category 11 for funding. The Bishop's comments on that favourable change are not known to the Federation.

- A surplus of \$1.9 million was reported for the year 1997.
- One of the reasons attributed by the Bishop to the posting of a surplus was "favourable changes in government funding."

6.0.4 It is not enough to require private schools to be accountable for monies received from the government. Nothing less than a full disclosure of income from all sources and all expenditures is required in order to be able to assess the private effort that is being made by those private interests. It is also essential that the public be informed what proportion of funds available to a school are being spent on teaching and learning activities.

6.0.5 **Recommendation 8: That private schools be required to fully disclose their financial position, and to report publicly each year. That full disclosure would be a condition of any funding received.**

7.0 PROFIT-MAKING SCHOOLS

7.0.1 Some schools are being established which are openly for-profit ventures. Matriculation colleges are one example. Reddam College in Bondi is owned by a South African who has floated his schools there on the stock exchange. Increasingly people will attempt to make money out of Internet technology.

7.0.2 **Recommendation 9: That any school which is established as a profit-making venture should not receive any public funding.**

8.0 INFORMATION

8.0.1 There is a dearth of publicly available information with which the funding of private schools can be scrutinised.

8.0.2 It is not known to the Federation, or the wider public, which private schools are operating at resource levels above the AGSRC or the NSW average determined by the Minister, whether primarily made up of government funding or not. There are large numbers of schools operating well above AGSRC particularly when all funding is taken into account including 'hidden subsidies' from government. For example, some schools are operating above average on the strength of parental fees alone. In many of the wealthiest schools, fees and other contributions are more than double average costs. Such schools do not have a case for public subsidy and should be de-funded in the first instance. The money saved should immediately be redistributed to public schools.

8.0.3 Other information needs to be made immediately available, and a mechanism established for the continued reporting to the public. This is especially important in light of the Commonwealth government's increasing reluctance to report to the public. Such information must include:

- Commonwealth per capita grants to each school and authority - both the per capita grant and the total per school
- Commonwealth capital grants to each school
- Commonwealth specific purpose payments
- All other Commonwealth payments to schools, including Establishment Grants and Emergency Assistance Grants
- State per capita grants to each school and authority - both the per capita grant and the total per school
- State interest subsidies - amounts to each school
- State text book subsidies - amounts to each school
- Cost of pupil conveyance to private schools through the subsidy to transport operators
- Any other State government grants
- Actual costs to government of full provision of public education to all in public schools in order to meet all the needs of all students.

8.0.4 If private schools are to receive any funding from the public purse, then their cash and capital assets, liquid and fixed, must be open to scrutiny.

8.0.5 **Recommendation 10: That information be published immediately about which private schools are operating at levels above AGSRC and/or above average NSW costs. That their funding be ceased immediately and redistributed to public schools**

8.0.6 **Recommendation 11: That the information called for at Point 8.0.3 be collected and published immediately.**