

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into Commonwealth Funding for Schools**

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THE GEELONG COLLEGE



21 June 2004

The Secretary  
Senate Employment Workplace Relations and Education Committee  
S1.61 Parliament House  
CANBERRA ACT 2600

Dear Secretary

The Geelong College wishes to take the opportunity to make this submission to the Inquiry pursuant to Commonwealth Schools Funding.

We understand the Inquiry intends to look at the principles of the government's school funding package and their effect on areas including capacity of schools to meet goals, accountability arrangements and other considerations. The Geelong College is well placed to provide valuable input to assist the Inquiry in its endeavours.

Our submissions will provide a profile of The Geelong College, examine the inequity of the previous funding system and the consequences of the current funding system for our school and will include our recommendations as to future funding arrangements.

The Geelong College

The Geelong College commenced as an independent school in Geelong in 1861. 1135 full-time students currently attend the College, including 100 boarders and a further 55 full-time equivalent students in the Early Learning Centre.

It is the only former Category 1 school that operates solely in a regional area. Over 90% of our students reside in the Geelong region. The majority of boarding students come from the Western District of Victoria, which is a region that has seen a marked decline in economic fortunes in recent years.

A comprehensive survey of current parents conducted by the school in 2002 revealed that:

1. Nearly 50% of parents had a household income before tax of less than \$100,000.
2. In about two thirds of families both parents worked to pay school fees.
3. 40% of respondents indicated that they were sensitive to increases in school fees and of these, 11% said they would have to seriously consider moving their children to another school if there was an above average increase in our fees.

Although our school was rated equally with Melbourne schools such as Scotch College and Melbourne Grammar under the old funding system, it was made abundantly clear from the survey that there was a vast difference in the wealth of the schools and the regions from which they obtained their enrolments.

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### Education Resource Index (ERI) Funding System

The SES replaced a system known as ERI which took as its base a 12 category scale into which schools were directed through a complex formula developed about twenty years ago.

This classification of schools according to the ERI scale was made in 1985 and was based on an assessment of the school's resources by reference to the level of debt of the school and its student teacher ratio at that time. The College was therefore placed in the highest category because it was then (and continues to be) prudently managed. No account was made of the capacity of parents to pay fees or the financial need of the school. The College was inappropriately locked into this category until the new funding system commenced in 2000.

It has been well documented that the former ERI system was plagued with inequities, was based on historical conditions long since removed for most schools, and that it had proved incapable of adjusting to the fluctuating environment in which many schools operate

Although schools such as ours were locked into an outdated category, newly established schools were able secure a lower classification and therefore obtain higher government funding by arranging their ownership structure in a manner that ensured that its capital resources were not taken into account in the classification process. A good example is Morongo College in Geelong which was a Category 1 school when it closed in 1994 and a Category 6 school when it reopened as Kardinia International College just two years later. The only thing that changed at the school, apart from its administration, was its name.

For many schools, an unfortunate spiral grew out of the nexus between being locked into an unfavourable funding category and the higher fee levels required to provide an appropriate educational offering. The unwanted status as 'expensive schools' soon emerged, which opponents of independent schooling soon came to tag 'wealthy private schools.' This has been the experience of The Geelong College.

### Socio Economic Status (SES) Funding System

While no system can be perfect, the SES model eliminated many inequities and went further towards producing a 'level playing field' than its predecessor or other alternative models as it works on a close representation of the student profile in any school. As the profile changes, a periodic recalculation of SES causes the funding formula to attract a more appropriate funding level for the school.

Based on national statistical data, the SES offers considerable transparency. The system cannot be manipulated by schools, as a large-scale movement in student data would be required to materially alter the SES funding quotient.

The outcome provides a clearer picture of the capacity of parents to pay fees. By representing the socio-economic profile of the school's drawing region, a closer approximation of household income emerges. A school in a 'wealthy' locality will accordingly secure a lower funding level.

The current funding arrangement still provides only a percentage of the cost of educating a child. A sliding scale (80-130) operates whereby the highest SES score (130) yields as little as 13% of the Average Government School Recurrent Cost (AGSRC) whereas the lowest score (80) funds a school up to 70% of the AGSRC. The Geelong College has an SES ranking of 109 and in its final year is funded approximately to a level of 40% of the AGSRC. The important point to remember is that, in all cases, the remainder must be made up by school fees.

The College has recognised the financial circumstances of many of its parents by using the additional funding that was available to it under the SES funding system to offset the fee rises that would otherwise have been necessary to fund the operations of the school.

A comparison of our fees with those charged by other former Category 1 schools shows that the fees of the College are significantly lower. The difference is even more apparent than indicated by published fee schedules because our fees are all inclusive whereas other schools charge extra for many activities.

In the first three years of SES, while the College's costs rose by 22.4%, its fee rises totalled only 12%. The figures are shown below:

Year	% increase in costs	Rise in ERI (secondary*)	Fee rise %
2001	6.5%	7.23%	4.0%
2002	4.2%	5.18%	4.0%
2003	11.7% **	7.40%	4.0%

\* Education Resource Index [measure of cost of education]

\*\* A change in the method of calculating depreciation led to an abnormal increase in the provision.

Our cost increases have been no more than was necessary to pay the increases in basic operating expenses such as teacher salaries. During this period, many other schools of varying former ERI categories imposed fee rises in the range of 7% to 10%.

At the commencement of the SES funding system, the College faced considerable competition for enrolments from other independent systemic and non-systemic schools in the region. Although students attending these schools come from the same region from which we draw our enrolments, each of these schools was classified more favourably and therefore received substantially greater government funding than the College.

As a result, the fee levels of these schools were considerably lower than those the College was obliged to charge. To a degree, the gap has closed with the College's policy of passing on SES benefits in the form of lower fee rises. However, a substantial dollar difference remains which in turn inhibits the College's ability simply to maintain enrolments.

The following is a sample of the profile of competitor independent schools in our region, together with a comparison of fee levels:

School	ERI	SES	Students	Fees - Year 12 2004	% of TGC fees - 2000	% of TGC fees - 2004
Kardinia International College	6	103	1,372	\$ 6,664	53.7%	52.8%
Christian College		106/108	1,598	\$ 6,660	44.7%	52.8%
Ballarat Grammar School	6	101	1,240	\$10,740	73.0%	85.1%
The Geelong College	1	109	1,135	\$12,616		

It can be seen that fees at Ballarat Grammar and Christian College have increased more rapidly in four years than at The Geelong College, while those charged by Kardinia International College appear to remain proportionally in line. As Geelong College's fees are quoted as an all-inclusive sum, this measure may not represent the true picture in comparing our fees with those of Kardinia.

Unlike our competitors, we are effectively barred from accessing Federal capital grants and are ineligible to receive the Education Allowance from the State Government.

Having made those points, we recognise that competition between schools is entirely appropriate. In our competitive environment, higher fee levels have made it incumbent on the College to strive for excellence, to market on points of difference and provide a superior educational offering.

This is a challenge the College has enthusiastically taken on, despite the historical disadvantage we have suffered to maintain our market share.

The advent of the Socio Economic Status (SES) model has finally given The Geelong College some measure of funding equity and provided the opportunity to give fee relief to our parents.

#### Recommendations

The College submits the following recommendations:

1. That the SES funding system continue to be used as the model upon which government recurrent funding is based.
2. That the principle of student-based funding be maintained in preference to schools-based funding.
3. That tuition fees charged by schools be seen as the amounts needed after allowing for government funding to permit the school to operate and that such fees not be a factor in assessing funding methodologies.
4. That the Commonwealth Government recognise that, in addition to funding appropriate to the socio-economic profile of their communities, schools require certainty of government funding to allow adequate short to medium term planning and sufficient time to prepare for any changes that might be made to their government funding entitlements.

We would be pleased to provide further information in support of our submissions and to liaise with the Committee in doing so, if required.

Yours faithfully



Alan Williamson, LLB B Juris  
**Chairman of Council**



Dr Pauline Turner, BA(Hons), LittM, PhD, MACE  
**Principal**