

# AUSTRALIAN PARENTS COUNCIL Incorporated

*The National Federation of Organisations Representing Parents  
of Non-government School Students*

National Secretariat  
PO Box 1894  
North Sydney NSW 2059  
Telephone: (02) 9955 7091  
Fax (02) 9923 2723  
Email: [director@austparents.edu.au](mailto:director@austparents.edu.au)

## **APC comment on comparative operating resources of Australia's government and non-government schools**

### **Summary**

Perceptions about the funding of non-government school students and their schools remain at the centre of the ongoing debate about school education. The Australian Government's Socio-economic Status (SES) based funding allocation for non-government school students has provided additional funding to the sector and has come under severe criticism.

Some see the additional Federal funding as unfair to government schools and students, despite the fact that the overwhelming proportion of government school funding comes from State governments. Some also see the additional funding as unjustified in the light of the level of tuition fees charged by some independent ('private') schools. Calls for reduction in levels of public funding to these schools and students are strong.

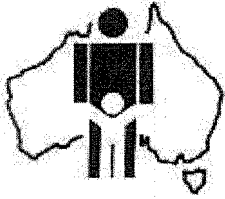
A June 2004 research paper, '*The total operating resources of Australian private schools in 2004*,' by Dr Louise Watson, Associate Professor and Director of the Lifelong Learning Network at the University of Canberra, calls for Australian governments - State/Territory and the Commonwealth, to review the current levels of funding to independent schools in the light of her findings about total operating resources.

The APC believes that Dr Watson's supporting figures overstate operating resources in private schools and understate expenditure in government schools and that in any event the figures are not comparable. Her finding that "*Overall, 55 per cent of private school students attend schools where the total average resource level per student is higher than the average resources in government schools*" is also overstated. It appears that at least half of the 894 independent schools surveyed by Dr Watson are operating at or below average expenditure per student in government schools.

Josephine Lonergan AM  
Executive Director  
Australian Parents Council

Telephone: 02 9955 7091  
Email: director@ austparents.edu.au

August 2004



## AUSTRALIAN PARENTS COUNCIL Incorporated

*The National Federation of Organisations Representing Parents  
of Non-government School Students*

National Secretariat  
PO Box 1894  
North Sydney NSW 2059  
Telephone: (02) 9955 7091  
Fax (02) 9923 2723

### **Paper by Dr Louise Watson**

The research paper '*The total operating resources of Australian private school in 2004*,' by Dr Louise Watson, Associate Professor and Director of the Lifelong Learning Network at the University of Canberra was funded by the Australian Education Union. The paper compares Dr Watson's estimates of 2004 average expenditure per student in government schools with income (tuition fees and government funding) per student in 894 independent ('private') schools.

From this estimated data, Dr Watson concludes, "*Overall, 55 per cent of private school students attend schools where the total average resource level per student is higher than the average resources in government schools*". Even if true, it appears that 45% of the independent schools surveyed have resources per student at or below the estimated levels of average government school expenditure per student.

### **Incorrect Comparisons**

Dr Watson's estimates of government and non-government school resources are not directly comparable and appear to be flawed in the following respects:

1 The use of raw tuition fees to estimate private school income overstates non-government school income by up to 15%. After sibling discounts, bursaries, fee subsidies, non payment of fees and the like are taken into account, total fee collection would be between 80% and 85% of advertised tuition fees - at least 15% less than the figures used by Dr Watson.

2 The method of comparing *income* in non-government schools with *expenditure* in government schools is fundamentally flawed. The income figures for non-government schools include capital income. State and Territory governments, on the other hand, separately finance such expenditure in the government school sector.

Recurrent expenditure in the non-government schools sector will always be less than the income received because of the need to finance capital development. Apparent operation surpluses are used to offset the provision of capital facilities in the sector.

3 The estimates of 2004 average government school expenditure appear to be understated because of excluded government school cost elements which should be included for comparability purposes.

It is also worth noting that the survey of fees from which the conclusions are drawn does not appear to be available.

#### **Estimates of Average 'Private' School Resources**

Dr Watson has obtained her 'comparable' figures on average private school resources (i.e. tuition fees) by the process of survey.

*She says "We obtained our data on tuition fees through a national survey of independent schools conducted between February and May 2004. Some information was provided on the schools' websites but in many cases we obtained the fee information by telephoning individual schools. ... In respect of primary schools, we collected the tuition fees in Year 4. In respect of secondary schools, we collected the tuition fees in years 8 and 12. As fees are usually higher in Year 12 than Year 8, we estimated as secondary school fee for each school from the average of these two observations" ....*

To the amount of her tuition fee estimate, Dr Watson added the applicable Commonwealth and State funding recurrent funding amounts to obtain her estimate of each independent school's income. These income estimates were then compared with her estimates of average expenditure in government schools.

Using tuition fees as income overstates non-government school income by up to 15%. After sibling discounts, bursaries, fee subsidies, non payment of fees and the like are taken into account, total fee income would be between 80% and 85% of advertised fee - at least 15% less than the figures used by Dr Watson.

#### **Estimates of Average Government School Cost**

Dr Watson's estimates of average government school expenditure per student exclude the following items of expenditure, which should be included:

- Funds raised by schools, school councils or community organisations. These funds are used for school facilities, administration costs, minor asset purchase, repairs and maintenance, special education projects and the like. If these were funded by the State they would be considered to be elements of government school cost.
- Out of school costs - In the non-government sector these are either borne by systems or individual schools
- Insurance costs, either notional or the cost of payouts for insurable calamities in schools
- Transportation of students: While contentious, transportation to school provides part of the mechanism of providing public education and should be included.

While the figures include a notional figure for the user cost of capital in some states, this is not expenditure and does not lend itself to direct comparison with the capital effort of parents in the non-government schooling sector.

#### **Treatment of fund raising or voluntary contribution**

Dr Watson says that "*the income raised privately by schools through fund raising or voluntary contribution is not taken into account in either the government or independent schools data in this study.*"

She says that fund raising or voluntary contribution in private schools is about 7-8% of their total operating resources in private schools. In government schools it is an estimated 5 -7%. Therefore she assumes that if it were included in her calculations, private schools would be another 1 or 2 % better off than government schools.

Dr Watson's assumptions about private fund raising and voluntary contributions in independent schools do not acknowledge the sources of income for government and non-government school students.

Government schools receive 95% of their income from governments, State and Commonwealth. In the independent school sector, tuition fees paid by parents are voluntary payments from their after tax income. The contribution of independent school parents to their children's education is between 43% and 87% of total operating costs, depending on school attended.

The input of parents of children attending non-government schools in Australia amounts to some \$4 billion per annum in recurrent costs. Non-government school communities also supply 85% of their own capital needs, whereas governments supply the capital needs in the government school sector.

### **Accurate Government School Cost Calculations**

Accurate reporting of government school per student cost is essential to an informed debate on education funding into the future. There ought to be a reliable figure which is the real, up to date cost of educating a student in a government school, reported annually to the public. At present, widely different figures are canvassed as the average per student operating resources of government schools in Australia and available data lags some two years behind current cost.

Accurate figures are important for the non-government schooling sector where Commonwealth per student funding is linked to a percentage of a particular version of government school cost calculation -the Average Government School Recurrent Cost (AGSRC).

### **Public funding for non-government school students**

In her paper, Dr Watson says that '*the original and abiding justification for funding private schools in Australia is to bring private schools to a standard of resources that is comparable to State schools*'.

While it appears that this has not yet happened for at least 45% of schools in the independent sector, the government's decision to lift resource standards recognised responsibility for contributing to the school education of all school students. The major political parties have endorsed and continued funding public funding for non-government school students as a matter of justice for all citizens. Other principles and justifications underpin arguments for an equitable public funding share for every school child and young person. For example:

The statement in the Universal Declaration of Human Rights that '*Parents have the prior right to choose the kind of education that shall be given to their children*'.

Deriving from the principle of every citizen's right to freedom of choice in education, all children have a right to share equitably in public expenditure for education.

The National Catholic Education Commission Statement of funding policy endorsed by the Conference of Australian Catholic Bishops in 1987 says:  
'*This (right of all children) is guaranteed only if State and Federal governments ensure that all citizens, all children, have access to public funds for education irrespective of the school chosen by the parents.*'

In 2003, the Ministerial Council for Employment, Education, Training and Youth Affairs (MCEETYA) in its statement, *Resourcing the National Goals for Schooling*, adopted the principle that '*Resourcing is adequate for meeting the National Goals, notwithstanding the school or sector they attend.*' And '*Students are the primary focus of good school education policy. Governments together share responsibility for ensuring that total resources available to all students are adequate for achieving the National Goals notwithstanding a school's ownership and governance*'.

### **Conclusion**

The MCEETYA document '*Resourcing the National Goals for Schooling: An Agreed Framework of Principles for Funding Schools*' calls for a national framework for funding schools to be supported by complementary State and Commonwealth models for funding government and non-government schools. It calls for governments to work cooperatively and proactively to ensure the achievement of goals identified - including an adequate level of resources, fair and equitable distribution, quality government schooling and resourcing for all students to meet the National goals, notwithstanding the school or school sector they attend.

Reliable and objective figures on school resources and expenditure will inform the framework. Perhaps improved comparative financial information on government and non-government school resources and expenditure per student can be expected from the ongoing work of the MCEETYA taskforces.

Rather than debating the appropriateness of non-government school parents' investment in their children's school education, the levels of public investment should be examined to ensure that they are sufficient to provide the school leaders, the teachers and the active school communities for 21<sup>st</sup> Century schooling.

Jo Lonergan AM  
Executive Director  
Australian Parents Council

August 2004

