

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

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

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**Organisation:** Lutheran Education Australia

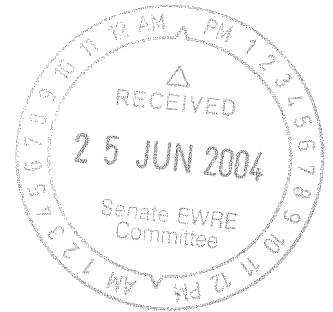
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**Submission to the Senate inquiry into Australian government funding  
for schools for the quadrennium 2005-2008**

**From  
Lutheran Education Australia**

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**Introduction**

The Lutheran Church of Australia (LCA) through Lutheran Education Australia (LEA) operates 82 primary and secondary schools, and 28 early childhood centres, educating some 30,000 students. Lutheran schools have been operating in Australia since 1839, and they have been important community and regional educational agencies in Australia for 165 years.

LEA represents Lutheran schools and systems nationally and is recognised by the Department of Education Science and Training (DEST) as a national interest group in its own right. It works closely with the Independent Schools' Council Australia. In addition, it consults regularly with the Australian Associations of Christian Schools and Adventist Schools Australia, and other national bodies to promote the needs of its schools.

LEA acknowledges the stability of funding that its state systems have enjoyed through quadrennium funding. It also acknowledges the increased recurrent funding to its systems and schools through the SES in the 2001-2004 quadrennium. However, it notes that this increased funding has been primarily because of increased enrolment numbers and Australian Government School Recurrent Cost (AGSRC) supplementation of the per capita grants. This funding has been critical for Lutheran schools to achieve the *National Goals for Schooling in the Twenty-First Century* and support the Australian government's priorities for education. Such funding has also been important in enabling Lutheran schools to operate accessible schools by minimising school fee increases.

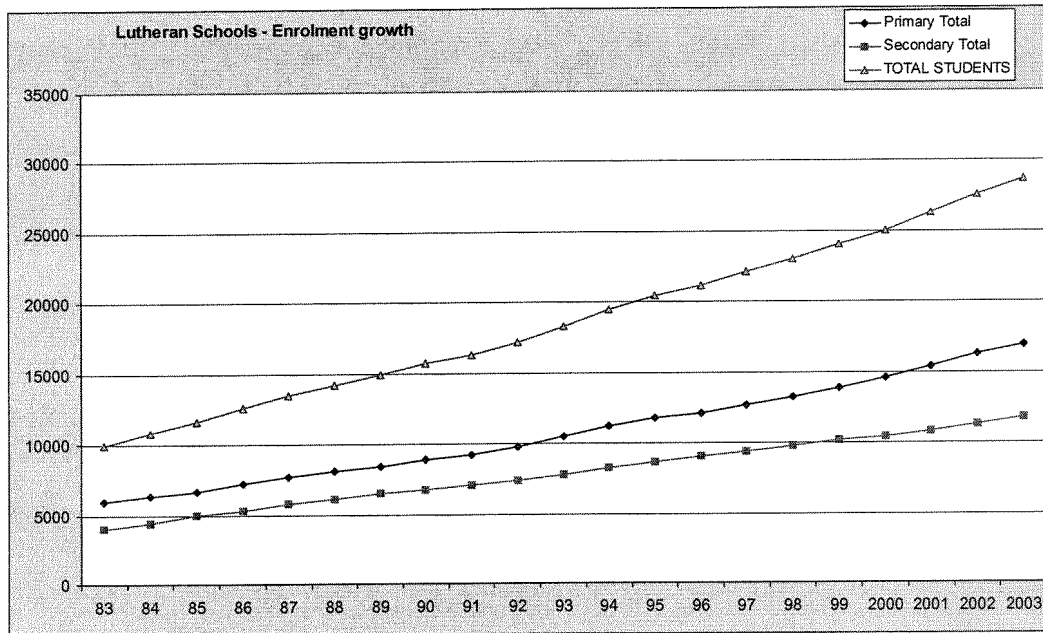
**Profile of Lutheran schools**

**(a) Growth and extent of Lutheran schools**

Whilst there has been Lutheran schools in Australia for 165 years, there has been particular growth in the last quarter of the twentieth century, as indicated in the following enrolment figures.

1967	3 592 students
1983	9 956 students
1993	18 285 students
2003	28 706 students

Figure 1 depicts the growth of Lutheran school enrolments since 1983. The growth in Lutheran schools has been very much part of the growth of the non-government sector.



[Figure 1]

Furthermore, Lutheran school enrolments are distributed across Australia as follows:

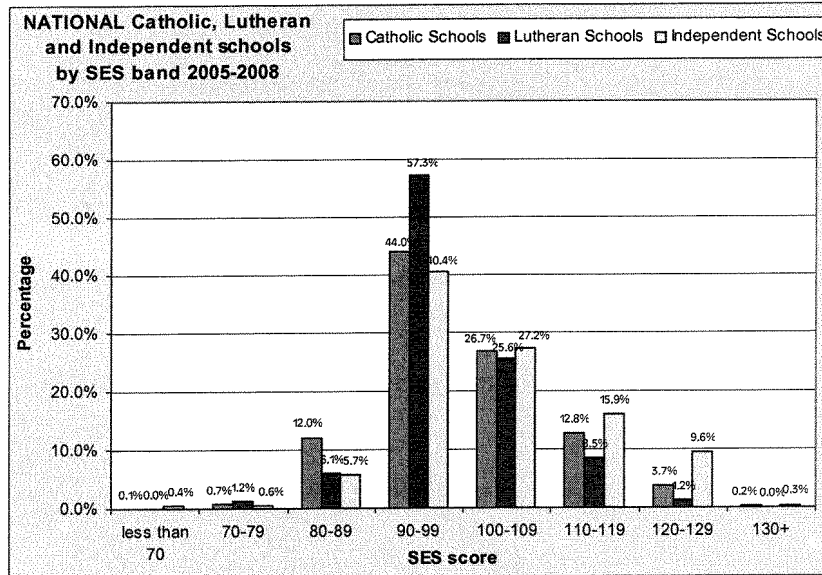
	SA	NT	VIC/ TAS	NSW	WA	QLD	TOTAL
Primary	5592	606	2109	645	707	7228	16887
Secondary	3553	221	1210	265	316	6254	11819
Total	9145	827	3319	910	1023	13482	28706

This growth reflects the church's commitment to serving its people and the community, and about one quarter of the enrolments are Lutheran. Further modest growth is planned in response to community needs.

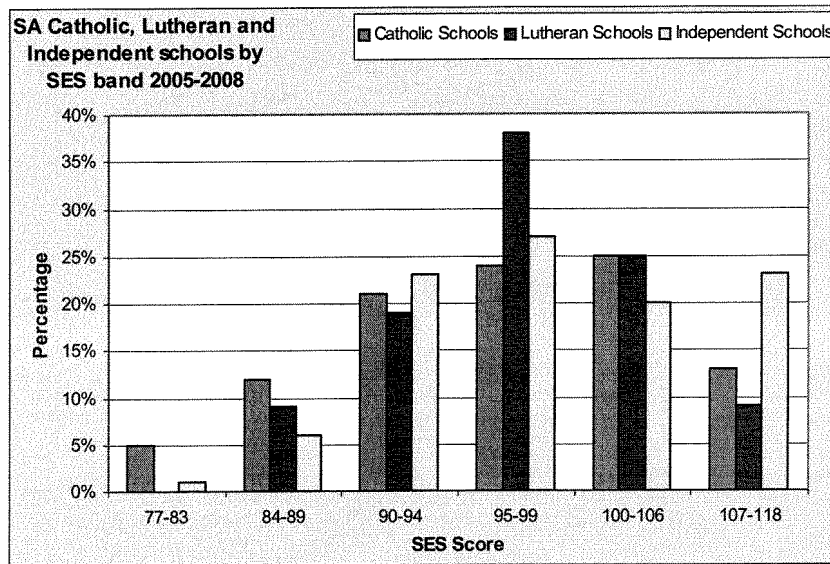
Lutheran schools have formed systems because all schools are agencies of the LCA and they see significant benefits from working co-operatively. There are three Lutheran systems which administer all but 11 of the 82 schools in Australia. These non-systemic schools are under the control of, and administered by, the three system directors.

**(b) SES of Lutheran schools**

An analysis of Lutheran schools in 2003 indicated that they operate nationally at recurrent resource levels around the AGSRC. Government funding enables Lutheran schools to operate with modest fee levels and thus Lutheran schools are intentionally accessible to a wide cross section of Australian families. Figures 2a and 2b outline the SES characteristics of Lutheran schools compared to other school groups in the non-government sector, both at a national level and at state level for South Australia.



[Figure 2a]

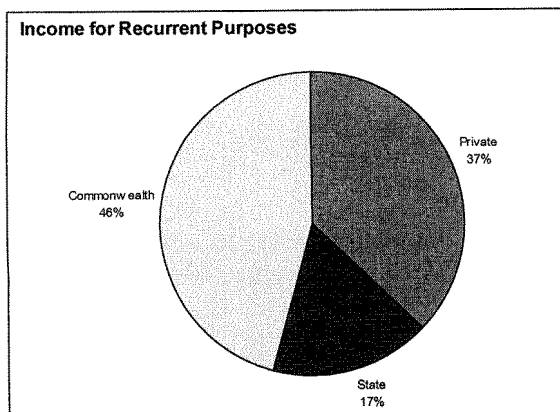


[Figure 2b]

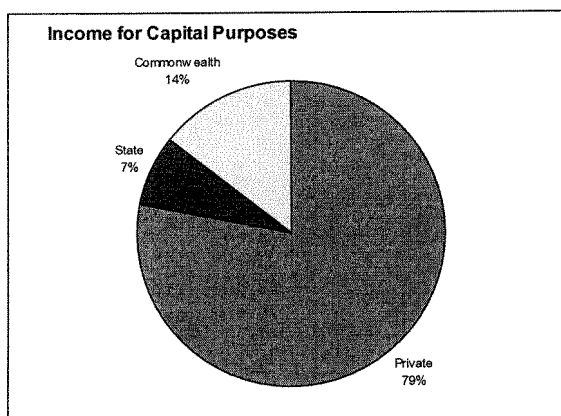
These graphs clearly indicate the diversity of backgrounds of Lutheran school families, who represent a cross section of Australian families.

**(c) Lutheran schools as partners in education**

Lutheran schools are funded from private, and state and Australian government sources in proportions, described in Figures 3a and 3b. In acknowledging the support of government funding for its schools, LEA also notes the significant private investment that its families make in partnership with government to the education of the Australian community.



[Figure 3a]



[Figure 3b]

Altogether, Lutheran school families made an investment to Australian education to the extent of \$90 million (based on 2003 DEST Financial Questionnaire data) and they see themselves in partnership with governments.

(d) **Quadrennium 2001-2004**

In the quadrennium 2001-2004 Lutheran schools were funded as follows:

Funding Maintained	19	[24%]
SES:	59	[76%]
Total:	78	

*Funding maintained* status was, therefore, important for one in four LEA schools in the transition to the SES funding model during the present funding quadrennium. It is important that this status is continued for the next quadrennium to ensure stability of funding for these individual schools and systems. *Funding maintained* status has been particularly important for these schools to operate as accessible low fee schools.

(e) **Quadrennium 2005-2008**

After the 2003 geo-coding of Australian schools, and based on the government's recent funding decisions, Lutheran schools will be funded in the quadrennium 2005-2008 as follows:

Funding Maintained	19	[23%]
Funding Guaranteed	27	[33%]
SES	36	[44%]
Total	82	

An examination of the SESs of all Lutheran schools for the quadrennium 2005-2008 reveals changes from the 2001-2004 quadrennium as follows:

SES increased	32	[39%]
SES decreased	26	[32%]
SES unchanged	24	[29%]
Total	82	

However, it needs to be stressed that most of these changes were within three SES points. LEA also estimates that by the end of the coming funding quadrennium *funding guaranteed* schools will have moved to SES funding status, leaving 19 schools outside of the SES funding. *Funding maintained* status again is important for 19 schools, assuring them of stability of funding.

## Principles for funding schools

LEA believes that the following basic funding principles should continue to underpin Australian government recurrent funding for the new quadrennium:

- a) **basic entitlement of recurrent funding for all students**  
Each Australian student is entitled to a basic grant from the Australian government, irrespective of the school that he/she attends.
- b) **additional recurrent funding according to the needs of the school community**  
Additional Australian government recurrent funding should be based on a measure of the needs of the school and its community.
- c) **all schools and systems to be funded according to the same funding methodology**  
There needs to be a consistent method for determining funding needs across all schools and systems in the non-government sector.
- d) **transparency of funding methodology**  
Funding methodology needs to be based on explicit and objective criteria.
- e) **quadrennial funding periods**  
Schools require the security and stability of knowing in advance their funding levels from government.
- f) **funding based on AGSRC**  
The AGSRC is an objective index that is an appropriate basis for all government funding.
- g) **annual supplementation based on movement of the AGSRC**  
Indexation based on the AGSRC is necessary for Australian government recurrent funding to keep up with real costs in education.

It is LEA's assessment of ministerial and DEST statements on the proposed funding arrangements for the next quadrennium that these funding principles have been met. In particular, under proposed arrangements all students will receive a per capita entitlement of Australian government funding. Furthermore, the AGSRC indexation provides appropriate funding increase to all government and non-government school students alike.

## Issues with SES

LEA believes that it is important that all non-government independent and system schools are funded according to the same funding methodology. Accordingly, it regards bringing the Catholic schools into the SES as an important development. However, 60% of Catholic schools are *funding maintained*. In addition 23% of schools in the 'independent' sector are also *funding maintained*, meaning that significant numbers of all schools are still outside of the SES. It is in the interest of the integrity of the SES system that all schools are funded in the same way after a reasonable transition period. Such a move should be a goal for the 2009-2012 quadrennium.

However, in moving to phase out *funding maintained* status a number of issues associated with the SES will need to be addressed, including:

- (a) Northern Territory schools are particularly disadvantaged because the high cost of living in their area distorts their SES. This situation also applies to schools in other non-metropolitan areas, such as Cairns. The problem is compounded because these schools also have higher recurrent costs on account of their isolation. The SES does not properly reflect the needs of such schools.
- (b) There is an anomaly for Lutheran schools in high SES areas with a mission to operate accessible schools, attracting a wide cross-section of the community and who

are thus not able to generate the private income that reflects their SES level. For these schools their SES does not indicate the real resource level of the school.

LEA would like to submit two examples from amongst its network of schools, where the SES does not give a true indication of the real level of private resources available to a school.

*Example 1*

School A	SES 105	Fee level of \$9,500
		Significant resources and reputation generated as an established school
School B	SES 105	Fee level of \$3,000 and struggling for enrolments
		A young growing school of less than ten years with pressing capital works needs

*Example 2*

School C	SES 115	Fees \$7,500
School D	SES 105	Fees \$10,000

System authorities know these schools intimately and indicate that School A which receives exactly the same amount of recurrent funding from the Australian government has access to significantly higher community resources. On the other hand, School C has significantly less community resources available to it than School D. Yet School C receives significantly less recurrent funding from the Australian government than School D.

In these ways SES alone does not seem to reflect the needs of these school communities.

- (c) There is an issue relating to the use of indigenous CDs. There seems to be an inconsistent use of these CDs by the ABS with implications for the SES methodology.

Although LEA has identified some issues that will need to be dealt with to make the SES funding methodology a better measure of a school community's need, it is felt that a review during the coming quadrennium is the preferred time to address these issues. Such a review should determine funding mechanisms for the quadrennium 2009-2012. LEA believes that the experience of two quadrennium's experience of both SES funding and *funding maintained* status will provide sufficient information to modify the present funding model so that it better reflects a school's genuine community needs. This would then be able to be achieved without impacting upon the transparency principle, or penalising private effort or initiative by schools. Furthermore, time would have been given to allow schools to move towards lower levels of government recurrent funding.

Notwithstanding the above, LEA asserts that the SES should be the base and indeed the primary means of determining school need for the purpose of establishing recurrent funding. It also asserts that whilst the *funding maintained* status is an issues that needs to be addressed, removing it in the present situation would be a significant burden for some schools.

## Systems

Systems are important to LEA. They represent the integrity of the schools as agencies of the LCA. They enable schools to work together in support of quality learning outcomes, and represent a balance between centralised control and local management. Thus LEA systems both support and empower principals to provide leadership at the local level, whilst providing government with one point of contact and greater assurances for accountability. Systems spread the cost burdens of opening new schools.

LEA believes that all systems whether Catholic or non-Catholic should be funded using the same funding methodology and treated in the same manner. The bringing in of the Catholic

school systems into the SES funding regime is thus strongly supported by Lutheran Education Australia.

However, there needs to be greater recognition by government that there are systems other than Catholic systems. This recognition should be demonstrated through clearer and greater articulation of system responsibilities. In addition, LEA believes that it ought to be possible for new systems to be formed and recognised by government. It is LEA's view that not enough consideration has been given to systems other than Catholic systems.

The increased reporting and accountability responsibilities foreshadowed by the Minister in *Taking Schools to the Next Level: The National Education Framework for Schools* can effectively be undertaken by systems such as the Lutheran systems. System authorities can facilitate greater efficiencies of funding for the Australian government.

### **Students with disabilities**

Parents continually seek out Lutheran schools and other non-government schools for the education of their children with disabilities. This is especially the situation when older siblings are already enrolled in these schools. In keeping with its enrolment policies, and within the resources available, LEA has a commitment to accept such enrolments. The enrolment of these students has imposed significant resource burdens on some LEA schools. The 2003 DEST census indicated that LEA schools enrolled 487 students with disabilities.

Additional public resources are required if the identified educational needs of these children are to be appropriately met. At present these students have access to much greater funding both from the Australian and state governments if they are in a government school. Ideally, students with disabilities in non-government schools should receive the same funding that they would receive if they attended a government school. Furthermore, students with disabilities attending non-government schools need to be able to access appropriate government services. As a guide, the percentage of the AGSCR received by a school for its recurrent funding based on the SES could be the percentage of funding made available based on the cost of educating such children in government schools. Whilst acknowledging the increased funding being made available for students with disabilities in the 2005-2008 quadrennium, LEA's view is that a major issue has not yet been fully addressed.

### **Indigenous education**

A number of LEA schools have significant indigenous enrolments and indeed indigenous education is seen as a critical area for LEA schools, reflecting the LCA's long involvement with indigenous Australians. There are 600 indigenous students enrolled in LEA schools with significant proportions in ten of them. The additional funding allocated in the quadrennium will go a significant way in addressing an area of concern to us.

### **Accountability and reporting**

LEA notes the range of accountability and reporting requirements that are placed upon systems and school authorities as a consequence of receipt of money allocated in the 2005-2008 quadrennium. In general, LEA believes these requirements are appropriate. However, LEA feels there should be more consultation with system authorities in their implementation. DEST should not assume that all schools in the independent non-government sector are independent but work more intentionally through implementation issues with system authorities. In this way, these requirements will be less onerous on schools.

### **Australian government and government schools**

LEA notes the Australian government has also increased its funding of government schools by an amount equal to AGSRC indexation. The Australian government has also exercised proper national leadership by requiring all schools, whether government or non-government to



fulfil a range of accountability and reporting measures. Such initiatives provide the community with appropriate information and enable parents to have a more comprehensive understanding of a school's performance and programs. School improvement can result from these initiatives.

LEA further notes that since the majority of Lutheran children attend government schools, the importance, viability and success of government schools are important for it and indeed the Australian community. In its 2001 statement *LCA Support for Government Schools* the important role of government schooling was affirmed, especially since these schools 'exist in many places where other schools cannot exist, providing education for children in rural and isolated areas and for those with special needs'. Furthermore, the statement encourages 'governments (Commonwealth and State) to continue support of government schools, recognising that any lessening of support will have long-term effects'.

LEA believes that the Australian government must continue to fulfil a national role in education, as it does in a wide range of other government services, working with state governments to ensure quality outcomes. The Australian government has the capacity to increase its contribution to the education of children in government schools and LEA believes that it should do so. Such a contribution should be to a level at least at the present minimum per capita rate for students in non-government schools.

### **Legislation**

LEA stresses the importance of schools having certainty of funding for the next four years so that they are able to commence budgeting for the 2005 school year. Accordingly, LEA strongly urges that the funding legislation for 2005-2008 quadrennium be passed well before the end of 2004. Any issues relating to the modification of the SES or improvements in the measurement of the need of a school community ought to be worked through in a consultative process for the quadrennium beginning 2009. Such a time frame will enable study based on significant experience and data to be undertaken, and will allow certainty for the immediate years ahead. Accordingly LEA urges the passing of the legislation.

### **Recommendations**

1. Since the proposed funding arrangements meet the funding principles enunciated in this submission LEA recommends that the legislation be passed in its entirety and well before the end of 2004.
2. LEA recommends that during the next quadrennium anomalies in the SES be closely examined with a view of arriving at a funding mechanism, using the SES as the base, that more fully measures the needs of the school community, whilst meeting the funding principles articulated above.
3. LEA recommends that all systems in the non-government sector continue to be funded in the same way and treated in the same manner in all respects, including accountability and reporting requirements.
4. LEA recommends that the differentials in funding students with disabilities in non-government schools as compared to those in government schools be addressed.
5. LEA recommends that the Australian government continue to exercise a leadership role in education and lift its contribution to government schools to at least the present minimum per capita rate for students in the non-government sector.
6. LEA recommends that DEST continue with its consultations on accountability and reporting requirements to develop more efficient and meaningful strategies with an emphasis on school improvement as much as accountability.

**Adrienne Jericho**  
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**June 2004**