

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into Commonwealth Funding for Schools

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Minister For Education and Training



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Senator Kim Carr
Chair
Commonwealth Schools Funding Sub-Committee
Suite SG.52
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CANBERRA ACT 2600



Dear Senator Carr

COMMONWEALTH SCHOOLS FUNDING INQUIRY

Thank you for the invitation dated 25 May 2004 to make a submission to the Senate References Committee inquiry on Commonwealth funding of schools.

You indicate the inquiry will examine how the principles apply in meeting the current and future needs of government and non-government schools, and whether efficiency and effectiveness in the allocation of funding is assured.

As you are no doubt aware, the Schools Resourcing Taskforce of the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) has given consideration to this matter through the Resourcing of the National Goals Project.

The most useful summary of the key issues was provided in a paper tabled at the 17th MCEETYA meeting held in Sydney on 23 April 2004 (Paper 2/2: Commonwealth Funding Arrangements For Schools: States Grants Legislation 2005 to 2008). I assume that you will gain access to this and other relevant information through the MCEETYA Secretariat.

Socio-Economic Status (SES) Funding Model

In addition to the MCEETYA endorsed principles arising from the above Taskforce in relation to public resources for non-government schools, the main area at issue is the Commonwealth Government's Socio-Economic Status (SES) funding model.

The MCEETYA paper referred to above noted the issues as:

- "The models for funding government and non-government students fail to address relative need between sectors"; and
- "The weighting for the distribution of SES based funding for non-government schools is simplistic and does not represent the distribution of costs within the non-government sector".

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Members of your sub-committee will be well aware of the concerns raised by State and Territory Ministers of Education about the inequitable outcomes of the SES model. A public funding inequity exists between well-resourced high-fee independent schools and government and other non-government schools. I do not believe it is necessary for me to go into detail about this, as there is sufficient evidence and commentary on the public record around Australia about the flaws with this model.

However, I wish to draw your attention to the two main reasons for the inequity. Firstly, a distortion of public policy that invokes an automatic taxpayer entitlement, when parents choose a high-fee school, regardless of the capability of a school to attract private income.

Secondly, the funding model is methodologically or technically flawed: it must be flawed if it can deliver *more* funding to the high-fee schools that are least in need of public funding – more than they were receiving prior to introduction of the SES model. This outcome contradicts the Federal Government's own rhetoric which claims the SES model would provide adjusted funding levels to non-government schools who, as indicated by their SES, could raise higher levels of private income.

The taxpayer entitlement is received by the school as a theoretical subsidy on the cost of educating the child at the school. However, how can it be regarded as a subsidy when there is demonstrable evidence that the schools involved have made no effort to reduce their fees? They continue to increase fees and the parents, perhaps foolishly, continue to pay. The net effect is an even higher level of resources for the schools.

These schools, historically, have high levels of resources and charge fees alone in excess of the average cost per student in government and other non-government schools. If parents with the financial capacity are prepared to pay the high fees being asked, why then should scarce public funding be allocated to these schools with resource levels well above a community average or minimum, when the needs are greater in other schools? For a nation state that has prided itself on egalitarianism, the effect of this funding formula is the opposite.

The funding formula is at odds with two of the MCEETYA principles referred to in the second paragraph of this letter:

- Principle 2: Public funding across different schools and sectors is distributed fairly and equitably through a consistent approach to assessing student needs and through **having regard to the total level of resources available for students** (emphasis added).
- Principle 4: Public funding for schooling supports the right of families to choose non-government schooling and supports non-government schools **on the basis of need**, within the context of promoting a socially and culturally cohesive society and **the effective use of public funds** (emphasis added).

Because of the Commonwealth funding policy and the effect of the additional "windfall" gains made by Western Australian high fee schools, the Western Australian State Government determined two years ago to allocate a lesser percentage increase to State per capita grants for these schools. In 2003 they received a 3 per cent increase compared with the 5.2 per cent increase for other non-government schools. In 2004, the same schools received the same amount they received in 2003 whereas other non-government schools received a 3 per cent increase. These schools were effectively being "funding maintained" by the State in 2003 and are now more appropriately "funding guaranteed" – to use the parlance of the Federal Minister for Education.

Average Government School Recurrent Cost

A review of the Average Government School Recurrent Cost (AGSRC) and the funding distribution model for allocating State Government financial assistance to Western Australian non-government schools was recently completed. A copy of the review report is enclosed for the sub-committee's information.

The report may be of interest, as it has tackled the issue of the AGSRC which is another, and equally important, aspect of the models for allocating funding to non-government schools. This review uncovered areas of government school expenditure that are inappropriate to flow through to non-government schools. This State will be adopting the "refined" AGSRC as the basis to its non-government funding model.

The report has also recommended that the State Government not adopt the SES funding model but continues a resources-based category system as a suitable needs-based mechanism for distributing per capita funds to non-government schools and systems. The origin of the State's funding categories is the former Commonwealth Education Resources Index (ERI). The continuation of a resources-based model is supported by the independent and Catholic school sector in Western Australia. Both sectors were represented on the review working party.

Funding Parity

The impact of the above inequitable funding policies on the government school sector is further compounded as the Australian Government provides resources at 8.9% and 10% of primary and secondary AGSRC respectively, whilst the non-government sector receives a minimum of 13.7% of the AGSRC, which in some cases increases to around 60%. Funding of government schools should be at 13.7% of the AGSRC and therefore be equal to the minimum level of per capita funding for non-government schools.

Enrolment Benchmark Adjustment (EBA)

This EBA was implemented to address a perceived cost shift by State and Territory Governments when students moved into non-government schools from government schools.

The Australian Government is reducing funding to the States and Territories whilst at the same time encouraging the population shift by the generous resources policies that form the non-government school. This policy was and is still considered to be ill-conceived and inappropriate.

The States Grants Legislation needs to be drafted such that general recurrent grants are not less than the amount determined by the formula for calculating total per capita funding.

There should be no "tying" of general grants to specific programs, with this specified in the legislation, Quadrennial Agreement, and the Quadrennial Guidelines.

Migration and Disability Discrimination Policies

It is strongly recommended that the Australian Government cease to shift responsibility for the costs associated with its migration and disability policies.

In particular, I would like to see the Australian Government:

- increase per capita assistance to ESL – new arrivals with high educational needs;
- expand the visa classifications' eligibility for new arrivals; and
- recognise the high costs to States and Territories arising from the extension of the Disability Discrimination Act and provide resources through the States Grants Legislation.

Considering that the government schools' sector accommodates the majority of students with disabilities and learning difficulties, the Australian Government must fund government schools at the same per capita rate as provided to non-government schools for these students.

Yours sincerely



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MINISTER FOR EDUCATION AND TRAINING

Encl:

25 JUN 2004