

**COMMONWEALTH FUNDING PROGRAMS FOR
PRIVATE SCHOOLS
1996-2004**

A favourable climate for expansion and growth

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LIST OF ACRONYMS

AEU	Australian Education Union
ASIC	Australian Securities and Investments Commission
CCD	Census Collection District
DEST	Department of Education, Science and Training
ERI	Education Resources Index
EWRE	Employment, Workplace Relations and Education [Senate Committee]
QON	Question on Notice
SES	Socioeconomic Status
STEA	Schools Transitional Emergency Assistance

1. Aims of this paper

The central aim of this paper is to provide analysis and critique of the implementation and administration of the range of Commonwealth programs providing financial support to private (non-government) schools for the period 1996-2004. Changes over this time both in overt policy and in implicit practice will be examined. The effects of intersections between discrete programs will also be analysed and summarised. Examples will be provided and significant case studies will be presented.

The Commonwealth, both in the new programs and regulatory frameworks it has established, and in the manner in which these programs have been administered, has deliberately acted to facilitate the expansion of the Australian private school sector. By formally deregulating the sector, by setting in place a funding mechanism designed to provide additional financial support to private schools, and – just as crucially – by easing its own administrative controls and procedures, the Howard Government has pursued a policy designed to smooth the way for the establishment of new private schools and to enable enrolments in existing ones to grow. This is the central thesis of this paper. By mapping out the territory in which the Commonwealth has chosen to operate in the funding of private schools, this paper will form the basis and framework for more detailed study of particular issues, problems and instances where inequitable or unreasonable outcomes have followed the Howard Government's policy approach in this area.

The paper will not provide a detailed examination or critique of the highly controversial new recurrent funding model ("the SES model") introduced by the *States Grants (Primary and Secondary Education Assistance) Act 2000*. This legislation and its outcomes have been the subject of widespread discussion and criticism in academic, policy and political spheres, and the AEU has been prominent in this debate. However, the paper will address the combined and cumulative effects of the various Commonwealth programs, including the SES model and its application, on individual private schools' funding.

The programs and issues to be given particular attention include:

- Eligibility requirements for recurrent and other grants; and
- Transparency and accountability requirements attached to Commonwealth funding for private schools.
- Establishment Grants Program;
- Schools' Temporary and Emergency Assistance (STEA) Program; and
- Capital Program.

Targeted programs, including Indigenous programs, literacy and numeracy and programs for disability support, will not be looked at in detail. These might form the topic of a further study.

2. Background and context

Under the Hawke and Keating Labor Governments, Commonwealth funding for private schools grew, but was essentially contained by administrative procedures and policies that formed important aspects of an overall approach. The aim was to regulate the expansion of non-government schooling to ensure that, overall, provision was not duplicated, that private schools were to be established only where a need could be demonstrated, and that the highest taxpayer subsidies flowed to the schools in greatest financial need.

New Schools Policy

Central to this policy framework was the *New Schools Policy*, which limited the flow of Commonwealth support to those schools that met strict criteria – including minimum enrolment requirements, location, viability, and of potential impact on the viability of neighbouring schools. This policy discouraged the proliferation of new, small schools in areas already satisfactorily serviced by both public and private schools. It also discouraged the expansion of existing private schools to new levels of provision (for example, from primary to secondary) and the unregulated establishment of new campuses. The policy formed the framework in which, broadly, speaking, public provision of schooling remained the centrepiece: any expansion of private provision was measured against the adequacy and viability of existing public schools.

The New Schools Policy was a brake on the establishment of new private schools. This point is illustrated by the historical data, which shows a clear leap in the number of new non-government schools, and new campuses of such schools, in 1997, following the election of the Howard Coalition Government and the subsequent abandonment of the New Schools Policy. In total, 111 applications for new non-government schools were approved in 1997, while 68 schools successfully applied to extend their provision to a new level of education. This compared with figures for the previous year (when the former Labor Government's policy prevailed) of 43 and 16, respectively¹. The number of new private primary schools and campuses recognised by the Commonwealth in 1997 was double – at 40 – that of new such schools and campuses in the previous year, though subsequent years saw a slight reduction. The number of combined primary/secondary schools also rose, though less sharply². Approval numbers fell back overall after 1997, indicating a “backlog” of schools that previously would not have qualified, but did so under the deregulated regime of the incoming government.

Demographic trends and population shifts aside, it might be imagined that growth in the number of private schools would tend towards an equilibrium - a natural limit. At a certain point, the market would become saturated. However, new ones have continued to appear. The majority of new primary schools established since 1996 have exhibited a particular characteristic: most have been small schools, typically enrolling between 10 and 50 students, but in a

¹ Senate Employment, Workplace Relations and Education [EWRE] Committee answer to Question on Notice from hearing 14 February 2003, reference no. E743_03

² Data from *Taking Stock: Report of the Survey of Non-Government Schools Infrastructure in Australia 2000-2001*, DEST, Canberra 2003 p.63

significant number of cases having fewer than 10 enrolments. A smaller number of secondary schools commenced with similar low enrolments: one school, the Australian International Conservatorium of Music High School in NSW, was eligible for Commonwealth funding for only one student.

The implications of the new approach do not need to be spelt out. In resiling from responsibility for regulation – through funding approvals – for expansion of providers in the private sector of schooling, the Commonwealth since 1996 has presided over an increasingly volatile, unstable situation in the non-government school sector, where quality of provision and the educational welfare of students must be at greater risk. Objective measures of these problems exist, and will be identified and referred to in this paper.

SES funding model

The second major shift in Commonwealth schools funding policy since 1996 has been the development already mentioned – the introduction of the new system of recurrent funding for non-government schools known as “the SES model”. This allocative mechanism replaces the former Education Resources Index (ERI) that determined a school’s financial need in the light of a cocktail of financial and other measures including fee levels, other school income and the socioeconomic makeup of the student body.

The SES index, by contrast, is a single measure that ignores the actual financial resources available to individual schools. It *indirectly* determines an “SES score” for each school by reference to the Census Collection Districts (CCDs) of the family address of each student, calculating a different cocktail, this time mixing and averaging the incomes, occupations and parental educational attainments of the 200 or so households in each student’s immediate home neighbourhood. As many commentators have noted, this provides some kind of measure of the average socioeconomic level of a student’s neighbours, but the implications of this fact for the student’s own circumstances and background are potentially weak. This is because private schools enrol a minority (about 30 percent) of Australian children and *ipso facto* boast populations that are *atypical* – rather than typical – of the population as a whole. In other words, it is highly likely that the child in my street who attends a private school will be in certain relevant respects *unlike* the other children who go to the local government primary and secondary schools.

As noted earlier, it is not intended to provide a comprehensive critique of the SES funding system here. The policy and its impact need to be understood, however, if the added effects on schools of other program outcomes and administrative rules are to be appreciated. As an attachment to this paper, some recent analysis of the SES model is summarised.

State and territory regulation

Finally, there is the issue of the different roles and responsibilities of the states and territories, on the one hand, and the Commonwealth, on the other. As in other parts of the education sector, the carve-up of roles in schools policy under the federal system of government makes for some confusion not just in the minds of the interested public, but in practical administrative and

legislative terms. These issues, where relevant to the problems to be identified, will be drawn out.

3. Summary: an overview

In synopsis, the issues identified and described in this paper are as follows:

- *The lack of robust regulation surrounding Commonwealth recognition of new private schools for funding purposes:* this creates volatility and instability in the non-government school sector;
- *Ambiguity in the “not-for profit” requirement:* schools that are essentially operated for profit, or that are associated with commercial companies, are benefiting from Commonwealth subsidies;
- *Inconsistencies in state and territory registration:* the split in responsibilities between levels of government means, first, that the Commonwealth lacks the powers to oversee the operations of private schools; and, second, that schools in one state deemed eligible for Commonwealth funding would be ineligible if located in another state;
- *No “fit and proper person” test is applied:* persons with inappropriate business and personal backgrounds can establish schools, and receive Commonwealth funding, with impunity;
- *Accountability and transparency provisions are weak:* generally poor reporting and accountability requirements mean that, for example, private schools in receipt of Commonwealth funds are free to discriminate against students and to engage in other unfair practices;
- *Recurrent grants are too easily available:* extremely small schools, essentially ephemeral in nature, can now come and go, receiving Commonwealth funds essentially intermittently;
- *Establishment Grants have been handed out without adequate assessment of eligibility:* schools that were not actually newly establishing, or that had little likelihood of lasting the distance, have received funds from this Commonwealth incentive program;
- *The emergency financial assistance program, STEA, has been inappropriately allocated:* poor management and inadequate financial planning have been subsidised;
- *Capital grants to private schools provide lavish subsidies to the comparatively resource-rich:* Commonwealth capital funding provides private schools with a significant competitive advantage over public schools; and inadequate provisions are in place for the retrieval of the Commonwealth’s capital investment when schools close.

The picture as a whole, when incrementally constructed, is disturbing. It shows a policy environment where financial and regulatory controls are inadequate, are lacking or are selectively ignored. An atmosphere exists where virtually anything goes. Those planning to establish new private

schools, as well as those responsible for the running of existing schools, seem to have got the message that an unquestioning Commonwealth will provide them with funds while requiring minimal accountability and little transparency. Schools are run increasingly on commercial lines, sometimes for profit, thinly disguised. Financial scandals, bankruptcies, school closures, prosecutions of principals and school business managers – all seem to be on the increase. State registration requirements vary across the country, but rarely go thoroughly to matters of financial probity. In any case, since by far the higher proportion of public funding for private schools emanates from the Commonwealth, it can be argued that it is the Commonwealth that must bear primary responsibility for ensuring that public funds are appropriately allocated, and expended, in that sector.

To draw attention to these matters and these cases is not to assert that those involved in private schools are dishonest or badly intentioned, nor that the hapless bureaucrats, administering these policies at state or Federal level, are incompetent or deliberately careless. Of course this is not the case. It is to draw attention, however, to a “hands-off” regulatory environment seemingly deliberately created by government – the current Federal Government in particular - to allow and even encourage private schools to gain access to Commonwealth funds, while their requests and their general credentials are subjected to minimal scrutiny. This environment has come into being incrementally, over the successive terms of the current Coalition Government and, despite the notable attempts of some well-intentioned bureaucrats, has taken hold.

4. Eligibility for Commonwealth grants

4.1 Changes under Howard Government

As noted above, the Howard Government in 1996 abandoned the New Schools Policy, a policy designed to provide a rational planning framework for any expansion in the private school sector. This move has sharply shortened the list of criteria that a private school must meet in order to qualify for the various categories of Commonwealth grants. Essentially, in terms of eligibility criteria, there have been three outcomes of this policy shift:

- No minimum enrolment requirement is applied (though at least one state – Victoria - applies such rules when assessing a school for initial registration);
- There is no onus on applicants to prove the existence of need or demand for a new school, in the relevant geographic area; and
- The potential impact on neighbouring schools of the opening of a new school (or of the extension of an existing school to a new level of provision) is no longer assessed.

As already noted, the practical effect of the end of the New Schools Policy has been a proliferation of new schools with very small enrolments. Furthermore, the viability of some of these schools is questionable –

especially since no “need” for a new school must now be demonstrated. Only a few years down the track, a significant number of these schools have closed their doors, displacing students and disrupting their education³. An examination of non-government school closures since 1996 is instructive: while there has been a small but significant increase in the average number of school closures each year after 1997, since that year there has been a quantum leap in the number of private school closures that have occurred owing to reasons other than adjustment within an existing school system (eg the Catholic or Anglican systems). Systemic closures are often related to rationalisations and adjustments in provision within a system, and are accompanied by the opening of new schools or the expansion of existing ones. In 1996 and 1997, (ie, when all closing schools can be assumed to have been initially approved under the “old”, stricter rules), four of 17 schools then in receipt of Commonwealth funding, or 24 percent, were closed due to loss of registration or because of a decision by the school itself to cease operation. The remaining schools were closed by the relevant “System Authority”. Between 1998 and 2002, by contrast, of 60 closing schools 44, or 57 percent, were closed for reasons other than a move to rationalise within a system – for loss of registration, due to bankruptcy or for other reasons. It is such closures that are particularly disruptive to the education of affected students. Clearly, the sector is now much more unstable than in the past, when the New Schools Policy prevailed.

4.2 Other inadequacies in existing criteria

Although the New Schools Policy served for many years as the centrepiece of the Commonwealth’s approach to planning in the non-government sector, there have been other essential criteria applying to schools seeking Commonwealth financial support. Some matters, that possibly ought to have been included in the criteria, have also been neglected by the current and previous governments alike. These are discussed in the following paragraphs.

4.2.1 “Not-for-profit” status

To receive Commonwealth funding, a private school must be an incorporated body registered under state/territory or Commonwealth company law as a “not-for-profit” company. This, on the face of it, is a transparent measure of the school’s genuineness as an entity with the primary aim of providing education, rather than making money.

At one time all private schools, probably without exception, were run either by religious organisations (eg churches) or else by foundations or other groups or entities established with the sole aim of running a school or schools – for instance, schools which followed a particular educational philosophy. Examples of the latter category might be Steiner or Montessori schools. Such entities sit easily, as “not-for-profit” companies, within the framework provided by company law: they exist for the purposes set out in their objects, and they use any financial surpluses generated from their activities for educational purposes associated with the school itself.

³ Senate EWRE Committee answer to QON from hearing 14 February 2003, no. E745_03, provides a listing of private schools that have closed since 1996.

It would be naïve in the extreme, however, to assume that this simplistic picture fits the complexities and the changed economic and social environment of the 21st Century. Yet the Commonwealth Government adheres doggedly to a view of the world, in this respect, that belongs in the early part of the last century. In assessing a school's status as a not-for-profit entity, it refuses to look behind the legal incorporation of the entity that has applied for Commonwealth subsidy: so long as that entity is a not-for-profit company, the Commonwealth is satisfied that the school itself is not to be run as a business and that its objects are not primarily or substantially commercial. This has enabled at least several clearly commercial organisations – possibly many more – to obtain access to Commonwealth funds as not-for-profit organisations, on a par essentially with charities. (It also means that these organisations, hiding behind their shell incorporations, can obtain tax breaks and concessions, including those associated with the GST: this matter is a topic for another paper.)

The most striking example here is Taylors College, which has branches in four states: Victoria, Western Australia, NSW and Queensland (though in the last of these it does not offer formal school-level education). This provider operates principally in the Vocational Education and Training sector and caters primarily to overseas students. Only Taylors College in Victoria is listed as receiving Commonwealth recurrent grants: presumably the provider's secondary school offerings in other states are patronised only by international students. In Victoria, Taylors College enrolled 77.8 eligible students in 2000 and 102 such students in 2003. No implication is put forward here that this organisation has arranged its affairs in order to defraud the Commonwealth, but attention is drawn to the manner in which the companies behind Taylors are easily able to comply with the legal requirements necessary to fall within the relevant eligibility criteria, at least for the Victorian branch of their operations. Taylors operates in both secondary education and in the tertiary sector, and uses various trading names. The company structure behind this provider is complex. For example, Taylors Colleges in Melbourne and Sydney operate under the name "Taylors" and are wholly owned by Taylors Institute of Advanced Studies Ltd, which is a public company, limited by guarantee, registered with the Australian Securities and Investments Commission (ASIC). Taylors College in WA is owned by Study Group Australia Pty Ltd, also an ASIC-registered company, this time limited by shares. Both are for-profit companies. Both are part of a much larger multinational company in the education, training and information industries. The company is part of the Daily Mail and General Trust (DMGT) and is listed on the London Stock Exchange.

The Commonwealth Government has assured the Senate Estimates Committee on several occasions that, in accordance with its own eligibility criteria, no entity that receives Commonwealth funding is a for-profit company. This means that Taylors College, in its commercial incarnation, must be associated with a non-profit organisation that meets the Commonwealth's criteria. No such not-for-profit company can be found on the ASIC register. At the time of writing, it is not yet clear how, under the Commonwealth's guidelines, the for-profit Study Group Australia Ltd and/or Taylors Institute of Advanced Studies Pty Ltd have been able to gain, and retain, eligibility.

Because of its low Australian enrolments, Taylors College does not actually receive a substantial Commonwealth grant, compared to its other sources of finance (eg overseas students' fees). Nevertheless, its Commonwealth funding runs to over \$300 000 per annum. In return for this money the organisation is not required to prove that the funds so provided have been used exclusively to benefit Australian students, and in any case this task would be difficult, since the staff employed, or the materials purchased, with the funds would presumably benefit other students as well as Australian residents.

Even if Taylors could prove that its Commonwealth financial assistance went only to the education of Australian resident students, the fact remains that this money helps defray the cost of the parent company's Australian operations and, presumably, makes these operations more profitable. Thus it could be argued that it is the shareholders in Britain and elsewhere who reap the ultimate financial benefit.

Other schools also operate primarily as providers in the international education sector, with a small proportion of Australian enrolments. But most appear to boast a simpler company structure that is based in Australia, rather than overseas, and as a rule they each have only a handful of shareholders. They are, however, linked closely to businesses run for profit. However one – Murdoch College, referred to in the ensuing paragraph – is part-owned by Alexander Group Ltd, a for-profit company with international links.

A recent trend has been the entry of publicly-funded universities into the private school sector. Both Murdoch University in Perth and the University of Adelaide have set up private schools, in each case in consortium with business entities. These secondary schools are located on or beside the campuses of the public universities and enjoy access to their facilities – variously free of charge, or at highly favourable rates. For example, Murdoch College pays an annual fee to the University for student access to its library, but students can use the Murdoch University student recreational facilities (eg food outlets, sitting areas) at no additional charge. The respective business partners of the higher education institutions, forming consortia behind these two university-located schools, are ordinary commercial companies. Yet the Australian enrolments at these schools, as with Taylor's, attract Commonwealth subsidies. Furthermore, these schools are indirectly subsidised by the Commonwealth through the higher education budget in the taxpayers' money provided to universities. In the Murdoch case, the school is built on land given to that University by the Western Australian State Government.

A new development, recently announced by the publicly-listed Australian company ABC Learning Centres Pty Ltd⁴, proposed to set up a chain of for-profit primary schools associated with the 80 or so commercial child care centres already operated by the company Australia-wide. The Commonwealth, for its part, is reserving its position on this planned

⁴ Day, Annabel, "ABC targets schools for growth" *Australian Financial Review*, 4/2/04 p.15

development until it receives a formal application for funding assistance⁵. This development will form the subject of further work.

More subtle, but equally significant, are the complex company structures set up by mainstream private schools, including many of the oldest, wealthiest, high-status schools. The schools often have substantial operating surpluses and other liquid assets. Typically nowadays, these schools are associated with entities that can be described as holding companies, investment companies and/or trusts. The links include similarly-constituted company boards to the governing bodies of the schools and, in many cases, the same officers and key personnel. Many of these schools possess considerable financial resources and assets and they receive advice, moreover – often on an honorary basis – from financiers and accountants from the top end of town. It is difficult to imagine that the complicated financial arrangements associated with such schools are not designed to maximise taxation advantages and/or to allow other financial benefits to accrue.

The “establishment” private schools of the large capital cities no longer exist with the straightforward aim of providing an education based in a particular religion or denomination – if indeed they ever had that primary aim. The fact that they are owned by the Anglican, Uniting or Catholic churches does not render them religious organisations in their day-to-day practice. Nor, as Richard Teese has pointed out⁶, do these schools’ websites, featuring stained glass windows and other ecclesiastical trappings, any longer indicate a primarily religious purpose or atmosphere. One hundred years ago, the parents of girls at PLC or boys at Sydney Anglican Grammar might have declared that their aim in sending their offspring to these schools was to ensure that they were educated with sound Christian values. The mission statements of these and similar schools, as proclaimed on their websites at the start of the 21st Century, still accord prominence to this goal, but it is doubtful that many parents of the schools’ students would these days avow a primarily pious purpose in selecting their child’s school. Instead, their purpose is probably to secure social privilege and to enhance their son or daughter’s chances of obtaining a high university entrance score.

In other words, therefore, the concept of “religious charity” no longer sits well with the ethos of wealthy, exclusive private schools. The reality is that they confer direct social, and indirect economic, privilege and advantage. In fact, their implicit contract with the parents of their young charges is much more similar to a commercial undertaking than it resembles the assumption of a moral duty.

For several reasons, then, the simplistic, unquestioning use of the “not-for-profit” criterion as a crucial yardstick for assessing eligibility for Commonwealth funds is no longer appropriate. The Commonwealth should subject private schools to a much more rigorous examination of their financial and organisational structures before recognising them for financial assistance. It should also examine and review the credentials of existing private schools in this regard.

⁵ EWRE Committee Hansard, 16/02/04, pp.110-111

⁶ Teese, Richard, “Go to the bottom of the class, PM” opinion piece, *The Age*, 22 January 2004

The role of the states and territories in the registration of private schools is not parallel to the Commonwealth's responsibilities in relation to access to Commonwealth funding. While the states might well apply financial and other tests to schools for the purpose of deciding their eligibility for state-level assistance, primarily the states' responsibilities in registration go to educational standards, curriculum, the qualifications of teachers and the adequacy of facilities and school premises. It is quite possible (should relevant state legislation permit it) that a for-profit entity could meet all criteria for registration as a private school, while at the same time failing tests applied to gauge suitability for access to public subsidies.

4.2.2 State/territory registration

Despite various attempts to bring them into closer mutual proximity, state and territory criteria for the registration of private schools vary considerably. This has concrete effects on the ground. For example, Western Australia has no required minimum enrolment level for new schools, resulting in schools being registered with as few as three students. Victoria, on the other hand, requires that, except in certain circumstances, a school applying for registration must have at least 20 students, with a minimum of 10 for each year level in the case of a secondary school. NSW does not require teachers – or even principals - at non-government schools to be professionally qualified.

The Commonwealth, for its part, regards state or territory registration as a central criterion for funding eligibility – even though the characteristics reflected by the fact of registration varies markedly from state to state. Thus a school located in NSW that might, through its state registration, meet the Commonwealth's criteria and receive significant recurrent and other funding support as a result would not be eligible for such funding had it been established across the border in Victoria. In any case, by making the fact of state registration a central plank of its own assessment framework, the Commonwealth is obliged to rely on the probity, transparency and thoroughness of state and territory assessments and processes. In the arena of international education, this same feature of the regulatory regime – a split in responsibilities between levels of government – has placed the Commonwealth in an invidious position when the high workload and other pressures prevailing in one state (NSW) undermined the ability of the relevant authorities to scrutinise and monitor the credentials and behaviour of registered providers in that jurisdiction. In brief, an inordinate number of private international education providers in NSW came into the spotlight at Federal level, with problems related to immigration scams and breaches of student visa requirements.

The lesson to be learnt from the arena of international education is this: in a nutshell, the Commonwealth has to wear any mistakes and/or lack of rigour associated with registration and accreditation carried out at the lower level of government.

State governments can come under political pressure surrounding the registration of private schools, especially in regional areas. In 2003, a Christian primary school in regional Victoria with 25 enrolments hoped to be allowed to extend to Year 7 (secondary) education. However, it failed to have the requisite minimum ten enrolments at that level. Representatives of the

school reported that “we will be fighting strongly for approval nonetheless...”⁷ In sensitive regional electorates there may well be temptation to accede to special pleading over registration, thereby creating a situation where very small schools, with limited resources, may find themselves struggling to meet the full range of educational needs of secondary students. (It is not implied here that the particular school referred to has attempted deliberately to exert inappropriate pressure on the Victorian Government: the case simply illustrates a situation where potential exists for such pressure to be exerted.)

Once again, the Commonwealth, in that it is totally reliant on state or territory registration as a criterion of eligibility for grants, may find itself encouraging – through its funding – some schools where quality of education could be seen as potentially compromised.

4.2.3 Other existing criteria

To be eligible for Commonwealth funding, a school must provide confirmation that it has “commenced to provide education”. The meaning of this phrase, quoted for the Commonwealth’s administrative guidelines (section 57), is not defined. In addition, a school must make various undertakings to provide accountability documentation and to provide details of enrolments. It must also forward to the Commonwealth a list of the home addresses of all students, for the purpose of calculating the school’s SES score. This has to be done on a periodic basis, as specified.

4.2.4 “Fit and Proper Person” tests

In the international education sector in 2000, the Commonwealth was forced to introduce an entirely revamped regulatory regime for providers in this area. This represented an attempt to clean up the reputation of private provision in the overseas student market and to stamp out immigration rorts and other questionable business practices. The new regime is far from perfect, although it does include a crucial new feature: a “fit and proper person” test, applied to the principals of the company which is the international education provider.

The Commonwealth does not apply a parallel “fit and proper person” test to the principal officers of private schools and their associated companies. As a result, it is powerless to refuse funding to schools associated with financial and other scandals, unless criminal prosecutions have actually ensued. From time to time, scandals involving private schools and their financial management are reported in the media. On other occasions, such matters are the subjects of speeches in state and/or Federal Parliament, or of questioning as part of Senate Committee processes. There is at least the appearance that the Commonwealth, sometimes, continues to provide financial subsidies to schools where serious problems apparently exist and where there is therefore uncertainty that taxpayers’ funds are being properly spent and accounted for.

⁷ Kay Blore, Principal of Benalla Christian School, writing in *Nurture: journal for home and school* June 2003

A recent example is a large private school on the Queensland Sunshine Coast which was reported in the local media⁸ as owing \$8 million to creditors while its erstwhile principal, who remained in a continuing post at the school as financial manager, drove around in an expensive sports car provided to him by the school. A series of other alarming allegations was also listed in the media, including reports that substantial loans had been made to the former principal and his wife, that questionable large payments had been made to certain members of the school's board, and that the former principal, who as noted continued to work at the school, had been struck off the Queensland teachers' register in 2003 because of a conviction, in the seventies, for having an improper sexual relationship with a 13-year-old girl. While it was also noted that the Queensland authorities were reviewing the school's registration, the press reports stressed the point that the school was to receive \$4 million in Commonwealth subsidies in 2004.

This is only one example where current eligibility criteria place the Commonwealth in an invidious position. The rapid expansion of the private sector of schooling, its quasi-commercialisation and volatility – caused by deliberate Commonwealth Government policies - all mean that the likelihood of such scandals arising has increased in the last decade. Those running and managing private schools, and the governing boards and councils responsible to oversee their actions and policies, do not necessarily have the requisite expertise or support. It is inevitable that, unless the Commonwealth acts to place a brake on this expansion and a lid on volatility, there will be financial failures and media scandals. Schools are changing hands, closing and reopening, splitting into two campuses and opening new campuses or branches. They are borrowing to build new facilities or to run expensive advertising campaigns. Inappropriate financial decisions are made. Yet the Commonwealth is administratively blind to these problems.

4.2.5 Accountability and transparency: admission and exclusion policies

In an atmosphere where the Howard Government extols the virtues of parental “choice” in schooling (and thus enhances “choice” by encouraging private schools to flourish), a critical eye should be cast over the real nature of that “choice”. The real nature of the stated “values” of some private schools – values notably praised by the Prime Minister as superior to those espoused in the government schools sector⁹ - should also be examined.

In reality, the choices open to parents through the proliferation of private schools is limited to opting to apply, on their child's behalf, to one or more of these schools. It is up to the school to decide whether to accept the child. Schools do not necessarily publish their selection policies, and are not required to adhere to transparent, stated criteria in this regard. Very many schools rely on an interview process but, once again, are not required, as a condition of Commonwealth funding, to provide details of the matters covered in family interviews or of how these will be assessed. Consistency in the application of entry criteria does not need to be demonstrated. Private schools

⁸ Furler, Mark and Gordon Clark, “Grammar faces \$8m debt as parents, govt put in millions” *Sunshine Coast daily* 3 December 2003, p.1

⁹ Controversy over Mr Howard's remarks raged in virtually all parts of the Australian media in the week commencing 19 January 2004.

are exempt from some aspects of Commonwealth and state/territory discrimination law, particularly those provisions that apply to religion. Once a child is enrolled, the school generally reserves the right to “exclude” the student at any time, for virtually any reason.

Parents are usually required by schools to sign an undertaking to uphold the school rules as they are determined from time to time and, often, to uphold the “ethos” or “values” of the school. Of course, they must also promise by means of a written contract to pay the school fees in a timely fashion. If they do not, their child can be “excluded”.

While the above description is of necessity a general one, it is based on a sampling of the websites of around 50 private schools of various kinds in NSW, Queensland, South Australia and Victoria. The examples examined illustrate that, once the parent has made the “choice” to apply for a place for a child at a private school, further choice – for example, about school policies and curriculum as they affect the child - is formally not available. In practice, of course, schools might adopt a benign and open approach to parents’ requests and other input from parents. The fact remains, however, that most private schools have formalised a series of carefully-worded policies designed to preclude just such options for parents. There is no formal process of redress if a child is refused enrolment, or if a parent feels that his/her child has been treated unfairly by the school.

In a small number of isolated cases, parents have taken private schools to court over decisions not to accept their child as a student. A tiny number of parents of children with a disability have been successful in such actions. Where children are not accepted or are excluded, however, for less obvious reasons, cases are much more difficult to pursue. Most parents are unable to afford expensive, protracted civil actions of this kind and also would doubtless hesitate to inflict such an experience on their son or daughter.

The issue of admission and exclusion policies is just one of many where questions about transparency and accountability can be raised in connection with private schools. Others include quality and educational standards, financial policies and reporting requirements, and educational policies relating to gender. The Commonwealth has been complacent on these issues. As private schooling has expanded rapidly and taxpayer subsidies have risen, it has done nothing to strengthen the formal reporting requirements placed on these schools. Some might argue that, while long-established private schools and systems have evolved more or less in line with community standards in areas such as equity and non-discrimination, the many newer, smaller private schools could benefit from a regulatory framework that obliged them formally to adopt practices in these regards that fitted with community standards. The Howard Government has taken no steps to establish such a framework, nor to move to remove exclusions from certain kinds of anti-discrimination legislation that currently prevail.

A 2003 paper by Chris Aulich and Terry Aulich¹⁰, commissioned by the AEU, discusses in detail some proposals for improved accountability provisions

¹⁰ Aulich, Chris and Terry Aulich, “*Proposals for improved accountability for government funding to private schools*” Australian Education Union, November 2003

associated with government funding for private schools. This paper also provides useful international comparisons.

5. Specific programs: issues and problems

In this section the generalised problems so far identified that are associated with administration of specific Commonwealth programs of financial assistance for private schools will be described. Much of the evidence here has come to light through Federal Parliamentary processes, especially the Senate Estimates Committee's thrice-yearly interrogation of financial and administrative aspects of the Government's operations with regard to schools. Specific examples arise through the media and/or from information provided by state and territory authorities.

Each of the major programs will be examined in turn.

5.1 Recurrent Grants

General Recurrent Grants in 2002 amounted to more than \$4.7 billion. Of this amount, \$3.4 billion (or 72 percent) went to the 30 percent of students attending private schools; and \$1.4 million to the 70 percent in government schools¹¹.

In this sub-section, the fundamental nature and implications of the current system of allocation of recurrent grants – the SES model – will not be discussed. While the SES allocative mechanism applies currently to recurrent grants only, there is evidence of a trend towards application of SES assessment measures to other Commonwealth grants to private schools. In particular, the Commonwealth is considering using this mechanism for the application of Establishment Grants, which are discussed in an ensuing section of this paper. The SES mechanism is regarded as a means (albeit a seriously flawed one) of gauging the resource levels of a school, rather than as something associated essentially with a particular program. Thus it can potentially be used, the Commonwealth reasons, for a range of purposes associated with funding.

As noted previously, the abolition of the New Schools Policy has enabled a rash of very small schools to gain access to Commonwealth recurrent grants. School enrolments are reported to the Commonwealth as recorded at a standard census date in August of each year. In the case of an extremely small school, the addition or subtraction of a handful of enrolments can mean a substantial variation in the proportional size of its recurrent grant. Typically, these new schools have unstable and volatile enrolments. For instance, a school might have seven enrolments in August 2003 but only four in May 2004. This would mean, effectively, that the school would receive almost twice the per capita funding to which it was entitled in 2004. Conversely, a

¹¹ Year 2002 Commonwealth funding levels here and elsewhere in this paper are taken from DEST, *States Grants (Primary and Secondary Education Assistance) Act 2000* Report on financial assistance granted to each State in respect of 2002 (DEST, Canberra 2003).

school experiencing a sudden increase in enrolments (say from three to six) would be underfunded to a similar degree. Examples of very small schools with fluctuating enrolments have been obtained through the Senate Estimates process¹².

Many of the schools with extremely low enrolments that in recent years have become eligible for Commonwealth recurrent funding have offered only the initial year or years of primary education. Typically, the school grows out of a preschool or kindergarten, or even from some form of informal, community-based child care arrangement. Many are Montessori or Steiner schools. In these cases, enrolments can fluctuate from a maximum of perhaps ten to a minimum of zero, as parents decide whether, and when, to move their children to larger, established primary schools catering for the full age range. Thus a “school” of this type might commence the year with five Year 1 students who had previously been enrolled in its preschool program but, by June or July, most or even all of these pupils might have been withdrawn in favour of mainstream primary schooling elsewhere. While comparatively small amounts of Commonwealth funding are involved in each of these cases, questions could be asked about the role of the Commonwealth in facilitating and encouraging practices of this kind which, it might be argued, are not necessarily in the best interests of the young children involved.

Closures of Commonwealth-subsidised private schools under the current deregulated regime are discussed in a previous section of this paper. While it is a challenge to uncover detailed information about small schools that no longer exist, some examples from the listing provided by the Commonwealth¹³ are possibly indicative. The address of the Bethel Learning Centre, for instance, that closed in 2002, is given as “Scout Hall, Fourth Ave Macquarie Fields NSW”. Seven are described as “community” schools or colleges or “cooperatives” and one is titled an “alternative” school. Others on the list are probably similar, but their names are not informative, although one is named the “Kaivalya School of Human Values”. The point here is not to disparage the well-intentioned parents or groups who established these schools, but to indicate as far as is possible the types of private schools which are particularly vulnerable to closure.

It is likely that many of the students displaced by the closures of the listed schools have subsequently been enrolled in other private schools – many of them new schools. There is evidence that this is the case: for example, the Government has provided details of the enrolments of a South Australian school, Glendale Christian College, which closed in 2000, and of another school, Glendale College, which subsequently opened on two sites including one of the sites of the previous school. Of the approximately 300 enrolments of the former school, about 100 transferred to the new school. In Queensland, All Soul’s and St Gabriel’s School, with about 200 enrolments, closed in 1999, according to DEST only to open again the same year – in the same buildings - as All Soul’s St Gabriel’s School. The student body

¹² An example is Wilgie View Learning Centre, WA, whose circumstances and history are outlined in answer to Senate EWRE Committee QON E419_04, arising from the hearing on 5 November 2003.

¹³ EWRE Committee QON answer E745_03

remained substantially the same as that of the defunct school. Both, upon reopening, received Establishment Grants as “new schools”.

Potentially, due to the inherent volatility of the new commercial “market” in private schooling created by the Government, a substantial number of students could find their education disrupted on more than one occasion as schools close, open and close again. Most educationalists would regard such an eventuality as undesirable. It is certainly avoidable.

Another phenomenon apparent from anecdotal evidence is a propensity on the part of certain parents to “shop around” – moving their child from one small private school to another in response to perceived problems. While the extent of this practice is not known, it is one that might worry teachers and educational experts. This arises partly from a consumption-based attitude to schooling: an attitude fostered by the current Coalition Government. But the phenomenon is arguably also fostered, perhaps, by a prevailing “take it or leave it” posture in many private schools in answer to complaints on the part of parents. This is the approach typified by the response to a parent, “If you don’t like the way we do things at this school, maybe your child would fit in better somewhere else.” So long as private schools are not accountable to the Commonwealth for their admission, exclusion and related policies, this approach will persist. As noted earlier, anti-discrimination legislation, as it applies to religion, does not reach into the private school sector. Discrimination on other, more amorphous, grounds (for example social grounds) is nowhere covered by legislation.

Whatever lies behind a “shopping” mentality when it comes to private schools, the pervasive rhetoric of “choice” with regard to schooling can only encourage this attitude in parents. The proliferation of new, small schools of all types creates a smorgasbord of “choice” that is potentially a drain on public funds and that could well destabilise the educational experience of individual children. There is no parallel in Australian public policy to this approach, where new, private facilities or services are established without planning or regulatory restriction, and are unquestioningly provided with public financial subsidies.

The provision of substantial per capita levels of public funding to schools whose credentials are yet to be established, through Commonwealth recurrent grants, might facilitate “choice” but is not necessarily in the best interests of Australian school students.

5.2 Establishment Grants

The Establishment Grants program came into existence with the passage of the *States Grants (Primary and Secondary Education Assistance) Act 2000* – the legislation providing for the new SES system of funding private schools. At the time, overshadowed by the sweeping changes to recurrent funding contained in the central bill of the legislative package, this small program was hardly noticed. It is, however, a crucial aspect of the Government’s plan to encourage the development of the private sector of schooling. In 2002, \$2.3 million was expended on this program.

In brief, the program provides additional per capita grants to new private schools over the first two years of their operation. A flat rate of \$500 per student in the first year and \$250 in the second year is applied. A “new” private school is recognised as such by the Commonwealth on the basis of a new state registration and the subsequent application for Commonwealth financial support.

In the first year of the program it became apparent that expenditure had blown out. In 2001 the Government had to return to Parliament with a bill to triple the funds available for this purpose. The reason was an unexpected increase in the average enrolment levels of “new” non-government schools – caused by the registration of just three schools with enrolments of over 300 students. One, the Australian Islamic College in Perth, had more than 1000 students. Since 2000 two further schools with more than 300 students have also appeared on the list of the program’s beneficiaries. More typical enrolment levels at new private schools hover between 20 and 100 students, and this tendency is generally reflected in data associated with the program.

The problem lay largely in the administration of the Establishment Grants program. In particular:

- Schools were not required to apply separately for funding under the program, nor to provide a formal declaration that they were genuinely new schools; and
- The Commonwealth failed to “look behind” the state registration of apparently new schools, to ascertain whether they were genuinely new or not. No guidelines existed, at first, for this purpose.

In fact the three large schools newly registered at state level in 1999, turned out not to be new at all. It must be emphasised that they had not misrepresented themselves to the Commonwealth in order to obtain establishment funds – the mistake was entirely on the Government’s side. In two cases, the schools came into being as separations from related schools, while the third case was that of All Soul’s St Gabriel’s School in Queensland, already described, where a school that had closed subsequently reopened with a new board of governors, requiring a fresh registration. The cases were drawn to public attention in the Federal Parliament, and the legislation subjected to scrutiny through a Senate Inquiry, but the Government used its numbers in the lower house to ram the increased allocation through.

A cursory examination of the average size of new schools approved for Commonwealth funding over the reign of the current Government would have shown that anomalies had crept through in 2000 and 2001. The average enrolment of a new private school leapt from 42 in 1999 to 90 a year later, and remained high – at 77 - in 2001. By 2002, after the Commonwealth apparently reviewed informally the administration of the program, the average enrolment for a new private school had fallen again to 52.

The allocation of Establishment Grants to a number of extremely small schools (including six schools with seven pupils or fewer) also gave rise to questions in Parliament. At least one of these schools has apparently closed and reopened, in various guises, twice since 1998 and, on the last occasion

on which it opened, it received an Establishment Grant¹⁴. Also in receipt of Establishment Grants were at least three schools that apparently have been opened as for-profit operations¹⁵.

Following the exposure of the apparent anomalies in the program's administration, the Government announced a formal review of its operation. The review was conducted by a DEST officer from the Department's Science, Economic Analysis and Evaluation Branch, assisted by a reference group consisting of three representatives of Catholic, Christian and Independent schools. The review's report appeared in December 2003¹⁶. The methodology adopted for the review's investigations was startling: the schools that had received the grants were surveyed, inquiring whether they had found the money timely and useful. Unsurprisingly, the schools in question replied that they had found the additional funds extremely useful, and the review duly concluded that the program was an unqualified success.

The review report refers to the "controversial" issue of eligibility for Establishment Grants, although the Department's problems and obvious past administrative mistakes are nowhere touched upon. Buried in the review report, however, though essentially unexplained in the text, are recommendations that would, if adopted, considerably tighten up the allocation of funding under the program¹⁷. The recommendations go to the articulation of much more stringent criteria for determining whether a newly-registered school was in fact "new" or not. If the criteria proposed by these recommendations had been in place in 2000 and 2001, the three large schools that had attracted critical attention would not have qualified for funding. Nor would a number of other schools.

The report on Establishment Grants also recommends that the Government consider using the SES mechanism to set subsidy levels under the program¹⁸. This would counter the criticism that taxpayers' funds were going to wealthy new schools and what are essentially for-profit schools.

Disappointingly, the review report does not recommend more exacting reporting and accountability requirements for the expenditure of Establishment Grant funds. As things stand, schools can use the funds for virtually any recurrent expenditure, including advertising and promotion, although *not*, (as an embarrassed departmental officer assured Senators in response to a question posed by a Senate Committee) to pay for a new suit for the principal. The report says:

*"Almost all of the schools indicated that they enjoyed the flexibility of being able to spend the grants according to their priorities and the accountability provisions should not be too onerous."*¹⁹

It concludes that "The current accountability provisions should remain in place."²⁰

¹⁴ See Senate EWRE Committee answer to QON E419_04, already cited.

¹⁵ Senate EWRE Committee answer to QON E740_04, from hearing 5 June 2003

¹⁶ Rahmani, Zakir, *Evaluation of the Establishment Grants Programme*, DEST, Canberra December 2003

¹⁷ Rahmani, *op cit*, pp.21-23

¹⁸ Rahmani, *op cit*, p.37

¹⁹ Rahmani, *op cit*, p.v

This program is in urgent need of thoroughgoing review. Its very basis should be questioned. By its existence, the program tacitly encourages new schools into existence – in a deregulated environment where new private schools have proliferated free of planning constraints and, furthermore, the Commonwealth funds from all sources available to private schools have significantly increased in value.

In passing, it is worth noting that this report on Establishment Grants provides an example of a worrying trend in the approach of the existing Government to the review of its own Commonwealth programs. This involves methodology by which a survey is conducted of beneficiaries of the program, while policy criticisms or perspectives of other interested parties and stakeholders are ignored. The “review” of the SES recurrent funding mechanism, underway in 2003-04, is another case in point.

5.3 Schools Transitional Emergency Assistance (STEA) Grants

This program has existed for over a decade and thus predates the current conservative Government. Expenditure on the program in 2002 was unusually low at \$1.3 million. There is evidence, however, that the program’s administration has become much more lax and permissive under the Coalition Government, and that it has diverged markedly from the purposes originally intended for it.

Guidelines for the program are published on the DEST website, included in the Administrative Guidelines for schools funding²¹, while schools are advised on making applications under the program by means of a set of Guidance Notes and pro forma application templates²².

Criteria for eligibility for STEA grants are four in number and all four must be met for an application to be successful. They are:

- *The emergency or need must be “transitional”.* This means that the school must demonstrate that it has a “recovery plan” to enable it to resume normal operations within two years;
- *The situation faced by the school must be a genuine emergency, threatening its financial viability, or the education or welfare of students;*
- *The situation must be “unexpected”.* This means that “it could not reasonably have been foreseen”; and
- *“Special need” must be demonstrated.* The school must show that it has no access to alternative resources to meet its financial difficulties.²³

In 2001 the Guidelines associated with the program were expanded to allow schools to apply if they were “facing difficulties in transition to the new [SES]

²⁰ *ibid*

²¹ DEST, *Commonwealth Programmes for Schools: Quadrennial Administrative Guidelines 2001-2004*, pars 103-107

²² DEST, *Schools Transitional Emergency Assistance (STEA) Programme Guidance Notes 2002*, DEST, Canberra 2001

²³ DEST, *STEA Guidance Notes 2002* p.9

funding arrangements”²⁴. On the face of it, this provision is curious: those schools standing to lose financially under the new SES funding system had been promised that the former ERI funding index would continue to apply to them – under a “no school will be worse off” policy.

A closer reading of the STEA guidelines reveals that the Government had anticipated that, due to the fact that the new SES funding levels were to be phased in gradually, over four years, some schools might face urgent financial need while this process occurred. Given that all schools that were to receive SES-based funding would receive substantial real increases over their previous ERI funding levels, it is difficult to understand what, realistically, these “difficulties” would be. The new provision appears, however, not to have been explicitly invoked in the actual allocations made since 2001.

There is evidence that, under the Howard Government, the administration of the STEA program has effectively broadened its purposes as originally envisaged. In the past, the example often cited for the appropriate allocation of such a grant was a school that had been affected by a natural disaster such as a flood or bushfire. In 2003, two schools in the ACT actually did receive grants following the January 2003 fires: one of these schools had been destroyed by fire, while the second had suffered substantial damage. (It is notable, however, that no Commonwealth program exists to provide emergency funds to *government* schools affected by fire or flood.) Two years previously a school in the Northern Territory received \$295 000 when it lost a large number of students after “Telstra built a large mobile phone tower within three metres of the school boundary”²⁵. This event, and its subsequent effects, are obviously phenomena over which the school had no control.

Beyond these three clear examples of real emergency need, an examination of the allocations made in recent years gives cause for concern. A sample – schools in NSW receiving STEA funds in 2000-2002²⁶ - shows that, of 16 grants made to schools of STEA assistance over the three years, no school is described as the victim of a natural disaster, nor as obtaining the grant primarily due to circumstances that could not have been at least to some extent either foreseen or influenced. In summary, the main reasons for providing the grants (bearing in mind that, for most schools, several reasons were listed) are:

- “Cash flow” difficulties (11 schools);
- Problems associated with “economic downturn” (7 schools);
- Decreased enrolments and/or decreased fee collection rates (11 schools);
- Reduced income from overseas students (2 schools);
- “Staffing problems” (2 schools);

²⁴ *ibid*

²⁵ Senate EWRE Committee, Estimates hearing 5 November 2003, answer to QON E413_04

²⁶ Senate EWRE Committee, Estimates hearing 5 June 2003, answer to QON E015_04, Attachment B

- Other financial problems, such as “increased expenditures”, “decrease in private income” and the NSW Government’s decision to reduce state funding to high-income schools (5 schools); and;
- Financial management problems (2 schools).

In this last category was one school where “the discovery of tax liabilities owed by the school” was cited as one of two reasons for its financial emergency. The second school suffered from “flaws in the internal financial control procedures at the school”. Both of these schools were Indigenous schools. It is possible that their financial problems arose from lack of experience in financial management which, under the circumstances, might provide good justification for an emergency grant.

The point here is twofold: setting aside the Indigenous schools, where special situations might have existed, the problems facing this group of schools in receipt of STEA grants seem to be either (1) predictable, in a general sense; or (2) avoidable, in that the difficulties appear to have arisen due to poor or even incompetent administration and financial management. Detailed examination of cases is hindered by the fact that DEST, to date, has declined to release the names of the schools concerned, citing confidentiality agreements reached with them at the time of making grants. However, some conclusions can be reached, and some cautious inferences made.

In another answer to a question raised in Senate Estimates, the Commonwealth has provided details (again excluding school names) of all STEA grants made to Australian schools in 2000-2002²⁷. The trends and characteristics apparent for NSW schools, as analysed here, are broadly replicated in the data for other states and territories.

Two of the grants made to NSW private schools over the three years were for sums of \$300 000 or more. The recipients were respectively described as a “large city school” and a “rural boarding school” which had “experienced a marked decline in enrolments, and income, over recent years”. The “large city school” was said to have experienced both reduced enrolments and an “unexpected increase in expenditures”. Without knowing all of the circumstances, it could nevertheless be observed that any “large” school should possess the requisite expertise to manage its finances successfully, and in particular to allow for expenditure increases as part of normal financial planning arrangements. The “rural boarding school” had apparently been facing declining enrolments over a number of years. It received \$540 124 in taxpayers’ funds as a bailout. In the absence of further information, it is difficult to see why either of these schools constituted a deserving case for Commonwealth emergency assistance.

In states other than NSW large grants have also been made. These include four of over \$400 000. It should be noted that schools can receive additional grants in years subsequent to their initial grant, and it is evident that this has happened in several cases at least. Thus the total amount flowing to a particular recipient school can be well over half a million dollars. Of the 46 STEA grants made over the three-year period only one went to Victoria and one to South Australia, states where private school enrolments are relatively

²⁷ Senate EWRE Committee, Estimates hearing 5 November 2003, answer to QON E413_04

stable, as a proportion of total enrolments. On the other hand, 17 grants went to NSW schools and 13 to schools in Queensland. In these states since 1997 growth in private school enrolments, and in the number of private schools, has been particularly rapid. This suggests that the burgeoning need for STEA assistance could be associated with the unstable environment in the private school sector caused by essentially unregulated expansion.

To return to the NSW sample, questions must also be asked about those schools experiencing “staffing problems”. Of course, the schools might have been truly the victims of misfortune in terms of staffing. However, the satisfactory management of staff is a basic requirement for all schools, and it is disturbing to speculate that Commonwealth funds might be used to bail out school principals or governing boards that simply lack the necessary management skills to deal with staff and maintain workplace harmony.

Where declining enrolments have been the principal cause of financial crisis, similar questions arise. It is not disputed that the drought and depressed rural economy could well have a major impact on enrolments in some rural schools, especially boarding schools, and five of the 11 NSW schools experiencing reduced enrolments were boarding schools. However, the Howard Government has explicitly encouraged a market-based approach to schooling, based on rhetoric about “parent choice”. It might be argued that, by persisting in propping up failing private schools, the Government refuses to allow the “market” to operate. Its contrary argument – that children’s schooling should not be jeopardised by failures and problems of the schools their parents chose for them – rings hollow in the face of its own market sloganeering. The Commonwealth is deliberately having it both ways here.

There are instances where schools in receipt of substantial Commonwealth support through the STEA program have subsequently – and quite quickly – closed down. Kooralbyn International School in Queensland is a case in point. This school received an STEA grant of \$100 000 in 2000 but closed early in 2002. The school was experiencing severe financial problems. It had hoped to attract large numbers of overseas students, but apparently was unable to succeed in this plan. “The downturn in the Asian economy” is cited by the Commonwealth as a major reason for its STEA grant²⁸. Since the Asian economic collapse was already clearly evident in 1997, it is not clear that this situation could not have been foreseen by those responsible for the school’s finances. The school, before its closure, received significant recurrent grants and also capital grants. In 2001 Kooralbyn received \$439 923 in recurrent grants, and its estimated entitlement for 2002 was \$485 180. The Commonwealth admitted later that year that, by advancing 50 percent of this amount in January 2002, there had “likely” been an overpayment to the school. At that time, the Department was seeking restitution of any overpayment from the failed school’s administrators (Ernst and Young)²⁹. It is not known whether any of this money has actually been retrieved. Capital grants to the school predate its collapse by eight and nine years. These, however, the Commonwealth reports were not recovered, due to lack of

²⁸ *ibid*

²⁹ Details of grants made to Kooralbyn School are provided in Senate EWRE Committee, QON answer E256_03 from Estimates hearing 21 June 2002

available funds³⁰. On the face of it, the Commonwealth could be seen here as pouring money into a failing business venture that just happened to be a school. In this case, only a small proportion of this money was in fact an STEA grant.

At the same time, the lack of transparency surrounding the program is a cause for concern. The Commonwealth maintains that to reveal the names of a school in receipt of STEA assistance could engender a lack of confidence on the part of parents, and of parents of potential students, in the school itself. It might be countered that the financial situation of a school is already known to parents through normal reporting processes – school council minutes, principals' reports, annual financial statements and the like. The Government apparently believes, however, that these matters ought not to be highlighted in the public arena. Once again, there is apparent conflict between the market principles on which the current Government bases its private schools policy, on the one hand, and its concern for the welfare of students, on the other.

Further, the Commonwealth does not reveal the formula or other considerations it uses to determine the size of emergency grants made to private schools. A school can receive more than half a million dollars in additional, non-refundable taxpayer assistance, while the public has no means of discovering why such a large amount is justified, and how it will be spent. The confidentiality provisions surrounding the STEA program, both formal and *de facto* procedural, need to be questioned.

5.4 Capital Grants

The Commonwealth's Capital Grants program is another that appears to have diverged somewhat from its original purpose. The program should also be questioned from the two points of view of waste and of accountability. Some of the reasons why this is desirable, and examples of apparently inappropriate allocations, are outlined below. Two central aspects of the program will be examined: the uses to which the grants can be put, and the fate of the Commonwealth's interest in infrastructure that is subsequently sold by schools, or where the infrastructure is no longer used for educational purposes.

Annual expenditure on the capital grants program in 2002 was around \$324 million. Of that, \$91.4 million went to private schools.

Under the Howard Government, the detail with which capital expenditure for schools generally has been reported has progressively declined. In late 2003, however, the Department published³¹, for the first time in several years, school-by-school information on 2002 capital grants for both government and non-government schools. This provides a snapshot of a late point in the evolution of administration of the program and illustrates the manner in which capital funds have become available for a broad range of purposes.

³⁰ Senate EWRE Committee QON answer E414_04 from Estimates hearing 5 November 2003

³¹ DEST, *States Grants (Primary and Secondary Education Assistance) Act 2000* Report on financial assistance granted to each State in respect of 2002, DEST Canberra 2003, pp. 11-46

Because items such as furniture, equipment and the like can in certain circumstances be purchased with capital funds, it is essential to consider how this money is distributed to individual schools while at the same time bearing in mind the policies driving recurrent funding. The fact is that resource-rich schools are eligible for capital grants and are successful in applying for them – despite the other sources of funds available to them. To cite some examples:

- Sunshine Coast Grammar School in Queensland charges the highest tuition fees (at \$5220 for a secondary student in 2003) in its region, according to local media³², and yet in 2001 the school received \$34 483 in capital grants; in 2002 it received \$83 000 for the construction of classrooms and science laboratories; and the following year \$172 700.
- Fahan School in Tasmania is a long-established boarding and day school in the exclusive Hobart suburb of Sandy Bay that charges fees of \$8500. In 2002, it received \$131 000 from the Commonwealth for construction of a new boarding house, science laboratories and art room. Its website reveals that the new boarding house facilities include reverse-cycle air conditioning and a separate room for each boarder in Years 11 and 12, among other features.

Newspaper reports in early 2003 say that Knox Grammar School in Sydney, one of Australia's wealthiest schools, is embarking on a \$45 million taxpayer-subsidised building program in 2004. This will include a two-story kindergarten in "a collegiate style of architecture" and a 1400-seat performing arts centre³³. It is not clear as yet whether the school has obtained capital grants for 2004: the point could be made, however, that the large increase in recurrent funds available to the school under the new SES arrangements (around \$1 million p.a.) might free up the school's other funds for infrastructure developments. This case illustrates the need to examine the intersection between funding programs and the ability of well-resourced schools to maximise their financial advantage. High Commonwealth recurrent subsidies offer opportunities to such schools to invest in other ways.

Other resource-rich schools that have recently benefited inordinately from increased Commonwealth recurrent grants have also undertaken major capital works and improvements. An example is Melbourne Grammar School, which like Knox Grammar School has received an increase of about \$1 million per year in Commonwealth funding. This school reports on its website on progress in the building of an elaborate new set of sporting facilities on a large area of ground near the luxury Melbourne Docklands development.

In a practical sense, the substantial recurrent grants that are now provided to even the wealthiest private schools queer the pitch for any sensible assessment of the appropriateness of other grants available to them. Capital grants are the most significant of these.

Perusal of the details of Commonwealth capital grants to government and private schools for 2002 reveals a disturbing trend. While, typically, public schools are funded for the most basic of purposes – "redevelopment of

³² Furler, Mark and Gordon Clark, *Sunshine Coast Daily* article, already referred to

³³ Silmalis, Linda, "Taxpayers help elite school" *Sunday Telegraph*, Sydney, 4 January 2004

classrooms”, “construction of general purpose classrooms”, “upgrade of administration area”, “new toilet block” – the same is not generally true for private schools. Far more common, especially in independent, as opposed to Catholic systemic, schools are grants for specialist, high-tech and even lavish facilities of the kind often not available in public schools. These include, for instance:

- “a design and technology... facility”
- “food technology, textile and design areas”
- “multi-purpose tiered hall... specialist classroom, physical education facility, music practice building”
- “technology block including art, music, science, LOTE... computer lab... student amenities... landscaping and improvements”
- “creative arts block comprising art room, senior arts store room, photography room, kiln, drama and music room, music practice room and store room, design and technology rooms....”.

These five examples are taken from the first two pages of listings for independent schools in NSW alone. They are not atypical.

In addition to bare-bones buildings, schools are able to use their Commonwealth capital funds for equipment and furniture to be housed and used in the new or refurbished accommodation. The guidelines regulating this provision are vague. It would be quite possible for a school to use Commonwealth funds from this program for equipment or other moveable items that, subsequently, were used elsewhere in the school, for more general purposes. Capital funds, for instance, can be used for library resources. There is scope for other consumables – such as class textbook sets or other learning materials – to be conflated with resources purchased expressly for library use. It is not suggested that there is widespread fraud associated with expenditure of capital grants on the part of private schools. The point is that such practices are possible. The blurring of boundaries between types of expenditure, especially with the introduction of electronic information technology, could enable private schools to maximise the value of the funds they receive from state and federal governments, and to maximise in turn their competitive advantage by creating a very attractive learning environment.

Another issue arising in connection with Commonwealth grants is that of accountability for expenditure on the part of recipient schools. St Stephen’s College in Coomera, on the Queensland Gold Coast, received almost \$355 000 in Commonwealth capital funding in 2002³⁴. According to media reports the school has received a number of similar grants in recent years. This school is notable in several ways: it is associated with an obscure breakaway group from the Anglican Church that opposes the ordination of women, but is by no means a small, “fringe” school, having almost 1000 students in 2000. The school became the object of media attention in 2002 over an alleged financial crisis involving substantial levels of debt. It is reported that the school received capital grants from the Commonwealth over several years but

³⁴ DEST, *Report on States Grants Act 2002*, *op cit*

did not undertake the capital projects for which the grants were made. Instead, the school leased buildings on a long-term basis. It is unclear whether the Commonwealth has been satisfied by the financial acquittals provided by the school for the use of the capital funds provided. Despite the questions raised in the press and in the Parliament about this school and its administration, it has continued to receive not only Commonwealth recurrent funds (around \$4 million in 2004), but significant capital funds as well.

Perhaps the most disturbing matter connected with the Commonwealth's capital funding program, as it applies to private schools, is the issue of what becomes of the Commonwealth's interest in school buildings and equipment once the infrastructure is sold, or when the school ceases to operate. Clauses 136 and 137 of the Department's *Administrative Guidelines* go to the issue of recoupment of these funds. In summary:

- schools are liable to repay a grant, at a heavily discounted rate, if the premises funded by the grant are no longer to be used for educational purposes, or if the school sells the building or ceases to operate. This obligation cuts out after 20 years;
- schools are nevertheless not required to repay the Commonwealth where a grant has been for less than \$50 000;
- where a school sells its Commonwealth-funded building(s) to another school, the second school is expected to take over the financial liability to the Government; but
- where a school goes into liquidation, "the Australian Government stands in line with other unsecured creditors for repayment of funds³⁵"; and
- the Commonwealth exercises discretion over whether to pursue a school, or former school, to retrieve its investment.

In practice, only a small proportion of the funds that might be recouped under these circumstances is in fact returned to the Commonwealth. Of 34 schools which closed, or otherwise became liable to repay capital funds to the Commonwealth since 1996, only nine have repaid all or part of the funds owing. The application of a generous depreciation formula means that the schools (with one unexplained exception) do not repay even the dollar amount initially provided: it might be assumed that, far from depreciating, some of the capital stock involved would have appreciated in real – as well as nominal – value over the five, ten or 15 years since the grant was made.

Twenty-five schools have not made any repayments. Of these, nine involved grants of less than \$50 000, and so, under its own Guidelines, DEST has not sought to recoup the funds. In some of these cases, however, the grants were made only shortly – a matter of months - before the school permanently closed its doors. Of the others, five were declared bankrupt and the Commonwealth was unable to secure repayment. Recovery action in the case of one closed school awaits its possible reopening. The remaining ten former schools have not been pursued because, the Department says, the buildings

³⁵ Senate EWRE Committee Estimates hearing 5 November 2003, answer to QON E414-04

are being used for “educational purposes” or, in one case, for other purposes by an Indigenous community centre.

This last point bears further examination. The nature of the entity that subsequently purchases, or uses, the facilities, should be carefully scrutinised. Vaucluse College in Richmond, Victoria, was a Catholic girls’ school that closed down in 2001. Over the previous 14 years it had received over \$1.3 million in capital grants from the Commonwealth. On closure the school buildings were purchased by St Kevin’s College, a high-fee Catholic boys’ school located in nearby Toorak. This school enjoys considerable endowments; its site alone is worth many millions of dollars; and its clientele is the wealthy Melbourne Catholic establishment. Property values in inner Melbourne have surged in recent years. It is unimaginable that the value of the Vaucluse site, and that of its buildings, would not be higher than equivalent sites and buildings elsewhere. In effect, the Commonwealth has made a gift worth many millions of dollars to one of Melbourne’s most expensive and exclusive schools.

There is evidence of a lack of appropriate care on the part of DEST in assessing applications for capital grants. A matching exercise on a list of closing private schools since 1996 with those that had received capital grants over the preceding few years reveals around a dozen schools that closed within three years of receipt of capital grants from the Commonwealth. The Foothills School in WA received approaching \$300 000 in Commonwealth capital grants between 1990 and 1999, with \$100 000 in 1998-99. The school went into liquidation one year after receiving this last grant and, on the basis that no funds remain, the Government has decided “not to pursue recovery”³⁶. Gippsland Christian College in regional Victoria was allocated \$120 000 as recently as 2000 (as well as an initial \$109 000 eight years earlier), but the school closed in 2002. Meanwhile, \$175 000, granted to Obadiah Christian College in NSW in 1998, remains in limbo after the school’s closure only three years later. While, in assessing a school’s eligibility for capital funding, it is probably unreasonable to expect that the Commonwealth foresee financial collapse ten years into the future, it is not unreasonable to expect that the immediate financial circumstances, prospects and business plan of an applicant for funds should be carefully scrutinised. A school whose demise is imminent is likely to exhibit signs of financial or other instability. The Commonwealth should explain why it has allocated capital funds with such alacrity to failing schools.

A conundrum about conceptualising the entity that constitutes a private school is raised by another case listed by DEST in the Senate Estimates answer that has formed the basis of this discussion on capital funding. A school, referred to earlier, known as “All Soul’s and St Gabriel’s School” in Charters Towers, Queensland, closed in 1999, only to reopen the same year as “All Soul’s St Gabriel’s School”, under a new board of governors. The DEST Administrative Guidelines provide that, where a school’s buildings are transferred by sale to another school, the Commonwealth will not seek recovery of its capital

³⁶ *ibid*

interest. In this case, however, the Department reports, “Recovery action underway. Amount to be recovered is \$146 803.³⁷”

Why is the Commonwealth seeking recovery of this money? The buildings in question remain as part of the “new” school, and thus the Guidelines would indicate that the money need not be recouped. Further clarification of this matter will be sought.

Meanwhile, Sunshine Coast Grammar School, in Queensland (described earlier in this paper) is up for sale. A company search reveals that the school is owned by a for-profit company, Sunshine Coast Grammar School Pty Ltd. The school, as noted earlier, is reportedly in debt to the tune of \$8 million. The major shareholder of this company is the former Principal, Mr William John Burgess, who was struck off the Queensland teachers’ register in 2003. Presumably, it is this company, rather than the school *per se*, that is on the market. Nevertheless, it is this entity that is referred to in the media³⁸ and elsewhere as “the school” that is for sale. What, exactly, will be sold? Is it the buildings and other assets? Is it something more amorphous, such as the students, staff and operations of the school? If the school, as an operating school, with staff, students, educational programs and the rest, is in fact a for-profit company that can be bought and sold, then why does this company receive Commonwealth grants – which can only go to not-for-profit entities? The school has a thousand students and receives Commonwealth recurrent grants. In 2004 it will receive an estimated \$4 million.

Sunshine Coast Grammar School was established only in 1997, and yet it has managed to grow to over 1000 students in just a few years. No doubt the generosity of the Commonwealth’s various funding programs has contributed to its success in attracting students. Now, however, over 1000 students might find their educational futures in destabilised – depending on the outcome of the sale of the school.

When and if the school is sold, what will become of the \$290 200 worth of capital stock and equipment owned by this school that was bought with Commonwealth funds? Why, for that matter, if the school is so deeply in debt and so close to bankruptcy, did all of this Commonwealth money flow to the school over the last three years? If the Commonwealth did not know of the precariousness of the school’s financial situation, why was it not aware? If the Department was aware of the situation, why did it invest taxpayers’ funds in the school through capital grants?

This case throws into sharp relief the contradictions and cracks emerging in the Coalition Government’s deregulated, commercially-based approach to private schools policy.

³⁷ *ibid*

³⁸ “Schools sale talks go on as parents wait” *Sunshine Coast Daily*, 3 December 2003, p.2

6. Conclusion

It is hoped that this paper provides a general overview of the administrative and regulatory context created and nurtured by the Commonwealth for the operation of private schools in Australia. This context provides a background against which private schools are actively encouraged to open and to expand. The funds available to private schools, for various purposes and under various programs, provide considerable financial assistance and on-going support. They enable many schools – particularly new schools in outer metropolitan and regional areas – to charge low fees while at the same time providing high-quality, highly-subsidised capital facilities and equipment, and to operate at per capita funding levels well above the average funds available per student in the government schools sector.

In addition to the programs examined in this paper, there exists a series of targeted programs for specific purposes including disability and other special support, literacy and numeracy, English as a Second Language and so on. Total expenditure on targeted programs in 2002 amounted to a little less than \$4.9 million. Of this, about \$1.4 million went to private schools. This proportion is roughly commensurate with the enrolment share of these schools.

Many private schools not only receive substantial Commonwealth subsidies (alongside more modest state/territory funding of perhaps \$1000-1500 per student p.a.³⁹), but they are required neither to account for their expenditure of this public funding, nor to meet stringent eligibility criteria for these funds. Where such criteria exist, there is evidence that they are, at best, inconsistently applied in program administration or, at worst, ignored.

The rationale of “parent choice” and the rhetoric of the market accord priority in the mind of the current Federal Government to the overall expansion of the private sector of schooling, and a proliferation of private school “options”. Yet, tacitly, there is also recognition among conservative policy makers and administrators that the volatility of an unfettered market is not in the interests of educational quality. Children have the right to a stable school environment. Thus the Commonwealth exhibits haste in moving, through various means, to prop up failing schools. Increasing commercialisation also carries the potential to undermine the quality of schooling, especially where schools are set up, possibly by people whose priorities are not necessarily educational in nature, as business ventures.

The tensions inherent in the Commonwealth’s deregulated policy approach to private schooling must be resolved. As things stand policies are contradictory, the various Commonwealth programs are apparently not cross-referenced, and public money is wasted. Children’s education can suffer.

Policy experts in other countries regard Australia’s current policies on private schooling with alarm and amazement. The provision of uncapped public

³⁹ These figures are taken from a report in *The Australian* 23 January 2004, p.2, apparently based on the *Report on Government Services 2003*. There is an important exception here to the assertion that state/territory funding is modest: in the Northern Territory, almost \$3000 per student is provided by the Territory Government to private schools.

subsidies in the absence of sound planning arrangements is seen as particularly irresponsible. Where the governments of other countries subsidise private schooling at all, they generally do so on the basis of strict and relatively onerous accountability and reporting requirements⁴⁰. They also apply an overall funding cap.

Many governments provide no public subsidies of any description to private schools. It is acknowledged that to go down such a route is politically untenable in Australia, where a historic settlement to the “State Aid debate” was long ago reached. In other countries such as the UK and New Zealand, a solution for resource-poor Catholic and other schools was found by incorporating them, essentially, into the public system. Unlike these countries, Australia has retained a dual-sector structure for schooling where private schools remained outside public systems but nevertheless received public subsidies on the basis of need. Whether this settlement was the right one is a matter of opinion. It cannot, however, be revisited without major controversy and policy upheaval.

There is urgent need to tighten the administration of Commonwealth programs providing funds to private schools and to revise and strengthen the criteria applying to them. While there seems to be no limit to the political embarrassment that the Howard Government is prepared to wear over the maladministration of its private school subsidies, there are signs in the relevant sections of the Commonwealth’s Department of Education, Science and Training – and in DEST generally – that might indicate that there is discomfort among well-intentioned administrators charged with implementation of these programs. They are in an invidious position. Public funds have been wasted, and continue to be wasted.

Most of all, it is the educational and general welfare of children that must be guarded. Choice of school is essentially a matter for parents and guardians. The interests of some students in some private schools are at risk. Meanwhile, some privileged students at the wealthiest private schools are enjoying educational facilities and environments at levels well above those more generally available to Australian children – at significant taxpayer expense. The Howard Government’s policy preoccupation with expanding private schooling has come at the cost of the schooling of the 70 percent of children who attend public schools. Little attention has been paid by the Commonwealth, since 1996, to its responsibility to improve the quality of education available to these students in government schools, in whatever state or territory they might live.

A reorientation of policy focus is imperative. The farcical side-issues of the administration of emergency grants, propping up of weak private schools, or additional per capita funding to assist new private schools to establish themselves, must be allowed to sink into the background where they belong. Lavish subsidies, no questions asked, to resource-rich, high-fee private schools must be replaced by a return to the Commonwealth’s proper central priority in school education: public schooling. The policies of the current Federal Government are inimical to such a transformation.

⁴⁰ The paper by Aulich and Aulich, referred to earlier, is useful in this regard.

Attachment

Some recent critique and analysis of the SES schools funding model

Because of its centrality to the overall funding regime of the non-government school sector, the SES funding model deserves close attention. Here, some recent studies that shed light on the problems inherent in it are briefly summarised and discussed.

Preston statistical study

A comparative study by Barbara Preston provides statistical data based on the 2001 Census that indicates a broad-brush discrepancy between the measure provided by the Commonwealth's SES index, on the one hand, and the information provided by the Census. This census data directly matches families patronising government, Catholic and other non-government schools with measures such as family income. While the definitions used in the Census for "Catholic" and "Other nongovernment" schools do not correlate precisely with the DEST distinction between Catholic systemic and all other private schools, the overlap is extremely high. The data analysed by Preston shows that lower-income and Indigenous families have a much higher probability of patronising government schools than other groups, and a lower probability of attending non-Catholic non-government schools. Their attendance at "other" non-government schools – "independent" schools is lowest of all⁴¹.

While Preston does not draw any policy conclusions from her analysis, it indicates that the results of the SES modelling exercise – which distribute non-government schools' SES scores much more evenly from "low" to high" – does not in fact provide a true reflection of the actual financial circumstances of the families with children enrolled at such schools. Further the wholesale attribution of an SES score of 96 to the entire Catholic system (except those schools in the ACT) implicitly pitches Catholic systemic schools at a level below the notional mean. Preston's work, on the contrary, indicates that the average family incomes of children in Catholic schools are significantly higher than those of students in government schools.

The practical effect of the application of this new funding model has been as the analysis summarised above might lead one to expect: counterintuitive and unexpected. The resulting scores for over ten percent of all private schools has been that, in keeping with a Government promise that "no school would be worse off" under the new arrangements, they have had their funding artificially maintained at the levels that would have applied under the former ERI system, rather than moving to the new funding arrangements. The entire national Catholic school system, moreover, constituting 58 percent of private schools, negotiated a deal that is effectively outside the new arrangements. Thus the new, "fairer" model applies *in theory* to only 42 percent of private

⁴¹ Preston, Barbara, "The social make-up of schools: family income, religion, Indigenous status, and family type in government, Catholic and other nongovernment schools" (commissioned by the Australian Education Union, December 2003)

schools, but *in practice*, because of the “funding maintained” provision, to fewer than 32 percent. The argument that this funding model yields results for individual schools that are more equitable than the old system’s allocations begins to look rather thin. If the model is inherently “fair”, surely it should apply to everyone.

Watson paper

Even less surprising to those with a close interest in the debate is the fact that schools that have gained the most in funding under the new SES system have been the 59 private schools which, as measured under the former ERI index, are the wealthiest. It is these schools that, apparently, had not been treated “fairly” under the previous system. Louise Watson, in a November 2003 discussion paper, points out correctly that this outcome, with respect to the former Category 1 schools, is not an inevitable result of the application of the SES model as an allocative mechanism, but rather is the product of the dollar value assigned for funding purposes by the Commonwealth to the highest SES-scoring schools. This was a separate policy decision. Watson believes that the SES model could provide a good basis for funding, provided that the increases were redistributed to favour low-SES schools, rather than the highest.⁴²

Most of these large, well-established, resource-rich schools have received Commonwealth recurrent funding increases amounting to millions of dollars annually. Rightly or wrongly, the schools charging the highest tuition fees in the country – well over \$20 000 p.a. in the case of some exclusive boarding schools – have in dollar terms benefited the most from the policy change. This phenomenon is due to the peculiar fact that these exclusive, expensive schools, to a greater extent than other private schools, attract students from a wide range of suburbs and regions whose parents, as it happens, can afford the high fees. The squatter’s daughter from rural Victoria is not representative – in terms of wealth and assets - of the general population of her home town. Yet she goes to boarding school in the city, while her neighbours do not. The doctor’s son in Sydney’s West catches the train to a private school in an inner suburb, while it is the other families in his street whose incomes and education levels determine that boy’s individual SES rating.

Watson, in the paper referred to, provides an analysis that suggests that the unexpectedly high outcomes (in terms of raw SES score) for some wealthy private schools under the model, as constructed by the Government, are confined to those high-fee schools in regional and rural areas and to city schools that have large numbers of boarding students from the country. She points out that these students’ families are not typical of their rural communities, where incomes and education levels vary significantly. Otherwise, she says, Census Collection Districts are relatively homogeneous, and thus a calculation of a student’s family SES, based on CCD SES measures, would be relatively accurate.

But in fact some of the most unexpected outcomes, in terms of SES scores assigned to schools, have been in high-fee schools in the city where most, or

⁴² Watson, Louise, “A critique of the Federal Government’s recent changes to private schools funding”, University of Canberra 2003

all, students reside in the relevant metropolitan area. Where this has occurred, the phenomenon seems to relate to particular schools that attract predominantly a “refugee” clientele – in the sense that they attract large numbers of students from a range of medium and low-income suburbs, whose families can afford to pay the fees and have opted for private-school education. Examples of such schools are Wesley College, Melbourne, and Trinity Grammar School, Sydney.

In addition to these two recent pieces of work, critique and analysis by the Australian Education Union of the SES funding system goes back to the introduction of the legislation establishing the new funding model in 2000⁴³.

The point to be emphasised is that the SES system as currently employed forms the backdrop to the other funding anomalies and inconsistencies discussed in the body of the main paper.

⁴³ Martin, Roy, 2003 ‘Reforming Commonwealth Schools Funding’ AEU, and other papers available through www.aefederal.org.au and www.publication.org.au