

**A SUBMISSION BY THE  
AUSTRALIAN EDUCATION UNION  
TO THE SENATE INQUIRY INTO THE STATES GRANTS-  
(PRIMARY AND SECONDARY EDUCATION ASSISTANCE)  
BILL 2000**

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## **Introduction**

The Australian Education Union represents 155,000 teachers and other education workers working in public education.

The AEU is extremely concerned at some of the implications of the States Grants Bill and thanks the Senate for this opportunity to set on record those concerns.

The AEU has long opposed any funding to private schools, and will continue to do so. Any comments about the models of allocation and the operation of private schools in this submission are made in a context where it is occurring despite the AEU position.

Public education is dedicated to giving all Australians the foundations upon which to build a future for themselves and their families. It strives to ensure that regardless of personal circumstances all Australians receive a fair start in life and have access to continuing education throughout life.

However, the capacity to provide high quality education for millions of young Australians is being undermined. It is being replaced with private systems where the capacity to pay and where parental wealth determine the resources available.

A system dedicated to greater equity is being deliberately replaced by one based on privilege and division.

Many of the measures in the Bill are designed to encourage and stimulate yet further growth of private schools and the private sector at the expense of public schools. Massively increased funding, establishment grants and the introduction of private school distance education are aimed at creating supply-driven growth in private schools and thus undermining public education. The AEU is of the view that the government is determined to take whatever steps are necessary to stimulate growth in the private sector.

The appropriation in the Bill amounts to \$16.7 bn in recurrent funding and \$1.2 bn in capital funding in 1999 prices over the quadrennium 2001 to 2004. Of this \$17.8 bn, \$11.5 bn (65%) goes to private schools and only \$6.3 billion (35% ) goes to public schools. This underlines the Government's increased commitment and bias towards private schools.

In a letter to Principals in June 2000 Dr Kemp stated "... by long standing agreement with the States and Territories, the Commonwealth has principal responsibility for non-government school funding." This is the most clear statement of the Howard Government's bias to date, and as a principle dominates this legislation. The AEU does not believe that this is a correct interpretation of the role the Commonwealth has played in the history of Commonwealth funding. Over the period of time the Commonwealth has been active in schools, it has played a key role in the areas of emerging national priorities and in targeted programs directed at achieving greater equity in schooling. The importance of this national legacy should not be underestimated.

It is the case that since the early 1980s, there has been a systematic decrease in the proportion of Commonwealth Recurrent Grants going to public schools. As a result, whereas they at one time received the majority of Commonwealth funds to schools, by the time the Howard Government came to power in 1996 they were receiving only 41.5%. Under this legislation that proportion of Commonwealth funds going to private schools will increase even more rapidly, and by 2004 public schools will receive only a little over 32%.

To translate this history into an argument that the Commonwealth is primarily responsible for private schools is neither a valid interpretation nor is to the advantage of Australian children. The Commonwealth should seek to foster partnerships between Commonwealth and State/Territory governments rather than create a greater division of responsibility. What is in the best interests of Australia is better coordination between all levels of government to ensure that all Australian children receive the education that is needed for the future.

In this regard it should be noted that it is not only in its attitude to funding that the Government is seeking this greater division, but also in the way in which it is carrying out its policies. Both the earlier 1996 effective de-regulation of new private schools and the proposal to introduce the SES Model of funding private schools have been carried out without any apparent consultation with the States and Territories, let alone parents, students, teachers and unions in the public education sector.

The AEU emphasizes that it is totally opposed to such a division of responsibility in schooling as that suggested above and believes that the Commonwealth Government should work in partnership with the State and Territory governments. All levels of government have a primary obligation to government education. Their first responsibility is to ensure that the first choice that is available to all Australian parents and their children is choice of a local high quality public school because the public education system would meet the needs of all students.

The AEU therefore seeks the following amendments to the Bill that has been presented to Parliament:

### **Amendment 1 - Include a statement about a commitment to public education**

- 1.1 As noted above, all governments have and should acknowledge a primary obligation to provide high quality public education.
- 1.2 Australia is signatory to UN Treaties on the Rights of the Child and on Economic, Social, and Cultural Rights which commit it to education which is free and compulsory in the elementary stages and is moving in this direction in secondary, which in Australia effectively means it too must be free and compulsory.
- 1.3 This legislation can be seen as encouraging schooling which is not free, and of giving preferential treatment to education where some cost is born by the parent.
- 1.4 If this is not the intention of the Government, it should demonstrate this with a clear statement about the importance of free public education and the role of governments in providing this.

**The AEU therefore recommends that a statement which includes an emphatic adoption of the principle of primary obligation to public education and statements about the Government's commitment to maintain free public education accessible to all be inserted in the legislation.**

### **Amendment 2 - Restore a fair share of Commonwealth funding to public schools**

The legislation takes the increase in the share of Commonwealth funding that goes to the private sector to a more unfair and unacceptable extreme.

- 2.1 Contrary to the history of Commonwealth funding suggested in the quotation from Dr Kemp above, the reality is that when Commonwealth funding was introduced in the early 1970s and through to the end of that decade public schools received the major share of Commonwealth schools' assistance. In 1982 for the first time private schools received over half of Commonwealth assistance grants. Since that time their share has steadily increased. In 1996 when the Howard Government came to power private schools received 58.25% of Commonwealth assistance to schools. Their increase in share of Commonwealth assistance has climbed dramatically since that time and based on forward estimates contained in Budget papers will reach over 67% by 2004.
- 2.2 The two sectors do not operate in isolation from each other and it is clear that giving such an increased proportion of the funds to one sector must be a deliberate attempt to seek to change the relationship between the sectors and impact negatively on that sector not favoured. Dr Kemp has been quite blatant about this. In the Sydney Morning Herald of May 13, 1999, he is quoted as saying that the new subsidy to private schools was "part of a bigger strategy ... the ability to support parents' choice of a private school is in the Government's point of view a major driver for reform in the government sector at the State level". The plan is to produce a "competitive environment" which will force State Education Ministers to "push ahead with the reform process and stop being intimidated by unions." It is clear from this statement that Dr Kemp is seeking to fund private schools in order to have influence over what is happening in public schools which are the responsibility of State and Territory Education Ministers.
- 2.3 The AEU believes that the Commonwealth should not use its powers in this way. It believes that it has at least an equal obligation to fund the 70% of children whose parents choose to send them to public schools. The policy of deliberate bias to the non-government sector is both unfair and against the national interest.

**The AEU therefore urges that the legislation be amended to ensure that funding for schools reflects the overwhelming responsibility of the Commonwealth Government to direct taxpayers' funds to public systems.**

### **Amendment 3 - Abolish the Enrolment Benchmark Adjustment (EBA)**

The new legislation continues to permit the Minister to operate the Enrolment Benchmark Adjustment (EBA).

- 3.1 Since its inception in 1996 the EBA has taken over \$60 million from the funding to which public schools were entitled under the legislation.
- 3.2 At the same time public school enrolments have increased by 26 000, further indicting the Commonwealth Government in its failure to support public schools.
- 3.3 This contradicts the prediction on which the initial EBA calculations were based, that public school enrolments would decrease.
- 3.4 The EBA has been extremely divisive.
- 3.5 It is opposed by the majority of private school advocates as well as supporters of public schools.
- 3.6 Many State and Territory governments have opposed it and demonstrated that they do not make the savings upon which it is based.
- 3.7 It creates a direct link between reductions in Commonwealth assistance to public schools and increased share of enrolments by private schools.
- 3.8 This Bill is designed to further increase the enrolment share of private schools. This will lead to greater losses to public schools through the increased effect of the EBA.
- 3.9 To give money to public schools in one part of the Bill whilst having a mechanism to deliberately undermine this funding in another is duplicitous.
- 3.10 The States and Territories should not be made to pay for the Commonwealth's usurpation of schools policy.

**Therefore the AEU recommends that in Part 5, Div 1, Sec 53, the words “not more than the amount” be removed in order to abolish the Enrolment Benchmark Adjustment (EBA).**

#### **Amendment 4 - Re-introduce Planned Educational Provision**

- 4.1 In 1996 the Commonwealth Government effectively deregulated the process by which new private schools receive funding, making it dependent only on State and Territory registration, which had developed in a context of Commonwealth regulation of the process.
- 4.2 States and Territories have generally shown themselves unwilling or unable to implement effective registration processes, leaving the opening of private schools largely de-regulated.
- 4.3 There is evidence (see Attachment 1) that this is:
  - increasing the number of small schools opening;
  - leading to fewer schools having the support of a system;

- increasing the dependence of the non-government sector on high levels of government subsidy;
  - failing to ensure that proposed schools have a parent support base and are economically viable.
- 4.4 It is creating a situation in which the increase in private schools is supply-driven by those wishing to operate schools rather than demand-driven by parents wishing a particular school for their child.
- 4.5 The Government is funding schools to compete with each other, leading to underutilisation, unnecessary duplication, and uneconomic provision of school facilities.
- 4.6 Commonwealth Government expenditure is based on attracting students away from where they have chosen to go rather than improving resources where they are.
- 4.7 The safeguards are not in place to ensure that those wishing to operate schools are not extremist, doctrinaire, part of a cult, and are acceptable to the broader community.

In the proposed legislation the Government response to these problems is to introduce Establishment Grants and increase Emergency Assistance. It would do better to make sure that schools are viable in the first place.

**Therefore the AEU recommends the re-introduction of Planned Educational Provision as part of a process of approval for new private schools. Establishment grants and the level of emergency assistance could then be reconsidered.**

#### **Amendment 5 - Take account of school private income in determining grant levels**

- 5.1 The current (ERI) system attempts to measure the total financial resources a school has and therefore the remaining “needs” which the government will meet.
- 5.2 In effect, the new SES system will measure the financial resources of the student community attending a particular school and ignores the financial capacity of the school.
- 5.3 The AEU accepts that the Government has established that there are concerns about the operation of the ERI. However, it has made no attempt to analyse the exact nature of the problems and to find better ways of measuring school wealth. In particular, the capacity and willingness of private schools to rort the system should have been more rigorously pursued.
- 5.4 The “research” carried out by DETYA was controlled by the private schools and driven by their concerns rather than genuine research criteria.
- 5.5 Therefore the proposed model has not been rigorously analysed, has swung from one extreme to the other, and does not take a rigorous approach to the models of funding.

- 5.6 Analysis of the SES Simulation Project (Attachment 2) shows that many of the major beneficiaries of the new system over the old will in fact be schools currently considered to be among the most wealthy and which already have resource and facility levels superior to most schools.
- 5.7 Therefore the new proposal is not needs based, and will not create greater equity in resource provision within the private sector, as has been claimed.
- 5.8 While the new proposal is based upon creating some perceived version of “fairness” of Commonwealth Government inputs, it exacerbates the inequity of resource provision. As the Minister said in the second reading speech:
- “...it will not discourage private investment in education and schools will be able to raise private income without penalty.”
- 5.9 Schools will get the Commonwealth funds regardless of their own financial situation and the school can then add on its own resources, whether they be accumulated reserves, bequests, investment returns, or greater fund raising capacity, to advantage its students over those from similar backgrounds attending less advantaged schools. It is a system designed to ensure that resource provision is based on parental wealth not educational need.
- 5.10 This means the government is deliberately funding inequitable resource provision rather than seeking to use its funding to ameliorate differences.
- 5.11 It is not clear in the legislation if private schools will still have to disclose their financial situation. Without such disclosure, even the data which enables assessment of the degree of equity in the provision will be missing.
- 5.12 It is also imperative that the legislation provide for full accountability, disclosure and transparency of funding to private schools. It has been normal practice for many years for the States Grants Act Report to detail the amounts private schools were receiving from the Commonwealth. This was abandoned by Dr. Kemp this year. The practice should be enshrined in the legislation.

**Therefore the AEU believes the legislation should ensure the SES model of funding takes account of school private income and maintains full financial disclosure.**

#### **Amendment 6 - Make the model more inclusive of all private schools**

- 6.1 The legislation quite explicitly creates three forms of funding, each with their own sub-division in the draft legislation. These are:
- Schools with SES Funding Levels
  - Schools with Year 2000 Funding Levels
  - Catholic school systems.

- 6.2 The “Schools with Year 2000 Funding Levels” are in fact schools which remain on the old ERI model.
- 6.3 There will be some 65 different levels of funding! (46 SES, 18 ERI, including previous guarantees, and Catholic systemic), with a separate rate in Primary and Secondary, plus a special rate for special education (70% of AGSRC) and Distance Education (13.7% of AGSRC). That is 170 different payment rates. So much for simplicity!
- 6.4 The legislation sets up a process whereby non-Catholic schools are automatically put onto the funding model which is most beneficial to them, and then indexes the funding in both categories. The more normal method is to index only the new method, and wait until the funding under the new method catches up with that under the old. This would mean that over time all schools would be brought into line with the new model. However, under this legislation both models will continue with no attempt to bring them together.
- 6.5 If the SES model is so much better, and the ERI model so flawed, it is sensible to ensure all schools are brought onto the new model over time.

**The AEU therefore recommends that the amounts paid to schools with “Year 2000 Funding Levels” not be indexed and that these schools move to the SES model when the amounts under that system exceed the amount they are receiving under the old ERI model.**

#### **Amendment 7 - Remove or reduce the minimum entitlement**

- 7.1 The Bill proposes that all private schools receive at least a minimum payment of 13.7% of Average Government Schools Recurrent Costs (AGSRC) at SES level 130 or greater.
- 7.2 This contradicts the “needs based” principle upon which the SES model purports to be based.
- 7.3 There is no reason why the SES levels cannot be extended above 130 to include genuine assessment on the basis of actual score. (Likewise, it could be extended below 85. See below for comments on the calculation of the SES).
- 7.4 Many of the more wealthy private schools are already operating at levels of per student expenditure well above the AGSRC, in some cases double or more. Any assessment of “need” in these schools must conclude there is none, and it is iniquitous and inequitable for governments to fund them at all, much less to even higher levels.

**The AEU therefore recommends that the minimum entitlement of 13.7% be removed or that the SES levels be extended to progressively reduce funding.**

#### **Amendment 8 - Remove the lock to the Average Government School Recurrent Cost (AGSRC)**

- 8.1 The proposed legislation first gives a much larger share of Commonwealth funding to private schools and then seeks to lock most funding amounts into an indexation against the Average Government School Recurrent Cost (AGSRC).

- 8.2 Both the Prime Minister and Dr. Kemp have suggested that public schools are a responsibility of State and Territory governments and will benefit from them having more revenue as a result of the GST.
- 8.3 However, this is deceitful as any increase in public school expenditure by the States and Territories to enable them to “catch up” with the increases given to private schools under this legislation will automatically increase the AGSRC and flow on to private schools.
- 8.4 The legislation therefore seeks to entrench the funding differentials it establishes. The AEU believes this is totally unjustifiable.
- 8.5 In addition, the AEU has a number of concerns about the use of AGSRC:
- as a national average of school costs it is meaningless for the purpose of funding individual schools. Most public schools are not funded on a per student basis, and the AGSRC does not represent the funding of a typical public school. Within public education there is a wide variation in the funding of different schools. Providing equitable education in small schools in isolated areas is much more expensive than in metropolitan areas. There are variations between different States and Territories. For instance, schooling in the NT is far more expensive;
  - public schools take all students, not just those they want to;
  - to roll all this into a single national AGSRC per student figure and then fund schools on that basis is bound not to create equity either between the sectors or even within the private schools sector itself.
- 8.6 A reasonable basis for funding schools is a set of resource guarantees or standards. The actual cost of delivering the same standard will vary according to a range of demographic, social and individual factors.

**The AEU therefore recommends that the link between funding and the AGSRC be removed from the legislation, at least until such time as public schools have received increases on a par with those given to private schools in this Bill.**

#### **Amendment 9 - Not allowing the registration of private schools for Distance Education**

The AEU is opposed to introducing recurrent funding for distance education students:

- 9.1 There is no evidence of the need.
- 9.2 This will result in wasteful duplication of services and undermine efficient and cost effective provision by governments.
- 9.3 It is an attempt to undermine current public provision.

**The AEU therefore recommends that the clauses allowing private schools to enrol distance education students be removed.**

## **10. Other matters**

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### **10.1 Changes to targeted programs**

- 10.1.1 Combining literacy, numeracy, and special education into the “Strategic Assistance for Improving Student Outcomes” programme, targeted at particularly literacy and numeracy outcomes for disadvantaged students is allegedly the result of a review announced in the 1999 Budget. However, this has not been an open review, and the views of the AEU and other stakeholders do not appear to have been canvassed.
- 10.1.2 The exact way this will operate is not made clear and further questions need to be asked. There are grounds for concern that it will disadvantage government secondary schools. Currently, public schools receive \$89 for each special education student whilst secondary receive \$126. Under the new arrangements there appears to be a single grant of \$102 for all such students. This would leave secondary schools \$24 short. Whilst there is a reference to a “no worse off” clause for independent schools under this program, (Explanatory Memorandum, p. 4), there does not appear to be one for public schools. There is further concern that because this money is now to be pooled with the literacy and numeracy money, the make-up to the independent schools may come from the pool, leaving less for public schools.
- 10.1.3 The exact implications of this and other changes to targeted programmes should be spelt out and debated prior to the legislation being passed.

### **10.2 Performance targets**

- 10.2.1 All schools in receipt of public money should be accountable.
- 10.2.2 Public schools are already fully accountable in a variety of ways.
- 10.2.3 However the AEU has considerable reservations about the accountability regime which Dr. Kemp is seeking to impose.

### **10.3 The SES Model**

Because of the way the SES model has been introduced, and the unwillingness of the Government to make the outcomes of its project more available for others, there has been a lack of opportunity for expert scrutiny of the proposed model. It is therefore difficult to assess its validity for the purpose it is intended. Before it is implemented, there should be further investigation of its efficacy. Such an investigation would seek satisfactory resolution of the following questions:

- 10.3.1 Why is it based on a selective and specific set of dimensions or indicators rather than a more established and widely accepted measure of SES, such as the Index of Relative Social Disadvantage (IRSED). IRSED includes variables measuring income, occupation, unemployment, accommodation, tenancy, single parents, family stability, Aboriginality and English language capacity. Only the first three of these are in the SES index.

- 10.3.2 What is the effect of this choice of indicator on the way “need” is measured?
- 10.3.3 To what extent is the Government’s argument that the other measures are not used because they are used elsewhere for targeted programs valid, given the differences in the amounts of money involved?
- 10.3.4 Whilst the SES Index creates fine distinctions between schools in terms of relative SES, there is no evidence as to how this relates to absolute or actual SES. Therefore what evidence is there that the gradations of funding over the SES scale are fair or valid in relation to real, rather than relative need?
- 10.3.5 Similarly, what analysis or rationale is there related to why the funding scale is limited in range from 85 to 130, and what is the relative or actual need of schools outside this range?
- 10.3.6 What is the basis of the translation from the old ERI scale to the new SES scale for those schools categorised as “Year 2000 Funding Levels”?
- 10.3.7 Specifically, in the table at page 10 of the Explanatory memorandum, why are Catholic primary and secondary schools transferred from Category 11 to 56.2% of AGSRC when other Category 11 schools are transferred to 50.9% (primary) and 55.1% (secondary)? (Even though these figures are illustrative, the basic point will remain the same for the actual figures).

## **Conclusion**

In conclusion, the AEU expresses the strong view that the States Grants Bill as it currently stands contains many clauses which disadvantage public schools and a number of measures which are undesirable and which have been poorly researched and explained. It is therefore desirable that greater time be allowed for consideration of the considerable number of measures involved. Failing that, we have indicated a number of desirable amendments which we commend to the Senate.

## **ATTACHMENTS**

1. "Trends in New Non Government Schools 1997 - 1999"- Paper prepared by Roy Martin, Federal Research Officer, Australian Education Union, April 2000
2. "To Those That Have David Kemp Gives More - How the SES Model Ensures Wealthy Schools Get the Biggest Piece of Cake" - Roy Martin, Federal Research Officer, Australian Education Union, June 1999