



Australian Education Union
Schools Funding Review Submission

March 2011

Angelo Gavrielatos
Federal President

Susan Hopgood
Federal Secretary

Australian Education Union
Ground Floor
120 Clarendon Street
Southbank VIC 3006

Telephone: +61 (0)3 9693 1800
Facsimile: +61 (0)3 9693 1805
Web: www.aeufederal.org.au
E-mail: aeu@aeufederal.org.au

Contents

INTRODUCTION..... 3

The Public Purposes of Education 4

The Primary Obligation of Governments to Properly and Adequately Fund Public Schools 5

The Centrality of Equity to the Funding Review 7

The Public Funding of Private Schools..... 9

A New Model for Funding Private Schools..... 10

EQUITY OF EDUCATION OUTCOMES..... 12

Growing Social Divisions Between Schools..... 13

The Influence of Socioeconomic Background on Student Achievement..... 16

GENERAL FUNDING ISSUES 19

Achieving the National Goals of Schooling for All Students 19

The ‘Asymmetrical and Dysfunctional Split’ Between the Commonwealth and State/Territories in Funding of Public and Private Schools 22

Funding Inequity Between Public and Private Schools 23

Key International Funding Comparisons..... 26

Conditions for Receipt of Public Funding..... 26

RECURRENT FUNDING 28

The SES Funding Model..... 28

The Entrenchment of ‘Transitional Assistance’ Through Private Sector Lobbying 30

Implications of extending the Commonwealth’s SES funding scheme 32

Flaws in the SES model 33

The Myth of Increased Funding Following Enrolments 34

The Myth of Increased Public Funding For Private Schools Saving Public Money Overall..... 34

The Inequity of the AGSRC 34

Fairer and More Equitable Funding for Public Schools 36

CAPITAL FUNDING 36

Significance of Infrastructure..... 37

Continuing Inadequate Investment..... 37

Infrastructure Requirements of Implementing the National Goals of Schooling..... 38

The Funding Gap Between Infrastructure Investment in Public and Private Schools 40

A New Approach to Rebuilding Schools 42

TARGETED AND NEEDS-BASED FUNDING INCLUDING FUNDING FOR ABORIGINAL AND TORRES STRAIT ISLANDER STUDENTS.....	43
<i>Funding For Aboriginal and Torres Strait Islander Students</i>	44
<i>The Inadequacy of Current Funding Mechanisms</i>	45
<i>Inequity in Indigenous Funding for Public and Private Schools</i>	46
<i>New Arrivals/ESL Students</i>	47
<i>Students in rural/remote locations</i>	48
‘ <i>Students at Risk</i> ’	48
SUPPORT FOR STUDENTS WITH SPECIAL NEEDS AND STUDENTS WITH DISABILITY	51
<i>Senate Inquiry into the Education of Students with Disabilities 2002</i>	54
<i>NSW Inquiry into the Provision of Education To Students With A Disability Or Special Needs</i>	54
<i>The Impact of Inadequate Resourcing for Schools at the Local Level</i>	55
<i>What Schools Need</i>	57
GOVERNANCE AND LEADERSHIP	59
<i>Market-Driven Decentralisation and Student Achievement</i>	61
<i>Local Autonomy or Cost-Cutting?</i>	63
COMMUNITY AND FAMILY ENGAGEMENT	63
<i>The Increasing Reliance of Public Schools on Private Funds</i>	65
<i>Greater Involvement by Business and Other Education Providers in Schooling</i>	65
FAIRER FUNDING FOR AUSTRALIA’S PUBLIC SCHOOLS	66
<i>The Funding of Public Schools</i>	66
<i>The Funding of Private Schools</i>	66
APPENDICES.....	68
<i>The Social Make Up of Schools, Barbara Preston, 2007</i>	
<i>Schools Funding Futures, Jim McMorrow, 2010</i>	

INTRODUCTION

The Australian Education Union represents approximately 184,000 teachers and other education workers in the primary, secondary, early childhood and TAFE sectors throughout Australia.

We welcome this opportunity to provide further evidence to the Review in response to the key areas outlined in the December *Emerging Issues Paper*:

- equity of educational outcomes;
- recurrent funding;
- capital funding;
- targeted and needs-based funding including funding for Aboriginal and Torres Strait Islander students;
- support for students with special needs and students with disability;
- governance and leadership; and
- community and family engagement.

We believe this review is an historic opportunity to reform our school funding arrangements and a school funding system which is one of the most complex, opaque and confusing in the developed world, as acknowledged by the Prime Minister herself, and which is both inequitable and unsustainable in the way it delivers funding to public and private education in Australia.

From the point of view of Government, both state and Federal, we need a funding system that assures us we are investing what we need to invest to make sure we can achieve high expectations for every child in every school, including children with disabilities, including children in remote parts of the country, including our Indigenous children. And I think we would all agree when we look at the Australian education system now, we've let those children down and we need to do more.

Julia Gillard, National Press Club May 26, 2010¹

The review provides an opportunity to give true meaning to the Prime Minister's ambition that 'Demography is not Destiny' by recommending a new funding system which recognises that only by properly funding our public schools can we guarantee every child the opportunity to reach their full potential and achieve an equality of learning outcomes regardless of their backgrounds.

The AEU supports the public goals of the Review as stated by the government - a fundamental reconsideration of education policy goals, priorities and responsibilities to underpin a new model of school funding informed by the principles of:

- fairness/ equity/ excellent outcomes for all;
- simplicity;
- flexibility;
- stability;
- value for money;
- transparency;
- best practice;
- evidence-based; and
- financial sustainability and efficiency in the expenditure of public money.

¹ Julia Gillard, National Press Club May 26, 2010.

Our submission will argue that the current system is not fair; not equitable; not simple; not transparent; not value for money; not best practice; not evidence-based; not sustainable; and not an 'efficient' expenditure of public money.

The level of government funding, both State/Territory and Federal, is neither adequate to meet the needs of our schools nor distributed equitably, efficiently and sustainably.

The Public Purposes of Education

While the AEU supports the public goals of the Review, we are concerned that both the principles informing the review and the discussion in the *Emerging Issues Paper* lack a sense of the past, present and future role of public education in Australia and the public purposes of education.

This is consistent with a view which has become too commonplace; that Australia has 'moved on' from the 'old divides' between public and private schools to a new more enlightened 'sector-blind' focus on the quality of education received by every child. The Prime Minister, speaking in her former capacity as Federal Minister for Education, made this clear in a number of speeches including the following:

I believe it's time we got beyond the public versus private divide that has blighted our education debates for so long and replaced it with a debate about the quality of education and how we can guarantee that every child, no matter how rich or how poor, gets the best education possible.²

This view is further reflected in the statement that one of the aims of the review process is to not advantage one system over another, an aim which suggests that all systems and students have an equal entitlement to public funding.

While this view may permeate current public discourse, the AEU believes that achieving the national imperatives of a stronger economy, a more skilled workforce and a prosperous and socially cohesive society requires strong, well-resourced public schools to ensure that all children get the best education and fulfil their potential now more than ever, rather than the reverse.

This is supported by a January 2011 national public opinion poll of over 2,500 Australians which found that 77% believed that more Federal Government support for public schools was a better way of building a strong economy and providing opportunity for all Australians than the current system of Federal Government school funding (14%) or providing more Federal Government support for private schools (9%).³

The public purposes of education as they support the national interest are an essential frame of reference for considerations of public expenditure on education. By 'public purposes' we share the definition adopted by Professors Alan Reid, Neil Cranston, Jack Keating and Bill Mulford in their important national research project *Exploring the Public Purposes of Education in Australian Primary Schools*:

² Julia Gillard, Speech to the Annual General meeting of the Association of Independent Schools, 22 May, 2008.
http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_081009_120553.aspx
Accessed 8 February 2011.

³ National poll on education issues undertaken by Interconsult, on behalf of the AEU, January 2011. The total sample comprised 2,547 respondents.

*By public purposes we mean educational purposes that advance the interests of the society as a whole, rather than the interests of individuals or special interest groupings, and about which there is a general consensus as determined by the democratic processes and structures of that society.*⁴

Noting the size of public investment in Australian educational institutions they argue that, despite the current lack of focus on the public purposes of education, these institutions should all be serving a number of clearly articulated public purposes:

*... in the absence of any ongoing analysis and review of the public purposes of schooling, the concept of the public good has been emptied of meaning. ... given the amount of state and federal money that is put into the schooling sector each year, it is crucial that the Australian community and its educators are clear about the purposes of public expenditure on education and the extent to which these are being realised.*⁵

Given the large numbers of students in public schools and the demography of students in our system this should be a paramount consideration in making informed decisions about school funding arrangements consistent with the principles of the Review.

The Primary Obligation of Governments to Properly and Adequately Fund Public Schools

Government schools are the backbone of our education system ... the crucible of the democratic right to accessible, affordable, quality education

Peter Garrett, Grattan Institute Speech, March 17, 2011⁶

The Melbourne Declaration on Educational Goals for Young Australians, the most recent national agreement on the public purposes of education in Australia, set two fundamental educational goals:

1. The promotion of equity and excellence in education;
2. That all young Australians become successful learners, confident and creative individuals, and active and informed citizens.

Achievement of these goals requires a funding system underpinned by an unqualified commitment to ensuring that every child has an equal opportunity to achieve his/her full potential at school. This in turn requires universal provision of high quality public schools which all students can access. The **only** guarantee every child has to an education is enrolment at their local public school. Funding this guarantee is the only way of ensuring that the notion of 'Demography is not Destiny' is given real meaning in practice.

Simply put, public schools have a legal and moral responsibility to be open to all students; private schools do not and are not. These responsibilities impose unique costs on public schools and systems.

It is from this simple premise that the primary obligation of governments to properly and adequately fund public schools logically follows.

⁴ Alan Reid, Neil Cranston, Jack Keating and Bill Mulford, 'Researching the Public Purposes of Education', *SAPPA Journal* April 2007 <http://www.agppa.asn.au/images/papers/reidpurposes.pdf>. Accessed 8 February 2011.

⁵ Ibid.

⁶ Peter Garrett, 'Beyond My School 2.0', Speech to the Grattan Institute, 17 March 2011.

Meeting this obligation requires a commitment by Commonwealth and State/Territory governments to universal provision of high quality public education through schools which all students can access.

This is the basic principle of an education guarantee in a modern democracy; a national compact to provide all parents and students, irrespective of background, income or location with a fully funded, secular, world class education in their local community.

It is central to achieving the fundamental public purposes of education in Australia - equity and excellence in education for all students in order that all can become successful learners, confident and creative individuals, and active and informed citizens.

From these understandings the AEU has adopted its principles of school funding, as principles which are consistent with the public purposes of education in Australia, the goal of a fair, equitable and sustainable funding system, and the Panel's commitment to equity as outlined in the *Emerging Issues Paper*.

Central to these principles is a belief that true equity in Australian education can only exist when government schools set the standard for high quality education and the right of every Australian family to a well resourced, high quality public school in their community is guaranteed.

This guarantee ensures that every child has a right to:

- a high quality public school where all children can learn together and learn to live together;
- qualified teachers and staff to meet their needs and aspirations;
- a curriculum of the highest quality which ensures the development of the whole child;
- a safe, modern 21st century learning environment; and
- achieve his/her personal best.

As we will argue in our submission, and as is acknowledged in the *Emerging Issues Paper*:

- The achievement of high quality education outcomes for every student requires recognition of the impact of factors such as family income, Indigeneity, language background, geographic location, disabilities and special needs, and other socio-economic and cultural factors on the educational needs and outcomes of students, and the additional costs involved in educating children from a diverse range of backgrounds and circumstances.
- Australia's public schools educate the majority of students who are recognised to have particular educational needs, and there are large gaps between the educational outcomes for students in these groups and the outcomes for students in more advantaged groups.
- A fair and equitable funding model must be underpinned by an acknowledgement of the role of public schools in educating a disproportionate share of students with particular needs and the factors which increase the costs of providing high quality for all students.

At the heart of our submission is the inequity of school funding arrangements which contain mechanisms such as the Average Government School Recurrent Costs index (AGSRC) which transfers the higher average costs of educating a child in public schools to private schools which educate fewer children with complex needs, and the discredited SES funding model which delivers billions of dollars in over-formula entitlements to Australia's private schools.

We are profoundly concerned that successive Australian governments have implemented policies which have undermined public education, directly or indirectly encouraged private education, and

weakened community confidence in the public education system. We believe this to be indefensible and unsustainable in a modern socially inclusive democracy which Australia prides itself on being. As the eminent philosopher John Ralston Saul argues:

As for public education, it is a simile for civilized democracy. You could say that public education is the primary foundation in any civilized democracy. That was one of the great discoveries of western civilization in its modern form in the middle of the 19th century. Any weakening of universal public education can only be a weakening of democracy.⁷

The current policy emphasis by governments on ‘market mechanisms’ such as school competition and choice as both a way of driving quality education for all and a justification for heavily subsidising private schooling is not good education policy. It lacks a sound evidence-base and flies in the face of the public purposes of education. As Reid explains:

In my view, this dilution of the public purposes of education has had negative impacts on the idea and practise of education as a common good. In a globalised and more complex world where the nature and role of the nation state is changing, schooling based upon public purpose becomes more important. There is need to return to a renewed emphasis on democratic public purposes for Australian education.⁸

The Centrality of Equity to the Funding Review

The AEU recognises that the bulk of the Panel’s *Emerging Issues Paper* reflects the diverse views contained in the responses to the Panel’s initial round of consultations with almost 70 schooling stakeholders.

The paper notes that equity appears to have had different meanings and interpretations to different groups, depending on the contexts in which it has been used, and we note recent remarks by the Chair of the Panel that in the course of those consultations the Panel heard some 40 different definitions of equity⁹.

We are heartened therefore by the strong statements on equity and equality of learning outcomes made in the paper.

The paper notes the new Programme for International Student Assessment (PISA) results. These results reinforce the view of the AEU that while we remain in the second highest group of countries, our performance in the international assessment of 15 year old students is a major ‘wake-up call’ for policymakers who need to take heed of the PISA results and their implications for equity and equality of learning outcomes.

... Australia’s performance in international assessments also highlights the large number of students who are at risk of falling behind their peers. Many education groups concluded that these results suggest the allocation of funding for schooling in Australia may be inequitable and not fully supporting the opportunity for all students to achieve their full educational potential.¹⁰

⁷ John Ralston Saul ‘In defence of public education’, *Horizons (Fall 2002)*, <http://action.web.ca/home/narcc/attach/In%20Defence%20of%20Public%20Education%20-%20John%20Ralston%20Saul%5B1%5D.pdf> Accessed 21 February, 2011.

⁸ Alan Reid, ‘Accountability and public purposes of education’, Australian Policy Online, <http://www.apo.org.au/research/accountability-and-public-purposes-education>. Accessed 9 February 2011.

⁹ David Gonski, ABC Life Matters, <http://www.abc.net.au/rn/lifematters/stories/2011/3130426.htm>.

¹⁰ Review of Funding for Schooling, *Emerging Issues Paper*, December 2010, p5; p11.

These results and their implications have been reinforced strongly by the most recent NAPLAN data and the student and school performance data contained on the recently launched My School 2.0 website. This data confirms the compounding equity problems associated with funding policies which lead to increasing concentrations of disadvantaged students in schools which are not provided with the level of resources and support necessary to overcome their social and educational disadvantage.

We believe the Panel's strongly stated position on equity is crucial to its determinations on the development of a new funding system which is transparent, fair and sustainable:

*It [the Panel] believes that equity should ensure that differences in educational outcomes are not the result of differences in wealth, income, power or possessions. The panel does not intend it to mean that all students are the same or will achieve the same outcomes, but rather that they will not be prevented from achieving their maximum potential because of their background or family circumstances.*¹¹

It is this understanding that underpins the Panel's need to identify funding arrangements which will ensure that "funding is equitably distributed among schools; that is, directed to where it is needed most so that students are supported to overcome barriers to achievement, regardless of their background or where they go to school."¹²

The Paper's consideration of PISA and equity reinforces the need for schooling, consistent with the OECD's definition of equity in education, to be "a vehicle to address social disadvantage by lifting student participation and improving the quality of education that is available for all" through ensuring that differences in student outcomes are not attributable to differences in wealth, income, power or possessions.

The Review's considerations of the use of the AGSRC index as a suitable measure for determining private school funding are crucial within the context of this definition of equity in education.

Through the AGSRC, funding levels for private schools are indexed to reflect the increase in costs incurred by government to educate students in public schools. Because public schools enrol the great majority of students with resource-intensive high educational needs from the five most common categories of educational disadvantage - lack of English language proficiency (including refugees and migrants), Indigeneity, remoteness, disability and low SES - the average cost of the provision of public education is higher than in private schools. To automatically link this funding to private schools is therefore clearly inappropriate.

The nexus inherent in the AGSRC is the fundamental mechanism of inequity between public and private school funding. As noted by the paper, it allows many private schools to benefit from the high-demand characteristics of the student population in public schools which cannot be justified on the grounds of educational need.¹³

The current federal funding system fails to give priority to public schools. Through the AGSRC public secondary schools receive a fixed amount of around \$1,100 per student in recurrent per capita funding each year, while private schools receive up to \$7,975 per student, regardless of either the school's other income, wealth, resources or the needs of the students.

The achievement of equity as defined by the panel cannot be attained whilst the AGSRC remains central to the funding of private schools in Australia.

¹¹ Ibid., p5; p18.

¹² Ibid., p8.

¹³ *Emerging Issues Paper*, p20.

Similarly, the operation of the SES funding model for the funding of private schools, which is delivering them more than \$2.7 billion above their strict formula entitlements between 2009 and 2012, has the effect of what the 2006 DEST Review called the entrenchment of unfair and unsustainable “purely historical inequities”.¹⁴

The issues paper and all the evidence on the nature of the current funding system confirm that it has delivered a significant resource advantage to private schools which is inequitable and unsustainable. It privileges private schools and is blind to the real needs of students. This reinforces the need for a new funding system which reflects the public purposes of education and the primary obligation of Australian governments to properly and adequately fund government schools.

The Public Funding of Private Schools

Although substantial government funding for private schools has become entrenched in Australia in recent decades, we believe there is no pre-existing, pre-determined entitlement to public funding; i.e. there is no *a priori* justification for public funding of private schools.

We do not question that private schools have the provision of quality education for their students as a primary goal, but the fact remains that public and private schools have different purposes.

Public schools are the only schools which are universally accessible to all with a moral and legal responsibility to enrol all students; private schools are able to select and reject students according to their own criteria.

The current high levels of public funding to private schools reflect political decisions and accommodations with private school lobbyists made by successive governments over several decades¹⁵ to the extent that some private schools serving higher SES families are now in receipt of more total government funding than public schools serving students from poorer communities – as our submission will show.

The SES funding model, introduced by Howard Government Education Minister David Kemp in 2000, was consistently opposed by the ALP in Opposition.

Speaking in September 2000, Julia Gillard described the new funding model as flawed on a number of grounds and rejected the Government’s claim that additional funding for independent schools was about providing parents with choice, and arguing that it was really about “creating an education market in which the wealthiest have the most choice because they have ability to buy any of the [schooling] options presented”.¹⁶

Ms Gillard’s opposition to the SES funding model is instructive. She outlined five major flaws in the model:

¹⁴ Schools Funding Futures, J McMorro 2010, attached as Appendix 2.

¹⁵ See Marilyn Harrington, Parliamentary Library, *Australian Government Funding for Schools Explained*, 31 January 2011, pp2-4 for an overview of the history of Commonwealth involvement in schools funding; see also for example Trevor Cobbold, *The Great School Fraud. Howard Government School Education Policy 1996-2006* April 2007 www.soscanberra.com/file_download/7 ; Kenneth Davidson, ‘Public schools sacrificed for a win at any cost’, 9 August 2010, <http://www.smh.com.au/opinion/public-schools-sacrificed-for-a-win-at-any-cost-20100808-11q61.html>.

¹⁶ Julia Gillard, Hansard 4 September 2000; p20053.

- the centrality of the AGSRC to the model, a figure which makes no allowance for the cost variation for delivering education in different parts of Australia;
- limitations associated with using of only selected aspects of census data in determining a school's SES score and neglecting other significant indicators;
- the loss of veracity the more geographically dispersed students are;
- the loss of veracity in highly differentiated areas where there are extremes of wealth and poverty; and significantly
- the fact that the model makes no allowance for the amassed resources and wealth of any particular school in terms of buildings and facilities, the equipment available, alumni fund raising, trust funds, endowment funds and the like.¹⁷

On the particular question of the total resources available to private schools she identified a major flaw, one which remains today and must be addressed by the Review:

*Obviously, just as the economic capacity of an individual is affected by his or her income and assets – a principle which is enshrined throughout our social security system and which is used for all benefit calculations for pensions and the like; there is the income test and the asset test, because we recognise throughout our social security system that both contribute to the economic capacity of an individual – it must follow as a matter of logic that the economic capacity of a school is affected by both its income generation potential – from the current class of parents whose kids are enrolled in the school – and the assets of the school. The SES funding system makes some attempt to measure the income generation potential of the parents of the kids in the school but absolutely no attempt to measure the latter, the assets of the school. **This is a gaping flaw, one which the government would not allow to emerge in any other benefit distribution system.** Can you imagine anybody in this parliament suggesting that social security benefits ought to be distributed with regard only to income and not assets? This government would be the first baying for that person's blood, yet that is the model that is being predicated here in terms of SES funding, where there is no regard for the question of amassed wealth by schools. That is a very big flaw, one that needs to be addressed.¹⁸*

The Labor Party maintained this critique throughout their years in Opposition, and came to power in 2007 knowing that the model was inherently inequitable and unsustainable because it provided above-formula entitlement funding to half Australia's private schools. Despite this, the SES model remains intact, and a series of commitments from the 2007 election campaign to the present have been made to maintain it until the end of 2013 (a year beyond the expiry of the current four-year agreement).

While the Labor Government maintains the 'choice' arguments used by the former government to justify these arrangements, arguments which had previously been rejected by the ALP in its critiques of the model, it is difficult to see a credible explanation other than political expediency for the fact that this funding system remains, and will continue to do so until at least 2013.

A New Model for Funding Private Schools

Meeting the primary commitment of governments to adequately and appropriately fund free, secular public schools, and recognising the legal and moral responsibility of governments to provide universal access to quality public schooling, requires a new funding model which funds public and private schools separately.

¹⁷ Julia Gillard, Hansard 4 September 2000; pp20052-20053.

¹⁸ Ibid.

An essential condition of a new, more equitable funding system is the breaking of the nexus between public and private school funding through the AGSRC, and funding private schools through a discrete and finite budget line.

Where governments choose to provide funding to private schools the level of funding should be determined by rating each private school through criteria including:

- enrolment practices [the degree to which they are inclusive/exclusive];
- student profile
- compliance with mandated curriculum;
- public accountability;
- level of fees; and
- the total, income, assets and resources at the disposal of a school in order to ensure that the total level of funding and resources do not exceed funding and resources of public schools.

Full public disclosure of expenditure and all sources of income - contributions, donations, bequests, trusts, scholarships, subsidies, grants for systems and individual schools – would be a condition of receipt of public funding.

Private schools whose enrolment includes students with identified special needs/disabilities, students from low SES families, and Indigenous students would be able to access a pool of money to enable them to meet the learning needs of these students. Schools would be accountable for ensuring the funds are used for that purpose.

The new system would also require reestablishment of planning mechanisms to assess the impact of the establishment of new private schools and the expansion of existing private schools. Establishment grants should not be provided to new private schools.

The AEU is unequivocal that we need a new funding system which fulfils the obligation of governments to public education and delivers increased funding and resources for Australia's students and public schools, which remain the choice of the majority of parents.

However our submission is not just about the quantum of money needed by our public schools but how it is allocated and the social, educational and economic consequences of the inequity in funding arrangements between public and private schools with different sets of obligations/conditions/accountabilities.

We urge the Review to give serious consideration to the sort of society our current inequitable education system is creating and how incompatible this is with stated policy goals of governments to high quality schools that are open and accessible to all. The only way of giving real meaning to the notion of 'Demography is not Destiny' is a funding system which is genuinely underpinned by the principles informing the Review.

EQUITY OF EDUCATION OUTCOMES

It is common knowledge that Australia's current system of funding schools is fraught with problems. Dr Andrew Dowling's 2007 research paper for the ACER summarises the views of a number of prominent educator commentators:

Australia's system of school funding has been variously described as containing "considerable deficiencies" (Burke, 2003, p. 6), "quite remarkable difficulties" which makes it "very frustrating" (Hayward, 2004, pp.5-6), "unsatisfactory" and "deficient" (Australian Senate, 2004 p. 46-47), a "failure" (Watson, 2007, p. 149), "exceedingly complicated" (Bonnor, 2007, p. 121), "inequitable and inefficient" (Vickers, 2005, p. 274), "irrational" (Connors, 2007, p. 7), and "unhelpfully complex and exceedingly opaque" (Angus, 2007b, p. 113).¹⁹

The Prime Minister herself, speaking in 2009 in her capacity as Deputy Prime Minister and Minister for Education, referred to it as "one of the most complex, opaque and confusing in the developed world".²⁰ Most recently the current Education Minister, Peter Garrett, characterised it as "a dog's breakfast".²¹

Most critiques focus on the lack of equity in our schools funding arrangements which have effectively created a school education 'market' in which heavily-subsidised private schools compete with public schools for students without any genuine regard for equity of education outcomes or forms of regulation to maximise student outcomes overall.²²

Professor Jack Keating's recent paper *Resourcing Schools in Australia, A Proposal for the Restructure of Public Funding*, a significant contribution to the growing body of evidence on the relationship between the inequity of funding arrangements and student outcomes, summarises it neatly:

The systems and regulations for the public and private resourcing of schools across the government, Catholic and independent schools sectors are inconsistent, lack transparency and are arguably unfair. They have an impact upon the patterns of school enrolments in Australia, the quality of schooling that is delivered, and the patterns of educational outcome of students across the country. The methods and conditions for the distribution and use of public resources in schooling also raise questions about their consistency with the social objectives of government, including those of social inclusion. ...Current patterns of public resourcing of schools and the conditions for this funding are not optimal for the achievement of [Australia's education] goals.²³

¹⁹ Dowling, Andrew, 'Australia's school funding system', 2007. *Policy Analysis and Program Evaluation*. p9, http://research.acer.edu.au/policy_analysis_misc/1.

²⁰ Julia Gillard, National Public Education Forum Speech, Friday 27 March 2009, Canberra, http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_090327_173128.aspx.

²¹ Peter Garrett, Grattan Institute Speech, 12 March, 2011.

²² See for example, Louise Watson and Chris Ryan, 'Choosers and Losers: The Impact of Government Subsidies on Australian Secondary Schools' *Australian Journal of Education* 54 (1) 86-107; 2010 p86; Louise Watson, *The total operating resources of Australian private schools in 2004*, Discussion Paper No.4. Lifelong Learning Network, University of Canberra, 2004.

²³ Jack Keating, *Resourcing Schools in Australia, A Proposal for the Restructure of Public Funding*, the Foundation for Young Australians, <http://www.fya.org.au/wp-content/uploads/2010/07/Keating-2010-Resourcing-Aust-Schools.pdf>, pp2-3.

Growing Social Divisions Between Schools

Analysis of the changing enrolment and participation data for Australia's schools highlights growing social divisions between schools. Barbara Preston's important study of census data in her research paper, 'The Social Make-Up of Schools, family Income, religion, Indigenous status, and family type in government, Catholic and other nongovernment schools', is attached as Appendix 1.

From 1975 to 2006, as public funding of private schools grew exponentially, about 60% of the decline in public school enrolments was from the top half of SES distribution²⁴, and a higher proportion of public school students are now from low and middle SES backgrounds while more students from middle and high SES families attend private schools.²⁵

This has been acknowledged in documents such as the 2008 Pastoral Letter by the Bishops of New South Wales and the Australian Capital Territory, *Catholic Schools at a Crossroads*²⁶ and the National Catholic Education Commission's (NCEC) report to the Schools Funding Review.

The bishops' letter addressed the changing parent background and SES profile of Catholic schools, with fewer Catholics and students from low SES backgrounds attending Catholic schools and their enrolment profiles becoming more middle class. While lamenting these changes, the letter implicitly acknowledged that despite being substantially public funded, their fees, although not in the league of fees charged by wealthy private schools, did act as an enrolment discriminator and operated to discourage lower SES families and attract higher-income families.

The NCEC Funding Review Report confirmed that in Catholic and other private schools, around 15 per cent of their students are from families in the bottom 20% income bracket compared to more than one quarter in public schools. Public schools have around 10% of students from the top 15% of high income families compared to Catholics with around 20% and other private schools with more than 30%.²⁷

Most recently, analysis of ICSEA data²⁸ from the My School 2.0 website shows the current effects of changes to the socio-economic composition of schools and the respective concentrations of lower and higher SES students in public and private schools. (See Chart below).

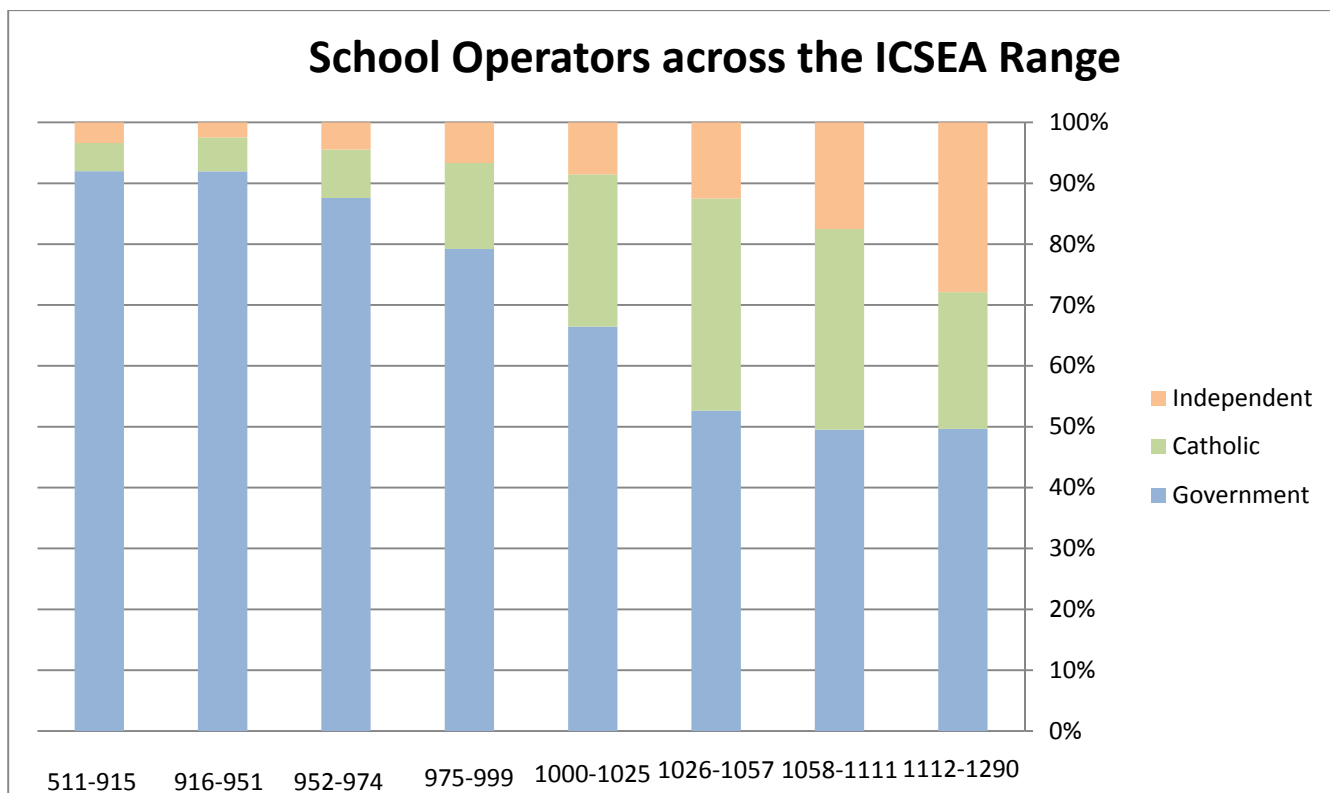
²⁴ Watson and Ryan, op. cit.

²⁵ See for example Watson and Ryan, op.cit; Barbara Preston, 'The Social Make-Up of Schools. Family Income, religion, Indigenous status, and family type in government, Catholic and other nongovernment schools', October 2007; Chris Bonnor, 'How to end social apartheid in Australian schools', Centre for Policy Development 2010, <http://morethanluck.cpd.org.au/sharing-the-luck/schools/>; Trevor Cobbold, *Closing the Gaps*, November 2010.

²⁶ Bishops of New South Wales and Australian Capital Territory, Pastoral Letter, <http://www.cso.brokenbay.catholic.edu.au/about/news/pdfs/Catholic%20schools%20at%20the%20crossroads.pdf>.

²⁷ NCEC Report to Funding Review.

²⁸ Where ICSEA values range from around 500 (representing extremely disadvantaged backgrounds) to about 1300 (representing schools with students from very advantaged backgrounds), with schools grouped into 8 ICSEA bands of around 1100 schools each.



This is consistent with international research findings which suggest that the provision of generous public subsidies to private schools has worked to facilitate the transfer of higher SES students with higher achievement scores, contributing to what Ben Levin in his review of the empirical literature on school choice in England, Scotland, Belgium and the USA calls “the apparent increase in socio-economic segregation between schools in an environment of market choice.”²⁹

Similarly, Bangs, MacBeath and Galton’s *Reinventing Schools, Reforming Teaching* explores the 13 years of Labour Government education reforms in the UK and the problems associated with the reflection of gaps in social and economic status in educational achievement gaps. They cite prominent academic Peter Mortimore’s reflection that establishing a ‘pecking order’ of schools in the name of supporting parent choice maintains and locks in the gap between the highest and lowest achievers.³⁰

My School 2.0 data also highlights the significance of Preston’s 2008 analysis of the income background of Indigenous students which showed the majority of low SES Indigenous students are enrolled in public schools, with public schools educating around 90% of low income Indigenous students schools compared to around 70% of high income Indigenous secondary students. By contrast, Catholic school educate just 10% of all Indigenous secondary students, but 20% of high income Indigenous secondary students attend Catholic schools. Only 6% of all Indigenous secondary students attend other private schools, although they enrol 10% of high income Indigenous secondary students.³¹

²⁹ Quoted by Watson and Ryan, op. cit, p102.

³⁰ John Bangs, John MacBeath and Maurice Galton, *Reinventing Schools, Reforming Teaching*, UK 2011; p135-136.

³¹ Barbara Preston, ‘The Unintended consequences of government policies and the historic power of rent-seekers protecting positional goods’ The 2020 School Education Summit Sydney, 28 June, 2008.

Many private schools claim that their high levels of public funding are justified because they too enrol significant numbers of low SES students. However, the data from these analyses confirms that Australia's schools funding arrangements have been effectively blind to the equity implications of the changing enrolment patterns of students across the country which have widened the achievement gap between public and private schools and imposed much higher cost burdens on public schools, compounded by the fact that private schools benefit from increases to the AGSRC.

Increases in funding to private schools have been used, as noted by Watson and Ryan, to improve school quality by reducing student/teacher ratios and attracting higher SES students away from public schools rather than reducing their fees and widening access for lower SES students.³²

This is particularly significant in light of a central aspect of the Howard Government's rationale for the introduction of the SES funding system; namely that it was an equity measure because private schools would use their increases in funding to reduce student fees and make them more accessible. In the words of former Education Minister Dr David Kemp, the SES system's chief architect:

*... schools like Wesley College and numbers of other schools have also indicated that, when they receive the funding entitlement that they will under this policy, they will be reducing their fees and that will be welcomed by many students and many families. Our policy will continue to put a downward pressure on school fees.*³³

Just how untrue this is is demonstrated by the fact that fees in wealthy private schools have increased dramatically, far in excess of education costs and despite large increases in Federal Government funding. Fees in 22 elite NSW schools more than doubled between 2001 and 2011, increasing by 104%, at the same time as their Federal funding increased by an average of 118%. Fees in 17 wealthy Victorian schools increased by 88% over the same period, at the same time as their Federal funding increased by 211%.³⁴

It is also particularly alarming that rather than putting downward pressure on school fees, funding increases have been used to attract higher SES students. There have been clear examples of unethical practices in this regard such as:

*An aggressive campaign by a prestigious college to poach hundreds of top students from neighbouring schools behind their principals' backs has been branded offensive and immoral. ... [The College] has recruited about 200 girls, many on full scholarships, from scores of surrounding schools to fill places in years 10 to 12 at its new Girls College. Full scholarships save parents more than \$18,000 per year, but their educational value and morality have been questioned by other principals. ... [This] is the most spectacular example of escalating competitiveness between private schools for bright students and top sportspeople. Generous Federal Government funding and the higher profile of school results have heightened competition for the best and brightest and mean more money and prestige for a school.*³⁵

The Howard government's driving principle of funding parental choice of private schools as the basis for the disbursement of billions of dollars of public funding must be rejected.

³² Ibid.

³³ Dr David Kemp, Federal Parliament, 29 March 2001.

³⁴ Trevor Cobbold, Education Policy Brief: 'Fee and Funding Increases Give Elite Private Schools a Massive Resource Advantage', January 2011.

³⁵ Michael Bachelard, 'Schools war as pupils pinched', The Age.

<http://www.theage.com.au/news/national/schools-war-as-pupils-pinched/2006/08/19/1155408071292.html>.

The Influence of Socioeconomic Background on Student Achievement

It has already been noted in Review documents that individual student backgrounds remain a major influence on how students perform at school in Australia, and that there is under achievement by a large percentage of students, many of whom are from rural and remote locations, from low income backgrounds or are Indigenous.

However we would urge the Review to further consider the wealth of research evidence concerning the influence of socioeconomic background on student participation and achievement. Of particular concern is the complex influence of low SES and its intersection with other factors such as location, Indigeneity, culture and ethnicity³⁶, which highlights the imperative for changes to our funding system to address and overcome multiple disadvantage.

Productivity Commission data from its annual *Reports on Government Services* consistently show large differences in school completion rates for students from different social groups. Similarly, analysis of the most recent PISA achievement data confirms the long-established and well-documented fact that the SES background of students and their schools has a major influence on their education outcomes. The OECD's 2009 PISA report for Australia: *Challenges for Australian Education*, publishes PISA results broken down and analysed by school sector for the first time, and shows that overall student performance in public schools is lower than for Catholic and Independent schools, which it links to the enrolment profiles outlined above.

The socioeconomic background of around 16 per cent of students in Catholic schools, 10 per cent of students in independent schools, and 35 per cent of students in government schools is from the lowest quartile. At the other end of the scale, almost 30 per cent of students in Catholic schools, almost 50 per cent of students in independent schools, and 16 per cent of students in government schools are drawn from the highest socioeconomic quartile. The 2009 PISA report examined average achievement for each socioeconomic quartile and found that there was a difference in scores between students in the highest and lowest socioeconomic quartile that equated to almost three full years of schooling.³⁷

While the PISA *Challenges for Australian Education* report claims that after adjusting for student and school socioeconomic background there are no significant differences between the results of public and private students, it makes the highly pertinent observation that in the 'real' world no such adjustments occur:

Of course, we do not live in a world where such adjustments are made, and so more must be done to address the level of resourcing in schools that the majority of Australian students attend.³⁸

In 2009 too many students failed to achieve the international benchmarks in Reading (14%), Mathematics (16%) and Science (12%). Among low SES students, 25% did not meet the Reading benchmark. The percentages were also high for Maths (28%) and Science (22%).

³⁶ National Partnership on Low SES Communities, 'Research Underpinning the Reforms Paper' provides a useful overview of the research literature; available at [http://www.lowsesschools.nsw.edu.au/wcb/content/uploads/psp/file/About_National_partnership/Reforms%20paper\(1\).pdf](http://www.lowsesschools.nsw.edu.au/wcb/content/uploads/psp/file/About_National_partnership/Reforms%20paper(1).pdf).

³⁷ OECD, *Challenges for Australian Education*, <http://www.acer.edu.au/enews/2010/12/disadvantage-in-australian-schools>.

³⁸ PISA in Brief, Highlights from the full Australian Report: *Challenges for Australian Education: Results from PISA 2009*.

Gaps in achievement between high SES and low SES students in each assessment area, the equivalent of two to three years in schooling, widened between 2006 and 2009.

PISA 2003, 2006 and 2009 findings all confirm significant differences in achievement levels between students in rural/remote schools and those in metropolitan locations and between Indigenous and non-Indigenous students, with gaps again widening between 2006 and 2009.

- Australian students in schools in remote locations achieve at a level equal to a year and a half lower than students in metropolitan locations in all PISA assessment areas.
- The proportion of students in very remote areas reaching the benchmarks in literacy and numeracy is lower than the proportion of metropolitan, provincial and remote students achieving these benchmarks.
- The difference between remote and very remote area students and high SES students is two to three years.
- The proportion of high SES students achieving the highest proficiency levels is about 5 times that of low SES students. In 2009, only 5% of low SES students achieved the highest reading proficiency standard compared with 24% of high SES students. In mathematics the respective proportions were 6% and 30% and in science 6% compared to 28%.
- The difference between Indigenous and non-Indigenous students in PISA mathematics and reading literacy is equal to more than two years of formal schooling
- The difference between Indigenous students and high SES students is between three and four years.

Further weight to the equity implications of these findings is added by the expert analysis of Professor Barry McGaw which highlights concerns about modes of school organisation and inequitable funding policies in Australia.³⁹ He notes that while Australian education is generally of a high quality, Australia's distribution of educational outcomes is relatively uneven by international standards, with lower equity outcomes than countries such as Canada and Finland, where the gap in educational achievement in Australia between similarly socially disadvantaged students represents about 1 ½ years of schooling.⁴⁰

In Australia, as in the US and the UK, "social background is more substantially related to educational achievement than in the OECD as a whole" and there is a correlation between stratified and segregated school systems and lowering educational standards.⁴¹

*The schooling system largely reproduces the existing social arrangements, conferring privilege where it already exists and denying it where it does not.*⁴²

Further, that:

Where differences in social background account for a large percentage of the between school variation this suggests that the educational arrangements in the country are inequitable. Where much of the account derives from the social background of other students in the school, it suggests that there is a benefit for advantaged students in keeping company with similarly advantaged students but a compounded disadvantage for disadvantaged students keeping company with others like themselves ... students with lower skills benefit more from being

³⁹ Professor Barry McGaw, *Reducing the impact of social background in education: fond hope or realistic aim?*, Presentation to Faculty of Arts and Education, Murdoch University, March 17 2010.

⁴⁰ McGaw, op. cit. p23.

⁴¹ Ibid.

⁴² Ibid.

*exposed to clever peers, whereas those with higher skills do not seem to be affected much. Social heterogeneity, moreover, has no big adverse effect on academic outcomes. These results imply considerable social gains of reducing stratification in educational settings.*⁴³

Based on the evidence from PISA, Professor McGaw urges a policy of reducing achievement gaps and improving achievement for students from low SES families by “targeting resources on underperforming schools with less advantaged students”. Combined with other OECD research and international comparisons which show that selecting students for ‘separate and unequal schooling’ does not deliver improved learning outcomes for whole systems or countries, the policy imperative is clear: governments should be looking to reduce social segregation between schools and students rather than exacerbating it.

The need for a schools funding model aimed at reducing social segregation and the subsequent gap in student achievement is supported by international evidence on the social and economic costs of low educational performance and the failure to invest in equitable provision of education, such as the OECD’s *The High Cost of Low Education Performance: The Long-Run Economic Impact of Improving PISA Outcomes* which shows that even relatively small improvements in the skills and employability of their youth can have very large impacts on future well-being and the GDP of the nation.⁴⁴

The dimensions of poverty and educational disadvantage in the United States are more severe than in Australia because of the relationship between local property taxes and school funding. However there are evident parallels with the US, a country from which Australia is adopting a number of education policies, in terms of funding equity and student outcomes. Stanford University education expert Professor Linda Darling-Hammond’s observation provides a clear warning to Australia about the dangers of perpetuating educational inequality through inequities in the way schools are funded:

*International studies continue to confirm that the U.S. education system is also one of the most unequal in terms of inputs. In contrast to European and Asian nations that fund schools centrally and equally, the wealthiest school districts in the United States spend nearly 10 times more than the poorest, and spending ratios of 3 to 1 are common within states. These disparities reinforce the wide inequalities in income among families, with the greatest resources being spent on children from the wealthiest communities and the fewest on the children of the poor, especially in high-minority communities. This creates huge inequalities in educational outcomes that ultimately weaken the very fabric of the nation.*⁴⁵

High quality opportunities/outcomes for all students to reduce our growing underachieving tail require directing funding to address these inequities. All the indicators show that the students with greatest needs are mainly concentrated in schools which have the legal obligation to be open to all – i.e. public schools. As one of the many submissions to the Review from public schools across the country simply and eloquently puts it:

The teachers and staff know that we are achieving better outcomes for our students [through] innovative programs that are making a huge difference to our students both academically and socially. But we need to maintain and improve our funding so these programs can achieve their goals. A school such as ours simply cannot be considered the same as schools that face fewer disadvantages. Without taking into account the special needs of schools such as ours in funding

⁴³ Ibid., p29.

⁴⁴ OECD, *The High Cost of Low Education Performance: The Long-Run Economic Impact of Improving PISA Outcomes*, 2010 p6; p10.

⁴⁵ Linda Darling-Hammond, *The Flat World and Education. How America's Commitment to Equity Will Determine Our Future*, Multicultural Education Series January 2010.

formulas the review committee risks 'widening the gap' further and compounding the adverse effects these school communities already face.

GENERAL FUNDING ISSUES

The widening gaps between schools as evidenced by the growing inequity in educational outcomes and social segregation between schools and students are a direct consequence of funding arrangements which have delivered ever-increasing amounts of funding to private schools over the last several decades, with huge increases to the wealthier private schools rather than schools with the greatest concentrations of disadvantaged students, predominantly public schools.

Achieving the National Goals of Schooling for All Students

As educators we understand how school funding impacts upon the educational opportunities of our students. The design and implementation of education programs at our school is directly related to the quantum of funding our College receives from all government and non-government sources.⁴⁶

Lara Secondary College submission to Schools Funding Review

As the AEU has consistently argued, evidence on the growing diversity in schools and growing differences in schools size, student intake, and achievement shows that Australia's public schools educate the majority of students who are recognised to have particular educational needs and face the greatest challenges in achieving the National Goals of Schooling.

While the research data provides the statistical background to the enrolment profiles of Australia's public schools the testimony of teachers and principals show what these aggregate statistics means on an everyday basis for those who work in our schools. They also show clearly that meeting the learning and welfare needs of the diverse and complex student mix in the majority of Australia's public schools requires a level of resourcing which most schools struggle to provide within the constraints of their current funding levels.

We urge the Review Panel to take account of the evidence contained in the many submissions from public schools and communities about the realities of educational provision for the complex and diverse range of students in our public schools.

At the day-to-day local level, the macro-statistics on student enrolments translate into individual school enrolment profiles of which the following are typical examples:

1. Melbourne metropolitan primary school

The school has an enrolment ranging between to 650 to 700 depending on the time of the year. ... An important contextual factor is the background of its students.

The 2009 Student Family Occupation (SFO) Density of 0.81 was higher than the 2005-2008 average of 0.73, indicating a general movement in student backgrounds toward lower socio-economic status and less educational advantage.

⁴⁶ Lara Secondary College Submission to the Schools Funding Review.

Language Background Other Than English (LBOTE) students made up 81% of total 2010 enrolments. During 2005-2008 the average proportion of English as Second Language (ESL) students was 59.6% of enrolments. This placed the school in the highest of four categories into which all government schools are placed based on proportions of ESL enrolments.

Program for Students with Disabilities (PSD) enrolment represented 3.3% of total 2009 enrolments, above the 2006-2009 average of 2.3%, and in the middle category of all schools with PSD enrolments.

Refugee enrolments represented an average 5.0% of total students during 2005-2008. The 2009 SFO index placed the school in the lowest socio-economic ten percent of all government schools as a measure of educational advantage.

Australian Early Development Index (AEDI) indicators also reveal that 50% of 2009 preps were developmentally vulnerable in two or more domains.

Combined, these student background characteristics represent significant challenges facing the school community in its endeavours to improve its levels of student outcomes.⁴⁷

2. NSW outer metropolitan primary school:

300 students attend [our school] from pre – school to year 6. Students come from a diverse range of cultural backgrounds with approximately 85% originating from non English speaking backgrounds. There are two special education classes at our school. There is an IM class for students with a mild intellectual disability year 3 to year 6 and an ESSP, Early School Support Program group, kindergarten through to year 2, for students with a mild intellectual disability. The school community derives mostly from low socio economic backgrounds.⁴⁸

3. Tasmanian rural district secondary school:

School Relevant Data 2010:

- *Student numbers at 160; with 11.5 FTE teachers*
- *40% of our families are on support benefits*
- *Retention rate (Numbers of students moving into Grade 11 & 12 courses) of 60% was recorded in 2009;*
- *22% are from an Indigenous background;*
- *We are a low SES community with Socio-Economic index of 63⁴⁹*

4. Western Australian metropolitan secondary school

- *Student Enrolment: 1300 students*
 - *The school has a socio-economic index of 97.*
 - *Approximately 30% of students come from lower socio-economic backgrounds, 5% are Indigenous and 4% have English as a second language.*
 - *Approximately 25% of students enter the school in Year 8 with a reading age, at or below Year 5 level.*

⁴⁷ Meadow Heights Primary School submission to the Schools Funding Review.

⁴⁸ Villawood East Public School submission to the Schools Funding Review.

⁴⁹ Geeveston District High School submission to the Schools Funding Review.

- A large number of students within the lower SES category come from dysfunctional families.
- Special Needs
 - Approximately 30% of students have literacy and numeracy learning difficulties
 - Substantial numbers of students have behavioural and associated psychological issues
 - 20 students require aide support
 - Approximately 30 students have been identified as gifted students
 - Approximately 50 students have English as a second language support
 - Approximately 60 Indigenous students – many require additional support

The school goes on to explain that what this broad student profile does not reveal are the dramatic changes in the backgrounds of students attending the school in recent years. Where the area served by the school had previously been predominantly Anglo Saxon with a small percentage of Aboriginal students, in the past few years it has had a significant increase in the number of students arriving from overseas on different work and humanitarian visas. Many arrive on 457 Visas, the majority from the Philippines, and their parents get no special assistance to help their children who are starting at a new school in a new country. Other students, refugees from Burundi, Congo and Rwanda, arrive on 200 Visas students while other students on 202 Visas come as part of special humanitarian programs from countries like Afghanistan.⁵⁰

5. Melbourne metropolitan secondary school:

*Our students come from a wide variety of backgrounds. A very large number of Aboriginal students and many recent arrivals from Africa, Vietnam, China and Afghanistan make up the majority of our student population. ... The school is situated in a very working class area with a lot of our students living in government sponsored accommodation. Many parents are welfare reliant ... Students from language centres, including refugees, arrive intermittently throughout the year and require immediate social as well as academic training. An extraordinary number of students are in need of integration programs and aides. This number is on the increase and particularly prevalent in the lower years.*⁵¹

Despite these intensifying complexities, and the difficulties of providing adequate teaching, non-teaching, physical and financial resources to cater for the diverse range of student requirements, teachers and schools continue to strive for success for all their students. As the principal of a school in a disadvantaged area of country Victoria says, echoing the words of teachers and principals across the country:

*I have a vision that all children at my school have access to a well funded and exemplary education facility so they may be provided every opportunity to shine. This will be the key for them to break the cycle of poverty. I have aspirations for the educational well-being of my students and know additional resources would assist in giving my students the opportunity to really connect with and engage in school.*⁵²

In the face of the everyday challenges associated with under-resourcing and widening inequity, schools can still optimistically say that they make a positive difference every day, and take pride in

⁵⁰ Kelmscott School submission to the Schools Funding Review.

⁵¹ Reservoir School submission to the Schools Funding Review.

⁵² Delacombe Primary School submission to the Schools Funding Review.

the simple fact that all students can enter their doors, and be met with high expectations and an acknowledgement that all students can learn.

As one school eloquently says:

The changing face of our student population has further broadened what it means to provide an inclusive education so that all students, whatever their background, socio economic circumstances or even family situation, can get the education they deserve.

Their request to the Review is simple:

We don't want anything but a fair go and we want our Federal Government to provide us with the necessary resources we need to ensure that every one of our students gets the best possible education regardless of what is in their parents' pockets.

The 'Asymmetrical and Dysfunctional Split' Between the Commonwealth and State/Territories in Funding of Public and Private Schools

The challenge for governments in achieving the National Goals of Schooling and redressing the growing inequities between schools is compounded by funding policies of the last several decades. As we will show in our specific discussions of recurrent and capital funding, funding for private schools has grown at much higher levels than for public schools, and the key driver has been the influence of Federal Government policy and expenditure.

It is often said that because the States have constitutional responsibility for provision and funding of public education this effectively means that the Federal Government has a constitutional responsibility to fund private education. However there is no constitutional basis to the claim that the Federal Government has a funding responsibility for private schools.⁵³

Federal general recurrent per student grants for private schools were introduced in 1970 to provide assistance to the struggling Catholic sector, at a flat rate of \$35 for primary students and \$50 for secondary students. Its role has been developed incrementally by successive governments ever since and levels of assistance have grown exponentially.⁵⁴

Leaving the problematic question of the constitutional basis for the Federal Government's role aside, developments over the last several decades have seen the inequity in these arrangements become increasingly stark.

Watson's analysis of the role and impact of Commonwealth involvement in schooling,⁵⁵ Connors' study of the effects of the interaction between the Commonwealth and State/Territory governments on schools policies and related educational priorities⁵⁶, McMorrow's analyses of the Howard and

⁵³ Birch, I.K.F, *Constitutional Responsibility for Education in Australia* [ANU Press 1975]: "The Commonwealth Parliament was never intended to receive, has never received and has never sought Constitutional authority to take principal responsibility for the provision of school education in Australia."

⁵⁴ Harrington, 2010, op.cit. pp3-4.

⁵⁵ Louise Watson, *Intentions, Opportunities and Outcomes. The Impact of Commonwealth Involvement in Australian Schooling*. Unpublished PhD thesis, Australian National University, 1998.

⁵⁶ Lyndsay Connors, *Making Federalism Work For Schools: Due Process, Transparency, Informed Consent*, 2007, http://www.nswtf.org.au/media/latest_2007/files/20070517_federalism.pdf.

Rudd's Governments funding policies⁵⁷, and Cobbold's analysis of a decade of Howard Government funding policies⁵⁸, all point to impact of the superior revenue raising capacity of the Federal Government.

Although it is able to raise 'the lion's share' of all revenues, it provides funding for the smaller private sector, at a rate which is difficult for the states and territories, who provide the bulk of funding for the much larger public sector, to match.⁵⁹

In political terms this means, as Connors explains, that whichever political party gains power at the Commonwealth level:

*... [it] now finds itself locked into the situation of having to defend a highly asymmetrical funding responsibility for private and public schools. As a corollary, the Commonwealth's policy relationship with public schooling has progressively weakened.*⁶⁰

This asymmetrical split in funding responsibility between the States/Territories and the Commonwealth has been exploited to diminish Commonwealth responsibility for public education. Large increases in funding for private schools, including massive increases for some of the best resourced schools in the country, are defended as supporting 'parental choice', while the alleged inadequacies of public schools were blamed on deficiencies in State/Territory government policy and funding⁶¹.

Funding Inequity Between Public and Private Schools

It is clear that government funding policies have disproportionately benefited private schools over the last 15 years. An analysis of National Report on Schooling data shows that between 1998-99 and 2007-08, total government funding per student increased by 112% for Independent schools, 84% for Catholic schools and 67% for public schools; with the average increase for all private schools being 89%.⁶²

Total expenditure per student in Independent schools is around 40% higher than in public schools and 45% than in Catholic schools. In 2007-08, average total expenditure was:

- Independent schools: \$15,147 per student
- Public schools: \$10,723 per student
- Catholic schools: \$10,399 per student
- All private schools: \$12,303 per student⁶³

The inequity is compounded by the fact that the largest increases have been received by wealthy schools which charge high fees and enrol very few disadvantaged students. It is difficult to see how a policy of governments providing \$2,000-\$4,000 per student per year to schools which charge fees in

⁵⁷ Jim McMorrow, *Reviewing the evidence: Issues in Commonwealth funding of government and nongovernment schools in the Howard and Rudd years*, August 2008; <http://www.aeufederal.org.au/Publications/2008/JMcMorrowpaper.pdf>, *Updating the evidence: the Rudd Government's intentions for schools*, December 2008, <http://www.aeufederal.org.au/Publications/2009/JMcMorrowpaper2009.pdf>.

⁵⁸ Trevor Cobbold, *The Great School Fraud. Howard Government School Education Policy 1996-2006*, 2007

⁵⁹ Connors, op.cit, p18.

⁶⁰ Ibid.

⁶¹ Connors 2007; McMorrow, op. cit. August 2008.

⁶² Cobbold, *Closing the Gap* op.cit. p3.

⁶³ Ibid.

excess of \$20,000 can be justified in terms of the principles for schools funding informing this Review.

- King's School, with Year 12 fees of nearly \$25,000, will receive \$3,211 per student in 2010.
- PLC with Year 12 fees of \$22,580, will receive \$3,300 per student.
- Ascham and Kambala, with Year 12 fees of over \$26,000, will receive nearly \$2,000 per student.
- Geelong Grammar (the most expensive school in Australia), with Year 12 fees of nearly \$28,000, will receive \$3,456 per student.⁶⁴

My School reveals that many elite private schools, assisted by Commonwealth funding are operating with levels of recurrent income per student two to three times the average of public schools (Net Recurrent Income per student \$11,100)

The audited financial statements of the small number of private schools who provide this information available through ASIC provides an indication of the level of wealth associated with these schools. For example, the profits recorded by elite private schools in 2009 include:

- Scotch College Melbourne \$13.9 million
- Geelong Grammar \$10.6 million
- Cranbrook School \$8.4 million
- Melbourne Grammar \$8.2 million
- Brisbane Grammar \$5.4 million
- Geelong College \$4.1 million
- Brisbane Girls Grammar \$3.8 million
- John Paul College \$3.3 million
- Ascham School \$3 million.

However, the dramatic gaps between the resource levels of private schools and those of public schools are not just confined to very wealthy schools. Significant numbers of private schools receive substantial amounts of government funding, which combined with their own private sources of funding, allow them to operate at resource levels far beyond those of public schools.

The Exclusive Brethren's MET school, which is actually 18 schools spread across NSW⁶⁵, received over \$9 million in government funding in 2009 despite getting \$15 million from 'other private sources' and \$2.8 million in fees. The mechanism which delivered this funding was the maintenance of the school's former Category 12 classification, a rating which classifies it as one of the most disadvantaged schools in Australia. Its net recurrent income was \$20,910 per student almost double the average for public schools. Contrary to the claims of the private sector lobby, there are also a significant number of public schools in disadvantaged areas receiving less total funding per student from governments than private schools in wealthier areas, as the following examples from New South Wales show:

⁶⁴ Cobbold, op.cit. p26.

⁶⁵ We would urge the Review to read the account of the Exclusive Brethren's MET school operations in the 2006 DEST Review into the SES funding arrangements for private schools.

Higher SES Private Schools Which Get More Government Funding than Lower SES Government Schools

School	Location	ICSEA Value	Prop in Lowest SES Quartile	Prop in Highest SES Quartile	Govt Funding per student	Total Income per student
Government						
Quakers Hill HS	Quakers Hill	981	43	13	8778	9219
Rooty Hill HS	Rooty Hill	965	51	13	8692	9130
Sefton HS	Sefton	1001	37	22	8987	9577
Catholic						
Holy Cross College	Ryde	1031	26	20	10006	12927
Mater Maria College	Warriewood	1087	14	34	9507	14515
Mercy College	Chatswood	1141	9	49	10943	16108
St Francis de Sales	Leeton	1072	29	19	11279	13931
St Leo's College	Wahroonga	1120	9	40	9296	12920
St Marks College 7-10	Stanhope Gardens	1093	14	35	11171	15257
St Paul's College	Manly	1097	20	31	9264	13724
Wollemi College	Werrington	1069	18	34	12797	15734
Independent						
Shoalhaven Anglican K-12	Milton	1087	20	31	9004	12079

Within this context it is noteworthy that in 1999 the then Federal Minister announced the Government's expectations that within private school systems, recurrent funds would be distributed differentially according to need. A review of private school funding arrangements conducted ten years later by the National Audit Office found that this is not the case. The ANAO analysis found that systemic schools with low SES scores (that is, schools servicing low socio-economic communities) received less Federal funding through general recurrent grants per student from their school systems than if they were directly funded under the SES arrangements in the same way as non-systemic private schools. The ANAO took the significant step of recommending that the Federal department should undertake an analysis of whether school systems distribute general recurrent grants funding in a manner consistent with the needs-based funding principles [said to] underpin the Government's SES funding arrangements.⁶⁶

⁶⁶ Australian National Audit Office, *Funding for Non-government Schools*, 2009; p22.

Key International Funding Comparisons

The inadequacies of Australia's funding policies are further highlighted by analysis of school education data from the Organisation for Economic Co-operation and Development's (OECD) latest annual *Education at a Glance* report⁶⁷.

The Report shows that while Australia's overall expenditure on schools as a percentage of GDP is slightly below the OECD average, our proportion of expenditure on public schools is amongst the lowest in the OECD and the proportion of government expenditure on private schools particularly high. This is in stark contrast to Finland, one of the best-performing countries in international tests of student attainment, and one whose educational system and education outcomes are often cited as the benchmarks to which other countries should aspire.⁶⁸

Government expenditure on Australian schools amounted to 3.1% of GDP compared to an OECD average of 3.3%, with Australia ranking 23rd out of 27 major nations. For Finland, government expenditure on schools amounted to 3.6% of GDP.⁶⁹

Only two major countries spent a lower proportion of education funding on public schools than Australia, with Australia ranking 27th out of 29 nations.

Conditions for Receipt of Public Funding

By international standards Australia is unique in the levels of government funding it provides to the private sector with so few obligations for its receipt. Examination of the accountability of private schools in Australia compared to other countries shows that:

*... regulation of private schools in Australia is comparatively benign. ... Australian accountability regimes for public funding of private schools is inconsistent with broad international practice. Internationally, higher levels of funding are usually accompanied by stronger government regulation.*⁷⁰

Studies have shown greater government regulation and oversight of publicly subsidised private schools in areas such as enrolment and exclusion practices, a number of countries, for example, placing conditions on the admissions policies of subsidised religious schools and other private schools.

*These schools may be prohibited from rejecting students because of family income (Germany, Finland) or discriminating based on race and ethnicity (France) or ideology (Belgium-Flemish Community). Subsidised religious schools in British Columbia-Canada, France, and elsewhere cannot reject students because they have a different religious faith. Finland establishes attendance zones for private schools. Some countries set policies for student discipline in private schools (Greece) or expulsion (Norway).*⁷¹

⁶⁷ Organisation for Economic Co-operation and Development (OECD), *Education at a glance 2010: OECD indicators*, OECD, Paris, 2010, http://dpl/Ejournals/OECD_EducationGlance-OECDIndicators/2010.pdf. Note: The comparisons are for 2007 education expenditure on 'primary, secondary and post-secondary non-tertiary education', which the OECD uses as a proxy measure from school education.⁶⁷

⁶⁸ Harrington, op.cit.

⁶⁹ OECD, *Education at a glance 2010*, op. cit., p. 220. There are few private schools in Finland.

⁷⁰ Chris and Terry Aulich, 'Proposals for Increased Accountability for Government Funding to Private Schools, AEU, 2003, <http://www.aeufederal.org.au/Publications/2003/Aulichgovtfund.pdf>.

⁷¹ Center on Education Policy, 'Lessons from other countries about private school aid', p9. Available at www.ctredpol.org.

There is ample evidence to show that implementing comparable measures is strongly resisted by the private sector and its advocates. A recent Senate speech [23 November 2010] by Senator Gary Humphries neatly summed up the problems that having obligations would cause for private schools when he said that tying funding to certain conditions “would place a very heavy onus on non-government schools”. He lamented that it would make it difficult for private schools who “pride themselves on choosing students of a certain academic standard” if they were forced to have an admissions policy similar to public schools; further that:

Saying, for example, that schools may ‘not discriminate in hiring of staff or selection of students’ means that schools with a religious bias are not able to say, ‘We will only take students of that particular faith into our school.’⁷²

Similarly there has been significant lobbying by private school interests against genuine transparency and accountability measures for the public funding they receive. For example, a number of submissions to the Senate Inquiry into Schools Assistance Bill 2008 and the Education Legislation Amendment Bill 2008 questioned the need to report aspects of their school finances and income, indicating that they believed that would impact on their “commercial-in confidence arrangements”, which appears to be an odd claim as private schools have to be ‘non-commercial’ in nature to be eligible for Commonwealth funding.⁷³ The submission from Christian Schools Australia went so far as to argue that for a prohibition on the use of ‘commercial in confidence’ information, and called for an amendment to make releasing a school’s private financial data an offence.

There has been public discussion about the establishment of financial benchmarks against which to judge the efficacy of public funding and to assist in the department’s audit and assessment requirements. A public interest case may be made for additional criteria to be added to the Financial Questionnaire to enable such benchmarks to be measured and for this purpose alone. Any other use of commercial in confidence information must be prohibited, including the distribution of this data outside of DEEWR. Therefore, we seek an amendment to the effect that to release a school’s private financial data would be an offence.

By contrast the public school sector meets strict transparency measures, including reporting to Parliament, and contends that transparent public reporting of the financial circumstances of the heavily subsidised private sector is essential.

Genuine transparency and funding accountability for all schools in receipt of public funding, consistent with the notions outlined by the current Prime Minister in 2000 (see Introduction) and more recently [below], must be a crucial component of Australia’s funding arrangements.

Only by understanding the total amount of funds at the disposal of individual schools is it possible to understand the relationship between resourcing and educational outcomes. The opposition have claimed in this debate that the income of a school is irrelevant to understanding its performance. I find this claim nonsensical. If we are to identify accurately where the greatest educational need across the Australian community is located and encourage excellence in every school, we need a basis for fair, consistent and accurate analysis of how different schools are doing.⁷⁴

⁷² Gary Humphries, Senate speech, 23 November, 2010, <http://www.aph.gov.au/hansard/senate/dailys/ds231110.pdf> p1993.

⁷³ See for example submissions by Covenant College (Geelong), the Geelong College, Casey Grammar school and also Balcombe Grammar School.

⁷⁴ Julia Gillard, Speech to House of Representatives 21 October 2008 Schools Assistance Bill 2008.

Transparency and accountability will only exist when there is full disclosure of the total resources available to private schools as a condition of receiving public funding.

The AEU supports the finding of the Government Senators Report from the Senate NAPLAN Inquiry that:

... there should be full disclosure of financial assets including assets, foundations and investments, otherwise true comparisons will not be possible. There are limited obligations on private schools in return for public funding. ...If non-government schools continue to expect a share in federal funding then full financial disclosure in the interests of the taxpayer and the better allocation of resources must be required. If non-government schools do not wish to comply with full financial disclosure, then public funding should not be provided.

On this basis they recommend that *“in the interests of transparency, accountability and facilitating meaningful comparisons, the My School website capture full disclosure of financial assets. Those schools who do not agree to this requirement should not receive public funding.”*

The AEU supports this recommendation in relation to My School and considers that it should be a key recommendation of this Review in relation to all aspects of private school funding.

RECURRENT FUNDING

Numerous funding analyses, including those cited earlier, show how the SES funding arrangements and the AGSRC, which is derived from State/Territory expenditure on government schools expressed as a per student average, operate to deliver levels of recurrent funding to private schools which are both inequitable and unsustainable morally and economically, and fail to meet basic criteria for the efficient expenditure of public funds.

The SES Funding Model

In theory the SES funding formula, which uses an assessment of the income, occupation and education of parents within a school's census district to calculate a school's federal funding allocation, equitably distributes funds. Theoretically, schools whose student enrolments are from high SES areas receive less funding than those whose students are from average or low SES areas.

However, an examination of the evidence on the operation of the SES funding model shows that, contrary to the opinions of many advocates of high levels of public funding for private schools⁷⁵, it is not fair, not sustainable and not equitable.

A review of the SES funding model by [then] DEST, which was commissioned by Howard Government Education Minister Julie Bishop and completed in December 2006, assessed the evidence on its operation.

The DEST Review found strong private sector support for the SES funding arrangements, claiming they met the Government's objectives for the funding of non-government schools in that they are (1) needs-based; (2) provide choice for parents; and (3) have a sound empirical framework underpinned

by a transparent and objective measure, based on independent data, that are consistent for all schools.

However, on the basis of evidence, the Review came to the conclusion that the SES funding model is inequitable, and further, that it entrenches "purely historical inequities". It revealed that:

- The Howard government's "no-losers" policy ensured no private school lost a dollar, even if their socioeconomic status improved, which, according to the SES formula would have entitled them to less funding;
- Private schools would receive more than \$2.7 billion above their strict entitlements between 2009 to 2012 under the Commonwealth SES funding formula for private schools, which (theoretically) measures a school's need according to the wealth of families, based on census district data;
- More than half of all Catholic schools had their funding "maintained" at historic levels under what was introduced as a "transitional arrangement" in 2001. It meant that Catholic schools would temporarily continue to receive indexed payments based on 2000 funding arrangements instead of less funding according to their entitlements under the SES funding formula;
- Funding Maintained schools, those that would have received less money if they were funded on the basis of their SES score at the time they joined the SES system, have had their funding entitlements preserved, with full AGSRC indexation, at their 2000 funding levels under the previous Education Resources Index (ERI) funding system.
- Funding Maintained Catholic systemic schools have had their funding entitlements preserved, with full AGSRC indexation, at their 2004 funding levels. (Catholic systemic schools joined the SES system in 2005.)

In short, the SES funding formula only applies to the private schools it advantages.

The AEU is highly critical of this inequitable arrangement; a critique which was shared by the Independent Education Union in its submissions to the 2004 Senate Inquiry into Commonwealth Funding for Schools and the 2006 DEST Review.

In 2004 the IEU submission confirmed that the inequity in the system, which saw less than half of all private schools funded according to their SES scores and schools with similar SES levels getting different levels of funding, indicated a failed mechanism which essentially made the system indefensible.

The IEU does not believe that the current SES model of funding and the political decisions made around its operation can be seen as fair and transparent. As a funding model it has produced significant discrepancies in the funding outcomes. For example:

- *More than half of all non-government schools are not funded according to their SES score*
- *The Catholic systems have been outside the system since its inception*
- *Many independent schools have been funding maintained under the system – that is to ensure no loss of funding as would have happened had their score been applied.*
- *61 per cent of schools in the Christian sector are funded as per their SES score, 22 per cent are funding maintained; 17 per cent are funding guaranteed*

- *There are schools sharing similar SES levels but which attract very different levels of fees.*

*Such outcomes indicate a failed mechanism and essentially make the system indefensible.*⁷⁶

Their 2006 submission reiterated these concerns about the serious deficiencies and fundamental flaws in the SES funding arrangements and called for its reform.⁷⁷

The Entrenchment of ‘Transitional Assistance’ Through Private Sector Lobbying

In the context of the current funding review, private school advocates have argued strongly that any changes to their current funding arrangements would need to be phased-in over a period of time and require generous transitional assistance, on the grounds that it would allow them time to implement fee increases and other measures which may be required to meet any funding shortfall.

Consideration of the DEST Review is instructive in this regard.

In the 2001-2004 quadrennium, 812 independent schools (77%) were funded on their SES score and 240 schools (23%) were Funding Maintained. (Catholic systemic schools are not included in these percentages because at the time they were funded outside the SES arrangements.)

The Funding Maintained provision was continued into the 2005-2008 quadrennium, in line with the then Government’s 2001 election commitment that no schools would be financially disadvantaged by the SES funding arrangements.

Despite the so-called ‘transitional’ nature of the arrangements, the number of Funding Maintained schools increased significantly in the 2005-2008 quadrennium due to the integration of Catholic systemic schools into the SES funding arrangements.

In 2005, after the integration of Catholic systemic schools into the SES scheme, which rewarded them with an additional \$353 million in additional funding for 2005-2008, 1,310 (49%) schools were funded according to SES score, 1,178 (44.1%) were Funding Maintained, and 183 (6.9%) were Funding Guaranteed. ie. 51% of private schools were funded above their SES score.

- In 2006-07 only 642 (40%) of Catholic systemic schools and 795 (75%) of independent schools were funded on their actual SES score.

DEST claimed that the SES scores of FM schools would be recalculated, as with all other schools, in moving to the next quadrennium (2009-12). Proper application of the SES and funding FM schools on their new scores would, in most cases, have resulted in a dramatic fall in the SES of the school’s community between the 2001 and 2006 Census.

- Only 30 FM schools out of 240 moved onto their SES funding rate with the recalculation of SES scores between the 1996 and 2001 Census.

During the course of the DEST review, private school stakeholders all argued that the only acceptable proposals for moving schools off FM and onto their SES score would necessarily involve adjustments

⁷⁶ IEU Submission to the Senate Inquiry into the Commonwealth Funding for Schools, June 2004, p6.

⁷⁷ IEU Submission to 2006 DEST Review.

of the funded percentages linked to each SES score (the funding continuum) resulting in additional funding for the non-government sector.

The National Catholic Education Commission (NCEC) was strongly of the view that FM was an integral part of the funding arrangements that the Catholic system joined in 2005, “an essential ongoing component of the SES arrangements”, and, therefore, should not be removed⁷⁸. Both the Independent Schools Council of Australia (ISCA) and the NCEC stated that many of their schools would close without FM. They argued that:

*Any approach to move more schools onto SES would necessarily involve a substantial injection of funds into the non-government school sector. Further, any attempt to capture greater numbers of FM schools would become progressively more expensive.*⁷⁹

It was also argued that the FM provision allows schools established as low-fee schools under the previous ERI funding system to continue charging low fees. This claim is not supported by the evidence.

- 42% of FM schools (87) increased their fees by more than 40% during the period 2000-2004 compared to 24% of SES-funded schools (164). In addition, during this period, the number of FM schools with annual fees below \$2,500 fell by 245 (48) compared to a fall of 10% (67) for SES-funded schools.

More recent research evidence from the Parliamentary Library using unpublished DEEWR data indicates that these trends have continued. As at 1 January 2010, just over 50% of all private schools were funded according to the per student rate for their SES score compared to 90% in 2001.

Of the 2699 non-government schools funded by the Australian Government:

- 1409 schools (52.2%) were funded according to the per student rate for their SES score
- 1075 schools (39.8%) were FM (with indexation). Of these:
 - 185 schools (6.9%) were FM at their year 2000 per student rate and;
 - 890 schools (33.0%) were FM at their year 2004 per student rate.
- 1 school was Funding Guaranteed (without indexation) at its year 2004 per student rate and
- 214 schools (7.9 per cent) were Funding Guaranteed (without indexation) at their year 2008 per student rate.⁸⁰

⁷⁸ *The fundamental issue for Catholic systems is the retention of funding maintenance. The NCEC’s position in this regard is that funding maintenance was “at the centre of the offer made by the Minister to Catholic systems” and therefore, if Catholic systemic schools’ dependence on FM were to be reduced, this must be achieved by a recalibration of the SES funding continuum.*

⁷⁹ Ibid.

⁸⁰ Harrington, op. cit.

Funding Status of Private Schools 2001-2010⁸¹

Year	Schools funded according to their SES score		Schools funding maintained at year 2000 rate		Schools funding maintained at year 2004 rate		Schools funding guaranteed at year 2004 rate		Schools funding guaranteed at year 2008 rate		Total private schools
	Number	%	Number	%	Number	%	Number	%	Number	%	
2001 ^(a)	2385	90.4	254	9.6	na		na		na		2639
2005	1355	51.0	226	8.5	976	36.7	100	3.8	na		2657
As at Jan 2010	1409	52.2	185	6.9	890	33.0	1	0	214	7.9	2699

Implications of extending the Commonwealth's SES funding scheme

From this analysis the Parliamentary Library concluded:

*It appears that with each new exception to the SES system (because of the 'no losers' commitment), the percentage of non-government schools funded according to the per student rates for their SES score has fallen. Given the trends in Table 1, it is likely that the number of funding maintained schools will remain significant, especially those maintained at their year 2004 funding rate, at least until the end of 2013.*⁸²

This is consistent with McMorrow's 2010 analysis that retaining the Commonwealth's SES funding scheme for non-government schools beyond the current funding quadrennium would extend the 'anomalies and inequities currently built into that scheme' until [at least] 2016.

*This is a significant issue for our schools, in particular for the many students who depend on a commitment to increased public investment in high quality public schooling for their life chances. Retaining the current funding scheme beyond 2012 will entrench the inequities and injustices that are embedded in its structure and operation. In such circumstances, public funding to nongovernment schools would continue to be distributed without regard to the full range of their income and resources; and without a formal funding standard based on the needs of students and the differing workloads in schools to meet those needs. The effect will be to further exacerbate the imbalance in the funding responsibilities of Commonwealth and State and Territory governments for government and non-government schools respectively.*⁸³

The biggest beneficiaries of the Funding Maintained arrangements have been private schools in wealthy areas of Sydney and Melbourne which are receiving almost four times the Commonwealth funding they are entitled to under the SES formula.

⁸¹ Ibid. Notes for table: The number of schools funded according to their SES score in 2001 includes Catholic systemic schools which were not formally part of the SES system from 2001 to 2004. Some of the movements in funding status (not quantifiable) reflected in Table 1 would be accounted for by school changes (such as new, closed and merged schools), the inclusion of Catholic systemic schools in the SES system from 2005 and changes in school SES scores. It should also be noted that although Catholic systemic schools were not formally part of the SES system in 2001, they are counted as funded according to their SES score in that year.

⁸² Ibid. The Government has committed to maintaining the current system of non-government school funding until 2013. See J Gillard (Prime Minister) and S Crean (Minister for Education), *Delivering school funding certainty*, media release, viewed 9 September 2010, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F3VKX6%22>.

⁸³ McMorrow, *Schools Funding Futures*, 2010, <http://www.aefederal.org.au/Publications/2010/Schoolfundfutures.pdf>.

For example, Sacred Heart Primary School in Mosman in Sydney was allocated \$1.89 million in funding in 2010 when its SES entitlement was \$471,097. Loreto Kirribilli was allocated \$3.86 million when its SES entitlement was \$1.23 million.

Flaws in the SES model

The SES model contains many ongoing flaws which contribute to inequity in funding both within the private sector and, because they result in larger grants to already wealthy schools, to the provision of schooling in general.

A key feature of the SES scheme is that Commonwealth general recurrent grants are paid to non-government schools without any regard to the resources available to each school from fees and other sources of private income.

*The SES scheme, for example, makes no distinction between those non-government schools located in low SES areas that draw their students largely from that local community and those schools that draw their students from only the better-off families from surrounding low SES communities, who can afford to travel and to pay higher fees to support higher resource levels. Commonwealth funding is determined by each school's SES score (unless they are protected from funding cuts [as outlined above]), and not by their actual resource needs or financial situation.*⁸⁴

Because the SES is based on the average income of the Census Collection District from which the students come, not the income of the actual parents of the schools, it distorts the results. Because of this many schools which are by any measure (except the SES one) the wealthiest in the country are judged not to be wealthy and receive high levels of Federal recurrent funding under the SES arrangements.

DEST data on recurrent funding for 2008 shows:

- Haileybury College (\$11.7m)
- Geelong Grammar (\$3.3m)
- PLC (\$3.8m)
- Wesley College (\$6.9m)
- MLC (\$4.6m)
- Scotch College (\$3.6m)
- Carey Grammar (\$4.6m)
- Newington College (\$4.0m)
- King's School (\$4.1m)
- Knox Grammar (\$3.1m)
- Pymble Ladies College (\$3.5m)
- Abbotsleigh (\$2.4m).⁸⁵

The SES model takes no account of the resources available to a school such as the fees it collects, bequests, investments and other private income. As outlined earlier, this allows schools with high levels of resources to receive large Government grants.

⁸⁴ McMorro 2010, op.cit p3.

⁸⁵ DEEWR, Report on financial assistance granted to each State in respect of 2008.

The Myth of Increased Funding Following Enrolments

John Howard and his successive Education Ministers, and now the Rudd and Gillard Governments, defend increases in private school funding on the grounds that they are driven by enrolment increases. This is a fiction. Between 1996 and 2006 private school enrolments increased by 22%, yet many wealthy private schools have had increases of up to 200% in Federal funding in real terms. Others have had substantial decreases in enrolments yet have still received large increase in funding.⁸⁶

Overall, analysis of the figures for this period shows that just 34% of the increase in funding to private schools was driven by an increase in enrolments, with the remaining 66% accounted for by Government policy decisions related to the SES funding model and AGSRC indexation above inflation.⁸⁷

Looking forward, private school funding will continue to increase disproportionately compared to private school enrolments.

The Myth of Increased Public Funding For Private Schools Saving Public Money Overall

It is now commonplace to hear that when funding from all Commonwealth and State sources is taken into account the increased public funding for private schools through the SES scheme saves public money overall.

McMorrow (2008) explodes this myth:

This kind of justification for public funding of private schools has a long history in the politics of Australian education, based on the assumption that State governments, in particular, would reduce their funding commitments for public schools, including through school closures, when significant numbers of students moved from public schools to the private sector. But the political and financial realities are quite different from this theoretical assumption. In 2006, for example, some 200,000 additional students were enrolled in non-government schools compared with the 1996 level. Had these 200,000 students been accommodated instead in public schools over this decade, this would have required additional public funding of around \$2 billion. Over that same period, however, the real increase in public funding for these same students, in the non-government sector, was more than \$3 billion, mostly provided by the Commonwealth. In other words, governments funded the additional non-government school students by \$1 billion more than would have been required for the equivalent number of students in fully publicly funded government schools.⁸⁸

The Inequity of the AGSRC

The AGSRC is calculated by turning state and territory expenditure on running their public school systems into a per student average. The AGSRC is then used as the basis of Federal funding for public and private schools, with all school student funded at a percentage of the AGSRC.

The linkage of Federal funding to private schools through the AGSRC means that any increases in public school funding by state governments automatically lead to an increase in Federal payments to

⁸⁶ DEEWR, Report on financial assistance granted to each State, Various Years.

⁸⁷ McMorrow, August, 2008, op.cit. p21.

⁸⁸ McMorrow, 2010, op.cit., pp 4-5.

private schools. This provides a greater resource benefit to the private sector because it receives a greater proportion of its total public funding from the Commonwealth.⁸⁹

As a national average of the costs of running public school systems across the country, the AGSRC is an inappropriate basis for determining the funding of individual schools. It is based on what Connors calls a 'mishmash of different cash and accrual accounting practices' among school authorities and fails to take into account crucial factors such as the differing responsibilities of the public and private sectors.⁹⁰

The AGSRC reflects the unique costs of the public systems' obligations to run a system of schools to cater for all Australian children in all parts of Australia, including the costs of provision of services to higher concentrations of students with special needs and for schools in isolated communities. It also ensures that any policy decisions by public systems to improve the quality of their education systems, including increases in funding for students in special needs groups, automatically flows on into increases in grants for all private school students, irrespective of the overwhelming concentration of these students in public schools.

The Panel's acknowledgement of this in the Emerging Issues paper must be reflected in strong recommendations about breaking the AGSRC nexus, as it effectively ensures that the increasing costs of educating the majority of less advantaged students in public schools accrues as additional funding and resources for the more advantaged students in private schools.

Public schools receive only 10% of the AGSRC, which is currently \$11,393 for secondary schools, per student per year. For the two-thirds of students who attend public schools the recurrent funding was just under \$1.9 billion in 2008.⁹¹

For private schools, Commonwealth recurrent funding is spread over 46 subsidy levels based on the SES of the areas from which their students are drawn, ranging from 13.7% to 70% of the AGSRC, which equates to between \$1,560 and \$7,975 a year per secondary student.

In 2008, Commonwealth recurrent funding for the one-third of students in private schools across Australia was just over \$5.5 billion, almost 3 times as much as the \$1.9 billion for public school students.⁹²

The AGSRC "locks in the disparities" arising from the imbalance in the Commonwealth's commitment to the public and private sectors and there are serious doubts as to its legitimacy as the basis for indexing grants, as explained by Connors:

Indexation is normally used in public finance as a tool to maintain the real value of government outlays, and therefore to prevent the erosion of policy intentions through inflation. Most Commonwealth Budget indexation decisions use 'deflators', such as the GDP (non-farm) deflator. Commonwealth expenditure on education for most of the past three decades has used education-specific measures such as the former Schools Price Index and the 'safety net adjustment' for university funding. Most of the Commonwealth's indexation arrangements, however, have been contaminated since the time of the Keating Government by the intrusion of political, rather than educational, considerations.⁹³

⁸⁹ Connors, op.cit., p18.

⁹⁰ Connors, op.cit., p19.

⁹¹ Jim McMorrow, op. cit., 2010.

⁹² Ibid.

⁹³ Connors, op.cit p19.

Fairer and More Equitable Funding for Public Schools

We have demonstrated how the combined effects of the operation of the SES Funding Model and the AGSRC have delivered a significant funding advantage to the private sector at the expense of students in the public sector, which educates the majority of students with significant educational needs, and the impact this has on student outcomes.

Redressing this inequity would require a substantial increase in funding for public schools. Cobbold notes overseas research studies which show that the level of funding required for low SES students, for example, to achieve at adequate levels (a minimalist interpretation of the National Goals of Schooling) is 100-150% more than the average government school expenditure cost per student.

He calculates that this would mean much greater levels of funding for low SES government schools provided through the Smarter Schools National Partnership program to close the achievement gap between low SES students and the average for all students in Australia.⁹⁴

Accurately costing the level of investment required to close the achievement gap between low and high SES students must be given urgent priority by Federal and State/Territory governments.

CAPITAL FUNDING

Infrastructure comprises buildings, facilities and equipment. These resources provide the physical environment in which school programs take place and learning occurs, and represent substantial, long-term investments by the community.

The primary responsibility for capital funding and provision of infrastructure in public schools lies with State governments, whereas private schools receive substantial capital funding from the Commonwealth without any public ownership of the assets created.

Across the sectors, the Commonwealth has provided additional capital funding through the Howard Government's *Investing in Our Schools* program and the Rudd/Gillard Governments' *Building the Education Revolution* infrastructure funding package. However these increases should be kept in perspective and viewed within the context of the wider picture of schools funding legislation and policy in Australia.

While public schools have welcomed the significant injection of resources and facilities into schools, they have been disadvantaged by the fact that this funding has not been targeted to areas of greatest need and allocated without regard to equity considerations. Unfortunately there is an abundance of evidence concerning the effects of underfunding and long periods of neglect on school buildings and facilities, and the difficulties faced by our current public school infrastructure in effectively meeting the needs of schooling.⁹⁵

Under-investment in infrastructure and maintenance of school facilities remains, with particularly pressing needs in secondary schools, which current capital funding levels do not adequately address.

⁹⁴ Trevor Cobbold, *Closing the Gaps*, p7.

⁹⁵ See for example Rorris, *Rebuilding Public Schools 2020*, 2008, pp 12-13.

Significance of Infrastructure

In his landmark inquiry into the Provision of Public Education in NSW, Professor Tony Vinson noted that “the quality of school buildings and their surroundings can ... be a potent symbol of the regard (or otherwise) in which public education is believed to be held by governments and the community. In so many instances the fabric of the public schools is simply unworthy of what is being attempted within them and fails to honour our society’s obligation to its children.”⁹⁶

Similarly, Marilyn Harrington in a Parliamentary Library publication on School Reform attests to the importance of the environment in which students learn and teachers work on educational attainment, and refers to OECD research which supports this.

*It is probably fair to say that infrastructure resources have received much less attention in educational policy and debate than have personnel resources. The emphasis on personnel is understandable. ... If the teachers are not well educated, highly motivated people who are able to establish a productive rapport with their students then infrastructure resources, no matter how well provided, will probably count for little in promoting effective learning outcomes. On the other hand, inadequate or inappropriate infrastructure can hinder the implementation of the best designed educational plans. Buildings which are overcrowded, dilapidated, or fitted with obsolete equipment and learning materials, depress the spirit and make it difficult to teach and learn effectively. Infrastructure resources give schools the opportunity to provide effective learning programs. Students who do not have access to adequate science laboratories or library facilities are, in effect, denied access to those parts of the curriculum which require such resources.*⁹⁷

Similarly, Adam Rorris’ review of the literature on the impact of school buildings and facilities on student learning shows that there is substantial evidence showing the positive effect that school facilities can have on teaching and learning/school and student performance.⁹⁸ The review includes a major UK study undertaken by PricewaterhouseCoopers which provides both qualitative and quantitative evidence to support the view that a positive and statistically significant association exists between schools capital investment and pupil performance, with the most significant evidence from a statistical point of view being in relation to community primary schools, and schools in areas of high economic and social deprivation.⁹⁹

Continuing Inadequate Investment

After decades of school capital underfunding, some inroads into the building of new school infrastructure and the refurbishment and maintenance of existing ageing infrastructure have been made since Professor Vinson’s report. However there is a considerable body of evidence at both the macro and micro levels that too many Australian children are still educated in inadequate learning environments.

⁹⁶ Tony Vinson, 2002, Inquiry into the provision of public education in NSW: report of the ‘Vinson Inquiry’.

⁹⁷ Marilyn Harrington, School Reform, Parliamentary Library Briefing Book, 2010, <http://www.aph.gov.au/library/pubs/BriefingBook43p/school-reform.htm>.

⁹⁸ Rorris, 2008, op.cit. p7; see also Kenn Fisher, The Impact of School Infrastructure on Student Outcomes and Behaviour, Schooling Issues Digest, http://www.dest.gov.au/sectors/school_education/publications_resources/schooling_issues_digest/schooling_issues_digest_building.htm. Examines international research on the causal linkages between building design and student outcomes - research indicates that student academic achievement improves with improved building condition.

⁹⁹ Quoted by Rorris, 2008, op.cit. p9.

For example, the Business Council of Australia's 2007 call for education reform highlighted the poor condition of infrastructure, including buildings and technology, and considered that it *reflected a lack of investment and an outdated mindset when it comes to priorities for education.*¹⁰⁰

*While there has been significant investment in infrastructure on the part of some state governments, physical facilities in many government schools remain inadequate. Students and teachers often work in ageing and sub-standard classrooms, many of which were built to be temporary. Physical facilities in schools (for example toilet blocks and heating and cooling systems) often are well below the standards expected more generally in the community. Many government schools across Australia are in need of substantial physical renewal.*¹⁰¹

The AEU's *State of Our Schools Survey 2010* found considerable evidence from the field which adds weight to this existing body of research, as do the many submissions to the Review from our schools. Principals responding to the *SOS Survey* overwhelmingly reported that their schools had to engage in fundraising in order to meet basic needs of the school, including maintenance on existing school infrastructure, new buildings and facilities and the provision of ICT. Nationally only 6% of principals did not consider school fundraising and voluntary contributions to be an important component of their school budget.

Other significant issues include the relatively high per-student capital expense infrastructure in small schools and the high costs of maintaining teacher housing in rural and remote communities, with significant implications for recruiting and retaining teachers in these areas. The existence of public schools in rural, remote and isolated areas, and the cost this entails reflect the unique obligations associated with the provision of education for all Australian students.

Infrastructure Requirements of Implementing the National Goals of Schooling

All Australian children deserve learning environments which are conducive to effective teaching and learning in the 21st century. That means quality buildings, learning spaces, music, art and sport facilities and continuous maintenance to keep them to a high standard.

Implementing the National Goals of Schooling, an agreed national commitment to equity and excellence for all, requires a range of measures including increasing the access, participation, retention and outcomes of disadvantaged students.

Resourcing these measures has generated a demand for appropriate combinations of curriculum, pedagogy and infrastructure which substantially exceeds its supply. Now more than ever computers, libraries, technology workshops, science labs, sporting equipment, good quality learning spaces, etc. are not 'luxuries' but basic requirements.

The schools which most need to lift their participation and retention rates in order to meet national targets are those schools serving socially and economically disadvantaged areas; schools which already face the most resource pressures and have the least capacity for raising additional funds. The schools which have the greatest access to community resources and the capacity to raise funds

¹⁰⁰ *BCA Action Required to Make Education Australia's Advantage 26 August 2007*

<http://www.bca.com.au/Content.aspx?ContentID=101154>.

¹⁰¹ *BCA Restoring our Edge in Education: Making Australia's Education System its Next Competitive Advantage*, report prepared for the BCA by Professor Geoff Masters, Chief Executive Officer of the Australian Council for Educational Research.

outside those provided by government are those in higher SES areas where participation and retention rates are already high.

In the current political context, where increasing responsibilities are being delegated to individual schools to manage their own budgets, and to seek funding from external sources such as business and the corporate sector, schools in low SES areas are even further disadvantaged.

School submissions to this Review show a wide range/diversity of educational settings but many common challenges and priorities including clear and unambiguous evidence of a lack of appropriate and adequate physical conditions which enhance learning. Those from schools in disadvantaged areas also show evidence of students having difficulty meeting course requirements simply because the school does not have the resources to upgrade facilities or to finance essential equipment.

Inadequate resourcing of ICT including lack of teaching spaces and huge problems associated with incorporating technologies appropriate to 21st century learning into school buildings with, among other limitations, aging electricity infrastructure is common across the country. As one typical school submission to the Review explains it:

What we do with what we have ... *The school is provided with some of the ICT costs that support infrastructure and allow for some purchases. Three years ago the school was successful in receiving a federal grant to fund the purchase and installation costs of 48 computers throughout seven classrooms as well as the fit out of a computer lab with an Interactive Whiteboard. With this support, teachers have incorporated technology in a diverse range of way including, animation, movie making, learning web quests, developing relationship with overseas schools, blogging, video conferencing, and much more. This year we are funding the rollover of the computer fleet at much less of the cost of the original federal grant. With changing technologies and limited funds available, we have included a mix of mobile technologies. Early this year, three Interactive Whiteboards were purchased and installed. All these costs have placed great strain on our funding.*

What we need to continue to succeed ... *To provide equitable, reliable and resourced access to the latest technology in classrooms the school needs a clearly identified ICT budget that fully resources schools to maintain and rollover fleets. While government have been eager to set school targets for computer to student ratios, they have been less willing to provide the resources to enable schools to invest in the infrastructure and ongoing associated costs. We believe that we should not have to make choices between employment of staff and renewal of infrastructure*

Similarly there is widespread evidence of inadequate space and facilities in many libraries to carry out their expanded functions in line with community expectations of learning in the 21st century. Almost all Australian schools have a school library, and school libraries and teacher librarians make a significant contribution to school communities and student learning outcomes. However key findings from inquiries such as last year's government inquiry into school libraries, and recent research reports and surveys, and submissions from schools to the Review, show that over time budget constraints and a failure to adequately staff school libraries have undermined the capacity and quality of library services provided by schools.¹⁰²

¹⁰² AEU Submission to House of Reps Inquiry into school libraries and teacher librarians in Australian schools.

The Funding Gap Between Infrastructure Investment in Public and Private Schools

Adam Rorris, a prominent education economist and policy analyst, undertook a cost analysis of the capital investment required to meet short-falls in Australian public schools in June 2008. His report ***Rebuilding Public Schools 2020: Investment Targets***¹⁰³ [pre-BER] estimated the current funding gap between investment in facilities for Australian public and private schools and analyses the role high quality school facilities can play in the community and on student performance.

Rorris makes the point that one way of understanding the shortage of capital funding for public schools is to compare capital investment between the public and private school sectors, which he argues is essentially what many parents do when deciding which school to send their children. His point is confirmed by evidence from schools such as the following:

*Anecdotal evidence from prospective parents and students suggests that there is a strong correlation between choice of school and conditions of buildings and facilities. Because of this, compared to other local secondary schools, [our school] is disadvantaged in its ability to attract students. It is the upgraded and modernised facilities at neighbouring private schools which allow them to deliver a wider range of pedagogical approaches.*¹⁰⁴

His analysis provides compelling evidence of the need for governments to urgently redress the continuing underfunding of public education infrastructure - its buildings, facilities and equipment and makes a strong case for significant government investment to build or update current public school facilities.

His overall finding is that children in public schools are attending schools with per capital investment budgets far below those enjoyed by private sector schools. There is an immense gap in the resources available to public schools compared to the private sector.¹⁰⁵

Whilst not minimising the role and responsibilities of state and territory governments, the fact remains that the greatest revenue raising capacity and thus the key responsibility to redress the infrastructure needs of schools rests with the Commonwealth Government.

Rorris argues that this investment gap puts public school students at a disadvantage to their counterparts in the private sector. The major national public/private imbalance in school capital funding also further damages public schools as families may perceive that their child will have access to better facilities in a private school, thus creating what he calls “a resource incentive” for families to move their children from public schools to the private sector. This has consequences for the size and demographic structure of public education enrolments.¹⁰⁶

The report findings for the period 2002-2005 (2008 prices) show that:

- Private school capital investment increased from \$1,380 per student to \$1,560 per student.
- Public schools annual capital investment barely moved at \$540 per student.
- The Capital Investment Gap (CIG) between public and private sectors expanded from \$840 per student in 2002 to nearly \$1,020 by 2005.

¹⁰³ Adam Rorris, *Rebuilding Public Schools 2020: Investment Targets*, June 2008
<http://www.aeufederal.org.au/Publications/Rebpuclschs.pdf>.

¹⁰⁴ Ashwood College submission to funding review.

¹⁰⁵ Rorris, 2008, op.cit. p3.

¹⁰⁶ Ibid., p3.

- This dramatic gap in capital funding results in a 290% difference in the per capita investment between public and private sectors; ie private schools were benefitting from capital investment nearly three times as much as the per student level received by public schools.
- Investment for buildings and facilities in public schools falls short by around \$2 billion annually, when compared to investment in private schools.
- The CIG is significant across all states and territories.
- By 2005 private schools were benefitting from capital investment that was nearly three times the per student level received by public schools.¹⁰⁷

This means that over the period 2002 – 2005, public schools would have needed extra funding of \$8.4 billion in terms of capital investment to match the per student capital spending enjoyed by private schools. On average this means that every public school across Australia missed out on more than \$1.2 million.¹⁰⁸

While large scale recent investments in some states and territories has helped reduce the gap, Rorris estimated the current annual CIG (2008) at \$2.1 billion, a figure which would need to rise to \$4 billion per annum to match per student capital investment in the private sector. Most states and territories would need to at least double their current annual expenditure to catch up with the private sector.¹⁰⁹ His report conservatively recommends an additional \$22 billion over the next 12 years is needed in capital works investment in public schools to give every child access to high quality school buildings and facilities and enable public schools to match average expenditures in the private school sector.¹¹⁰

Analysis by Deloitte of recent school financial data collected for the My School 2.0 website shows that the major sources of capital expenditure for public schools were from state/territory (49%) and Federal (46%) funding. Catholic schools received 49% of their capital expenditure funding from the Federal Government, a larger proportion than that received by public schools; 53% from Federal and State/Territory governments combined. Independent schools received 34% from the Federal Government; 36% from Federal and State/Territory governments combined.

At the school level, Federal and State/Territory governments spent more per school on Catholic schools (\$510,263) and Independent schools (\$567,514) than public schools (\$438,106).

Among the 25 highest income private schools, eleven had capital expenditure of \$8 million or more in 2009. One school, Sydney Church of England Grammar, spent \$39.4 million.

Average total capital expenditure was \$469,000 for public schools, double this amount for Catholic schools (\$963,000) and more than triple for Independent schools (\$1.65 million).

This reinforces the need for major capital works investment in public schools by both Federal and State/Territory governments to match average private school sector expenditure in order to ensure that every child has access to the level of high quality school buildings and facilities required to enable the achievement of the National Goals of Schooling.

¹⁰⁷ Ibid., p4; pp13-17.

¹⁰⁸ Ibid., p4.

¹⁰⁹ Ibid., p5.

¹¹⁰ Ibid., p5.

A New Approach to Rebuilding Schools

Under the BER infrastructure funding for new capital works and maintenance, Rorris calculated that the additional funds would increase per student expenditure at private schools from \$1,774 in 2008 to \$3020 in each of the subsequent three years. Public school expenditure would climb from less than \$1000 to nearly \$2500 over the same period. In effect, while the imbalance between development in the public and private school sectors lessened, the public-private investment gap remains.

Rorris undertook new research in early 2009 which showed that significantly less is being spent on public school buildings and facilities in Australia than in other major nations. Between 2002 and 2006, Australian Governments spent on average, \$1000 less per student than Britain and the United States. If Australian Governments invested as much per student in public schools over the five year period as the UK and USA, each public school would have received an additional \$1.5 million in funds to improve buildings, facilities and equipment.

His work highlights the inherent flaw in maintaining unbalanced capital expenditure between the public and private school sectors. Rorris maintains that the BER funding, while significant, is essentially reversing neglect that existed before, and that spreading the expenditure across all schools rather than targeting funding to schools in most need represented an opportunity lost by government policymakers; a mistake which should not be made again in the future:

*It would have been relatively easy to fix this problem [the public-private investment gap] although it would have taken some courage on the part of the government to say 'For the private and independent sector, we will open up these funds to the poorer and middle schools, but we're excluding the top end.'*¹¹¹

There is a pressing need for the Review to recommend a proper national audit and a national framework for the assessment of the standard of school buildings informed by a rigorous cost-benefit analysis approach from the perspective of the community as a whole and determining 'the most efficient option or the option that contributes most to improving community welfare.'¹¹²

Such a move would signal that governments understand what McMorrow, echoing many others, calls "the broader fundamental role of public schools in safeguarding and advancing the national interest through providing a framework of universal opportunity for all to gain the benefits of education."¹¹³

It is also consistent with the Panel's consideration of what the *Issues Paper* describes as funding arrangements that better target the additional costs associated with students who face educational disadvantage and how to best do this in a consistent way across jurisdictions, whilst being mindful of overall funding constraints. ... [noting] that these students often experience multiple dimensions of disadvantage and that this is often concentrated in particular geographic locations and can affect schools in all sectors.

This is as significant for questions of capital funding, as of recurrent funding. In times of 'overall funding constraints', and mindful of the urgent imperative of redressing disadvantage, we would argue that the public good is better served by public schools having priority access to public funds than private schools.

¹¹¹ Adam Rorris, 'Beyond the 'beautiful numbers'', *Australian Educator*, No 62. Winter 2009 p5.

¹¹² See *Economics of Towards 2020: Renewing our Schools* ACT Council of P&C Associations Inc. Prepared by MM Starrs Pty Ltd 9 October 2006 on the benefits and necessity of such an approach to school renewal.

¹¹³ McMorrow, December, 2008, *Updating the Evidence: The Rudd Government's Intentions for Schools*.

Rebuilding public schools across Australia would provide opportunities to create quality buildings and resources which would be genuinely public - environmentally sustainable and open to the whole community. ... When it comes to investment in infrastructure, investing in our public schools and students is the most important infrastructure investment a government can make.

TARGETED AND NEEDS-BASED FUNDING INCLUDING FUNDING FOR ABORIGINAL AND TORRES STRAIT ISLANDER STUDENTS

Targeted and needs-based funding necessarily requires considering both individual student performance and the impact of concentrations of disadvantage.

A new discussion paper by the NSW Department of Education and Training, *Australian School Funding Arrangements*, provides valuable insights into the specific impact of students from specific equity categories in all schools based on a careful empirical analysis of the relationship between an individual student's SES, school level SES and student achievement from NAPLAN data. It clearly reinforces both the well-documented link between individual student SES and performance, and the fact that concentrations of disadvantage at the school level have a powerful additional impact on student performance:

The performance of students with low SES scores will, on average, be lower if they also attend a school with a large number of other low SES students. Conversely, the performance of students with high SES scores will, on average, be higher if they attend a school with a large number of other high SES students. Irrespective of a student's SES, their performance will, on average, improve if they attend higher SES schools.

The evidence demonstrates that in building an effective and well targeted school funding model, it appears from this data that it would need to account for the impact of concentrations of students with particular characteristics. It also demonstrates one of the weaknesses of a 'voucher' system attached to individual students as their relative level of need (as indicated by performance) varies according to the school context.¹¹⁴

School level concentrations of low SES students and the compounding effects of multiple disadvantage (such as Indigeneity, low SES, NESB, remoteness and disability/special needs) 'require additional educational needs-based funding than individual low SES by itself, as do school-level concentrations of Indigenous students'.¹¹⁵

This study needs to be considered in conjunction with data on the sector enrolment share of Indigenous students, and the work of researchers including Watson and Ryan [cited earlier] and Barbara Preston.

ABS data and *ROGS 2011* show that in 2009 85.7% of Indigenous students attended public schools.

¹¹⁴NSW Department of Education and Training, *Discussion Paper: Australian School Funding Arrangements*, March 2011 pp13-14.

¹¹⁵ *Ibid.*, p15.

Indigenous FTE Students 2009	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Australia
Sector share of Indigenous Students [%]									
Government Schools	87.2%	88.2%	85.4%	88.7%	84.3%	86.9%	81.0%	80.1%	85.7%
Catholic Total	9.8%	8.4%	8.3%	5.5%	9.8%	9.9%	10.2%	16.2%	9.1%
Independent Total	3.0%	3.4%	6.2%	5.9%	5.9%	3.2%	8.7%	3.7%	5.2%
Non-Government Schools	12.8%	11.8%	14.6%	11.3%	15.7%	13.1%	19.0%	19.9%	14.3%
Indigenous Students as a proportion of all full time students [%]									
Government Schools	5.5%	1.5%	8.1%	4.9%	8.2%	8.2%	43.3%	3.0%	5.9%
Non-Government Schools	1.6%	0.4%	2.9%	1.1%	2.9%	3.1%	29.0%	1.0%	1.9%

Enrolment Numbers *ABS Schools Australia 2009* Released March 2010: Indigenous Full-Time Equivalent (FTE) Students - by States and Territories and School Affiliation; All FTE Students; [ROGS 2011 Table 4A.24]

Funding For Aboriginal and Torres Strait Islander Students

The findings of the NSW study are consistent with numerous other studies on Indigenous children's school participation and educational outcomes, including the Productivity Commission annual *Report on Government Services*. These studies show that their needs are not being met and that education systems around the country have not been able to deliver the same levels of success for Indigenous students as they do for other students, and that this is particularly so for Aboriginal and Torres Strait Islander communities in regional and remote Australia.

While non-Indigenous students achieve higher average NAPLAN results than Indigenous students, regardless of the concentration of Indigenous students:

- Most Indigenous students are enrolled where there is a high concentration of other Aboriginal students in the school.
- High concentration of other Indigenous students in a school is usually correlated with lower educational outcomes for Indigenous students.
- The performance impact of concentrations is highest in Year 5 and lowest in Year 3.
- Year 5 shows the greatest difference in whole student performance where there is a high number of Indigenous students as opposed to a low concentration of Aboriginal students in a school (one full standard deviation difference).¹¹⁶

This has significant implications for the achievement of the MCEECDYA National Action Plan for Indigenous Education and the achievement of the school education objectives of the national 'Closing the Gap' strategy particularly:

- halving the gap in reading, writing and numeracy achievements for Indigenous children within a decade; and
- halving the gap for Indigenous students in year 12 equivalent attainment by 2020.

Countless studies as well as testimony from teachers and schools across the country in submissions to the Review attest to the fact that closing the learning gap between Indigenous and non-Indigenous students requires a level of ongoing resourcing which ensures that every Indigenous child has meaningful access to pre-school, primary, secondary and post-school education; that this in turn requires a number of well-documented measures including additional appropriately trained teachers and support staff and programs to further support and specifically address the individual learning needs of Indigenous students many of whom require extra assistance and support.

¹¹⁶ NSW DET paper, op.cit., p15.

The Inadequacy of Current Funding Mechanisms

The submissions to the Review complement the substantial body of evidence from other reviews, reports and research that current funding mechanisms are inadequate to achieve this critical national objective.

To date any gains in Indigenous education have largely been attributed to pilot projects and trials which are accessed by a small proportion of Indigenous students; projects and trials which continue to be reliant on special programs and short term solutions.¹¹⁷

As just one of the many typical submissions from schools to the Review explains:

*Over 10% of our student population is Indigenous. At present, the school has a 0.5 teacher allocated to assist these students in Literacy and Numeracy. This is based on NAPLAN data and is only funded for students in Years 4 and 6, based on the previous year's data. This allocation is far from enough and does not provide these students with the support they need. Neither does it allow students to be consistently supported by a specialist teacher year after year. Aboriginal and Islander Education Officers are able to provide support for both Indigenous students and their parents [but] more are needed to be available to meet these needs. We need further funding to provide Indigenous students equity in education.*¹¹⁸

This notwithstanding, the Review needs to be cognisant of the difficulties of making informed assessments of Indigenous education funding and make appropriate recommendations.

*Most investigation into funding arrangements for Indigenous education is overwhelmed by the prospect of difficult terrain and unpromising material. From the outset, Commonwealth funding for Indigenous education appears both excessively complicated and insufficiently reported.*¹¹⁹

Despite these difficulties, Gardiner-Garden and Simon-Davies note that tracked as a percentage of total Commonwealth expenditure, Indigenous-specific funding across all portfolio areas has fluctuated over the period 1968-69 to 2009-10 but has been in decline since the turn of the century and is now at its lowest point since 1989-90.¹²⁰

With specific regard to Commonwealth Indigenous-specific education funding, recent studies show that for the 2001-2004 and 2005-2008 funding quadrenniums, on the basis of the figures presented, Indigenous-specific funding simply 'does not add up', with some program areas having their funding reduced or abolished altogether, while for those areas that did receive funding increases it was not always clear whether this was due to indexation, enrolment increases, an expansion of the program or for other reasons.¹²¹

¹¹⁷ Australian Direction in Indigenous Education 2005-2008, p16.

¹¹⁸ Middle Swan Primary, Submission to the Inquiry.

¹¹⁹ Walsh, H. And Lea, T. (2008) The Funding of Indigenous Education through Special Purpose Supplementation: An Historical Overview, School for Social and Policy Research, Charles Darwin University, p6, <http://www.cdu.edu.au/sspr/documents/Indigenouseducationdiscussionpaper.pdf>.

¹²⁰ Gardiner-Garden, J. and Simon-Davies, J. (2010) Commonwealth Indigenous-specific expenditure, 1968-2010, Parliamentary Library Background Note.

<http://www.aph.gov.au/library/pubs/bn/sp/IndigenousExpenditure.pdf>

¹²¹ Moyle, D. (2004) Report on Changes to Indigenous Education 2005-2008 Quadrennial Funding, Australian Education Union, Southbank, VIC. <http://www.aeufederal.org.au/Publications/2004/Indigfundquad.pdf>. See also Moyle, D. (2005) Report on a Survey of Schools on the Changes in Commonwealth Indigenous Education

These problems have been exacerbated by further significant changes in funding arrangements from 2009 as noted by Harrington (2011), including:

- Introduction of funding via National Partnerships (NPs) – some of the NP Agreements specifically identify goals relating to Indigenous education but funding for these purposes is not separately identified;
- Abolition of the State Grants (School Assistance) Acts, which has previously provided Specific Purpose Payment (SPP) funding for government and non-government schools;
- Provision of SPP funding for government schools through the Intergovernmental Agreement on Federal Financial Relations, which now also incorporates funding for Aboriginal and Torres Strait islander students previously provided via the Indigenous Education (Targeted Assistance) Act 2000;
- Provision of SPP funding for non-government schools through the Schools Assistance Act 2008, which incorporates as a single per student payment funding previously provided for a number of different programs under the Indigenous Education (Targeted Assistance) Act 2000.
- Continuation of funding for programs such as ABSTUDY (not counted as education expenditure), the Sporting Chance program and some other Indigenous education assistance programs under the Indigenous Education (Targeted Assistance) Act 2000.

Perhaps most significantly in terms of tracking funding, education authorities have significant discretion on how to apply SPP funding to achieve the agreed outcomes.¹²²

For teachers and schools, this has major implications. Principals responding to the AEU's 2010 *State of Our Schools Survey* indicated that inadequate resourcing for Indigenous students meant such things as a lack of assistance for teachers in the classroom (75%), a lack of dedicated programs (59%), and a lack of appropriate equipment and learning spaces (36%).

Inequity in Indigenous Funding for Public and Private Schools

Studies of Indigenous education funding across the last several funding quadrenniums show that the inadequacy and lack of transparency in Indigenous education funding has had real and significant effects on programs for Indigenous students, as the access, participation and outcomes data continues to show.¹²³

With respect to the current funding quadrennium arrangements (i.e. for the 2009-12 quadrennium), while government schools receive the largest proportion of Commonwealth Indigenous education funding, it does not match the proportion of Indigenous students enrolled in government schools. Dow (2008) notes that a total of \$462.7m was allocated for Indigenous education in government schools for the 2009-2012 quadrennium and \$200.7m for Indigenous education in non-government schools.¹²⁴

Funding, Australian Education Union, Southbank, VIC.

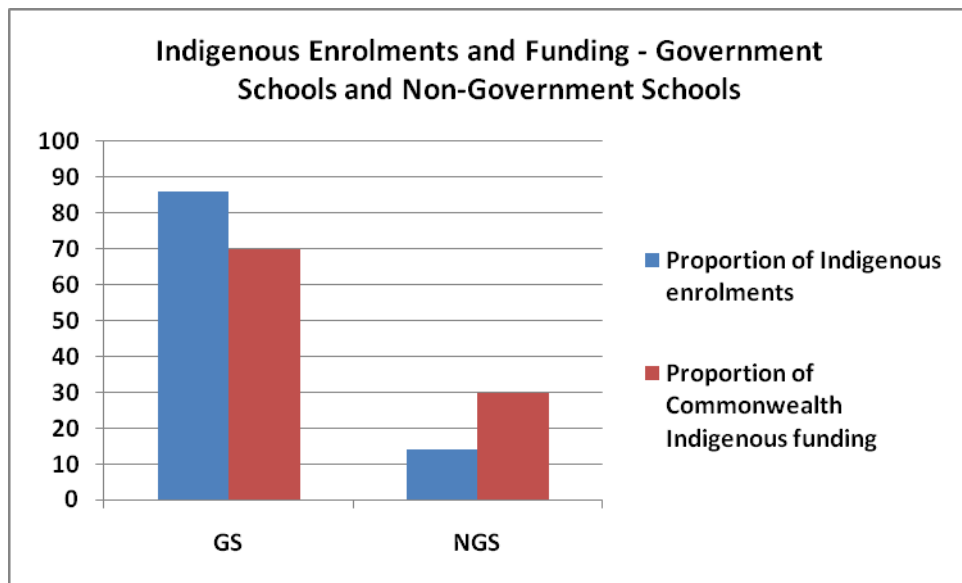
<http://www.aeufederal.org.au/Publications/Indsurvey2005.pdf>.

¹²² Harrington, M (2011) Australian Government funding for schools explained, Parliamentary Library Background Note, <http://www.aph.gov.au/library/pubs/BN/sp/SchoolsFunding.pdf>.

¹²³ See for example, Moyle 2005op.cit and Walsh, H. And Lea, T. (2008) op. cit. p. 5.

¹²⁴ Dow, C. Education Legislation Amendment Bill 2008, Parliamentary Library Bills Digest, Australian Government, p.

Calculations using 2009 enrolment data¹²⁵ indicate that this works out as an average expenditure of \$2,260 per Indigenous student in a non-government school and an average expenditure of \$870 per Indigenous student in a government school.



Sources: Dow (2008); SCRGSP (2011).

This is highly inequitable and reinforces the urgent need for higher levels and better targeted funding for the vast majority of Australia's Indigenous students who are enrolled in public schools.

New Arrivals/ESL Students

National 2002-06 enrolment data for the ESL New Arrivals Program provided by DEST in 2007 shows that the overwhelming majority of these students are enrolled in government schools.

Number of ESL NAP Students	2002	2003	2004	2005	2006
Government Schools	8,531	9,788	9,526	11,089	11,933
Non-Government Schools	847	1,024	1,162	1,118	1,168
Total (all sectors)	9,378	10,812	10,688	12,207	13,101
Sector Share ESL NAP Students [%]					
Government Schools	91.0%	90.5%	89.1%	90.8%	91.1%
Non-Government Schools	9.0%	9.5%	10.9%	9.2%	8.9%

¹²⁵ Steering Committee for the Review of Government Service Provision (SCRGSP) (2011) Report on Government Services, Productivity Commission, Canberra, Table 4A.24.

A state/territory breakdown of the data for 2006 shows:

Number of ESL NAP Students 2006	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Government Schools	4,507	3,426	1,319	806	1,545	140	98	92	11,933
Non-Government Schools	416	383	151	123	51	42	0	2	1,168
Total ESL NAP Students	4,923	3,809	1,470	929	1,596	182	98	94	13,101
Sector Share ESL NAP Students [%]									
Government Schools	91.5%	89.9%	89.7%	86.8%	96.8%	76.9%	100.0%	97.9%	91.1%
Non-Government Schools	8.5%	10.1%	10.3%	13.2%	3.2%	23.1%	0.0%	2.1%	8.9%

Submissions from schools across the country attest to the impact this has on their schools, and principals responding to the 2010 *State of Our Schools Survey* indicate that the majority (57%) do not have sufficient resources to appropriately meet the needs of New Arrivals/ESL students in their schools. 84% indicate that assistance for teachers in classrooms is inadequate, 55% that there is a lack of appropriately trained teachers, 55% that there is a lack of dedicated programs, and 38% that there is inadequate equipment and learning spaces within their schools.

Students in rural/remote locations

Enrolment data from 2008, reported in the Productivity Commission's Report on Government Services 2010 showed that nationally, the proportion of students enrolled in schools in remote areas was 1.4% - more than twice as high in government schools (1.8%), compared with non-government schools (0.8%). Nationally, the proportion of students enrolled in schools in very remote areas was 0.9% and four times as high in government schools (1.2%), compared with non government schools (0.3%).

Australia has no accurate national data to assess the number of Indigenous school-aged children who have access or no access to a school within travelling distance. In 2006 the number of discrete Indigenous communities spread across Australia was 1,187. Of this number 767 Indigenous communities were in very remote locations most of which do not have schools, or if they do, the school is most likely to provide primary level education with a visiting teacher who attends for a number of days each fortnight. In the Northern Territory, approximately 2,000 Indigenous school-aged children (of a total Indigenous population of approximately 68,000) have no access to a school and it is believed that these young people are not attending school.¹²⁶

'Students at Risk'

Education economist and policy analyst Adam Rorris' analysis of 'Students at Risk' data from 2006 showed that almost 80% of students defined as being 'at risk' by the MCEETYA Schools Resourcing Taskforce are enrolled in public schools.

¹²⁶ From Australian Human Rights Commission Special Rapporteur on Indigenous Peoples' Australian Mission 17-28 August 2009 (on AHRC website).

Enrolments 2006	Primary	Secondary	Total	Sector Share
Public sector enrolments	1,366,882	890,645	2,257,527	67%
Private sector enrolments	570,587	550,541	1,121,128	33%
Total enrolments	1,937,469	1,441,186	3,378,655	100%
Students 'at risk' – 2006	Primary	Secondary	Total	Sector Share
Public sector	164,026	130,034	294,060	78%
Private sector	57,059	25,325	82,384	22%
Total	221,085	155,359	376,444	100%

The skewed nature of educational disadvantage correlates with the higher proportion of students from low SES backgrounds in public schools. The fact that nearly 80% of the students 'at risk' can be found in public schools provides a clear signal to governments as to where the highest priority of funding need exists.

Compelling testimony to support this is contained in public school submissions to the Review such as the following representative example from a school with significant numbers of students at risk:

We have an enrolment of approx. 550 students of whom 70 are ATSI and 45 have Negotiated Education Plans for identified learning difficulties. We have a Special Needs Class and 95 students are from a NESB. ... Our school works hard to meet the diverse range of students and it is a struggle to provide the most inspiring and appropriate courses for students and to maintain and develop appropriate physical resources for them on the funds we receive. Our school provides an academic pathway for students seeking University entrance (approx 40% of our students), vocational pathways (40%) and alternative programs (20%), often individually negotiated for students with complex needs.

We have students in Year 8 with low levels of literacy and numeracy, we have students who are homeless and we have students suffering mental illness from drug addiction. Some students are from highly dysfunctional homes with little money for basic needs such as food let alone books and some are abused children under the Guardianship of the Minister. Our aim is to lift these children from disadvantage through a quality education. We aim to open doors for them through our programs so they can escape the cycle of poverty and disadvantage in which they often find themselves. We have many shining examples of past scholars from working class backgrounds who have done so (including Charlie Perkins and John Moriarty).

However our staffing formula does not adequately address the complexity of our students' needs. Politicians are quick to talk about a "fair go". Is it fair to treat all schools the same? They are not the same. Schools need to be resourced depending on the needs of students and their resource base. This year our fees are \$350 and 30% of families have not been able to pay that. Most staff buy books, pens, pencils for student use and their own teaching resources (white board markers etc) as the school cannot afford these items. An example of our disadvantage can be seen in our Art budget which is \$1600/yr, Drama \$800, Music \$800, Maths \$1300. Our students are not able to access the most contemporary, relevant resources. Our students are often unable to attend Art/Drama/Music performances because of limited budgets. Neither are we able to bring into our school Writers in Residence, Artists in Residence and Musical Performances. Science Performances and access to online Maths Competitions and engaging, educational Maths websites are beyond our budgets.

Come visit us, see the transportable buildings some classes must work in and then visit Immanuel College which buses students from our community to their opulent facilities. The measure of a just society is how it supports and empowers the most vulnerable as they often cannot care for themselves. The public education charter is to educate ALL, regardless of

background and we do our very best with insufficient funds. Is it just to fund schools such as Immanuel and Le Fevre with little consideration of needs and resources? We think not.¹²⁷

The volumes of evidence in these submissions, and other surveys such as the AEU's *State of Our Schools Survey* and a 2008 ASPA survey of principals¹²⁸, highlight the welfare needs of students in our public schools. They cry out for increases in School Counsellor time, with specialised training for counsellors and also for other teachers who are rarely trained and feel underskilled in dealing with changing children's social and emotional problems and the social and emotional needs of students at risk.

Schools need professionally trained, qualified and experienced counselling staff with the capacity to access further specialised professional support and intervention resources as required. Many schools attest to the need for school/community liaison officers who can assist in creating ongoing support linkages with parents and families. Not surprisingly the greatest need and potential benefit is in schools of particular need, including those in rural, regional and remote communities across Australia.

As schools say:

- *Support for families in the form of school liaison workers, social workers, Indigenous support staff and counsellors would allow early intervention and closer parent school relationships. This would improve educational outcomes for the students as well as empowering their parents. At present these are merely dreams, but arguably the most powerful resources available to our school, only possible with improved funding.*
- *We are a small community orientated school, meaning that all students are known to all staff. This means individual needs are known and are catered for. The school places a strong emphasis on building local networks with the community, and supporting our students and parents so that the students have the best educational opportunities possible. While federal funding provides for a chaplain, this resource by no means reflects the true cost of providing needed support to students and their families. The majority of this is provided by the teachers and the administration of the school, most of which is done on a purely voluntary basis. Without adequate funding this becomes unsustainable. For example, the schools sources OUTCARE youth services as a resource to support our boys at risk. This is a voluntary contribution at no cost to the school; however, the additional personnel hours to establish, liaise and operate this service from within the school would be equivalent of 0.3 FTE. This is not resourced in the school budgets. There are a number of other volunteer educational assistants and teachers that have been facilitated to work in the school as unpaid supports. With all this good will, it is still up to the school to manage and coordinate these resources, and it would be estimated that this coordination role would be the equivalent of 2.0 FTE teaching resources needed purely for coordination. This time is provided by staff on top of a full workload and is not funded by either State or Federal Governments.*

¹²⁷ Le Fevre High School submission to the Schools Funding Review.

¹²⁸ 2008 ASPA survey of principals 80% identified mental health and wellbeing as major issues, leading to ASPA calling for increased funding to employ full time counsellors, fund mental health and wellbeing resources, and further training for staff.

- *Being a Band 1 school sees an enormous effort from staff to address the welfare needs of the students. The school has been allocated psychologist time that does not allow the psychologist to even process the number of referrals, let alone assist teachers in dealing with students in the classroom. The school needs more funding to 'buy' extra time to provide specialist psychological support for the many students who require it. At present the school has managed with 2 days/week chaplain time. This does not address the social and emotional needs of many of the students. These students are dealing with issues that a classroom teacher does not have the training to be able to assist to the level that is required. A full time school counsellor would be able to support these students and allow them to cope better in their classrooms. Extra funding is needed to allow this to happen.*
- *There is a very strong need for much stronger welfare support at our school. This would involve counsellors, psychologists, specialist welfare/learning support teachers and allied support staff, and welfare/behaviour programs to meet students' needs. This year we have had suicide, death, trauma, family break up, violence and homelessness affect the children at our school in very significant ways. This impacts on their learning and on their behaviour and consequently feelings of safety and connectedness.*

With this in mind, the AEU is concerned that the National Schools Chaplaincy Program (NSCP), which purports to provide schools with the welfare support they need, is a virtual case study in government failure to meet the schools funding principles of this Review in the allocation of a substantial amount of public funding.

In addition to standing in stark contradistinction to, and undermining, our secular traditions, at a time of constraints on public funding, the \$440 million NSCP fails to meet the genuine social welfare needs of students in public schools and is an unacceptable way of delivering much needed social and emotional development and support programs to students in public schools. A genuine program to meet the social welfare needs of our students would provide greater numbers of qualified counsellors and educational psychologists, reduce high student to counsellor ratios, and ensure that state and territory education departments meet their duty of care obligations to students.

As part of a funding model which is consistent with the principles of the Review, the nearly half a billion dollars of funds which have been allocated through the NSCP would have been targeted to schools in most need of additional student welfare services and allow them to choose to suitably qualified student welfare support staff.

SUPPORT FOR STUDENTS WITH SPECIAL NEEDS AND STUDENTS WITH DISABILITY

Current funding arrangements are inadequate although we anticipate some enhancements as a result of the 2010 establishment of a Working Party to advise the Government on options to better meet the needs of students with special needs and disabilities.

Clear and unambiguous evidence over a long period shows that the level of resources and funding required to ensure quality education for students with disabilities/special needs is inadequate. This has significant negative consequences for students, families, teachers, other education workers and schools.

The evidence outlines:

- An increasing proportion of students with identified disabilities, a growing number of students with increasingly complex disabilities relative to the overall student population and a considerable level of unmet need.
- Under-funding and resourcing of programs, including capital costs of compliance with legislative changes associated with the *Disabilities Discrimination Act*, aimed at bringing students with disabilities into mainstream learning.
- A serious and worsening skills shortage among teachers who increasingly find students with disabilities assigned to their classes, with teachers not always well prepared for this experience and unskilled in methods which involve teaching across a wide spectrum of abilities, capabilities and disabilities and dealing with the classroom dynamics that are affected by the presence of students with different disabilities.
- An under-resourced assumption that with inclusion policies now broadly accepted, classroom teachers will develop skills in areas that were once the domain of specialists.
- Significant inconsistencies in funding policy and financial arrangements between the states and variations in the quality of education for students with disabilities.

While governments have provided significant increases in funding for students with a disability or special needs they have not been sufficient to ensure the resources necessary to meet the needs of the increasing numbers of students with an identified disability and increasingly complex disabilities.

Detailed research from New South Wales on changes in enrolment patterns for the ten years from 1997 to 2007 shows significant increases in the number of students with disabilities previously educated in Schools for Specific Purposes (SSPs) and support classes now in mainstream classes as a consequence of integration funding and students in SSPs having higher support needs including very high support needs.¹²⁹

Over those years the percentage of students with a diagnosis of disability eligible for additional support across the continuum of provision in New South Wales government schools more than doubled, rising from 2.7% to 6.7% of total enrolments.

The increase in student numbers was most dramatic for students with disabilities in regular classrooms. Approximately 26,154 students were receiving support in regular or mainstream classes in 2007 compared to approximately 5000 in 1997 – a 523% increase.

In SSPs there was an increase of 254% in the number of students with behaviour disorders.

In primary school support classes there was an increase of:

- 139% in the number of students with a diagnosis of emotional disturbance including a 61 per cent increase in the number of children enrolled under the autism category; and
- 41% in the number of students with moderate intellectual disability.

¹²⁹ NSWTF Submission to the NSW Legislative Council Inquiry into the Provision of Education to Students with a Disability or Special Needs p2.

In secondary school support classes there was an increase of:

- 23% in the number of students with a moderate intellectual disability;
- 280% in the number of students with autism;
- 348% in students with emotional disturbance; and
- 585% in the number of students with a behaviour disorder.

The NSW Auditor General identified in primary schools over the five year period 2001 to 2006:

- Around a 50% increase (from 6,885 to 10,275) in the number of primary school students confirmed as having moderate or severe levels of disability; and a
- A 15 per cent increase in the number of students in special classes “much of this due to the rising number of students with autism and mental health problems”.¹³⁰

The research suggests, as argued by the NSW Teachers Federation, that:

*... increases in the number of students with disabilities and special needs in mainstream classes, the massive increases in the diagnosis of autism and mental health disorders and the increased severity of the disability of students in SSPs and support classes constitutes the most dramatic change in the classrooms in public education in New South Wales in the last ten years.*¹³¹

Submissions to the Review from schools across Australia confirm that this is a national trend and not specific to New South Wales.

There are also major issues with transparency of funding for students with disabilities.

Of particular concern in the context of this Review are the increasingly strident demands for much greater levels of funding/resourcing for students with disabilities/special needs in private schools, and proposals such as vouchers to deliver additional funding for students with disabilities/special needs students in order to overcome what it calls a large government funding shortfall for students with disabilities in non-government schools.

The evidence clearly disproves the claim that students with disabilities in private schools are funded far less than those in government schools. In reality they have an advantage over government schools in that this claim only takes direct funding for students with disabilities into account.

Trevor Cobbold’s research demonstrates conclusively that the claim fails to take account of the fact that Commonwealth grants to private schools are linked to average government school costs through the AGSRC. These costs include funding for students with disabilities in government schools.

*Different private schools receive different proportions of government school costs. If their funding proportion is higher than their proportion of students with disabilities relative to that in the government sector, they effectively have more to spend on students with disabilities or to divert to mainstream students. This is generally the case because private schools enrol less than half the percentage of students with disabilities than do government schools.*¹³²

¹³⁰ The data in this section is from the NSWTF Submission pp2-4 and summarises research from Professor Tony Vinson’s *Inquiry into the Provision of Public Education in NSW* (2002), research by Dr Linda Graham and Dr Naomi Sweller into SWD issues in NSW, and by the NSW Audit Office into the education of children with disabilities in NSW.

¹³¹ NSWTF Submission, p.17.

¹³² Trevor Cobbold, *Students with Disabilities are Actually Better Funded in Private Schools than in Government Schools*, 21 April 2009.

Senate Inquiry into the Education of Students with Disabilities 2002

The 2002 Senate Inquiry received many submissions from the private schooling sector about their problems in meeting the needs of a growing number of students with disabilities in the sector. They called for the same level of government support irrespective of the school sector, including access to state and territory government provided services, such as transport and therapy services, as well as funding.

It is significant that the Inquiry rejected these proposals on the grounds that it did not accept that the sector lacked the financial resources required to address the needs of students with disabilities. The Committee found no justification for increasing the total quantum of funds provided to the non-government school sector and considered that the implementation of the private school lobby proposals would result in significant funding increases for non-government schools.

*The needs of students with disabilities would be more appropriately served if the sector made better use of its current resources. It therefore makes no recommendations in relation to further financial assistance to the non-government sector.*¹³³

One of its conclusions is particularly noteworthy in the current context:

*Given the extent of Commonwealth funding for this sector, the Committee was surprised to find how little these students were supported. The Committee accepts that funding disability education in all school sectors will continue to be problematic but argues that any review of funding arrangements for the non-government sector must be considered in the context of the total resources already available to that sector.*¹³⁴

NSW Inquiry into the Provision of Education To Students With A Disability Or Special Needs

The 2010 NSW parliamentary committee inquiry into funding for students with disabilities reached similar conclusions. It too rejected claims by private school organisations that students with disabilities in private schools are under-funded compared to those in government schools and they should therefore receive higher levels of funding for students with disabilities.

Significantly, it recommended that funding for students with disabilities in public schools should be increased but not private schools:

The report took on board extensive evidence from a variety of government school organisations, teachers and parents that funding for students with disabilities in NSW government schools is inadequate. It recommended that the NSW Government substantially increase funding for students with disabilities and special needs in government schools to ensure all students have equitable access to education. In contrast, the report made no recommendation for an increase in funding for students with disabilities in private schools

¹³³Senate Inquiry into the Education of Students with Disabilities 2002
http://www.aph.gov.au/senate/Committee/eet_ctte/completed_inquiries/2002-04/ed_students_withdisabilities/report/report.pdf; p129.

¹³⁴ Ibid.

*despite claims from private school organisations and parents about under-funding in comparison with government schools.*¹³⁵

Trevor Cobbold's submission to the Inquiry provided a detailed analysis and critique of the private school claims, and he notes that despite being given a special opportunity to respond to the SOS submission by the parliamentary committee, the NSW Association of Independent Schools and the NSW Catholic Education Commission had no effective response to the analysis.¹³⁶

The Impact of Inadequate Resourcing for Schools at the Local Level

Productivity Commission data shows that in 2009 79.1% of students with disabilities and special needs attended government schools; that nationally the proportion of students with disabilities was almost twice as high in public schools (5.7%) as in private schools (2.9%).

Funded students with disabilities, 2009 (a), (b), (c)										
		<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Total Students with Disabilities										
Government schools	no.	42,940	31,800	22,739	8,455	15,126	3,077	1,764	4,234	130,135
Non-government schools	no.	13,588	8,892	5,159	2,649	2,860	478	433	324	34,382
All schools	no.	56,528	40,692	27,898	11,104	17,986	3,555	2,197	4,558	164,517
Total Students										
Government schools	no.	735,692	537,076	484,615	233,499	162,707	57,504	34,322	28,941	2,273,906
Non-government schools	no.	375,247	306,846	233,373	122,355	90,721	23,403	25,477	9,998	1,187,420
All schools	no.	1,110,939	843,922	717,988	355,854	253,428	80,907	59,799	38,489	3,461,326
SWD Proportion all Students										
Government schools	%	5.8	5.9	4.7	3.6	9.3	5.4	5.1	14.9	5.7
Non-government schools	%	3.6	2.9	2.2	2.2	3.2	2.0	1.7	3.2	2.9
All schools	%	5.1	4.8	3.9	3.1	7.1	4.4	3.7	11.8	4.8

Source: ROGS 2011 Table 4A.26 ABS 2010, Schools Australia 2009, Cat. no. 4221.0; DEEWR (unpublished).

Again, these macro-statistics do not give a sense of the day-to-day realities they represent.

The following example of a secondary school with a 2010 enrolment of approximately 1,000 which has 133 students with diagnosed disabilities across a range of disability categories outlines one of the many stories giving reality to these statistics¹³⁷:

¹³⁵ SMH, 29 July, 2010.

¹³⁶ On this basis the SOS submission put forward a funding proposal that additional funding for students with disabilities should be the same for each student, irrespective of the sector in which they are enrolled, and that to avoid continued double dipping by private schools, the costs of educating students with disabilities in government schools should also be removed from the calculation of the AGSRC. Average government school costs used as the basis of government funding for private schools.

¹³⁷ Craigmore High School submission to the Schools Funding Review.

Year Level	Student Number
8	17 (1 student physical disability(cystic fibrosis), (1 student visually impaired)
	17
9	22 (1 student with Autism Spectrum Disorder)
	12
	1
	1
10	13 (1 student physical disability)
	8 (1 student with Autism Spectrum Disorder), (1 student visually impaired)
11	10 (1 student physical disability)
	13 (3 students Autism Spectrum Disorder)
12	7 (1 student with Autism Spectrum Disorder), (1 student visually impaired)
	2 (2 students hearing disability)
	10 (2 students with Autism Spectrum Disorder)

These statistics are just one illustration of the way in which public schools across Australia are able to articulate what educating students with disabilities and special needs means for them. They are able to provide clear specific information about the additional resources they need as a matter of course and not by one-off submissions. Adequate and properly targeted funding would allow them to adequately meet the increasingly complex needs of the increasing number of special needs students with a range of recognised syndromes or conditions, as well as the increase of mental health problems in the community which is reflected in the growing number of children in our school with both diagnosed and undiagnosed mental disorders.

The increasing diversity of classrooms and growing integration into mainstream classes of students from specialist behaviour centres or disability support units highlights the need for greater specialist support.

Teacher training has not usually prepared 'mainstream teachers' for dealing with the complexities associated with special needs and mental health problems where the majority of students with learning disabilities or mental health problems are to be found. It is difficult, if not impossible, to focus on teaching a class of up to 30 (in some cases more) students while also dealing with students with disabilities and mental health problems (which are frequently combined with learning difficulties or intellectual disability). Even where there is the provision of some supplementary funding for a few hours of support it barely begins to address the real problems facing schools, teachers and students.

In order to cope with the diversity of students in their schools, and endeavouring to provide quality schooling opportunities for all enrolled students, schools talk about having to make the heartbreaking choice between providing extra support for children with special needs through the school's budget and the money available for other students and programs. They do their best to meet the costs of providing for all students but demand is frequently greater than their means and often necessitates a priority list and decisions about which are the highest needs.

Most public schools have special needs students in their classrooms, some of whom attract funding and support, many of whom do not due to inadequacies and inconsistencies in determining who is eligible and who is not.

Teachers state that they struggle to provide suitable and adequate teaching for these students in their classrooms, while at the same time not compromising the learning opportunities for all

students. They simply do not have the resources to meet the needs of all their students. Additional funding for more teachers and appropriate support staff – integration aides, therapists, speech pathologists, occupational therapists, physiotherapists - to support individual students and teachers in the classrooms, as well as specialised equipment, modifications to classrooms and greater access for disabled students, is necessary to provide equitable education for these students.

What Schools Need

- *The special needs students at our school not only have high learning needs but, in many cases, high behavioural and emotional needs. The increasing prevalence of autism has meant we require higher levels of staffing to cater for the needs of our students. We would prefer to have lower student numbers so our students can access the support they require and deserve. As we have a rapidly increasing enrolment, without enough classroom spaces, we are required to keep class numbers high to accommodate all eligible students from within our zone. Due to our current funding levels, we are only able to provide a certain level of support. This is not enough leading to high levels of teacher stress and injury and lower educational outcomes.*
- *[We need] an increase of Special Education Support as a large number of our students do not meet the DECS requirements for funding but are struggling to function in a class situation. Many students are getting into the middle primary years before they are the required number of years behind their chronological age to qualify for funding. At this stage it is very difficult for these students close the gaps in their learning. Funding is needed earlier in these students schooling. We would like funding for trained Special Education teachers and resources to work with our students to help them to reach their full educational potential. Students in our community need the skills necessary to be engaged by the curriculum thus decreasing the unacceptable behaviours of students for whom the curriculum is irrelevant because of speech or academic disabilities.*
- *In recent years we have experienced an increased enrolment of student with Autism Spectrum Disorder (A.S.D.). With this increased enrolment comes the challenge of catering for their needs, in particular providing quiet spaces where they are able to de-stress and calm themselves. We need a physical space designed to provide a quiet and sensory appropriate environment for them. At present we have no such available room and at play times our A.S.D. students find the crowded playground both confusing and confronting.*
- *As the profile of our enrolments has changed so has the need to provide welfare support for both our students and their families. At present we fund a social worker on a .5 basis and as such we are able to provide support and assistance to our school families for two and a half days a week. Her case load is ever increasing and the workload clearly shows the need to provide full time funding for a qualified social worker. Unfortunately other budgets have been cut to provide the time fraction we have now and it is not possible to find funds elsewhere in the school budget. As it is we no longer have a school nurse available to assist our 614 students because of the need to prioritise the funds we have.*
- *From the description given, you can see our school buildings are anything but uniform and as such create a great many challenges and limitations. Our historic buildings house rooms that do not provide adequate space for our current students. Desks are squashed into very confined work spaces and any chance of providing a rich learning environment that embraces the best learning technologies is virtually impossible. Our students on the A.S.D. spectrum find it extremely difficult to function in such confined spaces. Adding to this lack of space is the ever present issue of upkeep. These are not the average modern building but significant*

historic buildings that deserve to be preserved and cared for. Our painting requirements alone create an enormous expense that we are unable to fully cover and because of this our maintenance is somewhat limited with the most urgent repairs only being able to be carried out.

- *The amount of funding students with disabilities receives is often inadequate. In 2010 we submitted a Funding Support Application on behalf of a Kindergarten student who was diagnosed with Autism. He received \$2900 a year to help support his needs. That paid for about 30 minutes of support a day. Some students with disabilities receive even less. This student was offered a place in a non-government school where he is one of 7 in a class with full time support from a SLSO. His mum reluctantly accepted the placement in a non government school, as it was the only way to get him the support he needed, but the family is upset that he isn't able to access this level of support at his local school.*
- *Schools require ongoing targeted funding to address the welfare needs and social and emotional wellbeing of all students through improved student/teacher ratios, greater funded access to appropriate Teacher Professional Development and the provision of specialist learning support teachers and professional support staff such as school psychologists, social workers, learning support teachers and allied support staff.*
- *In addition to funding support staff, it is also very costly for the school to have students assessed for developmental learning difficulties. Our parents cannot afford these costs. There are students who are having serious learning difficulties, but have not been able to access adequate assessments and diagnosis because the costs are too great. Teachers do their best to accommodate individual learning needs however, additional funding is necessary to resource assessments and support staff with expert advice on appropriate teaching and learning strategies.*
- *Our school has a 50% higher than average level of Students With Disabilities (SWD) and whilst we get funding for these on an individual basis and have created our own special class and support structure the funding is inadequate for the high level needs of some of our clients. These students are currently subsidised out of other general income areas to the tune of \$48936.00. ... we have 3 autistic students who have to have one-on-one supervision and have been supported by short term funding from the Regional Office. ... these sources of funding are unsustainable and with another 5 high level autistic students coming through pre-school at the present time we have to look at other sustainable options for funding otherwise we will not be able to offer them an education.*

GOVERNANCE AND LEADERSHIP

The Issues Paper seeks input on the forms of school and system-level autonomy to support improved educational outcomes.

The AEU has fundamental concerns about the current Federal Government's preoccupation with the governance and leadership arrangements associated with its 'greater autonomy for schools' agenda.

Hailed as 'giving power to parents and principals'¹³⁸ and a force for 'liberating schools'¹³⁹, the government says that the 'Empowering Local Schools' reform will give 'Principals and parents a bigger say in how schools are run'¹⁴⁰.

These changes to the governance and leadership of schools will, the Government says, increase flexibility and innovation and remove barriers which have impeded attempts to improve educational outcomes for their students and "drive improvements in students' achievements and enable schools to better meet the needs of students" by enhancing parental and community ownership of school decision making. ie. making them accountable for student performance.

These changes, are designed to 'comprehensively reshape the nation's education system' by introducing a school governance model based on the way independent schools operate - effectively turning government and Catholic schools into "autonomous" institutions.¹⁴¹

The Government anticipates that by 2018, the Government will have invested \$484 million in the national roll out of the program including \$71.9 million over the forward estimates.

The AEU urges the Panel, in its deliberations around governance and leadership, to consider how consistent these changes would be with the principles underlying the review. On the current evidence the proposed changes fail to meet a number of these criteria.

There is simply insufficient evidence to support the claim that increasing school autonomy will lead to a national improvement in student achievement/outcomes.

International research shows that devolving greater powers over the management of existing resources has not significantly change the quantum of resources available in schools, and there is little evidence of improvements of improvements in student achievement.

Respected Melbourne academic Stephen Lamb has studied the trends of the last three decades towards greater school autonomy through devolution of decision making, the introduction of school councils, a focus on school-based management etc. He summarises them as follows:

Central to the arguments behind these reforms is the view that government schools, like many state-funded services, are burdened by bureaucracy in a way that reduces productivity and output. Instead, government schools need to become more like private schools, which are

¹³⁸ Julia Gillard and Simon Crean , 'Gillard Government gives power to parents and principals' *Monday, 2 August 2010* <http://www.alp.org.au/federal-government/news/gillard-government-gives-power-to-parents-and-prin/>.

¹³⁹ Justine Ferrari, The Australian 'Julia Gillard plan to liberate schools' December 30, 2010. <http://www.theaustralian.com.au/national-affairs/julia-gillard-plan-to-liberate-schools/story-fn59niix-1225978283496>.

¹⁴⁰ Gillard and Crean, op.cit.

¹⁴¹ Ferrari, op.cit.

treated, on this view, as models of efficiency with superior educational outcomes. School provision should operate in a framework of market demand and supply and become subject to the laws of open competition. Essential to this is not only a healthy sector of private schools, but also an active government prepared to intervene by identifying and responding to poorly performing or inefficient schools. Improvements to the quality of teaching and learning in government schools will be gained by allowing parents to choose more freely between schools, by devolving decision making to local schools, and by ensuring a competitive private school sector which is an important source of choice and diversity.¹⁴²

His research has assessed the effect of these sorts of reforms by examining the impact of such reforms in Victoria over the past 25 years on government school enrolments and student achievement. His conclusions are sobering and at odds with the claims made by the government and a number of Australian education commentators¹⁴³. They highlight the equity issues associated with schools being able to pick and choose their students as they indicate that these reforms have created new layers of inequality in children's schooling. Lamb found that:

At the end of 25 years of reform, schools in the poorer areas of Melbourne had become residualised and were a shadow of their former selves. They had become 'sink' schools, denuded of student numbers and resources, and, thanks to these changes, repositories of academic failure... The market-driven reforms during the 1990s giving schools greater flexibility and increased local control did help invigorate government schools in the wealthier areas. They were able to muscle-up against their robust competitive private sector counterparts and increase mean enrolments. But it has occurred at the expense of government schools in low SES areas which shed numbers at a growing rate. This divergent experience meant that by 2004, government schools were highly segregated not only on the basis of social area but also on the basis of schools size and resources. Schools in high SES areas were almost 1.8 times the size of those in low SES suburbs.¹⁴⁴

Lamb's study illustrates the important policy and resource implications of these changes such as the increased resource pressures on schools serving low SES populations with declining enrolments in pursuing the same educational goals as larger schools.

To achieve the same level of performance as larger schools, many low SES secondary schools mainly small in size need additional resources to deliver the same services and further resources to address problems associated with schooling students from disadvantaged backgrounds.¹⁴⁵

The residualisation of government schools in low SES areas has implications not only for budgets, resources and efficiency. There is also an issue about the types of students who remain and those who attend other schools. An important question is whether or not the reforms driving changes in enrolments across Melbourne have led to low SES schools not only being drained of students, but drained of their high-achieving or most able students.¹⁴⁶

¹⁴² Stephen Lamb, *School Reform and Inequality in Urban Australia A Case of Residualising the Poor* in R. Teese, S. Lamb and M. Duru-Bellat (eds.), *International Studies in Inequality, Theory and Policy Volume 3: Inequality: Educational Theory and Public Policy*, 2007 Springer, p1.

¹⁴³ [Schools to win in PM's class struggle](#) *Adelaide Now*, 6 Jan 2011; [Accountability helps students](#) *The Australian*, 3 Jan 2011; [OECD tick for school autonomy](#) *The Australian*, 31 Dec 2010; [At last, the promise of a true revolution](#) *The Australian*, 31 Dec 2010.

¹⁴⁴ Lamb op. cit. pp17-18.

¹⁴⁵ *Ibid.*, p18.

¹⁴⁶ *Ibid.*, p21.

He shows that this process has led schools in low SES areas dealing with multiple categories of disadvantaged students, at much higher concentrations, on average, than schools in middle and high SES areas, which is further confirmation of issues outlined earlier in this submission.¹⁴⁷

*... the market-based school reforms of the last 20 years have not only led to much lower enrolments in schools serving the poor in Melbourne, draining them of their most academically able students, but through this process leaving them with much higher concentrations of the various groups of disadvantaged students that have the most difficult and demanding learning needs and histories of high rates of low achievement and poor school outcomes.*¹⁴⁸

Market-Driven Decentralisation and Student Achievement

Lamb considers a large body of research on the relationship between market-driven reforms and achievement and concludes that the results support the view that “the school reforms driving the growing diversity in schools over the last decade have intensified the gaps between schools serving the rich and those serving the poor, gaps marked by growing differences in school size, student intake, resources and achievement.”¹⁴⁹

He concludes that, contrary to claims made that choice and competition would not lead to residualisation but would reinvigorate government schools, where market-based policies have worked to invigorate schools serving middle-class communities it has been at huge cost to schools in low SES areas.¹⁵⁰

*The issue of ‘where to from here’ in looking at future school reform and how to address the levels of inequality that now mark our school system is no simple matter. The negative effects of the reforms [examined in this chapter] are quite evident. [but they cannot simply be reversed or overturned]. However this does not mean that we have to accept the status quo and live with the consequences of unjust policy. On the contrary, we need to build on the knowledge we have obtained from 25 years of exposure to the school reforms associated with marketisation, privatisation and rationalisation and consider how to use the experience to develop policies that improve provision for the poor and work to reduce inequality.*¹⁵¹

Further, despite the problems associated with the public data on student and school performance on the My School website, the NAPLAN results to date fail to indicate that Victoria, which has had the most devolved school system in Australia for several decades, is able to produce superior student achievement outcomes to other states. Dahle Suggett, former Deputy Secretary of the Department of Education and Early Childhood in Victoria and Deputy Director-General of the Department of Premier and Cabinet in NSW, argues that this points to the need for “hard evaluative and policy work” to identify the optimal practices for Australian education systems including a rigorous analysis of the impact of different administrative cultures, modes of funding and school practices on student outcomes.

Among the practices to be investigated as alternatives to the Federal Government’s ‘Empowering Local Schools’ devolution agenda would be the need for shared responsibility and cooperation between schools rather than autonomy, isolation and competition.

¹⁴⁷ Ibid., p23.

¹⁴⁸ Ibid., p24.

¹⁴⁹ Ibid., p29.

¹⁵⁰ Ibid., p32.

¹⁵¹ Ibid., p32.

Cobbold's review of the international empirical evidence on these claims recently published in the *Handbook of Research in Education Finance and Policy*¹⁵² concurs with Lamb's findings.¹⁵³

The review found that the outcomes from school autonomy in terms of systemic improvements, promoting innovation or increasing productivity range from "mixed", "generally small", "not greatly encouraging" to "disappointing". Studies in Canada, Australia and the UK show little direct impact on teaching behaviours or student outcomes, and the overall conclusion was that:¹⁵⁴

Two decades of experience and research provide compelling evidence that simply setting schools free and holding them accountable for results is not in itself sufficient to conjure the attributes of effectiveness into being. Detaching schools from the bureaucratic structures within which they are embedded may enable the most privileged or resourceful schools to strike out in new and positive directions, but the rewards of enhanced autonomy for less advantaged schools are uncertain at best.

While some studies suggest improved relations between schools, parents and their communities, this is largely associated with more advantaged schools and not easily replicated in other schools, especially those serving disadvantaged communities.

The benefits of collaboration and community in schools can be fostered without the changes in school governance being proposed by the government, and the AEU urges the Review to consider better models of school improvement.

Meaningful and sustained school improvement requires systemic policy and resourcing approaches which go beyond a focus on individual schools.

The body of evidence on school improvement efforts indicates that what is required is greater respect for professional autonomy and authority over the educational endeavours of schools, within a framework of system policies, programs tailored to meet local circumstances and needs, educational support services and targeted resources. These are beyond the reach of individual schools, particularly those serving disadvantaged communities.

Finally, a major 2009 OECD study by Christopher Lubienski, *Do Quasi-markets Foster Innovation in Education? A Comparative Perspective*, [Education Working Paper 25, OECD August 2009] reviewed the evidence from over 20 OECD and non-OECD countries (including both developed nations that seek to move beyond established systems of state-run schools, and developing nations where formal and de facto policies promote more free-market approaches to educational expansion) on the effects of pro-market reforms. Lubienski considered measures designed to increase choice and competition between schools, including increased choice of school, decentralised governance giving schools greater operational freedom, self-governing schools in the public sector, reduced regulation of schools, reporting school results, government funding of private schools and sanctions against underperforming schools. He concluded that, among other things, quasi-market reforms have not been effective in improving the performance of low SES students – the "underperforming tail":

¹⁵² David N. Plank & BetsAnn Smith, *Autonomous Schools: Theory, Evidence and Policy*. In Helen F. Ladd & Edward B. Fiske (eds) *Handbook of Research in Education Finance and Policy*, Routledge, New York, 2008, pp. 402-424.

¹⁵³ Trevor Cobbold: 'No Compelling Research Evidence For School Autonomy' Friday January 14, 2011 <http://www.saveourschools.com.au/choice-and-competition/no-compelling-research-evidence-for-school-autonomy>.

¹⁵⁴ Plank and Smith, quoted by Cobbold, op.cit.

*... it appears that there is no direct causal relationship between leveraging quasi-market mechanisms of choice and competition in education and inducing educational innovation in the classroom. In fact, the very causal direction is in question in view of the fact that government intervention, rather than market forces, has often led to pedagogical and curricular innovation.*¹⁵⁵

Local Autonomy or Cost-Cutting?

Recent revelations in NSW of a secret blueprint to slash education staff and funding in NSW highlight how, like in Victoria, 'greater school autonomy' is not being used to improve educational outcomes but as part of a cost-cutting strategy.

A Boston Consulting Report said the devolution of responsibilities to schools is an opportunity to make "efficiency improvements" and recommended the expansion of a trial program put in place by the ALP Government.

The report suggests that up to \$25 million a year could be saved by devolving responsibilities to schools and cutting central support staff numbers. It says further savings could be made by also giving schools responsibility for school maintenance and cleaning.¹⁵⁶

It warns of the need to manage the risk of this devolution but is silent on the educational benefits of such an approach. In total the report, which benchmarks NSW against Victoria, proposes one-off cuts of up to \$1 billion plus cuts of up to \$700 million a year in recurrent spending.

COMMUNITY AND FAMILY ENGAGEMENT

There is widespread recognition of the importance of community and family engagement in the educational process in Australian and international research literature, by Governments and Education Departments, and by schools and communities themselves.

The importance of schools being both learner-centred and community-centred comes through strongly in the international research. In the United States the Education Commission of the States found that:

*... there is a clear and growing evidence of the need to fundamentally rethink the planning, design and use of school facilities in a way that reflects changing educational demands and needs; takes greater advantage of new technologies and new insights into the nature of teaching and learning; and, perhaps most important, forges stronger bonds between schools and the communities they serve.*¹⁵⁷

In Australia, all levels of government recognise that family and community support and partnership is an important part of improving student learning and achievement, particularly for those schools

¹⁵⁵ Christopher Lubienski, *Do Quasi-markets Foster Innovation in Education? A Comparative Perspective*, [Education Working Paper 25, OECD August 2009.

¹⁵⁶ Boston Consulting Group, *Expenditure Review of the Department of Education and Training*. January 2010.

¹⁵⁷ Quoted by Rorris, 2008, op. cit. P7.

serving disadvantaged communities, as evidenced by the Melbourne Declaration, the National Education Agreement and the National Partnership on Low SES School Communities.¹⁵⁸

Submissions to the Review from schools across the country attest to the important role our public schools play in their communities, particularly outside our cities. Submissions from schools in small rural towns and communities describe the fundamental importance of local, accessible, equitable and non-discriminatory education in meeting the needs of young Australians and their communities, as evidenced by statements such as the following:

We are an integral part of the local community, providing social, academic and economic links between past, present and future. Through an extensive network of staff, students, families and community members we tap into the lives of a diverse cross section of individuals, groups and cultures. We represent all sectors of the community, we reflect community values and we are a platform for social cohesion. Through our public school we engage our community in sharing ideas, interacting, assisting our students towards achieving learning outcomes and assisting their development ... we promote fair access to quality education, embrace diversity, value wellbeing and cater for social inclusion. We strengthen our community through the common goal of achieving positive outcomes for our youth. The collaborative nature of [our school] places us at the heart of our rural community. Through our programs we introduce new ideas, possibilities, challenges and practices into the local mind set, inspiring change, development and learning beyond the school grounds. We influence family values, establish local partnerships, motivate community participation, stimulate positive attitudes to global issues, introduce opportunities, provide access to services beyond our doors and foster a new generation of productive, informed, well-educated citizens.¹⁵⁹

They testify to the central role of their schools in fostering a sense of community; the vital role the school plays in community cohesion through being an important place for community interaction and communication, particularly in times of hardship associated with economic downturn and natural disaster:

Local schools are important to local communities, often being the lifeblood that holds the community together. Identity, community and stability are strongly interlinked and account for the overwhelming popularity of local schools and the need for government at all levels to ensure their viability.¹⁶⁰

They note to the significant contribution schools makes to local economies:

In the Mansfield context, the Secondary College is a major employer in the town with a payroll of \$4.3 million and recurrent expenditures totalling \$1.2 million. A vibrant and robust public school therefore has significant economic impact on the local community.¹⁶¹

However research literature, and Review submissions from schools, indicates that community and family engagement in schools, particularly in disadvantaged communities, is a complex process and one which must be accompanied by adequate and sustainable resourcing on a long-term basis, rather than 'one-off projects'. As one school reports:

¹⁵⁸ National Partnership on Low SES Communities, 'Research Underpinning the Reforms Paper' provides a useful summary of the research literature on the value of school, parent and community engagement, particularly in low SES communities. [http://www.lowsesschools.nsw.edu.au/wcb/content/uploads/psp/file/About_National_partnership/Reforms%20paper\(1\).pdf](http://www.lowsesschools.nsw.edu.au/wcb/content/uploads/psp/file/About_National_partnership/Reforms%20paper(1).pdf).

¹⁵⁹ Mirboo North Secondary College Submission to the July School Review.

¹⁶⁰ Gisborne Secondary College submission to the Schools Funding Review.

¹⁶¹ Mansfield Secondary College submission to the Schools Funding Review.

We struggle to provide the resources to teach our students. We rely on parent contributions of around \$85,000 per year to subsidise teaching positions and to provide equipment and finance for some programs. We also cut corners where possible and ask staff to perform beyond their hours and duties set down in their job descriptions. Without the goodwill of the staff and parents, and the flexibility and understanding of the students, we could not deliver the curriculum with the funding presently allocated according to government formulae.

It also brings into question the 'ownership' of school buildings and facilities, when such large amounts of public funding are going into school buildings and facilities which are not publicly 'owned' but remain the property of the institutions (mainly religious) who run them, and just how community-centred, in the broad sense of 'community', they are or could be.

The Increasing Reliance of Public Schools on Private Funds

The AEU welcomes government initiatives to increase and enhance family and community participation in the educational process. However it is essential to recognise that these initiatives are taking place within a wider policy context of inadequate funding which is increasingly forcing public schools to be reliant on parental/ community contributions.

Given the wide disparity in the capacity of local schools and communities to raise private funds this has significant equity implications and is a threat to the equality of opportunity which is the right of every student.

Greater Involvement by Business and Other Education Providers in Schooling

We note the increasing calls for greater involvement by business and other education providers in schooling.

The AEU supports closer links and greater integration between schools and other education providers such as TAFEs and universities to meet the educational needs of students throughout their schooling to improve achievement levels and retention rates, and therefore increase the proportion of students able to enter higher education courses.

The AEU urges the Review to be cognisant of the research literature on the negative educational impacts of commercialisation and greater involvement of the corporate sector in schooling where adequate measures are not put in place to safeguard students and schools through a clear, transparent and enforceable Code of Practice.

The funding of education is the responsibility of government, and the AEU is opposed to transferring this responsibility to business and commercial enterprise.

The AEU does not support the direct or indirect transfer of responsibility for education provision from Commonwealth, State or Territory Governments to either business/industry or local communities.

FAIRER FUNDING FOR AUSTRALIA'S PUBLIC SCHOOLS

This Review provides an opportunity for fundamental reform of schools funding.

A new funding system must be underpinned by an unqualified commitment to ensuring that every child has an equal opportunity to achieve his / her full potential at school.

It must recognise:

- the primary obligation of governments to adequately and appropriately fund free and secular public schools.
- the legal and moral responsibility of both federal and state/territory governments to provide universal access to quality public schooling.

This requires a funding model which funds public and non-government schools separately and ends the current inequitable linkage through the AGSRC. Breaking the nexus between public and private school funding through the AGSRC, and funding private schools through a discrete and finite budget line is an essential condition of a new equitable funding system.

The Funding of Public Schools

The primary purpose of Commonwealth/State government funding is to resource all public schools to a standard which guarantees a world-class education for all children in their local community.

This requires a baseline funding guarantee, with weightings to address disadvantage including intersecting and compounding disadvantage - low SES, Indigeneity, geographic location, English language needs, and special needs/disabilities.

The determination of this standard which guarantees the provision of high quality education in Australia, will take into account:

- class size and teacher-student ratio;
- qualified teachers and staff;
- curriculum and pedagogy;
- specialist/targeted student support services;
- professional development;
- school leadership;
- the learning environment including physical infrastructure;
- administrative support;
- ICT;
- linkages between school and community.

The Funding of Private Schools

The key principle of government funding for private schools should be that there is no pre-existing, pre-determined entitlement to public funding.

Where governments choose to provide funding to private schools the level of funding should be determined by rating each private school through criteria including:

- enrolment practices [the degree to which they are inclusive/exclusive;]
- student profile;
- compliance with mandated curriculum;
- public accountability;
- level of fees; and
- the total, income, assets and resources at the disposal of a school in order to ensure that the total level of funding and resources do not exceed funding and resources of public schools.

Full public disclosure of expenditure and all sources of income - contributions, donations, bequests, trusts, scholarships, subsidies, grants for systems and individual schools – would be a condition of receipt of public funding.

Private schools whose enrolment includes students with identified special needs/disabilities, students from low SES families, and Indigenous students would be able to access a pool of money to enable them to meet the learning needs of these students. Schools would be accountable for ensuring the funds are used for that purpose.

Re-establishing planning mechanisms to assess the impact of the establishment of new private schools and the expansion of existing private schools. Ensure that establishment grants are not provided to new private schools.

APPENDICES

The social make-up of schools

Family income, religion, Indigenous status,
and family type in government, Catholic and
other nongovernment schools

A report prepared for the Australian Education Union

Barbara Preston

Barbara Preston Research

21 Boobiulla Street

O'CONNOR ACT 2602

barbara.preston@netspeed.com.au

October 2007

Introduction

This report is in part an update of a paper based on Australian Bureau of Statistics 2001 Census data prepared for the Australian Education Union (AEU) by the author, and published by the AEU in December 2003 (Preston 2003).

Analyses in this report are based on ABS 2006 Census custom tables of the populations of (a) all school students, (b) Indigenous school students and (c) school students in one parent families, in primary and secondary schools in the government, Catholic and other nongovernment sectors, by family income and (in part) religion (ABS 2007a). Unless otherwise indicated, these custom tables are the source for tables and figures. Appendix 1 provides detail on data and definitions - notably that the LOW, MEDIUM and HIGH family income ranges are defined in such a way that around one third of all Australian school students are in each category.

The analyses are of broad-brush data on the social make-up of schools in the different sectors and levels, and, in some cases, different states and territories. Such data is vitally important for the development of good policy on many aspects of schooling, because matters such as family income, Indigenous status and family type have an impact on the qualitative and quantitative educational needs of students, and thus of schools and sectors. Data on matters such as religion (especially in combination with family income) inform understandings of the social roles of different school sectors, and thus can inform the policies of school authorities, governments, and others.

There is, of course, great diversity within the school sectors in the states and territories - there is variation between schools and within schools. However, the macro-level data reported here is relevant to a range of significant national and state/territory level policies concerned with the administration and funding of schools, and can provide indications of where more investigation may be needed to better inform other policies.

Policy conclusions are beyond the scope of this report. To draw out policy conclusions requires further relevant information and positions on ends and values.

At the end of this section the numbers of students in the various major categories considered in this report are tabulated. In Table 1.1 are all primary and secondary students, Indigenous students, students in one parent families, and students of Catholic and Islamic religions, by states and territories. In Table 1.2 are all students, Indigenous students, students in one parent families, and students of Catholic and Islamic religions, by type of school attended (government, Catholic, other nongovernment).

Also included at the end of this section are tables that may assist with interpretation of current and historical data in the analyses. Table 1.3 presents data from the ABS *Schools* census (Cat. No. 4221.0), the number and percentage of students in government and nongovernment schools in each state and territory, each ABS Census year, 1986 to 2006. Table 1.4 presents more data for primary and secondary levels, government, Catholic and other nongovernment sectors, 1996 and 2006, with the share of all students held by each sector, and the percentage change in enrolment numbers in each sector and each level between 1996 and 2006.

Following are the headings and an indication of the content of the sections of this report. In each section there is commentary, tables and, usually, graphs (for clarity, the colour schemes of the graphs differ between those concerned with school type, family income and religion as the key variable).

School type and family income of students (Section 2, page 6)

This section looks at the school sectors (government, Catholic and other nongovernment at both primary and secondary levels) in terms of the proportions of their students who are in families with LOW, MEDIUM and HIGH incomes (for example, 40% of government schools students have LOW family incomes, and 27% of government school students have HIGH family incomes). Details for each of the states and territories are provided, and comparisons made between and within states and territories. There is also an investigation of trends in the data from previous Censuses since 1991.

Family income and type of school attended (Section 3, page 12)

This section looks at students in families in different income ranges (LOW, MEDIUM and HIGH) in terms of the type of school attended (government, Catholic and other nongovernment) at primary and secondary levels (for example, 77% of all students with LOW family incomes and 53% of all students with HIGH family incomes attend government schools).

Religion, family income and type of school attended (Section 4, page 14)

This section looks at children of different religions (Catholic, nonCatholic or no religion, and Islamic) in families in different income ranges in terms of the type of school attended at primary and secondary levels.

Indigenous students and family income (Section 5, page 18)

This section looks at Indigenous at the primary and secondary levels in each state and territory according to family income.

Indigenous students, type of school attended and family income (Section 6, page 19)

This section looks at the proportion of all Indigenous students in each school sector at primary and secondary levels who are in each family income range.

Indigenous students, family income, and type of school attended (Section 7, page 21)

In this section there is data on the percentages of Indigenous primary and secondary students in each family income range who attend government, Catholic or other nongovernment schools.

Indigenous students, religion, family income, and type of school attended (Section 8, page 23)

This section looks at Indigenous students of Catholic and nonCatholic or no religion, according to family income and type of school attended.

Students in one parent families, type of school attended and family income (Section 9, page 25)

This section looks at the proportion of students in one parent families in each school sector at primary and secondary levels who are in each family income range

Students in one parent families, family income, and type of school attended (Section 10, page 26)

In this looks at the proportion of students in one parent families in each family income range who attend government, Catholic or other nongovernment schools.

Table 1. 1. All students, Indigenous students, students in one parent families, Catholic students and Islamic students, by states, territories and Australia, 2006

	All students		Indigenous		One parent family		Catholic religion		Islamic religion	
	Number	% of Australia	Number	% of all students in state/territory	Number	% of all students in state/territory	Number	% of all students in state/territory	Number	% of all students in state/territory
Australia	2 492 871	100%	87 766	4%	537 711	22%	748 779	30%	56 393	2%
NSW	828 045	33%	28 919	3%	176 027	21%	277 115	33%	28 695	3%
Vic	621 122	25%	5 970	1%	125 281	20%	195 104	31%	17 847	3%
Qld	487 796	20%	25 093	5%	112 815	23%	136 124	28%	3 071	1%
WA	234 839	9%	10 094	4%	49 750	21%	64 195	27%	4 068	2%
SA	192 253	8%	4 991	3%	44 216	23%	42 967	22%	1 720	1%
Tas	61 994	2%	3 723	6%	14 719	24%	12 890	21%	153	0%
NT	23 945	1%	8 091	34%	6 078	25%	6 107	26%	188	1%
ACT	42 877	2%	885	2%	8 825	21%	14 277	33%	651	2%

Table 1. 2. All students, Indigenous students, students in one parent families, Catholic students and Islamic students, in government, Catholic, other nongovernmental and all schools, Australia, 2006

	All students		Indigenous		One parent family		Catholic religion		Islamic religion	
	Number	% of all students in all schools	Number	% of all students in sector who are Indigenous	Number	% of all students in sector who are from one parent families	Number	% of all students in sector who are Catholic	Number	% of all students in sector who are Islamic
All schools	2 492 871	100%	87 766	4%	537 711	22%	748 779	30%	56 393	2%
Government	1 641 378	66%	74 816	5%	409 002	25%	307 322	19%	42 890	3%
Catholic	518 378	21%	8 549	2%	79 903	15%	393 721	76%	1 690	0%
Other nongovernment	333 115	13%	4 401	1%	48 806	15%	47 736	14%	11 813	4%

Table 1. 3. Number of students in government and nongovernment schools and share of total, states and territories and Australia, ABS Census years, 1986 to 2006

	NSW		Vic		Qld		SA		WA		Tas		NT		ACT		Australia	
	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total	no	% of total
Government																		
1986	755 257	74%	546 136	69%	374 329	76%	192 489	78%	207 436	77%	66 050	79%	26 288	84%	39 816	66%	2 207 801	74%
1991	746 417	72%	533 386	68%	398 025	75%	186 814	76%	218 871	76%	65 662	77%	27 161	81%	40 890	66%	2 217 226	72%
1996	760 078	71%	517 062	67%	411 686	73%	177 504	72%	224 714	73%	62 776	75%	27 766	78%	39 971	65%	2 221 557	71%
2001	755 246	69%	532 258	66%	435 095	71%	172 840	69%	224 296	70%	61 976	75%	28 538	77%	37 970	63%	2 248 219	69%
2006	739 307	67%	536 117	65%	455 075	69%	163 848	66%	230 293	67%	60 007	73%	28 506	76%	35 076	59%	2 248 229	67%
Non-government																		
1986	270 718	26%	250 396	31%	116 831	24%	52 788	22%	60 255	23%	17 459	21%	4 952	16%	20 189	34%	793 588	26%
1991	290 896	28%	256 127	32%	132 791	25%	60 019	24%	70 985	24%	19 952	23%	6 284	19%	20 857	34%	857 911	28%
1996	305 269	29%	259 393	33%	155 448	27%	68 701	28%	82 092	27%	21 406	25%	7 741	22%	21 408	35%	921 458	29%
2001	343 923	31%	277 107	34%	175 715	29%	76 656	31%	94 599	30%	20 821	25%	8 464	23%	22 673	37%	1 019 958	31%
2006	369 640	33%	293 718	35%	202 041	31%	86 078	34%	112 349	33%	22 447	27%	9 074	24%	24 460	41%	1 119 807	33%
Total																		
1986	1 025 975	100%	796 532	100%	491 160	100%	245 277	100%	267 691	100%	83 509	100%	31 240	100%	60 005	100%	3 001 389	100%
1991	1 037 313	100%	789 513	100%	530 816	100%	246 833	100%	289 856	100%	85 614	100%	33 445	100%	61 747	100%	3 075 137	100%
1996	1 065 347	100%	776 455	100%	567 134	100%	246 205	100%	306 806	100%	84 182	100%	35 507	100%	61 379	100%	3 143 015	100%
2001	1 099 169	100%	809 365	100%	610 810	100%	249 496	100%	318 895	100%	82 797	100%	37 002	100%	60 643	100%	3 268 177	100%
2006	1 108 947	100%	829 835	100%	657 116	100%	249 926	100%	342 642	100%	82 454	100%	37 580	100%	59 536	100%	3 368 036	100%

Source ABS Schools 4221.0 (ABS 2007b), Table 6, p. 12

Table 1. 4. Number of students in government, Catholic, other nongovernment and all nongovernment primary, secondary and all levels and share of total, Australia, 1996 and 2006, and percentage change 1996 to 2006

	Government		Catholic	Other nongovernment	All nongovernment		Total		
	no.	% of total	no.	% of total	no.	% of total			
1996									
Primary	1 367 406	74%	349 892	19%	130 871	7%	480 763	26%	1 848 169
Secondary	854 151	66%	265 680	21%	175 015	14%	440 695	34%	1 294 846
All levels	2 221 557	71%	615 572	20%	305 886	10%	921 458	29%	3 143 015
2006									
Primary	1 366 259	71%	370 826	19%	199 033	10%	569 859	29%	1 936 118
Secondary	88 1970	62%	308 582	22%	241 366	17%	549 948	38%	1 431 918
All levels	2 248 229	67%	679 408	20%	440 399	13%	1 119 807	33%	3 368 036
% change 1996 to 2006									
Primary	-0.1%	-	6.0%	-	52.1%	-	18.5%	-	4.8%
Secondary	3.3%	-	16.1%	-	37.9%	-	24.8%	-	10.6%
All levels	1.2%	-	10.4%	-	44.0%	-	21.5%	-	7.2%

Source: ABS *Schools* 1996 & 2006 (4221.0) (ABS 1997 & 2007b)

2. School type and family income of students

The three major schooling sectors in Australia greatly differ in the patterns of family incomes of their students. Patterns of family incomes have implications for the levels of resourcing that schools require to provide equivalent levels of education to individual students (for example, to provide the diverse welfare and other support that low income students need to a greater extent than do high income students, and to match the financial and other resources that higher income families can provide for their children and their schools). Patterns of family income also have a major impact on the learning outcomes of students that are out of the control of the school or sector (because of the resources and educationally enriching and motivating experiences that higher income families can often provide, but which are difficult for lower income families).

Table 2.1 and Figure 2.1 provide details for Australia as a whole on the percentage of students in each school sector (government, Catholic and other nongovernment) whose families are in the LOW, MEDIUM and HIGH income ranges (each range including around a third of all Australian schools students – 34%, 32% and 34% respectively). Note that a higher percentage of all *primary* students are in LOW income families (36%) compared with the percentage of *secondary* students in LOW income families (32%). Conversely, a lower percentage of all primary students are in HIGH income families (31%) compared with the percentage of secondary students in HIGH income families (37%) – likely reasons for this are discussed in Appendix 1. Figures are also provided in Table 2.1 for sub-ranges within the LOW income range.

Table 2.1 Percentage of students in each of government, Catholic and other nongovernment sectors, primary, secondary and all schools with low, medium or high family incomes, Australia, 2006

	Family income (per week)						All income levels
	<\$350	\$350-\$649	\$650-\$999	LOW All <\$1000	MEDIUM \$1000-\$1699	HIGH >\$1700	
Primary schools							
Government	8%	15%	17%	40%	34%	26%	100%
Catholic	5%	9%	12%	26%	34%	39%	100%
Other nongovernment	5%	9%	11%	24%	28%	48%	100%
All primary schools	7%	13%	15%	36%	33%	31%	100%
Secondary schools							
Government	8%	15%	16%	39%	33%	28%	100%
Catholic	4%	8%	11%	23%	31%	47%	100%
Other nongovernment	4%	7%	9%	19%	23%	57%	100%
All secondary schools	6%	12%	14%	32%	31%	37%	100%
All schools							
Government	8%	15%	16%	40%	33%	27%	100%
Catholic	4%	8%	12%	25%	33%	43%	100%
Other nongovernment	4%	8%	10%	22%	26%	53%	100%
All schools	7%	13%	15%	34%	32%	34%	100%

In government schools 40% of students are in LOW income families. In contrast, in Catholic schools, only 25% of students are in LOW income families, and in other nongovernment secondary schools only 22% of students are in LOW income families. The difference is even greater for those students in very LOW income families (a weekly income of less than \$350 or less than \$650) where the percentage in government schools is around twice the percentage in either Catholic or other nongovernment schools.

Conversely, barely a quarter of all government school students are in HIGH income families, while over half the students in other nongovernment schools are in HIGH income families, with the Catholic sector closer to the other nongovernment sector than to the government sector.

Data for all schools (primary and secondary combined) for each sector in each state and territory is provided in Table 2.2. This table also provides statistics on the ratio between the percentages of students in LOW and HIGH income families for each sector, and on the ratio between the percentage of students in LOW and HIGH income families indexed to the ratio for each state and territory for both 2006 and 2001¹. The standardised ratios facilitate comparisons between school sectors *within* each state and territory. The nature of these ratios is described in Box 2.1.

Three jurisdictions, Tasmania, Northern Territory and South Australia, have a significantly higher percentage of students (in all school sectors) in LOW income families - respectively 41%, 37% and 37%, while the national figure is 34%. Tasmania is also the jurisdiction where the government sector has the highest percentage of students in LOW income families (48%) relative to all other sectors and states and territories.

Indexing the ratio of students in LOW to HIGH income families in each sector to that of all students in the jurisdiction clarifies patterns of family income within each sector relative to other sectors in the jurisdiction. Similarly indexed ratios are provided for 2001 as well as 2006, and thus possible changes over the five years can be investigated.

Between 2001 and 2006, the government sector nationally has increased the ratio of students with LOW to HIGH family incomes (though in Victoria and Queensland the trend was in the opposite direction).

Table 2.2 also provides some indication of the magnitude of the spread of family incomes in states and sectors by the percentage of students in MEDIUM income families. Tasmania and South Australia have substantially higher percentages of students in MEDIUM income families in all sectors, while in Queensland the government and other nongovernment sectors have higher percentages of students in MEDIUM income families. New South Wales has the smallest percentage of students in MEDIUM income families in all sectors. (The two territories also have small percentages of students in MEDIUM income families – in the ACT a much larger proportion are in HIGH income families, and data problems, including a significant undercounting of Indigenous students, may explain the relatively large percentage of NT students purportedly in HIGH income families.)

¹ Figures for 2001 derived from ABS 2001 Census custom tables used for Preston (2003).

Table 2.2 Percentage of students in each of government, Catholic and other nongovernment schools, with low, medium or high family incomes, states and territories, 2006

		Family income			Ratio low to high family income*	Ratio, low to high family income, indexed to all schools in state*	
		LOW	MEDIUM	HIGH		2006	2001
		<\$1000	\$1000-\$1699	>\$1700			
NSW	Government	40%	31%	29%	1.4	1.4	1.4
	Catholic	25%	31%	44%	0.6	0.6	0.6
	Other nongovernment	22%	23%	55%	0.4	0.4	0.4
	All NSW schools	35%	30%	35%	1.0	1.0	1.0
Vic.	Government	39%	34%	26%	1.5	1.4	1.5
	Catholic	27%	35%	38%	0.7	0.7	0.7
	Other nongovernment	21%	24%	56%	0.4	0.4	0.3
	All Victorian schools	34%	33%	33%	1.0	1.0	1.0
Qld	Government	40%	36%	24%	1.7	1.5	1.6
	Catholic	21%	33%	45%	0.5	0.4	0.4
	Other nongovernment	22%	29%	49%	0.4	0.4	0.4
	All Qld schools	34%	35%	31%	1.1	1.0	1.0
WA	Government	36%	33%	31%	1.2	1.4	1.4
	Catholic	23%	31%	46%	0.5	0.6	0.6
	Other nongovernment	21%	25%	54%	0.4	0.5	0.4
	All WA schools	31%	32%	37%	0.8	1.0	1.0
SA	Government	44%	36%	21%	2.1	1.5	1.5
	Catholic	27%	35%	37%	0.7	0.5	0.5
	Other nongovernment	25%	32%	43%	0.6	0.4	0.4
	All SA schools	37%	35%	28%	1.4	1.0	1.0
Tas	Government	48%	36%	17%	2.9	1.6	1.6
	Catholic	26%	39%	35%	0.8	0.4	0.5
	Other nongovernment	27%	29%	44%	0.6	0.3	0.3
	All Tasmanian schools	41%	36%	23%	1.8	1.0	1.0
NT	Government	41%	28%	30%	1.4	1.3	1.2
	Catholic	31%	26%	43%	0.7	0.7	0.6
	Other nongovernment	20%	23%	57%	0.3	0.3	0.4
	All NT schools	37%	27%	35%	1.1	1.0	1.0
ACT	Government	24%	27%	49%	0.5	1.4	1.4
	Catholic	13%	23%	64%	0.2	0.6	0.6
	Other nongovernment	10%	16%	74%	0.1	0.4	0.4
	All ACT schools	19%	25%	56%	0.3	1.0	1.0
Australia	Government	40%	33%	27%	1.5	1.5	1.4
	Catholic	25%	33%	43%	0.6	0.6	0.6
	Other nongovernment	22%	26%	53%	0.4	0.4	0.3
	All Australian schools	34%	32%	34%	1.0	1.0	1.0

* The higher the ratio the greater the percentage of students in low income families, the lower the ratio the greater the percentage of students in high income families. See Box 2.1.

Indigenous students are significantly undercounted in this data, therefore NT figures, especially, may substantially understate the percentage of students in LOW income families. See Appendix 1.

Box 2.1. Notes on ratios in Tables 2.2 and 2.3, and Figure 2.2

Ratio LOW to HIGH family income. This statistic is the simple ratio of the percentage of students in the sector of that row (for example, NSW government schools in the top row) who are in LOW income families relative to the percentage who are in HIGH income families (students in MEDIUM income families are excluded from the calculation). If the number is 1.0, then there is an equal percentage in each of the HIGH and LOW family income categories. Where the number is greater than 1.0 there is a larger percentage of students in LOW income families, and the larger the number the greater the percentage of students in LOW income families relative to the percentage in HIGH income families. Where the number is less than 1.0 there is a larger percentage of students in HIGH income families, and the smaller the number, the greater the percentage of students in HIGH income families relative to the percentage in LOW income families..

The statistic for ‘all schools’ in each state and territory indicates the overall relative percentages of students in LOW compared with HIGH income families. Nationally the statistic of 1.0 indicates that there are approximately equal percentages of students from LOW income families relative to the percentage from HIGH income families. This is to be expected: the family income ranges were selected because approximately one third of all Australian school students were in each of LOW, MEDIUM and HIGH family income ranges – see Appendix 1.)

Ratio LOW to HIGH family income, indexed to all schools. This statistic controls for the differences *between* states and territories in the percentages of students with LOW and HIGH family incomes. Thus the ratio for ‘all schools’ in each state and territory is 1.0. This also allows comparisons between 2001 and 2006 – comparisons with unindexed figures are difficult because the overall percentages in each of the LOW, MEDIUM and HIGH categories were different.

Data from the four ABS Censuses from 1991 to 2006 gives a broad indication of trends in the patterns of family income in government and nongovernment primary and secondary schools (Catholic and other nongovernment schools have not been separated in all Censuses, so are here combined). Table 2.3 and Figure 2.2 show the ratios of the percentages of students with LOW to HIGH family incomes, government and nongovernment schools, indexed to the ratio for all primary and all secondary schools in each year (see Box 2.1 for an explanation of the ratios).

The general trend since 1991 has been for government schools to show a significant increase in the percentage of students in LOW income families relative to the percentage in HIGH income families, and for nongovernment schools to show an opposite trend.

Table 2.3 Ratio of the percentages of students with LOW family incomes to the percentage with HIGH family incomes*, primary and secondary, government and nongovernment schools, 1991, 1996, 2001 and 2006

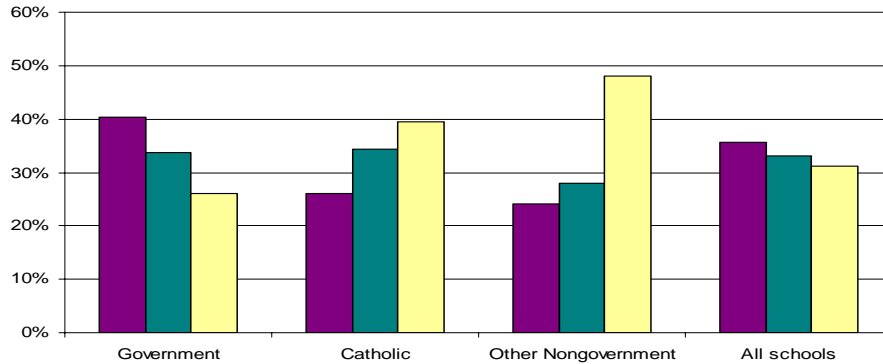
	Primary schools			Secondary schools		
	Government	Nongovernment	All schools	Government	Nongovernment	All schools
1991	1.20	0.57	1.00	1.33	0.52	1.00
1996	1.21	0.59	1.00	1.34	0.54	1.00
2001	1.35	0.50	1.00	1.58	0.46	1.00
2006	1.35	0.52	1.00	1.62	0.48	1.00

* Indexed to the ratio for all primary and all secondary schools in each year. This controls for differences between the Censuses in the percentages of all primary and all secondary students in the LOW and HIGH family income ranges. Source: ABS Census custom tables.

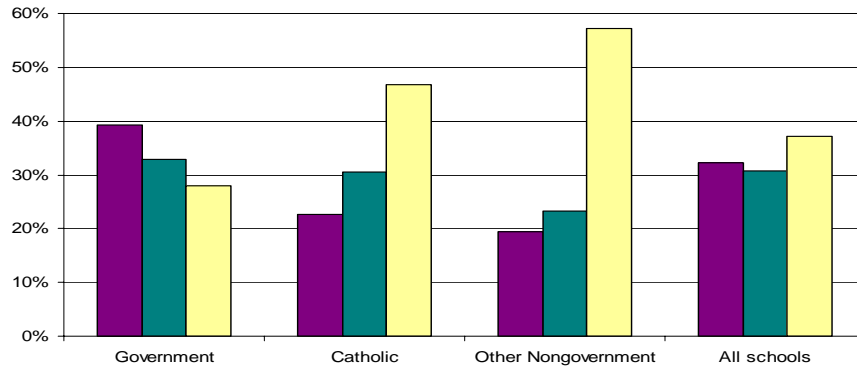
Figure 2.1. Percentage of students in each of Australian government, Catholic and other nongovernment primary and secondary schools with low, medium or high family incomes, 2006

Family income level:
 Low (< \$1000/wk) Medium (\$1000-\$1699/wk) High (>\$1700/wk)

Primary schools



Secondary schools



All schools (primary & secondary)

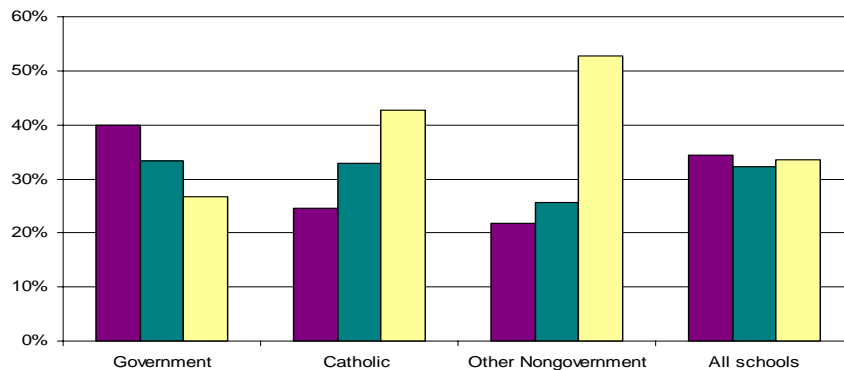
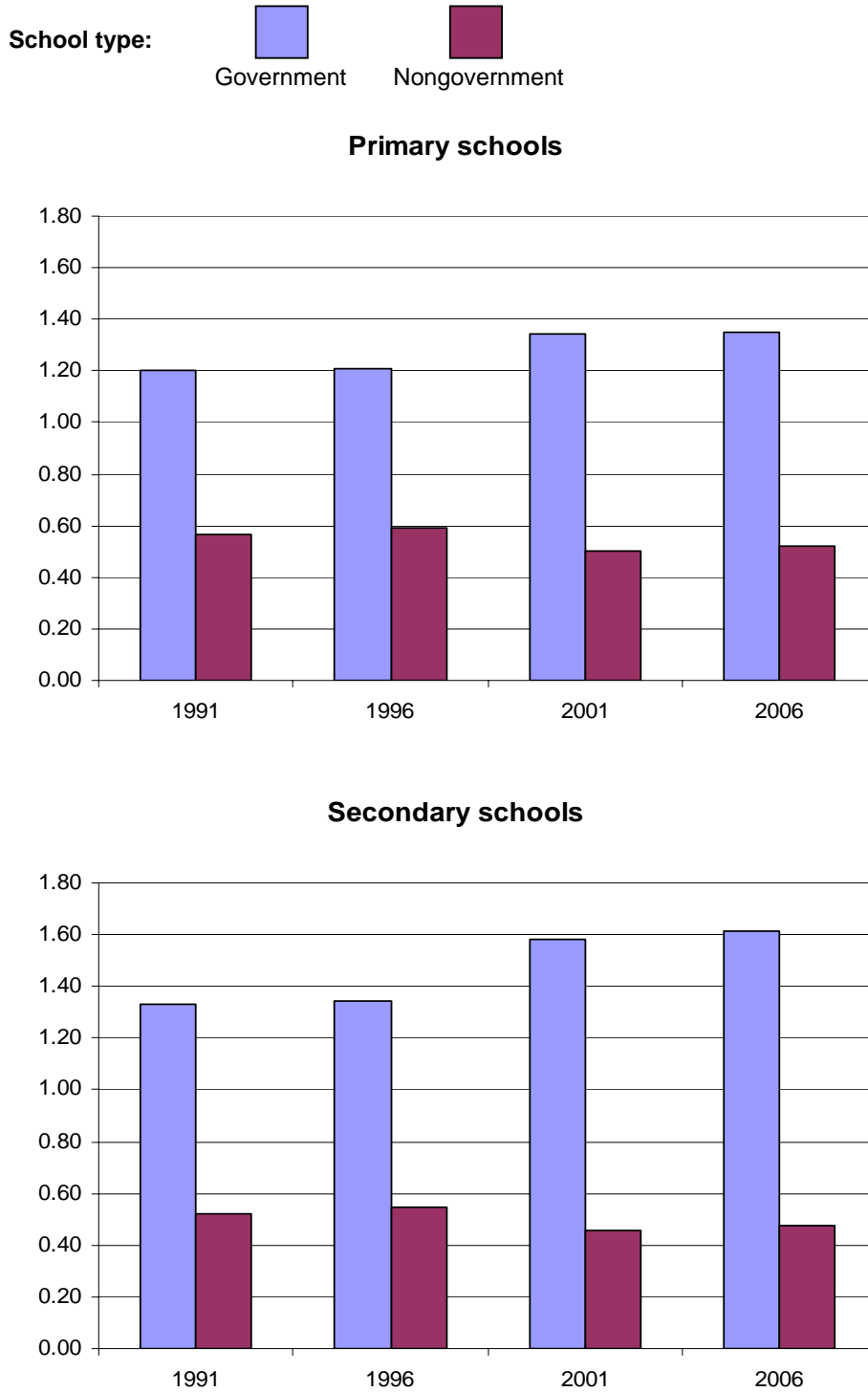


Figure 2.2. Ratio of the percentage of students with LOW income families to the percentage of students with HIGH income families*, government and nongovernment, primary and secondary schools, 1991, 1996, 2001 and 2006

* Indexed to ratio for all primary and all secondary students in each year.



3. Family income and school type attended

Children in families in different income ranges have very different patterns in the type of school attended.

The majority (69%) of primary school students in all family income ranges attend government schools. However, 78% of primary students with LOW family incomes attend government schools, while just 58% of primary students in HIGH income families attend government schools.

At the secondary level the difference between the income groups is even more marked. While 74% of secondary students in LOW income families attend government schools, fewer than half of the secondary students (46%) in HIGH income families attend government schools.

Attendance at both Catholic and other nongovernment schools shows a reverse pattern, which is more pronounced for other nongovernment schools than Catholic schools, and at the secondary level. While just 10% of secondary students in LOW income families attend other nongovernment schools, more than a quarter of secondary students in HIGH income families attend other nongovernment schools.

Table 3.1 and Figure 3.1 provide details.

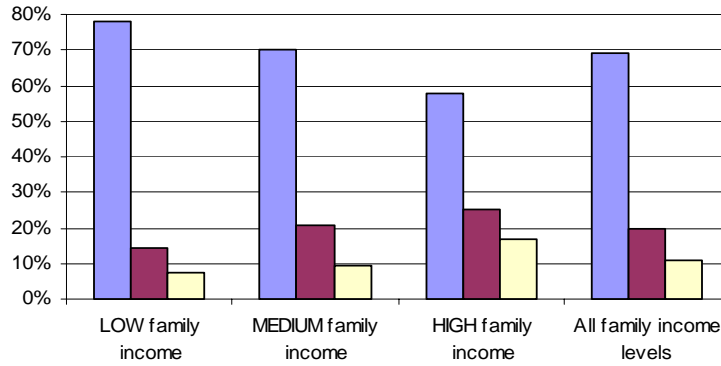
Table 3.1 Percentage of primary, secondary and all students in each family income range who attend government, Catholic and other nongovernment schools, Australia, 2006

	Family income (per week)						All income levels
	< \$350	\$350-\$649	\$650-\$999	LOW <\$1000	MEDIUM \$1000-\$1699	HIGH > \$1700	
<i>Type of school attended by primary students in each family income range</i>							
Government	80%	80%	76%	78%	70%	58%	69%
Catholic	13%	13%	16%	15%	21%	25%	20%
Other nongovernment	7%	7%	8%	7%	9%	17%	11%
All primary schools	100%	100%	100%	100%	100%	100%	100%
<i>Type of school attended by secondary students in each family income range</i>							
Government	75%	77%	72%	74%	65%	46%	61%
Catholic	14%	14%	17%	16%	22%	29%	22%
Other Non Government	12%	9%	11%	10%	13%	26%	17%
All secondary schools	100%	100%	100%	100%	100%	100%	100%
<i>Type of school attended by all (primary and secondary) students in each family income range</i>							
Government	78%	78%	74%	77%	68%	53%	66%
Catholic	14%	14%	17%	15%	21%	26%	21%
Other Non Government	9%	8%	9%	9%	11%	21%	13%
All schools	100%	100%	100%	100%	100%	100%	100%

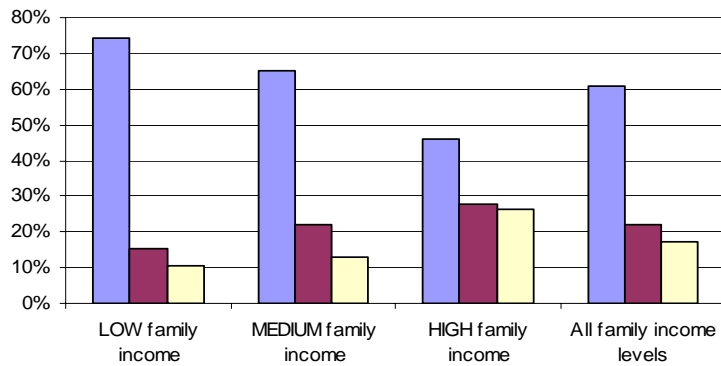
Figure 3.1 Percentage of Australian primary and secondary students in each family income range who attend government, Catholic or other nongovernment schools, 2006

School type: Government Catholic Other nongovernment

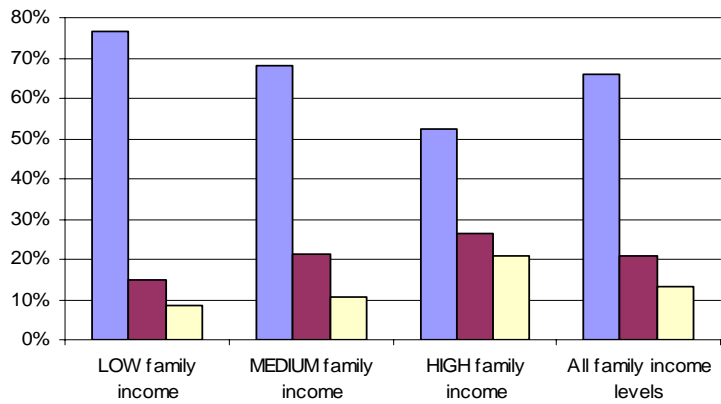
Primary students



Secondary students



All students (primary & secondary)



4. Religion, family income and type of school attended

The previous section was concerned with the type of school attended by primary and secondary students with different family income ranges (data repeated in the first four rows of Tables 4.1 and 4.2). This section is concerned with the type of school attended by primary and secondary students of selected religions who are in different family income ranges.

It is to be expected that students of Catholic religion (who are 30% of all school students – see Table 1.1) are more likely to attend Catholic schools - just over half of both primary and secondary Catholic students attend Catholic schools (53% at both levels), while less than 10% of nonCatholic students attend Catholic schools. (Around 40% of Catholic students attend government schools, and around 7 % attend other nongovernment schools.)

However, among students of the Catholic religion there is a greater difference in the tendency to attend Catholic, government and other nongovernment schools according to family income than there is for other groups.

Catholic religion students in LOW income families are much less likely to attend Catholic schools than HIGH income Catholic students. At the *primary* school level only 42% of LOW income Catholic religion students (and only 38% of very LOW income Catholic religion students) attend Catholic schools, while 60% of high income Catholic religion students attend Catholic schools. At the *secondary* school level only 40% of LOW income Catholic religion students (and only 35% of very LOW income Catholic religion students) attend Catholic schools, while 62% of high income Catholic religion students attend Catholic schools.

At the *primary* level 54% of LOW family income Catholic students attend government schools, while only 32% of HIGH family income Catholic students attend government schools. Among all other primary students (nonCatholic or no religion students), 87% of those with LOW family incomes attend government schools, and 72% of those with HIGH family incomes attend government schools - a lesser difference than for Catholic religion students, however it is measured. The pattern for attendance at other (non-Catholic) nongovernment schools parallels this: only 3% of LOW income Catholic religion students attend other nongovernment schools, and 8% of HIGH family income Catholic religion students attend other nongovernment schools. Among all other primary students (nonCatholic or no religion students), 5% of those with LOW family incomes attend other nongovernment schools, and 7% of those with HIGH family incomes attend other nongovernment schools – again, a lesser difference than for Catholic religion students, however it is measured.

At the *secondary* level the percentage of low income Catholic religion students attending government schools (55%) is almost the same as for primary, while only 26% of high family income Catholic students attend government schools. Among all other secondary students (nonCatholic or no religion students), 81% of those with low family incomes attend government schools, and 56 per cent of those with high family incomes attend government schools - again, a lesser difference than for Catholic religion students, however it is measured.

Islamic students (who are about 2% of all students) at all income levels are much more likely to attend government schools than are Catholic students, though they are less likely to attend government schools than are all other nonCatholic (and no religion) students. Like Catholic students with high family incomes, Islamic students with high family

incomes have a greater tendency to attend nongovernment schools (Catholic and other), though this is not as pronounced as it is for Catholics. Islamic secondary students are more likely to attend government and Catholic schools than Islamic primary students – perhaps indicating the importance of Islamic primary schools.

Tables 4.1 and 4.2, and Figure 4.1 provide details.

Table 4.1. Primary students of selected religions, type of school attended by family income range, Australia 2006

Type of school attended	Family income range						All income levels
	<\$350	\$350-\$649	\$650-\$999	LOW < \$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700 or more	
All students (all religions and no religion)							
Government	80%	80%	76%	78%	70%	58%	69%
Catholic	13%	13%	16%	15%	21%	25%	20%
Other nongovernment	7%	7%	8%	7%	9%	17%	11%
All schools	100%	100%	100%	100%	100%	100%	100%
Catholic religion students							
Government	58%	56%	51%	54%	43%	32%	42%
Catholic	38%	41%	46%	42%	53%	60%	53%
Other nongovernment	4%	3%	3%	3%	4%	8%	5%
All schools	100%	100%	100%	100%	100%	100%	100%
Islamic religion students							
Government	79%	77%	75%	77%	73%	69%	75%
Catholic	2%	1%	2%	2%	2%	4%	2%
Other nongovernment	19%	21%	23%	21%	25%	27%	23%
All schools	100%	100%	100%	100%	100%	100%	100%
Students of all non-Catholic religions and no religion							
Government	87%	87%	86%	87%	82%	72%	81%
Catholic	5%	5%	6%	5%	7%	7%	6%
Other nongovernment	7%	7%	9%	8%	11%	21%	13%
All schools	100%	100%	100%	100%	100%	100%	100%

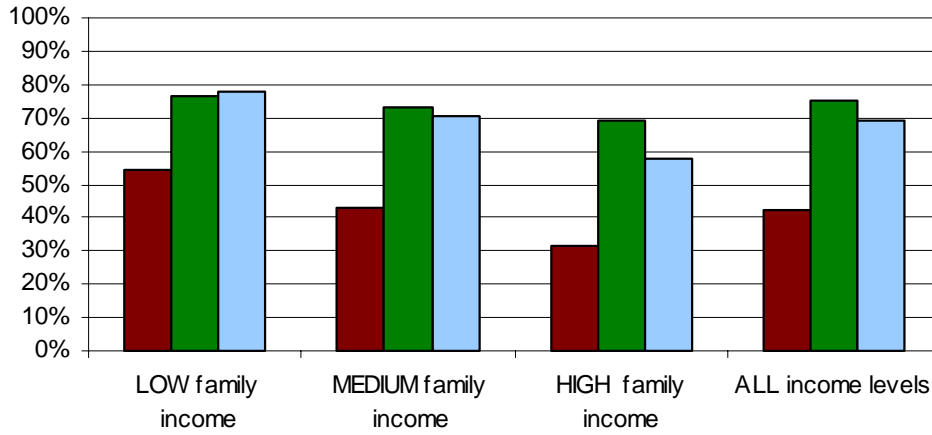
Table 4.2. Secondary students of selected religions, type of school attended by family income range, Australia 2006

Type of school attended	Family income range						All income levels
	<\$350	\$350-\$649	\$650-\$999	LOW < \$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700 or more	
<i>All students (all religions and no religion)</i>							
Government	75%	76%	72%	74%	65%	46%	61%
Catholic	14%	14%	17%	16%	22%	28%	22%
Other nongovernment	12%	9%	11%	10%	13%	26%	17%
All schools	100%	100%	100%	100%	100%	100%	100%
<i>Catholic religion students</i>							
Government	58%	58%	51%	55%	43%	26%	39%
Catholic	35%	38%	44%	40%	51%	62%	53%
Other nongovernment	7%	5%	5%	5%	6%	12%	8%
All schools	100%	100%	100%	100%	100%	100%	100%
<i>Islamic religion students</i>							
Government	82%	81%	79%	80%	77%	69%	78%
Catholic	4%	3%	4%	3%	4%	7%	4%
Other nongovernment	15%	16%	17%	16%	18%	24%	18%
All schools	100%	100%	100%	100%	100%	100%	100%
<i>Students of all nonCatholic religions and no religion</i>							
Government	80%	83%	80%	81%	75%	56%	70%
Catholic	7%	7%	8%	7%	9%	10%	9%
Other nongovernment	13%	10%	13%	12%	16%	34%	21%
All schools	100%	100%	100%	100%	100%	100%	100%

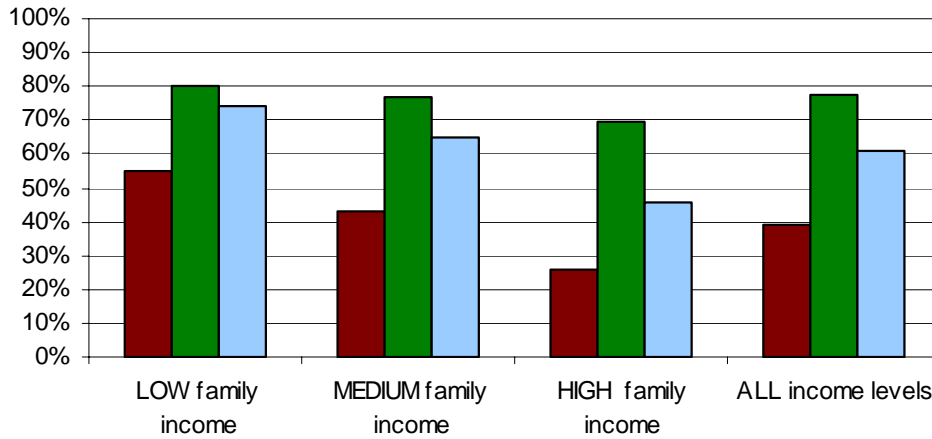
Figure 4.1. Percentage of Australian primary and secondary students of selected religions in each family income range who attend government schools, 2006

Religion of students: ■ Catholic religion ■ Islamic religion ■ All students

Primary students



Secondary students



5. Indigenous students and family income

Indigenous students make up around 4% of all students in Australian schools (see Table 1.1)².

Indigenous students are almost twice as likely as other students to have LOW family incomes (less than \$1,000 a week), and more than twice as likely to have very low family incomes (less than \$350 a week). A family income of less than \$350 a week in 2006 was less than a single parent family with one child could receive from public benefits, yet 16% of Indigenous students were in families in this income range. Nonindigenous students are almost three times as likely as Indigenous students to be in high income families (over \$1700 a week) only 12% of indigenous students are in HIGH income families, while 34% of all students are in HIGH income families..

The patterns are generally similar in the different states and territories once the overall family income patterns of students' family incomes are taken into account (for example, Indigenous students in the ACT generally have higher family incomes than Indigenous students elsewhere, but so do all students in the ACT). See Table 5.1.

Table 5.1 Indigenous students, percentage in each family income range, states and territories and Australia, and all Australian students, percentage in each family income range, Australia, 2006

	Family Income range						All income levels
	<\$350	\$350-\$649	\$650-\$999	LOW <\$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700+	
Australia	16%	26%	20%	63%	25%	12%	100%
NSW	18%	27%	19%	65%	23%	12%	100%
Vic	19%	26%	19%	64%	24%	12%	100%
Qld	13%	23%	22%	58%	29%	13%	100%
WA	17%	28%	19%	64%	23%	13%	100%
SA	20%	28%	19%	68%	23%	9%	100%
Tas	13%	23%	24%	60%	30%	10%	100%
NT	15%	32%	21%	68%	21%	11%	100%
ACT	16%	17%	15%	48%	19%	33%	100%
All Australian students	7%	13%	15%	34%	32%	34%	100%

² Indigenous students are undercounted in the data used in these analyses, especially those attending other nongovernment and Catholic secondary schools (notably those students who do not have appropriately specified family income data). See Appendix 1 for details on the undercount of Indigenous students.

6. Indigenous students, type of school attended and family income

Two thirds of Indigenous students in government primary schools have LOW family incomes, while barely half the Indigenous students in Catholic primary schools have LOW family incomes. Indigenous students in other nongovernment schools generally have lower family incomes than Indigenous students in Catholic schools.

Of all the Indigenous students in government primary schools, only 9% are in HIGH income families. In contrast, in Catholic primary schools 20% of all Indigenous students are in HIGH income families, and in other nongovernment schools, 18% are in HIGH income families. The pattern is a little more pronounced at the secondary level. Of all the Indigenous students in government secondary schools, 61% are in LOW income families, and only 13% are in HIGH income families. In contrast, in Catholic secondary schools 31% of all Indigenous students are in HIGH income families, and in other nongovernment schools, 26% are in HIGH income families - see Table 5.3.

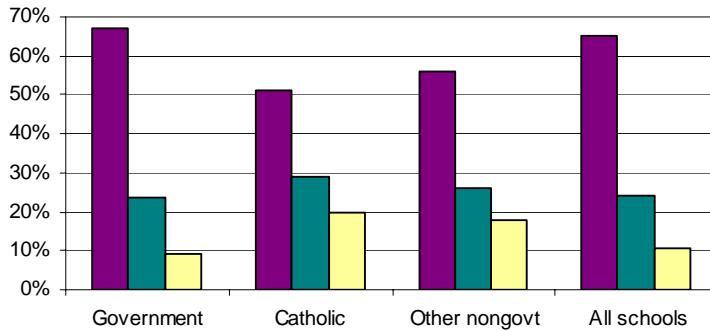
Table 6.2 Indigenous primary and secondary students, type of school attended by family income range, Australia, 2006

	Family Income range						All income levels
	<\$350	\$350-\$649	\$650-\$999	LOW <\$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700+	
Primary schools							
Government	18%	28%	21%	67%	24%	9%	100%
Catholic	13%	21%	18%	51%	29%	20%	100%
Other nongovernment	13%	24%	19%	56%	26%	18%	100%
All primary schools	17%	27%	20%	65%	24%	11%	100%
Secondary schools							
Government	15%	25%	21%	61%	26%	13%	100%
Catholic	9%	16%	17%	41%	28%	31%	100%
Other nongovernment	10%	19%	17%	47%	27%	26%	100%
All secondary schools	14%	24%	20%	58%	26%	15%	100%

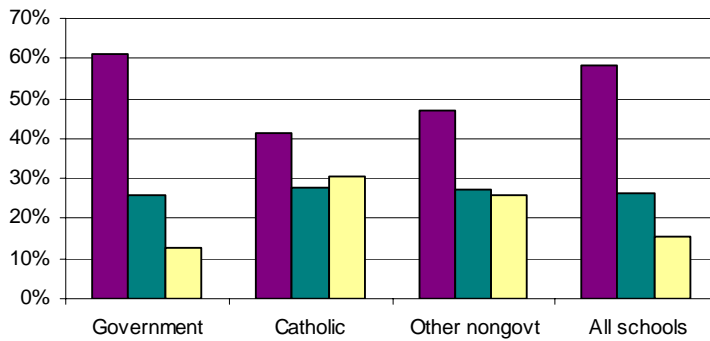
Figure 6.1. Percentage of all Indigenous students in each of government, Catholic and other nongovernment primary and secondary schools with low, medium or high family incomes, 2006

Family income level: Low (< \$1000/wk) Medium (\$1000-\$1699/wk) High (>\$1700/wk)

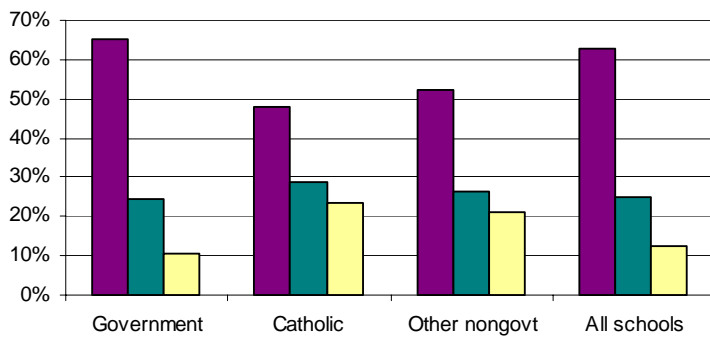
Primary schools



Secondary schools



All schools (primary & secondary)



7. Indigenous students, family income and type of school attended

Eighty six per cent of all Indigenous *primary* students attend government schools. While 89% of LOW income (and 90% of very LOW income) Indigenous primary students attend government schools, only 75% of HIGH income Indigenous primary students attend government schools. In contrast, while only 10% of all Indigenous primary students attend Catholic schools, 18% of HIGH income Indigenous primary students attend Catholic schools. Similarly, while only 4% of all Indigenous primary students attend other nongovernment schools, 7% of HIGH income Indigenous primary students attend other nongovernment schools.

The pattern is similar, but more pronounced, at the *secondary* level. Eighty four per cent of all Indigenous secondary students attend government schools. While 89% of LOW income (and 89% of very LOW income) Indigenous secondary students attend government schools, only 69% of HIGH income Indigenous secondary students attend government schools. In contrast, while only 10% of all Indigenous secondary students attend Catholic schools, 20% of HIGH income Indigenous secondary students attend Catholic schools. Similarly, while only 6% of all Indigenous secondary students attend other nongovernment schools, 10% of HIGH income Indigenous primary students attend other nongovernment schools. (Table 7.1.)

Table 7.1 Indigenous primary and secondary students, family income range by type of school attended, Australia, 2006

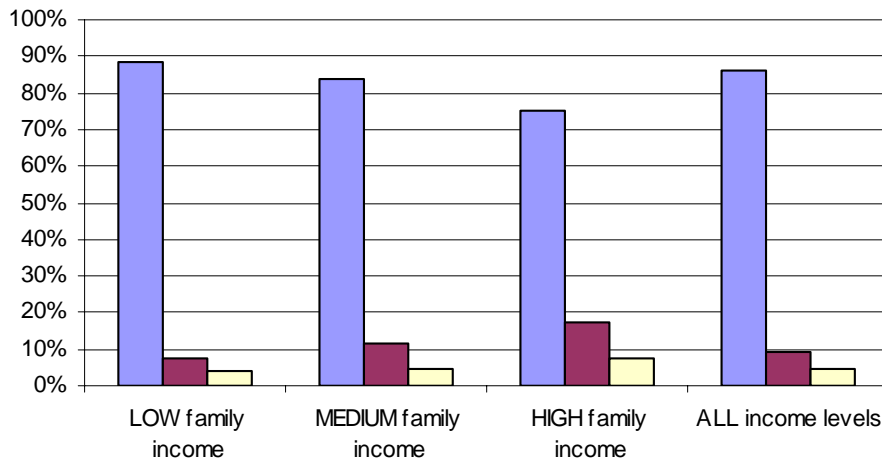
	Family Income range						
	<\$350	\$350- \$649	\$650- \$999	LOW <\$1,000	MEDIUM \$1,000- \$1,699	HIGH \$1,700+	All income levels
Primary schools							
Government	90%	89%	87%	89%	84%	75%	86%
Catholic	7%	7%	8%	7%	11%	18%	10%
Other nongovernment	3%	4%	4%	4%	5%	7%	4%
All primary schools	100%	100%	100%	100%	100%	100%	100%
Secondary schools							
Government	89%	88%	86%	89%	83%	69%	84%
Catholic	6%	7%	9%	6%	11%	20%	10%
Other nongovernment	4%	5%	5%	4%	6%	10%	6%
All secondary schools	100%	100%	100%	100%	100%	100%	100%

Figure 7.1 Percentage of Indigenous primary and secondary students in each family income range who attend government, Catholic or other nongovernment schools, 2006

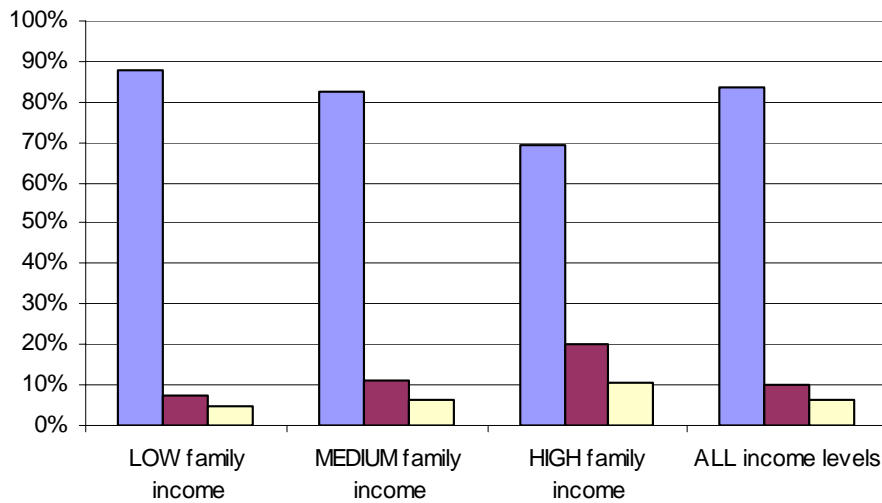
School type attended:

Government
 Catholic
 Other nongovernment

Primary students



Secondary students



8. Indigenous students, religion, family income and type of school attended

This section considers Indigenous students of only the Catholic religion and all others ('non-Catholic or no religion').

Almost a quarter (24%) of Indigenous students (in this data set – see Appendix 1) are Catholic (Table 8.2), while 30% of all Australian students are Catholic (Table 1.1).

Indigenous Catholic students tend to have higher family incomes than non-Catholic Indigenous students (Table 8.1). Put another way, a higher proportion of Indigenous students with HIGH family incomes are Catholic relative to the percentage with LOW family incomes who are Catholic (31% compared with 22% - see Table 8.2).

Table 8.1 Percentage of Indigenous students who are Catholic and non-Catholic in each family income range

Religion	Family Income range			All income levels
	LOW <\$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700+	
Non-Catholic or no religion	64%	24%	11%	100%
Catholic	58%	26%	16%	100%
All Indigenous students	63%	25%	12%	100%

Table 8.2 Percentage of Indigenous students in each family income range who are Catholic and non-Catholic

Religion	Family Income range			All income levels
	LOW <\$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700+	
Non-Catholic or no religion	78%	75%	69%	76%
Catholic	22%	25%	31%	24%
All Indigenous students	100%	100%	100%	100%

Among Australian school students as a whole, Catholic religion students in LOW income families are much less likely to attend Catholic schools than HIGH income Catholic religion students (see Section 4) – 42% compared with 60% (Table 4.1). This pattern is also apparent for Catholic religion Indigenous students, though a smaller proportion of Catholic Indigenous students in each family income range attend Catholic schools – 25% of LOW income Catholic Indigenous students attend Catholic schools, while 43% of HIGH income Catholic Indigenous students attend Catholic schools (Table 8.4).

A major factor in the type of school attended by Indigenous students (of all religions and income levels) would be the geographic location of schools of the different types in relation to the home locations of the Indigenous students.

Table 8.3 Percentage of Indigenous students in each type of school, and Catholic religion and all others, who are in each family income range, Australia, 2006

	Family Income range			All income levels
	LOW <\$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700+	
Government schools				
Non-Catholic & no religion	66%	24%	10%	100%
Catholic religion	63%	25%	12%	100%
All Indigenous students in government schools	65%	24%	10%	100%
Catholic schools				
Non-Catholic & no religion	49%	30%	21%	100%
Catholic religion	47%	28%	24%	100%
All Indigenous students in Catholic schools	48%	29%	23%	100%
Other nongovernment schools				
Non-Catholic & no religion	53%	26%	20%	100%
Catholic religion	49%	26%	25%	100%
All Indigenous students in other nongovernment schools	52%	26%	21%	100%
All Indigenous school students	63%	25%	12%	100%

Table 8.4 Percentage of Indigenous students in each family income range who are in each type of school, Indigenous students of Catholic religion and all others, and all Indigenous students, Australia, 2006

	Family Income range			All income levels
	LOW <\$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700+	
NonCatholic religion and no religion Indigenous students				
Government	93%	90%	84%	91%
Catholic	3%	5%	6%	3%
Other nongovernment	4%	6%	9%	5%
Total	100%	100%	100%	100%
Catholic religion Indigenous students				
Government	73%	66%	53%	68%
Catholic	25%	31%	43%	29%
Other nongovernment	2%	3%	4%	3%
Total	100%	100%	100%	100%
All Indigenous students (all religions and no religion)				
Government	89%	84%	75%	86%
Catholic	7%	11%	18%	10%
Other nongovernment	4%	5%	7%	4%
Total	100%	100%	100%	100%

9. Students in one parent families, school type and family income

According to the Census data, around 22% of all Australian schools students are in one parent families, 25% of students in government schools are in one parent families, and 15% of students in each of Catholic and other nongovernment schools are in one parent families (Table 1.2).

Students in one parent families at both the primary and secondary levels are almost four times as likely as other students to have very low family incomes of less than \$350 a week (compare Tables 2.1 and 9.1). Students in one parent families at the primary level are only around one tenth as likely as other students to have HIGH family incomes – only 3% of primary students in single parent families have HIGH family incomes. At the secondary level only 6% of students in single parent families have HIGH family incomes.

While students in single parent families in government schools are more likely to have LOW family incomes than are students in single parent families in either Catholic or other nongovernment schools, the differences are not as marked as for all students (again, compare Tables 2.1 and 9.1)

Table 9.1 Percentage of students in one parent families in each of government, Catholic and other nongovernment sectors, primary, secondary and all schools with low, medium or high family incomes, Australia, 2006

	Family income						
	<\$350	\$350-\$649	\$650-\$999	LOW <\$1,000	MEDIUM \$1,000-\$1,699	HIGH \$1,700+	All income levels
Primary schools							
Government	29%	36%	23%	87%	10%	3%	100%
Catholic	24%	29%	27%	80%	16%	4%	100%
Other non government	23%	28%	25%	76%	16%	8%	100%
Primary total	28%	34%	24%	85%	11%	3%	100%
Secondary schools							
Government	22%	32%	26%	79%	17%	4%	100%
Catholic	16%	24%	28%	67%	25%	8%	100%
Other non government	17%	21%	24%	62%	24%	14%	100%
Secondary total	20%	29%	26%	75%	19%	6%	100%
All schools	24%	32%	24%	81%	15%	4%	100%

10. Students in one parent families, family income and type of school attended

Students in one parent families in each family income range are more likely to attend both government schools than are all students (compare Tables 3.1 and 10.1). This may be explained by students in one parent families tending to cluster towards the lower end of each family income range (because of the much higher proportion of students in one parent families who have LOW and very LOW family incomes (compare Tables 2.1 and 9.1). In addition, students in one parent families, relative to all students, are less represented in Catholic schools than in other nongovernment schools³, which may be explained by Catholic religion students being a slightly smaller proportion of students in one parent families (26%) compared with the proportion of all students who are Catholic (30%), and, perhaps, some alienation felt (rightly or wrongly) by single parents from Catholic school culture.

Table 10.1 Percentage of primary, secondary and all students in one parent families in each family income range who attend government, Catholic and other nongovernment schools, Australia, 2006

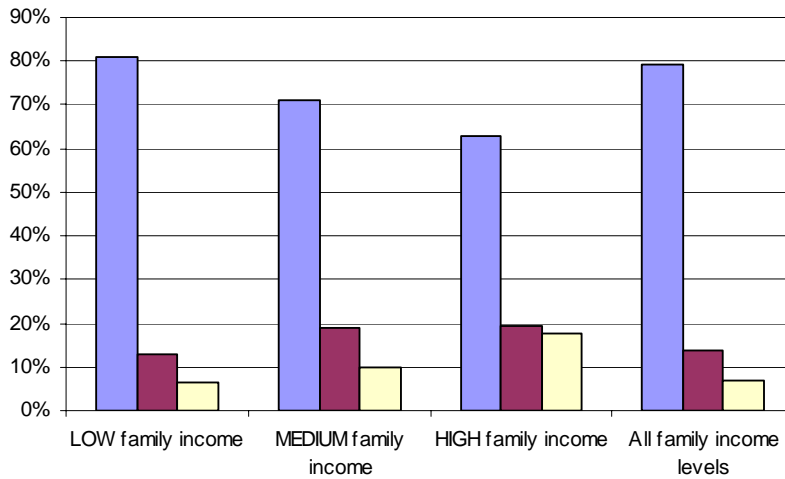
	Family income (per week)						All income levels
	< \$350	\$350-\$649	\$650-\$999	LOW <\$1000	MEDIUM \$1000-\$1699	HIGH >1700	
<i>Type of school attended by primary students in each family income range</i>							
Government	82%	83%	77%	81%	71%	63%	79%
Catholic	12%	12%	16%	13%	19%	19%	14%
Other nongovernment	6%	6%	7%	6%	10%	18%	7%
All primary schools	100%	100%	100%	100%	100%	100%	100%
<i>Type of school attended by secondary students in each family income range</i>							
Government	77%	78%	71%	76%	64%	51%	72%
Catholic	13%	13%	18%	15%	21%	22%	16%
Other nongovernment	10%	8%	11%	10%	15%	27%	12%
All secondary schools	100%	100%	100%	100%	100%	100%	100%
<i>Type of school attended by all (primary and secondary) students in each family income range</i>							
Government	80%	81%	74%	79%	67%	56%	76%
Catholic	12%	12%	17%	14%	20%	21%	15%
Other nongovernment	7%	7%	9%	8%	13%	23%	9%
All schools	100%	100%	100%	100%	100%	100%	100%

³ For example, for students with HIGH family incomes, 26% of all students but only 21% of students in one parent families attend Catholic schools, while 21% of all students but 23% of students in one parent families attend other nongovernment schools.

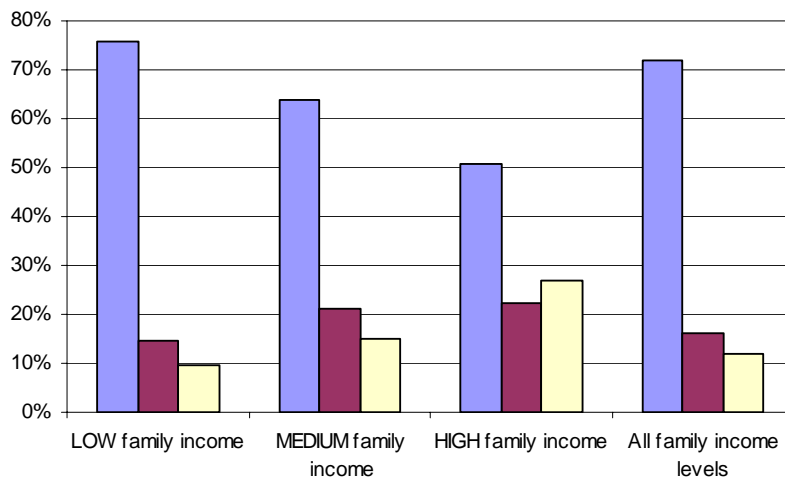
Figure 10.1 Percentage of primary and secondary students in one parent families in each family income range who attend government, Catholic or other nongovernment schools, 2006

School type attended: Government Catholic Other nongovernment

Primary students



Secondary students



References

- Australian Bureau of Statistics (ABS) 2007a, *2006 Census of Population and Housing*, custom tables provided by ABS ACT Office Client Services, Civic ACT, 21 September 2007.
- Australian Bureau of Statistics (ABS) 2007b, *2006 Schools, Australia*, Cat. No. 4221.0, viewed 26 September 2007,
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4221.02006?OpenDocument>
- Australian Bureau of Statistics (ABS) 2007c, *Census of Population and Housing – Details of Undercount, Australia*, Cat. No. 2940.0, viewed 27 September 2007,
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2940.0Aug%2006?OpenDocument>
- Australian Bureau of Statistics (ABS) 2006, *Census Dictionary Australia, 2006*, Cat. No. 2901.0, viewed 6 August 2007,
[http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2901.02006%20\(Reissue\)?OpenDocument](http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2901.02006%20(Reissue)?OpenDocument)
- Preston, Barbara 2003, *The social make-up of schools: Family income, religion, Indigenous status, and family type in government, Catholic and other nongovernment schools*. Australian Education Union, Melbourne, viewed 26 September 2007,
<http://www.aeufederal.org.au/Debates/bprestonsch.pdf>

Appendix 1. Data and definitions

The data in this report is from Australian Bureau of Statistics 2006 Census, custom tables. Further information on definitions is available in the ABS *Census Dictionary Australia, 2006* (ABS 2006).

School type is according to the Census classifications (TYPP, categories 21 to 33): Government infants/primary, Catholic infants/primary, and Other nonGovernment infants/primary, Government secondary, Catholic secondary, and Other nonGovernment secondary (in this report ‘infants/primary’ is written as ‘primary’). All school students for whom useable responses regarding school type and family income (see following) were provided on Census night in August 2006 are included in the data.

Family income (FINF, various combinations of categories 1 to 18) is the combined annual income of students’ family members as reported on Census night. Usually this is parents’ income, but may include the income of siblings and other immediate family members who are part of the household. ABS provides family income data according to 16 income ranges (plus other categories such as negative and nil income, and not stated, partially stated and ‘not applicable’). For this report the incomes are classified into LOW (less than \$1000 a week, including negative or nil income), MEDIUM (between \$1000 and \$1699 a week) and HIGH (\$1700 and over a week) income ranges. Very close to one third of the total number of Australian school students who are included in the analyses fall into each of the three family income ranges. Primary students generally have lower family incomes (35%, 33% and 31% respectively in the LOW, MEDIUM and HIGH ranges), and secondary students generally have higher family incomes (32%, 30% and 37% respectively) – probably because primary students’ parents tend to be younger and in earlier stages of their careers, and mothers are more likely to be working fewer hours or not be in the workforce, and that secondary students are more likely to have student workers and young adult children adding to the family income). Thus comparisons between primary and secondary levels need to take account of the larger proportion overall of LOW family income students at the primary level, and higher proportion of HIGH income students at the secondary level.

In addition to the three main classifications used consistently throughout the report, for some analyses (especially involving Indigenous students and students in single parent families) the ‘low’ income category is further divided into three: less than \$350 a week, between \$350 and \$649, and \$650 to \$799. In 2006 a single parent family with one or two children could receive up to around \$450 a week in public benefits, while a couple could receive up to around \$800 a week in public benefits.

The total number of **students** in these custom tables compared with the total number reported in the ABS *Schools Australia, 2006* (ABS 2007b, Table 7) is 88% at the primary level, and 89% at the secondary level. (The *Schools* census date and the Census date occurred less than a week apart in August 2006, so students leaving school between the two collections should not have been a factor.) The missing students could include those for whom the ‘school type’ item on the Census form (item 25) was not completed, those who were inadvertently left off the household’s Census form, or those whose household did not complete a form (ABS has estimated that 2.7% of school age individuals were not counted at all in the Census, and that 13% of Indigenous people were not counted – ABS 2007c, p. 6). There may also have been differences in definition of a ‘school student’ (especially at the pre-year one and senior secondary levels). (It is unlikely that there was any overcount in the *Schools* collection.)

If the family income categories of ‘partial or all incomes not stated’ or ‘not applicable’ are excluded (leaving the students included in the analyses in this report), then the number decreases

to 77% the number in *Schools Australia* at the primary level and 70% at the secondary level. The proportion of students with partial or no family income stated (13% Australia-wide) is very similar across all school sectors, but greater at the secondary level than at the primary level (probably reflecting the greater likelihood of student-workers and other young workers whose incomes were inadvertently left off the Census form, or being part of a family that had someone temporarily absent). The proportion of students with family income 'not applicable' is only three per cent in total, but nine per cent for Other nonGovernment secondary school students – probably reflecting the higher proportion in that sector of students in boarding schools and other away-from-home situations, and thus in 'non-private dwellings' or 'nonfamily households' which are the main reasons for FINF being 'not applicable' (this is much more pronounced for Indigenous students – see below). In addition, the analyses generally do not include students from Jervis Bay Territory and the Territories of Christmas Island and Cocos (Keeling) Islands, who together make up just 0.01% of all Australian school students.

Religion (RELP, category 207 for 'Catholic', category 4 for 'Islam', and all others) focuses on those students whose religion was reported as 'Christianity, Catholic' or 'Islam' and all others (other religions, no religion, not stated)

Indigenous students (INGP) are those students who were reported to be 'Aboriginal', 'Torres Strait Islander' or 'Both Aboriginal and Torres Strait Islander'.

The ABS has estimated an undercount in the 2006 Census of Indigenous people of 11.5% Australia-wide – ranging from 24.1% undercount in Western Australia to an overcount of almost six per cent in the ACT (ABS 2007c, p.7). If the ABS 'undercount adjustment factor' is applied to the number of Indigenous students in these custom tables, then the Australia-wide number is 90% of the number of Indigenous students in the *Schools* collection. This ranges from 80% in SA and WA, to over 90% in NSW, Victoria and Queensland.

However, only 79% of Indigenous students in these custom tables had fully stated family incomes, and are thus part of the analyses in this report. Thus, the actual number of Indigenous students in the analyses is only 63% of the number of Indigenous students in the *Schools* collection, and if the 'undercount adjustment factor' is applied, then the number is 71% of the number in the *Schools* collection.

Fifteen per cent of students in these custom tables had family incomes '*some or all not stated*'. There was not a great difference between sectors and levels, though, similarly to the student population as a whole, the incidence was greater at the secondary level than the primary level, and greater in the government sector. See Tables A.1.1 and A.1.2.

Seven per cent of Indigenous students in these custom tables had '*not applicable*' family incomes. There were large differences between sectors and levels: it was a particularly large category for secondary students in the other nongovernment and Catholic sectors (29% and 24% respectively), while only 4% government and Catholic primary school Indigenous students had 'not applicable' family incomes. The high rates of 'not applicable' family incomes for Indigenous students attending secondary other nongovernment and Catholic schools probably reflects high rates of boarding school and residential hostel students in those groups (paralleling the student population as a whole – see above) – this is consistent with the finding of higher rates of 'not applicable' family incomes for Indigenous students in the Northern Territory, Western Australia and Queensland (where a higher proportion of Indigenous secondary students would board in schools or hostels, or be in nonfamily households). Indigenous secondary students with 'not applicable' family incomes would also include those in correctional institutions, in group households and where no adults were present on the night (categories in which Indigenous young people are likely to be overrepresented).

Table A.1.1 Percentage of Indigenous students in ABS 2006 Census custom tables with family income 'some or all not stated', or 'not applicable', by states and territories

	NSW	VIC	QLD	SA	WA	Tas	NT	ACT	Australia
% FINF some or all not stated	14%	15%	15%	15%	17%	13%	12%	10%	15%
% FINF not applicable	5%	5%	8%	6%	9%	4%	10%	3%	7%

Source: ABS 2007a

Table A.1.2 Percentage of Indigenous students in ABS 2006 Census custom tables with family income 'some or all not stated', or 'not applicable', by school level and sector

	Primary		Secondary
Government school sector			
% FINF some or all not stated	13%	% FINF some or all not stated	19%
% FINF not applicable	4%	% FINF not applicable	7%
Catholic school sector			
% FINF some or all not stated	13%	% FINF some or all not stated	14%
% FINF not applicable	4%	% FINF not applicable	24%
Other nongovernment school sector			
% FINF some or all not stated	12%	% FINF some or all not stated	14%
% FINF not applicable	7%	% FINF not applicable	29%

Source: ABS 2007a

Students in *One Parent Families* (FMCF category 3) include all students reported to be in one parent families, whatever the dependent status of children in the family, and whether or not there are other relatives in the family household. Overall around 10% of students in one parent families have family incomes 'some or all not stated'. This differed little between states and school sectors, but, in line with other students, was higher at the secondary level (13%) than at the primary level (7%). (The 'not applicable' family income category is not relevant because it applies to non-family households and dwellings, and, by definition, students in one parent families are in families.)

Schools Funding Futures

J F McMorro
July 2010

The public funding of government and non-government schools has reached a critical point in its history. The Labor Government has set in train an independent and comprehensive review of funding policy for the decisions that will have to be taken when the current legislated funding period ends in 2012. By contrast, the federal Coalition has promised to retain and 'improve' the funding arrangements put in place by the Howard Government in 2001.

This is a significant issue for our schools, in particular for the many students who depend on a commitment to increased public investment in high quality public schooling for their life chances. Retaining the current funding scheme beyond 2012 will entrench the inequities and injustices that are embedded in its structure and operation. In such circumstances, public funding to non-government schools would continue to be distributed without regard to the full range of their income and resources; and without a formal funding standard based on the needs of students and the differing workloads in schools to meet those needs. The effect will be to further exacerbate the imbalance in the funding responsibilities of Commonwealth and State and Territory governments for government and non-government schools respectively.

Extension of the current Commonwealth general recurrent funding scheme to the next funding quadrennium would increase funding for non-government schools by more than \$ 2.3 billion over the 2012 level, to a total of over \$9.5 billion; compared with a \$652 million increase for government schools, to a total of \$3.1 billion, over the same period. This is the funding equivalent of an additional 8,300 teachers for the non-government sector, five times the additional 1,670 teachers in government schools that Commonwealth funding would support. Such an imbalance and injustice would be the clear outcomes of extension of this Commonwealth funding scheme, even if countered by State and Territory increases over that period.

Government schools' share is projected to continue to decline to just 35 per cent of all Commonwealth funding for schools by 2016, if the current scheme is allowed to continue beyond 2012.

Resolving the underlying issues and complexities of \$35 billion in public funding that is currently delivered to Australia's 10,000 public and private schools is central to the future of quality schooling in this country.

These matters are too important to be left to the vagaries of the current federal election campaign. What is needed instead is a considered and comprehensive analysis of all funding options and their implications for schools across all states and sectors.

Commonwealth general recurrent grants

Central to such a considered review are the decisions that will have to be taken before the end of the current funding quadrennium for the Commonwealth's general recurrent grants program in 2012.

When the then Rudd Government came to power in 2007, it honoured its election commitment to extend the Howard Government's funding policies for the Commonwealth's general recurrent grants program over the 2009 – 2012 funding quadrennium.

Under these policies, Commonwealth general recurrent grants for government schools were paid according to the number of students in primary and secondary schools. Per capita grants were linked to a measure of State and Territory governments' spending on teaching and non-teaching school staff and other forms of recurrent expenditure: the Average Government Schools Costs (AGSRC) data for primary and secondary school students. Commonwealth general recurrent funding for government schools flowed from the formula: 8.9 per cent of the primary AGSRC of \$8,044 in 2008; and 10 per cent of the secondary AGSRC of \$10,061 in that year.

In aggregate, Commonwealth general recurrent funding for the 2.3 million students in Australia's public schools was just under \$1.9 billion in 2008.

For non-government schools, Commonwealth general recurrent per capita grants were spread over a continuum of forty-six subsidy levels ranging from a minimum of 13.7 per cent of AGSRC to a maximum of 70 per cent of AGSRC, for both the primary and secondary figures. Grants to the bulk of non-government schools, including the large Catholic school systems, clustered around 50 to 60 per of AGSRC. Subsidy levels for each non-government school were determined according to an indirect measure, through census collectors' districts, of the socio-economic status (SES) characteristics of each students' home district.

The total level of Commonwealth general recurrent funding for the 1.1 million students in non-government schools across Australia was just over \$5.5 billion in 2008.

Federal Labor has also honoured its commitment to set up an independent review of schools funding to advise on the funding arrangements that will need to be put in place when the current legislated funding period ends in 2012. The final terms of reference for that review, released by Minister Simon Crean on 9th July, 2010, augur well for a comprehensive and inclusive approach to that review¹. The Labor Government had already given a commitment that its future policies will ensure that ‘no school will be worse off’² following the review.

The Federal Coalition, on the other hand, has stated its commitment to the retention of the current SES funding scheme, while acknowledging that the model could be improved to improve outcomes for the most disadvantaged students³.

Barring unforeseen developments and commitments during the course of the federal election campaign, the future of Commonwealth general recurrent funding for government and non-government schools hangs in the balance.

Implications of extending the Commonwealth’s SES funding scheme

Retention beyond the current funding quadrennium of the Commonwealth’s SES funding scheme for non-government schools, and the related commitments for Commonwealth general recurrent per capita grants for government schools, would extend until 2016 the anomalies and inequities currently built into that scheme..

School resource levels: One of the key features of the SES scheme is that Commonwealth general recurrent grants are paid to non-government schools without any regard to the resources available to each school from fees and other sources of private income. The SES scheme, for example, makes no distinction between those non-government schools located in low SES areas that draw their students largely from that local community and those schools that draw their students from only the better-off families from surrounding low SES communities, who can afford to travel and to pay higher fees to support higher resource levels. Commonwealth funding is determined by each school’s SES score (unless they are protected from funding cuts, as outlined below), and not by their actual resource needs or financial situation.

School fees? When the scheme was introduced from 2001 by former Minister David Kemp, the Howard Government claimed that high resource schools in receipt of increased Commonwealth grants would use those increases to ‘...reduce the fee burden on parents’. But school fees and other sources of private income in Catholic and independent schools increased by more than 60 per cent between 2001 and 2008. This was double the increase in teacher salary levels over that period and almost three times the general rate of inflation as measured by the consumer price index.

¹ Terms of reference and further information about the funding review can be found at: <http://www.deewr.gov.au/fundingreview>.

² The Australian 6th July 2010,

³ Christopher Pyne, Speech to the Christian Schools National Policy Conference, Canberra, 25 May 2010.

Private income in non-government schools: 2001 and 2008

	2001	2008	Increase	
	\$	\$	\$	%
Catholic schools				
fees	\$1,421	\$2,398	\$977	69%
other private income	\$433	\$661	\$228	53%
total private income	\$1,854	\$3,059	\$1,205	65%
Independent schools				
fees	\$5,267	\$7,699	\$2,432	46%
other private income	\$675	\$1,074	\$400	59%
total private income	\$5,942	\$8,773	\$2,832	48%
All non-government schools				
fees	\$2,830	\$4,540	\$1,710	60%
other private income	\$521	\$828	\$307	59%
total private income	\$3,351	\$5,368	\$2,017	60%

Source, *National Reports on Schooling, 2001 (Table 26) and 2008 Table 23*.

When introducing the SES funding scheme, Minister Kemp also advised that it would provide an incentive for increased private effort in schools. Since the major expression of ‘private effort’ in relation to non-government schooling is the fees charged to parents, this confirms the policy confusion built into the purpose of the schools funding arrangements. The above figures make clear that, of these two rationales, the former has prevailed over the latter, with the effect of adding to the widening resources gap between government and non-government schools overall.

Perhaps the final nail in the coffin of any policy intention to ‘reduce fee pressure’ is the recent election policy announcement by the Federal Opposition that it would, if elected, provide tax relief for school fees. The Coalition appears to have gone full circle in its policy rationale for increased funding for non-government schools. Its SES funding scheme having removed all downward pressure on non-government school fees and allowing fees to escalate, would now provide public funding in the form of tax relief to reduce the resultant ‘fee pressure on parents’. In the absence of any cap on fees, as any economist knows, the most likely effect of this measure would be further fee increases.

Saves money? A further rationale for the increased public funding for non-government schools arising from the SES scheme was that it would save public money overall, when funding from all Commonwealth and State sources was taken into account. This kind of justification for public funding of private schools has a long history in the politics of Australian education, based on the assumption that State governments, in particular, would reduce their funding commitments for public schools, including through school

closures, when significant numbers of students moved from public schools to the private sector.

But the political and financial realities are quite different from this theoretical assumption. In 2006, for example, some 200,000 additional students were enrolled in non-government schools compared with the 1996 level. Had these 200,000 students been accommodated instead in public schools over this decade, this would have required additional public funding of around \$2 billion. Over that same period, however, the real increase in public funding for these same students, in the non-government sector, was more than \$3 billion⁴, mostly provided by the Commonwealth. In other words, governments funded the additional non-government school students by \$1 billion more than would have been required for the equivalent number of students in fully publicly-funded government schools.

Funding standard? The SES scheme contains no rationale or explicit standard for the level of funding provided for each school. The minimum grant for non-government schools is calculated at the arbitrary level of 13.7 per cent of AGSRC regardless of the fees charged by that school or the income received from State Governments. This percentage link increases incrementally over forty-six subsidy steps until it reaches the maximum grant set at 70 per cent of AGSRC for each year.

The AGSRC measure is a moving standard, determined by State per student expenditures on government schools, passed on as a share of funding to all non-government schools, without any regard to the relevance of the funding increases for the non-government school in receipt of the increased funds. Apart from salary increases for teachers and other school staff, AGSRC incorporates funding increases for schools with special needs, such as reduced class sizes or teaching support for students with learning difficulties or for schools in isolated areas. Most insidiously, AGSRC increases flow from the financial diseconomies experienced by schools with declining enrolments continuing to meet their legal obligation to provide services for all who wish to choose a public schooling for their children, or where there is no alternative.

The use of AGSRC as a de facto funding standard has the effect of passing on real increases to all SES-funded non-government schools, over and above the effects of inflation on schools and without regard to the specific needs of the schools receiving those increases. For example, the funding generated by the costs of educating the disproportionate share of students with disabilities in government schools is distributed across all non-government schools but without regard to targeting these funds to the actual students with disabilities in that sector.

And, of course, the AGSRC 'standard' means that there is no explicit funding standard for Commonwealth general recurrent funding of government schools. Average costs are the statistical outcome of government funding decisions on government schools. These

⁴ J McMorro and L Connors, *New Directions in Schools Funding: a proposed model*, University of Sydney, March 2010.

are, in no sense, a policy rationale for determining appropriate funding levels and distributions to these schools.

Federalism? A growing issue generally, but for the Commonwealth general recurrent grants scheme in particular, is the imbalance in the legal and financial responsibilities of Commonwealth and State and Territory governments for the provision of public funds for students in public and private schools. State and Territory governments continue to have a constitutional responsibility to provide public schooling for their citizens and fund around 90 per cent of the recurrent resources in their schools. These governments also fund non-government schools, providing around one-third of the total public funding received by schools in that sector.

Over time, the Commonwealth Government has increased its share of public funding of non-government schools to the point where the majority of these schools, including those within the large Catholic school systems, now receive more than half of their total income from that level of government alone.

This leaves public schools dependent for the bulk of their funding on the level of government within the Australian federal system with the least capacity to raise revenue from taxes and other budgetary sources to meet their growing needs. It leaves them in competition for funds within tight State budgets with public services in other areas, such as health, transport, social security and policing; while the non-government sector is securely linked to the level of government with the higher revenue-raising capacity and with the greater flexibility to manage competing budget priorities.

We have reached the stage in our history where a more considered and national approach to schools funding policies and frameworks is necessary, despite the inherent difficulties of achieving this within our federal system of government. Without such national agreement, public funding of government schools will continue to suffer.

Funding maintenance? A decade after the introduction of the SES funding scheme, it is still the case that it applies only to the less than half of all non-government schools, those that stood to benefit financially from application of the SES model. The other schools, where the SES formula produced a funding reduction, have been protected from those cuts by separate arrangements. Those independent schools that continue to be funded at the level they would have received under the previous system of the Hawke/Keating Governments, have been categorised as *funding maintained* schools. Some 60 per cent of Catholic systemic schools have had to be funded as *Catholic maintained* schools to continue to receive the same indexed general recurrent grants they received in 2004, when they were *deemed* to have a SES score that provided funding increases beyond 2001.

The former Department of Education, Science and Training estimated that the cost of the *funding maintained/Catholic maintained* policy for the 2004-08 quadrennium was over \$2.7 billion: \$2.15 billion for Catholic systems and \$0.56 billion for the independent

schools⁵. The annual bill for these funding protections is now around \$0.8 million, and would reach *\$1 billion annually* by 2016 if the arrangements were continued into the next funding quadrennium.

Non-government schools in receipt of SES general recurrent funding, but which are found when reviewed at the end of each funding quadrennium to have a higher SES score, are also protected from the full effects of re-categorisation by further *funding guarantee* arrangements. These schools continue to receive the dollar amount received at the end of the previous quadrennium – that is, their funding is frozen in dollar terms – until the value of their new SES score is equal to their former funding entitlement. In the previous quadrennium, over 260 independent schools were in this category⁶.

Funding projections: Table 1 below projects Commonwealth general recurrent grants for government and non-government schools to the end of the current quadrennium in 2012, compared with the year 2008 as a base.

Note the increase of \$231 million, or 12.2 per cent, in general recurrent grants to government schools in 2009 in this table. This reflects the Labor Government's decision to rectify the long-standing anomaly in the formula for government primary schools, by increasing the per capita rate for primary schools from 8.9 per cent of AGSRC under the Howard Government's model, to 10 per cent of AGSRC, the same percentage rate as for government secondary schools. The increases for the remaining years, building to an annual increase of \$147 million, or 5.8 per cent, by 2012, reflect modest demographic growth and continuing increases in the AGSRC index.

The increases in general recurrent grants for non-government schools shown in Table 1, ranging from \$356 million (6.5%) in 2009 to \$461 million (6.9%) in 2012 are generated from the combined effects of projected enrolment increases and transfers from government schools and, as for government schools, AGSRC trends.

At the end of the current quadrennium, assuming no further policy changes arising from the federal election, total Commonwealth general recurrent funding for non-government schools are projected to total over \$7.1 billion, almost three times the \$2.5 billion projected for government schools.

The factors underlying the Commonwealth general recurrent grants formula will drive further increases over the next quadrennium, should the scheme be continued after the election and the current Government's review. Table 2 below projects these increases from the end of the current funding period in 2012 through to the year 2016. These projections reflect the underlying patterns of funding increases for both sectors, culminating in total general recurrent grants of \$9.5 billion for non-government schools by 2016, and \$3.1 billion for government schools in the same year.

⁵ Department of Education, Science and Training, *Review of SES Funding Arrangements for Non-government Schools*, December 2006, p27.

⁶ Op.cit., p14.

Table 1

Commonwealth general recurrent grants 2008 – 2012

	2008		2009		2010		2011		2012	
	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>
Government schools										
	2,273,253	\$1,888	2,283,242	\$2,118	2,294,658	\$2,235	2,308,426	\$2,360	2,326,893	\$2,497
Increase			9,989	\$231	11,416	\$117	13,768	\$125	18,467	\$137
%			0.4%	12.2%	0.5%	5.5%	0.6%	5.6%	0.8%	5.8%
Non-government schools										
	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>
	1,171,221	\$5,517	1,188,996	\$5,873	1,208,020	\$6,261	1,228,557	\$6,680	1,251,899	\$7,141
Increase			17,775	\$356	19,024	\$388	20,536	\$419	23,343	\$461
%			1.5%	6.5%	1.6%	6.6%	1.7%	6.7%	1.9%	6.9%

Sources:

Commonwealth Budget Papers 2010: *Budget Paper No 3; DEEWR Budget Statements*, programs 2.1 and 2.2

DEEWR, *Commonwealth Programs for Schools*, 2008 update, Appendix D

DEEWR, *Commonwealth Schools Programs for Non-government Schools for 2009 to 2012*

MCEEDYA, *National Report on Schooling in Australia*, Table 26

ABS, *Schools 2008 and 2009*, 4221.0; and *Population Projections 2006 to 2101*, 3222.0, Chapter 3.

Note: DEEWR enrolment projections updated by ABS final data for 2009

Table 2

Commonwealth general recurrent grants 2012 - 2016

	2012		2013		2014		2015		2016	
	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>
Government schools										
	2,326,893	\$2,497	2,347,835	\$2,644	2,371,314	\$2,803	2,395,027	\$2,971	2,418,977	\$3,149
Increase			20,942	\$147	23,478	\$159	23,713	\$168	23,950	\$178
%			0.9%	5.9%	1.0%	6.0%	1.0%	6.0%	1.0%	6.0%
Non-government schools										
	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>	<i>students</i>	<i>\$m</i>
	1,251,899	\$7,141	1,278,189	\$7,648	1,307,587	\$8,207	1,340,277	\$8,822	1,376,465	\$9,501
Increase			26,290	\$507	29,398	\$558	32,690	\$615	36,187	\$679
%			2.1%	7.1%	2.3%	7.3%	2.5%	7.5%	2.7%	7.7%

Sources: see Table 1

The projected funding trends in Table 2 would produce increases in Commonwealth general recurrent grants between 2012 and 2016, as outlined in Table 3 below.

Table 3
Projected Increases in Commonwealth
general recurrent grants for schools: 2012 - 2016

	<u>Increase 2012-2016</u>	
	\$m	Equivalent number of additional teachers
government schools	\$652	1,670
%	26.1%	
non-government schools	\$2,360	8,380
%	33.0%	

Sources: see Table 1

This table also translates the funding increases into the equivalent number of teachers those increases could purchase for each sector. These data suggest that Commonwealth general recurrent grants could fund the equivalent of an additional 1,670 teachers in Australia's government schools by the end of the next funding quadrennium; while the funding equivalent in the non-government school sector would be over 8,380 additional teachers in that sector, more than five times the increase for government schools funded by the Commonwealth's general recurrent formula.

While the Commonwealth's general recurrent moneys must be spent on legitimate recurrent resources, the largest and most significant component of schools' recurrent expenditures is the number of classroom teachers. These funding increases could be offset in some schools or sectors by diverting other sources of income to capital or other kinds of recurrent expenditure. But the above figures provide at least an indication of the dimensions of the projected funding increases for each sector.

The above tables are intended to illustrate the likely outcome of continuing the Commonwealth's general recurrent funding scheme beyond the current funding period. They do not take into account increased funding provided by State and Territory governments over the period; and of course the projected increases in Commonwealth funding would include the passing on of increased State and Territory funding into the AGSRC calculation. *But the Commonwealth alone is responsible for its own policy arrangements, including for the funding implications outlined in the above tables.*

The Commonwealth could offset the growing imbalance in its general recurrent programs for government and non-government schools through targeted programs. Indeed, the Rudd Government has provided significant real increases for schools through its National

Partnership Programs, such as for computers in schools, trades training centres, quality teaching and schools in low socio-economic communities⁷.

New or increased targeted programs could emerge from the current federal election campaign, but these are unknown at this stage. Table 4 below projects the current array of Commonwealth special purpose and national partnership programs into the new funding quadrennium, to provide a more complete picture of Commonwealth budgetary trends:

Table 4

Projected Commonwealth funding for schools 2013 - 2016

	2013	2014	2015	2016
	\$m	\$m	\$m	\$m
Special Purpose Payments				
government schools				
<i>general recurrent</i>	2,644	2,803	2,971	3,149
<i>targeted programs</i>	1,557	1,635	1,717	1,803
s/t	4,201	4,438	4,688	4,952
non-government schools				
<i>general recurrent</i>	7,648	8,207	8,822	9,501
<i>targeted programs</i>	685	719	755	793
s/t	8,333	8,926	9,577	10,294
Total	12,534	13,364	14,265	15,245
% government schools	34%	33%	33%	32%
National Partnership Payments				
government schools	571	600	630	661
non-government schools	291	306	321	337
Total	862	906	951	998
% government schools	66%	66%	66%	66%
Total Payments for schools				
government schools	4,772	5,038	5,318	5,613
non-government schools	8,624	9,232	9,898	10,631
Total	13,396	14,269	15,215	16,244
% government schools	36%	35%	35%	35%

Sources: Budget Paper No. 3, 2010, Part 2, Payments for Specific Purposes. Table 2
Some differences due to rounding.

⁷ Note that the federal Opposition has foreshadowed cutting some of these programs, as part of its savings measures to fund other 'priorities', such as tax concessions for school fees – but that is another story.

The funding cuts to National Partnership Programs included in the Coalition's Budget savings measures – including programs for quality teaching (around \$200 million in 2012), computers in schools (\$200million from 2012) and trades training centres (just under \$300 million in 2013) – would fall disproportionately on government schools and reduce government schools' share of total Commonwealth funding indicated in Table 4 even further, to 34 per cent and below.

Table 4 illustrates the dominating effect of the general recurrent grants program on overall Commonwealth schools funding trends. It reveals the insidious influence of the underlying features of the general recurrent grants formula in leading a downward spiral in government schools' share of total Commonwealth funding for schools.

That formula was put in place by the Howard Government, and its influence on the overall trends in Commonwealth funding for schools will endure if it is allowed to continue into the next funding quadrennium. Commonwealth general recurrent grants for government schools would have to be increased by some \$2 billion by 2016 if government schools were to receive the same share of Commonwealth funding that applied when the Howard Government came to power in 1996.

The current review of schools funding provides the best opportunity for decades to take stock of the ways that public funding for all schools, from all sources, can best support quality schooling for all. It would be helpful if both sides of politics supported the review process, and resisted the temptation to pre-empt or subvert its outcomes with hastily-conceived pre-election commitments.