



Hands Up

AEU Parliamentary Brief

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MINISTER NELSON'S MISLEADING CLAIMS

The Australian Government has recently issued a document headed 'School Funding – the Facts'. The sections in italics below are quotations from this document. The other parts are the AEU's responses extracted from an AEU commentary on the full document which can be viewed on the AEU site at: <http://www.aeufederal.org.au/Debates/Respfacts.pdf>

Claim 1

To understand the issue of school funding it is important to consider the combined funds from both the Australian Government and the State or Territory Governments...

Overall, State schools receive considerably more public money than Catholic or Independent schools.

State government schools enrol 68% of students and receive 76% of total public funding for schools, while Catholic and Independent schools enrol 32% of students and receive 24% of total public funding.

The issue is not how much government money each sector gets, but that Australian Government funding increases inequity by giving large sums of money to private schools which already operate at two and three times the resource levels of public schools.

Approximately 37% of all money (including fees and other private income of private schools) spent on schools goes to the 31% of students in private schools. In 2003-2004 about \$11 billion will be spent on the 30% of students in private schools, whilst about \$19 billion will be spent on the 70% in public schools.

Funding to Australian Schools 2003-2004

	Public Schools	Private Schools
Commonwealth	\$2 262m (12%)	\$4 373m (40%)
State and Territory	\$16 588m (88%)	\$1 859m (17%)
Private		\$4 701m (43%)
Total	\$18 850m	\$10 933m
% of total funding	63%	37%

Source: Calculated from Budget Paper No. 1, pp6-19, 2003

Claim 2

Australian Government funding has risen by an estimated 60% since 1996. Inflation over this period was around 20%.

This claim takes the difference between two different indexation rates (inflation and the AGSRC) and claims it as an increase.

Each year Australian Government grants to schools (both public and private) are indexed to the average increase in state and territory expenditure (called the AGSRC), a provision included in legislation. Because school costs are rising more quickly than the general inflation rate, the AGSRC is a lot higher than the overall inflation rate. DEST is claiming that the difference between them is an “increase”. A more honest comparison would be with the Educational Costs Index, which measures the inflation in education.

Claim 3

The 2003 Australian Government budget delivered a 5.5% increase to state government schools. Meanwhile the average State and Territory government budget increase to their own schools was only 2.1% – below inflation rate.

Australian Government funding to public schools, unlike that to private schools, has not increased above that resulting from the AGSRC.

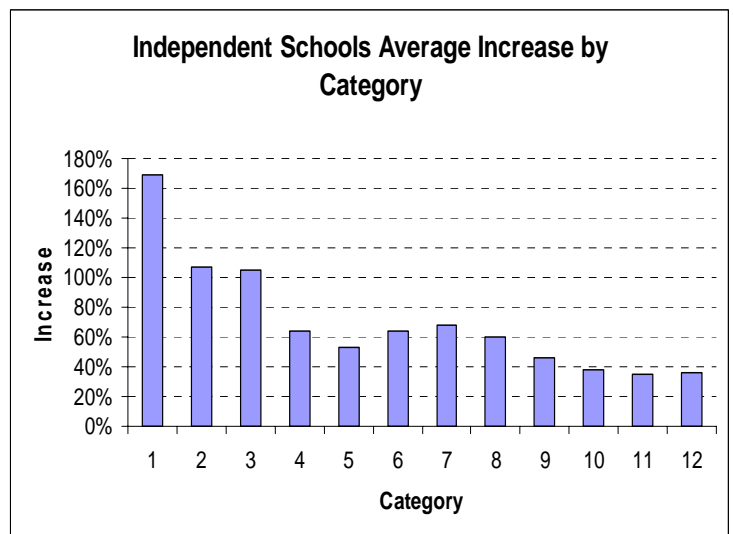
The increase in the amount the Australian Government is spending on public schools is therefore the average of the increase by the states and territories.

Claim 4

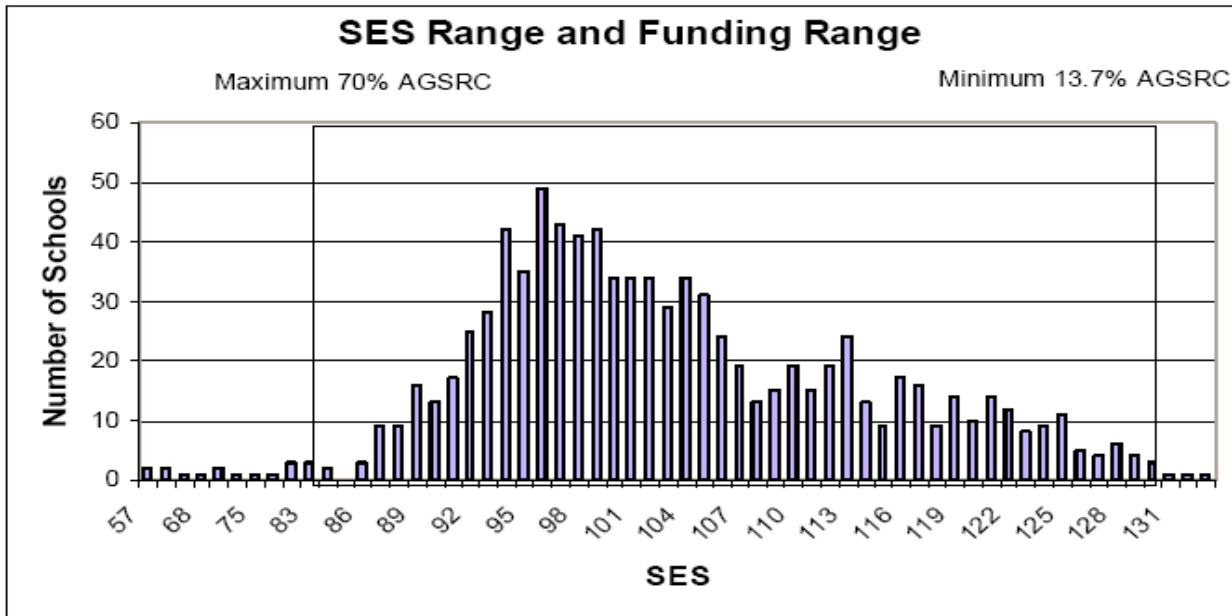
The Australian Government funds non-government schools according to a formula which measures the socio-economic status of the communities they serve. Schools which draw students from the neediest communities receive from the Australian Government 70% of the cost of educating a student in a State government school. Schools serving the wealthiest communities receive about 13.7% of that cost.

The model does not allocate funding on the basis of the needs of the school, nor does it allocate on the basis of the socio-economic level of the parents, but on the basis of their neighbourhood. Of course, those sending their children to private schools are not typical of the neighbourhood. The SES model gave the biggest increases to the wealthiest schools.

On average, former Category 1 schools, which included those schools with the most resources, the highest fees, and so on, got a 144% increase in Australian Government funding, whilst those in Category 12, the poorest, got a 30% increase (See Graph). Thus schools such as Haileybury and Geelong Grammar in Victoria have received increases of over 290% and 250% respectively, and Trinity Grammar and The Kings School in NSW have received an increase over 250% and 200% !



Although the funding range is from 13.7% to 70% of the average government school, in fact the majority of schools are funded in the upper half of that range, as shown in the graph below. Only two schools in the whole of Australia are judged to be “serving the wealthiest communities”.



The range is skewed to the wealthy schools. There are very few schools at the minimum and a lot of schools at the maximum.

The SES model does not take any account of the wealth of the school or the fees they charge. Some of the schools recognised as the wealthiest are not funded at the minimum as would be expected, but in fact are well up the funding range. Many schools which charge fees in the region of \$15 000 are not considered to be serving wealthy communities.

COALITION CATHOLIC SCHOOL FUNDING BOOST

On 1st March John Howard announced that Catholic systemic schools would be given an extra \$362 m over four years to join the SES system and that the benefits would go to needy Catholic schools.

However, there are number of facts which the Prime Minister did not make clear:

- Only about 40% of Catholic schools, which will be better off, will be funded at their SES rate. The other 60%, whose SES rate is below their old rate, will be “funding maintained” at the old rate.

- A number of the wealthy Catholic schools which charge fees in excess of \$10,000 will still be heavily subsidised by the taxpayer despite operating well above the level of resources of government schools.
- Funds will not be paid to the schools themselves but to the Catholic systems, so whether the needy schools will receive it is up to the systems, not the government.
- As a result only about 55% of all NGS schools will be funded by their actual SES score; the other 45% will be overfunded.
- Independent research for the AEU suggests that Catholic schools are already better funded than government schools, given their student characteristics. The question that has not been asked is why after thirty years of funding to bring them up to the level of public schools, they still claim to have schools operating below the standard.

The research referred to above can be viewed at: www.aefederal.org.au/Debates/estfundnonggov.pdf

Q AND A'S FOR ELECTORATE LOBBYING TEAMS.

These are an attempt to provide back up information. While electorate teams cannot be expected to be across all the nuts and bolts of schools funding, be assured that the MP probably isn't either. Here are some responses to the Union's case you can expect from Coalition MPs, together with suggested come-backs.

A "Public schools are a state, not a federal, responsibility".

There are no documents which have been produced to substantiate this.

Federal governments on both sides of politics have provided funds and set goals for public schools since the seventies. The Schools Commission Act 1973, Section 13 (4) stated:

"There is a primary obligation, in relation to education, for governments to provide and maintain government school systems that are of the highest standard and are open, without fees or religious tests, to all children."

This was quietly abolished by the Howard government when it abolished the Schools Council in 1999.

Also, if public schools are a state responsibility, then how is it possible for the federal government to set conditions on federal funding in the way Nelson did on March 11th?

We believe that a funding system in which only 30% of federal government funds goes to 70% of the students is unfair.

B "But you're not taking the state contributions into account in that 30%"

True, but we've come to talk about what *your* government is doing, not funding from other sources. If the government were to make available figures on the *total* funds available to private schools(including fees and other private income), the extent of the bias in favour of

already well-off schools would be even more apparent.

www.aeufederal.org.au/Debates/index2.html#FG
The effect of current federal government funding is to widen the gap between the richest and poorest schools.

C "But Minister Nelson's package of March 11 delivers \$9.8 bn to public schools over the next four years – an increase of \$1.9 bn"

That "increase" is not new money. It's actually indexation to cover increases in school costs. Only \$400 m of Minister Nelson's overall \$31.3 bn package is a real increase (or new money).

Of this additional \$400 m, only \$4 m (1 %!) goes to public schools, which have 70% of students.

D "Federal government grants to public schools have risen by 58% since 1996, 38% ahead of inflation"

Federal grants to all schools, public and private, are indexed to increases in the AGSRC (average government schools recurrent costs – ie, what it actually costs the states and territories to run their schools). Unlike the CPI (inflation), it measures cost increases relevant to schools. At present, school costs are rising more rapidly than inflation. It is less than honest to take the difference between inflation and the AGSRC and call it an "increase".

E "But last year's federal budget delivered an extra 5.5% to public schools while the states and territories' budgets increased spending by only 2.1%"

The state and territory figure does not include salary outcomes during the budget year. And federal increases, because they result from increases in the AGSRC, logically cannot exceed the average increases by the states and territories.

F “But no independent school receives more than 70% of the what public schools get. And wealthier ones get only a fraction of this”

The per capita figure for public school students includes all costs – buildings, payroll taxes, etc. This is not the case for private school students. In other words the figures do not compare the same things.

When you add fee income per student of \$15,000 + to this, plus other income such as bequests and investments, the result is that some wealthy schools operate with twice or even three times the resources available to public schools. *Is it really government policy to use public funds to gold-plate already well-off schools?*

G “But the government’s SES funding system is based on students’ socio-economic circumstances and so addresses need. Surely you’re not against helping needy students”

We support funding based on genuine need. There are two points to make here. First, SES takes into account, **not the actual circumstances of individual students and their families**, but of their *neighbourhoods* (strictly, the 200 or so households which make up the CCD - Census Collectors District - in which they live). The extent to which the circumstances of the particular student’s family are typical of the average for the CCD will vary. For example take a CCD in a remote area consisting of a couple of affluent grazier families, a publican, a garage mechanic and an aboriginal settlement of a couple of hundred people. Guess whether this CCD would score a high or low SES, and guess which families send their kids off to boarding school in the city?

Second, it needs to be understood that only about half (1230 non government schools) are

actually paid on their SES and 1200 are not. These 1200 are paid *more* than their SES would qualify them for as a result of the government’s “no losers” policy. This has cost an estimated extra \$275m to \$370m over the past four years.

H “But parents should have the right to choose”

This policy does not support parent choice.

There is no obligation on schools to use the increased funding to reduce fees. In fact, private school fees have actually gone up since this funding system was introduced. Some schools use the money for further capital investment – more playing fields, equestrian centres and rifle ranges.

The choice that most people want – to send their children to well-resourced government schools – is the choice that is undermined by this policy.

I “But private school parents are taxpayers too”

Agreed. But opting for a private education should not mean an expectation of taxpayer support. Taxes are not tagged to be returned to particular taxpayers. They go into a general pool to be used for the public good. They should not be used by the federal government to fund a system of education in competition with the public systems run by the states.

See also:

“AEU Response to the Australian Government’s ‘School Funding – the Facts’.”

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