



AEU ANALYSIS OF THE INTERNAL DEST REVIEW OF SES FUNDING ARRANGEMENTS FOR NON-GOVERNMENT SCHOOLS

A report on an internal Departmental review into the effectiveness of the SES funding arrangements for non-government schools, December 2006.

Source: *Sydney Morning Herald* website.

The Rudd Government must fulfil its responsibility to properly fund the public school system and immediately review funding arrangements with a view to abandoning this system that wrongly delivers billions of taxpayer dollars to schools that are not entitled to it.
Angelo Gavrielatos, *Federal President, AEU*

This report was commissioned by the Howard Government. It was conducted behind closed doors in 2006. Only lobbyists from the private-school and Catholic Church-school systems were invited to comment. The Rudd Government has refused to release it.

It confirms the validity of the AEU's longstanding opposition to the funding arrangements for Australia's non-government schools.

The Report notes that "the consistency and equity of the SES funding arrangements is undermined by the fact that almost half the non-government school sector is funded outside the 'straight' SES model."

- The inequity lies in the guarantee from the inception of the SES formula in 2001 that no school will receive less money than it did the previous year.
- 60 per cent of mainstream Catholic schools and 25 per cent of independent schools are funded above what would be their SES entitlement on their actual SES scores.
- Over the last 4 years \$2 billion has been paid to schools which had their funding maintained at higher levels than they would get if the federal funding formula was strictly applied.
- The arrangements by which this occurs were intended to be transitional yet they have been in place for two quadrenniums and "there is no mechanism that would naturally unwind its effect."
- Transitional arrangements made for Catholic schools to preserve their funding entitlements at 2000 levels, even if they qualified for less when they joined the SES funding system in 2001, have continued at artificially inflated levels for eight years, despite their transitional nature.
- The cost of maintaining the existing SES system would be \$26.5 billion over the 2009-2012 quadrennium.

If Funding Maintained schools continue to be funded above their SES entitlement, the private school sector will gain an additional \$2.7 billion in overpayments over the next four years. Individual schools will be overpaid by up to \$23 million each in the next funding cycle.

The Report rejects the private school lobby's argument that the extra funding helps contain the amount of fees parents pay.

- 42 per cent of Funding Maintained schools (87) increased their fees by more than 40 per cent during the period 2000 to 2004 compared to 24 per cent of SES-funded schools (164).
- The number of Funding Maintained schools with annual fees below \$2500 fell by 24 per cent (48) compared to a fall of 10 per cent (67) for SES-funded schools.

The Report also reveals a pattern whereby non-government schools which have already been identified as receiving an overly generous share of government funding are exploiting a loophole to claim even more public money.

- Funding Maintained schools are establishing campuses in preference to new schools, which provides a funding advantage for the new campus as a campus of a school has the same funding status as the parent school.
- If the campus were established as a new school its SES would be assessed and it would be funded accordingly.
- By calling new schools 'campuses' of an over-generously funded 'parent' school rather than new schools.
- Example: The M.E.T School in Meadowbank has an SES score of 102, which translates to funding of 48.7% of the AGSRC for its primary and secondary students. However, as it is an FM maintained school, it receives 56.7% of AGSRC for its primary students and 62.4% for its secondary students. The M.E.T school has 12 campuses, only one of which is within 50 km of the parent school. The other 11 sites range from 60 km to 600 km from the parent school.

The AEU condemns funding arrangements which see the public system under-funded by nearly \$3 billion annually while over-funding of private schools is set to cost taxpayers a further \$2.7 billion over the next four years.