



ASSOCIATION OF HEADS OF INDEPENDENT SCHOOLS OF AUSTRALIA

25 May 2017

Senator Bridget McKenzie
Chair, Senate Education and Employment Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator McKenzie,

Inquiry into the Australian Education Amendment Bill 2017

The Association of Heads of Independent Schools of Australia (AHISA) gives in principle support to the new federal schools funding arrangements as outlined in the Australian Education Amendment Bill 2017. In particular:

- AHISA commends the Government for its commitment to significant additional investment in Australian school education over the next decade and its continued support of Australia's non-government schools.
- AHISA commends the Government for introducing greater equity and transparency into its funding arrangements for Australian schools and, specifically, greater consistency in the allocation of funding within and between non-government school sectors. We believe this is a move to greater coherence in public policy relating to the federal funding of schools.

AHISA recognises that the proposed new funding arrangements will create some disruption to the financial planning of most independent schools, especially in the near term, including unexpected reductions in federal funding. This disruption is detailed by the Independent Schools Council of Australia (ISCA) in its submission to the inquiry. AHISA therefore commends the Government for its proposal of a minimum 3.0 per cent annual indexation rate for the Schooling Resource Standard (SRS) from 2021 as providing some stability and predictability to offset this disruption.

AHISA acknowledges ISCA for its analysis of the available funding data for independent schools and its detailed response to the Bill as set out in its submission to the inquiry. AHISA supports ISCA's submission.

On the following pages AHISA presents some additional points for consideration by the inquiry, including our concerns regarding public debate about the changes to general recurrent funding for non-government schools as set out in the Bill.

Yours faithfully,

(Mrs) Karen Spiller

AHISA National Chair
Principal of St Aidan's Anglican Girls' School, Qld

Further inquiries may be addressed to AHISA's Chief Executive Officer, Ms Beth Blackwood, telephone

COLLEGIAL SUPPORT FOR EXCELLENCE IN SCHOOL LEADERSHIP

About AHISA

The primary object of AHISA is to optimise the opportunity for the education and welfare of Australia's young people through the maintenance of collegiality and high standards of professional practice and conduct amongst its members.

The membership of AHISA Ltd comprises Principals of 425 independent schools. Its members lead schools that collectively account for some 430,000 students, representing 11.5 per cent of total Australian school enrolments and 20 per cent of Australia's total Year 12 enrolments. One in every five Australian Year 12 students gains part of their education at an AHISA member's school.

AHISA's members lead a collective workforce of over 40,000 teaching staff and some 25,000 support staff.

The socio-economic profile of AHISA members' schools is diverse. Over 20 per cent of our members lead schools serving low- to very low-SES communities.

AHISA believes that a high quality schooling system in Australia depends on:

- Parents having the freedom to exercise their rights and responsibilities in regard to the education of their children
- Students and their families having the freedom to choose among diverse schooling options
- Schools having the autonomy to exercise educational leadership as they respond to the emerging needs of their communities in a rapidly changing society.

1 | Maintaining integrity in public debate

AHISA is deeply concerned by the tenor of public debate on the new federal funding arrangements as set out in the Australian Education Amendment Bill 2017. Schools funding is complex and the public's understanding of funding arrangements is not helped by deliberately misleading references to the funding entitlements of schools and how those entitlements are calculated.

An example of misinformation applied in current debate and comment on schools funding is the comparison of recurrent funding quanta (particularly when totalled over a decade) for schools of different sizes. This form of misinformation obscures the realities of federal general recurrent funding:

- General recurrent grants are calculated on a per-student basis, and the quantum of funding for a school will therefore be dependent on the number of students enrolled at the school as well as the level of funding for which students attending the school are entitled.
- The SRS for secondary students is higher than for primary students, reflecting the higher cost of secondary education.
- The base SRS funding amount for which students attending an independent school are entitled is determined by 'the capacity of the school's community to contribute financially to the school' (a factor generally referred to as 'capacity to contribute' or 'capacity to pay'), which is

calculated as an average of the socio-economic status (SES) of the families whose children attend the school.

- Under the SRS model, the maximum funding entitlement for a student attending an independent school is 90 per cent of the SRS, which applies to schools with an SES score of 93 or lower. Students attending schools with an SES score of 125 or higher are eligible for only 20 per cent of the SRS. That is, the greater the capacity to pay, the lower the funding entitlement.

The financial penalty accompanying school choice can be severe for many families, yet has been generally accepted as a suitable equity measure for the allocation of federal funds to non-government schools. That is, it has been seen as 'fair'. Recent debate on the new funding arrangements proposed in the Australian Education Amendment Bill appears to seek to abandon this position in favour of defining 'fairness' by a school's infrastructure or fee levels. This serves only to confuse the public as to the nature of the SRS model.

The intent of federal recurrent funding for schools is to provide reasonable government support to all Australian school children for the recurrent or day to day operational costs of their education. As we note in section (2) below, the bulk of capital investment in independent schools is sourced from parents; the facilities at large, long-established independent schools can represent generations of parental contribution and investment. The bulk of this contribution is sourced through school fees. That is, the school fees of independent schools reflect capital costs as well as recurrent costs.

Equating 'fairness' of general recurrent grants to schools' fee levels therefore creates confusion around what fees represent and the nature of the SRS model. As noted above, under the SRS model, base grant allocations are determined by a school community's 'capacity to pay' as measured by their SES score, not according to any decision the school might make about the level of fees it will charge.

The notion that non-government schools should be funded according to the level of fees they charge rather than a school community's 'capacity to contribute' is a complex proposal that needs careful scrutiny. Raising it in the context of debate on the Australian Education Amendment Bill to argue over the comparative 'fairness' of recurrent funding allocations to individual schools undermines the integrity of debate on the Amendment Bill and, worse, risks fostering social divisiveness.

2 | Independent schools, private contribution and public benefit

Making at least some recurrent funding provision for all school students, irrespective of the school they attend, acknowledges that school education delivers a public benefit. It is also a token acknowledgement that an equity issue exists when children of wealthy families attending government-owned schools are fully supported by the public purse while parents of lesser means are financially penalised because they choose to enrol their children in non-government schools.

Public funding for students attending independent schools also recognises that independent schools are legitimate providers of Australian school education, registered to operate by their state or territory government under a rigorous regulatory and compliance regime.

In 2016, there were 1,104 independent schools in Australia, including independent Catholic schools. Collectively, independent schools educated just over 594,200 full-time equivalent students or 14.5 per cent of Australia's total school enrolments. At senior secondary level, independent schools accounted for 19 per cent of all enrolments. That is, nearly one in every five senior secondary students has

attended an independent school.¹ This represents a valuable service to Australian families and governments. Further, it represents a significant contribution to the development of the nation's human capital, gained at a far lower cost to governments than sole provision through government-owned schools.

Government grants (from federal, state and territory governments) to students in independent schools represent only a portion of government expenditure on students in government schools.

Average total government recurrent funding per student by sector, 2014-15 ²	
Government	\$16,670
Catholic	\$10,200
Independent	\$8,450

Partial government subsidies mean that parents contribute substantially to the cost of educating their children in an independent school. In 2014-15 (latest available data), private contribution to recurrent expenditure in the independent sector was \$5.6 billion, with an estimated saving to governments of \$4.4 billion.³ (Savings are calculated as the difference between government expenditure on students attending independent schools and the average cost to governments of educating a student in a government school.)

Private contribution to recurrent expenditure in independent schools	\$5.6 billion private contribution in 2014-15
Recurrent savings to governments from independent schooling provision 2014-15	\$4.4 billion in savings to government

It is important to note that private contribution to school recurrent costs in the form of fees is made from families' after-tax income.

In the independent sector, school fees also contribute to capital costs. Donations and income from fundraising activities are other forms of private contribution to capital costs in independent schools. In 2015, some 90 per cent of the costs of capital in the independent sector were sourced through private contribution, representing over \$855 million. The federal government contributed 7.0 per cent of capital expenditure in the sector, and some 3.0 per cent was sourced from state government grants.⁴

Private contribution to capital expenditure in independent schools 2015	\$855 million or 90% of capital expenditure
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Independent schools and their communities are making a significant educational and financial contribution to the future wellbeing of our nation. It is AHISA's hope that all parliamentarians will

respect that contribution when speaking to the Australian Education Amendment Bill and not contribute to the divisiveness in public debate that is generated by misleading comparisons or deliberate misinformation.

3 | Evidence-based reform

As under current legislation, the Amendment Bill stipulates that as a condition of funding independent schools will be required to implement national policy initiatives for school education 'in accordance with the regulations'. The Bill further describes in the revised Preamble that state and territory education authorities (and therefore schools) 'will be required to deliver evidence-based reforms in schools'.

To help shape these reforms, the Government has announced a Review to Achieve Educational Excellence in Australian Schools ('Gonski 2.0').

AHISA has welcomed initiation of the Review on the promise that educators will be consulted. AHISA has been arguing for some time that educators deserve a place at the education policy table. It is vital that educators – the people who 'do' – also have a say in the 'what' of education reform. We therefore look forward to participating in the Review.

As we have argued in our submissions to the Productivity Commission's inquiry into the national education evidence base⁵, the validity of research on 'what works' and definitions of what constitutes 'evidence' in relation to interventions designed to lift student achievement are highly contested issues. References to 'what works' are often a misinterpretation or misunderstanding of what is, at best, evidence only of 'what once worked' for a specific set of students in a unique school context at a specific point in time. There is no one-size-fits-all 'silver bullet' that will improve the performance of all students in all school contexts at one point in time.

In our view, it would be a critical mistake for the Government to mandate specific classroom practices as a condition of education funding. Schools are undergoing rapid evolution due to escalating social and technological change and should not be tied to 'past practice' when it is imperative that school leaders and teachers engage in continual improvement and the development of 'next practice' for their school communities.

Schools should be held accountable for the quality of the education they provide; however, it is possible to hold schools accountable while also allowing them the freedom to determine how that quality education is to be delivered. On this understanding, it is AHISA's hope that school autonomy will be a key guiding principle adopted in the coming Review and framing of the regulations associated with an amended *Australian Education Act*.

NOTES

¹ Independent Schools Council of Australia (ISCA) (2017) *Independent Schooling in Australia Snapshot 2017*. Canberra: ISCA. Available at <http://isca.edu.au/wp-content/uploads/2017/05/17140-ISCA-2017-Snapshot-2pp-web.pdf>. (Enrolment data sourced from the Australian Bureau of Statistics and Australian Department of Education and Training.)



² ISCA (2017); *ibid.* (Expenditure data sourced from the Productivity Commission's *Report on Government Services* and Financial Questionnaire data as provided by schools to the Australian Department of Education and Training.)

³ ISCA (2017); *ibid.* (Expenditure data sourced from the Productivity Commission's *Report on Government Services* and Financial Questionnaire data as provided by schools to the Australian Department of Education and Training.)

⁴ ISCA (2017) *About independent schools: Capital funding*. Web page accessed 22 May 2017 at <http://isca.edu.au/about-independent-schools/capital-funding/>.

⁵ AHISA's submission to the Productivity Commission's Inquiry into the National Education Evidence Base and its submission in response to the Productivity Commission's draft report are posted at <http://www.ahisa.edu.au/media-submissions/submissions/>.