



12 March 2020

Committee Secretary
Senate Education and Employment Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/ Madam

Australian Education Amendment (Direct Measure of Income) Bill 2020 [Provisions]

The Association of Independent Schools of South Australia (AISSA) represents the interests of 104 SA Independent schools with an enrolment in excess of 49,470. The AISSA supports the submission provided by the Independent Schools Council of Australia (ISCA), however, provides this response to outline the issues specific to South Australia.

The AISSA supports in principle the move to a Direct Measure of Income (DMI) of parents, whose children attend non-government schools, for calculating their capacity to contribute to their children's education and welcomes the increased funding which will be received by some of its member schools. However, the AISSA has serious reservations with regard to the lack of testing and validation which has been undertaken by the Department of Education, Skills and Employment (DESE) of the new measure prior to its introduction and the implications of this lack of due diligence for schools going forward.

The rushed nature of the introduction of the DMI, seemingly largely driven by political considerations, does not represent good policy and stands in stark contrast to the development of other measures, such as the SES, which underwent a rigorous testing and validation process prior to their introduction. It is not clear for example whether any analysis has been undertaken of the spread of the income distribution in non-government schools and in schools with large income spreads whether the median is a fair measure of the ability of families to contribute to their children's education.

Of particular concern to the SA Independent school sector is the potential volatility of the new measure given that the current DMI values, upon which the new measure will commence, are based on two years data rather than the three year rolling average as recommended by the National School Resource Board. It is not clear at this point what level of volatility there will be with the move to the rolling average as no modelling has been released on the year on year changes. It is further not clear whether this analysis has been undertaken by the Department.

The AISSA does not accept the claim that a one-two point CtC change is not significant for some schools. While this is likely to be a particular issue for small schools the uncertainty caused by potential year on year movements in a school's DMI will have implications for all schools in terms of budgeting, in particular given the volatility for many schools of other elements of the SRS model such as the low socio-educational loading. The AISSA strongly recommends that the Australian Government at a minimum implements a one point capping of CtC increases for all schools.

The AISSA remains seriously concerned regarding the impacts of the new measure on South Australian boarding schools. South Australian Independent boarding schools which offer education to students from regional and remote communities have been severely disadvantaged by the move to DMI and on current modelling stand to lose significant amounts of funding. This is likely to result in significant cost pressures being placed on families with families from regional and remote areas facing particular pressures due to the economic conditions in those areas.

In South Australia the population is heavily concentrated in the greater metropolitan area of Adelaide and there are limited educational options for students, particularly those in secondary years, who live in regional and remote areas. For many regional and remote families their only option is for their children to attend boarding schools located in Adelaide and many families make significant sacrifices to enable their children to attend boarding school. The Australian Government's current narrow focus on addressing the issues experienced by "regional schools" rather than regional students and their families does not address the needs of states such as South Australia which have a different demographic make up to other States and Territories. The Choice and Affordability Fund is not sufficient for the AISSA to compensate the losses which will be experienced by these schools. The AISSA recommends that the needs of South Australian regional students also be considered as a priority for government action to offset losses in funding for the schools they attend.

Across Australia, including in South Australia, a number of schools will see a significant increase in their CtC score which will likely lead to a cost pressure being placed on school communities. It is also the case that the current capping of the CtC at 125 means that schools with the highest DMI values, in some cases above 150, across the country will not see any reductions in funding. This is inequitable. The AISSA recommends that the Government introduce a range of measures to mitigate the unintended impact of the DMI methodology on Independent schools including extending the transition period for negatively impacted schools beyond 2029 and providing a further extension of schools' choice of "best of" arrangements until at least 2024. This will also enable testing and validation of the model to ensure that it is fit for purpose as a long term stable funding methodology.

Yours sincerely

Carolyn Grants 
Chief Executive