



12 March 2020

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

Via email only: eec.sen@aph.gov.au

Dear Committee Secretary,

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

The Australian Association of Christian Schools appreciates the opportunity to provide a submission to the Senate Education and Employment Legislation Committee's Inquiry into the *Australian Education Amendment (Direct Measure of Income) Bill 2020* (the Bill).

AACS desires a consistent, needs-based, sector-blind school funding model for Australian students and their families.

We are grateful that the school funding model is well on the way toward a more detailed collection and analysis of parental income through the first iteration of the Direct Measure of Income (DMI) model to determine Capacity to Contribute (CTC) scores.

Many of our schools have benefitted from the new methodology and the process has affirmed what many Principals anecdotally suspected, that their SES scores were heightened due to surrounding geographical wealth that did not reflect the demographic attending their school.

On the other hand, we have some regional schools that will be significantly and adversely affected by the results of the present methodology. We believe that their predicament could reflect a unique set of demographic circumstances worthy of further investigation and/or priority transition assistance.

AACS acknowledges the mammoth task of trying to assess parental capacity to contribute with all its complexity and, in spite of this, that significant progress has been made. AACS welcomes ongoing



work to refine the methodology for parental capacity to contribute before compulsory application, so that consistent, needs-based funding is a reality in which all schools can have confidence.

We are grateful for Minister Tehan's four undertakings in his announcement on 2 March 2020:

1. *'Under the Choice and Affordability Fund, the state-based Catholic Education Commissions and Associations of Independent Schools will flexibly administer the fund, including quarantining a percentage of funding that will flow directly to regional and remote schools.'*

AACS notes that regional schools would not have been anticipating a drop in funding given their initial 2020-2029 funding trajectories. In addition, reduced funding due to CTC score changes will be harder to absorb given their locations and circumstances. Their situation is compounded by the impact of bushfire and drought. Therefore, we look forward to the Catholic Education Commissions and Associations of Independent Schools prioritising affected regional schools for timely transition assistance.

Consistency of criteria based on the Choice and Affordability Fund Guidelines would be desirable for CTC score transition assistance across jurisdictions and if possible, sectors as well.

2. *'A robust review process will be established by July 2020 to address unexpected or unique circumstances affecting the financial capacity of a school's community.'*

For schools which may have extenuating circumstances that were not picked up under the DMI methodology, the ability to investigate and review scores before implementation is welcomed. AACS does not want this process to turn into a tool to manipulate the DMI methodology to deliver anything other than needs-based funding or reduce the benefit of schools now advantaged by their CTC score, to ameliorate the impact on schools whose accurate CTC score is higher, but fairly so.

3. *'The National School Resourcing Board will examine the Schooling Resourcing Standard (SRS) loadings as they impact students and schools in regional Australia. I will be taking the Terms of Reference for this work to the next COAG Education Council. The review will commence by June.'*

AACS awaits this review with interest and emphasises that loadings benefitting regional students are not in-and-of-themselves beneficial, but that they must be accompanied by quality teaching for a substantive impact.

4. *'Further work will be undertaken in consultation with the ABS and the sector to investigate what additional data could be used to further refine how the capacity to contribute is calculated.'*



Our motivation for seeking transition assistance and refinement of the DMI methodology is not for governments to prop-up unwise school business models that have created their own problems, are unsustainable or have not increased fees when their parental capacity suggests they should have (in line the purpose of needs-based funding). Rather, the principle of needs-based funding needs the support of accurate data collection and funding certainty for complex school budgets.

This is all to allow schools to focus on their core business purpose: educating students. Where solid grounds exist to argue for greater investigation and methodology refinement to better reflect school demographics, that analysis should take place.

We look forward to detailed criteria on how transition funding is to be spent and what score appeals processes will look like.

In summary, we would recommend:

1. Ongoing refinement of the DMI methodology and testing before compulsory introduction to ensure that there is a high degree of trust and accuracy in calculations and, in turn, a firm needs-based funding status for each school.
2. Clear transition funding criteria that is consistent across jurisdictions and sectors as much as possible. Schools across all sectors should be treated similarly in the dispensing of any assistance.
3. Fair allocation of the Choice and Affordability Fund's resources between sectors overall and written rationale of how that the division has been calculated (and reconciliation upon spending that is made publicly available).
4. The timely granting of transition assistance to regional schools that have not benefitted under DMI methodology, should refinement not resolve outstanding issues.
5. Clarity on how a school is to appeal a DMI score and what will be taken into consideration.

Yours sincerely,

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Australian Association of Christian Schools