



COMMONWEALTH OF AUSTRALIA  
PARLIAMENTARY DEBATES

# SENATE

## Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING  
LEGISLATION COMMITTEE

**Reference: States Grants (Primary and Secondary  
Education Assistance) Bill 1996**

**FRIDAY, 1 NOVEMBER 1996**

BY AUTHORITY OF THE SENATE  
CANBERRA 1996

**SENATE****Friday, 1 November 1996****EMPLOYMENT, EDUCATION AND TRAINING LEGISLATION COMMITTEE****Portfolio:** Employment, Education, Training and Youth Affairs**Members:** Senator Tierney (*Chair*), Senator Carr (*Deputy Chair*), Senators Crowley, Ferris, Stott Despoja and Troeth**Substitute members:** Senator Evans to substitute for Senator Crowley on 23 October 1996. Senator Allison to substitute for Senator Stott Despoja for the committee's inquiry into the States Grants (Primary and Secondary Education Assistance) Bill 1996**Participating members:** Senators Abetz, Allison, Bolkus, Brown, Bob Collins, Cooney, Evans, Forshaw, Harradine, Hogg, Mackay, Margetts and O'Brien

Senator Faulkner for the consideration of the 1996-97 Budget estimates

**The committee met at 9.16 a.m.**

Matter referred by the Senate:

States Grants (Primary and Secondary Education Assistance) Bill 1996

**ANDERSON, Professor Donald, 11 Fitzgerald Street, Yarralumla, Australian Capital Territory, 2600****MORROW, Ms Ann, Co-Convenor, Australian Schools Lobby, PO Box 2091, Hotham Hill, Victoria 3051****CHAIR**—I declare open this public hearing of the Senate Employment, Education and Training Legislation Committee. Today's hearing in Canberra is part of the committee's inquiry into the States Grants (Primary and Secondary Education Assistance) Bill 1996. I welcome Professor Anderson and Ms Morrow.

The committee prefers evidence to be given in public, but if at any time you wish to give any evidence, part of evidence or answers to questions in camera, you may make the request and the committee will consider the request. Such evidence, however, can be made public subsequently by order of the Senate. The committee has before it a document from Ms Morrow which it has numbered 47. Is there any additional information you wish to present at this stage?

**Ms Morrow**—No, not at this stage.**CHAIR**—You are welcome to make some brief introductory remarks, and then we will proceed to questions.**Ms Morrow**—The Australian Schools Lobby consists of a group of citizens who originate from Victoria, but it is rapidly gathering participants from other states who are concerned about the very radical changes which the federal government is proposing to make to the structure of financial subsidisation of Australian schooling.

The three changes in particular which we are worried about are: the deregulation of the approval process for the approval of non-government schools; the offering of much more

generous levels of subvention to non-government schools than has ever been the case in the past; and—I think this is really the most serious concern of all—the government's intention to fund the exponential growth of the non-government sector, which will be generated by its own policies, by redirecting funds from government schools to non-government schools. Those are our three concerns.

We think it is particularly obnoxious that state schools should be punished and made to pay 100 per cent of the cost of the growth in the non-government sector, which will occur because of the deregulated environment which the government itself has established.

**Prof. Anderson**—My chief interest is the matter of schools choice and the statement in the minister's second reading speech that the main theme of the bill is the importance of choice in providing for improved educational outcomes for Australian students. As a sociologist I have studied schools choice and the public/private division of school systems in Australia and overseas. My main conclusion from my own work, and from the work of many others, is that choice does not necessarily lead to better educational outcomes, nor does choice necessarily lead to the most efficient use of education resources.

The strongest argument in favour of choice is that in a pluralistic society, with diverse religious and ethnic and social status distinctions, members of particular groups should have access to schools which will supplement the socialising role of their families or of their churches or of their community groups. The way things are worked out in Australia, the public/private divide of schooling very accurately reflects the main segments and divisions of society—religious, ethnic, social class. This provides a dilemma, I believe, for policy makers. On the one hand, it is a mark of a tolerant society that we recognise different subcultures. On the other hand, there is the matter of social cohesion—kids learning tolerance and understanding of others—which occurs best when everyone is educated together in the local school.

Other countries have responded to this pluralism in different ways. We have a unique system in Australia of public funding for private schools. Generally, elsewhere support from public funds for non-government schools is either zero direct funding or 100 per cent. In the United Kingdom and the United States, for example, there is no direct funding from the public purse for private schools. As a result, 10 or 12 per cent of children are in that sector, whereas in Australia it is about three times that number and it has been growing fast. On the other hand, you have a case like the Netherlands where 100 per cent funding for the non-government sector comes from the public purse.

In Australia, the shift from public to private has not been random. It has not been even across the social spectrum. I analysed the census data for the 1970s and 1980s and found that most of the growth of non-government schools was in the non-Catholic private sector, particularly fundamentalist schools and schools serving middle class parents. During that period, the Catholic share remained pretty constant and about half of all Catholics sent their children to Catholic schools. The growth of private schools was strongest in the well-established suburban areas of our large cities.

Overall, that distribution is very uneven across the social spectrum. Just to give one example, in Melbourne the proportion of private school children in Hawthorn is six times the proportion in Collingwood, and you get a similar gradient in other cities.

Quite apart from the question of social values—and it ultimately is a value question—the way we plan provision of private schooling is quite inefficient. When I was chairman of the ACT Schools Authority in the 1980s we were under considerable pressure to close public

schools where there were small and declining enrolments. At the same time, private schools were being established in adjacent areas and children were being bussed in. Over the entire city we found that the marginal cost of providing an extra place in a public school was significantly less than that for a non-government school.

I conclude by turning to the question of educational efficiency and whether choice leads to better educational outcomes, as stated in the second reading speech. There has been an enormous amount of research on this topic. The conclusion from this research is that there is no convincing evidence or consistent evidence that in regions where there is considerable choice the outcomes are any better than in regions where there is less choice. Nor, might I add, is there any evidence that the teaching in non-government schools leads to better performance than teaching in public schools. That has been researched intensively, too.

Sometimes there is a small significant difference one way or the other but the difference of outcomes within the public sector and within the private sector is far greater than the difference between them. My advice to parents who are looking for a school to maximise their child's performance is to forget about public and private and assess each school on its merits.

My final point is that this parity of outcomes between public and private may not remain the case in Australia. The growth of our private sector is now starting to impact negatively on public schools. There is a distinct possibility that in many areas of our big cities public schools will become residual institutions for the children of families with problems or who cannot afford the fees.

**Senator CARR**—Dr Anderson, the Gibbon report in April 1996 makes the point:

Choice is easier to use as a rhetorical term than it is to operationalise, at least with the funding of schools. Generalised support for the concept of everyone having maximum choice does not translate into a system which can realistically fund all conceivable options. Nor is choice an unambiguous good.

Do you believe that that is a reasonable statement? Would you agree with the thrust of that statement?

**Prof. Anderson**—Yes, I do agree with it. Choice is used as a bit of a slogan. It has been imported into education from economics. Adam Smith first said that the aggregation of a whole lot of individuals maximising their own life chances by making choices in their own interests leads to the best possible of all outcomes.

I think that in education the reverse is probably the case and we have the back of Adam Smith's hand. If we go to the extreme, and we could move to that direction with considerable choice, we will get a less efficient and a less effective education system. We will also quite likely be provided with dilemmas for the funders of private schools because, as the former government found, at least the proponents of some schools who would be regarded as obnoxious say, 'Why shouldn't we have funds to start schools when the major religious and ethnic groups do?'

**Senator CARR**—Do you agree or disagree with the statement that increased choice for some may result in decreased choices for others? If so, how would that be the case?

**Prof. Anderson**—Again, I will answer in terms of the real situation in Australia which is being posed as choice between public and private schools. Private schools are not subject to the sort of regulation that public schools are. They can choose who goes there. It is not only a matter of parents choosing but of the schools choosing. They can also choose not to keep any students that they do not want to keep.

Where recruiting into private schools kids in a district who on average are more able and more motivated, there can be a loss from public schools of a critical mass of those sorts of students necessary to lift the performance of a whole class or a whole school. In that sense, the choice of one is depriving the choice of the other.

My second response to your question is in terms of my introductory remarks about the social mix of schools. As I said, this is a value question but it does have educational implications. If we continue to segregate, as it were, in our schools particular religions and ethnic and social groups, those parents who choose to remain in public schools have their children deprived of the range of experience of other sorts of people, from different backgrounds, beliefs, social standing, from which tolerance and understanding are learned. In other words, the diverse mix in public schools is an important part of the curriculum.

**Senator CARR**—Thank you. Ms Morrow, if choice were less of an ideological issue, Professor McKinnon states, full attention could be focused on devising better planning processes to achieve a situation where there would not be wasteful over-provision or excessive fragmentation. Do you believe that the Commonwealth has a role to play in the provision of education and the planning of that provision?

**Ms Morrow**—Absolutely. In a world where we are now talking not in terms of state or even national curriculum but global curriculum—there were two education conferences last year on the global curriculum—we are having to be aware of what needs to be done to ensure that the country as a whole, our entire student population and our entire work force, is able to be equipped for the global competition we know is associated with entering what Drucker calls the knowledge society.

In that kind of global economic environment and what is rapidly becoming the global educational environment, we cannot ignore the role of the national government in providing national leadership in policy and in overall planning. The reason the now to be abolished new schools policy was introduced in the first place was because of that kind of laissez faire environment where schools could set up wherever they liked and with small student populations—too small to be economically viable—and a great deal of financial failure occurred. The financial failure of a small non-viable school is a matter for public concern, because if public subvention is attracted by that school and the school fails that is a waste of public money.

So I think a planning environment is very important and I am dismayed to see the federal government's dismissal of planned educational provision as an important concept in deciding what the basis of allocation to government and non-government schools is going to be. I think the role of the federal government in providing policy leadership so that we can move forward nationally in an educational sense is absolutely critical.

I do note that the Commonwealth is saying that they do not want to replicate a planning process that can be conducted perfectly well at state level. But, if you think about it, there is not one planning process at state level, there are eight planning processes at state level. The historical record of state governments in planning for the establishment of new non-government schools is not a reasonable one. It is in fact very deficient—as an example, the Hamilton-Byrne school set up by the Family sect was registered in Victoria.

But, even if the record were better, the chances of eight state and territory systems agreeing to establish the same planning requirements in each of their states and territories so that overall you got a national consistency, is very slim. And even if that were possible, I do not understand, actually, if the Commonwealth rejects planned educational provision as the

principle on which it makes its allocation, how the Commonwealth is going to decide on the break-up of the allocation among the states.

If it is up to the states to decide how many Commonwealth funded, non-government schools are going to be established in their territories, you will get a state like Victoria that seems to welcome an expansion of the non-government sector in its state—promising to close down another 113 schools in the next year—on the one hand, and then you might get a state like Queensland or New South Wales saying, ‘No, we are going to resist that.’ What is the policy basis, in the absence of planned educational provision, that the Commonwealth, the major funding source, is actually going to use to decide what the allocations will be among the states?

We are very short of operational details in relation to the enrolment benchmark adjustment and there is an absence of planned educational provision at the federal level. I am not even sure whether the states are prepared to take on this role. Are they? Where is the evidence of that? Have they been consulted on the operational details? I know that at least three states are telling me that they have not been consulted in that way. So where is the evidence that they are prepared, or have the capacity, to undertake that role? I think that it is very worrying. The apparent willingness of the federal government to move out of the role of national policy leader in this area, I think, is extremely worrying because I think that we are going to get a policy mess, quite frankly.

**Senator CARR**—As you indicated, there are very substantial sums of public money involved with this.

**Ms Morrow**—We do not know how much, do we? We have been operating on DEET’s projections of a \$120 to \$128 million reduction in federal funds for government schools. In fact, I have a DEET document which says that \$128 million will be recovered in the three years to 1999-2000. But then I read that in the last 24 hours, the figure has gone up to \$170 million. So that is this week’s figure. What is next week’s figure going to be? And, anyway, we are all only guessing are we not? We do not know what level of expansion will be generated by the absence of regulation. It could be higher; it could be lower.

I want to make another point in relation to how much the enrolment benchmark adjustment is all going to cost—whether it be \$128 million, or something else. This is the enrolment benchmark adjustment cost, not the total cost of all reductions to federal funding for, in this case, government schools. The federal government is saying that it wishes to pay for 100 per cent of the expansion of the non-government sector which will be generated by its new policies by withdrawing funds from the federal allocation to government schools. They are doing that on the grounds that the states experience savings whenever a student transfers from a government school to a non-government school. And that is indeed the case. I agree with that statement.

The government’s policies, however, are being framed in the context of the four years between now and 2000, and then presumably on into the future. As far as I understand it, the enrolment benchmark adjustment will be a mechanism which, in perpetuity, will divert federal funds from the government sector to the non-government sector. But there is another thing that is happening concurrently: demographic changes. On DEET’s own projections based on ABS figures, the numbers of students in toto are increasing.

My prediction of what is going to happen under the new, deregulated regime is that, because of the positive cost incentives which the Commonwealth is providing for the non-government sector to grow, that sector’s enrolment share will probably increase. But it is a moot point as

to whether that will lead to savings in the government's system or not. It could be the case that the absolute numbers of students which are left in government schools will be about the same or even slightly increase.

What I have been very worried about is a situation where government schools lose enrolment shares but they do not lose actual numbers, but they are still being required to—I am sorry, Senator Tierney, I am speaking too long. I am drawing to a close.

**CHAIR**—We are short of time. I would just ask you perhaps to make your answers a little more concise and not speeches.

**Ms Morrow**—All right, I will. I am sorry, I did not think you were paying attention!

**CHAIR**—I am listening to every word you say, as you will find out in a minute.

**Ms Morrow**—But I have been concerned about the lack of distinction that is being made between enrolment share and absolute numbers of students, as we do not expect the absolute numbers of students in state schools to go down even if their enrolment share does. I was delighted, actually, to see that, on 29 October in the Senate, Senator Vanstone said:

. . . there will not be any change to funding for government schools if the government sector can continue to maintain its enrolments.

That is not 'enrolment share' but 'its enrolments'. I must say that I was very relieved to see that, because I do not think there will be any savings. It raises questions about where the money is going to come from for the expansion which will no doubt occur in the non-government sector, but at least she has said that and I am greatly relieved.

**Senator CARR**—Ms Morrow, you have extensive experience in the schools sector, being former head of the Victorian Department of Education. You would be aware that various states have said that the savings claimed to be realised cannot be realised because there is a difference between the average cost and the marginal costs of the provision of schooling, and that the removal of one, two, three or four students from a particular class will not necessarily change the overheads that a state system is still expected to provide for, given its constitutional and legal responsibility to make provision for compulsory schooling. You would also be aware that the New South Wales government has estimated that it will actually cost the states extra money to implement this policy—between \$20 million and \$30 million, in the case of New South Wales, it has been presented to this committee.

We have already heard that you are aware that the Department of Employment, Education, Training and Youth Affairs has increased its estimates of the costs of this program by some \$50 million in the space of two months since the statements given to the parliament in the budget. Do you believe that the enrolment benchmark adjustments will in fact lead to savings for the states, or will it actually cost the states more to provide education under this policy?

**Ms Morrow**—I cannot actually comment on the veracity of the New South Wales costings but I was most interested in their analysis. I certainly do not believe that the EBA will lead to savings for the states for the reasons that you mention. I think there is a lot of loose talk about the cost of lumbering bureaucracies and so on. I do not think that sort of talk is very helpful really. I think it replaces real and serious thinking about what we need to provide large scale human service systems like education. I think there is a useful analogy when you look at the histories of, say, Qantas and Compass. Compass tried to pick the eyes out of the most popular routes and leave everything else.

**CHAIR**—I just mention again, Ms Morrow, that we are almost running out of time. If you could keep your answers concise.

**Ms Morrow**—I do not believe that the EBA will lead to savings in government schools: firstly, because of the difference in margin and average costs which the designers of this mechanism do not seem to be aware of; secondly, because of the all encompassing role that systems of education have, which mean they have residual responsibilities which do not necessarily reduce in a lock-step way as they lose students; and, thirdly, because the overall student population is increasing, and I believe that state schools, approaching the year 2000, will retain their absolute numbers of students, or maybe increase them.

**Senator ALLISON**—Ms Morrow, you have mentioned in your submission that the passage of this piece of legislation will seriously disrupt our system of schools, education and so on. You say that this will occur without public consultation. Can you make comments about the process so far in terms of consultation and, from your point of view, tell us whether you think that, out in the schools, there is an understanding of the implications of this bill?

**Ms Morrow**—Not at all. I think the process has been appalling. There has been no consultation. The only opportunity for consultation that I am aware of, in a formal sense for the public at large, is this very hearing, and I thank the senators for the opportunity. Two weeks ago I spoke at an education conference in Hobart. There were 150 people—educators—present, and I asked the conference organisers permission to raise these issues, and I did, and I asked how many people knew about them, and three people put up their hands. I did a radio program a few weeks ago and my mobile phone has not stopped ringing since I did, not from organisations but from individuals who are saying, ‘Does this mean that our public schools are going to be privatised? We don’t like this.’ I think, when there is more visibility and when the impact becomes known by families with children in non-government schools, people are going to be very resentful.

**Senator ALLISON**—Dr Anderson, you talked about the research which shows that choice in schools does not necessarily lead to better educational outcomes. I wonder if you could perhaps give the committee some details of that research so we could access it. I would just like your comment on the matter that, if you want to make the best selection for your child, you do not choose between private and public but rather look at the schools. What is your explanation for that and, if I could prompt you, could you comment about the fact that teachers, by and large, are educated in the public sector, and is this the reason why, at the end of the day, the choice is not so much about private or public?

**Prof. Anderson**—Regarding your first point on choice not leading to better outcomes, there has been research in America and Australia, in particular, and in some other countries and there is just no evidence that it does. I believe, in fact, that, if the present processes, which I described and which Ann Morrow has been describing—the shifts between public and private—continue, we, in fact, could get an overall decline in average performance across the country.

The argument is a bit complicated. I do not want to spend too long on it. Briefly, it depends on schools having that critical mass of able and capable students and if they lose that, performance plummets. Because public schools provide for by far the greater number of pupils, that small change can, in some critical areas in some regions of our cities, lead to a big quantitative decline. So that is the explanation. But the empirical evidence that is known shows that choice leads to better scholastic outcomes. As I said earlier, it is simply a slogan and an unanalysed assumption which does seem to inform a whole lot of the decisions which are being made. Your second point regarding my advice to parents to choose each school on its merits—you commented that teachers have been educated mainly in public schools.

**Senator ALLISON**—Teacher education, not in secondary or primary school, but at the tertiary level, is public, is it not?

**Prof. Anderson**—Yes. Virtually all teachers come from publicly funded training institutions.

**CHAIR**—Ms Morrow, you mentioned in your comments that this new policy would lead to exponential growth of the private system. Could you explain to the committee what you understand the meaning of exponential growth to be?

**Ms Morrow**—I know that the word ‘exponential’ has a mathematical meaning and I was not using it in that sense.

**CHAIR**—In what sense were you using it?

**Ms Morrow**—I was using it in the sense that I believe there are large numbers of groups who would want to set up schools based on particular philosophical, ethnic or religious grounds waiting in the wings. There are, for example, the 65 who have been unsuccessful in acquiring Commonwealth funding over the last three years. A number of the churches already have systems of education but want to set up second streams, low fee paying streams. If you have worked in a state education system, you are aware that if they had their choice, their druthers, many of our ethnic communities would like to have their own system of schools.

If we are operating in a totally deregulated environment, if there is no ceiling on maximum numbers of students, if there is no ceiling on the amount of funding within the framework that any one school can attract, then I think you have got to expect a very accelerated growth in that sector.

**CHAIR**—These groups have had the opportunity to try and establish schools up to this point, anyway.

**Ms Morrow**—But they did not meet the requirements of planned educational provision. The new schools policy, as we know, and as Dr Kemp has correctly pointed out in his second reading speech, did not prevent the establishment of non-government schools, but those who were not able to meet the requirements of planned educational provision—certain minimum enrolments, maximum enrolments, sensible locational decisions—were rejected.

**CHAIR**—Quite unfairly—

**Ms Morrow**—They will be putting their hands up.

**CHAIR**—I am speaking at the moment—quite unfairly by the definitions in the new schools policy, which actually excluded the regional nature of a lot of these schools. In other words, a lot of these schools do not draw from a local suburb. They draw from a very wide area, sometimes right across a region, and that is one of the elements that is actually being removed in this policy, to allow for that sort of regional recognition.

**Ms Morrow**—I refuse to believe that the new schools policy was unfair. Between 1983 and 1985, the percentage of students in non-government schools actually grew from 24.4 to 29 per cent. So the new schools policy did not operate to stop the establishment of non-government schools. It stemmed the tide somewhat. The thing that it did manage to do was ensure that the new schools that were established were going to be, firstly, viable and, secondly, not threatening the viability of other existing schools, be they government or non-government schools. I think that is a fair thing.

**CHAIR**—Are you aware of the evidence from the Steiner schools before this committee that if the new schools policy had applied 30-odd years ago when they set up, they would never have been established because of the stringency of the rules?

**Ms Morrow**—Well, they have got it made now, haven't they? They are re-opening in ex-government schools, with numbers of students that are much smaller than are required—in my state, anyway—to save them from the Victorian government's axe.

**CHAIR**—If people want to set up schools like Steiner schools, or any other schools, and that is parental choice—

**Ms Morrow**—That is absolutely fine. But don't you think there are limits to choice? Are you really seriously believing that with regard to every group with a particular educational philosophy—and I actually admire the Steiner educational philosophy—with its own ethnic base, or its own cultural characteristics, the public dollar is going to be able to be spread thinly enough to support each one of those groups setting up its own school system? It is nonsense.

**CHAIR**—It is interesting you people continue with this sort of propaganda on support of the public dollar when in fact, as you know—

**Senator CARR**—On a point of order, Mr Chairman: what do you mean by 'you people'?

**CHAIR**—People who represent lobby groups like the one before us at the moment.

**Senator CARR**—I think you should treat the witnesses with a measure of respect.

**CHAIR**—Your comment is noted, Senator. The fact is that people who send their children to private schools put an enormous amount of their resources into education. The saving to the state or to the Commonwealth budget is \$1½ billion a year. That money, if parents did not put it in, would have to be found from other sources. If we take, from earlier evidence of a witness, an implication that we should have all children at state schools, we would have to find another \$1½ billion to do that. So to say that the state is subsidising these people is giving a totally wrong impression. The subsidy is the other way around—they are assisting the state by putting \$1½ billion in.

**Ms Morrow**—You are not being completely accurate, Senator, with respect.

**CHAIR**—In what sense?

**Ms Morrow**—You are saying that it is incorrect to say that the government is significantly subsidising this activity. On average, private schools receive 58 per cent of their running costs.

**CHAIR**—And if they were all in public education, they would receive 100 per cent.

**Ms Morrow**—No, they do not.

**CHAIR**—I am sorry, but if they are all in public schools, they are receiving total public subsidy, like every other student.

**Ms Morrow**—There is no such thing as a free education, even in a public school now. So it is incorrect to say that public schools receive 100 per cent of their running costs from government. They do not at all.

**CHAIR**—You are being pedantic on the margins, but you know what I mean.

**Ms Morrow**—If, by referring to me as 'you people', you mean somebody with a different value position from yours, you are probably correct.

**CHAIR**—No, I mean someone who represents a lobby group, a lobbyist.

**Ms Morrow**—I thought it was part of the democratic process, I am sorry.

**CHAIR**—Of course it is. But let us identify where you are coming from.

**Ms Morrow**—I happen to believe, and I believe that many, if not all, of the 70 per cent of Australian families who are still using public schools, plus a good many others who have

made private decisions to send their children to non-government schools, nevertheless believe that the principal role of government, in a country where education is mandatory, is to establish a strong, publicly supported system of education.

I detect from your interrogation of me that you do not actually believe that. You do not actually believe that the government in this country, because education is mandatory and because we are a social democracy that requires an educated citizenry, should do so; nevertheless, you believe that there are better ways of going about producing that than to maintain a strong public education system. On that, we have to agree to differ, I am afraid.

**CHAIR**—You are putting up a straw person in your argument. That is not my position at all, and you have got a hide stating what my position is. I have very strong support for public education. I also believe that private citizens have the right to choose their own private school, if that is their wish. And that is also a principle for democratic practice.

**Ms Morrow**—Excuse me, Senator, we are not questioning the right of citizens to exercise choice. We are questioning the extent to which unlimited choice can be supported from the public purse. That is a different thing.

**CHAIR**—Well, that is the way you put it. The way I would put it is that the private providers, the public who send their children to private schools, are actually assisting the government with the funding of education by putting their own money in.

Dr Anderson, you mentioned the problem of social cohesion. Isn't it correct that the majority of private schools are actually Catholic and the majority of those are systemic in nature?

**Prof. Anderson**—Yes.

**CHAIR**—I just wonder why you have a problem with social cohesion, because I would have thought that the rather divisive sectarian debates have died right away in recent decades.

**Senator CARR**—You have reopened them.

**CHAIR**—You are perhaps trying to beat this up, people like you, Senator Carr. But I cannot see any evidence out in the community that this has really become a divisive issue.

**Senator CARR**—You have hidden your light under a bushel, you have tried to hide this, haven't you?

**CHAIR**—We have had assertions on this committee that it is a problem. What evidence is there that this has been divisive, that there is any reignited sectarian debate?

**Prof. Anderson**—You say that I have a problem with it. I do not have a problem with it, I am reporting facts and, having reported facts, identifying policy issues or dilemmas which ought to be faced seriously, taken seriously. Before policy decisions are made, the full implications of those policies, I believe in my position, should be understood and teased out. And I do not believe it is being done in this case. We are not talking about what has happened in Australia; we are discussing, as I understand it, what will happen if the processes continue and the uneven move across the sectors from public to private continues.

Australia, more than any other Anglo-American country with which we would care to compare ourselves, subsidises choice far more. We ought to look at why Britain and America have said no to that, and thus why choice is more limited in those countries. That is worth looking at. Choice cannot extend without any limits at all. I think even you, sir, would see that—that ultimately there have to be limits, because inefficient, ineffective and indeed socially undesirable outcomes could result.

I give one example. I have visited many schools in my work. There are excellent schools in the public and private sector and there are some lousy schools in both sectors. The worst school I have ever seen is a school which was subsidised under the previous government and got its running cost from the public purse.

**CHAIR**—The best school I have ever seen was also in that same sector. Can I just come back to your point and your comments earlier on residualisation. You seemed to indicate we are going to get into this terrible situation where hardly anyone is sending their children to public schools. Could you just define what you mean by residualisation?

**Prof. Anderson**—I did not say that.

**CHAIR**—You were implying that is an ongoing trend. Could you just define what you mean by residualisation?

**Prof. Anderson**—I was talking about the composition of those who go to public schools and about the function that public schools will serve.

**CHAIR**—And yet you stated that there is no evidence of any outcome difference between the two.

**Prof. Anderson**—Yes, that is right. But I very carefully stated that, if the present processes continue, the parity of outcomes which we see at present will be lost. And I say that very seriously and I repeat it: we are in danger of a decline in performance in public schools, not because of the quality of teaching, but because of the mix of the students who go there; and, because of the size and responsibility of the public sector, that could lead to an average decline overall in Australia of school outcomes.

**CHAIR**—The percentage increase in pupils at private schools has gone up from 23 per cent to 29 per cent; and yet you are saying that there is no difference in outcomes. So we have already had a shift and, even with that shift, there is no difference in outcomes, so on what basis do you project any difference as you are now saying, apart from just being speculative?

**Prof. Anderson**—Because you will find, in particular areas of our cities where a good public school has lost pupils to private schools, that public school has suffered quantitatively far in excess of the size of the loss. That is the first point. Secondly, there is now some evidence—it has not yet been published, but it is repeating studies done in America—where a distinguished sociologist called Coleman wrote a definitive study of the difference in performance between public and private schools in the United States and found a difference in favour of the private sector. That was vigorously criticised methodologically and, when subsequent researchers allowed for the social composition of the schools in the equation, that difference in performance changed.

Can I try and put it another way? It is a complicated thing to try and explain but, nevertheless, it is terribly serious and I think it should be understood, because of the implications it has for the changes that are taking place. If one able student moves from the public to the private sector, that is not going to change things much at all. If a large number move—not a majority, but a significant cluster—that will have a negative impact on the public schools. It will not change things much in the private schools.

**CHAIR**—The evidence earlier from Ms Morrow indicated exponential growth in the private sector, but the projections are that it will move—between now and the year 2000—by 1½ per cent, which is hardly exponential growth. Would it be true that your fears of residualisation are largely unfounded, because there are natural barriers to growth? The very obvious natural barrier is the percentage of the population who have the income that will sustain a private

education. Indeed, in a survey done by the *Sydney Morning Herald* a few years ago, they asked people, 'If you had the money, would you prefer to send your child to a private school?' And 90 per cent said yes. But the reality, of course, is that 90 per cent do not, and the reason is, quite often, the cost. So would you not agree that the projections that perhaps we will end up with a system roughly 70 per cent public and 30 per cent private make claims of residualisation alarmist?

**Prof. Anderson**—I can imagine that question being put to an inquiry that might have been taking place in 1973, when the Whitlam government established the new policy for schools, and I doubt if anyone then would have predicted what has happened since. The private costs of schooling vary. They have come down. As I pointed out, they are lower in Australia than in any other country that we would want to compare ourselves with. As those private costs decrease, there will be more use of the facility. But what we should be concerned with—I, as a public analyst, and you, as a public policy maker—are the consequences, for the total schooling of our children and for the country, of the aggregation of a whole lot of individual decisions made with the very best motives in the world.

**CHAIR**—But, on your point on people sending them as the costs go down, for people on low and middle incomes, even moderate private school fees represent a fortune.

**Prof. Anderson**—I do not disagree.

**Ms Morrow**—But the subvention is getting more getting more generous, Senator. If these are natural barriers, what is the government doing distorting the market by providing ever more generous levels of subvention?

**CHAIR**—It is giving people choice, which is what we should do in a democracy. We are a bit over time. Thank you for appearing today.

**Ms Morrow**—Thank you very much.

[10.11 a.m.]

**BURROW, Ms Sharan, Federal President, Australian Education Union, 120 Clarendon Street, South Melbourne, Victoria 3205**

**LORD, Mr Peter, President, Victorian Branch, Australian Education Union, 112 Trenerry Crescent, Abbotsford, Victoria 3067**

**MARTIN, Mr Roy, Federal Research Officer, Australian Education Union, 120 Clarendon Street, South Melbourne, Victoria 3205**

**O'CONNOR, Mr Matthew, Federal Education Industry Officer, Australian Education Union, 120 Clarendon Street, South Melbourne, Victoria 3205**

**CHAIR**—Welcome. The committee prefers evidence to be given in public but if at any time you wish to give any evidence, part of evidence or answers to any questions in camera you may make the request and the committee will consider the request. Such evidence may subsequently be made public by order of the Senate. The committee has before it a document from the AEU which is number 22. Is there any other material you wish to table at this stage?

**Ms Burrow**—We have some material relating to a brief introduction from our Victorian president. Should we table that at this point?

**CHAIR**—A brief introduction from whom?

**Ms Burrow**—We were planning to make a brief introductory statement that Peter Lord and I would share, and he has some additional material he would like to table.

**CHAIR**—Is it the wish of the committee that the material be tabled? There being no objection, it is so ordered. We are running very late, we have a very tight schedule and we do want to allow as much opportunity for questions as possible. So I would suggest that one person makes a very brief opening statement, for about five minutes, and then we will go to questions and people at the table can question any person who is here.

**Ms Burrow**—I understand, Senator. But, with respect, we would ask that Peter and I share the introduction. I think you will understand why. We have looked carefully at the evidence we should provide to you and we believe that at least one systems context is very important. We will keep it brief, but I would ask your indulgence.

**CHAIR**—Sure, that is fine to do it that way. But if material is already with us, please keep in mind in making your comments that we have already got it in written form.

**Ms Burrow**—Certainly. Speaking on behalf of teachers and other education workers throughout Australia, we believe that this legislation is the most radical shift in public policy in our history. In funding terms it is the most radical shift for some 20 years. In terms of the nature of the impact around the structure and administration and governance of school systems, it is the most radical policy shift since the introduction of free universal public schooling. There has been no consultation—not even with community stakeholders, let alone with the community generally—and for such a piece of policy we believe this is an abrogation of democratic rights in this country.

The impact in terms of the deregulation of schooling in Australia will result in our national government, the federal government of this country, no longer taken any responsibility for a universal, free, quality public schooling system. In addition to that, it deliberately attempts to move both Commonwealth and state funding—again unprecedented in public policy—towards subsidies only for schooling or vouchers. It pays no attention to the needs of the 70 per cent of students who attend government systems, where school authorities, parents and teachers have been highlighting declining investment and the subsequent risk to quality for at least five years.

The legislation removes previous reference to, and therefore responsibility for, poverty or socioeconomic disadvantage in a context where Australia has now greater than 10 per cent, or the second highest, child poverty level in Western nations. It completely ignores the evidence that shows that there is a differential or inequity of funding levels amongst government systems and the previous attempts to provide some sort of parity. Consequently, the legislation will, we believe, breach international commitments in regard to the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. I will not go into the details of those breaches; they sit before you.

We believe that the legislation will, consequently, result in a steady deterioration of government schools and so the life opportunities of those in these systems. Again I state that the vast majority of Australian school students, over 70 per cent, currently attend government schooling, yet this legislation pays no heed to their needs.

The AEU contends that a policy of giving primacy to parents' rights to opt out of government schools should not be the guiding policy of a democratic government. It is also an inefficient and, we believe, unethical use of public moneys without the kind of public consultation I refer to, and it is certainly at odds with the government's espoused economic objectives.

Practically, as it will apply, the actual collection of money from the state school systems through the benchmark adjustment will see the removal of funding for nearly five students

for each student that moves from a government to a non-government school. The greater commitment of this Commonwealth government to non-government schools and its lack of commitment to government schools will become even more glaringly obvious as the contribution to government schools declines at this rate, five times the per capita shift. The amount scheduled will actually be \$200 more. I have heard the figure this morning of a 100 per cent subsidy from the public system to the private system. The figures show us that there are actually \$200 additional dollars being collected by the Commonwealth. We would like to know what they will do with that.

Also, we are intrigued by what we are calling the DEETYA fantasy, that \$3,400 will simply move with each child. I would like to know how you take the 10 per cent of the building, or the small part of the computer system, or the resources in the book store, or any other part of the cost of running a system with each child that moves. I think the systems have more effectively pointed out that this is, indeed, a myth, and we believe it inappropriate as a statistical base for public policy.

The bill fails to provide for the need for planned educational provision in the creation of new schools. This is an abrogation of the federal government's responsibility to spend public money in a rational and planned way and to ensure that the public schooling system remains as it has always been, the quality benchmark for any amount of affordable choice in regard to government subsidy.

I would just make a comment about the removal of category 6, which was a funding cap that recognised that, if an individual school was not in a system, it did not require the same level of subsidy. To be viable, and therefore provide a public guarantee for the students in that school, it should provide its own financial commitment or a proposed financial plan.

I would like to tender evidence of an ad in a Victorian community newspaper that shows that clearly these schools do not need to get increased funding beyond category 6. Sunbury Christian School has already said that, as a result of public policy, it can reduce its fees by 30 per cent. I only wish our public schools could do likewise.

Finally, I would simply say a word about equity. The funding for specific programs and the effects of the broad banding will, as I have indicated, remove any specific responsibility for targeting increasing levels of child poverty in this country. It is not good enough to broad band money, to say that we have priorities that focus on program needs—as valuable as those needs might be—but to ignore the fact that the Commonwealth government has played an historic role in accepting responsibility for and therefore targeting the alleviation of socioeconomic disadvantage.

I will not go on any further. Suffice it to say that the removal of programs like Students at Risk and the national professional development program, as examples of those that no longer appear in the legislation because they are no longer part of government policy, is an extreme disappointment to those teachers and schools struggling to meet the needs of new curriculum context, new pedagogic requirements and, indeed, increasing levels of alienation and social disadvantage.

We believe that this bill—Peter will give you a sense of the history and context in Victoria—will be to the detriment of sound public policy, sound provision that ensures that the life opportunities of our students for all our students will be maintained. It will shift the emphasis to subsidising those people whose parents have the capacity to pay, have already chosen to pay and have decided to segregate their children from the education system which provides for the children of the rest of us.

**Mr Lord**—I would like to make four comments in the Victorian context. I will keep them brief. Victoria has suffered, since October 1992, substantial cuts in resources to public education. The amount is commonly accepted to be at least \$370 million. There has been a loss of 8,000 teaching positions and the closure of approximately 300 schools. The cuts have gone beyond that to restructuring of the administrative school and student support services.

By way of contrast, the non-government sector has not faced cuts in state funding. Indeed, it has had a previously deferred quarterly payment restored. At the same time, a greater reliance on Commonwealth funding has seen the private sector experience increased funding. The figures are these: between 1988-89 and 1993-94, average government expenditure per Victorian government school student fell by one per cent in real terms, while expenditure per Victorian non-government school student increased by 25 per cent in real terms. Further cuts have occurred to government schools since those figures became known.

The resource outcomes are spelled out in our submission. A supplementary paper which we wish to hand up contains simply the graphs and tables that give the detail of what is referred to on page 3 of the Victorian branch's submission. I do not need to go to those now.

I move to the issue of the further cuts. The Victorian government has now announced, within the last two weeks, further cuts to the Victorian government sector. Six hundred more teachers are to be removed from the system through voluntary departure packages, 113 government schools are now under pressure to close or merge. Clearly, already the Victorian government is passing through to the government sector—to the tune of at least \$26 million in teacher salaries and an unknown amount for the 'savings' made in school closures—the cuts that have been made by the Commonwealth in the financial assistance grants to the states or are to be made.

I want to move quickly to the issue of the minimum enrolment threshold that underpins the Victorian government's policy. The 113 schools are being told that they are being targeted because the primary enrolment is below 175 and the secondary enrolment is below 400. In stark contrast, the current requirement in Victoria, under the education legislation, allows for the establishment of a non-government school with an enrolment of just 20, with an additional requirement in secondary schools of an average of 10 pupils per year level. That means a minimum of 80 for a secondary school. In some shires, some non-government schools can be set up with a minimum of just 11 pupils. There is a clear difference, then, between the numbers that the position of the government in Victoria requires government schools to meet, in terms of its view that these numbers of students are needed to provide a quality curriculum, and the numbers which are still allowed to apply for the non-government sector.

The further point I wish to make on that is that, if school size is relevant to the capacity of government schools to provide a comprehensive curriculum and effective use of public resources, then the same arguments must surely apply when subsidising the establishment and the maintenance of private schools. My final point goes to what the community reaction is to these developments in Victoria. It is our view that the establishment of additional private schools at public expense would be likely to create outrage in Victorian communities that have faced in the past, or are facing now, the closure of one or more of their government schools.

The reality in Victoria is that overall enrolments have been falling since 1992. This means that unplanned provision of new schools would clearly impact on existing schools, whether public or private. When combined with further resource cuts for government schools, the likely impact on the community's access to comprehensive and quality public education would be severe. The Victorian context, we believe, is very important for the committee's deliberations,

in the sense that we have had cuts of some substance and we have the real problem of overall decline in enrolments across all sectors in the Victorian education community.

**CHAIR**—Thank you. Senator Carr has questions.

**Senator CARR**—Mr Martin, as I understand it, you were provided with a draft of the DEETYA submission to this inquiry. Is that correct?

**Mr Martin**—I asked DEETYA if they would send me some material in relation to the enrolment benchmark adjustment. I noticed that the paper which they sent me, probably a week and a half ago, bears some striking similarities to parts of the submission which they have put in recently. There is one fairly marked difference, in that a sentence which says that the average net cost of \$1,500 per student for the Commonwealth for students who enter non-government schools from government schools is missed out. I would suspect that that may well be because it highlights the fact that the Commonwealth is reclaiming \$1,700 per student, and it highlights the \$200 bonus that they are claiming with each of those students.

**Senator CARR**—Is that the basis on which you say that there is an additional \$200 that the Commonwealth is claiming for each transfer?

**Mr Martin**—Yes.

**Senator CARR**—You are saying that the departmental submission itself has a variation of some \$200 between the various drafts of their submission.

**Mr Martin**—There is no variation. They simply left out that particular figure.

**Senator CARR**—I see. You would be aware that the Senate has been advised through the budget papers of the cost of this program. In particular, there is the proposition that the cost of this program be funded, in very large measure, by taking money from the public sector and transferring it to the private sector. The department has provided to this committee a submission which now includes the figures of some \$177 million as the figure for the cost of that transfer—an increase of some \$50 million. Can you indicate to the committee how, in your view, there could be such a discrepancy?

**Mr Martin**—I think that, since the budget, there has been a number of people who have been trying to do the calculations. I believe that the committee has already seen the paper from Louise Watson which suggested that the government, or perhaps the department, had seriously miscalculated the number of people who would move from government to non-government schools. I have only had the new figure for a few hours, but it appears to me to be a recognition of the figures that Ms Watson has calculated.

**Senator CARR**—You refer in your presentation this morning to an advertisement in a Melbourne newspaper for the Sunbury Christian Community School. This is for the opening of a new school in January 1997, and you quoted the advertisement to the effect that recent changes in government policy has enabled a 30 per cent reduction in their fees. I ask for this to be incorporated.

**CHAIR**—Is it the wish of the committee that this material be incorporated? There being no objection, it is so ordered.

*The advertisement read as follows—*

**Senator CARR**—Do you believe that this is an example of public funds being used to actually subsidise private choice?

**Ms Burrow**—Clearly. What you see is that that school clearly does not need the amount of money that it will get, one would presume, with the removal of the cap on category 6. I can only assume from the ad that that will mean that they can run their school at a lower figure. But what it says is this: the quality was always provided by the benchmark of the public system. We have one of the best educational systems throughout the world. My concern is that, exactly as you have pointed out, when you drive down the quality in the public system and you provide subsidies at an increasing set of levels to the non-government systems, then ultimately you drive down the quality of educational opportunities for all students, and that is something that public policy, particularly in the 1990s, should never be responsible for.

**Senator CARR**—The minister has indicated in his second reading speech that this government's policy for newly commencing schools will make a school's entitlement to Commonwealth funding primarily dependent upon a state or territory government's recognition. I first ask, what is your view of the appropriateness of one level of government allocating the funding or making decisions about priorities from another level of government? How adequate do you believe that is in general policy terms? Secondly, how adequate does the AEU believe the present arrangements are for state and territory government recognition on non-government schools?

**Ms Burrow**—As I indicated in my introduction, there are two incredible precedents in the shift that this legislation generates in Commonwealth-state relations. One is that for our

national government, the Australian national government, which is a signatory to international laws such as the United Nations Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child, conventions which provide for guarantees that education is a right which must be universally available to all, that primary education must be free and compulsory, that secondary education must be equally available to all on the grounds of ability and merit and must be made progressively free, and the list goes on—that those commitments clearly now provide no basic foundations for the policy of this government, given that they have just given up their right to actually provide for free universal quality public schooling. That is the first shift.

When you come to the second shift, it is that they would also drive down the quality of state systems by taking money from those state systems. I have never seen a piece of legislation that requires the state government to give up money to pay for federal government policy when there has been no consultation or agreement through somebody such as COAG or other ministerial council. The question of registration is in that vein an amazing sleight of hand. By devolving that responsibility and abdicating from the responsibility of the international conventions, we will have different levels of registration, different levels of quality and the potential for the federal government to be paying vastly different amounts of money state by state, according to whether students are in government or non-government schools of varying quality.

The state registration provisions are so weak that in places like Queensland there is no recognised legislation, though there is a discussion paper, and nowhere round the country is the basic public guarantee for children stipulated in any of those registration provisions, and that is appropriately trained teachers.

**Senator CARR**—So you are saying that nowhere in the country is there a requirement for appropriately trained and registered teachers in the private sector?

**Ms Burrow**—To be quite accurate, there are some loose words in the New South Wales act but they do not require any detail in regard to the level of training or any provision for registration of training. In Queensland and South Australia, there are registration boards but they are separate from the acts pertaining to the registration of non-government schools. Those registration requirements around the country are fundamentally pieces of legislation that anybody could get any application through at any time. What we are talking about is total deregulation.

**Senator CARR**—So a ship's officer could teach in a school and be appropriately qualified?

**Ms Burrow**—In some of those schools that is absolutely right. With an emerging demand and supply crisis, we would imagine that there is no guarantee for parents in any non-government schools if the numbers grow to the point where trained teachers are simply not available on the market.

**Senator CARR**—How many states have financial viability of a school as a criteria for registration?

**Ms Burrow**—I would have to go through our summary but it does not come to mind that any, in fact, do. So I would say that from my reading, subject to checking, no state has financial viability as a requirement in their registration processes.

**Senator CARR**—I think we can be certain that New South Wales, Victoria and Tasmania do not. There might be some question, as we have heard in previous evidence, in regard to

Queensland, Western Australia and the Territory. But how many states can we say have minimum enrolment criteria?

**Ms Burrow**—Victoria is the only state that has minimum enrolment criteria.

**Senator CARR**—So that brings up the question of financial viability again. The Victorian example, as Mr Lord said, was, I think, 80. How do you get 80?

**Mr Lord**—Twenty is the base for a primary school and, again, for secondary it is 20 base plus 10 for each of the six year levels, which would give you a minimum of 80.

**Senator CARR**—I see. You are saying it is a combined secondary. How many states require new schools to take into account the impact on other schools of the establishment of that school under the state registration procedures?

**Ms Burrow**—None of them do because that was a requirement called for by the Commonwealth in regard to the old new schools policy.

**Senator CARR**—In your judgment, has the new schools policy as it has operated since 1988 in fact operated as a framework for planning and for the operation of new schools without necessarily having the states change their regulations?

**Ms Burrow**—That is perfectly correct. The state regulations have not changed since their inception, in many cases. All states, both non-government systems and schools, and government systems would acknowledge that the planned provision framework was a responsibility of, and indeed was implemented by, the Commonwealth government.

**Senator CARR**—So the new schools policy has, in fact, operated as a regulatory framework and therefore its removal will reduce us to a situation where we rely on these ad hoc arrangements.

**Ms Burrow**—In terms of Commonwealth government responsibility, you will have a totally deregulated environment because they accept no responsibility for the adequacy or inadequacy of state registration proceedings, yet they intend to hand out money to any school that is registered as a non-government school.

**Senator CARR**—In terms of the legal provisions of this bill, what is the union's submission as to the measures that ought to be taken by the Senate to amend this bill to protect universal provision?

**Ms Burrow**—I think Matt O'Connor should answer that, Senator.

**Mr O'Connor**—There are a number of key differences between the bill proposed, which is the subject of this committee, and the current act, the states grants legislation, which currently exists. Perhaps I can point out the differences and also indicate what the AEU thinks should be done to the bill to remedy the problem. Firstly, there is in the current act a requirement that schools who intend to make significant changes—what are called change proposals—or, indeed, to set up a new school give notice to the minister that they intend to do so. The current bill requires only that schools may give that notice and may apply for funding.

The current act provides penalties for schools who might already be in receipt of funding and who make significant changes without actually applying to the federal minister. The AEU believes that the bill should be amended to require schools to notify the minister of any new school or location proposals, particularly location proposals for existing schools, and also to provide penalties for failing to notify of such changes, as currently exists, for instance, in section 23 of the bill.

Secondly, the current legislation provides for a significant notice period, of in excess of two years, for new school proposals and change proposals. The current bill sets no notice period whatsoever and, indeed, allows for applications to be made for funding for the previous year. It is not difficult to imagine the failure to plan appropriately that that envisages. The AEU submits that the bill should be amended to provide for adequate notification periods, secondly, to require the minister to gazette applications in advance to give interested parties a chance to make submissions, and thirdly, to allow consultation to occur between the new school or the school proposing a change and interested parties.

We have already heard that the current bill contains no provision for planned educational provision at all—that is, an equivalent of the current section 28. The AEU strongly submits that planned education provision must be a requirement in allowing applications for funding for new schools and change proposals. The current bill does not provide for minimum enrolment numbers, as we have heard, and the AEU strongly submits that it should. It does not contain maximum figures which are used on occasions to limit funding where, for instance, schools who have submitted proposals exceed enrolments. The minister is able under the current bill to set maximum figures which prevent schools from receiving funding for those additional students and the AEU submits that that should be retained.

The AEU also submits that the funding cap for new schools, which is an incentive for those new schools to become financially viable from the outset, is an important element of the current act and should be retained. Briefly, the AEU submits that in any decision making processes about funding for non-government schools there should be committee involvement at the first decision making level and there should also be an opportunity for review of decisions. Those reviews should be available to applicants who fail to achieve funding. Also, where the applicant is successful, a review should be open to other interested parties. The current act provides for that review process. The bill does not.

We also consider that there should be an objects clause inserted into the current bill which acknowledges the primary obligation of the government to government schools, and that individuals have a right to a free, quality public schooling. The details of that item are contained in our submission on pages 2 to 3. Finally, we believe that clause 44 of the bill should be amended to guarantee the per capita recurrent funding to government schools which would, in effect, prevent the operation of the enrolment benchmark adjustment. Those are the key changes that we see.

**Senator CARR**—Thank you very much, that was very helpful. Mr Lord, the Victorian scene has faced massive upheavals. We have seen the drift in educational money spent by the state in terms of total outlays move very substantially. I might add that this government seems to be following that pattern, with a reduction of outlays as a whole of government expenditure by two per cent over the forward estimates period. I would like to go to the question of the allocative mechanism for the distribution of targeted and quality programs which is the so-called broadbanding of the special programs. But I would ask firstly how important Commonwealth funding has been in mitigating the educational policies, the withdrawal of funds, by the state government in Victoria?

**Mr Lord**—It is clear that the Commonwealth funds have enabled many programs to continue in schools in the face of the substantial cuts the Victorian government has made. I indicated earlier that it has admitted to be at least \$370 million. That has occurred in areas where special needs staff who had gone into schools with socioeconomic needs have been all but totally removed.

The only funding that has remained in some of those schools has been some Commonwealth funding. We see that is now to be cut. For example, the cuts to what is the equivalent of the old disadvantaged schools program were told to us last week in a briefing by the Department of Education in Victoria. They amount already to \$1.7 million in 1997, and that figure is to be continued and added to over the following three years. We are also facing cuts—

**Senator CARR**—Sorry, can you just repeat that figure again?

**Mr Lord**—It is \$1.7 million in 1997 and the same figure accumulating eventually to \$6.8 million, or just short of \$6.8 million, over the four years. There are also cuts in funding in the country education program, English as a second language and in other programs which the Commonwealth has funded. Those cuts are being passed straight through to the schools, with no attempt by the state government to offset those in any way.

**Senator CARR**—As I understand it from the graph that I have seen distributed by the department, the total was \$7.8 million out of Victorian funds for disadvantaged and country area programs. In the disadvantaged schools program, it constitutes 11 per cent of Victoria's disadvantaged grants payments from the Commonwealth and these are to be reduced.

**Mr Lord**—That is correct.

**Senator CARR**—And that is what you have been advised as well?

**Mr Lord**—Yes.

**Senator CARR**—That has now flowed through to the state system, has it?

**Mr Lord**—That will flow through into the schools' global budgets for 1997 school year.

**Senator CARR**—It has been said to us through the estimates process that this has come about as a result of a review of the allocative mechanism, which suggested Victoria is doing better than other states. Now, needless to say, I am sceptical about that. Are you aware of any studies? Have there been any consultations with professional organisations in Victoria concerning this review process of the allocative mechanisms?

**Mr Lord**—There has been no discussion with the Victorian branch of the AEU or with other organisations that I am aware of on the changed basis of the funding, and the changed factors being considered in the allocation of the funds.

We understand that previously there were four factors. This has been changed to a list of six factors in the allocation of funds, but they have been ones determined by the government without consultation, to our knowledge, with anyone at all.

**Senator CARR**—Are you familiar with Professor Richard Teese's studies on the allocative mechanisms on Victoria?

**Mr Lord**—I have read those, yes.

**Senator CARR**—And what is the union's views of the adequacies of his assessments?

**Mr Lord**—Well, as I recall—and I might ask Sharan Burrow, who has had more recent contact with these to supplement—he exposes the problems that have been there with those particular allocation mechanisms. We now see that we have funding being transferred from what everyone would identify as most disadvantaged schools in some of our western and northern suburbs to schools in what are generally regarded as the better socioeconomically, at least, suburbs to the east of Melbourne. That is an outcome which defies the logic of everyone else's anecdotal and other observations.

**Senator CARR**—And ABS assessments, too, I might add.

**CHAIR**—Senator Carr, we have given you 25 minutes which is more than anyone else is going to get.

**Senator CARR**—I have got one further question on this line of inquiry.

**CHAIR**—Right; okay.

**Senator CARR**—We have been advised that the department of the schools division of the Commonwealth department of education has had its staffing cut by 10 per cent since March. Do you believe there is any correlation between the reduction in staff administering schools programs and the broadbanding of target and quality assistance programs?

**Ms Burrow**—If you are asking me whether I believe there are enough DEET officials to actually implement the programs in the way they were previously implemented, then the answer is clearly no. The broadbanding and devolution of responsibility for those funds is, I think, quite concurrent with the reduction of DEET's staff. I might add that the broadbanding under the program called literacy means that, because of the re-allocation mechanism—for which we were given a copy of a document, and since then no follow-up—\$3 million in total will transfer if that goes ahead from the government systems to the non-government systems.

I believe that the methodology—not the identification, necessarily, of the regions of poverty, but the basis of the enrolment share, where the claim is that all non-government schools in that area would equate with the level of the socioeconomic communities of the public schools, thus providing some equal share—is, in fact, myth. We will be monitoring this closely because I think that we will find many, many poor school communities in areas that are not targeted that are much more disadvantaged than the non-government schools in those areas. We will be making that quite clear. We think that it is flawed public policy and we do not believe that there is any evidence to show that there has been a shift of children in poverty into the non-government sector.

**CHAIR**—Thank you, Ms Burrow. I refer to political material headed 'Your Child Needs You to Act Now!', and signed by you. I take it that you recognise that document.

**Ms Burrow**—I think it is actually a parent document, but I am aware of the contents.

**CHAIR**—It has got your signature at the bottom.

**Ms Burrow**—I think they have included a letter from me, yes, Senator.

**CHAIR**—No. The document does include something from you which has no heading as a letter. It continues on and finishes with your signature and identification as 'Sharan Burrow, Federal President, Australian Education Union'. Is it the wish of the committee that this material be incorporated? There being no objection, it is so ordered.

*The document read as follows—*













**CHAIR**—This arrived in my hands from an irate parent, because it arrived home in her child's bag. How widely circulated was this material?

**Ms Burrow**—My understanding is that it is a series of documents prepared by the Parents and Citizens Federation in New South Wales, and I believe they circulated it to all of their affiliate organisations in that state.

**CHAIR**—You say that it is 'prepared' by New South Wales, but it has got your signature on it, and you are the Australian president.

**Ms Burrow**—I do not have the document in front of me.

**CHAIR**—I realise that New South Wales is part of Australia, but we have a national president here who is saying that this was all done by New South Wales but it has her signature on the bottom of it.

**Ms Burrow**—Senator Tierney, I do not have the documents in front of me but I do know that I signed one of the documents incorporated in that. But even if that was not the case, I have no objection if the parents in New South Wales believe that the material that I write is of such a nature that they should circulate it to their affiliates. We clearly have a very close partnership between parents and teachers, and we are worried about the future of opportunities for our children, my children as well as those in the care of our teachers in our schools.

**CHAIR**—Certainly. Did they ask your permission before they circulated a document with your signature on it?

**Ms Burrow**—Of course.

**CHAIR**—So you have approved their distributing it. What is your understanding of the rules for distribution of political material to children in New South Wales schools?

**Ms Burrow**—I understand the requirements in regard to teachers employed by the Department of Education in New South Wales, that political material should not be circulated within the school grounds or the context of the schooling program. Consequently, when we circulate materials to parents, if it does not go through the parent organisations, we usually do it by mail or hand it out to children outside the school gates, or provide it in shopping centres, much as many of your campaigns in terms of government policy would be implemented.

**CHAIR**—This came home in a school bag. Are you saying that people were standing outside the school gate doing this? Is it not true that this was just circulated to pupils in the school?

**Ms Burrow**—You would really have to ask the Parents and Citizens Federation how they circulated it. But if you are trying to suggest that, in fact, it is wrong to provide children with information that they can carry to their parents then I suggest we live in a democracy, Senator.

**CHAIR**—There is nothing wrong with information; we just object to propaganda. Did the minister for education—

**Ms Burrow**—Can you find things that are not factual in there, Senator?

**CHAIR**—Yes. I will get to that next. You are anticipating a later question—several later questions, actually. Was the approval of the minister for education, Mr Aquilina, sought before this propaganda was distributed via school children?

**Ms Burrow**—You would have to ask the Parents and Citizens Federation, Senator. It is not my material I merely gave permission to have material enclosed.

**CHAIR**—You signed it.

**Ms Burrow**—Yes.

**CHAIR**—Ms Burrow, what do you mean it is not your material? You have indicated earlier that you—

**Senator O'BRIEN**—A point of order, Mr Chairman.

**CHAIR**—I know it is embarrassing. I realise it is embarrassing.

**Senator O'BRIEN**—I realise that you are talking about a document over which there is some confusion. It has not been circulated and the witness has not actually agreed that she has signed the document. She said that she signed a letter.

**CHAIR**—Her signature is at the bottom. But I want to quote from the document.

**Senator O'BRIEN**—I want to make a point and you are interrupting my point.

**CHAIR**—Yes, I have got a technical problem. I know what your point is but I have got a technical problem.

**Senator O'BRIEN**—Can I make it or are you going to continue to interrupt? The point is the first thing we should establish is that the witness is familiar with this document because I do not believe that has actually been—

**CHAIR**—She has already said.

**Senator O'BRIEN**—She has said she signed a letter, you are saying she signed a whole document. Can we establish first that the witness is familiar with this document? I think this is a most confusing way of pursuing it.

**CHAIR**—I think the witness knows about this document and what we are talking about. The technical problem I have is that I want to quote from the document now—

**Senator O'BRIEN**—Just show it to her and then bring it back. It will only take a few seconds.

**Ms Burrow**—I would like a copy but I will put on record that I have no objection to the Parents and Citizens Federation of New South Wales circulating material that I might have written. In fact, I am quite proud that they would think it was appropriate material to include in their communications to their affiliates.

I think you will find that the last two pages are in fact the material that I provided. I could provide you with a copy of the original which I sent to parent organisations. They have chosen to include it, with my permission, and circulate it. The first four pages were prepared by the parents and, while I have no doubt that it is accurate information in terms of their resources, I cannot claim credit for it.

**CHAIR**—Did they indicate to you that they were going to circulate that letter? Did they indicate that at all to you?

**Ms Burrow**—Yes, they asked me if they could enclose the letter that I had provided for them to their affiliates. Indeed, if you want the full facts of the matter, the caption at the top was changed from my original and it was brought to me, while I was at a meeting in New South Wales, for signature. So the last two pages I can claim credit for.

**CHAIR**—You are claiming these last two pages are actually a letter.

**Ms Burrow**—Yes. In fact, probably in my files somewhere with me I would have a copy of it. It was originally headed 'To friends of public education'.

**CHAIR**—It actually does not start as a letter, as you have just seen. It is actually in the same format, in terms of the heading and everything, that the rest of the document is in. It

seems like a continuation of the same document, with your signature at the bottom. The way it reads is that you have signed this total document. Did they run that past you before they distributed it around New South Wales schools?

**Ms Burrow**—I am an educator and I cannot claim to have written material that I did not. I did write the last two pages. The heading was changed, with my permission, by the parents and I signed that part of the document. The rest of the document I have seen. If I can answer your questions about it, I am happy to. But I do not believe there is anything to be much fussed about here.

**CHAIR**—The second last page has got a heading, ‘Australian public schools urgently need your assistance’, which you are now saying is part of a two-page letter.

**Ms Burrow**—That is correct.

**CHAIR**—At the back. And the previous page, ‘How we compare with the world’, which is set out in exactly the same sort of format, with a heading at the top, is that yours as well?

**Ms Burrow**—No, I believe that was prepared from the databases of the P&C Federation.

**CHAIR**—‘What the federal budget means for public schools’ is set out in exactly the same way, that is not yours, either?

**Ms Burrow**—It is not the document I signed, no.

**CHAIR**—It is a bit strange. I thought you, as federal president, might want to be talking about the federal budget.

**Ms Burrow**—I have no objection to the information.

**CHAIR**—Let us look at some of the material in it. Before I get to the material, education is a process about facts and truths, wouldn’t you agree, to children, to parents, not propaganda?

**Ms Burrow**—Certainly, as far as we can be sure that there are facts and truth in the figures provided for us, as you have seen, in a range of documents.

**CHAIR**—Let us go to—

**Senator ALLISON**—On a point of order, Chair: none of the other members of the committee have a copy of this document. It is very difficult for us to know what you are talking about.

**CHAIR**—My difficulty is I am quite happy to have this copied when I ask these three questions.

**Senator ALLISON**—I ask that we proceed with other questions until we have that document in front of us.

**CHAIR**—I cannot give it to someone to photocopy and read from it at this point in time.

**Senator ALLISON**—That is why we ought to go on to other questions.

**CHAIR**—I would rule that, as you will see, I am quoting directly from the document. You will get the document in a minute and we can come back to the document, if you wish to come back to the document, later on. For example, I quote: Currently, Federal Government grants average \$406 per student in a government school and \$2091 per student in a non-government school.

That very conveniently leaves out block grant funding provision by the federal government to give a totally misleading picture on those two figures. Would you agree that it has actually left out a fairly substantial bit of money that comes through block grants to the—

**Ms Burrow**—I do not have those figures in front of me, you do, so it is hard for me to comment about that. If you are taking a paragraph out of a document, with those figures in

it, I recognise them as the ones pertaining to the direct funding assistance to schools on average—to government schools—and the direct funding assistance on average to non-government schools. But I do not know what they pertain to represent in the context of the document you have.

**CHAIR**—It says that current federal government grants average this amount, so it talks about the recurrent money, it does not talk about the block money. So it gives a totally misleading picture.

**Ms Burrow**—That is more than likely.

**Mr Martin**—My recollection is that those figures are taken from press releases put out by the government.

**CHAIR**—I would like to see them. I think you are again selectively collecting material. If you have got those, I would like to see it, because there is obviously a block as well.

**Mr Martin**—Could you clarify what you mean by block grants, please?

**CHAIR**—The block grants that come from the federal government to the states—FAG grants. The second point is this—and I quote:

Imagine what this would do to your school if every time its enrolment dropped by one student, it lost \$2118.

It very conveniently fails to point out that \$1,700 stays with the school, even though the pupil has gone—again, propaganda, not fact.

**Ms Burrow**—We do not accept those figures, but I do not have to argue the case. You have got the bulk of the systems throughout the country who tell you they are wrong.

**CHAIR**—You are disputing that \$1,700 stays with the school?

**Ms Burrow**—The figure of \$3,400 does not transfer automatically with a child when they leave a school. That would be a system called vouchers. We do not yet have a system such as that in our country. What the systems evidence will show you is that that is a statistical average figure taken for the purposes of calculating Commonwealth assistance. It has no relevance to the way that systems fund and run, save, or, indeed, increase their funding to schools. So there is no evidence that \$1,700 would stay if the Commonwealth were to take away \$1,700 from the state system every time a child left a state school door.

**CHAIR**—In the evidence provided in speeches by Minister Kemp—and I refer you to his answers to questions and to the second reading speech—that information is there.

**Ms Burrow**—I suggest that Minister Kemp ought to consult the state systems' leaders and their ministers, because they say it is not true.

**CHAIR**—We will be questioning them this afternoon—state and federal—so we will establish some facts, perhaps not propaganda. The final thing is that it says there will be no restriction on these non-government schools and funding will be automatic. Obviously, it goes through a state process. You might have some questions about the state process, but there is a state registration process—again, misleading information.

**Ms Burrow**—I fail to comment. It is a non-issue. You cannot mix up registration with the notion of the Commonwealth actually making a financial adjustment based on enrolment share. I think that your confusion about the nature of the document—

**CHAIR**—I am not confused at all.

**Ms Burrow**—Figures taken from the minister or DEET's own material—I will not call it propaganda—included in that is quite separate from the question of registration.

**CHAIR**—That was not my question. The question related to automatic registration, and it is not automatic. It has got to go through a state process.

**Ms Burrow**—I do not think I made any claims about automatic registration.

**CHAIR**—No, it is what is in the document. It says it is automatic, no matter what size the school.

**Ms Burrow**—Yes, but it is not—

**CHAIR**—That is what the document says.

**Ms Burrow**—It is not my document.

**CHAIR**—But you said earlier that you had seen the document and it is fine.

**Senator ALLISON**—On a point of order, Chair: neither the witness nor the rest of the committee has a copy of this document to which you refer.

**CHAIR**—It is now being circulated. If you wish to return to the document, I would be only too happy for you to return to it on any matter at all. I have no further questions.

**Senator ALLISON**—I would like to come back to the question of the enrolment benchmark adjustment. You say in your submission that it is far from clear exactly how that EBA is to be calculated. Can I put it to you that in the event that the Victorian schools will maintain total numbers but private schools will increase both their share and their numbers, what is your understanding of how that EBA will work?

**Ms Burrow**—I would ask Mr Martin to answer the question.

**Mr Martin**—The EBA is designed to work based on movement between government and non-government schools in percentage terms. Because it is aimed mainly as a mechanism for funding non-government schools, I think there has been a failure to consider a number of the implications for government schools.

There are a number of circumstances in which government schools will lose money where I think they were not intended to or where it would appear to be unfair even in terms of the enrolment benchmark. For instance, if government schools lose numbers, which, given what is happening with retention rates in places like Victoria, is quite possible, it is possible for there to be a change in the percentage share without there actually being any movement into non-government schools. That would result in a loss of money to the government schools.

Similarly, in a lot of cases, there will be increased enrolments. If an increased proportion of those enrolments goes to non-government schools, it is quite possible for the government system to end up with less Commonwealth money, even though it has more students in its system. The only thing that does not appear to be built into the legislation is to give government schools more money if they actually get a higher share of the market. The best that government schools can hope for is the status quo. If they get the status quo, they continue to get the money they currently get. But, of course, the legislation is also designed to stimulate non-government schools and ensure that that situation does not arise.

**Senator ALLISON**—Can you then relate that to the schools which have not yet reached their benchmark enrolment of 29.4 per cent? I am thinking of the Northern Territory which is in this category. What effect does the EBA have on those schools in that calculation?

**Mr Martin**—My understanding is that the benchmark of 29.4 per cent is illustrative and an average. As I say, I have been trying to get information. You may have more accurate information than me. My understanding is that the benchmark in the Northern Territory will be what the situation is at the end of this year; 29.4 per cent is a national average.

What that means, of course, is that we have a different rule applying to each state and territory throughout the country. Over time it is possible, for instance, for several states to have the same percentage of enrolment share but to get entirely different levels of Commonwealth funding because they start from a different benchmark.

**Senator ALLISON**—I thank you for your tables this morning. They are most useful. I noticed on one of those that pupil-staff ratios have dropped significantly in Victoria. I wonder whether there is any evidence of cuts which have resulted in that kind of ratio change in Victorian schools leading to parents choosing to shift students into private schools.

**Mr Lord**—Yes. The information given is quite stark in showing the change in the Victorian enrolment position. There has been a shift, from memory, of around 1 point-something per cent of students from the government to the non-government system in recent times. I do not have that exact figure in front of me but I suspect it is related to the fact that we have lost \$370 million of funding in state education in Victoria. Retention rates have fallen as a result of that at the senior secondary levels, enrolments have fallen overall and the ratios in Victoria have worsened in the way in which that data from the ABS indicates and is set out in those tables that we handed up.

**Senator ALLISON**—I have a question about the needs of Aboriginal and Torres Strait Islander people. You talk about the importance of meeting their educational needs. In what way will this bill facilitate, or otherwise, the establishment of perhaps Aboriginal owned schools?

**Ms Burrow**—The policy position of the AEU is that we do not have any objection to Aboriginal owned schools, but that we believe they should be seen as public schools and should be fully funded, and that there ought to be appropriate partnerships between the Aboriginal parents and citizens who manage their schools through appropriate councils and the systems who are responsible for public schooling.

There is evidence to show that where Aboriginal owned schools are in the non-government sector they are more poorly resourced than government schools. We think that for the children of those people, our indigenous peoples in this country, for whom schooling has not met their needs on any comparable outcomes according to the rest of the population, that is not acceptable.

So we are very concerned that when you push the level of quality down in both the government and the non-government system through this process, subsidies only to Aboriginal-owned schools will result in a quality base that we will not be proud of and should not be acceptable.

**Senator TROETH**—Ms Burrow, in your opening statement you said there was no consultation whatever with any educational groups over this legislation, is that correct?

**Ms Burrow**—That is correct.

**Senator TROETH**—I have in front of me a list of at least 17 groups who were provided with a departmental paper called 'Delivery of Commonwealth targeted and quality schooling programs from 1997'. I understand that was provided to education authorities in all sectors and to peak interest group bodies. Are you aware of that piece of paper?

**Ms Burrow**—I am aware of the piece of paper, yes.

**Senator TROETH**—Was your organisation provided with it?

**Ms Burrow**—My opening statement said there was no consultation about the radical shift in public policy that underpins this legislation. You refer to one part of the legislation only.

**Senator TROETH**—Yes, I am asking you whether you received this piece of paper.

**Ms Burrow**—And it was a report, not a document for consultation. It was a briefing.

**Senator TROETH**—I am asking you whether you received the piece of paper; that is my question.

**Ms Burrow**—I received the piece of paper but we had no consultation process.

**Senator TROETH**—When did you receive it?

**Ms Burrow**—As I recall, just prior to the budget. I understand the allocative mechanisms are still not settled and we have not heard since.

**Senator TROETH**—Could your office provide me with the date when you did receive that?

**Ms Burrow**—We could.

**Senator TROETH**—I also understand that in September 1996 the Commonwealth undertook extensive information sessions on the proposed changes with the government, Catholic and independent education authorities in each state and territory, and with interest groups in Canberra. Did you participate in those information sessions?

**Ms Burrow**—It is absolutely essential we get this correct. There was a process where there was a consultation committee called NEPSAC on which we were represented that was looking at allocative mechanisms. The review of those was being handled through a consultancy process with Ashenden and Milligan. We did participate in that process.

**Senator TROETH**—When did that process start?

**Ms Burrow**—It has been going on for two years, I would imagine. But this document bears no relationship, it is a totally different set of proposals than any of the ones that I discussed—or, indeed, our representative discussed—in the context of NEPSAC regarding that earlier review.

**Senator TROETH**—So you participated in the information sessions on the proposed changes and you were aware of what the proposed changes were to be?

**Ms Burrow**—No. The nature of these proposed changes came out of the blue for us. In fact, my office did not get a copy, it went to the representative of the AEU on NEPSAC, which is a change in practice, and since then there have been no formal meetings, there was one briefing. There have been no meetings or requests for meetings with the AEU.

**Senator TROETH**—When was the briefing?

**Ms Burrow**—I will have to check the date. It was the date of the NEPSAC meeting and I imagine that the DEET officers could provide it for you.

**Senator TROETH**—If you could provide the committee with that information, please. So you have not been involved in any further information sessions or briefings?

**Ms Burrow**—No.

**Senator TROETH**—Has that been your choice?

**Ms Burrow**—No, we seem to have fallen off a mailing list from DEETYA.

**Senator TROETH**—I wonder why.

**CHAIR**—Thank you for appearing today.

**Senator O'BRIEN**—I have got some questions. In relation to the document that has been discussed, just to clarify this matter, I think it has been identified as being headed, 'Australian public schooling urgently needs your assistance'. The last page, which has your signature, is

that the part of the document that the Australian Education Union, under your signature, is responsible for?

**Ms Burrow**—The last two pages appear to me, without checking it line for line, to be the text of a letter that I actually sent to a number of organisations representing public sector interest. I signed these two pages based on a retyping from the New South Wales Parents and Citizens.

**Senator O'BRIEN**—So these two pages were not prepared by your organisation?

**Ms Burrow**—The content of them was taken from a letter that I provided.

**Senator O'BRIEN**—Yes. The pages that you signed, these two pages, were prepared—

**Ms Burrow**—The format, yes.

**Senator O'BRIEN**—The words may come from another document, but these two pages were prepared by someone else and you signed them on behalf of your organisation?

**Ms Burrow**—Yes.

**Senator O'BRIEN**—In terms of a comment that you made arising from questions—

**CHAIR**—Before you move on to the next point, I have a technical question: how does that occur when the typeface is exactly the same right throughout the document?

**Senator CARR**—You say it is the same.

**Senator O'BRIEN**—It is not the same throughout the document.

**CHAIR**—I know, I have checked it.

**Senator CARR**—Are you now a computer expert as well?

**CHAIR**—Actually, I am.

**Senator O'BRIEN**—It is not the same because the front page is different.

**CHAIR**—I actually point out No. 9 and a number of very specific aspects of the way this typeface works.

**Senator CARR**—Do you use typewriters still at the AEU?

**Ms Burrow**—I have no idea.

**CHAIR**—You might like to trivialise it, Senator Carr, but the reality is that we have a document here that has been prepared on the one system and signed by Ms Burrow. She seems to be claiming it is two different systems.

**Ms Burrow**—Perhaps we need some educational methodology here that tells us about formatting and typing. This is as clear as I can make it: I wrote a letter, the original of which I would be happy to provide to you.

**CHAIR**—I am not disputing that.

**Ms Burrow**—If you look line for line at the content of these two pages and the letter I wrote to the parents, you will find that it is the same. They had it retyped on their own system with a new heading and they asked me if I would authorise it by signing it. I willingly did so.

**CHAIR**—And they sent you the whole document to sign?

**Ms Burrow**—They brought these two pages for me to sign and I expect in my office somewhere I will find the entire document. I am not familiar with—

**CHAIR**—They did not indicate to you they were putting another four pages on the front of something that has your signature on the back?

**Ms Burrow**—They told me they were including it in the mail-out to their affiliates. I was perfectly happy with that.

**CHAIR**—Did you sight these four pages before you signed the back?

**Ms Burrow**—I cannot recall. I signed it in the middle of a meeting requested by the parents, to a document I had already written.

**CHAIR**—Thank you for reopening the matter, Senator O'Brien.

**Senator O'BRIEN**—I am glad for those comments because I understand how computers work and fonts are transportable across a whole range of systems. Perhaps that is a matter you could look into, with your expertise, as you suggest. In terms of the point that you made in relation to another aspect of the document, I refer to this point:

Every transfer of a student from a public to a private school will not only result in a funding increase to private schooling of \$2091 per student, but a cut of \$2118 to the public system.

There were some questions asked of you about that. You made some comments about the reaction of state authorities to the proposal as to what individual schools would get and what they would not get. I would like you to enlarge upon those comments.

**Ms Burrow**—Senator O'Brien, I think you will find that several of the systems submissions can provide more detail than I can. But the \$3,400, the figure quoted for the amount of—I hasten to underscore—savings claimed by the minister and DEETYA, is an average cost of educating a child in a government school. That includes elements of running the system. It includes infrastructure such as computer technology, library resources, the tools that teachers use—those they do not provide for themselves—and you could go on and on. When a child leaves the front door, it is not even obvious that a teacher or part of a teacher will go, because the enrolment levels may be such that they fall within the bands that are allocated by systems.

**Senator O'BRIEN**—I think we have already established that.

**Ms Burrow**—It is certainly true that a part of the computer is not going to be sliced off, or a library book is not going to disappear out the door. So we find that a fictitious figure by which to suggest that it is even a notional saving, let alone that the systems would somehow rake in half of it to use as they see fit. We believe that it is inappropriate to underscore public policy with that.

**Senator O'BRIEN**—So you are saying that to suggest that each school would keep the amount of funding of \$1,712 is in fact propaganda?

**Ms Burrow**—Yes, absolutely. We believe that it is a false analysis, and I think the systems will bear that out.

**Senator O'BRIEN**—Thank you.

**CHAIR**—I have a final question on the letter. If a parent gets this at home and reads through one, two—all on the same typefaces—three, four, five, six and then at the end—

**Senator CARR**—It is not the same.

**CHAIR**—Even if it is not the same typeface, if you look at the end of the six pages—I understand why you want to cut me off here—

**Senator CARR**—You are making a complete fool of yourself, so keep going.

**CHAIR**—Not at all, Senator, as you will discover tomorrow.

**Senator CARR**—We have another media blitz, have we—another Wright family blitz. Great stuff!

**CHAIR**—Wouldn't a parent who reads the six pages and sees at the end, 'Sharan Burrows, Federal President of the Australian Education Union' make the reasonable assumption that the whole thing is from you?

**Ms Burrow**—I cannot answer that. I do not have a problem with the fact that material that I signed was included in a series of information bulletins by a parents and citizens organisation. I already indicated that if they saw it of such quality, then I am quite proud that it was distributed. What a parent sees when they interpret this set of information, I would hope, is that the schooling quality for their children is threatened, and that they would act accordingly.

**CHAIR**—Thank you for appearing today.

**JERICHO, Mr Adrienne John, National Director, Board for Lutheran Schools, Lutheran Church of Australia, 197 Archer Street, North Adelaide, South Australia 5006**

**PORT, Mr Ivan, Executive Director, Australian Coordinating Committee of Jewish Day Schools, Unit 2B, 19-23 Bridge Street, Pymble, Sydney, New South Wales 2073**

**ROCKMAN, Mr Ian, Co-Chairperson, Australian Coordinating Committee of Jewish Day Schools, 19-23 Bridge Street, Pymble, Sydney, New South Wales 2073**

**CHAIR**—The committee prefers evidence to be given in public, but if at any time you wish to give any evidence, part of evidence or answers to any questions in camera, you may make the request and the committee will consider the request. Such evidence, however, may subsequently be made public by order of the Senate. The committee has before it a document from Mr Jericho which it has numbered 29. Is there any other material you wish to table at this stage?

**Mr Jericho**—No.

**CHAIR**—You are welcome to make some brief introductory remarks.

**Mr Jericho**—As national director, I have oversighted 72 Lutheran schools throughout Australia. We particularly support the bill's commitment to a four-year funding program, because that gives stability of planning. It follows on from a previous two years quadrennium of funding, and that has been particularly appreciated and important. The removal of the Commonwealth's new schools requirements means that planning for new non-government schools is a matter for state governments, and we look forward to working with them.

We support the bill's accountability requirements and the consolidating of targeted programs with broadbanding. The stability will enable the partnerships in education to continue, and we look forward to continuing to be part of those partnerships. This bill is thus about providing money for the education of children—children on the edge of the 21st century. I am grateful for the opportunity to make a presentation and to speak to the evidence I have presented.

**CHAIR**—Thank you very much.

**Mr Rockman**—Nine thousand-odd students are currently enrolled at Jewish day schools in Australia. Most of the schools are located in Melbourne and Sydney, but there are also schools in Perth, Adelaide, Brisbane and the Gold Coast. We do not operate as a system, and schools are spread through the funding categories.

There is a significant diversity of religious and cultural outlooks between schools, which reflect the wide range of perspectives within the Jewish community. All our schools have an

open admission policy, accepting students regardless of their ability to pay fees. This policy applies to our well resourced as well as poorly resourced schools. In consequence, each of our schools have students from a wide socioeconomic cross-section of the community.

The extent of fee remissions in any one case will depend on the income of the parent. Children of parents on social security or new immigrants will pay little or no fees. Parents seeking fee remissions are subjected to rigorous assessment procedures. Thirty-six per cent of pupils receive some form of fee assistance. These are funded mainly through cross-subsidisation within schools, with parents who are able to afford it paying higher fees, thereby subsidising low-income parents and also through appeals to the community at large.

Students come from a wide geographic area. The Burwood campus in Melbourne of our largest day school, Mount Scopus, has 1,461 pupils. Of these, 1,036 travel to school by bus for an average of 45 minutes each day over an average distance of 16 kilometres. The geographic spread of students ranges from Bentleigh, McKinnon and Moorabbin on one side of town across to Templestowe on the other side. These are children from kinder through to high school. It is not unusual for Jewish day schools to have students coming from 20, up to 40, area postcodes. The preparedness of parents to bus their children for one-and-a-half to 2 hours each day, to and from school, evidences their commitment to the transmission of Jewish religious and cultural values and traditions.

We strongly identify with the feelings of parents who wish to impart to their children their particular philosophy of education, be it religious, secular, cultural or otherwise and who, because of government policy, are either prevented from or penalised for so doing.

The new schools policy is not, in our view, soundly based. We support its abolition. As for other aspects of the bill, we note that funding until the year 2000 is secured, enabling all schools to plan with confidence. The reduction in the number of targeted programs from 40 to five priority areas should increase flexibility, and we welcome it. We support the bill.

**CHAIR**—Thank you very much. Senator Carr, do you have any questions?

**Senator CARR**—I ask each of the witnesses here: do you accept or reject the proposition that choice can be infinitely divisible, but not for funding purposes. Few reasonable people would suggest that all breakaway groups, however small, wanting to start their own schools in the name of choice would justify a high priority for scarce government dollars.

**Mr Rockman**—We would believe that any group in the community who wishes to operate a school and who meet appropriate criteria, can provide appropriate education, should be permitted to do so.

**Senator CARR**—Did you say ‘any appropriate educational criteria’?

**Mr Rockman**—Yes, educational criteria. They need to meet minimum requirements, they must have properly registered teachers, appropriate facilities and so on. But subject to that, any group should be permitted to operate schools in this community. We have diversity in virtually all other areas of life in this community. We have it in education, we have it in sport, we have it right across the areas of consumer choice and so on. We do not see that education should be singled out as an area where there ought not be diversity.

**Senator CARR**—But should it be funded on the basis of infinite divisibility?

**Mr Rockman**—I do not understand that. What does that mean?

**Senator CARR**—Should we be able to have a school for every group of people that wants one?

**Mr Rockman**—The answer is yes.

**Senator CARR**—So there are no minimum requirements?

**Mr Rockman**—In terms of educational provision, if a state believes that a certain minimum is appropriate, then any group will need to comply with that minimum requirement.

**Senator CARR**—So should financial viability be a minimum requirement?

**Mr Rockman**—Financial viability is something that we live with on a day by day basis. You do not start up a school unless you know what you are doing from a financial point of view. It is a major commitment. It is not a mucking around business.

**Senator CARR**—I want to come back to that. I do not want to leave Mr Jericho out of the scheme of things.

**Mr Jericho**—We would support that, too, that for any schools that we establish, we would expect to have to meet state requirements. Similarly, in terms of financial viability, we expect them to be there for the long haul and therefore they have to prove and have financial viability.

**Senator CARR**—Do you believe there should be minimum enrolment criteria?

**Mr Jericho**—For us, that is a difficult one and we cannot find a philosophical reason to justify a particular number. We are more interested that the curriculum is appropriate to the needs of the community and state requirements and that the teachers are qualified to deliver that curriculum. That is the more important thing.

**Senator CARR**—Mr Rockman, do you believe there should be a minimum enrolment requirement?

**Mr Rockman**—It is not an issue with our schools. Our schools are basically of a substantial size.

**Senator CARR**—I am talking about—

**Mr Rockman**—I think it is an educational issue.

**Senator CARR**—So would you regard that as part of the educational qualifications issue?

**Mr Rockman**—I am not an educator.

**Senator CARR**—Do you believe that a registration process established by a state should require consideration of the impact of the establishment of schools on existing schools within a region?

**Mr Rockman**—I think that there is a case for planning in terms of education and it ought to be planning for choice. The planning arrangements that prevail at the moment with the new schools policy are, to put it mildly, hopeless. What you have is 30 per cent of schools being planned and the other 70 per cent being unplanned.

**Senator CARR**—How do you see that?

**Mr Rockman**—Thirty per cent or 29 per cent of students attend the non-government sector. The non-government sector is the only part that is subject to planning. If you take the position in Victoria at the moment, we have been planning in Victoria against a landscape, if you like, of government schools for the last 10 years. We had to look at the provision of the government schools, we had to make sure that they did not impact in relation to those government schools. So we were, if you like, as a non-government group, being held down.

Overnight 300 of those schools suddenly collapsed. There are another 113 that are now being slated for some sort of amalgamation. That is absurd. You have had planning in an area which has resulted in choice and expansion and provision for education, but basically planning to

hold down the provisions of education. That will now have an effect on those areas that are subject to these closures. There could have been schools in those areas.

**Senator CARR**—In the state of Victoria there is a requirement of about 170 students for a public sector primary school and a minimum requirement of about 400 for a public sector high school. But for a private sector school there is a minimum requirement of 80 for a high school and perhaps less for a—

**Mr Rockman**—Twenty for a primary school.

**Senator CARR**—Do you think that is a reasonable and even-handed approach to the planning issue?

**Mr Rockman**—Senator, if I take you to the McKinnon report and if you look at the actual size of schools in Australia, you will find that in terms of numbers of students, between one and 20, in 1994 there were 345 government schools and only 43 non-government schools. Between 21 to 35 you had 410 government schools and 66 non-government schools. You will find that the proportion of government schools in the smaller categories is significantly higher than that which applies to non-government schools. What is good for the goose is good for the gander.

**Senator CARR**—Do you believe that the state has the responsibility to provide for educational provision no matter how remote or isolated a community is?

**Mr Rockman**—Absolutely.

**Senator CARR**—Does the private sector have the same responsibility?

**Mr Rockman**—It has a responsibility to its clientele.

**Senator CARR**—But it is a different criteria entirely, isn't it?

**Mr Rockman**—Correct.

**Senator CARR**—How many Jewish students do you think there are in Australia?

**Mr Rockman**—We estimate that 75 per cent of our primary students attend Jewish day schools in Victoria.

**Senator CARR**—Yes, but how many—

**Mr Rockman**—I do not know the figure.

**Senator CARR**—You have a total enrolment of about 8,859 Jewish students, which I would suggest is a very small percentage of the total number of students of school age in Jewish families in this country.

**Mr Rockman**—No, that is just wrong. Seventy-five per cent of primary school students in Victoria attend Jewish day schools. Fifty per cent of secondary students attend Jewish day schools. The penetration in New South Wales is not as much. We do not even know how many Jewish people there are in Australia but we estimate that there is something in the order of 100,000.

**Senator CARR**—So you believe that the majority of Jewish families actually use Jewish schools.

**Mr Rockman**—In Victoria there is a very high proportion. In fact, we took figures out recently and found that 90 per cent of families at some point sent their children to a Jewish day school.

**Senator CARR**—Could I just ask a more provocative question. I will play the devil's advocate here. I do not want to suggest for a moment that this is my view. If you believe that

anybody is entitled to set up a school that provides, I think the criteria you have used is 'qualified teachers', where any social values can be expressed and it can represent any particular community, do you believe it is appropriate that anti-Semitic schools are established? What limits are there upon—

**Mr Rockman**—The same limits as prevail in the rest of society.

**Senator CARR**—You see the point I am making though?

**Mr Rockman**—You are not going to have a censorship business going on inside schools.

**Senator CARR**—So it doesn't matter what values are expressed at school?

**Mr Rockman**—I would be very deeply concerned if there were values against Aboriginal people, against ethnic people or against Moslem people. I would certainly be very concerned about that. But the question is whether you are going to stop certain groups opening up schools on the basis that you are worried that perhaps they might start teaching. There is no evidence for that; it is a total nonsense.

**CHAIR**—It would not get approved as the state school curriculum either, Senator Carr, so let us move on.

**Senator CARR**—What is the criteria for assessment of curriculum across the states? What is your understanding of them?

**Mr Jericho**—It varies from state to state because provision of education is a state matter. Different states have different requirements. In some states you have to prepare submissions on what your curriculum is going to look like and show that you meet those requirements. In other states it is very *laissez faire*.

**Senator CARR**—That is right. The criteria at the moment is extremely broad, is it not? We have heard evidence this morning of various highly controversial schools having registrations on a curriculum basis. Is there any effective restriction on curriculum in real terms?

**Mr Rockman**—In terms of Victorian schools, the schools are examined. In my experience as an administrator, for a particular school an army of inspectors come in, they go through every subject, sit in the classes, check it out and so on. They will take registration away from you if you are not up to scratch.

**Mr Jericho**—In New South Wales we are looking at our Christian studies program. One of the schools says, 'Hang on, if you teach another hour of this, we won't meet our state requirements.' They are very much aware that there are requirements.

**Senator CARR**—We have criteria operating under the old new schools policy that allowed for the establishment of the Ananda Marga and Hare Krishna, right through to the Catholic education systemic system. It is extremely broad, is it not?

**Mr Rockman**—What is the problem about that, Senator?

**Senator CARR**—I am just asking whether there is any effective—

**Mr Rockman**—But those schools will not maintain registration and will not get funding from government unless they meet the basic core curricula criteria. Certainly that is the case in Victoria and I would be amazed if it was not the case in other states.

**Senator CARR**—I put it to you that there is no national program and consistency of criteria across the country on registration.

**Mr Rockman**—Let me tell you that when the inspectors come into a school, the headmasters wet themselves.

**Senator CARR**—So do the auditors too, I suppose, but that is not unusual.

**Mr Rockman**—But then our students move from secondary school into university, and that is very competitive. What happens at year 12 really makes it a very level playing field as they compete for the same public tertiary institutions.

**Senator CARR**—Mr Rockman, there were 19 Jewish schools operating in 1994 and only 18 in 1995. Why is that?

**Mr Port**—It is the way the deproportioning is done. In some cases there might be two schools which are separately identified with the department and have gone through a process of amalgamation—primary and secondary. You cannot really make that comparison.

**Senator CARR**—So it is a straight amalgamation of one school, do you think?

**Mr Port**—That has happened.

**Senator CARR**—That is how the figures are reported to us. You say that that accounts for the drop in the number of Jewish schools from 19 to 18.

**Mr Port**—We have had no schools closing down.

**Senator CARR**—What do you anticipate to be the likely expansion of the Jewish schools as a result of these policy changes?

**Mr Rockman**—We do not think that there will be any change to the rate of expansion. The constraints in terms of enrolments for our schools all relate to fees. The people who are excluded from our schools are basically middle-class families who have to make a choice as to whether they are going to give their children a Jewish education or have some other sort of lifestyle choice. Individuals do not pay the fees in every case; parents often contribute to it. It is a major struggle to send your child to a Jewish day school. Many women work simply to be able to pay the fees.

**Mr Jericho**—We also find that probably for each two schools that are established, there are four that wish they could establish a school. The cost of land is becoming very difficult, particularly in metropolitan areas. There is the problem of providing staff for our schools. If our schools have a distinctive philosophy, it has to be reflected in the teachers. That requires teachers to understand our ethos, and that creates a limit on our expansion.

**Senator CARR**—What is the total percentage of public funds that go towards the running of both the systems that you represent?

**Mr Jericho**—For our schools in terms of recurrent costs, 60 per cent comes from—

**Senator CARR**—Capital?

**Mr Jericho**—In terms of capital, I will take that on notice. I think it was about 10 per cent.

**Mr Port**—In the case of the Jewish schools, I can give you the dollar amount. It is approximately \$18 million in recurrent funding and approximately \$1.2 million in capital.

**Senator CARR**—What do you anticipate that to be as a percentage of your total operating costs?

**Mr Port**—I would not say it is more than about 15 per cent.

**Senator CARR**—Fifteen?

**Mr Port**—Yes.

**Senator CARR**—The Catholic education system advises that their funds are closer to 75 per cent. Why is there such a distinction?

**Mr Port**—That is because our schools are not funded under category 10. They are funded under anything between categories 3, 4, 5 and 6.

**Senator CARR**—So what is the impact of these proposed budget measures on your funding base, drawing upon public resources?

**Mr Rockman**—There is no impact on it. None whatsoever.

**Senator CARR**—Who do you see an impact on—

**Mr Rockman**—There is no impact.

**Mr Jericho**—There is continued stability in funding because there is a forward commitment of—

**Senator CARR**—But the four-year cycle has been a pattern of education funding in this country for many years. That is not a change from the previous budget arrangements. What is a change is the manner in which the funds are being allocated. I am just asking whether—

**Mr Rockman**—That is just at the margin, though.

**Senator CARR**—It is at the margin, you say?

**Mr Rockman**—As I understand it, this adjustment that is being talked about—a lot of heat is being generated about it—seems to me to be very much at the margin.

**Senator CARR**—For Jewish schools, you believe that is the case because of the categories you are currently—

**Mr Rockman**—No. I am talking about the adjustment between the Commonwealth and the state.

**Senator CARR**—No. That is a separate issue. The question remains as to what impact these changes will have on your financial viability. I draw your attention to the advertisement for the Sunbury Christian Community School, which was placed in papers recently in Melbourne. It states:

Recent changes in Government policies enabled a 30 per cent reduction in our fees.

**Mr Rockman**—I don't understand it.

**Mr Jericho**—We have a school that will open next year, 1997, in Perth. It had its funding capped at category 6. It then planned accordingly. All other Lutheran primary schools are categories 8, 9 and 10 in Western Australia. They were out of the norm for Lutheran schools.

Suddenly, they had the opportunity to operate in accordance with the resource level that other Lutheran schools tend to operate with. They were given the opportunity to put together their figures again. It is now possible for them to operate at a lower fee level because they will get more public money. They then have to readjust everything accordingly. We know that if you want to operate at categories 9 or 10, there are certain things you cannot do; you accept that. You are more concerned about having fees at a level to make the enrolment inclusive of a wide range of the population.

**Senator CARR**—So, for the Lutheran schools, these changes will allow you to offer places at your schools at a much cheaper rate?

**Mr Jericho**—It means that new schools can be established at a resource level that is in keeping with how our other schools are.

**Senator CARR**—But the impact for parents who wish to send their children to your schools is that they will be offered places with cheaper fees?

**Mr Jericho**—That is correct. Our schools tend to be categories 9 to 10 schools.

**Senator CARR**—What sort of changes in fee levels do you anticipate? Do you agree that the 30 per cent reduction the Sunbury Christian Community School is offering would be an adequate benchmark?

**Mr Jericho**—I cannot comment on that. I have not been involved in that sort of detail. The difference arises when you are made category 9 when you think you are going to be made category 6.

**Senator CARR**—Mr Rockman, if you are saying on the one hand that there will be no effective change as a result of these—

**Mr Rockman**—I will correct that. One school of ours will go from category 6 to category 7. It is a small school with about 75 children in it.

**Senator CARR**—Whereabouts is that?

**Mr Rockman**—In Brisbane.

**Senator CARR**—The Commonwealth estimates that the funding changes, on these changes alone, means \$12 million in the first year. But if you are saying that there is no effective change for the system out of the 18 schools that you currently have—

**Mr Rockman**—That is correct, yes.

**Senator CARR**—You say that the new schools policy under the previous government restricted your growth. The abolition of the new schools policy will have no effective change. Is there not any inconsistency in the position you are presenting?

**Mr Rockman**—The new schools policy, so far as the Jewish schools were concerned, affected only a couple of the schools.

**Senator CARR**—So it had a very limited effect on you?

**Mr Rockman**—It had a limited effect. If I may say so, I think that is one of the problems with the policy. It discriminated against small community schools that wanted to open. I tried to make it clear in my opening statement that we empathised with those schools. We thought it was wrong that a particular section of the community should be targeted and discriminated against. We were not. I do not think the Catholic section was targeted or the large independent schools. One area was targeted, and that is grossly unfair.

**Senator CARR**—This is more of a sympathy submission, then?

**Mr Rockman**—Correct.

**Senator FERRIS**—I have a number of questions which both witnesses might like to comment on. There has been some suggestion that the divisive state aid debate that characterised the 1960s and 1970s in education might re-emerge as a result of this new policy. Could either of you tell me whether you have noticed anything that might lead to that among either the parents, the children or the teachers at your schools?

**Mr Jericho**—I have not noticed that. I appreciate the partnerships between government schools and non-government schools at an administrative level. It is not something that I am aware of.

**Mr Rockman**—I am also not aware of anything. I would certainly hope that it does not re-emerge. I think that, over the last 10 or 15 years, things have really changed in the community, and that is as a result of the policies of the previous government.

**Senator FERRIS**—Is religious instruction at either the Jewish day schools or the Lutheran schools compulsory for all students?

**Mr Rockman**—Yes is the answer for the Jewish schools.

**Mr Jericho**—Yes, it is.

**Senator FERRIS**—Could you give me any indication of the numbers of children at the schools who may not be Jewish or Lutheran? Do you take children who are not of your particular religious persuasion?

**Mr Rockman**—Yes. We are not especially attractive to people who are not Jewish. A significant proportion of the teachers are not Jewish. They will want to enrol their children in the school. Some years ago, we had many Asian students at Mount Scopus; I mentioned that school in the opening submission. I think Michael would know the numbers better than me. They are not significant numbers.

**Mr Port**—A number of our schools have full fee-paying overseas students from Asia. The highest number of non-Jewish students at any one school would be about 25 children for a medium-sized school. All schools admit children from all groups. If they wish to take up Jewish studies, they are available.

**Mr Jericho**—At Lutheran schools, it varies significantly. In the Barossa Valley, something like 85 per cent would be Lutheran. In the Sunshine Coast of Queensland, there is a school with 11 per cent who are Lutheran. Our average is dropping to about 33 per cent.

**Senator FERRIS**—Given that a school might be at its capacity, would there be a preference given to children who are of either Jewish or Lutheran persuasion?

**Mr Jericho**—Yes. Lutherans would get preference in our enrolment. The selections would be based on the extent to which the parents understand and accept the values of the school.

**Mr Rockman**—It is really not an issue that has arisen, to be perfectly honest. I assume that, if a school were at maximum enrolment and there were a Jewish child and a non-Jewish child, preference would ultimately be given to the Jewish child. It really is not an issue that we have thought through.

**Senator FERRIS**—Evidence was given this morning that the removal of children from state schools and their placement in private schools might in some way decrease the overall intellectual performance of the state school in the sense that the removal of the less able children might reduce the critical intellectual mass. Do you have any comment to make on that?

**Mr Rockman**—I just think that that is total nonsense. There are two million children in the government sector. We have a community of 100,000; we have 9,000 children in our schools. We are able to have a socio-economic coverage from one end of the scale to the other, and I just can't see it. It is an academic theory that has been thrown around but, if you want my opinion, it is codswallop.

**Mr Jericho**—And I would give a practical opinion, coming out of a school where I was principal for 13 years until the beginning of last year and having been a founding principal of a new Lutheran school. Among the sorts of people that want to enrol their children, there is a significant element who have had problems in schools—government schools, non-government schools—who will go to a new school and give that a go. They will bring their behavioural and learning problems.

In fact our experience with new schools is that you have to watch that you do not have too many 'children with problems', that it is not academically skewed. It is not that; in fact it is the other end. It is something that we who operate new schools have to be aware of. Parents,

when they have been struggling with the education of their children, will try, in some form of desperation, a range of options.

**Mr Rockman**—I am always very careful about accepting a new client who has been unhappy with the previous adviser.

**Senator FERRIS**—Can I ask you whether either school has done any comparative studies on the percentage of your year 12 children who go on into tertiary training and how that might compare, if you have done that sort of work, with state schools?

**Mr Rockman**—The fact is that our children are extremely ambitious and we have a very, very high rate of transfer through to tertiary education. But I think that that is an ethnic characteristic of our particular community, and I would imagine, for instance, if you were to have a Chinese school, you would find a similar sort of characteristic.

**Mr Jericho**—We would find the same thing although the percentages, and the difference between, say, a state average, would vary from school to school. A school in a capital city as opposed to a school at Noosa or Cairns or something like that would be different.

**Senator FERRIS**—Again I would ask either of you to comment. We also had evidence this morning suggesting that, whilst the principle of freedom of choice in education should be an inherent right, there should be some government regulation which might limit that freedom of choice based on school size and so on. Would either of you have any comment on that?

**Mr Rockman**—I would. I think I mentioned in a previous answer that parents have really got an inalienable right to choose the sort of education that they want for their children. There was a very powerful letter—I do not know whether you saw it—last Wednesday in the *Age* complaining about the closure of schools. I will just read you a section from that because it really applies to government schools, but it reflects how we feel. It is written by Dr Lindsay Fitzclarence from the Deakin Centre of Education and Change at Deakin University. It says:

Schools are a source of personal and community identity. They help us know who we are and where we belong. Schools have a name, a form and a location. When this is taken away something is lost or stolen from these people who identify with it.

. . . It is no less than a direct attack on people's lives and it is akin to entering people's homes and ordering how they will arrange their lives and who they are to mix with.

I think that applies to government schools, and it also applies to non-government schools.

**Mr Jericho**—I would concur.

**Senator ALLISON**—The government has been criticised today for not having consulted adequately over this bill. Do you agree with that? Perhaps you could make some comments?

**Mr Rockman**—I really don't have any comments on it. We certainly received some material that was referred to earlier from the government, or from DEET. Other than that we have not been involved in any consultation process over the bill.

**Mr Jericho**—We see the bill as implementing the government's election promises, commitments, and we certainly made submissions at that level.

**Senator ALLISON**—Thank you. You talked a little earlier about choice for the parents of your persuasion, and I just wondered if you could tell me what choice Jewish and Lutheran parents have in having their disabled children educated within your system? Can you just outline, firstly, what percentage of integration students you have and how that compares with the population?

**Mr Rockman**—I can't give you the figures, but there is very significant integration in our schools. We have a Jewish welfare organisation that liaises with the schools. Really, from the very early days of integration we were integrating disabled children into the school. We think it is good for the children—that is, for the disabled children—but even more so perhaps for the rest of the school population. We think it is a very positive thing. We have got concerns about the level of support we get from government in relation to it, though.

**Senator ALLISON**—And would you be prepared to say that the percentage in your schools is equal to the percentage, say, in government schools?

**Mr Rockman**—I'm sorry; I can't tell you.

**Mr Jericho**—We would not be able to say that. It is an issue that we wrestle with and wish we could do more for, and maybe wish that we had greater access to the targeted programs.

**Senator ALLISON**—Just getting to that matter of the targeted programs and the broadbanding into five areas, are you concerned that that will reduce or increase your ability to cope with disabled children?

**Mr Jericho**—We believe that the new regulations in the bill will make it easier for non-government schools, particularly our sector, the non-Catholic sector, to access those programs.

**Senator ALLISON**—Can you explain that a little more?

**Mr Jericho**—Maybe you could, Ivan.

**Mr Port**—If I can just go back to one of your earlier points, when we do the planning of our schools, the building construction, schools are required by the planning authorities to have such things as ramps for disabled students, and a number of schools I know in their budgets try and provide for students who have disabilities. For example, I know there is one school that has a blind child, and they access funding from the capital grant authorities for braille, et cetera. But there is clearly not enough funding in this area. I know it is going to be pursued at a later date. Coming back to broadbanded equity programs, now that they are more flexible, when a school applies for a particular project it is more comprehensive which allows them to penetrate into other areas, including special education. And, because it is more flexible, schools will have the opportunity of making it far wider and far more meaningful when applying for funding.

**Senator ALLISON**—I wonder if I could ask you whether you could provide us with that information? I am not exclusively thinking about physical disability; I am also thinking about intellectual disability. If you could provide the committee with the numbers within your schools, I would appreciate that.

**Mr Port**—I can answer for one particular school. There is a child attending a school for autistic children in Gladesville and, during the course of the week—I think it is two or three days a week—the child attends one of the Jewish day schools in the eastern suburbs. The child is accompanied by what is called 'a shadow', and the shadow and the child come to the school for two or three days a week to be integrated. But clearly there is not enough funding in this area.

**Senator ALLISON**—What is your—

**Mr Rockman**—We are complaining at the Victorian level where I think there is \$23,000 available for a child in a government school and \$3,000 for one in a non-government school. There are some major discrepancies there.

**Senator ALLISON**—I wonder if you could tell the committee what your view is about the appropriate balance of enrolments in private and public sector schools? Currently in Australia we have an average of 29.4. Firstly, do you expect that to increase and, if so, by how much? Secondly, do you think it is a government's role or any other body's role to predict and to have a view about what that ought to be?

**Mr Rockman**—Balance is just a notion of holding down one particular sector as against the other. I just do not see what meaning it has got. I know it underlies the new schools policy but it is really a mystery to me. The issues are: will government schools be properly funded?; will they be looked after?; will they be able to do their job? The issues are similar in relation to non-government schools. Whether you have 29 per cent in the non-government sector or whether you have 35 per cent in the non-government sector or whatever figures you strike on, the issue is really: what are you doing with your government sector? Are you looking after the children in that sector appropriately?

**Senator ALLISON**—That leads me to my next question. Is the government, through this bill, looking after the government sector?

**Mr Rockman**—I do not see, myself, any problem in terms of resources, I really do not. I know there is a lot of heat generated around this adjustment business, as I mentioned before. It seems to me to be a very straightforward proposition that money follows the child and if a child moves out of a government school into a non-government school then a prudent government would make an appropriate adjustment. We do not get cushioned, there is no featherbedding for a non-government school. You lose your kid; out goes your grant. You lose your state grant, you lose your federal grant and you just have to trim your sails accordingly.

**Senator ALLISON**—This is a particularly important point that you make, and that is that a student moves from the government sector into the private sector and takes their money with them. That is your understanding of how the enrolment benchmark adjustment works?

**Mr Rockman**—The enrolment benchmark adjustment simply says that if the government sector is no longer educating a child there should be some adjustment in terms of the payments which the Commonwealth makes to the state. This is just part of a very sensible, prudent approach. As a taxpayer, I must tell you that it seems to me to be an amazing proposition that if the government sector is no longer educating a number of children then they should be paid for those children. Here the losses are about half in terms of the figures that are being thrown around.

**Senator ALLISON**—If I said to you that on the government's own projections over the next four years that the government was expected to maintain its numerical enrolments in government schools, but that it loses its share in that its percentage rises from 29.4 to 31.1, and that in that EBA process of adjustment there would be something like \$270 million go across from the state sector to the private sector, would you be surprised?

**Mr Jericho**—Yes, certainly. It does not go across to the private sector because the students in the non-government sector are funded on a per capita basis. So a school only gets money when it enrolls an additional student.

**Senator ALLISON**—I take your point: it does go back into revenue or into some bucket that goes eventually to the private sector. But are you still surprised that even if the government maintains its numbers that it loses funding through this mechanism to the tune of—in the case of the scenario that the government has itself suggested, that is, that the private sector will increase by 70,000 students and the government sector will maintain its numbers or increase them very slightly by about 3,900—\$270 million? In that adjustment mechanism

there is still something like \$270 million which comes out of the state sector. Does that surprise you?

**Mr Rockman**—I am not sure I quite understand this. If no child moves across from a government to a non-government school the amount of money is going to remain the same. Is that right?

**Senator ALLISON**—Is it?

**Mr Rockman**—I would have thought that if no child moves from a government to a non-government school and the enrolments rise in the government schools, then there is going to be no change in terms of the funding on the quadrennium; am I right on that?

**Senator ALLISON**—I put it to you that this is incorrect and that, in fact, if it does remain the case that no further children move across but that the private sector takes up the—

**Mr Rockman**—Forget about the private sector—

**Senator ALLISON**—No, because it is important. The private sector takes up, say, just the growth in enrolments in schools in Australia by 70,000. It is hypothetical, but we do need to address these hypothetical questions in order to understand the implications of the bill.

In doing that, what it does is shift the percentage and that is the benchmark. So we are starting with 29.4 per cent in the private sector. If the enrolments over the next four years increase that percentage—that is nothing to do with students moving across, simply increase that percentage—then the flow of money—in this case, \$274 million—will go from the state sector to the private sector.

**Mr Rockman**—This is big boy stuff and out of our area. But I would have thought that there is an agreement reached between the Commonwealth and the states in terms of the amount of money that will go across over the quadrennium, and if money is saved in terms of fewer enrolments, that it is not unreasonable for the money to follow the child.

**Senator ALLISON**—I am sorry to quiz you so much on this and I realise that it is not your business to know—

**Mr Rockman**—It really is out of my area, and—

**Senator ALLISON**—But you did make the comment that, in your view, this was fair and just and that the money was simply transferring across.

**Mr Jericho**—In our view, the four-year projections tell us what the per capita grant is going to be for the four years. In terms of what happens with the government schools, we would suggest that if there is a movement to non-government schools, there are savings for the government schools. How that is worked out, what happens with those savings, is a matter government to government.

**Senator ALLISON**—Yes, I understand that.

**CHAIR**—We have three other senators who want to ask questions and we are way over time.

**Senator ALLISON**—Okay. I will stop there, then.

**CHAIR**—Thank you. I wanted to ask one clarifying question coming out of that. If a student does move across—and this arises out of a comment you made a few minutes ago—from the state system to the private system, \$1,700 follows, but \$1,700 stays with the state system. Did you say earlier that if the reverse applies—if a student leaves the private system and goes to the state system—you lose absolutely everything? Is that correct?

**Mr Rockman**—Every penny, both at state and Commonwealth levels.

**CHAIR**—Thank you for clarifying that.

**Senator O'BRIEN**—Following through on that question, I wanted to ask Mr Jericho and Mr Port, as I think they are the appropriate people, if you could each give me a breakdown as to the make-up of the funding sources for your school sectors in these areas—commonwealth funding, state funding, parents' funding and other funding. Can you give recurrent, operational costs and capital separately, please.

**Mr Jericho**—I would like to take that on notice. Recurrent I can give you. It is 40 for Commonwealth, 20 for state and 40 for fees. Capital I would like to—

**Senator O'BRIEN**—There are no other contributions—no other source of funds?

**Mr Jericho**—No.

**Senator O'BRIEN**—You would like to take capital on notice?

**Mr Jericho**—Yes, I would like to take that on notice.

**Mr Port**—I will take that on notice as well.

**Senator O'BRIEN**—In terms of each of your school systems, can you tell us if there are overseas parallel systems? Are there Jewish or Lutheran school systems in other countries?

**Mr Rockman**—I think that in some countries there are day schools with a similar sort of penetration, but normally not. There are Jewish day schools throughout the world, but the position in Australia is that we have a higher percentage of children of Jewish parents going to our schools than in other parts of the world. I think that is to do with the composition of Australian Jewry—the fact that many came in the pre-war and post-war periods and so on. It is to do with the demographics.

**Senator O'BRIEN**—What about the United States?

**Mr Rockman**—In the United States the penetration is very low. In a place like New York it would be fairly high, but in population terms it is very poor and the rate of loss, if you like, out of the community is a matter of major concern in the United States. I think that the loss of culture is somewhere in the order of 60 per cent. It is very high.

**Senator O'BRIEN**—The United States does not provide any primary or secondary government funding for schools, does it?

**Mr Rockman**—No, it does not, and that it obviously a very important factor—I would agree with that.

**Mr Jericho**—We have a strong school movement in the United States and a smaller number of schools in a wide range of countries including Brazil, Zimbabwe, Hong Kong and Japan.

**Senator O'BRIEN**—Are they entirely parent funded?

**Mr Jericho**—It is my understanding that they are.

**Senator O'BRIEN**—So your system operates successfully, funded or not?

**Mr Jericho**—They operate good schools without government funding.

**Senator O'BRIEN**—They are successful—is that what I can take from your saying they are good schools?

**Mr Jericho**—We are proud of them.

**Senator O'BRIEN**—Okay. In terms of this 'big boys' scenario that you have been referring to, Mr Rockman, and that it is the big boys that provide the dollars for the system, you are

reliant, I take it—although we have not got a breakdown—on both Commonwealth and state funds in your sector?

**Mr Rockman**—Yes.

**Senator O'BRIEN**—One scenario that has been put to the meetings of this committee is that if the proposition Senator Allison put to you is correct—and we did not really get an answer on what you thought would be the enrolment factor for the future—then there would be a possibility that states might seek to recover their loss out of their other funding areas which might affect their funding of private schools. Have either of your systems given any consideration to that outcome on a state by state basis?

**Mr Jericho**—We have not. We have been encouraged by the continuing support from state governments for recurrent funding purposes.

**Senator O'BRIEN**—It is early days, isn't it, with this?

**Mr Jericho**—Yes.

**Senator O'BRIEN**—It is a matter of finding what the responses of the states will be. I take it that the states will have to respond to pressures to maintain their state systems as well as pressures from your sector to fund your sector.

**Mr Jericho**—That is what we are seeing happening with the growth of self-managed schools which are making government schools more sensitive and responsive to their community. That is the success of our schools—that they have to read their community and respond to their community. When one person leaves, and speaking as a former principal, I want to know why and what we can learn from that.

**CHAIR**—Senator O'Brien, we are now an hour behind time.

**Senator O'BRIEN**—I am being as quick as I can and I am not going into—

**CHAIR**—The ALP has had a very good run on this one. I do not want to stop you, but we are going to have real trouble with audio conferences and the end of the day, so perhaps ask one or two more and put the rest on notice.

**Senator O'BRIEN**—I would not need to put the rest on notice because I was really only going to ask one or two more. You have interrupted my train now and I will have to try and get it back. We do not have an answer at all on the question about expectation of enrolment, given the government's projection that there is going to be, say, a 1.9 per cent increase in enrolment?

**Mr Jericho**—I do not expect there to be a significant change because as government schools become more self-managed I think they will better serve the needs of their community.

**Mr Port**—I think as government schools become more streamlined and better organised it will stabilise and there will be less of a shift to the non-government schools sector.

**Senator O'BRIEN**—Okay. I will leave it there.

**CHAIR**—Senator Troeth has a final question.

**Senator TROETH**—Do you anticipate that the viability of any of your existing schools is going to be threatened by growth in more low fee private schools in either sector?

**Mr Rockman**—No.

**Senator TROETH**—So you see the competition as quite healthy?

**Mr Rockman**—Yes.

**Mr Jericho**—I could think of two smaller schools in rural areas that have been struggling. They may have to face up to the question of whether they should continue or not continue, or combine with another school, and we have to respond to that.

**Mr Rockman**—We have heavy competition between our schools.

**Senator TROETH**—Thank you.

**CHAIR**—Thank you very much for appearing today.

[12.20 p.m.]

**DUNNE, Mr Leo Matthew, President, Australian Parents Council, 25-27 Myrtle Street, Crows Nest, New South Wales 2065**

**LONERGAN, Mrs Josephine, Executive Director, Australian Parents Council, 25-27 Myrtle Street, Crows Nest, New South Wales 2065**

**CHAIR**—I welcome the witnesses from the Australian Parents Council. The committee prefers evidence to be given in public, but if at any time you wish to give any evidence, part of evidence or answers to questions in camera you may make the request and the committee will consider the request. Such evidence may subsequently be made public however by order of the Senate. The committee has before it a document from APC which it has numbered 23. Is there any other material you wish to table at this stage?

**Mr Dunne**—Yes, there is a further statement. I have given copies for circulation and I might read it at this stage.

**CHAIR**—If it is for circulation there is no need to do that. We are one hour behind schedule at this stage.

**Mr Dunne**—All the senators have a copy, so we could proceed if that is your wish.

**CHAIR**—We have a copy of this statement?

**Mr Dunne**—Yes.

**CHAIR**—Thank you. You may make some brief opening remarks if you wish and then we will go to questions.

**Mr Dunne**—The Australian Parents Council is an organisation representing non-government school children throughout Australia. It is an interdenominational organisation and has affiliates in every state and territory. The council actively promotes a parent choice of school for their children, both within and across the government and non-government sectors of schooling.

The council supports the commitment of the government and the opposition to the dual system of schooling in Australia. However it believes that both schooling sectors are seriously underfunded in Australia. It is clear from recent reports about the falling state investment in schooling and the decline in schooling investment as a percentage of GDP that higher public investment in schooling is essential.

The council supports the provisions of the bill without amendment. It provides stability in Commonwealth funding for schooling over the next four years. It maintains the previous forward estimates in relation to Commonwealth recurrent grants and target program grants. It provides for Commonwealth capital grants in accordance with previous announcements. It maintains a special supplementation mechanism for Commonwealth recurrent and capital grants. It does not include former provisions in relation to new schools and provides Commonwealth funding for every child, apart from full fee paying overseas students attending a non-government, not for profit, state approved school.

The APC believes that the planning of educational provision should be carried out at state level. Proper planning requirements require the cooperation and the collaboration of government school authorities with non-government school authorities. The APC believe that the bill should be passed as soon as possible. Delaying the flow of funding for 1997 would cause hardship to non-government schools and to students, especially to those already educationally disadvantaged.

**Senator O'BRIEN**—I take it from the letterhead that you have supplied that your organisation represents the parents of children attending non-government schools?

**Mr Dunne**—Yes, that is right.

**Senator O'BRIEN**—In terms of those parents, why do you say they would welcome a change to the environment where we have seen that there has been a substantial growth in the number of children attending non-government schools as a percentage of all children attending schools under the previous new schools policy?

**Mr Dunne**—Our council brings together representatives from every state and territory. Since the commencement of the new schools legislation there has been concern about the restrictions imposed on parents in choosing non-government schools as a result of that legislation. There are numerous experiences of that.

**Senator O'BRIEN**—The proportion of the student population attending non-government schools has been demonstrated to have risen quite dramatically—and without going to the report, I cannot tell you the exact year base—and in a very short space of time from about 24 to 29 per cent. Certainly, the new schools policy has been in operation whilst that occurred. Can you explain that phenomenon, given what you say is a concern about restrictions?

**Mr Dunne**—Our concern is that all parents have that choice of schooling, not just those who are able to exercise it under the current legislation. There have been constraints on significant numbers of parents and we believe that the freedom of choice ought to be extended to those parents as well.

**Senator O'BRIEN**—So are you saying that there are a significant number of parents who are not sending their children to non-government schools as a result of the new schools policy?

**Mr Dunne**—There are certainly parents who are keen. For instance, in my own state in recent years, there have been a number of communities who wanted to proceed to 11 and 12 because schooling is from P to 12, it is no longer from P to 10, or P to seven, as it was in our previous history. Those schools have not been able to proceed to provide 11 and 12 simply because of the current legislation.

**Senator O'BRIEN**—So those students in 11 and 12 are going to the government schools? Is that what you are saying?

**Mr Dunne**—Currently.

**Senator O'BRIEN**—So you perceive that this new legislation is permitting those students to leave the government sector and go to the non-government sector?

**Mr Dunne**—Right.

**Senator O'BRIEN**—I am not trying to put words in your mouth.

**Mr Dunne**—No. That is it.

**Senator O'BRIEN**—So you agree with that proposition?

**Mr Dunne**—Yes, I do.

**Senator O'BRIEN**—So the corollary is that there will be a growth in the number of students who attend non-government schools as a proportion of the overall school attendance with this policy?

**Mr Dunne**—I would expect some growth, but not great—

**Senator O'BRIEN**—You talk about years 11 and 12; can you put a figure on it in your estimation? You are representing the parents of these students.

**Mr Dunne**—I could not put a figure on it. We are dealing with parents, not with school administration and we are dealing with all states and territories. I was just giving you examples that I was familiar with.

**Senator O'BRIEN**—In terms of that drift from the government sector, do you understand the consequences for the funding of the government sector arising out of this bill?

**Mr Dunne**—I am not sure I would accept the word 'drift'. I am not sure that that is—

**Senator O'BRIEN**—You can put words in my mouth, but I am just saying that there will be students who will not be attending the government schools but will now be attending the non-government schools as a result of this legislation. That is what I mean, however, you want to categorise it.

**Mr Dunne**—Yes, I accept that. You are asking me what the consequences of that are.

**Senator O'BRIEN**—Yes.

**Mr Dunne**—I would like to preface my remarks by saying that I am interested in good education in both government and non-government schools. I think that is essential for all Australian children. The aim of the Australian Parents Council is to improve education across the board. Choice is the driving force that allows the movement between government and non-government schools. We do not, as a council, consider that movement to be likely to be great as a result of this legislative move. We would expect that state governments will move now to put in place responsible planning arrangements with the non-government school authorities in their respective states.

**Senator O'BRIEN**—Is your organisation happy that states will take charge of that policy and that there may well be variation between the states?

**Mr Dunne**—Our policy has been for some years, because education is the responsibility of the states primarily and because school authorities exist in those states, that the planning arrangements ought to occur between the state government authorities, the non-government school authorities, and the communities interested in developing schools in each state.

**Senator O'BRIEN**—There have been a number of witnesses who have suggested that the state aid debate might be regenerated by this bill. Have you given any consideration to that? I presume you are aware of what I mean by the state aid debate?

**Mr Dunne**—Yes, I am old enough to recall the history. We would be concerned about that. We have worked closely with government schools and would want to keep doing that. So we would be concerned that any action in this exercise could provoke any return to what you call the state aid issue. In terms of the debate about the shift of funding, we would be concerned that, if that was seen as a government, non-government schooling issue rather than a state-Commonwealth issue, we think it could cause misunderstanding or even tension that could provoke the question.

**CHAIR**—Supplementary to that, as this bill has been out in the public arena for some time now, is there any skerrick of evidence that there are any of those tensions emerging anywhere, in the experience of your Parents Council?

**Mr Dunne**—At this stage my experience of changes to schooling is that changes occur only after people experience the change of events. You can put another 1,000 bills out, but people don't gather that information and deal with it until such time as it actually becomes a practice.

**CHAIR**—The public does react to proposed changes as we have seen in many pieces of legislation. But you are not picking up any changes at this point?

**Mr Dunne**—I think our council has an ear to the ground, and we certainly are not picking up any sensitivities at this stage.

**Senator O'BRIEN**—I think the point you make is valid, of course, that sensitivity might arise as people see a migration of financial resources across the boundary between government and non-government schools. I think that is what the witnesses have been referring to. I think you are quite astute in saying that people will react to that happening rather than it being in a bill before this parliament. In terms of other matters, I am quite happy for other senators to ask questions now.

**Senator ALLISON**—I was interested in the comments in your paper that you disagree with the mechanism adopted by the Commonwealth which links funding of the abolition of the new schools policy to deductions in the Commonwealth per capita support for government school children. You indicate in the first part of your paper that you would like to see the bill go through without amendment, but I am wondering if you would not support an amendment which would break that connection?

**Mr Dunne**—I do not think that is the only way to remedy that issue. We see it as a Commonwealth-state issue in that we believe it can be resolved by negotiation at that level rather than for it to be seen as an issue for government and non-government schools. We understand that the government, as does the state and Commonwealth governments with regards to non-government schools, pay on a student attending the school. If we lose a student we lose the dollars. So that is a fact of life for non-government schools.

Government schools, I think, are arguing that moving a student, and the money following a student, might not directly equally affect the cost of their infrastructure supporting that student or the other students. Now that is a matter for state and Commonwealth governments to resolve. I do not think it ought to be highlighted as an issue of government or non-government student movement because I think that could provoke misunderstanding and probably reaction that is unnecessary.

**Senator ALLISON**—You were in the gallery when we had a discussion with the last witnesses about benchmarking and how that percentage share rather than the actual students move across. Do you feel that you understand that mechanism, and do you think that the people you represent would understand that too? To what degree has this been clearly worked through and understood?

**Mr Dunne**—The members of the Australian Parents Council that we have had an opportunity to discuss the issue with are taking the view that it is easy to understand how an amount of money follows a student. That is not difficult because that is the practice that we experience in our schools. If a student comes into our schools they attract the money; if they go out the money disappears.

But the council generally agrees that it should not be an issue that is resolved as a matter for non-government and government school authorities, but it should be a matter for Commonwealth state governments to resolve. We are saying that, if that was the case, it would tend to remove the issue from the sensitive area of government, non-government schools.

**Senator ALLISON**—Thank you. You say that you think that both schooling sectors are seriously underfunded. They are quite strong words. Do you have in mind a percentage of the GDP or some other standard to which funding levels ought to be made?

**Mr Dunne**—My comments are drawn from evidence that has been provided to Senate committees over the last couple of years. One statement I suppose of significance was the literacy challenge which talked about the need to increase the primary level grants to a state that would be equal to the Commonwealth, to the secondary level, where that and other evidence that has been provided by other interest groups has suggested that the primary area is in need of additional funding.

We can compare the Australian situation in the OECD figures which suggest our schooling is somewhere about third from the bottom, which really is not necessarily the appropriate place. It may not be an absolute indicator but it is an indicator which suggests that we ought to give some attention to the low level of funding for our schools. Our comments about the drop in the GDP and the percentage for education is further evidence that we need to give some attention to that if we are going to be a clever country.

**Senator ALLISON**—And it would be fair to say that this bill in no way improves that situation?

**Mr Dunne**—The bill does in fact provide security of funding for the next four years, and that is critically important for a non-government sector. It allows future planning to occur. It does allow for some adjustment. It recognises the need of supplementation as well. So they are factors that we approve and endorse and are grateful for, but we really think what we are talking about in lifting the level of funding for primary schools is a significant increase across government and non-government schools.

**Senator ALLISON**—You noted the falling state investment in schooling. Do you have any figures which show the decline of state contributions to non-government schools?

**Ms Lonergan**—Only the figures that were produced by the previous Commonwealth government in graph form. I do not have them with me but I am very happy to provide them, Senator.

**Senator ALLISON**—And how would you explain that decline? What do you think is occurring with the states in terms of funding?

**Ms Lonergan**—I expect that states have their own priorities and have been moving those priorities away from schooling in some cases.

**Senator ALLISON**—And given this bill and the reduction in the FAG grants to states, would you expect that decline to continue or to shift in any way? And what is your role in this, by the way? Do you have discussions with state governments on this issue?

**Mr Dunne**—We have, as a national group, most of our discussions with the national politicians, representatives in education, et cetera. Our affiliates drawn from states and territories take up similar discussions at state level with state ministers, state opposition spokesmen on education and so on. So we speak to both the opposition and the government across all parties. In our endeavours to improve funding levels across all schools, we have

actually met with the opposition and the minister, jointly with the Australian Council of State School Organisations, fairly recently.

**Ms Lonergan**—And just to answer the first part of your question, it is difficult to say whether the states would continue to decline in their contribution to schooling. One would hope that that trend might be arrested and that the need for greater public investment in schooling would become clear at all levels of government.

**Senator ALLISON**—Thank you. They are all my questions.

**CHAIR**—Thank you very much for appearing today.

[12.41 p.m.]

**HATTON, Mr David, Representative, Rudolf Steiner Schools Association of Australia, C/- Rudolf Steiner School (ORANA), Hickey Court, 66 Unwin Place, Weston, Australian Capital Territory 2611**

**LAYDEN, Mr Michael, Representative, Rudolf Steiner Schools Association, C/- Rudolf Steiner School (ORANA), Hickey Court, 66 Unwin Place, Weston, Australian Capital Territory 2611**

**NEKVAPIL, Mrs Cheryl Anne, Representative on NCISA Advisory Committee, Rudolf Steiner Schools Association, C/- Rudolf Steiner School (ORANA), Hickey Court, 66 Unwin Place, Weston, Australian Capital Territory 2611**

**ROMANIW, Mr Stefan, Chairperson, Australian Federation of Ethnic Schools Association, 270 Highett Street, Richmond 3121**

**CHAIR**—Welcome. The committee prefers evidence be given in public but if at any time you wish to give any evidence, part of evidence or answers to any questions in camera you may make the request and the committee will consider the request. Such evidence may subsequently be made public by order of the Senate.

The committee has before it a document from Mr Romaniw which is numbered 37. Is there any other material which you wish to table at this stage?

**Mr Romaniw**—Yes. We sent a submission on 24 October. I must just explain that I took over the chair of the association last weekend. We have held consultations over the weekend and also during this week and we have some additional information that we would like to circulate. We also have, as additional reading material, a number of documents that we would like to table.

**CHAIR**—Is it the wish of the committee that this information be tabled? There being no objection, it is so ordered.

Would you like to make some brief introductory remarks? We are behind schedule and would ask that there be one spokesperson for each group of schools. Keep your remarks as brief as possible and then we will go to questions.

**Mr Layden**—The questions before the committee, obviously, are very extensive. We are a very small player on the Australian educational scene. We represent about 4,000 students, nationally. The particular part of the legislation that is of concern to us is the new schools provisions, and the reason that that concerns us particularly is peculiar to the way that our schools tend to develop. We feel that it is important that our view be heard because, despite our small size, we as a movement are recognised as making a valuable and creative contribution to Australian education, as the Steiner schools do worldwide.

The former legislation presented numbers of our schools with very substantial difficulties and burdens which militate against the contribution that they can make. We have outlined the general form of that in the submission that we have written. Would it be helpful to the committee to hear a specific example of how a school has been affected by the new schools legislation in the past and why we feel it is important?

**CHAIR**—Briefly.

**Mr Layden**—I will be brief. A small school, the Castlemaine Waldorf school in Victoria, was registered by the state government in 1990. It took three years to achieve the minimum number of 50 students. The school is now thriving. It is a full primary school. In its first three years, apart from the enormous amount of personal effort that parents had to put in there, they also had to accumulate debt to actually make up for the funding that was not available. The cost to the school over certainly the medium if not the long term, financially and having to manage the debt as an additional cost and in terms of the burnout of the people operating it, has been very substantial.

I think we would want to put it to the committee that what the legislation effectively did was to place an obstacle in the way of that community by effectively denying them access to their own money. They have paid their taxes and their kids are in school and their kids should be educated and the policy simply prevented them accessing that money and presented an enormous burden to them.

I think we have a track record of schools in Australia now that have grown from very similar beginnings, small community based beginnings, and there would now be in most states well-established Steiner schools that run effectively to high school out of these beginnings. We feel it is important that the efforts of teachers and parents to get these ventures up should not be unnecessarily restricted.

**CHAIR**—Thank you very much. We might go to the additional introductory remarks and then will direct our questions to the Steiner school people first at that point.

**Mr Romaniw**—The after-hours ethnic schools program plays a vital role in the provision of language teaching and cultural maintenance in Australia. We are arguing a case that LOTE provision throughout Australia cannot cope for all students and therefore the after-hours ethnic schools program is a complementary program, along with the modern school of languages in certain states. The after-hours ethnic schools program is represented in each state. There are over 100,000 students that are funded by the program.

Our primary concerns relate to the fact that, from the point of view of broadbanding, if that is the direction that things are going to go, there needs to be something put in policy whereby after-hours ethnic schools are seen as complementary providers to LOTE provision in Australia. I think there are a number of state governments that share the view that ethnic schools are complementary providers.

Ethnic schools have been working rather diligently over the years and now are going through accreditation processes, incorporating teacher training, curriculum development, materials development, accreditation processes of assessment and reporting policies and materials development. Some information on that accreditation process is contained in the document we are tabling.

We have had concerns in relation to community languages element of funding up until now, as to how different states treat that element of the funding and how those funds are distributed to after-hours ethnic schools. There are some states, for example Victoria which has the

ministerial council advising the minister on LOTE and ESL, which bring together all players and also there is a bipartisan approach to the LOTE provision and the after-hours ethnic schools program. We have boards in South Australia and in New South Wales, but we have concerns in some of the states where, for example, up until this day the New South Wales government has not paid out its per capita funding to the after-hours ethnic schools.

Therefore, what we are suggesting is that with after-hours ethnic schools, the question of policy be addressed and that some assurances be given that the program will continue as a complementary provider to the total program. We see it as part of mainstream and all the work that is happening in the area now is along that line. The Australian Federation of Ethnic Schools Organisation, obviously, lobbies people on both sides to ensure that there is a bipartisan approach and that ethnic schools maintain their correct position in like provision in Australia.

**CHAIR**—Thank you very much.

**Senator ALLISON**—There are government schools which operate as Steiner schools. Can you explain why it is necessary for Steiner schools to be private?

**Mr Layden**—It is true that there is one pilot scheme in Victoria where an annex running on Steiner educational principles is running within a state school, and that has been supported by the Steiner schools in Victoria.

The answer to the general question is probably a bit complex. I suppose you could say that Steiner education is a manifestation of a particular world view and that people working in it place a very high value on being able to independently and collectively manage their affairs. We have a management structure in the schools which is actually teacher based. We do not have a hierarchy, we do not have a principal. The important thing for the members in that is actually coming together in freedom and, in a sense, owning the enterprise and directing it out of a common educational purpose.

That is not a thing that readily sits within a large system which is governed by a hierarchy from the minister and, on the other hand, between very massive interest blocks in the form of unions and governments. We actually feel that the way that we work is quite integral to the creativity of the educational process that we offer.

**Senator ALLISON**—Is this pilot scheme a success?

**Mr Layden**—It is going quite well, yes. It is a bit tenuous because there is scope for conflict between the two streams in the school. It is two very different things happening on two sides of the corridor and a fair bit of professional friction can develop in that. But it is being worked very creatively and we are fairly optimistic of it as a pilot.

**Ms Nekvapil**—The Orana school, which is the Steiner school in Canberra, seriously looked at becoming integrated as a government school early in its history but the thing specifically in its way was teacher appointment, which is critical to the Steiner curriculum, becoming part of a state promotion system, which would have been required of us at that time. That was unacceptable.

**Senator ALLISON**—Could you just explain that a bit more?

**Ms Nekvapil**—They wanted us to become part of the promotions system within the teaching appointment in a state run organisation. That was unacceptable because we need to be able to appoint our staff. Also, if the policy changes, that changes the school's ability to pursue its philosophy, which can happen in a political situation, and that puts the school at risk.

**Senator ALLISON**—Do you not promote your teachers? I am sorry, I still do not understand how that works.

**Ms Nekvapl**—We take on teachers for an eight year period and they proceed through with a class. If we had to take people into the school because they were being promoted from elsewhere but they did not have what was required to go through with a class, that would be a problem. We have a very rigorous process of teacher appointment.

**Senator ALLISON**—Fine, thanks. Your submission talks about the fact that you take students in through kindergarten and they proceed through the various levels. What proportion of students in your schools are direct entrants from elsewhere and who do not begin at kindergarten?

**Mr Layden**—I do not know that I could give you a general picture of that. I think in the case of the start-up schools, often the very first classes are small and there is a fair bit of intake once they are established, even into those upper classes. Generally, it has been the case that most students come through and in recent years the established high schools have been progressively double steaming. Obviously, they are taking in a number of kids from other schools and they come from a variety of government and non-government schools, I think. That is part of the general trend in education, to fewer and larger high schools. That is a fairly generalised pattern.

**Senator ALLISON**—The absence of planned education provision will obviously see a lot of threats to existing enrolments, which we gather is called competition. I wonder if you can tell us whether, in your experience, any existing Steiner schools have threatened the viability of other schools in their location?

**Mr Layden**—Not so far as I know. Because what we offer is, if you like, quite idiosyncratic, our catchment tends to be very broad rather than concentrated in a locality. I do not think I am aware of Steiner schools actually affecting individual schools round about. We draw in from very wide areas because people will come to the schools for the education.

**Senator ALLISON**—Is the reverse true? Would it be the case that, say, low fee Anglican schools might draw some of the students away from your schools?

**Mr Layden**—They might, yes, if they were doing their job.

**Senator ALLISON**—Can I ask you to make a more considered prediction?

**Mr Hatton**—The parents who want the ethos of the school and the whole package deal that Steiner schools present I do not think would be touched by any other school. There might be a very, very small move to a school but negligible from our point of view. People come to our schools because of the curriculum based and the cultural based environment that we give, and the community involvement in that school. Unless they were moving away, the little bit of transfer would be very small.

**Senator ALLISON**—Would you expect that that was just the case with Steiner schools or would you expect there to be, as a result of this bill, quite a bit of movement around from one school to another?

**Mr Layden**—I do not know. These are national statistics and national questions. I would be surprised if the removal of the new schools policy actually created a whole lot of new school initiatives. Apart from the question of funding, the issue of starting up a school for your children I know from experience to be an absolute monster of a job. I know lots of people who have taken it on despite the policy. I do not think there is going to be an explosion of

people wanting to take that on just because they get whatever it is—\$1,000 a year per student—to start them off.

On the human level, the questions of getting such an initiative up are much larger than the funding question. But I think that, where people already are committed for educational reasons to doing something, policy should not obstruct them. It seems to me to be very unfair.

**Senator ALLISON**—How many Steiner schools are there which do not currently attract Commonwealth funding?

**Mr Layden**—Probably for next year there would be about five initiatives that I know of, some of which are in fact schools continuing from primary into high school. We have another specific difficulty with that because our primary school curriculum, which is taken by a single class teacher throughout, runs from class 1 to class 8. So we find ourselves with an existing primary school which has its funding cut off at the end of class 6 because that is not recognised as a unit by government policy. This is called the beginning of high school. Because it is called the beginning of high school, you lose your dollars and it leaves your class 7 and 8 children very underresourced.

**Senator ALLISON**—You say in your submission that the former government's new schools policy favoured schools affiliated with ethnic or religious interests over those run by free educators. Can you expand on that?

**Mr Layden**—I think that is true in the sense that, where you have a large, say, ethnic community based or religious community based movement, there is in a sense a captive clientele. The people are actually there because of shared interests outside of schooling. What we are doing is, I would say, pioneering something in education. There is always a core group which wants to initiate that but the thing will only grow on the basis of what educational result it produces. It is not a belief system to which the clientele subscribe that runs the school; people come because the school works and it becomes known as being good for children. So a policy, particularly, that requires large minimum numbers to kick off actually militates against such an initiative as compared with one that can draw on a captive clientele.

**Senator ALLISON**—Are your schools exclusive in the true sense of the word?

**Mr Layden**—I do not think they are exclusive in any sense of the word. We take children from all sorts of economic, social, ethnic and religious backgrounds.

**Senator CARR**—I am a bit concerned about the issues in terms of the broad banding. Does either of your submissions go to the issue of whether or not these provisions within the bill should be amended?

**Mr Romaniw**—In our revised submission we have suggested a number of things. On the question of broad banding, we have the problem that we do not know whether funds would be available for these programs. That is the first thing. What we have been advocating is that, at a federal level—we believe language is a matter for the national agenda—certain priorities be put in place. Also, as there is accountability from a financial point of view, there needs to be an accountability from an educational point of view, and that accountability needs to be done from state to federal. But somebody needs to set that policy. What guarantees do we have that programs such as these will continue to attract funding?

In states where people have understood the importance and see them as providers of complementary programs, we do not see a problem. We see that the programs there may in fact grow. In other areas we do not have broad banding at the moment but we have enough evidence to suggest that there are a number of states that are not dealing with this program

in the way that I think it was initially set up to be dealt with. That comes through when we look at the per capita funding, when we look at the support the schools are getting. For example, in Victoria, where you have a bipartisan approach, where you have a ministerial council that is supporting the program and sees it as a complementary provider to the mainstream—that is what AFESA has been advocating—we do not have a problem. But in the New South Wales situation, it is now October and schools have been operating for 10 months but funding has still not come through. When questions are asked, the answer is, 'In due course you will get your funding.' It is very difficult to run programs that way. That is why we are suggesting that from a federal perspective, policy is very, very important.

**Senator CARR**—Do the ethnic schools associations believe that the Commonwealth has a leadership role to play in terms of educational provision?

**Mr Romaniw**—We look at it from the point of view of rationalisation. We believe that there are things that can happen nationally in the area of training, in the area of materials development, which in due course will obviously save money. On the other hand, states have their own priorities. But I believe there is still a role federally, whether states decide that they will pool money or whether federally the department would say, 'We will make money available for certain programs that need to be run nationally.' We see, for example, the question of training as something that could be dealt with if there were a national project.

**Senator CARR**—Mr Layden, do you believe the Commonwealth has a role to play in the planning of educational provision?

**Mr Layden**—It is probably a matter that is better handled at the state level, in principle. I am a foreigner, I am not—

**Senator CARR**—But it is Commonwealth dollars—national programs, national money, \$3 billion a year. What role do you think the Commonwealth has in ensuring that that money is spent properly?

**Mr Layden**—In so far as the money is recurrent money, then one way or another the taxpayer, through the mechanisms of the Commonwealth and the state, provides it. Where the Commonwealth looks at the possibility of investing capital money in schools, I think it needs to have a set of tests that it would apply to see whether what it is putting the money into is going to be long-term viable. I think there would be a case for allowing schools to run for a few years before they became eligible to make an application for capital funding.

But as I understand it, in the bill there is a mechanism for the Commonwealth to retrieve the actual additional budgetary cost from the states. As I calculated it, it leaves a little bit with the states and the recurrent money follows the student. I am aware that there is intense debate about the detail of that but it seems to me that, in principle, the money is provided as recurrent money for every child in Australia, and that is the way it ought to be. The state authorities, certainly in my state, do a very thorough job of making sure that you are a good educational concern before they register you. Beyond that, I am not sure that I do see a strong role for the Commonwealth in planning the application of that recurrent money.

**Senator CARR**—This committee has heard evidence that financial viability of a school being used as a criterion for registration does not occur in New South Wales, Victoria and Tasmania. What you are saying is that financial viability for capital programs ought to be a criteria for registration.

**Mr Layden**—No; registration and capital programs are two different questions, are they not? I can, and have, run a very viable primary school in rented premises, without any call on

capital moneys at all—and the viability of that is demonstrated by the fact that it is still there after 10 years. As far as the issue of capital money goes, I think that, if you are still there after 10 years and you are turning a reasonable profit, you have got a case for being eligible for capital money to build yourself a school.

**Senator CARR**—Yes. In terms of the provision of language education, though, what role do you think the Commonwealth should be playing? Should it be a criterion for the expenditure of Commonwealth moneys? Should it be a designated part of the targeted and quality programs that the Commonwealth initiates?

**Mr Romaniw**—Languages are a national agenda item. You cannot take languages in isolation. We look at language learning from an ethnic schools perspective, and how we impact on a range of social and economic issues is that, apart from the cognitive development of the learner, there are the issues of economic relevance, the communication element between family members, cultural diversity and settlement that come into play. If there is a framework, obviously, broad banding allows for flexibility and allows states to set priorities, and we would agree with that. But, at the same time, there needs to be a framework by which these priorities are set. Obviously, each state, having that flexibility, is able to spend its dollars in the way it sees best but, at the same time, we believe that there needs to be something to ensure, with language provision, that that quality is maintained.

**Senator CARR**—But is there not a case that, in terms of the accountability mechanisms, the Commonwealth parliament actually knows how the moneys that it is appropriating are actually being spent?

**Mr Romaniw**—You have mentioned in the bill that there are two aspects: the financial accountability and the educational accountability. We are suggesting that both of those play a very important role. Obviously, each state needs to be able to account financially for what it is doing with its money but, at the same time, each state needs to be saying from an educational point of view what the outcomes are. Obviously, broad banding may assist in that but, at the same time, there needs to be a framework by which we can judge whether a state is doing the job or not, in relation to language provision.

**Senator CARR**—This committee has heard on numerous occasions that the Commonwealth department has not got a clue as to how that money is actually spent, in terms of specific schools—or, for that matter, regions: the money is handed to the states, and they determine the distribution. You say that, in the state of Victoria, you are quite happy with the fact that the Premier and various other people have an interest in making sure that ethnic communities are well serviced?

**Mr Romaniw**—I will clarify that. It is not just a matter of ethnic communities. We are looking at languages other than English, and at English as a second language, as a mainstream provision. We are seeing different schools—I think that is a very important distinction.

**Senator CARR**—But, in Victoria, there is a high political priority on the provision of language—LOTE, in particular—and there are all sorts of political reasons for that to occur. But you say that, in other states, that is not the case.

**Mr Romaniw**—I am suggesting that some states need to look at the way the money that has been allocated for the community languages element is being spent. This is from the point of view that, if there is a provision there, as the former government told us that there was, for some of that money to go to after-hours ethnic schools, then that money should be paid out accordingly.

**CHAIR**—Senator Carr, the people from the Steiner School have to go in a few minutes. I was wondering if we could just pause with this witness for a minute. We can come back to this in a few minutes.

**Senator CARR**—I can finish with both witnesses very quickly, I think. I appreciate that the time is precious for all of us, but—

**CHAIR**—But they have to actually go.

**Senator CARR**—Yes. For Victoria last year, there was \$13 million for general English as a second language teaching, and \$8 million was for the new arrivals program under the national equity programs—plus other moneys which, of course, would be applicable for students from migrant backgrounds and students undertaking language education.

**Mr Romaniw**—Can I just clarify that? The after-hours ethnic school does not look at the area of English as a second language. What it does is to provide language maintenance for mother tongue learners.

**Senator CARR**—But the point that I would make is that, even under the existing accountability mechanisms under the current act, it would be grossly inadequate. I would challenge you to be able to tell me where that \$21 million was actually spent in Victoria.

**Mr Romaniw**—I can only speak on behalf of the after-hours ethnic schools. I can, if you wanted—

**Senator CARR**—And how much were the after-hours ethnic schools able to draw upon that money?

**Mr Romaniw**—Somewhere in the vicinity of \$1.5 million, and we have argued also a case that, regardless of what happens, we really need to address the question of the formulas that we have been using, because that is—

**Senator CARR**—Yes, I am quite happy with that submission. I am just making the point: is there not a case for strengthening the accountability mechanisms rather than weakening them, as this bill does?

**Mr Romaniw**—I believe that accountability needs to happen in two areas, as you have stated: from a point of view of financial accountability, which is tied also to educational accountability, and the after-hours ethnic schools nationally are quite prepared to deal with both those issues, as they have up until now, and I think there has often been a misconception as to how these moneys are spent.

**Senator CARR**—Thank you very much.

**CHAIR**—I know you have to go. I have just got two quick questions. Your submission claims that families have a right to expect the choices made in the light of published government policy be respected. Do you believe this new legislation respects the right of choice of parents, in both the government and non-government sector?

**Mr Layden**—It appears to me to do so. I have not been shown where it doesn't. The point we are making there is that schools all over Australia, and this will apply not only to us, have actually been sent very firm and clear undertakings from the minister that the legislation will go ahead, and we find now that in term 4, with kids committed to schools and teachers committed to employment, there is considerable uncertainty entered into the picture with the prospect of the amendments going through. We feel it necessary to actually point out how extremely difficult that is for schools and children and families. That is the sense of that one.

**CHAIR**—Thank you. On a former policy that has just been abolished called the new schools policy, which we called the no new schools policy, we had evidence a few years ago—and I was wondering if you could perhaps comment on this now in relation to the Steiner schools—that if the old policy that we have just abolished existed at the time a lot of the Steiner schools were set up, 30 or 40 years ago, they actually would not have got under way under that old policy.

**Mr Layden**—That is true.

**CHAIR**—Could you explain why the old policy would not have allowed the Steiner schools to establish and develop?

**Mr Layden**—Minimum numbers. The school I come from, Sophia Mundi school in Melbourne, we started with a teacher and 12 kids in a church hall. We now have a quite vigorous primary and junior secondary school. It is still not large; it is 230 kids. We would not have been able to get any funding. The Melbourne Rudolph Steiner school, which has getting on for 500 kids K to 12, started with a handful of children and committed parents and teachers. The Glenaeon school in Sydney, which has been there for 47 years now, similarly. It is actually intrinsic to the way that the schools develop.

**CHAIR**—Is the particular philosophy of the Steiner school disadvantaged because I assume your numbers are so small since you are starting with a kindergarten class initially?

**Mr Layden**—Yes.

**CHAIR**—And then you bring the next lot through. So what has been the effect of that policy, which ran from 1986 to 1996, on the establishment of new Steiner schools in the last 10 years?

**Mr Layden**—Launceston school foundered through not having sufficient financial resources. There are a couple of junior high schools that have folded for the same reason, where, even though the primary school was funded, junior secondary, which is the completion of the primary school, was not funded and there were simply not sufficient resources. And I think there are a couple of initiatives, mainly rural ones, which simply have not been able to get off the ground. They have been held at the kindergarten or play group level and are not able to move. Some of them might not, in the long term, prove to be viable.

Our track record is that most of them do and it seems to me that the people on the ground, in fairness, should be able to have a go. If they can produce something that is sensible and viable with an allocation of funding to which every child is entitled, then it should run.

**CHAIR**—So, under the previous Labor government policy, your schools did not thrive because that government policy ran in direct opposition to the philosophy of the Rudolph Steiner schools?

**Mr Layden**—Yes, I think that is true.

**CHAIR**—Thank you very much for appearing today.

**Senator ALLISON**—Are you saying that there were no new Steiner schools established since 1986 which have attracted Commonwealth funding?

**Mr Layden**—No, I am not.

**Senator ALLISON**—That is what I thought. How many did?

**Mr Layden**—How many did since 1986?

**Senator ALLISON**—Yes.

**Mr Layden**—Three or four I would think.

**Senator ALLISON**—So it is not fair to say that the new schools policy prevented your schools from being established?

**Mr Layden**—No, it has prevented some schools from being established and it has disrupted the completion of other schools because of the primary-secondary issue.

**Senator ALLISON**—I understand. Thank you.

**CHAIR**—If three or four were established, how many foundered or were not established?

**Mr Hatton**—There were more than three or four established. But if you take the new schools that are being established as of 1997—Gold Coast, Noosa, Cairns, Alice Springs and two schools in Western Australia—there are a lot of new initiatives. If the new schools policy is not abolished that will not stop those schools from going ahead, but it will give the scenario that Michael gave before—incredible hardships and several parents will not be able to go because we have to charge fees. We try to keep the fees as low as possible—we have lots of parents on bursaries, teachers take low salaries, whatever is necessary—and the cost then is just exacerbated because we do not have the funds from the government levels.

**CHAIR**—Would you take on notice to provide us with further information on that 1986-96 period across Australia—the numbers that were established, the ones that tried to start and the ones that closed. Can you provide that?

**Mr Hatton**—Yes.

**Ms Nekvapil**—The Canberra school is an interesting example because it started in 1981 with four students and one teacher in rented premises. It remained in those premises for nine years, during which time the new schools policy came into play. That school currently has 300 students progressing from kinder next year through to class 10. We got caught with the new schools policy when we went into class 7 and the school has had to operate from class 7 to 10 without Commonwealth funding. That was a risk and a challenge that the school took, and a very viable school could actually be undermined by not receiving Commonwealth funding on the rules of the new schools policy. That is an example of how a school can establish, but how its maintenance can be threatened through the strict application of the previous non new schools policy.

**CHAIR**—Thank you very much for appearing today.

[1.27 p.m.]

**WATSON, Ms Louise, 47 Brougham Street, North Melbourne, Victoria**

**CHAIR**—Welcome. In what capacity are you appearing today?

**Ms Watson**—I am appearing in a private capacity. I am a PhD student at ANU and I am undertaking some work on the federal budget and schools. A paper on that work was published in a discussion paper recently.

**CHAIR**—The committee prefers evidence to be taken in public but if at any time you wish to give evidence, part of evidence or answers to any questions in camera, you may make the request and the committee will consider your request. Such evidence may subsequently be made public by order of the Senate. The committee has before it a copy of your paper, 'The Federal Budget and Schools.' Is there any other material you wish to table at this stage?

**Ms Watson**—No.

**CHAIR**—You are welcome to make some brief introductory comments and then we will proceed to questions.

**Ms Watson**—I do not think I can add much more to what is already in the paper. I understand it has been circulated quite widely, so I will not waste anyone's time by summarising it at this stage.

**CHAIR**—We will then begin questions.

**Senator CARR**—You would be aware that DEETYA has changed its submission to increase its expectations of the cost of this program by \$50 million.

**Ms Watson**—Yes, I had heard that.

**Senator CARR**—You have calculated that they had underestimated the cost of this program to state education, based on your review of the budget papers, by \$50 million.

**Ms Watson**—Yes.

**Senator CARR**—What was the basis for your calculation?

**Ms Watson**—The basis for my calculation was to examine trends in enrolments in recent years and to examine the effect of the abolition of the new schools policy and the effect of lifting the enrolment maxima on new schools. Once I had done that I got a figure for student transfers which was considerably higher than what I thought the government had estimated.

**Senator CARR**—Do you have any understanding as to why DEETYA changed its submission?

**Ms Watson**—None.

**Senator CARR**—You have not been given any advice? You are not aware, in any way, of how the changes in methodology have led them to increase their estimation by \$50 million?

**Ms Watson**—There was very little detail in the budget papers about the basis on which the budget calculations were made. For instance, there were no enrolment projections in the budget papers nor was there any indication of student numbers. I am not sure from the budget papers exactly how the budget estimates were calculated and therefore it does not surprise me that once DEETYA started examining the figures on enrolment shifts it came up with a different number.

**Senator CARR**—On page 9 of your paper you say:

Over the next four years, the Federal government will increase the level of funding to non-government schools and reduce their expenditure on government schools by 25 per cent.

Can you explain to the committee how you have reached this conclusion?

**Ms Watson**—When I looked at the budget papers, I tried to estimate the number of students the government's estimates were based on. I came to the conclusion that their estimates were based on an enrolment shift of around 75,000 students. I decided to check the veracity of this estimate by looking first at the trends in enrolment growth over the last 20 years. The trend in enrolment growth, based on grade progression ratios, is that by the year 1999 there will be 49,000 extra students in the non-government sector. Grade progression ratios are simply the number of students who move from one grade to the next.

There is a common basis for making enrolment projections and DEETYA publishes these regularly. Therefore, on the basis of DEETYA's own estimates, by trend alone, the number of students in non-government schools was expected to increase by 49,000 by 1999. That was prior to the impact of any policy change. In other words, if nothing had changed, DEETYA expected 49,000 extra students to be in non-government schools by the year 1999.

I then looked at the impact of individual elements of the policy change. The first was the abolition of the new schools policy. I examined the McKinnon review which had a lot of data

in it, provided by DEETYA, about the number of schools which had been rejected under the new schools policy over the last four years.

By looking at the schools which were considered but rejected, I came up with an estimate of 33,000 additional students enrolling in non-government schools as a result of the new schools policy being abolished, merely on the assumption that the 65 schools that were rejected over the last four years would be likely to start up.

The third factor in my calculation was the lifting of the enrolment maxima, on which I think I have been quite conservative. In the McKinnon report, the data provided by DEETYA indicated that non-government school enrolments might increase by 15,000 students if the enrolment maxima on new schools were lifted, again on the basis of the number and type of applications that have been rejected over the last four years.

When I added together the effect of the trend, plus the new schools policy, plus the abolition of the enrolment maxima, I came up with a figure of closer to 100,000 students moving into non-government schools, rather than the 75,000 on which I thought the DEETYA estimate was based.

**Senator CARR**—And therefore you calculated that on the basis of the so-called enrolment adjustment mechanism, there would be a net transfer from the public sector to the private sector of 25 per cent.

**Ms Watson**—In my paper the estimate is about \$168 million. I think the government's estimate is \$128 million.

**Senator CARR**—It is now \$177 million.

**Ms Watson**—Yes, which is higher than my estimate. It is very difficult to actually pinpoint a percentage shift, given the range of factors involved in the policy context over the next four years. There are variables that are unexplained in the budget papers, such as the basis for the enrolment projections, the outyear on which the budget estimates are based, which half of the financial year enrolment shares reflect the years in which enrolments are taken, as well as the size of the total student population. I would be confident to say that the size of the budget cut would be in the order of anything above 10 per cent.

**Senator CARR**—Above 10 per cent.

**Ms Watson**—Yes, from 10 per cent upwards, depending on how all those factors pan out.

**Senator CARR**—But the ministers in just about every state in the country today are saying that there has been an increase in funding for schools. Are you aware of that? How can you possibly get that sort of discrepancy between what a government says and what you have presented?

**Ms Watson**—You mean an increase in funding for schools in the budget?

**Senator CARR**—That is the claim.

**Ms Watson**—The focus of my paper was on general recurrent funding, which is 80 per cent of total outlays. I focused on that issue because I thought general recurrent funding was the most significant area of government expenditure in schools, and therefore the changes proposed under the enrolment benchmark adjustment would be the policy change that would have the biggest impact.

I am not in a position to comment on the budget as a whole and my paper does not deal with the budget as a whole, so I cannot really offer anything extra.

**Senator CARR**—In terms of capital funding, is there not a shift in the ratios between public and private as well?

**Ms Watson**—I really cannot comment on that.

**Senator CARR**—I see. I will leave that with you. What do you understand to have been the rationale for the change from the level 6 funding cap on new schools, and how valid do you believe that rationale to be?

**Ms Watson**—As I understood it, the original reason for imposing the category 1 to 6 funding cap was a concern about the viability of non-government schools. When the funding cap was imposed in 1988, the government was concerned that new schools that were small and did not have the support of a system should be financially and educationally viable in the long term, and should not be too dependent on governments for high levels of funding. So the category 1 to 6 cap was imposed on new non-government schools that were established in order to ensure that they were educationally and financially viable and that they would make a smaller call on government resources.

There was also a concern at the time about levels of government subvention in new non-government schools and that issue is raised in the paper. Right back to the Karmel committee, concerns were raised about the level of government subvention in non-government schools funding and whether higher levels of subvention would invoke higher levels of public responsibility. The category 1 to 6 cap was designed to ensure that new non-government schools were, firstly, educationally and financially viable and, secondly, that they would not make any excessive call on government funds.

**Senator CARR**—The abolition of that cap, I understand, will cost the budget some \$12 million. What mechanisms do you see them putting in place to meet the criteria that Karmel originally set down?

**Ms Watson**—I do not see any mechanisms being put in place.

**Senator CARR**—The question of savings to the states: in your paper you canvass this to some measure. How adequate do you think the calculations are in terms of the savings that the states will be able to actually realise?

**Ms Watson**—In reality they will realise no savings because on DEETYA's enrolment projections the size of the school population is increasing, therefore the physical number of students in state schools will remain the same—that is the government's estimates. So, even though I have estimated that there will be an additional 100,000 students in non-government schools, this does not mean that there are 100,000 students less in government schools. So there are no real savings to the states; it is not as if 100,000 students are suddenly leaving the state system. It is an increase of 100,000 students in the non-government sector drawn largely from an increase in the total student population. So the first point is that there are no real savings based on existing enrolments shifting across.

The other point is that the issue of savings to states is far more complex than we are lead to believe on the information in the budget. It needs a lot more work. One other observation I would make is that the way that DEETYA arrives at the net saving to the states, or the alleged net savings to the states, of a student enrolling in a non-government school is simply a calculation of the total cost to a state of educating a student in its own schools less the contribution it makes to a non-government school. So the argument goes that when the student moves to a non-government school the states save what they would normally spend on their own student less what they give to that student in the non-government school.

Now the effect of the enrolment benchmark adjustment will be to increase the cost to the states of educating students in their own schools because the Commonwealth contribution will be reducing. Therefore, while it needs more work, my inclination is to think that the savings to the states from increasing student enrolments in non-government sectors will increase rather than diminish as the—

**Senator CARR**—So, if I could follow your argument: rather than being a device to prevent cost shifting by the states, this measure may, in fact, end up being a device to ensure cost shifting to the states from the Commonwealth?

**Ms Watson**—One other point I would like to make is that even in the government's own calculations there is still an acknowledged benefit to the states of \$1,700 which, in itself, would figure largely in the mind of any state that was interested in cost shifting.

All I am saying is that there are very complex issues that should be worked through in regard to the cost shifting and these issues should be looked at in the context of real student enrolment figures; they should not be discussed in isolation and they should not be discussed in a way that suggests that the states are going to lose 100,000 students as those students enrol in non-government schools. There is an urgent need for projections based on real enrolments and real costs and real changes in outlays, in total outlays, in order to get a better understanding of this issue.

**Senator CARR**—Can I just turn to another issue because I think the question of the cost discrepancies in these calculations is very important. I think your contribution is very significant in terms of the work of this committee. Can you indicate to the committee what you believe to be the present arrangements in regard to registration of schools across the country given that the minister is placing particular reliance upon the capacities of the states to now register on an appropriate basis and, therefore, use the registration process at a state level as the basis for future regulation?

**Ms Watson**—What I understand about the registration requirements is in an appendix to the McKinnon report, which I have here. From a brief glance at it I understand that it varies greatly between states. All states have curriculum requirements and school organisation requirements but there are many states that do not have financial viability requirements and, certainly, there seems to be very few states that have any requirements relating to planned educational provision.

**Senator CARR**—I draw to your attention the fact that the committee has heard conflicting evidence. I have read that McKinnon survey as well and not all players in the industry agree that there is adequate provision for those particular criteria as listed in that table.

Can I just take you back for a moment to this funding question. DEETYA's submission involves calculations of the Commonwealth funds to students which involve special purpose funds plus financial assistance grants. On this sum of the special purpose payments plus the FAGs, DEETYA argues that on a per capital basis Commonwealth funding will rise from \$2,263 to \$2,668. Can you comment on those calculations?

**Ms Watson**—I do not have the calculations in front of me.

**Senator CARR**—I draw to your attention this particular table. I know this is putting you on the spot a little.

**Ms Watson**—Without looking at the actual numbers I understand that the idea here is to attribute the proportion of FAGs that the states might spend on education with the Commonwealth contribution. As far as I understand, financial assistance grants are untied in

every sense. In a practical sense they are paid to state treasuries. Therefore, the Commonwealth has no control over how state treasuries allocate financial assistance grants. It seems to me to be a very bold assumption to say that any proportion of financial assistance grants is allocated to education at the state level.

**Senator CARR**—I notice when I read the DEETYA submission they particularly criticise the AEU for their use of the FAGs grants but in your reading of that table do you see that DEETYA officials have taken into account the cuts to the FAGs imposed through this budget?

**Ms Watson**—I cannot answer that question because I am not familiar with the exact figures in terms of the cuts to FAGs. What I can say is that when FAGs are paid to state treasuries they are rolled in with all other sources of state revenue. Therefore, I think it is a very bold assumption to attribute any proportion of FAGs to be spent on a specific portfolio.

**Senator CARR**—Thank you.

**Senator ALLISON**—I would like to start by congratulating on your paper. It is certainly a timely piece of work for you to be doing. I welcome, in particular, a careful analysis of the enrolment benchmark adjustment and I wonder if, for the benefit of *Hansard*, you could just explain how it is that the dollars do not follow the student from the state sector to the public. Could you explain that to the committee?

**Ms Watson**—That the dollars do not actually follow the student from the state sector to the private school?

**Senator ALLISON**—Some of our witnesses here today and previously have said, ‘There isn’t an issue in terms of cost to the state sector because whenever a student transfers across to the private sector, the money goes with them.’ Can you explain how that actually works?

**Ms Watson**—As I understand it, based on my interpretation of the budget papers—and the budget papers are very inadequate in the amount of information they provide—you have to consider the situation in the context of total school enrolments increasing. Over the next four years, total school enrolments will increase by about 100,000 students and, on the basis of the government’s estimates, about 75,000 of those students will go to non-government schools. My estimates are somewhat higher. Therefore, the state sector will not actually lose any students physically. So it is not a case of students actually leaving a school and enrolling in a new school because it is in the context of total population growth and retention, I assume.

In terms of how the enrolment benchmark adjustment will be calculated, from my interpretation of the budget figures—and, again, it was very short on information about calculation of the benchmark—what I think the government is going to do is simply say in the year 2000 that any students above 29.4 per cent on average in the non-government sector will trigger a cut of \$1,712.50 in state general recurrent grants.

**Senator ALLISON**—Would you describe this mechanism, this EBA, as a clever one, one that might both confuse and obscure the cuts which are inherent in it to the state sector?

**Ms Watson**—There was certainly very little information in the budget papers about the enrolment benchmark adjustment and I thought that was unfortunate because it was rather misleading. It was not described in the budget estimates as a cut to general recurrent funding which it actually is. There was one table in the budget papers where it was described as an offset. It is certainly a clever way to implement a policy without having to pay for it.

**Senator ALLISON**—Would you say that this bill will give incentives or disincentives to the states to shift students from the public to the private sector?

**Ms Watson**—I think that is a question of the state policy. The issue of cost shifting has been around for a long time. The National Commission of Audit recommended that all funding for schools, both government and non-government schools, be returned to states in order to reduce the incentive for cost shifting, among other reasons. It is an issue where it is difficult to prove whether states have deliberately shifted costs to the Commonwealth by encouraging enrolments in non-government schools or whether the increasing enrolments in non-government schools is the product of some other state educational policy.

**Senator ALLISON**—My question was more about the EBA mechanism and the direct outcome of that in terms of monetary incentives, aside from policy questions. Are the states better off at the end of the day by encouraging students to enrol in private schools? That is really my question.

**Ms Watson**—As I said to Senator Carr earlier, I think the question of cost shifting does need more work and is not as simple as the government portrays it. On the one hand, I think you have to look at the figures on the basis of real enrolment changes. You have to take into account that the enrolment benchmark adjustment will actually result in an increase to the states of the cost of educating students in their own schools, and that appears to imply that the incentive to shift student enrolments to the non-government sector would increase.

**Senator ALLISON**—You say that, if the federal government cannot identify its policy objectives in terms of desirable educational outcomes, it may not have a legitimate role in schools funding in the 1990s. Can you give an instance of such a link between policy objective and educational outcome that might legitimise the Commonwealth's funding role?

**Ms Watson**—I am a public policy academic and I am interested in issues of public accountability. Public accountability is simply requiring governments to give an answer for the way in which they spend public money, allocate resources and use the power in their control. On a more specific level, public accountability means that individuals, such as the general public and I, should be able to evaluate the extent to which governments meet to find policy objectives—in other words, the extent to which their programs are efficient and, moreover, effective in achieving predefined policy goals. I do not think that this budget change has been adequately justified in terms of a policy goal. I think it will be very difficult, therefore, to measure its impact over the longer term.

**Senator ALLISON**—Would you expect a government to have a policy objective in terms of the proportion of students in the state and private sectors?

**Ms Watson**—I think government policy objectives in education should be related to education outcomes. Unless the government can demonstrate that its policy will improve educational outcomes, there is very little justification for the policy. I think we have moved beyond a situation where policy objectives were determined solely in terms of inputs.

**Senator ALLISON**—Would you say that this bill sets any outcome policy objectives?

**Ms Watson**—From my reading of the budget papers, there are no policy objectives defined, other than the policy goal of increasing parental choice.

**Senator ALLISON**—If the federal government were to withdraw totally from schools funding, would the state find themselves with the difficulties which presently lie with the Commonwealth in assigning funds equitably between those two sectors?

**Ms Watson**—There will always be policy issues in relation to the funding between the two sectors. To hand all the money back to the states, as I have mentioned in the paper, would not make these policy concerns go away. Those policy concerns are the desirable level of

government subvention in non-government school running costs, the appropriate balance between the sectors in terms of maximising educational outcomes and the extent to which governments are motivated by cost shifting to the private sector.

**CHAIR**—Thank you for appearing today.

**Senator CARR**—I have just one more question.

**CHAIR**—You have had half an hour, Senator Carr.

**Senator CARR**—I do not think I did have an half an hour.

**CHAIR**—That was incredibly generous. My predecessor in this position used to chop me off right on time. Perhaps one question and then let us finish.

**Senator CARR**—Ms Watson, you talk about this whole question of the only stated policy objective being one of parental choice. What is your judgment of the consequences of the exercise of that policy option in this manner for the choices of others, particularly those that wish to maintain a strong, comprehensive, universal public education system?

**Ms Watson**—I think choice in itself is not adequate as a policy objective. Policy objectives should be defined in terms of educational outcomes. In this case it is a situation of partial choice, in the sense that the choice is available to those with the capacity to pay. It is not clear what the impact will be on those who do not have the capacity to pay. Choice policies, from what I understand overseas, do not necessarily result in improvements in educational outcomes anyway.

An OECD study concluded that increasing choice does not actually make any difference to school performance. Increasing competition between schools does not improve school performance. It concluded that providing parents with increased opportunities for choice—and this is in systems where choice policies have been widespread—does not actually affect the school effectiveness. It does have an effect on other factors, but not on school effectiveness.

**CHAIR**—Thank you very much for appearing.

[2.01 p.m.]

**McMORROW, Dr James Frederick, Assistant Director-General (Policy and Executive Services), New South Wales Department of Training and Education Coordination, Education Building, Farrer Place, Sydney, New South Wales**

**TAGGART, Mr Christopher Wayne, Director of Management Accounting, New South Wales Department of School Education, 33-35 Bridge Street, Sydney, New South Wales 2000**

**DEETH, Mrs Norelle, Director (Education, Training and Justice Branch), Budget Division, Queensland Treasury, Executive Building, 100 George Street, Brisbane, Queensland**

**HANNAH, Mr Lawrence Charles, Director, Intergovernmental Relations, Budget Division, Queensland Treasury, Executive Building, 100 George Street, Brisbane, Queensland**

**IVESSA, Mr Walter, Assistant Under Treasurer (Budget Social Services), Queensland Treasury, 100 George Street, Brisbane, Queensland**

**CHAIR**—I welcome the witnesses from the New South Wales government and, by teleconference, from the Queensland government. The committee prefers evidence to be given in public, but if at any time you wish to give any evidence, part of evidence or answers to any questions in camera you may make the request and the committee will consider the request. Such evidence may subsequently be made public by order of the Senate.

The committee has before it a document from the New South Wales and Queensland governments, which it has numbered No. 13 and No. 117. Is there any additional material which you would care to table at this stage? You are welcome to make some brief introductory remarks to the committee and then we will proceed to questions. I would suggest that we have one representative from each group to do that, and that everyone is then involved in the questions. We will start with New South Wales.

**Dr McMorrow**—I will just make a couple of points to lead into our submission. From our point of view there is a fundamental issue around the nature of federal-state relations that underscores this whole debate, particularly the debate about funding of government and non-government schools.

We are not certain about the model for federal-state financial relations that the present Commonwealth government has. On the one hand, there are utterances around the fact that school education is constitutionally a state responsibility. If the Commonwealth is running with that principle and that model, you have to ask the question of why the Commonwealth is continuing to provide the bulk of public funding to non-government schools and why, in fact, it has increased its funding for non-government in the recent budget.

The other model is to accept, as recent ministerial councils have, that schooling is a shared responsibility, where states have the responsibility for educational factors and both levels of government share responsibility for financial support. From our point of view, if that is the model that the Commonwealth government has, why was there no prior discussion with the states and territories about such a profound change in arrangements? Why were these matters simply announced in a federal budget paper—in fact, found rather buried away in supplementary papers?

If it is a shared responsibility, we need some serious intent about consultation and negotiation on both sides. This is too important a matter for both levels of government to continue to make ad hoc decisions about. I think that is the second problem, and I would say that has been a problem for state governments as well as federal governments.

Now the fact is that we have got to the point where private schools in Australia, internationally, have a couple of features that you do not find in many other parts of the world. The first is that it is a fairly large sector. As the Commonwealth's own figures show, it is growing from around 25 per cent over the last few years to nearly one-third of total enrolments, and that is despite the new schools policy that has been adopted.

The other thing to say is that private schools in Australia are utterly and heavily dependent on public funding. On average, they receive over two-thirds of their ongoing expenditure from Commonwealth and state governments. The Catholic school system is closer to 75 per cent. They receive capital grants from the Commonwealth government. These are mirrored by very substantial interest subsidies from the state government, and in our state, in particular, very substantial student transport subsidies, and there are other subsidies.

We are not talking about a private system for funding. Clearly, we need, responsibly, for government to come to terms with the profound nature of our public funding policies for government and non-government schools and the kinds of systems that are resulting.

In the budget, the Commonwealth has decided to fund, automatically, every new school regardless of its demographic effects, whether the school places are needed, and its effects on other schools and children. It has effectively deregulated one sector—the private sector only—leaving the public school system to bear the brunt of the subsequent planning implications.

The states have a fundamental responsibility to provide ongoing services to all parents and students. The New South Wales government does not think that schooling can be a marketplace, where schools or students or teachers or curricula drop in and drop out. It must have fundamental long-term planning of buildings, teachers and curriculum materials for schools in every corner of the country—in inner city areas, in remote areas, for students living in poverty, for students with disabilities.

We are not clear what the Commonwealth's explicit commitment is to that kind of comprehensive public school system. We conclude from the fact that the Commonwealth has decided to cut grants to government schools to pay for the increased costs in non-government schools that it may not have an explicit commitment to high quality public school system—incidentally, on the false grounds that such a transfer of enrolments from government to non-government schools would automatically save money for the states.

I cannot speak on behalf of other states but, certainly in New South Wales, over the period of enrolment growth in the non-government sector, there has been increased funding of both government and non-government schools. To my knowledge, there has never been any explicit attempt to shift costs. In fact, the opposite is the case.

A final point is that we have some fears coming out of these decisions. We fear increasing inequalities in our schooling system that is government and non-government. We fear an increasing divisiveness in public debate about state aid for private schools. We know that the states are under increased difficulties to provide for public schooling of a high quality, particularly when you add the implications of the reductions in financial assistance grants to the reductions in tied grants. My colleague, Chris Taggart, will talk in more detail and answer any of your questions about some of the calculations that have been used in our submission.

**CHAIR**—Thank you. Can we hear from the representative from the Queensland government now, please.

**Mr Ivessa**—Initially, I would like to reiterate and share the concerns of New South Wales in relation to the lack of consultation. What is proposed as legislation represents a major change and there has not been any consultation on it. It has policy implications and also very substantial financial implications.

Our submission addresses, primarily, the financial implications, and focuses on the enrolment benchmark adjustment component of the Commonwealth's proposal. We have a range of concerns with the enrolment benchmark adjustment. They are both policy and equity concerns. We do not accept the Commonwealth's view that the enrolment and benchmark adjustment is justified due to cost shifting grounds.

In Commonwealth-state financial relations, cost shifting has a very specific meaning: where a policy decision of one level of government—or a service delivery decision of one level of government—has an impact on the other level of government. In this case, we cannot see any policy or service delivery decisions that have been made at the state level which have influenced the movement of students between government and non-government schools, or the proportional enrolments in those two sectors.

As pointed out in relation to New South Wales, the Commonwealth has a major funding role in the non-government sector. That is a policy decision in a policy area that the Commonwealth has chosen to move into and develop over time. As a result, the Commonwealth can have a major policy impact on the relative proportion of students in government and non-government schools, and can significantly influence the distribution between the two sectors.

The Commonwealth proposal appears to imply that the movement is in some way the product of actions at the state level and, therefore, there should be some form of penalties or adjustments involved to funding of the state sector. We totally reject any imputation along those lines.

As to equity considerations, we note that, in Queensland's case, we have a relatively lower proportion of non-government enrolments relative to some other states, for example, Victoria. Over time, there has been a natural drift as the demographics of the country have changed, and disposable incomes have changed, which have resulted in parental choice influencing to a greater extent the distribution of students between government and non-government schools. We do not see that Queensland should be penalised by what represents a natural demographic movement as opposed to a movement which has been influenced by specific policy decisions or service delivery decisions at the state level.

The enrolment benchmark adjustment initiative, in effect, locks states into current mixes of government and non-government enrolments. That has a particular impact on states such as Queensland which, traditionally, have had a lower share of non-government enrolments. We therefore see no policy or equity rationale for the enrolment benchmark adjustment that is proposed, and would strongly oppose any movement along those lines. I think I will leave my opening comments there.

**CHAIR**—Thank you very much. Do you have a question, Senator Carr?

**Senator CARR**—The DEETYA submission to this committee strongly criticises the New South Wales government document titled 'Impact on New South Wales of the Abolition of New Schools Policy and the Introduction of Enrolment Benchmark Adjustment'. According to DEETYA, the EBA, if it were not introduced and there were a two per cent shift in enrolments, would see an annual saving to the state of New South Wales of \$24 million. Would you be able to comment on that proposal and, specifically, the claim by DEETYA that your analysis is inadequate in not recognising the savings of the state through the reduced requirement for school executive staffing, school and non-school administrative staffing, as well as general school running costs and utility costs? For this reason, it is claimed that the savings you have calculated have been significantly understated.

**Mr Taggart**—The DEETYA comments are substantially flawed. By way of introduction, I indicate that the paper that you have referred to made some assumptions. Those assumptions specifically indicated that enrolments in the government sector would remain unchanged. That is one assumption. Secondly, we have looked at marginal costs versus average costs, and there is a clear distinction, a fundamental distinction, which again I will outline the impact of. Thirdly, there is the other issue of the Commonwealth using average costs yet not taking out the distortions in average costs that apply between government and non-government sectors. Under the principles of micro-economic reform and getting a level playing field, it is fundamental, even using the average cost approach, that those distortions be taken out. I will address each of those issues.

Firstly, the analysis in the paper, in coming up with that savings position, indicated that enrolments would remain unchanged in the government sector. In other words it isolated the enrolment benchmark effect. Enrolments, however, will grow, as indicated by Mr Ivessa. Therefore, if we have an reduction in enrolments due to the benchmark adjustment and the abolition of the non-government schools policy—as New South Wales indicated, of approximately 20,000 students—but we have, through enrolment growth, an increase of

students of an equivalent amount, there is no savings to New South Wales. It is a notional savings. It is, in fact, a maximum savings.

That is the point I wished to make first because I was not in a position to outline that the paper being presented was prepared for another forum. I raised the issue of the paper indicating maximum savings in discussions with the Commonwealth some weeks ago.

So this state clearly considers that that level of savings represents a maximum and a notional savings, it does not take into account enrolment growth. It is clearly not a real savings figure. It was only looking at the enrolment benchmark in isolation, not taking into account that the state systems would still have enrolment growth. That is a very fundamental point.

Secondly, there is the issue of marginal versus average costs. The state believes that you will not save at the average; you will not save across the school system entirely, based on the average cost of that school system. You will not see a librarian, a head teacher, a principal, a deputy principal, the ancillary staff, my position, the director-general's position or state office positions changed. What you will see is classroom teaching positions changed. In other words, you will have a reduction in classroom teachers generally. There are 20,000 students across the government system of over 750,000 students, not taking into account further enrolment growth. You will only ever see marginal changes in classroom numbers. Also, you will generally only see changes in the number of students in a particular class—one, two, three or four, depending on the school. You will not see whole schools disappear; you will not see whole subject areas disappear.

Therefore, to take all the school system, including the administrative and executive structures of the schools as well as the state infrastructure, being the state head office areas, as being deleted or changed in any way is a nonsense. You will only see the change at the margin. Therefore, the DEET analysis is substantially flawed.

Thirdly, in using average costs, the average cost structures between government and non-government systems is substantially different. The state systems must provide for compulsory schooling. They have the higher cost areas of schooling, being those associated with isolation, rurality, special education and students with low socioeconomic circumstances, to a greater proportion than the non-government system. Its average cost structure is different. It will not lose those distortions. Therefore, even if the average cost approach was used, which it should not be, under micro-economic reform principles those distortions need to be taken into account in applying an average cost approach.

For those three very firm and fundamental economic considerations, the whole basis of the Commonwealth approach is substantially flawed. On that basis, the figures that are presented must be taken in the context of the assumptions provided. The costs to New South Wales are minimum costs and the savings are maximum savings.

**Senator CARR**—It is also alleged that the general recurrent funding is provided on a per capita basis and the New South Wales government could only expect to be paid in respect of the actual numbers of students in government schools in the state and would never have been entitled to the \$9 million shown as item (c) in your particular tables and presented to DEETYA officers. Accordingly, it is claimed by DEETYA, this amount should be discarded. How do you respond to that claim?

**Mr Taggart**—I understand what is being said there. New South Wales contends that the enrolment benchmark adjustment and the abolition of the new schools policy are inexplicably linked. Loss of student numbers to the government sector and the consequent loss of funding to the government sector is therefore linked. Without the abolition of the non-government new

schools policy, New South Wales contends that these students would not have left the government system.

New South Wales in a more detailed submission to the Senate, which is our submission, indicates that it would cost the states between \$20 million and \$30 million for the abolition of the new schools policy and the application of the enrolment benchmark. It should be recognised that even that costing does not take into account the diseconomies and opportunity costs to the state of poor capital planning and the associated overcapitalisation of school facilities that would occur.

**Dr McMorrow**—From a state perspective we have three elements of reduction to take into account. If there is a transfer of enrolments from the government to the non-government sector over and above that which sensible planning and demographics would say was acceptable, there would be, as is hinted in your question, a reduction in the general recurrent grant that the Commonwealth pays on a per capita basis to the state.

There would also be the effect of the enrolment benchmark adjustment which would add to that. On top of that is the third effect, as was mentioned before, of the implications for the state of the reductions in financial assistance grants. In our state one quarter of the state budget is school education and, clearly, any fundamental change to financial assistance grants will have to be felt to some extent.

**Senator CARR**—Did you say that 25 per cent of the New South Wales budget is spent on education?

**Dr McMorrow**—Yes, it is education.

**Senator CARR**—So a substantial impact—

**Dr McMorrow**—It is the second largest item in the state budget behind health.

**Senator CARR**—So this decision by the Commonwealth has quite substantial impacts on the state budget as a whole?

**Dr McMorrow**—Clearly, if there is a 10 per cent reduction in FAGs to the state then that has to be found somewhere and the big spending areas will be under most pressure.

**Senator CARR**—I have not forgotten the Queensland witnesses, it is just that there are a number of specific complaints put to this committee about the New South Wales submission. I do wish to proceed with two other areas which have been identified in the DEETYA submission, if I could, before turning to the Queensland—

**Dr McMorrow**—Could I make one other comment on my colleague's answer to your question. With respect to him—and I have great respect for Chris who is an expert in this area—there is a limit to which you can continue to go on funding mass public systems in the government and non-government sector using average costs. It is a derived statistic, it results from the calculation of total costs and enrolments, and to continue for much longer to use an average cost as the determinant of funding will put all governments under great pressure. It does not, as Chris quite clearly pointed out, get to the reality of the distinction between average and marginal costs.

The other point to make is that all this is broad brush, some of it back-of-the-envelope stuff. Not ours, of course. Again, there is a limit to which you can do that. The real effects of these policy changes are at school level in particular regions, in particular localities, in particular schools. I do not think I have heard anywhere in the public debate, and certainly in federal papers, any real understanding of those on-the-ground effects.

**Senator CARR**—Thank you. It is alleged that the estimated cost of the EBA to New South Wales is \$35.8 million, calculated on the basis of a national average for the net savings to the states and territories, and that DEETYA's estimate of the New South Wales net saving is lower at \$3,200. When this figure is applied across the estimated EBA then it is, in fact, a reduction to \$33.6 million. Will you comment on that claim made by DEETYA?

**Mr Taggart**—When discussions were had with the Commonwealth after the budget was brought down the Commonwealth indicated that they used the Australia-wide average and, accordingly, in deriving the figures for New South Wales it used the Australia-wide average. We know that the figures were determined using the 1993-94 national report on schooling.

In 1994-95 New South Wales' cost structure, in comparison to other states, will be moving to the Australian average, it will be moving up the scale. And in 1995-96 I contend that New South Wales' costs will be approximately at the Australia-wide average. I make those comments through my understanding of the way in which those calculations are determined and having regard to the fact that I am a member on the MCEETYA task force working group on finance statistics, and in fact I chair that group. So I am making that statement, although the figures have not been released, having regard to my knowledge of how those finance figures are derived. I will not say what the figures are because for 1995-96 they are still to be calculated and for 1994-95 they are still to be published. However, I can say that New South Wales is moving towards the average, and hence that it is not unreasonable for New South Wales to be using the average figure.

**Senator CARR**—The DEETYA submission involves calculations of Commonwealth funds to students which involve special purpose funds plus financial assistance grants. On this sum of both the special purpose and the FAGs, DEETYA argues that on average per capita funding will rise from \$2,263 to \$2,668. Is that your assessment?

**Mr Taggart**—I would not like to comment on DEETYA's assessment. I would like time to consider that position.

**Senator CARR**—Could you take that on notice, please.

**Mr Taggart**—Yes.

**Senator CARR**—The committee would appreciate your response to that claim that actually the level of Commonwealth funding is increasing, whereas we have heard so many submissions to this committee that the level of Commonwealth funding is actually decreasing, particularly for government schools.

Could you respond to the proposition that the combined effects of unplanned growth in all schools and cuts to Commonwealth recurrent grants to government schools without any real prospects of savings to the states, and the states' reduced capacity to finance government schools arising from the June Premiers' Conference outcomes in terms to the cuts to untied general purpose grants to the states, have placed the public education system under great pressure?

**Dr McMorrow**—Well, in a sense that is the point I made a moment ago about the threefold reductions that we are likely to experience: the cuts in general recurrent grants, or the reductions that would follow any net enrolment transfer; the reductions that would follow from the application of the enrolment benchmark adjustments; and the effects that we discussed before of the reductions in financial assistance grants. Over and above that, you had the point that I think Chris made earlier about the increasing pressures on the states, the diseconomies,

the underutilisation, the opportunity costs that you have to factor in, and you cannot do that in a financial way readily.

There are the other effects too, of course, that we have not discussed which are more social and educational. What kind of clientele is likely to result in the various sectors? We in New South Wales give extremely high priority to maintaining a high quality and comprehensive public school system. That will be increasingly hard to do if, as I said before, it has to bear the brunt of the planning decisions.

**Senator CARR**—Thank you. I would ask the Queensland officials whether or not they would be prepared to comment on that proposition of the effect of these three levels of change that are occurring to the public systems in Queensland and to the extent to which they believe the public education system in Queensland is being placed under pressure by the Commonwealth government's actions.

**Mr Ivessa**—I would strongly endorse the views expressed by the New South Wales representative there. As noted in our submission, we also highlighted the fact that there is strong enrolment growth occurring in government schools at the same time as there is even stronger enrolment growth in the non-government sector. So the government school system is already under pressure due to enrolment growth and also the changing demographics within the state, where we have movements of people from perhaps rural areas to regional areas and the need to provide a change of services to the changing demographics in the state.

So we are under pressure from the demographic experience that we are having in Queensland, and at the same time, we are under pressure from the fact that Commonwealth general purpose funding to Queensland, and the other states, has been reduced in real terms as a result of the Premier's Conference. Also, the Commonwealth is looking at other opportunities in specific purpose payments to also reduce funding to the states through either varying indexation arrangements, or simply by reducing levels of specific purpose payments.

All of those clearly impact on the resources that are available to the state, and, certainly, Commonwealth payments to the state represent a major component of our revenue base: approximately of the order of 40 per cent. So, clearly, any substantial reduction in Commonwealth funding has a major impact on the revenue capacity of the state and, therefore, has a major impact on service delivery. We are in the same situation, obviously, as New South Wales: approximately a quarter of our budget is also spent on education. Those compounding impacts, plus the potential impact of this enrolment benchmark adjustment, will have a substantial impact and will force government to look at the level of service provision in education and other areas.

**Senator CARR**—The Queensland submission to the committee highlights the proposition that the 'net Commonwealth contribution of \$300 per non-state student is some \$200 less than the \$500 contribution the Commonwealth otherwise would have incurred if the student had opted to attend a state school.' Could you explain that, and indicate to us the extent to which you believe the Commonwealth, in fact, is using this mechanism as a device to actually shift costs to the states.

**Mr Ivessa**—We have simply used the data that we have been given, I think, by the Commonwealth in relation to the average costs that they have been using to estimate the enrolment adjustment factor impacts. Our understanding is that the Commonwealth is working from the presumption that the average saving, or benefit, to the state of the movement of a student from a government to the non-government sector is around \$3,400. Our understanding is that the Commonwealth is seeking to capture half of that savings, being \$1,700.

At the moment, the differential, as I understand it, between the average payment that the Commonwealth makes to the non-government sector per student and the average payment to the government sector per student is around \$1,500: that is \$2,000 versus around \$500, on average. So it appears to us that, on the face of it, the Commonwealth is seeking to impose a penalty on the states of approximately \$1,700 in order to avoid a potential cost of \$1,500. So there seems to be the potential there for the Commonwealth to actually achieve net savings out of the enrolment benchmark adjustment.

**Senator CARR**—If New South Wales is calculating on a two per cent shift in enrolments to the private sector, it will cost the New South Wales budget between \$20 and \$30 million. What does the Queensland government believe will be the impact on its budget, as a result of these changes?

**Mr Ivessa**—We have not done that specific calculation, but we have looked at enrolment trends. We made a rough assessment—once again, back of the envelope—that between now and, say, 1999 the potential impact of the enrolment adjustment factor would be of the order of around \$13 million per annum.

**Ms Deeth**—If I could take up that point: based on the Commonwealth's assessment that there is going to be about a 1.7 per cent drift to the non-government sector, and given their assessment of cuts to the states of about \$1,700, and given our existing enrolment share, then that would have an impact of the order of about \$16 million per annum by the year 1999.

We have said that the impact could even be greater, given that we are certainly one of the states that are experiencing a significant shift from the government to the non-government sector. If anything, the abolition of the new schools policy will accelerate that shift, so the 1.7 per cent estimate could be conservative. It has also not taken into account the growth in enrolments that we will experience between the current year and the turn of the century. An absolute bare minimum would be around \$16 million and we suspect that it will probably be higher.

**Senator CARR**—I know that a number of other senators want to ask questions. I have one final question to both governments. Are you concerned about the prospect of reopening the state aid debate that is involved with this whole policy initiative?

**Dr McMorrow**—I have already said that we regret the increasing divisiveness in public debate about state funding of private schools that has already emerged. Despite the flaws in the previous policy in many respects—the previous new schools policy was another bandaid in many ways—at the very least it provided a structure and process for having communication and dialogue between the proponents of new schools and existing schools in both public and private sectors. It needed to be reviewed after 10 years, as most things do, but it looks as if we have just ripped off the bandaid. I will not carry the analogy as to what has gone with it.

**Mr Ivessa**—In Queensland we accept that it may open that issue up. I guess our response is in relation to this specific proposal, and we have a number of major difficulties with this specific proposal that are simply not acceptable.

**Senator ALLISON**—My question is about consultation. Both New South Wales and Queensland have expressed concern that the consultation with you has been inadequate. I wonder if you could explore what you think might be an adequate time frame in which to discuss and negotiate a package of this sort.

**Dr McMorrow**—The consultations we have had so far were after the federal budget announcements. We attempted, in a ministerial council meeting prior to the federal budget, to seek some advice from the Commonwealth on their intentions but there was no response.

Clearly, on a matter of such importance as this, we need time to work through not only the technical issues—they are quite complex, as both the previous speaker and my colleague have outlined—but also to get quite clear what our policy position and our policy understandings and objectives are about this. To do that, and realistically to engage the public school system, government school interest groups, the Catholic education authorities, the independent schools and parent groups would take us 12 months or more.

This policy arose in the mid-1980s following an review of 18 months or more by the former Commonwealth Schools Commission. It involved representatives of the Commonwealth visiting every state, holding meetings and receiving submissions over that period. It was then subject to extremely open debate in terms of a public report tabled in parliament before the decisions were made. In those days, in relation to states grants legislation, the state governments were consulted before the legislation was put on the table. That seems a long time ago but it is still called states grants legislation.

I think you are going to need at least that kind of time frame that led to this policy position, to seriously engage with the country. You may need more than that. The National Commission of Audit has put extremely profound issues on the table and we are not clear what the Commonwealth's position is on some of those in relation to education and training.

I do not know if my colleagues in Queensland would like to comment.

**Senator ALLISON**—I would like a comment on that, if you are willing, Queensland.

**Mr Ivessa**—I did not actually hear the question posed by the senator.

**Senator ALLISON**—I said that both New South Wales and Queensland—and other states, I might say—have expressed concerns that the time frame for consultation, if that is what you call it, has been very short. My question to you was: what would be an appropriate time frame within which to conduct negotiations and discussions on legislation with this sort of implication?

**Mr Ivessa**—I am sorry, Chair. Queensland cannot hear.

**Senator ALLISON**—Are you there? I think we have lost Queensland.

**CHAIR**—Are you there, Queensland?

**Mr Ivessa**—Yes, I can hear you now. I did not hear the previous speaker, though.

**Senator ALLISON**—I will bring another microphone around. How is that?

**Mr Ivessa**—Yes, that is better.

**Senator ALLISON**—The question is about consultation. Both Queensland and New South Wales have criticised the time frame within which the consultation has taken place, in terms of this legislation. I am wondering if you can indicate what sort of time frame ought to have been allowed for negotiation and discussion with the states.

**Mr Ivessa**—It is hard to predefine what the consultation period should be. Clearly, there are significant policy issues involved in the Commonwealth proposals, and there are very much technical issues related to the proposal in relation to the enrolment adjustment factor. We are simply pointing out that we would have liked the opportunity to fully discuss both the policy aspects and the technical arguments for the enrolment adjustment factor, so that both sides could be aware of what the policy concerns are and what the technical issues relating to the

enrolment adjustment factor are. How long it would take to resolve those matters it is hard to judge at this stage. The only comment that we were making was that we would have liked the opportunity to have some discussion before the Commonwealth precipitated any action in terms of making any announcements or proceeding with legislation.

**Senator ALLISON**—To both New South Wales and to Queensland: do you have minimum enrolment numbers in your own government schools? If the answer is yes, you do, do you anticipate a situation in which a new private school might attract students away from a school which could be close to that minimum and cause the closure of that school?

**Mr Whittaker**—We do have minimum enrolments within our schools. They vary. Country schools have lower minimums than those in the metropolitan areas. One of the things we are currently dealing with is declining enrolments in inner city schools, which is leading to a need to reduce the numbers. Additional non-state schools in those areas may impact them but only at the margins, so the actual closure rates of those I do not believe will be significantly impacted. There may be a slow decline in the number of students but it will not reduce our cost of operating those schools.

**Senator ALLISON**—Thank you. New South Wales?

**Mr Taggart**—The New South Wales school system operates one-teacher schools; it operates schools through distance education modes. The exact policy in relation to minimum criteria I would need to establish and to advise the committee of. It is not my area of expertise but I will endeavour to get that for you.

**Senator ALLISON**—I think on behalf of the committee that would be useful. I wonder whether either New South Wales or Queensland will develop other criteria for registration in the event that the new schools policy is abandoned—that is for non-government schools—whether minimum enrolments might be one of those criteria and whether there would be a consideration of demographics and other planned provision aspects of the current new schools policy to be perhaps incorporated into registration requirements.

**Dr McMorrow**—The New South Wales government is considering its position on the implications of the federal government move. Of course, we are waiting to see the final result in terms of the legislation on this matter, but it is something that we would need to look at when that is known. But, in relation to my previous comment, if we were properly to look at this and we adopted a model of a shared responsibility for this, we would be doing it across the nation at both federal and state level. It may be something that we would need to take up with other ministers and with the Commonwealth at a ministerial council level.

**Senator ALLISON**—Could I have a comment from Queensland? The question is whether or not the Queensland government would develop criteria for registration for non-government schools in the absence of the new schools policy. I am thinking particularly of minimum enrolments and consideration of demographics and the sorts of provisions that are in the new schools policies for planned educational provision.

**Mr Ivessa**—We are not able to respond to that one. Can we take that one on notice?

**Senator ALLISON**—Thank you. Given that neither New South Wales or Queensland has formed a position on this, are you concerned with the short time frame within which this may present itself to you as a *fait accompli*?

**Mr Ivessa**—I think I caught half of that question. Yes, we are concerned about the short time frame.

**Mr Taggart**—I might just add that New South Wales has a three-year forward planning process between departments and Treasury and this would cause some fundamental issues in state budget planning. So it would cause some very significant problems in endeavouring to determine our funding position.

**Senator ALLISON**—Would either of you support the abandonment of the new schools policy if it did not have that claw-back provision whereby the funding cuts are made to the state sector?

**Dr McMorrow**—As I indicated earlier, from a New South Wales point of view, the reductions caused by the enrolment benchmark adjustment are a crude exacerbation of the issue. The fundamental issue is about what kind of planning and education system we should have. I also mentioned that we think after 10 years that it was time for that policy, introduced in the mid-1980s, to be reviewed. But simply to rip it out and leave us with the kind of unregulated non-government sector we might have as a result is causing us great angst.

**Senator ALLISON**—Queensland, are you in a position to answer that question too?

**Mr Ivessa**—We would be happy to look at the policy issues relating to the change to the regulation of the non-government sector. However, as you can see from our submission, our primary concern at this stage is with the enrolment benchmark adjustment, which can actually be a separate issue to the issue of regulation of non-government schools. So we are happy to look at policy issues in relation to how the schooling system is regulated, but the enrolment adjustment factor is a separate concern that we have.

**CHAIR**—Could the Queensland witnesses just identify themselves by name before they speak?

**Senator ALLISON**—I have a question about schools in low-cost areas. In your experience, do non-government schools tend to gravitate to economically more viable and low-cost areas of provision?

**Mr Taggart**—I will answer that for New South Wales. Non-government schools tend to be in the growth corridors and the established areas of the state. They are in the coastal belt, to a larger degree. That is not to say they are not in rural areas or other areas of the state; however, it is not to the same degree as the state school system.

As I indicated previously, there are differences in the nature of the students and the cost structures involved. The state system provides proportionately greater support to the special education students, to the socio-economically disadvantaged, and to the rural and the isolated students in comparison with the non-government school system where they are located. The answer is, yes, the government school system's costs are higher in that regard.

**Dr McMorrow**—I would like to add to that. It is difficult to generalise about the extremely wide range of schools in the non-government sector but I agree entirely with what my colleague has said. On balance, non-government schools tend to draw from a much wider catchment area than public schools in both primary and secondary areas. That means that they tend to be more comprehensive. They tend not to have the same degree of concentration of students from a particular area or community.

I think that the committee should examine the issues around the educational implications of concentrations of disadvantage. Some of that comes up in the Commonwealth's equity programs. There are some issues there about the way in which they have been packaged together that are less significant. But there is this fundamental difference, on average, between

the extent of the catchment areas and the extent of concentrations of particular kinds of students in the public and private sectors.

**Senator ALLISON**—Can we hear from Queensland?

**Mr Whittaker**—The experience of the education department in Queensland is, I suspect, very similar to that in New South Wales. We have a large number of small rural and isolated schools to which students who attend have no alternative source of service. The non-government schools tend to be in the more densely populated areas along the eastern seaboard, with a couple of exceptions in South-East Queensland. There is something like 400 schools in rural and remote Queensland with less than 100 students in them. The parents of those students would not have an opportunity to send them to other than local state government schools.

**CHAIR**—I thank the witnesses from Queensland and New South Wales for appearing today.  
[2.56 p.m.]

**TANNOCK, Dr Peter Darcy, Chairman, National Catholic Education Commission, GPO Box 3046, Canberra, Australian Capital Territory 2601**

**CHAIR**—I welcome the witness from the National Catholic Education Commission. The committee prefers evidence to be given in public but at any time you wish to give any evidence, part of evidence or answers to any questions in camera, you may make the request and the committee will consider the request. Such evidence may subsequently be made public, however, by order of the Senate. The committee has before it a document from the commission. Is there any other material you are planning to submit?

**Dr Tannock**—No.

**CHAIR**—Thank you. You are welcome to make some brief introductory remarks and then we will go to questions.

**Dr Tannock**—I am the Vice-Chancellor of the University of Notre Dame Australia and I am also the Chairman of the National Catholic Education Commission. My home base is in Fremantle, Western Australia. Perhaps I could, in a brief statement, say what the position of the National Catholic Education Commission is on this legislation. We would like the legislation to be enacted as soon as possible through the Australian parliament. Our view is that in general the bill is a good one and it certainly meets many of the requirements of the Catholic school system. So we think it is on a policy basis worthy of passage through the parliament and at a pragmatic level, which is nevertheless important, it almost need not be said that the Catholic school systems of Australia are very dependent upon the funding that will be made available through this legislation, if it is enacted. It would be a very serious problem indeed if the bill was held over into the new year. That is all I wish to say for the moment.

**Senator CARR**—Dr Tannock, I was wondering what was the view of the Catholic Education Commission of the new schools policy?

**Dr Tannock**—Do you mean the new schools policy as it was?

**Senator CARR**—As it was, before this bill.

**Dr Tannock**—I suppose we had a mixed view on it. We thought that there were inequitable provisions in the new schools policy that were really very difficult to defend. When I say inequities, I mean the artificial and somewhat arbitrary prevention of some schools gaining access to a level of recurrent funding which, in other circumstances, they would have been

entitled to. We disagreed with that. We also felt with the new schools policy that in some states it was a quite a complicated and bureaucratic procedure and needed simplification. We supported the principle, implicit and explicit in the previous new schools policy, of so-called planned educational provision.

We think it is reasonable that, first of all, new non-government schools should not start up unless they are demonstrably viable and unless their quality is assured. We also felt that it was reasonable to ask people to give due notice of intention to start a school and that it was also reasonable to have regard in the development of a new non-government school to its potential impact on an existing school. That was our position and that remains our position. Having said that, we also are satisfied with the government's decision to, in essence, transfer the responsibility for new schools policy and planning to the state and territory governments.

We think it is reasonable that the state governments that are responsible for the registration of schools also be involved in the new schools policy process and, indeed, under the previous policy they were involved, they were part of the state committees that were making the decisions. We also think it is reasonable that those responsible for funding a substantial portion of the recurrent and capital costs of non-government schools, namely the state governments, through their per capita grants and also through their low interest loan schemes—which in some states are even more important than Commonwealth capital grants for the development of new schools—as well as their registration responsibilities, pick up this responsibility from the Commonwealth.

**Senator CARR**—Given the seminal importance that registration will have under these proposals advanced by the new government, what changes do you think are required at the state level to give a consistent and coherent approach to the planning and the registration mechanisms operating at a state level?

**Dr Tannock**—I think some of the states do need to get their act together on registration. It would be good to see them undertake some sort of coordinated action to produce some standardisation of guidelines. There is no doubt there is considerable variation among the states—and some are more serious about it than others. I have already explained some of the criteria that we believe are sensible with regard to planned educational provision. We see no reason why the states should not pick them up and we do not see any reason why the Catholic school sector, both systemic and non-systemic, should be in any way significantly disadvantaged by that. We are confident about our ability to work with the states.

**Senator CARR**—Under the old schools policy in the previous regime, Catholic education offices, the systemic education authorities, had considerable success in ensuring the stability and cohesion of the Catholic education system, would you agree?

**Dr Tannock**—Yes, definitely. The old guidelines were not a significant problem for the Catholic school systems and I do not expect the new ones to be.

**Senator CARR**—In your submission you say that you believe that Australia is well served by a strong government and non-government school sector. Do you believe this bill will in fact support or impede a strong government school sector?

**Dr Tannock**—I do not think at the end of the day it will make much difference. I think that we do need a very strong government school sector in this country. There is nothing to be gained and much to be lost for the Catholic school system, for example, if it was seen to be prospering and advancing at the same time that the government school sector was diminishing and in trouble. No-one would want to see that. We want to see balance and harmony. I have read some of the submissions and the prognostications about what is likely to happen and I

just do not think they are valid. I do not think it will happen in reality; and history shows that to be the case.

**Senator CARR**—What do you make of the New South Wales government's submission that suggests that these measures will cost the New South Wales budget between \$20 million and \$30 million? A similar submission received from the Queensland government says it will cost them \$16-plus million. What impact do you think those changes will have on the state education systems in those states?

**Dr Tannock**—I do not think they should have any impact. If there are declines in enrolments in the government school sector relative to the non-government school sector under this proposed enrolment benchmark adjustment, if that means anything, it does mean there will be some adjustments. The National Catholic Education Commission thinks that that should be a matter to be sorted out in the financial relationships between the Commonwealth and the states, as it is in many other fields. I hope that the governments of New South Wales and Queensland will ensure that the government school systems in those states, as far as the services to individual students are concerned, are not affected at all.

**Senator CARR**—The government of Western Australia has also submitted a proposition to this committee which is highly critical of the lack of consultation and the effect on the state budget in Western Australia.

**Dr Tannock**—Again, that is a government-to-government issue. I read Mr Barnett's submission and he makes some reasonable points there. You will note, though, that he strongly supports the thrust of the Commission of Audit report, which we, the National Catholic Education Commission, reject totally, and I am pleased to see that the government has also rejected it.

**Senator CARR**—According to the submissions we have now received from DEETYA, it is a change in their position of some \$50 million. It is put to us that this budget proposal will see a transfer of \$177 million from the public sector to the private sector. How do you think that will affect the public sector?

**Dr Tannock**—I do not look at it that way. I think that is very simplistic, and from our point view it is a good debating point. But I do not see it that way. Adjustments for movements of people, or adjustments for people going from one service to the other and the money following them, is just a time-honoured mechanism.

When a Catholic school system has an enrolment decline, the Commonwealth and the states deduct fully the per capita grants going to students in those systems. If the diocesan system in Wilcannia-Forbes in western New South Wales loses a thousand students over five years, the Commonwealth does not say to New South Wales, 'We will keep the funding going at the same level as it was before because there are no savings in your loss of students.' They deduct fully the per capita grants.

In a way, that is what is happening here, although I know it is not quite the same thing because financial assistance grants and per capitas are mixed up in it. But the broad principle is the same. I would not expect the Commonwealth to maintain funding to an individual Catholic school at the current level if the enrolment declined. Similarly, I would not expect it to maintain funding to a university if the enrolment in a university declined sharply. They would make adjustments. They might cushion the adjustments, like they are proposing to do with this EBA, but they would make the adjustments and the institution would have to live with them.

It would not be talking about, in the case of a Catholic school, a transfer of resources from Catholic College X, which has had an enrolment decline, to Catholic College Y, which has had an enrolment increase, or to Government School Z that has an enrolment increase. That is how I look at it.

**Senator CARR**—I was just wondering whether you could advise the committee, as my information may be a little rusty, as to what is the proportion of non-Catholic students currently studying at Catholic schools and whether this proportion will rise as a result of the abolition of the new schools policy and the implementation of this proposed EBA.

**Dr Tannock**—It obviously varies from state to state, from level to level, and from country to city. If you take Western Australia, for instance, in Catholic primary schools in metropolitan Perth, about 98 per cent of the students attending Catholic primary schools come from Catholic families, obviously with some flexibility in the definition of what ‘Catholic’ means.

**Senator CARR**—That has always been a problem, has it not?

**Dr Tannock**—Yes, it is very difficult.

**CHAIR**—It means ‘universal’.

**Dr Tannock**—And at the secondary level in metropolitan Perth, the proportions would be something like 85 Catholic to 15 non-Catholic, again with some definitional flexibility. But if you take country to city, in the country in Western Australia something like only 55 to 60 per cent of the students would be from Catholic families, and at the primary level the proportions would not be all that different. So it varies across Australia, according to those geographic and educational measures.

As far as the broad thrust of your question is concerned, I do not think that it will make much difference. I do not think that the abolition of the new schools policy or the removal of what we, in the National Catholic Education Commission, regard as some inequities in the new schools policy, will make much difference to what has been happening. If you look at the trend since the so-called new schools policy came into existence over the last decade, there has been a quite substantial increase in the proportion of students enrolled in non-government schools. I would not expect that rate of increase to change at all. In fact, I would be surprised if it did not start to slow down. I think that there are limits to the proportion of Australians who are looking for a Catholic education and who are prepared substantial fees.

**Senator CARR**—In South Australia, would the figures be something like 98 per cent and 85 per cent?

**Dr Tannock**—No, South Australia is probably a bit less because it got off to a later start than other states, such as Western Australia, Victoria and New South Wales, in the revival of the Catholic school system.

If you go back in history a little way—from about the early to mid-1960s until the early 1970s—the proportion of children attending non-government schools in general and Catholic schools in particular was declining quite sharply. This was, of course, in response to the financial crisis in the non-government school sector and, particularly in the Catholic schools, the virtual collapse of the religious orders. It was not until the serious state aid programs—which began with Malcolm Fraser in 1970 and which were taken up on a much larger scale by the Whitlam government in 1973 through the Karmel report—that the trend started to be reversed, and proportions have gradually got back to what they were at an earlier stage in the century.

**Senator CARR**—It has been said that the enrolment benchmark adjustment has the potential in fact to re-open that whole debate around the issue of state aid. I notice that various educational authorities around the country are making that observation.

**Dr Tannock**—Yes.

**Senator CARR**—Do you think that the introduction of the enrolment benchmark adjustment will affect the hitherto cooperative relationship between government and non-government school sectors?

**Dr Tannock**—I would certainly hope not, and I would be very disturbed if it did. The National Catholic Education Commission has made it absolutely clear to both government and opposition that, in general, it regards the achievements of the last 10 years or more in the non-government school funding area—where, in essence, the state aid issue has been settled in Australia—as a major milestone in Australian social and educational history, and it would not want it to be re-opened or revisited. I hope it will not. That is one reason why we are keen for the Commonwealth and the states to treat this not as a government versus non-government school issue but as a Commonwealth-state financial relationships issue.

**Senator CARR**—However, there has been quite profound criticisms of the unilateral nature of the Commonwealth's actions in this regard. You would be aware that there has been considerable concern expressed in educational circles about the impact of these measures, particularly on the public education system.

**Dr Tannock**—Yes, I am aware of that. I am also aware that people will use this as a debating point. That is a legitimate tactic. I do not reject that; they will use it as a debating point. But, as to whether the Commonwealth has acted unilaterally, I am not aware of what consultation process went on. All I can say is that it would not be the first time in history that the Commonwealth has acted unilaterally in financial arrangements with the states, and it will not be the last time. That perennial argument and battle between Commonwealth and states is perhaps part of this issue.

We do not want it to be seen as a state aid issue. We have made it quite clear to the Commonwealth that, whereas we support the legislation, we do not want to be a party to something which can be seen very clearly to be a diminution in the standard of government schools in this country. We want a strong government school sector and we certainly want to maintain the excellent relationships that have been developed with the government school sector over the last decade or so.

**Senator CARR**—You would be aware that, to that end, the Labor Party will be moving a number of amendments to this bill to protect public education in this country. I am just wondering, given that this unilateral decision has been taken by the Commonwealth to provide stronger incentives to parents to transfer their children to fee paying schools outside the public sector, whether you believe such action will affect the character and the operations of the public education system, and particularly whether such action runs the risk of leaving the state education system with a high cost responsibility to provide services in remote and regional areas, particularly to students of high support needs, that is, the children of the poor?

**Dr Tannock**—No, I do not think it will have that effect at all. I think that is an overstatement, but time will tell. If it does have that effect, presumably the government will pay a political price. I do not think it will have that effect.

**Senator CARR**—What sort of social price will we pay as well?

**Dr Tannock**—I do not think we will pay a social price because I do not think it will have the effect. I have already explained my interpretation of history over the last 20 years, the movement from government to non-government schools. I think we are blessed in Australia with an excellent school system, a very good government and non-government school system. I think that the nation has benefited greatly from their coexistence, sometimes their competition, and often their cooperation, and I think we should be doing all we can to encourage that.

**Senator CARR**—So you do not believe the Commonwealth's actions will promote disharmony between the sectors and re-open the bitter debates?

**Dr Tannock**—No, I do not think so; I do not think they will. Certainly, they will not from our viewpoint.

**Senator ALLISON**—I note your comments about the need for a strong government sector, and I wonder if you would be concerned about the funding of new non-government schools coming from cuts to the state schools?

**Dr Tannock**—I thought I had made it clear that I do not see that as being the case at all. As far as the National Catholic Education Commission is concerned, the enrolment benchmark adjustment savings are a Commonwealth-state financial matter; they are not a mechanism for funding new non-government schools nor, indeed, additional places in existing non-government schools. Nor are they a mechanism to fund the Commonwealth's increased allocations for literacy education. You could just as easily make that point: the Commonwealth is financing its initiatives in vocational education, literacy and so on by what it is pulling out of the states through this benchmark adjustment savings. I just do not accept that. I think it is a financial relationships argument between the Commonwealth and the states.

**Senator ALLISON**—You are saying that you think that the figures are probably exaggerated and that there are not likely to be the shifts that other witnesses have talked about. But you are saying also, I think, that there is no logical connection between that shift, whatever it is, and the adjustment; that is purely a matter that should be dealt with in another way?

**Dr Tannock**—I am saying both those things. I am saying, firstly, that there is not a vast, pent up demand for new non-government school places, particularly for new non-government schools that will suddenly be given expression to by this policy of the government. If there were, and it were uneconomic or damaging to the government school systems in the states, I would hope and expect that the state governments would exercise their responsibility for planned educational provision and ensure it did not happen.

**Senator ALLISON**—That actually leads me to my next question. You said in your submission:

The Commonwealth will need to be satisfied that adequate planning has been undertaken so as to ensure the viability of a proposed school prior to approving its recurrent funding.

**Dr Tannock**—Yes.

**Senator ALLISON**—Can you outline what you see as the mechanism for the Commonwealth being satisfied in that respect?

**Dr Tannock**—I think the Commonwealth should be satisfied by assurance from the states. Either the Commonwealth has to be satisfied by its direct involvement—and it has now made it clear it does not wish to be, and we are comfortable with that; we do not think there is need any longer for the Commonwealth to take that position—or it needs to rely on the states, as

it does for so many other things. I think that a state should sign off on it, just as it signs off on registration.

**Senator ALLISON**—You have put together some principles by which you would like to see states do that. Do you see a role for the Commonwealth in bringing the states together to agree on a uniform set of principles? Is this what you had in mind in drawing up that document?

**Dr Tannock**—I think it would be reasonable for the Commonwealth to do that, yes. Although, if you were to leave these things to the states, if you were to make the decision to delegate these things to the states or ask the states to accept them as part of—as I think the Commonwealth is doing—their basic constitutional responsibility for education, in the end, I suppose, you have to let the states draw up their own criteria and their own mechanisms. What the Commonwealth would do if a state declined to do anything I do not know. But I suspect no state will decline; every state will do something. They are already involved in the planned educational provision and new schools policy process, and I see no reason why they should not extend that.

**Senator ALLISON**—Would you say that the time lines would be adequate between now and the beginning of next year? You have already suggested that you do not want to see this bill held up. Would you imagine that between now and the end of this parliamentary sitting would be a sufficient time to do that?

**Dr Tannock**—Yes, because the machinery is already there. Some people seem to be implying that, if this bill goes through, suddenly there will be hundreds of applications for new non-government schools. It is not going to happen. In any event, each state or territory already has within its hands one mechanism which it is using to delay that sort of thing, namely the registration process. They could simply say, ‘Well, we will not register you until we’re ready, and we won’t be ready until we’ve got a planned educational provision process in place.’

**Senator ALLISON**—That might come as something of a surprise to some of those new schools out there, but I am sure that is not something you would want to comment about.

**Dr Tannock**—No.

**Senator ALLISON**—I wonder if I can go on to the question of broadbanding federal government targeted programs.

**Dr Tannock**—Yes.

**Senator ALLISON**—That is one of the major changes in the bill. The chief change could be considered to be the effective disappearance of the national equity program for schools, NEPS, as a focus for achieving equity in schools. I wanted to explore that issue with regard to the NEPS special education component, a component which survives in the legislation although it is lumped in with special learning needs.

**Dr Tannock**—Yes.

**Senator ALLISON**—Does it worry you that special education, including integration of students with disabilities, is no longer a category in its own right and might therefore mean a lower Commonwealth priority for it, being put together with special learning need with both English for recent arrivals in Australia and support for rural and isolated students? For example, schedule 8 of the bill shows that the government intends to fund special education at a static level of funding over the 1997-2000 quadrennium in government and non-

government schools and non-government centres. That effectively means a reduction in real terms over this period. How would that be tackled in the Catholic system?

**Dr Tannock**—I am glad you asked that question. Firstly, on the question of how these special education needs would be satisfied up against the competing needs of other areas within the particular broadband into which they have been placed: I think that will be all right. I do not have any real doubt that special education needs will get their fair share. I do not have any doubt about that. I think that will be worked out satisfactorily.

But I do think that the issue of adequate funding for special education is a problem. We were generally very complimentary of the government in the provision it made for schools in the federal budget. It was a good budget so far as schools were concerned; certainly, especially so far as the Catholic schools were concerned. But we were disappointed that the government did not make the provision that it had promised in the election context for additional support for disabled children. We have, of course, pointed that out to the government and we have made a public statement on it.

The government has said that it did not do it in this budget because, for various reasons, it was not sure of the magnitude of the problem; it is a complex area, so it will set up a special working party to look at it and invite the various elements of the school sector, including the National Catholic Education Commission, to participate in and contribute to that working party. We have had subsequent discussions with the minister and we are certainly satisfied that he is serious about that and we intend to pursue it.

The special education area is not adequately catered for in this bill and it was not adequately catered for under previous arrangements. It needs looking at, and we are hopeful that this expert working party will produce the result that we think our students need.

**Senator ALLISON**—Can I come back to the question of what the Catholic commission will do in the meantime? Presumably, this process will take some time to work through.

**Dr Tannock**—Yes. There is short-term action and a medium-term action. The medium-term action will come through the working party. There would not be any chance, we understand, of that working party coming up with a serious set of recommendations prior to the May budget next year. We will be making a submission to the government for some interim measure in the May budget, pending an outcome of the working party's deliberations.

**Senator ALLISON**—We are running out of time so I need to finish on this. You have made the comment twice that the budget suits the Catholic sector. I am wondering, aside from the broadband questions, if you can briefly say in what way the Catholic sector is advantaged by this budget.

**Dr Tannock**—In essence, the government has committed itself to the broad dimensions of the request that we put to it. We asked, as far as recurrent funding is concerned, for a long-term commitment. We did not want annual budgeting. We wanted the security of a long-term commitment. We asked for real increases, even if at a modest level, and the government has provided those.

We thought that, in the current budgetary climate, the current financial climate in Australia, to get a four-year recurrent funding program that offered real increases—that is, increases beyond inflation—was a pretty good result. And in the capital area as well they provided long-term commitments in the base capital and a real increase in the base capital.

Admittedly, the total amount of capital coming to the non-government sector next year will not be as great as it was under the previous budget, but that was because it was artificially

inflated by a temporary information technology program which was due to disappear. We would have liked that to have been continued as well but that was obviously beyond our real expectation.

What we did get was a real increase in the basic capital funding and, while we do not think it is enough—we would like more—there is a tremendous capital shortfall in the non-government school sector, especially for Catholic schools in Australia. We think we did pretty well, and the broad banding we think was a sensible administrative procedure, providing the kind of competing priorities can be adequately served within the band as you have touched upon.

We also thought that the initiatives the government is proposing to take in literacy and in vocational education are consistent with what many communities are asking for. We thought they were pretty good initiatives. That is in general why we were satisfied with the budget allocation, and also in general why we think the bill should go through.

**Senator FERRIS**—Dr Tannock, I have just a couple of quick questions. Can I ask you whether the Catholic school sector has ever experienced threats to the viability of your schools as a result of another private school being set up nearby?

**Dr Tannock**—There would be some examples of that—not many, but there certainly would be some. Again let me give you a Western Australian example. There is a new non-government school which started recently in the town of Geraldton which is, we thought, pretty well served by government and Catholic schools, and I think that has provided some pretty strong competition for the major Catholic college in that town. We did not oppose the establishment of this school, but I know that there was some anxiety about it.

I am sure those stories could be repeated in many other parts of Australia, but in general we have been satisfied with the way the planned educational provision has worked, even though at times it has meant delays in starting new Catholic schools or at other times where we wanted to start a new Catholic school we have not been able to because someone has been in there first.

**Senator FERRIS**—This morning we heard evidence that suggests that the transfer from state schools of pupils who are described as being more able may endanger the sort of intellectual capacity of the state school overall. Would you have any comment to make on that?

**Dr Tannock**—This is the so-called residualisation factor.

**Senator FERRIS**—Yes.

**Dr Tannock**—Certainly I do not think it is an issue in the case of the Catholic schools. I do not think the people who are fronting up to enrol in Catholic schools are any more able than the people who are enrolling at the government school down the road. There is obviously some relationship between academic performance and socio-economic background of the family. It has been well documented, well researched. And to the extent that some new non-government schools might attract children from higher socio-economic backgrounds there could be some slanting there but, as against that, you could also say that the great majority of new non-government schools are serving pretty ordinary communities, you know, and that is whether you are talking about Catholic schools, Baptist Schools, Lutheran schools or whatever, or even some of the ones from the more fundamentalist Christian groups. They are pretty ordinary communities.

**Senator FERRIS**—And, lastly, have you any indication of the sort of percentage tertiary education entry from, say, the Catholic schools as compared with state schools, perhaps in Western Australia or nationally?

**Dr Tannock**—Not only in Western Australia but nationally it is probably a bit higher than government schools. It would be higher than government schools nationally, and in Western Australia in particular. I will try and give you a national picture here, because I am talking on behalf of the National Catholic Education Commission. The reasons for that are related almost entirely to the more comprehensive cover of government schools than Catholic schools. Catholic schools try to be comprehensive in their cover, but they are not present in every country town in the nation; they are not present everywhere there is an Aboriginal community; they are not present everywhere there is a new suburb.

Although Catholic schools have very large numbers of students from non-English speaking immigrant backgrounds, they would not have the overwhelming proportion that the government schools have. The more comprehensive nature of government schools is the main factor leading to a lower university entrance rate than, say, Catholic schools. It is not much lower, but it is lower everywhere.

Having said that, what the figures also show is that once students get into the universities, students from government schools do at least as well or better than students from almost any other sector. They are very, very competitive once they get in. It is a complex picture.

**Senator FERRIS**—Thank you.

**CHAIR**—You pointed out in your submission that Catholic school enrolments have grown by a modest 0.5 of one per cent during the previous period of the new schools policy. Do you expect any marked change from that under the new policy?

**Dr Tannock**—No, I do not. I think I made a comment earlier on that there is not a great pent-up demand for Catholic school places. There is a steady demand. Most of the growth is taking place in areas of new suburbs and towns. The capacity of the Catholic school systems to create new schools and to go down the path of developing a new school in a new suburb or town is dependent on a number of factors. One is parish formation. It is highly desirable that there already be a parish community in existence.

A second factor is the availability of capital which is in desperately short supply. There is huge competition for capital funds within the Catholic school sector between those who want to start new schools and those who want to refurbish, upgrade or replace existing schools. State low interest loan schemes are also pretty tightly funded now.

The other factor is capacity to service debt. The average Catholic school is receiving in government funding something like 65 to 70 per cent of its operating costs, and yet the average operating cost of a Catholic school is probably about 15 to 20 per cent below that of the average government school. If you think about those figures, it means money is extremely tight and there is not a lot left over for debt servicing. The capital squeeze, combined with the slowness of parish formation and so on, and also combined maybe with people not being quite as fanatical about Catholic schools as they used to be, means a pretty modest rate of growth. I think it will continue to be that way.

**CHAIR**—What percentage of the total private school systems is the Catholic system in Australia?

**Dr Tannock**—It varies from state to state.

**CHAIR**—Do you have an overall figure?

**Dr Tannock**—Overall it is between 20 and 22 per cent of the 30 per cent. But it varies. In some states, it is much higher than others and, of course, it varies also from primary to secondary, and from metropolitan to country.

**CHAIR**—So on my quick figuring, you have 75 per cent of the private school system?

**Dr Tannock**—Something like that.

**CHAIR**—So, from my knowledge of statistics, if 75 per cent is growing quite slowly, the whole system could not grow rapidly?

**Dr Tannock**—I do not think it will grow rapidly but it certainly has grown in the last 10 years. I forget what the proportion of students in Australian schools is now compared with, say, 10 years ago, but it might have gone up four or five percentage points. That is a significant growth. I do not know how far it would go but I would be very surprised if it went up to more than about 35 per cent. I just think there is a limit to what people want, particularly with the current funding arrangements. The current funding arrangements, people say, are generous but they still leave most schools teetering on the financial edge.

**CHAIR**—So the claims this morning by Ms Ann Morrow, who is a lobbyist for the public schools, that there was going to be expedient growth of private schools is a bit of an exaggeration.

**Dr Tannock**—I just do not think she knows what is going on out there in the suburbs.

**CHAIR**—She made another rather interesting claim I would like you to comment on. She said, when she was presenting oral evidence this morning, that 100 per cent of the cost leaves the public school when the student leaves the school. The minister has said that \$1,700 actually stays, \$1,700 moves with the student. My question to you is: is it not actually the reverse of what Ms Morrow implies? When a student leaves a Catholic school or a private school to go to a public school, it would be true that 100 per cent of the funding disappears, wouldn't it?

**Dr Tannock**—Yes, 100 per cent of government funding disappears—

**CHAIR**—Government funding; that is what I meant.

**Dr Tannock**—and 100 per cent of the private funding disappears too because parents do not pay fees for kids who are not going to school—at least, we have not been able to persuade them to do it.

**CHAIR**—That is an interesting point. Thank you very much for your evidence today. It has been very useful.

**Dr Tannock**—Thank you, Senator.

[3.46 p.m.]

**COLMAN, Ms Colette, Director, Special Education Section, Department of Employment, Education, Training and Youth Affairs, GPO Box 9880, Canberra City, Australian Capital Territory 2601**

**DANIELS, Mr William Laurence, First Assistant Secretary, Schools Division, Department of Employment, Education, Training and Youth Affairs, 10 Mort Street, Canberra City, Australian Capital Territory 2601**

**EVANS, Mr Christopher John, Assistant Secretary, Budget and Coordination Branch, Schools Division, Department of Employment, Education, Training and Youth Affairs, 10 Mort Street, Canberra City, Australian Capital Territory 2601**

**GOONREY, Mr Michael, Acting Assistant Secretary, Schools Resources Branch, Schools Division, Department of Employment, Education, Training and Youth Affairs, 10 Mort Street, Canberra City, Australian Capital Territory 2601**

**CHAIR**—I welcome the witnesses from the Department of Employment, Education, Training and Youth Affairs. The committee prefers evidence to be given in public but, if at any time you wish to give any evidence, part of evidence or answers to any questions in camera, you may make the request and the committee will consider the request. Such evidence, however, may subsequently be made public by order of the Senate.

The committee has before it a document from DEETYA which it has numbered 102. Is there any additional material you wish to table at this stage?

**Mr Daniels**—Thank you, Senator, no; there is no additional material at the table.

**CHAIR**—You are welcome to make some brief introductory remarks and then we will proceed to questions.

**Mr Daniels**—As you know, the secretary to the department sent a submission to the committee, which you have before you. The only additional comment I want to make to that submission is that the government today announced that it would not accept the National Commission of Audit's recommendation that schools funding should be untied and cut by 10 per cent. It is the government's view that schools funding from the Commonwealth should continue to be provided through specific purpose programs, and the mode of providing that funding would be through this legislation, subject to the passage of the legislation through the parliament. That is all I had to add.

**Senator CARR**—A few little questions have occurred to me. First of all, I refer to the first draft of your submission to this committee and the subsequent draft of your submission, and in particular, to the fact that, under the section 'Enrolment benchmark adjustments background', the sentence beginning 'The average net cost of \$1,500 per student who enters the non-government sector from the government sector', has been removed. Why is that?

**Mr Evans**—I do not believe that there were two submissions to the Senate inquiry. There was an information paper on the enrolment benchmark adjustment that was provided to a number of organisations that asked for it. In determining the submission that we actually submitted to this committee, there were a few minor editing changes that occurred in that process. For reasons of brevity, that sentence might have come out. I cannot recall exactly.

**Senator CARR**—That is an effective difference of \$200 per student. Now, if I understand it, there is some—

**Mr Evans**—I am struggling to find out where this \$200 is.

**Senator CARR**—Isn't the \$1,700 that you are proposing the figure on which the adjustment is calculated; is that not right?

**Mr Evans**—That is correct.

**Senator CARR**—So, \$1,500—which, as you say on this particular information sheet, is the actual cost involved, and which, I might say, the Queensland government asserts is the figure that more accurately describes the amount involved—is \$200 less per student than the figure you are claiming in the submission.

**Mr Evans**—The point has been made by a number of people today that the Commonwealth's intention in this area is to look at net deductions or net savings in each state.

If, as the Queensland representatives say, the net cost in Queensland is \$1,500, that is the figure that the Commonwealth would have used in determining the benchmark adjustment.

**Senator CARR**—For Queensland?

**Mr Evans**—For Queensland.

**Senator CARR**—So we are having a different adjustment now for each state, are we?

**Mr Evans**—I think it would be very unfair if we were to apply, say, Queensland figures to Victoria if they had a different cost structure, just like the cost structure of the Northern Territory.

**Senator CARR**—I am pleased to hear this. It is news to me, and I am sure it is news to members of the committee, that there is now to be a differential on a state by state basis as to what the actual adjustment will be. I take it that you are saying it is \$1,500 for Queensland but \$1,700 for the rest of the country?

**Mr Evans**—No, I am saying that, whatever the figures are that operate in a state—

**Senator CARR**—What are they on a state by state basis?

**Mr Evans**—Actually, that is one of the few documents that I did not bring with me today. But can I say that—

**Senator CARR**—I am disappointed. I will put that question on notice.

**Mr Daniels**—I think I have the figures, if you give me a moment.

**Mr Evans**—Can I just say, though, that where you used the example of \$4,000 in a particular state, that means the state retains \$2,000.

**Senator CARR**—I will get to that issue in a moment. I am a bit puzzled, that is all. You are providing information to this committee on the basis of one figure, and information to other groups on the basis of another figure. There seems to be a discrepancy of \$200 per student. There are some 100,000 students involved in this transfer. That is a considerable sum of money.

**Mr Evans**—You just asked me what the state by state figures are. I can now tell you: New South Wales, \$3,194; Victoria, \$3,684; Queensland, \$2,959; South Australia, \$4,103; Western Australia, \$3,264; Tasmania, \$3,713; Northern Territory, \$4,280; and Australian Capital Territory, \$3,958. That gives an average across Australia of \$3,403.

**Senator CARR**—Is this the average across Australia?

**Mr Evans**—That is correct.

**Senator CARR**—But the calculation will be done on a state by state basis.

**Mr Evans**—Using state figures; that is right.

**Senator CARR**—At 50 per cent of each of those figures for each state?

**Mr Evans**—That is correct.

**Senator CARR**—Could that table be incorporated into *Hansard*?

**CHAIR**—Is it the wish of the committee to incorporate the table? There being no objection, it is so ordered.

*The table read as follows—*



**Senator CARR**—In the budget papers under budget measure five, the enrolment benchmark adjustment is shown as expenditure reductions to government schools of \$20.6 million in 1997-98, \$42.6 million in 1998-99 and \$65 million in 1999-2000. In your submission to this inquiry, those amounts have changed to \$26.763 million, \$59.142 million and \$92.027 million respectively. Why is that?

**Mr Evans**—Those two figures have not changed; they are different, I will give you that.

**Senator CARR**—About \$50 million different overall?

**Mr Evans**—Senator, can I answer your question?

**Senator CARR**—Sure. I do not mean to prevent you from answering a question.

**Mr Evans**—The figures in the submission that we provided to this committee are the same as the figures that were provided in the other document you referred to a few minutes ago, the one with the figure of \$1,500 on it. That is an arithmetic calculation as to what could be a saving attributed to the enrolment benchmark adjustment. What is in the budget measures on page 22 of the portfolio budget statements for DEETYA is what we believe to be the outcome in each of those financial years of the amount of reductions that are actually taken off states.

**Senator CARR**—So the total reduction from the states for this particular measure is now \$177 million?

**Mr Evans**—No, it is the figures that appear on page 22 of the PBS.

**Senator CARR**—So what are the total figures?

**Mr Evans**—In 1997-98 it is \$20.61 million, in 1998-99 it is \$42.46 million and in 1999-2000 it is \$65.54 million. Can I give you an example of the difference, Senator?

**Senator CARR**—Sure.

**Mr Evans**—In the consultations that I have had with some states, it has been brought to my attention that the net figures which I just quoted to you on state net figures may need to be revised slightly. For instance, in South Australia at arriving at the per capita figure, the state had chosen to divide its expenditure by the number of full-time students in that state rather than by the number of full-time equivalent students. The net effect of that would be to reduce the average cost in South Australia by some \$500. It is for reasons like that that we are happy to listen to concerns that are put by states about the estimates of expenditure.

**Senator CARR**—On table five, on page 16 of your submission, if I add up these figures I would get a different one from the ones that you have just added together.

**Mr Evans**—They flow from a table on page 15.

**Senator CARR**—They are substantially different from those figures contained in the budget.

**Mr Evans**—That is why I just explained it to you. The figures that are in the budget are DEET's best projection of the actual level of savings that would be realised through the benchmark adjustment.

**Senator CARR**—Which are the right ones—these ones or the budget ones?

**Mr Evans**—As I explained to you, the ones in the budget are the ones that we will stand by as the actual recoveries from—

**Senator CARR**—So why have you presented these figures to the committee?

**Mr Evans**—They are the arithmetic calculation as to how we commenced the determining of this level.

**Senator CARR**—I think we are going to have to take this a bit further. What methodology have you used to calculate these figures?

**Mr Evans**—The methodology?

**Senator CARR**—Yes.

**Mr Evans**—If you look at table four in the submission, we commence with a percentage share for non-government enrolments in 1996 at 29.4, which is in about the fourth column across.

**Senator CARR**—I notice it.

**Mr Evans**—There is an expected increase in non-government enrolments in 1997, which takes it by a further 0.5 per cent. That 0.5 difference is then applied to the estimated total enrolments in 1997, which gives you a difference of 15,729 to which the national average has been applied, which leads you to a national saving of some \$53.5 million.

**Senator CARR**—That is not all state moneys, though, is it? Where does that \$3,403 come from?

**Mr Evans**—That is the estimated net saving to a state from a student moving from a government school to a non-government school.

**Senator CARR**—How do you calculate that?

**Mr Evans**—You look at the average cost to a state government of a student in a government school. You net off the capital components, you net off the Commonwealth components, and you end up with the states only estimated expenditure. You do the same calculation for the state costs of a student going to a non-government school, and the net saving of that figure nationally is the \$3,403 figure.

**Senator CARR**—There is an issue about whether we should be using these average costs or whether we should be using the marginal costs. I am sure you would be familiar with that argument.

**Mr Evans**—Yes.

**Senator CARR**—If we are to take this \$3,400 as the average cost, where does that money actually from?

**Mr Evans**—Where does it come from?

**Senator CARR**—Yes. Of the \$3,400, how much of it is FAGs money?

**Mr Evans**—There would be an element of FAGs money.

**Senator CARR**—How much?

**Mr Evans**—It is very hard to determine. As you know, once a dollar goes into a state treasury—

**Senator CARR**—I understand that precisely. It is very difficult to determine where it goes. As you would be aware, there are allegations that what the Commonwealth is doing here is double dipping. When you include the enrolment changes, the general recurrent grant changes and the FAGs changes that have already been presented to the states, you are in fact counting the FAGs money a couple of times, are you not?

**Mr Evans**—I do not accept that. I think there are various forms of calculations going on here. Could you develop your argument further for me?

**Senator CARR**—You are saying that the state saves \$3,400.

**Mr Evans**—That is correct.

**Senator CARR**—Putting aside the argument of whether it is calculated at marginal or at average costs, you are assuming that the states already have the FAGs money. You have already taken that out of them, though, have you not?

**Mr Evans**—How have I taken it out?

**Senator CARR**—Under the Premiers Conference arrangements, you have already removed certain amounts of money from the states.

**Mr Evans**—No, that is not correct. Are you referring to the decision at the 1996 Premiers Conference?

**Senator CARR**—Yes. Was there money taken from the states in that regard?

**Mr Evans**—No. The decision at that Premiers Conference was for the states to contribute to deficit reduction.

**Senator CARR**—I understand. I have misunderstood it; they are contributing. Where is the money actually coming from?

**Mr Evans**—It comes from a variety of measures.

**Senator CARR**—It is semantic as to whether they are contributing or the Commonwealth is withholding the money?

**Mr Evans**—No, that is not correct. I will give you two examples. The way in which Victoria is contributing to the deficit reduction was through the deferral of tax cuts in Victoria over the next three years. The way in which the ACT government has responded to that is for that cut to have occurred in the Commonwealth-state housing agreement. States had the discretion to determine exactly where those deficit reductions were taken. The advice that I have had from officers in Treasury is that there has been no indication that, in contributing to deficit reduction, those reductions have occurred in funding for schools.

**Senator CARR**—None whatsoever?

**Mr Evans**—That is the advice I have.

**Senator CARR**—It is not the advice that the New South Wales government has tendered to this committee.

**Mr Evans**—I heard some of the New South Wales advice, but, unfortunately, we were travelling over here.

**Senator CARR**—That is quite clearly not the advice that has occurred. As I understand it, Queensland has said similar things. It is strange that your treasury officials are saying one thing to you, and we are hearing directly from the officials a different proposition. It seems to me a little strange. How do you account for that difference?

**Mr Evans**—I cannot account for it. It is up to states to present their position.

**Senator CARR**—Surely it is up to you to present to this committee an accurate picture of what is happening, particularly with a budget measure. We clearly have a discrepancy between the figures that you have presented to us in this submission and the figures in the budget. We have a discrepancy regarding how the states are implementing the cuts to FAGs.

**Mr Evans**—Senator, as I indicated, it is not necessarily a cut to FAGs.

**Senator CARR**—I am not sure we can take that much further.

**Mr Evans**—I refer you to page 3-180 of the budget statement for 1996-97. You may choose at your leisure to have a look at that. It gives a bit of detail about how the decision at the Premiers' Conference might be operated.

**Senator CARR**—I appreciate your advice on that. I will have a look at that. Perhaps you could indicate to us, in terms of the operational effects of these enrolment benchmark adjustments, whether the benchmark adjustments will be applied to a base year of funding.

**Mr Evans**—The base year that would operate for determining any impact of the enrolment benchmark adjustment would be the 1996 calendar year, the census figures.

**Senator CARR**—They are not actually out yet, are they?

**Mr Evans**—Not yet. We are talking about enrolments.

**Senator CARR**—So how will the enrolments be measured? What is the benchmark, then?

**Mr Evans**—It would be the proportionate share of enrolments in the non-government sector in 1996 in each state, Senator.

**Senator CARR**—And that will be the base year. If there is a shift across every year, will that be measured annually? Or can it be?

**Mr Evans**—The forward estimates make an adjustment in respect of the years 1997, 1998 and 1999, and they are the three years that count for this.

**Senator CARR**—How is that calculated?

**Mr Evans**—Using the methodology that was shown at the bottom of page 15.

**Senator CARR**—This is table 4 that you have already referred to?

**Mr Evans**—That is right, and holding discussions with states to agree on the actual enrolment changes and on the figures that operate in each state.

**Senator CARR**—So there has been some consultation with the states about these changes?

**Mr Evans**—There have been some discussions with some states.

**Senator CARR**—Which states are they?

**Mr Evans**—New South Wales, Queensland, the Northern Territory, South Australia, Western Australia—

**Senator CARR**—I am surprised, because I understood them to be saying to us just this afternoon that these actions by the Commonwealth were what they described as unilateral. You are disputing that charge?

**Mr Evans**—They are unilateral to the extent that the decision of the enrolment benchmark adjustment was a Commonwealth budget decision, and it was announced following the release of the budget. They are unilateral like most savings decisions that are made in a budget context; they are not announced before the budget.

**Senator CARR**—So the discussions about the methods by which these were to be calculated occurred after the announcement?

**Mr Evans**—That is correct.

**Senator CARR**—So that is the nature of the consultation—after the budget?

**Mr Evans**—As with most Commonwealth budget decisions, Senator.

**Senator CARR**—I accept the point that you are making.

**Mr Daniels**—All states were visited on at least two occasions. I met with all directors-general or their nominees within a week of the budget. Subsequently, a week or so after that, a team of officials from the department visited all states and met with officers who were concerned with the administration of Commonwealth-specific purpose programs, including targeted programs.

**Senator CARR**—Thank you, Mr Daniels. When was that?

**Mr Daniels**—My meetings commenced on Thursday, 22 August and were completed on Tuesday, 27 August.

**Senator CARR**—When was the budget, again?

**Mr Daniels**—The budget was on 20 August. I would have to check the date, but it was a week or so after I completed my visits that the first of two teams of officials from the department visited all states and territories and spoke to departmental officials, and officials from the associations of independent schools and the Catholic education commissions in each of the states.

**Senator CARR**—What was their response?

**Mr Daniels**—I can speak only in terms of my round of visits with directors-general or their nominees. It was largely informing them of the implications of budget decisions, so it was information giving rather than negotiation or consultation. In relation to New South Wales and the Northern Territory, I subsequently met with other officials; in the case of New South Wales, they put on the table at the meeting a paper which I think you have seen.

**Senator CARR**—Yes, I have seen it, and I have seen your comments about it. I have no doubt you have been briefed on the New South Wales officials' response to your claims. Perhaps I might turn to those for a minute.

**Mr Daniels**—If I could just complete that: in relation to the other discussions which officers of the department had with various officials, there was a wish on the part of most people to understand more about the changes to the broad banded targeted programs and, of course, there was general interest and concern in some states about the enrolment benchmark adjustment and the abolition of the new schools policy.

**Senator CARR**—The policy basis for this has been severely challenged on a number of points and by a number of parties. New South Wales government officials have, however, also criticised the technical basis of this policy—in particular, the basis of the adjustment on the marginal versus average costs argument. What is your response to that?

**Mr Evans**—There are two responses. The decision to recoup only 50 per cent of the saving to a state was based partly on issues surrounding marginal costs versus average costs. Secondly, I would like to respond to the comment by New South Wales that they believe that marginal costs should only be used in that state. Here I quote from a New South Wales document that was prepared on funding issues generally:

There are significant differences between funding mechanisms in the two sectors.

By that they mean the government sector and the non-government sector. The document continues:

The government school system's recurrent resources are funded within overall limits established by State budgetary processes. The unit costs of an additional student impacts on total expenditures are marginal rather than an average cost.

I contend that the New South Wales education department needs to go back to its Treasury, because the savings are in New South Wales even if they have not flowed to the Department of Education at this time.

**Senator CARR**—In fact, they described this approach that you are adopting now as incorrect and unsound. That is fairly strong language. They say, particularly, that the costs include an average cost incorporated on non-school based administration, school executive funding, staff development funding, school administration funding and general school running costs, as well as the costs of classroom teachers.

Do you say that that is not right?

**Mr Evans**—That is right, Senator.

**Senator CARR**—You say that the alleged savings, in fact—

**Mr Evans**—Are conservative.

**Senator CARR**—And you say that they can be realised?

**Mr Evans**—I believe that many of the savings can be realised, and it is for—

**Senator CARR**—Many of the savings or all of them?

**Mr Evans**—I indicated in that submission that further savings of the order of \$1,600 are in New South Wales.

**Senator CARR**—What is the aggregate for New South Wales?

**Mr Evans**—About \$3,200.

**Senator CARR**—What is the aggregate in terms of millions for New South Wales? New South Wales are claiming that it is going to cost them between \$20 million and \$30 million per two per cent shift in enrolments.

**Mr Evans**—The \$32 million it is going to cost them?

**Senator CARR**—Between \$20 million and \$30 million is the claim made by the New South Wales officials as the cost of this program to the New South Wales budget.

**Mr Evans**—When we spoke to them at that time, the figure was around \$11 million. That is the figures that are in the submission.

**Senator CARR**—No, there are two documents. There is the document they have provided to your officers.

**Mr Evans**—That is right. So you are saying that the figure has doubled since we met with them, Senator?

**Senator CARR**—They are actually saying in their submission to this committee that after a more careful examination it is between \$20 million and \$30 million. Queensland claim that their Treasury officials—not education department officials—say that a conservative estimate is \$16 million at minimum.

**Mr Evans**—Senator, I still stand by my analysis. There is another point I would raise here, which is an issue that was raised in the presentation by New South Wales about the impact of the benchmark adjustment. By year 1999, the estimate of the saving through the enrolment benchmark adjustment was some \$60 million. It might be \$66 million. I cannot remember the exact figure in the budget paper. I tried to determine that as a percentage on overall state expenditure from all sources for government schools but my calculator could not deal with the number of zeros; it is so infinitesimally small.

**Senator CARR**—So you say that, in the planning processes for non-government schools, there is no recognition of significant capital costs and the underutilisation of school facilities through unstructured and unplanned capital developments; that capital infrastructure, the building of schools, requires substantial outlays of funds. Were none of those factors a part of your consideration as well?

**Mr Evans**—Senator, are you quoting from the New South Wales submission now?

**Senator CARR**—I am quoting from evidence that was presented to this committee. You are saying that those factors are not involved in the cost to the state of New South Wales?

**Mr Evans**—The decisions about the utilisation of resources, or underutilisation of resources, are best made by state governments, and how they realise those savings or the underutilisation.

**Senator CARR**—I see. In fact, what is the policy basis for the Commonwealth government to have actually withdrawn its leadership role from these areas in terms of educational provision?

**Mr Evans**—I do not believe that the Commonwealth has withdrawn its leadership role.

**Senator CARR**—That is what it says, is it not? Is that not what you say in your submission? You say:

The Commonwealth does not run schools. Constitutional responsibility for schools lies primarily with the States and Territories. It could, therefore, be seen as inappropriate in those circumstances for the Commonwealth to assume responsibility for matters such as planning for new schools. Government policy is that the States and Territories should decide the appropriate form of planning for new schools.

The Commonwealth is withdrawing from planning for educational provision.

**Mr Daniels**—For new non-government schools. That is the context in which that quote was made.

**Senator CARR**—So you say it has no context for existing non-government schools. This says ‘no impact for existing non-government schools’.

**Mr Daniels**—Senator, I was explaining the derivation of the quotation in the submission. The Commonwealth’s decision to withdraw from the process known as the new schools policy was a decision which was clearly flagged by the coalition in its election material and announced in the budget context.

**Senator CARR**—So it is essentially a political direction to the department to do it in that way? There is not necessarily a policy basis to it?

**Mr Daniels**—Senator, it was a clear policy position of the government, which we are trying to implement.

**Senator CARR**—How do you respond to the suggestion that the Commonwealth’s unilateral decision will leave state governments in a position of having school places in areas where they are least rather than most needed and having no capacity to influence planning and funding for one-third of the places outside the public sector, and that this policy is in stark contrast to the policies, for instance, in the health sector, where planning and funding policies are intended to provide services on the basis of population need?

**Mr Daniels**—Senator, the basis of the government decision relates to the abolition of a policy which has been in place for about 10 years. Prior to 1985, there was no such policy known as the new schools policy; so decisions about new schools were made by the school proponents themselves and state governments. The state governments, the Catholic education authorities and the independent school authorities have been involved in planning processes

with the Commonwealth over the past 10 years, in a formal sense—in most states, on new schools committees. In some states, they have other arrangements. So the concept of planning for new schools would not be surprising for state government officials or, indeed, for independent or Catholic education officials. It is a matter for each of the states to determine, given this policy decision, how they wish to proceed in future with their planned educational provision arrangements.

**Senator CARR**—But isn't the effect of this policy change to actually remove the machinery by which that planning was administered?

**Mr Daniels**—It has removed the machinery which has existed for the last 10 years; that is certainly true, Senator.

**Senator CARR**—That is right. Therefore, it is up to the states to either change their planning mechanisms, their registration processes specifically, or to continue as they are.

**Mr Daniels**—It is certainly a matter for the states to determine how they do it. Senator, if I could simply qualify the comment I have just made: in some states—for example, in South Australia—there are joint planning committee arrangements in place. So a new schools committee process has not existed in the case of South Australia. I think that heightens my comment that it is a matter for each of the states to determine what is the most appropriate planning mechanism for those states.

**Senator CARR**—So you do not think there is any need for concern that there is no national approach to the distribution of very, very large sums of public moneys?

**Mr Daniels**—The government policy position is quite clear that it does not see a role for the Commonwealth in planning for new non-government schools.

**Senator CARR**—Quite clearly, the distribution of Commonwealth moneys and access to Commonwealth moneys will, therefore, vary according to where you live.

**Mr Daniels**—Certainly, Senator, and that is the case at present.

**Senator CARR**—Yes. But it will be much more substantially the case now, will it not, that there is no national policy approach to these planning measures?

**Mr Daniels**—It may be.

**Senator CARR**—What is the impact, for instance, on the question of financial viability of schools and the fact that only one state, as I understand it, has provision for a criterion of financial viability in terms of its registration processes? What do you believe is the impact for the distribution of Commonwealth moneys to schools on that basis?

**Mr Daniels**—I think decisions about financial viability have to be seen in terms of what the proponents of a new school are putting forward to the state in terms of registration and quality of curriculum offerings.

**Senator CARR**—Yes.

**Mr Daniels**—The Commonwealth requirements relate to an undertaking which needs to be given by the new schools to enter into financial and educational accountability arrangements with the Commonwealth. In terms of their financial position, the Commonwealth will have a role in determining the appropriate classification for that school under the 12-category system, and we will require data from the proponents in order to make that calculation.

**Senator CARR**—You have actually changed the number of categories, have you not, effectively?

**Mr Daniels**—No, Senator.

**Senator CARR**—By removing the cap on category 6?

**Mr Daniels**—No, Senator.

**Senator CARR**—With the \$12 million, how does that cap removal actually work then?

**Mr Daniels**—There are 12 categories now and there will be 12 categories next year.

**Senator CARR**—But the individual schools will be able to move through them more rapidly, will they not?

**Mr Daniels**—No, Senator. The impact of the category 6 cap has applied since 1989 for non-systemic, non-government schools—not systemic—and it is only for those schools where they have been artificially restricted from being funded at the category which the ERI calculation would have produced for them.

**Senator CARR**—But the impact on the budget, I think you have advised me before, is some \$12 million, is it?

**Mr Daniels**—Yes, I think it is of that order, Senator.

**Senator CARR**—But the categorisation has been eased. So, in fact, the accountability mechanisms from your department's point of view have been eased equally?

**Mr Daniels**—No. The categorisation has not been eased, Senator. The rules for categorisation are the same. The only change is that those non-systemic, non-government schools who would have qualified for categories 7 to 12 have been held at category 6. The calculation is exactly the same.

**Senator CARR**—How many schools do you expect the Commonwealth to fund that will go broke?

**Mr Daniels**—I could not answer that question. We would have no expectation.

**Senator CARR**—None at all? You do not believe there are any public moneys at risk in this, given that there is no financial viability mechanism in most states?

**Mr Daniels**—Senator, there are schools that fail. There have been schools that have failed over the last 10 years and I am sure there will be in future; but I do not have an estimate.

**Senator CARR**—You do not believe that there is an increased risk of Commonwealth dollars in regard to this program? Is there a higher level of risk with the removal of the new schools policy?

**Mr Daniels**—I prefer to look at it in terms of the Commonwealth contributing to the cost of providing educational services for the children in schools at a particular point in time.

**Senator CARR**—I appreciate the way you would prefer to look at it. I am very simple in my approach. I am asking: do you think there is a higher level of risk to Commonwealth moneys as a result of the lesser reliance on financial viability as a factor in the allocation of public moneys?

**Mr Goonrey**—I might comment on that. The first point I would make is that financial viability has not really been a criteria of the new schools policy.

**Senator CARR**—But minimum enrolments have, surely?

**Mr Goonrey**—As Mr Daniels has said, in a number of cases—Victoria is an example—there is already a minimum, so there is a precedent for that. But the other point that I would like to make, reflecting comments that I think Dr Tannock made earlier, is the significance of capital to new schools. That is not an open-ended bucket; there are restrictions on the amount

of capital available for new places, and there is strong competition from existing schools, so there is a restriction.

**Senator CARR**—I was asking a specific question: is there an increased level of risk that Commonwealth money will be lost in schools that are non-viable?

**Mr Daniels**—I have difficulty answering that question because the funding contribution that the Commonwealth makes is attributed to the daily cost of having those children in those schools. It is not a matter of losing money; it is the cost of having those students in those schools at that particular time.

**Senator CARR**—I understand the point you make in regard to recurrent—

**Mr Daniels**—If a school closes, I do not regard that as Commonwealth money being lost. The students would need to go somewhere else. It is simply a shift.

**Senator CARR**—In the past you have had schools close that have gone broke—schools that have not paid their income tax, schools that have not paid school teachers, schools that have not paid superannuation, that have been run by crooks—all registered under the existing arrangements. Now we are actually saying that the situation is being deregulated; the restrictions on schools are actually being lifted. So we are more likely to see those sorts of circumstances eventuate, are we not?

**Mr Daniels**—I am not familiar enough with the circumstances that you have quoted.

**Senator CARR**—I can tell you of cases in Victoria where that has occurred. I put to you a proposition and ask you to comment on it: is it not the case that under this deregulated regime you are more likely to get schools which will not necessarily meet the financial requirements or will not be financially viable?

**Mr Daniels**—That, in part, is matter to be determined by the arrangements which each of the states and territories put in place.

**Senator CARR**—But you will have less control over that, will you not? I have heavily criticised the accountability mechanisms of the existing regime. You are saying that there will be less accountability mechanisms because the new schools policy is being abolished?

**Mr Daniels**—The new schools policy was primarily a tool for reducing the number of schools, or the number of places for students in new non-government schools. In relation to capital, the continuing arrangements, whereby block grant authorities would make decisions on the funds that they have available for capital purposes, is really a matter for the block grant authorities. I would think they would be—

**Senator CARR**—It is a matter for this parliament how money appropriated by this parliament is actually spent, surely?

**Mr Daniels**—Indeed.

**Senator CARR**—And that is the nature of the bill under discussion at the moment. This is the mechanism by which this occurs. Given that time is running out—you would appreciate that I will need to explain these issues at greater length elsewhere—I wonder if I could just go through a couple of these tables now. On table 1 of your submission, there is a reference there to programs which will be transferred into or out of the states grants legislation. Perhaps you could assist me here. It refers to education centres. What has happened to those?

**Mr Evans**—You might recall that there was an announcement in the budget on 20 August that education centres would continue to be funded through 1996-97. The funding for the

January-June part of 1997 will not be from any of the moneys that were to be appropriated under this legislation.

**Senator CARR**—So how will they be funded?

**Mr Evans**—They will be funded out of annual appropriations for school matters.

**Senator CARR**—But is just says that it is out of the bill.

**Mr Evans**—The government, in making the decision that education centres would continue to be funded during 1996-97, also indicated that it would be looking at issues about their future funding in the context of the 1997 budget.

**Senator CARR**—There is no future funding in the forward estimates; is that the case?

**Mr Evans**—Beyond 1996-97, that is correct.

**Senator CARR**—So we can anticipate that funding program ending?

**Mr Evans**—Not necessarily; as I said, the government said it was going to look at the issue of education centres, and there were discussions.

**Senator CARR**—There has been no commitment given by the government for the continuation of funding for the education centres?

**Mr Evans**—There is no specific financial allocation in the forward estimates for education centres beyond 1996-97.

**Senator CARR**—So when this table says on page 5 that education centres are out of the bill, that really means that there is no further commitment to funding those programs?

**Mr Evans**—No, it does not. If you look at the heading, it refers to programs which will be transferred into or out of state grants legislation. The out of bill reference is the fact that the funding for the period 1 January to 30 June 1997 is not through the bill.

**Senator CARR**—But you are saying that there is no commitment beyond 1996-97.

**Mr Evans**—No, I am saying that any decision about commitment beyond 30 June 1997 would be in the context of an announcement by the government in next year's budget, which will be in May next year.

**Senator CARR**—So we will have to wait until May to see.

**Mr Evans**—If the government decided that it wanted to continue to fund education centres and it made provision for them, it is likely that there would be a subsequent amendment to this legislation to include them in the bill.

**Senator CARR**—When would that amendment be likely to appear?

**Mr Evans**—It would be in the course of budget amendments next year.

**Senator CARR**—Do you anticipate that occurring?

**Mr Evans**—That is a government decision. I would have to wait and see what the outcome of the budget process is.

**Senator CARR**—If I can turn to page 6, the study of Asian languages and culture; \$45 million is allocated for 1997-98. Does that program end there as well?

**Mr Evans**—That, I believe, is the extent of the commitment in the forward estimates for those programs.

**Senator CARR**—When do we anticipate a decision on what happens to that program beyond 1998?

**Mr Daniels**—The national Asian languages strategy program is due to be completed at the end of 1998, so any decision about any further Commonwealth involvement would be either in the context of the next budget or the one after.

**Senator CARR**—The national literacy and numeracy strategy, an additional \$45 million for 1997-99; is there any continuation beyond that at all?

**Mr Evans**—That was a specific election commitment funded in the last budget, and the election commitment was for funding for three years. Decisions could be taken in any of the 1997, 1998 or 1999 budgets as to whether there would be funding that extends beyond 1999.

**Senator CARR**—But at this stage there is no—

**Mr Evans**—That is correct.

**Senator CARR**—The study of Asian languages and culture, \$10.8 million; that ends in 1997?

**Mr Evans**—That is the annual appropriations so, again, that would be a decision taken in the context of next year's budget.

**Senator CARR**—I turn to table 2, the financial year programs in the appropriation bills. The states grants programs are highlighted here. On the language line, under 'Government', I see that there is a drop of \$25 million, down to \$6.6 million, from 1997 to 1998? That is a fairly significant drop, is it not?

**Ms Colman**—That is the effect of NALSA being moved into the legislation. At the moment, NALSA is funded under the annual appropriations bill, and the funding goes from \$21.7 million this current financial year up to about \$35 million next financial year. But, in line with the broadbanding provisions, a decision was made to group the languages programs together, which meant that NALSA was moved into the states grants legislation. However, because it is only appropriated to halfway through next financial year, it does mean that there is a drop in funding for 1998.

**Senator CARR**—There is a drop in funding there. There is also a drop in funding in the literacy program from 1999 to 2000 of \$18.12 million. With non-government capital, there is a drop in funding from 1999 to 2000 of \$9 million. Is that correct?

**Mr Daniels**—That is correct.

**Senator CARR**—In the joint programs, there is a drop in funding—this is quite an extraordinary drop—in 1998 from \$22 million down to \$4 million. In literacy, the program ends in 1999, as we have already discussed. If we look at the annual appropriations, we see a movement from \$98 million to \$26 million. So we go from \$44 million to \$26 million to \$24 million to \$16 million. There are quite substantial drops there, are there not?

**Mr Daniels**—That is reflecting, in part, the nature of some of the budget decisions which ran for three years, and some of the earlier budget decisions which ran for less than that.

**Senator CARR**—What do you argue is the impact on government schools, particularly, of this budget over the forward estimates period? What will be the net impact for government schools over the forward estimates period?

**Mr Evans**—Taking into account issues like the enrolment benchmark adjustment, which are reflected in those figures you looked at in table 2, the government general recurrent figures have actually been netted off for the impact of the enrolment benchmark adjustment. But the impact over the forward estimates period for government schools is a per capita increase of some 17.9 per cent.

**Senator CARR**—That is the claim but what is the overall aggregate effect? What is the drop?

**Mr Evans**—The drop?

**Senator CARR**—You are saying that there is an increase in expenditure for government education over a forward estimates period as a result of this budget?

**Mr Evans**—That is correct.

**Senator CARR**—That is your claim?

**Mr Evans**—That is my claim and that is also the figure that you referred me to in the Senate estimates discussions on the budget papers.

**Senator CARR**—Thank you.

**Senator ALLISON**—Just this week the minister, speaking on behalf of Minister Kemp, said: There will not be any change to funding for government schools if the government sector can continue to maintain its enrolments.

And, she continued:

The money, in a sense, will follow the students.

I am just wondering whether that was your advice to the minister?

**Mr Daniels**—As I understand it, the trigger for the enrolment benchmark adjustment refers to the changes in the proportion of enrolments, not an increase or a decrease in the actual enrolments. So it recognises demographic and other retention effects, for example. I would have to hear the statement quoted again.

**Senator ALLISON**—It says:

There will not be any change to funding for government schools if the government sector can continue to maintain its enrolments.

**Mr Daniels**—Its ‘share of’ enrolments, I would have added.

**Senator ALLISON**—Would you have advised the minister to insert ‘share of’ in her answer?

**Mr Daniels**—I do not recall advising the minister on that.

**Mr Evans**—I can recall some words in that statement, but I cannot recall the exact words that were provided to the minister.

**Senator ALLISON**—That comes from *Hansard*, so that is the actual response. Can I ask you: if non-government schools increase their percentage share of enrolments by 10 per cent, is it possible—this I understand is your projection—for the government sector to maintain enrolments if this increase occurs?

**Mr Daniels**—I had some calculations done which indicate that, if there were an increase in non-government enrolments of 10 per cent in absolute terms, that would result in a change in enrolment shares of about 2.4 per cent over the period that we are talking about.

**Senator ALLISON**—So if that was to occur, in answer to the question ‘Will there be any change to funding in government schools?’, under those circumstances—that is, the 10 per cent which you translated into 2.4 per cent—is it fair to say that no money will follow students across to the private sector?

**Mr Daniels**—A 2.4 per cent change in the enrolment share would almost certainly trigger the enrolment benchmark adjustment. So the variation would depend on the particular circumstances, state by state, territory by territory.

**Senator ALLISON**—Coming back to that state by state, territory by territory figure, I note this new list of different costs to each state. Can I ask you whether that benchmark percentage—which is also different for each state, as you would be aware—will also alter in this calculation of the enrolment benchmark adjustments state by state?

**Mr Daniels**—The enrolment benchmark will apply to the census for 1996. So, whatever that is by state or territory, that will be the benchmark enrolment.

**Senator ALLISON**—We heard earlier today from both New South Wales and Queensland, I think, that they felt that in those states they would be unfairly treated because they currently have a lower percentage of students in the private sector. Are you saying that there would simply be an average across the country and that the benchmark will not relate to specific cases in each state?

**Mr Daniels**—In the case of New South Wales and the Northern Territory, their respective ministers have made that point and raised the issue with Dr Kemp, and he is considering the situation in both those states. In fact, in relation to New South Wales, one of the papers which you have before you was as a result of an approach made by the New South Wales minister to Dr Kemp which subsequently ended in myself and Mr Evans meeting with New South Wales officials, and they produced that paper. In relation to the Northern Territory, I have met with the Northern Territory officials and have asked them for further information on a number of points. They have yet to come back.

**Senator ALLISON**—But you would expect the minister to hear those arguments and to perhaps make an adjustment, state by state?

**Mr Daniels**—Yes.

**Mr Evans**—Can I just say on that that there is no financial application of the benchmark adjustment this financial year. The earliest it could be triggered would be around October–November in calendar year 1997. So it is not as though it is something that has been foisted on the states that is going to mean that there will be a financial impact occurring immediately.

**Senator ALLISON**—Does this mean you would expect some averaging to occur by that time? Will it not still affect them in 1997?

**Mr Evans**—No, I am not saying it is necessarily an averaging. I am saying that there is a period of consultation that can continue on these issues that can be raised by states.

**Senator ALLISON**—On the matter of consultation, we have heard from most witnesses to this inquiry that consultation has been inadequate. There were some quite strong words used to describe the sort of consultation that has gone on, and I am hearing that you are now having catch-up consultation on a couple of issues. Can you compare the consultation that is taking place over this change with what happened in 1986 when the new schools policy was developed? I would like, I guess, some advice about what your advice was to the government in terms of consultation, time frames and so forth.

**Mr Daniels**—Yes. I think this may be evident by the colour of our hair. I was probably the only one around in 1986, but I was not involved in the area at the time so I cannot speak with any authority. I would point out that the Commonwealth's arrangements for schooling administration were quite different then, in that in 1986 the Commonwealth Schools Commission existed, and it was not a Commonwealth department as it is now. So I do not know what the consultation arrangements were.

In relation to what we have actually done, bearing in mind that it would be very unusual for the Commonwealth to consult with states prior to budget announcements, what we set out

to do was to consult as quickly as possible after the budget in the most comprehensive way possible. In the case of those states which have raised particular issues, we have gone out of our way to continue the consultation process, and the Northern Territory and New South Wales examples I have given you would be examples of that.

**Senator ALLISON**—And you would go as far as to say it is adequate?

**Mr Daniels**—Given the constraints of not being able to consult prior to a budget—

**Senator ALLISON**—No, that was not my question. I want to know whether you think there is an adequate consultation period.

**Mr Daniels**—Absolutely. From the departmental perspective, we think that the consultation arrangements were extensive and very, very adequate.

**Senator ALLISON**—Would you argue that the figures that appeared in the budget documents enabled people to understand, for instance, the mechanism of the EBA?

**Mr Daniels**—I think budget documents are very difficult documents to follow and, unless one was familiar with them, it would be quite difficult to work out the implications of the enrolment benchmark adjustment.

**CHAIR**—Order! It is 4.45 p.m. Senator Carr has questions on notice and I have questions on notice. Senator Allison, feel free to put the rest of the questions on notice. I declare this hearing into the States Grants Bill 1996 closed, and I thank the officers for appearing.

**Committee adjourned at 4.45 p.m.**