

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into Commonwealth Funding for Schools

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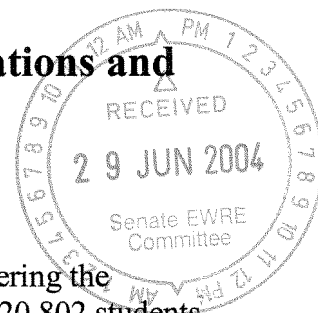
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Inquiry into Schools Funding



The Association of Independent Schools of NSW (AISNSW) is the peak body covering the independent sector in New South Wales in which there are 321 schools enrolling 120,802 students (ABS Schools Australia 2003).

Summary

This brief submission seeks to support the views and information provided in the submission from the Independent Schools Council of Australia (ISCA). Both of these submissions are based on more than 25 years of experience in representing the independent school sector and working closely with schools and governments on funding and other issues.

In this submission, the AIS makes several points that it believes highlight the key reasons that ongoing government funding to independent schools is important and necessary. That more than 12% (and increasing) of all Australian students are being educated in independent schools, and more than 30% in non-government schools, shows that Australian parents value the diversity and choice available when it comes to educating their children. The government's treatment of the parents who choose non-government schools should not only recognise their rights but be appreciative and respectful of their decision to give a high priority to their children's education.

There has again been some focus on the proposals to reduce the funding in respect of some students (those at certain schools) and that the funds saved should be re-distributed in support of the students in other schools. The AIS has always supported the practical logic of funding of student education being based on the principle of "entitlement plus need". That is:

- § the entitlement of every child to the support of a basic grant
- and
- § additional funding for schools with particular needs.

The proposal to re-distribute funds is opposed on the following grounds:

1. **Extra funding should be provided to support the education of students with greater needs** rather than depriving other schools and/or by attacking or denying the entitlement of all students to funding support.
2. **Parents have the right to choose the school for their children.**
3. **Governments should provide funding in support of the education of each and every child, with that funding following the child to the chosen school.**
4. **Reducing the entitlement funding will be at a cost (not a saving) to governments.**
5. **Families should not be penalised for spending more on their children's education.**

Background

The categorisation of schools for Commonwealth recurrent purposes has gone through many changes since its inception in 1973/74. From eight categories it has changed to six, then three, then six, then twelve and now forty five.

Recurrent funding from both Commonwealth and State governments has been calculated and/or can be assessed as a percentage of the Average Government School Recurrent Cost (AGSRC).

The lowest amount of funding has been seen as the “basic grant” to which all children in all recognised schools have been entitled. When considering the Commonwealth and State grants together, the recurrent grants at this lowest level in NSW was:

- forty percent (of AGSRC) in 1982 (20% Commonwealth and 20% State) and has dropped progressively since then to
- twenty three point seven percent in 2004 (13.7% and 10.0% respectively).

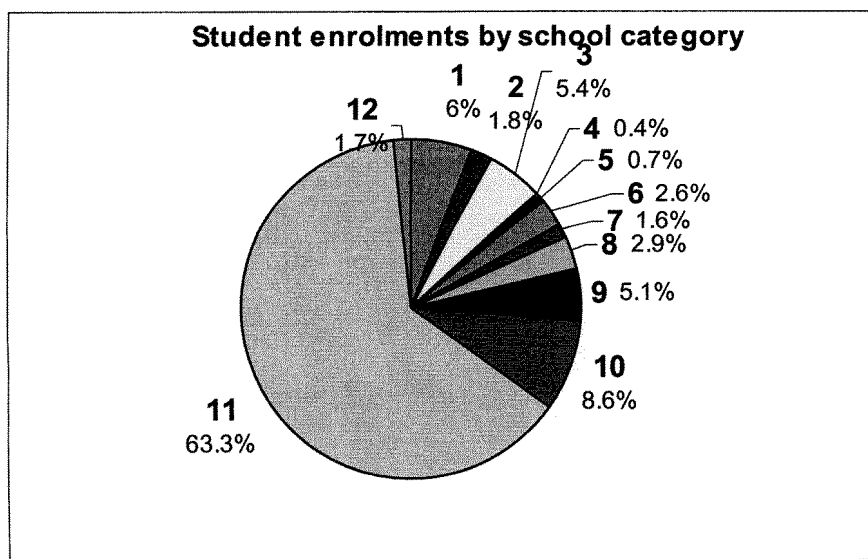
The ERI based twelve category system is still in use in NSW and only ceased to be used by the Australian Government in 2000. The schools were not spread evenly over those twelve categories as can be seen from the enrolment spread shown in the following tables.

NSW Non Government Schools by Category, student enrolments

ERI Category	No. Schools in category	% of schools in category	Student enrolments by category	% student enrolments by category	
1	42	4%	23482	6.0%	
2	7	1%	7266	1.8%	
3	33	3%	21164	5.4%	13.2%
4	8	1%	1449	0.4%	
5	10	1%	2766	0.7%	
6	23	2%	10313	2.6%	
7	11	1%	6182	1.6%	
8	28	3%	11268	2.9%	
9	35	4%	20148	5.1%	13.3%
10	80	8%	33712	8.6%	
11*	620	65%	248882	63.3%	
12	57	6%	6610	1.7%	73.6%
Total	954	100%	393241	100%	

Figures from NSW Department of Education and Training, June 2004

*Category 11 includes Catholic systemic schools and enrolments



The following is an explanation of the five particular points of view identified above.

1. Extra funding should be provided to support the education of students with greater needs.

There are many students with educational needs well in excess of those of the average student. The attempts to meet these needs should be assisted with additional funding by increased funding through the Targeted Funding Programme and increased recurrent grants. Where a school's enrolment includes significant numbers of students with such needs, the funding attracted by that school should be increased from Government revenue rather than by reducing the funding available to other schools.

Schools with such needs include those providing education for

- a. Students with disabilities;
- b. Students with learning and/or behavioural difficulties;
- c. Students with educational needs arising from their socio economic, cultural, language, geographic or other backgrounds.

2. Parents have the right to choose the school for their children.

All governments in Australia recognise this right. It is generally recognised that the best education is likely to be gained when home and school are reasonably compatible and as Australia is a multi faceted society, (multi lingual, multi cultural, multi religious, multi valued etc.) it follows that Australia needs a variety of schools from which parents can select the one to help them in their task of raising/educating their children.

A significant proportion (68%) of parents choose a State school for their child. It is entirely appropriate that these schools be well resourced and of high quality. There are numerous families that choose more than one school, either during the school life for one of their children or concurrently for different members of the family. Being able to choose the school best suited to the needs of each child is important.

3. Governments should provide funding in support of the education of each and every child, with the funding following the child to the chosen school.

- a. The AIS holds the view that all parents have the right to funding support from governments for the education of their children. This view is held as a result of the following:
 - i. Parents have the right to choose the school for their children. This view is held by the Australian and all State Governments.
 - ii. Schooling is compulsory in Australia
 - iii. Schooling for all children is in the nation's interest. The nation benefits from the provision of a high quality education for its children
 - iv. Funding is attracted to this compulsory element of Australian life and should follow each and every child to the Government or Registered Non Government School chosen by the parents.
- b. There appears to be recurring debate about the need to make changes to the funding scheme and there appears to be little understanding about the history and the basis of schemes that have been tried previously. There is also confusion when gross funding figures are used instead of the more appropriate per capita figures.

The comparison with the MCEETYA determined Average Government School Recurrent Cost (AGSRC) is a convenient way to consider the relativities of funding over the years and also between schools and sectors. The schools in the Non Government sector have been allocated to funding levels or categories which have changed over the period since recurrent per capita funding by the Commonwealth Government commenced prior to 1973.

- c. The number of (Commonwealth) categories have changed from
 - \$ eight to
 - \$ six to
 - \$ three to
 - \$ twelve and now to
 - \$ forty five.

- d. The criteria and formulae for determining the category for each school have also changed over time from
 - \$ expenditure (known as SRRI)
 - to
 - \$ expenditure with a moderator based on income (still called SRRI)
 - to
 - \$ income with a moderator based on expenditure (known as ERI)
 - to
 - \$ Socio Economic Status of the community based on ABS data (SES).

It is of interest that the Independent Schools were told in 1984/85 that the ERI system would be a temporary measure while a more thorough system based on SES was prepared. The SES scheme was finally introduced in 2000.

- e. **Entitlement to a “Basic Grant”** The funding level per pupil for students at schools categorised in the lowest funding level has changed over the years.

In NSW, the Combined Commonwealth and State per capita funds have fallen from:

- i. In 1982, 40% of the AGSRC being
 - \$ 20% from the Commonwealth and
 - \$ 20% from the State (although the State paid its grant on a lower cost basis.)

 - to

 - ii. In 2004, 23.5% of the AGSRC being
 - \$ 13.7% from the Commonwealth and
 - \$ 10.0% from the NSW Government.
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- f. **Current Reviews**
In addition to the Senate Inquiry, the NSW Government is conducting a Review of the funding of Non Government Schools (Grimshaw Review) and the Greens Party has proposed legislation to reduce the funding of the schools in the previous Category 1.

4. **Reducing the entitlement funding will be at a cost (not a saving) to Governments.**

If a student leaves a 'highly resourced' school because of reduced government funding, to go to any other school the cost to the taxpayer and government will increase. For example:

i. **Student A.**

Student A is a Year 9 student attending 'Happy Valley Grammar School' which has an SES score of 130 and State ERI Category 1.

State funding:	\$ 804 p.a. (based on 10.0% of AGSRC)
C'Wealth funding:	<u>\$1099</u> p.a. (based on 13.7% of AGSRC)
Total Govt funding:	<u>\$1903</u> p.a. combined Commonwealth/State

Student A then enrolls in Year 10 at 'Happy Valley Community School' which has an SES score of 100 and State ERI Category 10.

State funding:	\$1772 p.a. (based on 22.1% of AGSRC)
C'Wealth funding:	<u>\$4107</u> p.a. (based on 51.2% of AGSRC)
Total Govt funding:	<u>\$5879</u> p.a. combined Commonwealth/State

Additional taxpayer funding required: **\$3,976** p.a. for Student A

ii. **Student B**

Student B is also a Year 9 student attending 'Happy Valley Grammar School' which has an SES score of 130 and State ERI Category 1.

State funding:	\$ 804 p.a. (based on 10.0% of AGSRC)
C'Wealth funding:	<u>\$1099</u> p.a. (based on 13.7% of AGSRC)
Total Govt funding:	<u>\$1903</u> p.a. combined Commonwealth/State

However, Student B then enrolls in Year 10 at 'Happy Valley State High School' which has an unknown SES score (because State Schools are not rated by SES) and it is fully funded by the State Government.

State expenditure:	\$9186 p.a. (based on 10% of AGSRC) (Source: Deputy Premier's press release re the education budget. This figure is presumably inclusive of contributions from the Commonwealth through GST, other tax sharing, direct recurrent grants etc as well as State revenue.)
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Additional taxpayer funding required: **\$7,283** p.a. for Student B

**** The additional cost to the Australian taxpayer to educate Student A or B will far outweigh any savings made by reducing the funding to the Happy Valley Grammar School.**

5. Families should not be penalised for spending more on their children's education.

a. Choice in spending after-tax dollars

The AIS finds it of particular interest that some people in the media and in politics propose that there should be a reduction in funding support for parents who choose to spend their after-tax dollars on providing the best education that they can for their children. This contrasts markedly with the lack of concern shown that some parents might choose to spend their after-tax dollars on cigarettes, alcohol, holidays or expensive cars.

Many families who send their children to independent schools maintain a second income specifically to enable them to meet the costs of their children's schooling. Penalising the parents for this additional effort does not make economic or educational sense.

b. Funding linked to the student

The AIS believes that an entitlement to funding is most appropriately linked to the student, not to the school. The school that the student attends appropriately receives the funds – this is the case regardless of the school sector the child attends, and ensures that the funds are spent on improving the resources and education for that child, wherever he or she may be educated.

6. Some general comments

a. Private vs Public funding?

It is a common misunderstanding, freely, mischievously and, on occasion, dishonestly, promulgated by opponents of independent schooling that for every dollar spent by governments on a student in an independent school a dollar is taken away from a public school student. This is untrue. Funds are provided by governments to schools and school systems based on enrolments. Funds are not taken away from one sector in favour of another.

b. Government Schools must provide a place for all children??

This oft repeated assertion is not correct. Never in Australia's history has the Government sector had to provide for all students. Indeed there was a period when the only formal schooling was provided by non government schools and while the percentage of students enrolled in government schools has fluctuated over time, there has never been a time when government schools have had to provide for all students.

It should be argued that governments have the responsibility of ensuring that all children attend school and that it does this by a mixture of government and non government schools.

c. Independent Schools contribution to the Community Responsibility

Opponents of independent schools often portray the sector as a whole as being selective, exclusive and of not adequately catering to a wide range of community members. The contrary is usually true. A large number of independent schools are extremely active in their communities and offer significant numbers of bursaries, scholarships and fee reductions to ensure that the school population reflects as broad a cross-section of the community as possible. Diversity within the independent sector and within a school is

seen by most independent schools as being critical in ensuring that they remain effective educational institutions (by reflecting the wider world in which their students live) as well as being seen by their community as an important part of that community. Many independent schools, in particular those often portrayed as the 'wealthy' and 'elite' schools, undertake a wide range of community service projects and activities that remain unacknowledged – usually because the schools and students concerned do not seek to highlight their efforts outside of their own school. The contributions made by independent schools to their communities are significant but are often lost in the enthusiasm of their opponents to portray them as seeking to be different or exclusive.

7. AIS Assertions

- a. **It is time that the rights of parents to choose the school for their children are properly recognised as attracting an entitlement to funding support from both Commonwealth and State Governments and that this entitlement should be a substantial share of the average cost.**
- b. **It is time for the needs funding to properly support the education of children with particular educational needs and schools with demonstrated needs to achieve quality schooling.**

It is time our society recognised and supported those who give a high priority to their children's education. We do not attack those who give a high financial priority to expensive holidays, entertainment, personal property, gambling or drinking, so our values should be seriously questioned when we single out education as a focus for penalties to parents.



**T W Chapman
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Association of Independent Schools of NSW Ltd**

29 June 2004