



Review of Funding of Schooling

Emerging Issues Paper

Response by Christian Schools Australia

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INTRODUCTION AND PROFILE

Christian Schools Australia (CSA) is a peak group representing 130 member schools Australia wide with approx 46,000 students and more than 2,000 teaching staff. CSA provides leadership in policy, services and resources for its members, and generally works to advance the cause of Christian schooling.

CSA member schools are geographically, culturally and educationally diverse, while serving predominantly middle to lower socio-economic communities. They operate as locally governed, community-based, not for profit religious organisations.

CSA member schools are closely aligned with one or more Christian churches in their communities. As faith-based schools, our members are overt and particular about the beliefs and values that underpin the schools' culture and practice.

As a direct expression of Christian faith, our member schools have a strong culture of mission and service both at home and overseas. They educate students to be locally and globally active citizens, concerned about the welfare of others and about using their gifts to serve.

CSA member schools have attracted very strong community support as evidenced by their enrolment growth, which has averaged almost 10 percent over the past decade.

The *Melbourne Declaration on Educational Goals for Young Australians* emphasises the importance of supporting students' social, emotional, spiritual and physical development. A Christian School education meets these important objectives within an environment in which faith, values and beliefs are formative for the school community and integrated into curriculum, practice and culture.

Many CSA members were commenced by and remain affiliated with a local church, and draw their enrolments from church families. Others are associated with and supported by members from a number of churches in their local area. In addition, most CSA schools also attract significant enrolments from families who, while not currently attending a Christian church, nonetheless deliberately choose the school because they desire for their children an education that is based upon Christian beliefs and values.

THE REVIEW

As we have previously indicated CSA warmly welcomes the Review and its broad scope to consider the funding needs of students from all schools, taking into account funding provided from all sources including both the Australian Government and State and Territory governments.

We share the Committee's commitment to a funding system that is *'transparent, fair, financially sustainable and effective in promoting excellent educational outcomes for all Australian students'*. In particular we support the fundamental principle that *'the funding that is available is equitably distributed among schools; that is, directed to where it is needed most so that students are supported to overcome barriers to achievement, regardless of their background or where they go to school'*. In order to achieve these outcomes **we consider it essential that a funding system be**

developed that applies across all schools, regardless of ownership or governance, and takes into consideration all the resources available to that school community.

Set out below is our preliminary response to the *Emerging Issues Paper* published in December 2010. In making these comments we do acknowledge our appreciation for the work of the Committee to date.

Current Schooling Environment

In describing the structure and organisation of schooling the Paper talks of the '*legal obligation*' of government schools to '*accept all students regardless of their background, circumstances or educational needs*'. Of course in certain situations Government schools have the ability to reject enrolments while in some jurisdictions the obligation of government is described in terms of ensuring the provision of education for all students, not necessarily providing it.

This distinction is an important one as our view is that the primary responsibility for education lies firstly with parents and then with the whole community; with the provision shared by government and community sector providers. This is recognised and protected not only in international law and explicitly reflected in education legislation in some jurisdictions in Australia.¹

Historically in Australia the first schools were started by Christian churches and for many years groups of many faiths provided the vast bulk of schooling, for public benefit.

The state has an obligation to ensure that all students have access to high quality educational opportunities that meets their needs, respects the values and beliefs of their parents, and fulfils national objectives. The state does not have to be the unique provider of school education and choice needs to be supported.

Arguments that would use public funding policy to limit choice, or artificially drive enrolments into a unitary state-run system are unnecessarily divisive, ideologically driven and run counter to good policy.

It should be noted that Christian schools overwhelmingly seek to '*accept all students regardless of their background, circumstances or educational needs*'. Christian schools regard education as a significant means of serving the community, and in particular of enabling all students to achieve regardless of, or in spite of, disadvantaged circumstances. This was a foundational principle for the earliest Christian schools (indeed the earliest schools) in Australia, and remains an important aspect of the Christian school mission.

There are no Christian schools where enrolment is determined based on '*differences in wealth, income, power or possessions*' of the students' families.

If there is any economic 'selection' affecting Christian schools it is merely an artefact of a funding policy which applies no 'wealth test' or means-related penalty to the funding of secular government schools, but does impose such penalties on parents choosing a religious school education for their children.

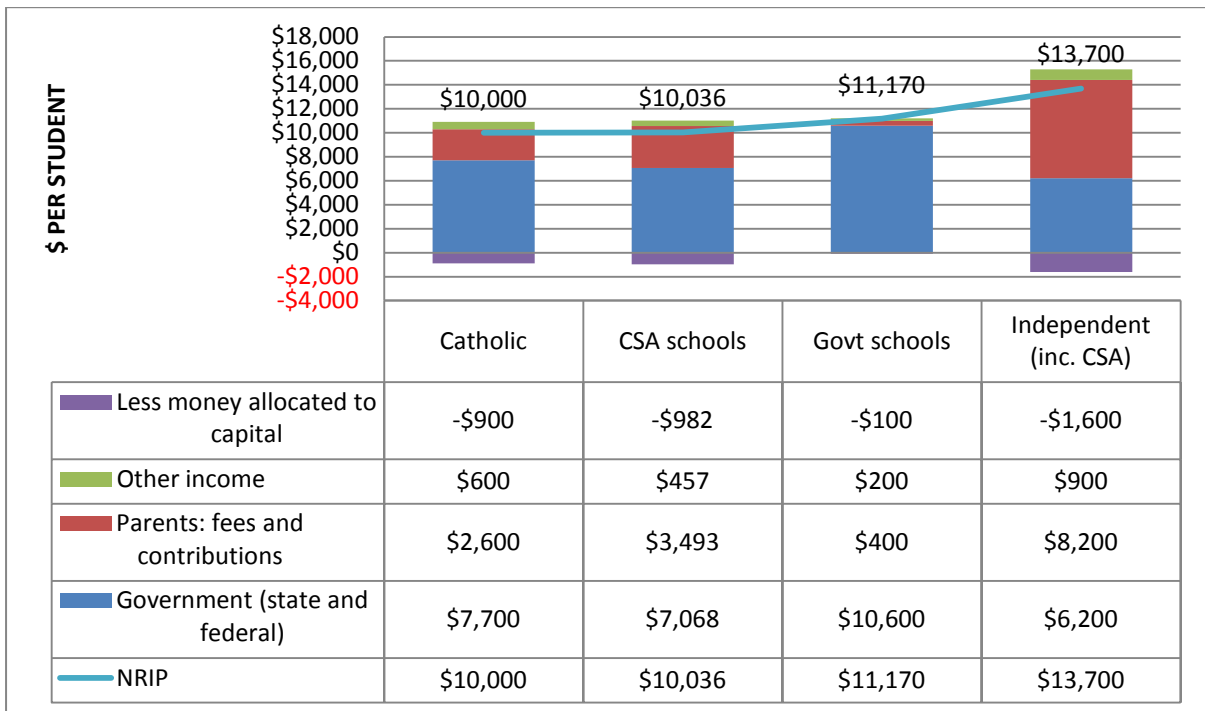
¹ See *Education Act 1990* (NSW) section 4.

The Paper notes that the vast majority of the \$41.4 billion expenditure on Australian schools is directed to Government schools. Indeed, almost two-thirds of the total expenditure (\$26.5 billion) and more than 75% of the total *government* expenditure is directed to schools run by state governments. Despite this, the Paper almost entirely focuses on the funding of non-government schools. We believe this to be a major shortcoming.

We suggest that any examination of the efficacy and effectiveness of public spending on education must consider where and how all of the funds are used, and hence a major focus should be on where the vast majority of public funds are used. Such an analysis is completely absent from the discussion paper. This may reflect a lack of transparent and accessible information regarding government school funding. Until *MySchool 2.0*, a very recent development, there has been little if any basis for a meaningful comparison of school funding across sectors. This has hampered the debate.

A preliminary analysis of the *MySchool* data gives an interesting snapshot of the efficiency of different sectors. On average, CSA member schools have *total* net recurrent income per student comparable with Catholic systemic schools and *less than* the national average for Government schools.

Table 1, CSA analysis of data from My School



Public school principals may argue that they do not manage all of the funding attributed to them on *MySchool*; that decisions about its use are made elsewhere within the system; that they are held accountable but have no little real authority to effect change. Nonetheless the public interest and the purposes of the present Review are served well by asking whether the money allocated within state government systems authorities is producing efficient and equitable outcomes. The clear picture emerging from reviews of the BER funding is that the most efficient use of those funds arose when responsibility for the expenditure was managed at or close to the point of delivery: at the level

of the individual Independent School or within tight, local arrangements such as the Catholic Diocesan Systems.

We consider that in order to meet the Review's objective that *'the funding that is available is equitably distributed among schools,'* rigorous and open analysis must be undertaken in relation to the efficiency and effectiveness of funding arrangements for government schools.

We believe such an analysis is likely to conclude that greater efficiency is likely to be achieved when decisions about the expenditure are made as close as possible to the point of delivery.

DISCUSSION OF "KEY MESSAGES"

CSA agrees that any funding framework must be *'fair, simple and clear in the allocation of and rationale for funding'*.

We agree in general terms that there should be a greater *'focus on educational outcomes rather than system inputs'*, noting however that the determination of educational outcomes remains a highly contentious issue. NAPLAN results alone, for example, are not an adequate measure of outcomes. To avoid a reductionist approach to education any outcomes against which funding is to be allocated need careful and consultative consideration.

If they are to be more closely linked with funding then educational outcomes must also encompass the full scope of the *Melbourne Declaration on Educational Goals for Young Australians*.

If we are truly seeking to ensure that students become *'successful learners, confident and creative individuals and active and informed citizens'* the focus of the education systems and any measurement of outcomes must include all the elements that contribute to such an outcome. We appreciate the challenges of doing so and accept that this may not be possible with sufficient precision. We are, however, even more concerned about the impact of focussing on a narrow range of easily quantifiable *'educational outcomes'* with the resultant risk of effectively reducing the common understanding of success in education to merely those measured outcomes.

A focus on educational outcomes in isolation also has the potential to ignore the varying starting points of students entering schooling; where educational outcomes are appropriate and measurable CSA has consistently promoted a *'value-add'* type of measurement which takes these factors into account.

If greater emphasis is to be placed on educational outcomes this should be in the form of some *'value-added'* type measurement.

Equity of educational outcomes

The Paper states a belief that *'a commitment to equity means that differences in educational outcomes should not be the result of differences in wealth, income, power or possessions'*. CSA supports this objective but considers that a commitment to equity should also include attributes such as race, indigeneity, religion, sex and disability. In relation to religion, international human rights law recognises the right of children to *'access to education in the matter of religion or belief in*

accordance with the wishes of his parents² which, for many adherents of Christian and other faiths, can only take place within a school established upon and operating in accordance with the doctrines, beliefs and principles of that faith. Accordingly in this situation equity can only be achieved when differences in educational outcomes are not the result of differences arising from systemic funding inequalities affecting the school at which it is undertaken, or the lack of an accessible faith-based option.

Enhancing equitable outcomes for families seeking a religious faith-based education requires the provision of equitable funding to support that choice. Funding policy should not be used as a de-facto mechanism to achieve a secularisation of educational provision in Australia.

Christian schools overwhelmingly accept students regardless of their background, circumstances or educational needs. School data indicates that the majority of parents enrolling their children in Christian schools have not themselves had an experience in non-government schools, they are making a choice for a different schooling option that reflects values and beliefs that they hold to be important and formative. Anecdotal evidence suggests that in many cases these parents have already tried other schooling options for their children and have not been satisfied with the outcomes. The high level of pastoral care and support in Christian schools is often seen as providing a solution for children who have struggled in other educational settings.

Any suggestion that Christian schools are seeking to be exclusive or do not seek to serve disadvantaged or marginalised groups within society does not stand up to scrutiny. This not only is the antithesis of a central tenet of the Christian gospel (and centuries of church tradition and history), it is also not borne out by evidence. The average SES score in 2010 for CSA schools was 96.7 which is similar to the Catholic average of 99.6, and below the definitional mean of 100. CSA schools serve the general population as judged by objective socio-economic measures.

Indeed, the greatest limitation upon the ability of Christian schools to enrol greater numbers of students from marginalised groups is the limited funding available to support parental choice. This is addressed further below in relation to students with disabilities and targeted and needs based funding but, simply put, to better support equity across all groups, greater investment is required by governments as current levels of funding to address these needs are simply inadequate.

In addition, if the goal is to ensure that *'educational outcomes should not be the result of differences in wealth, income, power or possessions'* further investigation and analysis is needed of the whole picture, including funding available to government schools. Unlike their non-government school counterparts, their funds are not subject to any wealth test – at least not in a transparent or understandable way. *MySchool* data seems to show an uneven pattern of expenditure across government schools serving similar populations, and this mechanism should be better understood.

Given that the Terms of Reference do not limit the Review, the Paper is inadequate in that it fails to address the funding of Government schools other than in passing. It is disappointing that the paper so quickly dismisses the issue of Government school funding:

² UN Declaration on the Elimination of All Forms of Intolerance and of Discrimination Based on Religion or Belief, Article 5

In these discussions the panel recognised the constitutional responsibilities of the state and territory governments for school education, and that any move to greater coordination or coherence of funding between the Australian and the state and territory governments would require significant consultation and collaboration with the states and territories through its MCEECDYA. (p 21)

Greater analysis of the funding approaches and resources of government schools must be undertaken as a priority by the Panel and made publicly available for consideration by all stakeholders.

Recurrent funding

It is disappointing therefore that the Paper's discussion on the recurrent funding issue focuses almost entirely on the provision of funds by the Australian Government for Catholic and Independent schools. While there is a detailed description of the SES model and the AGSRC, there is no description or discussion about the funding of government schools by states and territories. Any supposed 'lack of clarity and transparency' seen by some in relation to the SES and AGSRC applies equally if not more so in relation to the funding of government schools. The processes and policy that give rise to decisions about state funding of individual state schools are far less accessible than the SES model, yet have a profound effect on the delivery of educational outcomes.

Nonetheless the Paper notes that the SES model "was the focus of most discussion". Given the highly organised and resourced campaign mounted by the public sector union this is hardly remarkable. It should not be given undue weight; nor overwhelm the possibility to thoroughly examine the efficient use of *all* funding in *all* sectors.

With regard to the SES, more weight is given to the voices arguing, in various forms, deficiencies in the model than to those who support it. Some of these purported deficiencies demand closer attention and analysis, in particular the transitional mechanisms: Funding Maintenance and Funding Guarantee. In questioning the value of the SES model the Paper notes that only 52% of non-government schools were 'funded according to their actual entitlement'. This would better be described as 'according to their calculated entitlement' or 'SES-based entitlement' as these terms do not have the pejorative connotations of 'over-funding' implicit in the first statement. In fact, all non-government schools *are* receiving their 'actual entitlement' under the current funding legislation.

This argument also masks the detail of the implementation of the transitional mechanisms in the SES model. Some 7.9% of non-government schools are Funding Guaranteed at their 2008 funding rate without indexation and thus transitioning to the applicable SES-based entitlement. Analysis by the Parliamentary Library³ concludes that the Funding Guarantee mechanism is '*achieving its purpose as a transition measure*'. Effectively 60% of schools *are* funded according to their SES-based entitlements or are transitioning thereto.

The vast majority (82%) of the Funding Maintained schools are Catholic Systemic schools brought into the system in 2004 – relatively recently. Leaving the Catholic systems aside, only 185 independent schools are Funding Maintained (representing 6.9% of non-government schools). This suggests that the current funding model is largely adequate in allocating funding according to an accountable and transparent mechanism. It further suggests that the integration of the Catholic

³ Parliamentary Library Background Note - *Australian Government funding for schools explained*

systemic schools into the system in 2004 (grafting into the SES a very large number of new schools) should have resulted in a recalibration of the SES algorithm to maintain funding at historic levels for Catholic schools, but ensure equity of funding with schools serving similar populations regardless of system status. This would seem to remain a perfectly reasonable option.

Should the Review consider minimal change to be the best option, and there is much to commend the idea, we believe the current SES algorithm should be recalibrated to ensure that schools serving similar populations, regardless of system status, receive equitable funding.

Determining disadvantage

Moving beyond the Funding Maintenance question (which, respectfully, we feel is necessary in order for the Review to fulfil its aims), we note the tendency of the Paper to move from a *socio-economic disadvantage* model to a *socio-educational advantage* model as the basis for calculating equity funding.

In this regard, and without mentioning it by name, the Paper seems to be advocating a shift very similar to that which has taken place through the 2010 ICSEA process.

'Some organisations agreed with the underlying rationale behind the SES funding model, while others suggested a more direct measure of need that was less reliant on census or broad geographic measures should be implemented. A suggested alternative to measuring SES on a geographical basis was the use of individual student-specific information on parental income, occupation and education.' (p 18)

The move to individual data is problematic. The data currently used to calculate ICSEA was not collected for this purpose, and very little process is in place around it. If individual parent data is to become a 'high stakes' factor in school funding then verifiable, transparent and accountable procedures must be put in place to ensure its accuracy. The datasets used would also need to be developed from a standard and consistent data collection rather than the variety of means used for the ICSEA data.

Secondly, we have strong concerns about the way the data was treated in formulating a model. In public debate some groups already have advocated that ICSEA should become the new standard for funding (replacing the SES) – but only for the non-government sector. We would have profound concerns about such a move and could not support it with ICSEA in its current form.

The ICSEA algorithm, by deliberate design, omits or downplays consideration of economic and social need including: employment status, income, NESB and indigeneity. Instead it gives greater weight to parental education attainment. If this became the predominant basis for funding it would directly discriminate, for example, against non-working parents who completed Year 12 or above. Given that cultural factors (including religion) may well be at play in a choice, say, to stay at home while supporting school-age children, this could create a structural funding discrimination against certain religious or cultural groups, and in particular against women.

ICSEA in its current form is entirely unsuitable as a single determinant of funding. ACARA has repeatedly confirmed to CSA that ICSEA was not designed for the purpose and would not be fit for such a purpose.

We certainly acknowledge the value of ICSEA in demonstrating the strong correlation between the educational background of parents and the achievement of their children in NAPLAN. We urge great caution however in basing any funding system on this correlation alone. In addition to the nature of the algorithm (discussed above), we make the following brief observations:

- NAPLAN outcomes are *not* the only valid measure of the national goals for education and indeed (as mentioned above) are very narrow measures;
- ICSEA is measured across all sectors, yet if it is used only to moderate non-government school funding this would create further structural unfairness.

Thirdly, in expressing concern about placing too much emphasis on direct parent data, we would make the point that any future funding model should not eliminate as a factor the *broad socio-economic factors operating within and around a school's geographic location and drawing area*. Broad issues of community capacity affect the climate and environment in which education takes place. Children do not exist in isolation of their communities. Schools are ideally placed to build community capacity by providing programmes that reach deeply into the general community in which they are located. Such programmes currently provided by CSA members or linked to associated churches include parenting groups, early childhood education, adult ESL courses, sporting and performing arts programmes, after school and weekend youth activities and mission outreach locally and to remote locations. The funding formula should not be so narrowly focussed on individual parent data as to miss the opportunity to facilitate and encourage schools that *build community capacity*, serving more broadly than the immediate needs of their direct enrolment base. The formula should also look not only to those students currently enrolled, but those yet to be enrolled, and to this end the funding mechanism should include *incentives for non-government schools to serve the needs of the broad population including less advantaged communities and families*. Christian schools in particular seek to serve in a way that addresses social need. Funding mechanisms that enhance our ability to do so will serve the national interest.

A component of funding for all schools regardless of sector should be related to the socio-economic circumstances of their location and the community from which they draw.

The funding mechanism should include a component that provides incentives for non-government schools to enrol disadvantaged students, and to operate in disadvantaged communities.

One option worth consideration is a 'fully-funded community school' model (discussed below).

Making a difference

Of course, directing resources is one thing; achieving outcomes is another. The significant investment of public funds across all sectors ought to produce measurable outcomes, particularly in addressing equity issues. This is perhaps the key issue for the Review to consider.

As *MySchool 2.0* demonstrates, various funding mechanisms currently in place already skew resources in favour of disadvantaged communities, whether through the application of the various disadvantaged schools programmes in government schools, or through the application of the SES model in non-government schools. Yet in comparison with OECD results in measures such as PISA (which encompasses both government and non-government sectors), it can be argued that Australia consistently falls short of improving outcomes among disadvantaged groups.

Once again this suggests that a more thorough-going analysis is required into the efficiency and effectiveness of current patterns of spending across all sectors in addressing educational disadvantage.

The Terms of Reference envisage an outcome from the current review that would form the basis for a new approach, not based on sector-driven considerations, but taking as its starting point international benchmarks, the needs of students, and the desire for equitable outcomes.

The achievement of such goals is a broad community obligation in a democratic society such as ours. Christian schools take seriously the 'emancipatory' role of education (and have done so since the start of white settlement in Australia).

In achieving the aim of proposing a funding system that transparently supports equity, the review should examine the way in which funds targeted to address disadvantage are allocated within all schools, including those in Government systems.

As demonstrated above, the schools represented by CSA seek to serve a broad cross section of the community, and endeavour to be accessible and affordable to all who seek a Christian faith-based education. However it is acknowledged that even with an affordable fee structure⁴ faith-based schooling is beyond the financial capacity of many families.

An equity measure worthy of consideration is the provision for full funding for disadvantaged students, to enable them to access education in suitable non-government schools. This could operate as short or long term assistance for students meeting a disadvantage test determined by government. Such a process would greatly assist, for example, families in low SES communities who suffer sudden a sudden change in their employment or other economic circumstances. It is universal practice for Christian schools to offer fee concessions for disadvantaged families. With a large percentage of annual cost fixed in terms of wages and capital loan repayments, there is however a limit to the prudent ability of any school to accommodate fee concessions. The availability of full funding for certain disadvantaged students would be beneficial in assisting continuity of education and equity of access for students who qualify.

A welcome equity measure would be the availability of full funding for certain disadvantaged students, available as either short or long term payment to the school of the equivalent government cost (AGSRC or other) to cover their tuition.

In responding to the Paper's discussion of recurrent funding, it should be noted that the lack of equitable funding for the education of students with a disability, and indigenous students, surpass all other considerations, and are dealt with separately below.

Tackling misconceptions

It is to be hoped that a future paper would show a much more detailed picture of how funding is allocated on a per student basis. The current paper does not adequately tackle the misconception that government schools receive less funding than non-government schools. As demonstrated in the

⁴ Approx \$3,500 p.a. on average (MySchool financial data)

most recent Productivity Commission data⁵ per capita government expenditure on government schools is almost double the government expenditure on non-government schools. Over the last decade the expenditure on non-government schools has decreased on an average per capita basis while that in government schools has increased.

The importance of collaboration

In passing, the processes surrounding the development and implementation of the 2010 ICSEA also highlight the critical importance of working closely with key stakeholders, in a collaborative way, early on in the development of any proposed model. Such collaboration can often help to address concerns around issues such as data collection and data integrity. Despite the criticism levelled at the use of ABS Census Data it does have the significant benefit of having robust and tested data integrity measures.

ELEMENTS OF A FUNDING SYSTEM

Despite its shortcomings which, we believe, are mainly due to an historic anomaly, CSA remains supportive of the core design features of the current SES funding model. These should be retained in future arrangements, which ought to include the following elements:

- A basic entitlement for all students (currently at 13.7% of AGSRC from the Commonwealth Government and around 5-6% from State and Territory Governments). CSA believes that the current relativity between the fixed and variable elements of the funding model are appropriate. Any increase in the basic entitlement should not be at the expense of the needs-based component of the 'pool' of available funds.
- Additional funding linked to the relative socio-economic capacity of the parent community *and the community from which the school seeks to enrol students (see above)*;
- Further, assistance for identified additional needs (remoteness and indigeneity);
- A transparent and objective calculation methodology based on independent verifiable data;
- Adjustments to funding should the socio-economic mix of the school community shift, with transition arrangements in the form similar to the Funding Guarantee, where a change of funding is managed over time recognising the need for stability and predictability in funding;
- No penalties or disincentives for private effort; and
- Indexation based on movements in educational costs, not an unrelated and irrelevant index of general price increases.

We would expect these elements to form the cornerstone of any future funding model for non-government schools and, we suggest, are a transparent way of allocating funds within the government school sector.

AGSRC as a comparator

Below we outline our concern about a "funding by exception" model, where non-government school funding largely follows government school costs, without any apparent attempt to identify instead a reasonable benchmark as a basis on which to fund all sectors. With this as a general objection, in the

⁵ Productivity Commission, *Report on Government Services 2011*

event the Review recommends a continuation of an AGSRC-linked formula, we would raise a further concern about the current calculation of this number.

Reports over a number of years have identified shortcomings in the calculation of the AGSRC, in particular through the exclusion of some school expenses. The time lag between cost increases and the resultant funding increases also causes difficulties for non-government schools, which effectively fund those shortfalls during the intervening period.

There is an opportunity afforded by the Review to revisit the calculation methodology of the AGSRC. The recalibration of these amounts to the more realistic figures independently calculated by the Productivity Commission in its annual *Report on Government Services* would provide a better comparator for baseline costs.

Where a comparator such as the AGSRC is used, it should represent real costs, be robust and transparent. The Productivity Commission's methodology is suggested.

TOWARDS A MORE INCLUSIVE MODEL

The current method of funding non-government schools can be described to some extent as 'funding-by-exception'. Government spending on state schools seems largely to be driven by political imperatives and cost increases (mostly due to wages growth). A comparison benchmark is struck (not including all costs – see above), and then a means-related test applied to non-government schools alone.

It is worth asking whether this two-sector approach best meets the needs of the national education effort. With more than one in every three Australian children (and nearly 50% of secondary students in capital cities) now educated in a setting other than a state-run school, is it not time to be less sectoral and more inclusive in the way education provision is conceived?

We argue that a funding model should drive quality provision across the board, recognising the partnership between government and community-based providers in achieving nationally-agreed outcomes for education.

While it is beyond the current resources of this organisation to conduct a full analysis (an indeed the full dataset is not available to us) we do note that, generally speaking, My School 2.0 reveals that:

- in general terms government schools in disadvantaged areas receive a greater proportion of funding that in more advantaged areas;
- no wealth test applies to government school funding (at least not directly);
- non-government school funding generally *is* subject to a wealth test through the SES system;
- the SES system, while a blunt instrument, nonetheless provides that non-government schools in economically disadvantaged areas receive more funding that those serving wealthier populations;
- non-government schools in disadvantaged areas receive less government funding that government schools in disadvantaged areas; and

- the amount of government funding for non-government schools is less than the amount of government funding for government schools serving similar populations.

We urge an open and non-sectarian discussion about a more consistent approach to establishing the amount of government funding (federal and state) for all schools.

Such an approach could have the following features:

1. A benchmark should be established, based on international comparisons, for the provision of quality education in Australia. The Review's own Terms of References anticipate this. The benchmark should be used as the basis for allocating funds in all sectors subject to further adjustments as outlined below.
2. All students should receive a percentage of that benchmark as a basic entitlement regardless of the school they attend or the circumstances of their parents or community.
3. Socio-economic disadvantage component. As discussed above, two different approaches (one for government schools another for non-government schools) currently serve the general purpose of allocating increased funds to socio-economically disadvantaged communities.

Before any further adjustments is applied according to individual circumstances or the type of schooling, an Index of Relative Socio-Educational Need should be developed that would guide the additional allocation of resources within schools serving similar areas of similar socio-economic circumstance.

The Index should include *both socio-economic and educational factors*. The development of such an index should recognise that factors broader than parental income alone provide a meaningful basis to adjust base funding according to needs – including remoteness, local cost of living, the availability of support services, levels of literacy, educational capacity within the general community, and so on.

The current SES is one iteration of such an Index, although applying only to non-government schools. Further analysis should be undertaken to determine whether this would be a suitable index to establish transparent relativities in funding for government schools. At present this means that non-government school communities receive a percentage of the "benchmark cost" (currently the AGSRC), reduced according to the means of the communities from which they draw enrolments.

4. The notional per student funding for all schools should relate to the Benchmark, moderated by the Index of Relative Socio-Educational Need.
5. Further adjustments could then be made according to government policy with regard to non-government school funding, in line with current arrangements.

In the short term, such an approach should not produce results that differ greatly from the current arrangements. *We certainly are not advocating sudden or unplanned change, and would hold both the Federal and State Governments to their various commitments to funding stability.* What we are suggesting is the basis of a model that might provide a more consistent, equitable and even handed

approach to the *future* funding of Australian schools. It could provide the basis for future governments to target funding to specific areas according to socio-educational need and deliver equity programmes more consistently through both government and non-government school providers.

Such an approach recognises that there is a policy imperative to provide additional resources within communities with higher support needs. It is an equity-driven proposal that recognises relative need at a community level, rather than entrenching the artificial notion that *choice* of school surpasses relative need in the allocation of public funds.

In relation to current distribution mechanisms, particularly the National Partnership Programmes, we would make the additional points:

6. There should be a structural impediment to government school system administrators being in a position to determine the allocation of funds to non-government providers.
7. The preferred approach in all jurisdictions is for a statutory funding authority at arm's length from the delivery of government schools. At present, in some jurisdictions, government departments of education both run schools and determine the allocation of National Partnership funds in non-government schools. This at least has the appearance of a conflict of interest.

In general, the development of a funding approach for all schools taking into account funding received from the Australian Government, state and territory governments and private sources is strongly supported. The continued direct relationship of non-government schools to the Australian Government is an essential element to balance the inherent conflict of interest within state and territory governments as both the regulator/funder of education and the dominant provider.

It is also vitally important to ensure that any such arrangements avoid the tendency for state education bureaucracies to adopt a centralised 'one-size-fits-all' approach to funding within the jurisdiction, which seems to have undermined the effectiveness of the National Partnership approach for many non-government schools. Educational innovation and the ability of schools to tailor solutions to local needs is stifled by such an approach.

Fully funded community schools

In this submission we advocate a non-sectoral 'partnerships' approach to meeting the present and future needs of educating the Australian community. In line with this approach **we believe it is time to consider "fully funded" non-government schools as part of the funding mix.**

Internationally there are a number of models to draw on for a fully-funded non-government option. Rather than advocating any particular model, we suggest that work should commence on developing an Australian model for fully-funded community schools (for the purposes of this submission, FFCS).

In such a model community-based non-profit organisations could be licensed by government to provide educational services to meet specific needs in an identified location, with funding equivalent to that provided for educational services in government run (state) schools in a similar situation.

Such schools (FFCS) would be subject to additional funding requirements on top of those required of existing non-government providers.

Examples of FFCSs could be:

- A school licensed to serve the needs of those seeking a particular religious faith-based education in an area where such an option is not currently available.
- A fully-funded non-government 'special' school specifically serving the needs of educating students with disabilities.
- A school targeting disadvantaged students at risk, who have not succeeded in other settings.

In the development of an Australian model for fully-funded schools, consideration should be given to issues of capital investment and ownership. One option is that fully-funded community schools could be established in facilities either owned by or leased on behalf of a State or the Commonwealth.

Fully-funded community schools, because of their firm connection with the community served, would have the effect of creating very strong bonds around the purposes of school education. The benefits would include:

- Fostering strong relationships in the local community around shared values and identified educational aims for their children;
- Providing a model not currently possible in fully-funded (state) schools for the active engagement of parents and community members in school governance;
- Gaining maximum benefit from local expertise in the effective stewardship of scarce resources. (The BER scheme demonstrated the efficiency bonus to be gained from the local management of funds within a fully accountable structure through the efficient use of funds in the non-government sector.)
- Recognising, respecting and further strengthening leadership capacity in local communities both at an educational and governance level.
- Providing options for specialised education (such as faith-based education) for students for whom non-government schools are not a financially viable option.

Christian community groups would be among those keen to further explore the options for FFCS. We envisage that such a school would, by virtue of its special funding, provide for open enrolments (not limited by membership of a particular church, for example). However a school that was funded to provide a particular faith-based educational option, in order to meet this aim, must be able to select staff in a manner consistent with existing faith-based schools. Aspects of the New Zealand system (where schools are funded to provide, for example, a Christian school option, and held accountable under their funding agreement for doing so,) seem appropriate for consideration here.

The Review is encouraged to recommend the development of an Australian model for fully-funded community schools.

SIGNIFICANT ISSUES

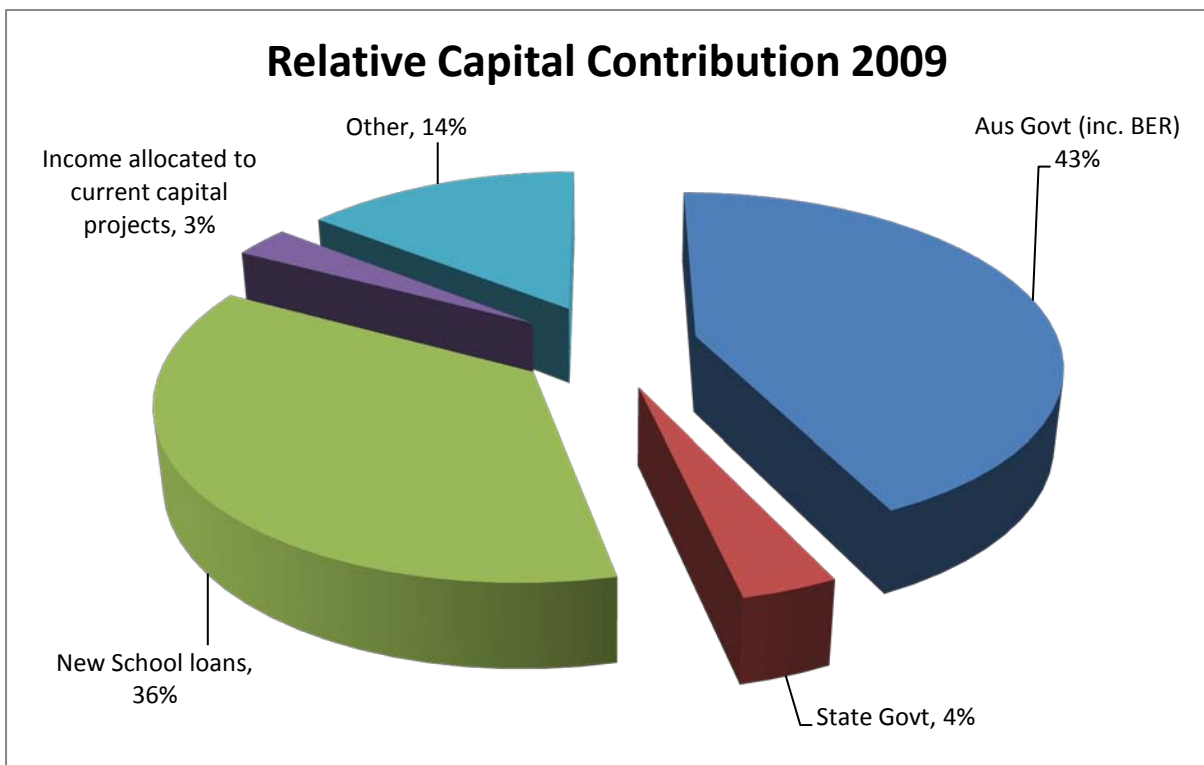
Capital funding

The Paper reflects well the pressures on non-government schools in relation to capital development. It is pleasing to note recognition of the impact of changing educational requirements, the resultant need for refurbishment of capital stock and the difficulties in developing new schools in population growth areas. The contribution by parent communities to the funding of capital developments in non-government schools is, however, not clearly documented in the Paper. Given that this contribution is the dominant source of capital funding for the non-government sector this omission is disappointing.

Analysis of the 2009 data for CSA schools on *MySchool* confirms that sources other than government funding are the dominant source of funding for capital expenditure. This is a combination of new loans (repaid from future income), current income allocated to capital projects and other privately-sourced capital income (such as contributions from associated local churches). Together these elements reflect 54% of the capital expenditure in CSA schools in 2009. Given the effect of the significant Commonwealth BER funding during this period, the long-term share of community investment is even greater.

The relative contribution to capital expenditure as of each of these elements is shown as follows:

Figure 1 Relative sources of capital in CSA schools, 2009



The Paper refers on a number of occasions to the responsibilities of state and territory governments for the 'provision' of education. This has been responded to in part above, with CSA's view being that state and territory government have a responsibility to ensure the equitable *provision* of

education but not necessarily to be the *provider of* that education. This distinction becomes of even greater importance in relation to capital funding.

One option for future funding worthy of exploration by the Panel flows from this distinction and also encompasses the desire for greater collaboration in planning for capital provision. In planning future infrastructure, governments could identify new school sites and allow both government and non-government providers to tender for the construction and operation of the school.

In such an arrangement the State or Territory would discharge its responsibility, ensuring a school is provided on the site, and providing capital funding to allow this to occur. Local communities or non-government providers could utilise this funding in a way that maximises the value for money and delivers the highest quality results.

States and Territories should be encouraged to consider tendering for community-sector involvement in the construction and operation of new schools in new development (growth) areas.

We also suggest the Review give consideration to arrangements that would provide government incentives to enable further private and community sector investment in non-government schools.

Some or all of the current capital grants schemes could be replaced with a federal interest subsidy scheme, or other form of tax-advantaged investment vehicle.

The clear advantage of such approaches is that expenditure by government is leveraged through such schemes to unlock a significantly multiplied capital investment in facilities that meet a public need⁶. Such arrangements are administratively efficient and would reduce the waste through the unavoidable administration involved in current capital grants schemes.

While there is a great appreciation for the operations of the Block Grant Authorities that currently administer capital programs in the non-government sector it may also be timely as part of this review to consider whether alternative approaches to the provision of capital support could be even more efficient.

The Building the Education (BER) program provides some useful example data. The overall efficiency of the non-government sector in delivering capital infrastructure has been clearly demonstrated. Nonetheless, the 1.5% fee to Block Grant Authorities for administration of this program amounted to more than \$74.5 million across the non-government sector⁷.

Current debate indicates that it is more likely than not that in the future, capital funding will increasingly be managed locally rather than through system authorities. If there is to be a shift to more localised management of funds, then the approval, oversight and accountability mechanisms should, as part of a local project-managed approach, also be contestable.

Consideration should be given to allowing alternate approval, audit, accountability and oversight of funded capital projects for all sectors, in order to keep administration costs to a minimum.

⁶ Estimates based on the former NSW Interest Subsidy Scheme indicate a multiplier in excess of 30 times the government expenditure.

⁷ *National Coordinator's Implementation Report*, October 2009

Targeted and needs-based funding

As noted in the Paper there was “universal support for targeted needs-based funding to support educationally disadvantaged students,” with most stakeholders favouring a model in which additional funding is allocated on the basis of a school’s student population rather than as a weighting provided for all schools. This is consistent with the general thrust of CSA’s desired approach.

It is pleasing that the Paper acknowledges the effectiveness of support strategies ‘to address social exclusion’ in improving educational outcomes. The additional point that CSA would make is that an essential element of successful strategies is that they are tied to the community structures of the school. Within a Christian school context this generally includes local churches and other Christian welfare agencies with an ethos and approach consistent with that of the school.

There is some obvious caution, therefore, in relation to the suggestion in the Paper that schools operate in ‘cluster arrangements’ and ‘pool or share funding and resources’. All schools will undoubtedly seek to collaborate at a local level, the key being that these decisions are made at the local level based upon local circumstances. Attempts to force ‘cluster arrangements’ through a centralised process run a significant risk of undermining the actual effectiveness of local operations as the intangible but very real benefits of a particular community taking ‘ownership’ of a problem are lost. A common by-product of this local ownership is increased volunteer and other efforts at the local lever that have a multiplier effect to the actual funding received. In addition the particular circumstances and approaches of faith communities need to be respected.

In developing proposed options for targeted needs based funding we believe that the essential elements include that:

- The funding is student focussed, addressing assessed student need regardless of where the student is being taught;
- Allowances or loadings should be cumulative and multiple disadvantage factors should be acknowledged and addressed;
- In addition to the per capita component(s) there should be an element for schools with significant concentrations of disadvantage;
- Funding should be commensurate with the actual costs involved in adequately addressing the identified need (this is especially important in remote and very remote areas);
- Provision is made for innovation in responses especially in intervention programs, school/community partnerships and other responses outside the traditional classroom needs;
- The administrative burden is kept to the lowest possible amount both at a school and ‘sector’ level. To this end, as in the capital funding remarks (above) access to distribution and accountability mechanisms should be contestable.

In relation to the last point, to date the relatively limited funding available to schools outside the Catholic system in the non-government sector has been managed through state Associations of Independent Schools. Often, significant amounts of these funds have been utilised to allow these organisations to provide a range of services to schools in order to achieve economies of scale. While this may be an effective response in the current context it may not be the most efficient or flexible

arrangement in the context of a new funding regimen. Given the broad scope to review all aspects of funding we would encourage the Panel to consider whether alternative distributive mechanisms for targeted funding may allow equivalent levels of accountability with additional flexibility and reduced levels of administrative overhead.

Distance education

The funding of distance education (DE) is addressed within the context of targeted and needs based funding recognising the high incidence of disadvantaged students that tend to access such approaches. This is, however, only one of many reasons why DE may be the preferred model of education for families. DE is increasingly being used to overcome a range of educational challenges including remoteness, disability, at risk students unable to integrate in a traditional schooling environment and families in non-traditional working arrangements resulting in regular family re-locations.

The flexible delivery of learning programs through DE and other on-and-off campus methodologies, plus the explosion of innovative technologies to enable further developments in flexible learning, are increasingly utilised by a range of schools. This can only be expected to increase and any future focussed funding model must be flexible enough to encourage and support these innovations. These innovations are occurring both in specialist DE schools and in regular day schools, largely at the senior secondary level.

Currently non-government DE students are funded at the minimum (13.7% of AGSRC) level of funding from the Australian Government with *no* funding from States or Territories with the exception of Queensland. In addition the current student definitions used as the basis of determining funding for day schooling require attendance on a daily basis. Particularly for senior secondary students this definition seems increasing anachronistic.

As a general principle CSA supports:

- **improved funding of Distance Education that genuinely provides a full range of support for students, on a comparable basis to day schools;**
- **increased flexibility in the definitions of a full-time student at the senior secondary level to accommodate flexible learning options including online and blended learning.**

Increased support for DE students may also help in a limited way to address the projected need for additional student places over the next decade. While it would be unlikely to be a significant factor in meeting the anticipated demand it may provide a useful adjunct to other measures.

Support for students with special needs and students with a disability

The area of funding in the most desperate need of reform is the funding for students with disabilities and special needs. It is very welcome that the Panel clearly heard the view, from across the sectors, that current funding is inadequate for students with a disability. While being careful to note the potential complexities, the panel has asked for discussion about 'portable funding' models. This approach is in line with CSA's policy objectives and it is pleasing to see the general direction invited by the Paper.

The Paper records the strong support for a common, nationally consistent definition of disability and acknowledges the work of MCEECDYA in this area. CSA heartily endorses these initiatives and we also acknowledge the complexities involved.

CSA is, however, increasingly frustrated at the lack of demonstrable progress in this area. Although there may be weaknesses in the definitions and approach taken in Western Australia in this area it does provide an example of a currently operational approach to supporting students with disabilities that addresses many of the concerns of key stakeholders in this area.

CSA is strongly of the view that the funding of students with disabilities requires urgent government attention and, in all likelihood, significant additional funding.

We advocate a model in which the funding available to support students with disabilities is the same regardless of the school attended.

Our preference is for the immediate adoption of new approach, supported by additional funding, that can then be refined and improved rather than accepting further delays in a quest for a more polished approach. The essential elements of such an approach include that it is:

- Student focussed;
- Portable (based on same funding amount regardless of sector);
- Based on nationally consistent definitions;
- Provides maximum flexibility in use by schools;
- Requiring the minimum, if any, additional accountability beyond the school's general accountability for the expenditure of public funds. We see no reason that administration costs of any funding authority should diminish the funds available to support students in ways identified by the student, their family or carer, and the school concerned.

To achieve these objectives, we believe the following principles should feature in any future arrangements:

- Governments should work towards a common system of classification for students with disabilities (SWD), to apply to all students regardless of school choice.
- The classification system should be based on a limited number of categories and developed around educational support needs.
- The understanding of 'educational support needs' should include the achievement of outcomes for the student, rather than an 'accommodation model' alone (which flows more from ideas of 'managing' a student's disability).
- Parents must be fully engaged in the process of determining potential outcomes for their child.
- Students with disabilities should be assessed against the classification system by suitably qualified professional practitioners.
- The classification system should apply to students in all sectors.
- The additional funding entitlement of the student, based on the classification system, should be the same irrespective of their choice of school, and (in the case of independent schools) should fully flow to the school. The additional funding should be regarded as an entitlement for each the child, and hence be portable.

- The additional funding for SWD should be shared between federal and state governments. Additional funding must be provided to ensure that funds are not drawn away from existing support for students with disability in government schools.
- In addition to schoolbased funding (student entitlements), money should be provided to systems or groups of independent and Catholic schools to strengthen practice in the inclusion of SWD through teacher development in targeted areas of need, such as the education of students with Autism Spectrum Disorders. Such funding should be equitably available across systems and independent settings, and based on current understandings of the level of need in the general population.

Given the practicalities of school budgeting and financial management we understand that some guidelines should be established so that sudden movement of students does not jeopardise reasonable forward commitments of expenditure on the part of an individual school.

Governance and Leadership

It is pleasing that the Paper recognises the importance of the effective governance and leadership in achieving better educational outcomes. While much of the discussion on this issue in the Paper focuses on greater Principal autonomy and local governance in government schools there are also opportunities for improvement and enhancement within the non-government sector.

A key factor in any initiatives in this area is flexibility in programs and support to allow local school level needs to be identified and addressed. There are no simple 'one size fits all solutions' to governance in non-government schools, and centralised programs will not be effective. The process of identifying local needs and possible solutions is an essential part of the process in developing relevant governance support programmes. The Paper mentions the importance of improving teacher quality, and arguably this same imperative should drive strategies to improve quality in other areas of school leadership and operations including school boards or councils and the financial management of schools.

The resourcing of efforts to improve teacher quality, and indeed the other areas mentioned above, should therefore take into account the varying needs and contexts of schools. While there are common skills and competencies applicable across all contexts in non-government schools, the particular distinctives of a school such as the faith or philosophical basis for the school must be acknowledged and accommodated.

The roles of school systems and associations of schools in providing support to schools in these areas should also be encouraged. CSA along with other organisations has an extensive professional development program and other programs and resources to support schools in these areas.

Leveraging the accumulated knowledge-base of CSA regarding member schools and their needs would seem to provide significant benefits, especially given the track record of cost-effective delivery of services. However, there currently is no funding mechanism that would assist CSA in this effort, as current distributive mechanisms for any such development funds are not open or contestable.

Community and family engagement

The role of parents and families as the primary educators is widely acknowledged and supported by considerable research. As discussed earlier, and reflected in the Paper, educational outcomes are often compromised by factors in the home or social environment. Christian schools have always viewed the school community and the associated church community as a vital part of the educative process. Addressing family and social needs is often a critical element in meeting educational needs.

Once of the most effective initiatives in this area is the National School Chaplaincy Program. The flexibility of this program and inherent engagement with the school community that it requires and in turn supports discussion concerns ways that funding might enhance or encourage local community involvement.

CSA considers that the continuation and expansion of the National School Chaplaincy Programme to all schools seeking a chaplain would be a valuable investment into the health and well being of schools and school communities.

Indigenous education

The needs of indigenous people and communities should not need additional comment in this response.

CSA's policy is that indigenous students should as a minimum receive full funding regardless of school or sector.

Full funding should be provided for non-government providers of education in indigenous communities, with measures that encourage local participation in education provision, governance and leadership.

The true cost of providing indigenous education in remote areas must be recognised and fully funded by government.

CONCLUDING COMMENTS

As indicated above CSA warmly welcomes the Review and its broad scope and appreciates the work of the Committee in working towards addressing its broad agenda.

We trust that these comments in relation to the Emerging Issues paper are helpful towards the Panel gaining a broader understanding of the particular needs and perspectives of Christian schools.

This submission is, however, a work in progress. As we understand it, there are significant research projects currently underway that will be vital in informing the shape of further discussions.

We look forward to further interaction with the Panel and the opportunity to provide further responses to specific issues as the process continues.