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**April 2011**

**Report to**

**Review of Funding for  
Schooling**

## **AISSA Response to the Emerging Issues Paper**

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## **EXECUTIVE SUMMARY**

The Association of Independent Schools of South Australia (AISSA) represents the interests of 96 Independent schools with an enrolment in excess of 44,000. This represents 100% membership across South Australia. The AISSA has strong working relationships with other school authorities and interest groups within the Independent sector in South Australia. Member schools and the representatives of the various groups within the Independent school sector have been consulted in the preparation of this submission.

The AISSA believes it is essential that Australia has a well-resourced Government and Non-Government education system, which enables it to meet the comprehensive goals of the *Melbourne Declaration on Educational Goals for Young Australians* (MCEETYA 2008). It is, however, unrealistic to expect schools to overcome long-term entrenched inequality without comprehensive organisational change and additional targeted funding to support the needs of disadvantaged students.

Independent schools offer an excellent investment for governments, producing high quality outcomes from limited government funding, for students from a wide range of social, economic and cultural backgrounds. By all key measures, for example, school retention, senior secondary outcomes and national testing, the Independent school sector is exceeding publicly reported benchmarks established by governments and the community. The success of Independent schooling demonstrates that a highly centralised 'one size fits all' model of school education or school funding is not necessarily the most efficient or effective approach to delivering high quality education outcomes. Indeed, it may be more appropriate for the Expert Panel to look at a range of models within a funding 'system'.

Many Independent schools provide accessible and affordable school options across South Australia and the socio-economic profile of students attending Independent schools is similar to Catholic system and non-systemic schools within the State. The growth of Independent schools is driven by the desire of the community to have choice in education and by parents who wish to educate their children within the context of their beliefs and values. Government funding policies have complemented the desire for choice of schools. The growth in the number of Independent schools has taken place in a regulated environment in South Australia, including school registration and administration guidelines for the planning of Non-Government schools.

A key element to the success of Independent schools is parents choosing to share in the cost of their children's education. All Australian parents have the right to choose how they spend their after-tax income. It is not clear to AISSA why the choice by over one-third of families with school-age children to further contribute to their child's education is seen to be so problematic by some lobby groups.

Independent school families making the choice to contribute to the cost of their children's education, and the success of the Independent school sector, does not, however, abrogate the responsibility of governments to support the education of all Australian students. All governments receive the long-term

benefits of students receiving a high-quality education. Government financial support should recognise the importance of this fact. In addition, it is inequitable that all families do not have choice in education.

All students should receive a base level of government funding to support their education. Funding arrangements should also recognise that some students have different educational needs and require additional resources. Support for these students should not, however, come at the cost of other students. Rather, Commonwealth and State/Territory governments should increase the overall investment of government resources in education to address equity and quality objectives.

It is essential that governments increase funding and access to services for students with disabilities and Indigenous students to address current inequities.

The Australian Government has indicated that it is seeking to establish funding arrangements based on the principles of transparency, fairness, financial sustainability and effectiveness in promoting excellent educational outcomes. Many of the key components of the current Australian Government model (recurrent, targeted and capital) for funding Non-Government schools fulfil these criteria and the key fundamentals of the current arrangements could form the foundation for any future funding system (State and Commonwealth).

There is currently significant inequity in State Government recurrent and capital funding arrangements with South Australian Non-Government schools receiving the lowest per capita recurrent funding across Australian States/Territories and no capital funding from the SA State Government.

The SES model has significant strengths for the allocation of recurrent funding including ranking schools according to socio-economic indicators of need, using an independent transparent data base, transparency of process (with all SES scores for Non-Government schools for example published on the DEEWR website) and certainty of funding over a four year cycle which enables schools to effectively plan. However, we note that the SA State Government per capita/needs funding model, while inadequate in terms of the total pool of available funds, provides a more comprehensive needs based model and some elements of this model, especially the use of school and student profile data, could be incorporated into future recurrent funding arrangements.

The AISSA does not support change to current arrangements for the sake of change. The AISSA is particularly opposed to a standardised integrated model for recurrent and capital funding for all schools, especially one that allocates a 'pool' of Commonwealth and State funds for all schools which would be administered by State governments.

A future funding system should also recognise the strengths of the current governance and management arrangements within the Independent school sector, including the efficiency and effectiveness of the Independent school sector's delivery of Commonwealth funded programs such as Targeted Programs and Block Capital Grants. The SA Independent school sector

provides a benchmark for best practice governance and management of these programs, providing the key benefits of a system, however, with minimal administration costs and without highly centralised bureaucratic processes.

The AISSA notes that the Expert Panel has initiated a project on the feasibility of a Schooling Resources Standard. We are concerned that a resource standard could be used as a threshold beyond which private contribution to the cost of school education will be penalised and act as a disincentive to communities and individuals that may wish to contribute to the overall investment in education.

It is essential that any new funding model contains transition arrangements for those schools negatively affected by any changes and that there is no duplication of regulatory processes across levels of government.

The findings outlined in this submission are based on information and various data sources that indicates the following:

- No South Australian Independent school receives a recurrent per capita allocation from government (Commonwealth and State) sources greater or equivalent to Government schools
- South Australia has the lowest variance across Australia in net recurrent income per student between Catholic, Government and Independent schools
- Currently Non-Government schools in South Australia receive on average about half of the level of per capita recurrent funding provided by both the Australian and State Government
- Predicted per capita expenditure for Government schools in South Australia for the 2010/11 budget period in many cases is well above the available income from all sources for many Independent schools
- The *MySchool* website finance data clearly indicates that in some Independent schools private income is the most significant (e.g. 90%) or a major source of recurrent income (e.g. 47%); in others, Australian Government funding is the major source of recurrent income
- According to the *MySchool* website SA Independent school parents contributed \$253,970,304 toward the cost of school education in 2009, compared to \$156,562,326 contributed by SA Catholic school parents and \$76,221,393 by SA Government school parents. Hence, parents in all sectors share in the cost of school education. In addition, in 2009 other private sources contributed \$34,112,377 to SA Independent schools, \$27,997,170 to SA Catholic schools and \$44,764,249 to SA Government schools
- In some regions across South Australia, Government schools have the highest net recurrent income per student across the three school sectors (inclusive of all sectors)

- South Australia has the lowest average per capita contribution from State /Territory governments to Non-Government schools recurrent income across Australia
- The South Australian Government contributes no capital works funding to Non-Government schools
- An analysis of the correlation of selected domains for the NAPLAN results and the net recurrent income per student, published on the *MySchool* website, indicates a relatively weak statistical correlation
- The SES funding model (excluding Funding Maintenance) distributes Australian Government funding on the basis of independent, quality managed socio-economic indicators
- These strengths are mirrored in the per capita/needs funding model used by the State Government in South Australia to allocate recurrent funds to Non-Government schools based on a wide range of socio-economic indicators of educational disadvantage
- There are significant flaws in the current direct parent data that has been used to calculate ICSEA which significantly limits its validity as a data base for future funding models
- The 2011 BGA capital works funding of \$4,233,730 in South Australia was complemented by \$4,003,164 in private contributions from school communities. Australian Government capital works funding is allocated to schools on the basis of measures of educational disadvantage
- Australian Government Targeted Program funds are also allocated to Independent schools in South Australia on the basis of measures of educational disadvantage and government policy priorities
- The Government sector in South Australia receives the most significant proportion of National Partnership funds across the three school sectors.

## **Key Elements of a Funding System**

The AISSA supports a funding system that:

- acknowledges that both Australian and State governments have a responsibility to contribute to the cost of educating children across all schools
- protects arrangements for government funding to all schools, via legislation and associated regulations
- enables separate funding agreements to be established between system authorities and non-systemic schools within the Independent sector and the Australian Government and the relevant State/ Territory governments. This applies to recurrent, capital and other externally funded programs
- applies equity principles consistently across school sectors
- supports equity and excellence in education
- incorporates an Australian Government recurrent funding model for Non-Government schools that has a base per capita level of government funding and a needs component based on the socio-economic background of each school community and other school and student based characteristics
- uses the average cost of educating a child in a Government school as the common mechanism for determining the per capita recurrent needs funding allocated to each Independent school
- acknowledges as a positive attribute the willingness of parents and others in school communities to contribute to the cost of educating children
- provides Australian Government targeted funding and programs to address educational disadvantage and enhance excellence in education using existing direct funding agreements between the Australian Government and the existing Independent school and recognised school authority governance and management structures
- substantially increases the level of government funding to students with disabilities and allocates funding at the same level, regardless of the school sector attended
- provides consistent access to services for students with disabilities, regardless of the school sector they attend
- explores the feasibility of allocating recurrent per capita government funds at the agreed secondary per capita rate for Year 7 across Australia

- allocates State Government recurrent funding in a fair manner across Australia with South Australian Non-Government schools receiving equivalent to the Australian per capita average for recurrent funding across States/Territories
- provides certainty in funding levels by establishing at least four year funding agreements to enable systems and schools to budget and plan for the future
- is based on independent, transparent and quality managed data bases, such as the ABS Census Collection
- has transparent mechanisms for supplementing recurrent, capital and targeted programs and projects in real terms
- includes transition arrangements for schools negatively affected by any change in the funding level which do not result in loss of funding in real terms
- retains the existing best practice governance and management arrangements via direct funding agreements between the BGA and the Australian Government for the range of capital works programs that apply to the Independent school sector
- does not duplicate regulatory processes across levels of government or programs
- has clarity of purpose and transparency about the calculation of any Schooling Resource Standard and that any standard does not result in progressive loss of government funding in real terms as a result of the raising of private income by school communities.

## **1.0 CONTEXT DISCUSSION**

The AISSA welcomes the opportunity to respond to the Review of Funding for Schooling: Emerging Issues Paper and appreciates the commitment of the Expert Panel to conduct the review in a constructive and transparent manner. This is a significant review for Australian schools with potential wide-ranging implications.

The AISSA is a member of the Independent Schools Council of Australia (ISCA) and has contributed to the detailed written submission provided by ISCA. This comprehensive submission provides substantial background information which challenges many of the assertions of lobby groups opposed to current funding levels for Independent schools. We are also aware of the submission presented by the Independent Education Union (South Australia) which incorporates 54 responses from separate IEU Branches that detail school based resource issues and challenges facing local school communities. This set of case studies represents the diversity of school communities within the Non-Government school sectors.

We acknowledge that the above issues paper is a reflection of what the Expert Panel has heard from its wide ranging consultation and does not necessarily represent the views of the Panel. We also note that the Panel is now seeking further input on the issues raised in the paper and potential options set out in the paper. We consider that the next step in this review must progress discussion of future funding arrangements for schools based on actual facts, not views and perceptions that continue to hamper constructive debate on this significant topic.

The AISSA has taken the opportunity to identify those areas that its membership considers have not been adequately covered or not covered at all in the paper. In this context the AISSA considers that the issues paper:

- does not acknowledge the common accountability and policy framework across school sectors based on the National Education Agreement, system funding agreements and non-systemic school funding agreements. The *Schools Assistance Act 2008* provides the legislative link to the National Education Agreement in relation to the accountability requirements for Non-Government school systems and non-systemic schools. The section (pp 13-14) in the Emerging Issues Paper on Non-Government schools does not recognise this common overarching framework across school sectors which still enables diversity in the governance and management of schools
- notes the low achievement of students in the bottom proficiency bands of international tests, (in particular, among disadvantaged students) and the decline in the proportion of students at the higher proficiency bands, particularly in reading. However there is little in the paper to link these **two** key challenges to a funding model or system that will ensure Australia has an equitable and high standard education system, regardless of the school sector the students attend

- focuses on the perceived weaknesses of the current Federal funding arrangements for Non-Government schools, however, does not identify the strengths of the existing SES model, which will be outlined in this submission
- outlines the diversity of the socio-economic profile of communities associated with Independent schools (p 12) but does not acknowledge that the same applies to Catholic schools
- fails to outline the funding arrangements used by State governments to distribute funds across government school systems, which may or may not meet the definition of equity as outlined in the issues paper. There is no public transparency of these arrangements in South Australia
- examines the role of systems but does not identify other governance arrangements, which provide services and advice to schools, such as AIS's where members pay an annual subscription for a range of services and the organisation manages externally funded programs on behalf of all Independent schools
- outlines the arrangements involving recurrent and capital works funding but says little about the importance of parent and wider school community contributions to the cost of educating children
- refers to the almost universal concern about the lack of transparency of current funding arrangements across sectors. The AISSA considers this applies particularly to government school systems and individual schools.

There was general agreement across the Independent sector in South Australia with the broad definition of equity as outlined in the paper. However, there is concern about the expectations placed on schools by governments and various lobby groups within the community to resolve complex and deeply entrenched social and economic problems without the provision of adequate levels of funding and access to appropriate resources and expertise.

Addressing inequity in education outcomes should also not inhibit choice of schools across the socio-economic spectrum and nor should particular groups of schools (e.g. Catholic system schools) have a discrete funding arrangement which would disadvantage students and schools in other sectors or groups/systems. This would not be equitable.

Independent schools educate students from a range of social, economic and cultural backgrounds, including a large number of young people experiencing significant educational disadvantage. Educating students experiencing educational disadvantage is not the bastion of one particular school sector and we again emphasise that this funding review should not be based on outdated perceptions of the profile of each school sector.

Independent school families reduce education costs for governments by choosing to share the cost of education. The sharing of the cost of school

education across levels of government and school communities should be considered in a wider policy context given the challenges facing Australia with an ageing population and the demands this will place on government resources. The willingness of parents and others in school communities to share in the cost of education of their children, across the socio-economic spectrum, offers many social and economic benefits to society, in addition to reducing costs for governments. The Independent sector has provided accessible and affordable options for many communities across South Australia. This is clearly demonstrated by the finance data placed on the *MySchool* (Version 2.0) website.

It is unclear from the Emerging Issues Paper how the review will consider the financial contribution of parents in any new or revised funding model or models. The *MySchool* website clearly demonstrates that in many Independent schools private contributions are either the main source of income (e.g. 90%) or a major source of income (e.g. 47%). In other schools the contribution is relatively small (e.g. 6%) compared to government funding; however, this is still significant for those communities.

Government funding from both State and Commonwealth governments to at least the current levels is essential to maintaining this positive characteristic of the school system in South Australia.

It is important for the Expert Panel to acknowledge that other groups across the community, including industries outside education and other not-for-profit organisations also contribute financially to the education of disadvantaged students. This applies across all school sectors, not as some lobby groups imply solely to Non-Government schools.

The AISSA acknowledges the enormous task for the Expert Panel in developing a funding model or funding system for all Australian schools particularly given the disparity of funding levels for Non-Government schools allocated by States/Territories and the differences in underpinning philosophies and governance arrangements between Government and Non-Government school sectors.

There remain also a range of constitutional issues and potential political differences across States and Territories which may limit the development of one unified funding model across the nation. Reform of the health portfolio funding arrangements has demonstrated the potential administrative and political complexities of attempting to establish a standardised single integrated funding model across States and Territories for all schools.

In this context we note that the Access Economics consultation paper (*Assessing existing funding models for schooling in Australia*) makes a distinction between a **funding model**, which could encompass distribution channels, the formulae that underpin allocations, as well as funding administration and any conditions governing use by funding models, and a **funding system** which may comprise a single funding model or multiple discrete funding models that interact, given the regulatory and policy environment, to determine ultimate funding outcomes.

The above definitions draw attention to other important aspects of the funding review beyond the actual funding allocation formula, in particular, distribution and administration of the funds. The AISSA believes it is essential that Australia has a well-resourced Government and Non-Government education system, which enables it to meet the goals of the *Melbourne Declaration on Educational Goals for Young Australians*. To achieve these aspirational goals will require more effective and efficient administration of current funding and increases in funding to achieve equity for some disadvantaged groups, in particular students with disabilities and Indigenous students. The ambition to achieve a world class education system should also not be ignored in the focus on disadvantaged students. Investment of funds in education must link equity and excellence to drive change.

In establishing the funding review the Australian Government has indicated that it is seeking to establish funding arrangements based on the principles of transparency, fairness, financial sustainability and effectiveness in promoting excellent educational outcomes. Many of the key components of the current Australian Government models (recurrent, targeted and capital) for funding Independent schools fulfil the above criteria, although some of these underpinning principles have been compromised by political concessions over many years. The strengths of the current arrangements should be built into any new arrangements.

A funding system based on consistent principles should be the foundation of any funding model (s). The following principles should form the foundation of any new funding system:

- all students should receive a base level of government funding to support their education
- some students with different educational needs require additional resources (funds and access to appropriate expertise) to ensure they receive equity as defined in the issues paper. However, support for these students should not come at the cost of other students. Rather, Commonwealth and State/ Territory Governments should increase the overall investment of government resources in education to address equity objectives
- these additional resources should be directed via the recurrent funding arrangements to acknowledge the additional costs in supporting these students and to school authorities through various funded programs to provide a range of services to support schools to enhance the educational outcomes, (e.g. professional development, access to expert advice, direct grants to schools).

It is essential that the Expert Panel be provided with the total picture of government funding (including all the externally funded programs) across schools and sectors to ensure that the whole picture of the distribution of government funding is considered in devising a new funding system. In addition, the formula for the distribution of these program and project funds across school sectors should be made public. This includes AGQTP, Drug

Education, Values Education, National Partnerships, Targeted Programs, Capital Works, and other funded programs.

The release of financial data on the *MySchool* website confirms that the Commonwealth SES model allocates Australian Government recurrent funding according to need when examined on a per capita basis across Independent schools. The same can be said of the SA State based per/capita needs funding model for Non-Government schools and other Australian Government funded programs such as Targeted Programs. The data, moreover, contradicts the erroneous claims that assert high levels of government funding are allocated to Non-Government schools.

Feedback from member schools indicates that the SES model has significant strengths including ranking schools according to socio-economic indicators of need, using independent ABS Collector District census data as a base for calculating the SES score, the transparency in the process with all SES scores for Non-Government schools and other information published on the DEEWR website and certainty of funding over a four year cycle which enables schools to plan. The key fundamentals of the model remain a relatively fair way to allocate recurrent funding.

The SES model was a significant improvement on the previous ERI model which was seen to be overly complex, subject to manipulation and penalised parent and community contribution. The AISSA does not support a return to a model such as the ERI.

The issues paper states ‘... the panel is of the view that there is clearly a need to look further at a range of different funding options to see whether they might be viable alternatives which could complement or improve existing recurrent funding arrangements (pp 19-20).’

Options worthy of consideration which could complement existing arrangements include:

- increasing the number of points on the SES scale which receive less per capita at the higher end of the continuum and increasing the per capita allocation for SES scores below the current maximum point
- increasing the criteria used to calculate the SES score, including some direct student data (such as number of students with disabilities, Indigenous students, etc). This would enhance the equity component of the funding arrangements.

There is considerable scepticism among member schools about a funding arrangement where Australian Government and State and Territory government funding is pooled ‘... in order to achieve greater coherence in funding approaches for government and non-government schools at the state level’ (Emerging Issues Paper, p 21). The AISSA remains strongly opposed to such a standardised integrated approach to recurrent and capital works funding across school sectors. The negative experience with the centralised State Government based administration of the Smarter Schools National Partnerships has strengthened this opposition.

We note that the Expert Panel has established a project to explore the feasibility of developing a Schooling Resource Standard. At this stage it is not clear from the Emerging Issues Paper how the Expert Panel intends a resource standard to be applied in any funding model (s). A resource standard could, for example, be a measure of what it costs on average to educate a child in an Australian school and used as the base to determine the proportional per capita allocation distributed to schools according to an agreed socio-economic formula. Alternatively a resource standard could be used as a benchmark for the income per student from all sources that a school should have access to in order to provide an appropriate standard of education.

The AISSA is opposed to a Schooling Resource Standard that incorporates the contribution from parents. The raising of private income benefits the school well beyond the additional funding. It is connected to strong community relationships and enhances voluntary in-kind contribution to the school.

The AISSA reiterates its concern that a Resource Standard could be used as a threshold beyond which private contribution to the cost of school education would be penalised and act as a disincentive to communities and individuals that may wish to contribute to the overall investment in education.

The SA Independent school sector provides a benchmark for best practice governance and management of government funded programs outside the school system administration arrangements, such as Targeted Programs, Block Grants (capital works), and AGQTP. In addition, the AISSA provides a client focused service to schools and system authorities within the sector, enabling schools to access professional expertise and knowledge across the spectrum of educational areas. These governance and management arrangements achieve the benefits of operating as a system but differ in that they can encompass schools which are members of a system and also non-systemic schools, and still allow significant individual autonomy.

The AISSA's administration of both Targeted Programs and the BGA is characterised by high levels of transparency. External auditing is undertaken of both the financial data and program administration processes. There is also a high level of prescription regarding how schools can use the funds. Central to the effectiveness of the AISSA's management of external funding is the continuation of a direct funding relationship between schools and systems and the funding provider.

The AISSA welcomes the National Partnership funding. However, it has significant concerns regarding the bureaucracy attached to the administration of the programs particularly the highly centralised State Government administration of the programs. The efficiency and effectiveness of management of Targeted Programs in the SA Independent sector is in direct contrast to the National Partnerships' governance and management model which has been characterised by bureaucratic structures, and micro management. The AISSA would not support a National Partnership model as a replacement for current funding arrangements unless it was based on the BER model which enables the South Australian Independent school sector BGA to

communicate directly with the Australian Government and to receive the funds to administer on behalf of Independent schools in South Australia.

The AISSA remains concerned about the myth perpetuated by opponents of Independent schools that they are not accountable for the public funds they receive from governments. The Independent school sector is already highly regulated and would not support increased regulatory burdens linked to new funding arrangements. The funding review should not be used as a tool to increase the regulation of Independent schools.

It is essential that any new funding arrangements provide certainty for all schools to enable long-term planning and budgeting. The current funding cycle of four years is considered to be appropriate, although a longer term with a built in review process is worthy of further consideration.

Transition assistance must be provided to support schools and school authorities that experience a real reduction in government funding as a result of new arrangements in order to limit a reduction in services to schools and generate additional financial burden on families.

## **2.0 FUNDAMENTALS OF INDEPENDENT SCHOOL EDUCATION**

### **2.1. About the Independent School Sector**

#### ***2.1.1. Overview***

The Independent school sector offers choice and diversity to families across a wide range of social, economic and cultural backgrounds and is an integral part of the South Australian education system. The approach of Independent schools to governance and management demonstrates that a highly centralised 'one size fits all' integrated model of school education is not the most efficient or effective approach to delivering significant policy reform and high education outcomes.

The autonomy of Independent schools and system authorities from centralised government bureaucracies is seen as a fundamental strength of the Independent sector. It enables individual schools and school authorities to be responsive to government policy and to efficiently use all sources of funding.

This arrangement fits within a common policy and accountability framework provided by legislation and funding contracts.

SA Independent schools are not-for-profit organisations and are recognised as charities for tax purposes. Consequently they are required to function within the legislative and regulatory framework relevant to not-for-profit organisations. Strong local governance arrangements are essential for effective and efficient use of resources.

Independent schools are by their nature self-governing and as such able to make decisions across all areas of operation that support and further their underpinning vision and aims. In accordance with their established core values, they are relatively free to respond (within the established legislative and regulatory framework) to the needs of their communities, cultivating relationships with all stakeholders in a manner that sustains continuing enrolments. Parents are clearly indicating through enrolment growth that they value the role of Independent schools.

The Independent sector exceeds benchmarks across a range of recognized measures such as retention rates (95-100%), senior secondary outcomes and national testing (See Appendix I for NAPLAN results).

The Emerging Issues Paper indicates respondents generally acknowledged that educational outcomes are not influenced by the level of funding alone and that funding is an enabler of educational outcomes.

Increasing the local autonomy of schools within government school systems is a central policy of both Federal and some State Governments. The governance and management approaches within the Independent school sector represent good practice in local autonomy both within a system and across non-systemic schools.

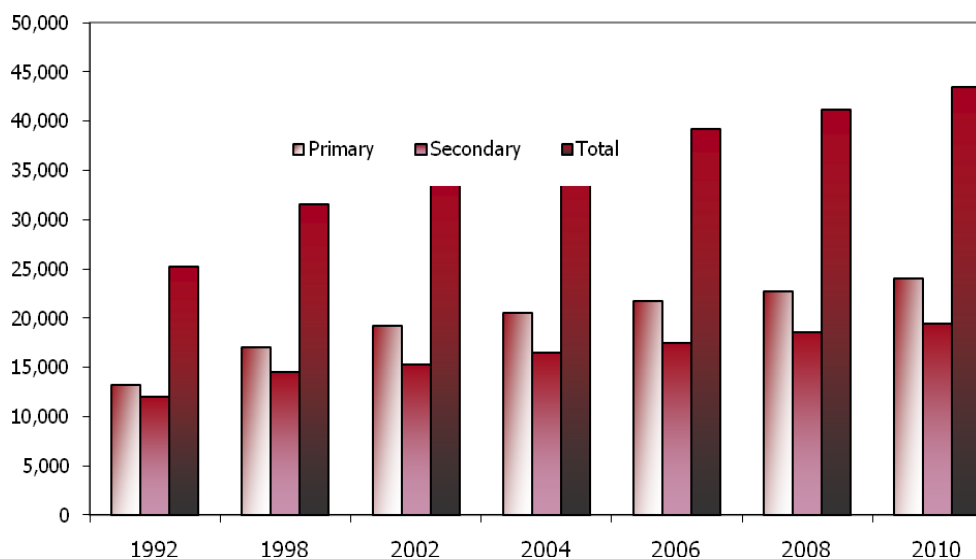
**2.1.2. Enrolment**

According to the latest ABS data the South Australian Independent sector educates 15.8% of South Australian primary students, 19.8% of senior secondary students and 22.6% of Year 12 students. The Independent sector is also a significant provider of education to Full Fee Paying Overseas students (FFPOS) and a contributor to Australia’s international education market with 526 students currently attending SA Independent schools.

The SA Independent school sector has experienced a significant increase in enrolments rising from 25,180 in February 1992 to over 44,000 in August 2010 (Non-Government Schools Secretariat Census of Non-Government Schools, 1992 – 2010).

**CHART I**

**Growth in the Number of Students in South Australian Independent Schools between 1992 - 2010**



(Source: ABS 2002, Advisory Committee on Non-Government Schools February Census 1992-2010)

It is simplistic to suggest that the shift in enrolment toward Independent schools is solely a direct result of Australian Government funding. Government policies have widened the opportunity for more parents from lower to middle socio-economic areas to choose Independent schools. State and federal political parties have acknowledged the principle of parental choice of school as a key characteristic of the school system across Australia. However, the growth in enrolment has been occurring over several decades, regardless of the major political party in government. Consumer choice across a wide range of services such as hospitals, child care, employment agencies, welfare services etc, has become a characteristic of Australian society and in the case of schools it is parents that have driven the demand for choice. This has been

supported by government funding which has enabled accessible and affordable options to be available to communities across South Australia. (See Appendix II for distribution of Independent schools across South Australia).

Most parents choose Independent schools because of their positive qualities and not because of perceived deficits in the Government school sector. A recent survey commissioned by the AISSA in collaboration with the Association of Independent Schools of NSW and Independent Schools Queensland found that Independent schools were 'well regarded' by the general public, with 75% expressing positive views, increasing to 94% for those whose children attend an Independent school' (UMR Research 2010).

A study undertaken on behalf of the Independent Schools Council of Australia (ISCA) by Colmar Brunton also indicated that parents identified a range of positive attributes of Independent schools including:

- Good teachers
- Disciplined environment
- Good facilities
- Educational excellence
- Supportive and caring environment
- Teaches and reinforces moral values
- Smaller class sizes
- Safe environment
- Child treated like an individual
- Stable environment
- School pride
- Good principal\school leadership (ISCA 2008).

The growth of Independent schools is driven by the desire of parents and communities to establish schools based on their beliefs and approaches to education of their children. Government policy complements that desire for choice and diversity within the school system. The UMR Research indicated that an extremely high level of respondents to the survey (88%) agreed that the Australian education system should be a mix of Government schools and schools operated by the not-for-profit sector.

The growth of Independent schools in South Australia has occurred in a regulated environment including meeting school registration requirements (approved curriculum, safety and welfare of children and long term financial viability) and a review of the possible negative impact on the enrolments of

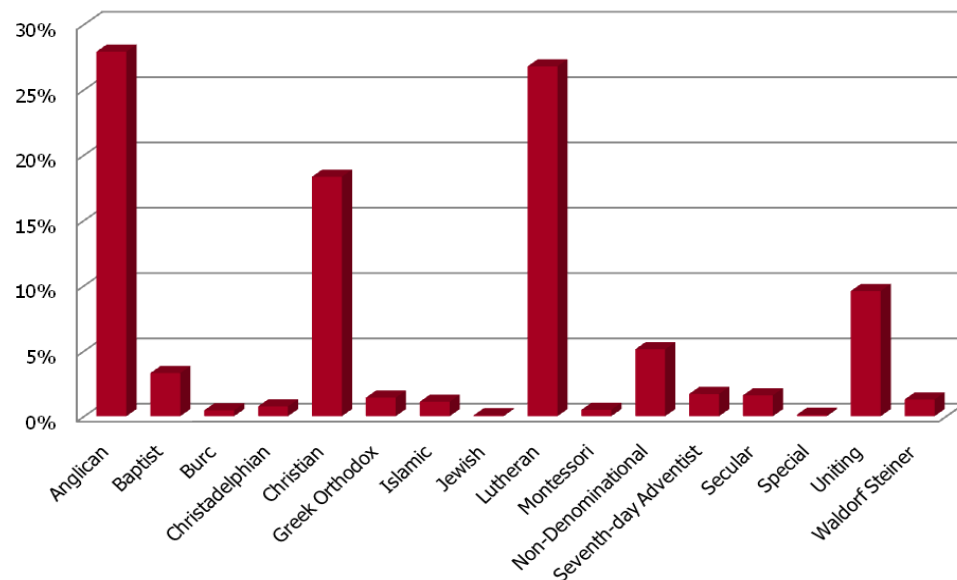
existing schools within the present and future demographic profile of the potential catchment area.

**2.1.3. Diversity**

South Australian Independent schools educate students within a curriculum underpinned by a diverse range of religious affiliations (Anglican, Baptist, Christian, Christadelphian, Greek Orthodox, Islamic, Jewish, Lutheran, Seventh-day Adventist, Uniting) and educational philosophies (Montessori, Waldorf Steiner). The sector also includes a number of secular schools and a special school which educates students with severe intellectual disabilities.

**CHART II**

**Percentage of South Australian Independent School Students by Schools’ Religious Affiliation and Educational Philosophy 2010**



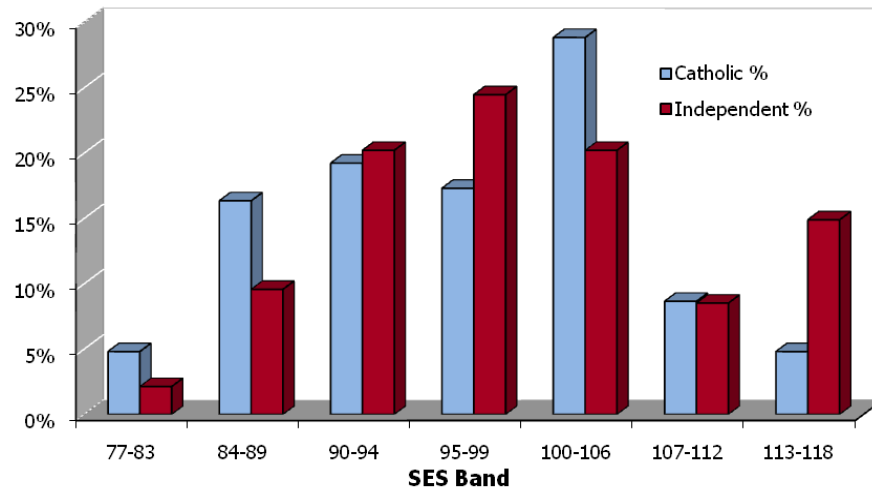
(Source: February Census, Advisory Committee on Non-Government Schools 2010)

The diversity of Independent schooling options and the growth in Independent school enrolments demonstrates that the community values choice in education.

The majority of Independent schools are located in the middle socio-economic bands. As the following chart demonstrates the bulk of schools in both the South Australian Independent school sector and the Catholic school sector serve middle socio-economic communities according to the SES model, with 65.4% of Catholic schools and 64.9% of Independent schools having an SES score between 90 and 106. This is also reflected in the SA State Government measure referred to as the Index of Disadvantage (discussed at 4.3.2). A comparison of the Catholic sector’s socio-economic profile is useful given that many politicians, and some in the media and wider community, believe that

Catholic schools cater predominantly for families from lower socio-economic backgrounds.

**CHART III**  
**Percentages of South Australian Catholic and Independent Schools by SES Band 2009-2012**



(Source: DEEWR 2008)

Independent schools educate students from across a wide range of social, economic and cultural backgrounds. The Emerging Issues Paper gives little acknowledgement that Independent schools educate students from lower as well as middle to high socio-economic backgrounds and also educate a significant number of students experiencing educational disadvantage including:

- 4,941 students (11.2% of total enrolments) on School card<sup>1</sup>
  - 1,309 students (3% of total enrolments) with a disability (under Commonwealth definitions)
  - 6,313 students (14.3% of total enrolments) with Learning Difficulties
  - 506 Indigenous students (1.1% of total enrolments)
  - 3,163 students (7.2% of total enrolments) with a language background other than English
  - 803 Boarding students
- (Source: Advisory Committee on Non-Government Schools, Census of Need 2010)

<sup>1</sup> The South Australian School Card scheme provides assistance parents/caregiver of low income earning families with the costs of materials and services charges and other educational costs.

The Index of Community Socio-Educational Advantage (ICSEA) values located on the *MySchool* website (Version 2.0) show the lowest ICSEA value for the Independent sector is 645.19 and the highest is 1217.71.

## **2.2. The Role of the AISSA as a Service Provider**

The AISSA provides a range of services to its member schools including:

- Advocacy
- Representation
- Advice and information
- Preparation of policy and procedures
- Research and analysis, including data collection and collation
- Professional development
- Report and submission preparation
- Complaints handling from the wider community.

These broad services cover the following areas:

- Curriculum
- Funding
- School governance
- Human resource management –including industrial relations and OHS&W
- School leadership
- Legislation and regulation
- Legal matters
- ICT management of externally funded programs
- Promotion of the Independent school sector-locally and overseas
- Administration support
- Compliance and risk management.

Member schools pay for the above services, through an annual subscription based on student enrolments per school.

The AISSA has a formal Committee structure that incorporates the key school authorities and interest groups within the Independent school sector. It works closely with the key system authorities (e.g. Lutheran Schools Association, Adventist Schools Australia) and non-systemic interest groups (e.g. Christian Schools Australia) in the sector to facilitate the best outcomes for all Independent schools and their students.

The AISSA administers many externally funded programs on behalf of all Independent schools in South Australia and has several funding agreements predominantly with the Commonwealth Government. The level of support services to schools, especially in providing programs for students from disadvantaged backgrounds, is significantly dependent on Australian Government funding.

Approximately 80% of AISSA staff positions are dependent on this source of Government funding. Apart from funds to support the implementation of the new senior secondary certificate, the State Government provides no financial support to the AISSA.

There is a high degree of cooperation between the AISSA, Catholic Education Office and the Department for Education and Children's Services in South Australia to ensure the common interests of the sectors are strongly presented to the State Education Minister. However, the difference in governance and management structures, particularly with the centralised administrative structures within the Government school sector, are not suited to the service driven relationship between the AISSA and its member schools.

The above outline illustrates how a service organisation such as the AISSA provides another model of providing support to schools over a wide range of services, similar to the functions of a school system. Further details are provided in other sections of this submission.

### **2.3. Key Summary Points**

The Independent school sector offers choice to families across the socio-economic spectrum.

High standard education outcomes are not achieved solely by increased levels of funding.

It is simplistic to suggest that increased enrolments within Independent schools are solely a product of government policy and the SES funding model.

The Independent school sector provides accessible and affordable school options across South Australia. The growth of Independent schools is driven by the desire of the community to have choice in education and by parents' wish to educate their children within the beliefs and values.

In South Australia the socio-economic profile of students attending Independent schools is similar to Catholic system and non-systemic schools. Independent schools educate children from lower-middle and high income families and children with a range of educational disadvantages.

The AISSA is a service provider and is similar to systems in the services it provides to support schools. Its approach to governance and management offers an alternative model of service provision to schools that do not wish to be part of an approved system as well as schools within systems.

## 3.0 EQUITY OF EDUCATIONAL OUTCOMES

### 3.1. Overview

Schools remain one of the most important social institutions among communities in metropolitan and country areas. They are often seen by governments as agents to eliminate disadvantage and to facilitate the achievement of social and economic objectives. However, there are many significant gaps between the intent of policy and legislation and the lack of availability of resources to achieve defined outcomes. This applies to schools across all sectors. The most glaring example of this situation is the significant variation in the availability of funds and services to support the education of students with disabilities and learning difficulties.

The impact of differences in wealth, income, power or possessions on educational outcomes cannot be overcome by schools alone. These inequalities are embedded in society and vary in their impact across communities.

Apart from governments many other groups seek to place demands on schools to achieve their objectives, including health agencies, industry groups, social welfare agencies, mental illness agencies, road safety agencies, etc. These demands are often linked to education programs which are required to be delivered in schools with little or no additional funds or access to expertise.

The Emerging Issues Paper does not identify the emerging characteristic of the increasing demands being placed on schools and how this could be incorporated into a new funding system.

Equity is a focal point of debate about funding of schools and other education and training services. It underpins much of the Federal Government's education policy and is embedded in the *Melbourne Declaration on Educational Goals for Young Australians* and the National Education Agreement. This flows into the funding agreements for Independent systems and non-systemic schools resulting in consistency in the accountability framework across all schools, regardless of the sector.

In addition, the education policy and strategies of the State Government in South Australia are also underpinned by notions of equity (e.g. social inclusion policies, support for students with disabilities and school retention strategies).

The funding formula used to allocate State funds to Non-Government schools is underpinned by needs based principles which are consistent with the expert panel's definition of equity. The formula acknowledges the multi-dimensional nature of inequality and disadvantage. Additional funding allocated to Non-Government schools at the last two State elections has been targeted to various groups of disadvantaged students such as students with disabilities, New Arrivals and Indigenous students and families eligible for School Card (family income test).

Central to the Independent sector's notion of equity is **fairness** and **inclusion** as it applies to access to government funding and some

government services. Most governments, State and Federal, have accepted that parents should have access to a school of their choice, even if there are some regulatory and administrative limitations (e.g. school registration and school planning for Non-Government schools and school zones for Government schools).

In this context we argue that access to at least a base level of government funding, however that may be determined, must be an integral part of any new school funding system. All parents, all tax payers, deserve a contribution to their child's education.

There are significant variations in the level of government funding and access to government services for disadvantaged students enrolled at Independent schools. For instance, in South Australia some government services for students with learning difficulties, such as speech pathology, have been withdrawn from students attending Independent schools in country regions. **The Expert Panel should examine the inequalities in the access to support services for disadvantaged students across school sectors and State/Territories.**

These inequalities across Australia should be addressed by this review.

### **3.2. Definition of Equity**

There was general agreement across the sector regarding the Expert Panel's definition of equity. However, the variables outlined in the definition that may generate differences in educational outcomes should not inhibit choice of schools across the socio-economic spectrum and nor should particular groups of schools (e.g. Catholic system schools) have a discrete funding model which would disadvantage students and schools in other sectors or groups/systems. This would not be equitable.

**There is a tendency in discussions of equity to focus on all students meeting minimum standards. The AISSA does not consider that this will necessarily lead to a 'world class' education system. Rather the focus should be on excellence and improving outcomes for all students. This will better place Australia in the future.**

There is a significant focus in discussions surrounding equity on results in OECD testing such as PISA and TIMMS. In addition, governments are increasingly concerned with measurable results, hence, the current focus on reporting NAPLAN testing results. These tests are useful indicators of performance. However, the focus on these measures ignores the reality that a significant proportion of the education outcomes for students extend beyond a narrow range of skills and knowledge incorporated into national and international testing.

**We need greater clarity about the wider purposes of education and the associated educational outcomes to ensure the new funding arrangements enable school communities to meet the wide expectations placed upon them by governments and interest groups in the community. The breadth of**

education objectives outlined in the *Melbourne Declaration* would be a good starting point.

It is essential that the Expert Panel broaden out the notion of educational outcomes in its review of equity beyond the narrow focus which is emerging in the Emerging Issues Paper and as evidenced by the data promoted on the *MySchool* website.

**3.3. Enhancing Equity**

As noted above the SA Independent school sector supports students and families from a wide range of social, economic and cultural backgrounds. All students regardless of background deserve some government financial support to enhance their educational outcomes in terms of quality and achievement.

It should be noted that it is society that generates inequality and not solely schools. As a consequence it is unrealistic to expect schools to overcome long-term entrenched inequality without broader societal action. Numerous attempts to link different portfolios (health, welfare, education) have achieved limited success with departmental barriers generating inefficiency and inaction.

It is clear that increased funding does not alone lead to enhanced outcomes for students experiencing disadvantage or to overall improved educational outcomes.

An analysis of the statistical correlation of selected domains for the NAPLAN results and the net recurrent income per student from data on the *MySchool* website (2011) indicates a relatively weak statistical correlation as illustrated by the table and graphs below.

**TABLE I**

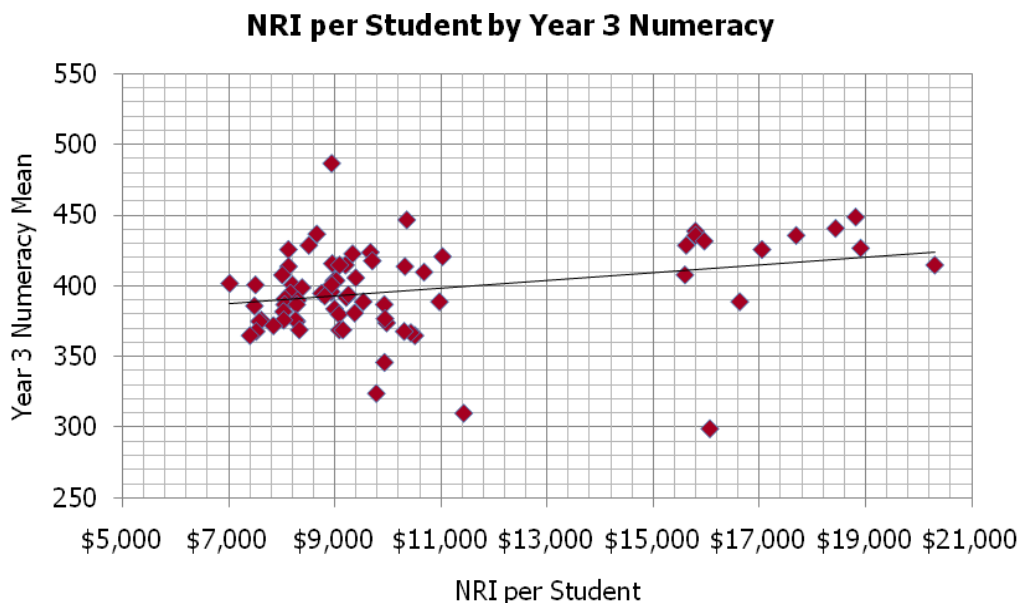
**Statistical Correlation between NAPLAN and Net Recurrent Income and Private Income**

<b>Domain</b>	<b>NRI per Student</b>	<b>Private Income per Student</b>
<b>Year 3 Reading</b>	0.32	0.47
<b>Year 3 Numeracy</b>	0.30	0.47
<b>Year 9 Reading</b>	0.46	0.66
<b>Year 9 Numeracy</b>	0.47	0.73

(Source: *MySchool* website 2011)

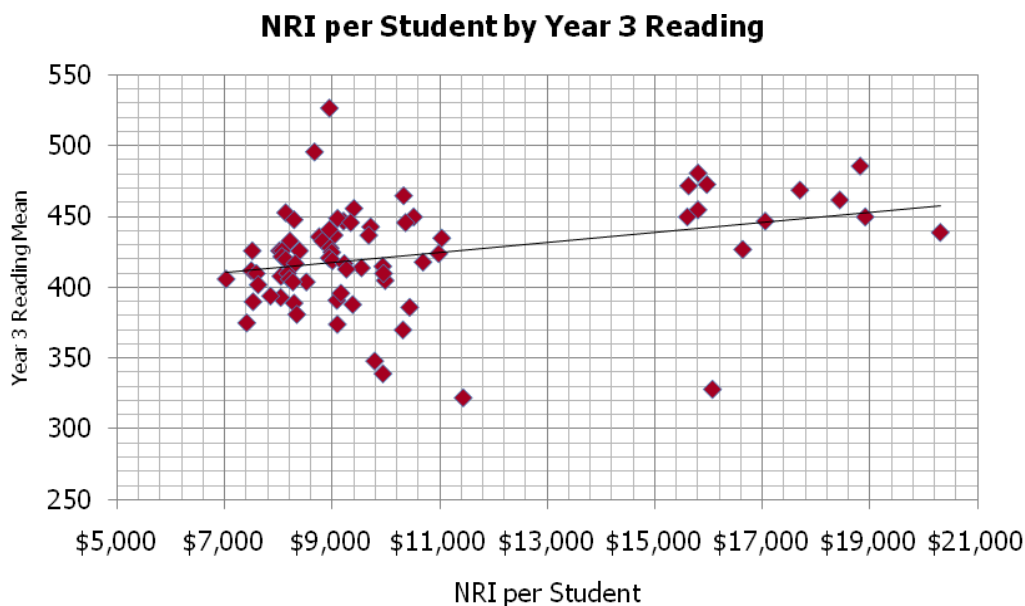
### CHART IV

Correlation of NRI per Student and NAPLAN: Year 3 Numeracy



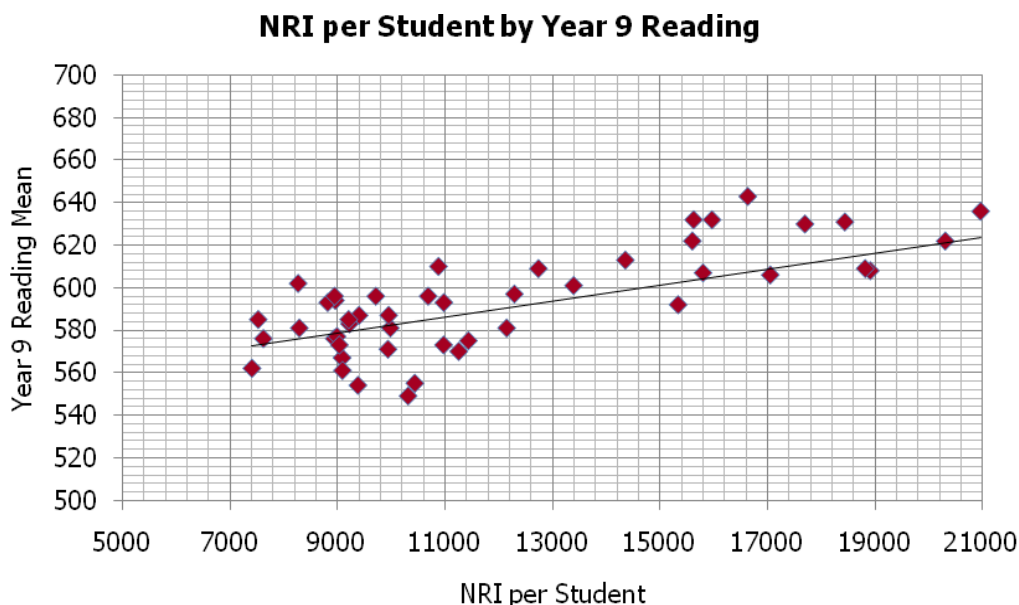
### CHART V

Correlation of NRI per Student and NAPLAN: Year 3 Reading



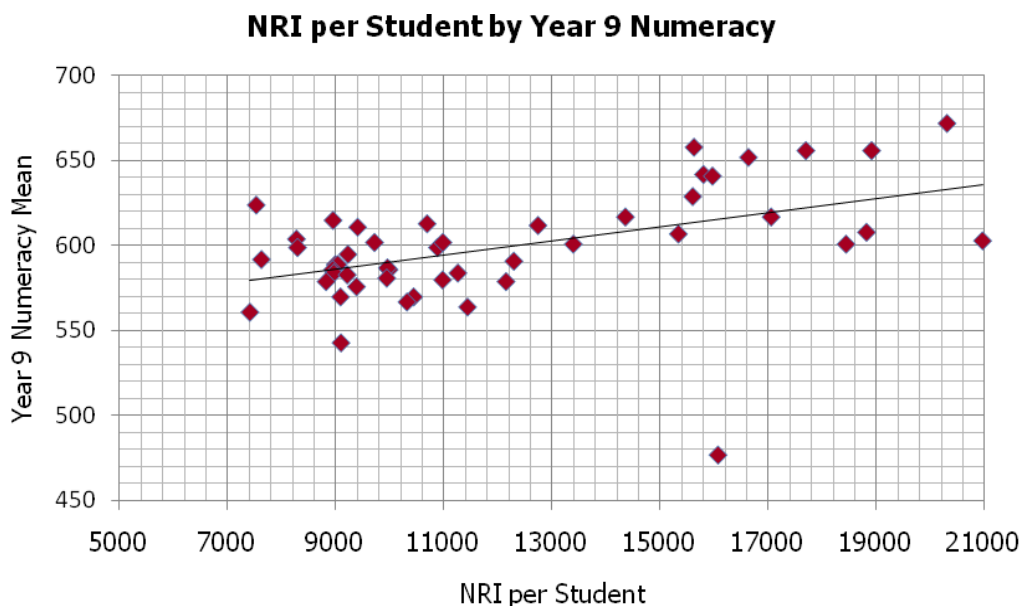
### CHART VI

Correlation of NRI per Student and NAPLAN: Year 9 Reading



### CHART VII

Correlation of NRI per Student and NAPLAN: Year 9 Numeracy



(Source: MySchool website 2011)

Well accepted research indicates that investment of additional funding per se is not the sole answer and that reforms should be supported by:

- High quality teaching
- High quality leadership
- Targeted support
- The home environment
- High level expectation and encouragement.

Other key elements are efficiency and effectiveness in program service delivery, including ensuring that a substantial proportion of funding is allocated to support schools, staff and students, enhance access to appropriate expertise on a long-term basis (e.g. speech pathology), and facilitate access to appropriate equipment and facilities. As discussed below the AISSA's management of Targeted Programs and Block Grants (Capital) and other externally funded programs are effective in targeting those in most need.

### **3.4. Key Summary Points**

There are significant gaps between the intent of policy and legislation and the availability of appropriate levels of funding and access to expertise, particularly in providing support to disadvantaged students.

Access to services as well as adequate funding is an important driver in achieving equity. Access to Government services for students enrolled at Independent schools varies significantly across States and Territories.

It is unrealistic to expect schools to overcome long-term entrenched inequality without comprehensive societal and government actions.

Additional funding to schools to enhance the educational outcomes of disadvantaged students must also be accompanied by organisational change based on improved school leadership, quality teaching, engagement between family and schools and safe school environments.

## **4.0 RECURRENT FUNDING**

### **4.1. Overview**

A common theme across education funding models, including for example, the SA State Government model for funding Non-Government schools, the SA State Government model for funding Government schools and the Australian Government SES model, is the incorporation of both a base per capita and a needs component.<sup>2</sup>

It is also common across the Australian education sector that both Government and Non-Government schools receive funding from a combination of government (State and Territory) and private sources. However, the proportion of each funding source varies significantly across and importantly between sectors. It is not clear how an integrated funding model for distributing recurrent Commonwealth and State Government funding could be applied to both the Government and Non-Government school sectors, particularly given the differential treatment across States/Territories of the Non-Government sectors in terms of the level of government funding and the differences in the relative dependence on parent contributions for recurrent and capital works funding across the sectors.

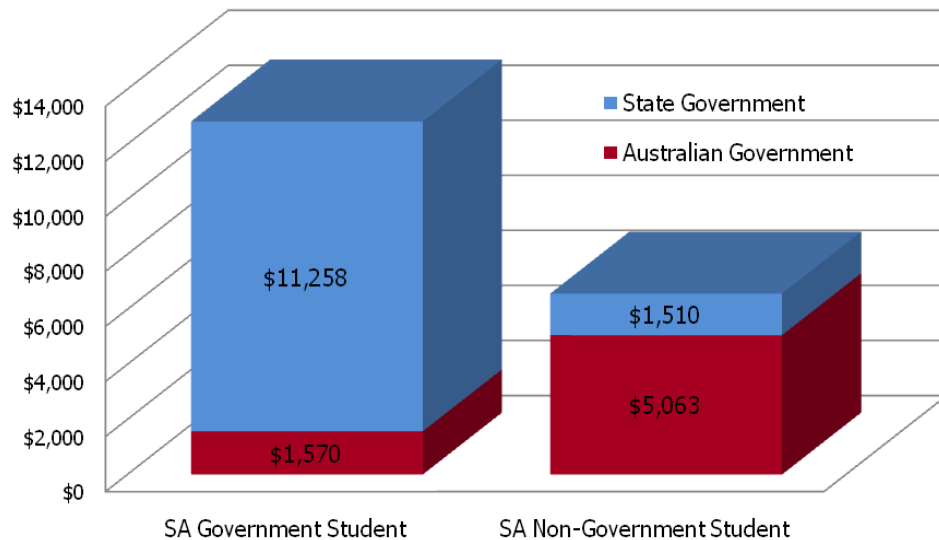
The latest publically available figures indicate that SA Non-Government schools receive on average just over half the level of government recurrent funding allocated per student in a Government school (Productivity Commission Report on Government Services 2011).

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<sup>2</sup> The AISSA provides a brief overview of the SA State Government model for funding Non-Government schools at 4.3.

## CHART VIII

**Australian and State Government Recurrent Expenditure per SA Government and Non-Government School Student 2008-2009**



(Source: Productivity Commission Report on Government Services 2011)

State budget figures for South Australia also provide some picture of what the State Government expects to spend on a **per capita** basis at different levels of education and care for 2010-2011.

## TABLE II

**SA Government Sector Predicted Expenditure per Student – 2010 - 2011**

Year Levels	Predicted Expenditure per Student
Early Years (R-2)	\$13,367
Year 3 – Year 7	\$12,401
Year 8 – Year 10	\$16,669
Year 11 – Year 12	\$18,700

(Source: Government of South Australia, Portfolio Statements Budget Paper 4, Volume 3)

In many cases this is well above the net recurrent income per student available to Independent schools across South Australia (see Table IV and V for examples).

**4.2. MySchool/Website**

The AISSA has undertaken a comparative study of the finance data on the *MySchool* website, specifically the net recurrent income per student across the three school sectors, in particular regions across South Australia. **To reiterate the *MySchool* website illustrates that Independent schools do not receive government per capita funding at equivalent or higher levels than Government schools.**

The *MySchool* website also shows that SA has the lowest average funding (NRI per student) variance across the school sectors, with the Government school sector receiving \$12,442 per student compared to \$10,556 per Catholic student and \$11,187 per Independent student.

The proportions of State Government and Australian Government funding and private sources differs across the sectors. Independent school parents make a substantial contribution to the net recurrent income figure. It is unclear from the Emerging Issues Paper how the review will consider the financial contribution of parents in any new or revised funding model or funding system.

The *MySchool* website clearly confirms that in many Independent schools private contributions is the main source of income (90% +) or a major source of income (e.g. 47%). In others the contribution is relatively small compared to government funding; for instance as low as 6-10% in small Independent schools in rural areas. However, this is still significant for those communities. **In the latter case it is the access to government funding that has provided choice to parents from a wider spectrum of the socio-economic profile.**

**TABLE III**  
**Funding Sources for Selected Independent Schools**

	<b>Net Recurrent Income Per Student</b>	<b>Australian Government Funding*</b>	<b>State Government Funding*</b>	<b>Fees, Charges*</b>	<b>Other Private Income*</b>
<b>Independent R-12 School</b>	\$18,823	15%	6%	75%	5%
<b>Independent R-12 School</b>	\$8,942	46%	12%	40%	2%
<b>Independent Secondary School</b>	\$13,392	42%	9%	45%	4%
<b>Independent Primary School</b>	\$9,939	64%	25%	9%	2%

\*Note: percentage of gross income excluding capital.

(Source: *MySchool* Website 2011)

The *MySchool* data also indicates differences between schools within regions in regard to net recurrent income per student. There are difficulties in generalising about the differences in the level of per capita funding across schools in a region because of the different funding formula used across Government and Non-Government school sectors. However, the table does illustrate the differences in the mix of sources of funding between Government and Independent schools.

It is also important to note that in this sample in the same region the Government schools receive a higher NRIS than the Independent school, including private sources in the total. There are many instances of this situation across the outer suburbs of Adelaide and in rural towns across the State.

**TABLE IV**  
**Net Recurrent Income and Funding Sources for Selected Country Schools, Limestone Coast Region**

	<b>Net Recurrent Income Per Student</b>	<b>Australian Government Funding*</b>	<b>State Government Funding*</b>	<b>Fees, Charges*</b>	<b>Other Private Income*</b>
<b>Independent R-12 School</b>	\$9,081	65%	21%	12%	3%
<b>Government R-12 School</b>	\$11,994	15%	81%	3%	1%
<b>Government High School</b>	\$14,396	17%	78%	4%	2%
<b>Government Primary School</b>	\$12,319	18%	78%	2%	3%

\*Note: percentage of gross income excluding capital. (Source: *MySchool*/Website 2011)

Of particular interest is the picture of the various sources of recurrent income for schools from the three school sectors located on a shared campus facility in South Australia.

**TABLE V**  
**Net Recurrent Income and Funding Sources for Selected Metropolitan Schools, Located on a Shared Campus Facility**

	<b>Net Recurrent Income Per student</b>	<b>Australian Government Funding*</b>	<b>State Government Funding*</b>	<b>Fees, Charges*</b>	<b>Other Private Income*</b>
<b>Catholic High School</b>	\$12,467	47%	11%	38%	3%
<b>Independent R-12 School</b>	\$10,685	44%	10%	41%	5%
<b>Government High School</b>	\$11,522	14%	77%	6%	3%

\*Note: percentage of gross income excluding capital. (Source: *MySchool*/Website 2011)

Given the above profiles any significant change in the level of government funding, especially from the Australian Government, to a significant number of Independent schools will have significant negative implications across many school communities in South Australia.

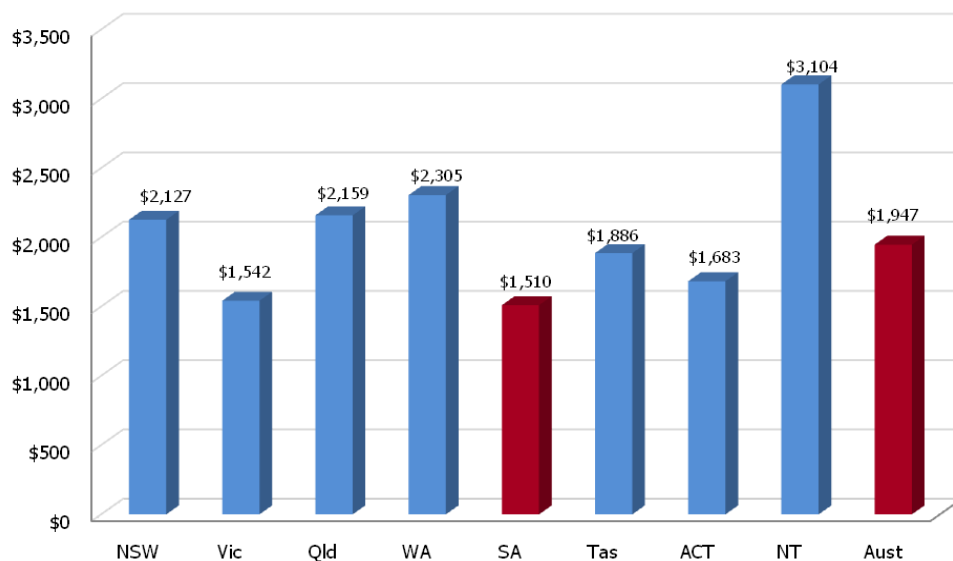
**4.3. State Government Funding: South Australia**

**4.3.1. Overview**

There is significant variance across the States and Territories in regard to State funding for Non-Government schools. Independent schools in South Australia receive a relatively low level of recurrent per capita government funding from the State Government. The latest publicly available data places South Australian Non-Government schools as the lowest in regard to State Government average per capita funding allocations across Australia and below the national average.

**CHART IX**

**State and Territory Recurrent Expenditure per FTE Non-Government School Student 2008-2009**



(Source: Productivity Commission Report on Government Services 2011)

Significantly, there is no legislative guarantee in South Australia that Non-Government schools will receive State Government funding; rather it is based on policy and the political environment. At least at the Federal level an Act of parliament guarantees government funding to Non-Government schools.

The possibility of establishing a common pool of government funds for recurrent purposes (Commonwealth and State) poses particular challenges when there are such significant differences in the contribution from State governments for both recurrent and capital works programs for Non-Government schools.

There are two key components of State government funding sources for SA Non-Government schools – (1) the State Recurrent Grant, distributed on a per capita and needs basis and (2) additional funding to support students with special needs. The Advisory Committee on Non-Government Schools make recommendations to the Minister for Education on funding allocations to Non-Government schools.

While there are differences between the Australian Government funding model and the SA State Government model to allocate recurrent funds to Non-Government schools, it should be noted that in terms of recurrent funding both models do not encompass direct private income sources such as fees in determining funding allocations.

#### ***4.3.2. SA State Government Model – Needs and Per Capita***

The allocation of the SA State Recurrent Grant for Non-Government schools, with the exception of special schools, incorporates a per capita allocation and a needs component based on the characteristics of the individual school and its students.<sup>3</sup> The per capita amount represents 47.5% of the total grant and the needs component 52.5%.

Per capita funding is distributed at a rate of 1:1.39 (primary to secondary) based on the average enrolment of the school. In 2009 per capita funding amounts were \$595.56 primary and \$827.83 secondary. In South Australia Yr 7 is defined as a primary year level which significantly disadvantages schools with a middle school structure. The introduction of the Australian curriculum poses particular challenges for Year 7 students as it appears to be based on eastern state curriculum that incorporates Year 7 into secondary education.

The needs based component takes into account the following elements:

- Index of Disadvantage (IOD)
- Interest Subsidy
- Index of Rurality
- School Card
- Special Needs students
- Indigenous /LBOTE students
- Fee Remissions
- Boarding.

These variables are weighted by allocating a percentage of the total needs funds to each variable (e.g. Index of Rurality-4.5% of the needs funding;

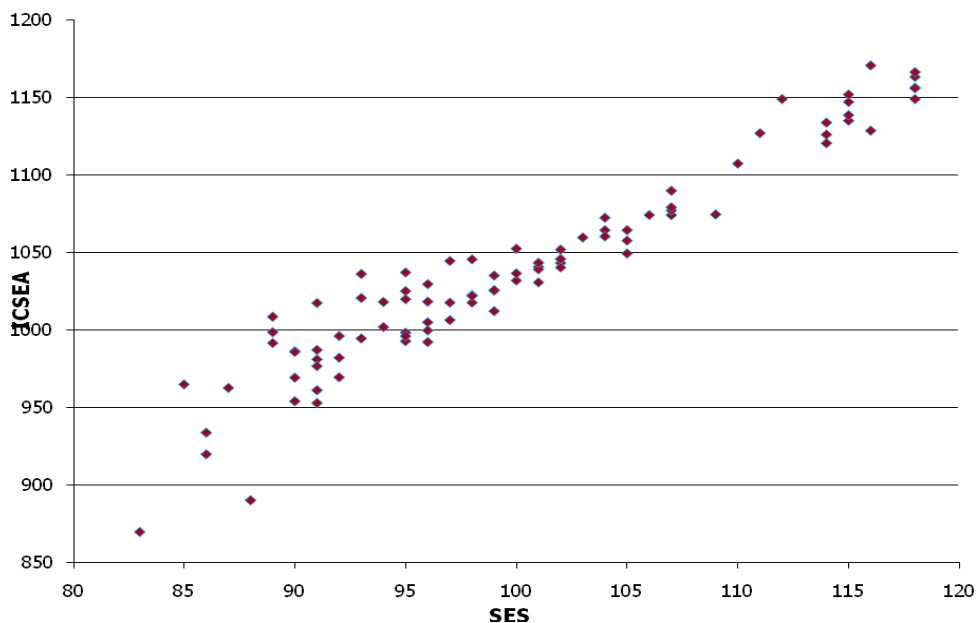
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<sup>3</sup> Special schools are funded outside of the State Recurrent Grant formula.

Index of Disadvantage-28% of needs funding). The needs component is allocated on the characteristics of the school and its students, collected on a yearly basis from each school.

The IOD is derived from the ABS Census Collection Districts and is comprised of the following dimensions Occupation, Education, Income and Family income and in addition Family Type/Structure, Accommodation Type/Dwelling, Tenancy/Home Ownership, Language, and Aboriginality. Hence, it incorporates a larger number of variables than the SES score used to allocate Australian Government recurrent funds. In regard to the correlation between the IOD and SES indices a Pearson's coefficient of 0.933 shows that the correlation is superior to the correlations between the SES and the Index of Community Socio-Educational Advantage (ICSEA) (0.885) and the IOD and ICSEA (0.898). (See Chart X).

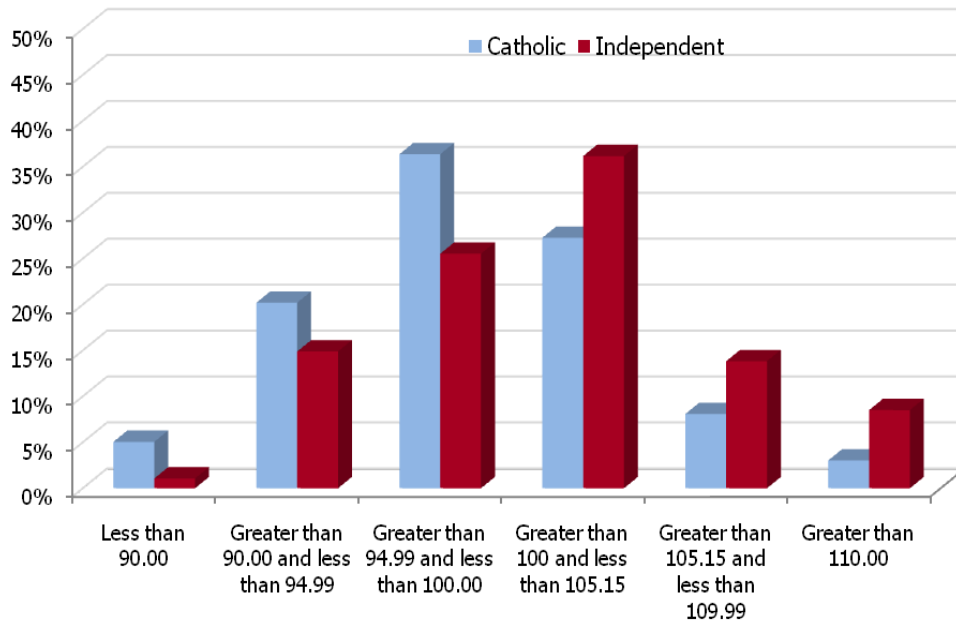
**CHART X**  
**SA Independent Schools SES and IOD Scores**



(Source: DEEWR 2008 and Advisory Committee on Non-Government Schools)

## CHART XI

**Percentages of Catholic and Independent Schools by SA State Index of Disadvantage**



(Source: Advisory Committee on Non-Government Schools)

As with the distribution of Independent schools by SES score the above chart demonstrates the majority of SA Independent schools serve families from low to middle socio-economic areas and both the Catholic and Independent school sectors serve families from across a wide socio-economic range.

The needs based principle is clearly demonstrated in the rates of funding per student allocated to the six IOD categories below:

**TABLE VI**  
**IOD Funding Categories**

Category	Per Student Allocation
A	\$417.93
B	\$334.34
C	\$250.34
D	\$208.96
E	\$125.38
F	\$41.79

(Source: Annual Report, Advisory Committee on Non-Government Schools 2009)

Special schools catering for the severely disabled receive 10 times the average per student funding of students enrolled in a secondary only school. This is again a policy based on the principles of equity.

The determination of the annual total State Recurrent Grant amount takes into account 'annual enrolment variation weighted for both primary and secondary, movements; 25% of agreed salary movement based on salaries awarded' in the SA Government school sector and a 'Treasury-determined inflation allowance on the non-salary component of the grant' (Report of the Advisory Committee on Non-Government Schools 2009).

#### ***4.3.3. Additional Funding for Students with Special Needs***

Both the SA Catholic and Independent school authorities and the parent organisations have combined at the last two State elections to seek additional recurrent funding, and the introduction of a capital works program for Non-Government schools. The outcomes of this advocacy have been additional funds (\$16 million over four years for 2006-2010 and \$36 million over four years, for 2010-2014) for students with specific educational disadvantage (Indigenous, new arrivals, Students with Disabilities). *Despite strong advocacy from the two sectors and parents the funding was only guaranteed for the election cycles and was not incorporated into the recurrent funding formula; hence, there is no growth in the funding over time to reflect increasing recurrent costs.*

*Politically this suits the ALP State Government because it ensures that the funds are allocated on a formula that meets the needs based principle. However, in terms of the definition of equity this is totally unsatisfactory. The additional funding is not secure and the arrangement is also contrary to the principles of certainty and sustainability in funding allocations to schools.*

The current State Government additional funding is allocated as follows:

- \$4 million per year to support students with special needs in Non-Government schools
- a further \$1 million a year, over four years, to support Non-Government school students with a disability
- \$16 million, over four years with \$8 million targeted to addressing behaviour management and supporting new arrivals and students with English as a second language. The other \$8 million for supporting the development of skills and knowledge in the key State strategic areas of science and mathematics is to be distributed via the general recurrent per capita grant.

The additional funding is not indexed annually and is, as noted above, treated separately to the State Recurrent Grant. This is also unsatisfactory, especially given the increasing costs associated with providing educational programs and support services to disadvantaged students.

**4.3.4. Support for State Government Model**

The AISSA sought feedback from member schools on the SA State Government recurrent funding model. This feedback indicated strong support for the model and the components used to determine the needs criteria.

Some of the components used to calculate the Index of Disadvantage could be incorporated into a Commonwealth recurrent funding model for Non-Government schools to reflect the additional funding needs of disadvantaged students. This has already been implemented with additional funds for Indigenous student being allocated by the Australian Government to system authorities and non-systemic schools within the Non-Government sectors.

The major strength of the South Australian recurrent funding model is seen to be its extensive measurement of needs in terms of the school profile and individual student characteristics. In this sense it is a low risk approach which ensures that the multidimensional nature of disadvantage is captured. The following table demonstrates how the model distributes funding according to need.

**TABLE VII**  
**Per Student Allocation for SA State Government per Capita and Needs Funding 2010 – Selected Schools**

	<b>Per Capita Allocation</b>	<b>Needs Allocation (per student)</b>
<b>Independent R-12 School: High IOD (Category F)</b>	\$772.81	\$382.71
<b>Independent R-12 School Middle IOD (Category D)</b>	\$754.23	\$527.79
<b>Independent Secondary School: Middle IOD (Category D)</b>	\$890.96	\$434.52
<b>Independent R-12: School Low IOD (Category A)</b>	\$640.99	\$1,903.37

(Source: Advisory Committee on Non-Government Schools Recurrent Funding Table 2010)

However, some member schools noted that the reliance on individual school and in particular student characteristics data collection on an annual basis may make budget planning less predictable. Funding from the SA State Government represents a relatively small proportion of government funding for Independent schools. Hence, changes in funding amounts on a yearly basis are relatively minor. The reliability of data on individual student characteristics does rely on the establishment of effective processes to verify the data. Application of student based data to distribute Australian

Government recurrent funds could generate changes in funding of a more significant size over short periods.

#### **4.4. Australian Government Funding**

##### **4.4.1. Overview**

The SES funding model comes under considerable criticism in the Emerging Issues Paper. The issues paper does not indicate that this funding model has some key strengths that should form the basis any new funding model or system, including:

- the incorporation of a minimum per capita amount for all Non-Government students (13.7% of the AGSRC per student). Note the ISCA submission proposes that the combined basic grant from the Australian Government and State and Territory governments should be equivalent to at least 25 per cent of the cost of educating students in government schools
- ranking schools on a continuum through SES scores and linking the level of per capita funding to each point on the continuum, for example,
  - Schools with an SES <85 receive 70% of the AGSRC (\$6,349 primary, \$7,976 secondary)
  - Schools with an SES of 96 receive 56.2% of the AGSRC (\$5,098 primary, \$6,403 secondary)
  - Schools with an SES >130 receive 13.7% of the AGSRC (\$1,243, primary, \$1,561 secondary)
- incorporation of a measure of need with the well resourced schools receiving lower levels of per capita government funding
- the use of an Independent data source via the ABS Collector District census data with established quality management procedures in place
- stability in the level of Commonwealth funding over a four year cycle
- Covering the full spectrum of occupational categories and also has a variable that relate to combined family income unlike the ICSEA value on the *MySchool* website. Hence it is valid as an indicator of capacity for the community to contribute to the cost of education provided at a school
- transparency in publication of per capita allocations across the SES scores via the DEEWR Schools Service Point website.

These features of the model are consistent with the Review's criteria of transparency, fairness and financial sustainability.

The variables used to calculate the SES from ABS Collector District data include:

- (a) Occupation
- (b) Education
- (c) Household Income
- (d) Household Income based on Families with Dependent Children ('Family Income').<sup>4</sup>

Those schools educating students from higher socio-economic areas receive less government funding on a per student basis than those schools educating students from lower socio-economic areas.

**TABLE VIII**  
**Australian Government Funding and Fees, Charges and Parent Contributions per Student by Selected SES Scores**

SES Score	Australian Government Funding Per Student	Fees, Charges and Parent Contributions
83	\$6,509	\$888
101	\$4,843	\$4,170
118	\$2,844	\$14,158

(Source: *MySchool* Website 2011)

**4.4.2. Independence of Data Source**

A key feature of the SES model is the use of ABS census data. ABS data provides a transparent and independent data source collected from the population under well established protocols and management procedures. The Census Collection Districts are often criticised for being too large. However, 'from 2011 data will be available by mesh blocks making it possible to align census data regions with the areas served by schools' (Hugo 2011: 3).

There is a move toward the use of parent background data such as that collected in association with NAPLAN testing which has been used to calculate the Index of Community Socio-Educational Advantage (ICSEA) value for Version 2.0 of *MySchool* website. **In its current form the ICSEA is a narrow measure and predictor of success in NAPLAN. In that context the statistical correlations are acceptable.** Analysis undertaken on behalf of the AISSA showing the Pearson correlation coefficients (ICSEA and NAPLAN) for Reading and Numeracy at Years 3 and 9 in the SA Independent school sector are identified in the table below.

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<sup>4</sup> A more detailed description of the calculation of the SES score is available in the Schools Assistance Act 2008 Administration Guidelines: Commonwealth Programs for Non-Government Schools, 2009 to 2012.

**TABLE IX**  
**Correlation of NAPLAN and ICSEA**

<b>Domain</b>	<b>Year 3</b>	<b>Year 9</b>
Reading	0.63	0.84
Numeracy	0.66	0.84

(Source: *MySchool* website 2011)

Its use as a direct measure of socio-economic disadvantage or advantage is limited because it contains no measure relating to family income. Therefore it is not suitable for use in any funding model.

The AISSA commissioned Professor Graham Hugo, University of Adelaide, to undertake an analysis of the calculation of the ICSEA value. Professor Hugo found some significant issues including the criteria used to determine the value. The calculation of the ICSEA incorporates only 7 of the 12 parent background criteria, omitting some of the education and occupation categories, for example, not in the paid workforce and those in low skilled occupations.

Professor Hugo (2011: 8) argues that:

...the decision to use direct parent data instead of census data does not seem to have involved a comprehensive comparison of the advantages and disadvantages of both data sources. I believe that it is only justifiable to use the direct data if due consideration is given to Census data, the advantages of which are:

- It is a total count of the population and hence obviates the argument of differences between schools in the level of coverage of their data
- The availability of data in mesh blocks will mean that the same area of the school boundaries can be very closely aligned to data collection boundaries
- There is a greater range of variables available to develop more robust measurements of socio-economic status
- Updating every five years means that the data is more current than direct data which is collected only at the time of enrolment
- There are a number of standard measures available based on Census data – for example SEIFA (Socio-economic Indices for Areas) and RA (Accessibility/Remoteness Index for Australia – formerly ARIA)
- The quality of the data is carefully assessed by an independent expert body – the Australian Bureau of Statistics.

It should also be noted that it is every parents right to not provide parent background information to schools. Feedback from member schools has indicated that in some schools it is parents from lower socio-economic backgrounds and those with lower levels of education that are less likely to provide the information. The response rate across schools therefore varies. This would impact on the predictability of the ICSEA value in determining the **socio-economic** profile (rather than socio-educational advantage) of each school community and, hence, its validity as a measure of need for funding purposes.

The AISSA assisted at least 15 schools with the review of their ICSEA value under the conditions established by ACARA. There were a number of significant issues with the parent background data, apart from the above matters, which has raised questions about the credibility of the ICSEA value as a high stakes indicator of relative educational advantage/ disadvantage.

The AISSA considers there have been far too many problems with the management and the quality of the direct parent data to make a switch from ABS census data as the basis for a new funding model(s) or system. The following concerns were identified by the AISSA during the above review process:

- Variation in the consistency of the management of the data at the school level
- Multiple handling of the data by at least three-four agencies
- Missing data, with the number of responses provided by schools not matching the number of responses used by ACARA to calculate the ICSEA value
- Different data bases being used across States and Territories to create a single value (ICSEA), (either ABS Census data or direct parent data)
- Differences in the ICSEA value between October 2010 and the value placed on the *MySchool* website at launch without any rationale provided to the schools
- No notification to parents that the data when it was collected was to be used for the calculation of the ICSEA value
- A range of problems with ACARA's administration of data and communication with schools.

There is little confidence in the use of the direct parent data across schools in the Independent sector in South Australia.

Given the above significant concerns, the AISSA does not support the use of direct parent background data at this stage in its current form in any new funding arrangements that emerge from the review.

#### ***4.4.3. Certainty***

Member schools indicated that the current four year funding cycle for recurrent and capital works funding is appropriate in providing a level of certainty and planning. Extension of this cycle would be supported. The same applies to major targeted and capital works programs. In the latter case this also gives the school authorities adequate time to establish on-going support services to schools and to evaluate the outcomes of the programs.

Short term funding cycles for some programs limits the impact and provides little opportunity to link these programs to more substantive long term programs.

#### ***4.4.4. Funding Maintenance and Funding Guarantee***

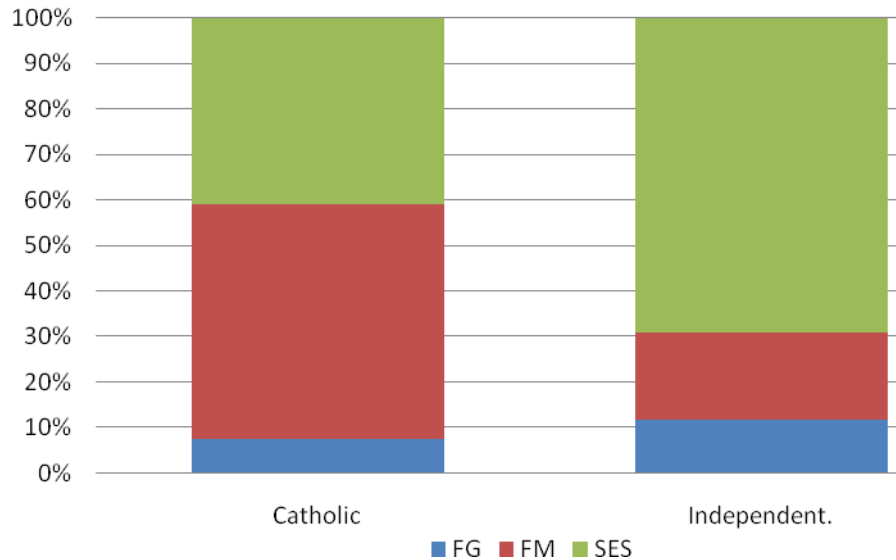
The Funding Maintenance (FM) arrangements were introduced in the initial implementation of the SES funding model to enable schools, which could have lost recurrent per capita funding as a result of the change from the ERI, to maintain in real terms their per capita funding levels and, hence, obtain some stability in per capita funding from the Commonwealth. Previous funding arrangements based on the ERI model contained a number of similar arrangements. Funding Guarantee is an example of transition assistance in which schools do not lose funding in dollar terms; however, they do lose funding in **real** terms due to a lack of indexation.

Fifteen (16.1%) SA Independent schools are Funding Maintained under the current quadrennial arrangements and nine schools are Funding Guaranteed.

Funding Maintained arrangements were further extended when the Catholic sector moved from a system SES score to individual SES scores for each school. In South Australia there are currently 49 (47.5%) Funding Maintained and 10 (9.7%) Funding Guaranteed Catholic schools. As is the case nationally the vast majority of Funding Maintained schools are located in the Catholic sector. On a student basis for 2009 51.6% (24,445.6) of SA Catholic students attended Funding Maintained schools compared to 19.1% (8,186.6) of SA Independent students (See Chart XII). This represented additional income of approximately \$24 million per year, (or \$500 per student to the Catholic sector in South Australia). This is a significant advantage to a large system that has the authority to re-allocate funds, particularly in supporting educationally disadvantaged students and meeting any equity obligations associated with the receipt of government funding.

## CHART XII

**Percentages of SA Catholic and Independent Students by Funding Status under the SES Model**



(Sources: DEEWR 2008, Advisory Committee Census of Non-Government Schools 2009)

An examination of the FM schools within the Independent sector in South Australia indicates that the majority have relatively low net recurrent income per student (funding from all sources).

## TABLE X

**Net Recurrent Income and Funding Sources – Selected Funding Maintained Schools**

	<b>Net Recurrent Income Per Student</b>	<b>Funding Sources</b>
<b>Independent Primary School</b>	\$7,582	64% State and Federal Government funding combined (\$4,927 per student). Private contributions equal \$2,688 per student.
<b>Independent Primary School</b>	\$10,360	47% State and Federal Government funding combined (\$4,992 per student). Private contributions equal \$5,562 per student.
<b>Independent R-12 School</b>	\$12,738	36% State and Federal Government funding combined (\$5,001 per student). Private contributions equal \$8,621 per student.

<b>Independent Secondary School</b>	\$14,358	42% State and Federal Government funding combined (\$6,721 per student). Private contributions equal \$9,255 per student.
<b>Independent Primary School</b>	\$8,060	63% State and Federal Government funding combined (\$5,323 per student). Private contributions equal \$3,108 per student.

(Source: *MySchool* Website 2011)

Hence, there is varying capacity in the capability of each Independent school to adjust rapidly to any change in the level of per capita government funding.

There is a polarisation of views within the sector on Funding Maintenance with some schools proposing that it be abolished over a phase out period and others supporting the continuation of the arrangement.

It is important that the complexities associated with the current Funding Maintenance arrangements do not mask the strengths of the core characteristics of the SES funding model.

The AISSA is strongly opposed to any suggestion that the funding of these schools is frozen, which would lead to a loss of funds in real terms. Any transition arrangements to the new model (s) will need to take into account the varying capacity of school communities to adjust to the new arrangements.

#### **4.5. Resource Standard**

The AISSA notes that the Expert Panel has contracted a consultant to explore the feasibility of developing a Schooling Resource Standard linked to achieving the *Melbourne Declaration of Educational Goals for Young Australians* and National Education Agreement outcomes.

It is not clear from the Emerging Issues Paper or other documentation how the Expert Panel intends to use this standard in a funding model or funding system. For example, is the intention of the Expert Panel to use the resource standard as a linkage across funding arrangements for Government and Non-Government schools similar to the AGSRC or as a benchmark in a unified single funding model that ensures all students regardless of school sector are entitled to receive government funding to support their education based on the above strategic policy documents? If that is the case will the rules apply to both Government and Non-Government schools when schools are operating above or below the schooling resource standard?

A resource standard could be a measure of what it costs on average to educate a child in an Australian school to achieve clearly defined educational outcomes. Schools could receive a percentage of the Schooling Resource Standard dependent on the socio-economic profile of the school community, (in a similar fashion to the SES model and the application of the AGSRC).

Alternatively the Schooling Resource Standard could be used as a benchmark for the income per student from all sources that a school should have access to in order to provide an appropriate standard of education. The latter would need to be reflective of the broad commitments of Melbourne Declaration. The goals, and commitment to action, associated with the Melbourne Declaration are aspirational and cover the full range of the purposes of education. Will the national standard be calculated to cover this extensive spectrum or be based more on the narrower objectives and targets outlined in the National Education Agreement and the Funding Agreements associated with the *School Assistance Act, 2008* (the latter covers Non-Government schools)? States and Territories also have strategic goals and targets for education. How will they be incorporated into determining the Schooling Resource Standard?

A recent proposed recurrent funding model (Federal ALP 2004, *Great Australian Schools*) using a national resource standard or equivalent would, if implemented, have punished Independent schools that received per capita income from all sources above the standard. Over time increasing numbers of Independent schools would have reached the per capita national standard and been penalised for raising private income beyond that point. This arrangement generated uncertainty about future funding arrangements among Independent schools across South Australia. **Any funding model that generates short-term reductions in recurrent government funding and punishes schools for raising private income is not supported by the AISSA.**

The ALP proposal was linked to the 'hit list' of schools and included a redistribution of government funds from some schools that operated above the resource standard to other sectors. This was fiercely opposed by the Independent school sector and generated considerable tension across the school sectors.

A further example of work in this area was developed by the Schools Resourcing Taskforce (MCEETYA) in 2005. This proposed a Base Cost standard (costs associated students with meeting a set of specified benchmarks) and another level referred to as the Additional Resourcing Need (additional cost drivers such as, attributes of students or schools outside the control of the school management).

The latter approach was never implemented.

It is unclear how a single national Schooling Resource Standard would take into account differential cost structures across the nation, for example, rural and remote schools and different per capita allocations to students by State/Territory governments (See 4.3).

It may be necessary to generate a Schooling Resource Standard for each State/Territory and for each State/Territory government to allocate an agreed percentage of this per capita standard as the grant to Non-Government schools.

It is also not clear how a national Schooling Resource Standard can be identified when there is no clear vision of what constitutes a minimum or high

quality education and whether it would have a disincentive impact on private investment in education.

The AISSA strongly supports the continuation of the annual indexation for recurrent and targeted grants based on a cost measure such as the Average Government School Recurrent Cost (AGSRC) as recognition of the rising cost of the delivery of school education.

While the AGSRC is often criticised for inflating the cost of education in Non-Government schools it should be noted as in the ISCA submission that the calculation is 'an index, and is not a comprehensive or direct measure of government school recurrent costs, and is based on data that can be up to 18 months old'. It is also a reflection of cost drivers within school education generally, (e.g. salaries, Vet in Schools, professional development, ICT). Many of these cost drivers have a flow-on effect on Independent schools. Government policy changes, such as the introduction of a new secondary certificate in South Australia and the introduction of the Australian Curriculum, have cost impact across all sectors. Some major cost drivers for Independent schools such as maintenance of buildings are also not included in the current AGSRC. In addition, Independent schools only receive a fraction of the AGSRC, depending on the relative level socio-economic advantage/disadvantage within the school community.

## **4.6. Key Summary Points**

### *Overview*

Current recurrent funding models used across the Non-Government school sectors in South Australia are based on the fundamental distribution principle of 'need' and allocate funds accordingly.

Non-Government schools in South Australia receive on average about half the level of per capita recurrent funding, provided by both the Australian Government and State governments, as Government schools.

No South Australian Independent school receives a recurrent per capita allocation from all government sources equivalent to or greater than Government schools.

The mix of income sources varies within school sectors and across school sectors and regions within South Australia.

Private income is the main source of income for some Independent schools in South Australia; for others government funding especially from the Australian Government is the major source of income.

South Australian has the lowest variance in net recurrent income per student between Catholic, Government and Independent schools, across Australia.

### *State recurrent funding*

There is significant variation in the level of per capita recurrent funding allocated by State Governments across Australia to Independent schools.

There is no legislative guarantee of State funding for Independent schools in South Australia, another illustration of inequality.

The AISSA is strongly opposed to any integrated funding model (s) that pools Australian and State Government funding to be administered by State Governments. We have little confidence that this approach would be equitable for school communities across the Independent school sector.

The South Australian funding formula for distribution to Non-Government schools has a strong needs based element, with the needs component calculated using both school based and student based profiles.

The statistical correlation between the Index of Disadvantage (IOD) and the SES funding model is very strong.

The South Australian Government has provided additional funding for particular groups of disadvantaged students; however, the availability of this targeted funding is subject to the election cycle. This is inequitable.

*Australian Government recurrent funding*

The SES funding model allocates Australian Government recurrent funding on the basis of need. Its socio-economic indicators have greater validity than the *MySchool* Index of Community Socio-Educational Advantage (ICSEA) for funding purposes.

The use of direct parent background data for the calculation of ICSEA has demonstrated that there are significant problems with the quality of the data and the administration of the data collection. The AISSA does not support its use to determine a new funding model (s).

*Funding maintenance*

Funding Maintenance provides significant financial assistance to the current funding arrangements for Catholic systems.

The capacity of individual Independent schools and systems to adjust to the removal of Funding Maintenance varies significantly across South Australia.

The AISSA is strongly opposed to a new funding model that results in the loss of government funding for Independent schools in real terms.

*Schooling resource standard*

The AISSA is opposed to the use of a resource standard which could penalise school communities for raising private income beyond the per capita standard.

The AISSA supports the continued use of the AGSRC as the index to determine the relative per capita allocation of Australian Government recurrent funding to Independent schools.

## **5.0 CAPITAL FUNDING**

### **5.1. Overview**

Independent schools are heavily reliant on parents, the wider school community and, in the case of lower SES schools, the Australian Government for funding capital works. In some Independent schools capital works (outside of the BER) have been entirely funded by parents and the wider school community. This willingness to contribute to school infrastructure should not be discouraged.

South Australian Non-Government schools receive no funding from the State Government for capital works. According to the 2010-11 SA State Budget Papers for 2009-10 the estimated result for 'investing expenditure' or capital expenditure in Government schools was \$538,479,000.<sup>5</sup>

Most other Australian States and Territories provide some form of ongoing State Government support to Non-Government schools including a low interest loan scheme in Western Australia. In the *2008-09 Budget Update* the Victorian Government approved funding of \$53.5 million over two years for capital grants to Victorian Non-Government schools.

The lack of State Government funding for capital works in SA illustrates the inequity in financial support for school communities across Australia.

The AISSA does not intend to discuss the Building the Education Revolution (BER) in any detail as this was a response to the global financial crisis and applied equally across sectors and between states. However, we note that Independent school communities contributed over \$42 million to BER projects in addition to the government funding. This demonstrates the willingness of school communities to commit to the development of school infrastructure.

The AISSA further notes that the management of the BER through the South Australian Independent Schools Block Grant Authority (BGA) was extremely efficient. The evidence presented to the Senate Standing Committee's inquiry into the BER program demonstrated 'that Catholic and Independent schools have been able to achieve superior outcomes compared with schools in the government systems... as a result of direct funding and local management of projects'. This position was also reflected in the *Building the Education Revolution Implementation Taskforce: First Report* (2010: 10) which stated 'in Catholic and Independent schools across the country we have been consistently impressed with their effective use of the Program funds to create inspiring integrated learning spaces and multi use halls customised to site location and existing facilities, often working to a pre existing master plan.'

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<sup>5</sup> This figure appears to include Early Childhood and Commonwealth funding. For 2008-09 the actual result was \$51,871,000.

## **5.2. Australian Government Funding**

### ***5.2.1. Block Capital Grants Program***

In 2011 the Australian Government Block Capital Grants Program Grant (CGP) for the SA Independent school sector is \$4,233,730. In addition school communities are expected to contribute \$4,003,164 or 48.66% of the total project costs. School contributions are determined on a sliding scale related to established needs based criteria, with rates varying from 20% to 70%. Hence a needs based allocation mechanism is in place. About 11 - 14 Independent schools per year benefit from this program.

Australian Government capital grants to South Australian Independent schools are based on submissions by schools and are allocated by the (BGA). The BGA is an incorporated body established by the AISSA to make recommendations to the Federal Minister on the allocation of funds for capital projects in Independent schools. Its governance arrangement is representative of all the major interest groups within the Independent school sector. The administration of the BGA operations is undertaken within the AISSA office. It also operates under a formal funding agreement with the Australian Government, which requires it to comply with relevant administration guidelines and legislation.

Capital works funding from the Commonwealth is intended to support schools that cater to the most disadvantaged schools and students. As a secondary requirement, financial need must be demonstrated and this determines the proportion of funding schools are provided (also based on the available funds from the Commonwealth).

In determining the allocation of funds for each project, the BGA must assess all sources of available funds (including funding available from the school's supporting communities and State Government) and require schools to make the maximum contribution possible (including through borrowings) without jeopardising schools' financial viability. The BGA is then responsible for distributing the funds to schools approved through this program.

As per the Schools Assistance Act Administrative Guidelines, the BGA must ensure the projects they recommend to the Federal education Minister contribute to the Australian Government's objectives for the CGP. Applicants are required to state in their applications the Government's objectives which their project is addressing.

The AISSA strongly supports the BGA model of administering and distributing capital funds. The BGA operates on the premise of assisting as many schools as possible with the available funds and within the approved guidelines. The money comes directly to the BGA and is then passed onto schools, which achieves optimal value for money by cutting out a large bureaucracy and excessive administrative processes. Value for money is assured in the BGA model as projects are required to be costed at 'standard costs', which nominates a cost per square metre that is standard across the industry. When the BGA reviews costs in the application to determine the funding to be provided, they check this against the standard costs they have and will only

fund based on this standard. Anything over and above this remains the school's responsibility to fund, should they choose to do so. This ensures an equitable distribution of funding.

The BGA works closely with system authorities that may also via their administrative arrangements, be contributing to the cost of the projects through low interest loans. For instance, BGA applications for the Lutheran system are directed to the BGA through the Lutheran Education Office.

The BGA model enables central oversight over the projects and funding while retaining local school autonomy over management of the project. BGA staff provide advice and support as required, a process which empowers school communities. The BGA are able to inspect the works as required, during and at the conclusion of the project.

The speed at which funding is provided to schools to commence projects is a key strength of this model, as are the low administrative costs. The BGA retains only 3% of the total grant to contribute towards central administration of the general capital works program, and only 1.5% for the BER, meaning the vast proportion of funds is provided directly to schools.

The strengths of the model used by Independent schools can be seen in the significant difference between the management of BER projects, through the BGA, in Independent and Government schools. In the Senate Standing Committees on Education, Employment and Workplace Relations' Interim report on the BER program (delivered in June 2010), the vast majority of complaints regarding waste and mismanagement of funds have were seen to be in regard to Government schools. In addition, 'evidence presented to the Committee demonstrates that Catholic and Independent schools have been able to achieve superior outcomes compared with schools in the government systems... as a result of direct funding and local management of projects'.

The AISSA considers that the centralised approach, which Government schools have had to operate under with minimal autonomy, has not been as efficient or effective at meeting the needs of local school communities.

The AISSA strongly supports the retention of the exiting governance and management arrangements for the range of capital works programs that apply to the Independent school sector.

### ***5.2.2. Other Programs***

The BGA also manages a range of other programs on behalf of the Australian Government.

It is significant that management for the Trade Training Centres and National Solar Schools program has recently been given to the BGA. This signifies that DEEWR also has confidence in the management model of the BGA.

### **5.3. New Schools**

Feedback from member schools indicates that there are significant costs in establishing new schools which limit the capacity of Non-Government school authorities and community groups to establish new schools in growth areas. Increased development costs driven by planning regulations add to this situation. In this context we note the point made in the ISCA submission regarding enrolment growth:

DEEWR's enrolment projections and ABS data, enrolment growth in Independent schools will continue to outpace Government and Catholic school growth over the next ten years. These projections indicate that independent schools will need to accommodate an additional 150,037 students which equates to an additional 310 schools in the sector (ISCA 2011).

The AISSA considers that there should be a program of establishment funding to support new schools.

### **5.4. Key Summary Points**

Many Independent schools (system and non-systemic) are dependent on the Australian Government for funding of major capital works projects, but also make a private contribution to these projects.

The relatively well resourced school communities are solely dependent on their school communities for funding capital works projects, (apart from the BER).

The BGA allocates capital funding on the basis of needs criteria.

The governance and management of the BGA are illustrations of best practice in terms of efficiency and effectiveness.

The AISSA supports the continuation of Commonwealth capital funding for Independent schools under the current Block Grant Authority model of governance and direct relationship with DEEWR.

The AISSA considers that future funding arrangements should place obligations on State/Territory Governments to provide capital works funding to the Non-Government sectors on an agreed allocation mechanism.

The AISSA recommends that Government funding be introduced for new schools.

## **6.0 TARGETED AND NEEDS-BASED FUNDING, INCLUDING FUNDING FOR ABORIGINAL AND TORRES STRAIT ISLANDER STUDENTS**

### **6.1. Overview**

The Independent school sector is heavily reliant on the Australian Government, in particular through Targeted Program funding, to support the needs of students experiencing educational disadvantage. External funding programs enable the provision of services through support staff, professional learning and facilitate access to specialist advice through direct grants to schools. These services are critical to enhancing outcomes for disadvantaged students. A key benefit of the current arrangements, with the exception of National Partnerships, is the direct relationship between the Australian Government and the AISSA or its related entity.

The SA State Government provides no specific program funding to school authorities in the Non-Government sectors to provide services to disadvantaged students. However, as noted previously it provides additional recurrent funding to support students with special needs. It has also provided grants to assist schools with the implementation of the new senior Secondary Education Certificate (SACE).

### **6.2. Australian Government Funding – Targeted Programs**

#### **6.2.1. Overview**

Australian Government Targeted Programs funding allows for a range of wrap around services to be provided across the sector, in the form of direct grants to schools, professional learning programs, advisory staff that provide in-school specialist advice and support and special projects. The wrap-around services are critical to the achievement of equity as defined by the panel. The Targeted Programs include:

- Literacy, Numeracy and Special Learning Needs (LNSLN)
- Country Areas
- ESL- New Arrivals Program
- Languages Program.

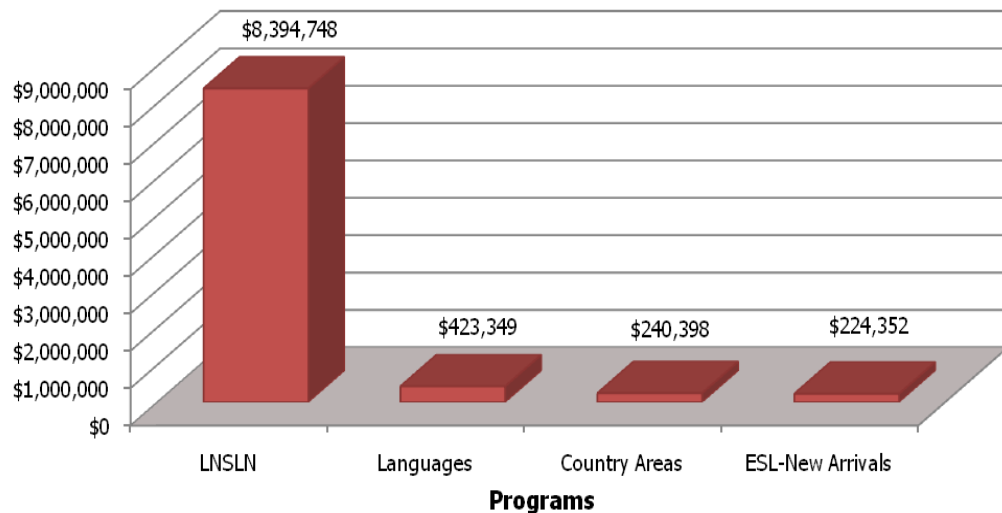
A breakdown of Targeted Program funding by program for the South Australian Independent school sector is provided below.<sup>6</sup>

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<sup>6</sup> The AISSA has previously provided detailed information to the review on the allocation of funding in each program.

## **CHART XIII**

**Targeted Programs Funds Received 2010 (Total \$9,282,847)**



Note: Figures include Supplementation and funds brought forward

(Source: AISSA Annual Report 2010, forthcoming)

The SA Independent Schools Targeted Programs Authority Inc (TPA) monitors, administers and is accountable for all Targeted Program funds. The AISSA is the only Independent school association across Australia with its own statutory body for the distribution of this funding and is the benchmark for the way Targeted Programs should be administered. Independent schools have trust in the way the TPA operates.

In summary, the TPA:

- Assists Independent schools to access Commonwealth funding where eligible and appropriate, to encourage and enhance more effective educational outcomes in the relevant targeted program area
- Assists Independent schools to achieve effective educational outcomes with the funding received
- Provides extensive professional development programs for school staff and advice to school leaders and teachers.

The following positions are funded through Targeted Programs to provide support to SA Independent schools.

**TABLE XI**  
**AISSA Positions Funded by Targeted Programs**

<b>Targeted Program</b>	<b>Allocated Staffing (FTE)</b>	<b>Areas of Responsibility</b>
Literacy, Numeracy and Special Learning Needs	Adviser - 0.8	ESL and Indigenous Education
	Adviser - 1.4	Special Education
	Adviser - 0.4	Numeracy
	Adviser - 1.0	Student Behaviour
	Adviser - 1.0	Literacy
	Adviser/Program Manager - 0.8	Numeracy and NAPLAN National Testing
	Occupational Therapist - 0.4	Students with Special Needs
	Program Manager - 0.8	Special Education
	Speech Pathologist - 1.0	Students with Special Needs
Country Areas Program	Program Manager - 0.2	Country Areas
ESL - New Arrivals	Adviser - 0.2	New Arrivals
Languages	Adviser - 0.8	Languages

In addition many short-term contracts for external consultants provide access to a wide range of expertise (e.g. Speech Pathology).

The current arrangements where a separate funding Authority – the SA Independent Schools Targeted Programs Authority Inc – administers the Commonwealth funds, but also has direct links to the AISSA provide the following advantages:

- A united and strategic sector wide approach
- Integration of policy and services
- Economies of scale
- Protection and enhancement of the diversity of the sector

- A focus point for providing a sector perspective
- Integration of services and expertise in a central and accessible location
- Collective expertise and extensive knowledge
- Interaction between school authorities within the sector
- Coordinated approach to State/Commonwealth agencies.

The current Targeted Program arrangements in South Australia are supported by the various interest groups and school systems within South Australia.

### ***6.2.2. AISSA Governance and Management Model***

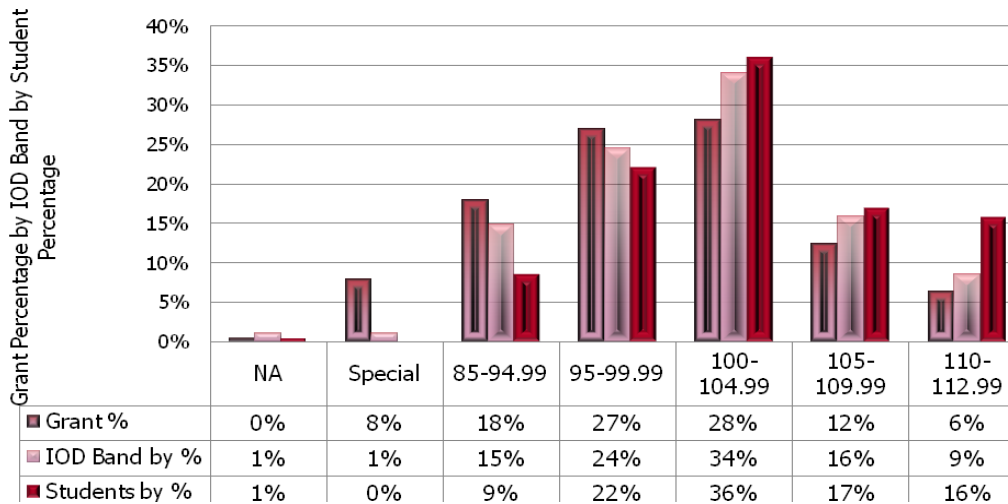
The model adopted by the SA Independent schools sector for administering funds for the purpose of Targeted Programs is built on the principles of efficiency and effectiveness. The model ensures that funding is directed to areas of the greatest need and broadly directed to improve educational outcomes, with minimal funding lost to overheads and administration. Funds are provided directly to schools efficiently and effectively, enabled by the sector's direct link with the Commonwealth. The key principles underpinning the allocation of Targeted Program resources closely reflect the Australian Government's principles of equity, efficiency and effectiveness.

The current model for distribution of funding enhances local level decision making about resource allocation based on meeting the needs of individual students. Schools have the flexibility to use funding innovatively to meet the needs of their students. Targeted Programs are focused on improving academic outcomes for students, particularly those with particular learning needs, who are supported to reach their full potential. The flexibility in the funding allows the Independent sector to be responsive to the local needs of school communities.

The targeted funding for educational need is distributed based upon a school's socio-economic status, while the funding for targeted teaching and learning areas is provided to those schools that opt to participate. Participation is entirely voluntary and the decision is made at the local school level. A breakdown of LNSLN direct grants to schools illustrates how the funds are distributed according to need.

## CHART XIV

**2010 LNSLN Direct Grants by Student Numbers by Index of Disadvantage Percentage**



(Source: Targeted Programs Authority Inc.)

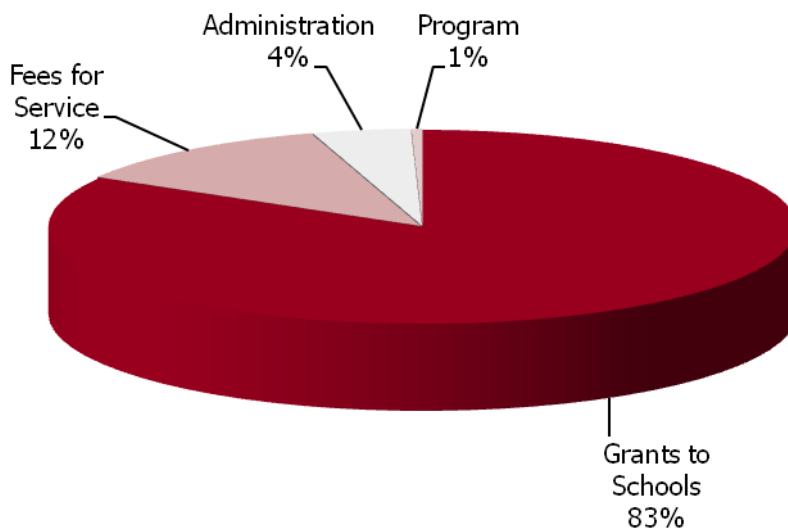
Funding for Targeted Programs is managed within an efficient model, as it is administered locally with minimal administrative responsibility. The Australian Government’s policy agenda is effectively met with the funding used to support a number of positions and services provided directly to schools.

The focus on providing direct grants to schools means that the funding is provided at the point at which it is most needed. Schools can use the funding to purchase the additional services to support students or to access professional development to enhance professional knowledge.

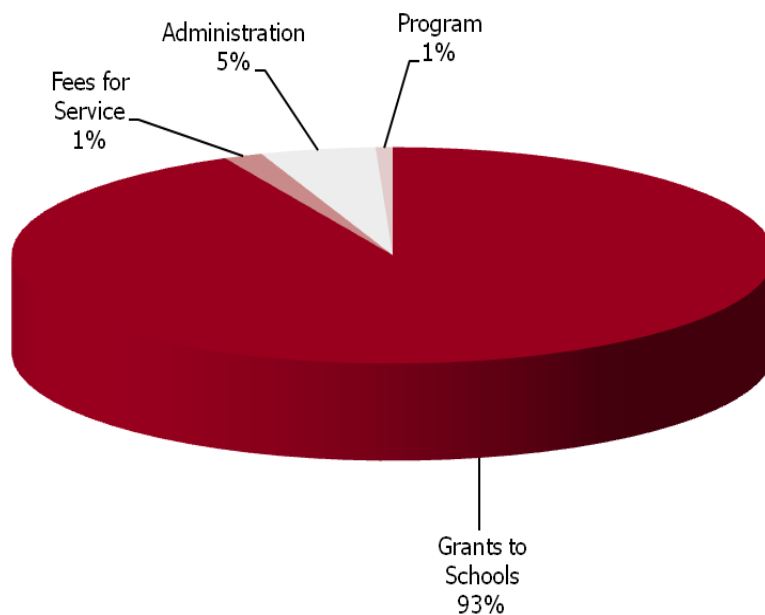
### CHART XV

#### Allocations of Targeted Program Funds by Category

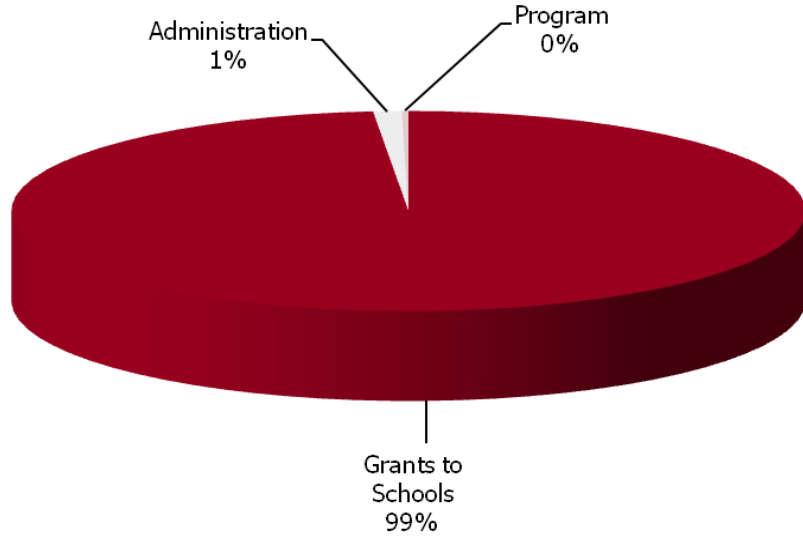
Literacy, Numeracy, Special Learning Needs  
(Includes Recurrent and per Capita Funds)



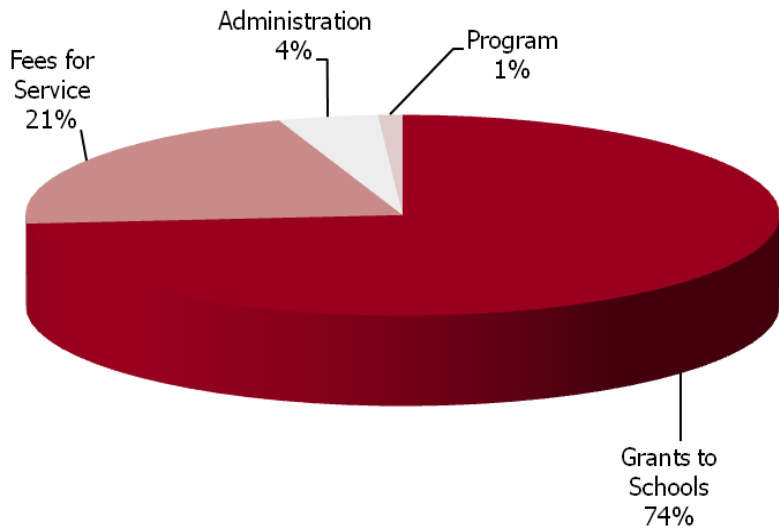
#### Country Areas



### **ESL, New Arrivals**



### **Languages**



(Source: AISSA Annual Report 2010, forthcoming)

### ***6.2.3. Accountability***

Under the Targeted Programs Funding Agreement, the SA Independent Schools Targeted Programs Authority (TPA) must report to schools and any relevant school system authorities and provide a copy to DEEWR:

- the total amount of the Grant available under each Program including supplementation and interest earned
- the total amount of the Grant expended under each Program, broken down by:
  - direct grants to schools
  - other sector initiatives and projects such as provision of professional development
  - administration
- the amount of the Grant distributed in direct grants to schools by School and Program (the information must not identify individual students).

In addition, Targeted Program staff are required to report annually to the TPA on the yearly program in order to inform the development and planning for the following year. Work plans must also be submitted to the TPA for each area.

Independent schools also have to provide a Financial Accountability Report annually to the sector's Targeted Programs Authority for grants greater than \$10,000. The TPA also stresses the importance that targeted program funds cannot be used for recurrent funds.

### ***6.2.4. Satisfaction***

In preparation for this response the AISSA sought feedback from member schools to ascertain satisfaction levels with the services provided. High levels of satisfaction were reported by member schools with access to expert advice, high quality cost effective programs, low administration costs, and providing economies of scale which respond to the needs of individual schools reported as key benefits from a school/client point of view of the AISSA model.

The Targeted Program Authority also conducted a satisfaction survey on the services provided in 2006. The survey found overall high levels of satisfaction. The TPA utilised the findings from the survey to enhance service provision to SA Independent schools.

**6.3. Australian Government Funding – National Partnerships**

**6.3.1. Overview**

Australian Government funding under the Smarter Schools National Partnerships (NP) significantly favours the Government school sector in South Australia. The Government sector receives almost 90% of NP funding compared to 7.7% for the Catholic Sector and 2.7% for the Independent school sector. A breakdown of South Australian NP funding by school sector is provided below.

**TABLE XII**  
**Total National Partnership Facilitation Funding for the SA School Sector 2008-2015**

<b>Sector</b>	<b>\$</b>	<b>%</b>
<b>Catholic</b>	\$13,821,915	7.7%
<b>Government</b>	\$160,121,706	89.6%
<b>Independent</b>	\$4,793,790	2.7%
<b>Total</b>	\$178,737,411	

*(Source: Bilateral Agreement between the Australian Government and South Australia For National Partnership Agreements on Low Socio-economic Status School Communities, Literacy and Numeracy, Improving Teacher Quality)*

As per the Bilateral Agreement between the Australian Government and South Australia the funding is allocated as follows:

- 'Improving Teacher Quality funding is split by proportional share of Teacher Full Time Equivalents between sectors
- Literacy and Numeracy funding is split by proportional sector share of students using student count by results, double counting for those at or below the national minimum standard for literacy (reading) and numeracy
- Low SES School Communities funding is based on student numbers allocated to schools and using the national index of disadvantage and weighting for remote locations and low SES communities. This has resulted in a list of low SES schools as identified by student numbers. SA will work with at least 160 low SES schools over the seven years of the partnership.'

**TABLE XIII**

**National Partnership Facilitation Funding for the SA School Sector by Program**

Sector	Low SES		Literacy and Numeracy		Improving Teacher Quality	
	\$	%	\$	%	\$	%
<b>Catholic</b>	\$10,431,675	7%	\$2,181,060	18%	\$1,209,180	18%
<b>Government</b>	\$147,537,595	93%	\$8,118,390	67%	\$4,465,721	65%
<b>Independent</b>	\$1,780,801	1%	\$1,817,550	15%	\$1,195,439	17%
<b>Total</b>	\$159,164,709		\$12,117,000		\$6,870,340	

(Source: *Bilateral Agreement between the Australian Government and South Australia For National Partnership Agreements on Low Socio-economic Status School Communities, Literacy and Numeracy, Improving Teacher Quality*)

**6.3.2. National Partnerships Governance and Management Model**

The AISSA welcomes the funding provided via the Smarter Schools National Partnerships and the focus on achieving improvement in outcomes for the use of these funds. However, we have significant concerns regarding the highly centralised bureaucracy attached to the management of these projects. In contrast to the administrative arrangements for capital works, targeted programs and other externally funded programs such as AGQTP, the National Partnership model impedes local level decision making and entrenches schools and sectors into a centralised, bureaucratic arrangement. **In addition, the Independent sector is reliant on representatives from the Government sector in strategic negotiations with the Australian Government (DEEWR). This is unsatisfactory.**

In South Australia the State Government has established an Advisory Council consisting of representatives from the three school sectors, Treasury and Premier and Cabinet. This is well intentioned; however, it adds another layer of administration and wastes valuable staff resources for the Independent school sector which also has its own governance and management structures.

**The Australian Government and some State and Territory governments have indicated that COAG should be more strategic in their approach to governance and less involved in management. It is our view that DEEWR continues to micro-manage National Partnerships which is again absorbing scarce funds and staff resources.**

A review of the DEEWR approach to the administration of National Partnerships should be undertaken.

**6.4. Future Arrangements for Government Funding Programs**

**The AISSA considers that the governance and management of future Australian Government funded programs should be based on existing best practice arrangements in South Australia for the TPA and BGA programs.**

A positive element of Targeted Programs has been the allocation of targeted funding to each sector within flexible parameters. This flexibility enables funds to be applied on the ground where they are most needed and means that they are not wasted on administrative processes. This is in direct contrast to the experience of the National Partnership model.

The AISSA will not support the pooling of Government funded programs for all school sectors to be administered through State governments.

### **6.5. Key Summary Points**

The governance and management of Targeted Programs is a further illustration of best practice within the Independent sector.

The AISSA is almost entirely dependent on the Australian Government for the support services it provides to educationally disadvantaged students and the staff that support them across South Australia.

The funding principles that guide the allocation of Targeted Programs funding allocated to the Independent sector in South Australia ensure the significant proportion of the funds is allocated to support schools and students and to minimise administrative costs.

Contract arrangements for all externally funded programs to support educationally disadvantaged students and to drive government policy should be between the Independent school authorities and the Australian Government.

Government schools are the major beneficiary of funds distributed via the Smarter Schools National Partnerships.

The Smarter Schools National Partnerships model of administration of Australian Government funds is inefficient and places the Independent school sector in a position as a minor party in determining high level strategic consultation and decision making with the Australian Government.

The AISSA does not support an extension of the Smarter Schools National Partnership (NP) governance and management models beyond the existing programs. Management of this NP should be based on the BGA and Targeted Program model.

## **7.0 SUPPORT FOR STUDENTS WITH SPECIAL NEEDS AND STUDENTS WITH A DISABILITY**

### **7.1. Overview**

At 2010 there were 1,309 students with an assessed disability under Commonwealth definitions enrolled at Independent schools in South Australia. The Independent school sector has experienced a significant increase in numbers of students with a disability. This increase can be attributed to a number of factors including the implementation of the *Disability Discrimination Act 1992*, the closure of specialist government facilities and advances in medical technologies (Ministerial Advisory Committee: Students with Disabilities 2001: 7). In addition parents of a student with disabilities have expressed the same desire for school choice that is available to other families.

### **7.2. Funding to Support Students with a Disability**

Independent schools are heavily reliant on funding from the Australian Government to support the needs of students with disabilities. The *Disability Discrimination Act 1992* (DDA) and the accompanying *Standards for Education 2005* have increased compliance costs for Independent schools. The AISSA considers that there is a gap between the intent of legislation, such as the DDA, and the resources provided from all sources to assist schools in meeting their obligations and, hence, meet the needs of students with disabilities.

In addition, there are other complexities such as significant behaviour management issues, duty of care to other children and staff and pressure from other parents which all impact on school management and resources.

Students must meet particular eligibility criteria, based around definitions of disability, for schools to receive additional needs based funds.

In cases where the costs to schools are out of proportion to the funding received, Independent schools indicate that their moral and social obligation to maintain the enrolment of students with disabilities is being compromised.

Students with particular disabilities, such as autism spectrum disorder and cerebral palsy, do have access to resources from organisations such as Autism SA and Novita Children's Services.

The Australian Governments Literacy, Numeracy and Special Learning Needs Programme has a particular focus on the needs of educationally disadvantaged students, including students with disabilities and learning difficulties. Advisory staff employed by the AISSA deliver services to Independent schools by a combination of direct grants to schools, advisory services, sector wide professional learning programs, special projects and initiatives and central administration of funding and accountability requirements. These services are provided within guidelines established by the Australian Government and documented in the *Australian Government Programmes for Schools Quadrennial Administrative Guidelines*.

The above program is linked to other externally funded programs such as VET in Schools and Languages programs. In addition the program is also linked to services provided by the AISSA such as human resource management, child safety and welfare, legal and legislative advice. This integrated approach adds to the efficiency of the services provided to students with disabilities and learning difficulties.

The AISSA has established educational and financial requirements for schools in receipt of grants which ensure that the funds provided are directed to meet the needs of the targeted students.

These targeted assistance funds cannot be used by schools to replace costs covered through recurrent grants.

### **7.3. Equity in Future Funding Arrangements**

The AISSA considers that current funding arrangements for students with a disability and learning difficulties in Independent schools are inequitable. In many schools the income from all sources does not cover the cost of providing the necessary support for these children.

The AISSA supports a funding model in which additional funds to support the needs of students with disabilities 'follow' the student to each school, regardless of the school sector attended. However, this position is contingent on the funding representing a realistic amount which supports the needs of students with disabilities and recognises the differing levels of disability and the support needs of each individual student.

The AISSA notes that in the disability sector there appears to be a significant reliance on charitable organisations rather than government agencies to provide services for students and young people with disabilities in South Australia. While these organisations provide excellent services they are heavily reliant on access to grants and charitable donations in order to continue the level of services. More long-term government funding would benefit planning and quality programs.

### **7.4. Key Summary Points**

There are significant gaps in the cost of supporting students with disabilities and learning difficulties and available funds from all sources.

The AISSA supports substantial increases in government funding to support the education of students with disabilities and learning difficulties and this funding should be the same regardless of the sector the student attends.

## **8.0 INDIGENOUS EDUCATION**

### **8.1. Indigenous**

The numbers of Indigenous students in Independent schools are relatively small and widely dispersed across schools in the sector. In 2010, there were 470 Indigenous students in the sector comprising 1.1% of the total enrolments. Only five schools had more than 20 Indigenous students.

A number of Independent schools in South Australia offer scholarships to Indigenous students, for example, through Yalari and the Indigenous Youth Leadership Program (IYLP) and other programs. Yalari offers Indigenous children from regional, rural and remote communities the opportunity to study at some of Australia's leading boarding schools. The IYLP supports a number of Indigenous students to attend high performing secondary schools (Government and Non Government, day and boarding) and/or universities to complete Year 12 and/or an undergraduate degree. This is again an example of Independent schools working with other agencies to enhance equity.

During the 2005-2008 quadrennium all non-Lutheran schools in the sector agreed that the AISSA would be the "*Nominated Authority*" to receive Indigenous education funds on their behalf for the Indigenous SRA, ITAS and RIS programs. The AISSA was then able to provide sector-wide infrastructure support, professional development programs for teachers, and curriculum and resource development for schools.

In 2009 the Australian Government introduced significant changes to the funding of Indigenous school students with the introduction of Indigenous Supplementary Assistance. All funding for Indigenous education is now incorporated into each school's recurrent grant (for non-systemic schools) and to school systems (for systemic schools). Funding is allocated directly to schools on a per capita basis. This funding arrangement has resulted in the abolition of some of the support services for schools and Indigenous students that were previously funded as outlined above. The AISSA negotiated with the Commonwealth to enable member schools to voluntarily provide the AISSA with 15% of their school's ISA funding to support Indigenous education in the sector. However, this adds another layer of unnecessary administration and the collection of the funds from schools is time consuming.

**The absence of an Australian Government funded Program to provide support services to Indigenous students attending Independent schools in South Australia is inequitable.**

## 9.0 GOVERNANCE AND LEADERSHIP

### 9.1. Overview

The study undertaken on behalf of the Independent Schools Council of Australia (ISCA) by Colmar Brunton in 2007 indicated that parents identified a range of positive attributes of Independent schools including: Educational excellence; Safe environment; School pride; and Good principal\school leadership.

In all areas of school life, the success of an Independent school is reliant on the effectiveness of its governance ensuring that all aspects of the organisation are soundly managed. The relationship between the CEO (Principal/Head) and the governance structure (Board/Council) is a crucial one. Independent schools have spent many years refining the nature of this relationship ensuring that they are able to respond to the increasing complexity of the educational landscape and to adapt to national and international trends in good governance and excellent education.

The hallmark of self-governance is the ability to govern and manage in a manner that protects the foundational aims of the institution. This means governing within a constitutional and/or policy framework that responds to the community it serves and to the educational and the business needs of the organisation. **The success of an Independent school is reliant on the effectiveness of its governance ensuring that all aspects of the organisation are soundly managed. This local decision making also extends to the selection of staff and to a large degree the development of curriculum and the approaches to teaching and learning.**

These characteristics form important elements of both Federal and State education reforms.

### 9.2. Accountability

There is increasing concern across the Independent sector in South Australia to the embedding of schools and school authorities into the centralised administrative structures of the State Government.

Independent schools are accountable to government through the requirements for school registration and on a number of other legislative levels, for example, the *Children's Services Act 1985*, *Children's Protection Act 1993*, the *Disability Discrimination Act 1992* and the *Schools Assistance (Learning Together-Achievement Through Choice and Opportunity) Act 2004*.

**The direct accountability of Independent schools to parents is a key strength of the Independent school sector. The financial contribution of parents strengthens this accountability.**

South Australian Independent schools are required to be registered under Part 5 of the *Education Act 1972*. To receive registration schools must demonstrate to the Non-Government Schools Registration Board that they meet the following criteria:

- (1) 'Instruction which is satisfactory in nature and content.
- (2) Adequate protection for the safety, health and welfare of students.
- (3) Sufficient financial resources to ensure continued provision of the above two criteria.'

At the national level the Funding Agreements between the Australian Government, Independent school systems and non-systemic schools provide a direct link to the National Education Agreement accountability requirements.

The AISSA does not support duplication of regulation processes and challenges the perception that complex and detailed reporting makes a school accountable. It is unclear how this improves educational outcomes. Currently, ever-expanding administrative regimes related to accountability are turning educators into administrators, a situation ultimately detrimental to Australian school students as it takes teachers away from their key role of educating students.

Both the Australian and State/Territory governments have indicated their focus on achieving improvement in educational outcomes. However, central administrators confuse this approach to accountability with process driven reporting and micro-management.

The new funding arrangements should continue to be embedded in a common framework as outlined in the National Education Agreement and funding contracts with Independent schools and school authorities. However a lean approach to regulation and accountability must be developed to maximise the use of resources.

The AISSA is strongly opposed to the emerging accountability requirements where the State Government department that administers government schools is the lead organisation for meeting Australian Government accountability requirements. This often is implemented without any consultation with the AISSA by DEEWR. This significantly reduces the engagement of the AISSA in determining the accountability requirements and what processes will be established to collect and collate the required information.

## **10.0 COMMUNITY AND FAMILY ENGAGEMENT**

### **10.1. Overview**

Families in Independent schools make a choice to share the cost of their children's education. Data from the *MySchool* website indicates that private contribution varies significantly across the Independent school sector (6% - 90%). While in some cases, in particular schools in disadvantaged areas, the amount of private income is relatively low in proportion to the government funding received, it is important to note that it is significant for these school communities.

Parents are clearly indicating through the enrolment growth in the Independent school sector that they value Independent schooling. It is important to note that many parents make significant personal sacrifices to pay the fees so that their children can have an Independent school education. Independent school parents also pay taxes and as such support the education of all students.

Feedback from member schools indicates that parent investment in their children's education, whether financial or through volunteering, is essential to their success. This investment enhances the engagement between the school and families. Parents bring with them certain values with regard to education to the school impacting on educational outcomes.

The AISSA will not support a funding system that builds in disincentives that penalise school communities for contributing financially to the cost of educating their children by reducing the level of government funding.

### **10.2. Contribution to Community Building**

Independent schools are commonly criticised for 'creating division' in the community. Implicit in this criticism is the assumption that Independent schools do not contribute to the building of community.

The AISSA has produced a publication, *Building Communities*, to counter these negative perceptions and highlight the contributions Independent schools make to the building of community, locally and more widely (e.g. disadvantaged communities overseas). In particular, the publications highlight the wide range of ways in which Independent schools extend their contribution to building communities beyond their individual school communities, locally and internationally. (See Appendix III).

## **11.0 CONCLUDING COMMENTS**

The AISSA considers that despite the complexities of the current funding arrangements across the three school sectors and levels of government there are significant strengths associated with the current government funding arrangements for Independent schools. In particular, there is a common accountability framework via the National Education Agreement, *School Assistance Act 2008* and funding agreements across Independent systems and non-systemic schools. The formula distributes funding based on the principle of 'need'. In relation to South Australia, the same conclusion could apply to the State Government formula used to allocate State funds to Non-Government schools.

The Independent sector now provides accessible and affordable options for parents across South Australia. The funding models currently in place ensure that the distribution of public funds enable parents to have the option of sending their children to an Independent school.

At the same time school communities supporting Independent schools across South Australia contribute substantial private income to the operating costs of schools and the necessary capital infrastructure.

The strengths of these models should form the basis of a new separate funding system for Non-Government schools.

Government funding of Independent school students offers significant benefits to governments. Independent schools are directly accountable to governments through the signing of funding agreements, either at the systemic or non-systemic level, and importantly also directly accountable to parents. The use of the funding from the BER provides an example of how the funding partnership between parents and governments has produced outcomes which are efficient, high quality, innovative, accountable and transparent. The same level of efficiency and innovation has not been open to the Government school sector due to the levels of bureaucracy which inhibited flexibility and autonomy.

The funding partnership between parents who choose to share the cost of their children's education and governments further means that governments do not have to fully fund the education system. Given that the Review's Terms of Reference incorporates long-term sustainability, it is in the national interest for governments to continue to fund Independent schools.

The AISSA and its members are sceptical of new funding arrangements that would pool Commonwealth and State funds for schools to be administered by State governments. This more integrated approach would not lead to efficient use of government funds and would embed Independent schools in a highly centralised inefficient administrative structure.

The AISSA is dependent on support from the Australian Government to provide services to educationally disadvantaged students and their schools. We have little confidence in the fairness of a model in which this financial support would be distributed through a State government.

School authorities such as AIS's have demonstrated efficient and effective governance and management of government funds. The direct consultation and contractual arrangements between the Australian Government and the AISSA are fundamental to the position of the AISSA.

The achievement of equity and excellence in school education will not be achieved by simply changing the funding system. Significant changes in the governance and management of schools and school authorities to match those within the Independent school sector and sustained improvement in teacher quality, school leadership and support for disadvantaged student is essential.

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