



ISSUE PAPER

FUNDING OF NON-GOVERNMENT SCHOOLS

APC generally supports continued use of the SES funding model. Despite the fact there were some flaws from its implementation, the model has broadly proven to be the fairest and most equitable developed to date. We believe that to be fully successful in its true operational context any funding model used by the Australian Government needs to be financially resourced sufficiently for it to be equitable and have integrity. That has not happened with the SES funding model.

A welcome benefit of the SES model was that it overcame the gross inequities of the previous model, which took into account 'school resources'. As a result, we saw situations where schools that were established in the 19th Century, often to serve poor communities, were financially penalised for the increased value of the real estate upon which they stood, despite the fact the value of the real estate did nothing to contribute to the school's educational undertaking.

In addition, while the SES model measures the notional capacity of parents to contribute to their children's education, unlike previous models it does not penalise students for their parents' preparedness to make financial sacrifices to enable them to make that contribution.

Funding Maintained and Funding Guaranteed

The shortfall in financial resourcing for the SES model meant it could not be implemented in its pure form. Consequently, Funding Maintained and Funding Guaranteed provisions had to be built into the model to ensure the financial viability of schools that would have otherwise suffered significant disadvantage. This situation has led to the SES funding model being affected by poor public perception of its outcomes.

The fact a large number of schools are not funded according to their true SES score does not in and of itself mean that the SES model is dysfunctional. There are many examples where government has instituted a framework for dealing with a particular issue which has then been required to be massaged to accommodate the different situations that exist in a nation as diverse as Australia. The taxation system is probably the most obvious example of this. However, the fact that the SES model in the past and present funding quadrenniums can only acceptably operate with the back-up of funding maintained and funding guaranteed protection demonstrates its limited utility in its present form.

One possible way to make the SES Model more comprehensively efficient in its own right would be for government to inject sufficient funding into it to ensure that all non-government school students receive an equitable share of government funding for their schooling in the form of a basic funding entitlement plus a fair and equitable additional payment to address student specific educational needs.

New Non-Government Schools

APC has noted that disadvantage is experienced by new low fee schools established since the implementation of the SES model. When new non-government schools are established with a low fee base to service the less well-off families in local communities, those schools should be able to have recourse to seek government funding at the equivalent level to longer-standing schools which charge similar fees and also service families from similar low socio-economic backgrounds.

At the moment, the families attending newer non-government schools can be seen to be significantly disadvantaged in comparison to those who attend like non-government schools, simply on the basis of the time their schools were established.

Systemic Redistribution

APC recognizes that redistribution of government funding by non government schools or systems is often necessary due to government funding currently being insufficient to cover the educational needs of all students. Until sufficient government funding is provided to meet the educational needs of all students, funding policies should not preclude systemic redistribution of funding where schooling authorities believe such a need exists.

Funding the Individual Student

It is imperative that the student, not the school, remains the focus of funding. In this context the prospect of funding individual students should be explored, not necessarily as a model to be implemented immediately, but as good research that may underpin future policy.

In respect of the current SES funding model:

- The three dimensions of family income, education level and occupation of parents should be retained as the basis of calculating the general education needs of students, with equal weighting applied to each.
- The calculation of SES scores should be based upon the data set for families with school-aged children in census collection districts, and take into account the number of children in those families. The architect of the SES model, Stephen Farish, informed APC that he has done some modelling around this issue and he believes the current method may not provide an adverse effect. However APC believes the data can be significantly skewed by 'irrelevant' data in respect of people in census collection districts who do not have school-aged children. As a consequence, it can be argued that the SES model does not accurately reflect parents' financial capacity to support their children's schooling.
- In a number of localities, the Australian Capital Territory being one example, the wide range of incomes, even of households with school-aged children, in each collector district may not accurately reflect the income of families whose children attend a particular non-government school.

APC would therefore like to see more modelling done and suggests a review be carried out of the data already collected.

Commonwealth/States & Territories Funding Agreement

APC firmly believes that students in this country deserve better than the current, highly divisive arrangements that fund their schooling. There is little doubt the funding of education in Australia has been significantly undermined by the prevailing separatist approach, which enables debate around school resourcing to be distracted into sectarian arguments about funding proportions which are directed to the government and non-government schooling sectors.

There is little doubt the time has come for a more mature approach to be taken, and APC is convinced that the establishment of a formal funding agreement between the Commonwealth and State and Territory Governments would be an appropriate and effective development. Such a funding agreement would clearly set out the respective responsibilities of each level of government in respect of their funding proportions for government and non-government schools.

Average Government School Recurrent Cost (AGSRC)

If a fair and equitable strategy for funding non-government schools is going to be achieved there is a need for the funding model to be complemented by uniformity and transparency around the formula and components of the AGSRC.

The AGSRC is used by governments to calculate public funding levels for students in the non-government schooling sector.

The Ministerial Council for Employment, Education and Youth Affairs (MCEETYA) collects common public schooling expenditure data from the States and Territories and the Department of Education, Science and Training uses that data as the basis for calculating the national AGSRC. While the data collected by MCEETYA is common across the states and territories, APC contends that the data set is not complete, resulting in the AGSRC being an incomplete estimate of costs, as opposed to it being a true calculation of the total and real cost to State and Territory governments to educate a student in a government school.

When APC examines State and Territory government budget papers there appear to be significant discrepancies between the levels of expenditure they report and what is reported through the AGSRC process. The term AGSRC therefore appears to APC to be a misnomer, in that the general public is misled to assume that it is a calculation of something it does not in fact calculate in full.

APC therefore believes that all State and Territory governments should be required to provide a financial reconciliation between their versions of AGSRC figures and the actual schooling costs reported in their annual Budget estimates and prior year spending figures.

These could be factored into APC's proposal for a Commonwealth/States and Territories funding agreement, referred to in an earlier section of this paper.

Conclusion

Whilst there are many pros and cons about the SES funding mechanism for non-government schools, APC believes that in general it appears to operate at an acceptable level, with the back up of funding maintained and funding guaranteed protection, and

albeit with some serious disadvantages for some school communities, particularly those whose schools have been established since its implementation.

It is acknowledged that schooling in Australia is severely under funded and that distortions and inequities will continue until government has the will and fortitude to resource our children's education at a level consistent with its importance.

It would appear to us, once again, that the only means by which the SES model will be made more comprehensively efficient in its own right will be for a government to inject sufficient funding into it to enable all schools to be put onto their true SES score without large numbers of non-government school students losing their current levels of funding. Until that can happen, we believe governments will be required to continue to operate an imperfect, albeit functional model. Notwithstanding this, there should be significant movement within the next funding quadrennium towards eradicating the need for schools to be funding guaranteed and funding maintained.

However, it is imperative that the Commonwealth's funding of non-government schools be complemented by a formal agreement with the States and Territories, to ensure those governments do not continue to try to abrogate their responsibilities to adequately fund schooling to the Commonwealth. This agreement should include an element which ensures full and transparent reporting by State and territory governments in respect of their expenditure on school education.
