

# School Funding Plan Passed.



## Australian Education Act 2013 Amended

Legislation was introduced into the Federal Parliament in May to give effect to the Australian Government's ten year school funding plan. At the time, the Prime Minister and Minister for Education and Training said giving effect to the plan would establish real needs-based school funding, and that an additional \$18.6 billion would be invested from 2018 to 2027 to raise student and school performance through proven strategies.

Key features of the plan included:

- The Schooling Resource Standard (SRS) to remain the base per student funding amount, updated for 2018.
- Government schools to receive 20 per cent and non-government schools 80 per cent of the Commonwealth share of the SRS, with all schools to transition to their relevant share of the SRS by 2027.
- The base per student SRS amount to be indexed annually by 3.56 per cent to 2020 and then by a floating indexation rate based on a composite of the Wage and Consumer Price indexes, but not less than 3 per cent.
- The loading for students with disability to be based on a nationally consistent definition and scaled rates for levels of classroom adjustment required.
- The Minister to determine each non-government school's socioeconomic status score for the purpose of its 'capacity to contribute' percentage.
- The benefit afforded to non-government primary schools under 'capacity to contribute' calculations to be reduced.

- Some transition assistance to be provided to adversely affected non-government schools.
- State and territory governments to maintain their 2017 per student funding levels as a condition of Commonwealth funding.

### Passed with Amendments

With the support of crossbench Senators, the amendment bill passed into law on 23 June 2017 but with some important changes and additions.

These include additional Commonwealth expenditure of \$4.9 billion (from \$18.6 to \$23.5 billion) over the next decade, and a speeding up of the transition of under-funded schools to funding targets in six years rather than ten.

The Government also agreed to establish a National School Resourcing Board to conduct reviews of compliance with the amended Act and, in particular, of arrangements and requirements relating to funding for schools. The Board can review the SRS calculations and the SES as the methodology for calculating parents' capacity to contribute.

### ISCA and NCEC Respond

The Independent Schools Council of Australia (ISCA) welcomed the passage of the Australian Education Amendment Bill 2017, with ISCA Executive Director Colette Colman saying:

'The legislation represents a move towards fairer and more consistent Australian Government school funding. ISCA strongly supports a sector blind, needs-based funding model, consistently applied across the non-government school sector. The passage of this legislation also provides much needed funding certainty for Independent schools,

critical for essential financial planning.

'The move from a ten-year to six-year transition rate for the majority of Independent schools, which are transitioning up to 80% of their SRS entitlement, is a particularly positive outcome for the Independent sector.

'The changes will also have a positive impact on those Independent schools serving amongst the most educationally disadvantaged students in Australia. Independent special schools serving high need students with disability and majority-Indigenous schools will receive additional funding under the model, along with low-fee Independent schools serving low-SES communities.

'In addition, ISCA recognises the establishment of a National School Resourcing Board as a vehicle to monitor and enhance the school funding model and acknowledges the Government's undertaking that the Board will include representation from the Independent school sector alongside representatives from other sectors.'

The National Catholic Education Commission (NCEC) expressed bitter disappointment and raised its ongoing concerns that the legislation will result in funding losses for Catholic schools estimated at \$4.6 billion over the next decade. Executive Director Christian Zahra said Minister Birmingham had done a range of special deals with crossbench Senators to force his education funding package through the Parliament, but had locked educational leaders, schools and families out of the consultation process.

*Continued Overleaf*

He acknowledged the Minister had finally agreed to a review of the socioeconomic status (SES) methodology but asserted the system weighted average, recommended by the Gonski panel in 2011, should have been locked into the ten year plan instead of just being extended out one year to 2018.

'The system weighted average approach not only allows Catholic schools to provide options in rural and remote Australia,' he said, 'it also helps keep Catholic schools affordable and accessible for low and middle income families. But the uncertain future of the system weighted average as well as radical changes to the fee expectations for primary schools means principals and families are increasingly worried about the affordability of Catholic schools in coming years.'

### Review of the SES

A review of the SES methodology is likely to be high on the new National School Resourcing Board's agenda.

David Gonski's 2011 report of The Review of Funding for Schooling said that the SES measure was inaccurate and recommended that work commence as a priority to develop a more precise measure of capacity to contribute:

'The current SES measure is derived from the characteristics of the census Collection Districts in which a school's students live. However, this is subject to a potentially large degree of inaccuracy as the students attending a particular school are not necessarily representative of the socioeconomic averages of the areas in which they live.

'A more precise measure of the SES of a school would be more accurate and credible. This could take the form of a measure based on smaller areas, such as the mesh blocks which represent the smallest unit of the 2011 census, or alternatively, a direct measure of parental SES. The latter would need to be developed and tested on a school-by-school basis.'

### Ongoing Concern for Catholic School Systems

The SES measure is used to estimate the quantum of the private contribution

(capacity of parents to pay) that counts towards meeting the Schooling Resource Standard (SRS) in non-government systems and schools. In the case of Catholic school systems, the enrolment weighted average SES score of all the schools in a particular system has been applied.

Pointing to the uncertain future of the system weighted average, and the different circumstances of over-funded Independent and Catholic systemic schools (i.e. those funded above their new SRS entitlement), NCEC Executive Director Christian Zahra said last month:

'While Catholic systems will still receive a single payment and can redistribute funding, the abandonment of the system-weighted average socioeconomic score means that systems are essentially being treated as a collection of schools whose individual funding allocations are added together.

'The Minister wants to have his cake and eat it too. He is seeking to fund Catholic schools as standalone schools when it benefits him but seeking to treat them as systemic schools when it benefits him.

'Under the Minister's preferred approach, which embeds inconsistency of treatment of schools based on whether they are a part of system or not, Catholic schools will receive \$1.1 billion less over the next decade than they would if they were treated in the same way as standalone Independent schools'.

Anticipating that close to 500 Catholic systemic schools will have to transition down to their new norm in six years, while standalone Independent schools will have ten, Zahra and others in the Catholic sector maintain that this "unintended consequence" of the last minute crossbench negotiations must be remedied.

He has written to Minister Birmingham and now all Federal Members of Parliament requesting a review of the circumstances and regulatory change under the Act.

Minister Birmingham defended the

Government's policy in The Australian saying:

'The government doesn't control how Catholic systems choose to distribute the \$3.4bn of extra funding the Turnbull government is delivering to them.

'As a result of Senate amendments, any school authority which is receiving less than their fair share transitions up to their fair share in six years.

'This is applied consistently to all, regardless of whether they represent one school or 100 schools, and results in seven of the eight Catholic education system authorities in Australia receiving even more funding than was proposed initially.'

Sources:

<http://isca.edu.au/wp-content/uploads/2017/06/Media-Release-22-Jun-2017-Independent-schools-welcome-passage-of-funding-reforms.pdf>

<http://www.ncec.catholic.edu.au/news-events/media-releases/458-school-funding-model-fails-to-deliver-consistency-and-fairness/file>

<http://www.ncec.catholic.edu.au/news-events/media-releases/457-government-imposes-unfair-funding-policy-on-australian-schools/file>

*Catholics launch campaign to reverse Gonski reforms. The Australian, 12-13/8/17, p. 5.*



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