



Independent Schools  
Council of Australia

## **INDEPENDENT SCHOOLS AND THE POLITICS OF EDUCATION**

Australian Conference on Lutheran Education  
27 – 29 September 2004  
Adelaide, SA

Elective presentation by Mr Bill Daniels, Executive Director, Independent  
Schools Council of Australia

[SLIDE: Title: Independent Schools and the Politics of Education]

## **INDEPENDENT SCHOOLS and the Politics of Education**

**AUSTRALIAN CONFERENCE ON  
LUTHERAN EDUCATION**

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### **INTRODUCTION**

I didn't know in January, when I had to submit the abstract for this presentation, just how topical it would be.

We are now just 12 days away from the federal election. The release of the ALP's schools funding policy on 14 September has created considerable confusion and uncertainty in

the independent schools sector. I will certainly be looking at the policy this afternoon. However it will be useful to look at how all political parties hope to shape the national schools agenda.

To provide a context for this discussion, let's first take a quick look at school enrolments.

**[SLIDE: Australian School Enrolments 2003]**

	No of schools	No of students	Enrolment share
<b>Independent</b>	<b>979</b>	<b>403,397</b>	<b>12%</b>
<b>Catholic</b>	<b>1,698</b>	<b>660,591</b>	<b>20%</b>
<b>Government</b>	<b>6,930</b>	<b>2,254,632</b>	<b>68%</b>
<b>TOTAL</b>	<b>9,607</b>	<b>3,318,620</b>	<b>100%</b>

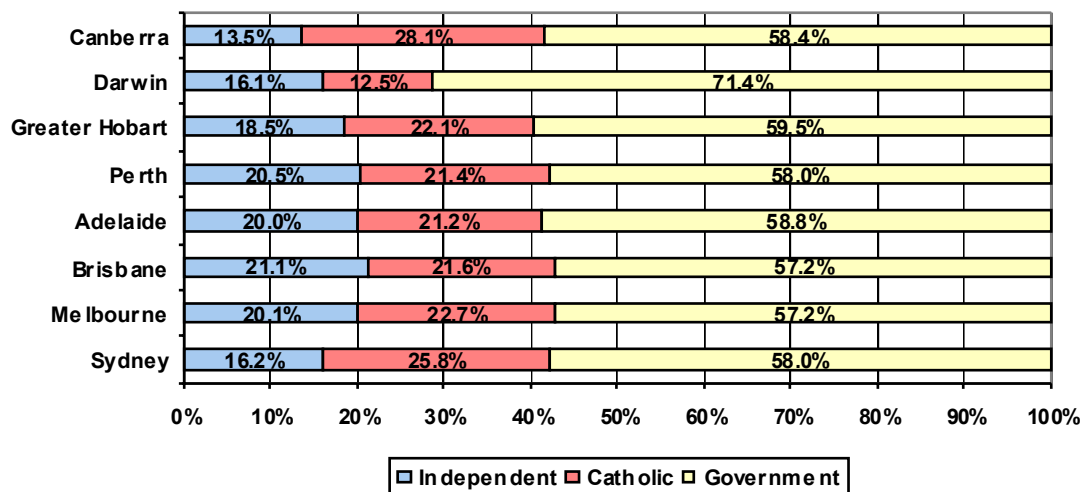
SOURCE: ABS Schools Australia 2003

Today, the independent sector's share of total enrolments is 12.2 per cent, Catholic schools' 19.9 per cent and government-owned schools' 67.9 per cent.

Our share of primary enrolments is lower – only 9.4 per cent. However our primary enrolments have more than tripled since 1980, from 54,000 to over 180,000 students.

In contrast, our share of total secondary enrolments is much higher – at 16 per cent.

**[SLIDE: Census 2001: Secondary enrolments by capital city]**



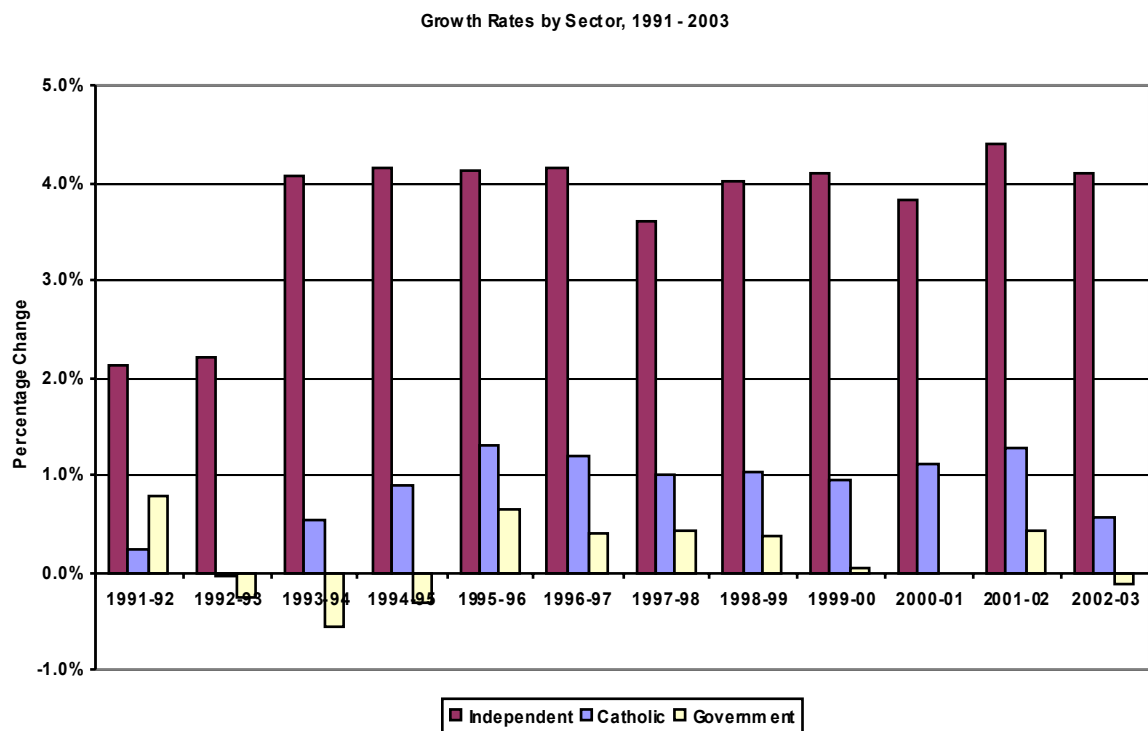
The non-government sector together accounts for close to 40 per cent of total secondary enrolments in Australia and even higher in all capital cities except Darwin.

In Perth, Adelaide, Brisbane and Melbourne secondary enrolments in independent schools are just over 20 per cent. These are 2001 figures based on Census data, so the proportion of students in our sector will have grown.

There can be no doubt that today independent schools are significant providers of education in Australia. What's more, when you look at figures like this it is quite apparent that government-owned schools cannot possibly be considered to have a proprietary claim to public education. Enrolment data makes clear that the reality of schooling provision in Australia today is one of supplier diversity.

Another reality that would seem to be unpalatable to some political interest groups is that the growth of non-government schooling in Australia – and of the independent sector in particular – has been driven not by Machiavellian political design but by consumer demand.

**[SLIDE: Enrolment growth by sector 1991-2003]**



This graph shows percentage enrolment change over the last 12 years. As you can see, our sector has experienced steady growth averaging around 4 per cent over the last decade. Last year, enrolments in our sector increased by 16,000 students, enrolments in the Catholic sector increased by almost 4,000 and enrolments in the government sector declined by just over two-and-a-half thousand students. But, as you can see, there have been years of enrolment growth in the government sector.

[Slide: Key Themes]

**Key Themes in National Education Policy**

- **Quality schooling and educational accountability**
- **Supplier diversity**
- **Measuring need**



To ensure there is ample time for questions and discussion today, I won't be looking at party policies in detail. Instead I will focus on three key themes where we can see played out some of the really important differences and similarities in these policies. These themes are:

- Quality schooling and educational accountability
- Supplier diversity
- Measuring need

## **QUALITY SCHOOLING AND EDUCATIONAL ACCOUNTABILITY**

[Slide: Quality Schooling and Educational Accountability]

<b>COALITION</b>	<b>ALP</b>
<ul style="list-style-type: none"><li>• <b>Increased expenditure</b></li><li>• <b>Targeted programs to promote teacher quality and counter disadvantage</b></li><li>• <b>Standardised testing and benchmarking</b></li><li>• <b>Competitive environment</b></li><li>• <b>School autonomy</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Increased expenditure</b></li><li>• <b>National resource standard identified</b></li><li>• <b>Targeted programs to promote teacher quality and counter disadvantage</b></li><li>• <b>Standardised testing and benchmarking</b></li></ul>

Both the Coalition and Labor parties say they want a quality education for all young Australians. The ALP sees this as being achieved by having all schools resourced to a minimum standard with additional funding to target disadvantage.

The Howard government's approach has been slightly different. Most obviously, like the ALP, it sees increased expenditure as a means to promote quality. Its cash commitment to schools this year amounts to some \$7 billion. Most of this is for general recurrent funding but the Coalition also invests heavily in programs covering literacy and numeracy and teacher quality as well as programs that target specific areas of disadvantage such as indigenous education. The ALP's policy proposes similar programs to achieve better educational outcomes.

Where the Coalition departs markedly from the ALP is in its support of a viable non-government sector. There is no doubt the Coalition sees competition in schooling as an important indirect means to leverage quality gains across all school sectors. Hence the repeated claims from the Coalition that it supports choice in schooling. This is not empty rhetoric. To support competition or choice, the Coalition wants to see more reporting to parents. Again, this is another attempt to ramp up the external pressures on schools to lift their performance.

The Howard government's push for benchmarks and standardised testing is as much about improving school outcomes as it is about educational accountability.

All state and territory governments have now fallen into line on literacy and numeracy benchmarking for Years 3, 5 and 7, no doubt helped along by the carrots and sticks of federal funding conditions. Even so, there has been a gradual acceptance that such testing is inevitable. If you look back just eight years, when there was vehement opposition by state education ministers to the Commonwealth's intervention on literacy and numeracy, you can appreciate how far the states have come on this issue.

The Howard government's Schools Assistance legislation covering funding for the 2005-2008 quadrennium was introduced into Parliament in June 2004. This required schools and systems to commit to common outcomes testing in the key areas of Maths, Science, English and Civics and Citizenship as a condition for funding. Mention was made of further testing in Years 6 and 10. However, no detail was in the actual Bill.

It's doubtful that a change in federal government would now signal a dramatic drawback by the states on their agreement to benchmarking or even the reporting of the individualised results of this testing to parents.

It is not clear where the ALP stands on standardised testing. They have supported the Coalition's legislation in the past but it is possible that the opposition by teacher unions to benchmarking could have an impact. The Greens are also opposed to benchmarking. If, as Bob Brown has proposed, the Greens form a government with the ALP in the case of a hung parliament or hold the balance of power in the Senate with the ALP, we could possibly expect some shift from the current position but it is unlikely to be a major one.

If the Coalition is returned, there is little doubt it will continue to use benchmarking and standardised testing as part of its push for greater national consistency in schooling. Standardised testing is a powerful means of exerting indirect control over the curriculum

and ISCA will be monitoring carefully any move on the proposal for testing in Years 6 and 10 should the Coalition retain government.

The Coalition also wants a uniform school starting age by 2010 and, at the other end of the schooling cycle, a common national tertiary entrance scheme.

The ALP is also interested in greater national consistency. In its 'Great Schools' policy it has promised to commit \$15 million to the development of a nationally consistent curriculum if it wins government. I should point out here that \$5 million of this is not new money – it is part of the \$520 million the ALP aims to cull from 178 independent schools.

## **SUPPLIER DIVERSITY**

[SLIDE: Supplier diversity]

- **Non-government schools are legitimate providers of education to the public**
- **Coalition promotes choice and competition**
- **ALP's policy promotes centralisation**
- **Accountability and autonomy**

The next theme I want to explore briefly is that of the legitimacy of non-government schools as alternate providers of school education.

As we've just seen, the Howard government has been happy to encourage a quasi-market situation in schooling provision as a means to encourage quality gains. This is an ideologically comfortable position for the Coalition parties, which encourage consumer choice. Ideologically it is extremely difficult for the ALP, Greens and Democrats. For these three parties public education is synonymous with government ownership of schools.

The Greens and Democrats have policies aimed at severely limiting the non-government schools sector. The ALP policy shows it will tolerate the non-government sector only in as far as it becomes more like the government sector. Hence its promotion of centralisation with the promise of charters with non-government school systems that pave the way for integration of the bulk of non-government schools into the government sector, and a regressive funding model for non-government schools. The so-called

financial accountability conditions for independent schools included by these parties in their schools policies are just another means to curtail school autonomy.

In stark contrast to this move to greater centralisation is the Coalition's push for more autonomy in systemic schools. A condition of eligibility for Commonwealth funding for government and Catholic systemic schools as outlined in the schools funding legislation introduced this year for the 2005-2008 quadrennium is autonomy for the principals of these schools in the hiring and firing of staff.

No matter who wins government, however, I see autonomy as an issue for our sector, both through increasing pressure for both educational and financial accountability and the move to greater national consistency in schooling.

## **MEASURING NEED**

Let's now move to the bottom line – schools funding. We have the detail of the Coalition's position – after all, the legislation has been tabled in Parliament – but let me quickly recap.

### **[SLIDE: Coalition's Schools Funding Policy]**

- **SES model for 2005-2008 quadrennium**
- **Continuance of funding maintenance**
- **Funding guarantee for schools moving to a higher SES score**
- **Catholic systemic schools included in SES scheme**
- **Recurrent funding indexed by AGSRC**
- **Additional funding for targeted programs**
- **Additional capital funding for Northern Territory**
- **Additional funding for students with disabilities**

The Coalition has committed to a continuation of the SES model for general recurrent grants in the 2005-2008 quadrennium. As well –

- There will be a continuation of the policy of funding maintenance which protects schools that would otherwise have a reduction in recurrent funding following the introduction of SES funding in 2001.
- New SES scores will apply from 2005 and a funding guarantee applied to schools whose students will be eligible for less. The reduced funding levels will be phased in by adjustments to annual cost supplementation of general recurrent grants.
- Catholic systemic schools will be included in the SES funding scheme for the 2005-2008 quadrennium, at an additional cost of \$362 million. Around 60 per cent of these schools are funding maintained.

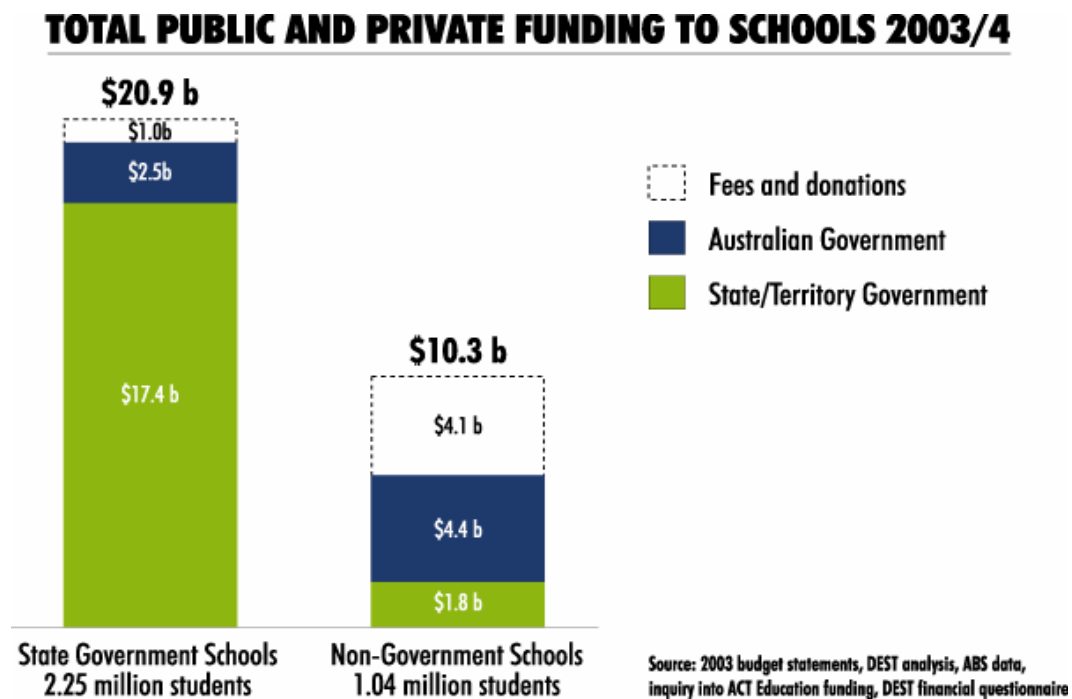
- Recurrent funding will be adjusted each year in line with movements in the Average Government Schools Recurrent Costs (AGSRC) index.

The Coalition announced on 26 September that they would also spend an additional \$1 billion over four years on capital. Of this \$700 million would be available to the government sector through direct application to the Commonwealth by school communities. The \$300 million for non-government schools would be distributed through the Block Grant Authorities, as per current arrangements.

If the Coalition retains government, we know pretty much what's in store.

Before I move on to the policies of the other parties, let's take a quick look at where the Coalition spends its school education dollar.

[SLIDE: Minister Nelson's Figures on Schools Resourcing 2003-04]



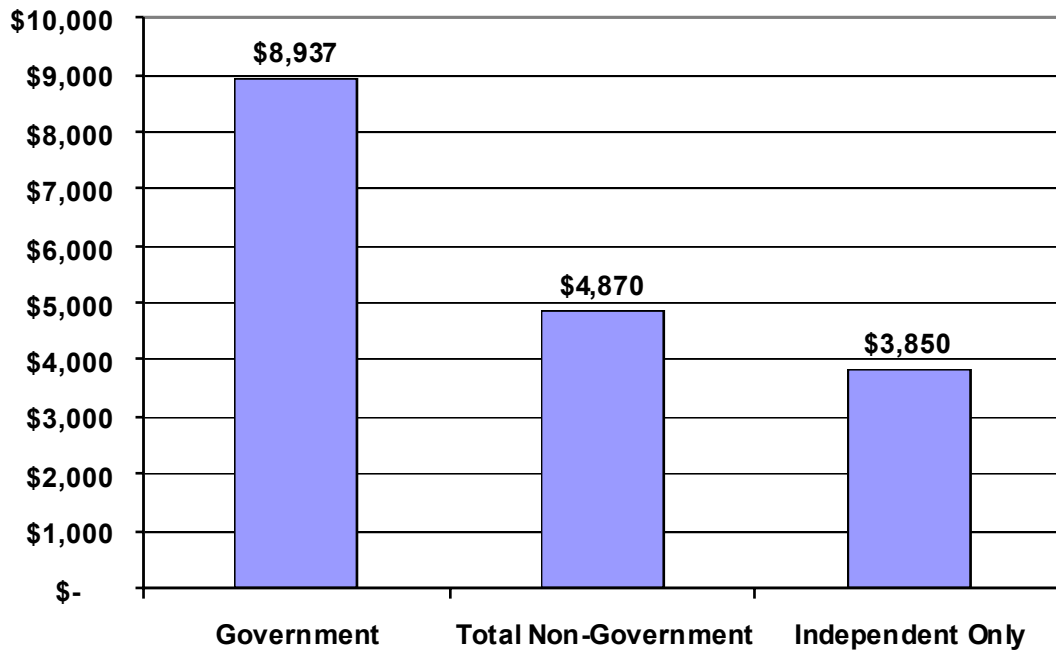
The public education lobby has made much of the Howard government's greater expenditure on the non-government sector. This, of course, is misinformation used specifically for political purposes. The apparent funding imbalance has more to do with historical factors than political purpose. Even under a Labor government more general recurrent funding would be finding its way to the non-government sector unless the financial arrangements with the states are entirely radicalised.

However, all we know at the moment is that under a Labor government there would be no extra money for non-government schools from the Commonwealth and only \$1.9 billion additional money over five years for the government sector. Not enough to make a significant shift in these proportions.



[SLIDE: Average recurrent per student expenditure 2001-02]

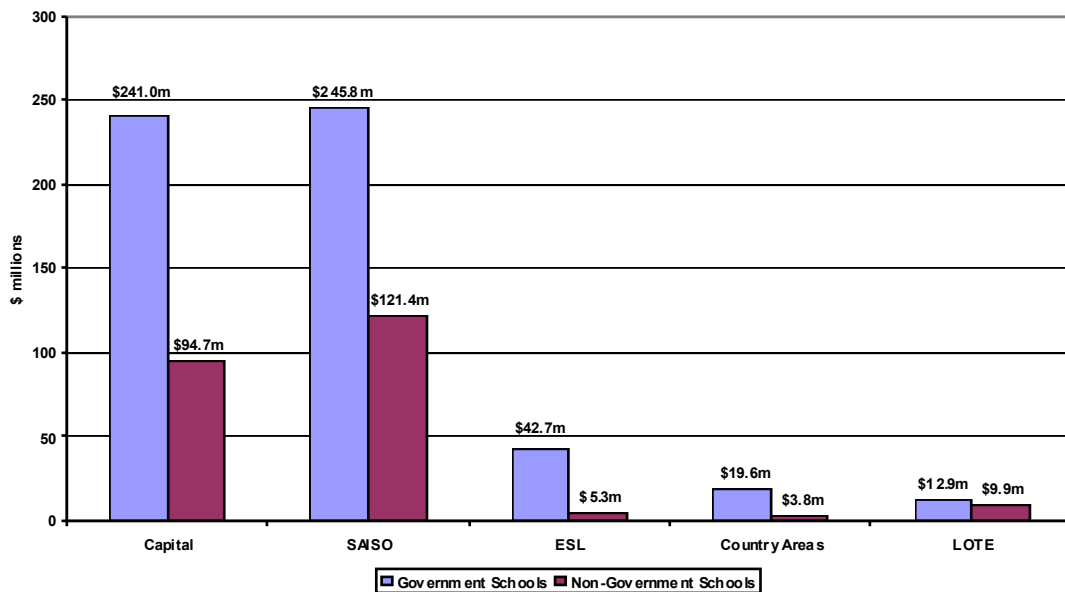
Average Recurrent Per Student Government Funding, 2001-02



As you can see from this graph students in independent schools, on average, get far less of the public dollar than other students. These proportions will certainly shift under a Labor government. That \$4000+ gap you see here will get wider each year.

[SLIDE: Targeted program funding 2004]

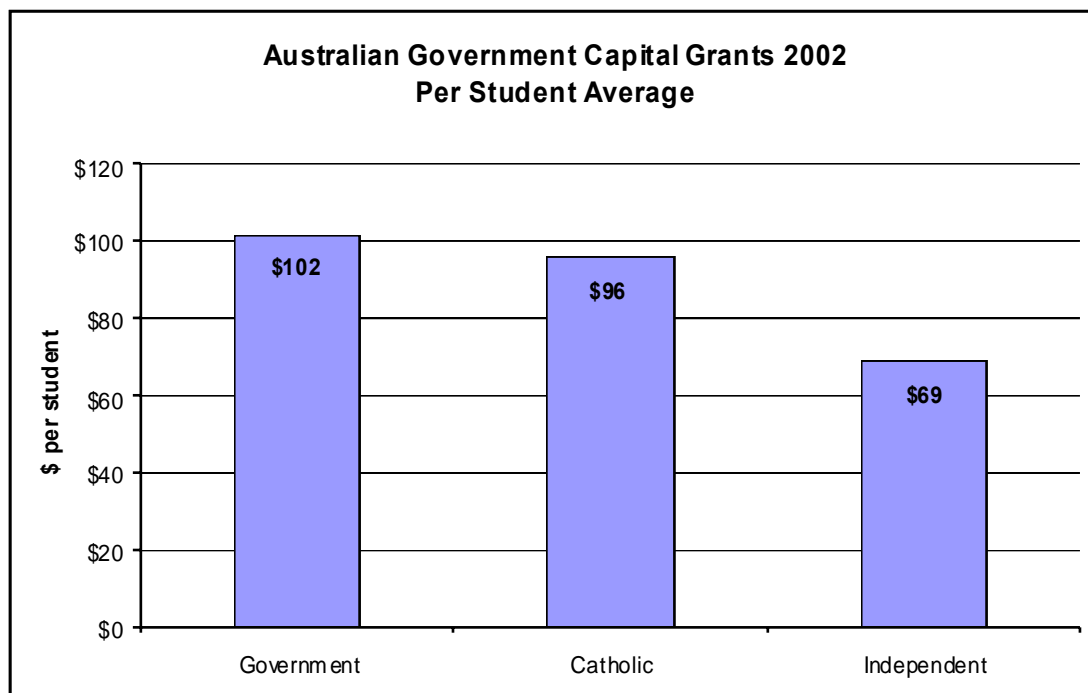
Estimated Australian Government Expenditure 2004 - Targeted Programs



What the public education lobby has not shared with the public are the relative proportions in Commonwealth funding for targeted programs and capital grants. As you can see from the graph, the bulk of funds go to the government schools sector. Again, these proportions would change under Labor, which is proposing an additional \$1.9 billion in targeted funding for the government sector over five years. The \$520 million in targeted funding allocated for the non-government sector is not new money but dependent on reductions made to general recurrent funding of the 178 hit list schools.

Let's quickly take a closer look at capital funding.

**[SLIDE: Capital funding 2002 – per student average]**



As we saw from the previous graph, the total allocation for capital was greater for the government sector. In 2002 the \$233 million in capital grants to government schools translate as an average \$102 per student. The \$63 million total allocation to Catholic systemic schools comes in not far behind at \$96 per student. The \$27 million allocated to independent schools was equivalent to an average of only \$69 per student. This is in spite of the fact that the independent sector is the fastest growing and accordingly has a greater need for capital funding.

The capital funding situation for the independent sector will become even more critical if the ALP wins government. The Coalition's promise of an additional \$1 billion, roughly split according to sector enrolment share, while providing extra dollars will not change relativities. Parent communities in independent schools will still be shouldering the burden of capital costs.

Before we move on to look at the ALP policy in more detail, let me just quickly look at what the Democrats and Greens are proposing.

You will no doubt have read recent speculation on the possibility of a hung parliament, and the outcome any swing to the Greens could have on the balance of power in the

Senate. Any increase in influence of either the Greens or the Democrats in the federal parliament could have serious adverse effects on the non-government sector. A quick look at their policies shows why.

**[SLIDE: The Greens' schools policy]**

- **Abolish the SES scheme**
- **End funding of Cat 1 & 2; reduce funding to Cat 3**
- **Freeze funding of all other private schools at 2003-04 levels and redirect the \$5 billion saved into government schools**
- **Catholic systemic and low fee school indexed to inflation**
- **Reintroduce a New Schools Policy**
- **Revoke exemptions of religious schools**
- **Accountability and transparency**
- **No expulsions**

The Greens want to –

- Abolish the SES scheme, including funding maintenance.
- End the Commonwealth funding of the wealthiest private schools – those that have high resource levels under the old 'Education Resource Index' (categories 1 and 2) and significantly reduce funding to category 3 schools. This money (\$1.5 billion from 2005-2008) would be redirected to a new national Disadvantaged Schools Program for public education.
- Freeze the total government funding of all other private schools at 2003-04 levels and redirect the \$5 billion saved into public education.
- Catholic systemic schools and other lower fee private schools would have their funding indexed to inflation, that is, the Average Government Schools Recurrent Costs index, or AGSRC, would no longer be used for indexation purposes.
- Reintroduce a New Schools Policy that would stop the unplanned growth of private schools. Proposals for new schools would have to be assessed for their impact on the viability and diversity of the enrolment base of all affected public schools.
- Voting against the Coalition's Bill for funding for the next quadrennium if it were to be reintroduced into parliament later this year
- Revoke exemptions of religious schools under anti-discrimination laws.
- Government and non-government schools to have the same minimum level of public accountability and transparency.
- Not allow non-government schools to expel students.

Note the loss of the AGSRC for supplementation in the Greens policy as well as the funding cuts. I will return to this later.

**[SLIDE: The Democrats' schools funding policy]**

- **Commonwealth-State schools funding agreement**
- **Funding benchmark**
- **Educational Need Supplement for government schools**
- **Abolish SES model**
- **Funding for non-government schools linked to income and assets, exclusion practices and educational disadvantage of students**
- **Schools with fees and levies exceeding AGSRC not eligible for funding**

The Australian Democrats want –

- A Commonwealth-State government schools funding agreement that establishes a funding benchmark for government schools and increases funding to at least the average for OECD countries.
- A Commonwealth Educational Need Supplement for government schools that qualify on the basis of remoteness, number of students with disabilities, learning difficulties, NESB, challenging behaviours and from indigenous and low income families.
- Replacement of the SES funding model for non-government schools with one that factors in whole-of-school income and assets, exclusion practices and the relative educational disadvantage of students.
- Schools with fees and levies that exceed AGSRC would not be eligible for Commonwealth subsidies. (The primary AGSRC for 2004 is \$6580 and is \$8595 for secondary.)

The Democrats are also advocating for a Building Basics Program to bring school facilities up to the national benchmark.

The policies of both the Greens and Democrats are influenced by their belief that non-government schools in general and religious schools in particular as undermining Australia's social cohesion. There is a definite taste of this in the ALP's policy, too.

[SLIDE: Labor's policy in a nutshell]

## **IN A NUTSHELL**

- **Additional \$1.9 billion targeted funds for government schools over 5 years**
- **No additional funds for non-government schools**

In a nutshell the ALP policy provides –

- An additional \$1.9 billion will be invested in government schools.
- There are no additional funds for the non-government sector as a whole.

[SLIDE: Labor's Schools Funding Policy]

- **National Resource Standard set at \$9K primary, \$12K secondary**
- **Basic Grant (combined Commonwealth and State) for non-government schools 15% of NRS**
- **67 Basic Grant independent schools**
- **111 funding guaranteed independent schools**
- **\$378m redirected to Catholic systemic schools for targeted programs**
- **\$142m redirected to independent schools for targeted programs**
- **Community Charter with Catholic system**
- **2005 a transition year**

The ALP proposes to –

- Introduce a national resource standard across all schools that will set the level of recurrent resources per Australian student to \$9,000 in primary schools and \$12,000 in secondary schools by 2012 (2004 prices). Most schools in Australia

currently operate below the new resource standard. Schools with income from tuition fees and charges over this level will be eligible for a combined basic grant from Commonwealth and state governments set at 15 per cent of the national resource standard.

- There are 67 'high fee' schools in New South Wales, Victoria and South Australia that have been named by the ALP as already operating above the national resource standard based on their fees.
- For these named schools, funding will be phased down over a three year period from 2006 to 2008. At the end of this period the schools will receive the basic grant of \$1,550 per primary student and \$2,066 per secondary student (in 2008 price levels). (This is estimated to be the equivalent of \$1,350 and \$1,800 in 2004 price levels.)
- Some 111 schools operating above the national resource standard through funding from a combination of all sources – federal, state or territory, and private – but not listed as being 'high fee' will become 'funding guaranteed'. These schools have also been named by the ALP, and are located in all states and the ACT. For these schools their grants will be held at current levels until their resources drop to the level of the new resource standard. Schools operating at the resource standard will then have the value of their grants maintained in real terms, based on movements in salaries and other inflation costs (but not AGSRC).
- The ALP will also re-distribute \$520 million of general recurrent grants from the 178 named independent schools to other non-government schools through a range of targeted programs. This includes a redirection of \$378 million to Catholic systemic schools.
- Continue to index general recurrent grants to non-government schools operating below the national standard by using the Average Government Schools Recurrent Costs (AGSRC) index.
- There will be a Community Charter with Catholic schools. There is a commitment to consult with other non-government school authorities to consider the extent to which these principles can be applied to other schools.
- 2005 will be a transition year with a new quadrennium commencing in 2006 and operating until 2009.

Before I go into the effect of the ALP's policy on independent schools I want to take a moment to explain the significance of using the AGSRC as the measure to index Commonwealth recurrent grants to schools.

Increases in government funding to the independent schools sector are driven by two key components – enrolment growth and annual supplementation. Enrolment numbers aside, it is the use by the Commonwealth of the AGSRC as an index to supplement recurrent funding to schools – both government and non-government – that is the real source of growth in Federal government funding for both sectors.

The AGSRC has been used to supplement federal recurrent funding for schools by both Labor and Coalition federal governments as far back as I can remember. But the AGSRC used to run at a similar rate to CPI. In the last few years, it has been rising at between roughly 4.5 per cent and 8.5 per cent per annum, while the CPI has been increasing by only around 1.0 to 2.0 per cent per annum from 1996-97.

Under Labor's proposals, only those non-government schools operating under the national resource standard will have their general recurrent grants indexed by the AGSRC. However, this will inevitably push them over the standard unless they continue to reduce their fees.

Non-government schools at or above the standard will have their general recurrent grants indexed to a measure that incorporates wage movements and inflation. We estimate that to be around half the movement in actual school costs. This of course means a reduction of funding in real terms.

**[SLIDE: Outcome of Labor's Policy]**

## **ALL INDEPENDENT SCHOOL COMMUNITIES WILL LOSE**

- **Average loss to 'hit list' parents \$3150**
- **Average gain to other students \$124 pa**
- **Families in lower SES basic grant schools hit the most**
- **Any gain depends on targeted program allocations**
- **National Resource Standard delivers less than AGSRC**

The Independent Schools Council of Australia has been criticised for not highlighting the benefits of the ALP's policy to those 870 independent schools that are not on the hit list.

The facts are that the parents of the 165,000 students in 178 independent schools that have been targeted by the ALP will have to find on average an additional \$3,150 to maintain the quality of their child's education. Hypothetically, if the ALP decided to redirect the remaining funds from the 'hit list' schools to each student in all other independent schools, these students would be eligible for \$124 per year.

I say 'hypothetically' because the cuts in general recurrent grants from the hit list schools will not be redirected to schools in the form of general recurrent grants but will fund targeted programs. \$378 million will automatically be redirected to the Catholic systemic sector. Individual schools will have to apply for a share of the \$142 million left for the independent sector, which will be held in 21 targeted programs.

This means that those 870 independent schools and the parents of the 285,000 students who attend them can have no idea whether they might benefit from this funding and by how much.

As you are probably aware, ISCA has posed 64 questions to the ALP to try and get some clarity on this policy. No answers have been forthcoming as yet. But the anomalies in the policy are substantial. For example, the high SES schools on the hit list will lose less per capita than those with a lower SES score. If this is Labor's way of addressing social justice it is truly remarkable.

**[Slide: Impact on Basic Grant schools]**

Schools named on the ALP 'Hit List'			Reductions in per capita general recurrent funding from CW and State/Territory under ALP proposal				
			2006	2007	2008	2009	Total 2006 – 2009
School A - VIC	SES 108	Primary	\$654	\$1,155	\$2,321	\$2,518	\$6,648
		Secondary	\$844	\$1,492	\$3,052	\$3,312	\$8,700
School D - NSW	SES 116	Primary	\$372	\$667	\$1,820	\$1,985	\$4,844
		Secondary	\$475	\$852	\$2,421	\$2,639	\$6,387
School G - NSW	SES 124	Primary	\$58	\$126	\$1,202	\$1,327	\$2,712
		Secondary	\$148	\$291	\$1,909	\$2,094	\$4,443

**[Slide: Impact on funding guaranteed schools]**

Schools named by the ALP as 'Funding Guaranteed'			Reductions in per capita general recurrent funding from CW and State/Territory under ALP proposal				
			2006	2007	2008	2009	Total 2006 – 2009
School J - NSW	SES 97	Primary	\$287	\$593	\$921	\$1,272	\$3,073
		Secondary	\$379	\$784	\$1,217	\$1,680	\$4,060
School R - NSW	SES 129	Primary	\$116	\$241	\$375	\$519	\$1,252
		Secondary	\$169	\$350	\$544	\$753	\$1,816

These calculations are conservative, and assume that the Victorian and NSW state governments would not reduce their contributions until 2008.

Also remarkable is the way the proposed National Resource Standard interacts with indexation. The AGSRC actually overtakes the Standard not long after 2012. In other words, if Labor committed to use the AGSRC to adjust its Resource Standard all schools and their students would achieve a higher resourcing level. Most certainly, all independent schools would be far better off under current arrangements.



[Slide: AGSRC and the National Resource Standard]

	2004	2005	2006	2009	2012	2016
<b>AGSRC</b>						
Primary	6,580	7,008	7,463	9,015	10,890	14,009
Secondary	8,595	9,154	9,749	11,776	14,225	18,300
<b>National Resource Standard</b>						
Primary	9,000	9,315	9,641	10,689	11,851	13,600
Secondary	12,000	12,420	12,855	14,252	15,802	18,133

## THE IDEOLOGICAL DIVIDE


[SLIDE: Ideological divide]

### Ideological Divide

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**Role of the state vs Rights of parents**  
**Diversity vs Uniformity**

**Equality ≠ Sameness**  
**Public education ≠ Government schools**  
**Tolerance ≠ Secularism**



There is a clear ideological divide evident in the different party policies.

The Coalition recognises the rights of parents while at the same time wanting to exercise the power of the state. It encourages supplier diversity in schooling provision because it believes choice and competition will drive quality gains.

The ALP, Greens and Democrats envision the power of the state in quite a different way and in the case of school education see it as prevailing over individual freedoms. They associate public education with government provision and tolerance with secularism. Accordingly, non-government schools and particularly religious and ethno-religious schools are seen as hostile to the public good. Hence policies that aim to neutralise non-government schools by attempting to make them as like government schools as possible.

The continued growth of the non-government schools sector has not served to change this ideological viewpoint, only exacerbate it. Non-government schools are being described by academics, politicians, and commentators as both symbols of, and contributors to a divided society.

No matter who wins government on 9 October, the independent sector will have to continue to advocate strongly for their role as legitimate alternate suppliers of school education to young Australians.