From the Chief Executive

We welcome this opportunity to present a submission to the Review of Funding for Schooling because it is the first opportunity in nearly 40 years to consider how governments should support the education of all Australian students.

Independent Schools Victoria is making what we hope will be regarded as a significant contribution to the detailed examination of school funding. We did not start developing this submission the day that the review of funding was announced. We have been researching the topic for a decade, extensively analysing funding models, discussing options with Australian and overseas academics, educationists and school leadership groups.

Our conclusion is clear and simple: School funding must be fair to all students, be transparent to schools and the public and should be based on reliable data that minimises the possibility of manipulation aimed at maximising funding outcomes.

We believe that the many anomalies in current funding models can be eliminated by introducing a system under which the educational needs of individual students are met in an effective, efficient and equitable manner. Our proposed Portable Funding Allowance would provide a core grant allocation and additional parity funding for students with special needs.

Governments have an obligation to fund education for all Australian children. We consider that our proposal would be a fair and transparent method of supporting students that would end discrimination against parents because of their choice of school.

We look forward to taking an active part in the discussion of school funding in Australia.

Michelle Green
Chief Executive
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Executive Summary

The Review of Funding for Schooling provides the first opportunity in nearly 40 years to test our understanding about how governments should support all students being educated in Australia.

Independent Schools Victoria Review Fundamentals

In response to the Review of Funding for Schools, Independent Schools Victoria is informed and directed by its organisational principles. These principles state that Independent Schools Victoria:

- promotes the principle of choice in education
- champions the values of Independent schools
- promotes the development and protects the autonomy of its Member Schools
- works with the Australian and Victorian Governments on issues to achieve more equitable, choice-orientated and efficient means of funding students’ learning
- contributes to the development, implementation and evaluation of education policies to achieve quality education outcomes.

From these principles, four fundametals arise, which underpin the Independent Schools Victoria response to the Review of Funding for Schooling. They are:

- That choice in education is defended in legislation
- That a freeze of funding on individual Independent schools is unacceptable
- That funding should be centred on students, not schools
- That personal or private contributions towards a child’s education should have no bearing on the level of funding they receive.

Sector Snapshot

There are 219 Independent schools in Victoria, educating 123,632 students.

As a percentage of total school and student numbers in Victoria, the Independent sector accounts for 9.6 per cent of schools, educating

We look forward to our submission being reviewed and considered by decision makers.

14.5 per cent of all Victorian students. On average Independent schools educate 565 students per school, compared to 380 in the Catholic sector and 342 in government schools.

A total of 46 primary schools, 21 secondary schools, and 152 combined primary/secondary schools make up the Independent sector in Victoria, which accounts for 10.2 per cent of primary school students, 19.1 per cent of secondary students and 20.8 per cent of VCE students.

There are 188 co-educational Independent schools, 19 girls-only schools, and 12 boys-only schools.

78.6 per cent of Independent school students are educated in schools in metropolitan areas, while the remaining 21.4 per cent are educated in rural and regional areas.

Funding Arrangements

Independent schools receive less government funding than government schools. Although Independent and Catholic schools educated 36.3 per cent of Victorian school children in 2008-2009, these schools received only 22.4 per cent of total government funding.

1Independent and Catholic data from the DEEWR Financial Questionnaire does not fully reconcile with data from the Productivity Commission’s Report on Government Services. Estimates of funding for the Independent and Catholic sectors quoted in this submission are calculated according to assumptions made by Independent Schools Victoria regarding the treatment of non-systemic Catholic schools and the matching of calendar year and financial year data. Fractional changes in the allocations to schools in the Independent and Catholic sectors might arise in different circumstances.
Victorian Independent schools educate 123,632 students, accounting for 14.5 per cent of all school students in Victoria.

Graph 1: Combined Government Funding for Victorian Schools ($ billion, 2008-2009)

In 2008-2009, the Australian and Victorian governments provided combined funding of $6.656 billion to Victorian government schools, but only $609 million to Victorian Independent schools (and $1.318 billion to Victorian Catholic schools).

Graph 2: Combined Government Funding Per Student for Victorian Schools (2008-2009)

Similarly, Victorian government schools received combined government funding of $12,381.53 per student in 2008-2009, while Independent schools received just $5,143.25 per student.

Combined government funding includes the user cost of capital for government schools and, in the case of non-government schools, government-provided capital grants. Funding allocations for Catholic and Independent schools have been estimated from 2008 data. All estimates in these tables and charts are based on data obtained from:

Graph 3: Combined Government Funding for Australian Schools ($ billion, 2008-2009)

Graph 4: Combined Government Funding per Student for Australian Schools (2008-2009)

It is a similar story across Australia. In 2008-09, government schools received combined government funding of $30.856 billion, or $13,543.86 per student. By contrast, Independent schools received a total of $2.893 billion, or $6050.86 per student. (Catholic schools received $5.191 billion, or $7394.66 per student). Graphs 3 and 4 illustrate this.
Estimates of the total taxpayer savings resulting from parents choosing non-government schools are presented below. Victorian Independent schools saved all taxpayers $857 million in 2008-09. The Victorian Government saved $1.149 billion but the Australian Government spent an extra $292m.

Table 1: State Government Funding per Student in Australian Non-Government Schools

<table>
<thead>
<tr>
<th></th>
<th>Aust</th>
<th>Vic</th>
<th>SA</th>
<th>ACT</th>
<th>Tas</th>
<th>NSW</th>
<th>Qld</th>
<th>WA</th>
<th>NT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>$1,745</td>
<td>$1,176</td>
<td>$1,400</td>
<td>$1,458</td>
<td>$1,747</td>
<td>$1,951</td>
<td>$2,008</td>
<td>$2,152</td>
<td>$3,207</td>
</tr>
<tr>
<td>Catholic</td>
<td>$2,084</td>
<td>$1,774</td>
<td>$1,609</td>
<td>$1,787</td>
<td>$1,978</td>
<td>$2,227</td>
<td>$2,282</td>
<td>$2,435</td>
<td>$2,994</td>
</tr>
<tr>
<td>Non-Government</td>
<td>$1,947</td>
<td>$1,542</td>
<td>$1,510</td>
<td>$1,683</td>
<td>$1,886</td>
<td>$2,127</td>
<td>$2,159</td>
<td>$2,305</td>
<td>$3,104</td>
</tr>
</tbody>
</table>

Estimates suggest that Victorian Independent schools continue to receive the lowest state or territory government funding in Australia.

When comparing funding between different states, in 2008-2009, for the first time, students attending Catholic and Independent schools, on average, no longer receive the least funding from a state government in Australia.
Ultimately, funding mechanisms for government funding for all schools in the future must be equitable, with students being treated fairly, regardless of the school they attend.

**Funding for our Future: 2013 and beyond**

On average, Independent schools in Victoria generate more than 66.6 per cent of their income from parents and other private sources. The rest is derived from both levels of government.

Ultimately, mechanisms for government funding for all schools in the future must be equitable, with students being treated fairly, regardless of the school they attend. Independent Schools Victoria believes that this should extend beyond a core grant allocation, and include parity in funding for students with special needs. Any funding model should be fair and transparent for all students.

The Review Panel has previously indicated that it sought the Independent Schools Victoria position on a number of issues, including core funding, the calculation of Average Government School Recurrent Cost (AGSRC) calculations and voucher funding.

To this end, Independent Schools Victoria has devised two funding models for consideration by the Review Panel:

- **Portable Funding Allowance**
  
  The Portable Funding Allowance (PFA) comprises a base component, topped up with evidence-based loadings for individual special needs, and would be available to government or non-government schools, and would treat all Australian students equally, regardless of schooling sector.

- **Community Based Funding**

  Several concerns have been raised about the operation of the Socioeconomic Status (SES) Funding Model since its introduction in 2001. Independent Schools Victoria proposes an alternative funding model which aims to retain the key strengths of the existing SES funding model, while introducing some variations that address some of the key criticisms of the SES model. This has been labelled the Community Based Funding (CBF) model.

  Independent Schools Victoria also believes that four main areas of student diversity need attention as part of the Review of Funding for Schooling. These are:

  - Students with a Disability
  - Students with a Language Background Other Than English
  - Indigeneity
  - Rurality and Remoteness.
About Independent Schools Victoria

Established in 1949, Independent Schools Victoria today represents, promotes the interests of, and provides services to 222 Member Schools, educating more than 129,000 students\(^3\).

More than 99 per cent of all students enrolled in the Independent sector attend an Independent Schools Victoria Member School.

Independent Schools Victoria Member Schools are diverse in character, serving a range of different communities. Member Schools may provide religious or values-based education to students, or promote education philosophies or different interpretations of mainstream education.

Independent Schools Victoria celebrates and promotes the diversity of its Member Schools, the inalienable provision of choice in education, and the contribution that Independent schools make to their communities.

Independent Schools Victoria celebrates and promotes the diversity of its Member Schools, the inalienable provision of choice in education, and the contribution that Independent schools make to their communities. Independent Schools Victoria has emerged and defined itself as a policy leader, underpinned by a strong research agenda, and an evidence-based approach to improvements and developments in the education sector. Independent Schools Victoria has been instrumental in innovative approaches to educational reform, has trialled and piloted several significant projects, and is now recognised as an important contributor to state, national and international educational thinking and practice.

Independent Schools Victoria is not a system authority managing schools, but a member association, providing professional services, and working to raise quality standards. Independent Schools Victoria represents the interests of Member Schools to governments and the community on a wide range of issues.

Independent Schools Victoria maintains an active participation in and auspices the management of a number of government programs and principles. These include:

- Development of the Australian Curriculum
- *Digital Education Revolution* program
- National Assessment Program – Literacy and Numeracy (NAPLAN) testing
- *My School* website
- Pursuit of the principles of the *Melbourne Declaration*

\(^3\) The Independent Schools Victoria membership comprises of 216 Independent and six Catholic systemic schools.

© Independent Schools Victoria
The Independent School Sector in Victoria

The Independent education sector in Victoria is diverse, with over 123,000 students attending 219 schools. The schools embrace a range of educational philosophies and are guided by different religious, cultural and social values, but all serve as the exemplar of educational standards for Victoria.

Schools

There are 46 primary schools, 21 secondary schools, and 152 combined primary/secondary schools that make up the Independent sector in Victoria. This accounts for 9.7 per cent of schools in Victoria, educating an average of 565 students per school, compared to 390 in the Catholic sector and 348 in government schools.

School sizes do, however, vary from 30 to 3000 students across the Independent sector, and cater for a variety of student and community needs. In 2010:

- 28 schools had 50 or fewer students
- 22 schools had between 51 and 100 students
- 72 schools had between 101 and 500 students
- 47 schools had between 501 and 1000 students
- 33 schools had between 1001 and 1500 students
- 17 schools had more than 1500 students.

Types of Schools

Independent schools enrol students from a diverse range of regions, religions and social backgrounds. Many independent schools are faith-based schools. Table 2 shows a breakdown of the affiliations of independent schools.

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglican</td>
<td>32</td>
</tr>
<tr>
<td>Assemblies of God</td>
<td>1</td>
</tr>
<tr>
<td>Baptist</td>
<td>6</td>
</tr>
<tr>
<td>Brethren</td>
<td>1</td>
</tr>
<tr>
<td>Catholic</td>
<td>2</td>
</tr>
<tr>
<td>Christian</td>
<td>18</td>
</tr>
<tr>
<td>Coptic Orthodox</td>
<td>2</td>
</tr>
<tr>
<td>Greek Orthodox</td>
<td>2</td>
</tr>
<tr>
<td>Inter-Denominational</td>
<td>7</td>
</tr>
<tr>
<td>Jewish</td>
<td>10</td>
</tr>
<tr>
<td>Lutheran</td>
<td>15</td>
</tr>
<tr>
<td>Montessori</td>
<td>6</td>
</tr>
<tr>
<td>Islamic</td>
<td>8</td>
</tr>
<tr>
<td>Non-Denominational</td>
<td>62</td>
</tr>
<tr>
<td>Pentecostal</td>
<td>1</td>
</tr>
<tr>
<td>Presbyterian</td>
<td>5</td>
</tr>
<tr>
<td>Seventh Day Adventist</td>
<td>7</td>
</tr>
<tr>
<td>Steiner</td>
<td>9</td>
</tr>
<tr>
<td>Uniting</td>
<td>11</td>
</tr>
<tr>
<td>Other</td>
<td>14</td>
</tr>
</tbody>
</table>

Table 2: Independent School Affiliations
'People who attended non-government schools actually have higher rates of civic participation than people who attend government schools.'

There is unfounded criticism of faith-based Independent schools for being divisive, arguing that they create monocultures, are not open to other ideas, and do not interact with other members of society. Critics have claimed that these schools ‘threaten the social cohesion of the nation’ and ‘balkanise the community’, arguing that the existence of such schools ‘lead to a whole lot of disparate sub-groups that are suspicious of each other’.4

However, the 2005 Australian Survey of Social Attitudes, as reported by Jennifer Buckingham in The Rise of Religious Schools in Australia, noted that, ‘People who have attended non-government schools (which are usually religious schools) do not express opinions that are less socially liberal or less tolerant of difference than students who have attended government schools. On some issues, the opposite is the case. People who attended non-government schools actually have higher rates of civic participation than people who attend government schools.’5

---


Between 2009 and 2010, enrolments in Victorian Independent schools grew by 1.74 per cent, or 2112.7 students, below the twelve year average of 2.89 per cent per annum. This rate of growth in Independent school enrolments has consistently been greater than the growth in both the Catholic sector (an average of 0.56 per cent per annum) and in government schools (an average of 0.26 per cent per annum).

Student Profile

Victorian Independent schools educate 123,632.1 students, accounting for 14.5 per cent of all school students in Victoria, and drawing their enrolments from the full spectrum of socioeconomic status.

Graph 8 and Table 3 shows the SES distribution of Victorian Independent school students in 2010.

Table 3: Victorian Independent school
Enrolments by SES 2010

<table>
<thead>
<tr>
<th>Number of Students</th>
<th>% of Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>90 or less</td>
<td>7,837.2</td>
</tr>
<tr>
<td>91-100</td>
<td>33,801.6</td>
</tr>
<tr>
<td>101-110</td>
<td>34,236.7</td>
</tr>
<tr>
<td>111-120</td>
<td>22,826.3</td>
</tr>
<tr>
<td>120-130</td>
<td>24,549.3</td>
</tr>
<tr>
<td>Not applicable*</td>
<td>381.0</td>
</tr>
<tr>
<td>Total</td>
<td>123,632.1</td>
</tr>
</tbody>
</table>

Non-government schools have a significantly larger share of students with a language background other than English (LBOTE). The gap is particularly large in Victoria, where 28.6 per cent of students in non-government schools had an LBOTE in 2006, compared to 21.3 per cent of Victorian government school students. This is one area of disadvantage where non-government schools would be expected to incur higher costs.

Language Background Other Than English

6 N/A – schools only enrol FFPOS students, receive no government funding and have no SES calculated.

© Independent Schools Victoria
Students with a Disability

There were 2,294.2 students with a disability, funded by the Australian Government, who attended a Victorian Independent school, accounting for 1.8 per cent of the total student population in the sector. Proportionally, students with a disability are underrepresented in the Independent school sector in Victoria.
Measures of student performance indicate that students from Independent schools usually perform better on average than their counterparts in Catholic and government schools.

There is a range of funding anomalies between the government and non-government school sectors in treatment of children with disabilities, with funding levels differing by as much as $30,000 for students with the most severe levels of disability.

**Students from an Indigenous Background**

In 2010, a total of 375.6 Indigenous students attended an Independent school in Victoria, accounting for 0.30 per cent of the enrolled population in Independent schools. This is relatively low, compared to the national average for the Independent schooling sector.

A large driver of this gap is the disparity in indigenous student shares in the Northern Territory and remote parts of Queensland and Western Australia, where there are fewer schooling options. For Victoria, although there are wide differences in the indigenous interschool sector student shares, these differences are already off a low base.

**Rural and Regional Students**

Nearly one third of Independent schools in Victoria are located in regional areas. 25,845 students, or approximately 21 per cent of students, attending Independent schools attend one of these schools. ‘Regional’ students are those who attend a school located outside of Melbourne metropolitan area.

Data from the 2010 DEEWR Census in Table 4 illustrates the Independent sector’s regional schools profile.

**Table 4: Regional Schools Profile**

<table>
<thead>
<tr>
<th></th>
<th># of schools</th>
<th>% of schools</th>
<th># of students</th>
<th>% of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melb.</td>
<td>148</td>
<td>67.6%</td>
<td>97,185.9</td>
<td>78.6%</td>
</tr>
<tr>
<td>Reg.</td>
<td>71</td>
<td>32.4%</td>
<td>26,446.2</td>
<td>21.4%</td>
</tr>
<tr>
<td>Total</td>
<td>219</td>
<td>100.0%</td>
<td>123,632.1</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Victorian Government *On Track* data shows that a high proportion of Independent school students go on to tertiary study, irrespective of the SES profile of the school.

### Outcomes

The Victorian Independent sector is justifiably proud of its students’ academic performance and their educational outcomes. These outcomes are built on the combined, non-negotiable commitment from schools and parents for every child to achieve to the best of their abilities. Measures of individual student performance indicate that students from Independent schools usually perform better on average than their counterparts in Catholic and government schools.

**On Track**

Victorian Government *On Track* data shows that a high proportion of Independent school students go on to tertiary study, irrespective of the SES profile of the school, while students from across the Independent sector move on to a wide range of post-school destinations.

Table 5 shows that regardless of socioeconomic status, a high proportion of students who complete Year 12 apply for further study.

**Table 5: Victorian Independent Year 12 Completion Rates and Tertiary Applicants in 2009**

<table>
<thead>
<tr>
<th>SES Range</th>
<th>Completed Year 12</th>
<th>Tertiary Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>SES 75-90</td>
<td>144</td>
<td>132</td>
</tr>
<tr>
<td>SES 91-100</td>
<td>1660</td>
<td>1441</td>
</tr>
<tr>
<td>SES 101-110</td>
<td>3065</td>
<td>2882</td>
</tr>
<tr>
<td>SES 111-120</td>
<td>2503</td>
<td>2383</td>
</tr>
<tr>
<td>SES 121-130</td>
<td>2312</td>
<td>2272</td>
</tr>
</tbody>
</table>

Table 6 shows that well over 90 per cent of Independent Year 12 school students received one form of Tertiary Offer for further study. It is important to note, despite a low SES range, 95.11 per cent of Year 12 students studying in schools with an SES 75-90 received a Tertiary study offer.

**Table 6: Victorian Independent Year 12 Tertiary Offers in 2009 for 2010**

<table>
<thead>
<tr>
<th>SES Range</th>
<th>Received University Offer</th>
<th>Received TAFE/VET Offer</th>
<th>Received Tertiary Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>SES 75-90</td>
<td>81.16%</td>
<td>14.55%</td>
<td>95.11%</td>
</tr>
<tr>
<td>SES 91-100</td>
<td>68.82%</td>
<td>24.35%</td>
<td>91.88%</td>
</tr>
<tr>
<td>SES 101-110</td>
<td>79.74%</td>
<td>17.86%</td>
<td>96.61%</td>
</tr>
<tr>
<td>SES 111-120</td>
<td>83.97%</td>
<td>14.53%</td>
<td>97.64%</td>
</tr>
<tr>
<td>SES 121-130</td>
<td>90.74%</td>
<td>8.36%</td>
<td>98.83%</td>
</tr>
</tbody>
</table>

Graph 10 and Table 7 provide a view of where Year 12 School-leavers in 2009 end up in 2010. In light of the Australian Government’s current disposition to attract low-SES students into university study, it is important to note that 70.5 per cent of the lowest ranged SES students enroll in university.

In the 91-100 SES Range, whilst only 50 per cent enrol in university, a higher proportion either enrolls into TAFE/VET studies (16 per cent) or enters into an Apprenticeship (7.5 per cent).
Most importantly, the number of students categorised as ‘Looking for Work’ is well below the national youth unemployment average, which currently rests at 9.4 per cent for Australians aged 15-24.

Table 7: Victorian Independent Year 12 School-leavers in 2009 by 2010 Destination

<table>
<thead>
<tr>
<th>SES Range</th>
<th>University Enrolled</th>
<th>Deferred Enrolled</th>
<th>TAFE/VET Enrolled</th>
<th>Apprenticeship/Trainee</th>
<th>Employed</th>
<th>Looking for Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>SES 75-90</td>
<td>70.5%</td>
<td>6.5%</td>
<td>13.8%</td>
<td>3.5%</td>
<td>2.8%</td>
<td>3.0%</td>
</tr>
<tr>
<td>SES 91-100</td>
<td>50.0%</td>
<td>13.9%</td>
<td>16.0%</td>
<td>7.5%</td>
<td>9.3%</td>
<td>3.3%</td>
</tr>
<tr>
<td>SES 101-110</td>
<td>63.0%</td>
<td>12.8%</td>
<td>11.7%</td>
<td>5.4%</td>
<td>6.0%</td>
<td>0.9%</td>
</tr>
<tr>
<td>SES 111-120</td>
<td>71.1%</td>
<td>11.0%</td>
<td>9.5%</td>
<td>3.1%</td>
<td>4.3%</td>
<td>1.0%</td>
</tr>
<tr>
<td>SES 121-130</td>
<td>72.8%</td>
<td>16.7%</td>
<td>6.4%</td>
<td>1.4%</td>
<td>1.8%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
Parents in 2009 and 2010 are generally very satisfied with their children’s schooling.

Satisfaction

Parental satisfaction is easy to gauge with reference to Independent schools. With sector growth in 2010 at 1.74 per cent, and sector-wide growth over the last twelve years of 40.73 per cent, it is clear that Independent schools satisfy the needs of parents and communities.

That said, Independent Schools Victoria conducts a number of surveys for, and on behalf of its Member Schools. Almost 30,000 parents and student opinions have been surveyed since 2006 from a wide variety of socio-economic profiles.

In 2009 and 2010, we surveyed the opinions of 11,385 parents from 68 schools and 17,051 students from 62 schools. From this combined group of parents in 2009 and 2010, parents are generally very satisfied (with an average satisfaction rating of 80 per cent) with their children’s schooling. Parents were asked how strongly they agree with the following statements on an 11-point scale (from 0 equals complete disagreement to 10 equals complete agreement). Their scores were as follows:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am happy to recommend the school to other parents</td>
<td>8.28</td>
</tr>
<tr>
<td>Overall, I am very satisfied with my decision to send my child/ren to this school</td>
<td>8.31</td>
</tr>
</tbody>
</table>

In 2009 and 2010, 3420 Year 12 students from 46 schools gave the following average satisfaction ratings of their schools (on the same scale):

| Overall, I have been satisfied with my experience at this school          | 7.98   |

Whilst families are already choosing Independent, and other non-government, education providers for Victorian students, they are, for the most part, happy with the choice they have made.
Existing Funding Arrangements for Independent Schools in Victoria

Victorian Independent Schools are recipients of funding from both levels of government. The mechanisms determining the allocation of this funding are quite different, though data collected by either the Victorian or Australian governments is often used by the other to calculate the amount of support schools receive.

Australian Government Funding

General Recurrent Grants

Schools are required to enter into a Funding Agreement with the Australian Government for each four-year funding period. The 2009-2012 Agreement, now extended to 2013, sets out the purpose of the General Recurrent Grants Program, specifying the use of funds, and the accountability requirements, including:

- support for the outcomes and targets outlined in the National Education Agreement
- commitment to the National Declaration on Educational Goals for Young Australians
- commitment to achieving the National School Performance and Transparency Requirements, including targets and measures as set out in the Quadrennial Guidelines, specifically, participation in National Student Assessment and the provision of reports to the Australian Government
- implementation of the Australian Curriculum
- agreement to provide representatives of the Australian Government with full and free access to appropriate school accounts and records upon request
- publication of school performance information
- publication of plain language reports to parents, including benchmarking student performance
- supply of data pertaining to a school’s detailed financial operations, including financial viability and funding sources, to the Minister for Education. Continued receipt of Australian Government funding is dependent on the Department of Education, Employment and Workplace Relations being satisfied that a school is financially viable. This data is collected as part of the Financial Questionnaire.

Accountability

As a requirement of receiving General Recurrent Grants, schools must account for grants, both financially and educationally.

To prove themselves as financially accountable, schools are required to submit a Financial Accountability Certificate, signed by or on behalf of the school authority, and by a qualified accountant independent of the school, stating that Australian Government funds have been expended in the program year, and in accordance with the Funding Agreement.

The 2009-2012 quadrennium educational accountability requirements are set out in the Schools Assistance Act 2008, and associated Regulations 2009. These include:

- participation in the Annual National Report on Schooling, including the provision of reports addressing the requirements for performance information that are set out in the Regulations
- provision of other reports as required by the Minister for Education in relation to financial assistance provided under the Act
- evaluation of the outcomes of programs funded through the Australian Government.
The Australian Government currently funds non-government schools according to a formula that measures the SES of the communities of students attending a particular school.

**Importance of General Recurrent Grants**

General Recurrent Grants are the largest form of income for non-government schools. On average, Australian government recurrent grants represented an average of 28.0 per cent of the total recurrent income of Victorian Independent Schools in 2009. This percentage varies significantly depending on the socioeconomic status (SES) score of a school.

**The SES Funding Model**

The Australian Government currently funds non-government schools according to a formula that measures the SES of the communities of students attending a particular school. The SES funding model involves linking student residential address to Australian Bureau of Statistics National Census of Population and Housing data to obtain the socioeconomic profile of an entire school community, and to measure its capacity to support the school.

The SES index calculation measures the income, education and occupation levels of residents living within a Census Collection District (CCD). In urban areas, CCDs average about 220 dwellings, while in rural areas, the number of dwellings reduces as population densities decrease.

Student residential addresses are collected from each school, and mapped to the correct CCD through geocoding. From this, each school community is defined in terms of the CCD from where the students attending the school live, and consequently, a school’s SES score is calculated as the average of these CCDs, accounting and weighted for the number of enrolments in each CCD.

Schools that draw students from predominately high SES areas receive lower levels of funding than schools that draw students from average or low SES areas.

SES funding ranges from a minimum level of 13.7 per cent of Average Government School Recurrent Cost (AGSRC) for schools with an SES score of 85 and below. Schools with SES scores within this range receive proportional funding based on their individual SES scores. AGSRC is calculated annually, using a selection of the costs of educating a child in a government school. Out of school costs, such as state and territory Department of Education administration costs, regional offices and some insurance costs, are excluded from this calculation.

Table 8 provides information on SES scores and the applicable funding levels as a percentage of the AGSRC.

**Table 8: SES Funding for Primary and Secondary Education**

<table>
<thead>
<tr>
<th>SES Score</th>
<th>% of AGSRC</th>
<th>SES Score</th>
<th>% of AGSRC</th>
</tr>
</thead>
<tbody>
<tr>
<td>85 and below</td>
<td>70.0</td>
<td>85 and above</td>
<td>13.7</td>
</tr>
<tr>
<td>86</td>
<td>68.7</td>
<td>108</td>
<td>41.2</td>
</tr>
<tr>
<td>87</td>
<td>67.5</td>
<td>109</td>
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<td>106</td>
<td>43.7</td>
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<tr>
<td>107</td>
<td>42.5</td>
<td>129</td>
<td>15.0</td>
</tr>
<tr>
<td>130 and above</td>
<td>13.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In 2011, all non-government schools are funded according to their 2009-2012 SES scores.

For the 2009-2012 quadrennium, the following applies to Independent schools:

- Independent schools classified as funding maintained for 2001-2004 and 2005-2008 continue to be funding maintained for 2009-2012 unless a school’s 2009-2012 SES score indicates a higher per capita funding rate.
- Schools with a 2009-2012 SES score of 85 or below are to be funded at the maximum rate (70 per cent) of AGSRC.
- Schools with a 2009-2012 SES score that is the same as the previous 2005-2008 SES score will continue to receive per capita funding entitlements at the same percentage of AGSRC. Schools with a 2009-2012 SES score that is lower than their 2005-2008 SES score will attract a higher per capita funding rate from 2009 unless the school is already funding maintained or already in receipt of maximum funding.
- Schools with a 2009-2012 SES score that is higher than their 2005-2008 SES score will have their 2008 per capita dollar amounts guaranteed (or frozen) until annual supplementation brings the value of the lower score up to the same level as the new score unless the school is funding maintained or already in receipt of maximum funding.

- Non-government special schools, special assistance schools and majority Indigenous student schools will be funded at 70 per cent of AGSRC. The following conditions apply to special schools:
  - students between the ages of 4-11 years on 1 July of the current program year will attract a grant at the primary rate
  - students between the ages of 12-21 years on 1 July of the current program year will attract a grant at the secondary rate.
- Schools that open after 1 January 2009 will be funded at the relevant funding rate for their 2009-2012 SES score, according to Table 8. (SES Funding for primary)

For schools that are members of systems, funding is provided to the system, and is based on the aggregate entitlement of the individual schools of the system.

In 2011, the initial AGSRC rates are as follows:

- Primary AGSRC amount – $9070
- Secondary AGSRC amount – $11,393

School Enrolments and Grants

General Recurrent Grants for SES Funded, Funding Guaranteed and Funding Maintained Schools are paid according to the number of students enrolled at the school at the time of the Australian Government Census of Non-Government Schools (the Census). The Census is held each year on the first Friday in August. All schools in receipt of Australian Government funding are required to complete the Census.

Schools are required to list the number of full-fee paying overseas students in the Census, however, these students are not eligible to receive General Recurrent Grant funding.

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7 In assessing schools’ entitlements in 2001, the Australian Government ensured that no schools were financially disadvantaged by the implementation of the SES funding system. Independent and Catholic schools that would have received less funding under the SES mechanism in 2001 had their year 2000 per student funding maintained, with the year 2000 dollar rates adjusted annually (supplemented) in line with the most recently agreed AGSRC figures. These schools are known as Funding Maintained schools.

8 Under the SES model, primary and secondary funding rates change separately. Thus, as schools that are funding guaranteed move to full SES funding, they may find that their primary and secondary funding rates move from being guaranteed in different years.
Graph 11: SES Funding and AGSRC – Funding for Non-Government Schools

Graph 11 shows the pattern of Australian Government recurrent funding for non-government schools under SES, as well as the number of Victorian Independent schools funded at those levels.⁹

General Recurrent Grants Payment Details

Payments to schools are scheduled to be made each year in:
- January (50 per cent)
- July (25 per cent)
- October (25 per cent) – including any adjustment for student numbers and supplementation.

Australian Government General Recurrent Grant payments are made to schools via the Victorian Government. The Australian Government has no constitutional authority to make direct payments to non-government schools, but uses its powers under various sections of the Australian Constitution to make payments to schools under States Grants Assistance Acts.

Additional General Recurrent Grants Considerations

The Australian Government also provides additional support for the following considerations:

- Remoteness Loading
  A new loading was introduced in 2009 for schools with campuses that are located in ‘moderately accessible’, ‘remote’ and ‘very remote’ CCDs, as defined by the Australian Bureau of Statistics Remoteness Structure. Schools receive an additional loading of five per cent of the school’s SES per capita funding rate for each student enrolled at moderately accessible campuses, 10 per cent for students at remote campuses and 20 per cent for very remote campuses. Only a small number of Victorian Independent school campuses are eligible to receive a remoteness loading.

⁹Note: Special schools, special assistance schools and majority Indigenous student schools have been included at an SES of 70 in the above graph. Three Victorian Independent schools do not have an SES calculated because they enrol only Full-Fee Paying Overseas Students.
### Indigenous Supplementary Assistance

For each student listed in the Australian Government Census of Non-Government Schools as being from an Aboriginal or Torres Strait Islander background, schools receive a grant based on whether the child is receiving primary or secondary education, and whether the school is in a remote location or not. For 2011, the initial rates are as follows:
- Primary Non-Remote – $1805
- Primary Remote – $4342
- Secondary Non-Remote – $2548
- Secondary Remote – $4938

### Distance Education

For a school to be eligible to attract distance education funding at a rate of 13.7 per cent of AGSRC per full-time equivalent student, the following conditions must apply:
- the student must reside in the state in which the school is located
- the student must not be a home education student
- the school must have state or territory recognition for the provision of distance education (in Victoria, where there is no specific recognition process applicable to non-government schools, the receipt of state recurrent grants for these students is accepted as being equivalent to state recognition).

### SES Score Review and Appeal

A school may apply in writing for a review of its SES score when the school considers the SES score has not been determined correctly or if the score is no longer accurate because of a significant change in the SES of the school’s community. A school’s raw SES score will have to change by at least one whole number before it will receive additional funding or have its funding reduced.

A Funding Maintained school which believes that its SES score has decreased to the extent that it would receive a higher rate of per capita funding if it was funded on the basis of an SES score is also permitted to apply for a review of its SES score.

Where an SES score may change by at least one whole number as a result of a review, the school will be funded on the basis of the new SES score that results.

If a Funding Maintained or a Funding Guaranteed school undertakes an SES review, the school will not be able to retain its Funding Maintained or Funding Guaranteed status even if that funding is more favourable.

Alternatively, if a school’s Approved Authority believes that the SES model does not accurately reflect the socioeconomic status of the school community, the school can appeal against its SES score. Schools that wish to appeal their SES score must detail in writing the grounds for which they believe that the SES model is inappropriate for their community. A minimum of 95 per cent of the school’s parents are then required to complete a detailed questionnaire based on the primary census information used to calculate the SES model. Based on the results of the questionnaire, the Minister for Education will make a determination as to whether the appeal will be allowed and whether the school will be allocated a new SES score based on the questionnaire data.

### Supplementation

The Australian Government supplements General Recurrent Grants retrospectively each year to account for price movements. From 2001, the supplementation of primary and secondary grants has been based on the separate movement in primary and secondary AGSRC.

AGSRC and the application of supplementation will be covered more closely further in this submission.
The Capital Grants Program for Independent schools in Victoria is an annual, application-based program with the allocation of funds provided on the basis of relative educational need and a demonstrated financial need for assistance.

Capital Funding for Schools

Australian Government capital funding for schools is administered by the Victorian Independent Schools Block Grant Authority Ltd (VIS BGA).

Capital Grants Program

The Capital Grants Program for Independent schools in Victoria is an annual, application-based program with the allocation of funds provided on the basis of relative educational need and a demonstrated financial need for assistance.

Capital grants expenditure can be used to:

- investigate the needs of schools, rural student hostels, buildings, parts of buildings, other facilities or equipment
- purchase land
- plan, erect, alter, extend, refurbish or demolish buildings
- develop or prepare land for building or other purposes
- install or upgrade water, electricity or other services
- provide furniture or equipment
- provide library materials and the goods for cataloguing a library.

In the period 2007-2010, VIS BGA was allocated scheduled amounts of:

- 2007: $10,331,664
- 2008: $11,159,451
- 2009: $11,806,692
- 2010: $11,308,475

Building the Education Revolution

$14.7 billion in funding over three years was originally committed to provide new facilities and refurbishments in Australian schools to meet the needs of 21st century students and teachers through the Building the Education Revolution (BER) program.

The BER program consists of three elements:

- **Primary Schools for the 21st Century**
  This element provided an investment for all primary schools to build new facilities such as libraries, multipurpose halls or classrooms, or to upgrade existing facilities. Of the 10,521 projects approved nationally under this program, 195 Victorian Independent schools received funding for projects.

- **Science and Language Centres for 21st Century Secondary Schools**
  This element provided for the construction of new science laboratories or language learning centres. Of the 537 projects approved nationally under this program, 20 Victorian Independent schools received funding for projects.

- **National School Pride**
  This element provided funding for minor capital works and maintenance projects in all schools. Of the 12,674 projects approved nationally under this program, 212 Victorian Independent schools received funding for projects.

The breakdown of funding for the Victorian Independent school sector is as follows:

- **Primary Schools for the 21st Century**: $327,439,000
- **Science and Language Centres for 21st Century Secondary Schools**: $29,313,065
- **National School Pride program**: $30,398,602

With these funds, Victorian Independent schools have been able to build new, and refurbish existing, facilities for students, and the sector welcomes the support received from the Australian Government.

Note that these funding amounts were enhanced considerably by the substantial co-contributions, currently estimated at in excess of $100 million in the Victorian Independent sector, by a large number of Independent schools to extend their BER projects.
Trade Training Centres

The Australian Government has provided $2.5 billion over 10 years to enable all secondary schools to establish Trade Training Centres in schools to help increase the numbers of students completing Year 12 or an equivalent qualification by improving access to quality and relevant education and training opportunities.

24 Independent Schools Victoria Member Schools are participating in the program. Of the projects currently underway:

- Three are being undertaken by individual Independent schools
- One is being undertaken in partnership with other Independent schools
- 11 are being undertaken in partnership with other sector (government and/or Catholic) schools.

The Australian Government’s commitment to funding alternative pathways has been welcomed by the sector, and it is hoped that more schools will be able to take up the program in the coming years.

Digital Education Revolution

An investment of $2.3 billion in new and/or upgraded information and communications technology for secondary schools with students in years 9 to 12 is the basis for the National Secondary School Computer Fund, as a key component of the Australian Government’s Digital Education Revolution.

Funding has been provided to purchase computers for schools at a ratio of 1:2, together with a contribution towards the effective deployment of computers purchased. By the end of 2011, it is expected that the Independent sector will reach the Australian Government’s computer ratio target of 1:1.

Victorian Independent schools have received the following over the first three rounds:

- Round 1: $2,171,000
- Round 2: $4,123,830
- Round 2.1: $566,610

To ultimately achieve the Australian Government’s final ratio target, an additional $31,919,000 has been allocated for Victorian Independent schools to purchase computers, while a further $24,896,475 has been provided for on-costs related to the development of school networks and peripheral devices.

Local Schools Working Together Pilot Program

The Local Schools Working Together Pilot Program aims to support innovative collaborations between government and non-government schools and between schools and other partners that address shared infrastructure needs that are not met by existing facilities. The program is administered directly by DEEWR.

Targeted Programs Funding

Australian Government targeted programs funding for schools is administered by Independent Schools Victoria, and provides targeted funding for schools through the following programs:

- Literacy, Numeracy and Special Learning Needs Program (including the Literacy, Numeracy, Students with Disabilities and School Grants – Per Capita elements)
- School Languages Program
- National Asian Languages and Studies in Schools Program
- Country Areas Program (CAP)
- English as a Second Language – New Arrivals Program
- Vocational Education and Training in Schools (VET) Program
- Australian Government Quality Teacher Program (AGQTP)
- National Partnerships (including the National Partnership on Literacy and Numeracy, the National Partnership on Low Socioeconomic Status School Communities and the National Partnership on Improving Teacher Quality)
The right for parents to choose a non-government education for their children is enshrined in the *Education and Training Reform Act 2006*.

The first five of these Australian Government Targeted Programs are based on the 2009-2012 funding period as provided for in the States Grants legislation. Information on the administration of these programs is available in the *Schools Assistance Act 2008 Administrative Guidelines: Commonwealth Programs for Non-Government Schools, 2009 to 2012* and on the Independent Schools Victoria website.

AGQTP funding has been provided to Independent schools to support teacher professional learning for 2011.

An annual Memorandum of Understanding is signed between Independent Schools Victoria and the Victorian Government for the administration of VET funding.

Partnership agreements have been signed between Independent Schools Victoria and both Department of Education and Early Childhood Development (DEECD) and the Catholic Education Commission of Victoria (CECV) for the administration of National Partnerships funding. Further information on the administration of these programs is available from Independent Schools Victoria.

Independent Schools Victoria is the nominated authority for the administration of these programs for all Independent schools in Victoria. CECV is the nominated authority in relation to all Catholic schools.

As the administering authority for Independent schools in Victoria, Independent Schools Victoria distributes relevant information to all Independent schools about the programs, including application forms, as program details are finalised.

Independent Schools Victoria also facilitates a number of sector-based activities under the various Targeted Programs, including specific projects, publications, research and professional learning.

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**Victorian Government Funding**

**State Recurrent Grants**

*Legislative Basis*

The right for parents to choose a non-government education for their children is enshrined in the *Education and Training Reform Act 2006* but there is no specific state legislation that enshrines the funding of non-government schools.

Nevertheless, the Funding and Service Agreements signed between schools and the Victorian Government guarantees funding for non-government schools for the 2010-2013 quadrennium.

*Indexation*

As part of the government’s Funding and Service Agreements with schools, indexation from 2010 to 2013 will be applied to the total funding available for non-government schools. Indexation is calculated annually by the Victorian Department of Treasury and Finance. Individual schools’ entitlements will then be calculated according to the Financial Assistance Model (see below) and may not reflect the indexation rate applied to the total funding available.

*Accountability*

State accountability requirements include:

- meeting registration requirements, including a commitment to provide a curriculum that prepares students to participate in contemporary Australian society. This includes ensuring that minimum standards are established, maintained and met by all registered schools
- providing evidence of a school’s not-for-profit status
The current funding model to distribute the state grant is the Financial Assistance Model for Non-Government Schools.

- demonstrating a focus on student outcomes, including a commitment to working to achieve the Victorian Government’s goals and targets for education, including the transparency and accountability agenda as described in the Blueprint Implementation Paper: Transparency and Accountability Across All School Sectors in Victoria
- participation in national literacy and numeracy benchmark testing
- actively exploring new opportunities for partnerships with community, business and other schools within and across education sectors
- signing a Funding and Service Agreement for Victorian Government funding between the school or system and the Victorian Government covering the 2010-2013 quadrennium
- participating in an annual DEECD census in February, along with any subsequent request to participate in an enrolment audit
- participating in annual financial reporting on the receipt and use of the state grant, including the provision of grant acquittal certification and a completed Financial Questionnaire, as referenced earlier in this document
- reporting on programs for students with disabilities, including the number of students, the students’ level of severity, the programs to support these students, the demand for these programs and an acquittal of expenditure against the programs
- providing annual student family occupation data in line with the Ministerial Council on Education, Early Childhood Development and Youth Affairs Data Standards Manual.

Current Funding Levels

The current funding model to distribute the state grant is the Financial Assistance Model for Non-Government Schools (FAM).

The state grant is paid to schools through the year, based on information provided by schools, including Education Maintenance Allowance (EMA) applications to the Victorian Department of Education and Early Childhood Development (DEECD) and student numbers in the Australian Government’s August Census of Schools. The February and July payments are made based on each school’s data from the previous year. The state government calculates each school’s final entitlement following receipt of the data from the August census, and the October payment reflects the balance owing to the school.

Payments are made to schools each year on the following basis:

- February – 25 per cent
- July – 50 per cent
- October – 25 per cent, including any adjustment for changes in student numbers.

Funding Rates, Budgeting and Planning

Specific rates applied to each element of the FAM change from year to year, and depend upon the total number of students in non-government schools. DEECD provides schools with initial details of the appropriate rates and allocations in November of the previous year. Details of final rates and allocations are provided to schools with the final payment in October.

Funding Guarantee

The Victorian Government has implemented a Funding Guarantee, to ensure that no school is financially disadvantaged by the implementation of the FAM. Once a school’s FAM entitlement has been calculated, this amount is compared to the amount that the school would have received in 2005 using former Educational Resource Index (ERI) Funding model, adjusted for current year enrolment numbers. Schools that would have received greater funding under the ERI model will continue to be funded using 2005 ERI rates until such time as their FAM entitlement exceeds their ERI entitlement. The 2005 ERI rates have not been adjusted for inflation, resulting in schools losing financial assistance in real terms.
The FAM comprises Core Funding and Equity Funding, which are divided into various funding elements. Initially, approximately 50 per cent of the total funding available was allocated to each of these two components. Over time, the proportion of funding allocated to the equity components has increased.

**Liberal Nationals Coalition Election Policy**

In the lead up to the November 2010 Victorian election, the then Coalition Opposition promised that it would:

- increase funding for Victorian non-government schools to 25 per cent of the cost of educating a student in a Victorian government school, starting from 1 January 2011
- provide an estimated $240 million over the next four years, to meet its commitments
- review the operation of the FAM to address equity concerns about its operations.

It is currently unclear how the new Victorian Government’s election promises will affect non-government school funding in 2011. The following explanation of the FAM for funding uses the existing parameters as experienced by Victorian Independent schools.

**Financial Assistance Model**

The FAM comprises Core Funding and Equity Funding, which are divided into various funding elements. Initially, approximately 50 per cent of the total funding available was allocated to each of these two components. Over time, the proportion of funding allocated to the equity components has increased, as illustrated in Chart 1.

Please note that the percentage splits between the different elements are based on initial 2011 allocations. The exact proportions will vary each year.

- **Core Component**
  - The core component is made up of Base Core Funding and Resource Modified Core Funding. Schools receive core funding for every eligible student enrolled at the school. Base Core Funding accounts for approximately 30 per cent of the total funding distributed under the FAM. Resource Modified Core Funding accounts for approximately 11 per cent of the total funding.
  - **Base Core Funding**
    - Base rates of funding per student for primary and secondary have been established. These rates are weighted for the stage of schooling of each student (see Table 9). The stages of schooling relativities were adjusted in 2008 and are based on the average recurrent cost of educating a child in a Victorian government school.
  - **Resource Modified Core Funding**
    - In addition to the Base Core Funding, resource modified core funding provides primary and secondary rates per student, weighted according to each school’s SES score. Again, this funding is weighted for the stage of schooling of each student. Prior to the 2010 Victorian election, DEECD had indicated that it would review the Resource Modified Core Funding allocative mechanism in 2011, with a view to replacing the SES index with an index based on financial data from the Australian Government’s Financial Questionnaire.

- **Equity Funding**
  - This component comprises five elements: Students with Disabilities Funding, Aboriginal and Torres Strait Islander Funding, Rurality and Isolation Funding, Student Family Background (EMA) Funding, and Student Family Background (New) Funding. Each of these five elements has been identified by DEECD as a measure of educational disadvantage. The vast majority of the Equity Funding is allocated under the Student Family Background (EMA) element.
Table 9: Stages of Schooling Relativities

<table>
<thead>
<tr>
<th>Year Level</th>
<th>Stage of Schooling Relativity</th>
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<tbody>
<tr>
<td><strong>Primary</strong></td>
<td></td>
</tr>
<tr>
<td>Prep</td>
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<td>Grade 1</td>
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<tr>
<td>Year 11</td>
<td>1.36</td>
</tr>
<tr>
<td>Year 12</td>
<td>1.36</td>
</tr>
<tr>
<td>Ungraded Secondary</td>
<td>1.36</td>
</tr>
</tbody>
</table>

- **Students with Disabilities (SWD) Funding**
  SWD Funding is measured by the number of students with an Australian Government-defined disability, as identified by the school on the Australian Government’s August Census of Schools. In 2010, a single per capita rate was allocated for each student with a disability.

  Schools are required to use this funding solely to provide support programs for eligible students with disabilities. Schools are also required to account annually to the Victorian Government for all expenditure on programs to support students with disabilities.

- **Aboriginal and Torres Strait Islander (ATSI) Funding**
  ATSI Funding is measured by the number of students from an Aboriginal
or Torres Strait Islander background as identified on the Australian Government’s August Census of Schools. A per capita grant is allocated for each ATSI student, with primary and secondary students being allocated a weighting of 1.00/1.50.

- **Rurality and Isolation (R&I) Funding**
  
  R&I Funding is designed to recognise the additional costs of education provision in geographically remote schools. Each school is allocated a Rurality Location Index score, based on distance from Melbourne, distance from the nearest provincial centre with a population of greater than 20,000, and distance from the nearest ‘large school’. Schools in the Melbourne metropolitan area automatically receive an index score of 0.00, while the most remote school in Victoria receives a score of 1.00. Funding is calculated by multiplying the base R&I rate of funding by a school’s R&I index, the number of students at the school and a primary/secondary weighting of 1.00/1.47.

- **Student Family Background (SFB) Funding**
  
  SFB Funding is designed to provide additional funding for students from lower socioeconomic backgrounds. Prior to 2010, all SFB funding was allocated according to the number of students at a school in receipt of the Education Maintenance Allowance. From 2010, a second funding stream was introduced into the SFB element of the FAM.

- **SFB (EMA) Funding**
  
  SFB (EMA) Funding is provided to schools based on the number of students who receive EMA funding in the first claim period for each year. Students who are included only in the second claim period do not attract funding under this element of the FAM.

Once funding has been allocated to all of the other elements of the FAM, all remaining funding is allocated to the SFB (EMA) element. Funding for each school is calculated by multiplying the base SFB rate of funding by the number of students at the school in receipt of the EMA or on an appropriate protection order, with a primary/secondary weighting of 1.00/1.47.

SFB (EMA) Funding is also allocated for students who have been placed under eligible protection orders under section 275 of the Victorian Children, Youth and Families Act 2005, which grants custody of the children to the Secretary of the Department of Human Services.

- **SFB (New) Funding**
  
  DEECD is committed to providing an additional $100 million over the 2010-13 quadrennium toward supporting students from low socioeconomic backgrounds. In 2010, this funding was allocated to schools on the same basis as the SFB (EMA) funding. In the future, DEECD has proposed that this measure will be based on Student Family Occupation (SFO) data. Schools will receive funding according to their SFO Density Score, which determines the proportion of parents at the school in each occupation category.

Schools are required to collect the same SFO data for DEECD funding that they currently report to the Ministerial Council for Education, Early Childhood Development and Youth Affairs for the purposes of the National Assessment Program – Literacy and Numeracy (NAPLAN). However, for state funding purposes, schools are required to collect SFO data for all students.
Funding for our Future: 2013 and beyond

Education policy makers must not ignore the value of Independent education when considering funding for school education in Australia.

Four fundamentals underpin the Independent Schools Victoria approach to developing funding mechanisms for schools across Australia.

- **Fundamental 1:** That choice in education is defended in legislation
  
  Choice in education is codified in Victorian, Australian and international law, and protects the rights of parents to make decisions on the type of education they want their children to receive.
  
  Growth in enrolments in the Independent sector shows that parents want to access schooling that best reflects and embodies their values and beliefs. Parents should not be financially penalised as a result of choosing non-government schooling for their children.
  
  Choice creates positive competition in the education sector and drives innovation to benefit all students.

- **Fundamental 2:** That a freeze of funding on individual Independent schools is unacceptable
  
  Both the Victorian and Australian governments are obliged to provide all students with a level of financial support for their school education, along with additional needs-based funding which recognises the diverse range of educational requirements of students, and the increasing cost of education.

- **Fundamental 3:** That funding should be centred on students, not schools
  
  It is a basic right for all children to have access to schooling in the compulsory years. Successive governments have recognised that it is their core function to financially support the education of every Australian child, irrespective of their family background or school. This essential principle must not be lost in any restructure of funding for schooling.

- **Fundamental 4:** That personal or private contribution towards a child’s education should have no bearing on the level of funding they receive
  
  Parents choosing Independent schools expand Australia’s investment in education. Governments should recognise and encourage the continued significant financial investment parents make in their children’s education at Independent schools through the payment of school fees, fundraising and donations.
  
  According to OECD data, these non-government contributions amount to 25 per cent of the entire spend on education in Australia, and as such funding arrangements should support students in a way that encourages, not discourages, parental investment in schooling.

Funding for our Future: 2013 and beyond

On average, Independent schools in Victoria generate more than 66.6 per cent of their income from parents and other private sources.

The Australian Government contributes 26.5 per cent, while schools receive 6.9 per cent from the Victorian Government.

In all, Victorian Independent school students receive less than half the federal and state government funding available to government school students.

Ultimately, funding mechanisms for government funding for all schools in the future must be equitable, with students being treated fairly, regardless of the school they attend.
On average, Independent schools in Victoria generate more than 66.6 per cent of their income from parents and other private sources.

This should extend beyond a core grant allocation, and include parity in funding for students with a disability, Indigenous students, and students with a language background other than English.

Independent Schools Victoria strives for a model that is fair and transparent for all students.

**Funding Elements**

Independent Schools Victoria was invited to participate in a conversation with members of the Review of Funding for Schooling Panel on 8 July 2010. Panel Members were very interested to know the Independent Schools Victoria position on a number of issues, including core funding, the calculation of Average Government School Recurrent Cost (AGSRC) and voucher funding.

**Base Cost Funding**

In 2005, the Schools Resourcing Taskforce Secretariat for the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA), prepared the nationally endorsed *Resourcing The National Goals For Schooling Stage 2 Report*.

The report developed an analytical framework that integrated two types of cost analyses. For the purposes of this submission, Independent Schools Victoria will focus on the ‘Base cost’ analysis, which provided for ‘a theoretical estimate of the efficiency frontier for schools as measured by existing least cost for primary and secondary schools.’

The base cost of schooling was estimated as the actual average per capita recurrent costs of a set of government schools that:

1. were operating in middle-range SES communities
2. had a school and student profile that attracted very limited additional targeted resourcing from government
3. had students meeting a ‘standard’ as defined by specific participation and learning benchmarks.

For the purposes of the report, the standard was separately specified for primary and secondary schools as follows:

- For primary schools, the standard was that at least 90 per cent of students had achieved the benchmark in each Basic Skill Test carried out in Years 3 and 5.
- For secondary schools, the standard was that the school median University Admission Index score was at least equal to the respective state average, and that a minimum of 75 per cent of students at that school completed Year 12.

Nationally, about 260 schools met these criteria.

From this analysis, the Schools Resourcing Taskforce Secretariat defined the Public Base Cost (PBC) as the publicly funded costs from all levels of government. This explicitly excluded the user cost of capital and transport costs.

The 2005 report calculated the following PBC amounts:

- Primary school PBC was $6201 per student (including in school and out of school recurrent costs at 2003 prices)
- Secondary school PBC was $8504 per student (including in school and out of school recurrent costs at 2003 prices)

Applying indexation to the report’s PBC estimates for 2003 based on growth in the Average Government School Recurrent Costs to 2010 levels, Independent Schools Victoria has calculated that the publicly funded cost of Australian schooling in 2010 was $9287 for primary school students and $12,079 for secondary school students.

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As there is no other broadly-based analysis which attempts to determine a base cost as comprehensively as this 2005 MCEETYA Report, Independent Schools Victoria accepts its findings and submits them as the base cost funding for schooling at the primary and secondary school levels respectively.

The Average Government School Recurrent Cost and Supplementation

To account for education price movements in government spending for government schools, the Australian Government supplements recurrent grants retrospectively each year for Independent schools. From 2001, the supplementation of primary and secondary school grants has been based on the separate movement in primary and secondary school Average Government School Recurrent Cost (AGSRC). Prior to 2001, a single supplementation measure applied to both primary and secondary school level recurrent grants. Historical supplementation rates are outlined in Tables 10 and 11. Historical levels of AGSRC are outlined in Table 12.

The measure used for supplementation has varied over the past decade, including movement in indicators such as the Schools Price Index, the Community Standard, and finally, AGSRC.

Table 10: Australian Government Single Rate Supplementation of General Recurrent Grants

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<tbody>
<tr>
<td>1993</td>
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<td>1999</td>
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<td>2000</td>
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Table 11: Australian Government Separate Rate Supplementation of General Recurrent Grants

<table>
<thead>
<tr>
<th></th>
<th>Primary %</th>
<th>Secondary %</th>
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</thead>
<tbody>
<tr>
<td>2001</td>
<td>6.40%</td>
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<tr>
<td>2003</td>
<td>7.10%</td>
<td>7.40%</td>
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<tr>
<td>2004</td>
<td>8.65%</td>
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<td>2005</td>
<td>3.15%</td>
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<td>2006</td>
<td>6.32%</td>
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<td>2007</td>
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<td>2008</td>
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<td>2009</td>
<td>4.18%</td>
<td>5.81%</td>
</tr>
<tr>
<td>2010</td>
<td>8.23%</td>
<td>7.02%</td>
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Table 12: Average Government School Recurrent Cost

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<tr>
<th></th>
<th>Combined</th>
<th>Primary</th>
<th>Secondary</th>
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<tbody>
<tr>
<td>1992</td>
<td>$3979</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>$4124</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>$4333</td>
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<tr>
<td>1995</td>
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<td>$4505</td>
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<td>1997</td>
<td>$4761</td>
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<td>2000</td>
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<td>2001</td>
<td>$5378</td>
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<td>2002</td>
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<tr>
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<tr>
<td>2009</td>
<td>$8380</td>
<td>$10,646</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$9070</td>
<td>$11,393</td>
<td></td>
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Independent Schools Victoria believes that it is necessary for the Australian Government to disclose the calculation, and associated formulae used to determine AGSRC, and its application in the non-government school sector.

Independent Schools Victoria does not regard AGSRC, and its application through supplementation to general recurrent grants, as being a flawed mechanism, or that it is in need of a major review by the Review Panel. Independent schools in Victoria believe that changes in AGSRC since its implementation have reflected accurately changes in the costs incurred by schools.

However, it must be conceded that the calculation determining AGSRC is neither transparent, nor accountable to the public. Whilst the use of changes in AGSRC works well to calculate the supplementation of funding for Independent schools, it is important to note that Independent Schools Victoria is unable to comment on the accuracy of the formula used to determine AGSRC as its full parameters are unknown. Independent Schools Victoria believes that it is necessary for the Australian Government to disclose the calculation, and associated formulae used to determine AGSRC, and its application in the non-government school sector.

**Transitional Arrangements**

Independent Schools Victoria does not believe that the current Funding Maintained and/or Funding Guaranteed provisions that exist as transitional arrangements should be ignored.

It is the position of Independent Schools Victoria that transitional funding arrangements should only be discussed in the context of an actual proposed model.

Should the Review Panel or the Australian Government put forward a future funding model, Independent Schools Victoria will work to ensure that appropriate transitional arrangements are put in place to ensure that Victorian independent schools are in the best position to carry out their core business of educating Victorian students.

**Future Funding Models**

The fundamental aim of any funding model for schools should be to address and to target the educational needs of individual students in an effective, efficient and equitable manner. As such, the model should be fair to all students, should be transparent to schools, and to the public, and should be based on reliable data that minimises the chance of results being manipulated by individuals or schools in order to maximise funding outcomes. A funding model should also be constructed in such a way that there are no perverse outcomes for students.

A number of funding models, both existing and potential, were reviewed. Independent Schools Victoria has devised two funding models for consideration by the Review Panel.

**Model 1: Portable Funding Allowance**

The Portable Funding Allowance (PFA) comprises a base component, topped up with evidence-based loadings for individual special needs, and would be available to government or non-government schools.

Using the base cost funding component as outlined earlier, the PFA would encompass a base component that would be the dominant component of the funding model. Residual PFA funding would be allocated to student-centred needs-based loadings. These needs-based loadings would include funding for Indigeneity, students with a disability and students from a Language Background Other Than English.

11 A summary of these can be found in Appendix A.
Australian and international evidence indicates that a student’s socioeconomic status is at best a weak predictor of their performance in scholastic tests. A student’s social status does not dictate their scholastic destiny and their life outcomes.

**Portability for Needs**

Students in remote areas are considered to suffer cost disabilities in the PFA model, which would also provide a needs-based loading for these students. This major advantage of the PFA is that it provides a model that moves beyond the current practice of targeting payments with a pre-determined solution in mind. Rather, the PFA provides the mechanism for the best solution to emerge from competition and innovation between schools and the exercise of parental choice.

Australian and international evidence indicates that a student’s socioeconomic status is at best a weak predictor of their performance in testing. A student’s social status does not dictate their scholastic destiny and their life outcomes. But a student who, for whatever reason, is falling well behind their school peers does face a more gloomy future. Independent Schools Victoria argues that it would be more effective for government to target individual students who are failing, regardless of where their family sits on a socioeconomic index.

**Equality of the Measure**

Critically, the PFA model regards the base level funding and needs-based loadings as applying identically to all students, regardless of the school a student attends, whether it is a government or a non-government school.

This allows for a student with a disability to access the same dollar level of special needs assistance whether attending a government or non-government school. Should the PFA be adopted, and if the model were means tested, then a non-government school student might have their base level of the PFA reduced because they are on the higher end of the socioeconomic status index. Under the model, a similarly indexed student attending a government school would attract the same level of PFA funding.

**Consideration for Parental Contributions**

Financial investments made by parents of their own post-tax incomes make a substantial contribution to long-term national human capital development, and account for 25 per cent of the total education spend in Australia. Parents should not be discouraged from or penalised for contributing towards the education of their children by the public funding system design.

When parents contribute fees for the education of their child, there is a reallocation of resources that would otherwise have been consumed or invested in other assets. Fee collection by non-government schools does not constitute a transfer of educational resources of other children. How parents legally spend their own after-tax dollars is not a public policy issue, and should be dismissed in the context of a review of government funding for education.

This argument can be further explored in the context of government schools inviting ‘voluntary’ parental contributions. While this fee cannot be legally regarded as a condition of educating a child, it is a hidden cost, in contrast to the transparent fee collection in the non-government sector.

In Victoria, some government schools are forced to ration excess demand for their limited school placements by declaring ‘closed’ school neighbourhood zones. Families fortunate enough to live in the neighbourhood, or who are in a financial position to afford to move into the area, benefit by accessing one of these preferred schools that are unavailable to those living just outside the zone. These government schools are able to attract better teaching resources which may not show up as a real resource cost on their financial accounts. Teachers are able to trade the benefits of working in a premium school against other monetised conditions of employment. Property owners within the zone benefit from an unearned property premium linked to having preferential access to the premium government school.
Independent Schools Victoria proposes an alternative funding model which aims to retain the key strengths of the existing SES funding model, while introducing some variations that address some of the key criticisms of the SES model.

Independent Schools Victoria is also aware that the PFA model raises issues about the ongoing roles and funding responsibilities of the Federal versus State/Territory governments. Changes to financing arrangements would need to be negotiated at a later stage, and do not warrant examination as part of this submission.

Model 2: Community Based Funding

Several concerns have been raised about the operation of the Socioeconomic Status (SES) Funding Model since its introduction in 2001. These concerns have focused on the fine details of the model, rather than the underlying philosophical basis for its development.

With this in mind, Independent Schools Victoria proposes an alternative funding model which aims to retain the key strengths of the existing SES funding model, while introducing some variations that address the key criticisms of the SES model.

Independent Schools Victoria has determined to label this new model, the Community Based Funding (CBF) Model.

The Strength of a Census Data Driven Funding Model

Under the former Educational Resource Index (ERI) Funding Model, concerns about the transparency and reliability of data were particularly prevalent. Schools which had the time and capability to understand the intricate workings of the model were able to structure their finances in such a way as to maximise funding outcomes. However the slow and complicated review process meant that most non-government schools were unable to change their ERI funding status to better reflect the changing level of educational need of their student population.

When the SES funding model was being developed, it was agreed that an important consideration in designing a funding model was a preference for a transparent funding system, a system based on reliable data collected independently of the purpose of the funding programme. For transparency, the relationship between source data, indicators and the relative funding level of a school should be able to be demonstrated, and the data should not be able to be manipulated to affect funding.\(^\text{12}\)

Concerns about the potential for data manipulation remain today. As Victorian schools have witnessed during the collection of Student Family Education and Student Family Occupation (SFO) data for the My School website, issues around the self-reporting by parents remain problematic. Moreover, the experiences of the Victorian Department of Education, Early Childhood and Development with government schools collecting SFO data for funding purposes have shown that schools base their decisions on how much effort they put into collecting data related to the level of funding they might expect to receive through the model.

Another consideration which led to the development of the SES Funding Model was the difficulty of accessing unbiased socioeconomic information about individual families. When the SES model was introduced, the validation report concluded that ‘a Census-based SES measure produces a good proxy for parental income without the intrusiveness and administrative complexity inherent in measuring parent income more directly.’\(^\text{13}\)

Data obtained from the Australian Bureau of Statistics’ Census of Population and Housing is collected on a regular basis, directly from parents, and is independent of the schools themselves. In addition, census data focuses on the socioeconomic situation of individual students and families, rather than attempting to estimate individual student need from school financial data, or based on the sector in which the school is based.


In proposing a funding model, Independent Schools Victoria believes that census data remains the most reliable source of consistently collected socioeconomic data available on which to base a funding model for students.

**Targeting Student Needs**

Significant academic work has been undertaken to determine whether there is a correlation between student socioeconomic status and student educational need. While the evidence remains inconclusive at this stage, Independent Schools Victoria believes that the SES Funding Model’s measures of occupation, education, household income, and family income are appropriate to measure a student’s socioeconomic status. Nevertheless, while census data remains the best source of information with which to calculate a school’s funding entitlements, there are some additions that could be made to ensure that a funding mechanism utilising socioeconomic status more accurately targets individual student needs.

Another leading concern about the existing funding model is its inability to take account of family size. Several schools across Australia have successfully appealed their SES scores on the basis that their communities have larger than average family size, which dilutes family wealth and socioeconomic standing. As the Census records the number of people who are the usual residents of each household, it would be relatively simple to include such a measure as part of the CBF Model.

Other socioeconomic indices, such as the Socioeconomic Indices for Areas (SEIFA), have identified other variables which can also be used as proxies for socioeconomic disadvantage, and these in turn, could be incorporated into the CBF Model, in order to get a more detailed and accurate socioeconomic profile. Inability to access the internet and broadband, in particular, is an increasingly important measure of disadvantage.

Finally, areas of particular education disadvantage, such as Indigeneity or remoteness, which are more efficiently identified through direct data, can be addressed by targeting these issues directly, outside of the funding model. At present, the existing funding model provides an additional loading for remote and very remote schools, based on the physical location of the school. This can become a problem when a student from a remote location attends a school in a less remote area. Independent Schools Victoria proposes that a more accurate calculation take place, based on the student address details, which schools would be required to provide as part of the geocoding process. These addresses would be linked to the Australian Bureau of Statistics’ Accessibility/Remoteness Index of Australia (ARIA), and a school-level remoteness index would be developed that would provide a more detailed picture of student location-based need.
The notion that a student with a special need who attends a school in the non-government sector should be funded differently to a student in the same circumstances, attending a government sector school is absurd.

As also mentioned in this submission, Independent Schools Victoria believes that funding for Indigenous students and students with a disability would most appropriately be recognised at the individual student level. Funding for these students would be allocated on top of the CBF Model, based on an identification process, such as the annual Census of Schools.

**The Community Based Funding Model and Funding Levels**

Independent Schools Victoria believes that when considering funding models, it is important to distinguish between the philosophical underpinnings of a model, and its operations in terms of allocating funding to schools.

The existing funding model currently provides non-government schools with funding between 13.7 per cent and 70 per cent of the AGSRC. However, there is nothing to prevent any socioeconomic model, such as the CBF in this case, being used to allocate any desired amount of funding, since such a decision is essentially a budgetary and a political one.

Several states and territories have implemented, or are intending to implement, funding models which link non-government school funding to 25 per cent of the cost of educating a student in a government school. Independent Schools Victoria believes that this figure is an appropriate benchmark to set as the minimum allowance for schools that would sit at the higher end of the scale of the CBF Model. Funding could then scale up to the Public Base Cost amounts identified earlier in this document ($9287 for primary level students and $12079 for secondary level students), for schools on the lower end of the socioeconomic scale of the CBF.

**Funding for Diversity**

Independent Schools Victoria has identified four main areas of student diversity that need attention as part of the Review of Funding for Schooling. These are:

- Students with a Disability
- Students with a Language Background Other Than English
- Indigeneity
- Rurality and Remoteness.

In all cases, Independent Schools Victoria seeks parity of funding for all students. The notion that a student with a special need who attends a school in the non-government sector should be funded differently to a student in the same circumstances, attending a government school is absurd.

**The Example of a Student with a Disability**

As an example, students with a disability are educated in both mainstream and special schools. Students with a disability are those students who satisfy the criteria for enrolment in special education services or programs provided in Victoria.

Generally, students with a disability in Independent schools are eligible for significantly less public funding than their counterparts in government schools, with Independent school students with disabilities losing free access to government services, such as brailling.

Because funding for students with a disability does not follow the child, irrespective of the school they attend, choice of school for these students is severely restricted. There is also serious concern about the impost on individual families and communities of costs that would otherwise be borne by the wider, tax-paying community.

Both the Victorian and the Australian governments support students with a disability in the non-government sector. However, a funding disparity arises when support from Commonwealth and State government agencies are combined. In 2010, the total average funding from the Victorian and Federal Government for each eligible student with a disability in an Independent school amounted to $7500.33.
No student with a disability attending an Independent school receives more government funding than any student with a disability attending a government school.

When compared with funding received by government school students, predominately funded by the Victorian Government, Independent school students can be discriminated against by over $30,000, as well as being denied access to other government services which are provided free of charge to students in government schools.

No student with a disability attending an Independent school receives more government funding than any student with a disability attending a government school.

**Needs Funding for the Future**

Any future funding model should incorporate nationally agreed definitions for each special need. In the case of students with a language background other than English, a standardised test to examine the actual learning needs of every student in those circumstances would ensure that government funding is allocated appropriately.

Common severity descriptors for students with a disability would work in the same way.

This would, in turn, allow the Australian Government, as well as the State and Territory Governments to work towards developing funding parity for students with special needs attending government, Independent and Catholic sector schools.
Conclusions and Recommendations

This submission highlights a number of important areas which must be considered by the Review of Funding for Schooling.

Foremost in the minds of Review Panel Members must be the continued academic success of Australian students and their long-term impact on national productivity.

Independent schools in Victoria demonstrate that success is being achieved at all socioeconomic levels, with over 90 per cent of students receiving offers to continue their studies at university, TAFE, or in apprenticeships.

Using Independent schools as a model would be of undoubted benefit to all students.

Any funding model for schools should address and focus on the educational needs of individual students in a manner that is efficient, effective and equitable. Australia’s future mechanisms for funding should be fair for all students, transparent to schools and to the public, and should be based on reliable data that minimises the chance of results being manipulated by individuals or schools in order to maximise funding outcomes.

A funding model should also be constructed in such a way that there are no perverse outcomes for students.

Recommendations

1. That the Review of Funding for Schooling adopt one of the two models proposed by Independent Schools Victoria in order to protect parental choice.

Independent Schools Victoria has proposed two models for consideration by the Review Panel.

The Portable Funding Allowance (PFA) provides for a significant move towards funding equity for all students in Australia by tearing down the distinction between government and non-government education as a barrier to equality. Regardless of socioeconomic profile and schooling sector, all students would be assessed on an equal footing and funded accordingly.

As an alternative the Community Based Funding (CBF) model allows for students to be assessed in a similar manner to the existing funding model, but refines the process to ensure that data is closer to the individual needs of students.

2. That the Review of Funding for Schooling recommend that all students in receipt of needs-based funding be funded at the same rate, irrespective of sector.

It is absurd that a student with a disability is funded at different levels because of the school he or she attends. Students in receipt of needs-based funding must be funded at the same rate (allowing for distinctions in severity level), regardless of their school.

Independent Schools Victoria believes that this is a fundamental issue of equity.

3. That the Review of Funding for Schooling recommend that AGSRC continued to be used as a valid mechanism to assist with school supplementation, but that the calculation must be transparent and available for public scrutiny.

Independent Schools Victoria does not regard AGSRC, or its application through supplementation to general recurrent grants, as a flawed mechanism, or in need of a major review by the Review Panel.

However, the calculation determining AGSRC is neither transparent, nor accountable to the public. This must be changed.
Independent schools in Victoria demonstrate that success is being achieved at all socioeconomic levels, with over 90 per cent of students receiving offers to continue their studies at university, TAFE, or in apprenticeships. Using Independent schools as a model would be of undoubted benefit to all students.

4. **That the Review of Funding for Schooling consider transitional arrangements in light of the growing cost of education in Australia.**

Whilst both the Prime Minister and the Minister for Education have given assurances that schools will not lose ‘one dollar’ of government funding, it is important for Panel Members to recognise that major changes to funding arrangements will affect the financial position of schools.

Transitional arrangements must be provided to ensure that the education outcomes of students are not affected, and that parents will still be able to exercise their right to choice in the future.

Independent Schools Victoria does note, however, that should the Portable Funding Allowance be adopted, no Australian school would be worse off, either with core funding, or needs-based loadings.
Appendix A

Independent Schools Victoria considered a number of alternatives for funding schools in Victoria. They are as follows:

**Considered Funding Models**

**Maintain the SES Funding Model**

The very nature of a Review of Funding for Schooling, and the costs incurred by undertaking this process, means there will be pressure on both the Review Panel, and the Australian Government to make changes. There is also significant pressure from special interest groups, and political parties who are committed to making major changes to funding levels for students in the non-government sector.

Independent Schools Victoria has already identified that it believes that the existing SES model, which collects data at the Census Collection District level, could be improved to a more accurate representation of individual student need. A future funding model must get closer to addressing each student’s individual needs, to ensure success for all undertaking education.

**Educational Resource Index**

While apportioning a value to the education resources of a school may go some way to calculating the ‘value-add’ of a school, the Educational Resource Index (ERI) provides no reflection of the needs of individual students. The ERI ranked school resources on a scale of 1 to 12, with schools ranked higher as being in more need.

Should the Review Panel propose a return to this already abandoned funding model, Independent Schools Victoria would ask how the Panel proposes to rank government schools. As it stands, government schools are fully funded by state governments. Should an ERI calculation be applied to these schools, it would necessitate consideration being given to the fact that ultimately, government schools have access not only to the vast resources of the Department of Education, but also to the full resources available to State Governments.

**National Adoption of the Victorian Financial Assistance Model**

The Financial Assistance Model comprises Core Funding and Equity Funding. In Victoria, this initially divided funding evenly between each component. Over time, this has gradually eroded, with Core Funding now accounting for 41 per cent of funding, and Equity Funding receiving the remaining 59 per cent.

Independent Schools Victoria does not question the logic of having Equity Funding that addresses student needs in such areas as students with a disability, and funding for needs associated with indigeneity, but it does have grave concerns when that same funding promoting equity outweighs core grants that should be available to all students.

By having floating allocation shares, actual student equity is not met, nor is there a proper acknowledgement of parent tax contributions.

**Forced School Cohort Diversification**

Forced School Cohort Diversification occurs where non-government schools are required to offer means-tested scholarships and bursaries to a defined proportion of their student population in order to receive government funding support.

This model would be financially unsustainable for Victorian Independent schools, and result in the closure of a number of low-cost education providers, which have limited capacity given they already charge low fees.
No Government Support

Independent Schools Victoria considered three potential funding models where government funding would not be granted to schools at all. These are:

- the Tax Model
- the Family Fund Model
- the Reduced Compliance Model

Naturally, these models could automatically be dismissed because they failed to meet two implicit tests:

1. The Prime Minister and the Minister for Education have both given assurances that no school would lose a single dollar. Obviously, if government was to take a position where it ceased to fund Independent schools directly, this would be contrary to the assurances already made.

2. By directly funding students in Independent and other non-government schools, government is seen to play a positive role in ensuring the future productivity of the nation by investing in the education of all school students, regardless of sector. It also ensures that all taxpayers are seen to benefit from the contribution of their taxes, i.e. most Australians are taxpayers, and as part of the social contract, citizens are able to see those tax dollars being distributed to certain budget considerations. Should parents determine to send their children to non-government schools, they are still given an incentive to contribute taxes because they will be able to see the direct result of their contribution.

- Tax Model
  The Tax Model would see schools receive no direct government support, but be able to claim tax deductions for costs as not-for-profit entities. Independent schools in the United Kingdom operate on a similar type of model.
  The Tax Model allows schools to continue to act as deductible gift recipients, and might even be extended to exempt Independent schools from having to pay taxation.

- Family Fund Model
  The Family Fund Model works in a very similar manner to the Portable Funding Allowance, as outlined earlier in this submission, however, education funding would be directly accessed by families, an a manner somewhat similar to the original iteration of the Australian Government’s Baby Bonus.

  An amount of funding, possibly related to the AGSRC amount, would be made available annually to families for each child, to be spent on the education of a child. Parents would be able to spend the Family Fund money on any element of education spending that they might encounter, including school fees, uniform, books, etc.

  The value to families is that funding would put access to non-government schools within the reach of some students, with parents required to think about how they would spend their allocation.

  This model necessitates that all schools, government and non-government, would be required to charge fees.

- Reduced Compliance Model
  Non-government schools would not receive any funding, but as a trade off, would not need to comply with many of the reporting and accountability aspects in existing funding agreements.

  Issues such as public reporting of financial statements or performance in the national testing regimen, and indeed, actual participation in national testing would no longer be required for non-government schools.

  This model is inconsistent with the spirit of the Melbourne Declaration.
Acronym List

See below for a number of the acronyms used in this document.

AGQTP  Australian Government Quality Teacher Program
AGSRC  Average Government School Recurrent Cost
BER    Building the Education Revolution
CAP    Country Areas Program
DEECD  Department of Education and Early Childhood Development (Victoria)
DEEWR  Department of Education, Employment and Workplace Relations
EMA    Education Maintenance Allowance
ERI    Education Resource Index
FFPOS  Full Fee Paying Overseas Student
LNSLN  Literacy, Numeracy and Special Learning Needs
MCEECDYA Ministerial Council for Education, Early Childhood Development and Youth Affairs (formerly MCEETYA)
NAPLAN National Assessment Program – Literacy and Numeracy
NSP    National School Pride (BER)
NP     National Partnership(s)
OECD   Organisation for Economic Co-operation and Development
P21    Primary Schools for the 21st Century (BER)
Pride  National School Pride (BER)
RAM    Resource Allocation Model
S&LC   Science and Language Centres for 21st Century Secondary Schools (BER)
SES    Socioeconomic Status
TAFE   Technical And Vocational Education
VET    Vocational Education and Training
VETIS  Vocational Education and Training in Schools
VISBGA Victorian Independent Schools Block Grant Authority
Contact Information

For more information on any of the information or issues arising from the Independent Schools Victoria submission to the Review of Funding for Schooling, please contact:

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Chief Executive
Independent Schools Victoria
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F: 03 9826 6066
E: michelle.green@independentschools.vic.edu.au

We look forward to our submission being reviewed and considered by decision makers.
## Victorian Schools - by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of schools</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>219</td>
<td>9.7%</td>
</tr>
<tr>
<td>Catholic</td>
<td>489</td>
<td>21.7%</td>
</tr>
<tr>
<td>Government</td>
<td>1548</td>
<td>68.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2256</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>


## Victorian Students - by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>123,632.1</td>
<td>14.5%</td>
</tr>
<tr>
<td>Catholic</td>
<td>190,644.7</td>
<td>22.3%</td>
</tr>
<tr>
<td>Government</td>
<td>539,227.1</td>
<td>63.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>853,503.9</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

## Australian Schools and Students - by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of schools</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>1017</td>
<td>10.8%</td>
</tr>
<tr>
<td>Catholic</td>
<td>1708</td>
<td>18.0%</td>
</tr>
<tr>
<td>Government</td>
<td>6743</td>
<td>71.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9468</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>492,145.8</td>
<td>14.1%</td>
</tr>
<tr>
<td>Catholic</td>
<td>713,623.5</td>
<td>20.4%</td>
</tr>
<tr>
<td>Government</td>
<td>2,291,798.0</td>
<td>65.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,497,567.3</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

## Independent Schools Victoria Member Schools

Not all independent schools are members of Independent Schools Victoria but some Catholic schools are members.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of schools</th>
<th>Number of students</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonsystemic Schools*</td>
<td>173</td>
<td>102,846.5</td>
<td></td>
</tr>
<tr>
<td>Systemic Schools</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catholic</td>
<td>6</td>
<td>6069.0</td>
<td></td>
</tr>
<tr>
<td>Ecumenical</td>
<td>18</td>
<td>13,795.9</td>
<td></td>
</tr>
<tr>
<td>Lutheran</td>
<td>15</td>
<td>4160.5</td>
<td></td>
</tr>
<tr>
<td>Seventh-Day Adventist</td>
<td>7</td>
<td>1995.2</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>219</strong></td>
<td><strong>128,867.1</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

* In systemic schools, overall responsibility for the distribution of financial resources and for educational policies lies with a central authority, or system.

## SES Comparisons

Number of Victorian independent schools in each SES bracket in 2010

<table>
<thead>
<tr>
<th>SES Bracket</th>
<th>Number of independent schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 90</td>
<td>32</td>
</tr>
<tr>
<td>91-100</td>
<td>79</td>
</tr>
<tr>
<td>101-110</td>
<td>46</td>
</tr>
<tr>
<td>111-120</td>
<td>31</td>
</tr>
<tr>
<td>Greater than 120</td>
<td>28</td>
</tr>
<tr>
<td>Not applicable*</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>219</strong></td>
</tr>
</tbody>
</table>

* These schools do not receive funding from the Australian Government or have not had an SES calculated yet.

## Primary/Secondary

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of independent schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary only</td>
<td>46</td>
</tr>
<tr>
<td>Secondary only</td>
<td>21</td>
</tr>
<tr>
<td>Combined</td>
<td>152</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>219</strong></td>
</tr>
</tbody>
</table>

## Male/Female

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of independent schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Girls only</td>
<td>19</td>
</tr>
<tr>
<td>Boys only</td>
<td>12</td>
</tr>
<tr>
<td>Coeducational</td>
<td>188</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>219</strong></td>
</tr>
</tbody>
</table>

## Melbourne/Regional

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of independent schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne</td>
<td>148</td>
</tr>
<tr>
<td>Regional</td>
<td>71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>219</strong></td>
</tr>
</tbody>
</table>

## Fast Facts 2011

- **Sector Growth 1998-2010:** 40.73%
- **Average sector growth 1998-2010:** 2.89%
- **Sector growth 2009-2010:** 1.52%

- **Independent Schools Victoria Member Schools**
- **Number of Victorian independent schools in each SES bracket in 2010**
- **Primary/Secondary**
- **Male/Female**
- **Melbourne/Regional**
Fair Funding for Independent Schools

Four messages for the Australian Government’s Review of School Funding:

1. Choice in education must continue to be defended under Victorian and Australian legislation
2. Focus funding on students, not schools
3. Schools’ income from parents or elsewhere must not diminish government funding
4. No funding freeze for individual schools

www.independentschools.vic.edu.au