Review of Funding for Schooling
Response to Commissioned Research
Assessing Existing Funding Models for Schooling in Australia

Independent Schools Victoria
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The Review of Funding for Schooling Panel released its program of research, which consisted of four research papers. These papers are:

- Assessment of Current Process for Targeting of Schools Funding to Disadvantaged Students, prepared by the Australian Council for Educational Research
- Assessing Existing Funding Models for Schooling in Australia, prepared by Deloitte Access Economics
- Feasibility of a National Schooling Recurrent Resource Standard, prepared by the Allen Consulting Group
- Schooling Challenges and Opportunities, prepared by the Nous Group consortium.

These papers were intended to provide a greater insight into the existing funding mechanisms for primary and secondary education, across all jurisdictions in Australia.

For the purposes of this response, Independent Schools Victoria will review and respond to the report presented by Deloitte Access Economics. Assessing Existing Funding Models for Schooling in Australia was commissioned to assess the current funding models utilised by federal and state governments, and then report on the key components that constitute the optimal mechanisms for funding for future funding models.

**Independent Schools Victoria Review Fundamentals**

Independent Schools Victoria is mindful that 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.

From the commencement of the Review in April 2010, Independent Schools Victoria has ensured that its responses are 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, Independent Schools Victoria established four funding fundamentals which underpin its response to the Review of Funding for Schooling on behalf of its Member Schools. These fundamentals 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.

Independent Schools Victoria would need to be satisfied that any future funding model meets these fundamental criteria.
Assessing Existing Funding Models for Schooling in Australia

The Deloitte Access Economics report, Assessing Existing Funding Models for Schooling in Australia has provided, for the most part, a considered assessment of Australia’s current funding models, and the key strengths and weaknesses of each component, in line with a funding model assessment framework that it has developed as part of its report. This is, in turn, supported by a short examination of the features which would characterise an optimal funding model framework. This framework, whilst not wholly supported by Independent Schools Victoria, provides a platform on which to base a discussion about the development of future funding models.

Scope and Terms of Reference

Deloitte Access Economics was invited by the Review Panel to address the following:

■ **Scope**

The scope of the report was to include the following:

– Analysis of the relationship between schools resourcing and educational outcomes.
– Consideration of the criteria by which different school recurrent, capital and targeted funding models around Australia should be assessed.
– A summary and assessment of the different models in Australia for funding schooling, identifying strengths and weaknesses.
– Explanation and assessment of how funding arrangements at different levels of government interact.

■ **Research Questions**

The report was expected to address a number of specific research questions, broadly placed under the following overarching avenues of inquiry:

– What is the relationship between school resourcing and educational outcomes?
– On what criteria should the performance of school funding models be assessed, for example financial efficiency, sustainability, simplicity, fairness and transparency?
– Which models perform better and why?
– How do funding arrangements at different levels of government interact?

Funding for our Future: 2013 and Beyond

In the initial Independent Schools Victoria submission to the Review of Funding for Schooling, two funding models were devised 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. This would be available to government or non-government schools, who would treat all Australian students equally, regardless of their schooling sector.

■ **Community Based Funding**

Several concerns have been raised about the operation of the Socioeconomic (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 model, while introducing variations that address some of the key criticisms. This has been labelled the Community Based Funding (CBF) model.

As well as establishing the funding elements underpinning the Independent Schools Victoria approach to developing the funding models, these two models will be analysed using the Deloitte Access Economics funding model assessment framework, to ascertain their potential and suitability for adoption by the Review Panel.

Independent Schools Victoria will also address the four main areas of student diversity in need of attention. These are:

■ Students with a disability
■ Students with a Language Background Other Than English (LBOTE)
■ Indigeneity
■ Rurality and Remoteness.
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 continues to underpin all its activities with commonly understood and shared values embracing a commitment to quality outcomes for Victorian students.

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. 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.

In recent years, 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.
Commentary on the Deloitte Report

The Deloitte Access Economics report, Assessing Existing Funding Models for Schooling Australia, was commissioned to provide an assessment of the current funding models for schooling across all jurisdictions in Australia, and how they relate to both government and non-government schools.

The Deloitte Access Economics report analysed 18 individual models in operation in Australia: eight state funding models for government schools; eight state funding models for non-government schools; one federal funding model for non-government schools; and one federal funding model for government schools. Other existing mechanisms for the delivery of federal funding to both government and non-government sectors, and the redistribution activities within Catholic systems, were ignored.

For the most part, both the funding principles component derived from the analysis of existing funding models, and the optimal funding model architecture for potential funding models, are not at odds with the thinking of Independent Schools Victoria, or the Independent schools sector in general. However, there is a restricted focus on certain aspects of the Australian education system which cannot be supported. The narrow interpretation of the concept of equity in the context of low socioeconomic background serves as an example of this restricted focus. This is particularly the case where there appears to be a limited understanding of existing funding mechanisms, at least for the non-government sector, which seek to redress this imbalance.

Concerns

Independent Schools Victoria wishes to flag a number of elements of the report presented by Deloitte Access Economics as being of concern. These are:

■ Capital Funding

Whilst acknowledging that the Australian Government’s substantial proportion of funding for capital expenditure for schools in 2009 through the Building the Education Revolution program (BER) was anomalous to regular funding years (p17), Deloitte Access Economics has proceeded to base much of its discussion on capital funding figures that are skewed by the inclusion of the BER. Whilst the Independent sector in Victoria welcomes any Australian Government contributions towards education funding, BER does not form a component of the ongoing capital funding landscape, and should not be included in ongoing funding comparisons.

In most years the link between schools’ capital expenditure and capital funding from government sources is relatively weak in Independent schools. In the Independent sector, capital expenditure is primarily driven by private income sources, whether these be through a contribution via school fees, or through Deductible Gift Recipient funds established for capital projects in schools. By basing its analysis on 2009 data, Deloitte Access Economics is treating an outlier as an average event, and masking the true situation.

It needs to be acknowledged that simply reviewing one year of capital expenditure data fails to provide a clear picture of the situation in schools across all sectors. By definition, capital expenditure is discrete or ‘lumpy’, and should be reported over the capital life cycle, not just as a single year snapshot.

■ Acknowledgement of Parents as Funders of Education

During Deloitte Access Economics’ analysis of government funding responsibility, governments are determined to be either ‘primary public funders’ or ‘supplementary public funders’ (p15). In the provision of funding for government schools, state governments are regarded as primary public funders, whilst the federal government is deemed to be the supplementary public funder. This role is reversed for the non-government sector, with the majority of funding being allocated by the federal government, which is thus acknowledged as the primary public funder.

Independent Schools Victoria notes that the Independent sectors in the ACT and Victoria are unique amongst all funding models across Australia, in that over 50 per cent of their recurrent income has been provided by parents (p16). Nonetheless, little-to-no acknowledgement has been made in the Deloitte Access Economics report of the average level of parental contribution to schools in these jurisdictions.

■ Reporting of ICSEA Data

Throughout the report, Deloitte Access Economics has used consolidated Index of Community Socio-Educational Advantage (ICSEA) data for the years 2009 and 2010 (p7).

For many schools, their ICSEA scores under the 2009 and 2010 methodologies are markedly different, as would be expected given that the underlying calculations in both years are different. Deloitte Access Economics also has failed to make reference to the fact that ICSEA rates shifted dramatically for a number of Australian schools (particularly Victorian government schools) after jurisdictions successfully overturned individual schools’ ICSEA scores as a result of subjective amendments to the ICSEA methodology.

■ Analysis of State and Territory Government Policies

Whilst acknowledging the absence of the complete range of policy initiatives in the overview of state and territory government schooling policies in each jurisdiction (p10), there was no reference made in the report regarding the role that non-government schools play in any of the states. This is despite non-government schools in states and territories having an average sector share above 20 per cent in all jurisdictions.
Funding Model Influence on Educational Outcomes

There has been little analysis performed on the direct impact of funding model design on the educational outcomes for students. Deloitte Access Economics has indicated that this likely reflects: (i) the role of funding models is not to directly influence student outcomes, but rather to underwrite the appropriate resourcing and (ii) funding models operate within a complex environment, where their effects cannot readily be isolated or distinguished from other factors (p22).

That said, Australian and international evidence suggests that several factors are amenable to funding model design (p23), chiefly:

- socioeconomic status (SES)
- teacher quality
- school autonomy.

This assessment is somewhat consistent, save for the emphasis on SES. The work of Ludger Wobmann, Elke Ludemann, Gabriela Schultz and Martin West, School Accountability, Autonomy, Choice and the Level of Student Achievement, which analysed student-level data from the PISA 2003, testing, revealed that the facets of accountability, autonomy and choice are strongly associated with student achievement across participating countries.1

Socioeconomic Status

Frequently throughout the report, Deloitte Access Economics makes reference to social and economic disadvantage as being a significant barrier to educational achievement. However, Deloitte Access Economics’ analysis of 2009 PISA results determined that only 18 per cent of the variation in student performance could be attributed to spending on education and the socioeconomic and demographic background of students and schools (p24).

The Review Panel’s other commissioned work by the Australian Council for Education Research (ACER), Assessment of Current Process for Targeting of Schools Funding to Disadvantaged Students, quotes 16 per cent, but states that the impact should not be ‘overstated’.2

As highlighted in the Independent Schools Victoria response to the ACER report, the actual location of this data in over 2000 pages of 2009 PISA reporting is not referenced by Deloitte Access Economics. Independent Schools Victoria analysis of the report Challenges for Australian Education: Results from PISA 2009 found that, on page 282, low SES was stated to account for 12.7 per cent of variation.

Whatever the actual figure, it is important to note that this is clearly too small to be considered of defining consequence. Deloitte Access Economic’s claims that SES is a ‘significant barrier to educational achievement’ (p1) is thus without foundation, and should be ignored.

Teacher Quality

Much research has been undertaken relating to teacher quality and its impact on the performance of students. The Deloitte Access Economics report found that funding models do not directly impact on teacher quality. They do play a role in other programs and activities, including rewarding high calibre teachers, which shape the allocation of teachers across and within schools and which increase teacher quality over time. Independent Schools Victoria endorses this position.

School Autonomy

Independent schools are, by their very nature, autonomous with regard to ‘purchasing of supplies, budget allocations within schools, hiring and regarding teachers … choosing textbooks and instructional methods’ (p28). With governance structures placed firmly in the hands of members of school communities, Independent schools are able to meet parental expectations and provide direct services to individual students. As such, Independent schools are directly accountable to parents and students, unlike government schools.

Funding Model Assessment Framework

In developing its funding model assessment framework, Deloitte Access Economics developed 10 funding model principles. These are:

1. **Equity**: The extent to which the funding model works towards reducing the impact of differences in wealth, income, power or possessions on educational outcomes.

2. **Effectiveness**: The extent to which the funding model supports and encourages the provision of high-quality educational programs and hence high levels of educational outcomes. Teacher quality is a fundamental component of effectiveness and hence the role of funding models in influencing the calibre of teaching staff and their allocation across schools is pertinent in this regard.

3. **Adequacy**: The extent to which the funding levels produced by the model are sufficient to support the delivery of high quality education, given the cost of providing this service. Therefore, adequacy underwrites both equity and effectiveness.

4. **Efficiency**: The extent to which the funding model allocates funding across students (and schools) based on efficient unit costs of service delivery and encourages innovation and enterprise (i.e. augments dynamic efficiency).

5. **Incentive**: The extent to which the funding model does not generate disincentives for schools/school systems to procure other sources of funding.

6. **Certainty**: The extent to which the funding model provides funding recipients with confidence regarding the predictability of future funding levels.

7. **Flexibility**: The extent to which the funding model provides funding recipients with the capacity – or autonomy – to utilise funding in the most effective way given their individual circumstances, and the frameworks and support mechanism that foster this.

8. **Transparency**: The extent to which information relating to the determinants of funding allocations (that is, the characteristics of the funding model) is clearly and openly articulated, and available and accessible to the public.

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The funding system principles include:

9. **Accountability:** The extent to which recipients of funding are accountable for the way in which that funding is utilised (where flexibility exists) through reporting processes or other governance mechanisms.

10. **Simplicity:** The extent to which the process of funding administration imposes a reporting burden on schools or education authorities (either via complexity or merely the extent of reporting obligations) and/or creates an administrative burden for government agencies (via overseeing the appropriate allocation of funding) (p33).

**Individual Principles**

Independent Schools Victoria has identified one funding model principle that should be reconsidered by the Funding Review Panel.

- **Fairness:** Independent Schools Victoria has concerns about Deloitte Access Economics’ definition of ‘equity’. It is troubling to note that the description in the report is based on a definition agreed by the Review Panel (p33).

The concept of equity should not be regarded as something negative, which the report has managed to achieve. The use of the word ‘reducing’ conjures imagery of a future school funding model driving indirectly for the lowest common denominator for student outcomes.

Independent Schools Victoria believes that a description for ‘equity’ in funding models should be driven by the principle of fairness. A possible rewrite might read as follows:

**Equity:** The extent to which the funding model provides funding to all students accounting for individual circumstances (vertical equity). Also, the extent to which the funding model provides equal funding in equal circumstances (horizontal equity).

**Funding System Principles**

Linked to the funding model principles, Deloitte Access Economics presented five additional principles that they considered relevant from a funding system perspective (p35). Independent Schools Victoria believes that the limited scope of the work has deprived both Deloitte Access Economics and the Review Panel of a proper understanding of the interactions between individual funding models.

The funding system principles include:

- **Neutrality:** the extent to which the system creates a level competitive playing field between providers of different ownership structures.

- **Fairness:** to what extent funding arrangements treat schools and students equally across sectoral or system boundaries.

- **Sustainability:** the extent to which total government outlays are sustainable given fiscal conditions and other policy priorities.

- **Choice:** the extent to which funding supports diverse school provision able to respond to the range of parental preferences and student needs.

- **Coherence:** the extent to which funding arrangements at all levels of government complement one another and reinforce the capacity of schools to achieve agreed goals across sectors and systems.
2. Funding is based on the efficient cost of meeting students’ educational need, given the characteristics of the school they attend. [Efficiency; adequacy]

Student-centred funding is one of the four funding fundamentals developed by Independent Schools Victoria. As the composition of a student body would ultimately determine the characteristics of the school, the argument of accounting for ‘school need’ is moot.

3. Empirical research underpins funding rates and their variation across student cohorts and schooling settings. [Effectiveness; equity; adequacy]

Access to suitable data is appropriate in any consideration of the development of base funding rates. This is much more complex when targeting ‘equity groups’. By defining the need for a base funding rate, coupled with fluidity for variation for different cohorts (i.e. students with different needs), Deloitte Access Economics appears to have shifted from describing a funding model, to pre-empting a funding system.

4. Funding formulae are reviewed – and as appropriate recalibrated – on a periodic basis and in a systematic fashion, drawing on cost and outcome data (noting the limitations on the use of these data in this context). [Effectiveness]

Independent Schools Victoria would endorse the principle of regular reviews of funding formulae.

5. Funding is designed to keep pace with both increasing enrolments and efficient growth in service-delivery costs. [Adequacy; efficiency; certainty]

Independent schools require the certainty of a funding model that incorporates growth in enrolments and efficient growth in service-delivery costs. Appropriate indexation that accurately reflects shifts in the education sector is essential to ensure the continued sustainability of Independent schools.

6. Trade-offs among adequacy and efficiency; simplicity and specificity are shaped by policy priorities and in light of improvements in the quality and availability of data. [Overarching optimality; simplicity]

Today, all schools and system authorities supply data to different levels of government. This data, in most cases, is mandated in return for registration and funding. Independent Schools Victoria accepts that there must be some ‘trade-off’ to access this funding as it stands. However, the principles of efficiency and simplicity can be challenged when funders realign their policy priorities. For the Review Panel, consideration for a model that may still require the supply of data, but reduces the administrative burden by setting requirements in a manner that reduces the effect on the core business of schools would be greatly appreciated.

Data collection should be predicated on that which can be used to inform the management of a school rather than the merely interesting.

7. The basis for funding allocations (i.e. funding formulae) is publicly available, except in instances where there is a privacy or other public-interest case against such openness. [Transparency]

Independent schools appreciate the need for appropriate levels of transparency with regard to funding formulae.

Transparency should also apply to any adjustments made to data that populate and inform funding formulae. It is important for all stakeholders to know what adjustments are being made at a particular time, who might be making adjustments to formulae and the reasons behind any potential changes.

8. Mechanisms are in place to both support schools in their deployment of resources and to ensure that deployment is consistent with the policy intent (i.e. the underlying funding rationale) – especially in devolved models, and particularly where potential for gaming exists. [Flexibility; accountability]

As previously mentioned, Independent schools are autonomous by their nature. Devolved funding allows for student needs to be met directly at the school level. The benefits of existing models, i.e. the incorporation of needs-based loadings into recurrent grants, have allowed schools flexibility to deliver services.

Independent Schools Victoria would strongly advocate for the continued right for its Member Schools to continue to exercise their autonomy.

9. Optimal funding models incentivise private contributions where this is socially acceptable and not at odds with the underlying philosophy; and at the very least do not create barriers to schools procuring private funds in appropriate ways. [Incentive]

Despite the Australian Education Union-led campaign against non-government schools, Independent school parents continue to contribute their ‘after-tax’ dollars towards school fees for their children. The importance of a funding model that continues to encourage this practice not only continues to make non-government schools viable, but also continues to reduce the burden on government.

That said, governments, or review panels, developing a funding model within the Deloitte Access Economics funding model architecture should bear in mind that parents cannot always be relied upon, or be expected to pay fees. The level of post-tax parental contribution to a student’s education cannot be factored into a government funding model.
The Australian Government contributes 26.5 per cent on average, while schools receive 6.9 per cent of their income from the Victorian Government. Victorian Independent school students receive less than half the Australian and Victorian 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 that they attend. This should extend beyond a core grant allocation, to 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.

In its first submission to the Review of Funding for Schooling, Independent Schools Victoria proposed two alternative funding models, should the existing SES model be removed. These models were (i) the Portable Funding Allowance (PFA) and (ii) the Community Based Funding model (CBF).

Before introducing these models, it is important that a number of elements related to the funding of these potential models are established.

**Funding Elements**

Independent Schools Victoria has determined that the following funding elements need to be determined in order to better comprehend the funding models proposed:

- Base Cost of education (primary and secondary) Funding.
- The Average Government School Recurrent Cost and Supplementation (AGSRC).
- Transitional Arrangements.

**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 analysis. 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 AGSRC to 2011 levels, Independent Schools Victoria has calculated that the publicly funded cost of Australian schooling in 2011 would be $9929 for primary school students and $12,665 for secondary school students.

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. It will serve as the core of both funding models.

**AGSRC 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 AGSRC. Prior to 2001, a single supplementation measure applied to both primary and secondary school level recurrent grants. Supplementation rates are outlined in Table 1, while levels of AGSRC since 2000 are outlined in Table 2. 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 1: Australian Government Separate Rate Supplementation of General Recurrent Grants |
|---------------------------------|--------|--------|
| Primary % | Secondary % |
| 2001 | 6.40% | 7.20% |
| 2002 | 5.18% | 5.18% |
| 2003 | 7.10% | 7.40% |
| 2004 | 8.65% | 7.15% |
| 2005 | 3.15% | 4.64% |
| 2006 | 6.32% | 3.61% |
| 2007 | 5.51% | 4.34% |
| 2008 | 5.65% | 3.47% |
| 2009 | 4.18% | 5.81% |
| 2010 | 8.23% | 7.02% |
| 2011 | 6.91% | 4.85% |

| Table 2: Average Government School Recurrent Cost (AGSRC) |
|---------------------------------|--------|--------|
| Primary | Secondary |
| 2000 | $5056 | $6622 |
| 2001 | $5378 | $7101 |
| 2002 | $5657 | $7469 |
| 2003 | $6056 | $8021 |
| 2004 | $6580 | $8595 |
| 2005 | $6787 | $8994 |
| 2006 | $7216 | $9319 |
| 2007 | $7614 | $9724 |
| 2008 | $8044 | $10,061 |
| 2009 | $8380 | $10,646 |
| 2010 | $9070 | $11,393 |
| 2011 | $9697 | $11,945 |

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 Victoria believes that changes in AGSRC since its implementation have reflected accurate 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. However, 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 proposed 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 and 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.

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 uncertain future. Independent Schools Victoria argues that it would be more effective for governments 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 they attend, 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 student, 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 is also aware that the PFA model raises issues about the ongoing roles and funding responsibilities of the federal versus state and 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 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.’

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 (DEECD) 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 according 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 Funding 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.’

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Data obtained from the Australian Bureau of Statistics (ABS) 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, on the assumption that socioeconomic status is a relevant driver of educational outcomes. 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.

An ongoing concern about the use of census data relates to the size of the existing base measurement, the Census Collection District (CCD). A CCD encompasses an average of 220 dwellings, and is used to derive the current SES Index. In the 2011 Census, the introduction of mesh blocks will result in data being reported at a more localised level than CCDs. This innovation provides an opportunity to improve the accuracy and reliability of socioeconomic calculations of families.

As in the current funding model, schools would be able to provide individual parent data in place of mesh block level data if they believe that the indexing is inaccurate. By requiring schools to collect the data on the same basis as the existing mechanism, the CBF Model would continue to maintain the same level of integrity, but would also provide school communities which were willing and able to provide more detailed data to request a review of their school's funding levels.

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 seem to 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 ABS 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.

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 ($9929 for primary level students and $12,665 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. Box 1 provides an example of this.
The model is available for review in Appendix A of this report.

Potential strengths and weaknesses of the proposed funding models.

**Funding Model Architecture**

Structure, in order to calculate the loadings mechanism using the Deloitte Access Economics Optimal Allowance, Community Based Funding model and needs-based Independent Schools Victoria modelled the Portable Funding Architecture.

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 Australian Government for each eligible student with a disability in an Independent school amounted to $7500.33.

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 an equivalent 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 Independent, government and Catholic sector schools.

**Application of the Deloitte Access Economics Optimal Funding Model Architecture**

Independent Schools Victoria modelled the Portable Funding Allowance, Community Based Funding model and needs-based loadings mechanism using the Deloitte Access Economics Optimal Funding Model Architecture structure, in order to calculate the potential strengths and weaknesses of the proposed funding models. The model is available for review in Appendix A of this report.

For the purposes of our modelling, the purpose outlined in the Terms of Reference for the Review of Funding for Schooling was used as the public policy objective. This reads as follows:

> *The Review of Funding for Schooling stated that its recommendations will be directed towards achieving a funding system for the period beyond 2013 which is transparent, fair, financially sustainable and effective in promoting excellent outcomes for all students.*

**Portable Funding Allowance**

The strengths of the PFA were as follows:

- Calculations of the base funding level are primarily based on the principle of efficient cost.
- Base Cost Funding calculations, which inform the base funding level of the model are publicly available.
- Low trade-offs due to the flat nature of the model.
- Private contributions not discouraged (and neither were they encouraged). Given the ‘neutral’ treatment of private contributions, which is in line with most other legal after-tax spending, this is clearly a strength.
- No potential for gaming.

The weaknesses of the PFA were as follows:

- Questions as to the cost-effectiveness of the model.
- No timetable for review of funding mechanism considered.

**Community Based Funding**

The strengths of the CBF were as follows:

- Meets all the requirements of the public policy objective.
- Scaling of funding provides for greater socioeconomic equity.
- Acts as a driver for autonomy in government schools.

The weaknesses of the CBF were as follows:

- No timetable for review of funding mechanism considered.
- Trade-offs for government sector schools high initially due to the shift in funding and/or students.
- Calculations for CBF scaling, whilst publicly available, could be complex to understand.

**Needs-Based Loadings**

The strengths of needs-based loadings were as follows:

- Funding would be allocated directly to meet additional student needs.
- Fairer as only those individual students with needs are targeted.

The weaknesses of needs-based loadings were as follows:

- No timetable for review of funding mechanism considered.
- Initial lack of evidence to ensure best practice in funding allocation.
- High trade-offs:
  - initial adoption of frameworks – may change all sectors
  - ongoing reporting of student progress.
- Seeks to remove the need for additional private contribution.
Conclusions

This response has sought to constructively dissect areas of difference between the views of Independent Schools Victoria and some of the claims made in the report, as well as utilise the prospective modelling framework being considered by the review.

The Deloitte Access Economics report, *Assessing Existing Funding Models for Schooling in Australia*, provides a consistent review of government funding policies and develops a simplistic, but worthwhile mechanism for funding model review. There were, however, a number of instances where the report was let down by flawed reading of data, which in turn impacted on the analysis within the report. Like many of the other research papers commissioned by the Review of Funding for Schooling, the over reliance on a ‘floating’ percentage of the impact that low SES has on student performance (as highlighted on page 10) underlies much of the Deloitte Access Economics report.

The Review of Funding for Schooling represents the first time that schools’ education in Australia has been reviewed in nearly 40 years. The importance of not overstating, or overplaying data in a report which purports to inform a review of this significance cannot be overstated. The opportunity to provide a fair and equitable funding model for schools, based on the foundation of choice, is at stake.

That said the development of the Optimal Funding Model Architecture framework provided an insight into aspects that might be considered when creating a funding model. Independent Schools Victoria used the framework to investigate the potential suitability of its two proposed funding models, the Portable Funding Allowance and the Community Based Funding mode, as well as the needs-based funding element that is incorporated into both, with interesting results.

We would be please to discuss the details in Appendix A further with the Review Panel.
### Funding Models

<table>
<thead>
<tr>
<th>Optimal Funding Model Architecture</th>
<th>PFA</th>
<th>CBF</th>
<th>Needs-Based Loadings – Additional Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Review of Funding for Schooling stated that its recommendations will be directed towards achieving a funding system for the period beyond 2013 which is transparent, fair, financially sustainable and effective in promoting excellent outcomes for all students (Terms of Reference for the Review of Funding for Schooling)</td>
<td>Transparent – explicit formulae would be used to calculate the base-cost of funding and supplementation, there would be no calculation for distribution</td>
<td>Fair – all students would be funded on the same scale, regardless of sector</td>
<td>Transparent and Effective in promoting excellent outcomes for all students – all students would be funded based on individual need on the same scale, regardless of sector</td>
</tr>
<tr>
<td>■ Fair – all students would be funded at the same base-cost funding rate, regardless of sector</td>
<td>Financially sustainable – all students would be ranked on a socioeconomic status scale, regardless of sector, which will reduce funding to high-SES students in government schools</td>
<td>Financially sustainable – needs are more efficiently funded when they are directly measured and targeted</td>
<td></td>
</tr>
<tr>
<td>■ Effective in promoting excellent outcomes for all students – teacher quality could improve with the injection of funds</td>
<td>Effective in promoting excellent outcomes for all students – socioeconomic background incorporated into funding model; change in funding mechanisms (i.e. floating government school funding) could drive better school autonomy</td>
<td>Fair – individual needs are addressed, not membership of a category defined by a statistical manipulation (such as attendance at a school with a social density function exceeding ‘x’)</td>
<td></td>
</tr>
<tr>
<td>Funding is based on the efficient cost of meeting students’ educational need, given the characteristics of the school they attend.</td>
<td>Calculation of base cost funding is based on MCEETYA report – Resourcing the National Goals for Schooling Stage 2 Report.</td>
<td>Calculation of base cost funding is based on MCEETYA report – Resourcing the National Goals for Schooling Stage 2 Report, with a socioeconomic scale that funds students from low SES backgrounds at 100 per cent, reducing to 25 per cent for those from the highest SES backgrounds.</td>
<td>Not enough initial evidence to ensure best practice in funding allocation. However, evidence could be compiled over time and experience with the model.</td>
</tr>
<tr>
<td>■ Needs-based loadings would come into effect for additional education needs.</td>
<td>■ Needs-based loadings would come into effect for additional education needs.</td>
<td>■ Needs-based loadings would come into effect for additional education needs.</td>
<td></td>
</tr>
<tr>
<td>Empirical research underpins funding rates and their variation across student cohorts and schooling settings.</td>
<td>As above.</td>
<td>As above.</td>
<td>As above.</td>
</tr>
<tr>
<td>Funding formulae are reviewed – and as appropriate recalibrated – on a periodic basis and in a systematic fashion, drawing on cost and outcome data (noting the limitations on the use of these data in this context).</td>
<td>No timetable for review considered.</td>
<td>No timetable for review considered.</td>
<td>No timetable for review considered.</td>
</tr>
<tr>
<td>Funding Models</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>----------------</td>
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<td></td>
</tr>
<tr>
<td><strong>Optimal Funding Model Architecture</strong></td>
<td><strong>PFA</strong></td>
<td><strong>CBF</strong></td>
<td><strong>Needs-Based Loadings – Additional Funding</strong></td>
</tr>
<tr>
<td>The Review of Funding for Schooling stated that its recommendations will be directed towards achieving a funding system for the period beyond 2013 which is transparent, fair, financially sustainable and effective in promoting excellent outcomes for all students (Terms of Reference for the Review of Funding for Schooling)</td>
<td>Automatic indexation to enrolment growth. Cost supplementation through a modified AGSRC.</td>
<td>Automatic indexation to enrolment growth. Cost supplementation through a modified AGSRC.</td>
<td>Automatic indexation to enrolment growth. Loadings supplementation would be subject to periodic (annual) review and be iteratively optimised for maximum effect taking into account the accumulating evidence.</td>
</tr>
<tr>
<td>Funding is designed to keep pace with both increasing enrolments and efficient growth in service-delivery costs.</td>
<td>Tradeoffs among adequacy and efficiency; simplicity and specificity are shaped by policy priorities and in light of improvements in the quality and availability of data.</td>
<td>Tradeoffs depend on sector: <strong>Government sector</strong> – initially inadequate due to shifting in funding, and/or students <strong>Non-Government sector</strong> – no major change</td>
<td>Tradeoffs will be high: ■ New frameworks for equity funding will need to be adopted. All sectors may experience issues relating to efficiency and simplicity ■ Reporting against individual student progress may be required</td>
</tr>
<tr>
<td>Tradeoffs are low – base level funding for all Australian students, regardless of circumstances or sector.</td>
<td>Base cost funding research for this funding model is already publicly available.</td>
<td>Base cost funding research for this funding model is already publicly available.</td>
<td>Needs-based loading formulae would be publicly available. Data used in individual assessments would be protected by privacy considerations.</td>
</tr>
<tr>
<td>The basis for funding allocations (i.e. funding formulae) is publicly available, except in instances where there is a privacy or other public interest case against such openness.</td>
<td>No consideration for differentiation in allocations of funding for schools. No potential for gaming – everyone is funded at the same rate.</td>
<td>Universal in nature, the CBF would act as a driver of autonomy in government schools. Funding decentralised according to student need.</td>
<td>Funding based directly on student need. Assumes central calculation of need based on a set of criteria (formulae would be private).</td>
</tr>
<tr>
<td>Mechanisms are in place to both support schools in their deployment of resources and to ensure that deployment is consistent with the policy intent (i.e. the underlying funding rationale) – especially in devolved models, and particularly where potential for gaming exists</td>
<td>Optimal funding models incentivise private contributions where this is socially acceptable and not at odds with the underlying philosophy; and at the very least do not create barriers to schools procuring private funds in appropriate ways.</td>
<td>Public funding penalties for high-scaled CBF schools could act as a barrier to private contributions by altering enrolment choices</td>
<td>The underlying principle of needs-based loadings is to remove the need for private contribution. However, this would not be discouraged.</td>
</tr>
</tbody>
</table>
## Acronym List

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

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ACARA</td>
<td>Australian Curriculum, Assessment and Reporting Authority</td>
</tr>
<tr>
<td>ACER</td>
<td>Australian Council for Educational Research</td>
</tr>
<tr>
<td>ACJS</td>
<td>Australian Council of Jewish Schools</td>
</tr>
<tr>
<td>AGSRC</td>
<td>Average Government School Recurrent Cost</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
</tr>
<tr>
<td>ATO</td>
<td>Australian Tax Office</td>
</tr>
<tr>
<td>CBF</td>
<td>Community Based Funding model</td>
</tr>
<tr>
<td>CCD</td>
<td>Census Collection District</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CSE</td>
<td>Civic and Social Engagement</td>
</tr>
<tr>
<td>DEECD</td>
<td>Department of Education and Early Childhood Development (Vic)</td>
</tr>
<tr>
<td>DEEWR</td>
<td>Department of Education, Employment and Workplace Relations (Cwlth)</td>
</tr>
<tr>
<td>EMA</td>
<td>Education Maintenance Allowance</td>
</tr>
<tr>
<td>ERI</td>
<td>Educational Resource Index</td>
</tr>
<tr>
<td>ESL</td>
<td>English as a Second Language</td>
</tr>
<tr>
<td>FAM</td>
<td>Financial Assistance Model</td>
</tr>
<tr>
<td>ICSEA</td>
<td>Index of Community Socio-Educational Advantage</td>
</tr>
<tr>
<td>ISCA</td>
<td>Independent Schools Council of Australia</td>
</tr>
<tr>
<td>ISA</td>
<td>Indigenous Supplementary Assistance program</td>
</tr>
<tr>
<td>LBOTE</td>
<td>Language Background Other Than English</td>
</tr>
<tr>
<td>LPI</td>
<td>Labour Price Index</td>
</tr>
<tr>
<td>MCEETYA</td>
<td>Ministerial Council on Education Employment, Training and Youth Affairs</td>
</tr>
<tr>
<td>NAPLAN</td>
<td>National Assessment Program – Literacy and Numeracy</td>
</tr>
<tr>
<td>NSRRS</td>
<td>National School Recurrent Resource Standard</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PBC</td>
<td>Public Base Cost</td>
</tr>
<tr>
<td>PFA</td>
<td>Portable Funding Allowance</td>
</tr>
<tr>
<td>PISA</td>
<td>Programme for International Student Assessment</td>
</tr>
<tr>
<td>SEIFA</td>
<td>Socioeconomic Indices for Areas</td>
</tr>
<tr>
<td>SES</td>
<td>Socioeconomic status</td>
</tr>
<tr>
<td>SEWG</td>
<td>Schools Education Working Group</td>
</tr>
<tr>
<td>SFO</td>
<td>Student Family Occupation background</td>
</tr>
<tr>
<td>VIT</td>
<td>Victorian Institute of Teaching</td>
</tr>
<tr>
<td>VRQA</td>
<td>Victorian Registration and Qualifications Authority</td>
</tr>
</tbody>
</table>

## 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:

Ms Michelle Green
Chief Executive
Independent Schools Victoria
P: 03 9825 7200
F: 03 9826 6066
E:michelle.green@independentschools.vic.edu.au
## Victorian Schools - by sector

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

**Fast Fact Sources:**
- DEEWR – 2010 Census of Non-Government Schools
- DEECD – Summary Statistics for Victorian Schools July 2010
- ABS – Schools Australia 2010

## Victorian Students - by sector

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

## Australian Schools and Students - by sector

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

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

### Non-systemic Schools
- Total: 173, Number of students: 102,846.5

### Systemic Schools*
- Catholic: 6, Number of students: 6069.0
- Ecumenical: 18, Number of students: 13,795.9
- Lutheran: 15, Number of students: 4160.5
- Seventh-Day Adventist: 7, Number of students: 1995.2

**Total:** 219, Number of students: 128,867.1

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

## SES Comparisons

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

<table>
<thead>
<tr>
<th>Number of Victorian independent schools in each SES bracket in 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 90</td>
</tr>
<tr>
<td>91-100</td>
</tr>
<tr>
<td>101-110</td>
</tr>
<tr>
<td>111-120</td>
</tr>
<tr>
<td>Greater than 120</td>
</tr>
<tr>
<td>Not applicable*</td>
</tr>
</tbody>
</table>

**Total:** 219, Number of students: 100.0%

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

## Primary/Secondary

<table>
<thead>
<tr>
<th>Number of independent schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary only</td>
</tr>
<tr>
<td>Secondary only</td>
</tr>
<tr>
<td>Combined</td>
</tr>
</tbody>
</table>

**Total:** 219, Number of students: 100.0%

## Male/Female

<table>
<thead>
<tr>
<th>Number of independent students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Girls only</td>
</tr>
<tr>
<td>Boys only</td>
</tr>
<tr>
<td>Coeducational</td>
</tr>
</tbody>
</table>

**Total:** 219, Number of students: 100.0%

## Melbourne/Regional

<table>
<thead>
<tr>
<th>Number of independent schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Melbourne</td>
</tr>
<tr>
<td>Regional</td>
</tr>
</tbody>
</table>

**Total:** 219, Number of students: 100.0%
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